

CABINET

19 January 2016

Title: Budget Strategy Report 2016/17 to 2019/20	
Report of the Cabinet Member for Finance	
Open Report	For decision
Wards Affected: All	Key Decision: Yes
Report Authors: Kathy Freeman, Divisional Director – Finance	Contact Details: Tel: 0208 227 3497 E-mail: Kathy.freeman@lbbd.gov.uk
Accountable Director: Jonathan Bunt, Strategic Director of Finance and Investment	
Summary <p>This report updates the Medium Term Financial Strategy presented to Cabinet in July 2015 and considers the impact of the Local Government Settlement announced on the 17th December 2015.</p> <p>The Settlement announcement covered the parliamentary period to 2019/20 which will enable the Council to plan the financial challenges ahead with greater certainty.</p> <p>The position reported in July was that the Council had a budget gap of £5.7m in 2016/17 and an overall budget gap of £71.6m by 2020/21.</p> <p>Following detailed analysis of the Settlement, the Council is now able to set a balanced budget for 2016/17 and the revised budget gap is now c£63m. This position will be subject to change, as new pressures emerge and legislative burdens are announced.</p> <p>Although the settlement was better than anticipated by £9m, the Council still faces a significant financial challenge ahead. In order to address the budget gap, the Council will continue with the Ambition 2020 programme to radically transform the way it delivers outcomes for and services to residents.</p>	
Recommendation(s) <p>The Cabinet is recommended to:</p> <ul style="list-style-type: none">(i) Note that the Council has a balanced budget in respect of 2016/17;(ii) Note the additions and amendments to the Medium Term Financial Strategy, as set out in sections 2, 3, 4 and 5 of this report;(iii) Note that the Council's budget strategy incorporates the 2% Council Tax charge in respect of the Social Care precept as set out in section 5.4;(iv) Note that the Social Care precept of 2% will be charged in addition to the 1.99%	

increase on Council Tax proposed for 2016/17;

- (v) Note that the Government has yet to announce whether the London Enterprise Panel (LEP) top slice will be applicable for 2016/17, which could reduce the Council's overall funding by c£1m as set out in section 6.6 to 6.8 of the report, and that should a LEP top slice be applicable, Members will be requested to approve a drawdown equivalent to the level of the top slice from reserves, to enable the Council to set a balanced budget for 2016/17;
- (vi) Agree to fund £2m from reserves to mobilise the Ambition 2020 programme from April 2016 onwards, as set out in section 9 of the report; and
- (vii) Agree to the Council's capital bids for 2016/17 to 2019/20, as set out in section 10 and Appendix 2 to the report.

Reason

Financial planning is key in supporting the Council to deliver its vision of "One borough; one community; London's growth opportunity.

1 Background

- 1.1 In December 2014, Cabinet agreed a range of savings options which enabled a balanced two year budget covering 2015/16 and 2016/17 to be presented to Members. This was based on an estimate of available resources and anticipated pressures on Council budgets.
- 1.2 The budget and Council Tax for 2015/16 was formally agreed by Assembly in February 2015 along with the Council's Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19. This included the intention to raise Council Tax in 2016/17 and the use of £2.152m from Council reserves.
- 1.3 Since approval by Assembly, an updated Medium Term Financial Strategy was presented to Cabinet in July. This incorporated further pressures and assumptions in funding reductions, increasing the budget gap to £5.7m. The report in July also launched the Council's Ambition 2020 transformation programme, and the Growth Commission.

2 July 2015 budget gap

- 2.1 The position reported in July captures a number of pressures including additional demographic growth and further reductions in central government funding.
- 2.2 The budget gap of £5.7m included £12.855m of savings proposals previously agreed.

Pressures/Income	2016/17 £'000	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
Prior year (surplus)/deficit	-565	5,711	27,095	44,125	58,523
Investment in capital programme	500	900	900	900	900
Staff pay award & capacity building	2,000	1,000	1,000	1,000	1,000
Pension fund deficit & NI	2,650	325	325	325	325
ELWA levy adjustment	265	320	350	350	350
Non staff inflation & delay interest		5,100	2,100	2,100	2,100
Implications of the Care Act 2014	670	700	770	1,010	1,260
Increased demand – Children/Adult	1,000	1,400	1,800	1,900	1,900
Demographic demand & legislation	500	2,500	2,500	2,500	2,500
Total additional costs	7,585	12,445	9,745	10,085	10,335
Changes in funding	12,988	9,912	8,285	5,187	4,002
2% increase in Council Tax	-890	-919	-949	-980	-1,012
Increase in Council Tax base	-552	-570	-589	-608	-628
New homes bonus	0	516	538	714	428
Total change in income	11,546	8,939	7,285	4,313	2,790
In year budget gap	19,131	21,384	17,030	14,398	12,125
Savings	-12,855				
Cumulative budget gap	5,711	27,095	44,125	58,523	71,648

3 Budget pressures in 2015/16

- 3.1 Cabinet is aware that Children's Services are currently reporting an overspend of approximately £6m from pressures in a number of areas including difficulties in recruiting permanent social workers, those accessing no recourse to public funds (NRPF) and the increased number of children requiring assessments. The £6m overspend is the net position, after £5.5m of mitigating actions in place to manage down the position. Children's Services now have a financial recovery plan in place, project SAFE, which will seek to address the recurring pressure of £11.5m on an ongoing basis by the end of the 2016/17 financial year.
- 3.2 Adult Social Care are experiencing pressures in the allocation of personal budgets, nursing home and residential placements. The rates paid to suppliers have been held for the last three years and the implementation of the Care Act now requires councils to ensure financial sustainability of the supplier market place. Although the pressures are currently being managed by the service, the position cannot be maintained going forward without additional funding.
- 3.3 Environmental Services are still experiencing pressures following the introduction of the De-regulation Act in April 2015, banning the use of CCTV cameras to set parking fines, which caused a pressure of £1.9m. This is partially being mitigated through the use of additional parking attendants issuing fines on foot.
- 3.4 The 2015/16 MTFS assumed £0.3m income from the Business Rates pool that the Council formed with LB Havering, Thurrock Council and Basildon Council. Due to the changes announced in March 2015 for business rates appeals, a large number

of appeals have been lodged by local businesses in Thurrock and Basildon. As a result, the expected income from the pool did not materialise which has created a deficit in this Council's funding of £0.3m. The funding shortfall is being managed in-year, however it is proposed that the £0.3m business rates income is reversed in 2016/17 due to the future uncertainty of income from the pool.

4 Updating the MTFS

4.1 In addition to the in year issues above, since July 2015, a number of pressures have arisen and are captured below.

Review of savings proposals

4.2 The Council has undertaken a review of the savings proposals and assessed the progress of the savings being delivered for the start of 2016/17. The expectation is that all savings will be delivered within the proposed timescales, except for the implementation of the Leisure Trust proposals. As such, it is expected that this will create a one off pressure of £1m in 2016/17, until future proposals for Leisure are developed and implemented.

4.3 In December 2014, Cabinet approved ACS/SAV/12a to deliver a saving of £0.280m to remove the generalist advice and enhanced welfare rights advice to residents in the borough by ceasing the commissioned service as the contract expires on 31st March 2015. This saving was subsequently deferred to 2016/17. Following a further review of the support received, it is considered that a level of service will still be required during 2016/17. Therefore, provision of £0.230m has been identified through rolling forward uncommitted funding from the 2015/16 budget along with making available Council accommodation from which the service can be operated. The future requirements of this service will be reconsidered through the Council's Ambition 2020 programme and assessed during the 2017/18 budget setting process.

London Living Wage

4.4 The Council currently pays a fair living wage of £9.20 per hour which was agreed as part of the Pay Policy statement in February 2015. The Council is currently considering adopting the London Living wage of £9.40 per hour for its employees and employees engaged through an agency. The impact of paying all staff the London Living wage will create an additional cost pressure of c£0.15m per annum.

Oracle hosting costs

4.5 In August 2014, the Council implemented One Oracle working alongside five other councils. The Council currently has a contract for Cap Gemini to host the system which is due to expire next year. Due to the level of changes the Council will be going through, it has been proposed to extend the contract with Cap Gemini for another two years during this period of transition and this is considered elsewhere on the agenda. The costs of extending the contract will be an additional £0.320m over the next two years. The MTFS will address the difference between the budget available and the increase in cost.

ELWA Levy

4.6 The Council has recently received notification from LB Redbridge as the lead authority that the ELWA levy will be increased by £0.626m. This is £0.450m above what has been assumed in the MTFS from previous notifications.

ICT hosted office solution

- 4.7 The Council will be moving towards a hosted office solution which will be cheaper to maintain in the long term and promote smarter working to enable office accommodation savings. This will also enable the Council to reduce the number of servers from c800 to c300 and move towards cloud based storage. In the short term, there will be additional licensing costs of £0.38m per annum.

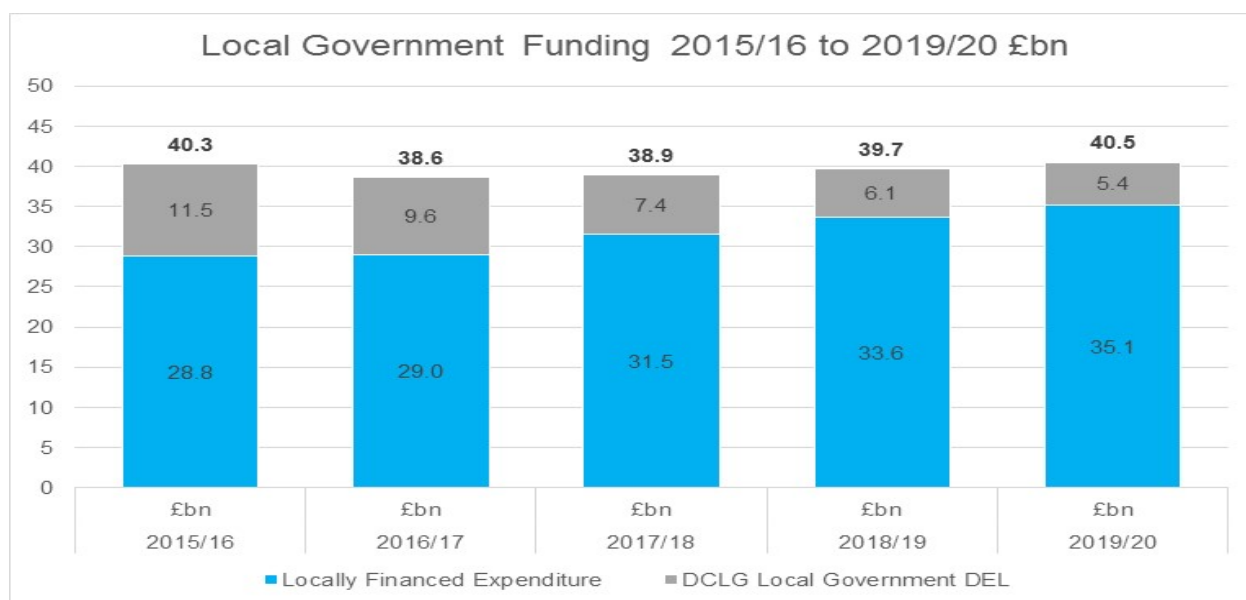
Demographic growth

- 4.8 The borough's population growth is projected to increase by 14% by 2020. This growth is four times faster than the national average. The MTF5 therefore increases the amount required to fund demographic pressures between 2017/18 to 2020/21.

5 Autumn Spending Review

Cuts to Local Government Funding

- 5.1 The headlines are that Local Government's cash budgets will broadly be the same in 2020 as it is in 2015. However, the following graph captures the shift of this expenditure from nationally funded grants, to locally financed expenditure. Over the next five years, national grant funding will be reduced by 56% in real terms.



- 5.2 The Chancellor also announced that Local Government will move towards a 100% business rates retention system and that Revenue Support Grant will be cut completely by 2020. It was also announced that as councils will retain 100% of the business rates, there will be additional responsibilities that transfer with this. The additional responsibilities mentioned were the funding of Public Health and the funding of the Housing Benefits administration for pensioners.
- 5.3 As the Council moves towards 100% business rates retention, consideration must be given to the loss of income from releasing commercial land and industrial estates for residential development. At this stage it is too early to accurately estimate the loss of business rates income but, as an indication, the total rateable value of the Thames Road development is £4.8m and generate business rates of £1.8m. In addition, the rateable value of River Road is £11.7m, and generates business rates of £5.2m. Although the intention is that a number of businesses will be relocating

within the new industrial spaces being developed in the borough, the MTFs makes a prudent assumption that there will be some loss of business rates. As a result, £0.5m has been incorporated into the MTFs as a prudent assumption to offset against the future loss of business rates income.

Social care precept

- 5.4 In recognition of the demand pressures experienced by social care departments nationally, the government has announced that councils will be able increase Council Tax by 2% per annum, as a social care precept to help those pressures. For Barking and Dagenham, the social care precept of 2% will generate c£0.9m of additional income. Provisionally, this money will be ring-fenced towards the adult social care budget. The 2% precept will be recommended in addition to the 1.99% Council Tax increase. The increase of 2% for the social care precept, and the 1.99% increase to the Council Tax charge will be recommended for Cabinet in February for approval, as part of the statutory budget setting report.

Education services grant (ESG)

- 5.5 The headline announcement is that there will be cuts of £600m to the Education Services grant by 2020, and a number of statutory functions being transferred away from Local Education Authorities. Barking and Dagenham's ESG allocation is £3.3m, and the MTFs assumes that £1m of funding will remain by 2020.

National minimum wage

- 5.6 The government announced that from April 2016, the national minimum wage will be increased to £7.20 per hour, with the expectation that the National Living Wage will reach 60% of median earnings by 2020. This will increase the National Living wage to c£9 per hour over the next five years. Although the Council currently pays a fair living wage in London, the impact of this proposal will create additional cost pressures in the contract prices paid. Further analysis is required to fully assess the implications of this announcement. The MTFs will set aside £0.12m of funding to be held corporately in 2016/17 whilst the implications are being calculated.

Apprenticeship levy

- 5.7 The Autumn SR also announced plans to charge employers with a pay bill over £3m an "apprenticeship levy" of 0.5% of the total pay bill. All employers will receive a rebate of £15,000 which means that only 2% of the organisations will be liable for the levy. The impact of the levy for Barking and Dagenham is estimated to be c£0.675m on the general fund. The levy will be effective from April 2017.

Sale of capital assets to fund transformation projects

- 5.8 The Autumn Spending review announced the ability for councils to sell assets to fund transformation projects. This not extended to the sale of council housing stock.

6 Local Government Finance Settlement

- 6.1 On 17 December 2015, the Department for Communities and Local Government announced a four year settlement. Although the cuts are still very significant over the next four years, it will enable councils to plan with greater certainty the challenges it faces over the medium term.

Revenue Support Grant (RSG)

- 6.2 The reduction in the RSG was £2m less than originally estimated in the July 2015 MTFS. This is as a result of a change in the methodology for distributing RSG to reflect the Council's relative ability to raise Council Tax and NNDR.
- 6.3 For 2016/17, the MTFS previously estimated a reduction of £11m of RSG and the actual reduction as per the Local Government Settlement is c£8.7m. Over a five year period, the July MTFS assumed cuts to RSG of £36.8m, compared to actual cuts of £28.5m as per the Settlement.
- 6.4 The Council has been lobbying central government about the inequities of the current funding formula and it can be viewed that that lobbying has influenced the proposed methodology. That said, the effects of grant "damping" reduced our RSG allocation by £7.9m in 2013/14 and the cumulative loss of grant is estimated to be £50m by 2020. This is also compounded with the RSG not recognising the increases in the borough's population. By 2020, the Council will have lost out on c£20m of grant due to the funding regime being fixed.

Care Act 2014

- 6.5 The RSG for 2016/17 rolls in £1m of funding in relation to Care Act 2014, which was previously paid as a separate ring-fenced grant. To recognise the pressures experienced by Adult Social Care in implementing the Care Act, this funding has been transferred to the Adult Social Care budget in full. In order to fund the transfer of the £1m, the funding set aside for demographic pressures of £0.5m has been used to top up the existing provision held for implementing the Care Act.

New homes bonus

- 6.6 Following announcements in the Autumn Spending review about cuts to New Homes Bonus of £800m to partially fund the increased £1.5bn budget requirements of the Better Care Fund, the Council took a prudent approach with the reductions in the new homes bonus. For 2016/17, the July MTFS assumed that New Homes Bonus would still be subject to a top slice of £1m, with no further increases. The Settlement confirmed that new homes bonus would be c£6m, which was £3m better than previously assumed. The Settlement also confirmed that the new homes bonus would remain at £6m for 2017/18 but will then reduce to £3.8m in 2018/19 as funding is transferred to offset the costs of the Better Care Fund.
- 6.7 In 2015/16, all Councils across London had their New Homes Bonuses (NHB) top-sliced by £70m for the London Enterprise Panel (LEP). A government condition around the top slice is that funding each borough contributes to the NHB top slice should be returned to this community via the LEP NHB program, to help deliver the Growth Deal for London. The Council's NHB top slice was c£1m which reduced the Council's overall funding. The top sliced funding was returned to the Council for the delivery of specific projects as agreed by the Council and the LEP. The Government has yet to announce whether the top-slice will continue to apply in 2016/17. If the top-slice was to apply, this would reduce the Council's overall funding position by c£1m.
- 6.8 Although the LEP top-slice was returned to the Council in 2015/16, there is a possibility that the Council may not receive any returned funding in 2016/17. However, even if the funding is returned, the expectation will be to deliver specifically agreed projects and will reduce the overall un-ringfenced grant funding for the Council. Should this occur, the Council may require a one-off call from

reserves in 2016/17 in order to set a legal balanced budget. Further information will be presented to Cabinet as it becomes available.

Education services grant

- 6.9 The July MTFS assumed a £0.6m cut to the Education Services grant in 2016/17, reducing the allocation from £3.3m to £2.7m. Although the Autumn Spending Review announced that the grant would be cut by £600m by 2020, the Council's allocation for 2016/17 has instead increased by £0.1m.

Better Care Fund

- 6.10 By 2019/20, the Council will receive up to £8.2m of grant towards the Better Care Fund though further details of the Fund are yet to be announced. Due to the current restrictions of the Better Care Fund, from the Council's medium term financial planning perspective, this additional funding has not been taken into account of the Council's overall financial position to reduce the budget gap.

Housing Benefit Administration grant

- 6.11 Confirmation has now been received that the HB administration grant will be £0.1m less than it was in 2015/16. The reduction in funding has been adjusted in the MTFS.
- 6.12 Overall, the Settlement was better than previously estimated, reducing the Council's budget gap from c£72m as reported in July 2015 to c£63m. Although the funding announcements allow the Council to move forward with relative certainty, the level of financial pressures and additional burdens arising from legislation will further inform the MTFS.

7 Council Tax base 2016/17 and Council Tax income

- 7.1 The MTFS currently assumes that Council Tax will increase by 1.99% which is up to the referendum threshold. The MTFS also assumed a modest increase of 500 new homes being built per year, over the next five years.
- 7.2 Following the Summer Spending Review announcements around potential changes to Tax Credits, the Council's MTFS took a prudent approach in estimating increases to the Council Tax base. The proposed changes to Tax Credits would have adversely affected the income received for a large proportion of our residents. Decreases in the income residents received would have increased the number of those eligible for the Council Tax support scheme. In turn, this would decrease the number of properties the Council is able to charge full Council Tax for. As the Tax Credit changes were not implemented, the Council Tax base rise is higher than previously forecasted.
- 7.3 The Council Tax base report features elsewhere on this agenda shows, as a result of the Tax Credits not being implemented, a significant increase of £2.6m over and above what was assumed in the MTFS. The other factors influencing this are the number of properties increasing by over 900, a further 952 reduction in residents receiving the single person discount and also a number of people who no longer receive Council Tax support.

8 2016/17 budget position

8.1 The position presented to Cabinet in July 2015 reported a budget gap of £5.7m for 2016/17. Following the Settlement and having incorporated all of the pressures outlined above, the Council is now in a position to report a balanced budget for 2016/17.

8.2 The table below captures the changes the 2016/17 position, as presented to Assembly in February 2015, the position presented to Cabinet in July 2015 and the position following the provisional Local Government Finance settlement in December 2015. It also captures the additional pressures and changes in funding outlined in sections 3 to 7 of this report.

Pressures/Income	Assembly Feb 2015 2016/17 £'000	Cabinet July 2015 2016/17 £'000	Settlement Dec 2015 2016/17 £'000
Prior year (surplus)/deficit	(565)	(565)	(565)
Investment in capital programme	500	500	1,000
Staff pay award & capacity building	1,000	2,000	2,000
Pension fund deficit	650	650	650
ELWA levy adjustment	265	265	626
Implications of the Care Act 2014	2,500	670	1,044
Increase in employers' NI contribution	2,000	2,000	2,000
Children's demand led increase		1,000	1,000
Adults precept 2% CTax increase			890
Increased demographic pressure		500	0
Delayed implementation of Leisure Trust			1,000
Oracle hosting, LLW, ICT hosting			690
NMW – Corporate contracts			120
Total additional costs	6,915	7,585	11,020
Changes in funding	9,300	11,584	8,412
Collection fund surplus prior year	1,718		
1.99% increase in Council Tax	(800)	(890)	(890)
2% increase Adult Social care precept			(890)
Reversal of Council Tax surplus		1,404	1,404
Increase in Council Tax base	(640)	(552)	(3,234)
Income from Business Rates pooling	(400)		300
Transfer of industrial sites for residential use			500
New homes bonus	(521)		(3,237)
Total change in income	8,657	11,546	2,365
Gross budget gap	15,572	19,131	13,385
Savings agreed December 2014	(12,855)	(12,855)	(12,855)
Budget gap after savings	2,152	5,711	(35)

9 The Council's Medium Term Financial Strategy to 2020/21

- 9.1 Although the 4 year Settlement will allow the Council to plan the level of funding reductions with greater certainty, there are still a number of unknowns which will affect the MTFS going forward.
- 9.2 The MTFS currently captures all the legislative changes and new burdens known to the Council, and the best estimates of what the demand pressures are, over time, these figures will be refined as more information becomes available.
- 9.3 Although the Settlement was better than originally estimated by c£10m, the Council still faces a significant challenge ahead and will be required to save £63m by 2020/21. The revised MTFS is attached as Appendix 1 of this report.
- 9.4 Since 2010, the Council has saved over £100m to date and, as such, it can no longer sustain another iterative budget process. In July 2015, Cabinet approved the Ambition 2020 programme and funding for the Growth Commission.
- 9.5 The Ambition 2020 programme will move the Council away from the traditional silos it currently operates within and provide a fundamental re-think of how the Council operates going forward. The Ambition 2020 programme will be putting forward proposals for Members to consider so a balanced budget can be agreed for 2017/18 through to 2020/21.
- 9.6 The implementation of the Ambition 2020 programme will require large scale investment. Cabinet has in total approved £2.1m of funding from reserves for the development of full business cases between by March 2016. As the Council moves to the implementation phase of those business plans, a significant amount of external capacity and expertise will be required to deliver the actions required.
- 9.7 Following the completion and collation of those business cases, a report will be presented to Cabinet in April, outlining the level of investment required to fully deliver and implement the proposals in the Ambition 2020 programme. The report will also set out how the programme will support the delivery of the £63m budget gap.
- 9.8 In order to prevent delays in mobilising the Ambition 2020, Members are requested to approve an interim draw down from reserves of £2m for 2016/17 to fund the initial stages of the programme.
- 9.9 At this stage, it is anticipated there will an element of capital investment required to deliver the Ambition 2020 programme. As the proposals are being fully developed, Members are asked to authorise further capital borrowing of £5m to support the investment required for 2016/17. The revenue costs of this borrowing is £0.5m which will added to the MTFS.
- 9.10 In the report on Ambition 2020 to Members in April, the financial implications of the programme will be much more detailed and profiled over the life of the MTFS. This report, looking at the budget for 2016/17 and the following years would not, however, be complete without including an initial provision for anticipated spend next year.

10 The Council's 5 year budget strategy

10.1 The current MTFS incorporates the revenue cost of borrowing for the next 5 years. For 2016/17, the MTFS sets aside £0.5m of borrowing costs, which geared up allows for an investment of £5m capital expenditure. In addition to this, there is a further provision of £0.5m for capital investment needed from the Ambition 2020 projects. From 2017/18 to 2019/20, the MTFS sets aside £0.9m per annum, which allows for £10m of investment in the Council's capital programme.

10.2 Members are requested to approve the capital bids for 2016/17 to 2019/20 as set out in Appendix 2. A high-level summary of each bid is set out below:

Adult & Community Services

10.3 **Total of all bids over five years: £1.626m; plus £2.2m of additional schemes that will self-fund the borrowing costs.**

10.4 **ACS01: 50m Demountable Swimming Pool (£1.700m)** – to provide an additional demountable 50m swimming pool, with an approximate 15 year life, at the Becontree Heath Leisure Centre site on land already owned by the Council and set aside for leisure use. This project will self-fund the borrowing costs from the additional revenue that will be generated, and will be in addition to the £5m of borrowing that is being made available corporately. The Service anticipates the pool will generate income of between £9.9m - £12.1m in total over its 15 year life, which equates to average annual income of between £0.663m – £1.013m (ranging from low-end to high-end forecasts). This will pay for the running costs of the pool as well as the cost of borrowing (interest and repayment of capital), which will be £0.157m per year. These income forecasts are based on the pool opening in time for the start of the 2016/17 academic year.

10.5 **ACS02: 3G Football Pitches in Parsloes Park (£0.50m)** – to provide two full sized artificial turf pitches inside the park. As above, this project will self-fund the borrowing costs, and will be in addition to the £5m of borrowing that is being made available corporately. The pitches will generate additional income of £0.050m per year from 2017/18 onwards, and this will be used to fund the cost of borrowing, which will be £0.042m per year (interest and repayment).

10.6 **ACS03: BLC Replacement Flooring (£0.205m)** – will replace the yellow vinyl flooring located throughout most of the Barking Learning Centre in both the staff and public areas, as it has become worn/dirty and slightly water damaged, leading to health and safety concerns.

10.7 **ACS04: Dagenham Library Foyer (£0.057m)** – to construct an external foyer to the front of Dagenham library, which will reduce and eliminate the current issues caused by the wind and cold temperatures penetrating the reception area and ground floor due to the design of the current main entrance.

10.8 **ACS05: Eastbury Manor House - Access and Egress Improvements (£0.086m)** – this will improve the driveway surface, refurbish the gates and create a new bin storage area with fencing to match existing fencing; and improve the back entrance

to the house with an accessible path and reinstatement of existing path including the refurbishment of railings.

- 10.9 **ACS06: Barking Learning centre One Stop Shop Space (£0.046m)** – will create two individual units measuring 1,200 square meters in size that can be used for the purpose of leasing to other organisations.
- 10.10 **ACS07: Access Improvements Eastbury Manor House (£0.035m)** – this scheme will install a fully enclosed lift to replace the current unreliable platform lift, and replace the hydraulic mechanism to the York stone ramp leading to the main entrance. This will be necessary in order to address accessibility issues.
- 10.11 **ACS08: Barking Learning centre Void Areas (£0.140m)** – this project involves filling in the three void areas within the building. This will create additional rooms on the first floor that could potentially be used as both teaching and meeting space but would also be available for public hire, therein generating revenue streams.
- 10.12 **ACS09: Social Care IT System – Replacement of Northgate SWIFT (£0.977m).** SWIFT is the core database for storing all children and adult social care records, and currently has a number of issues in terms of fitness for purpose, particularly in light of the challenges faced by both children’s and adults social care. This scheme will replace and upgrade the system.
- 10.13 **ACS10: Improvement Works at Abbey Green and Abbey Ruins (£0.035m)** – this is to enable a stage one Heritage Lottery Fund (HLF) heritage grant project funding bid to be developed and to provide the necessary match funding for the bid itself. If successful this would release an initial grant of £386,702 from the HLF. A stage two bid could also further be developed, with the potential to develop a £2.5m scheme in total that would transform Abbey green and Ruins as spaces for recreation, and address the longstanding problems that have put the site on the Heritage at Risk Register.

Children’s Services

Total of bids over five years: £0.25m

- 10.14 **CHS01: Extension of Abbey children’s centre nursery (£0.205m)** – this proposal is to extend Abbey children’s centre nursery by 40 full-time equivalent places, in order to help meet the demand for child care places in the borough.

Environmental Services

Total of bids over five years: £5.825m

- 10.15 **ES01: Consolidation & Expansion of CPZ (£0.630m)** – this scheme will expand and consolidate CPZ parking zones, to create comprehensive clearly defined geographical areas. This is necessary to achieve a currently proposed annual revenue saving of £0.125m.
- 10.16 **ES02: Frizlands Phase 2 Asbestos Replacement (£0.150m)** – this will be a continuation of the Roof Replacement Scheme to remove the Asbestos Roof at

Frizlands Depot. Phase 1 is currently in progress via funding agreed as part of the 2015/16 bidding round.

- 10.17 **ES03: HIP 2016/17 Footways & Carriageways (£0.700m)** – this scheme will carry out urgent resurfacing works to the boroughs non-principal road network.
- 10.18 **ES04: Expired Lighting Column Replacement (£2.500m)** – this scheme will replace the life-expired street lighting columns. It will not replace the actual lighting – which is being carried out as part of another scheme – though it is necessary to run this scheme in parallel with the lighting replacement scheme, and to achieve the savings proposed therein, as it is not feasible to put new lighting onto life-expired columns.
- 10.19 **ES05: Bridges & Structures (£0.650m)** – this will carry out the necessary remedial works to the boroughs bridges and structures, as determined through a recent survey inspection by external consultants.
- 10.20 **ES06: Park Infrastructure (£0.052m)** – this will replace the old fence on the boundary of Barking Park that separates the park from the adjacent rear gardens on Park Avenue, with a new steel palisade fence. Patching repairs have previously been necessary on the fence for health and safety reasons; but now it needs to be fully replaced.
- 10.21 **ES07: Fixed Play Equipment (£0.030m)** – this scheme will make safe and improve existing parks play equipment. Many items of play equipment have become unsafe, particularly due to ground erosion, and this scheme is necessary to prevent having to remove/dispose of some items.
- 10.22 **ES08: Lakes (£0.200m)** – this will fund survey and research work which will then inform a programme of investment aimed at improving the condition and quality of the boroughs lakes in order to address flood risks and also maximise the contribution lakes make to the local community and economy.
- 10.23 **ES09: Parks Building Demolition Works (£0.020m)** – this scheme relates to the demolition of the old sports pavilion located in Barking Park. The building is slowly deteriorating and it is attracting vandalism and anti social behaviour, and ultimately the associated repairs and maintenance will exceed the one-off demolition costs.
- 10.24 **ES11: Abbey Green Historic Wall (£0.021m)** – this scheme will restore the Abbey Green historic wall, which is currently falling down; this will involve taking down large sections of the wall and rebuilding them.
- 10.25 **ES12: Old Dagenham Park BMX Track (£0.165m)** – this will restore and bring back into use the BMX track inside Old Dagenham Park. The track is currently closed and out of use following the identification of asbestos fibres within the soil that forms the track.
- 10.26 **ES13: Facilities Management Backlog Capital Improvements (£0.448m)** – this scheme will address the backlog of capital improvements that are necessary to maintain/restore the boroughs public building stock. It will involve a range of disciplines in order to comply with health and safety standards and legislation.

10.27 **ES14: Parking ICT system (£0.280m)** – this project involves migrating to a new parking ICT system in order to reduce annual software licensing costs.

General Fund Housing Services

Total of bids over five years: £0.219m

10.28 **HGF01: Critical Needs Homelessness Assessment and Support Centre (£0.219m)** – this proposal is to remodel Boundary Road hostel, and to convert two of the existing rooms into training rooms and treatment/consultation facilities, specifically to address anti social behaviour.

Chief Executive Department

Total of all bids over five years: £2.310m; plus an additional £3.180m for a scheme that will self-fund the borrowing costs.

10.29 **CEX01: ICT End User Computer / Hosted Office (2.310m)** – this proposes a move to Office 365 (new desktops and laptops throughout the Council) utilising the Microsoft platform. It enables the Council to simplify its infrastructure services by removing the need for Citrix; and the use of consumption based cloud services will remove the need for expensive cyclical hardware and software upgrades.

11 Financial Implications

11.1 Financial implications feature throughout this report.

12 Legal Implications

Implications provided by: Paul Feild Senior Corporate Governance Solicitor

12.1 Local authorities are under an explicit duty to ensure that their financial management is adequate and effective and that they have a sound system of internal control and management of financial risk. This report contributes to that requirement. Specific legal advice may be required on the detailed implementation of any agreed savings options.

12.2 Where budgetary requirements proposals identify the need for the reduction of, or closure or discontinuance of a service or services, appropriate consultation will need to be carried out. The savings proposals that affect staff will require consultation with Unions and staff. In addition to that Members will need to be satisfied that Equality Impact Assessments have been carried out before the proposals are decided by Cabinet. If at any point a resort to constricting expenditure is required, it is essential that due regard is given to statutory duties and responsibilities. In particular the Council must have regard to:

- any existing contractual obligations covering current service provision. Such contractual obligations where they exist must either be fulfilled or varied with agreement of current providers;

- any legitimate expectations that persons already receiving a service (that is earmarked for reduction) may have to either continue to receive the service or to be consulted directly before the service is withdrawn;
- any rights which statute may have conferred on individuals that as a result of which the council may be bound to continue its provision. This could be where an assessment has been carried out for example for special educational needs following a statement of special educational needs;
- the impact on different groups affected by any changes to service provision as informed by relevant equality impact assessments;
- the response to any consultation undertaken.

Public Background Papers Used in the Preparation of the Report:

Council Tax Base Report

List of appendices:

Appendix 1 - Revised MTFS following December 2015 settlement

Appendix 2 – Capital bids for 2016/17 to 2020/21