

CABINET

Tuesday, 7 February 2017 at 5.30 p.m.
C1, 1st Floor, Town Hall, Mulberry Place, 5 Clove Crescent, London,
E14 2BG

SUPPLEMENTAL AGENDA

BUDGET PACK

The meeting is open to the public to attend.

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**PAGE
NUMBER(S) WARD(S)
AFFECTED**

**5 .1 General Fund Revenue and Capital Budget and
Medium Term Financial Plan 2017/18 to 2019/20**

1 - 358

All Wards

<p>Cabinet</p> <p>7th February 2017</p>	
<p>Report of: Zena Cooke, Corporate Director of Resources</p>	<p>Classification: Unrestricted</p>
<p>The Council's 2017-18 Budget, Medium Term Financial Strategy 2017-20 and Capital Strategy</p>	

Lead Member	Councillor David Edgar, Cabinet Member for Resources
Originating Officer(s)	Neville Murton
Wards affected	All wards
Key Decision?	Yes
Community Plan Theme	One Tower Hamlets

EXECUTIVE SUMMARY

This report sets out proposals which form part of the draft Medium Term Financial Strategy (MTFS) covering the three year period from 2017-18 to 2019-20. It also focuses on the 2017-18 budget setting process and brings together many of the component elements of that budget.

It includes a revised assessment in each of the next three years of the General Fund, Dedicated Schools Grant (DSG), Housing Revenue Account (HRA) and a five year Capital programme including:

- the financial resources available to the Council;
- the cost of providing existing services; and
- the overall level of savings that have been and still need to be identified to give a balanced, sustainable budget over the medium term planning period.

A summary of the projected General Fund budget for each of the three years is shown in [Appendix 1a](#) with a more detailed service analysis in [Appendix 1b](#).

The 2017-18 provisional local government finance settlement was announced on the 15th December 2016 following the Chancellor's Autumn Statement which was made in late November and the budget and MTFS presented in this report have been prepared in line with this. However, it should be noted that the final settlement is expected during the first week of February and thus the figures and assumptions contained within this report could be subject to change and may need to be updated before being submitted for Full Council approval on the 22nd February.

The Council has previously estimated that cuts to its main government grant – the Revenue Support Grant (RSG), together with increases due to inflation and demand pressures over the next three year period, from 2017 to 2020 results in a budget

shortfall of around £58m. As a consequence it has been developing net savings of that amount and consulting widely to ensure that residents, businesses and other stakeholders have been able to make their views known on the budget proposals and issues.

RECOMMENDATIONS

The Mayor in Cabinet is recommended to:

1. Agree a General Fund Revenue Budget of £338.896m subject to any changes arising from the Final Local Government Finance Settlement.
2. Agree the Council Tax (Band D) at £966.80 for 2017-18 be referred to Full Council for consideration.
3. To authorise the Corporate Director, Resources after consultation with the Mayor and Lead Member of Resources to make any changes required to the budget following the final settlement announcement in February.
4. Approve the capital programme to 2021-22; as detailed in Appendix 9 (b – d)
5. Approve and refer to Full Council for consideration and agreement the Capital Strategy, and initiate a comprehensive review of the Council's approach to the prioritisation and governance of capital expenditure based on the outcomes based budgeting methodology already adopted for the revenue elements of the MTFs.
6. Consider and comment on the following matters:

General Fund Revenue Budget for 2017-18 and Medium Term Financial Strategy 2017-18 to 2019-20

The initial budget proposal and Council Tax for 2017-18 together with the Medium Term Financial Strategy set out in Appendix 1a.

Budget Consultation

The outcome of consultation with business ratepayers, residents and other stakeholders as reported to The Mayor in Cabinet in December 2016 and attached for ease of reference at Appendix 10.

Funding

The funding available for 2017-18 and the indications and forecasts for future years as set out in Section 3.4.

Growth and Inflation

The risks identified from potential growth and inflation commitments arising in 2017-18 and future years together with new initiatives identified as Mayoral Priority Growth as set out in Section 3.5 and Appendix 3.

Savings

New proposed saving items to be delivered in 2017-20 as set out in Section 3.6 and Appendix 4 of the report.

Financial Risks: Reserves and Contingencies

The strategic budget risks and opportunities as set out in Section 3.7 and the

assessment of risk as detailed in Appendix 6.

Reserves and Balances

The proposed approach to the strategic use of reserves as set out in Section 3.8 and the projected movement in Reserves as detailed Appendix 7.

Schools Funding

The position for schools' funding including the Dedicated Schools Grant as set out in Section 3.9.

Housing Revenue Account

The position for the Housing Revenue Account as set out in Section 3.10 and Appendix 8.

Capital

The Capital Strategy detailed in Appendix 9a and the capital programme to 2021-22; including the proposed revisions to the current programme, as set out in Section 3.11 and detailed in Appendix 9 (b – d)

To adopt a capital estimate for all new schemes detailed in Appendix 9c.

1 REASONS FOR THE DECISIONS

- 1.1 The Council is under an obligation to set a balanced and sustainable budget and to set a Council Tax for the next financial year by 11th March 2017 at the latest. The setting of the budget is a decision reserved for Full Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Overview & Scrutiny Committee to allow for their comments to be considered before the final budget proposals are made to Full Council.
- 1.2 The announcements that have been made about Government funding for the Council in the Autumn Statement and the Provisional Local Government Finance Settlement require a robust and timely response to enable a balanced budget to be set.
- 1.3 Through its successful application for a 'guaranteed' multi-year settlement from the government and the adoption of an outcomes based approach over a 3 year planning period the Council is afforded the opportunity to develop proposals which are more transformational in nature and allow sufficient time for needs led, outcome based service redesign.
- 1.4 A Medium Term Financial Strategy (MTFS) covering the entirety of the resources available to the Council is considered to be the best way that resource prioritisation and allocation decisions can be considered and agreed in a way that provides a stable and considered approach to service delivery and takes into account relevant risks and uncertainty.
- 1.5 As the Council develops its detailed proposals it must continue to keep under review those key financial assumptions which underpin the Council's MTFS; in particular as the Council becomes ever more dependent on locally raised sources of income through the Council Tax and retained business rates these elements become fundamental elements of its approach and strategies.

2 ALTERNATIVE OPTIONS

- 2.1 The Council is required to respond to the budget reductions in Government funding of local authorities and to set an affordable Council Tax and a balanced budget, while meeting its duties to provide local services. This limits the options available to Members. Nevertheless, the Council can determine its priorities in terms of the services it seeks to preserve and protect where possible, and to the extent permitted by its resources, those services it wishes to prioritise through investment, during a continued period of budget reductions.
- 2.2 The Council could continue with the current approach of agreeing proposals on an annual basis but this does not support a strategic approach which allows for proposals to be managed and implemented over a longer period of time. It is also inconsistent with the Council's Efficiency Plan which underpins agreement of a Four Year funding settlement from government.

3 DETAILS OF REPORT

3.1 BACKGROUND

- 3.1.1 The Council's integrated financial and business planning process together with an outcomes based budgeting approach are the key mechanisms for reviewing its plans and strategies to ensure priorities are being delivered and that resources are allocated effectively to underpin their achievement. The process culminates in changes to the budget and Medium Term Financial Strategy that reflect the Mayor's priorities, the Community Plan and Strategic Plan objectives.
- 3.1.2 The 2016-17 final settlement gave indicative levels of government grant for councils covering the period until 2020; this shows the continued decline of Revenue Support Grant (RSG). The government has also confirmed that from 2020 it is proposing to implement a 100% Business Rate Retention Scheme that will replace general government support for local authorities.
- 3.1.3 The development of the Medium Term Financial Strategy (MTFS) presented to The Mayor in Cabinet in September, October, and December 2016 showed that the economic base of the Council, which comprises income through Council Tax and Business Rates is growing which will serve to offset some of the central government grant reductions however, such growth will also bring additional demands for services.
- 3.1.4 This report updates members on the Provisional Local Government Finance Settlement, and identifies the current savings, growth and investment proposals, to inform consideration of the budget package by the Overview and Scrutiny Committee. It also updates members on any further changes to resource assumptions.
- 3.1.5 The main body of the report is in twelve sections:
Strategic Approach (Section 3.2)
Medium Term Financial Strategy & Proposed Budget (Section 3.3)
Financial Resources (Section 3.4)
Budget Pressures and Growth Allocations (Section 3.5)
Savings Proposals (Section 3.6)
Risks and Opportunities (Section 3.7)
Reserves (Section 3.8)
Schools' Funding (Section 3.9)
Housing Revenue Account (Section 3.10)
Capital (Section 3.11)
Treasury Management Strategy (Section 3.12)
Budget Consultation (Section 3.13)
- 3.1.6 The key planning assumptions that support the draft budget proposals are set out below and in the attached appendices. Those planning assumptions have taken account of the Autumn Statement announced by the Chancellor of the Exchequer on the 25th November and the subsequent Provisional

Local Government finance settlement that was published on the 15th December 2016.

- 3.1.7 In developing these proposals the Council has taken account of the government's measure of the total resources that it believes are available to each Council. This is known as Core Spending Power (CSP) and reflects the government's assumptions for a number of key grants, retained business rates and Council Tax. Tower Hamlets CSP shows that over the period to 2020 our resources are expected to fall by £7m (-2.5%) in cash terms (higher in real terms).
- 3.1.8 The Council's CSP calculation is attached as Appendix 2; the most recent calculation reflects the following changes:
- The impact of changing the New Homes Bonus methodology;
 - The introduction of a new Adult Social Care grant for 2017-18 only; and
 - Revised assumptions on the level of assumed Council Tax increases for inflationary purposes (from 1.75% to 1.99%).

3.2 Strategic Approach

- 3.2.1 The Council has adopted an Outcomes Based Budgeting approach to delivering its MTFS for the period 2017 to 2020. This approach puts the Council's Strategic Priorities and outcomes for its residents at the heart of financial planning and decision making and aims to directly link how resources are allocated through budgeting mapped to the strategic priorities of the Council.
- 3.2.2 An outcomes based approach considers the efficiency and effectiveness of the Council's services by evaluating comparable information such as financial benchmarking and outcome performance measures. This information provides the starting point for critically reviewing the Council's relative performance and provides the basis and evidence for its budget decisions.
- 3.2.3 The Council's Strategic Plan sets out two key priority aspirations for the Council which have been arrived at following consultation with residents:
- Priority 1 - To create opportunity by supporting aspiration and tackling poverty.
 - Priority 2 - To create and maintain a vibrant and successful place.
- 3.2.4 These priorities are supported by a third enabling objective of 'a Transformed Council that makes best use of resources and develops a culture of transparency and trust'.
- 3.2.5 The Council aims to deliver its two key priority outcomes by designing and delivering services that meet the following objects:
- 1.1 A dynamic local economy, with high levels of growth benefiting us.
 - 1.2 More residents in good-quality, well-paid jobs.
 - 1.3 Young people realising their potential.
 - 1.4 More people living healthily and independently for longer.

- 1.5 Reducing inequality and embracing diversity.
 - 2.1 An improved local environment.
 - 2.2 Better quality homes for all.
 - 2.3 Less crime and anti-social behaviour.
 - 2.4 Engaged, resilient and cohesive communities.
- 3.2.6 A process of mapping the Council's budgets to these strategic priority objectives began in April 2016 and the budget proposals set out in this report have been developed in the context of these priorities.
- 3.2.7 Net spending in 2016-17 allocated against each priority area is detailed in Table 1 below, although in developing its budget proposals the Council has recognised that it is equally important to consider both the gross expenditure and income components of the budget when reviewing outcomes and performance.

Table 1 – Net Expenditure 2016-17 – Priority Analysis

Priority Area	2016-17 Budget £m
1.1 A dynamic local economy, with high levels of growth benefiting us	2.298
1.2 More residents in good-quality, well-paid jobs	1.749
1.3 Young people realising their potential	67.933
1.4 More people living healthily and independently for longer	128.652
1.5 Reducing inequality and embracing diversity	0.176
2.1 An improved local environment	49.334
2.2 Better quality homes for all	4.444
2.3 Less crime and anti-social behaviour	6.940
2.4 Engaged, resilient and cohesive communities	2.749
Enabling services	72.808
No Strong alignment	24.904
Net General Fund Budget	361.985

- 3.2.8 The Council's outline Strategic Plan also contains five transformation principles which have been used to shape the approach to reviewing the way that Council services are delivered:
- **Better targeting** – ensuring that those who are in greatest need receive the services necessary to support them at the time that they need it to avoid further more costly interventions at a later date.
 - **Redesign and integration for better outcomes** – making sure that Council services and those provided with the Council's key partners, are structured in ways which enable complex needs to be met effectively

without duplication.

- **Empowering communities and citizens** – developing services alongside our communities and providing signposting and support for services.
- **Harnessing economic growth** – recognising the importance of employment as a lever for improved prosperity, attracting investment in the borough and working alongside businesses to maximise the benefits to our residents.
- **Economies of organisation** – maximising the efficiency of the Council as a provider of large and diverse services through technology; focussing on our priority outcomes and maximising the best use of our assets in the delivery of services.

3.2.9 The Council's approach to strategic and financial planning has been informed by an understanding of the opportunities and potential in the borough. This includes:

- Ongoing economic growth and a rising employment rate;
- A vibrant population with a high proportion of young people;
- An active voluntary and community sector; and
- A partnership committed to collaborative working around priority outcomes.

3.2.10 It also recognises that there are long term and emerging challenges, including:

- Growth and development impacting on local infrastructure and services;
- Lower employment levels, particularly for women and some ethnic minorities;
- Significant child poverty and the impact of welfare benefit reductions;
- Local people priced out by spiralling housing prices, and the danger of a polarised community;
- Low levels of health and life expectancy; and
- The need to be vigilant and tackle the potential for radicalisation and extremism.

3.3 MEDIUM TERM FINANCIAL STRATEGY & PROPOSED BUDGET

3.3.1 The revised Medium Term Financial Strategy is set out at Appendix 1a, and the detail by service area at Appendix 1b. The detailed figures and assumptions incorporated in these tables are explained more fully in this report. This summary shows that the Council has a balanced budget for 2017-18. The February 2016 approved MTFs relied on the use of £4.4m of reserves over the period to 2020 and it is now proposed, over that same period to utilise £2.8m of balances. In 2019-20 the in-year position is also balanced supporting the on-going sustainability of the budget proposals.

3.3.2 In January 2017, there was a change to the Council's organisational

structure. Appendix 1b of the detailed MTFS has been updated to include budgets aligned to the new directorate structure.

- 3.3.3 Given the risks identified more generally in this report and in particular those risks associated with undertaking transformation change which has tended to deliver savings later rather than sooner this, in conjunction with a robust approach to managing risk through appropriate contingencies and reserves, is considered to be an appropriate strategic response.
- 3.3.4 In the December 2015 provisional local government finance settlement the government stated that it would offer any council that wishes to take it up, a four-year funding settlement which would cover the period from 2016 to 2020; conditional upon production of an Efficiency Plan. As previously reported the Council received confirmation from the Minister for Local Government (Marcus Jones MP) that the Council's Efficiency Plan has been accepted and that it is now formally on the multi-year settlement. The MTFS has been prepared on that basis.
- 3.3.5 On 15th December 2016 the government announced the provisional local government finance settlement for 2017-18. This confirmed the level of Revenue Support Grant (RSG) for those authorities on a multi-year settlement as those set out in the final local government settlement for 2016-17 and covering the years 2017 – 2020.
- 3.3.6 In addition the government announced changes to the Adult Social Care precept, the outcome from the consultation on New Homes Bonus (NHB) allocations, a new Adult Social Care Grant for 2017-18 only and changes to the Core Spending Power calculation.
- 3.3.7 Further information relating to the current Business Rates Retention Scheme was also announced reflecting in particular the changes to the Top-up and Tariff amounts for individual authorities as a result of the 2015 business rate revaluation exercise which are intended to be revenue neutral.
- 3.3.8 At this stage these announcements are provisional pending a period of consultation which will conclude with the publishing of the final local government finance settlement in early February 2017; however for the purposes of planning the Council's budget the provisional settlement data has been reflected in this report.
- 3.3.9 In previous years the Council's MTFS had been extended to cover the forthcoming and 3 subsequent financial years (i.e. four years in total) however, the government has not published any indicative figures beyond 2019-20 pending further announcements on the 100% business rate retention scheme that is expected to apply after that date. Given the uncertainty about the future arrangements for local authorities and the lack of information only the period to 2020 has been exemplified. Once details of the new scheme are known future years' projections can be added.

3.4 FINANCIAL RESOURCES

3.4.1 Council Tax

- 3.4.1.1 At its meeting on 10th January 2017, the Mayor in Cabinet agreed the Council's 2017-18 taxbase at 88,784 and this has been used in the MTFS projections. For the Council Tax rate there are two separate components –

an Adult Social Care precept and a more general inflationary element limited by the government's referendum principles.

- 3.4.1.2 As part of the provisional settlement the government announced changes to the Adult Social Care (ASC) precept. In 2016-17, the ASC Precept on Council Tax was originally set at a maximum of 2% per annum increase for the period 2016-17 to 2019-20. The terms of this precept have now been changed for the period 2017-18 to 2019-20. Local authorities will now be able to increase the ASC precept by up to 3% per annum in 2017-18 and 2018-19. However, authorities are only permitted to go ahead with a maximum of 3% increase each year provided that the total increase over the three-year period does not exceed 6%.
- 3.4.1.3 To ensure that the income from the precept is being used for adult social care, council's will be required to publish a description of their plans, including changing levels of spend on adult social care and other services. This must be signed off by the Chief Finance Officer (section 151 officer). Councils wishing to use the extra freedom to raise their precept by 3% instead of 2% in 2017-18 must also show how they plan to use this extra money to improve social care provision.
- 3.4.1.4 The government has adopted this approach in response to the increasing pressures being seen for Adult Social Care services; the Local Government Association (LGA) estimated in its November 2016 Adult Social Care 'State of the Nation' report that the shortfall in Adult Social Care funding by the end of the decade would be £1.3bn of an overall £5.8bn shortfall in funding for local government services. Locally the Council estimates that demographic and cost pressure demands for Adult Social Care services will require additional resources of at least £8m over that same period.
- 3.4.1.5 As set out above in paragraph 3.1.7 this is happening at a time where, even by the government's measurement of changing resources the Council will have £7m less resource in cash terms. Their Core Spending Power calculation itself reflects the assumed maximisation of the additional funding for ASC services such as the ASC precept, the new ASC Grant for 2017-18, the Better Care Fund and the Improved Better Care Fund.
- 3.4.1.6 In February 2016 the Council agreed to implement the 2% ASC precept each year over the period to 2020. However, in the context of the need for savings being front loaded and the significant cost pressures being seen in ASC services, it is now considered appropriate to phase the remaining maximum 6% rise in the ASC precept over the period to 2020 on the basis of increases of 3%, 2%, and 1%.
- 3.4.1.7 Council Tax rises not associated with the ASC precept are governed by referendum principles that limit increases. For this Council the amount that the Council Tax can be increased by without undertaking a referendum has been set such that a 2% or higher increase would trigger a referendum. This limit reflects the government's broad view of inflation and an assumed rise of 1.99% which is also now reflected in their calculation of Core Spending Power (CSP).
- 3.4.1.8 As the Council becomes more dependent on locally generated sources of funding as a consequence of the on-going reductions in government support

it is important that it maintains its taxbase to protect services from what would be otherwise higher cuts. The government's own CSP calculation shows a 2.5% reduction in available resources over the planning period and this assumes that both the ASC precept and inflationary element of the Council Tax are fully implemented.

- 3.4.1.9 However clearly there are further considerations before implementing Council Tax increases. Currently Tower Hamlets has one of the lowest Council Tax levels across the 33 London Boroughs (6th lowest out of 33). It is probable that even after implementing the maximum permissible Council Tax rise this Council would still be levying one of the lowest tax rates in London.
- 3.4.1.10 The outcome from the Council's consultation exercises with residents have also demonstrated support for Council Tax rises where they support the continuation of key services; 48% of respondents to the online survey supported a rise (with 38% against) 58% of those who participated in the telephone consultation supported a rise (with 34% against).
- 3.4.1.11 Each 1% increase in the Council Tax rate generates around £800k, allowing that amount to continue to be spent on key services such as Adult Social Care (from the ASC precept) or other core services such as Children's Social Care. Each 1% rise equates to approximately 18 pence per week; so at the level of a 4.99% increase (3% for ASC precept and 1.99% for inflation) the increase equates to 88 pence per week.
- 3.4.1.12 Taking all of these factors into account it is proposed to increase the Council Tax by 4.99% in 2017-18.

Local Council Tax Reduction Scheme

- 3.4.1.13 The Welfare Reform Act 2012 abolished the national Council Tax benefits system (CTB) and replaced it with the Local Council Tax Reduction Scheme (LCTRS) under the Local Government Finance Act.
- 3.4.1.14 At its meeting held on 20th January 2016 the Full Council resolved to continue with the current LCTRS scheme, affording 100% maximum reduction for low income households, for one year only. It also resolved to review that scheme alongside the impact of the government's proposed welfare reform changes and carry out an options review for the future LCTRS during 2016. Tower Hamlets is currently one of only 41 Councils that continue to implement a scheme giving maximum benefits of 100% other than to those protected groups defined by the government.
- 3.4.1.15 There is a statutory requirement to approve the Local Council Tax Reduction Scheme (LCTRS) by Full Council before 31st January each year. A revised LCTRS for 2017-18 was approved by Full Council at its meeting on the 18th January 2017.
- 3.4.1.16 The approved scheme retains 100% support for working age households, but with the following amendments;
 - (a) the period for which backdated claims for LCTRS can be made will be one month;

- (b) the length of time LCTRS claims can continue whilst the recipient is abroad will be 4 weeks;
- (c) the Council will introduce a scheme in addition to LCTRS to help applicants suffering exceptional hardship;
- (d) households with non-dependants income above £370.50 per week will be excluded from support
- (e) non-dependant deductions will apply to all other non-dependants with income below £370.50 per week
- (f) an assumed level of income will be made for self-employed earners where their self-employment earnings after one year is declared at below equivalent minimum wage levels,;
- (g) the savings limit is to be lowered to £6k from £16k in order to qualify for LCTRS.

3.4.1.17 These changes are designed to generate an additional £1.4m income as a contribution to the Council's £58m budget gap.

3.4.2 Settlement Funding Assessment (SFA)

3.4.2.1 Settlement Funding Assessment (SFA) reflects the government's current approach to funding local authorities through Revenue Support Grant and retained Business Rates.

3.4.2.2 Each authority's SFA is based on a needs assessment established at the beginning of the funding arrangements and thereafter reflecting the impact primarily of government funding reductions. The Baseline Funding Level represents the amount of retained business rates that the government expects each local authority to generate assuming no increase in the tax base since the scheme inception (i.e. it continues to increase only in line with the increase in the small business rate multiplier).

3.4.2.3 The difference between SFA and the Baseline Funding Level is the amount of RSG an authority receives. For Tower Hamlets this calculation is shown below.

Table 2 – Settlement Funding Assessment 2016 - 2020

£m	2016-17	2017-18	2018-19	2019-20
Settlement Funding Assessment	170.728	158.105	151.292	144.602
Revenue Support Grant	68.665	53.958	43.795	33.281
Baseline Funding Level	102.063	104.147	107.497	111.321
<i>Change in SFA:</i>				
<i>Annual change</i>		-7.4%	-4.3%	-4.4%
<i>Cumulative change</i>		-7.4%	-11.4%	-15.3%

3.4.2.4 The table highlights, for the period 2016 to 2020, the 15.3% reduction in SFA for the Council comprising a 52% reduction in RSG together with a 9% increase in its Baseline Funding Level. Table 3 below illustrates how the Council has been affected compared to other similar authorities; suggesting

that the Council has fared better overall than the average of all authorities and against other London Authorities.

Table 3 – Comparable SFA Changes 2017 – 2020.

Authority group	Change in SFA from previous year			Cumulative change between 2016-17 and 2019-20
	2017-18	2018-19	2019-20	
Tower Hamlets	-7.4%	-4.3%	-4.4%	-15.3%
Inner London Boroughs	-7.9%	-4.6%	-4.7%	-16.3%
Outer London Boroughs	-11.0%	-6.7%	-7.2%	-23.0%
England	-10.6%	-6.2%	-6.5%	-21.6%

3.4.3 Revenue Support Grant (RSG)

3.4.3.1 As previously reported the Council is now on the government's multi-year settlement. The provisional local government finance settlement confirmed that there are no changes to the level of the previously announced RSG which has been set out in Table 2 above; this confirms no additional change have been made to the overall level of government resources for Local Authorities compared to previous announcements.

3.4.4 Retained Business Rates

3.4.4.1 In the December 2016 Cabinet report members received details of the impact of the business rate revaluation process which has resulted in the Council moving from being a top-up authority to a tariff authority; one of only two authorities in London to have done so. This reflects a c20% increase in the business rates in Tower Hamlets compared to 11% nationally.

Table 4 – Components of the Business Rate Retention Scheme

Element	2016-17	2017-18	2018-19	2019-20
Baseline Funding Level (£m) ^a	102.063	104.147	107.497	111.321
Baseline Business Rates (£m) ^b	97.634	109.852	113.386	117.419
Top Up or (Tariff) (£m) ^c	4.429	(5.705)	(5.889)	(6.098)
Levy Rate (pence in the £) ^d	0	5.1936	5.1936	5.1936

- (a) *The Baseline Funding Level is the share of SFA that DCLG intends to be funded via locally retained business rates (with the remainder coming from RSG).*
- (b) *Baseline Business Rates are DCLG's projection of retained business rates, assuming there has been no change in the physical tax base since the start of the scheme. It increases each year in line with the small business rate multiplier.*
- (c) *Tariff / Top Up is calculated such that, if your authority's actual business rates were equal to its Baseline Business Rates, then its final revenue would equal its Baseline Funding level.*
- (d) *The Levy Rate is applied to growth in your authority's business rate revenue which exceeds its Baseline Business Rates.*

3.4.4.2 The February 2016 MTFS estimated that income over the next three years through Retained Business Rates would be as follows:

Table 5 –Retained business rates income 2017-18 to 2019-20 (Current MTFS)

	2017-18 £m	2018-19 £m	2019-20 £m
Retained Business Rates	131.3	136.4	142.0

3.4.4.3 However, Table 4 above illustrates that, following the revaluation, the Council's baseline Business rates are now above its Baseline Funding Level – moving the Council to be a tariff authority.

3.4.4.4 Table 5 below sets out the current position taking into account the position on business rate levels at December 2016 and the need as a tariff authority to pay a levy on business rates growth above the level of its baseline business Rates at a levy rate of 5.136%; this ensures that only simple (and not compound) growth above the Baseline Business Rates is retained by the Council.

Table 6 – Revised business rates income estimate 2017-18 to 2019-20

Detail	2017-18 £m	2018-19 £m	2019-20 £m
Forecast Business Rates Income	138.5	142.6	147.2
Tariff	(5.7)	(5.9)	(6.1)
Levy	(1.4)	(1.5)	(1.5)
Adjusted Business Rates Income	131.4	135.2	139.6

3.4.4.5 This change has been used to update the current MTFS which already included provision for an increase in business rates which it is still believed to be a reliable estimate of the likely business rate yield.

3.4.4.6 However, there remain risks from the revaluation changes both from business rates appeals but also from the methodology changes. Because the final position for 2016-17 will not be known until after the end of the year the revaluation changes are based on the latest draft list. An exercise will be undertaken after the end of the year to reflect the actual business rates level and as a consequence there will be an adjustment to the 2018-19 position for all authorities – this will affect both the tariff amount and therefore the levy rate.

3.4.4.7 All of these issues have been reflected in the assessment of risk set out in section 3.7 below.

3.4.5 Core Grants

3.4.5.1 In addition to RSG, the Council receives a number of other grants to support specific service priorities. These are summarised in the table below and

further details on how they have been treated in the MTFs are provided in the sections that follow.

Table 7 – Summary Core Grants 2017 - 2020

Core Grants	2017-18 £m	2018-19 £m	2019-20 £m
New Home Bonus	24.189	18.301	17.559
Improved Better Care Fund	1.640	7.711	12.777
Adult Social Care Support Grant	1.500	0	0
Public Health Grant	35.974	35.393	34.663
Education Services Grant	2.772	1.746	0.720
Local Lead Flood Grant	0.032	0.034	0.036
Total	66.107	63.185	65.755

New Homes Bonus

- 3.4.5.2 The New Homes Bonus (NHB) scheme was introduced in 2011-12 as a means to help tackle the national housing shortage. The scheme was designed to reward those authorities who increased their housing stock either through new build or by bringing empty properties back into use. Under the original scheme each additional band D equivalent property attracts grant funding equivalent to the national average band D tax rate and the funding was proposed to operate on a rolling six year basis.
- 3.4.5.3 Tower Hamlets is a high growth area, and has attracted the highest level of NHB in the country. In the autumn statement 2015 the government announced plans to reform the scheme. In the most recent provisional settlement the Government confirmed that the New Homes Bonus (NHB) payments to councils will be reduced from six years to five years in 2017-18, (and to four years in 2018-19) They have also confirmed that they will introduce a 0.4% baseline so that local authorities will need to achieve tax base growth of greater than this level before they receive any NHB funding. Nationally this is expected to reduce the income of councils in receipt of the New Homes Bonus by £241 million next year. This money will be used to fund the new one-off 2017-18 Social Care Support Grant referred to below.
- 3.4.5.4 Because Tower Hamlets was the largest recipient of NHB it has received the largest reduction as a result this change. The table below sets out the impact on the Council's NHB between the 2016-17 final local government settlement and the most recent figures announced on 15th December.

Table 8 – Changes in levels of NHB

	2017-18 £m	2018-19 £m	2019-20 £m
February 2016	29.0	18.2	17.5
December 2016	24.2	18.3	17.6
Variance	(4.8)	0.1	0.1

- 3.4.5.5 The Council had already started to reduce its reliance on NHB as a funding source in support of its revenue budget from 2016-17 instead choosing to provide for increasing investment on affordable housing and infrastructure in line with its strategic priority of better quality homes for all. It had only assumed using £12.3m in 2017-18 – below the level of the revised 2017-18 NHB following the provisional settlement.

The Improved Better Care Fund

- 3.4.5.6 The Better Care fund (BCF) was announced as part of the 2013-14 spending review. The Fund is a pooled budget, bringing together local council and NHS funding to create a £3.8bn national pot designed to integrate care and health services.
- 3.4.5.7 In addition to this an Improved Better Care Fund (IBCF) was announced in the 2016-17 budget to support local authorities deal with health and social care pressures and this was allocated to local authorities from 2017-18 onwards. An additional £1.5bn was to be made available by 2019-20 and this has been part funded through a top slice reduction to the NHB scheme. This funding takes into account local authorities' ability to raise resources locally. In this case, it factors in the amount that each council can raise from the 2% Adult Social Care precept.

Public Health

- 3.4.5.8 The Public Health Grant allocation for Tower Hamlets in 2017-18 has been confirmed at £35.974m which represents a decrease of £0.7m from the 2016-17 grant allocation. As this funding source does not form part of the government's four year guarantee, figures for later years have not been confirmed although the MTFS continues to assume the levels announced for 2018-19 and 2019-20 that were set out in the 2016-17 final settlement.
- 3.4.5.9 The government has previously indicated its intention to move the funding for the Public Health Grant from the current system to being funded from within the proposed 100% retained business rates scheme.
- 3.4.5.10 The provision for free school meals over and above current government policy will continue to be partly made from the public health grant, to ensure that all children in primary schools receive free school meals. The total cost to the Council is estimated to be approximately £3.300m per annum and £1.000m has been included in the MTFS to be funded from the Public Health grant with the balance to be funded from a specific general fund reserve in line with the Councils strategic priorities around getting it right for our young people.

Education Services Grant (ESG)

- 3.4.5.11 Education Services Grant (ESG) replaced the former Local Authority Central Services Equivalent Grant (LACSEG) in 2013-14. This facilitated the payment of resources for central services, which had formerly been paid to Local Authorities for service provision to schools, to also be paid direct to academies for their pupils.

- 3.4.5.12 In the 2015 spending review the Chancellor announced that the Education Support Grant would be phased out. The funding guidance for 2017-18 informed Local Authorities that the ESG general funding rate of £77 per pupil would be cut, and that the ESG retained duties funding rate of £15 per pupil would be added to the DSG schools block.
- 3.4.5.13 The Department for Education (DfE) recognised that local authorities would need to continue to fund a range of education services for pupils in maintained schools and the guidance states that Councils can therefore agree with its schools forum to retain the £15 per pupil element for maintained schools in support of these services. It follows that the £15 per pupil must first be added to the funding formula
- 3.4.5.14 Tower Hamlets received £3.8m of Education Service Grant (ESG) in 2016-17. Out of this £640k is for retained duties which will transfer into the DSG in 2017-18 and £3.1m that is for general funding. The general funding allocation will cease to exist from September 2017.
- 3.4.5.15 Transitional ESG funding for 5 months (April 17-September 17) would equate to £820k approximately and this will be made available between April and September 2017 to allow authorities to adjust to the removal of the general funding rate component.
- 3.4.5.16 A £50 million fund for local authorities to “continue to monitor and commission school improvement for low-performing maintained schools” was also recently announced. This will be “allocated to local authorities on the basis of the number of maintained schools, an area cost adjustment and top-up to ensure each local authority receives a minimum allocation of £50,000”. Further details are expected alongside the forthcoming DSG allocation announcements.
- 3.4.5.17 In addition, a further £140 million ‘Strategic School Improvement Fund’ for academies and maintained schools “most in need of support to drive up standards, use their resources effectively and deliver more good school places”. The distribution mechanism for both of these funds are uncertain.
- 3.4.5.18 In light of these changes and uncertainties, the MTFs continues to assume that levels of ESG will reduce from the £3.8m in 2016-17 to at least £2.8m in 2017-18 and £0.720m by 2019-20. The figure for 2017-18 may need to be revised down further as more details emerge around the transitional arrangements and the impact of how these new funds will be allocated are known.

3.5 BUDGET PRESSURES, GROWTH AND INFLATION

3.5.1 Budget pressures and Re-basing

- 3.5.1.1 Part of the budget setting process is the review of budget demands across the Medium Term Financial Strategy period whether they arise from demographic changes, new requirements or responsibilities or inflation provisions. As part of the budget process, directorates have reviewed and updated existing provisions and have also submitted a number of new bids, generally to meet unavoidable growth in 2017-18 and beyond.
- 3.5.1.2 However, it is apparent both from the 2015-16 outturn position and also the 2016-17 budget monitoring process that there are elements of the Council’s

budget that require re-basing as budgets are misaligned; this is most pronounced in the critical area of children’s social care. This situation has previously been masked through the use of contingencies and the application of one-off reserves. However, given that there is evidence of systemic budget failure neither of these approaches is sustainable. For example in 2015-16 the Children’s Service utilised £3m of reserves to offset expenditure pressures and in the current financial year these pressures continue to be evident.

- 3.5.1.3 It is not good financial management practice to continue to allow reserves to be used to cover on-going budget pressures as the reserves are one-off in nature and will eventually not be available.
- 3.5.1.4 There are a number of areas in Children’s Services where the Chief Financial Officer is proposing that budget adjustments are made between centrally held provisions for growth, relating to previous years’ that remain unallocated and a small number of those areas where re-basing is considered appropriate.

Table 9 – proposed areas for budget re-basing

Area	£000
Looked After Children	999
Family Group Conferencing	323
Children’s Services re-design	1,597
Total	2,919

3.5.2 Service Demand

- 3.5.2.1 A number of areas face significant growth pressures resulting from demographic changes and as well as increasing unit costs. The list of unavoidable growth requirements are detailed in Appendix 3. In the main they support the strategic objectives of ensuring more people living healthily and independently for longer and getting it right for our young people.
- 3.5.2.2 The single biggest area facing cost pressures over the MTF5 remains Adult Social Care services and this is principally as a result of demographic changes within the borough. The borough’s population is estimated to grow by at least 20% by 2023. This combined with the high levels of deprivation prevalent in the borough mean that people requiring social care support across the different client groups including older people, those with learning or physical disabilities and those with mental health issues are set to grow year on year. The Mayor has also committed to implementing the ethical care charter recommendations which will ensure equity in social care pay.
- 3.5.2.3 These financial pressures are reflective of the position nationally which was also discussed in the section above on the Adult Social Care element of the Council Tax.
- 3.5.2.4 The Children’s Social Care service is undertaking extensive transformation and there are a number of elements to achieve their vision, which is to identify through the partnership the right children as early as possible and

undertake the most effective intervention with families to reduce harm for them within their families or seek alternative carers.

3.5.2.5 Their service transformation includes:

- A new structure and more focused practice model – This restructure will be critical to delivery of the vision and will ensure our current improvement work is sustainable and we have an offer for families that reflects best practice and appropriate standards.
- A developing workforce strategy to ensure that we have the professional high performing workforce needed to improve outcomes for children. A key part of this is a refreshed recruitment and retention offer, suitable learning and career progression opportunities.

3.5.2.6 For the service transformation to be effective the service has identified the need to:

- Rebase our budget in line with spending patterns which are appropriate to the boroughs profile of need as described above, especially around our Looked after Children numbers and to ensure that the impact of key programmes such as that supporting the Troubled Families initiative are maximised.
- Invest in actions that will actively reduce late intervention in children's lives- such as Family Group Conferences and Social Impact bond funded interventions.

3.5.2.7 In addition there are a number of demands that have only been partially funded by the government and where the Council now needs to ensure that its base budget contains adequate provision e.g. Looked after Children or care leavers who are unaccompanied asylum seekers, and families with children whom have No Recourse to Public Funds.

3.5.2.8 There are also pressures in other services, for which an estimated provision has been made, caused by a number of factors such as an increasing population leading to demands on the waste collection and disposal services. In Corporate costs provision for the Apprenticeship Levy, agreed in February 2016 as an estimate of the Council's commitment under the government's scheme, together with the impact on Council properties from the 2015 rate revaluation process has needed to be made. In addition the government's assumed reduction in the level of the 2017-18 Housing Benefit Administration grant as Universal Credit is implemented does not reflect the current level of demand in that area which is actually increasing meaning short term support has been provided for until demand subsides.

3.5.2.9 In view of the uncertainty governing future years' estimates some resources for growth have been retained pending subsequent reviews of the Council's growth requirements including uncertainty around resources from the payment by results element of the supporting stronger families (SSF) work in 2017-18.

3.5.3 Inflation

3.5.3.1 In addition to the specific service demand pressures a further financial risk facing the Council is the impact of inflation.

- 3.5.3.2 The Government's target projection for inflation which is reflected in the MTFS is 2.0% throughout the review period. Most of the Council's contracts for goods and services which span more than one year contain inflation clauses and although service directorates have been successful in negotiating annual increases which are below inflation this will be a difficult position to maintain.
- 3.5.3.3 The Council remains part of the National Joint Council for Local Government Services for negotiating pay award arrangements. The MTFS anticipates that staffing costs will increase by 1% in each year of the three year plan. Provision has also been made for the payment of the London Living Wage to Council staff.

3.5.4 Mayoral Priorities

- 3.5.4.1 The Mayor has also identified a number of priority areas, consistent with Strategic Plan objectives, where it is proposed to target resources in order to improve specific outcomes for residents and businesses.
- 3.5.4.2 This includes a range of initiatives to maximise residents' access to jobs and training. Priorities include supporting people in overcoming barriers to employment, including specific measures for care leavers and women, the creation of a Mayor's Apprenticeship Fund, and making provision for a new Tackling Poverty Fund to assist with the impact of welfare reform.
- 3.5.4.3 There are also a number of proposals that will improve the look and feel of neighbourhoods across the borough, including extra funding for roads and pavements, more enforcement to help make streets cleaner, and an Air Quality Fund to tackle air pollution.
- 3.5.4.4 These have been mainly funded from reserves or will be included in the proposed capital programme, to minimise on-going costs on the Council's budget, but will be subject to evaluation to measure the impact of the proposals and consider whether the outcomes support on-going provision.

3.6 SAVINGS PROPOSALS

- 3.6.1 The Council has also adopted an Outcomes Based approach to the identification of savings opportunities. As part of the 2017-18 Medium Term Financial Strategy process, savings opportunities have been identified which largely meet the estimated £58m budget gap across the MTFS to 2019-20. The schedule of savings and the associated pro-forma are detailed in Appendix 4.
- 3.6.2 By adopting an outcomes based approach officers and members have reviewed financial benchmarking and performance information in order to identify and develop proposals that seek to maximise the efficiency of expenditure which meets the Council's priorities.
- 3.6.3 The table below illustrates the extent to which this objective has been met. In particular it demonstrates the significant reductions targeted at enabling functions against the broad maintenance of expenditure in the two priority areas.

Table 10 – Summary of changes against priority areas.

Priority Area	2016-17 Budget	Growth	Inflation	Mayoral Priority	Savings	2019-20 Budget
		2017-20	2017-20	2017-20	2017-20	
	£m	£m	£m	£m	£m	£m
1.1 A dynamic local economy, with high levels of growth benefiting us	2.298	0.000	0.000	0.000	0.000	2.298
1.2 More residents in good-quality, well-paid jobs	1.749	0.000	0.000	0.804	0.000	2.553
1.3 Young people realising their potential	67.933	4.659	1.125	0.761	(6.741)	67.737
1.4 More people living healthily and independently for longer	128.652	6.591	4.669	5.169	(8.371)	136.710
1.5 Reducing inequality and embracing diversity	0.176	0.000	0.000	0.435	0.000	0.611
2.1 An improved local environment	49.334	2.032	2.514	0.591	(5.447)	49.024
2.2 Better quality homes for all	4.444	0.000	0.000	0.000	(0.800)	3.644
2.3 Less crime and anti-social behaviour	6.940	0.000	0.000	0.150	0.000	7.090
2.4 Engaged, resilient and cohesive communities	2.749	0.000	0.000	0.000	0.000	2.749
Enabling services	72.808	1.187	1.097	0.000	(30.272)	44.820
No Strong alignment	24.904	0.000	0.000	0.000	0.000	24.904
Pay Inflation (To be awarded)	0.000	0.000	4.416	0.000	0.000	4.416
Net General Fund Budget	361.985	14.469	13.821	7.910	(51.631)	346.556
Civic Centre provision (2016-17)						(20.000)
One off Growth (2016-17)						(3.080)
Reduction in Public Health Grant						(2.220)
Revised Net General Fund Budget	361.985	14.469	13.821	7.910	(51.631)	321.256

3.7 RISKS AND OPPORTUNITIES

- 3.7.1 When setting the draft MTFs, Service Directors have provided their best estimate of their service costs and income based on the information currently available. However there will always be factors outside of the Council's direct control which will vary the key planning assumptions that underpin those estimates.
- 3.7.2 There are a number of significant risks that could affect either the level of service demand (and therefore service delivery costs) or its main sources of funding. In addition there are general economic factors, such as the level of inflation and interest rates that can impact on the net cost of services.
- 3.7.3 Similarly there are opportunities either to reduce costs or increase income which will not, as yet, have been fully factored into the planning

assumptions. The main risks and opportunities are summarised below.

Risks

Regulatory Risk

- Changes from the proposed business rate retention scheme
- Increase in business rate appeals following revaluation
- Uncertainty around changes to local authority role in school improvement

General Economic Factors

- Impact of decision to leave European Union
- Impact on business solvency following business rate revaluation
- Economic growth slows down or disappears
- A general reduction in debt recovery levels
- Further reductions in Third Party Funding
- Further reductions in grant income
- Reductions in the level of income generated through fees and charges
- Increase in fraud

Increases in Service Demand

- Children's Social Care including an increase in the number of looked after children, Unaccompanied Asylum seekers or those with no recourse to public funds
- Housing (and homelessness in particular)
- General demographic trends (including impact of an ageing population)
- Impact of changes to Welfare Benefits

Efficiencies and Savings Programme

- Slippage in the expected delivery of the savings programme
- Non-delivery of some savings proposals

Opportunities

- Growth in local Taxbase for both housing and businesses
- Service transformation and redesign including digital services
- Invest to save approach to reduce revenue costs
- Income generation opportunities

3.7.4 In addition to the above there is a risk that the combined impact of some of these factors will adversely impact on service standards and performance.

3.7.5 An assessment of the possible impact of these risks and opportunities is shown in the risk analysis in Appendix 6. This will form the basis of an on-going review of Reserves and Contingencies. This illustrates that there are a range of risk outcomes at medium and high level ranging from £26m to £50m. The Chief Financial Officer has concluded that, based on the level of contingencies, earmarked and general reserves, that there is sufficient cover to accommodate this level of risk.

3.8 Reserves

- 3.8.1 Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
- 3.8.2 The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 3.8.3 There are two main types of reserves:
- Earmarked Reserves – which are held for identified purposes and are used to maintain a resource in order to provide for expenditure in a future year(s); and
 - General Reserves – these are held for 'unforeseen' events
- 3.8.4 The Council maintains reserves both for its General Fund activities and in respect of its Housing Revenue Account (HRA). In addition it accounts for the reserves of schools.
- 3.8.5 The amount of reserves held is a matter of judgment which takes into account the reasons why reserves are maintained, and the Council's potential financial exposure to risks. A Reserves Policy is included as Appendix 5.
- 3.8.6 The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax. Capital reserves play a similar role in funding the Council's capital investment strategy.
- 3.8.7 The Council also relies on interest earned through holding reserves to support its general spending plans.
- 3.8.8 Reserves are one-off money. The Council aims to avoid using reserves to meet on-going financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long term future planning.
- 3.8.9 Reserves are therefore held for the following purposes, some of which may overlap:
- Providing a working balance i.e. Housing Revenue Account and General Fund.
 - Smoothing the impact of uneven expenditure profiles between years e.g. local elections, structural building maintenance and carrying forward expenditure between years.
 - Holding funds for future spending plans e.g. Capital Expenditure plans, and for the renewal of operational assets e.g. Information Technology renewal.
 - Meeting future costs and liabilities where an accounting 'provision' cannot

be justified.

- Meeting future costs and liabilities so as to cushion the effect on services e.g. the Insurance Reserve for self-funded liabilities arising from insurance claims.
- To provide resilience against future risks.
- To create policy capacity in a context of forecast declining future external resources.

3.8.10 All earmarked reserves are held for a specific purpose. A summary on the movement on each reserve, is published annually, to accompany the annual Statement of Accounts.

3.8.11 The use of some reserves is limited by regulation e.g. reserves established through the Housing Revenue Account can only be applied within that account and the Car Parking reserve can only be used to fund specific spending. Schools reserves are also ring-fenced for their use.

3.8.12 The Council is facing some significant challenges as it moves forward with an ambitious 3 year transformation programme. The strategic use of reserves is a key part of delivering those savings whilst maintaining financial stability and recognising the increased risks that faces all local authorities as austerity continues and major changes to the system of financing local government evolve.

3.8.13 It is apparent that the originally intended use for some of the reserves has been overtaken by the more pressing priorities now facing the Council and therefore a review of the level and proposed use of the Council's reserves has been undertaken.

3.8.14 The other key issues to be recognised going forward are:

- i. The need to maintain resources to meet the cost of service transformations over a multi-year period. This will cover service investment to identify best practice and implement change, together with the costs of meeting any associated one-off costs such as severance costs. A review of existing reserves held previously for this purpose has consolidated some of those reserves into a single Transformation Reserve of £25m with the balance from reserves previously held to support transformation activities being incorporated into the Risk Reserve for more general risks as considered in (vi) below.
- ii. The Council has recently commissioned work from AtoS to establish what ICT developments might be needed in the Council over the next few years; the initial findings are that a sum of £20m - £25m is required and an ICT Strategy is being developed to take this work forward. It is proposed that this be supplemented from the reallocation of other earmarked reserves to be at a more realistic level of £25m.
- iii. The continuation of the Government's Welfare reforms including the introduction of Universal Credit brings a risk of residents being adversely affected by these welfare changes. In addition, the Council is having to consider as part of its evolving budget proposals for 2016-17 onwards areas where residents may also be affected by such things as changes

to its Local Council Tax Reduction Scheme (LCTRS). In the light of these issues it is considered sensible to create a Mayor's Tackling Poverty Reserve of £5m which can be used over the medium term as support to a locally designed and targeted tackling poverty support fund for those where the cumulative impact of the changes requires time for them to adjust. A reserve would provide some, time limited, targeted support based on those criteria members consider most important; the level of the reserve can be reviewed once the outcome from issues such as changes to the LCTRS scheme are clearer. This has been identified as a Mayoral priority area.

- iv. The impact of funding Free School Meals (FSM) on the reducing Public Health Grant has been discussed at length in the Outcomes Based budget sessions. Given the commitment to maintaining FSM over the Medium Term Financial Strategy period but recognising that the Public Health Grant is under significant pressure and the Health benefits from FSM are not well correlated, an alternative strategy of releasing £6m of reserves over a three year period is proposed. In order to achieve this it is suggested that a Free School Meals Reserve of £6m be created from the reallocation of other reserves. This has been identified as a Mayoral priority area.
- v. Mayors Investment priorities. A number of further priorities have been identified through the Outcomes Based Budgeting discussions; Appendix 3 details the areas that are being proposed some of which are capital in nature and are included in the capital programme for other investment initiatives it is suggested that a sum of £10m be set aside in a reserve to support the investment in those areas which are one-off in nature.
- vi. There are a number of specific risks which it is appropriate to set aside a formal Risk reserve to accommodate; these have been considered in section 3.7. A sum of £15m is proposed to cover the risks set out below:
 - (i) The impact of the Business rates revaluation process will move the Council from receiving a top-up payment to having to make a tariff payment and also being affected by the levy arrangements which applies to additional growth. Because of the limited time available before making the 2017-18 funding announcements there will need to be an adjustment in 2018-19 to the arrangements for the tariff and levy payments relating to 2016-17, the impact of which is currently unknown.
 - (ii) Business Rate revaluation changes will also have an impact on the level of appeals and the move to a fully retained business rate arrangement will place the risk for settling appeals substantially with the Council. There is likely to be a need to increase the level of provision for Business rate appeals.
 - (iii) The move to 100% retention of Business Rates by Councils is currently being developed. Until the implications can be fully understood and evaluated there is a risk of volatility in the underlying financial resources available to the Council.
 - (iv) The delivery of £52m of saving proposals over a three year period carries significant risk of non-delivery and there is

therefore a need to provide some resource to cover project slippage or non-delivery whilst alternative proposals are developed.

- (v) Councils continue to experience significant pressures from population change. Tower Hamlet's population is forecast to grow significantly over the coming years and the demographic changes and pressures that this will bring on a range of services such as Adults and Children's Social Care cannot be estimated with absolute precision; there is therefore a need to retain resources in order to manage and smooth any changes on the Council's finances.
- (vi) The impact of the country leaving the European Union has not been estimated and there is potential for a number of risks to Council services and funding sources from this area.

3.9 Schools' Funding

- 3.9.1 The largest single grant received by the Council is the Dedicated Schools Grant (DSG), which is ring-fenced to fund school budgets and services that directly support schooling.
- 3.9.2 The Dedicated Schools Grant budgets are ring-fenced to schools, but there have been a number of emerging pressures, specifically in relation to the High Needs element of the funding which is retained and managed by the Council on behalf of the schools. The Government had recently extended the scope of the High Needs funding, which meant that it had to cover educational costs of children and young people up to the age of 25. This expansion of the age range, coupled by an increase in the number of children who are applying for Education, Health and Care plans is placing unprecedented pressure on both the locally retained budget and schools' own budgets.
- 3.9.3 The government has previously indicated that it would be implementing a National Funding Formula to address the disparity on funding levels between pupils in different parts of the country. In July 2016 the Secretary of State issued a statement setting out that the national funding formula would be delayed until 2018-19 and announced funding rates, and the requirements of the school funding formula, would be unchanged for 2017-18.
- 3.9.4 On 14th December 2016, the Department for Education published the second round of its consultation into school funding reform. Alongside confirmation of the factors and weightings that will be included in a new national funding formula from 2018-19, illustrative allocations were published at local authority and individual school level.
- 3.9.5 Initial analysis suggests that the overall impact on London will be less severe than expected because of the introduction of at least £200m of additional funding to the schools block in 2018-19, along with a funding floor that permanently limits school-level funding reductions to 3 per cent. London is also likely to benefit from the decision to include pupil mobility as a formula factor and the relatively high weighting placed on deprivation factors. Nevertheless, 70 per cent of schools in London will still experience a cash reduction in funding as a result of the new schools funding formula, including

97 per cent of schools in inner London and 53 per cent of schools in outer London.

3.9.6 Other key points from the consultation include:

- An annual minimum funding guarantee will limit reductions in funding to 1.5% a year at individual school-level
- A one year transitional period will begin in 2018-19 where local authorities will still be responsible for distributing funding through local formulas. From 2019-20, a “hard” formula will be introduced and the vast majority of funding will be allocated directly to schools
- A fourth, area cost adjusted “central schools block” of DSG will be introduced from 2018-19
- Additional funding will be introduced to ensure that no local authority loses funding as a result of the new high needs funding formula.

3.9.7 Schools’ funding is principally provided via Dedicated Schools Grant, Education Funding Agency (EFA) grant to post 16 and Pupil Premium. Funding is ring-fenced to schools and its allocation is largely based on the decisions of the Schools’ Forum. On the 17th January 2017 the Schools Forum agreed the total schools budget of £350m for 2017-18, £330m of which will be funded through the Dedicated Schools Grant from the DfE with the remainder being funded through EFA grants. The table below summarises the budget agreed.

Expenditure	2017-18 (£m)
Individual Schools Block	273.202
De-delegated Items	3.142
High Needs	39.392
Early Years	29.160
Central Provision	5.441
Total Expenditure	350.337
Dedicated Schools Grant	(295.075)
Academy Recoupment	(35.605)
EFA Grants	(17.393)
Local Authority	(0.450)
DSG b/f	(1.814)
Total Funding	(£350.337)

3.10 HOUSING REVENUE ACCOUNT

3.10.1 HRA Self-Financing has been in effect since April 2012, when £236 million of the Council’s housing debt was redeemed. Under Self-Financing, the Council retains all rental income, but must finance all revenue and capital costs relating to its council housing stock.

- 3.10.2 A number of changes to government policy have come into force since the start of Self-Financing, such as the reinvigorated Right to Buy scheme and the imposition of four years of 1% rent reductions, and these will have a substantial impact on the HRA. The most recent 30 year financial modelling indicated that over that period, the HRA was forecast to remain above the minimum £5million balance, the current projected capital programme could be financed over the 30 years although a substantial amount of re-profiling of capital spend would be necessary; the HRA would not breach its debt cap but only very minimal amounts of debt repayment would be possible. Given the pressures on the HRA, Mayor in Cabinet in July 2016 agreed an HRA savings target of £6 million over the medium-term financial period.
- 3.10.3 The Housing and Planning Act became law in May 2016, and originally this introduced a compulsory 'Pay to Stay' scheme whereby social tenant households with incomes of £40,000 or more would be charged higher levels of rent, however, the government has recently confirmed that the policy will now be voluntary.
- 3.10.4 The Housing and Planning Act also requires local authorities to consider selling their higher-value stock when it becomes vacant, with local authorities set to make an annual upfront payment to the government based on assumptions about their stock values and void rates, and the money used to compensate housing associations for the Right to Buy discount offered to their tenants. There are currently no further details of how the scheme will operate and what the cost implications will be for each local authority, but the government has recently confirmed that the policy will now not come into effect in April 2018 at the earliest.
- 3.10.5 Since the reinvigoration of the Right to Buy (RTB) scheme in April 2012, there have been 809 sales (to the end of November 2016). Although the Council retains part of each RTB receipt to be spent on replacement social housing, this is insufficient to replace the number of properties sold. In addition, there are restrictions on the use of these receipts, including having to spend them within three years, not being allowed to use them in conjunction with HCA/GLA funding, and the fact that the receipts cannot constitute more than 30% of the cost of replacement social housing, meaning that the Council must fund the remaining 70% from other resources.
- 3.10.6 The latest HRA 30 year financial modelling concludes that only the £49.6m of Right to Buy one for one receipts that had been retained as at the end of 2015-16 could be spent within the HRA as a result of the need for the additional funding requirement. A report being considered by Cabinet elsewhere on the agenda recommends that Right to Buy one for one receipts be used to purchase properties for use as temporary accommodation, and a further report to be considered by The Mayor in Cabinet in February 2017 will recommend establishing a number of approaches for utilizing fully the additional receipts
- 3.10.7 The HRA budget report is elsewhere on the agenda and provides more details on some of these issues, and Appendix 8 shows a summary of the draft HRA medium-term financial plan for 2017-18 to 2021-22, although this is indicative at this stage given the uncertainties around the new policies

detailed above.

3.11 CAPITAL

- 3.11.1 The Council's Capital programme has been reviewed and updated taking into account the current programme and decisions made during the year on additional schemes. Details of the existing programme and a list of indicative schemes for 2017-18 onwards, including HRA schemes, are provided in Appendix 9b and 9c respectively.
- 3.11.2 The total programme is now estimated at £652.266m over the period 2016-17 to 2021-22, £256.419m of which relates to non HRA schemes and £395.847 to HRA projects. The increase in the scale of the programme, particularly the HRA element, reflects the need to maximise use of available Right to Buy capital receipts from the sale of Council Homes which are ring fenced on a 1-4-1 basis for investment in new housing supply as well as to continue with the commitment to improve the standard of existing housing stock. Approximately £145m of new investment has been included within the programme which aims to improve the condition of existing housing stock over the next five years.
- 3.11.3 This considerable investment in housing supports the Council's strategic priority of ensuring 'better quality homes for all' and approximately 68% of the capital programme is now aligned to this strategic priority objective. There will be significant challenges associated with delivering a programme of this scale, not least due to the required capacity to deliver the large number of schemes as well as complexities with the planning and decision making process on such schemes. As a consequence the capital programme has been extended from three to five years and a further review of the programme will be undertaken as part of the broader capital strategy work planned.
- 3.11.4 In order to expand the range of options available to the Council to deliver new supply across tenures, both permanent and temporary homes; two housing delivery vehicles will be set up designed to operate in tandem:
- A Wholly Owned Company (WOC) with a commercial purpose to provide homes for rent and sale, returning a dividend to the Council from its activities; and
 - A charitable Community Benefit Society (CBS) to provide homes for sub-market rent, subsidised by grant of land and retained Right To Buy receipts, made possible by governance arrangements within which the Council holds a minority position.
- 3.11.5 Furthermore, in January 2017, the Mayor in Cabinet agreed a scheme designed to convert existing Council buildings as well as purchase suitable additional properties to increase the supply of temporary accommodation in order to meet the growing demand and spiralling cost of temporary accommodation. £32.250m has been included within the capital programme for this scheme.
- 3.11.6 In addition to housing, the current programme also prioritises investment in Schools, Parks and Open Spaces and other infrastructure projects. However the programme is principally driven by the availability of funding rather than

by the longer term capital aspirations and priorities of the Council. To inform a more strategic approach the Council's Capital Strategy has been updated and is included in Appendix 9a.

- 3.11.7 The revised Capital Strategy marks the beginning of a fundamental review of the Council's capital priorities that will begin to reshape the capital programme and decision making going forward, focusing on an outcomes based approach and aligning it more explicitly to the Council's strategic priorities. To that end, further work is planned that will review the current programme, its links to other key strategies such as the Housing Strategy, ICT Strategy, Leisure Strategy, Asset Management Strategy and Parks and Open Spaces Strategy and the capital investment needs arising from them and consider members' capital aspirations over the longer term to refresh the capital programme and develop a funding strategy that supports the implementation of that vision.
- 3.11.8 The Civic Centre project will be a key consideration in that funding strategy and work is underway to finalise the cost and funding requirement for the Civic Centre. The current programme includes an estimated amount to cover the cost of fees and strip out and preliminary works including asbestos removal. A separate report will be presented to Cabinet in June 2017 that will consider total costs and funding requirements, following which the capital programme will be updated. The Civic Centre is a key element of the Council's Accommodation Strategy and an Accommodation and Space Management Policy is presented elsewhere on the Cabinet agenda which defines the Council's approach on this matter.
- 3.11.9 The Council's ICT Strategy which is currently being developed also identifies a need for significant additional investment over the next three to five years in the Council's ICT infrastructure. Detailed business cases on the specific requirements are being prepared and a more detailed report on this will be presented to the Cabinet in due course. An estimated provision of £25m has been set aside in revenue reserves to meet any agreed commitments arising from this.

3.12 TREASURY MANAGEMENT STRATEGY

- 3.12.1 The Treasury Management Strategy Statement will be revised and presented to Full Council in February 2017 in accordance with the CIPFA Treasury Management Code of Practice. The Statement will set out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.
- 3.12.2 The proposed prudential indicators set out in the Treasury Management Strategy will be based on the capital programme as detailed in Section 3.11 above and Appendix 9. Prudential indicators may need to be revisited subject to Government capital funding announcements and decisions relating to the capital programme and if necessary revised. Any revisions to the indicators will need to be approved by Full Council.

3.13 BUDGET CONSULTATION

- 3.13.1 On 6th December the Mayor in Cabinet received an updating report on the progress of the Council's MTFs including specifically details of the consultation exercises that had been carried out with residents and

stakeholders.

- 3.13.2 Since that time further consultation has taken place at a business breakfast meeting held on 2nd December 2016 which was attended by 48 representatives of the business rate paying community. In addition to hearing about the context for and the Council's approach to its 2017-18 budget participants gave their views on the following issues:
- How do we meet our funding challenges?
 - Can we work together to achieve the best outcomes for residents
 - What are the income generation opportunities?
- 3.13.3 The outcome from all of the budget sessions together with the outputs from both the residents and businesses online and survey has been analysed and used to inform the development of the Council's MTFS and budget strategy for 2017-18.
- 3.13.4 The Your Borough Your Future campaign will continue to engage and involve residents and other stakeholders in the design of key services as the Council's proposals are developed and implemented.
- 3.13.5 This report also forms the basis for formal consultation, in accordance with the Council's Budget and Policy Framework, with the Overview and Scrutiny Committee.

4 COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 As this report is primarily financial in nature the comments of the Chief Financial Officer have been incorporated throughout this report.

5 LEGAL COMMENTS

- 5.1 The Council is required by section 31A of the Local Government Finance Act 1992 ("the Act") to calculate for each financial year the basic amount of its council tax. The basic amount of council tax must be calculated according to a prescribed formula that uses the amount which is calculated by the Council as its council tax base. The council tax base is in turn calculated by reference to a formula prescribed in the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 ("the Tax Base Regulations").
- 5.2 The Council is required to submit its council tax base to the major precepting authority, namely the Greater London Authority ("GLA") between 1st December and 31st January in the financial year preceding the financial year for which the calculation of council tax base is made. If the Council does not submit its council tax base to the GLA, then the GLA is required to determine the calculation for itself, in the manner prescribed in the Tax Base Regulations.
- 5.3 Whilst the making of a calculation in accordance with section 31A of the Act is for Full Council, the preparation of estimates of the amounts to be aggregated in making the calculation or of other amounts to be used for the

purposes of the calculation and estimates of the calculation for consideration is the function of the Executive as per regulations 4(9) to 4(11) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended).

- 5.4 The calculation of the budget requirement are matters that may only be discharged by the Full Council. The Council's Constitution reflects the statutory requirement. Article 4 of the Council's Constitution specifies that approving or adopting the budget is a matter for Full Council. The Budget and Policy Framework Procedure Rules in Part 4 of the Constitution specify the procedure to be followed in developing the budget.
- 5.5 Before calculating the budget requirement, the Council is required by section 65 of the 1992 Act to consult with persons or bodies who the Council considers representative of persons who are required to pay non-domestic rates under the Local Government Finance Act 1988. The procedure in the Budget and Policy Framework Procedure Rules requires the Executive to publish its timetable for making proposals for adoption of the budget and its arrangements for consultation. There must be consultation with the Overview and Scrutiny Committee. The report sets out proposals for the budget consultation for consideration by the Mayor in Cabinet.
- 5.6 Where consultation is carried out for the purposes of assessing budget impacts it should comply with the following criteria: (1) it should be at a time when proposals are still at a formative stage; (2) the Council must give sufficient reasons for any proposal to permit intelligent consideration and response; (3) adequate time must be given for consideration and response; and (4) the product of consultation must be conscientiously taken into account. The duty to act fairly applies and this may require a greater deal of specificity when consulting people who are economically disadvantaged. It may require inviting and considering views about possible alternatives, including other areas in which savings may be made.
- 5.7 In circumstances where the Council is calculating the budget requirement, the Chief Finance Officer (the Corporate Director of Resources) is required by section 25 of the Local Government Act 2003 to report on the following matters: the robustness of the estimates made for the purposes of the calculations; and the adequacy of the proposed financial reserves. The Council is required to have regard to the chief finance officer's report before calculating the budget requirement. This report provides information from the chief finance officer about these matters.
- 5.8 The Council is obliged by section 151 of the Local Government Act 1972 to make proper arrangements for the management of its financial affairs. It is consistent with sound financial management and the Council's obligation under section 151 of the Local Government Act 1972 for the Council to adopt and monitor a Medium Term Financial Strategy. The Medium Term Financial Strategy informs the budget process and may be viewed as a related function.
- 5.9 The Council has a duty under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy,

efficiency and effectiveness” (the best value duty”). The preparation and consideration of a Medium Term Financial Strategy as part of the budget setting process may assist to ensure compliance with the best value duty.

- 5.10 The report provides information about risks associated with the Medium Term Financial Strategy and the budget. This is consistent with the Council’s obligation to make proper arrangements for the management of its financial affairs. It is also consistent with the Council’s obligation under the Accounts and Audit Regulations 2015 to have a sound system of internal control which facilitates the effective exercise of the Council’s functions and which includes arrangements for the management of risk. The maintenance and consideration of information about risk, such as is provided in the report, is part of the way in which the Council fulfils this duty.
- 5.11 The report provides details of the revised capital programme. The capital programme does not form part of the determination of the budget requirement, but is nevertheless a closely related matter and it is appropriate for information to be provided about it at this time. Before the capital programme is agreed, there will be a need to ensure that projects are capable of being carried out within the Council’s statutory functions and that any required capital finance will meet the requirements of Part 1 of the Local Government Act 2003 and the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003.
- 5.12 The report provides information about a variety of grant funding, the application of which may be governed by agreement or legislation. The application of dedicated schools grant, for example, is governed by the School Standards and Framework Act 1998 and the School and Early Years Finance (England) Regulations 2014 made under that Act. The report outlines in broad terms the different limitations on grant funding and the Council will have to ensure that it complies with the relevant agreement or legislative requirement, as the case may be, in respect of each grant. It will be for officers to ensure this is the case.
- 5.13 The Care Act 2014 created a general duty on the Council to promote an individual’s well-being when exercising a function under that Act. Well-being is defined as including protection from abuse, participation in work and suitability of accommodation. The well-being principle should inform the delivery of universal services which are provided to all people in the local population as well as being considered when assessing those with individual eligible needs.
- 5.14 The Equality Act 2010 requires the council in the exercise of its functions to have due regard to the need to avoid discrimination and other unlawful conduct under the Act, the need to promote equality of opportunity and the need to foster good relations between people who share a protected characteristic and those who do not (the public sector equality duty). A proportionate level of equality analysis is required in order to enable the Council properly discharge this duty and in some cases, such as where savings are made which impact on service users, consultation will be required to inform the equality analysis.

6 ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 The Equality Act 2010 and the Public Sector Equality Duty that is part of it incorporates previous anti-discrimination laws into one act and places a duty to embed equality considerations into the day to day work of public bodies, so that they tackle discrimination and inequality and contribute to making society fairer. The PSED requires that public bodies have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity between people from different groups; and foster good relations between people from different groups. As a Council we undertake equality analyses in policy making, initiating service change or undergoing a savings proposal as part of having due regard and in meeting our public sector equality duty. An equality analysis is a useful tool to enable us to assess the implications of our decision on services users and staff and to highlight any adverse impacts on one or more of the nine protected characteristics, as well as identify any active mitigation.
- 6.2 The borough is characterised by some of the highest average earnings in the country alongside extensive levels of deprivation with Two thirds of the borough's wards (13 out of 20) being in the most deprived ten per cent of wards in England.
- 6.3 Whilst there have been improvements in the most acute levels of deprivation with no areas being in the 5% most severely deprived areas, Tower Hamlets still has the highest levels of child poverty (42% of all children) and the highest levels of pensioner poverty (50%) in the country. We also know that the borough is very diverse, ranked as the 16th most diverse local authority in England alongside high levels of unemployment and worklessness, particularly within some of these BME groups. With many public services responding to needs of children and young people, older people and minority groups savings to budgets and therefore changes to services targeting these groups are very likely to impact on protected characteristic groups across these cohorts. In developing the budget the Council has undertaken equality impact screening exercises as part of the development of business cases for savings proposals.
- 6.4 Where proposals have a direct impact on service users and are scheduled to take effect from April 2017 services are undertaking direct service user engagement to consult on proposals and the anticipated impacts will be set out in the full EAs. Where proposals are likely to have a direct impact on service users but are scheduled to take effect in 2018-19 and in 2019-20 which are years 2 and 3 of the period covered by the Medium Term Financial Strategy, these proposals will be further developed including analysis of impact on equality groups and will be reviewed for final decision before the proposal is agreed for implementation.
- 6.5 Proposals which are related to support functions and will have impacts on staffing and expected redundancies the profile of potential and actual redundancies will be kept under review to assess the impact on equality groups within the Council's staff. Some proposals are not expected to have a

direct impact on service users, the resident and business engagement on the budget priorities have helped to shape the proposed MTFs.

- 6.6 The equality screening information is provided in Appendix 4 as part of the summary proposal and comments on impact are sought at this stage to help inform the ongoing Equality Analysis required particularly for proposals which have a direct impact on service users and are expected to be implemented from April 2017.

7 BEST VALUE (BV) IMPLICATIONS

- 7.1 The preparation of the MTFs has taken account of the Council's obligations in relation to its Best Value duty. The budget proposals are based on securing best value within the context of continuing reductions in council funding and service demand pressures.

8 SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 The sustainable action for a greener environment implications of individual proposals in the budget are set out in the papers relating to those proposals.

9 RISK MANAGEMENT IMPLICATIONS

- 9.1 Managing financial risk is of critical importance to the Council and maintaining financial health is essential for sustaining and improving service performance. Setting a balanced and realistic budget is a key element in this process. Specific budget risks are set out in Section 3.7 of this report.

10 CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 The crime and disorder implications of individual proposals in the budget are set out in the papers relating to those proposals.

11 SAFEGUARDING IMPLICATIONS

- 11.1 Any safeguarding implications of individual proposals in the budget are set out in the papers relating to those proposals.

Linked Reports, Appendices and Background Documents

Appendices

- Appendix 1a Summary of the Medium Term Financial Strategy
- Appendix 1b Detailed analysis of the Medium Term Financial Strategy by Service Area
- Appendix 2 Tower Hamlets Core Spending Power
- Appendix 3 New growth proposals 2017- 2020
- Appendix 4 New Savings proposals 2017- 2020
- Appendix 5 Reserves Policy
- Appendix 6 Risk Evaluation
- Appendix 7 Projected Movement in Reserves
- Appendix 8 Draft Housing Revenue Account Medium Term Strategy
- Appendix 9a Capital Strategy
- Appendix 9b Current Capital programme 2017 - 2021
- Appendix c Indicative schemes 2017 - 2022
- Appendix 9d Summary of Proposed Capital programme 2017 - 2022
- Appendix 10 Budget Consultation Feedback

Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012

- None

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Appendix 1

SUMMARY AND DETAILED ANALYSIS OF THE MEDIUM TERM FINANCIAL PLAN

Summary Medium Term Financial Plan 2016-2020

Appendix 1A

	2016-17	2017-18	2018-19	2019-20
	£'000	£'000	£'000	£'000
Net Service Costs	350,346	361,985	338,895	329,415
Growth				
Approved	27,563	(16,344)	3,506	3,174
New	-	8,500	(1,757)	-
Savings				
Approved	(4,000)	-	-	-
New	(17,423)	(20,396)	(15,460)	(15,773)
Inflation	5,500	5,150	4,231	4,440
Total Funding Requirement	361,985	338,895	329,415	321,256
Government Funding (RSG)	(68,665)	(53,958)	(43,795)	(33,281)
Retained Business Rates	(125,339)	(131,307)	(135,194)	(139,555)
Council Tax	(76,884)	(85,837)	(90,180)	(93,814)
Collection Fund Surplus				
Council Tax	(1,278)	(1,000)	-	-
Retained Business Rates	(2,597)	-	-	-
Core Grants	(62,299)	(61,248)	(48,807)	(51,378)
Earmarked Reserves (Mayoral priority)	(2,080)	(6,094)	(5,980)	(5,384)
Total Funding	(339,141)	(339,443)	(323,956)	(323,413)
Budget Gap (excl use of Reserves)	22,845	(548)	5,459	(2,157)
Unallocated Contingencies	-	-	-	-
Budgeted Reserve Contribution GF smoothing (Approved Feb 2016)	(22,845)	-	-	-
Budgeted Reserve Contribution	-	548	(5,459)	2,157
Unfunded Gap	-	-	-	-
	31/03/2017	31/03/2018	31/03/2019	31/03/2020
Balance on General Fund Reserves (£000s)	31,100	31,648	26,189	28,346

Detailed Analysis of the Medium Term Financial Plan by Service Area 2016-17 to 2019-20

Appendix 1B

Service	Total	Savings		Growth		Adjustments	Total	Savings		Growth		Adjustments	Total	Savings		Growth		Adjustments	Total
	2016-17 £'000	Approved £'000	New £'000	Approved £'000	New £'000	£'000	2017-18 £'000	Approved £'000	New £'000	Approved £'000	New £'000	£'000	2018-19 £'000	Approved £'000	New £'000	Approved £'000	New £'000	£'000	2019-20 £'000
Adult Services	93,150	(241)	(3,012)	3,403	419	-	93,719	-	(1,985)	2,057	-	-	93,791	-	(2,245)	-	2,125	-	93,672
Public Health	35,314	-	(678)	(1,354)	-	1,553	34,835	-	(749)	(581)	-	-	33,505	-	(411)	(730)	-	-	32,364
Children Services	97,641	-	(2,193)	419	5,680	120	101,667	-	(2,012)	-	(135)	-	99,519	-	(2,967)	-	(414)	(370)	95,768
Place	69,438	-	(1,944)	658	610	1,797	70,559	-	(1,485)	714	(136)	(114)	69,538	-	(2,921)	-	577	(225)	66,969
Governance	9,731	-	(4)	-	563	-	10,290	-	(4)	-	-	-	10,286	-	(4)	-	-	-	10,282
Resources	17,146	-	(4,665)	250	580	1,667	14,978	-	(3,275)	-	(252)	-	11,451	-	(2,525)	-	-	(1)	8,925
Net Service Costs	322,421	(241)	(12,496)	3,376	7,852	5,137	326,048	-	(9,510)	2,190	(523)	(114)	318,091	-	(11,073)	(730)	2,288	(596)	307,980
Other Net Costs																			
Capital Charges	7,854	-	-	(419)	-	-	7,435	-	-	-	-	-	7,435	-	-	-	-	-	7,435
Levies	1,742	-	-	-	-	-	1,742	-	-	-	-	-	1,742	-	-	-	-	-	1,742
Pensions	18,960	-	(1,000)	1,500	(1,500)	-	17,960	-	-	1,000	(1,000)	-	17,960	-	-	1,000	(1,000)	-	17,960
Other Corporate Costs	7,868	241	(6,900)	(4,815)	2,148	(21,123)	(22,581)	-	(5,950)	430	(234)	-	(28,335)	-	(4,700)	3,500	(1,288)	-	(30,823)
Total Other Net costs	36,424	241	(7,900)	(3,734)	648	(21,123)	4,556	-	(5,950)	1,430	(1,234)	-	(1,198)	-	(4,700)	4,500	(2,288)	-	(3,686)
Inflation	3,141	-	-	5,500	(350)	-	8,291	-	-	5,500	(1,269)	-	12,522	-	-	5,500	(1,060)	-	16,962
Total Financing Requirement	361,985	-	(20,396)	5,142	8,150	(15,986)	338,895	-	(15,460)	9,120	(3,026)	(114)	329,415	-	(15,773)	9,270	(1,060)	(596)	321,256
Funding																			
Government Funding (RSG)	(68,665)	-	-	14,707	-	-	(53,958)	-	-	10,163	-	-	(43,795)	-	-	10,514	-	-	(33,281)
Retained Business Rates	(125,339)	-	(20,318)	14,350	-	-	(131,307)	-	(4,100)	214	-	-	(135,194)	-	(4,600)	238	-	-	(139,555)
Council Tax	(76,884)	-	(8,953)	-	-	-	(85,837)	-	(4,343)	-	-	-	(90,180)	-	(3,634)	-	-	-	(93,814)
Collection Fund Surplus																			
Council Tax	(1,278)	-	(1,000)	1,278	-	-	(1,000)	-	-	1,000	-	-	-	-	-	-	-	-	-
Retained Business Rates	(2,597)	-	-	2,597	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Core Grants																			
Public Health Grant	(36,883)	-	-	909	-	-	(35,974)	-	-	581	-	-	(35,393)	-	-	730	-	-	(34,663)
NHB	(21,617)	-	(5,000)	7,287	-	-	(19,330)	-	(5,000)	20,407	-	-	(3,923)	-	(5,000)	5,741	-	-	(3,182)
Education Services Grant	(3,799)	-	-	1,027	-	-	(2,772)	-	-	1,026	-	-	(1,746)	-	-	1,026	-	-	(720)
Improved Better Care fund	-	-	(1,640)	-	-	-	(1,640)	-	(6,071)	-	-	-	(7,711)	-	(5,066)	-	-	-	(12,777)
Adult Social Care Support Grant	-	-	(1,500)	-	-	-	(1,500)	-	-	1,500	-	-	-	-	-	-	-	-	-
Local Lead Flood	-	-	(32)	-	-	-	(32)	-	(2)	-	-	-	(34)	-	(2)	-	-	-	(36)
Reserves																			
General Fund (Corporate)	(2,080)	-	-	-	-	(4,014)	(6,094)	-	-	-	-	114	(5,980)	-	-	-	-	596	(5,384)
Earmarked (Directorate)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
General Fund (Smoothing)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Financing	(339,141)	-	(38,444)	42,155	-	(4,014)	(339,443)	-	(19,517)	34,891	-	114	(323,956)	-	(18,302)	18,249	-	596	(323,413)

Appendix 2

CORE SPENDING POWER

Illustrative Core Spending Power of Local Government

	2015-16 £m	2016-17 £m	2017-18 £m	2018-19 £m	2019-20 £m
Settlement Funding Assessment*	187.9	170.7	158.1	151.3	144.6
Council Tax of which;	69.8	76.9	84.2	92.2	100.9
<i>Council Tax Requirement excluding parish precepts (including base growth and levels increasing by CPI)</i>	69.8	75.4	81.0	87.0	93.4
<i>additional revenue from referendum principle for social care</i>	0.0	1.5	3.2	5.2	7.5
<i>Potential additional Council Tax from £5 referendum principle for all Districts</i>	0.0	0.0	0.0	0.0	0.0
Improved Better Care Fund	0.0	0.0	1.6	7.7	12.8
New Homes Bonus	25.2	28.9	24.2	18.3	17.6
Rural Services Delivery Grant	0.0	0.0	0.0	0.0	0.0
Transition Grant	0.0	0.0	0.0	0.0	0.0
The 2017-18 Adult Social Care Support Grant	0.0	0.0	1.5	0.0	0.0
Core Spending Power	282.9	276.5	269.6	269.5	275.9
Change over the Spending Review period (£ millions)					-7.0
Change over the Spending Review period (% change)					-2.5%

Appendix 3

GROWTH

Growth Bids - 2017-18 to 2019-20

Appendix 3A

Ref No.	Directorate	Growth Bids Description	Strategic Priority Area	2017-18 £000	2018-19 £000	2019-20 £000	TOTAL £000
Historic Budget Pressures							
GRO CHI 1-17	Children's Services	Looked After Children	1.3 Young people realising their potential	999	-	-	999
GRO CHI 6-17	Children's Services	Family Group Conferences	1.3 Young people realising their potential	323	-	-	323
GRO CHI 8-17	Children's Services	Children's Social Care Service Redesign	1.3 Young people realising their potential	1,597	-	-	1,597
Total Growth Addressing Historic Budget Pressures				2,919	-	-	2,919
Unavoidable Growth							
GRO ADU 1-17	Adults' Services	Demographic Pressures in Adult Social Care	1.4 More people living healthily and independently for longer	1,989	2,057	2,125	6,171
GRO ADU 2-17	Adults' Services	Safeguarding Budget Pressures in Adult Social Care	1.4 More people living healthily and independently for longer	420	-	-	420
GRO CHI 2-17	Children's Services	Leaving Care Service - Assessment and Early Intervention No Recourse to Public Funds (NRPF) Families Support	1.3 Young people realising their potential	243	-	-	243
GRO CHI 3-17	Children's Services	Support for LBTH Unaccompanied Asylum Seeking Children (UASC) – Looked After Children UASC and Care Leavers UASC	1.3 Young people realising their potential	576	48	-	624
GRO CHI 4-17	Children's Services	Recruitment and Retention for Social Workers in Children Social Care	1.3 Young people realising their potential	723	-	-	723
GRO CHI 5-17	Children's Services	Preventing Radicalisation	1.3 Young people realising their potential	414	-	(414)	-
GRO CHI 7-17	Children's Services	Meeting SEN Needs and Demands of SEN Reforms	1.3 Young people realising their potential	333	(183)	-	150
GRO CLC 1-17	Communities, Localities and Culture	Freedom Pass	2.1 An improved local environment	489	192	196	877
GRO CLC 2-17	Communities, Localities and Culture	Waste Collection and Treatment	2.1 An improved local environment	388	386	381	1,155
GRO LPG 1-17	Law, Probity and Governance	Mitigating Loss of External Income	Enabling Services	563	-	-	563
GRO RES 1-17	Resources	ICT - Various	Enabling Services	580	(252)	-	328
GRO CORP 1-17	Corporate Costs	Apprenticeship Levy	Enabling Services	800	-	-	800
GRO CORP 2-17	Corporate Costs	LBTH Rate Payers Costs	Enabling Services	704	196	-	900
GRO CORP 3-17	Corporate Costs	DCLG Commissioners	Enabling Services	(60)	-	-	(60)
GRO CORP 4-17	Corporate Costs	Unallocated Growth (To be Identified)	Enabling Services	1,444	-	2,212	3,656
Total Unavoidable Growth				9,606	2,444	4,500	16,550
Total Growth Bids (All Directorates)				12,525	2,444	4,500	19,469
Inflation				5,150	4,231	4,440	13,821
Total Growth & Inflation				17,675	6,675	8,940	33,290

Growth

Directorate	2017-18 £000	2018-19 £000	2019-20 £000	TOTAL £000
Adults' Services	2,409	2,057	2,125	6,591
Children's Services	5,208	(135)	(414)	4,659
Communities, Localities and Culture	877	578	577	2,032
Development and Renewal	-	-	-	-
Law, Probity and Governance	563	-	-	563
Resources	580	(252)	-	328
Corporate Costs	2,888	196	2,212	5,296
Total Growth	12,525	2,444	4,500	19,469

Strategic Priority Area	2017-18 £000	2018-19 £000	2019-20 £000	TOTAL £000
1.1 A dynamic local economy, with high levels of growth benefiting us	-	-	-	-
1.2 More residents in good-quality, well-paid jobs	-	-	-	-
1.3 Young people realising their potential	5,208	(135)	(414)	4,659
1.4 More people living healthily and independently for longer	2,409	2,057	2,125	6,591
1.5 Reducing inequality and embracing diversity	-	-	-	-
2.1 An improved local environment	877	578	577	2,032
2.2 Better quality homes for all	-	-	-	-
2.3 Less crime and anti-social behaviour	-	-	-	-
2.4 Engaged, resilient and cohesive communities	-	-	-	-
Enabling Services	4,031	(56)	2,212	6,187
Total Growth	12,525	2,444	4,500	19,469

Inflation

Directorate	2017-18 £000	2018-19 £000	2019-20 £000	TOTAL £000
Adults' Services	1,923	1,362	1,384	4,669
Children's Services	371	375	379	1,125
Communities, Localities and Culture	853	743	918	2,514
Development and Renewal	287	249	256	793
Law, Probity and Governance	-	-	-	-
Resources	100	101	103	304
Pay	1,616	1,400	1,400	4,416
Total Inflation	5,150	4,231	4,440	13,821

Strategic Priority Area	2017-18 £000	2018-19 £000	2019-20 £000	TOTAL £000
1.1 A dynamic local economy, with high levels of growth benefiting us	-	-	-	-
1.2 More residents in good-quality, well-paid jobs	-	-	-	-
1.3 Young people realising their potential	371	375	379	1,125
1.4 More people living healthily and independently for longer	1,923	1,362	1,384	4,669
1.5 Reducing inequality and embracing diversity	-	-	-	-
2.1 An improved local environment	853	743	918	2,514
2.2 Better quality homes for all	-	-	-	-
2.3 Less crime and anti-social behaviour	-	-	-	-
2.4 Engaged, resilient and cohesive communities	-	-	-	-
Enabling Services (includes Pay)	2,003	1,751	1,759	5,513
Total Inflation	5,150	4,231	4,440	13,821

Growth Type	Unavoidable Growth
Title	Demographic Pressures in Adult Social Care
Reference	GRO/ADU/01/17
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services
Service Area	Adult Social Care
Lead Officer	Karen Sugars

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs				
Other Costs	59,604	1,989	2,057	2,125
Income				
To Reserves				
Total	59,604	1,989	2,057	2,125

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	N/A	N/A	N/A	N/A

Description & Justification

Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends

The growth calculation assumes that increases in population, combined with other demographic factors detailed below will lead to more clients needing social care support for longer. The estimated average rate of growth per client group is different and is influenced by a number of factors such as age, ethnicity, deprivation and other such demographic factors. To derive a fairly acceptable forecast the demographic findings are combined with the expected policy changes such as the implementation of the person led assessments. Such change will lead to containment of demand resulting in avoiding care costs that would have hit the adult's budget. It is also assumed that this will lead to additional cost pressures within homecare, day care, meals service, direct payments and residential and nursing care.

Budget 2016/17

Client Group	Homecare	Day care	Meals	Direct Payments	Residential /Nursing care	Total Budget	Estimated Growth Rate	Growth Requirement 17/18
	£'k	£'k	£'k	£'k	£'k	£'k	%	£'k
OP	10,538	2,943	725	3,122	11,926	29,254	3.20%	936
PD	2,774	141	0	1,736	2,130	6,781	3.00%	203
LD	2,752	3,923	0	776	10,452	17,903	3.80%	680
MH	330	984	0	161	4,188	5,663	3.00%	170
Total	16,394	7,991	725	5,795	28,696	59,601		1,989

Predicted population growth in Tower Hamlets will inevitably bring an increase in the number of people who need adult social care services. Tower Hamlets has high levels of deprivation, which in turn is associated with poor mental and physical health. Deprivation levels may be further exacerbated by welfare reform. An increase in the number of people living for longer with poor health is also a factor driving an increase in demand for adult social care across all client groups.

There is likely to be an increased demand for adult social care from all sections of the population as it continues to expand. Based on the latest GLA projections, the borough's population is expected to grow by 10% between 2013 and 2018, equating to an average annual population growth rate of 2%. A 20% increase is expected by 2023, giving a resident population of 320,200. The projected growth is mainly in the lower working age range (people aged 30 to 44) who account for 53 per cent of the growth in the next five years and 46 per cent of the growth in the next 10 years. A proportion of this group will require support and services from adult social care.

High levels of deprivation are strongly linked to poor mental and physical health. Tower Hamlets is the 7th most deprived local authority in England out of the 326 local authorities. There is also a link between some learning disabilities and poverty. Possible explanations include poor nutrition and low uptake of screening programmes and antenatal care, which increase the prevalence of learning disabilities. Levels of deprivation may be further worsened by welfare reform changes which are starting to come into effect. It is likely that this may have an impact on demand, due to the evidence that high levels of deprivation are a driver for increased need for social care services. Further, Demos analysis suggests that the welfare reform changes will have particularly negative economic consequences for disabled people, with significant knock-on effects.

Trends show that increases in healthy life expectancy have not kept pace with improvements in total life expectancy. If the extra years from increased longevity are mostly spent in disability and poor health, there will be an increase in demand for social care across all client groups.

Older people in Tower Hamlets have worse health in many areas compared to England and London averages. In addition, a higher than average proportion of older people in the borough live alone. Older people who live alone are significantly more likely to have a social care need (linked to loneliness and isolation) than those who do not live alone.

Survival rates of young people with profound and multiple learning disabilities are improving and this cohort is now coming through to adulthood. Tower Hamlets is a young borough and there is considered to be a higher rate of learning disabilities in the school-age population. Due to a complex set of reasons, there are higher prevalence rates of profound and multiple learning disabilities in children of a Bangladeshi ethnic background. Tower Hamlets has a significant Bangladeshi community.

The Tower Hamlets Mental Health Strategy Needs Assessment lists a number of "risk factors" and "protective factors" in relation to mental health. On some of these, Tower Hamlets has been shown to face a greater challenge than the rest of London (carers, older people, drug and alcohol misuse) but all need attention because of the specific risks they pose to mental health or because all are linked to the high levels of deprivation which exist in the borough. One of the most significant drivers of demand in mental health is the high population turnover in Tower Hamlets.

The introduction of the Care Bill and the predicted rise in the number of adults requiring adult social care has resulted in an increased demand for carer assessments and carer services.

This bid uses estimated growth rates from the Department of Health sponsored systems 'Projecting Adult Needs and Service Information' (PANSI) and 'Projecting Older People Population Information' (POPPI) Systems. These systems combine population projections with benefits data and research on expected prevalence rates to produce projections of the likely future demand on social care and health services.

Projections from POPPI and PANSI for previous years have proven to be reasonably accurate and we are satisfied that these are the most robust figures available for calculating projections of future growth.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

Older People

There has been a progressive increase in services provided to older people since 2009/10. Despite the various one off efficiency savings the actual spend on commissioned older people's services has increased by 19.1% over the past five years. Due to the health and demographic factors, demand for adult social care services from older people is predicted to continue to increase between now and 2020. Assuming an annual average growth rate of 3.2%, the growth requirement in 2017/18 for Older People Services is estimated at £936k.

Home care, which is particularly heavily used by older people in Tower Hamlets, is expected to continue to be under

growing pressure over the next 8 years. Separate growth bids cover rising unit costs in home care (related to the introduction of the Ethical Care Charter and the annual uprating of the London Living Wage), but do not include any allowance for rising demand, which is dealt with here.

Clients with Learning Disabilities

A great deal of national and local research indicates that we can expect a significant increase in demand for support from adult social care for adults with a learning disability over the next five years. However, local evidence suggests that this may be at a slow and steady rate, rather than the relatively high increase rates predicted in 2011. One area of significant increase has continued to be the transition cases with an extra 1,000 cases predicted to come through in the next five years.

The Tower Hamlets JSNA used Emerson and Hatton's prevalence estimates for 2011 and 2021 to estimate existing and future numbers of people with severe and moderate learning disabilities in Tower Hamlets.

The forecasted rate is 38% increase overall, and an average increase of 3.8% for each year, which indicates an estimated annual growth requirement of £680k for LD client services in 2017/18. A strong influencing factor is the number of transition LD cases which are predicted to see a significant increase.

Projecting Adult Needs and Services Information (PANSI) uses the same Emerson and Hatton prevalence estimates and Office of National Statistics figures to come up with predictions for adults aged 18 to 64 with a moderate or severe learning disability. It is noticeable that demand is expected to be proportionately higher in Tower Hamlets compared to our neighbours.

Mental Health Clients

Evidence suggests there has been a steady increase in the number of adults who have a mental health problem and who are eligible to receive support from adult social care.

The number of community referrals made to mental health services has decreased; demand has increased in other areas. This includes the number of Mental Health Act assessments, the use of mental health voluntary sector services, and the number of adults aged 18 to 64 years old with mental health as their "primary client group" receiving mental health services from adult social care.

The number of adults aged 18 to 64 years old with mental health as their "primary client group" receiving mental health services from adult social care has increased by 19% between 2010-11 and 2011-12 and then 6% between 2011-13 and 2014-15, a total of 27% in the last three years, equating to an average annual increase of 9%.

However, Projecting Adult Needs and Services Information (PANSI) has a number of future predictions for mental health prevalence rates amongst working-age adults in Tower Hamlets. This information is categorised according to mental health condition, and does not give an indication as to who might be eligible for adult social care.

This shows a 6% increase between 2012 and 2014, and a 5% increase between 2014 and 2016. There is an average annual increase of 3%.

Thus the real growth requirement within MH services is likely to be between 3%-9%. On the basis that the 9% based on LBTH average is likely to be skewed by the 19% in 2011-12, it has been assumed that the PANSI rate of 3% may represent a more realistic, steady state estimate. A 3% increase in demand for MH services is likely to lead to growth requirement of £170k for 2017/18.

Clients with Physical Disability

The causes of physical disabilities and sensory impairments in working-age adults are complex. This information - along with predictions on future prevalence rates - is not detailed in this report.

Evidence suggests there has been a moderate increase in demand in the number of working-age adults who have a physical disability or sensory impairment and who are eligible to receive support from adult social care.

Projecting Adult Needs and Services Information (PANSI) has a number of future predictions for physical disability and sensory impairment prevalence rates amongst working-age adults in Tower Hamlets. This information is categorised according to health condition, and does not give an indication as to who might be eligible for adult social care. The data shows a 6% increase between 2012 and 2014, and a 6% increase between 2014 and 2016, therefore an average annual increase of 3%, which is likely to lead to a growth requirement of £203k for 2017/18.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

The amounts required for growth is intended to pay for homecare, day care, meals, direct payments and residential and nursing care services.

Currently the directorate is going through a significant change in the approach of assessing and brokering for needs of social care clients. Whilst in the past the approach has been resource led the new approach sees a shift to person centred assessments. This will ensure that the directorate meets its statutory duties in providing social care and at the same time plans prevention services in a person centred manner. Under the new approach the scrutiny of care packages is taking place at the team leader level as such ensuring value for money at the source of assessments. As a result the savings and efficiency will be realised much earlier than compared to the previous process of panel decision making and is likely to generate greater efficiencies than the old model.

Further, the directorate is reviewing the contracts it has with external providers to ensure rates paid by Tower Hamlets are competitive and represent value for money. However, as most contracts now contain a requirement to pay the London Living Wage to staff directly providing services, this is likely to impact on the competitiveness of rates paid by Tower Hamlets compared to other local authorities. The incorporation of the Ethical Care Charter into home care contracts will further skew VFM comparisons with other local authorities.

Overall the budget has seen increased unit costs, especially in the Home Care area which combined with an increase in the number of adults receiving home care, day care and direct payments has resulted in increased budget pressures. The overall effect of increase in unit costs has not been passed fully onto the budget due to a number of efficiency projects such as detailed scrutiny of cost care packages. It is very likely the new approach to person centred assessments will play a significant role in smoothing non-budgeted inflationary pressures.

The development of extra care sheltered housing (ECSH) as an alternative to residential care, at an average annual cost of £9,676 per service user against £28,600 per residential placement, has been another efficiency driver. Compared to other London authorities, we are a low user of residential care as we seek to offer choice to our service users and focus on them maximising their independence in their community.

Growth Type	Unavoidable Growth
Title	Safeguarding Budget Pressures in Adult Social Care
Reference	GRO/ADU/02/17
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services
Service Area	Adult Social Care
Lead Officer	Luke Addams

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs				
Other Costs	204	420	0	0
Income				
To Reserves				
Total	204	420	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	N/A	N/A	N/A	N/A

Description & Justification
<p>Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends</p> <p>The growth calculation is based on taking into account the increase in client cases due to legal case law which places a duty on the Council in relation to Deprivation of Liberty Safeguards (DoLS). DoLS were brought into legislation as part of the Mental Capacity Act 2007, following the European Courts ruling in the HL v UK. Following the introduction of DoLS the numbers in Tower Hamlets were significantly lower than the numbers estimated by the Department of Health before the legislation came into force.</p> <p>However in March 2014, the Supreme Court gave it's ruling on 3 test cases (Cheshire West) regarding how DoLS should be defined, this significantly broadened the definition of what was a deprivation of liberty and settings that people could deprive people of their liberty in. This ruling has meant a major increase in referrals for DoLS both within Tower Hamlets and nationally. Bart's Healthcare which includes 2 hospitals within Tower Hamlets are seen as one of the best performing hospital trusts in relation to making DoLS referrals within the country.</p> <p>In 2013/14 Tower Hamlets received 28 requests for assessments, following the Supreme Court's ruling this increased to 584 requests in 2014/15, in 2015/16 this increased to 881 requests for assessments. There is nothing to suggest any drop in relation to the number of DoLS referrals' for 2016/17</p> <p>As of 15th September 2016/17 there have been 330 referrals compared to 219 requests to this point last year. The current case trend shows an ongoing increase despite the Department of Health's expectation that the numbers would stabilise.</p> <p>The forecast also takes account of the statutory need to undertake Safeguarding Adults Reviews in accordance with the Care Act 2014. Two SARs were completed in 2015/16 and to date five SARs have been identified in 2016/17 representing a significant growth in activity and associated cost.</p> <p>The following table shows the budget position as per the new demand experienced and forecasted but excluding any forecasts due to proposed changes in law which cannot be quantified at the present (sees risk and implication section).</p>

Budget Areas	2015-16 Budget '£	Staff and other costs based on activity '£	Shortfall '£	Staff No
Safeguarding and MCA team	203,674	412,358	208,684	8
Safeguarding Adults Board Chair	0	40,000	40,000	1
Doctors' and Paid RPR Fees	8,700	166,000	157,300	
Serious Adult Review fees	0	60,000	60,000	
Grand Total	212,374	618,358	465,984	
Funding From Partners and Grant transfer from Corporate			46,000	
Funding Shortfall			419,984	

There are 2 types of DoLS assessments Urgent and Standard, to be lawful an Urgent DoLS must be completed within 14 days and the Standard with 21 days, a DoLS will last for the maximum of a year. A minimum of two people are needed to carry out a DoLS assessment a Best Interest Assessor, and a Section 12 doctor, both of these posts have special training set out in law, and only certain professions can carry out these tasks.

The local authority has to commission and pay for both assessments, if the person objects to being on DoLS we must take the situation before the Court of Protection, a number of local authorities have been fined for not assessing people or presenting the persons situation to the Court of Protection. Additionally if the person has no one that can act as their representative the local authority must appoint and fund a Paid Responsible Persons Representative.

Tower Hamlets set up a small BIA team in July 2014, after it became clear that operational teams were being very adversely affected with workers being pulled out of these teams to undertake BIA assessments at very short notice with the number of assessments increasing.

The Law Commission have consultation on a change to the law and they have advised they will publish possible legislation by the end of December 2016, originally the government indicated that they would fast track the legislation through Parliament to ensure that it's in place by 2017 but it is generally accepted that the change in the law will not happen until 2018 at the earliest.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

At present time DoLS is statutory service and while the Law Commission is presently planning to propose changes to the legislation, these have not been published and until they came into law the number of DoLS that are referred must be addressed under the present legislation.

The following table shows the increase in number of cases for the last two years.

Period and Financial year	Number of Cases
April to March 2013-14	28
April to March 2014-15	584
April to March 2015-16	881
April to 15 th September 2016	441

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

Some local authorities have been using Independent BIA's but give the average cost of £350 per assessment plus travel expenses this is not cost effective, given the costs of these workers and that the local authorities that use independent BIA's have needed to significantly increase administration staff to commission, coordinate and book the independent BIA's.

Other local authorities have sought to use private companies to undertake BIA assessments but this is very expensive with the main provider of this service charging £100,000 for 200 assessments over 6 months, and the Local Authority still being expected to arrange the assessment and fund the doctors. This approach is building in significant delays to assessments being undertaken.

Growth Type	Historic Budget Pressure
Title	Looked After Children
Reference	GRO/CHI/01/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children's Resources
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	394	63		
Other Costs	2,870	936		
Income				
To Reserves				
Total	3,264	999	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	7	1	N/A	N/A

Description & Justification

Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends

Growth bid of £999k to cost centre 85402 (reviewing officers) and the G54 vote (placements).

Growth Calculation:

Children looked after in Tower Hamlets tend to be slightly older than children elsewhere in the country and currently approximately 77% of the looked after children population are older than 10 years of age compared to 58% nationally. There is also a greater proportion of young people who are aged 16 years and over in Tower Hamlets compared to other boroughs within inner London.

Placement costs for older Looked After Children (LAC) are generally more expensive and outcomes for them are poorer with limited permanency options. THE LBTH LAC strategy is working towards a younger LAC profile and more effective support to help children remain within their families. This is coupled with a stringed early years and early help offer to ensure we identify the most vulnerable child as early and as young as possible.

By 2015 our LAC numbers were 250 (44 per 10,000 against a London average of 52 and national average of 55 per 10,000). More significantly we were receiving an older age group into care through an emergency route – clear indicators of leaving children in situations of harm. There was also a clear court direction in Oct 15 to review voluntary arrangements for children in care.

Table 1

Year	2011/12	2012/13	2013/14	2014/15	2015/16	YTD
Statistical neighbour	76	73	70	67	67	N/A
English average	59	60	60	60	60	N/A
LBTH	53	53	55	44	51	51

This led to some reasonable adjustments in practice and has resulted in a net increase of 50 LAC children this year which we do not see reducing in the short term. We are now planning to have a LAC population of 330 (50 over 10,000) This still puts us in a low average position against other London boroughs but can be aligned with our school and tier 2 offer as well as our plan to bring in high cost but evidenced interventions in 2017.

The 2015 CIPFA return calculated that the average weekly cost of a child looked after is just under £1,000 per week (£50,000 per year). On this calculation for every 100 children looked after the cost to the children's social care budget is £5,000,000. Therefore 330 children looked after will be approximately £16,500,000 as a cost to the whole children's social care budget. We are undertaking a more detailed financial modelling exercise to give us a framework for the next three years and to align this growth with the agreed reduction in expenditure as outlined in MTFS business case Early Help and LAC reduction.

The budget for G54 had been reduced from 15,363,800 for 09/10 to £13,978,527 for 16/17 in line with the reduction in LAC numbers. We are now requesting a rebasing of the budget in line with the increase in LAC numbers.

As part of this growth we are already seeing growth pressures on key placement areas (externally commissioned residential and welfare secure) for teenagers. The position at the end of the financial year 2015/2016 is outlined in Table 2 below.

Table 2

LAC category	15/16 Actual number of children	Budget £	Actual spend £	Variance £	Average cost £
Staying put	24	150,000	97,200	-52,800	4,050
Semi Independent	78	909,737	820,019	-89,718	10,513
Residential externally commissioned	35	504,233	1,600,041	1,095,808	45,715
Welfare secure	6	300,318	595,292	294,974	99,215
Total	143	£1,864,288	£3,112,552	£1,248,264	

The growth pressures in the key placement areas (externally commissioned residential and welfare secure) for teenagers as of forecast month 5 in the financial year 2016 to 2017 is in Table 3 below:

Table 3

LAC category	16/17 projected number of children	Budget £	Projected Spend £	Variance £	Average cost £
Staying put	37	200,000	149,850	-50,150	4,050
Semi Independent	86	988,982	904,124	-84,858	10,513
Residential externally commissioned	45	1,380,281	2,057,196	676,915	45,715
Welfare secure	7	300,318	694,507	394,189	99,215
Total	175	£2,869,581	£3,805,676	£936,095	

The LAC reviewing service holds a key role in ensuring that a child's Care Plan is reviewed and monitored on a regular basis. The service also undertakes a number of other key initiatives including pre-proceedings work and the court work team.

Cost of extra reviewing officer post	£63,000
Cost of increase placement budget	£936,095
Total growth bid	£999,095

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

This growth bid is based on reasonable adjustments to ensure we are following statutory guidance and taking into

account national and local drivers such sexual exploitation, radicalisation, gang affiliation and child asylum seekers. Demographic changes are also a factor as the population of the borough is expected to reach 320,000 by 2023.

The statistics

Statistical neighbour per CLA 10 thousand average - 67

English per CLA 10 thousand average - 60

Average per annum CLA cost approximately £50,000 (Cipfa return 2015)

Risk 1 – overall increase in CLA costs

To move towards our statistical neighbour per average 10 thousand CLA population would imply an increase to the average LAC budget by £1,000,000 in 17/18. This is an increase from 330 in the current year (16/17) to 350 in 17/18 and 370 in 18/19.

Risk 2 – overall increase in per 10 thousand rate leads to increased need for more social workers, reviewing officers and placements

Children Looked After	Overall costs	Per 10 thousand rate	CLA social workers (average caseload 15)	IRO's (average caseload 45)
250 CLA	£12,500,000	42	17	6
270 CLA	£13,500,000	45	18	6
300 CLA	£15,000,000	50	20	7
330 CLA	£16,500,000	55	22	7
350 CLA	£17,500,000	58	23	8
370 CLA	£18,500,000	61	25	8

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

The move to a higher CLA population will further highlight the need to ensure value for money in this area is critical in that it is accepted practice that in house family placements are normally the best options for children looked after if they cannot return home or move to a permanent adoptive placement. Historically in house provision has not been able to cope with the full demand for placements and we have therefore looked to the private and voluntary sector to assist us in this area. Further older children who become looked after tend to do less well in family placements and often end up in higher cost residential placements. At the moment there is a higher demand for residential placements for troubled teenagers which has increased prices in the private sector. The normal cost for a teenage residential placement in the external sector goes from £2,500 per week, to £3,500 per week (where there are special needs) to over £5,500 per week for welfare secure placements. Traditionally these placements have been spot purchased in collaboration with the London Councils Pan London Contract which sets standard fees and registers providers via the Pan London Model Contract. Various groupings of authorities such as the East London Solutions group have attempted to manage the market in an attempt to control both price and quality. This has not been very successful.

In line with a planned rise in our CLA population the other departmental initiatives that will be coming on stream through the Social Income Bond (SIB), the Mockingbird project (which is already in place) and the children's wide strategy of Early Help will help stabilise the rise in the CLA population and move to change the age profile of the CLA population to the lower age groups. This will in itself produce efficiencies as in house lower age children are much more cost efficient than externally commissioned teenage placements.

Our goal is to have a younger age LAC profile as this gives these children the best opportunities to do well I care or return safely back to family. However until this is achieved we have to r to maintain an appropriate sufficiency strategy and budget management. This growth bid has been submitted to enable us to do this. A more detailed piece of financial modelling work is being undertaken.

Growth Type	Unavoidable Growth
Title	Leaving Care Service - Assessment and Early Intervention No Recourse to Public Funds (NRPF) Families Support
Reference	GRO/CHI/02/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Social Care
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	52	0		
Other Costs	198	243		
Income				
To Reserves				
Total	250	243	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	1	0		

Description & Justification
<p>Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends</p> <p>This bid requests additional funding to mitigate the budget pressure on the Children's Social Care budgets arising from the need to support families with Children who have No Recourse to Public Funds.</p> <p>No recourse to public funds' (NRPF) applies to migrants who are 'subject to immigration control', and as a result of this have no entitlement to certain welfare benefits, local authority housing, and homelessness assistance. 'No recourse to public funds' may be stamped on the visa of a foreign national living in the UK. Other groups of migrants who have NRPF include asylum seekers, refused asylum seekers, and migrants whose visas have expired.</p> <p>The London Borough of Tower Hamlets as a Local Authority has a duty to provide support to those individuals who have No Recourse to Public Funds (NRPF) including providing accommodation to destitute adults and to safeguard and promote the welfare of children.</p> <p>These families are here in the UK on a temporary basis and are pursuing immigration claim to remain in the UK and do not meet the housing and welfare legislation for support. They are not able to work because of restrictions so do face destitution. The adults who have children come under our auspices of the Local Authority. Children Social Care have a duty to support them under section 17 of the Children Act (1989). Our support is for the duration of their remain to stay application which can take many months.</p> <p>We currently have a budget of £198k per annum and the increasing number of families requiring support means that this is insufficient going forward.</p> <p>The cost of supporting a family subject to NRPF is approximately £21,000 per year and covers;</p> <ul style="list-style-type: none"> • Rent £17,000 • CIN assessment and support for 12 months £3,000 • Legal costs £800 <p>We estimate that on average approximately 21 families require support at £21k each resulting in a total annual cost of £441k. Against an existing budget of £198k there is a shortfall of £243k that will need to be funded.</p>

Case Study:

M came to the UK from Bangladesh in 2013 on a Student dependent visa with her husband who was a student, Subsequently they separated and mother came to live with her relative in Tower Hamlets in 2014. She found out that she was pregnant and decided to overstay as she found out she might have complications in her pregnancy with indication that her child may be born with disabilities and need specialist care. M as made an application to the Home Office and they currently hold her papers and passport.. SA is diagnosed with Downs Syndrome and assessed to have Global developmental delay, complex congenital heart disease (under treatment by GOSH), bilateral cataracts and feeding difficulties due to poor tone and lack of head control. M was not in receipt of any benefits and said she had managed with her savings and by selling her property in Bangladesh. She called LBTH CSC expecting that we would be able to support her in her housing situation. M were placed in accommodation by CSC whilst an assessment was undertaken with child SA- the outcome of this assessment is that SA is a child in need and services continue to be provided to SA and his mum including housing and subsistence. SA has a series of appointments with Physiotherapy and GOSH. SA is given a higher rate of subsistence; however this does not cover the transport costs to SA's various appointments. A case is being put together for the family to be considered for additional support with transport.

M HAS submitted several applications and representations to the Home Office; these applications have often been rejected. M. refuses to return to Bangladesh as she feels she will not be able to obtain the same services for her child's SA's needs. We have been financially supporting M and SA from section 17 funds since 2014. We are supporting this family whilst their current application remains outstanding with the Home Office. If M is granted leave to remain we shall refer her to mainstream services. In the event her application is rejected we will review our assessment and undertake a Human Rights Assessment in respect of SA returning to Bangladesh.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

- The service is projecting that the current numbers of NRPF families supported by CSC is likely to rise from 18 to 21 families
- The base budget to date has not been adjusted, therefore there is an increased risk of the projected overspend increasing.
- The work required for these families is in depth welfare and housing support. Currently it is provided by social workers causing further pressure to the Children Social Care front door,
- The Council has a statutory responsibility to respond to assess and support the families being supported and has no jurisdiction or latitude to not respond to this work. This statutory duty is exercised through Children Social Care section 17 duty of the Children Act 1989. Section 17 is a fund that is used to support families in need to avoid breakdown of family life and children entering care. It is used for welfare subsistence on a short term basis, however using this fund to provide housing and welfare subsistence for families for a long period is not the most optimum use of this fund. In order to identify this part of the spend, a separate cost centre was created.
- Once families are in the process of being assessed and offered support, the cases do not progress quickly through the system which means exit planning is complicated and costs continue.
- It is also anticipated that rental accommodation costs will rise. This will further exacerbate the risk of overspend.
- Through seeking advice from the NRPF network, Tower Hamlets is reported to be providing lower levels of subsistence to families than comparator authorities and leaves the authority at risk of Judicial Review. Subsistence support figures provided to families will need to be urgently reviewed and adjusted which will further impact on spend.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

- As outlined above, the authority has a statutory responsibility to support children and families in relation to NRPF

therefore it is necessary and proportionate expenditure.

- The local authority now has full access to the NRPF network which provides a more effective mechanism to track cases through the Home Office. This will support the social work team to process and exit families more swiftly.
- If new levels of efficiencies are achieved, this will result in the growth required being lower. The authorities NRPF work will be kept under close review.
- New levels of efficiencies are being sought by having a dedicated FTE for this work who will use a different model in delivery.

There is a case for a wider piece of work to look at NRPF families as well as other asylum seeking families as one project. Currently responsibility sits in different areas. This approach may provide opportunities for efficiencies. Our advised model is to have dedicated fte(s) for this work as it does require specialist knowledge and in depth welfare work.

Growth Type	Unavoidable Growth
Title	Support for LBTH Unaccompanied Asylum Seeking Children (UASC) – Looked After Children UASC and Care Leavers UASC
Reference	GRO/CHI/03/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children Social Care
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs				
Other Costs	1,578	1,765	239	
Income	(46)	(1,189)	(191)	
To Reserves				
Total		576	48	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	1	0		

Description & Justification
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends
<p>This bid is submitted for a well-recognised budget pressure of unaccompanied asylum seeking children (USACS). USACS come under The Children Act and have the status of Looked After Children (LAC) and then as Care Leavers</p> <p>We receive a number of regular referrals as part of a London wide arrangement (Now part of the new Home Office Dispersal scheme which was introduced this summer.)</p> <p><u>Enhanced Pressure</u></p> <p>The new scheme has directed that each local authority takes 0.07 of the 0-17 child population. We are currently below the 0.07% guidance. The most recent 0 - 17 rate we have (2015) is 64,993. We currently have 27 UASCs which is 0.042% of the 0 - 17 population. At this 0 - 17 rate to hit the 0.07% guideline we would need to have 46 UASC's (this would be 0.071% to be exact) by the end of March 2017.</p> <p>As a result of the new scheme and formula we have indicated to London partners that we will be looking to increase our uptake to reach the formula.</p> <p>There are two elements to this bid to ensure that the shortfall in Home Office funding for both LAC UASC (Looked After Children (LAC) who are Unaccompanied Asylum Seeking Children (UASC)) and Care Leavers UASC are recognised in the relevant budget. There is an acceptance that UASC will increase as a new national formula has been set by the Government based on child population data in mid-2016.</p> <p>If children arrive from outside the UK alone they are deemed as unaccompanied asylum seeking children and are given Looked after children status. Distribution of these children to different boroughs has been well established in London for a number of years to relieve the pressure on key boroughs (Hillingdon and Croydon). Tower Hamlets is part of a rota and receive these children. Once the LAC UASC is 17 years old they become Care Leavers USACs hence the need for continued support through the Leaving care service.</p> <p>1. Care Leavers UASCs</p> <p>The approximate cost for each of 32 young people in this group is approximately £400 per week equating to £20,800 per annum of which we will receive £200 per week funding or £10,400 per annum from the Home Office. This means we will fund £10,400 per placement.</p>

So we are seeking in this bid an additional amount of 333,000 with some recognition of usual adjustment as the no of USAC will slightly vary year to year and in light of recent events which has seen an increase of over 16s and under 16s UASCs.

Total for 2017/2018 = £666,000 Expenditure and £333,000 Income (Home Office grant). Hence growth requirement is £333,000.

2. LAC UASCs- to meet expected increase as a result of new national formula

We currently have 27 UASCs but need approximately 45 UASC in this financial year to meet our new Home Office quota. As the 0 – 17 population rises this number is likely to increase to approximately 50 in 2017/18 and 55 in 2018/19 the following financial years. Each additional Lac child costs on average £47,788 (draft Cipfa return 2016) per year. The Home Office reimburses each local authority £41,610 (UASC under 16) per year (assuming the UASC is placed for the whole financial year) and £33,215 (UASC age 16 and 17) per year (assuming the UASC is placed for the whole financial year).

We therefore have an average shortfall per individual under 16 UASC of £6,178 and an average shortfall per individual 16 and 17 year old of £14,573.

Assuming the increase for 2017/18 from 27 to 50 cases breaks down as an increase of 11 under 17 year olds and 12 sixteen and seventeen year olds, to meet the overall quota this would lead to an increased budget pressure of approximately £1,099,000 gross expenditure (Average of £47,788 x 23) offset by £856,000 Home Office grant (£41,610 x 11 under 17yo and £33,215 x 12 sixteen and seventeen year olds).

In 2018/2019 we would then have an additional 5 cases for 2018/19 which we assume would break down as 3 under 17 year olds and 2 sixteen and seventeen year olds. This means an additional £239,000 gross expenditure (£47,788 x 5) offset by £191,000 Home Office grant (£41,610 x 3 under 17yo and £33,215 x 2 sixteen and seventeen year olds)

Total for 2017/2018 = £ 1,099,000 Expenditure and £856,000 Income. Hence growth requirement is £243,000.
Total for 2018/2019 = £239,000 Expenditure and £191,000 Income (additional over 17/18). Hence additional growth requirement of £48,000.

The acceptance of the bid will support the wider work being undertaken to re - baseline the CSC budget where there are known demand pressures.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The expenditure is inevitable as its part of statute, core to the local authority role's as corporate parents and as part of a national approach to share the financial burden of UASCs. As part of our corporate parenting role and LAC strategy we ensure every LAC and Care leaver receives support and entitlement in line with policy and their needs.

By not having sufficient budget there is a risk of a differential service being offered especially for Care Leavers UASCs and the borough not working in line with Ofsted standards for all vulnerable children.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

These are statutory responsibilities and therefore have to be met. The value for money is dependent upon the efficacy of other work and wider LAC strategy. For this cohort, specifically to ensure we recruit in house foster carers for the 16s UASCs to avoid additional placements costs and a housing strategy that is able to house UASCs care leavers in affordable and supported settings.

Growth Type	Unavoidable Growth
Title	Recruitment and Retention for Social Workers in Children Social Care
Reference	GRO/CHI/04/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children Social Care
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	3,700	523		
Other Costs		200		
Income				
To Reserves				
Total	3,700	723	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)				

Description & Justification
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends
<p>A total of £723k growth is required. Over the long-term this is in effect an invest to save proposal as by retaining experienced staff we can reduce our spending on temporary and agency workers.</p> <p>The first element of £523k is based on the difference between the Social Workers' current rates of pay and them graduating Advanced Practitioners. The pay for AP is between 3 to 6 Spinal Column Points higher (depending on the Social Worker's current pay) plus a Recruitment & Retention allowance.</p> <p>The second element of £200k is based on paying a part of the workforce the post Assisted Supported Year Social Workers a retainer as the staff turnover for this cohort is currently exceptionally high. This is based on other London boroughs making a better offer in terms of pay and training. (The training part is being resolved through the workforce strategy)</p> <p>There are two separate offers we want to make as there are two groups of staff we want to focus our retention strategy on:</p> <ol style="list-style-type: none"> Those with 5 years plus experience by offering easier access and support to the progression scheme. The current social work progression scheme cannot be implemented because in essence we operate a budget bar given our staffing costs plus vacancy factor and therefore we lack a basic retention strategy for a key cohort of trained professionals. We are therefore requesting a growth of £523k to ensure all suitably qualified staff are able to access the progression scheme. Those who are in the second – third year of post qualification as we have seen accelerated exit of this cohort (18 out of 30 staff) which is a poor return on our investment in their training and growth. We want to offer every social worker in the second-third year of qualification a retainer of 2k this is approximately 85.3 FTE workers. A retainer of £2,000 each year plus on cost including membership of LGPS = £200k <p>Background After the Victoria Climbié inquiry in 2002 Tower Hamlets reviewed its pay and reward structure for social workers and a policy decision was made to ensure that Tower Hamlets market position for salaries is in the top quartile of pay for London, therefore ensuring that the council retained a competitive market position. We have on occasions fluctuated</p>

from this and remedial action has been taken, the last attempt being in 2010. The pay uplifts of 2003 and 2010 kept Tower Hamlets competitive for periods but Social Worker pay has slipped significantly relative to other London boroughs during the past six years and is now below the top quartile.

Tower Hamlets has had a successful history of recruiting a diverse workforce to meet the diverse needs of the community. The Positive Action Scheme and the Graduate Offer has historically enabled us to "grow our own" pool of workers who have a long-standing commitment and loyalty to the organisation and have remained in the borough for many years. There was also a successful international campaign to recruit social workers from India. This trend has changed over the last decade and Tower Hamlets no longer has a clear strategy of "growing our own" workforce. Conventional methods of recruitment are now used to bring in qualified staff, both experienced and new, from outside.

Vacancy Rate and recruitment

The national vacancy rate at 30 September 2015 was 17% with large variations between the regions from 7% in Yorkshire and the Humber to 25% in London, 29% in Outer London. The current vacancy picture in Tower Hamlets is in line with that national picture. Approximately 42 agency workers were held against established posts in August 2016 compared to approximately 148 permanent staff. Even leaving aside the unoccupied vacancies, agency workers covering vacancies comprise $42/190 = 22\%$ of the workforce. If the 36 unoccupied vacancies are included, then the vacancy rate would be $36 + 42 = 78/226 = 34\%$.

Recruitment in 2016 has been undertaken on 3 occasions and there were 75 applicants and only 8 appointed so only 10% candidate success rate. In 2016 we agreed and are implementing a small grow your own scheme and are joining forces with other boroughs on another social work training programme. All these initiatives are being undertaken as part of our day to day business but we are aware that with our impending service transformation we are developing a workforce strategy to ensure we have the right professional high performing workforce needed to improve outcomes for children. A key part of this is a refreshed recruitment and retention strategy that also offer, suitable learning and career progression opportunities

Exit interviews and analysis of leavers 2016

Some initial interviews with managers of social workers in September 16 suggested a range of reasons why staff left the borough. However, it was clear that money was becoming an increasingly prominent factor because LBTH pay rates have fallen behind compared to the rest of London since there was last an uplift in 2010. Staff are able to leave for significantly higher pay with other employers.

We looked at the length of service data social worker leavers within CSC for the 16 month period ending April 2015 to 27th July 2016. Excluded are retirees and redundancies and there were 30 resignations. This was analysed by spinal column, service area and length of service, 18 of the 30 had less than 2 years' service, 4 staff have 3-4 years and 8 staff have 5 or more years. The vast majority of staff who left had less than 4 years' service, including our newly qualified staff that we had invested in.

This growth bid attempts to stop the current rate of staff churn whilst we embed another grow your own approach as well as look at the international recruitment.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The current social work progression scheme cannot be implemented because in essence we operate a budget bar and therefore we lack a basic retention strategy for a key cohort of trained professionals.

We have 8 Social workers who have reached the Advanced Social worker status. Given we are no longer in the top quartile of social work salaries in London and have a staff churn of 16%, plus an agency spend on social workers of £3.865 Million in 2015/2016 of which approximately one sixth £644,000 is additional costs compared to having

permanent staff in post, retention of current experienced social workers is a priority.

The previous revision of Terms and Conditions was effective from January 2010.

Risks:

1. Experienced staff are leaving:

30 CSC Social Workers resigned between 1 April 2015 and July 2016. Our analysis indicates that 15 of the 30 had reached top of the scale that is scp 41. The progression scheme is designed to move staff from scp 41 to scp 44 or for staff recruited later to get a Recruitment and Retention Allowance. If the progression scheme had an easier competency based route we could have reached out to the 15 and offered them support to achieve advanced practitioner status and they would have received 3 extra increments to scp 44. If even half of them had taken us up our recruitment and agency spend would have easily covered the salary costs. Currently in our workforce of 162 practitioners we have less than 10 who have reached AP status. The main reason that they do not achieve advanced practitioners is because managers need to have the staffing budget as well as produce a time consuming portfolio. Our staffing budget has remained static and has a 6% vacancy factor that is not deliverable in statutory social work, this makes it challenging for managers to agree to staff progressing unless they find savings elsewhere in their budget. As most of the budget is on staffing and most vacancies have to be covered there is in reality little flex.

2. We are no longer competitive with other London boroughs

Salary benchmark Work

We asked colleague's in HR to review the LBTH SW salaries across London. Their analysis indicates in August 2016 was that LBTH Social Workers are in 3 cohorts:

C1. have reached the top of the scale at scp 44 (usually by completing the Progression Module in the case of Social Workers who started before 2010) and have obtained the R&R Allowance are paid reasonably but not well compared to their equivalents in the other boroughs

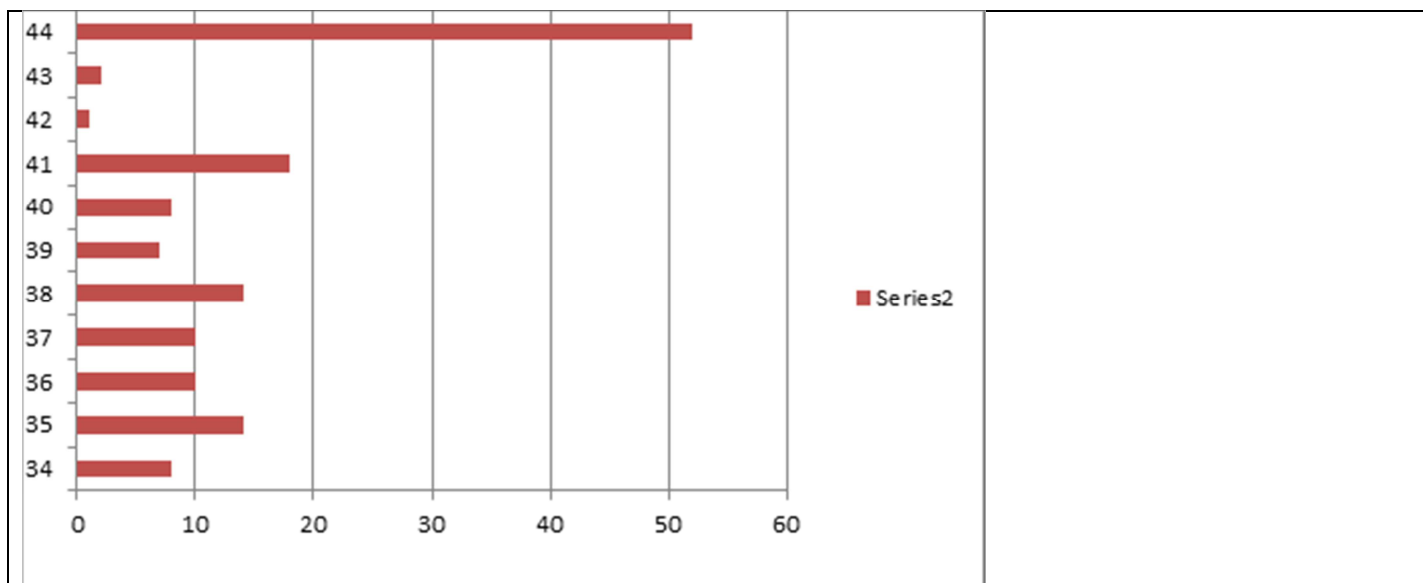
C2. have reached the top of the scale at scp 44 (usually by completing the Progression Module in the case of Social Workers who started before 1.1.2010) but have not obtained the R&R Allowance are paid less reasonably and well compared to their equivalents in the other boroughs

C3. have reached the bar at scp 41 (usually by completing the Progression Module in the case of Social Workers who started after 1.1.2010) are paid rather moderately compared to their equivalents in the other boroughs.

3. Half of our workforce is 'stuck'

Of the 144 Social Workers who don't have the R&R Allowance or a PO5 grade, 18 are 'stuck' at the bar at SCP 41 and 52 are stuck at SCP 44, the top of the scale. So there are 70 'stuck' staff – nearly 50% of the 144.

SCP	NUMBER
34	8
35	14
36	10
37	10
38	14
39	7
40	8
41	18
42	1
43	2
44	52



Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

Our agency spend on social workers in 2015/2016 was £3.865 million of which approximately one sixth £644,000 is additional costs compared to having permanent staff in post. The forecast this year is £4.062 Million equating to £677,000 in additional costs. We also need to add the costs of recruitment in both direct payments for advertising as well as officer time in shortlisting and interviewing. The cost of losing experienced committed staff to agency staff affects the quality of our practice and our outcomes for children. Children and families are consistently clear in saying that they want the same social workers who know them. Our current staff turnover and uncompetitive offer is contributing to this. This growth bid is a small step to reversing this trend.

Growth Type	Unavoidable Growth
Title	Preventing Radicalisation
Reference	GRO/CHI/05/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children Social Care
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	1,591	314		-314
Other Costs	341	100		-100
Income				
To Reserves				
Total	1,932	414	0	-414

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)		5.5		-5.5

Description & Justification
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends
<p>New high risk area of work in safeguarding that needs short term funding to manage demand, learn and mainstream.</p> <p>Since February 2015 Children's Social Care (CSC) has received an average of 2 referrals a week with varying degree of intervention required. The Current caseload within LBTH CSC is approximately 60 children at the moment. This is a new trend and very few of the families that come to CSC are previously known to us so that this is in addition to our core funded work. The work is highly complex and contested and there no established tested model of intervention. We are currently working with SCIE (Social Care Institute of Excellence) to put a research learning frame around the work in LBTH so that other authorities can benefit from our experience to date. This caseload requires a higher than average need for legal advice and in order to accommodate this work we have created a specialist PVE team consisting of 1 team manager, 4 FTE SW and 0.5 FTE SM.</p> <p>A total of £414k is required, of which £100k relates to legal costs and £314 for staffing.</p> <p>We expect the demand to continue with varying fluctuation for the next 2 years. We will review the specialist provision with an intervention to mainstream by 2019, as we will have an established and tested model of assessment and intervention for these families.</p>

Risks & Implications
Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.
<p>This is high profile child protection work in that the risks to children identified at risk of radicalisation including flight are high as is the impact of this on wider networks, including the council profile.</p> <p>The costs and reputational risks are high as casework with good number of Preventing Violent Extremism (PVE) families falls within the statutory part of the service. Statutory casework practice in this area is emerging and not without challenge. The key challenges are that they may not be the usual vulnerabilities which are our usual drivers for intervention; consent can be strained as families may view our intervention as a risk to their rights to exercise their views or professionals stigmatising their children without sufficient evidence, there may be unexpected police</p>

involvement, the evidence may be soft intelligence or may not be able to be shared on the direction of the Police or Courts, the probability of extremism may be low but the impact on children and others is extremely high. Although these features can exist in other safeguarding work it is less likely to be the normative features. Our assessment and intervention models need adaption. In some of these cases it has been necessary to intervene through the court arena than we normally would give the high impact of family not engaging, resulting in the local authority obtaining Court orders i.e. 'wardship', Interim Care Orders and Supervision Orders to secure the safety and well-being of the child/ren.

We are pioneering practice in this area and are being approached by government and others to share our learning. We organised one legal conference and were key note speakers at a London Safeguarding conference. We regularly take part in Home Office and DFE events profiling our work and learning.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

New burden driven by policy and statute. The Prevent strategy has a number of key objectives:

- 1) Undermining extremist ideology
- 2) Supporting vulnerable individuals
- 3) Strengthening institutions

There are national strategies, statutory duties and multi-agency processes in place through the Prevent agenda and Channel programme. These overlap with local authorities' wider safeguarding duties, with the risk of more children and young people being brought into the child protection system.

Home Office funding is limited to projects and education work. This is positive but does not cover the statutory casework that arises from this preventative work.

Growth Type	Historic Budget Pressure
Title	Family Group Conferences
Reference	GRO/CHI/06/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	CPRS
Lead Officer	Ann Roach

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	57	314		
Other Costs	19	9		
Income				
To Reserves				
Total	76	323	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	1	4-7		

Description & Justification

Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends

Family group conferences (FGCs) are an effective method of identifying alternative carers within the wider family, while at the same time offering families the opportunity to make a plan of support for parents to continue to care for their children. Even when the best option for children is to remain looked after, FGCs are a means of involving the family in ensuring that the children maintain relationships with their family and help the stability of the placement.

The use of FGCs is a statutory requirement under the Public Law Outline. Statutory guidance backs up the importance of FGC as a planning tool (DfE 2014). In Tower Hamlets in 2015 as part of the improvement work we started to use FGC in accordance with the guidance at this critical moment in family and community life (DfE 2014) and this underpins the justification for growth of this service. The growth in FGC matches the increase in LBTH pre-proceedings work, and court work over the last year, as well as increased popularity of FGC at other stages of intervention.

Demand has therefore risen from 143 referrals in 15/16 to an expected 330 referrals. Our budget for 15/16 was 73.5k and our expenditure was actually 105.k conferences indicating an expenditure shortfall of 42k even before this growth. Our forecast spend for 16/17 is £160k.

The team has 1 fte – the manager- and sessional staff are used to organise the FGC- independent coordinators. This is in line with best practice as the coordinators need to be independent and actually enables us to have a large pool of staff that matches the diversity of our families. Previous work indicated that it was more cost efficient to have sessional coordinators rather than full time staff. The model has a good level of engagement with fathers and it is an intervention that local authorities are investing in.

Year	Number of FGC referrals
2011-12	133
2012-13	117
2013-14	172
2014-15	164
2015-16	143
2016-17	330 (estimated)

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

This expenditure is essential so that we can continue to meet the growing demand for Family Group Conferences (FGCs), for children and young people at all stages of the child's journey from Early Help, Child in Need, Child Protection, Children in Proceedings and for Looked After Children.

The expenditure will enable the FGC service to fulfil the requirement for FGCs under the Public Law Outline for Children in Proceedings. Representation of the FGC service at Entry to Care panel has streamlined our process for accepting referrals at panel and contributed significantly to recommendations being converted into referrals. A notable example is fast tracking pre-birth referral from the Royal London Hospital.

Moreover this expenditure is needed to divert from proceedings by ensuring that we can continue to deliver FGCs at an earlier stage where for children who are subject to a CP plan and in pre proceedings work.

Without the proposed expenditure the FGC service would have a very limited capacity, to respond to the department's goal of strengthening its Early Help Offer. Developing the use of FGCs in the Early Help Hub and the current work on their potential use with vulnerable pregnant women as a means of diverting cases from Children's Social Care involvement would not be possible to deliver

The FGC process contributes to financial savings as FGCs regularly produce positive outcome of reducing case status or family's no longer requiring social care involvement. (See financial outcomes below).

In the financial year 2015/16 the FGC service received 143 referrals. In this financial year the referral rate has increased substantially from previous years- 188 referrals received to date: so we expect the total number of FGCS for the year 2016/17 to be around 330. Given the increased take up of the FGC service and referral increase, the proposed expenditure is essential to cover the costs for this financial year of running a full FGC service especially with an increased referral level.

If funding was not approved the FGC service would be restricted in terms of accepting referrals and may have to prioritise children subject to proceedings at the expense of Early Help and Child Protection work. If the FGC service could not accept referrals at the early help point or for children in need the opportunity for the FGC to enable families to resolve their difficulties at an early stage would not be there.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

Financial outcomes**Child Protection**

FGCs contribute significantly to the positive outcome of children being removed from Child Protection (CP) plan and this generates financial savings.

Over the past year, 74 families, where there were children on CP plans were referred for FGC, of the 65 families where an FGC was held; only 27 remain on a plan.

For 33 families who took part in a FGC, the children are no longer on a CP plan. For these families, case status has been stepped down, with the children now being worked with on children in need plans or the case closed to CSC. While there are a range of factors contributing to improvements, the positive involvement of families through FGC can be a major driver for families to take responsibility for changing the way they behave. Checks of records show a

number of references to the impact of the FGC in cases that have been stepped down, e.g.;

Closing Summary of case closed in March 16:

"Family Group Conference revealed that there is a good support network in place for the family."

Closing summary of case closed in January 16:

"A Family Group Conference has taken place and was attended by maternal grandmother, maternal uncle and also maternal uncles daughter, who all offered additional support when needed. Mrs M also identified two close neighbours in her block who can support her with childcare"

Work recently done in Camden; (T Fisher 2014) estimated a cost of £3,069 pa per child on a CP plan. If this was applied over the last year in Tower Hamlets, savings in the region of £202,554 would have been made (assuming an average of 2 children per family).

Therefore the increased expenditure enabled the FGC service to contribute to financial savings of an amount higher than the proposed expenditure. It should be noted that this capacity to resolve issues can contribute to avoiding the issue of proceedings and the significant costs involved (in excess of £29000 per case).

Children Looked After

The potential savings of avoiding or reducing time children spend in care are significant. The estimated average yearly cost of looking after a child was over £36,524 in 2013-14 (Children in Care England Statistics, House of Commons Library Briefing paper 04470 5th Oct 2015.).

Monitoring of cases in care proceedings, (where FGC is routinely used to identify potential family and friends carers) show that 69% of concluded cases in the last year resulted in children either remaining or being placed within their family network, (47 children). For 19% of these children (13), placement was made within the wider family. Depending on age etc., the alternative would have been long term foster care and for some adoption. Even in cases of adoption, the national average time between making of a placement order and an adoption order, when the child is LAC, is 18 months, representing a potential cost of £54,786 per child.

Growth Type	Unavoidable Growth
Title	Meeting SEN Needs and Demands of SEN Reforms
Reference	GRO/CHI/07/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	SEN Section
Lead Officer	David Carroll

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	496	400	(250)	0
Other Costs				
Income	(161)	(67) ¹	67	0
To Reserves				
Total	336	333	(183)	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	14	5	-5	0

Description & Justification

Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends

This growth bid will support delivery of savings over the MTFS in this area and needs to be read in conjunction with savings proforma CHI005/17-18.

The growth calculation assumes that increases in population and the complexity of the populations needs are likely to continue. The evidence for this is included in attached papers and referred to briefly in the in this paper. Since 2007 there has been a 14% growth in the LBTH school population. Over the same period there has been a 26% increase in the LBTH population and a 23% increase in the under-fives population.

At the same time below is a breakdown showing the increase in SEN referrals and assessments conducted since 2007. Between 2007 and 2015 there has been an 80% increase in assessments undertaken. This substantial increase includes families arriving from abroad with children with complex needs and choosing to settle locally and over 100% increase in pre-school assessments.

Financial Year	No Referrals	No Assessments carried out	No FTE Staff
15/16 (Apr - Aug)	174	143	11.6*
2014/2015	436	378	10.35*
2013/2014	394	344	8.6
2012/2013	288	235	8.6
2011/2012	315	265	7.6
2010/2011	312	255	7.05
2009/2010	294	247	8.05
2008/2009	253	221	8.25
2007/2008	236	210	8.1

The SEN team size has made some small changes over the years in an effort to manage resources and demands. In 2014 some temporary staff were employed using part of the National SEN Reform Grant to enable the Council to fulfil

¹ This is the cost of fixed term funding increase from any future SEN Reform Grant and the growth bid

some of its additional statutory duties and to determine what resources might be needed more long term to manage both these additional responsibilities and demands of the population growth and complexity of SEN with the child population. The three additional staff have been employed specifically to enable the Council to convert the existing 2000+ statements to EHC plans over the three years as set out in the National timetable. This task is totally separate and additional to the usual workload of the SEN team.

The findings of the review undertaken as part of a Joint Strategic Needs Assessment lead by Public Health Tower Hamlets shows that there is a substantially higher prevalence of consanguinity in the population of children with developmental delay in Tower Hamlets known to the Child Development Clinic (18-25% of cases) than in the general population (8% of births). This is one of the factors in the greater proportion of children with significant SEN in Tower Hamlets.

All LAs have SEN teams responsible for statutory processes. However the full range of duties performed by teams varies. Below is some comparable data from other London LA SEN teams with similar sets of duties. In all cases the workloads of case coordinators have been compared. Each of the other teams also have staff dedicated to transfer reviews data and finance management and SEN tribunals.

LA	Staff fte	SEN cases	Ratio staff:cases
Ealing	11	2200	200
Havering	6	1020	170
Greenwich	10	1180	118
Redbridge	8	1470	184
Tower Hamlets	4.6	2266	493

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The SEN section fulfils the Council's statutory duties to administer SEN assessments maintain and review individual plans for children and young people with greatest need. It requires skilled practitioners with knowledge of the law in relation to SEN and excellent interpersonal skills and ability to deal effectively with distressed and vulnerable clients. The DfE implemented new primary legislation in September 2014 as part of the Children and Families Act increasing the duties and responsibilities for SEN. The Local Authority (LA) is responsible for maintaining not only oversight of the new processes which widen their remit but also maintaining the review of statements produced under the previous legal framework which will remain live until 2018. The latest phase of the implementation of changes required in the statutory process for Assessments of Special Educational Needs went live in September 2014 when LA duties and responsibilities for SEN were extended from 2-16/19 years (school leaving) to 0-24+ years now including young people attending college with SEN aged 16-24. These requirements include the delivery of services within set National time-scales which are part of LA Performance Indicators (PIs). The national performance indicators at the moment are confined to the timeliness of assessments and reviews. Key amongst these PIs has been the reduction of initial assessments timescales from September 2014 so that final Education Health and Care plans should be issued within 20 weeks rather than the previous 26 weeks. From 2016 when the Ofsted begins Local Area SEN inspections the quality of the Council services will also be scrutinised externally.

The SEN statutory assessment process includes parental and young people's rights to appeal to the SEND tribunal. The SEND Tribunal has the power to direct Council's to commit resources and make provision for young people. In addition families are free to address complaints to the Ombudsman if they believe the Council has failed in their duty to conduct SEN assessments and reviews properly.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

Tribunal have the powers to insist that Council make parental preferred school placements if the Council is not able to confidently demonstrate it can make appropriate local provision. Insufficient staffing unable to work in partnership with schools and families makes it a certainty that such expensive arrangements may be imposed on the Council. Individual placements for a young person can cost the Council over £100k per year and will continue to cost the Council such sums for the rest of a pupil's academic career.

There is a need for the following changes to enable the SEN team to fulfil the Council's statutory duties:

- 3 Permanent Posts to be funded from General Fund at an average cost of £50k each (inclusive of On costs). Cost - £150k on-going
- 2 Fixed Term Contract Posts (12 Months) to undertake statutory work at a cost of circa £50k each inclusive of on-costs. £100k in 2017/18 only.
- 3 Existing temporary staff who are currently funded by SEN Reform Grant, however the statutory works are more complex and far reaching than the funding allocation given to the local authority. In order to fully complete the required statutory work, No confirmation has yet been provided as to whether additional grant monies will be made available to LBTH, to ensure service continuity and statutory deadlines are met, general fund contribution will be required for the 2017/18 financial year at a cost of circa £150k. If the grant funding is confirmed then we will return the general fund contribution.

Therefore the additional funding requested for 2017/18 is £333k (assuming an additional £67k can be secured through the SEN reform grant). £150k will be ongoing (2018/19, 2019/20 onwards) to cover the costs of the 3 permanent posts.

Growth Type	Historic Budget Pressure
Title	Children's Social Care Service Redesign
Reference	GRO/CHI/08/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children Social Care
Lead Officer	Nasima Patel

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	8,836	1,572		
Other Costs		25		
Income				
To Reserves				
Total	8,836	1,597	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	165	29		

Description & Justification
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends
<p>Growth bid of £1.597m required to cover additional staffing and workforce development cost of re-baselined children's social care service.</p> <p>This growth bid covers the staffing of our core services in children's social care and associated workforce development costs. There is a separate workstream on the workforce strategy. The service provides statutory social work services under the provisions of the Children Act 1989, including:</p> <ul style="list-style-type: none"> • Receiving and screening referrals in relation to families where there children at risk or in need of additional support • Assessment of needs under the provisions of the Children 'Act 1989 • Statutory child protection processes • Support for families with children in need or children with a child protection plan • Placement and support of looked after children • Legal proceedings in relation to looked after children <p>The core staffing structure of the service has not been fundamentally reviewed since 2002. In that time there have been significant developments in thinking around children's social care practice which are no longer reflected in the core structure. Any changes have effectively been 'bolted on,' resulting in significant spend on supernumery agency staff as a response to demand pressures. In addition, local quality assurance work has identified a number of areas for improvement to this important and high risk service area. Improvement work within the current model is proving to be short-lived. In response to that, a Service Redesign project has been initiated which has identified options for structural change to address some of these issues and embed a refreshed practice model. The project has rebaselined the staffing requirement in light of current and anticipated future case numbers in the service. These options are being reported to Children's DMT in November 2016, for implementation from early 2017.</p> <p>The service is projecting an overspend on its staffing budget of £2.1m in 2016-17. Benchmarking information suggests that the budget is comparatively low, with unit costs 6.7% below the average of similar councils in London.</p> <p>The proposals for service redesign will cost up to £1.572m more than the current staffing budget for the service. They will deliver a significantly improved and more resilient service, strengthening the Council's response to children at risk of significant harm. The proposals will:</p>

- Introduce a more consistent, flatter team structure
- Standardise caseloads at a safe level across the service
- Improve management accountability for casework
- Reduce the number of handoffs across the child's journey through the service, contributing to better relationship-based casework and reducing duplication

The proposal also includes £25k additional investment in workforce development which will be focussed on improving management and leadership capabilities within the service in preparation for the implementation of the new model. Coupled with a more robust approach to early help provision (see MTFS savings business case CHI006/17-18), this will ensure that families receive effective support at the right time, supporting the council's strategic demand management approach.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

A robust structure for this service is essential to ensure the management of risk for some of our most vulnerable families. As stated above, there is evidence that the structure in Tower Hamlets is not funded at the same level as similar councils across London. A failure to properly resource the service could result in practice failures, with significant harm to vulnerable children and the Council's reputation.

The service redesign proposals are based on current caseload numbers and a standard caseload across social work teams, with some additional capacity to accommodate any future growth. They anticipate that case numbers will remain relatively stable from now on, but account for recent growth.

The service has not been fully re baselined since 2002 and therefore the current establishment has not responded to growth in numbers over that period.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

As stated above, current budgets are significantly below the statistical neighbour average for similar services and the service is overspending by £2.1m on staffing.

The redesigned service will address issues that have been identified in the service and provide a fully staffed structure. It will require an increase in budget of £1.597m, which is lower than the currently forecast overspend. This represents an increase of approximately 14% in budget, but a reduction of approximately 9% in expenditure terms (accounting for the projected overspend.)

The service redesign addresses a number of areas for improvement in the current structure, in particular around caseloads and management accountability for case decisions. We expect that this will bring significant improvements in performance and in staff retention. It learns from and builds upon what other authorities have done as a result of significant developments in the sector- the Munro report, the DFE Social Work reform programme, Frontline and the development of more generic social work teams.

The proposed model has been based on discussions with a staff reference group as well as wider managers and staff forums. The model will rationalise management layers and will allow a coherent practice model to be embedded. It will implement the London casework standard agreed in Nov 14 of having a maximum caseload of 18 families. It will build upon the Signs of Safety practice framework that has been introduced as part of the DFE innovation funding for 10 local authorities. This approach will develop professional practice to offer a more targeted service to children and families. It will offer opportunities for experienced staff to stay in practice.

Performance in the service is currently mixed:

- There is a low rate of repeat referrals, indicating effective work with families avoiding the need for re-presentation (9.1% compared to statistical neighbor average 15.5%)
- There have been longstanding issues with the percentage of assessments completed with 45 days. Current performance is 66.4% compared to the England average of 82%
- Child protection visit compliance is lower than national/London comparators and off target
- The length of care proceedings has been reducing, but still above the 26 week target
- Performance on completing reviews of children subject to a child protection plan is good
- Placement stability for looked after children has been as good as, or better than, the national and London average for the last 5 years. Long term stability has been well above the national and London averages in recent years.
- The percentage of children placed more than 20 miles from their homes has been in line with or better than performance in London over the last 4 years, though it has been increasing in the last two years.
- Continued strong performance in looked after children review timeliness and participation is evident from the annual performance figures.
- Completion of initial child protection conferences with 15 working days of strategy discussion is in line with national/London average and exceeding minimum target.

Growth Type	Unavoidable Growth
Title	Freedom Pass
Reference	GRO/CLC/01/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities and Culture
Service Area	Public Realm
Lead Officer	Roy Ormsby

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs				
Other Costs	9,125	489	192	196
Income				
To Reserves				
Total	9,125	489	192	196

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	N/A	N/A	N/A	N/A

Description & Justification
<p>Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends</p> <p>The Freedom Pass scheme provides free travel on public transport for pass holders over 60 and registered as disabled throughout London. The scheme is administered by London Councils and decisions on apportioning the costs of the scheme between boroughs are made by Members of London Councils' Transport & Environment Committee.</p> <p>London Councils manage the negotiation of the Freedom Pass settlement with TfL and the allocation process between all the London Boroughs of their respective budget contributions to TfL. The methodology for this is as follows :-</p> <ol style="list-style-type: none"> 1. TfL state the overall Freedom Pass cost for London 2. London Councils receive a DfT grant towards Freedom Passes (about 11% of total cost) 3. The DfT grant is then deducted from the total cost to calculate the cost payable by Boroughs towards the scheme. <p>London Councils has in the past apportioned the deficit to boroughs based on usage data (bus and underground) in proportion to Relative Needs Formula.</p> <p>In December 2013 London Councils' Transport & Environment Committee revised the method of apportionment to move away from the 'Relative Needs Formula' to one based wholly on usage.</p> <p>The schedule produced by London Councils will be re-based to show the contribution required by LBTH in 2016/17 which is actually £9.125m (following confirmation from London Councils), a one off reduction of £0.238m, due to utilisation of reserves by London Councils, on the 2015/16 figure. The assumptions made for the growth figure for 2017/18 is based firstly on the anticipation that there will not be a reduction to the overall payments made by London boroughs in 2016/17 of £355.678 million. Secondly no significant use of reserves planned by London Councils to reduce the costs in future years and thirdly no major changes in usage. The 2017/18 settlement will be approved at the London Councils Leaders' Committee due in the Autumn 2016. Updated schedules will be circulated to boroughs confirming the impact for each individual authority.</p> <p>Growth Calculation: Assumptions:</p> <ul style="list-style-type: none"> • Inflation added to borough contribution in line with RPI (July 2016) • The council's proportion of the allocation of cost remains unchanged at 2.65%. • London Councils settlement will be agreed in December 2016 for 2017/18.

Calculations are based on the schedule of contributions provided by London Councils which reflect the factors highlighted in the section below.

Inflation %	YEAR	BORO CONTRIBUTION £'000	LBTH % of Total	LBTH £'000	GROWTH £'000
1.90%	2016/17	355,678	2.65%	9,125	(238)
1.90%	2017/18	362,436	2.65%	9,605	480
1.90%	2018/19	369,322	2.65%	9,787	182
1.90%	2019/20	376,339	2.65%	9,973	186

NOTE:

1. TFL settlement does not include the cost of the am journeys
2. Bus, Tram, Underground and DLR costs are apportioned by respective usage.
3. London Overground and National Rail costs are apportioned as 70% by the respective usage and 30% by the the proportion of previous year's Formula Funding.
4. Non TFL buses and reissue elements are apportioned by proportion of the previous year's Formula Funding allocated to boroughs (as calculated by Central Government)

There is an admin fee also charged by London Councils' for managing the Freedom Pass operation for 2017/18.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The Council is bound to pay a contribution to the Freedom Pass scheme and may not legally withdraw from the scheme. The apportionment methodology is determined by the Boroughs working through London Councils.

The settlement is usually confirmed annually in December which provides the information on what the Authority's annual contribution will be based on for the next year. The figures provided for, in this growth bid for future years reflect the same assumptions as per the current regime, this will be subject to change once further information is available from London Councils

Other work currently being undertaken on demographic and social changes within the Borough indicate that the Authority has an increasing population which may mean an increased demand for freedom passes. It should be noted therefore that further re-basing exercises undertaken by London Councils moving away from RNF to usage could mean that the Authority's contributions will again rise (comparative to other local authorities) in future years.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

The Authority has no individual control over the amount of money levied upon it to fund the Freedom Pass scheme. Arguably the Freedom Pass scheme represents value for money in offering enhanced mobility to traditionally less mobile members of the community and enhances sustainable travel by encouraging the use of public transport.

Growth Type	Unavoidable Growth
Title	Waste Collection and Treatment
Reference	GRO/CLC/02/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities and Culture
Service Area	Public Realm
Lead Officer	Roy Ormsby

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs				
Other Costs	465	388	386	381
Income				
To Reserves				
Total	465	388	386	381

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	N/A	N/A	N/A	N/A

Description & Justification
<p>Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends</p> <p>In the 3 year period 2017/18 to 2019/20 waste collection and treatment costs will continue to increase due to growth in the quantity of Municipal Waste brought about by the economic recovery remaining steady along with the anticipated growth in the resident and day time population levels within the borough.</p> <p>According to GLA projections, the population will rise from 296,300 in 2016 to 374,000 in 2026, with the number of households increasing to 155,391. By 2020, the number of households is estimated to have increased by 3,000.</p> <p>This bid is addressing the financial shortfall that such growth will create.</p> <p>The details are set out below:</p> <p>Growth in Waste Treatment and Disposal Costs</p> <p>The Council currently has contracts in place for the treatment and disposal of waste and recyclable materials that utilise spare operating capacity at existing waste facilities within and around London. The Council's residual Municipal Waste and Other wastes (organic and healthcare waste) are managed through a contract with Veolia, which will run until 2017.</p> <p>The sorting of the Council's dry recyclable material is managed under a separate contract which is operated by Bywaters (Leyton) Ltd which will run until March 2017.</p> <p>A number of assumptions have been made in calculating the funding required. These are :</p> <ul style="list-style-type: none"> • that both the Council's expectation of having near zero waste direct to landfill from 2015/16 onwards, incurring no additional costs for the increase in Landfill Tax, will continue to be realised, • that the calculated growth is based on the actual tonnages in 2015/16 and will continue to grow in line with the GLA SHLAA household projection rate, • that it is known that the markets for recyclable materials have remained depressed since the Council's current MRF contract was put in place and that Local Authorities will continue to be charged a processing fee for dry recyclable materials, • that the gate fee price for processing the Council's dry recycling will increase in line with current market conditions.

Growth Calculation:

The calculations are based on charges levied on a unit rate basis per tonne of waste treated or disposed of. The current waste disposal contract is due to expire in 2017 and the unit rate per tonne of waste treated that will be levied for the years 2017/18 to 2019/20 are therefore unknown. The current cost per tonne is £101.69 for municipal residual waste and a 2% indexation has been applied each year to calculate the rate for 2017/18 onwards. As part of the re-procurement process for the waste disposal contract, future growth in waste tonnages has been calculated. This has been worked out using the GLA SLHAA household projections and has been used to calculate cost of growth required.

Municipal Residual Waste:

The estimated tonnage of residual waste in 2016/17 is 100,231 tonnes.

Year	Estimated Residual Waste Growth (Tonnes)	Cost per Tonne (£)	Cost of Growth (£)
2017/18	3,307	103.72	£343,002
2018/19	3,210	105.79	£339,586
2019/20	3,096	107.91	£334,089

Dry Recycling:

A new MRF contract is due to start in April 2017 and it is anticipated that the gate fee price will increase. A figure of £70 has been used for both the standard and intermediate gate fee price, this is based on prices paid by other London Boroughs who have recently procured a MRF contract and the current market conditions. The current intermediate gate fee price is £66.85.

The growth requirement in 2017/18 is assumed on the basis of the amount of recycling being delivered to the MRF increasing in line with the general growth of recycling for 2016/17 @ 3.3%.

Although a new MRF contract is due to start in April 2017, the same set of assumptions have been used to estimate the growth requirement for 2018/19 and 2019/20 with the addition of a gate fee price set at 2% per year

Year	Additional Tonnage	Cost per Tonne (£)	Cost of Growth (£)
2017/18 (includes 3.3% waste growth)	405 tonnes	£70	£28,328
2018/19 (includes 3.3% waste growth)	419 tonnes	£71.40	£29,917
2019/20 (includes 3.3% waste growth)	432 tonnes	£72.83	£31,462

Other Wastes (Organic wastes and healthcare waste):

Year	Tonnage (combined, difference)	Cost per Tonne (£)	Cost of Growth (£)
2017/18	166	Various rates apply	£16,289
2018/19	160	Various rates apply	£15,999
2019/20	156	Various rates apply	£15,897

The growth in Other Waste types have been taken from the workings used for the re-procurement of the new waste disposal contract. The charge for the disposal and treatment of these waste types varies. A 2% indexation rate rise has been applied to the gate fee prices each year based on the 2016/17 prices.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

The Council has a statutory obligation to treat and dispose of the Municipal Waste that is generated within the borough and the quantity of Municipal Waste will increase year on year with the growth in the number of housing units and associated population increase and projected increases in economic performance. Because the services for

waste treatment and disposal are charged for on a per tonne basis the cost associated with the growth in the quantity of Municipal Waste is inescapable.

There are a number of variables that could have an impact on the waste treatment and disposal budget:

- economic recovery increases the average amount of waste produced per property.,
- the new waste disposal contract will levy higher treatment and disposal charges than anticipated,
- the gate fee price for processing recyclable materials levied in the new contract is greater than anticipated,
- the percentage of non-conforming loads and contaminated material increases and we are charged at a higher processing rate.

The bid for 2017/18 to 2019/20 is indicative as it is based on the current contracts. The retendered waste contracts will commence during 2017 at which time the impacts on growth and budgets will be reassessed and confirmed.

The directorate has developed a model to track the borough's waste tonnage and the waste disposal cost projections to provide insight in the potential pressure on financial provision and future demand for the services. The projections show that there has been a steady increase in the amount of waste produced per household as the economy recovered from the recession in 2008. It is expected this waste growth to level out to reach a plateau. However, the level of this plateau is currently unknown and the Borough will experience increasing pressure on its waste services as the population increases. The projections are continually reviewed and reassessed to inform the budgets and the Medium Term Financial Strategy process.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

The Council has made significant strides in mitigating the costs of waste treatment and disposal by maintaining levels of diversion from landfill disposal to other forms of waste treatment and reducing exposure to the increases in Landfill Tax with the cost per tonne.

In addition, the Council's contracts for waste treatment and disposal services have been procured through open competition under OJEU and through partnership working with the Council's contractor's competitive gate fee prices have been secured at a range of existing waste treatment facilities within and around London. The new waste disposal contact will be procured using a Competitive Dialogue process and it is hoped through this process the Council can secure competitive gate fee prices for the future.

Growth Type	Unavoidable Growth
Title	Mitigating Loss of External Income
Reference	GRO/LPG/01/17
Strategic Priority Area	Enabling Services
Directorate	Law, Probity and Governance
Service Area	Communications and Marketing Service
Lead Officer	Andreas Christophorou

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs	1,378	1,204		
Other Costs	1,180	1,262		
Income	(2,553)	(1,903)		
To Reserves				
Total	5	563	0	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)	25.7	21.6		

Description & Justification
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends
<p>The Councils Communication service which included the East End Life Publications, was part funded through significant external advertising income generated through the publication. During 2016/17 the Council, supported by the Commissioners, took the decision to close East End Life in order for the Council to comply with the Code of Recommended Practice on Local Authority Publicity. This has created a budget gap within the new Communications service and this growth bid of £563k is necessary to address that pressure.</p> <p>The structure for the communications service has been reviewed and the revised Communications and Marketing Service will also have a crucial role in helping to deliver the Council's enabling objective of transformation which includes cultural change with staff, as well as being more open and transparent with residents.</p> <p>This can only be achieved through targeted, proactive work with measured results, where campaign objectives are based on outcomes, agreed with directorates, for our staff, services, residents and businesses. There should also be two way dialogues with residents to encourage co-creation of campaigns and to raise issues.</p> <p>This will also require a significant cultural shift that puts communications at the heart of the organisation from the top down. Work will be focused on proactively delivering our corporate strategy, and will be guided by excellent planning and the use of evidence and insight so that we have the maximum effect in achieving agreed outcomes and provide value for money in the process. To achieve this we will need to develop a culture of advanced planning of corporate messages and campaigns through the lens of our corporate priorities, with CMT and directorates.</p> <p>The proposed restructure reduces the number of FTEs from 25.7 to 21.6 (subject to consultation) making an annual staffing cost saving of £173,557. However, there is an overall funding gap caused by the significant reduction in advertising income following the loss of East End Life which was generating £1.2m a year.</p> <p>It should be noted that the 'Other Costs' figure is an estimate at this stage. Smarter communications and marketing infrastructure will need to be introduced and developed to better inform our residents, enable two way communications and change behaviour. This will be done as part of the new Communications and Marketing Strategy for 17/18 which will be developed early in the new year. There will also be some other costs for services to be brought in that were previously covered by more team members, and also support for staff to train them with new skills for smarter communications. This is the right approach as overall it offers the council better value for money.</p>

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

To achieve these changes we need a new structure. The current structure is out of date. It carries risks associated with a lack of resources in critical areas of delivery and is based on an old model of communications when the council had different objectives and was very dependent on East End Life – its weekly newspaper that went to 120,000 households.

The reorganisation responds with proposals to centralise the communications and marketing service with the council, strengthen key functions to deliver the communications needs of the authority through a revised core offer with four pillars:

- Strategic Planning
- Internal Communications
- External Communications
- Digital Communications

The expenditure is inescapable as the additional budget is needed to fund the restructured Communications and Marketing Service which no longer benefits from the significant advertising income generated from East End Life. The decision to close East End Life was in order for the council to comply with the Code of Recommended Practice on Local Authority Publicity.

The restructure is much more than removing the function of producing East End Life. It is a completely new approach to delivering a modern, fit for purpose service that will support the Council's transformation and help achieve its strategic priorities.

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

We have reduced costs where possible. For example, we are proposing a reduction in staff numbers from 25.7 to 21.6 which makes a saving of £173,587. This process will continue as the new Service Head will continue to look to make savings in the service as we change the ways of working.

The key benefit of the restructure is creating a new model for communications that is more efficient, effective and provides better outcomes for our spend. Our work will be based on better planning, research of our audiences, SMART objectives and evaluation. This will tell us whether we are getting value for money in our communications work as we will know whether our campaigns are achieving their objectives.

It will also focus our communications work on our core priorities. This is reflected in the campaign model we are moving to which will focus on doing less activity that is not strategic or not making a significant impact, and focusing on campaigns with a bigger impact on our residents. We want proven results and quality over quantity.

Previously communications work had been funded for by services based on their ability to pay rather than the strategic importance. The council is moving to a more strategic and scientific model and to this end a campaign budget of £250,000 is being centralised for communications to spend on the campaigns agreed in the upcoming Communications and Marketing Strategy (17/18).

This can only be an estimated figure at this stage as it depends on the number and size of campaigns and this is the first financial year the council is moving to a new model. As we go forward we will have a better idea as to whether this figure is right. It will also take some time to embed the campaign culture into the organisation, and it is likely that, in the early years, some work could fall outside these campaigns and therefore some additional funding may be needed from departments to pay for this.

The intention is that over time, the majority of our communications and marketing work is through our chosen campaigns.

Growth Type	Unavoidable Growth
Title	ICT - Various
Reference	GRO/RES/01/17
Strategic Priority Area	Enabling Services
Directorate	Resources
Service Area	ICT
Lead Officer	Sean Green

Financial Information	Budget Allocation	Growth Bid		
	2016-17 £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000
Employee Costs		580	(252)	
Other Costs				
Income				
To Reserves				
Total	0	580	(252)	0

Staffing Impact	2016-17	2017-18	2018-19	2019-20
Employees (FTE)				

Description & Justification				
Growth Calculation - illustrate the empirical assumptions built into this bid and how they relate to historic / developing trends				
These are pressures identified within ICT which will require a growth. They are a mixture of mandatory items where we were not licenced sufficiently for a software product and new solutions that have been procured to deliver a more efficient and effective Council.				
Years	16-17	17-18	18-19	Mitigation/Offset Savings for revenue increases
New Telephony		70,000	70,000	new functionality enables productivity savings in the corporate contact centre x 3 staff = £100K per annum
Socrata	24,000	24,000	24,000	As well as supporting the Councils Gold Standard transparency objective this will reduce time spent on FOI for example Leeds city council reduce time spent annually on FOI's by 1.5% just by publishing business rate data - the council is collating time spent on FOI's from all teams and we will be able to estimate the costs of FOI management to the council and therefore savings that result from the ICT solution
Oracle Licences	21,000	21,000	21,000	Following audit of Oracle estate in 2015 the Council was not paying for sufficient licences (based on new rules). This additional cost in a Corporate Expense. This is related to our use of Sibel CRM system which used by Pest Control, Customer Access and Waste teams - CRM replacement being looked into for replacement]
Quadnet Application Monitoring	60,000	60,000	60,000	This will save money in back office teams - Islington documented £300K savings in their parking team from understanding where systems were slow and tuning also help us to manage Agilisys KPI's more effectively again to speed up business application response times - this needs to be an operational team saving
SAP Business Object Licences	200,000	200,000	0	Working to remove BO from our estate and replace with SQL reporting tools - this will take time to migrate and build reports that run off Business Objects
Reporting on KPI's	60,000	60,000	60,000	Agreed with the new DoV and signed off by CMT and Cabinet - may be offset from KPI penalties that are paid for by Agilisys circa £20K for this financial year - visibility of KPI's should lead to less ICT disruptions. Average KPI penalties for 5 years so far is £43K per year but there have been variance as shown below. 2012/13 - 60k 2013/14 - 96k 2014/15 - 35k 2015/16 - 5.5k 2016/17 - 20k The KPI's are in place with penalties to incentivise Agilisys to provide a good ICT service and well managed ICT systems that have minimal disruptions and failures
Upgrading Network Links	32,000	32,000	0	MPLS Homeworker solution upgrade and Storenet upgrade for Idea Stores - this is an improvement for customer access and supports channel strategy - benefits to be driven by Customer Access Transformation
Internet Usability Improvements homeworkers	20,000	20,000	0	This was to upgrade our internet bandwidth to help homeworkers and staff where we found increasing video access was reducing homeworker and staff performance. The performance improvement supports the productivity savings required for the contact centre review and consolidation and will be funded from 3x staff savings as detailed above
Printing Support Provided by Agilisys	93,000	93,000	93,000	Printing support is poorly managed with responsibility spanning LBTH officers, Agilisys, Xerox and FM the proposals centralises the MFD support for all the main council buildings with Agilisys
Total Pressure	510000	580000	328000	

1. New Telephony Solution - The Council has to replace our Telephony systems by 1st April 2017. This went through a competitive bid and was agreed by the Resources Director, ICT Service Head and Finance Service Head The new solution results in additional support costs. Total Growth requirement: £70,000 p.a.
2. Socrata - The Mayor has a key priority around Transparency – in order to deliver information to our Citizens and Businesses CMT and the Director of Resources signed off the procurement of a data transparency tool – the procurement process ended up with the selection of a hosted software tool called SOCRATA. Total Growth requirement: £24,000 p.a.
3. Oracle Licensing - As a result of a licence review we realised we were not licenced sufficiently for our use of Oracle that is the underlying RDBMS for a number of our key line of business systems including Northgate. Total Growth requirement: £21,000 p.a
4. Quadnet Application Monitoring - The Corporate Director of Resources authorised the procurement of Quadnet Application monitoring software to help us improve the performance of our applications and networks which should increase our staff productivity – this can also be used as a KPI with Agilisys to ensure that they are undertaking their duty to manage networks and databases efficiently and effectively for the Council. Total Growth requirement: £60,000 p.a.
5. SAP Business Object Licensing -As a result of a legal settlement agreement with SAP/Business Objects in September 2014, LBTH must pay an agreed new licensing structure to SAP (Reference 'Settlement Agreement', 19th September 2014) , and is also required to bring our existing SAP/Business Objects environment in line with a revised set of licensing conditions. Total Growth requirement: £200,000 p.a.
6. Reporting – As part of mid-term review and reset, the Council has invested in a monitoring officer based in Agilisys to strengthen and enhance reporting. The reports will now cover VFM, agility, Improvements, relationship, CSR and Open book accounting at a cost of £60K p.a.
7. Printing Support Provided by Agilisys -Printing support is poorly managed with responsibility spanning LBTH officers, Agilisys, Xerox and FM the proposals centralises the MFD support for all the main council buildings with Agilisys.

Risks & Implications

Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demand-led provide details of the increase in client numbers and the basis of any projections.

1. New Telephony Solution -This is mandatory to deliver ongoing business as usual services to the Council and has been agreed by the Director of Resources.
2. Socrata - The growth required is to meet Mayoral transparency commitments which in turn has reputational implications.
3. Oracle Licensing - The growth required is to meet our legal obligations with the legal agreement between Oracle and the Council for use of their RDBMS software.
4. Quadnet Application Monitoring - Some of the applications are running very slowly causing inefficiency. Quadnet monitoring will independently diagnose root causes of why application performance is poor and help resolve the performance issues.
5. SAP Business Object Licensing - If we do not have funds to pay for the additional licences and we are audited by SAP we will liable for significant fines. The growth required is to meet our legal obligations with the legal agreement between SAP and LBTH Legal.
6. Reporting – Accurate and extensive set of KPIs, PIs and data point are essential to effectively manage our strategic partner Agilisys. In absence of this lower availability and protracted delivery of projects would lead to lower efficiency in the Council.
7. Printing Support Provided by Agilisys –

Value for Money & Efficiency

Provide evidence that the proposed expenditure will offer value for money. Where the expenditure is additional to existing budgetary provision for this service, evidence should also be provided of the value for money of the base provision. Evidence should be drawn from BVPIs, unit costs comparisons, benchmarking exercises or audit/ inspection judgements.

1. New Telephony Solution – The new solution provides more innovation with communications including enabling

video conferencing for the new ways of working transformation programme.

2. Socrata - This is to make visible the VFM we provided to our citizens and businesses as part of the software allows engagement with and visibility of the Council's budget.
3. Oracle Licensing - The licensing arrangement is currently set. This is a mandatory requirement as the Oracle licences did not keep up with the growth in use of our line of business systems.
4. Quadnet Application – It is expected that the benefits of better application performance and faster staff through put will outweigh the £60k p.a. investment.
5. SAP Business Object Licensing – The licensing arrangement is currently set. The infrastructure changes are subject to further interrogation, but expected to remain in the order of the amounts given. The growth required is to meet our legal obligations with the legal agreement between SAP and LBTH legal.
6. Reporting – Investment of £60K p.a. is value for money in effectively managing Agilisys who delivers all of the Council's ICT (at £10m p.a.) and increasing amount of change work that will be necessary to transform the Council.
7. Printing Support Provided by Agilisys -

Mayoral Priority Growth Bids - 2017-18 to 2019-20

Appendix 3B

Ref No.	Directorate	Growth Bids Description	Strategic Priority Area	Revenue				Capital				HRA							
				Ongoing		One Off		2017-18		2018-19		2019-20		2017-18		2018-19		2019-20	
				2017-18 £'000	2018-19 £'000	2019-20 £'000	TOTAL £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	TOTAL £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	TOTAL £'000	2017-18 £'000	2018-19 £'000	2019-20 £'000	TOTAL £'000
MGRO ADU 1-17	Adults' Services	Implementation of the Ethical Care Charter	1.4 More people living healthily and independently for longer	1,413	-	-	1,413	-	-	-	-	-	-	-	-	-	-	-	
MGRO ADU 2-17	Adults' Services	Continuing to provide universal free school meals	1.4 More people living healthily and independently for longer	-	-	-	-	2,000	2,000	2,000	6,000	-	-	-	-	-	-	-	
Adults' Services				1,413	-	-	1,413	2,000	2,000	2,000	6,000	-	-	-	-	-	-	-	
MGRO CHI 1-17	Children's Services	Supporting our Care Leavers to find work opportunities through employment initiatives	1.3 Young people realising their potential	472	-	-	472	-	-	-	-	-	-	-	-	-	-	-	
MGRO CHI 2-17	Children's Services	Children's Centre commissioning of voluntary and community sector (VCS) organisations	1.3 Young people realising their potential	-	-	-	-	120	120	120	360	-	-	-	-	-	-	-	
Children's Services				472	-	-	472	120	120	120	360	-	-	-	-	-	-	-	
MGRO CLC 1-17	Communities, Localities and Culture	Investing in public realm to improve the local environment for residents	2.1 An improved local environment	-	-	-	-	-	-	-	-	1,000	1,000	1,000	3,000	-	-	-	
MGRO CLC 2-17	Communities, Localities and Culture	Improving the quality of living environment for our residents through re-deployment of enforcement officers	2.3 Less crime and anti-social behaviour	150	-	-	150	-	-	-	-	-	-	-	-	-	-	-	
MGRO CLC 3-17	Communities, Localities and Culture	Improving Air quality in Tower Hamlets	2.1 An improved local environment	-	-	-	-	50	50	-	100	50	50	-	100	-	-	-	
MGRO CLC 4-17	Communities, Localities and Culture	Incentivising better waste collection arrangements on housing estates	2.1 An improved local environment	-	-	-	-	520	520	520	1,560	-	-	-	-	-	-	-	
MGRO CLC 5-17	Communities, Localities and Culture	Provision of four new outdoor gyms to improve health outcomes to all parts of the community	1.4 More people living healthily and independently for longer	90	-	-	90	-	-	-	-	200	-	-	200	-	-	-	
Communities, Localities and Culture				240	-	-	240	570	570	520	1,660	1,250	1,050	1,000	3,300	-	-	-	
MGRO D&R 1-17	Development and Renewal	Creating community hubs and regularising the usage of community buildings to provide high quality, low cost space for community groups	1.5 Reducing inequality and embracing diversity	-	-	-	-	60	60	-	120	2,500	500	-	3,000	-	-	-	
MGRO D&R 2-17	Development and Renewal	Enhancing services to support people in overcoming the barriers to accessing skills and toward employment	1.5 Reducing inequality and embracing diversity	-	-	-	-	185	185	185	555	-	-	-	-	-	-	-	
MGRO D&R 3-17	Development and Renewal	Introducing new off-street parking arrangements in our housing estates due to changes in national legislation	2.1 An improved local environment	-	-	-	-	90	(10)	(80)	-	200	1,100	2,000	3,300	(350)	(300)	(250)	
MGRO D&R 4-17	Development and Renewal	Supporting young people realise their potential through the Mayor's Apprenticeship Fund	1.3 Young people realising their potential	-	-	-	-	228	214	169	611	-	-	-	-	-	-	-	
MGRO D&R 5-17	Development and Renewal	Supporting residents aged 50 and above through training and support to help them access employment opportunities	1.2 More residents in good-quality, well-paid jobs	-	-	-	-	112	112	112	336	-	-	-	-	-	-	-	
MGRO D&R 6-17	Development and Renewal	Helping women to progress from unemployment into health care careers.	1.2 More residents in good-quality, well-paid jobs	-	-	-	-	692	692	692	2,076	-	-	-	-	-	-	-	
MGRO D&R 7-17	Development and Renewal	Planning Enforcement	2.1 An improved local environment	151	-	-	151	-	-	-	-	-	-	-	-	-	-	-	
Development and Renewal				151	-	-	151	1,367	1,253	1,078	3,698	2,700	1,600	2,000	6,300	(350)	(300)	(250)	
MGRO RES 1-17	Resources	Providing free Wi-Fi in Tower Hamlets for all	1.5 Reducing inequality and embracing diversity	250	-	-	250	-	-	-	-	1,000	500	-	1,500	-	-	-	
MGRO RES 2-17	Resources	Tackling Poverty Fund - Tackling poverty in Tower Hamlets by creating a Welfare Support Scheme to support residents	1.4 More people living healthily and independently for longer	-	-	-	-	1,667	1,667	1,666	5,000	-	-	-	-	-	-	-	
Resources				250	-	-	250	1,667	1,667	1,666	5,000	1,000	500	-	1,500	-	-	-	
Total Mayoral Priority Growth Bids (All Directorates)				2,526	-	-	2,526	5,724	5,610	5,384	16,718	4,950	3,150	3,000	11,100	(350)	(300)	(250)	

Growth Type	Mayoral Priority
Title	Implementation of the Ethical Care Charter
Reference	MGRO/ADU/01/17
Strategic Priority Area	1.4 More people living healthily and independently for longer
Directorate	Adults' Services
Service Area	Adult Social Care
Lead Officer	Karen Sugars

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	1,413			1,413
	One-off				
Capital					
HRA					
Total Growth		1,413			1,413

Description & Justification
<p>In response to their findings from a 2012 survey into the state of homecare services in the UK, Unison is calling for councils to commit to becoming Ethical Care Councils by only commissioning providers who sign up to their Ethical Care Charter.</p> <p>The Charter seeks to establish minimum standards for safety, quality and dignity of care by both ensuring customers are not 'short-changed' and by ensuring recruitment and retention of a stable workforce by offering fair pay, conditions and training. The Council has pledged to sign up and this growth bid represents an estimate of additional costs that could arise as a result of our commitment to implementing the ethical care charter recommendations.</p> <p>The Charter is set out in three stages with a view to councils committing immediately to Stage 1 and adopting a plan for stages 2 & 3. Travel time (a phase 1 requirement accounts for roughly 75% of the overall cost pressure associated with Charter implementation however). It should also be noted that there is now a well-established body of case law that requires that employers pay workers such as home carers for the time spent travelling between locations, not just for direct care hours provided. Therefore, irrespective of the implementation of the Charter, it is considered prudent to assume that when we re-commission home care services in 2016 we will be required to seek tender prices that reflect this requirement.</p>

Growth Type	Mayoral Priority
Title	Continuing to provide universal free school meals
Reference	MGRO/ADU/02/17
Strategic Priority Area	1.4 More people living healthily and independently for longer
Directorate	Adults' Services
Service Area	Contract Catering
Lead Officer	Zena Cooke

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	2,000	2,000	2,000	6,000
Capital					
HRA					
Total Growth		2,000	2,000	2,000	6,000

Description & Justification	
<p>It is a continued Mayoral priority to provide universal free school meals to primary school age children, however, we are reviewing the funding arrangements for this service in response to continuing funding reductions and financial pressures face by the Council.</p> <p>This proposal is to change the way free school meals are funded. Free school meals are currently funded in full by the Public Health budget which has seen significant reductions and is no longer sufficient to manage the demand led service for school meals. A significant proportion of the cost of school meals will continue to be funded out of the Public Health budget but any additional costs over and above this are to be funded from reserves (estimated at a further £2million per annum).</p> <p>We wish to continue to provide universal free school meals as it has associated education, social and health benefits, in the manner that is most cost-effective to residents.</p>	

Growth Type	Mayoral Priority
Title	Supporting our Care Leavers to find work opportunities through employment initiatives
Reference	MGRO/CHI/01/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Children's Social Care
Lead Officer	Nasima Patel

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	472			472
	One-off				
Capital					
HRA					
Total Growth		472			472

Description & Justification	
<p>As a Council, part of our role as Corporate Parent is to support Care Leavers into Education, Employment and Training. This additional funding is for an employment initiatives service to help young people (aged 16-25) who have been looked after by the Council to find work opportunities.</p> <p>Research indicates that appropriate support can support Care Leavers into employment or education. If this support is not forthcoming, Care Leavers are more likely not to be in education, employment or training over a longer period. Our intervention can make a difference.</p> <p>The outcomes for our care leavers are better employability and greater long-term resilience with less reliance on the benefits system. For the Council this should also mean reducing financial pressures on Adults Social Care. Exposure to the corporate environment offers young people a chance to develop career goals and aspirations as well as increasing transferable skills, employability, networking skills and social mobility.</p>	

Growth Type	Mayoral Priority
Title	Children's Centre commissioning of voluntary and community sector (VCS) organisations
Reference	MGRO/CHI/02/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Children's Services
Service Area	Integrated Early Years' Service
Lead Officer	Pauline Hoare

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	120	120	120	360
Capital					
HRA					
Total Growth		120	120	120	360

Description & Justification	
<p>The third sector provides services to families who find council services difficult to reach. VCS colleagues provide significant outreach to parents living in disadvantage and who are experiencing multiple barriers to training and employment. The third sector acts as a "bridge" to accessing Children's Centre services.</p> <p>We would like to offer a project to VCS colleagues that builds on the work of the Better Beginnings pilot project due to end in March 2017. Our project will work with voluntary and community organisations on the recruitment and training of locality-based networks of peer supporters, volunteers and staff from community organisations, children's centres and other early years services to provide support for parents and carers during pregnancy and the first year of the baby's life.</p> <p>Supporting mothers' emotional wellbeing during the perinatal period is vital for good health and education outcomes for both mother and child. The perinatal period is a time of increased vulnerability with the incidence of depression in the first month after childbirth being three times the incidence in non-childbearing women.</p>	

Growth Type	Mayoral Priority
Title	Investing in public realm to improve the local environment for residents
Reference	MGRO/CLC/01/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities, and Culture
Service Area	Public Realm
Lead Officer	Roy Ormsby

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off				
Capital		1,000	1,000	1,000	3,000
HRA					
Total Growth		1,000	1,000	1,000	3,000

Description & Justification	
<p>We want to make Tower Hamlets a great place to live, and for people to take pride in their local area. We propose to treble the current budget of public realm over the next three years, increasing the spend from £0.5m per annum to £1.5M per annum. Our commitment to greater investment will enable more areas to benefit from works to refresh and improve the overall quality of the local environment, such as pavement resurfacing, removal or renewal of street furniture, and safety improvements. We will employ genuine consultations with communities to help shape projects and increase neighbourhood pride and community engagement.</p> <p>In the first instance this will support wider consultation with communities on how to improve the look and feel of local areas, and where appropriate create neighbourhood improvement plans and draw on external funding (for example Transport for London and the Community Infrastructure Levy) to create and maintain a vibrant successful place. The additional funds will be allocated on a scheme-by-scheme basis.</p>	

Growth Type	Mayoral Priority
Title	Improving the quality of living environment for our residents through re-deployment of enforcement officers
Reference	MGRO/CLC/02/17
Strategic Priority Area	2.3 Less crime and anti-social behaviour
Directorate	Communities, Localities, and Culture
Service Area	Clean and Green / Environmental Commercial Services
Lead Officer	Roy Ormsby / David Tolley

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	150			150
	One-off				
Capital					
HRA					
Total Growth		150			150

Description & Justification	
<p>We propose to take a more robust approach to tackling anti-social behaviour, including dog fouling and littering, by ensuring our Tower Hamlets Enforcement Officers focus their time on areas with the greatest need.</p> <p>We are also investing in increasing enforcement and prosecution against landlords who do not comply with the requirements of the Council's landlord licencing scheme.</p> <p>The outcomes for residents will be an improved quality of living environment with reduced crime and antisocial behaviour, improved quality of accommodation and support to private sector tenants across the borough.</p>	

Growth Type	Mayoral Priority
Title	Improving Air Quality in Tower Hamlets
Reference	MGRO/CLC/03/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities, and Culture
Service Area	Environmental Commercial Services
Lead Officer	David Tolley

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	50	50		100
Capital		50	50		100
HRA					
Total Growth		100	100		200

Description & Justification	
<p>We will create an Improving Air Quality Fund to raise awareness of and tackle the significant pollutant issues within Tower Hamlets, mainly due to traffic which has resulted in the borough currently breaching the national and EU nitrogen dioxide target.</p> <p>This additional funding will form of a capital fund available for prospective bidders to support activities aligned to council priorities in improving air quality. For example, we might provide monitoring equipment to schools to monitor ambient air pollution, provide charging points for electric vehicles, increase awareness and engagement with residents and visitors, and encourage people to move away from cars and toward sustainable travel.</p>	

Growth Type	Mayoral Priority
Title	Incentivising better waste collection arrangements on housing estates
Reference	MGRO/CLC/04/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities, and Culture
Service Area	Clean and Green
Lead Officer	Liz Nelson

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	520	520	520	1,560
Capital					
HRA					
Total Growth		520	520	520	1,560

Description & Justification	
<p>We will offer incentives to housing providers to take more responsibility for waste collection arrangements on their properties, through capital funding for improved waste storage and collection facilities.</p> <p>High quality cleansing is a priority for residents as highlighted in the Annual Residents survey and research by Ipsos MORI which demonstrates that this is the most powerful determinant of resident perception of the council as a whole. This includes residents who live on housing estates, where the differing responsibilities of the council for waste collection, and the housing provider for cleanliness, is not always clear.</p> <p>As part of the boroughs intention to create more sense of shared responsibility with both residents and social housing providers, we will provide assistance to registered providers to help make any physical improvements to estates that are needed to support this shift. This initiative will target estates where inadequate waste storage collection facilities are contributing to problems of cleanliness, to support an improved local environment.</p>	

Growth Type	Mayoral Priority
Title	Provision of four new outdoor gyms to improve health outcomes to all parts of the community
Reference	MGRO/CLC/05/17
Strategic Priority Area	1.4 More people living healthily and independently for longer
Directorate	Communities, Localities, and Culture
Service Area	Culture
Lead Officer	Shazia Hussain

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	90			90
	One-off				
Capital		200			200
HRA					
Total Growth		290			290

Description & Justification	
<p>We wish to extend the number of outdoor gyms in parks within Tower Hamlets and improve the facilities of those which already operate for residents and visitors to use.</p> <p>We recognise that cost and lack of access are two barriers to people participating in regular physical activity. The provision of outdoor gyms by the Council are a simple and innovative way to improve health outcomes whilst maximising access to facilities for all parts of the community.</p> <p>The additional funding is to provide four gyms in different locations across the borough. To support the usage of the urban gyms there would also be an outreach programme to engage the community in each of the locations.</p>	

Growth Type	Mayoral Priority
Title	Creating community hubs and regularising the usage of community buildings to provide high quality, low cost space for community groups
Reference	MGRO/D&R/01/17
Strategic Priority Area	1.5 Reducing inequality and embracing diversity
Directorate	Development and Renewal
Service Area	Asset Management
Lead Officer	Ann Sutcliffe

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	60	60		120
Capital		2,500	500		3,000
HRA					
Total Growth		2,560	560		3,120

Description & Justification	
<p>We will create of a network of community hubs throughout Tower Hamlets to provide high-quality, low-cost space for community groups.</p> <p>For example, following the Somali taskforce report we are proposing to remodel Granby Hall as a Somali-focussed hub to provide services for adults. This will include lunch clubs and health activities for elders, information and advice including on benefits and the Care Act, and links and referrals into council services such as employment and housing.</p> <p>By reviewing the usage and occupation of our properties that fall within the community buildings portfolio the Council will ensure that all occupiers are subject to a proportionate agreement with the appropriate charges levied.</p> <p>This additional funding will help to maximise the benefit to and usage by communities of Council-owned assets, supporting a wide range of community-based activities at low cost to organisers.</p>	

Growth Type	Mayoral Priority
Title	Enhancing services to support people in overcoming the barriers to accessing skills and toward employment
Reference	MGRO/D&R/02/17
Strategic Priority Area	1.5 Reducing inequality and embracing diversity
Directorate	Development and Renewal
Service Area	Economic Development
Lead Officer	Andy Scott

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	185	185	185	555
Capital					
HRA					
Total Growth		185	185	185	555

Description & Justification	
<p>We will integrate and enhance our employment support services to improve the progression of unemployed residents toward work by helping them to overcome the barriers to accessing skills and a sustainable job.</p> <p>This additional funding is to target a fundamental barrier to the skills and labour market for certain groups of residents in addressing basic skills for adults including literacy and English language. For example, included in this proposal is a response to the Somali taskforce report in relation to a targeted expansion of English for Speakers of Other Languages (ESOL) classes for the Somali community.</p> <p>The outcome of this additional funding is to increase the level and delivery of pre-entry ESOL alongside the emerging integrated employment support service to improve the basic skills for adults in literacy and English Language.</p>	

Growth Type	Mayoral Priority
Title	Introducing new off-street parking arrangements in our housing estates due to changes in national legislation
Reference	MGRO/D&R/03/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Development and Renewal
Service Area	Housing
Lead Officer	Susmita Sen

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	90	(10)	(80)	0
Capital		200	1,100	2,000	3,300
HRA		(350)	(300)	(250)	(900)
Total Growth		(60)	790	1,670	2,400

Description & Justification	
<p>Following changes in national legislation, we propose to introduce new parking arrangements in Tower Hamlets Homes housing areas to help residents and visitors park more easily in appropriate areas.</p> <p>The additional funding will include a comprehensive consultation process with residents, improving signage, road markings and bay sizes so they are compliant with the new requirements of the road traffic regulations. Parking arrangements will be in line with 2014 Road Traffic Act and therefore Tower Hamlets Homes will be able to enforce penalty charge notices in areas where this is not currently possible. The additional projected income will offset the running costs of these changes.</p> <p>Our residents' experiences of parking closer to their homes will improve as the supply of parking spaces will be less affected by visitors to the borough and commuters.</p>	

Growth Type	Mayoral Priority
Title	Supporting young people realise their potential through the Mayor's Apprenticeship Fund
Reference	MGRO/D&R/04/17
Strategic Priority Area	1.3 Young people realising their potential
Directorate	Development and Renewal
Service Area	Economic Development
Lead Officer	Andy Scott

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	228	214	169	611
Capital					
HRA					
Total Growth		228	214	169	611

Description & Justification	
<p>We want to harness the benefits of growth for local residents, and will create an apprenticeship fund to support an increase in training and employment opportunities in the borough. We want to connect young people and adults to the emerging jobs and skills largely targeted at developing sectors.</p>	
<p>Tower Hamlets has seen some of the fastest population growth in the country and it remains a relatively young borough. The Council is committed to supporting young people realise their potential.</p>	
<p>This additional funding will create a Mayor's Apprenticeship Fund in order to open up opportunities across the borough in different sectors for young people. This proposal also includes a 6-month internship programme for young people following recommendations from the Somali Taskforce report.</p>	
<p>Our aspiration is to deliver 1,000 new apprenticeships by 2020 through the Mayor's Apprenticeship programme and other funded activity.</p>	

Growth Type	Mayoral Priority
Title	Supporting residents aged 50 and above through training and support to help them access employment opportunities
Reference	MGRO/D&R/05/17
Strategic Priority Area	1.2 More residents in good quality, well-paid jobs
Directorate	Development and Renewal
Service Area	Economic Development
Lead Officer	Andy Scott

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	112	112	112	336
Capital					
HRA					
Total Growth		112	112	112	336

Description & Justification	
<p>We will set out a package of measures to support our unemployed residents aged 50 and above with the aim of helping them back to work.</p> <p>Tower Hamlets has one of the highest economic and employment growth levels in the country but official statistics show that levels of employment within the 50+ age group are relatively low. To support this particularly disadvantaged group of residents we would like to equip residents through training, support and brokerage to access employment opportunities not just in the borough but across a wider labour market.</p> <p>Supporting our residents to benefit from this strong economy and growth within the borough is a key priority for the Council.</p>	

Growth Type	Mayoral Priority
Title	Helping women to progress from unemployment into health care careers
Reference	MGRO/D&R/06/17
Strategic Priority Area	1.2 More residents in good quality, well-paid jobs
Directorate	Development and Renewal
Service Area	Economic Development
Lead Officer	Andy Scott

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	692	692	692	2,076
Capital					
HRA					
Total Growth		692	692	692	2,076

Description & Justification	
<p>We wish to continue our support to women, particularly those from black and minority ethnic backgrounds, to obtain work in the Health Care sector by offering an apprenticeship programme.</p> <p>The Annual Population survey of the borough shows that 32 per cent of women are economically inactive in the borough compared to 14 per cent of men. Economic inactivity rates increase from age 20-24 onwards which would appear to suggest that only a small proportion of women return to work after raising their families. This particularly adversely affects women from ethnic minority backgrounds who are over represented in unemployment and inactivity figures.</p> <p>By working in partnership with health care providers, such as Barts Health Care Trust, it is possible to help women progress from unemployment into health care careers. A successful Woman into Health programme has been running in the council for the last 18 months and so far 100 women are being trained to NVQ level 1 and 2. This additional funding is to extend the successful current project that is due to end on 31 March 2017.</p>	

Growth Type	Mayoral Priority
Title	Planning Enforcement
Reference	MGRO/D&R/07/17
Strategic Priority Area	2.1 An improved local environment
Directorate	Development and Renewal
Service Area	Planning – Development Management
Lead Officer	Owen Whalley

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	151			151
	One-off				
Capital					
HRA					
Total Growth		151			151

Description & Justification	
<p>With continuing high levels of development in the borough, ensuring compliance with the planning rules is incredibly important.</p> <p>The Planning Compliance team currently has a Principal Officer and three permanent officer posts. This area of work has experienced a significant growth in business in the last 18 months. A temporary resource has been added to the team to assist and there is currently a vacancy at Team leader level which we have struggled to fill.</p> <p>Enforcement workload has exceeded the capacity of the Planning Compliance Team and as a result the outstanding live case load has increased steadily month on month over this period of time. In effect, new cases are just increasing the backlog as Officers are still trying to resolve existing cases. Pro-active work has had to be put on hold. This situation is not going to be reversed quickly and will need concerted, committed effort to resolve this number of outstanding cases.</p> <p>The proposal is to double the number of staff at officer level (not management) within the team and consequently substantially increase the capacity of the section.</p>	

Growth Type	Mayoral Priority
Title	Providing free Wi-Fi in Tower Hamlets for all
Reference	MGRO/RES/01/17
Strategic Priority Area	1.5 Reducing inequality and embracing diversity
Directorate	Resources
Service Area	ICT
Lead Officer	Zena Cooke

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing	250			250
	One-off				
Capital		1,000	500		1,500
HRA					
Total Growth		1,250	500		1,750

Description & Justification	
<p>We propose to roll out free Wi-Fi in public places across Tower Hamlets and within our housing estates to enable our residents and visitors easy access to the internet and the Council's digital services.</p> <p>Access to free Wi-Fi will help to tackle social issues including: education, as students will be able to access resources to support their learning; social isolation, by helping to keep older residents in their own homes using services like telehealth. Free access to the internet can also support economic growth and help to close equality gaps through improved community awareness and cohesion. Visitors will see the local events happening within Tower Hamlets, potentially boosting the benefits from the tourist economy and increasing their spending in local businesses.</p> <p>The Council will explore options relating to who provides the Wi-Fi service and alternative funding sources to ensure value for money is delivered to residents.</p>	

Growth Type	Mayoral Priority
Title	Tackling Poverty Fund
Reference	MGRO/RES/02/17
Strategic Priority Area	1.4 More people living healthily and independently for longer
Directorate	Resources
Service Area	Benefits Service
Lead Officer	Steve Hill / Zena Cooke

Financial Information		Growth Bid			
		2017-18 £'000	2018-19 £'000	2019-20 £'000	Total £'000
Revenue	Ongoing				
	One-off	1,667	1,667	1,666	5,000
Capital					
HRA					
Total Growth		1,667	1,667	1,666	5,000

Description & Justification

This proposal would create a £5m Tackling Poverty Fund (over three years) with the dual aims of protecting those residents struggling to make ends meet and providing more support for schemes to help residents out of poverty and into employment.

Currently the council adds £725k to the Discretionary Housing Payments (DHP) grant it receives from Government. It is proposed that the £725k is increased to £1m a year and used to fund a more flexible localised scheme to support residents in need, instead of being used as a top up for DHP.

It is envisaged the overall £5m Tackling Poverty Fund will have two main purposes:

- A £3m pot (as above) to protect vulnerable residents from homelessness and the impacts of the Government's Welfare Reform agenda. The main DHP grant from Government of £1.883m will continue to be used to make discretionary housing payments, but Government rules mean that DHP can only support Housing Benefit recipients with their rent payments, not other costs. Our fund will be far more flexible, providing a significantly greater range of support for residents.
- A £2m pot will be used to implement a number of new initiatives working across the Council and with voluntary sector partners to mitigate the effects of poverty in a sustainable way for low income households, both working age and pension age including supporting residents in skills training, gaining employment, and overcoming barriers to work and accessing the social economy.

Further details on the implementation of the Tackling Poverty Fund will be presented to Cabinet in due course for approval.

Appendix 4

SAVINGS

Summary of MTFs Savings 2017-18 to 2019-20

Appendix 4

Strategic Priority Area	Reference	Business Case	Directorate	Proposal Title	Lead Member	Net savings 2017-18 £'000	Net savings 2018-19 £'000	Net savings 2019-20 £'000	Total Savings 2017-20 £'000
1.4 More People Living healthily and independently for longer	ADU001/17-18	Yes	Adults' Services	Social Care Services for Older People	Councillor Amy Whitelock Gibbs	200	300	500	1,000
1.4 More People Living healthily and independently for longer	ADU002/17-18	Yes	Adults' Services	Community Equipment Service	Councillor Amy Whitelock Gibbs	179	-	308	487
1.4 More People Living healthily and independently for longer	ADU003/17-18	Yes	Adults' Services	Helping People with Learning Disability live Independently	Councillor Amy Whitelock Gibbs	736	582	619	1,937
1.4 More People Living healthily and independently for longer	ADU004/17-18	Yes	Adults' Services	Reshaping Reablement Services	Councillor Amy Whitelock Gibbs	64	467	319	850
1.4 More People Living healthily and independently for longer	ADU005/17-18	Yes	Adults' Services	Workforce Efficiencies in Adults Social Care	Councillor Amy Whitelock Gibbs	220	220	-	440
1.4 More People Living healthily and independently for longer	ADU006/17-18	Yes	Adults' Services	Substance Misuse	Councillor Amy Whitelock Gibbs	950	50	-	1,000
1.4 More People Living healthily and independently for longer	ADU007/17-18	Yes	Adults' Services	Improving Employment Support for Adults with Disabilities	Councillor Amy Whitelock Gibbs	164	55	100	319
1.4 More People Living healthily and independently for longer	ADU008/17-18	Yes	Adults' Services	Day Opportunities Provision	Councillor Amy Whitelock Gibbs	50	310	140	500
1.4 More People Living healthily and independently for longer	ADU009/17-18	Yes	Adults' Services	Public Health – 0-19 Public Health Programme Savings	Councillor Amy Whitelock Gibbs	-	409	311	720
1.4 More People Living healthily and independently for longer	ADU010/17-18	Yes	Adults' Services	Public Health- Adult Weight Management	Councillor Amy Whitelock Gibbs	48	48	-	96
1.4 More People Living healthily and independently for longer	ADU011/17-18	Yes	Adults' Services	Public Health- Community Development Programme	Councillor Amy Whitelock Gibbs	205	50	-	255
1.4 More People Living healthily and independently for longer	ADU012/17-18	Yes	Adults' Services	Public Health – Primary Care Prevention Programme	Councillor Amy Whitelock Gibbs	62	30	-	92
1.4 More People Living healthily and independently for longer	ADU013/17-18	Yes	Adults' Services	Public Health - Sexual Health Services	Councillor Amy Whitelock Gibbs	267	158	100	525
1.4 More People Living healthily and independently for longer	ADU014/17-18	Yes	Adults' Services	Public Health - Specialist Smoking Programme	Councillor Amy Whitelock Gibbs	96	54	-	150
1.3 Young People Realising their potential	CHI001/17-18	Yes	Children's Services	Youth Service Transformation	Councillor Rachael Saunders	1,800	-	-	1,800
1.3 Young People Realising their potential	CHI002/17-18	Yes	Children's Services	Better support for families through early help, and reduction in social care demand	Councillor Rachael Saunders	-	-	1,000	1,000
1.3 Young People Realising their potential	CHI003/17-18	Yes	Children's Services	Increasing the involvement of partners in Early Years services	Councillor Rachael Saunders	125	1,204	1,079	2,408
1.3 Young People Realising their potential	CHI004/17-18	Yes	Children's Services	Integrating Employment Services for Young People	Councillor Rachael Saunders	-	-	143	143
1.3 Young People Realising their potential	CHI005/17-18	Yes	Children's Services	Better targeting of services for children with special educational need and disabilities (SEND)	Councillor Rachael Saunders	100	300	740	1,140
1.3 Young People Realising their potential	CHI006/17-18	See Cabinet Report Dec 2016	Children's Services	Regional Adoption Agency	Councillor Rachael Saunders	-	250	-	250
2.1 An Improved Local Environment	CLC001/17-18	Yes	Communities, Localities and Culture	Waste Management Contract Efficiencies	Councillor Ayas Miah	1,030	208	1,800	3,038
2.1 An Improved Local Environment	CLC002/17-18	Yes	Communities, Localities and Culture	Income Optimisation Opportunities	Councillor Ayas Miah / Councillor Asma Begum	40	300	40	380
2.1 An Improved Local Environment	CLC003/17-18	Yes	Communities, Localities and Culture	Service Redesign - Safer Communities	Councillor Shiria Khatun	848	-	255	1,103
2.1 An Improved Local Environment	CLC004/17-18	Yes	Communities, Localities and Culture	Smarter Working – Parking, Mobility & Transport Services Efficiencies	Councillor Ayas Miah	-	300	-	300
2.1 An Improved Local Environment	CLC005/17-18	Yes	Communities, Localities and Culture	Culture, Learning & Leisure Service Efficiencies	Councillor Asma Begum	160	250	-	410
2.1 An Improved Local Environment	D&R001/17-18	Yes	Development and Renewal	Responding to Competition in Planning	Councillor Rachel Blake	68	72	76	216
2.2 Better Quality Homes for All	D&R002/17-18	Yes	Development and Renewal	Maximising use of technology in Housing Options Service	Councillor Sirajul Islam	-	-	300	300
2.2 Better Quality Homes for All	D&R003/17-18	Yes	Development and Renewal	Purchase of Private Sector Units within the General Fund for use as Temporary Accommodation	Councillor Sirajul Islam	-	200	300	500

Summary of MTFs Savings 2017-18 to 2019-20

Appendix 4

Strategic Priority Area	Reference	Business Case	Directorate	Proposal Title	Lead Member	Net savings 2017-18 £'000	Net savings 2018-19 £'000	Net savings 2019-20 £'000	Total Savings 2017-20 £'000
Enabling Services	RES001/17-18	Yes	Resources	Human Resources	Councillor David Edgar	1,750	2,750	2,000	6,500
Enabling Services	RES002/17-18	Yes	Resources	Benefits Service Admin Savings	Councillor David Edgar	450	525	525	1,500
Enabling Services	RES003/17-18	No - See LCTRS report Jan Cabinet	Resources	Revise Local Council Tax Reduction Scheme	Councillor David Edgar	1,400	-	-	1,400
Enabling Services	RES004/17-18	Yes	Resources	Fund DHP through the Tackling Poverty Fund	Councillor David Edgar	725	-	-	725
Enabling Services	RES005/17-18	Yes	Resources	Review and Revise Risk Management Service	Councillor David Edgar	90	-	-	90
Enabling Services	RES006/17-18	Yes	Resources	Functional Consolidation of Procurement	Councillor David Edgar	250	-	-	250
Enabling Services	ALL001/17-18	Yes	All	Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's)	Councillor David Edgar	500	500	500	1,500
Enabling Services	ALL002/17-18	No - F&C report Jan cabinet	All	Fees & Charges	Councillor David Edgar	919	419	419	1,757
Enabling Services	ALL003/17-18	Yes	All	Debt Management & Income Optimisation	Councillor David Edgar	3,000	3,000	3,000	9,000
Enabling Services	ALL004/17-18	Yes	All	Centralisation of Finance	Councillor David Edgar	700	300	-	1,000
Enabling Services	ALL005/17-18	Yes	All	Consolidation of Strategy, Policy & Performance Functions	Councillor David Edgar	600	-	-	600
Enabling Services	ALL006/17-18	Yes	All	Local Presence / Contact Centre Review	Councillor David Edgar	600	650	800	2,050
Enabling Services	ALL007/17-18	No	All	Corporate Management Review	Councillor David Edgar	500	-	-	500
Enabling Services	ALL008/17-18	Yes	All	Treasury Management Efficiencies	Councillor David Edgar	1,500	500	-	2,000
Enabling Services	ALL009/17-18	Yes	All	Consolidation of Business Support and Administration Functions	Councillor David Edgar	-	1,000	-	1,000
Enabling Services	ALL010/17-18	Yes	All	ICT Centralisation	Councillor David Edgar	-	-	400	400
Total Savings						20,396	15,461	15,774	51,631

Project Title	Social Care Services for Older People
Reference	ADU 001 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

The council is developing a new strategy: Ageing Well in Tower Hamlets, which will provide a strategic framework for the future development and delivery of older person's social care services in the borough including, but not limited to, residential and nursing care, home care, day services and a range of early intervention / prevention services.

The strategy is being developed in partnership with the clinical commissioning group (CCG) and other key stakeholders including a range of voluntary sector providers.

Key elements of the strategy which have the potential to contribute to improved efficiency and deliver savings as a result include:

- our goal to support older people to live for longer in the community either in their own homes or in extra care sheltered housing, which is better for people and their families – hence a shift towards prevention and early intervention
- our high numbers of people receiving social care, compared to the rest of London, and costs of providing care, coupled with poor outcomes comparatively in some areas, meaning we can achieve efficiencies and still improve outcomes
- working with local providers of sheltered housing, extra care sheltered housing and Residential and Nursing homes for older people to increase the opportunities to meet needs at a lower cost without reducing quality. This could mean increasing Extra Care capacity coupled with reducing residential care capacity
- work to increase the use of assistive technology and community equipment in accommodation based settings to reduce the staffing capacity required to deliver a safe and effective service
- review and reorganisation of a range of commissioned early intervention / prevention services (including services commissioned by public health and the CCG) to ensure these services are organised as efficiently as possible and to remove any duplication of effort
- work to build social capital, develop new volunteering initiatives and other interventions that strengthen the ability of communities to provide support to vulnerable individuals.

The delivery of the planned efficiencies is intended to result in savings of £200k in 2017-18, a further £300k in 2018-19 and £500k in 2019-20, which means an overall saving of £1million per annum from 2020-21 onwards.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Re-align and consolidate a range of preventative services including Public Health commissioned services.	<ul style="list-style-type: none"> • Potential to reduce overall cost of these services through smarter commissioning. 	<ul style="list-style-type: none"> • Reputational impact as services that may be considered for decommissioning and / or change are likely to be high profile, valued by 	<ul style="list-style-type: none"> • Risk of double counting with other savings proposals; • Risk to service users in terms of losing access to services they value and of increased 	£3,100k	£200k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
			<p>the public and visible.</p> <ul style="list-style-type: none"> A large proportion of existing services are provided by local organisations, often VCS organisations, which could be impacted by decommissioning or service change decisions. 	<p>isolation and loneliness</p> <ul style="list-style-type: none"> Longer term risk of increased need for formal services if preventative activities reduced. 		
2	Re-align and make better use of in-borough residential and nursing care provision including potential disinvestment in residential care beds	<ul style="list-style-type: none"> Potential to reduce overall costs and improve reablement outcomes through smarter use of placements, for example to avoid admissions to hospital or to allow quicker discharges. Also potential to provide more respite care to give family carers a break. 	<ul style="list-style-type: none"> Possible reduction in service user choice. Unlikely to deliver full year impact until 2018/19 	<ul style="list-style-type: none"> Dependent for success on reaching agreement with providers on sustainable models of provision at a time when employee costs are pushing costs of provision up. Reliant on changed practitioner behaviour. 	£7,054k*	£300k
3	Increase Extra Care Sheltered Housing capacity to reduce residential care costs	<ul style="list-style-type: none"> Reduction in net spend across ECSH / residential care as a whole Potential for better outcomes for individual service users and supports goal to promote independence 	<ul style="list-style-type: none"> May reduce choice for service users. Will require capital investment and unlikely to deliver savings until 2019/20 at the earliest 	<ul style="list-style-type: none"> Will require capital investment and unlikely to deliver savings until 2019/20 at the earliest 	£4,354k*	£500k

*Note: these costs include demand driven spot purchasing and as a result the current annual costs recorded here are estimates based on full year activity for 2015-16 and unit costs for the current year.

Recommended Option

It is proposed that the above 3 options be further developed during the development phase of the Ageing Well strategy in order to increase confidence that the proposed savings can be delivered to the planned schedules.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
Multiple	Multiple	22,329	200	300	500	1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Double counting of savings opportunities	Budget setting process	Treat	ASC DMT	Unlikely(2)	Med(3)	Yell(6)	Collaboration across savings proposal owners
Residential care home market failure	Closure of a care home	Treat	Keith Burns	Possible(3)	V High(5)	Red(15)	Ongoing work with local providers to develop sustainable model of provision and contractual frameworks
Inability to identify suitable sites for new ECHS provision	Asset review / market testing	Treat	Keith Burns	Unlikely(2)	High(4)	Yell(8)	Engagement with land use planning team and registered housing providers

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern Some immediate action required plus comprehensive action plans	Incidences of risk are of some concern although treating the risk will usually be through contingency planning Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	Yes	The proposals will reduce the overall budget available to support vulnerable older people. The proposals rest, however, on the assumption that this reduction can be delivered through smarter commissioning and changed practitioner outcomes rather than by lessening the quality or quantum of services available to individuals.
Does the change involve direct Impact on front line services?	Yes	The services within the scope of the proposed saving are all delivered directly to older residents either as a cohort or as individual service users.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Re-tendering of service contracts may mean that the existing providers may be replaced by new providers.
Does the change involve local suppliers being affected?	Yes	The work to consolidate the preventative services as well as to realign residential / nursing home capacity will impact on local providers. This may result in reductions in revenue for some providers.
Does the change affect the Third Sector?	Yes	A number of the services within the scope of the proposed savings are currently delivered by the third sector. The CVS have been engaged with at the outset of the development of the Ageing Well Strategy in order to ensure that any potential adverse impact on the sector can be minimised as far as possible.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Community Equipment Service
Reference	ADU 002 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

Our community equipment service provides equipment, including innovative technological solutions and emergency support, which helps people with social care needs live independently.

The services include the:

- Community Equipment Service and Warehouse, based at Bow Exchange, Poplar.
- Assistive Technology Team (temporary), based at John Onslow House, Bow.
- Telecare team, based at Mulberry Place, Blackwall.

This business case proposes three ways in which financial savings can be made, whilst improving the current service:

- The three different services will be integrated to create a more seamless service, with savings in management costs.
- Improving the management of service to increase effectiveness and reduce cost. This will include, for example, reviewing warehouse operations so that equipment is efficiently stored and delivered, and increasing the proportion of equipment that is recycled rather than buying new items.
- Exploring the potential for external delivery of the service by the private or voluntary sector, potentially working with other London councils. A full options appraisal to identify whether or not this would generate savings and service improvements, or whether an in-house service would continue to be the best option, will be completed by January 2017 for further consideration by Cabinet.

These proposals will result in an improved equipment service at lower cost. The proposal to integrate the various services will save money and provide a better service by making sure people get the right equipment in a timely and more seamless way.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Retain improved in house provision	<ul style="list-style-type: none"> • Implementation of efficiency measures would improve the service and generate savings 	<ul style="list-style-type: none"> • Significant work and financial investment would need to be undertaken over a period of time to improve the efficiency of the service • Reduced choice of equipment for customers • Increased costs for customers who would have to purchase 	<ul style="list-style-type: none"> • Unable to reduce costs of equipment purchased if we remain with the same supplier 	£2,905,477	£357,000 total saving £178,000 to LBTH

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
			some equipment themselves			
2	Outsource to a single provider	<ul style="list-style-type: none"> • Cost of equipment is likely to be cheaper due to bulk buying power • Likely reduction in staffing costs as they would provide a full service which would need contract management resource only within TH. All other staffing costs would be part of the contract. 	<ul style="list-style-type: none"> • Loss of staff and experience within LBTH. • Less control over service provision (mitigated by a strong contract management and provider relationship approach) • Procurement costs in the region of £30k • Reduced choice of equipment for customers • Increased costs for customers who would have to purchase some equipment themselves 	<ul style="list-style-type: none"> • Single provider may not be able to achieve economies of scale on purchases so costs could potentially be higher • Possible staff/ trade union resistance 	£2,905,477	<p>£806,000 total saving</p> <p>£403,000 to LBTH</p>
3	Join a consortium	<ul style="list-style-type: none"> • Cost of equipment likely to be cheaper • Reduction in staffing costs as they would provide a full service which would need to be contract managed only within Tower Hamlets • Access to best practice across a wide area • No procurement costs, just a joining fee to a consortia • Sharing of special items 	<ul style="list-style-type: none"> • Reduced local control as decisions would be made on majority decision of group • Reduced choice of equipment for customers • Increased costs for customers who would have to purchase some equipment themselves 	<ul style="list-style-type: none"> • Unable to join a consortium when required as they only accept new members at certain times • One Consortium is retendering and is unable to provide data on costs or timeframes for implementation. Once the tendering process is complete and contracts awarded in January 2017 full costings can 	£2,905,477	<p>£973,000 total savings</p> <p>£487,000 to LBTH</p> <p>A one off fee for joining a consortium would be approximately £20,000 with an ongoing annual fee of approximately £25,000 this would need to be offset against any savings</p> <p>This is an</p>

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		across boroughs which would reduce cost of purchasing new items		be developed. <ul style="list-style-type: none"> Savings cannot be calculated at present as the providers being considered are out to tender Staff and unions may not support 		estimated cost and will be refined once the options appraisal is completed

Recommended Option

It is recommended that the service improvements continue at operational level, with regular update and consultation with Members on any activities of strategic significance as they arise, in order to deliver MTFs savings as stated.

For the longer term service delivery model, it is recommended that further work on the options is developed into a full business case for consideration in January 2017.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		2,905	179	0	308	487

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
35	0	0	0	0

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Union/political objections to outsourcing		Treat	SRO	Likely(4)	High(4)	Red(20)	Engage unions and politicians early in the process. Involve HR to ensure processes explained and advice given. Clear frequent communications
Health partners will not agree to changes		Treat	SRO	Possible(3)	High(4)	Amber(10)	Health partners to be engaged and consulted throughout the process
User perception that they have reduced access to equipment							Engage user groups in the decision making process. Communicate reasons for and extent of changes Provide details of alternative provision

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities Assessment

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	Clients would need to purchase equipment items removed from the catalogue directly from retailers. Equipment items would continue to be provided to meet clinical need and a robust clinical justification process for the provision of special items that are bespoke would be in place.
Does the change reduce resources available to support vulnerable residents?	Yes	Clients would need to purchase equipment items removed from the catalogue directly from retailers. Equipment items would continue to be provided to meet clinical need and a robust clinical justification process for the provision of special items that are bespoke would be in place.
Does the change involve direct Impact on front line services?	Yes	The potential to outsource could impact staff terms and conditions and alter the way the service is accessed
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	If the service is outsourced the provider would change
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	Yes	Any changes to provision of equipment or to the delivery model would impact the third sector who support many of the clients who access the service
Does the change affect Assets?	Yes	A review of the current premises or an outsourced delivery model would result in a move from the current premises
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Combining the current management structure across the three services will result in reduced staffing numbers. There is the potential for an outsourced model to result in reduced staffing
Does the change involve a redesign of the roles of staff?	Yes	If an outsourced model is chosen staff terms and conditions will change

Project Title	Helping people with a Learning Disability to live independently
Reference	ADU 003 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

The business case proposes three work streams (two which are already underway) that will generate an overall saving of £3.25M over a three year period at a cost of £1.76M. Following the three years a recurrent saving of £1.88M will be achievable.

In order to better meet the needs of people with a learning disability in Tower Hamlets this business case proposes the initiation of a project to reduce our use of residential care by re-assessing those in placement and making a clinical decision to whether service user needs could be met in a step down or supported accommodation setting. In cases where residential care is the only option, we will work with providers and negotiate appropriate packages of support and agree maximum weekly support cost caps in partnership with commissioners.

This project is based on a similar model to the one used by colleagues in Mental Health piloted by the East London Foundation Trust (ELFT) who over the course of a five year period successfully brought 54 people back to Tower Hamlets from out of borough residential placements. The project resulted in significant improvements to people's lives, reduced length of stay on hospital wards and also generated an estimated £6.4M saving for the Council and its partners over the lifetime of the project.

We know from recent benchmarking activity that we typically pay the 5th highest rate for residential placements for people with learning disabilities compared with the 32 other London boroughs. At current rates this equates to a weekly overpayment of £216 if we use the median support package cost. With 132 current placements in residential accommodation our total current spend is £9.88M pa which if harmonised with the London average would generate a £1.47M pa recurrent saving.

It is estimated that by investing £345,000 into a Multi-Disciplinary Team an annual recurrent saving of £1.54M can be achieved over three years with a recurrent saving of £867,600pa once the project has been completed. The total cost of the team during this three year period will be £1.04M. This is based on a similar pattern of borough returns to the benchmark Mental Health project.

The business case also identifies the development of shared lives and transition schemes, to improve outcomes for service users whilst reducing cost. Shared lives means that service users are placed with families, and as such enjoy care in a less institutional setting than in a traditional care placement. For young people, this may involve continuing foster care arrangements from childhood. The transitions scheme would ensure that young people entering adulthood moved on from educational settings to enable them to achieve an appropriate level of independence and also a reduced overall cost of care.

The cost and savings from these four elements of the accommodation strategy are set out in the following table:

Project	Project cost over three years	Saving in three year period	Recurrent savings per annum
Shared Lives	£157,419	£419,900	£95,719
Reduce the number of people in residential out of borough provision	£1,035,000	£1,542,390	£867,594
English Street Transition scheme	£567,804.60	£557,637.30	£185,879
Negotiation of placements (50%)	-	£735,000	£735,000
	£1,760,224	£3,254,927	£1,884,192

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	<ul style="list-style-type: none"> • Reduced risk of placement breakdown • Maintaining the <i>status quo</i> would limit any complaints. • Some service users would be happy with this option as there is often resistance to change • No implementation cost 	<ul style="list-style-type: none"> • We will continue to be overproviding to people needs • Does not offer service user choice • Does not promote independence • Will not be financially "future proof"- this option will likely result in an increase in spend over time • Will not make any savings as providers will still offer the service at higher than the preferred provider rates and service users will pay via their cash personal budgets • Unlikely to be sustainable in the context of growing service user numbers and shrinking budgets 	<ul style="list-style-type: none"> • Spend on services increases over time and becomes unviable 	Spend on Registered Care; £9.9M per annum	No savings achieved
2	Continue to implement the learning disability accommodation plan and achieve savings from the Shared Lives and transition scheme projects. In addition create a project which aims to reduce our use of	<ul style="list-style-type: none"> • Encourages service user independence • Improves financial sustainability" • Provides improved choice and a wider range of 	<ul style="list-style-type: none"> • Will likely engender complaints from parents/carers which could be mitigated by working closely with service users to make sure the transition to independence is as smooth as possible • It is difficult to 	<ul style="list-style-type: none"> • Significant practice change is required within learning disability services to ensure that patterns of out of borough residential placements do 	Spend on Registered Care; £9.9M per annum	£1.884m recurrent annual saving

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	<p>residential and out of borough provision.</p> <p>Commission a team to undertake a review of all residential placements</p> <p>As part of this review the team will consider whether needs could be met in supported accommodation 'in-borough'.</p> <p>In addition, the team will review the appropriateness of day centre and transport costs of placements within the M25</p> <p>Create a preferred provider list for</p> <ul style="list-style-type: none"> • Day Opportunities • Employment Services • Complex and High needs 	<p>local provision</p> <ul style="list-style-type: none"> • Reduces the number of people placed a long way from the borough with associated review, quality and safeguarding challenges 	<p>accurately identify actual savings due to the different variables</p>	<p>not continue</p> <ul style="list-style-type: none"> • There could be significant resistance to change from service users, families, carers and clinicians – the project must tackle this with a wide-ranging approach and co-production of the new strategy 		

Recommended Option

Implement the options outlined in this proposal.

Budget Projection and Staffing Impact

Project	Vote	Cost Centre	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
Shared Lives	A43	All A43 cost centres	112	48	-12	148
Borough returns	A43	All A43 cost centres	193	289	386	868
English Street	A43	All A43 cost centres	186	0	0	186
Negotiation of placements (50%)	A43	All A43 cost centres	245	245	245	735
			736	582	619	1,937

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Supported living placement breakdown	Placement breakdown	Treat	Service Manager	Likely(4)	Low(2)	Yell(8)	Clinical assessments
No shared lives families are recruited	Lack of placements developed	Treat	Commissioning / Service Manager	Possible(3)	High(4)	Amber(12)	Review incentives
Number of appropriate moves from residential care to supported living are less than anticipated	Targets for return borough moves not achieved	Treat	Service Manager	Possible(3)	Med(3)	Yell(9)	Review targets and savings implications
English Street does not deliver savings as projected	English Street is no cheaper than residential care	Treat	Commissioning Manager	Possible(3)	Low(2)	Yell(6)	Review additional non-VACT spend and ensure it's necessary

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities Assessment

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	Yes	Yes, however the proposal is to accommodate residents in appropriate accommodation which will better meet needs and will therefore reduce spend on expensive out of borough accommodation.
Does the change involve direct Impact on front line services?	Yes	Yes, local provision will be increased.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	The day opportunities framework proposal will reduce the number of day service providers. These will still be accessible to service users if they pay for additional costs using personal budgets as defined in the 'top up' policy.
Does the change involve local suppliers being affected?	Yes	Yes, providers will need to tender to be added to the preferred provider list. Some services may also be decommissioned where they are no longer relevant.
Does the change affect the Third Sector?	Yes	Yes, additional service will exist in borough funded with monies usually allocated to out of borough residential care providers.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Reshaping Reablement Services
Reference	ADU 004 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

This business case proposes changes to the reablement service, in order to improve service outcomes to help more people live independent lives. In the process it will also become a more evidence-based and efficient service, achieving greater cost-avoidance and savings to the council. The proposal is to improve the reablement service so that people receive a more timely service better suited to their needs, reducing the cost of longer term care packages.

Research associated with this business case has identified a number of challenges which the service is working to improve, relating to meeting key performance targets, reducing waiting lists, increasing productivity, evidencing its impact and fully utilising staff resources available.

This business case explores immediate and longer term options by which the service could be improved, and recommends:

- From November 2016, undertaking service and performance management improvements and trial work with target groups within existing resources, to boost productivity, work with more clients and achieve savings. This will enable the evidence based management of the service.
- Longer term (delivery by April 2018), to review staff working patterns to create a more flexible and responsive service. This will boost productivity further to support more people, avoid lost hours and consequently make greater savings and cost-avoidance. As part of this work we will need to consider whether a change in staff terms and conditions is required. This will save up to £148,000 agency costs from 2018/19

Improvements to the reablement service will create savings by reducing the longer term package costs elsewhere within adult social care. This project aims to save is £850,034 by 2019-20.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing – not recommended	<p>Least controversial – would not invoke public or staff concern/consultation.</p> <p>Would not require public or staff consultation.</p> <p>Staff turnover is low and quality staff retained.</p> <p>Would not require project/specialist HR/financial input</p>	<p>The efficiency of the service would not improve further. Savings and outcomes could not be clearly identified.</p> <p>Under existing conditions the service would not be able to undertake more work to make more savings.</p> <p>Would not reduce</p>	<p>High risk.</p> <p>Cost-benefit of service cannot be evidenced which may lead to funding stream changes.</p> <p>Further savings to support the MTFS would not be made.</p>	£1,245,000 (BCF funded)	None

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		time.	agency costs. The service could not expand to do additional work – e.g. reduce longer-term care package costs.			
2	In-house service improvement without staff changes Undertake technical work to improve – action planning, establish a performance management framework/ dashboard and pilot project to focus on longer-term social care service users.	This could potentially boost productivity of the service through identifying and focusing on 'what works', also achieving some savings/cost avoidance.	Would require additional business analyst time (0.4 full time equivalent) to April 2017 to work with service to establish sustainable performance management systems by business and evaluate pilot work. The system would need to be sustained beyond any business analyst support identified. Capacity of service might need to be increased to try new ways of working.	Any systems established are not maintained due to limited capacity, and waiting lists. Existing staff group cannot increase productivity under existing structure – productivity is not increased due to structural issues, embedded working cultures and savings are not made. Teams refer inappropriate referrals to Reablement diverting limited resources away from priority service users.	£1,245,000 (BCF Funded)	£0 2016-17 £63,000 pa 2017-18 £319,106 pa 2018-19 £319,106 pa 2019-20 = £702,034 by 2019-20 (Cumulative) + further savings to be identified as performance management improves ¹ .
3	To review staff working patterns	This option would reduce service costs, increase productivity and make further savings to care package costs Agency staff costs of £148,000 could also be removed.	May affect and reduce staff morale/productivity during transition phase. Potential staff departure and redundancy costs if terms and conditions are changed.	Performance improvements aimed to increase productivity and savings are affected by distraction of a restructure and morale is lost – start performance improvements/deliver 'quick wins' first?	£1,245,000 (BCF funded)	£148,000 agency costs from 2018/19 + Option 2 Savings = £850,034 by 19/20 (Cumulative)

¹By focusing more on longer term clients and evidencing cost-avoidance achieved the work could make higher savings than this. To be quantified further as performance management is developed further.

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		<p>Productivity would be increased and further savings made on long-term social care package costs.</p> <p>This could be undertaken in parallel to Option 2 service improvements to maximise productivity and possible savings.</p>		<p>Staff/Union concerns arise regarding potential changes</p> <p>Should a change in terms and conditions be required and redundancies result from this, there is a risk that redundancy costs will be incurred. This is considered unlikely to happen given the nature of the proposal. .</p>		<p>+ further savings/cost avoidance from 2018/19 due to increased productivity following revision of working patterns².</p>

Recommended option

It is recommended that option two is identified as an immediate 'quick win' during Autumn 2016 – resource for an experienced social care business analyst (currently contracted on a temporary basis) to work with the service to April 2017 to further develop and implement a performance management framework (both design and into staff practice) to boost productivity, demonstrate achievements, savings and what works.

Option three (revision of staff working patterns) is also recommended to be considered in 2017/18 to be implemented by April 2018, to enable service resources to be more flexible and able to work across seven days and extended hours, and best represent the needs of the community.

²A revision of staff working patterns should boost productivity by at least 20 per cent due to utilisation of 'lost hours' from 2018/19. Consequently this would increase the potential for further savings and cost-avoidance to be made proportionately and save on an estimated £148,000 on agency costs. This would be in addition to any service improvements/performance management under Option 2. Undertaking both Options 2 and 3 together would increase productivity the most.

Budget projection and staffing impact

Vote	Cost centre	Base budget £'000	Net savings 2017-18 £'000	Net savings 2018-19 £'000	Net savings 2019-20 £'000	Total savings 2017-20 £'000
		1,245	64	467	319	850

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
40	0	0	0	0

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
<p>Performance management / pilot – capacity</p> <p>Any systems established are not maintained due to limited capacity, and waiting lists.</p> <p>Existing staff group cannot increase productivity under existing structure – productivity is not increased due to structural issues, embedded working cultures and savings are not made.</p>	Reports of no progress made at steering group	Treat	Paul Swindells	Unlikely(2)	Very High(5)	Amber(10)	Regular standing report at steering group to monitor progression. Securing of business analyst support beyond November.
<p>Performance management / pilot – referrals</p> <p>Social work teams refer inappropriate referrals to reablement diverting limited resources away from priority service users.</p> <p>Team does not receive/identify appropriate longer-term referrals and therefore cannot make savings forecast.</p> <p>Pilot doesn't deliver savings.</p>	No pilot action/savings identified at steering group	Treat	Paul Swindells	Possible(3)	High(4)	Amber(14)	Reablement communication with social care teams. Reablement service & business analyst to identify possible service users also and confirm with social workers. Regular updates to steering group. Ensure social care representation at steering group.

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Revision of Staff working patterns (17/18) -Staff redundancy entitlement (potentially funded corporately) and potential reputational risk if not communicated carefully. Liability for the entire staff group is estimated at £774,000.	Staff or Union claims arising during or after Consultation period.	Tolerate	Paul Swindells	Unlikely (2)	Medium (3)	Yellow (6)	To monitor and involve HR representative in any staff consultation planning and delivery phases.
Revision of Staff working patterns (17/18) - Performance improvements aimed to increase productivity and savings are affected by distraction of a staff consultation	Performance management notes drop in productivity. Staff turnover or sickness increases.	Tolerate	Paul Swindells	Possible (3)	Low (2)	Green	Start quick wins and performance management implementation first from October 2017. Involve staff in all aspects of this. Monitor productivity. Ensure good communication through any consultation and changes arising. Regular meetings with staff and monitoring of staff turnover and sickness levels. Ensure solutions-focused working morale and working environment.
Revision of Staff working patterns (17/18) Staff/Union concerns arise regarding potential changes.	Staff/Union complaint or challenge	Tolerate	SRO	Likely (4)	Medium (3)	Amber	Effective and timely communication should proposals arise, involving staff and trade unions throughout the process.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Yes, to improve services.
Changes to a Service		
Does the change alter who is eligible for the service?	Yes	Some resource might be focused on certain service users who might benefit most but everyone would remain eligible.
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	Yes	There may be changes in working patterns to ensure that the needs of the service are effectively met. Any change will be subject to discussion and consultation with staff to ensure that any adverse impact is understood and responded to.

Project Title	Workforce Efficiencies in Adults Social Care
Reference	ADU 005 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

This business case looks at the staffing resource in the core adult social care services that manage our assessment and case management functions under the Care Act 2014. It identifies that, based on available data, our staffing resource is above average but that we don't achieve commensurate outcomes for residents.

At national level, staffing costs in adult social care have been reduced by 10 per cent over the last five years. Over the same period in Tower Hamlets, staff numbers in adult social care have reduced by approximately 1 per cent.

Local developments in health and social care integration, in particular the Tower Hamlets Together Vanguard programme, offer an opportunity to achieve efficiencies and improved services to residents through joining up services, better information sharing and removing duplication. This will reduce the amount of work required in receiving referrals, completing assessments and support planning processes with a subsequent reduction in workforce.

Based on this evidence, we are confident that a 9 per cent reduction in staffing levels is achievable through reviewing business processes in the context of health and social care integration, to improve services, increase productivity and reduce staffing levels in the relevant teams by 9 per cent, which is approximately 9FTE. This would reduce staff spend by approximately £440,000 full year.

At this stage of development, there is no decision as to which categories of post would be affected. Our benchmarking has considered 'professional' staff, given that there are other changes being proposed in relation to our other staff groups. However further work will be required to establish in more detail which posts would be removed as part of this proposal.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing- this option would make no change to current staffing establishment	No disruption to service No loss of employment for current staff	No cost savings No increases in productivity	Corporately unable to meet budget gap		
2	Review social work teams to improve productivity and reduce staffing establishment by approximately 9 per cent (9 FTE staff @	Opportunity to improve productivity, practice and customer service Financial savings	Disruption to service- although given the relatively small reductions proposed this is unlikely to be significant. Risk of compulsory redundancy, although this will	Potential lowering of morale due to re-organisation- this will be mitigated through a communications strategy to ensure that staff are supported through any organisational change process	£11,261,000	£440,000

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	approx. £49,000 per year.)		be minimised by deleting agency filled posts, which given the relatively small reduction in posts should be achievable Uncertainty for staff and challenge from trades unions	Risk of double count with corporate HR savings (RES001/17-18)		

Recommended Option

Option 2 is recommended as it delivers a financial saving whilst offering an opportunity to improve workforce productivity. Alongside the ongoing work to implement the practice framework, there could be longer term benefits for social care service users as practice and productivity improve.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
Various	Various	11,261	220	220	0	440

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
98	9	0	0	9

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Service interruption during implementation of new processes	KPIs dip during implementation phase	Treat	SRO	Possible(3)	High(4)	Amber(12)	Pilot new processes in selected teams to ensure impact is minimised. Ensure flexibility so that processes can be changed if needed during implementation. Close monitoring of performance during implementation to identify impact.
Lowering of staff morale due to reduction in posts	Dip in productivity/ increased staff absence	Treat	SRO	Possible(3)	Med(3)	Yell(9)	Ensure effective communication; involve staff in process redesign; seek to achieve post reductions through agency posts/ vacancies to protect staff from risk of redundancy ; involve trades unions throughout the process
Efficiencies cannot be found through process redesign as planned	During redesign phase, efficiencies cannot be found to deliver target savings	Treat	ADMT	Unlikely(2)	High(4)	Yell(8)	Monitoring of project through project board/ DMT to enable early identification of any savings shortfall. DMT to identify alternative savings as contingency
Risk of double count with corporate HR savings (RES001/17-18)	Proposals for corporate saving identified in adult social care which would duplicate this project	Treat	ADMT	Possible(3)	Med(3)	Yell(9)	Monitoring through corporate process to ensure there is no double count.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	Yes	Resources will be reduced but service level maintained through improved productivity. We are confident this can be achieved based on the information set out in the business case.
Does the change involve direct Impact on front line services?	Yes	Staffing levels will be reduced but service levels maintained through improved productivity.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The proposed reduction is 9 FTE. It is likely this can be managed through reduction in agency usage.
Does the change involve a redesign of the roles of staff?	No	Staff roles may be changed as part of the business process improvements. However any changes are not likely to be significant.

Project Title	Substance Misuse
Reference	ADU 006 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

This business case outlines a number of options being considered to achieve savings from the current substance misuse budget. Benchmarking data reviewed as part of the Council's outcome based budgeting process indicated that Tower Hamlets has comparatively high spend in this area overall and some good outcomes. Scope to pursue similar or improved outcomes through a new service model and re-procurement had already been identified and this work has been delivered in 2016/17. This business case sets out options for further savings and efficiencies, some of which are enabled by the new service model which has gone live on 31 October 2016. Savings are also outlined in relation to spend on residential detoxification services based on alternative community treatment options, recent trends and future projections.

Further savings are included in relation to the Drugs Intervention Programme – further work is needed to agree the future model and final level of saving possible. All of the savings have been identified as areas which can be delivered with no or minimal impact on service users. The business case notes a number of financial risks which will need to be monitored, mitigated and managed including the demand led nature of some budgets and the funding currently provided by the Mayor's Office of Policing and Crime (MOPAC – an office of the Mayor of London).

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Implement savings through the new service model and through identified other low risk schemes	Further efficiency savings driven out through new service model Lower cost of services overall addressing the challenge highlighted in the benchmarking Continued good/improved outcomes Residential inpatient services budget better reflects trends and projections	Reduced budget available for inpatient services (although as higher levels have not been needed in recent years) Reduced workforce capacity	Service redesign goes live 31/10/16 and there could be new issues arising when it is mobilised Court / custody workforce capacity must be managed well to ensure service continuity Risks to the sources of funding – Public Health Grant and MOPAC	£8.3m	£700k
2	Further savings on the residential	Savings through integrating DIP with other services which has been	Reduced budget available for inpatient services Reduced workforce	Residential treatment budget may not be sufficient for	£8.3m	£300k +700k above

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	treatment budget and savings from integrated the Drugs Intervention Programme (DIP) into mainstream services	<p>delivered in other boroughs</p> <p>Lower cost of services overall addressing the challenge highlighted in the benchmarking</p> <p>Residential inpatient services budget better reflects trends and projections</p>	<p>capacity</p> <p>Potential reduced retention / engagement of substance misusing offenders in treatment (given performance benchmarks)</p>	<p>demand if current trends change and must be managed as an ongoing financial risk to ensure access for individuals in need</p> <p>Risks to the sources of funding – Public Health Grant and MOPAC</p> <p>Reduced retention / engagement of substance misusing offenders in treatment leading to increases in drug / alcohol related crime and ASB – model would need to be clear we could mitigate this impact</p> <p>New service providers may not be willing to incorporate new role within current contract</p>		

Recommended Option

Options 1 and 2 are both recommended for implementation noting that the risks of implementation of Option 2 are higher than in option 1.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E84	Various	8,286	950	50	0	1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
38.8	7.60	0	0	7.60

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Alternative premises not available for DAIT team		Tolerate	DAAT Co-ordinator	Possible(3)	High(4)	Amber(12)	Alternative premises to be pursued as soon as possible
Significant increase in demand for Residential treatment		Treat	DAAT Co-ordinator	Unlikely(2)	Med(3)	Yell(6)	New terms of reference to be developed for residential treatment panel. Budget to be monitored fortnightly. Eligibility criteria to be strictly enforced
MOPAC funding (£715k) may not continue or may be reduced		Treat	DAAT Co-ordinator	Possible(3)	High(4)	Amber(12)	Plan for MOPAC bid submission and plan for loss of funding to highlight funding gap asap
Value of savings lower than stated		Tolerate	Dir. Public Health	Likely(4)	Med(3)	Amber(12)	Review residential treatment expenditure March 2017 to identify possibility of savings to be generated. Implement full review of criminal justice pathways in Q1 2017/18

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities		
Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	Substance misuse correlates closely with particular demographics and reduced resources is likely to impact upon those groups that do not currently engage well – namely female, LGBT and certain ethnicities. However the majority of savings proposed are low risk.
Does the change reduce resources available to support vulnerable residents?	Yes	Drug / alcohol users are a vulnerable cohort often experiencing social exclusion, unemployment, poor educational attainment, poor physical and mental health, financial exclusion, homelessness. However the majority of savings proposed are low risk.
Does the change involve direct Impact on front line services?	Yes	Resource reduction across all options will reduce frontline capacity. However the majority of savings proposed are low risk.
Changes to a Service		
Does the change alter who is eligible for the service?	Yes	Option 2 could begin to limit eligibility, particularly for residential services and it will be important to ensure that needs are still met.
Does the change alter access to the service?	Yes	Residents will be expected to undertake more community treatment options before residential services are funded and access to residential services may be capped.
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Proposals will impact upon residential treatment providers Options 2 will involve transferring some LBTH functions to external providers
Does the change involve local suppliers being affected?	Yes	Local providers currently contracted will be subject to service specification amendments and / or decreased contract values
Does the change affect the Third Sector?	Yes	Residential drug / alcohol treatment services are almost entirely run by third sector agencies.
Does the change affect Assets?	Yes	Option 2 outlines a move from current premises on Cambridge Heath Rd and alternative space would need to be found in existing Council premises
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	In both options.
Does the change involve a redesign of the roles of staff?	Yes	Both options involve changes in staff roles

Project Title	Improving Employment Support for Adults with Disabilities
Reference	ADU 007 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

This business case set's out a proposal to expand our support for disabled adults to access employment opportunities, using an outcome based commissioning approach and accessing additional funding from investors through a social impact bond.

Changing the way we run this service and leveraging in funding from other partners will enable us to support more people into employment, with a positive impact on wellbeing whilst reducing costs in the social care commissioning budgets and ultimately providing better outcomes for local people. The saving proposed is estimated at £319,000. This programme of work will form part of the integrated employment service approach.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing-continue provision commissioned on a traditional 'pay per service' basis	None identified	<p>No opportunity to expand provision</p> <p>Provision not commissioning on an outcomes basis</p> <p>Incentives not properly aligned- Does not offer an opportunity to improve the council's poor performance in this area</p> <p>Poor value for money</p> <p>No contribution from Big Lottery Fund</p>	Performance is unlikely to improve	£348,000	0
2	Commission a social impact bond to provide expanded provision on an outcomes based contract	<p>Enables expansion of the service with no up-front cost</p> <p>Long term savings to care package commissioning budgets</p> <p>Improvements in</p>	<p>More complex than traditional procurement</p> <p>Cost of intervention likely to be higher than traditional contract (although chance of success</p>	Risk of perverse incentive for providers to inappropriately place service users in employment (to be mitigated through design of tariff scheme and performance	£348,000	<p>£219,000 immediate saving in commissioning budget for employment support</p> <p>£100,000 per annum saving</p>

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		<p>client wellbeing Immediate saving in commissioning budget for employment support</p> <p>Outcomes based contract will provide improved performance management and aligned incentives, with likely improvements in performance</p> <p>Additional funding to support outcomes payments from Big Lottery Fund (£420,000 over five years)</p>	also higher)	<p>management) Risk that the council will pay more for outcomes that will not deliver a saving, if tariffs and outcomes measures are not robustly specified</p>		in care package costs by 2019-20

Recommended Option

Option 2. Commission a social impact bond to provide expanded provision on an outcomes based contract, is recommended as this offers the best potential to both improve outcomes and generate a financial saving

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		348	164	55	100	319

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Risk of perverse incentive for providers to inappropriately place service users in employment (to be mitigated through design of tariff scheme and performance management)	Monitoring shows that service users are being engaged inappropriately	Treat	TBC	Unlikely(2)	High(4)	Yell(8)	Performance management arrangements for the SIB will ensure adequate oversight to avoid perverse incentives.
Risk that the council will pay more for outcomes that will not deliver a saving, if tariffs and outcomes measures are not robustly specified	Outcomes payments exceed savings made	Treat	TBC	Unlikely(2)	High(4)	Yell(8)	The full business case has used very prudent estimates to establish financial viability. The service specification and contracts will include robust performance management arrangements to ensure that tariffs are set at the right level and that outcomes payments are only made when outcomes are evidenced.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	This will enable expansion of front line services
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	Revenue being raised from third party investors to expand services
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	Support is already commissioned from external providers
Does the change involve local suppliers being affected?	Yes	Current provision is provided by local organisations. Whilst the nature of the provision may change slightly local suppliers with expertise in this area will be encouraged and supported to engage in the commissioning process. The current contracts are due to be re procured, which would happen whether or not this proposal is taken forward. There will be an increase in the provision commissioned and therefore this offers an opportunity for providers to secure additional business.
Does the change affect the Third Sector?	Yes	As above (providers are third sector organisation)
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Day Opportunities Provision
Reference	ADU 008 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

The Council currently spends around £10m on day services for those receiving support through Adult Social Care. This is a mixture of directly provided day centres and services purchased from the voluntary, community and private sectors.

A review of our commissioning and provision will be undertaken in the context of the wider principles and objectives for adult social care including:

- To maximise independence and provide re-ablement and rehabilitation whenever possible
- To increase personalisation and choice
- To enable people to access wider community provision
- To harness the voluntary sector and other local providers to encourage and facilitate a robust, local care market

This is intended to result in a modernised approach to supporting people to access a wider range of day opportunities. The approach is likely to involve a range of changes including:

- Using well-established services in the community such as leisure centres, voluntary groups and social clubs
- Support through personal budgets for adult social care and increased numbers of people who use Direct Payments
- Co-produced new services with service users, carers and the voluntary sector
- Moving away from buildings based provision to a model with less buildings and a focus on flexible provision of day opportunities for those who need support during the day

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Explore Lead Provider Model – providers may come from the current in house services, voluntary, community or private sector. (This will involve market testing and going to market for a formal procurement exercise).	<ul style="list-style-type: none"> • Opportunity to deliver a single, integrated model with specialist providers. • Investment and upskilling of staff to work with clients to focus on personalisation and maximising independence. • Encouragement of a strong and robust local care market. 	<ul style="list-style-type: none"> • Consultation process required • Service users will experience some levels of disruption • Any possible outsourcing as a result of the procurement would require detailed contractual negotiations to build in the transformation element, commissioners 	<ul style="list-style-type: none"> • Model may not be attractive to providers dependent upon overall costs of delivering the service Possible TUPE implications which can affect provider interest and capacity to absorb additional resources. • Staff resistant to change. 	Circa £10m	£500k by 2019/20 would mean entering into a detailed contractual agreement with a provider/s to release savings through service transformation over the life of the contract. May require some pump priming from the council which will be confirmed during the

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		<ul style="list-style-type: none"> Will offer choice and personalised services for older people and/or people with learning disabilities. Moving to a more outcome based commissioning model. 	would expect during the life of the contract.	<ul style="list-style-type: none"> Potential voluntary redundancy / redeployment issues could result from procurement exercise. 		detailed planning stages. Significant savings possible.
2	Spot Purchase ¹ in-house service competes with wider local provision on a spot purchasing basis. A framework or other contractual mechanism could be used to help brokers achieve value for money.	<ul style="list-style-type: none"> Moving to a spot purchase model the council hopes to encourage and facilitate a more diverse day support market. Moves away from buildings based in-house services and old fashioned block contracts. Flexible model which supports choice and direct payments. Brokers can source placement on an individual basis. 	<ul style="list-style-type: none"> Public and political perceptions of moving away from a traditional estate based day centre model. Some service users will experience some levels of disruption to their service. Any framework used to spot purchase from will need to factor in keeping a robust local supply and fair market prices. 	<ul style="list-style-type: none"> Redundancy risk for staff if in house service fails to compete with alternative provisions. Market may not be interested in any additional business. Requires excellence in managing the market. No provider lead in this model to develop the service. Less outcome based more volume based. Is there local capacity in place as of now or are additional providers. services required to meet the need 	Circa £10m	£500k by 2019/20 could still be achieved via spot purchasing through brokerage for personalised choice based of day opportunities.
3	Transform existing services	Transformational and looks at	Retains in-house provision	Failing to address the	£785,515	This option would not

¹ Excludes Pritchards Road

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	<p>working directly with in-house provisions</p> <p>Develop a new model for the in-house day centre provision based on the resource centre approach, reablement and recovery</p> <p>Including merging Riverside and Redcoat. In addition consider alternative models such as locality centres for people with very high needs/challenging behaviour.</p>	<p>the underlying efficiency, cost and outcomes achieved in the centres.</p> <ul style="list-style-type: none"> • Can be co-produced with service users and communities. • Allows centres which are locally sensitive to be retained and developed • Sustainable for growth in population and needs. • Can draw on the learning from elsewhere. 	<p>which is more costly than external services.</p> <ul style="list-style-type: none"> • Restricts providers' options for service delivery. 	<p>independence agenda in the Care Act 2014 by not modernising day support.</p> <ul style="list-style-type: none"> • Local resistance for merging the centres. 		<p>provide the same level of savings. Existing ongoing work is already underway where Riverside Centre moves away from a traditional day service into a more proactive reablement service allowing for the merge which would enable the £300k saving.</p>
4	Do Nothing.	<ul style="list-style-type: none"> • No disruption to the service. 	<ul style="list-style-type: none"> • Failure to maximise independence and opportunities for service users. • No efficiencies identified for saving may result in a service cut to balance budget. 	<ul style="list-style-type: none"> • Failure to achieve savings. • Not sustainable. 		None identified.

Recommended Option

It is recommended that the commissioning team takes responsibility for delivering the commissioning process set out in this business case and reports back to members at the end of each phase for authority to proceed.

The service the council wants to deliver is clear as set out in the vision and the work already underway in the service. This paper sets out a logical approach to moving forward with this transformation work. Further detailed work will be necessary at each stage but this paper sets out a clear way forward to transform day services in line with best practice and allowing the council to better demonstrate that its in-borough offer is value for money which is difficult to do with the existing cost of the service. Exact savings are always difficult to set out when seeking to redesign a service offer, but the benchmarking and unit pricing of the existing service suggests that there is significant room to be able to redesign the services effectively for better outcomes while still making a unit cost saving.

The initial savings target for day services is set at 500k in the MTFS. This remains the target by 2020, but it is important that this business case is considered alongside dependencies against the LD accommodation business case for the Estates Strategy, the re-provision of LD services in borough, and the £1m savings targeted through the Aging Well Strategy that will in part require these new personalised day opportunities to be in place.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		c.£10m	50	310	140	500

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	TBC	TBC	TBC

Risks							
Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Double counting of savings opportunities	Budget setting process	Treat	DMT	Unlikely(2)	Med(3)	Yell(6)	Collaboration across saving proposal owners
Day opportunities market failure	Closure	Treat	Keith Burns/ Carrie Kilpatrick	Possible(3)	High(4)	Amber(12)	Collaboration with local providers to ensure sustainability
Building development	Delays	Treat	DMT	Possible(3)	Med(3)	Yell(9)	Collaboration with local providers and internal services
Social Worker reviews	Reviews delayed or taking longer than expected	Treat	AD – Social Care	Almost Certain(5)	High(4)	Red(20)	Service managers monitoring social work cases/ assessments

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring.	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Front line services will be redesigned with a renewed focus on promoting independence, and less emphasis on traditional, buildings based day services.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	In part, Riverside will work with different service users focusing on reablement and/or severe complex needs
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	The proposal assumes that current provision in Riverside day centre, in its redesigned form, will continue to be provided by the Council
Does the change involve local suppliers being affected?	Yes	Local providers of day services will see some change in the nature of services being commissioned. There may also be some impact of the shift to a preferred provider system for learning disabilities.
Does the change affect the Third Sector?	Yes	As above
Does the change affect Assets?	Yes	The reconfigured Riverside Day centre will need new premises, with some capital investment to implement the new service model.
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Potentially could affect staff numbers if the option to close down internal day services and transfer service users to external provisions is pursued.
Does the change involve a redesign of the roles of staff?	Yes	Some staff in any in house day provision may see changes to their roles.

Project Title	Public Health – 0-19 Public Health Programme Savings
Reference	ADU 009 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

Early years and child health is a priority for public health investment as it lays the foundations for lifelong good health. Maternity, early years and child and young people's public health services have to some degree been protected in previous public health savings programmes. However, due to budgetary pressures it is necessary to explore further cost reductions during the three years MTF period as public health grant is likely to reduce further.

This Business Case sets out a preferred option as to how that can be achieved in a way that strengthens the core services and maintains an improvement in health outcomes for children and young people.

The vision from the changes proposed here is that the core services – Health Visiting and School Health - are consolidated and strengthened to enable them to drive forward the population health improvement that is required. There will be fewer smaller ancillary services that target the 0-19 population but the key lessons and best practice from the smaller programmes will be integrated into the procurement of the core services to ensure that the service benefits are not lost sight of, for example through a more flexible, partnership-focused, and community centred service as well as a continued focus on the most vulnerable children and families.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Minimal disruption to services	Not sustainable financially	Overspend of Public Health grant	<p>Total cost for in scope services: £9,643,912 (reflecting budgets following already agreed reductions in 2017/18)</p> <p>External providers: £9,278.783 - Health Visiting (HV) £6,760,000 Family Nurse Partnership (FNP) £550,249 Child & Family Weight Management (CFWM) £387,615 School Health (SH) £1,580,919</p> <p>Internal: £365,129 Healthy Early Years Accreditation £49,600 Healthy Start</p>	£0

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
					Vitamins £40,029 Healthy Schools Team £275,500	
2	Take an approx. equal (7.45%) savings from all maternal and child public health programmes – phased according to end of contract	Achieves the savings necessary to keep the public health budget in balance	<p>Longer term impact on child (and later adult) health and wellbeing outcomes including increased demand on other services</p> <p>School Health offer to schools (1 day per week for secondary and per 2-weeks for primary) would not be achieved</p> <p>Reduced support for schools on achieving healthy schools standards</p> <p>Impact of reduction of HV and FNP services and in house services on integrated early years provision</p> <p>Reduced capacity to support overweight and obese children</p>	<p>Reduce the effectiveness and morale of the services</p> <p>In year savings might be slightly less depending on procurement timetables</p> <p>Redundancy costs from reducing the funding for these services will also need to be factored in</p>	<p>External ending in 2018 – SH and C&F WM – reduce from total of £1,968,534 to £1,822,034</p> <p>External ending in 2019 – HV and FNP – reduce from total of £7,310,249 to £6,766,749</p> <p>In house – reduce from total of £365,129 to £335,129 – in 2018</p>	£176,500 in 18/19 rising to £720,000 in 19/20
3	Re-commission new integrated 0-5 service that brings together the FNP service, that provides intensive support for vulnerable	Achieves the savings required to keep the public health budget in balance.	<p>As above</p> <p>High quality service (FNP) that supports teenage parents and current child weight</p>	<p>As in option 2 plus:</p> <p>Capacity to develop the new specificatio</p>	<p>2018 – SH and C&F WM reduce from £1,968,534 to £1,700,400</p> <p>Reduce in house from £365,129 to £223,509</p>	£409,751 in 18/19 rising to £720,000 in 18/19

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	first time teenage parents, and the HV service. This could include reviewing the criteria for FNP to ensure that it is targeted at the most vulnerable families, which could be complemented by developing the capacity of health visitors to support a wider group of vulnerable families (e.g. along the lines of the MECSH model)	<p>Focuses the funding available on maintaining and upskilling the core services e.g. through embedding the specialist learning from the FNP.</p> <p>Opportunity through re-commissioning of Integrated services to mitigate the impact of the reduction in funding.</p>	management service will end.	<p>n and re-procure to time</p> <p>Effectiveness of new integrated services</p> <p>Impact on in house provision</p>	2019 – HV and FNP – reduce from £7,310,249 to £7,000,000	

Recommended Option

Option 3 is recommended as it maximises the financial savings opportunity whilst offering an opportunity to mainstream support for vulnerable families and children within strengthened health visitor and school health services.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37007, 37008	9,684	0	409	311	720

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	TBC	TBC	TBC

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Adverse impact on patients/service users	Services are reduced or lower quality	Treat	DPH	Possible(3)	High(4)	Amber(12)	Work with service providers to ensure that negative impacts of changes are minimised and services for the most vulnerable users are protected.
Long term impact on health outcomes	Reduction of key services to point where outcomes unsustainable	Treat	DPH	Possible(3)	High(4)	Amber(12)	Target services on most vulnerable users where greatest health gain/improvement is available.
Key partners not supportive e.g. schools	Partners react negatively to proposed changes	Tolerate	DPH	Likely(4)	Med(3)	Amber(12)	Engage positively with all partners and explain financial constraints and positive strategy.
Service providers unwilling to take on the service delivery/staff/liability risks for sums available	No or very limited response to procurement	Treat	DPH	Likely(4)	High(4)	Red(16)	Engage with potential providers ahead of procurement to explain resource issues and ensure that realistic contract delivery requirements are set.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	There are risks in the reduction of programmes in the key priority areas that work to target health inequalities will be adversely impacted. This will need to be addressed though effective targeting of the most vulnerable groups. In respect to protected characteristic groups this could be some ethnicity groups, some age groups, both men and women, sexual preference groups and people with a disability.
Does the change reduce resources available to support vulnerable residents?	Yes	There are risks in the reduction of programmes in the key priority areas that work that targets health inequalities will be adversely impacted. This will need to be addressed though effective targeting of the most vulnerable groups.
Does the change involve direct Impact on front line services?	Yes	Services that are directly provided to residents – including children and families - will potentially be affected. Mitigations will minimise the impacts on the most vulnerable to poor health outcomes.
Changes to a Service		
Does the change alter who is eligible for the service?	Yes	In some circumstances the criteria for accessing some services could be reviewed and amended. This will need to be identified through the specific project work.
Does the change alter access to the service?	Yes	In some circumstances the numbers of people who can access services within a period could reduce. This will need to be identified case by case through the specific project work.
Does the change involve revenue raising?	Yes	There is a possibility that schools and nurseries may be required to purchase or contribute towards some public health services
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Services are provided currently by NHS bodies or not for profit sector organisations. These organisations would be affected by changes in budgets, different modes of delivery and re-procurement of suppliers.
Does the change involve local suppliers being affected?	Yes	A significant number of the current suppliers are locally based organisations whether NHS, not for profit sector or academic organisations.
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The level of impact on staff teams will need to be assessed as part of the discussion with the service providers.
Does the change involve a redesign of the roles of staff?	Yes	As above this will need to be discussed further.

Project Title	Public Health- Adult Weight Management
Reference	ADU 010 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

For people who are overweight or obese, losing 5-10% of body weight results in health benefits related to better general wellbeing, reduced risk of conditions such as type 2 diabetes, heart disease, stroke and osteoarthritis as well as better outcomes for people who already have these conditions. The Fit4 Life programme is the main area of public health investment around adult obesity and focuses on helping those facing the greatest health risks from obesity to achieve a healthier weight.

This business case proposes a reduction in the complexity of the programme model in order to increase efficiency and reduce duplication. The Fit4Life "groups" service which provides group activity in local community settings across Tower Hamlets would not continue from October 2017 and instead users would be referred from the Fit4Life Centre to other Council or voluntary sector services that provide equivalent activities, reducing duplication. The more specialist Fit4Life services - specialist adult weight management and programmes for people with disabilities - would be unaffected. Proposed savings are £96k in 2018-19, with a half year saving of £48k realisable in 2017-18. After implementation of the savings proposed here the net cost per head of adult obesity programmes would be reduced from £2.84 in 2014-15 to £2.32 by 2018-19.

The vision for this project is to provide a single point of access and assessment for residents who are at high risk of the adverse health impacts associated with obesity and need support with weight management. All those referred will be offered follow up and additional motivational coaching 3, 6 and 12 months after they are initially referred into the programme. Those who are highest risk would continue to be referred to specialist level 3 obesity services. However, those at lower risk would receive support from the Fit4Life Centre to integrate healthier eating and physical activity into their everyday lives and to link into existing local initiatives and services e.g. leisure services, informal peer support programmes such as walking, gardening and volunteering groups, as well as commercial weight management programmes, rather than being referred into a 12 week Fit4Life intensive programme.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Minimal disruption to services	Misses opportunity to improve efficiency; Not sustainable financially.	Overspend of public health grant	£416k Fit4Life Centre and Fit4Life Groups	£0
2	Lower risk people referred to services other than Fit4Life groups (while maintain groups for those who very high-risk)	Bring into line with comparable boroughs' costs for adult obesity. And integrate into the rest of the community offer (section 2). Ensure a more consistent offer	May adversely impact on service outcomes. Service may not be able to bear significant further budget reduction. This is a recently commissioned service with significant 'set up'	Service may not be able to bear significant further budget reduction. Provider may not be willing or able to continue delivering the service at the reduced value.	£416k Fit4Life Centre and Fit4Life Groups	£96k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	or have disabilities, through the Specialist Weight Management and Disabilities services) but rather than realising all of the saving as a 'saving', 50% of the 'saving' would be reinvested into prevention activities through the proposed Community Development Model outlined in a separate business case.	(groups only available to those in very high-risk groups or with disabilities) Ensure that a proportion of savings are reinvested into prevention, thereby reducing the future demand on the weight management service	costs. Cost reduction not achievable until October 2017	Fewer adults would be supported through the programme – though would be signposted to other support.		

Recommended Option

Option 2.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37010	416	48	48	0	96

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Other key stakeholders not supportive	Discussions with key partners reveal lack of support	Treat	DPH	Possible(3)	High(4)	Amber(12)	Use all existing channels to ensure partners are on board with need to achieve savings and the rationales for the savings proposed.
Service providers not supportive	As and when briefed on reprocurement approach	Tolerate	DPH	Likely(4)	Med(3)	Amber(12)	Ensure that service providers are aware of proposed changes at an early stage and are able to contribute to the process of redesign and reconfiguration.
Delays reduce year 1 savings	Delays in decision-making or consultation processes	Treat	DPH	Likely(4)	High(4)	Red(16)	Use robust project management planning to maintain timeline.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	Reducing the funding for the Fit4Life contracts will reduce the number of people going through the service, however no cuts are proposed to the specialist or disability services thus it is expected that the most vulnerable groups will be least impacted by these cuts.
Does the change reduce resources available to support vulnerable residents?	Yes	As per comment above
Does the change involve direct Impact on front line services?	Yes	Yes, however the initial single point of contact service will be maintained, with those in high risk groups and those with disabilities continuing to be referred on to group activities, with those in less high-risk groups will be signposted to existing community activities.
Changes to a Service		
Does the change alter who is eligible for the service?	Yes	However there will be no change in access to the Specialist or Disability services so those in the most vulnerable groups should be less affected.
Does the change alter access to the service?	Yes	Yes –however there will be no change in access to the Specialist or Disability services so those in the most vulnerable groups should be less affected.
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	However the provider of the service that is proposed to be cut / terminated also provides another component of the Fit 4 Life programme so the impact on the organisation will be less as they will continue to be commissioned to provide another component of the service.
Does the change involve local suppliers being affected?	Yes	As above
Does the change affect the Third Sector?	Yes	As above
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Public Health - Community Development Programme
Reference	ADU 011 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

The proposal is a consolidation of public health community development programmes into a single Community Development for Health Programme in line with the principles of the evidence-based 'Well London' model. Well London provides a framework for communities and local organisations to work together to improve health and well-being, build resilience and reduce inequalities. The new programme will incorporate and build on the foundations of the existing community development work currently delivered through initiatives such as health trainers, health outreach workers, healthy families and play outreach, as well as the work of the Public Health Locality Managers. The full year cost of these programmes is £1.255m and the full year saving is £255k.

The vision for this programme is that all residents, at all ages and from all backgrounds, will have access to local resources or 'assets' that help to build resilience for health and wellbeing. Resources will include:

- access to physical spaces (both indoors and outdoors) for people to meet, share knowledge and get physically active
- access to electronic resources on how to stay healthy and where to go for further support
- access to emotional and social resources of peer and intergenerational community support
- opportunity for those with the greatest level of need to receive 1-2-1 support from someone with specific training.

The new contract will be in place by October 2017. The estimated saving in 2017-18 is therefore £205k (the saving in 2017-18 is estimated to be greater than 50% of the full-year saving as some existing contracts end prior to October 2017). The proposal is to use co-production methods to work with the community in order to ensure that the new programme adequately meets their needs.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Minimal disruption to services	Misses opportunity to improve efficiency. Not sustainable financially.	Overspend of Public health grant	£1.255m	£0
2	Consolidation of public health community development programmes into a locality-based healthy hubs model incorporating work currently	Stronger focus on community development/health hubs model, in-line with the evidence-based 'Well London' model Improved platform for supporting volunteer engagement, peer activity and working with other PH commissioned	Adequate commissioning lead in time required for thorough development of the new programme proposal and to secure buy in from the key stakeholders including the voluntary sector.	Political and reputational risk – current service providers likely to be concerned about potential loss of funding and impact on their organisations and users. Voluntary sector buy-in is crucial.	£1.255m Comprises Health Trainers £889k Health Outreach £130k Healthy Families £40k Active Play £119k	£255k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	delivered through initiatives such as health trainers, health outreach workers, health families and play outreach. To be in place by January 2018.	programmes. Embeds the learning from pilot programmes.	Savings may need to be phased over two years.	Potential gap in services offer if services ended to reinvest in new offer	Buywell £49k Brushing for Life £20k Community Growing Network £8k	

Recommended Option

The recommendation is to agree the savings options as outlined above.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37006	1,255	205	50	0	255

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
4	4	0	0	4

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Other key stakeholders not supportive	Discussions with key partners reveal lack of support	Treat	DPH	Possible(3)	High(4)	Amber(12)	Use all existing channels to ensure partners are on board with need to achieve savings and the rationales for the savings proposed.
Service providers not supportive	As and when briefed on reprocurement approach	Tolerate	DPH	Likely(4)	Med(3)	Amber(12)	Ensure that service providers are aware of proposed changes at an early stage and are able to contribute to the process of redesign and reconfiguration.
Delays reduce year 1 savings	Delays in decision-making or consultation processes	Treat	DPH	Likely(4)	High(4)	Red(16)	Use robust project management planning to maintain timeline.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively low however risk should be monitored.

Equalities		
Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	While the overall resource will be reduced, the new service that will be procured will have 'addressing inequalities' as a key aim. The new service specification will make clear that resources should be targeted at groups with the highest level of needs, and regular equalities monitoring, including of all protected groups will be a key requirement of the new service.
Does the change reduce resources available to support vulnerable residents?	Yes	As above, the overall resource will be reduced but the aim of the new specification will be to ensure better targeting of the resource to ensure that vulnerable residents are no worse off, and hopefully even better served by the new programme.
Does the change involve direct Impact on front line services?	Yes	A number of existing front-line services will be decommissioned but the intension is that the components of those services which were effective in improving the health and wellbeing of residents with the highest levels of need will be incorporated into the future service. In addition other evidence based interventions which are better able to meet people's needs will also be incorporated.
Changes to a Service		
Does the change alter who is eligible for the service?	Yes	The exact service specification is not yet known (as it will be developed following consultation with the community and the voluntary sector) however it is possible that some parts of the service will be restricted to those who meet certain eligibility criteria, in order to ensure that limited resources are targeted at those with the highest levels of need.
Does the change alter access to the service?	Yes	It is anticipated that the new service will be more accessible as it will be developed around a community hub model in consultation with local people.
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Existing services will be decommissioned however the providers of those existing services will be invited to form a consortium or propose sub-contracting arrangements in order to bid to provide the new service.
Does the change involve local suppliers being affected?	Yes	See comment above.
Does the change affect the Third Sector?	Yes	See comment above.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The staff who are currently directly employed as Health Outreach Workers will not have their contracts renewed however their skills may enable them to apply for positions that are created as part of the new service.
Does the change involve a redesign of the roles of staff?	No	

Project Title	Public Health – Primary Care Prevention Programme
Reference	ADU 012 / 17-18
Strategic Priority Area	1.4 More people living healthily and independently for longer
Directorate	Adults' services

Executive Summary

Public health have commissioned prevention services from general practices (GPs) for many years. The purpose of these have been to recognise the importance of general practice as a setting to help people live healthier lives and enhance existing provision in primary care. Currently the Council commissions services for sexual health/contraception, health checks for over 40s and stopping smoking. Review of these services highlights good progress but also issues around variable performance, efficiency and outcome focus. The proposal is to review these issues and consolidate these three enhanced services into a single population health improvement programme delivered through all GP practices/networks in Tower Hamlets. Current investment is £627,000 and estimated saving from efficiencies is £62,000 per year starting April 2017. In addition a small efficiency saving is proposed from the recommissioning of the public health pharmacy services in 2018-19.

The vision is for general practice and community pharmacies to be places where people are able to get support, motivation, information and signposting to help them live healthier lives. The project aims to build and learn from the experience of 'enhanced' public health services commissioned from primary care in the past, and work with GPs and pharmacies on how to make best use of this investment going forward. It will also identify where efficiencies can be made through reviewing what has worked, identifying duplication and agreeing outcomes (such as stopping smoking, improving blood pressure control/cholesterol, earlier identification of existing conditions (e.g. diabetes, heart disease, sexually transmitted infections) and reduction of unplanned pregnancies.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1.	Do nothing	Minimal disruption to services	Misses the opportunity to improve efficiency and outcomes for residents; Not sustainable financially.	Overspend of public health grant	£627,000	£0
2.	Consolidation of the primary care network improvement services into a single population health NIS.	More holistic approach to prevention. Provides an opportunity for reengagement with GPs. Better value for money. Stronger outcomes focus.	Potentially reduced activity in areas such as tobacco and sexual health (but performance is currently variable).	Lack of engagement from GPs in the context of reducing NHS funding and increased pressures.	£627,000 Comprises: Smoking cessation £140,000 Sexual health £280,000 Health checks £207,000	£62,000 from 17/18

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
3	Savings from respecification of pharmacy services into single specification with reduced costs – current contracts end 31 March 2018	Public health pharmacy services set out within a clear vision of pharmacists public health role		Low risk of less focus on specific area e.g. smoking quits	Current costs are: Smoking cessation : £213,000 Sexual health (emergency contraception and chlamydia testing): £190,000	£30,000 from 18/19

Recommended Option

Options 2 and 3.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37009 GP Services	627	62	-	-	62
	37009 Pharmacy	386	-	30	-	30

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Reduced GP engagement with public health	New programme reduces incentives	Treat	DPH	Possible(3)	High(4)	Amber(12)	
Other key stakeholders – GPs or the CCG - are not supportive	Discussions with key partners reveal lack of support	Treat	DPH	Possible(3)	High(4)	Amber(12)	Use all existing channels to ensure partners are on board with need to achieve savings and the rationales for the savings proposed.
Adverse impact on patients/service providers	Services are reduced or lower quality	Treat	DPH	Possible(3)	High(4)	Amber(12)	As above work with GPs to ensure that impacts of change on patients is positive and the outcomes are improved.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	Reduces the funding for smoking cessation and sexual health which contribute to health inequalities but the aim is to improve outcomes and focus on those at greatest risk.
Does the change reduce resources available to support vulnerable residents?	Yes	Reduces the funding for smoking cessation and sexual health which contribute to health inequalities but the aim is to improve outcomes and focus on the most vulnerable residents who are at greatest risk of adverse health impacts.
Does the change involve direct Impact on front line services?	Yes	The three current NIS services will be consolidated into a single service with a clearer and more all-embracing objective to improve the health of the resident population.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	Yes	The services are delivered through the Tower Hamlets GP networks
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Public Health - Sexual Health Services
Reference	ADU 013 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

We recognise the need to promote good sexual health in the population, promote safer sex practices and provide high quality accessible sexual health and contraception services. Public health investment in sexual health and HIV encompasses sex education in schools, promotion of good sexual health, targeted sexual health promotion in high risk groups, contraception services and treatment services in primary care, community and hospital based services.

Tower Hamlets has increasing levels of need for sexual health services, especially specialist clinic services. To address the challenges of increasing rates of sexually transmitted infections (STIs) and increasing expenditure, the London Sexual Health Services Transformation Programme (LSHTP) was developed involving over 20 London boroughs. The LSHTP programme has sought to establish improved service models, through the use of technology and contract specifications to better address current and future service demands and reduce the incidence of STIs, HIV and teenage pregnancies.

Through the implementation of the London Sexual Health Transformation programme cost savings are expected through channel shift of some activity (e.g. online booking, home testing) and the implementation of the Integrated Sexual Health Tariff (ISHT). The ISHT offers an improved payment method for sexual health services which will lead to an increase focus on outcomes and improved value for money.

Savings against the current budget of £250,000 are anticipated in 2017/8, a further saving of £150,000 in 2018/19 and £100,000 in 2019/20. This includes savings of £10,000 from integrating young people's sexual health and substance misuse services. An additional saving of £25,000 per year is proposed by merging the prevention and sexual health promotion contracts following recommissioning in July 2017.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Minimal disruption to services	Misses opportunity to improve efficiency; Not sustainable financially.	Overspend of public health grant	£7.049m	£0
2	Consolidation of sexual health promotion programmes into a single contract.	Greater efficiency and reduced risk of duplication		Viability of some small but established groups could be at risk, less effective prevention	£260k	£25k
3	Demand management of sexual health services through: - Pan London	Channel shift into more appropriate levels of service with improved payment system. More cost	Perceived reduction in choice and on demand services	Adverse impact on STIs, lower uptake of contraception, increased unwanted pregnancies,	£7.049m	£250k in 17-18

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	programme, and - East London transformation Programme	effective and sustainable.		increased terminations		

Recommended Option

At this stage the recommendation is that both savings options as summarised above are agreed.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37009	6,200	267	158	100	525

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Other key stakeholders not supportive	Discussions with key partners reveal lack of support	Treat	DPH	Possible(3)	High(4)	Amber(12)	Use all existing channels to ensure partners are on board with need to achieve savings and the rationales for the savings proposed.
Service providers not supportive	As and when briefed on reprocurement approach	Tolerate	DPH	Likely(4)	Med(3)	Amber(12)	Ensure that service providers are aware of proposed changes at an early stage and are able to contribute to the process of redesign and reconfiguration.
Delays reduce year 1 savings	Delays in decision-making or consultation processes	Treat	DPH	Likely(4)	High(4)	Red(16)	Use robust project management planning to maintain timeline.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities		
Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	The services commissioned will continue to be open access with specific prevention and promotion work to ensure that the most vulnerable are encouraged to access services. The reductions proposed are likely to be able to be met by reducing duplication of services and/ or increasing efficiency of provision and so are not expected to increase inequalities.
Does the change reduce resources available to support vulnerable residents?	No	The services commissioned will continue to target resources at the most vulnerable through specific prevention, promotion and targeted services. The reductions proposed are likely to be able to be met by reducing duplication of services and/ or increasing efficiency of provision and so are not expected to impact on support for vulnerable residents.
Does the change involve direct Impact on front line services?	Yes	The service change through implementing the London Sexual Health Transformation programme will be subject to full an EQIA as part of the commissioning proposal that is currently being developed.
Changes to a Service		
Does the change alter who is eligible for the service?	No	Sexual health services will remain open access with a wide range of access points available throughout the borough and out of area.
Does the change alter access to the service?	No	Sexual health services will remain open access with a wide range of access points available throughout the borough and out of area.
Does the change involve revenue raising?	No	Services will remain free and open access.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Yes, potentially. The integrated service will be subject to a new procurement so who provides the service may change although patients will retain open access rights so may use a clinic provided by a different provider.
Does the change involve local suppliers being affected?	Yes	Current service providers are Barts Health with sub-contractors Step Forward, and Positive East. The Council will work with the providers to manage the impact as sensitively as possible.
Does the change affect the Third Sector?	Yes	Step Forward and Positive East are both Third Sector providers The Council will work with the voluntary sector providers to manage the impact as sensitively as possible.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	It is likely that that the budget reduction will require the providers to deliver a small reduction in staffing numbers by reducing duplication of services.
Does the change involve a redesign of the roles of staff?	Yes	It is likely that that the budget reduction will require the providers to redesign roles of staff.

Project Title	Public Health - Specialist Smoking Programme
Reference	ADU 014 / 17-18
Strategic Priority Area	1.4 More People Living healthily and independently for longer
Directorate	Adults' Services

Executive Summary

The proposal is to reprocore the specialist smoking programme from 2017 based on a single service contract rather than the two current services, making a saving through efficiencies and a reduction in budget.

It is anticipated that the consolidation of the current specialist support provision into one service will increase accessibility for local smokers and tobacco users. By implementing a single referral system, with one point of contact for local referrers e.g. GPs, the process is simplified and therefore should increase referrals. To meet demand group work support will be the main intervention. This will not impact on quality as group support is evidenced to be the most effective smoking cessation approach, therefore the 50-60 per cent quit rate will be maintained.

Contracting one local specialist service will provide the following benefits;

- One point of access for specialist support
- Provides for all smokers including ethnic minority residents and people with serious mental illness who are at high risk
- A simplified referral process – which should increase referrals
- Enhanced support for those heavily dependent on nicotine to quit

The reprocorement is due to commence in February 2017 and be completed by May 2017 with a single service commencing in August 2017. Anticipated saving is £150k. Bench-marking data shows that spend per head on smoking cessation in Tower Hamlets in 2014-15 was £6.44 (compared to a London average of £2.76 in 2014/15). By 2018-19 this will have reduced to £2.21 and is likely to remain higher than some other London boroughs because smoking prevalence is higher in Tower Hamlets and health inequalities to which smoking contributes are greater, as well as reductions in service funding in other boroughs.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Minimal disruption to services	Misses opportunity to improve efficiency; Not sustainable financially.	Overspend of public health grant	£460k	£0
2	Consolidate specialist tobacco services into a single contract with a lower value. To be in place by August 2017.	Simpler and more accountable service with clearer responsibilities and targets.	Potentially less quits in the high need groups	Potentially reduced quits in high need groups although the service will still target BME smokers and people with SMI so number of quits should be maintained.	£460k	£150k

Recommended Option

The recommended option is to consolidate the specialist smoking programmes into a single contract and reprocure the service from August 2017 on this basis realising the proposed savings in the programme cost.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
	37009	460	96	54	0	150

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Fewer quits achieved	Partners not meeting the specification of contract	Treat	DPH	Possible(3)	High(4)	Amber(12)	Maintain volumes in specification and maximise face to face time and robust contract monitoring
Other key stakeholders not supportive	Discussions with key partners reveal lack of support	Treat	DPH	Possible(3)	High(4)	Amber(12)	Use all existing channels to ensure partners are on board with need to achieve savings and the rationales for the savings proposed.
Service providers not supportive	As and when briefed on reprocurement approach	Tolerate	DPH	Possible(3)	Med(3)	Yell(9)	Ensure that service providers are aware of proposed changes at an early stage and are able to contribute to the process of redesign and reconfiguration.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	There will be a reduction in the funding available overall and this will necessitate a reduction in staffing levels. However, those groups most vulnerable to smoking and its negative health impacts will continue to be priority target groups in the consolidated service and there will be an increase in group support to accommodate provision for all smokers and tobacco users referred to the service.
Does the change reduce resources available to support vulnerable residents?	Yes	As above, there will be reduction in the funding available overall and this will necessitate a reduction in staffing levels. However, those groups most vulnerable to smoking and its negative health impacts will continue to be priority target groups in the consolidated service and there will be an increase in group support to accommodate provision for all smokers and tobacco users referred to the service
Does the change involve direct Impact on front line services?	Yes	The services that are provided to smokers will be reconfigured but the expectation is that the service will become more accessible to local smokers and tobacco users.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	The services will be available to a wider range of users but still target the high risk groups
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	The services will be subject to a new procurement process and therefore who provides the service may change.
Does the change involve local suppliers being affected?	Yes	The services are currently provided by a local provider so that could be subject to change.
Does the change affect the Third Sector?	Yes	The service is not currently provided by a voluntary or charitable sector provider but there may be an opportunity for such organisations to express interest in delivering the service or part of it.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	As the funding available is subject to a significant reduction and a consolidation process there is likely to be a reduction in the staff teams that could affect the external service providers but not Council staff.
Does the change involve a redesign of the roles of staff?	Yes	The requirement to deliver a wider range of activity than currently through a single service may necessitate a redesign of staff roles.

Project Title	Youth Service Transformation
Reference	CHI 001 / 17-18
Strategic Priority Area	1.3 Young People Realising their potential
Directorate	Children's Services

Executive Summary

The youth service has been part of Children's Services since April 2016. It provides positive activities to young people aged 13 – 19 and up to age 25 if they have a learning difficulty and/or disability. From July 2016, following the implementation of an interim delivery model, the youth service will deliver its universal youth work offer from eight key youth centres which will offer universal; and specialist youth work activity. By further improving the youth service we can deliver better services for young and produce savings for taxpayers.

Services the youth service currently provides through its interim delivery model are:

- **Universal Services:** Offers open access youth centre based services from 8 youth centre hubs based at Eastside Youth Centre, Columbia Road Youth Centre, Collingwood Youth Centre, Haileybury Youth Centre, Linc Youth Centre, Limehouse Youth Centre, Wapping Youth Centre, and St Andrew's Wharf Youth Centre as well as a significant number of commissioned services.
- **Targeted Youth Support:** Offers information and advice to vulnerable young people at risk of not being in employment education.
- **Peer Education:** Offers sexual relationship education in schools and community centres and other programmes of peer led activities including a women's leadership programme.
- **Youth involvement:** Support for the Young Mayor's Team and the Youth Council, manage elections for the Young Mayor and support the youth council to develop and deliver projects.
- **Central Support:** 10 staff, by head count, provide core business support including administrative support, apprentice/volunteer co-ordination, quality assurance, service development, training and senior management.
- **Commissioned work and Service Level Agreements:** Youth activity is delivery by external organisations or services on behalf of the youth service.

As part of the interim delivery arrangements all 8 council run youth centres underwent refurbishment/redecoration in July 2016. The intention is for the youth service to ensure that there is sufficient budget set aside to retain the capital investment in youth centres.

The work of the youth service is underpinned by statutory duties set out in the Education Act, 1996; and the Education and Skills Act, 2008.

There are approximately 171 staff in the youth service by head count, equivalent to 93.2 full-time equivalent (FTE) staff.

The youth service has had a turbulent history of service delivery and performance issues.

In early 2016 the service experienced operational pressures that were punctuated by short notice unannounced youth centre closures which resulted in young people not being able to access their local youth centre due to inconsistent opening times. Management of the youth service sought to resolve this problem and in July 2016 a temporary interim delivery model for youth centres was implemented.

Prior to the interim model, the youth service operated from multiple council run sites, some only for one or two evenings a week. As a result some of these centres seeing very low attendance numbers and activities on offer despite the high staffing costs of running them. Many of the buildings were also not fit for purpose and required significant investment and upkeep. By contrast the new 8 youth hubs operate 6 days a week, with multiple other professional providers commissioned to also provide youth service activities.

In order to deliver the already identified priorities and to introduce a more substantive delivery model for the youth service it will be necessary to undertake a service wide restructure to underpin the required changes to service delivery. Any change to existing structures following completion of a full business case would be subject to due process including full staff consultation and equality impact assessment. It will also be necessary to undertake a statutory public consultation options for the future delivery of the youth service in order to identify a full set of priorities that take into account the proposed budget savings for 2017/18.

The restructure is a critical stage in moving the service towards a three year vision to become *the best youth service in London* - providing young people with spaces to enjoy, support to achieve, and opportunities to make a difference in their community. Given the progress we have already made reforming the youth service, we are confident that we can make significant efficiency savings whilst improving the service offered to youth people. Even after these savings we anticipate that the youth service will still be the second best funded in London.

Despite the need to make savings managers within the youth service are committed to preserving the current youth service offer of 8 youth centres; provision of targeted work with vulnerable young people; and a commissioning budget.

This business case sets out a restructure of the integrated youth and community service, which is designed to maintain the level of delivery in the interim model but improve the quality of delivery through professionalising the workforce. This also achieves savings of £1.8million in 2017/18.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Part commissioned youth activity and part delivered internally: The youth service would be fully restructured taking into account the lessons learned from the former youth service and good practice principles would be designed into the new delivery option. A total service restructure would be required	<ul style="list-style-type: none"> • Delivery of statutory duties. • Opportunity to design a new more effective youth service structure. • Budget savings could be achieved. • Existing youth centres could remain 	<ul style="list-style-type: none"> • The new structure would be untested. • Lessons from the former youth service might not be learned sufficiently and they could reoccur. • The new commissioning arrangements would need time to bed in to deliver optimal performance. • Increased costs arising from disused youth centre buildings... • If contract monitoring was not robust enough performance under this option could deteriorate. • Transfer of Undertakings 	<ul style="list-style-type: none"> • An untested delivery model would be implemented. • Performance of new contracts could suffer if not monitored sufficiently. 	Service budget £5.792m	£1.8m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	<p>prior to implementation. Along with this, key elements of youth service activities would be commissioned by the local authority through community and voluntary sector providers.</p>	<p>open.</p> <ul style="list-style-type: none"> • No reputational damage to the local authority. • Partnership arrangements would be maintained. • Delivery of statutory duties. • Opportunity to design a new more effective youth service structure. • Budget savings could be achieved. • Use of existing youth centres. • No reputational damage. • Partnership working is promoted. • A range of different youth activity can be commissioned. 	<p>of Protection of Employment (TUPE) might make smaller voluntary sector providers reluctant to take on the additional staffing responsibilities associated with the contract.</p> <ul style="list-style-type: none"> • The costs of providing comparable pension arrangements – or gaining admitted body status for smaller providers may be prohibitive to some smaller providers. • Quality assurance functions would need to be retained. • Lessons from the former youth service might not be learned sufficiently and they could reoccur. 			

Recommended Option

The hybrid option, which is a 'mixed economy' approach of partly commissioned youth activity and partly internally delivered services, is recommended. With this option a total service restructure would be required prior to implementation. This option was felt to offer the best opportunity to improve service performance delivery and maximise partnership working whilst offering the best possible service for young people.

This option is predicated on the assumption that restructuring the service can provide the same level of delivery but better quality and that there are some areas of service delivery where community and voluntary sector providers are better able to deliver the quality of service required than the council.

The service is able to achieve the savings of £1.8 million in 2017/18.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		5,800	1,800	0	0	1,800

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
93.2	30			30

Risks

Identified Risk	Trigger	Risk Approach	Owner	Current score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Risk to service delivery due to restructure	Commencement of the restructure process	Tolerate	Head of service	Possible	Medium	Green (4)	Work will need to be undertaken with staff to ensure that they are fully engaged with the restructure process.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities		
Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	The youth service will be restructured.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	The numbers and locations of youth centre hubs could change
Does the change involve revenue raising?	Yes	There is potential for revenue raising to offset some potential savings in future years
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Some youth activity will be commissioned with third party providers.
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	Yes	Some third sector providers will be commissioned through this option.
Does the change affect Assets?	Yes	It is possible that some youth centres may be de-commissioned through this option.
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	There will potentially be staffing reduction through the recommended option.
Does the change involve a redesign of the roles of staff?	Yes	There will be a service redesign.

Project Title	Better support for Families through early help, and reduction in social care demand
Reference	CHI 002 / 17-18
Strategic Priority Area	1.3 Young People Realising their potential
Directorate	Children's Services

Executive Summary

Early help is a way of ensuring that families are provided with support to prevent any problems from escalating to a point at which they need specialist professional intervention. Whilst Tower Hamlets currently has many early help services, there is currently a lack of robust co-ordination, evaluation and strategic commissioning of these services.

This business case identifies a preferred option for addressing this, to deliver better outcomes for children and families needing help. It estimates the financial impact of this in relation to the medium term financial strategy will be a saving of £1m by year three (2019-20). The saving has been estimated on the assumption that better early help will reduce the number of children being taken into care later in life, changing the age profile of our looked after children to better reflect that seen in other areas.

At the same time, there is a linked growth bid for the first two years of the MTFs to cover the cost of a temporary increase in the overall number of looked after children as our improved early help offer comes on stream (ref GRO/CHI/01/17)

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	Maintains stability No additional costs	Current situation as outlined above is likely to continue No opportunity for improved outcomes for children and families No opportunity for financial savings		£11.7m	0
2	Development of a coherent and comprehensive early help offer	Will improve help to children and families to prevent issues from escalating Earlier identification of need for statutory services Improved chances of permanency and reduced negative outcomes for looked after children Financial savings	Implementation costs Benefits in terms of reduced high level need and financial savings are only likely to accrue in the medium term	Risk that as need is identified earlier, this creates unsustainable demand in the short term The savings figure is based on an assumptions that by the third year of the MTFs, our LAC profile will have	£11.7m	£1m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
				changed as a result of early help but not increased overall. These assumptions may prove incorrect.		

Recommended Option

Option 2 is recommended, as the benefits outweigh disadvantages both in terms of positive outcomes for families and financial savings.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			0	0	1,000	1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
Staff FTE	N/A	N/A	N/A	N/A

Risks							
Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Risk that as need is identified earlier, this creates unsustainable demand in the short term	Number of looked after children/ children in need/ children subject to child protection plans increase beyond a level that can be met within existing resources	Treat	Director of Children's Services	Possible(3)	High(4)	Amber(12)	A growth bid has been submitted to meet anticipated growth in the short term (GRO/CHI/01/17) LAC/ CiN/ CP numbers are monitored regularly to ensure that any changes can be responded to
Risk that policy extensions and new demands creates pressure and demand across the system	Number of looked after children/ children in need/ children subject to child protection plans increase beyond a level that can be met within existing resources	Treat	Director of Children's Services	Possible (3)	High (4)	Amber (12)	A growth bid has been submitted to meet actual and likely growth for UASC and NRRF families. Wider work to mitigate impact of welfare reform including integrated employment offer. A growth bid is being prepared for sustainable funding for projects that support Care Leavers into education or work.
The savings figure is based on an assumptions that by the third year of the MTFS, our LAC profile will have changed as a result of early help but not increased overall. These assumptions may prove incorrect.	LAC profile does not change and/ or LAC numbers increase	Treat	Director of Children's Services	Possible(3)	High(4)	Amber(12)	A growth bid has been submitted to meet anticipated growth in the short term (GRO/CHI/01/17) LAC numbers are monitored regularly to ensure that any changes can be responded to

							<p>The SIB- funded therapeutic service to prevent adolescents coming into care includes robust performance management and incentives to maximise performance outcomes.</p> <p>The savings estimate in this business case is likely to be a prudent estimate, as early help is likely to have a greater impact in other areas such as child protection/ child in need work. Further work is ongoing to quantify the financial impact in these areas.</p>
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Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	The early help offer will be improved to provider better support to more families.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Access to early help services will be improved
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	Yes	There are likely to be changes to early help services as a result of better intelligence to support strategic commissioning. The details are as yet unknown
Does the change affect the Third Sector?	Yes	There are likely to be changes to early help services as a result of better intelligence to support strategic commissioning. The details are as yet unknown
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Increasing the involvement of partners in Early Years services
Reference	CHI 003 / 17-18
Strategic Priority Area	1.3 Young People Realising their potential
Directorate	Children's Services

Executive Summary

This business case sets out the potential for further savings to the budget for the proposed integrated early years' service (IEYS). It is informed by :

- A commitment to the delivery of a robust early years' service based on the 'family hub' model, underpinned by an understanding of the implications of the growing body of evidence that interventions in a child's life between 0 and 5 is effective at reducing the risk of harmful outcomes in a manner which is positively disproportionate to the cost of the intervention;
- The need to deliver savings as a result of ongoing reductions to council and public health budgets.

This business case sets out two proposals to contribute to further savings;

- The introduction of charges for support provided to schools and private or voluntary sector settings aimed at improving quality. Currently the council spends £1.8m providing non-statutory childcare support for other organisations, it is proposed a modest charge is levied on organisations taking up this service to help meet some of the costs – this could result in a £250,000 saving.

This proposal is designed with the long-term sustainability of current levels of service delivery in mind, and as such service users should see no difference in the levels of service that they receive as a result of these proposals. The proposed charges will not directly affect service users.

- That voluntary, independent or private organisations be commissioned to deliver in house day nursery provision where they are currently being provided directly by the council.

Specifically, the proposed changes to the delivery of day nursery provision will cause no depreciation of service for end users. The highest standards of quality will be maintained, and the number of places provided should increase as a result of these changes. The council has a statutory duty to ensure that sufficient childcare is available to all parents who need it, and these proposals will ensure that this commitment can be met without reducing the quality of the service provided.

Implementation of recommendations two and three could result in meeting savings targets whilst preserving early years spending at significantly above the national average. The predicted spend per child in adopting these proposals will be circa £104 per child in 2017/18, approximately 10 per cent above the 2014/15 (most recent published data) national average. With the current information available about planned reductions to early years provision nationally, we expect the difference between Tower Hamlets spending and the national average to increase.

The total forecast savings if the recommended options are pursued is £2.408 million.

Options analysis

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
1	Do nothing	<ul style="list-style-type: none"> Does not require staff consultation Does not require public consultation Does not require political approval 	<ul style="list-style-type: none"> Does not generate additional savings Does not provoke service improvements 	<ul style="list-style-type: none"> Service will be vulnerable to further contraction if funding is reduced due to changes in the early years national funding formula (EYNFF) 	£ 34.848 million	£0
2	Generate income from the continued provision of non-statutory services	<ul style="list-style-type: none"> Will be effective at generating income Will allow the council to continue to offer a high-quality service that delivers outstanding results for service providers and users Should not affect the front-line delivery of services and should not require any form of consultation 	<ul style="list-style-type: none"> Does not generate sufficient income to make a significant contribution to costs of the service 	<ul style="list-style-type: none"> Income may not be realised due to reduction in funding following to changes to the EYNFF Maintaining sufficient staff capacity to deliver traded services 	The current delivery cost of the area responsible for services to schools is £1.8 million.	£0.25 million
3	Change of service delivery model for the day nurseries currently managed by the council	<ul style="list-style-type: none"> Has potential for cost savings Changes in provision can be used to deliver higher-quality provision through proper consideration of the commissioning criteria Buildings can be used for more profitable 2, 3 and 4 year old placements. At present the adult to child ratio is 1:2. Legally this could be increased to 1:8 for three year olds and 1:4 for two year olds. This would attract more income No requirement to consult publicly if 	<ul style="list-style-type: none"> Potentially politically and publicly unpopular Has been proposed and rejected before Full savings realisation will require a detailed agreement with other areas of the business, especially re the Corporate Landlord Model 	<ul style="list-style-type: none"> May be the target for significant public resistance Realisable benefits may vary significantly from those detailed here Savings may not be realised due to reduction in funding following to changes to the EYNFF 	£2.057 million	£2.158 million

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
		service being maintained at the same level through a different service provider, so long as council procedures are followed				

Recommended option

The recommendation is to agree options two and three.

Budget Projection and Staffing Impact

Vote	Cost centre	Base budget £'000	Net savings 2017-18 £'000	Net savings 2018-19 £'000	Net savings 2019-20 £'000	Total savings 2017-20 £'000
G11		1,389	125	125	0	250
G12		2,057	0	1,079	1,079	2,158

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
29	0	29	0	29

*Technically the council's staffing in the day nursery service would reduce to zero, although staff would have rights to posts with any new provider under TUPE regulations.

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Changes to the EYNFF reduce income to the service	Government review concludes	Transfer	Pauline Hoare	Possible(3)	V High(5)	Red(15)	Further savings plans will be drawn up in the event that this risk is realised
Political / public opposition to changes to day nursery provision	Stakeholder consultation	Treat	Pauline Hoare	Likely(4)	High(4)	Red(16)	Political awareness will be managed. Public opinion to be carefully assessed and public statements to be considered with this outcome in mind.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	No revenue will be raised from front-line service users.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Access to services for all users, but particularly children with SEND requirements, will be protected
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	If a building has its usage changed, measures will be taken to ensure that the usage is still consistent with the delivery of services to young people
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Staff will be TUPE'd to other organisations.
Does the change involve a redesign of the roles of staff?	No	

Project Title	Integrating Employment Services for Young People
Reference	CHI 004 / 17-18
Strategic Priority Area	1.3 Young People Realising their potential
Directorate	Children's Services

Executive Summary

This business case puts forward options for savings to consolidate our resources to establish a single Integrated Employment Service and pathway for young people, a central part of the Mayor's vision to:

"Support residents into jobs through employment and skills programmes / Provide high quality support and training to assist young people into sustainable employment / Maximise local employment and economic benefits from the council's processes and capture the opportunities".

The business case recommends the establishment of a Single Employment Service for young people by integrating our Careers Service with the council's Employment and Enterprise service. This will consolidate our resources, and deliver a more seamless service for young people from advice on careers options, to placement in apprenticeships or jobs. This will ensure the best possible training and employment outcomes for young people.

The Council will continue to provide Careers advice to young people, but the service will operate as part of a wider Employment and Enterprise offer. The current leased premises will cease to be used but there will continue to be an accessible face to face service where a wider range of employment related support can be accessed in one place.

The current Careers Service focuses on supporting young people (13-19 and up to 25 with Special Educational Needs) who are or who are at risk of becoming Not in Education, Employment or Training to ensure they progress on to further education, training and work. The expenditure of this service is circa £1,047,000 including a £200,000 overspend, which is forecast to rise to at least £362,000 in 2017/18. This is largely due to fixed staff costs and the ending of additional external funding. Given the scale of overspend within the existing Careers Service, a management and service reorganisation is also required to ensure the activities of the service are in-budget in 17/18.

The proposals recommend overspend elimination by 2017/18 and a further subsequent reduction of £143,000 by 18/19 as functions integrate and external income is generated. To ensure a fully integrated approach, it is recommended that the management of the Careers Service is moved into Economic Development to align with their proven expertise in employment creation and income generation.

This work will consider and align with ongoing proposals to reconfigure Youth Services (CH001).

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Continue 'as is' without change	Stable service provision	No savings made. Overspend continues. Service efficiencies and improvements are not made. May not be sustainable due to overspend, which is forecast to rise in	No savings made. Overspend continues. Service efficiencies and improvements are not made.	£1,047,253 Expenditure	£0 Overspend continues

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
			2017/18 should no mitigating action take place.			
2	Single Integrated Employment Service for Young People	<p>Deliver's the Mayor's Vision.</p> <p>Consolidation of resources and avoidance of duplication.</p> <p>Establishment of a single employment pathway, monitoring and quality assurance system.</p> <p>Better utilisation of community assets (free) and the employment expertise of Economic Development Services.</p> <p>Potential to move towards self-funding in time, with the support of proven track record of the Economic Development Service in this area.</p> <p>Change is determined by careful cost-benefit review of assets, volumes and value.</p>	<p>Limited – would need to be managed carefully to avoid loss of expertise and quality of existing staff and service.</p> <p>Complexity of delivery from a HR side should restructuring proposals arise – may require project management and HR time/input at delivery phase depending upon the proposals recommended.</p> <p>Complexity of business analysis – range of data and stakeholders. Will require technical rigour to do well.</p> <p>Would require a staff restructure to Career's Service (FTE to be confirmed – up to 4-8 FTE) to reduce overspend and budget.</p>	<p>Change in service may have temporary adverse impact on NEET figures, however this will be mitigated by a robust approach to the review and ensuring resources are well co-ordinated.</p> <p>Would need to ensure alignment with any changes proposed to the Tower Hamlets Youth Service.</p>	£1,047,253 Expenditure	<p>Delivery from April 2017, with full implementation from September 2017</p> <p>Overspend eliminated 17/18</p> <p>£143,000 Savings from 19/20 (Careers Service)</p>
3	Close down services Careers Service from 2018/19	Potential savings to Council budget of £653,000	Reduced capacity / resources for careers advice for vulnerable young people – costs may arise elsewhere if NEET numbers rise.	<p>Increased NEET and costs to the public purse.</p> <p>One-off redundancy</p>	£1,047,253 Expenditure	£653,000

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
			Not a coordinated approach in line with the Mayor's vision.	costs – loss of experienced staff.		
4	Keep Service 'as is' but make efficiencies to the Careers Service as a separate entity.	Allows continuity of service Enables informed service. Some savings might be made.	Not in line with Mayors vision Does not work with and consolidate the use of wider resources available. Fragmented approach More efficiencies could be made via a broader integrated approach. Some changes may require strategic change beyond Careers Service level. Services to young people may reduce in terms of volume and quality if wider assets are not utilised. External funding is not secured. No opportunity for self-sufficiency longer term. Services to young people might reduce in volume and quality. Would require a significant staff restructure to make significant reductions – potential redundancy costs – staff upheaval – some talented staff may leave. Additional BA support would still be needed to model and find savings.	Saving estimates do not come to fruition unless there is a wider systematic review and change of assets and resources. Efficiencies are of insufficient scale to make savings – only reduce overspend. Staff redundancy liabilities.	£1,047,253 Expenditure	£0. Potential reduction in overspend but might continue

Recommended Option

Option 2 is recommended for reasoning detailed previously.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			0	0	143	143

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
22.67	8-9 (Estimate TBC)	0	0	8-9 TBC

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Stakeholder communication – due to complexity a critical stakeholder is not informed/involved and complains.	Complaint to Council	Treat	Andy Scott, Rowan Griffin	Possible(3)	Med(3)	Yell(9)	Stakeholder internal/external communication plan developed + clear governance. Involve internal communications as proposals develop.
Media attention – efforts to consolidate are portrayed as 'cuts'	Media article	Tolerate	Communications	Unlikely(2)	High(4)	Yell(8)	Ensure a press position is available and cleared should media queries arise. Monitor media.
Staff resistance due to fear of restructuring once business analysis commences.	Staff departures/union disputes	Tolerate	Andy Scott, Steve Grocott, Rowan Griffin	Possible(3)	Med(3)	Yell(8)	Communication to staff to introduce project and activity. Reassure staff that the review is to look at how we may best utilise our resources. Liaise with Communications Team early.
Proposed solutions raise discussions for a new ICT solution – this is then pursued but proves technologically difficult/ complex to	Cabinet Paper	Terminate	TBC	Likely (4)	High (4)	Red (16)	Keep ICT transformation out of scope in 17/18, but consider once integrated service is established. Use existing systems for

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
implement and delays ensure. Nothing changes as a result.							now.
Stakeholder disagreement on the detail of how the new service should be structured and the type and scale of savings to be made – Services cannot agree.	Disagreement on findings of the business case.	Tolerate	Andy Scott, Anthony Walters	Unlikely(2)	Low(2)	Green(4)	Regular steering group meetings and ensure clear objective cost-benefit analysis. Agree working terms of reference and scope up front. Senior managers to broker any issues arising and seek Member approval for decisions.
Business Analysis does not identify possible efficiencies or is not completed.	Final report to accompany Cabinet Report.	Tolerate	Rowan Griffin	Unlikely(2)	Low(2)	Green (4)	Regular updates as detailed in governance section.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Potential at this stage
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Potential at this stage
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Potential at this stage
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	Yes	Potential at this stage
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The proposal would reduce Careers Service Headcount, FTE to be determined.
Does the change involve a redesign of the roles of staff?	Yes	Potential at this stage

Project Title	Better targeting of services for children with special educational need and disabilities (SEND)
Reference	CHI 005 / 17-18
Strategic Priority Area	1.3 Young People Realising their potential
Directorate	Children's Services

Executive Summary

This business case identifies a number of potential changes in our service delivery to children with special educational need and disability (SEND), to improve services and make financial savings. It complements the recent independent review of SEND services, which found that whilst much of the provision for SEND is of good quality, there are unresolved issues about the process of producing and maintaining statutory education, health and care plans (EHCPs) and contributions from the NHS to the support provided. The savings proposals sit alongside work to ensure that EHCPs are completed and reviewed in a more timely manner. This will provide a better service to children and their parents. Savings will be generated by ensuring that support to children is reviewed in a more timely way, and adjusted according to need, in recognition that children can make progress towards reaching their potential if timely and effective support is provided. In addition, we will work with NHS partners to increase contributions to care packages to a level more in line with other council areas, to offset spending in the council's budget, and will make efficiencies in the management of services with no impact on service provision. These changes offer an opportunity to improve services whilst making a total of £1.14m financial savings over the three years of the council's Medium Term Financial Strategy.

This savings proposal is linked to growth bid GRO/CHI/07/17 and needs to be read in conjunction with the growth bid.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing.	No implementation costs.	No opportunity to improve services or make financial savings.	There is a risk that services will become unsustainable in a context of reducing budgets and population growth.		0
2	Review SEND processes and service provision to generate efficiencies whilst improving outcomes.	Enables better targeting of resources to ensure effective support. Improving EHC planning process. Services better targeted to meet the needs of children with SEND. Opportunity to reshape and	Potential redundancies in the Educational Psychology Service if staff cannot be redeployed. Implementation costs.	The saving attached to improvements in the EHCP process (£640k) are an estimate of what could be achieved based on a case sample undertaken as part of our SEND review. There is a risk that this cannot be achieved as this is dependent on implementation of		1,140

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		<p>modernise services.</p> <p>Opportunity to ensure that health needs are properly identified and addressed through NHS funding.</p> <p>Reduction in budget to contribute to the council's medium term financial plan.</p>		<p>improvements in the process and the individual needs of children with SEND.</p> <p>The current estimate of income generation from the NHS is highly indicative although more robust estimates should be available by November 2016.</p>		

Recommended Option

Option 2 is recommended, as it offers an opportunity to improve services whilst reducing cost over the three year period of the Medium Term Financial Strategy.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			100	300	740	1,140

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
28	3	0	0	3

Risks							
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Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Risk that the reduction in the cost of EHC Plans is not achieved.	Cost of the process and support provided does not reduce after implementation of new service offer.	Treat	Christine McInnes	Unlikely(2)	High(4)	Yell(8)	Ensure process review is robust. Robust monitoring of EHCPs in process.
Risk that the estimated income level from the NHS cannot be achieved.	Budget monitoring highlights income not received.	Treat	Karen Badgery	Possible(3)	High(4)	Amber(12)	Projection of income to be refined in November 2016 report to Joint Commissioning Executive. Close monitoring of reviews of clients to ensure CHC criteria are effectively applied.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	A reduction in budget for SEND services will be achieved by better provision outside the EHCP process, streamlining management, better targeting of services and increased contributions from the NHS. This will ensure that effective support continues to be provided within a reduced budget.
Does the change reduce resources available to support vulnerable residents?	No	As above
Does the change involve direct Impact on front line services?	Yes	As above
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	From NHS partners
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	There will be a reduction in management posts in the Educational Psychology Service.
Does the change involve a redesign of the roles of staff?	No	

Project Title	Waste Management Contract Efficiencies
Reference	CLC 001 / 17-18
Strategic Priority Area	2.1 An Improved Local Environment
Directorate	Communities, Localities and Culture

Executive Summary

This business case considers a range of savings options within CLC, focusing on the Municipal Waste (Cleansing) Contract. In line with the wider Council Outcome Based Budgeting approach, the proposals set out here seek to focus on service streamlining and improvement which contribute savings while maintaining service delivery in line with wider strategic priorities – maintaining the Clean & Green service contribution to making the borough a great place to live, maintaining clean streets, ensuring service meet the demands of a growing population, and solutions for improved recycling.

A range of options for realisation of savings are presented, across refuse and street cleansing contract efficiencies, commercial waste portfolio and education and outreach - offering potential savings of £3.03m over the 2017-20 period (see section 14 for breakdown). Implementation costs are to be determined through further development of proposals, and focus on efficiencies, contract management and procurement within existing contract delivery. Given this focus, any risks in delivery are to be prevented through effective procurement, contract and performance management.

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
1030	208	1800	3,038

Options to be taken forward for waste management are heavily impacted by the status and outcome of ongoing processes for procurement of new contracts and the extension of existing contracts – and therefore a number of options are likely to be in scope where this process allows. This includes review of recycling, waste disposal and green waste contracts. Further options may be considered in the realm of wider policy and service standards, including review of Education and Outreach Provision, Commercial Waste portfolio and options for future service delivery models.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Refuse & street cleansing contract efficiencies (recycling; waste disposal; green waste)	<ul style="list-style-type: none"> Procurement and re-procurement of a number of refuse and cleansing contracts provides an opportunity to realise efficiencies and savings; Opportunities for reduced expenditure and reduced disposal costs 	<ul style="list-style-type: none"> Continued growth in the population, and associated increase in waste, will impact the potential to realise savings relative to the current population profile 	<ul style="list-style-type: none"> The scale and scope of efficiencies and savings components will not be fully understood until the letting of key contracts; Interdependencies between key contracts 	£23.36m	<ul style="list-style-type: none"> £3m over the 2017-20 period Potential for substantial additional savings resulting from letting of key

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
			<ul style="list-style-type: none"> Standards could be affected where appropriate and effective performance and contract management is not in place; 	<p>may impact savings timing and scale of savings realisation;</p> <ul style="list-style-type: none"> Modelling and analysis of service provision required in order to develop further options; Proposals are based on a number of assumptions regarding contract status and extension, as well as the detailed scope of any proposals 		contracts
2	Review of commercial waste portfolio	<ul style="list-style-type: none"> A range of options are available with potential benefits Reduced municipal waste streams. Eliminate the risk of debts Eliminate the risk of failure to achieve income targets Reduced expenditure on bins Reduced collection costs Increased FPN income to offset additional enforcement and monitoring costs. 	<ul style="list-style-type: none"> Could increase dumping. Would need significant changes in policy and enforcement. Could have detrimental effect upon the street scene Could increase enforcement and monitoring costs 	<ul style="list-style-type: none"> Legal opinion required on waste ownership – council would not be responsible for the disposal costs but may have to count tonnage into our waste data flow returns for the government returns. Modelling required for impact on service users, income generation etc. 	Cost of administration = £612,212.	<ul style="list-style-type: none"> To be determined following modelling and analysis exercise
3	Review of Education and Outreach	<ul style="list-style-type: none"> More control over work and targeted campaigns. More control; over 	<ul style="list-style-type: none"> Any reduction in funding commitment to this area 	<ul style="list-style-type: none"> Options development required in order to 	£325,723	<ul style="list-style-type: none"> £30,000 – if staff reduces by one

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	Provision	liaison with residents. <ul style="list-style-type: none"> Opportunity to eliminate some duplication of work and encourage generic working 	undermines potential wider savings in demand management and service demand reduction	understand full risk scope <ul style="list-style-type: none"> Services brought in house risk losing industry specialist and commercial knowledge 		post upon transfer

Recommended Option

As is set out in the introduction to this business case, the key driver in reviewing options for future delivery of the refuse and cleansing contracts is the wider need to ensure contribution of this service area to wider strategic objectives, while delivering considerable MTFP savings. Given this wider corporate objective, the options set out above offer a range of values in savings contribution – with associated variation in service impact.

Any decisions made on the savings options to be pursued is inevitably to be framed by the context of other savings options presented across the organisation, and the wider balance of savings achieved against services impacted. As this is inevitably outside the scope of the specific business case, what can be assessed here is the impact of the options on the service relative to the associated savings and costs.

Rather than proposing defined savings options, this business case seeks approval for the further investigation of the range of options presented, in order to develop and further understand the potential for savings in this service area – with consideration of the wider development of waste strategy and waste contract negotiation.

Regarding contract negotiation and procurement, options to be taken forward for are heavily impacted by the status and outcome of on-going processes for procurement of new contracts and the extension of existing contracts. Therefore a number of options are likely to be in scope where this process allows. This includes:

- Refuse and cleansing contract efficiencies: opportunities for efficiencies and savings may be realised across a number of service areas (waste disposal, recycling, green waste) through procurement, re-procurement and effective contract and performance management; given engagement with existing contractors regarding service development – as well as a number of procurement exercises – are ongoing, specific detail regarding these are to be determined;
- Review of Education and Outreach Provision: options to be developed in order to understand appropriate scope of service, given the key role in assessing demand management and the potential wider value where measures can be implemented to address service demand.
- Review of the commercial waste portfolio – with a range of options for alternative delivery – savings to be determined following a modelling exercise;

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E15	53128	3,709	30			30
E15	53111 / 53128 / 53140	23,357	1,000	208	1,800	3,008

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC			TBC

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Service scope, and value of savings, resulting from procurement processes	Outcome of procurement process and letting of contract	Treat	Liz Nelson	Possible(3)	High(4)	Yell(9)	Effective procurement processes, contract and performance management in order to realise optimal outcomes for the Council
Reputational Damage	Falling short of Stakeholders expectations. Negative Media exposure.	Treat	Liz Nelson	Likely(4)	V High(5)	Red(15)	Efficient Management and alignment of values to reduce the risk. Managing expectations
Customer Satisfaction	Increased Customer Complaints, Increased Service Requests and Members Enquiries,	Treat	Liz Nelson	Possible(3)	Med(3)	Yell(5)	Robust Performance Management, responding to complaints etc and taking action where appropriate. Managing expectations
Increased Flytipping	Increased complaints, Members Enquiries, Front Line Officers, Social Media reports.	Treat	Liz Nelson	Possible(3)	Low(2)	Green(4)	High visibility of front line officers, targeted enforcement,

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Where taken forward, impact on equalities groups to be determined as specifics of proposal are developed
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Where taken forward, impact on equalities groups to be determined as specifics of proposal are developed
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Income Optimisation Opportunities
Reference	CLC 002 / 17-18
Strategic Priority Area	2.1 An Improved Local Environment
Directorate	Communities, Localities and Culture

Executive Summary

The following presents a Business Case for a range of projected or potential income generation streams across CLC. This concerns two key service areas:

- Rental income from Parks based assets: realising new rental income opportunities totalling £40k per annum (estimated) in the Arts, Parks & Events service – to be realised from three assets which are becoming available to lease out commercially.
- Outdoor Advertising: The identification of Outdoor Advertising (OA) opportunities, on Communities, Localities & Culture (CLC), Public Realm managed roads and assets, in the borough, across billboards and place-specific advertising (e.g. markets and high streets). The case sets out the current OA accruing revenue to the Council, the historical approach to OA, and the potential options going forward.

In line with the wider Council Outcome Based Budgeting approach, the proposals set out here seek to focus on income optimisation which contributes savings while maintaining service delivery in line with wider strategic priorities – minimising service impact and improving service sustainability.

Proposals set out here offer potential income value of £380k over the 2017-20 period. Costs associated with delivery (c.£20k assumed) for outdoor advertising scoping are assumed to be covered through Invest to Save budget.

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
40	300	40	380

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing		No contribution made toward the corporate target, so other savings will have to be made elsewhere			

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
2	<p>New rental streams about to come on line</p> <p>Letting of:</p> <ul style="list-style-type: none"> • Museum Gardens Café • Bethnal Green Shelter • Bethnal Green Rangers <p>by next financial year 2017/8.</p>	<p>These properties should generate fixed rental fees for the duration of the leases.</p>	<p>The income would have been used to supplement parks Repairs and Maintenance budgets. Therefore taking this income as a saving could result in an overspend if any urgent major works are required which were not anticipated in the APE budgets.</p>	<p>A lease could be breached and create a period of no income while the lease is ended and the property relet.</p> <p>The site might not be let, depending on the capital works required and the state of the commercial rental market for that type of property and location.</p>	<p>Annual maintenance costs sit with Corporate Landlord Model, and all will be newly refurbished.</p>	<p>£40,000 pa</p>
3	Identifying OA opportunities	<ul style="list-style-type: none"> • Provides flexibility to encompass the various existing contracts & sites • Procurement likely to be Request for Quotation, thereby quicker and less complex than a larger procurement exercise • Less impact on on-going services – minimised engagement with internal resources 	<p>Potential for existing local knowledge not to be exploited – however can be avoided through engagement with relevant services</p>	<p>Speculative savings are prone to non-delivery or partial delivery.</p>	N/A	<p>c.£260k - TBC following assessment by external provider</p>

Recommended Option

It is recommended that options 2 and 3 are pursued, offering the optimum value of income generation from the options set out. Realising maximum value from income generation means savings from reduced services elsewhere are minimised. In proposing the two income generation opportunities here, CLC seek to ensure this wider on-going financial benefit to the Council.

Option 2 regarding rental income is recommended as this represents optimising value from existing assets through increased income to the Council, with a reasonable degree of certainty and with minimal negative impact on residents and local businesses, whilst potentially offering an increase in local amenities depending on the nature of the businesses to which the properties are let.

Option 3 is recommended as this represents the best combination of increased income and savings to the council with a reasonable degree of certainty and with minimal negative impact on residents and local businesses. We will identify OA opportunities in a distinct consultation exercise, with subsequent procurement of OA sites and/or packages of sites based on strategic recommendation.

Budget Projection and Staffing Impact**CLC Outdoor Advertising Income**

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		N/A		c.260 (TBC subject to consultancy exercise)		c260 (TBC subject to consultancy exercise)

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Arts, Parks & Events – Rental Income

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
Arts, Parks & events		3,198	40	40	40	120

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Outdoor Advertising: Opportunities are limited therefore savings not achieved	Actual Income against expected	Tolerate	Service Head, Public Realm	Likely(4)	High(4)	Red(15)	Monitoring of income against expectation.
Arts, Parks & Events (APE) rental income: Some properties might not let at all, or for less than the commercial valuation estimate	The bids received for the rent are lower than expected	Tolerate	Head of Arts & Events	Possible(3)	Med(3)	Yell(9)	Maintain awareness of the rental market in the approach to the letting so any dips in value are anticipated. If there is a significant dip, consider delaying the letting process until the market has recovered.
APE rental income: A property might enter a period of no rental income, e.g. through non-payment of rent if a tenant becomes insolvent.	Rental income for a property stops being received and the tenant goes into rent arrears	Treat	Head of Arts & Events	Possible(3)	Med(3)	Yell(9)	Regularly monitor rental income (at least monthly) to ensure the full rent is being paid on time, and take immediate action if it is not.
APE rental income: The council could incur significant costs if major works to the property were to be required at some point	Read any property inspections or surveys and escalate if it appears major works could be required.	Tolerate	Head of Arts & Events	Rare(1)	High(4)	Yell(5)	Ensure remedial works started early to minimise any further damage. Check if the council holds insurance, or if another party is responsible and should be recharged for the cost.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	Three properties will be leased out to commercial undertakings to achieve new rental income streams.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	As above, these assets will now be used to realise new rental income streams.
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Service Redesign - Safer Communities
Reference	CLC 003 / 17-18
Strategic Priority Area	2.1 An Improved Local Environment
Directorate	Communities, Localities and Culture

Executive Summary

Community safety is a priority for the Mayor. By making our service more efficient, releasing underspends and vacant posts we can save significant sums with a managed impact on services.

In line with the wider Council Outcome Based Budgeting approach, the proposals set out here seek to focus on service streamlining and improvements which contribute savings while maintaining service delivery in line with wider strategic priorities. This includes minimising service impact and improving service sustainability, while maintain the key contribution of Safer Communities to strategic priorities regarding developing a great place to live, and a safe and cohesive community.

Proposals set out here offer potential savings value of £1.1m over the 2017-20 period:

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
c.848		c.255	c.1103

A. One-off efficiency saving from the Street Enforcement and Response Service (SEARS)

A one-off efficiency saving of £400,000 for 2017/8 only, is proposed by pausing additional upgrades to the CCTV infrastructure following the upgrades made in 2016/7, by funding an increase in hours for the specialised Noise and ASB service from existing budgets to extend provision towards the 24/7 target, and by pausing the recruitment of additional THEOs pending consideration of a review of the entire Enforcement function in the longer-term to deliver a more holistic joined-up service which will tackle ASB more effectively and more efficiently, and the introduction of the PSI Mobile IT Solution which should facilitate more efficient ways of working.

B. Deleting the currently-vacant Partnership Coordinator post

This post supports the council's Partnership Task Force arrangements for additional police officers. The proposal is to continue funding the additional police officers but not to fill the Partnership Coordinator post.

C. Projected savings totalling £255,000, from the Rapid Response Team

A future review of the Rapid Response Team should aim to create a more streamlined and more effective team with clear lines of tasking and accountability. There are 7 areas where savings in this service are proposed:

Reduction of budget by:

- Reducing the numbers of staff to deliver a more streamlined and focused service
- Reduction of the budget by one mobile unit
- Reduction of budget by reducing the budget for additional hours
- Introducing an optional call out service at a cost of £44,000 p/a for the two Coordinators and the four Youth Workers in Charge, (if a comprehensive call out including youth workers at a cost of £102,000)

D. Projected savings totalling £400,000 from underspend of the Safer Communities budget

Funding for several Drug Alcohol & Action Team (DAAT) Programmes was set aside in 2012/13 within the DAAT budget. There were additional funds retained in reserves in the service's general budget to supplement Public health

funding for specific drug and alcohol related programmes.

The programmes were primarily one year initiatives which have all now been successfully completed. However, the budget of £400,000 remains and is available for savings.

There are four elements to this savings proposal for Safer Communities, as set out below. Given the key role Safer Communities plays in the delivery of community safety functions, there are potential risks in delivering change in this area – including effective engagement with the public, effective incident response, appropriate staffing resource – however these can be prevented or managed through appropriate procedures and effective service management.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing The current level of police officers and the council support post are retained.	The service will continue to be provided in its current state. Retains the service with the priority focus on ASB which is a local priority(resident feedback and CSP plan) and Mayoral priority	No savings will be made so alternative savings will need to be found from elsewhere	Services may not meet residents' needs.	£3,267k	None
2	Make the £400,000 savings from SEARS pending a review of the Enforcement function.	The service will continue to be provided largely in its current state, pending the review.	Investment in the CCTV command and control room will pause for one year, as will recruitment to additional THEO posts.	The CCTV command and control function may not be as effective.	£400,000	a) £400,000
3	Fund only the police officers and not the Partnership Coordinator post	Retains the provision of additional front line police to help continue tackling ASB	This post is currently not recruited to, but moving forward, this would be a positive engagement and communication link. This could be mitigated through more effective and efficient feedback from ward panels and SNB, and proactive communications.	Relies on feedback from ward panels and ward priorities being channelled through the Police and SNB. Currently this is not done consistently , which has the potential to	£48,384	£48,384

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
				reduce public confidence and awareness in regards to ASB being well managed		
4	£400,000 underspend from the Safer Communities budget	Savings will be achieved	There would be a political response to manage, Additional projects will not be re-run.	See <i>Dis-benefits</i> , left. There is a risk this could be perceived as a lack of support for tackling drug and alcohol related activities.	£400,000	£400,000.
5	<p>Reorganise the Rapid Response Service:</p> <ul style="list-style-type: none"> Reduction of budget for 2017/18 by deleting one F/T Senior Youth Worker Reduction of the budget by reducing the number of P/T youth workers by 18 (vacancies and occupied) Reduction of the budget by reducing the number of P/T youth workers in charge by 3 Reduction of the budget by reducing the number of Coordinators by one Reduction of the budget by one mobile unit Reduction of budget by reducing the 	<p>Assists with making savings</p> <p>Offers a streamlined version of the current model that makes savings but still has the capacity to address ASB issues and respond to gang related issues.</p> <p>Allows for sustained engagement and identifying and addressing issues that young people face</p> <p>Can work alongside the youth service now</p>	Reduced flexibility to respond to any change in service demands.	Risk this could result in decreased ability to respond to service demands around addressing ASB and gang related issues	£786,000	£255,000

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
	budget for additional hours • Introducing an optional call out service at a cost of £44,000 p/a for two Coordinators and four Youth Workers in Charge (if a comprehensive call out including youth workers at a cost of £102,000)	being restructured and focus on the detached and street based youth work element. Can increase partnership working with the gangs unity and ASB operational meeting as well as other agencies as it has the resources to do so				

Recommended Option

The following options are recommended:

Option 2 – the proposal to save £400,000 from the SEARS service:

- This will contribute towards the council's savings target for 2017/8
- It will realise the benefits deriving from the implementation of the PSI Mobile system
- It will ensure future investment in the CCTV Command and Control room is targeted to meet the needs of the service following the review of the Enforcement function

Option 3 – Delete the Partnership Coordinator post and only fund the police officers:

- This will contribute towards the council's savings target for 2017/18
- It will still maintain 6 additional police officers to support council strategies to tackle low level crime and ASB
- The task force represents excellent value with three of the six posts funded via the S92 agreement, so those are at no cost to the council
- The impact on this project can be mitigated in a number of ways

Option 4 – Agree to allocate £400,000 from underspend of the Safer Communities budget towards the MTFS savings programme:

- This will contribute towards the council's savings target for 2017/8
- It will have no impact to current Council strategies to tackle drug and alcohol

Option 5 – Reduced budget for the Rapid Response Team

- This will contribute towards the council's savings target for 2017/8
- The service should be able to mitigate any adverse impact e.g. by referring potential service users to other agencies for one-to-one case work.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E83	21011	1,482	400			400
E83	83107	721			255	255
E81	21005	343	48			48
E84	21412	421	400			400

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
PSI Mobile IT solution does not fully facilitate the expected efficiency gains	Following the system's go-live, officers find it does not help them work away from the office more efficiently.	Treat	Service Head/ Head of Service (currently Shazia Ghani)	Possible(3)	High(4)	Amber(12)	RISK PREVENTION: Training quality to be maintained to reduce likelihood of the risk materialising. RISK TREATMENT: Working processes to be kept under review to ensure they are as efficient as possible. System monitored to ensure it is working and responding correctly. Further changes may be made to the system if required.
Enforcement Review does not identify savings	Completion of the Enforcement Review does not have any savings identified.	Treat	As above	Unlikely(2)	High(4)	Yell(8)	RISK PREVENTION: Ensure review is focussed in part on identifying efficiencies across the Enforcement function.
Relies on feedback from ward panels and ward priorities being channelled through the Police and SNB. Currently this is not done consistently, which has the potential to reduce public confidence and awareness in regards to ASB being well managed.	Officers become aware of issues which are not channelled through the correct channels.	Treat	Shazia Ghani	Possible(3)	Low(2)	Yell(6)	RISK PREVENTION: Proactively remind people of the need to channel feedback correctly. RISK TREATMENT: Monitor this feedback and ensure it is going through correct channels and address if examples arise where it was not handled correctly.
Decreased ability to respond to incidents and	Occurrence of incidents	Treat	Shazia Ghani	Unlikely(2)	Med(3)	Yell(6)	RISK PREVENTION: Identify any patterns and review

service demands	or service demands to which the team was unable to respond						staffing rotas to move resources to areas of higher demand. In addition, consider implementing a call-out procedure so resources are only committed on demand.
Lack of adequately trained and qualified staff	Occurrence of incidents which staff feel they are not qualified to handle themselves	Treat	Shazia Ghani	Unlikely(2)	Med(3)	Yell(6)	RISK PREVENTION: Ensure staff allocation takes account of their skills, training/ education, and experience. Ensure they are aware of escalation or referral pathways for those instances where they feel they do not have sufficient training.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities		
Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	<p>Under option 2, the CCTV command and control room, the Noise and ASB teams, and the THEOs all provide front-line services to residents and local businesses. This savings proposal will impact on those areas. However the PSI Mobile solution will increase efficiency in this area to offset the proposed pause on further increases in staff numbers. In addition, a subsequent review of the service will aim to improve its effectiveness as well as its efficiency which will further mitigate any reduction in resources.</p> <p>For options 7 and 8, the proposed deletion of posts could impact on frontline services, but any actual impact will be mitigated by more effective use and deployment of the existing staff</p>
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	<p>Under option 2, the increase in resources in the THEOs team will be paused pending the implementation of the new PSI Mobile system and the review of the Enforcement function.</p> <p>Option 5 involves reduction in staff</p>
Does the change involve a redesign of the roles of staff?	No	

Project Title	Smarter Working - Parking, mobility and transport services efficiencies
Reference	CLC 004 / 17-18
Strategic Priority Area	2.1 An improved local environment
Directorate	Communities, Localities and Culture

Executive Summary

This business case considers a number of options linked to implementing smarter working within the parking, mobility and transport services. In line with the wider council outcome based budgeting approach, the proposals set out here seek to focus on service streamlining and improvement which contribute savings while maintaining service delivery in line with wider strategic priorities – maintaining the parking service contribution to improved community spaces, successful high streets, road safety, and reduced impact of congestion.

By making our services easier and more accessible for residents, as well as improving the way the council works, we can make these services more efficient and save taxpayers money. The following options are considered:

- Option to maintain existing service and approach to delivering transformation and savings
- Option to consider the transformation of parking, mobility and transport services through the implementation of:
- Procurement of a new parking, mobility and transport services back office function
- Increased volume of online parking applications and renewals – channel shift from Customer Contact Centre (CCC) and One Stop Shop transactions.

Proposals set out here offer potential savings of £300k over the 2017-20 period. There will be implementation costs associated with the procurement of a provider for the back office function should this option be pursued, specifics regarding this are to be determined following preliminary works and engagement with services. Key risks in delivery may include stakeholder impact (internal/external) and implementation slippage, mitigation to be found through application of appropriate procedures and management.

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
	300		300

Increasing online transactions

This proposal recognises the continued effort to shift to online for new parking applications and parking renewals. It is expected that the number of calls received by the Customer Contact Centre, as well as face to face contact at the One Stop Shop will reduce, as more transactions are completed online. This channel shift will also be component to any future local presence model, integration with which should be considered when implementing this proposal. However, the total savings achievable is determined by the total reduction in both calls received by the CCC and interaction at the One Stop Shops, and subsequent downsizing of the call centre.

External procurement of the Parking back office function

Previous soft market testing undertaken confirmed the existence of a small, but mature market with the potential to deliver services currently provided by the internal parking, mobility and transport team. There are potential savings that could be generated through the externalisation of the back office function. These could be achieved through economies of scale. Large organisations currently delivering a parking service across several boroughs have existing management structures, accommodation, ICT provision, contracts and back office operations. If it were possible to merge the Tower Hamlets service within this existing operational framework then proportional savings would be made from reduced service costs in these areas. This business case looks only at the back office function.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	On-going delivery of existing services within existing frameworks	<ul style="list-style-type: none"> Implemented through existing delivery and governance mechanisms Utilises existing service expertise for identification and development of solutions – not reliant on wider development of e.g. ICT solutions Retains existing staff to carry out functions. 	<ul style="list-style-type: none"> Delivery of a coordinated, strategic programme compromised; Efficiencies, savings and innovative developments are likely to have been realised in previous MTFS rounds; Savings likely to be limited to incremental service efficiencies and improvements 	<ul style="list-style-type: none"> Pursuing incremental fragmented approach risks implementing unnecessary service reductions 	TBC	0
2	Transformation of parking, mobility and transport services – procuring new back office function; furthering online transactions	<ul style="list-style-type: none"> Potential for substantial savings contribution to MTFS objectives Improved efficiencies through appropriate use of ICT in automating and eliminating process components; 	<ul style="list-style-type: none"> Necessary coordination across a number of corporate programmes, requires appropriate corporate leadership and governance Reliant on the development of appropriate ICT with associated resources Potential reduction in absolute numbers of customer facing staff (mitigated by improvements through channel shift) 	<ul style="list-style-type: none"> Without appropriate leadership, governance and project management, risk of dilution of key objectives, delayed delivery, decline in quality and availability of services delivered; Associated risk that savings will not be delivered in MTFS timeframe 	TBC	c.£300k

Recommended Option

Section 4 sets out the key objectives and drivers underlying consideration of savings options for this business case. This includes the historical and on-going nature of service delivery, wider technological developments, as well as requirements for efficiencies and savings as contained within the medium term financial strategy (MTFS). This business case sets out a rationale for the selection of savings options for the development of improved delivery of parking, mobility and transport services.

In proposing selection of Option 2, the case sets out the key high level opportunities for efficiencies, service improvements and savings options. Key benefits can be characterised as:

- Potential for substantial savings contribution to wider MTFS objectives – channel shift for parking services delivers service efficiencies, technological improvements, savings associated with reduced unit costs;
- Substantial improvement for service users: delivering improved digital access, contributing to the wider digital strategy, moving services online;
- Improved efficiencies through appropriate use of ICT in automating and eliminating process components.

In delivering these proposed benefits, the proposed option aligns to a number of strategic objectives for the council:

- Improved customer service: delivering against key strategic objectives as contained in the communities plan and core strategy, through delivery of improved community spaces with a wider range of easily accessible services, promoting development and sustainability of town centres across the borough;
- Medium term financial strategy: delivering a number of opportunities for services efficiencies and improvements, and improved use of assets, underlying savings contribution for the councils transformation agenda customer theme.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E24	53270	71		300		300

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
19.2				

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Dilution of project objectives, impacting service delivery and savings realisation	Failure to appropriately project manage	Treat	TBC	Possible(3)	High(4)	Yell(9)	Implement appropriate project management; appropriately define and integrate strategic objectives within project delivery
Stakeholders – impact on service users of changed service delivery	Change of service delivery without appropriate interim communications and management procedures	Treat	TBC	Possible(3)	Med(3)	Yell(7)	Development of appropriate programme of consultation, communications and induction for service users
Stakeholders – internal resistance to change	Implementation without appropriate consultation & engagement	Treat	TBC	Possible(3)	Med(3)	Yell(7)	Appropriate programme of consultation and engagement to understand and incorporate staff input

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Impact on equalities groups to be determined as specifics of options are developed
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Impact on equalities groups to be determined as specifics of options are developed
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Contract with external provider will be sought when outsourcing the parking back office
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	Impact on equalities groups to be determined as specifics of options are developed
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Impact on equalities groups to be determined as specifics of options are developed
Does the change involve a redesign of the roles of staff?	Yes	Impact on equalities groups to be determined as specifics of options are developed

Project Title	Culture, Learning & Leisure Service Efficiencies
Reference	CLC 005 / 17-18
Strategic Priority Area	2.1 An Improved Local Environment
Directorate	Communities, Localities and Culture

Executive Summary

This business case sets out a number of savings options relating to Culture, Learning & Leisure services, for the delivery of savings contribution for the wider 2017-20 MTFS. In line with the wider Council Outcome Based Budgeting approach, the proposals set out here seek to focus on service streamlining and improvement which contribute savings while maintaining service delivery in line with wider strategic priorities – minimising service impact, improving service sustainability, and streamlining provision where possible.

Proposals set out here offer a range of options, with value up to £410,000 over the 2017-20 period, primarily as a result of achieving efficiencies from contracts.

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
160	250	0	410

GLL Leisure Services Contract

Saving options within the GLL Leisure Services contract, operational from 2004 with a completion date of 2019, include review of the potential reduction in the head office costs contribution associated with the contract, based on the development of the sector and in particular GLL in the period from the commencement of the contract.

Given the current contract is to cease within the MTFS period, one option is simply to incorporate reduced head office costs in the development and procurement of the new contract. However, this only offers potential savings in the latter year of the MTFS period, and fails to deliver potential savings through negotiation of the existing contract.

Therefore, the recommended option is to seek to undertake negotiation with GLL in order to reduce head office costs for the remaining period of the contact. This can be premised on the considerable growth of GLL – substantially increased clients and turnover from 2004 – and the associated reduction in head office costs contribution per client. It is proposed that, given existing processes of negotiation relating to 2016/17 savings proposals, consideration should be made of the timing of negotiation, and therefore that savings may only be realised in the final year of the contract (2018-19).

Previous reviews of contract terms have considered both the profit share ratio and the management fee associated with the agreement. What has not to date been considered is the LBTH contribution to GLL head office costs. The business case sets out a potential £250k saving in head office costs contribution. However, due to the nature of negotiation this amount is speculative and therefore has a number of associated risks – including timing and value of savings realisation, as well as potential impact on future appetite for negotiation on the part of contracting parties.

Outdoor Education Service

Two options are set out regarding the delivery of the Outdoor Education Service, including options to transform the service (transferring Urban Gym services to GLL, and developing a traded service for the Duke of Edinburgh programme). The business case does not seek to recommend a specific option, rather that the range of options should be considered with reference to other savings proposals.

- Income generation model for Duke of Edinburgh services: presenting an opportunity to improve the sustainability of the service on an on-going basis through the introduction of a range of fees and charges – projected to generate over £21,000 per annum, while remaining competitively priced for schools and participants (benchmarking shows new fees to remain below costs charged in other Boroughs);
- Transfer Urban Gym functions to GLL for delivery within their existing sites: providing an opportunity for savings for

the Council while delivering a more streamlined and focused service for those service users with specific needs – and if taken forward should be delivered with consideration with any other GLL negotiation proposal. The specific form – and associated costs and savings – of the delivery of Urban Gym service through the GLL contract is to be determined following further engagement with GLL. However, savings may be up to the value of current the Urban Gym budget – c.£59k;

Arts Parks & Events

The business case also considers savings realisation associated with the re-procurement of the Wapping Realm contract, offering £80,000k cost reduction in the Arts, Parks and Events Service – appropriate contract management providing mitigation of any associated service delivery risks.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Leisure Services contract – Integrate reduced head office costs into the development of a new leisure management contract from 2019	<ul style="list-style-type: none"> Current negotiations around management fee and income are unaffected 	<ul style="list-style-type: none"> Any savings will only be realised in 2019/20 – the final year of the MTFS period 	<ul style="list-style-type: none"> Market conditions, and appetite for reduced costs, at point of procurement, are unknown 	2016/17: £1,448,000	To be determined through contract development and procurement
2	Leisure Services contract – Seek to negotiate a reduction in head office costs contribution for the current GLL contract	<ul style="list-style-type: none"> Substantial value of head office costs reduction No direct impact on service delivery On-going process of negotiation means there is an established process and relationship. 	<ul style="list-style-type: none"> Given likely period required for negotiation, any savings are only likely from 2018/19 – therefore only effective for one year (final year of the contract) 	<ul style="list-style-type: none"> On-going negotiations for adjusted management fee may be impacted GLL appetite for negotiation may be impacted by limited period remaining on contract 	2016/17: £1,448,000	c.£250,000 – figure to be determined based on negotiation

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
3	Outdoor Education Service – Negotiate with GLL for the transfer of Urban Gym Services to the leisure services contract	<ul style="list-style-type: none"> • Deliver a consistent service through a single access point for all service users • Utilise existing IFI accredited assets to further developed Urban Gym services • Subject to negotiation, offers a saving to the Council while offering improved delivery • Ease of implementation (vacant posts) • Work with aligned services to understand options for diverting demand to existing IFI accredited facilities 	<ul style="list-style-type: none"> • Reformulation of asset use and facilities in the existing Urban Gym, with potential associated costs to be determined 	<ul style="list-style-type: none"> • Value of savings subject to negotiation – unknown costs and scope of service • Appropriate provision for specialised service user needs – risk of disproportionate equalities impact 	Urban Gym: employee budget £49.2k; facilities c.£10,000	Subject to negotiation, up to c.£59,000
4	Outdoor Education Service – Develop a traded service and increase income generation for the Duke of Edinburgh service	<ul style="list-style-type: none"> • Development of more sustainable cost recovery service, more appropriately design service to demand • Potential to expand provision 	<ul style="list-style-type: none"> • Minimal contribution to wider MTFP targets 	<ul style="list-style-type: none"> • Inability for some service users to pay – can be mitigated through bursary scheme; • Schools inability to pay, given current challenging financial climate – however benchmarking shows fees to remain lower than elsewhere 	£464,000	£21,000 income projected per annum

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
5	Arts, Parks & Events – Wapping Realm Contract - Savings of £80,000 pa on grounds maintenance and water maintenance	<ul style="list-style-type: none"> The income is fixed and should be guaranteed for the period in question. 	<ul style="list-style-type: none"> The income would have been used to supplement parks Repairs and Maintenance budgets. Therefore taking this income as a saving could result in an overspend if any urgent major works are required which were not anticipated in the APE budgets. 	<ul style="list-style-type: none"> Contract could fail and need re-letting. 	No costs other than invoicing and administration, which are minimal, and contract management.	£80,000

Recommended Option

GLL Leisure Services Contract

As is set out in the introduction to this business case, the key driver in reviewing options for future contribution to head office costs within the GLL contract is the wider need to deliver considerable MTFS savings. Given this wider corporate objective, the options set out above offer a range of values in savings contribution and associated risks.

Any decision made on the savings option to be pursued is inevitably to be framed by the context of other savings options presented across the organisation, and the wider balance of savings achieved against services impacted. As this is inevitably outside the scope of the specific business case, what can be assessed here is the impact of the options on the service relative to the associated savings and costs.

In light of this, it is recommended here that the option to seek to negotiate reduced head office costs contribution for the remainder of the current contract be pursued. A number of factors support this recommendation:

- The scale of operations of the contracting party GLL have changed considerably in the period from commencement of the LBTH contract, and based on scale and efficiency improvements head office costs per client are likely to have reduced in this time;
- The alternate option to pursue aligned savings in a new contract from 2019 can be delivered through appropriate contract design and procurement separate to the MTFS savings delivery process;
- An ongoing process of negotiation for 2016-17 MTFS savings provides an established relationship and mechanism for delivery of negotiated head office cost reductions;
- The recommended option has no direct impact on service delivery.

Outdoor Education Service

Each of the options presented provides a valid means to move forward, as means of improving service sustainability and improving service access delivery. Any decision on future delivery of Outdoor Education service provision should be progressed with consideration of other GLL savings proposals, and the wider savings and MTFP environment.

This business case recommends the following savings options;

- Income generation model for Duke of Edinburgh services: presenting an opportunity to improve the sustainability of the service on an on-going basis through the introduction of a range of fees and charges – projected to generate over £21,000 per annum, while remaining competitively priced for schools and participants (benchmarking shows new fees to remain below costs charged in other Boroughs);
- Transfer Urban Gym functions to GLL for delivery within their existing sites: providing an opportunity for savings for the Council while delivering a more streamlined and focused service for those service users with specific needs – and if taken forward should be delivered with consideration with any other GLL negotiation proposal. The specific form – and associated costs and savings – of the delivery of Urban Gym service through the GLL contract is to be determined following further engagement with GLL. However, may be up to the value of current the Urban Gym budget – c.£59,000;

Arts Parks & Events

It recommended that since the service to maintain the Wapping Dock Realm contract will continue to be provided at lower cost, this additional money should represent saving to the council.

Budget Projection and Staffing Impact**GLL contract**

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
TBC	TBC	1,448		250		250

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Outdoor Education Service – transfer of Urban Gym services to GLL

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E42	83110	464	80			80

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	0	0	TBC

Arts, Parks & Events

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
E46	45375	1,142	80			80

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20

Risks							
Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
GLL renegotiation: Realisation of saving impacted by process of ongoing negotiations	Outcome of current contract negotiations	Tolerate	Head of Sports & PA	Possible(3)	Med(3)	Yell(5)	Progress ongoing negotiations with knowledge of proposed future negotiation of head office costs
GLL renegotiation: GLL appetite for future negotiation	Outcome of current contract negotiations	Tolerate	Head of Sports & PA	Possible(3)	Med(3)	Yell(5)	Progress ongoing negotiations with knowledge of proposed future negotiation of head office costs
GLL renegotiation: Value of savings lower than stated	Outcome of contract negotiations	Tolerate	Head of Sports & PA	Possible(3)	Med(3)	Yell(9)	Further understand rationale for head office costs and revise target where appropriate
Outdoor Education Service: Reputational – disproportionate equalities impact	Failure to implement service; projected profile aligns	Tolerate	Head of Sports & PA	Possible(3)	Med(3)	Yell(8)	Understand equalities impact, mitigate by reference to other options for impacted group
Arts, Parks & Events: Contractor may not provide a service to the required level, or may become insolvent, so a new contract at additional cost might be required	Issues arise at contract management meetings or notice of insolvency is received	Treat	Head of Arts, Parks & Events	Unlikely(2)	High(4)	Yell(8)	Identify any issues and bring to Bow Maintenance's attention at an early stage to get them resolved, and ensure all such activities are captured in the contract log.
Red (Severe) (15+)	Amber (Significant) (10+)		Yellow (Material) (5+)			Green (Manageable) (up to 4)	
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.		Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring			The risk is relatively however risk should be monitored.	

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Transfer of Urban Gym services to GLL: change of site to single point of access through GLL
Does the change involve revenue raising?	Yes	Outdoor Education Service: where taken forward, income generation proposed
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Transfer of Urban Gym services to GLL: change of site to single point of access through GLL
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	Transfer of Urban Gym services to GLL: change of site to single point of access through GLL – impact on existing facilities subject to negotiation
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	Yes	Transfer of Urban Gym services to GLL: change of site to single point of access through GLL – potential impact on staff subject to negotiation

Project Title	Responding to 'Competition in Planning'
Reference	D&R 001 / 17-18
Strategic Priority Area	2.1 An Improved Local Environment
Directorate	Development and Renewal

Executive Summary

The savings potential for this proposal is currently estimated to be approximately £216,000 across the next three years:

2017 – 2018	2018-2019	2019 - 2020
£68,000	£72,000	£76,000

The Housing & Planning Act (2016) has introduced the possibility of "Competition in Planning". This is taken to mean that external agencies such as planning consultancies could, if it is confirmed, process planning applications and make recommendations; offering a service in competition to Council officers.

While it is understood the government will first pilot this approach over a two year period, in order to ensure the Council's service retains its role and is as efficient and effective as possible, this proposal will review and assess the Planning service to ensure it is fit-for-purpose if competition is introduced.

To do this the service, focussed on its management of planning applications, will review its core processes and procedures, continue to transfer its correspondence and assessments to on-line portals and systems and look at income, identifying new approaches to securing additional income.

Once completed the aim is to re-assure the customer that the service is modern, robust, efficient and competitive. Offering a high quality, cost-effective service and remaining one of the pre-eminent planning authorities in the UK, confidently in the lead role of managing development in the Borough.

Since 2010/11 the whole service has already delivered £1.7 million of savings; around 30% of its budget. This has been achieved despite increasing demands as the Borough continues to manage nationally significant levels of growth. This growth and the demands will continue. New housing including affordable homes, infrastructure including schools, health, parks and open spaces, connectivity and transport, community facilities and employment and training opportunities are all secured through the planning process.

The Borough is experiencing a constant and consistent growth pressure. It has the highest yearly housing target in London (3,931 units) and has three active growth "Opportunity areas" defined by the Greater London Authority (GLA) in Isle of Dogs, Poplar Riverside and the City Fringe, all focussed on delivering more homes and/or employment floor space and associated infrastructure.

This growth however does mean we have the potential to attract income from the development process and its outcomes. These include directly from development in the form of fees on a variety of services as well as securing affordable housing and substantial funding for infrastructure from the developments themselves.

The service has already taken steps towards delivering on the desired outcomes including consistently pushing on-line submission of planning applications, equipping staff in office and on site with up-to-date digital technology and re-aligning its staffing numbers and profile over the course of two comprehensive restructures in 6 years. But, it is recognised there is always more that could be done.

The council is in a strong position to deliver a planning service which is high performing and lower cost but retreating and not investing at all in the service is not the way forward. The development industry is here and this is the opportunity to secure unprecedented benefits from development while the council is still in an active lead role.

Recommended Option

Delivery of the £216,000 savings is based on agreement to the following changes to the way services are provided:

- Move towards all planning applications being submitted through the Planning Portal or other similar interactive online application systems
- All notices to be issued and made available online
- A review of all income sources, additional application services offered with fees to reflect the impact of the government's "Completion in Planning" initiative.

Constant monitoring and review will be vital to ensure the impact of these savings does not disproportionately and adversely impact service delivery in an increasingly competitive environment.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			68	72	76	216

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
4.8	0	Up to 0.5	Up to 0.5	Up to 1

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Unanticipated loss of income generating business	Brexit , Reduction in development activity, 'Competition in Planning' initiative, transfer of part of the Land Charges duty to Land Registry	Treat	Owen Whalley	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software
Residents unable to access service	Complaints that planning service is not usable by all residents as don't have access to modern technological devices (mobile/internet)	Treat	Owen Whalley	Possible (3)	Low (2)	Yell (6)	Ensuring that despite the drive to digitise all services, fall-back options (paper/face-to-face) will be available for those without access to modern technology;

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Proposal mainly impacts developers
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Proposal mainly impacts developers
Does the change involve revenue raising?	Yes	Proposal mainly impacts developers
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Minimal – up to the equivalent of one full time member of staff.
Does the change involve a redesign of the roles of staff?	No	Potential impact on staff subject to negotiation

Project Title	Maximising use of technology in Housing Options Service
Reference	D&R 002 / 17-18
Strategic Priority Area	2.2 Better Quality Homes for All
Directorate	Development and Renewal

Executive Summary

The council's Housing Options service is made up of three sections - Lettings, Options, Preventions & Assessments and Housing Procurement. The Lettings section recently had a staffing restructure and the other two sections are currently part way through a staffing restructure. Both restructures are part of a savings programme.

Lead officers think that approximately £250,000 to £300,000 could be saved in year three 2019-20, by investing in and improving the way technology is used across the Housing Options service. However this will be subject to further review and revision because the amount of savings is dependent on the extent of the IT solution achieved. It is difficult to estimate the precise amount or the timing of savings accurately at this early stage. This type of proposal is known as an 'Invest to Save' initiative as resources are needed upfront to review the way the service currently works and explore options for technology to improve efficiency.

The Housing Options Service already uses computer software to support delivery of the council's choice-based lettings service. There is, however, scope to use technology to increase the efficiency of other paper-based processes including submitting, receipting and registering and reviewing housing applications. Considerable work will be required to review the way the service currently works and explore options for technology to improve efficiency. The council will also need to ensure that new technology is capable of connecting to existing systems.

Options Analysis

Resources are needed upfront to review the way the service currently works and explore options for technology to improve efficiency before any options appraisal can take place.

Recommended Option

N/A at current stage.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
JHO	Various	2,983	0	0	300	300

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
36.8	0	0	Up to 9	Up to 9

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Availability of adequate resources and relevant expertise to complete business process review	Delay in delivery according to project timetable	Treat	Project Manager	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software
Software development and configurations costs may exceed initial calculation	Process and product development leading to additional user requirements	Treat	Project manager	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Potential at this stage
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Potential at this stage
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Potential at this stage, but extent of impact is not known at this early stage
Does the change involve a redesign of the roles of staff?	Yes	Potential at this stage

Project Title	Purchase of Private Sector Units (within the General Fund) for use as Temporary Accommodation
Reference	D&R 003 / 17-18
Strategic Priority Area	2.2 Better Quality Homes for All
Directorate	Development and Renewal

Executive Summary

It is proposed that the council purchases properties outside the borough for use as temporary accommodation in order to mitigate the current difficulties met in securing suitable supply at a reasonable cost to the authority. This will provide a longer term solution to the need to utilise external sources of supply and will provide the council with an asset which will provide an improved quality of accommodation for clients.

Provided that the properties purchased are not currently used as social housing, the council will be able to finance 30 per cent of the capital costs from the significant level of uncommitted retained Right to Buy receipts that it currently holds. This will reduce the risk of having to pay these resources to the Government with substantial interest penalties. (Authorities must utilise the receipts to finance new housing supply within a three year period from the financial quarter that the receipt is generated).

Internal modelling has been undertaken assessing the implications of purchasing two bedroom flats. The capital acquisition costs are estimated at approximately £300,000 per unit, equating to £30 million for the proposed 100 units. Financing the maximum 30% of these costs from retained capital receipts (£9 million) will mean that capital resources of £21 million will be required. The modelling assumes that the Council will borrow these resources within the General Fund, although alternative capital resources could be used if available.

It is anticipated that annual revenue expenditure of approximately £12,700 will be incurred to manage and maintain each property and service the debt charges. Annual rental income will equate to £11,300 (based on Government Homeless Subsidy Eligibility levels) meaning that the initial net cost of the initiative is £1,400 per property acquired.

These costs need to be considered in the context that having the property will mean that an alternative source of temporary accommodation provision is not required. The cost of a bed and breakfast placement currently equates to £9,000 per annum, Nightly lets cost £6,500 per annum and a Private Licensed Accommodation placement is £3,500 per year. These costs all exceed those involved in the proposed initiative and therefore a budgetary saving should result. In addition the authority will own an asset in the long term which will reduce the need to source alternative temporary accommodation at a time when limited supply and high demand mean that costs demanded for placements are increasing.

It is proposed that 100 properties are purchased and that a target total revenue saving of £500,000 is included at this stage. External values have been commissioned to assess likely market implications so this estimate will be subject to review. Allowing for the time that will be required to acquire suitable properties, it is proposed that the saving is profiled as £200,000 in 2017-18 and £300,000 in 2018-19.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do Nothing					
2	Purchase of Private Sector Units within the General Fund for use as Temporary Accommodation	<ul style="list-style-type: none"> • Reduction in the costs paid by the council for temporary accommodation • Better quality accommodation for clients • Council acquires an asset • Reduction in the need to source external units of accommodation • Reduction in the use of bed and breakfast accommodation • Reduction in the use of nightly lets 	<ul style="list-style-type: none"> • Council responsible for managing the properties 	<ul style="list-style-type: none"> • Uncertainty regarding several aspects of Government Legislation in relation to Homelessness. Increasing obligations for the council are proposed under the Homelessness Reduction Bill and Welfare Reform changes, including the introduction of Universal Credit, will impact on future demands and cost for the council. • Capital Acquisition costs might exceed those estimated (i.e. approximately £300,000 per unit) • The Public Works Loan Board (PWLB) borrowing rates assumed might not be available when borrowing is required • Suitable accommodation might not be available on the market 		£500,000 per annum

Recommended Option

The option to invest capital resources to secure ownership of 100 properties for use as temporary accommodation is proposed.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
J40	Homelessness	1,909	0	200	300	500

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
N/A	N/A	N/A	N/A	N/A

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Lack of available properties for sale at viable prices within policy – compliant travel distance from LBTH	Monitoring of progress with acquisitions	Treat	Service Manager	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software
Increased statutory homeless demand requires additional supply thus wiping out savings	Monitoring statutory homeless approaches and acceptances	Treat	Service Manager	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software
Increased prices of other sources of temporary accommodation wipe out budget savings	Monitoring prices of multiple sources of temporary accommodation	Treat	Service Manager	Possible(3)	Med(3)	Yell(9)	These will be developed and recorded in the council's risk management software

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	This proposal includes increasing council owned assets by 100 properties for use as temporary accommodation
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Human Resources
Reference	RES 001/17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

The Business Case covers:

- HR Service structure
- Council wide Agency costs
- Council Wide training & development
- Employment Terms & Conditions
- Management Spans & Layers

HR Service – the HR service has an operating budget of £6.1million. Of this £4.8million relates to controllable spend, mostly on staff. It is proposed to bring forward a redesign of the functions and staffing arrangements for the Service. To support the redesign a number of projects have been commissioned, namely:

- Workforce Establishment Validation to ensure our core data is accurate with appropriate processes in place to maintain it;
- Recruitment Review to reduce the steps required to recruit and induct new employees;
- Transaction & Payroll Review to improve the efficiency of employment processing for items such as overtime & allowances, starters & leavers, and changes to employee details;
- Policy & Procedure Review to ensure that management and HR resources are properly focussed on employment cases, and to reduce the steps required in managing employment cases where practicable;
- Industrial Relations Review to consider best practice in how individual employee and collective employment matters are progressed.

From these reviews a future service offer, functional design and structure will be produced. By delivering the reviews in a timely manner the future HR service offer will be appropriate for the Council as it moves forward. It is anticipated at this early stage that budget reductions will be in the order of £1.5 million over the term of the MTFS which equates to just under one third of controllable spend.

Agency Costs – Council spend on agency for 2015/16 was £23.7million. It is our ambition to reduce this figure as far as possible. Of this an element related to the margin added by the suppliers. The Council contract ends on 30th September 2016. The current contract delivers £800K per year in margin efficiencies. It is proposed to deliver further economies through the procurement of a new contract estimated at £500K over the MTFS.

As at July 2016 the Council engaged 400 agency workers. It is proposed to review the volume, duration and reasons for use. It is anticipated that agency use can be reduced by 10% resulting in a decrease in spend of approximately £2million over the MTFS. Validation of the estimate will take place as part of the project.

Our ambition is to exceed this figure but for the sake of prudence have set this as a relatively modest target. Other savings proposals will also include reductions in agency worker spend.

Training & Development – Council spend on training & development activity for 2015/16 was circa £2.5 million. It is proposed to focus training through a new learning & development plan. The plan relates training to job profiles and Council priorities so should better align training activity. It is anticipated to reduce spend on training by £0.5 million over the MTFS.

Employment Terms & Conditions – Council spend on pay including employment terms is approximately £165 million, excluding schools. It is proposed to benchmark with other Councils and bring forward proposals for Members on a refreshed Employment Deal. At this stage potential budget savings have yet to be validated but may be in the order of £2 million over the MTFS.

Management Spans & Layers – The cost of the top 5 tiers of the workforce will be analysed as part of this project. It is proposed to conduct a review of span of control and number of tiers from CE to service delivery. Any budget savings that are identified will need to be validated as separate from service business cases to avoid double counting. It is premature to put forward a saving amount at this stage for that reason. For planning purposes a reduction of 5% might be prudent.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	HR Service structure	<ul style="list-style-type: none"> Service offer redesigned to drive high people management. Managers enabled Reduction of unproductive process Reduced service cost 	<ul style="list-style-type: none"> Less resource to assist managers with employment cases. Shift to greater online activity requires compliance 	<ul style="list-style-type: none"> Employment Tribunals and associated casework risks. 	£4.8m controllable spend of gross budget of £6.1m	£1.5m
2	Council wide Agency costs	<ul style="list-style-type: none"> Improved competitiveness of supplier contract. Better MI on reasons for use Better control on volumes and duration. 	<ul style="list-style-type: none"> If margins are too tight quality of candidates might suffer. Anecdotal evidence of such across London. 	<ul style="list-style-type: none"> Operational risk to the supply of quality temporary resources may be impacted if pay rates reduced. 	£23.7m	£2m
3	Council Wide training & development	<ul style="list-style-type: none"> Staff development offer better aligned to priorities and role profiles. Reduced spend. Improved supplier management 	<ul style="list-style-type: none"> Reduced Service flexibility and cessation of some training activity 	<ul style="list-style-type: none"> Operating risks during transition to council wide approach. 	£2.5m	£0.5m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
4	Employment Terms & Conditions	<ul style="list-style-type: none"> An Employment Deal to redefine the employer: employee relationship. Employment terms fit for modern models of service delivery. 	<ul style="list-style-type: none"> Industrial unrest. Adverse impact on service delivery 	<ul style="list-style-type: none"> Risks to business continuity Project publicity could dominate entire transformation programme. 	£165m paybill (exc schools, income, etc.)	£2m
5	Management Spans & Layers	<ul style="list-style-type: none"> Clear demarcation of responsibilities at each tier. Consistent model of management tiers Equitable distribution of spans of staff reporting 	<ul style="list-style-type: none"> Loss of organisational expertise/knowledge especially where management posts have been used to retain specialisms 	<ul style="list-style-type: none"> Service disruption as managerial arrangements transition 	£TBA as part of scope	5% of management costs

Recommended Option

All of the options listed in this Business case are recommended for adoption into the MTFs.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
HR	Various	6,100	250	1,250	0	1,500
Corp	Agency		1,500	1,000	0	2,500
Corp	Training & Dev		0	500	0	500
Corp	Emp Deal		0	0	2,000	2,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
87.5	5	25	0	30

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Failure of projects to deliver to time		Treat	Int. HR, OD, Transformation Mgr	Almost Certain(5)	Med(3)	Red(15)	Appropriate resourcing of projects; mandate to deliver
Failure to maintain a mandate for change		Treat	Int. HR, OD, Transformation Manager	Likely(4)	V High(5)	Red(20)	Set up Member & senior Mgt stakeholder fora; establish mandate; regular engagement to manage mandate
Failure to sustain workplace culture of mgt self service		Treat	Int. HR, OD, Transformation Manager	Likely(4)	High(4)	Red(16)	Invest in comm's and change mgt throughout projects
Failure to manage demand on HR results in performance dip		Treat	Int. HR, OD, Transformation Manager	Possible(3)	Med(3)	Yell(9)	Project brief QA, One Hr Project Board to manage process/system dependencies

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Employment procedures, systems, management information and terms may all change
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	More service delivery will be online
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Future HR operating models have yet to be determined
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Likely reduction of 1/3 of current HR resources
Does the change involve a redesign of the roles of staff?	Yes	Operating model and structure will change as part of a formal reorganisation of HR

Project Title	Benefits Service Admin Savings
Reference	RES 002/17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

The council's benefits service has always strived to deliver the highest quality in respect of both the provision of service provided to residents and value for money. To date this has been achieved via a number of factors including: ICT enhancements, the introduction of remote benefits electronic post room (EPR) established in 2006, the unique Benefits Resilience Framework contract established in 2009, the ability to retain our experienced staff etc.

The benefits service remains keen to learn good practice from other LAs and embrace new technology solutions in order to improve service provision and reduce costs still further. In addition, the roll out of Universal Credit may have an impact on caseloads and staffing resources.

The service has set itself a target to reduce admin spending by £1.5m from current levels over the next three years. The service plans to deliver this through a series of annual service reviews planned as shown in the table below through changes such as reducing consultancy costs, retendering contracts and IT efficiencies.

Year	Benefits Admin Savings delivery plan
2017/18	£450k
2018/19	£525k
2019/20	£525k

It has already commenced activities for savings to be delivered for 2017/18 as part of this process and delivery is on track for the £450k to be achieved.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	2016/17 Service Review – work is already in progress to deliver savings for 2017/18	<ul style="list-style-type: none"> Reducing consultancy costs Retender of resilience contract (5% credits) Deletion of vacancies that have arisen during 2016/17 and realignment of SFIS Scanning at OSS – ICT enhancement Overpayments – use of new recovery powers (additional income) <p><i>Note – Benefits Admin Review Project is also underway and may propose additional savings before the end of the current financial year</i></p>		No major risks identified – all achievable		£60k £40k £110k £40k £200k Total £450k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
2	2017/18 Service Review to deliver savings for 2018/19	Service redesign, Implementing best practice through benchmarking, ICT enhancements and other efficiencies. Review caseloads and impacts following the introduction of Universal Credit				Total £525k
3	2018/19 Service Review to deliver savings for 2019/20	Service redesign, Implementing best practice through benchmarking, ICT enhancements and other efficiencies. Review caseloads and impacts following the introduction of Universal Credit.				Total £525k

Recommended Option

The recommendation is to approve this three year plan to deliver £1.5m in Benefits Admin savings over three years.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			450	525	525	1,500

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
The benefits service is already a lean service (in comparison to similar LAs) making savings more challenging to find particularly in the later years	Savings not identifiable	Tolerate	Steve Hill	Unlikely(2)	Low(2)	Yell(6)	In the event that savings become difficult to identify the service can work alongside a specialist consultancy
Caseloads may not decrease – UC may be further delayed	No reduction in caseloads.	Tolerate	Steve Hill	Possible(3)	Med(3)	Amber(12)	Review caseloads on a regular basis
UC transition may create more work for benefits service	UC test and learn agile approach may generate more work	Tolerate	Steve Hill	Possible(3)	Med(3)	Amber(12)	Ensure regular liaison and escalation paths in place with DWP and JCP at a local and national level

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive management action required immediately	Significant concern Some immediate action required plus comprehensive action plans	Incidences of risk are of some concern although treating the risk will usually be through contingency planning Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	The overpayments proposal would utilise new powers of recovery of overpayments.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Possibly during the 2017/18 and 2018/19 Service Reviews.
Does the change involve a redesign of the roles of staff?	Yes	Possibly during the 2017/18 and 2018/19 Service Reviews.

Project Title	Fund DHP through the Tackling Poverty Fund
Reference	RES 004 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

This Business Case proposes to move the £725k of additional funding which the council provides for Discretionary Housing Payments (DHP's) into the newly proposed Tackling Poverty Fund. This will allow greater flexibility and remove the need to comply with the restrictions of the rein the Government limitations on how the money is spent supporting residents. The current £725k per year will be increased to £3m over 3 years as part of a £5m Tackling Poverty fund funded from revenue reserves.

This will not affect the £1.883m of funding provided by the Government to make Discretionary Housing Payments.

This proposal would assist the council's aims to create households that are more economically sustainable.

The Council will develop a broader more localised local scheme as part of the Tackling Poverty Fund, with greater flexibility to assist those in need, for a fixed three year period. This will ensure the council is able to respond to need more effectively as the use of the funding will not be limited to rent payments for HB recipients (as it is via DHP's) but the new scheme will continue to include support for people to remain in suitable accommodation.

Linked to Mayoral Priority Growth Bid Ref MGRO/RES 2-17

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	The local DHP funding contribution would be kept in place	No savings would be realised causing other services to be cut	That in future year's further financial constraints may cause an unplanned change.		None
2	End local DHP top up provision from 2017/18	Savings of £725k would be achieved Local Scheme introduced as part of the Tackling Poverty Fund	Reduced DHP funding provision than in previous years			£725k from revenue with the £725k re-provided and increased to £1m per annum for three years from revenue reserves in the £5m Tackling Poverty Fund

Recommended Option

Option 2 is recommended given that DHP is not a sustainable alternative to welfare reform, its use is extremely inflexible and given the financial pressures on the council to deliver savings. DHP will still exist in the form of Government DHP funding. Additional support would be made available to residents via the new local scheme within the Tackling Poverty Fund including support for those who are affected by welfare reform.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			725			725

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Reduced DHP budget provision means we need to ensure alternative available support is provided particularly to assist residents out of welfare reform.	DHP applicants may have applications refused.	Tolerate	Steve Hill	Possible(3)	Med(3)	Amber(10)	All unsuccessful applicants will be provided with details of available alternative support provided by the council and external partners.
Local Welfare Support scheme not in place	Support for residents in need is not available	Tolerate	Steve Hill	Unlikely(2)	Med(3)	Yell(6)	Local Welfare Support scheme policy is in draft and on target for April 2017 launch (subject to Council approval). The scheme will be flexible and will be developed according to need and demand.

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	Yes	The DHP budget would reduce and would consist in future of just the Government DHP funding element with no local DHP funding.
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Voluntary and Community Sector organisations will need to be engaged in the targeted projects and initiatives arising from the Local Welfare Support scheme.
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	Yes	Voluntary and Community Sector organisations will need to be engaged in the targeted projects and initiatives arising from the Local Welfare Support scheme.
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Review and Revise Risk Management Service
Reference	RES 005 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

The risk management service objectives are to:-

- Provide an internal audit function to oversee the council's financial governance arrangements, ensure effective systems of financial control and financial probity;
- Oversees the management of the council's risks including the corporate risk register;
- Provide an effective and professional insurance service and ensure the council has adequate and efficient insurance cover to meet its financial liabilities; and
- Provide a professional corporate fraud service investigating fraud and irregularity and protect the public purse through the facilitation of sound strategies, procedures and controls in the prevention, detection, investigation and deterrence of fraud, corruption and bribery.

In summary, to deliver savings in the service, the four options are to:

Option 1 - Reduce the number of internal audit days delivered. At present, the internal audit service delivers between 1,500 – 1,600 days per annum working in partnership with Mazars. The partnership with Mazars is a co-sourcing arrangement and allows the council to secure a range of expertise and knowledge to support the work of the internal audit and corporate fraud teams. This arrangement is flexible allowing the council to increase or decrease the level of input depending upon workloads and priorities. Benchmarking data has shown the number of internal audit days to be higher than comparable authorities, which is explained by the intervention by the Department for Communities and Local Government (DCLG), where the council's internal audit service was asked to increase the audit days to provide assurance on the key risks and matters raised by the commissioners. However, as the council's governance arrangements are strengthened through the work of the general purposes committee and the statutory officers and commissioners' meetings, the number of audit days can reduce to an estimated 1,300-1,400 resulting in savings of about 200 days per annum. The timing of the reduction can be programmed for year three (financial year 2018/19), though this will need to be reviewed nearer the time. This is dependent on the governance and internal controls of the organisation improving sufficiently for assurance sought from the internal audit service to decrease. The reduction in days will result in a reduction in the level of assurance the audit team is able to provide. It is envisaged that in future, with the strengthened council processes and governance arrangements, the level of assurance required from internal audit will reduce, whilst still focusing on providing assurance over the key risks to the council. If the level of assurance required remains the same or increases, consideration will need to be made as to whether this can be obtained from other sources in the council such as management or external audit or whether the council's risk appetite is at a level to facilitate the proposed saving to be made.

Option 2 - Improve management efficiency of the fraud team. There are between two to five staff members per manager. Increasing the ratio of staff per manager will improve efficiency of the team and maintain front line staff in carrying out investigations. It should be noted that the fraud team is funded from a range of revenue sources including the general fund, Health Research Authority, the insurance fund, housing benefit and the parking revenue account. The savings could therefore accrue to these income streams. Section 14 identifies the nature of the saving for this option.

Option 3 - Reorganisation of the insurance team. The reorganisation would seek to improve efficiency within the insurance team, particularly around the transactional element of claim management, and consider working with other local authorities to transact its processes more efficiently. It is estimated the savings of £37,000 per annum would accrue from year two.

Option 4 - Consider shared audit service. A shared service offers the opportunity to share the cost of management, particularly around sharing the cost of the head of audit, and to a lesser extent, the audit manager. A shared service offers the possibility of sharing ideas and best practice allowing internal audit to raise recommendations to improve council service. A shared service will also offer increased resilience when staff leave and place reliance on firms providing the service. The disadvantage of a shared service is that the capacity of the head of audit to be involved at the council will decrease.

Options analysis

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
1	To consider a reduction in the number of internal audit days from year three following consultation with the chair of audit, S151 officer and the head of audit and risk management. This is predicated on the "normalisation" of the council reflected by the exit of commissioners, improved governance (as detailed in the annual governance statement) etc.	The audit plan will be brought in line with other local authorities.	1) The change to the number of days may be inappropriate bearing in mind the circumstances affecting Tower Hamlets. 2) The reduction in days will mean the internal audit department needs to have a firmer approach to prioritising reactive requests from management, there is a risk that management may feel there issues are given the same prominence as they had received before. This can be mitigated by communicating how internal audit will prioritise work based on risk.	There is a reputational risk that the council is being weak to tackle internal and external fraud.	Direct cost £525,000	£50,000
2	A reduction in management staff in the fraud team.	Reduced costs and focused on investigations that are posing a	Increase in span of anti-fraud work	Reduction in management oversight of investigations	Direct cost £357,000	£50,000

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
		greater threat to the council				
3	Restructure of the insurance team	Reduce costs	-	manageable	£617,000	£37,000
4	A shared audit service	Sharing good practice and ideas, resources across a group of local authorities and increased resilience.	Capacity of senior audit professionals to engage with all organisations in the group and provide a strategic steer.	Shared service does not lead to perceived benefit / internal audit work not completed.	Direct cost £525,000	£30,000

Recommended option

Proposals two and three are recommended for implementation as soon as possible. These options are relatively straightforward and will have minimal impact on the deliverables of the service.

For proposal one – it is recommended that this is agreed in principle but not formally accepted until a further review is carried out in 2017/18 to determine whether the risk appetite of the council will allow this proposal to progress and whether there are other sources of assurance that can accommodate the assurance requirements of the council.

It is recommended option four is considered and if agreeable, implement in 2018/19.

Budget projection and staffing impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
R19	32220 / 10189 / 33220	£1.2 million (direct cost)	90	0	0	90

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
20.5	2	0	0	2

Risks							
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Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
There is a reputational risk that the perception is that the council is being weak on internal audit /external fraud.	Increase in limited / Nil assurance reports or a significant fraud	Treat	Head of audit and risk management	Possible(3)	Med(3)	Yell(9)	Determine the implementation of this proposal in 2018/19 following a due diligence exercise.
Reduction in management oversight of investigations	Poor quality output / failure of management checks	Treat	Head of audit and risk management	Unlikely (2)	Med (3)	Yell(6)	Ensure overnight arrangements are robust
Shared service does not lead to perceived benefit / internal audit work not completed.	Poor internal audit delivery, unresponsive.	Treat	S151, corporate director resources	Possible(3)	High(4)	Amber(12)	Ensure the arrangements meet expectation by

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	This could lead to the provision of services for internal audit and insurance services with other local authorities.
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The change will result in a reduction of staff
Does the change involve a redesign of the roles of staff?	Yes	The span of control will change to seek efficiencies in the management of risk management service.

Project Title	Functional Consolidation of Procurement
Reference	RES 006 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

This Business Case considers a proposal to restructure the procurement function across the Council.

The Council spends approximately £320m per annum on goods, works and services with 3,500 suppliers. The Corporate Procurement Service exists to provide leadership, support and challenge for procurement activities across the Council. The service ensures these activities are integrated and focussed on the achievement of the Council's desired financial and social outcomes.

The Corporate Procurement Service supports all service areas through a mix of devolved and strategic procurement approach. Low value, low risk procurement activity below £25,000 is devolved to officers across the Council whilst procurement activity above £25,000 is procured through the Corporate Procurement Service.

As part of our Best Value Procurement Improvement Programme we have restructured the central procurement service to strengthen its role across the procurement cycle and in the process of implementing a new e-tendering and contract management system which will result in total transformation of how the Authority procures goods, services and works, resulting in savings of £250,000.

Whilst, the main priority for the Procurement Service is to deliver its core focus and ensure compliance with new national and EU public sector procurement regulation the service is also expected to support major procurements of corporate significance and lead on several cross directorates procurements to support the Council's savings programme.

We have recently developed a new Procurement Strategy and we are now embarking on an exciting transformation programme to ensure that we deliver this strategy. This programme focuses on developing the Council's strategic approach to enhancing the management and development of our suppliers.

Procurement, commissioning and contract management currently operates in silos, the outcome of this project will result in an operating structure that ensure these areas are better integrated business functions with direct links with Councils financial, customer, social, and equalities goals.

Early procurement engagement and closer working with business areas is fundamental to ensuring all options are examined in advance of the procurement phase. The scope of the project will examine roles involved within the main activities within the Commercial Cycle (see figure 1). It is noted that there are other projects in progress which may potentially pick up the consolidation of strategic commissioning with external partners and therefore the focus will be to ensure commissioning is better aligned with procurement and contract management.

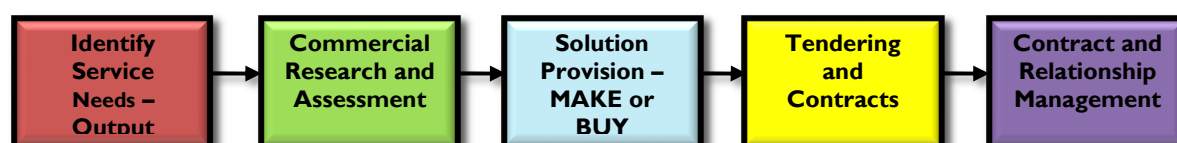


Figure 1 – Main activities in the commercial cycle.

Table below provides a summary of our procurement spend managed by central procurement and those devolved to service areas for financial year 2016-16.

	Over £25,000 (via CPS)	Below £25,000 (Devolved)	Total
Spend	£250,785,129	£60,379,363	£311,164,492
% Spend	81%	19%	
Total No. Suppliers			2,727
Av. Spend per Supplier	£935,765.41	£22,141.31	

Figure 2 - Summary of procurement activity 2015-16

The proposal will also look at the opportunities to create synergies across existing functions such as by bringing together the procure to pay roles, buyers and certain corporate contracts within a central procurement service.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	No change	<ul style="list-style-type: none"> (i) Limited strategic procurement support (ii) Poor prioritisation of limited financial resources (iii) Inconsistent and inefficient processes (iv) Workflow peaks and troughs not managed across service (v) Inefficient delivery and high cost service (vi) Disaggregation of demand 	<ul style="list-style-type: none"> (i) Failure to deliver required savings. (ii) Disconnection from professional support (iii) Lack of Corporate Direction and oversight 	£735,000	nil
2	Centralisation of Procurement Functions	<ul style="list-style-type: none"> (i) Single management hierarchy providing professional support and direction (ii) Delivery of savings target (iii) Access to broader professional opportunities (iv) Enables development of consistent efficient processes (v) Workload management improved (vi) Consistent procurement, 	<ul style="list-style-type: none"> (i) Support distanced from frontline services (ii) Short term loss of visibility on some operational financial issues 	<ul style="list-style-type: none"> (i) Perceived lack of control from Service leads (ii) Different skills mix and approach required (iii) Change could be disruptive in short term 	£4.687m	£0.250m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		<p>contract management offer delivered to services</p> <p>(vii) Alignment to Corporate priorities improved</p>				
3	Shared Procurement Service	<p>(i) Further efficiencies of scale possible particularly in management costs</p> <p>(ii) Increased resilience to service delivery risks</p>	<p>(i) Loss of control to Council</p> <p>(ii) Requires strong contract management and governance</p> <p>(iii) Responsiveness to key issues and priorities may be an issue.</p>	<p>(i) Requires willing partner(s)</p> <p>(ii) Will take time to establish</p> <p>(iii) Significant development required from low base</p> <p>(iv) Potential slippage on savings delivery due to lead in time</p> <p>(v) Will raise other broader issues such as consistent financial system</p>		
1	Outsourced Procurement Service	<p>(i) Further efficiencies of scale possible particularly in management costs</p> <p>(ii) Increased resilience to service delivery risks</p> <p>(iii) Access to broad market could deliver further efficiencies</p>	<p>(i) Loss of control to Council</p> <p>(ii) Requires strong contract management function</p> <p>(iii) Responsiveness to key issues and priorities may be an issue.</p> <p>(iv) Likely to be a once and for all decision</p>	<p>(i) Will take time to establish</p> <p>(ii) Significant development required from low base</p> <p>(iii) Potential slippage on savings delivery due to lead in time</p> <p>(iv) Procurement process required which may be</p>		

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
				(v) time consuming Selection of partner is key to making a successful transition.		

Recommended Option

The recommendation is to develop the centralisation of the Procurement function internally.

It will be possible to consider the scope for further development of the service once the initial centralisation and maximum achievement of process and efficiency savings have been realised. This might include the other identified options of shared services or outsourcing; however, those would need to be developed alongside a clear support service strategy rather than for the procurement service in isolation.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
n/a	Central Procurement Service	TBC	250	0	0	250

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
Staff FTE (estimated reduction)	4-6			

Risks							
Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Disruption to key tendering activity.	Conflict between proposals and key financial processes	Treat	Zamil Ahmed	Possible(3)	High(4)	Amber(12)	Phased implementation of proposals for key staff or teams. Use of temporary staff
Adverse impacts from other support service reviews	Uncoordinated approach or project misalignment	Treat	CPMO	Possible(3)	Low(2)	Yell(6)	PMO Governance arrangements
Loss of experience or key knowledge	Uncertainty leading to staff resignations	Tolerate	Zamil Ahmed	Possible(3)	High(4)	Amber(12)	Maintain good staff communication

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Crisis & Support Grant will need to be a non-cash solution
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The service costs are primarily staffing so there will be an impact of reducing the overall staffing budget across the service areas.
Does the change involve a redesign of the roles of staff?	Yes	The centralisation approach will affect the roles held by staff. There will be a change from service specific roles to more generic approaches whilst retaining service specialisms.

Project Title	Review of Printing/ Scanning/ Use of Multi-Functional Devices (MFD's)
Reference	ALL 001 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

Bulk printing, ad-hoc and local printing on multi-functional devices (MFD), colour printing, and post, both incoming and outgoing, are all long overdue for transformation. Our approach needs to be modernised with a view to reducing costs in all areas, and implementing a new digital process where we can accommodate user requirements in a more up to date way.

Included in this area are bulk printing, such as council tax bills, benefits letters, rent notices etc., which are printed through the reprographics team and classed as internally structured mail, adhoc printing using either Xerox MFD devices or HP networked machines, or printing using external print suppliers such as Print Impressions, Panther Prints, Xerox and etc.

Incoming post currently comes in through the post room and is distributed throughout Mulberry Place by a post room courier or taken by van to the various administrative buildings within the borough by one of the post room drivers and distributed throughout the various directorates on each floor.

There are also numerous scanning solutions across directorates who scan their own post which is held digitally and referenced to their own systems. Copies of the paper documents are then destroyed after a set number days. There are also contracted providers of scanning where documents are sent off site to be scanned and referenced to the council's systems.

With the future move to Whitechapel and limited space available, it is essential that minimal hard copies of documents are stored, and therefore a scanning and storage solution for all directorates is essential.

Options Analysis

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
1	Set up a corporate scanning solution to scan all incoming mail, and distribute electronically around the borough to be referenced to the various local systems in each directorate.	Significant reduction in storage requirements Digital transfer of documents is much greener and cheaper than using vans and couriers Reduces the existing numerous scanning solutions currently in place	Requires investment in robust scanning solution and software		All data has yet to be collected but indications show significant opportunity to make savings	£400,000
2	Implement a scanning and indexing solution to accommodate the reduction in the	Significant reduction in storage requirements			New service but savings on storage	£50,000

Option	Description title	Benefits	Dis benefits	Risks	Current annual costs	Proposed annual savings (ROI)
	amount of storage needed at Whitechapel and to provide a digital solution to archiving the very large amount of hard copy documents that exist.	Easy access to all archived documents			and archiving will be achieved	
3	Review the use of local printing on MFDs, putting in restrictions on the size of files that can be printed, and looking at digital alternatives to printing documents, and charging and reporting to directorates for their own use of MFDs	Costs will go down as cheaper printing options are used	Alternatives to printing will need to be invested in such as tablets and properly equipped meeting rooms		Data not yet fully collected	£50,000
4	Look at options to join existing shared service for reprographics and hybrid mail	Quick solution that will generate savings and not tie us into another long term machinery and equipment contract Service already set up and running, so no set up costs No need to find space to accommodate large machinery Retain an element of control having input into the shared service operation			£500,000	£100,000

Recommended option

It is recommended that options one, two, three, and four are adopted:

1. Set up a corporate scanning solution to scan all incoming mail, and distribute electronically around the borough to be referenced to the various local systems in each directorate.
2. Implement a scanning and indexing solution to accommodate the reduction of storage needed at Whitechapel and to provide a digital solution to archiving the very large amount of hard copy documents that exist.
3. Look at shared service options to deliver a hybrid mail solution to include all documents that are currently printed/posted locally on MFDs/HP devices and all bulk mail requirements.
4. Review the use of local printing on MFDs, putting in restrictions on the size of files that can be printed, and looking at digital alternatives to printing documents, and charging and reporting to directorates for their own use of MFDs.

Budget projection and staffing impact

Vote	Cost centre	Base budget £'000	Net savings 2017-18 £'000	Net savings 2018-19 £'000	Net savings 2019-20 £'000	Total savings 2017-20 £'000
			500	500	500	1,500

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
Staff FTE				

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Not all print requirements will be met	Directorates cannot print as required	Treat	Roger Jones	Possible(3)	Low(2)	Yell(6)	Alternatives need to be in place
Reliant on stable ICT platforms	Unreliable ICT infrastructure	Treat	Roger Jones	Possible(3)	High(4)	Amber(12)	Must be sure there are backup solutions in place

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Alternative digital solutions will be in place for MFD printing
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Different solutions will be considered including Shared Service and Outsourcing options
Does the change involve local suppliers being affected?	Yes	Some existing print suppliers are included in the current Panacea set up
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Changing roles of couriers who distribute post.
Does the change involve a redesign of the roles of staff?	Yes	Existing post room staff will have to be trained in scanning solutions

Project Title	Debt Management & Income Optimisation
Reference	ALL 003 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

With the implementation of Business Rates Retention, what really matters to councils is growth and maximising collection levels, and as we head towards 100 per cent retention, the full implementation of Universal Credit, and councils being reliant solely on locally generated income, this will matter more and more each year.

Currently, income systems are managed independently of each other with no real joined up approach to collection monitoring or data sharing across systems. The proposals contained in this business case can only be achieved collaboratively with stronger relationships developed and the necessary authority to ensure changes take place and the necessary information is provided.

To achieve the aims set out in this business cases the following need to take place:

- a) Set up central team to control and improve Debt Management of all arrears.
- b) Procure a system to analyse data across systems and provide a single view of a debtor and to establish a Data Management Team to identify fraud and error across systems and monitor changes in systems to ensure they are compliant with agreed processes and to reduce the cost of Council funded reliefs or services
- c) Review and revise income collection policies, procedures and processes to ensure consistency of approach and efficient income collection monitoring and reporting, looking for new opportunities to charge for services and update levels of fees and charges

Growth and increasing collection levels can be achieved in a number of ways, but the key areas are:

1. Maximising Collection Levels

As at 31st March 2016 there were balances of over £113m reported across all the major income streams and these have increased over the last 6 months.

There are very high levels of provisions for bad debt (£74m at 31st March 2106) and in some areas, these simply increase week on week to cover income that is not collected. Work needs to be carried out to establish what is real debt, what is bad debt, what is collectable, and the effect all of this will have on the Revenue Account and General Fund.

Once this has been achieved, the necessary one off accounting adjustments can be made and bad debt provisions reduced accordingly, and processes put in place to ensure there are no year on year increases, with write offs carried out on a timely basis to prevent the build-up of unmanageable levels of bad debt.

We will then be in a position to move forward on increasing income through collection of the remaining balances and improving in year collection rates. This will in turn enable recalculations of bad debt provisions overall, reducing them as collection rates improve.

To achieve this, there is a need to set up a Central Enforcement Team looking to collect a proportion of the arrears held for the years 2011 to 2015 totalling over £90m. Collecting just a small proportion of this can help to protect frontline services. We will also to monitor collection recording to ensure it is accurate and uniform information for all areas, and taking action to make improvements where necessary.

The overall goal is to increase income to the council by £2m per year from April 2017 and to improve overall processes to prevent high levels of arrears building up, and improve in year collection rates.

2. Identifying Fraud & Error

Reputational improvements are needed to deter fraudsters from targeting Tower Hamlets in scams and other fraudulent activity which cost the council significant amounts of money each year.

Identifying fraud across all areas, adopting a more holistic view to debts and debt management, and delivering a truly debt-centric single view of a debt is key to reducing fraud and also improving collection rates.

There is a wider need to develop relationships between directorates and cultivate a culture of data sharing across income streams to establish better working practices to maximise income across all areas.

To do this, there is a need to establish a Data Management Team to identify fraud and error across systems and monitor changes in systems to ensure they are compliant with agreed processes and to reduce the cost of Council funded reliefs or services. This will include the following: -

- Identification, monitoring and reporting on single view of debtor
- Improved uniform approach to performance measurements
- Improved information management
- Income Generation from of the prevention of fraud in all areas.
- Savings on LCTRS payments, reduction in Single Person Discounts and Exemptions with corresponding growth in the Council Taxbase and income from New Homes Bonus Scheme
- System Alignment – Data Control – central control over property data base

3. New Opportunities and Improvements

Income generation opportunities and savings identified from fraudulent activity will raise additional income/create savings, of in the region of £3m a year). There are however new areas where the Council will start charging and we must ensure we have good efficient collection processes in place or we shall simply be creating additional bad debt and creating large debts for our customers in areas that are particularly sensitive, such as Adult Social Care.

It is important that we regularly review the council's Fees and Charges Policy to ensure the correct levels of charging are applied and invoiced for accurately, and to look for opportunities to raise income in areas not previously charged for.

In addition to this, improvements should be made to how we manage our own assets and ensure that accurate charging and collection processes are in place to maximise income in these areas, and to minimise our own liability where possible.

Actions of other London boroughs should also be closely monitored particularly around economic development, as their plans can have significant impact on the rental values with Tower Hamlets and consequently, the income achieved from Business Rates.

This business case also examines the current situation in relation to income collection for adult social care services, and proposes a target reduction of £100k in the level of debt owed for these services.

The services that this income relates to are:

- Residential care
- Nursing care
- Home care provided in extra care sheltered housing
- Community meals

Currently, 13% of the income due from these services has been unpaid for a month or more.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1a	Set up central team to control and improve Debt Management of all arrears.	Income Generation, improved processes and improved Debt Management		Increasing costs/resources does not generate the income expected	New service Estimated to cost £178k	£1.2m
1b	Procure a system to analyse data across systems and provide a single view of a debtor and to establish a Data Management Team to identify fraud and error across systems and monitor changes in systems to ensure they are compliant with agreed processes and to reduce the cost of Council funded reliefs or services.	Reputational improvement deterring fraudulent claims Reduced fraud and costs on reliefs/discounts awarded Sharing data will improve the ability to identify vulnerable residents and enable improved decision making		All directorates must play their part or this will fail to achieve targets on savings/income	New Service Estimated £200k one off plus £90k annual spend	£1m
1c	Review and revise income collection policies, procedures and processes to ensure consistency of approach and efficient income collection monitoring and reporting, looking for new opportunities to charge for services and update levels of fees and charges	Greater control and more efficient collection systems with accurate and uniform approach to collection and reporting on performance Ensuring we maximise income opportunities from our own assets/services		Collection policies and methods need to be robust in areas that can be sensitive or collection will fail	New Service Estimated cost £70k	£0.5m
2	Improve income collection processes for adult social care services	Increased income to the council Greater certainty for service users	May be perceived as additional charges for	There is a risk that a more robust approach to income	£-3.522m	£100k

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		Improved sustainability for adult social care services	vulnerable people	collection may be perceived as insensitive for a particularly vulnerable part of the community		

Recommended Option

Option 1a, 1b, 1c, and 2

1a - Carry out a full appraisal of how income is collected and managed within the borough with a view to setting up a central hub to manage data and develop a more joined up approach to debt management and reporting. Review and revise income collection policies, procedures and processes to ensure consistency of approach and efficient income collection monitoring and reporting.

1b - Set up a Fraud & Data Management Team and procure a system to analyse data and identify fraud and error across systems and monitor changes to ensure they are compliant with agreed processes and to reduce all types of fraud and associated costs.

1c - Set up a programme of work to look into charging opportunities and address the wider need to develop relationships between directorates and cultivate a culture of data sharing across income streams to establish better working practices to maximise income across all areas and to develop a Single View of Debtors.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
			3,000	3,000	3,000	9,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
Staff FTE				

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
All arrears are not collectable and will be written off	No increase in cash income	Treat	Roger Jones	Unlikely(2)	High(4)	Yell(8)	Income will be closely monitored and where there is low impact, alternative solutions will be employed.
Chasing a lot of debt that is very old will result in a surge in complaints and or members enquiries	Increase in complaints/M E's	Tolerate	Roger Jones	Likely(4)	Low(2)	Yell(8)	Members will be briefed on the proposals and the significance of the project and actions being taken
Social Care Income needs very careful management or bad debt will simply increase	levels of uncollected income increasing	Treat	Roger Jones	Possible(3)	Med(3)	Yell(6)	We must make sure we have efficient collection processes in place

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	Sharing data will improve the ability to identify vulnerable residents and enable improved decision making
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	Improved collection rates and collection of arrears
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	Yes	This could result in higher use of debt advice agencies
Does the change affect Assets?	Yes	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	Yes	A more corporate approach to debt collection may mean officers having to work in areas they have not worked on before.

Project Title	Centralisation of Finance
Reference	ALL 004 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

This Business Case considers a proposal to restructure the finance function across the Council. Currently the finance function is operated on a devolved basis with a number of finance teams based in Service Areas – Children’s, Adults, Development and Renewal and Communities Leisure and Culture –together with a number of Corporate Finance Teams. In addition the central Revenue Processing & Reconciliation Team (formerly Cashiers) carry out a number of functions for all directorates.

Benchmarking information suggests that the cost of the finance function across the Council is higher than in other similar authorities. Support Services were considered by the Cabinet and CMT at one of the early Outcomes Based Budgeting sessions and, given the need for significant financial consolidation, the indicated direction of travel was for a centralised structure to be developed. An indicative saving target of £900k was identified with the expectation that this would be delivered substantially in 2017/18.

Previous restructures have been predicated on a devolved Business Partnering approach with management accounting functions also being undertaken within services. Financial Accounting and other functions such as Treasury Management are currently being undertaken corporately. The corporate finance teams which fall under the management of the Service Head for Finance and Procurement also includes the Financial Systems Team (Including the Accounts Payable function), and the Operations Team (Including the Compliance function).

The Strategic Partner procured by the Council to assist with its transformation programme includes as part of their consortia the Chartered Institute of Public Finance and Accountancy (CIPFA). It is proposed that they will be asked to assist in providing a review of best practice in the delivery of finance services based on their experiences of other organisations and understanding of the environment within which council finance functions operate.

The proposal will also look at the opportunities to create synergies across existing functions such as by bringing together the Pensions Administration and Pensions Investment functions together into a single specialist ‘Pensions Team’.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing	No change	<ul style="list-style-type: none"> (i) Limited strategic financial support (ii) Poor prioritisation of limited financial resources (iii) Inconsistent and inefficient processes (iv) Workflow peaks and troughs not managed across finance service (v) Inefficient delivery and high cost service (vi) Inefficient use of financial resources 	<ul style="list-style-type: none"> (i) Failure to deliver required savings. (ii) Disconnection from professional support (iii) Lack of Corporate Direction and oversight 	£4.687m	nil
2	Centralisation of Finance Functions	<ul style="list-style-type: none"> (i) Single management hierarchy providing professional support and direction (ii) Delivery of savings target (iii) Access to broader professional opportunities (iv) Enables development of consistent efficient processes (v) Workload management improved 	<ul style="list-style-type: none"> (i) Support distanced from frontline services (ii) Short term loss of visibility on some operational financial issues 	<ul style="list-style-type: none"> (i) Perceived lack of control from Service leads (ii) Different skills mix and approach required (iii) Change could be disruptive in short term 	£4.687m	£1.0m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		(vi) Consistent finance offer delivered to services (vii) Alignment to Corporate priorities improved				
3	Shared Finance Service	(i) Further efficiencies of scale possible particularly in management costs (ii) Increased resilience to service delivery risks	(i) Loss of control to Council (ii) Requires strong contract management (iii) Responsiveness to key issues and priorities may be an issue.	(i) Requires willing partner(s) (ii) Will take time to establish (iii) Significant development required from low base (iv) Potential slippage on savings delivery due to lead in time (v) Will raise other broader issues such as consistent financial system	£4.687m	£1.0m
4	Outsourced Finance Service	(i) Further efficiencies of scale possible particularly in management costs (ii) Increased resilience to service delivery risks (iii) Access to broad market could deliver further efficiencies	(i) Loss of control to Council (ii) Requires strong contract management function (iii) Responsiveness to key issues and priorities may be an issue. (iv) Likely to be a once and for all decision	(i) Will take time to establish (ii) Significant development required from low base (iii) Potential slippage on savings delivery due to lead in time (iv) Procurement process required which may be time	£4.687m	£1.0m

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
				(v) consuming Selection of partner is key to making a successful transition.		

Recommended Option

The recommendation is to develop the centralisation of the Finance function internally.

It will be possible to consider the scope for further development of the service once the initial centralisation and maximum achievement of process and efficiency savings have been realised. This might include the other identified options of shared services or outsourcing; however, those would need to be developed alongside a clear support service strategy rather than for the finance service in isolation.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
N/A	Finance and Cashiers Service	4,900	700	300	0	1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
93.5	10.5	4.5		15

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Disruption to key financial processes.	Conflict between proposals and key financial processes	Treat	Neville Murton	Possible(3)	High(4)	Amber(12)	Phased implementation of proposals for key staff or teams. Use of temporary staff
Adverse impacts from other support service reviews	Uncoordinated approach or project misalignment	Treat	CPMO	Possible(3)	Low(2)	Yell(6)	PMO Governance arrangements
Loss of experience or key knowledge	Uncertainty leading to staff resignations	Tolerate	Neville Murton	Possible(3)	High(4)	Amber(12)	Maintain good staff communication

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Crisis & Support Grant will need to be a non-cash solution
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	The service costs are primarily staffing so there will be an impact of reducing the budget by £900k
Does the change involve a redesign of the roles of staff?	Yes	The centralisation approach will affect the roles held by staff. There will be a change from service specific roles to more generic approaches whilst retaining service specialisms.

Project Title	Consolidation of Strategy, Policy and Performance Functions
Reference	ALL 005 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

Consolidation of strategy, policy and performance functions

This outline business case describes the consolidation of a number of separate teams within the Council into a single consolidated Strategy, Policy and Performance (SPP) team.

The intention is to have strategy, planning, policy, performance, intelligence and equality from across the council consolidated and integrated to work corporately and collectively as one team to provide specialist services to all parts of the council. The new team would provide an opportunity to:

- Strengthen the corporate offer by shaping and driving the strategic direction of the organisation working collectively as one team.
- Ensure that all parts of the organisation receive a level of service and professional support and advice appropriate to their needs.
- Standardise systems and processes and ensure a consistently high quality of reports and analytical outputs.
- Improve business continuity in relation to critical and specialist skillsets
- Better enable connections and sharing of intelligence, insights and data across services and departments.
- Enable financial savings from headcount reduction and rationalisation of systems.

A final decision on the scale of any change to existing structures will follow a review of the current SPP function and the options for consolidation and would be subject to due process including full staff consultation and an equality impact assessment.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing - Make no change to current structures	Least disruption to status quo		Existing level of resourcing is unaffordable – financial savings not realised. Council's approach to strategy, policy and performance continues to be fragmented with impact on ability to steer the council through a period of major change.		Nil
2	Partial consolidation - Continue with the current consolidation across Adults and Children's departments and explore consolidation of other areas in parallel	Significant savings are estimated to be available through consolidation of adults and children's social care support services Social care specialisms consolidated into a single team.		Scope for financial savings is not maximised with some remaining potential for duplication across departments. Potential for disjointedness between social care and other services		Potential savings £0.3m to £0.6m
3	Full consolidation - Proceed to full business case for consolidation of resources across the Council	Improved ability to set the strategic direction for the Council in a period of major change Scope for financial savings is maximised Greater consistency and harmonisation of service standards		Potential for disruption during restructuring exercise Risk of loss of specialist skills during the transition, requiring new external hires.		Potential savings £0.8m to £1.2m

Recommended Option

The scale of the consolidation will be determined through the review of the SPP function which is currently ongoing. For the purposes of this business case and for prudence sake it is recommended that we assume the partial consolidation figures as the possible savings yield. The outcome of the review of the SPP function will inform the final decision on the scale of the consolidation and the potential savings and impact on staffing.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		4,200	600	0	0	600

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC subject to the outcome of the ongoing SPP review				

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
That the business requirements, outcomes and savings are not realised for the Project	No Project Manager in post		HR	Amber	High		The project manager will soon be allocated and will ensure no overruns.
That the business requirements, outcomes and savings are not realised for the Project, in the medium and long term	That the Council assumes that a centralised operating model is the most effective for achieving the project and Council wide business requirements, outcomes and savings		CMT	High	High		The project manager will undertake work to shape and identify the most effective operating model to deliver the Councils business requirements, outcomes and savings
Delay to realising the Councils business requirements, outcomes and savings	Unions do not agree with the recommendations of the agreed operating model		HR, CMT				We will involve and work with Unions from as early as possible so they have the opportunity to engage with the project

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	Yes	The restructure may result in a staff FTE reduction in areas that deal with related policy issues. The impact of this would need to be identified and managed through the transition process.
Does the change reduce resources available to support vulnerable residents?	No	There will be no direct impact on vulnerable residents
Does the change involve direct Impact on front line services?	No	There will be no direct impact on front line services, although the overall quality of services may be affected by the areas in-scope for this review and the intention would be to achieve a positive impact.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	In this case services are provided to internal stakeholders. The change would mean that internal customers receive service on the basis of a service-level agreement from a team within a separate department, rather than from someone within their own team.
Does the change involve revenue raising?	No	In the first instance it is not proposed to explore revenue-raising activities although this could be considered in the future.
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	The change may affect parts of the organisation who deal with the third sector in a strategy / policy context. The intention would be to achieve a positive impact through this change and to clarify and enhance the offer to the third sector.
Does the change affect Assets?	No	A new consolidated team is likely to require less office space in total, although some reconfiguration may be required.
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Most of the costs of these services relate to employee budgets and therefore headcount reductions will be required in order to achieve the targeted savings.
Does the change involve a redesign of the roles of staff?	Yes	If the Council proceeds with consolidation then it is anticipated that new role profiles and a restructure would be required.

Project Title	Local Presence / Contact Centre Review
Reference	ALL006 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

This business case considers savings options across 'Local Presence' – the range of transactional customer services delivered at various geographical locations across the borough, together with the parallel delivery of customer telephone contact services. In line with the wider council outcome based budgeting approach, the proposals set out here seek to focus on service streamlining and improvement which contribute savings while maintaining and improving service delivery in line with wider strategic priorities.

Considerations of Local Presence requires the engagement with and review of multiple strands of service delivery, and therefore necessitates close working with a range of other non-CLC services. Hence this business case sets out the strategic case for consideration of pursuing a Local Presence model, in contrast to a continuation of existing savings and efficiency delivery modes.

Consideration of Local Presence seeks to delivering substantially improved transactional customer services while at the same time establishing a basis for Medium Term Financial Strategy (MTFS) savings:

- Substantial improvement for service users, delivering joined up services, with single point of digital access;
- Improved service coordination, with reduction in duplication and unnecessary operations;
- Improved service offer to residents and therefore improve council reputation
- Improved efficiencies through appropriate use of ICT in automating and eliminating process components;
- Potential for wider long term improvements such as improved business intelligence, early intervention and preventative services
- Potential for substantial savings contribution in the latter MTFS period – from service efficiencies, assets disposals etc.

In parallel to this consideration of Local Presence, there is a need to review associated customer contact through telephone access, in order to deliver consistent and improved customer access within the local presence context. The council currently manages telephone access with its residents and customers through a blend of multi-service and service-specific call centres and service teams, answering around 500,000 inbound service calls every year.

Delivering an improved centralised customer contact centre seeks to address a number of key operational and strategic issues:

- Termination of a Service Level Agreement with the borough's arm length housing management organisation, Tower Hamlets Homes (THH), which is insourcing around 100,000 calls annually with effect from October 2016. This represents the loss of around a third of the current workload of the corporate contact centre. THH will now deal with these directly rather than via the council contact centre.
- The council's commitment to digital service delivery with a focus on channel shift towards less resource-intensive and more efficient channels of communication
- The council's need to deliver efficient and effective value for money services, driving out waste and failure demand

Taken together, progressing these options for Local Presence and customer contact centres offer the potential to deliver savings to the value of c.£2m over the 2017-20 period. Costs associated with delivery of these options is assumed to be absorbed within a corporate budget and do not directly impact the service budgets. Delivering ambitious service transformation such as that comprised within Local Presence and customer contact centre programmes requires appropriate stakeholder engagement, project management, and a number of prerequisite components (notably ICT) – without which there is a risk of failure to realise service improvements with associated savings.

Net Savings 17/18 £000	Net Savings 18/19 £000	Net Savings 19/20 £000	Total Saving £000
600	650	800	2,050

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Development of the Local Presence model with centralised customer telephone contact centre	<ul style="list-style-type: none"> • Potential for substantial savings contribution in the latter MTFS period – from service efficiencies, assets disposals etc. • Substantial improvement for service users, delivering joined up services, with single point of digital access; • Improved service coordination, with reduction in duplication and unnecessary work; • Improved efficiencies through appropriate use of ICT in automating and eliminating process components; • Potential for wider long term improvements such as improved business intelligence, early intervention and preventative services • Staff enrichment with more variety with their roles and opportunities for career development • Alternative 	<ul style="list-style-type: none"> • Necessary coordination across a number of services, requires appropriate corporate leadership and governance • Reliant on the development of appropriate ICT with associated resources • Potential reduction in absolute numbers of customer facing staff (mitigated by improvements through channel shift) • Staff further from operational areas may mean that the loose some of their current specialist knowledge 	<ul style="list-style-type: none"> • Without appropriate leadership, governance and project management, risk of dilution of key objectives, delayed delivery, decline in quality and availability of services delivered; • Associated risk that savings will not be delivered in MTFS timeframe • New ACD system implementation is delayed which in turn delays the realisation of benefits • Alternative delivery models for libraries rely typically on engagement with and delivery through community or third sector groups 	TBC following further development of model	2,000,000

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
		delivery models for existing libraries not currently within the Idea Store Strategy framework				

Recommended Option

Section 4 sets out the key objectives and drivers underlying consideration of a Local Presence model, with associated improvements in customer contact centres. These cover a range of factors – from the continuation and expansion of the Idea Store strategy, through wider improvement of customer service delivery, to requirements for efficiencies and savings as contained within the Medium Term Financial Plan. This business case sets out a rationale for the strategic selection of a Local Presence model and wider customer service delivery which seeks to implement substantial and wide ranging improvements to the transactional customer service delivery provided by the Council.

In proposing selection of Option 1, the case sets out the key high level opportunities for efficiencies, service improvements and savings options. Key benefits can be characterised as:

- Potential for substantial savings contribution in the latter MTFs period – from service efficiencies, assets disposals etc.
- Substantial improvement for service users, delivering joined up services, with single point of digital access;
- Improved service coordination, with reduction in duplication and unnecessary work;
- Improved efficiencies through appropriate use of ICT in automating and eliminating process components;
- Potential for wider long term improvements such as improved business intelligence, early intervention and preventative services
- Delivery of improved centralised contact centres and creation of a single ‘front door’ to services: enabling a much improved service with fewer hand-off’s, consistent best practices in customer call handling, efficiencies in the deployment staff leading reduced waiting time for customers and the efficiencies of resources will lead to reduced staffing of circa 20 per cent over three years – ideally we would take out the savings in year 1.

In delivering these proposed benefits, the proposed option aligns to a number of strategic objectives for the council:

- Idea Store strategy: delivering improved geographical availability, virtual availability and scope of services delivered through improved use of ICT, development and colocation of services, review and assessment of provision of new Idea Stores where appropriate;
- Improved customer service: delivering against key strategic objectives as contained in the Communities Plan and core strategy, through delivery of improved community spaces with a wider range of easily accessible services, promoting development and sustainability of town centres across the borough;
- Medium Term Financial Plan: delivering a number of opportunities for services efficiencies and improvements, and improved asset utilisation, underlying savings contribution for the councils transformation agenda theme: Customer.

Budget Projection and Staffing Impact**Local Presence:**

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
N/A	N/A	N/A			350	350

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	TBC	TBC	TBC

Contact Centre:

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
A43		18,543	600	650	450	1,700

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	TBC	TBC	TBC

Risks							
Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Dilution of project objectives, impacting service delivery and savings realisation	Failure to appropriately project manage	Treat	TBC	Possible(3)	High(4)	Yell(9)	Implement appropriate project management; appropriately define and integrate strategic objectives within project delivery
ICT – development of requisite systems for Local Presence implementation	Failure to develop, or delay in development of, systems	Treat	TBC	Possible(3)	High(4)	Yell(9)	Early engagement with ICT partners to ensure development of systems meets project objectives
Stakeholders – impact on service users of changed service delivery	Change of service delivery without appropriate interim communications and management procedures	Treat	TBC	Possible(3)	Med(3)	Yell(7)	Development of appropriate programme of consultation, communications and induction for service users
Stakeholders – internal resistance to change	Implementation without appropriate consultation & engagement	Treat	TBC	Possible(3)	Med(3)	Yell(7)	Appropriate programme of consultation and engagement to understand and incorporate staff input

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed Reduced staff through efficiencies and automation of call handling and moving transactions online
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed; Contact centres: 20% staff reduction target
Does the change involve a redesign of the roles of staff?	Yes	Impact on equalities groups to be determined as specifics of local presence are developed; Contact centres: Staff will have generic and specialist telephone handling responsibilities and we will make use of skills based routing

Project Title	Treasury Management Efficiencies
Reference	ALL 008 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

1. This Business Case covers options designed to improve the financial return from the Council's day to day cash holdings through its Treasury Management Activities. Currently interest rates are at historic low levels meaning that the returns from the Council's approved institutions – e.g. banks, building societies and money market fund investments are below the rate of inflation – essentially eroding the purchasing power of those resources.
2. In order to improve the rate of return there are a number of strategies that can be deployed including reviewing the scope of the Council's Treasury Management (TM) strategy to allow for investment in a range of additional areas and reviewing the amounts and duration for investments. Any such proposals will need to take account of the associated change in risk profile.
3. In addition two specific areas that have been considered for cash flow management improvement but outside of the TM Strategy are proposed:
 - a. Pension Fund Deficit payments – A saving can be achieved over the MTFs period by making a single payment of the pension fund deficit in advance rather than making periodic payments over the period covered by the triennial review (2017-2020). Advice will be sought from legal and audit given the complexity of the accounting considerations.
 - b. Early Payment for creditors – Savings can also be achieved over the MTFs period by negotiating discounts with suppliers for the early payment of invoices. This may also have secondary benefits for local companies where their own cash flow can be improved.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Pension Fund Deficit payments	Saving to GF budget	Advice will be sought from legal and audit given the complexity	Overall impact on deficit worse than from cash investment	£18.960m	£1m GF
2	Do Nothing	None	Lost income/potential reduced contribution	None	£18.960m	0
3	Premature early payment	Income Generation	Lost opportunity to negotiate	Not all suppliers will be interested – may not achieve savings target	£0m	£1m
4	Do Nothing	None	Potential Discount foregone	None	£0	0

Recommended Option

Both proposals are sound and can be implemented. The Deficit contributions are currently being reviewed by the actuaries, the outcome of this revaluation is due in October 2016.

Pension Fund Deficit payments

The council makes an advanced payment in April 2017 for its contribution to the deficit fund following actuarial review to cover a period of 3 years.

Premature Early Payment

The council negotiates with existing suppliers to obtain a discount on amounts invoiced

Treasury Management Strategy

The Council reviews its strategy to allow for a broader range of investment opportunities.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
R88	23195	18,960	1,000			1,000
R88	23195		500	500		1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Unable to negotiate discount with suppliers	Benefit not realised	Treat	Kevin Miles	Unlikely(2)	Low(2)	Green(4)	Benefits to suppliers need to be identified
Software compatibility	Failure to integrate with existing systems	Treat	Kevin Miles	Unlikely(2)	Low(2)	Green(4)	Obtain appropriate software
Pension Fund investments do not outperform cash	Economic conditions	Tolerate	Pension Committee	Rare(1)	Low(2)	Green(2)	Pension Committee review of performance.
New Treasury Management investments fail to perform	Economic conditions or poor due diligence.	Treat	Kevin Miles	Possible(3)	Med(3)	Yell(9)	Minimise exposure to risks as far as possible with limits and governance controls

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	Yes	Negotiating a discount from suppliers could yield up to £1m
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	Yes	If they are providing a service
Does the change involve local suppliers being affected?	Yes	All suppliers
Does the change affect the Third Sector?	No	
Does the change affect Assets?	No	
Changes to Staffing		
Does the change involve a reduction in staff?	No	
Does the change involve a redesign of the roles of staff?	No	

Project Title	Consolidation of Business Support and Administration Functions
Reference	ALL 009 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All Directorates

Executive Summary

Consolidation of business support and administration functions

This outline business case describes the consolidation of a number of separate teams within the Council into a single consolidated Business Support and Administration function.

The new business support function would continue to provide related services to all parts of the Council, but consolidation would provide an opportunity to:

- Ensure that all parts of the organisation receive a level of service and support appropriate to their needs.
- Standardise systems and processes and ensure a consistently high-quality of service.
- Improve business continuity and flexibility of the service.
- Enable financial savings from headcount reduction and rationalisation of systems.

Any change to existing structures following completion of a full business case would be subject to due process including full staff consultation and equality impact assessment.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Do nothing - Make no structural change and leave departmental teams in situ					Nil
2	Partial consolidation - Continue with the current consolidation across Adults and Children's departments and explore structural changes					Potential savings £0.3m to £0.6m
3	Full consolidation - Proceed to full business case for consolidation of resources across the Council					Potential savings estimated at £1m

Recommended Option

Option 3 will be pursued through the transformation programme.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
		TBC	0	1,000	0	1,000

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC		20-28		20-28

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
That the business requirements, outcomes and savings are not realised for the Project	No Project Manager in post		HR	Amber	High		The project manager will soon be allocated and will ensure no overruns.
That the business requirements, outcomes and savings are not realised for the Project, in the medium and long term	That the Council assumes that a centralised business support operating model is the most effective for achieving the project and Council wide business requirements, outcomes and savings		CMT	High	High		The project manager will undertake work to shape and identify the most effective operating model to deliver the Councils business requirements, outcomes and savings
Delay to realising the Councils business requirements, outcomes and savings	Unions do not agree with the recommendations of the agreed business support model		HR, CMT				We will involve and work with Unions from as early as possible so they have the opportunity to engage with the project

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	No direct impact is anticipated
Does the change reduce resources available to support vulnerable residents?	No	There will be no direct impact on vulnerable residents
Does the change involve direct Impact on front line services?	No	There will be no direct impact on front line services, although the level of support available to all services will be under review. The intention would be to achieve an overall positive impact.
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	Yes	In this case services are provided to internal stakeholders. The change would mean that internal customers receive service on the basis of a service-level agreement from a team within a separate department, rather than from someone within their own team.
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	A new consolidated team is likely to require less office space in total, although some reconfiguration may be required.
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Most of the costs of these services relate to employee budgets and therefore headcount reductions will be required in order to achieve the targeted savings.
Does the change involve a redesign of the roles of staff?	Yes	If the Council proceeds with consolidation then it is anticipated that new role profiles and a restructure would be required.

Project Title	ICT centralisation
Reference	ALL 010 / 17-18
Strategic Priority Area	Enabling Services
Directorate	All directorates

Executive Summary

This business case covers the work to centralise the ICT functions not currently managed by our strategic ICT partner Agilisys, within corporate resources. These include ICT services in the following areas:

- Adults' and children's services (ICT and education traded services)
- Communities, localities and culture (CLC) (ICT and libraries)
- Development and renewal (D&R) (ICT and GIS)
- Finance and human resources (HR)
- Benefits team

This work follows recommendations from reviews carried out by our partners looking at the design of the council's ICT operating model. They highlighted that having ICT resources and budgets distributed across the council was inefficient and impacted on the effective successful delivery of ICT services and hampered development and change. The new unified team will deliver consistency in ICT practice, shared resources and financial savings. The design of the team follows standard industry practice and is based on the current needs of the council as well as providing support as more public services go online, as well as looking locally as LBTH prepares for the move to Whitechapel.

Options Analysis

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
1	Centralise disparate ICT teams and budgets	<ul style="list-style-type: none"> • Shared resource • Reduce likelihood of single points of failure • De duplication of team roles • Higher quality resource available to all business Units • Financial savings from resource efficiencies 	<ul style="list-style-type: none"> • Not as close to business areas so may produce solutions that the business teams are not fully satisfied with 	<ul style="list-style-type: none"> • Transferred staff morale impacted during the change 	£13m corporate spend (of which £10m is tied into contract) Estimated £2m directorate spend	20% per annum of directorate spend; £400,000 by 2019/20

Option	Description Title	Benefits	Dis benefits	Risks	Current Annual Costs	Proposed Annual Savings (ROI)
2	Hybrid/partial centralisation	<ul style="list-style-type: none"> • Not a real solution • Some teams left within business units • Less impact on people and business units • Faster to do as less to do • Fewer HR issues 	<ul style="list-style-type: none"> • Unlikely to make savings as a larger team in ICT still required so overheads in management in existing teams and in new ICT • Possible increase in costs as BU cherry pick solutions leaving ICT with high risk issues 	<ul style="list-style-type: none"> • Costs will increase 		
No change	No impact	<ul style="list-style-type: none"> • No savings and not in line with council strategy • Limited ability to develop talent • Limited ability to identify operational savings 	<ul style="list-style-type: none"> • Actual costs will increase 			No change

Recommended Option

It is recommended we proceed with the centralisation of council ICT provision (Option 1) into single corporate resources ICT team.

Budget Projection and Staffing Impact

Vote	Cost Centre	Base Budget £'000	Net Savings 2017-18 £'000	Net Savings 2018-19 £'000	Net Savings 2019-20 £'000	Total Savings 2017-20 £'000
TBC	TBC	2,000	0	0	400	400

Original FTE	FTE reduction 2017-18	FTE reduction 2018-19	FTE reduction 2019-20	Total FTE reduction 2017-20
TBC	TBC	TBC	TBC	TBC

Risks

Identified Risk	Trigger	Risk Approach	Owner	Score			Mitigation that will be developed into control measures
				Likelihood	Impact	Profile	
Loss of key staff		Treat	Programme manager	Possible(3)	Med(3)	Yell(9)	Constant monitoring of staff morale. Skill sharing programme to build resilience
Mismatch of change programmes across the authority	Major deviation from the project plan	Treat	Programme manager	Likely(4)	High(4)	Red(16)	Keep in close touch with corporate change programme. Use bi weekly project updates widely distribute, including keeping CMT updated

Red (Severe) (15+)	Amber (Significant) (10+)	Yellow (Material) (5+)	Green (Manageable) (up to 4)
Serious concern. Comprehensive Management action required immediately.	Significant concern. Some immediate action required plus comprehensive action plans.	Incidences of risk are of some concern although treating the risk will usually be through contingency planning. Risk to be kept under regular monitoring	The risk is relatively however risk should be monitored.

Equalities

Trigger Questions	Yes / No	Comment
Does the change reduce resources available to address inequality?	No	
Does the change reduce resources available to support vulnerable residents?	No	
Does the change involve direct Impact on front line services?	No	
Changes to a Service		
Does the change alter who is eligible for the service?	No	
Does the change alter access to the service?	No	
Does the change involve revenue raising?	No	
Does the change involve a reduction or removal of income transfers to service users?	No	
Does the change affect who provides the service, i.e. outside organisations?	No	
Does the change involve local suppliers being affected?	No	
Does the change affect the Third Sector?	No	
Does the change affect Assets?	Yes	More efficient use of assets
Changes to Staffing		
Does the change involve a reduction in staff?	Yes	Most of the costs of these services relate to employee budgets and therefore headcount reductions will be required in order to achieve the targeted savings.
Does the change involve a redesign of the roles of staff?	Yes	If the Council proceeds with consolidation then it is anticipated that new role profiles and a restructure would be required.

Appendix 5

RESERVES POLICY

Reserves Policy (November 2016)

1. Background and Context

- 1.1. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Chief Financial Officer (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 1.2. CIPFA has issued Local Authority Accounting Panel (LAAP) Bulletin No.55, Guidance Note on Local Authority Reserves and Balances and LAAP Bulletin 99 (Local Authority Reserves and Provisions). Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Chief Financial Officer in Local Government.
- 1.3. This policy sets out the Council's approach for compliance with the statutory regime and relevant non-statutory guidance.
- 1.4. Reserves are an important part of the Council's financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience. The Council's key sources of funding face an uncertain future and the Council therefore holds earmarked reserves and a working balance in order to mitigate future financial risks.
- 1.5. Earmarked reserves are reviewed annually as part of the budget process, to determine whether the original purpose for the creation of the reserve still exists and whether or not the reserves should be released in full or in part. Particular attention is paid in the annual review to those reserves whose balances have not moved over a three year period.

2. Overview

- 2.1. The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the Annual Governance Statement. Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management and performance management.
- 2.2. The Council will maintain:
 - a general fund general reserve;
 - a housing revenue account (HRA) general reserve; and
 - a number of earmarked reserves.
- 2.3. Additionally the Council is required to maintain **unusable** reserves to comply with accounting requirements although, as the term suggests, these reserves are not available to fund expenditure.
- 2.4. The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the specific risks identified through the various corporate processes. It will also take account of the extent to which specific risks are supported through earmarked reserves. The level will be expressed as a cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of the general funding requirement (to provide an indication of financial context).
- 2.5. In principle, only the income derived from the investment of reserve funds should be available to support recurring spending.

3. Strategic context

- 3.1. The Council is facing a significant withdrawal of grant funding and the transfer of funding risk from Government with demand for at least some services forecast to grow. The Council has to annually review its priorities in response to these issues.
- 3.2. Reserves play an important part in the Council's medium term financial strategy and are held to create long-term budgetary stability. They enable the Council to manage change without undue impact on the Council Tax and are a key element of its strong financial standing and resilience.
- 3.3. The Council holds reserves in order to mitigate future risks, such as increased demand and costs; to help absorb the costs of future liabilities; and to enable the Council to resource policy developments and initiatives without a disruptive impact on Council Tax.
- 3.4. Capital reserves play a crucial role in funding the Council's Capital Strategy. The Capital Expenditure Reserve is used to create capacity to meet future capital investment.
- 3.5. The Council relies on interest earned through holding reserves to support its general spending plans.
- 3.6. Reserves are one-off money. The Council aims to avoid using reserves to meet ongoing financial commitments other than as part of a sustainable budget plan. The Council has to balance the opportunity cost of holding reserves in terms of Council Tax against the importance of interest earning and long term future planning.

4. Purposes

- 4.1. Reserves are therefore held for the following purposes, some of which may overlap:
 - Providing a working balance i.e. Housing Revenue Account and General Fund general reserves.
 - Smoothing the impact of uneven expenditure profiles between years e.g. local elections, structural building maintenance and carrying forward expenditure between years.
 - Holding funds for future spending plans e.g. Capital Expenditure Reserve, and for the renewal of operational assets e.g. repairs and renewal, and Information Technology renewal.
 - Meeting future costs and liabilities where an accounting 'provision' cannot be justified.
 - Meeting future costs and liabilities so as to cushion the effect on services e.g. The Insurance Reserve for self-funded liabilities arising from insurance claims.
 - To provide resilience against future risks.
 - To create policy capacity in a context of forecast declining future external resources e.g. Tackling Poverty Reserve.
- 4.2. All earmarked reserves are held for a specific purpose. This, together with a summary on the movement on each reserve, is published annually, to accompany the annual Statement of Accounts.
- 4.3. The use of some reserves is limited by regulation e.g. the Collection Fund balance must be set against Council Tax levels, reserves established through the Housing Revenue Account can only be applied within that account and the Parking Reserve can only be used to fund specific spending. Schools reserves are also ring-fenced for their use, although there are certain regulatory exceptions.

5. Management

- 5.1. All reserves are reviewed as part of the budget preparation, financial management and closing processes. The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The Audit Committee will consider actual reserves when approving the statement of accounts each year.

5.2. The following matters apply to individual reserves:

- The General Fund working balance will not fall below £20 million without the approval of The Council.
- The Capital Expenditure Reserve is applied to meet future investment plans and is available either to fund investment directly or to support other financing costs. The reserve can also be used for preliminary costs of capital schemes e.g. feasibility.
- The Parking Reserve will be applied to purposes for which there are specific statutory powers. This is broadly defined as transport and environmental improvements (the latter as defined in the Traffic Management Act 2004).
- The Schools Reserve, the Insurance Reserve, and the Barkantine (PFI Reserve) are clearly defined and require no further authority for the financing of relevant expenditure.

5.3. The Council will review the Reserves Policy on an annual basis.

Appendix 6

RISK EVALUATION

Risks	Budget Exposure	2017-18 Onwards	
		Medium Risk	High Risk
	£m	£m	£m
General Economic Climate			
Inflation	284	2.8	5.7
Debt recovery	226	2.3	4.5
Tax base	218	2.2	4.4
Fees and charges	37	0.4	0.7
Grant funding (exc. ring fenced grants)	115	1.2	2.3
Fraud	0	0.5	1.0
Service Demand (inc. ring fenced grants)			
Children's Services	96	1.0	1.9
Adult Services	91	0.9	1.8
Demographics	100	2.0	4.0
Welfare Reform	0	1.7	5.0
Public Health transfer	36	0.4	0.7
Savings programme			
Slippage and non-achievement of savings	52	5.2	7.8
Cost of implementation	25	2.5	5.0
Unidentified risks	0	3.0	5.0
TOTAL RISK EVALUATION		25.9	49.9

Appendix 7

PROJECTED MOVEMENT IN RESERVES

Projected Movement in Reserves April 2016 to March 2020

Appendix 7

	31-03-2016	31-03-2017	31-03-2018	31-03-2019	31-03-2020
	£m	£m	£m	£m	£m
General Fund Reserve	72.1	31.1	31.6	26.3	28.3
Earmarked Reserves	122.0	0			
Insurance		22.1	22.1	22.1	22.1
Decent Homes - Capital schemes		11.6	8.6	6.6	4.6
Main Stream Grants Fund		0.4	0.0		
New Civic Centre		20.8	10.8	5.8	0.0
Replacement Social Housing Reserve (Capital)		7.5	3.5	1.5	0.0
Parking Control		3.3	3.3	3.3	3.3
Transformation Reserve		25.0	17.0	12.0	7.0
ICT Reserve		25.0	20.0	15.0	10.0
Mayor Tackling Poverty Reserve		5.0	3.3	1.7	0.0
Free School Meals Reserve		6.0	4.0	2.0	0.0
Mayor's Priority Investment Reserve		10.0	6.9	4.0	1.3
Risk Reserve		15.0	15.0	15.0	15.0
Services Reserve		7.3	5.3	4.3	3.3
Other Reserves					
Housing Revenue Account	32.1	32.1	43.1	15.3	19.6
Schools	31.8	31.8	29.8	27.8	25.8
Capital					
Capital grants unapplied	86.4	86.4	81.4	78.4	78.4
Capital Receipts reserve	56.2	56.2	51.2	46.2	41.2
Major Repairs Reserve	9.2	9.2	9.2	9.2	9.2
	409.8	405.8	366.2	296.4	269.1

Appendix 8

HOUSING REVENUE ACCOUNT

Housing Revenue Account	2017/18	2018/19	2019/20	2020/21	2021/22
	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000
INCOME					
Dwelling & non dwelling rents	(69,651)	(70,504)	(70,623)	(72,025)	(73,503)
Tenant & Leaseholder service charges	(20,730)	(21,228)	(21,843)	(22,410)	(22,858)
General Fund contributions	(115)	(115)	(115)	(115)	(115)
GROSS INCOME	(90,496)	(91,847)	(92,581)	(94,550)	(96,476)
EXPENDITURE					
Repairs & Maintenance	22,163	22,307	22,717	23,159	23,507
Supervision & Management	23,339	24,905	25,180	24,729	26,117
Special Services, Rents rates & taxes	14,898	14,824	14,991	15,214	15,397
Increased/(Decrease) provision for bad debts	600	700	1,000	1,000	1,000
Capital Financing charges	18,496	19,486	21,102	22,184	22,899
Sale of High Value Voids levy	-	8,400	8,820	9,261	9,724
Pay to Stay levy	-	-	-	-	-
GROSS EXPENDITURE	79,496	90,621	93,810	95,546	98,644
NET COST OF HRA SERVICES	(11,000)	(1,226)	1,493	997	2,168
Investment Income received	(610)	(418)	(346)	(322)	(306)
Appropriations					
Revenue Contribution to Capital Outlay (RCCO)	23,624	14,267	-	-	-
NET POSITION	12,014	12,623	883	675	1,862
Balances					
Opening balance	(43,060)	(31,045)	(18,422)	(17,539)	(16,864)
(Surplus/ Deficit on HRA)	12,014	12,623	883	675	1,862
Closing balance	(31,045)	(18,422)	(17,539)	(16,864)	(15,002)

Appendix 9

CAPITAL STRATEGY AND CAPITAL PROGRAMME 2016-17 TO 2021-22

Tower Hamlets Capital Strategy

Contents

1. Executive Summary	2
2. Introduction and Context – Local and National	4
3. Capital Investment objectives	9
4. Priority 1- Creating opportunity by supporting aspiration and tackling poverty	10
5. Priority 2 - Creating and maintaining a vibrant, successful place	11
6. Enabling Objective	14
7. Relationship to Other Council Strategies.....	16
8. Capital funding strategy and risk appetite	18
9. Governance arrangements including prioritisation of projects	22
10. Risks to the capital strategy	24

1. Executive Summary

- 1.1. This capital strategy sets out the Council's plans for long term capital investment to achieve sustainable regeneration and growth in Tower Hamlets. We have extended our capital programme to 5 years and will continue to develop longer term indicative plans for the future over a 10 – 20 year planning horizon. Our vision for investment is in line with the Council's priorities detailed in the Strategic Plan 2016-2019:
- Creating opportunity by supporting aspiration and tackling poverty;
 - Creating and maintaining a vibrant and successful place
 - Working smarter together as one team with our partners and community
- 1.2. Our ambition, as set out in our Strategic Plan, includes additional new and replacement housing, new employment and better access to jobs, modern and thriving town centres, fast digital connectivity, modernised customer services supported by efficient technology, good and outstanding schools in excellent learning environments, early years, adult services and special needs provision as required by residents, modernised infrastructure, and quality leisure and cultural assets. Alongside this we need to aim to ensure that our wider community infrastructure keeps pace with the growing demands of a growing population. This capital strategy will assist in delivering the changes to enable that ambition to be achieved.
- 1.3. We expect to generate significant investment to help us achieve our vision. Our own capital investment ambition will develop our aspirations for capital investment over the next 20 years. We intend to build our financial and delivery capacity to allow similar levels of investment in future years to help us complete our plans and fulfil our ambition. Sound business cases will be used to ensure that strategic investments are based on realistic assessments of future income streams in order to gain support for projects that provide returns over longer periods of time than has previously been the case.
- 1.4. Our capital investment strategy is rightly influenced by the wider picture in London, including the London Mayor's as well as our own targets for housing, jobs and infrastructure, and we will work closely with our partners in government and the private sector to maximise the benefit of public and private investment in new initiatives.
- 1.5. We want to regenerate, grow and enhance our assets to provide the right housing, business opportunities, education, leisure and transport priorities for our residents. We want to reshape and modernise our Town Centres for the 21st century. We want to create thriving communities and places our residents can be proud of.
- 1.6. We want new and fit for purpose housing to deliver our ambition for sustainable communities. This means mixed and inclusive neighbourhoods where residents can lead happy and fulfilling lives. Tower Hamlets drive for new housing forms part of its overall ambitions

for regeneration and growth. The Council will seek to ensure that there is fit for purpose housing across all tenures and ownership models including investment in the Council's own existing stock and has set out this approach in its Housing Strategy.

- 1.7. We want to promote growth in employment. Tower Hamlets future economic growth must ensure that the dividends of regeneration and growth translate into greater opportunity and prosperity for our residents. The Council will promote growth in employment through policy initiatives, support for businesses and via direct capital investment to secure additional jobs, new businesses and apprenticeships over the next 10 years.
- 1.8. We will use our own land, asset and financial resources to lever in external investment. The Council aims to ensure there are consequential community benefits and essential infrastructure development being delivered from all growth initiatives.

2. Introduction and Context – Local and National

- 2.1. Tower Hamlets is an inner city borough which shares boundaries with the City of London and the London Boroughs of Newham and Hackney, and across the Thames with Southwark, Lewisham and Greenwich. Over the past five years, Tower Hamlets has seen the most growth in population, employment and over the last three years has delivered the highest number of new homes in the country and the highest proportion of affordable homes in London. As London's population continues to grow, the Mayor of London has set out in 'A City for all Londoners' his vision for London which will lead to a new London Plan.
- 2.2. It is expected that in line with the London plan the Borough is expected to play a significant role in accommodating London's growth to 2025 and beyond. The Council is committed to playing its part in accommodating London's growth, alongside all other London Boroughs. This growth will provide exciting opportunities for new homes, new jobs and increased investment in infrastructure and services, which has important implications for the Council's Capital Strategy.
- 2.3. The Borough's population has grown significantly in recent times. Tower Hamlets has recorded the fastest growing population in the country in recent years, growing almost 30% between the 2001 and 2011 Census. The Census also shows that Tower Hamlets is the third most densely populated borough in London, with a daytime population that increases by about 60%, rising to 399,000. Significant population growth is set to continue to the end of the new Local Plan period in 2031 and this growth will have an impact on everyone in the Borough and on the Council's plans for capital expenditure. The resident population of Tower Hamlets was estimated to be 295,200 as at June 2015; according to the GLA's projections, the population will rise from 297,800 in 2016 to 364,500 in 2026, a 22 per cent increase. From 2026 to 2036 the growth is expected to increase at a lower rate, broadly in keeping with London averages
- 2.4. Growth and potential for new growth in the future brings both opportunities and challenges. Key challenges that need to be addressed in the forward planning of capital expenditure include:
- Infrastructure provision - Population growth will demand more homes and jobs and will significantly impact on existing social and physical infrastructure, including schools, healthcare and open spaces and leisure facilities as well as less visible but very important infrastructure such as utilities and telecommunications. The Council has, worked previously with developers to deliver infrastructure improvements such as schools and transport links and has also established an evidence base that informs S106 and CIL decisions and which can be more widely used to support our understanding of infrastructure needs and prioritises them where required. The economic climate means that it has become more challenging for the Council to deliver infrastructure jointly and through other innovative approaches but these options will continue to be explored.

- Quality of the environment - Higher density developments have come forward in less accessible locations outside of town centres, creating a landscape which does not reflect the historic and prevailing pattern of buildings and spaces. While high density developments offer the opportunity to optimise the use of a site, their siting and design needs to be carefully managed to ensure that it has regard to the surrounding context, in particular the historic and environmental assets which make Tower Hamlets unique. The broader role of other planning authorities, such as the GLA, will have to continue to be considered particularly where there are conflicts between planning policy documents and approach.
- Supply and cost of housing - Tower Hamlets continues to be a place where people want to live but there is a limited supply of homes and prices are high. The cost of housing is increasing and the borough is likely to become more polarised between those on higher and lower incomes, further increasing inequalities in our local communities. The Council has set out in its Housing Strategy that it wants to make sure that new homes are built in the right locations, are of a high design quality and are to maximise the proportion that are affordable for local people.
- Economy and improving job opportunities - The local economy is getting stronger but there is a need to ensure that we have the right skills within the working population to enable residents to access the range of job opportunities in the borough and beyond.
- Transport capacity and connectivity - The borough's transport network will come under greater pressure with the projected rise in people living, working and visiting the borough. As a result of its strategic location, Tower Hamlets is developing more characteristics of a central London borough. However, there is a need to ensure we connect better with neighbouring boroughs, as well as ensuring that internal connections are improved.
- Health and well-being - Tower Hamlets has one of the largest health inequality gaps in the country and has one of the highest rates in London of people suffering bad or very bad health.
- Social cohesion - The changing nature of the borough, through the scale and type of development taking place, requires positive and proactive management to ensure we create diverse and balanced neighbourhoods which bring communities together.

2.5. To address these challenges the Mayor has developed a three year vision for the future of the Borough which, together with the Council's key objectives is set out in the Community Plan. The Council's Strategic Plan sets out how it will contribute to the borough's ambitions as set out

in the Community Plan and in particular how its activity will contribute to making Tower Hamlets:

- A Great Place to Live.
- A Fair and Prosperous Community.
- A Safe and Cohesive Community.
- A Healthy and Supportive community and;
- How the Council will further the aims of One Tower Hamlets – a more equal and cohesive borough with strong community leadership.

2.6. The vision is one which needs to be focused around the outcomes we are looking to achieve. Based on an understanding of the local community, their views and the opportunities and challenges the Council faces, the Mayor in the Strategic Plan, has identified the following priority outcomes for the period 2016-19 to support the vision. These priorities are overlapping and are not presented in order of importance:

Priority Outcome 1 - Creating opportunity by supporting aspiration and tackling poverty

- A dynamic local economy, with high levels of growth benefiting us.
- More residents in good-quality, well-paid jobs.
- Young people realising their potential.
- More people living healthily and independently for longer.
- Reducing inequality and embracing diversity.

Priority Outcome 2 - Creating and maintaining a vibrant, successful place

- An improved local environment.
- Better quality homes for all.
- Less crime and anti-social behaviour.
- Engaged, resilient and cohesive communities.

Priority outcome 3 – Working smarter together as one team with our partners and community

- An enabling and efficient Council

2.7. The increased demand for services needs to be seen against the backdrop of reduced funding for local government at a national level. Over the last few years the Council has benefited from substantial resources that could be used for capital purposes. S106 resources in particular, as a contribution from developments in the borough, have given opportunities for investment in infrastructure and other facilities benefiting businesses and residents.

- 2.8. The high levels of economic growth have allowed the Council to fund its capital programme through the use of capital receipts, grants and S106 money. In the future sources of funding such as the Community Infrastructure Levy (CIL) and an increased emphasis on the use of prudential borrowing will need to form part of the strategic approach to financing capital expenditure.
- 2.9. With regard to revenue expenditure a further programme of austerity and public sector cuts arising from the Spending Review means that the Council's Medium Term Financial Strategy identified a significant funding gap over the period to 2020 if decisive action was not taken. The Council has taken action and adopted an outcomes based budgeting approach to its revenue budget and will apply that discipline similarly to its capital expenditure and investment activities. To achieve the outcomes described above, at a time of reducing resources, means that the Council will need to transform itself over the next 2-3 years.
- 2.10. Our capital strategy also necessarily takes into account plans governing London. An outline of their relevance is set out below.

London Infrastructure Plan 2050

- 2.11. The London Infrastructure Plan 2050 sets out the estimated requirements for London of 49,000 new homes per year, to meet anticipated population growth and the existing backlog, and the equivalent of over 600 new schools and colleges to meet the expected increase in the school age population. As well as many other long-term infrastructure requirements including transport, power, water and climate change targets. These will all have an impact on the long-term capital investment requirements for Tower Hamlets.

London Housing Strategy

- 2.12. The London Housing Strategy sets out policies to meet the housing needs of London's growing population with well-designed homes of all tenures. The London Housing Strategy identifies areas of opportunity and areas of intensification. Tower Hamlets has a housing target of just under 4,000 houses per annum such that by 2025 it is expected to have contributed 40,000 additional homes in London. The key priorities of the strategy are:
- increasing housing supply to levels not seen since the 1930s;
 - better supporting working Londoners and helping more of them into home ownership;
 - improving the private rented sector and promoting new purpose-built and well managed private rented housing; and
 - bringing forward land for development and accelerating the pace of housing delivery through Housing Zones and the London Housing Bank.

London Mayor's Transport Strategy

- 2.13. The London Mayor's Transport Strategy (MTS) sets out the transport vision and describes how Transport for London (TfL) and its partners, including the London boroughs, will deliver that vision.
- 2.14. The transport strategy should:
- Support economic development and population growth
 - Enhance the quality of life for all Londoners
 - Improve the safety and security of all Londoners
 - Improve transport opportunities for all Londoners
 - Reduce transport's contribution to climate change
- 2.15. A significant element of the transport strategy is delivered by each borough through its Local Investment Plan.

London Land Commission

- 2.16. The London Land Commission, was launched on 13th July 2015. It is the first ever coordinated effort between City Hall, central government and London's boroughs to free up surplus public land in London to build homes that the city needs.
- 2.17. The Commission will compile a 'Domesday Book' of all brown-field public land in London, to be completed by the end of 2015 - the first time such a comprehensive set of data has ever been collected for the capital. This will give unprecedented and transparent information and will assist the fast-track building of new homes.
- 2.18. The Commission will work across layers of government and public bodies to develop strategies for unlocking the newly identified public land for development and encourage greater collaboration. It will also identify land opportunities, both public and private, in priority areas for future growth through the redevelopment of public land, whilst ensuring a good return for residents and quality regeneration.

Next Steps

- 2.19. As funding constraints increase there is a need for the Council to consider more broadly its approach to working across services and in conjunction with its key partners; this includes consideration of asset usage. We will develop our approach to using our assets in a more holistic way to ensure that we use them to make the biggest impact across a range of services rather than viewing them independently.
- 2.20. Key policy developments will continue to be kept under review to ensure that the Council continues to maximise opportunities for maximising resources and delivering the improvements that are needed both locally and nationally.

3. Capital Investment objectives

3.1. The primary purpose of the Capital Strategy is:

“To ensure effective investment by directing capital resources to those programmes and projects that maximise the achievement of the aspirations set out in the community plan.”

- 3.2. The Council owns assets worth just under £2.2 billion as at 31 March 2016 and the maintenance and improvement of these assets forms a major element of the Council’s capital expenditure programme, typically in excess of £100m per annum.
- 3.3. Tower Hamlets holds significant land and building assets in the borough. The majority of these are required for continued service delivery in housing, schools, Idea Stores or other community access points, Leisure facilities, parks and open spaces. However at a time of significant change, it is right that we continue to re-think how these assets are best used to support our priorities in the future, and that we work harder to ensure they are fit for purpose, in the right locations, and where possible, are used to bring in further investment to help us achieve our ambition.
- 3.4. Underpinning our capital strategy is a constant challenge to the reasons for holding property. Where, through our asset and service delivery reviews, land and buildings are considered surplus to delivery requirements, we will seek to use them to support our wider regeneration plans or to leverage additional investment into the borough; only where this is not possible will we pursue disposal as an option to generate resource for re-investment.
- 3.5. In addition to developing the evidence that supports decisions in this area, we will have to make this process as efficient as possible through our governance arrangements and the continued development of a range of skills necessary to work alongside and in partnership with others.
- 3.6. Our drive for operational efficiency and reducing our cost base will also influence our investment plans in our own buildings and in the public infrastructure we are responsible for providing. We intend to invest to save over the next ten years to secure longer term cost reductions and build our future financial capacity and resilience.
- 3.7. In line with our approach to outcomes and evidence based budgeting and accountability we will continue to gather and use the available evidence to support our assessment of need. Some evidence already exists and is used to inform our capital priorities such as for S106 and pupil place planning and we will continue to develop this evidence base and extend it across our decision making and approach to prioritisation.

4. Priority 1- Creating opportunity by supporting aspiration and tackling poverty

Early Years and Children Centre's

- 4.1. Providing quality early years settings and supporting the proposed 30 hour free childcare offer is a high priority for the Council, and, subject to government support, significant new investment over the next 5 years will be planned to provide additional places to fulfil this ambition.
- 4.2. While this need will be met through a mixture of public, voluntary and private sector providers, it is likely that capital investment will be required in a selected number of centres to allow a redesigned offer to be maintained in certain areas, particularly areas of under-supply.

Primary and Secondary Schools, including post-16

- 4.3. The priority is to ensure there are sufficient school places for the rising population in schools which provide high quality facilities in locations to meet the needs of residents. This work is undertaken through a multi-year projection supported via the work with the GLA, in order to anticipate growth and therefore to be able to respond to it so as to ensure no child is without a school place being available. This may include further expansion schemes for existing schools as well as providing new schools. For new schools, we will continue to work with developers to consider opportunities for joint proposals and for site allocations to be secured in the appropriate locations as set out in the strategic plan.
- 4.4. For existing schools, we will continue programmes that deliver investment to maintain and enhance the condition and quality of the estate where the assets are owned by the Council.

Special Education Needs

We will continue to plan and invest to ensure schools provide the capacity and facilities needed by children with special education needs. This may include alterations to existing schools or, where the need is justified, new special schools for children whose needs cannot be met in mainstream places.

Adult services and health integration

- 4.5. The focus of Adult Services is on keeping people in the community through supported living. As a priority, the aim is to develop a 15 - 20-year plan to identify what is required to deliver services on the basis of supported living.
- 4.6. There are also plans for the use of technology in order to improve and enhance service provision with a digital front-end and integrated case management and supported mobile working planned for the medium term.

5. Priority 2 - Creating and maintaining a vibrant, successful place

Homes and Communities

- 5.1. Our Housing Strategy seeks to ensure that:
- There are housing choices for all sections of our diverse community
 - The homes people live in are in a decent condition, warm and weathertight
 - The most vulnerable people's housing needs are met in a fair and inclusive way
 - All homes are in safe, prosperous and thriving areas
 - Our response to housing issues is measured and achieves value for money
- 5.2. There have been a number of recent changes - many of them outside of the Council's control - which mean that the Council's approach to housing needs to be re-evaluated. They include:
- The Mayor of London - through his London Plan - has set Tower Hamlets a target of 3,931 new homes per year for the period between 2015/16 and 2025/26
 - Changes in national government policy on local government, housing and welfare mean that Tower Hamlets is facing a greater challenge than ever to meet the housing needs of its community, but with less money and fewer staff
 - The ratio between house prices and earnings in Tower Hamlets is increasing. The higher the ratio, the more unaffordable it is for households to access home ownership.
 - Private renting has increased substantially in Tower Hamlets, but there is increasing concern about its quality and management and that as rents increase, even this is an unaffordable option for many people
- 5.3. Tower Hamlets drive for new housing forms part of its overall ambitions for regeneration and growth. The Council's vision for regeneration includes new and improved housing alongside other measures including better local town centres; enterprise, employment and training; transport; health; education; community safety; and environmental improvements. The Council will have a coordinating role across these areas. (covered under 8.9 below)

Transport infrastructure

- 5.4. Investment in transport infrastructure is a key part of the Council's programme to support economic growth and improve the health and wellbeing of our residents and businesses. The Council's transport strategy provides the context for Council priorities for transport

investment funding for the future. The Transport Strategy includes plans for cycling and walking and parking.

- 5.5. The transport strategy links to the Strategic Plan, the Local Plan and the Council's regeneration plans as well as other Council areas of responsibility such as air quality requirements. The Transport Strategy is different from Transport for London's (TfL) Local Implementation Plan which is a 20 year strategy with 3 year delivery plans. As part of the Delivery Plan London boroughs make annual funding submissions to TfL.
- 5.6. The Local Investment Plan (LIP) annual spending submission is a key component of the funding available for local transport investment. The Council supplements this funding through its own capital expenditure on local carriageway and footway maintenance, street lighting investment, parking schemes, road safety schemes and developer contributions through the planning process. The LIP specifically supports Priority 2 of the Strategic Plan, and forms the basis for our projects and programmes to be pursued over the next 20 years. Although the London Mayor's Transport Strategy provides the context for our LIP, we have scope to interpret the London Mayoral objectives and develop our own transport objectives.
- 5.7. In return for funding, boroughs are expected to make progress against a number of performance indicators including increasing the levels of walking and cycling journeys as a proportion of all journeys, bus service reliability; principal road condition and road user casualty reduction. Every year TfL indicate additional measures they would like to see reflected in local initiatives. The plan covers both physical renewal and improvement of the Borough's transport infrastructure alongside measures to promote behaviour change and engage with wider safety, health and environmental objectives including air quality through support for more walking and cycling.
- 5.8. Alongside this there will be Major strategic transport interventions affecting the Borough, such as the Silvertown Crossing, which will have impacts on traffic management and highways in our Borough, or the Hackney Wick station development, to create a better transport hub, with opportunities for Tower Hamlets. We anticipate such projects to be largely externally funded, although they will have wider impacts and in some cases we may part-fund them or use our own Infrastructure funds.

Parks and open spaces

- 5.9. Open spaces make an important contribution to our overall quality of life. A new Open Spaces Strategy has been developed and our approach draws upon a range of information and seeks to establish a longer term vision for the borough's parks and open spaces. The Council is planning to invest in its parks and open spaces provision and, in doing so, will be looking at how the operation of these sites can become self-financing where possible.

Community safety

- 5.10. The Council is committed to delivering against a number of key objectives to improve community safety including:
- Improve public confidence in policing and maintaining community safety
 - Prevent and minimise gang-related activity and victimisation
 - Break the cycle of domestic and gender-based abuse by working in partnership to promote healthy and safe relationships
 - Prevent and reduce crime and anti-social behaviour
 - Deliver the PREVENT strategy in Tower Hamlets
- 5.11. In addition the Council needs to consider how its investment in areas such as street lighting and CCTV contribute to its wider responsibilities for community safety.

Growth and Employment

- 5.12. Our approach aims to ensure that maximum impact is realised from major development projects within the Borough, making certain that individual projects are designed and delivered so that they contribute to the Council's priorities. This approach has three key priorities:
- to unlock the potential of Tower Hamlets residents through increasing skill levels and raising employment so that they can contribute to and benefit from being part of one of the most successful cities in the world.
 - to transform Tower Hamlets into a place in which more people want to live and invest by using the opportunity of major sites and key locations to create positive change.
 - to develop a 21st century business economy that offers opportunities for sustainable employment and enterprise, to help make Tower Hamlets a place people want to work, visit and invest in.
- 5.13. The Council aims to ensure there is consequential community benefits and essential infrastructure development coming from all growth activities.

Drive energy initiatives

- 5.14. Tower Hamlets is committed to projects that reduce energy spend and deliver carbon reduction across the borough; at the same time it will deliver the economic opportunity for local businesses and home owners through the creation of green jobs and maximising financial savings.
- 5.15. Together the projects proposed will ensure that the Council is in a strong position to deliver leadership and financial savings, wider economic and health benefits, a better environment, and ensure compliance with national legislation.

6. Enabling Objective

- 6.1. In order to make substantial savings while maintaining services the Council has embarked on a major Transformation Programme – Smarter Together, to change the culture of the organisation and to facilitate new ways of working. This programme of change will require significant investment in two areas as follows:
- 6.2. The building of a new Civic Centre –the lease on Mulberry Place expires in 2020 although it may be extended to 2022 and this has provided an opportunity for the Council to consider more efficient use of the assets it uses for delivering a number of corporate and customer services. A new purpose built centre, located in the centre of the borough to enable improved resident access and designed to enable staff to work flexibly is being developed.
- 6.3. In order to enable the changes envisaged there is also a need for major investment in the Council's ICT infrastructure alongside the Council's strategic ICT partner. This will also include a redesign of our 'front-office' in other parts of the Borough.

Strategic acquisitions and Commercial Opportunities

- 6.4. The Council will consider the strategic acquisition of assets where this facilitates the delivery of major Council regeneration projects. The Council aims as much as possible to maintain control over the pace of projects, where land assembly is one of key enablers of successful and timely delivery.
- 6.5. Other opportunity assets may also be acquired where this assists the Council's achievement of its Strategic Plan priorities or where there is a demonstrable benefit, such as new or improved revenue streams, from investments made by the Council.

Next Steps

- 6.6. We will consider our capital aspirations across all services including those where investment has yet to be identified or quantified. We will draw further on other strategies such as the Leisure Strategy to inform our needs analysis and will consider how the changing requirements for our services, for example in the provision of Adult Social Care services, may change our need for assets and capital investment.
- 6.7. Our Service Delivery reviews will also continue to provide challenge to our use of assets in order to maximise our efficiency and inform our investment decisions.
- 6.8. This Strategy provides the basis for planning over a long term planning horizon of 10 to 20 years to give an indication of the priority areas for spending. This links to the development of the Council's Local Plan which is currently out for public consultation and which focuses on planning priorities and development covering the period to 2031. We will continue to engage with members to identify and prioritise capital investment and will adopt outcomes based measures to evidence our achievements.

- 6.9. The Council's detailed plans for capital expenditure have previously spanned 3 years with detailed approval only for each year individually, although we have extended the planning horizon initially to 5 years with the intention to extend still further as the Council develops its expenditure plans and financing strategies.

7. Relationship to Other Council Strategies

- 7.1. The Capital Strategy cannot be viewed in isolation from other strategies within the Council. It is integral to the achievement of the Council's priorities and not an end in itself. The strategy is driven by the needs of the local residents, service directorates, the Local Plan, the Infrastructure Development Plan and the Asset Management Strategy; it will also inform and be informed by other developing strategies such as the Council's Investment Strategy and Income Generation Strategy.
- 7.2. In December 2015, the Cabinet considered and approved The Asset Strategy Scoping, Principles and Priorities paper for Tower Hamlets for 2015-2020 setting out how the Council intends to develop the strategy for determining its ongoing and future needs. The Council is clear about its approach to asset maintenance, disposals and acquisitions in line with the Council's corporate priorities.
- 7.3. A conscious effort is now required to move to a corporate approach as established by the creation of the Corporate Landlord Model and this will build on the improvements in asset management that have been a priority for the Council now for a number of years. Previous Asset Management Plans have focussed on compliance with statutory and regulatory requirements and the implementation of a Corporate Landlord governance model. This provides the foundation for the development of the revised Asset Strategy, which is about ensuring that the Council has an efficient sustainable estate for the delivery of its ongoing services. In turn, this has implications for the Capital Strategy.
- 7.4. With regard to the timing of expenditure and the funding of capital expenditure the Capital Strategy has implications for the Council's Treasury Management Strategy and for its Investment Strategy.
- 7.5. The Capital Strategy also feeds into the Council's Medium Term Financial Strategy, both in terms of direct capital expenditure but also in terms of the revenue implications of capital projects. It also needs to take account of the plans and aspirations of the Councils' partners including other Boroughs, the GLA, the NHS, TfL, and voluntary and 'third sector' providers. The Capital strategy underpins the achievement of many of these strategies and as such has a broad significance.
- 7.6. The Medium Term Financial Strategy (MTFS) was considered by the Mayor in Cabinet in January 2017. The Corporate Management Team (CMT) has initiated a transformation programme to achieve the saving and investment priorities of the organisation which were set out in that strategy. This approach is based on a set of key principles that has implications for the use of the Council's assets and hence the future Capital Strategy. The delivery of savings through proactive asset management and substantially improving the ICT infrastructure, form key work streams set out in the budget report presented in January 2017.

Next Steps

- 7.7. The key linkages between capital investment and the Council's MTFS will be strengthened to ensure that, in addition to the implications of

capital investment decisions being fully reflected in the MTFS, the impact on locally retained funding streams such as business rates and Council tax levels are fully reflected.

- 7.8. The links between all of the Council's strategies including the development of Investment and Income Generation Strategies will be strengthened. Capital investment and asset needs will be a specific consideration as new strategies are developed or existing strategies are revised in consultation with members.

8. Capital funding strategy and risk appetite

- 8.1. To achieve our ambitions, we need to be prepared to invest for the future. It is important for the Council to optimise the funding position for its capital investment ambition. The Council will seek to negotiate with central government, the GLA and other partner organisations to ensure that Tower Hamlets has access to appropriate funding streams for London-wide and North London initiatives and obtains fair funding for strategic Tower Hamlets projects that contribute to London growth targets.
- 8.2. A number of financial principles will be established and will be applied to forecast the available capital resources over the capital strategy planning period:
- General Fund Capital Receipts - will be held for general capital purposes and will only be earmarked within a specific project where a business case has been made and best value demonstrated.
 - HRA Capital Receipts - will be applied to housing capital investment purposes in light of the challenges associated with the delivery of the Council's new build ambitions and the risk to the viability of the HRA over the 30-year period. This includes an increased commitment to the application of right-to-buy capital receipts including through the creation of alternative delivery vehicles.
 - Community Infrastructure Levy (CIL) - CIL income will be spent on infrastructure needed to support development in Tower Hamlets. This need is assessed as part of the Local Plan making process. The Council will also work closely with Neighbourhoods to ensure that the Neighbourhood CIL allocation is used to best effect in the delivery of local needs within the context of the wider needs of the Borough.
 - Capital Grants - capital grants will be applied according to any ring-fence conditions but will otherwise be applied to achieve maximum benefit and minimise the need for additional borrowing.
 - New Homes Bonus – this funding will be used to support the delivery of the capital strategy and in particular investment in affordable housing and infrastructure projects.
 - Better Care Fund (Capital Grant) - this grant incorporates what was the Disabled Facilities Grant and the Council will consider the benefits gained from providing additional or match funding.
 - External contributions - it is expected that external contributions will apply to specific capital projects and will be applied on this basis. In the event that an external contribution is not related to a specific project the contribution will be made available for general purposes and to reduce the amount of external borrowing necessary.

- 8.3. The Council has benefited from substantial resources in the form of grants from government and other bodies such as Transport for London. Local projects have been funded largely from capital receipts, money from developers under S106 and the use of reserves. Given the availability of resources there has been little need to borrow money under the terms of the Prudential Code on Borrowing and the Council has been able to adopt a low risk approach to funding its capital programme. This will change over the next three years with a need for new prudential borrowing and the potential for new delivery vehicles.
- 8.4. This is no longer considered to be an appropriate strategy in the context of a growing capital expenditure ambition, necessary to achieve the Council's long term objectives but also recognising that its assets have the potential to leverage additional investment.
- 8.5. The financial landscape within which the Council now operates and which is likely to develop over the future years means that it is now more reliant on locally generated sources of funding, rather than a reliance on central government direct support. The Council has recognised therefore that the costs of borrowing, which can be accessed at traditionally low cost, can be considered as an appropriate mechanism to support investment that delivers growth in the determinants of its revenue funding such as Council Tax and Business Rates.
- 8.6. However, it will establish a set of principles which will limit its exposure to the risks associated with anticipating future funding streams; specifically it will only apply a proportion of estimated future growth towards the costs of borrowing – recognising that additional service demands and cost will flow from any growth in Housing and Business. This will be a prudent estimation of the marginal costs associated with increased service need arising from resident based developments.
- 8.7. It will also only undertake borrowing on the value of future estimated growth projections within a three year planning horizon to limit the risk that speculative growth is used to support borrowing levels. All of these controls will be factored into the Council's Prudential Indicators which are approved annually by Members.
- 8.8. The Council also recognises that if it can deliver further efficiency savings from its revenue budget it can use this to support the borrowing costs of capital expenditure.
- 8.9. Taking the Capital programme as a whole the main sources of funding are:
- Capital Grants – the largest element of grant income relates to spending on schools under two main programmes those being Basic Needs/Expansion grants and Conditions & Improvement Grants. The second largest element comprises grants from TfL for work on highways and the third element is from smaller grants for specific purposes.
 - Major Repairs allowance – set aside for repairs to housing through the Housing Revenue Account. This is classified as

capital expenditure although it is funded by revenue through the HRA. It is used to maintain the quality of the housing stock.

- Capital Receipts – the bulk of these are generated by the sale of Council owned housing under the Right to Buy legislation which can only be used subject to certain constraints over match funding and timeframes for utilisation.
- Prudential Borrowing – the programme shows an emerging need for borrowing under the terms of the Prudential Code. Affordable Housing is a key issue for the Council to achieve its priorities and different models are being looked at for the delivery of long term temporary accommodation as well as increasing the stock of privately rented housing. All of these options are likely to involve the raising of finance.
- S106 and Community Infrastructure Levy (CIL) - contributions from developers are likely to be significant over the life of the current programme. In some cases S106 money may be for specific projects although the Council may have some discretion depending on the terms of the agreement with the developer. Over time S106 will be replaced by the CIL which will give the Council greater decision making powers over where the money is spent.
- Revenue Contributions – revenue contributions may be funded directly or from reserves created to fund capital projects. The Council has reserves which may be used for major capital projects and has, for example, earmarked an ICT investment reserve.

8.10. In overall terms the Council's funding strategy to date has been low risk due to the ready availability of external sources of funding and the availability of reserves. However, external funding sources are likely to diminish as government spending controls remain tight. In those circumstances the Council may wish to consider other funding options which may carry a slightly higher degree of risk. Such an approach might include consideration of:

- Social Impact Bonds – a Social Impact Bond is a financial mechanism in which investors pay for a set of interventions to improve a social outcome that is of social and/or financial interest to a government commissioner e.g. a local authority. If the social outcome improves, the government commissioner repays the investors for their initial investment plus a return for the financial risks they took. If the social outcomes are not achieved, the investors stand to lose their investment. Social Impact Bonds can provide investment to fund preventative interventions and, where these match the Council's priorities, they could be considered as a potential source of finance.
- The UK Municipal Bonds Agency – the Agency, which was developed jointly by the Local Government Association (LGA) and is backed by a number of Local Authorities, can support

local Councils to finance their investment in projects, including infrastructure and housing, efficiently and cost effectively. It issues bonds to finance local authority projects at a lower cost than the Debt Management Office. This lowers Councils' finance costs, which means more can be invested into local economies, infrastructure and housing projects. The Agency also helps Councils to borrow from one another, thereby reducing borrowing costs. It helps Councils negotiate better rates from banks, pension funds and insurance companies. The agency also acts as a centre of expertise, offering tailored lending services.

- 8.11. Many of the grants referred to above are provided for specific purposes e.g. TfL for highways work and Basic Needs/Expansion Grants for schools. In the past the use of these funds may not been subject to the same degree of scrutiny or challenge that has been applied to other sources of funding. It may have been the case that this could 'crowd out' expenditure on other corporate priorities however, under the new arrangements all capital expenditure and funding will be subjected to the same level of scrutiny and prioritisation through the corporate governance arrangements.

Next Steps

- 8.12. We will develop a clear financing strategy that supports rather than constrains programming where financing in support of delivery is flexible to respond to evolving capital needs and which maximises the efficiency of our cashflow management activities.
- 8.13. We will develop an approach that considers the financial outcomes from activities that invest in growth and use that as a basis for estimating the cost of any associated service demands together with the opportunity that provides in support of our financing strategy.

9. Governance arrangements including prioritisation of projects

- 9.1. It is proposed that the existing methods for the commissioning of capital works across the Council are centralised through a single focal point. All programmes and works will be approved by a Capital Board in order to achieve a strategic overview of all capital works and related financial forecasting/spend.
- 9.2. We will also take a realistic view of our capacity to deliver - the Council will ensure that the pace of our ambition is matched to our resource and financial capacity.
- 9.3. We will establish robust governance and gateway processes to ensure all capital investments are in line with the Council's priorities, consider associated risks, recognise financial constraints over the longer term and drive value for money.
- 9.4. We will establish a governance structure to take a cross Council view of all types of capital investment schemes and to own the capital strategy as it develops.
- 9.5. As a Council we recognise that we cannot deliver our full ambition by ourselves, and we need to strengthen partnerships in the public and private sector to allow us to work together effectively on long term and joined up solutions and investment programmes. Co-location of services and a seamless offer to our residents will require detailed coordination work in a number of areas.
- 9.6. We also need to ensure a co-ordinated approach to external grant funding, Lottery Bids and other external funding for our major heritage assets and key regeneration projects to bring in necessary future investment. Our governance arrangements will be established to ensure that this takes place and that partners can see the strength of those arrangements in providing confidence to them.
- 9.7. All capital schemes must comply with the governance framework of the Council and must demonstrate how they contribute to the Council's priority outcomes as defined in the Community Plan and the Strategic Plan. They are subject to scrutiny and prioritisation through a series of officer and member approval bodies
- 9.8. A proposed new Capital Board will give members the opportunity to see the total level of resources available for all capital expenditure and to see where funding gaps exist. They will also be able to determine whether the expenditure meets corporate objectives and is prioritised accordingly. This will include the consideration of options for the future use of Land and Buildings including potential disposals based on officer recommendations.

Next Steps

- 9.9. Development will take place on identifying the Council's ambition for undertaking capital expenditure in line with its priorities over an extended time frame of 10 – 20 years both to allow for the development of a longer

term vision but also to allow for a funding strategy underpinning that ambition to be used. This will also allow for relative prioritisation to take place

- 9.10. Governance arrangements will be reviewed and streamlined to ensure that they provide, at both officer and member level, the appropriate mechanisms for project and programme control, monitoring and challenge. These arrangements will cover through a single arrangement the total capital expenditure.
- 9.11. Our Governance arrangements will also ensure that we are able to respond quickly and effectively to maintain and maximise our outcomes as circumstances change and that programmes are delivered on time and to the agreed budget.
- 9.12. The Council's structure includes a capital hub which provides for close working between the key elements of capital, which are strategy, acquisition, disposal, delivery and financing. Consolidation of expertise and clarity of accountability will be achieved to ensure that realistic programming and delivery of capital works in support of member's capital aspirations are achieved.

10. Risks to the capital strategy

- 10.1. The Council has an ambitious Capital programme. There are many risks to the achievement of this level of spend but the key areas are:
- The need for the Programme to be managed on a holistic, corporate basis with good financial, technical and delivery information being available to ensure that the programme remains on track and delivers the outcomes in the timeframes envisaged in the original business cases.
 - The increased demand for services caused by rapid population growth. In terms of capital, the pressures will be most keenly felt in the areas of housing and children's services.
 - A reduction in funding from central government and other sources of grant funding. This will make the Council more reliant on local sources of funds such as capital receipts and S106/CIL money. The former cannot continue indefinitely while the latter may open up new opportunities with potentially more freedom to spend.
 - The impact of Brexit is unknown and this may lead to lower levels of commercial development in the Borough in the future. This could have a major impact on the level of S106/CIL receipts in the next few years.
 - The Council's ability to enter into agreements with willing partners may hamper its attempts to be more outward looking and deliver schemes through joint working. In particular, the continuing low level of growth in the UK economy may limit the availability of funding from external sources.
- 10.2. The Council's Transformation Programme is key to achieving revenue savings. The programme is predicated on the availability of capital resources to deliver savings in the future and on the Council's ability to deliver those schemes and projects on time and to budget. The availability of extra revenue is vital to fund the revenue consequences of capital outlay on service delivery projects.

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Adults' Services								
Ronald Street - Electrical Upgrade	Mental health services	1.4 More people living healthily and independently for longer	0.004	-	-	-	-	0.004
Telecare/Telehealth Equipment	Tele Care/Telehealth Equipment	1.4 More people living healthily and independently for longer	0.097	-	-	-	-	0.097
Occupational Therapy Suite	Occupational Therapy Suite	1.4 More people living healthily and independently for longer	0.065	-	-	-	-	0.065
William Cotton Place - Fit Out	Public Health	1.4 More people living healthily and independently for longer	3.193	-	-	-	-	3.193
Various Sites - Improvement Works	Public Health	1.4 More people living healthily and independently for longer	0.233	2.371	-	-	-	2.604
Aberfeldy Practice - Improvements to Health Infrastructure	Public Health	1.4 More people living healthily and independently for longer	-	-	-	1.592	1.591	3.183
Andrew Street - Reduce Tarmac & Paving	Public Health	1.4 More people living healthily and independently for longer	-	0.240	-	-	-	0.240
Bow School - Landscaping & Create Access	Public Health	1.4 More people living healthily and independently for longer	-	0.283	-	-	-	0.283
Buxton Street East - Tree Planting and Park Entrance	Public Health	1.4 More people living healthily and independently for longer	-	0.240	-	-	-	0.240
Buxton Street West - Landscaping	Public Health	1.4 More people living healthily and independently for longer	-	0.200	-	-	-	0.200
Goodmans Fields - Improvements to Health Infrastructure	Public Health	1.4 More people living healthily and independently for longer	-	-	0.500	2.909	-	3.409
Sutton Wharf - Improvements to Health Infrastructure	Public Health	1.4 More people living healthily and independently for longer	-	0.396	2.138	-	-	2.534
Adults' Services Total			3.592	3.730	2.638	4.501	1.591	16.052
Children's Services								
Arnhem Wharf - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.025	-	-	-	-	0.025
Cayley School - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.020	-	-	-	-	0.020
Phoenix - Satellite Classrooms	Basic Need/Expansion	1.3 Young people realising their potential	0.038	-	-	-	-	0.038
Stebon Expansion Scheme	Basic Need/Expansion	1.3 Young people realising their potential	0.037	-	-	-	-	0.037
Woolmore Primary School Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.013	-	-	-	-	0.013
Provision of Bulge Classes - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.250	-	-	-	-	0.250
Various - Scheme Development	Basic Need/Expansion	1.3 Young people realising their potential	0.300	-	-	-	-	0.300
London Dock - Feasibility	Basic Need/Expansion	1.3 Young people realising their potential	0.002	-	-	-	-	0.002
Neptune Wharf - Feasibility	Basic Need/Expansion	1.3 Young people realising their potential	0.008	-	-	-	-	0.008
Various - Primary Sites Review	Basic Need/Expansion	1.3 Young people realising their potential	0.032	-	-	-	-	0.032
Children's House Nursery school - Feasibility	Basic Need/Expansion	1.3 Young people realising their potential	0.006	-	-	-	-	0.006
Bangabandhu Primary School - Feasibility	Basic Need/Expansion	1.3 Young people realising their potential	0.006	-	-	-	-	0.006
Bow School - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.291	5.400	5.100	-	-	10.791
Bromley Hall - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	1.515	-	-	-	-	1.515
Olga Primary School Expansion	Basic Need/Expansion	1.3 Young people realising their potential	4.500	1.767	-	-	-	6.267
St Paul's Way Trust School Expansion	Basic Need/Expansion	1.3 Young people realising their potential	2.588	3.677	1.795	-	-	8.060
Stepney - 6th Form Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.750	3.442	-	-	-	4.192
London Dock - Expansion	Basic Need/Expansion	1.3 Young people realising their potential	0.100	0.900	-	-	-	1.000
Canon Barnett Primary School - Accessibility Works	Conditions and Improvement	1.3 Young people realising their potential	0.009	-	-	-	-	0.009
Cubitt Town Primary - Accessibility Improvements	Conditions and Improvement	1.3 Young people realising their potential	0.013	-	-	-	-	0.013
Cubitt Town Primary - Replace Boundary Wall	Conditions and Improvement	1.3 Young people realising their potential	0.015	-	-	-	-	0.015
Cubitt Town Juniors - Structural Works Phase 1 & 2	Conditions and Improvement	1.3 Young people realising their potential	0.058	-	-	-	-	0.058
Gorsefield Residential Centre - Security Improvements Phase 1 & 2	Conditions and Improvement	1.3 Young people realising their potential	0.046	-	-	-	-	0.046
Gorsefield - Replace Main Water Pipework	Conditions and Improvement	1.3 Young people realising their potential	0.013	-	-	-	-	0.013
John Scurr - Structural Works Phase 1 & 2	Conditions and Improvement	1.3 Young people realising their potential	0.027	-	-	-	-	0.027
Kobi Nazrul Primary - Replace Boiler & Plant	Conditions and Improvement	1.3 Young people realising their potential	0.033	-	-	-	-	0.033
Various Kitchens - Upgrade Kitchen Ventilation	Conditions and Improvement	1.3 Young people realising their potential	0.127	-	-	-	-	0.127
Smithy Street Primary - Upgrade Lightning Protection	Conditions and Improvement	1.3 Young people realising their potential	0.015	-	-	-	-	0.015
Bangabandhu, Blue Gate Fields & Kobi Nazrul - Urgent Electrical Works	Conditions and Improvement	1.3 Young people realising their potential	0.065	-	-	-	-	0.065
Cubitt Town Junior School - Relocate Demountable & Create New Fire Escape	Conditions and Improvement	1.3 Young people realising their potential	0.007	-	-	-	-	0.007
Mowlem Primary School - Replace Guttering	Conditions and Improvement	1.3 Young people realising their potential	0.016	-	-	-	-	0.016
Old Palace Primary School - Roof Repairs	Conditions and Improvement	1.3 Young people realising their potential	0.110	-	-	-	-	0.110
Marion Richardson - Site Security Works	Conditions and Improvement	1.3 Young people realising their potential	0.014	-	-	-	-	0.014
Stebon Primary School - Pool Hoist	Conditions and Improvement	1.3 Young people realising their potential	0.022	-	-	-	-	0.022
Columbia School - Flooring	Conditions and Improvement	1.3 Young people realising their potential	0.177	-	-	-	-	0.177
Harbinger School - Brickwork	Conditions and Improvement	1.3 Young people realising their potential	0.059	-	-	-	-	0.059
Swanlea School - Fire Protection Works Phase 1 & 2	Conditions and Improvement	1.3 Young people realising their potential	0.025	0.473	-	-	-	0.498
Hague Primary - Replace Hot & Cold Water System	Conditions and Improvement	1.3 Young people realising their potential	0.229	-	-	-	-	0.229
Halley Primary - Replace Boiler & Plant	Conditions and Improvement	1.3 Young people realising their potential	0.095	-	-	-	-	0.095
Oaklands School - Kitchen Dining	Conditions and Improvement	1.3 Young people realising their potential	0.322	-	-	-	-	0.322
Eva Armsby - Improvement Works	Conditions and Improvement	1.3 Young people realising their potential	0.026	-	-	-	-	0.026

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Arnhem Wharf Primary School - Heating Works	Conditions and Improvement	1.3 Young people realising their potential	0.072	-	-	-	-	0.072
Bangabandhu Primary School - Re-roofing Phase 1	Conditions and Improvement	1.3 Young people realising their potential	0.150	-	-	-	-	0.150
The Cherry Trees School - New Entrance & Family Support Facility	Conditions and Improvement	1.3 Young people realising their potential	0.049	0.200	-	-	-	0.249
Hermitage Primary School - Re-roofing Phase 1	Conditions and Improvement	1.3 Young people realising their potential	0.150	-	-	-	-	0.150
John Scurr Primary School - Upgrade Doors - Fire Regulations	Conditions and Improvement	1.3 Young people realising their potential	0.060	-	-	-	-	0.060
Lawdale Junior School - Re-roofing	Conditions and Improvement	1.3 Young people realising their potential	0.075	-	-	-	-	0.075
Marner Primary School - Re-roofing	Conditions and Improvement	1.3 Young people realising their potential	-	0.200	-	-	-	0.200
Marner Primary School - Window Replacement	Conditions and Improvement	1.3 Young people realising their potential	0.205	-	-	-	-	0.205
Mayflower Primary School - Replace Dormer Roof Covering	Conditions and Improvement	1.3 Young people realising their potential	0.060	-	-	-	-	0.060
Old Palace Primary School - Concrete Repairs	Conditions and Improvement	1.3 Young people realising their potential	0.100	-	-	-	-	0.100
PFI Schools - Asbestos Removal	Conditions and Improvement	1.3 Young people realising their potential	0.280	-	-	-	-	0.280
Stephen Hawking Special Needs Primary School - Building Alterations	Conditions and Improvement	1.3 Young people realising their potential	0.500	3.700	-	-	-	4.200
Programme Development	Conditions and Improvement	1.3 Young people realising their potential	0.200	-	-	-	-	0.200
Elizabeth Selby Infants & Nursery School - Replace Hot and Cold Water Systems	Conditions and Improvement	1.3 Young people realising their potential	0.140	-	-	-	-	0.140
Langdon Park - 6th Form Accommodation	Conditions and Improvement	1.3 Young people realising their potential	0.215	-	-	-	-	0.215
Mowlem Primary School - Access Works	Conditions and Improvement	1.3 Young people realising their potential	0.025	-	-	-	-	0.025
Cherry Tree School - Urgent Heating Works	Conditions and Improvement	1.3 Young people realising their potential	0.085	-	-	-	-	0.085
Ben Jonson Primary - Hygiene Room	Conditions and Improvement	1.3 Young people realising their potential	0.030	-	-	-	-	0.030
Canon Barnett - Boiler Replacement	Conditions and Improvement	1.3 Young people realising their potential	0.035	-	-	-	-	0.035
Oaklands Secondary School - Water Tanks	Conditions and Improvement	1.3 Young people realising their potential	0.026	-	-	-	-	0.026
Bishop Challoner - Community Facilities	Bishop Challoner	1.3 Young people realising their potential	0.025	0.575	-	-	-	0.600
Malmesbury Remodelling	Primary Capital Programme	1.3 Young people realising their potential	0.090	-	-	-	-	0.090
Provision for 2 year olds - Grant to Lincoln Hall	Provision for 2 year olds	1.3 Young people realising their potential	0.060	0.110	-	-	-	0.170
Provision for 2 year olds - Whitehorse One O'clock Club	Provision for 2 year olds	1.3 Young people realising their potential	0.387	-	-	-	-	0.387
Chicksand Playgroup	Provision for 2 year olds	1.3 Young people realising their potential	0.044	-	-	-	-	0.044
Weavers Field Pre-School	Provision for 2 year olds	1.3 Young people realising their potential	0.151	-	-	-	-	0.151
Calvary Pre-School	Provision for 2 year olds	1.3 Young people realising their potential	0.068	-	-	-	-	0.068
Mile End Road	Provision for 2 year olds	1.3 Young people realising their potential	0.039	-	-	-	-	0.039
Limehouse Project	Provision for 2 year olds	1.3 Young people realising their potential	0.148	-	-	-	-	0.148
St Matthias Community Play Centre	Provision for 2 year olds	1.3 Young people realising their potential	0.044	-	-	-	-	0.044
Date Palm Primary	Provision for 2 year olds	1.3 Young people realising their potential	0.020	-	-	-	-	0.020
City Gateway - Gateway Tots	Provision for 2 year olds	1.3 Young people realising their potential	0.076	-	-	-	-	0.076
Extension of Overland CC	Provision for 2 year olds	1.3 Young people realising their potential	0.028	-	-	-	-	0.028
Around Poplar Children's Centre (THOG)	Provision for 2 year olds	1.3 Young people realising their potential	0.017	-	-	-	-	0.017
Jingle Jungle	Provision for 2 year olds	1.3 Young people realising their potential	0.090	-	-	-	-	0.090
Barnardos	Provision for 2 year olds	1.3 Young people realising their potential	0.079	-	-	-	-	0.079
Shining Futures	Provision for 2 year olds	1.3 Young people realising their potential	0.036	-	-	-	-	0.036
Winterton House Phase 2	Provision for 2 year olds	1.3 Young people realising their potential	0.047	-	-	-	-	0.047
Provisions - Statutory Duty	Provision for 2 year olds	1.3 Young people realising their potential	0.096	0.750	0.750	-	-	1.596
Bethnal Green Gardens	Provision for 2 year olds	1.3 Young people realising their potential	0.269	-	-	-	-	0.269
Brick Lane Mural	Culture	2.4 Engaged, resilient and cohesive communities	0.045	-	-	-	-	0.045
John Orwell Sports Centre	Culture	1.4 More people living healthily and independently for longer	0.025	-	-	-	-	0.025
John Orwell Sports Centre Astro-turf Development	Culture	1.4 More people living healthily and independently for longer	0.012	-	-	-	-	0.012
Middlesex Street	Culture	2.1 An improved local environment	-	0.120	0.120	-	-	0.240
Mile End Stadium Astro-turf Development	Culture	1.4 More people living healthily and independently for longer	0.005	0.122	-	-	-	0.127
Mile End Stadium Track Resurfacing	Culture	1.4 More people living healthily and independently for longer	0.004	-	-	-	-	0.004
Bethnal Green Library	Culture	2.4 Engaged, resilient and cohesive communities	0.003	-	-	-	-	0.003
Idea Store Interactive Learning Project	Culture	Enabling Services	0.067	0.165	-	-	-	0.232
Idea Store Learning Technology Refresh	Culture	Enabling Services	0.155	0.094	-	-	-	0.249
Children's Services			16.591	21.695	7.765	-	-	46.051

Place								
Aldgate Connections	TfL Schemes	2.1 An improved local environment	0.214	0.415	-	-	-	0.629
Ben Johnson Neighbourhood	TfL Schemes	2.1 An improved local environment	0.325	0.600	0.200	-	-	1.125
Bethnal Green Town Centre-T&H	TfL Schemes	2.1 An improved local environment	0.021	-	-	-	-	0.021
Boroughwide Road Safety -T&H	TfL Schemes	2.1 An improved local environment	0.294	0.343	-	-	-	0.637
Bow	TfL Schemes	2.1 An improved local environment	0.189	0.105	-	-	-	0.294

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Bus Stop Accessibility Prog	TfL Schemes	2.1 An improved local environment	0.066	-	-	-	-	0.066
Cycle Parking	TfL Schemes	2.1 An improved local environment	0.115	-	-	-	-	0.115
Cycle Safety Hotspots	TfL Schemes	2.1 An improved local environment	0.192	0.400	0.375	-	-	0.967
Historic Streets	TfL Schemes	2.1 An improved local environment	0.166	0.300	0.050	-	-	0.516
Legible London - TfL Corridors, neighbourhoods	TfL Schemes	2.1 An improved local environment	0.088	0.122	-	-	-	0.210
Marshwall/Limehouse/Eastferry	TfL Schemes	2.1 An improved local environment	0.055	-	-	-	-	0.055
Sydney Street	TfL Schemes	2.1 An improved local environment	0.061	0.060	-	-	-	0.121
TfL LIP to be Allocated	TfL Schemes	2.1 An improved local environment	-	-	2.130	-	-	2.130
TfL Local Transport - Various	TfL Schemes	2.1 An improved local environment	0.018	-	-	-	-	0.018
Major Scheme Feasibility - Bethnal Green	TfL Schemes	2.1 An improved local environment	0.030	-	-	-	-	0.030
Motor Cycles in Bus Lanes	TfL Schemes	2.1 An improved local environment	0.005	-	-	-	-	0.005
Highways Asset Management Plan	TfL Schemes	2.1 An improved local environment	0.045	-	-	-	-	0.045
LIP 3 Development	TfL Schemes	2.1 An improved local environment	0.020	-	-	-	-	0.020
Wentworth Street	TfL Schemes	2.1 An improved local environment	0.241	-	-	-	-	0.241
Zebra crossing halos (TfL C/N)	TfL Schemes	2.1 An improved local environment	0.049	-	-	-	-	0.049
"No entry except or cyclists" on existing one-way streets	TfL Schemes	2.1 An improved local environment	0.009	-	-	-	-	0.009
Bow Common Lane	TfL Schemes	2.1 An improved local environment	0.012	-	-	-	-	0.012
Chrisp St Corridor	TfL Schemes	2.1 An improved local environment	0.073	0.250	0.150	-	-	0.473
Junction safety improvements at Cavell St, Sidney St and Jubilee St	TfL Schemes	2.1 An improved local environment	0.050	0.161	-	-	-	0.211
Mitford Bridge	TfL Schemes	2.1 An improved local environment	0.012	-	-	-	-	0.012
Corbridge Crescent Bridge	TfL Schemes	2.1 An improved local environment	0.057	-	-	-	-	0.057
New pedestrian crossing & Traffic calming - incl relocation of parking bays	TfL Schemes	2.1 An improved local environment	0.085	0.015	-	-	-	0.100
Housing Zone – Complementary Measures	TfL Schemes	2.1 An improved local environment	0.181	-	-	-	-	0.181
Manchester Road - Between Pelevna Street and Marsh Wall Junction	TfL Schemes	2.1 An improved local environment	0.091	-	-	-	-	0.091
Rothbury Road - Full Length	TfL Schemes	2.1 An improved local environment	0.190	-	-	-	-	0.190
Bus Priority Delivery - Cambridge Heath Road and Hackney Road	TfL Schemes	2.1 An improved local environment	0.043	-	-	-	-	0.043
Hackney Road to Calvert Avenue	TfL Schemes	2.1 An improved local environment	0.480	-	-	-	-	0.480
Greenway Quietway Route: Crown Close	TfL Schemes	2.1 An improved local environment	-	0.100	-	-	-	0.100
Greenway Quietway Route: Implementation fee	TfL Schemes	2.1 An improved local environment	-	0.010	-	-	-	0.010
Greenway Quietway Route: Wick Lane / Jodrell Road	TfL Schemes	2.1 An improved local environment	-	0.100	-	-	-	0.100
Greenway Quietway Route: Wick Lane / Monier Road Underpass	TfL Schemes	2.1 An improved local environment	-	0.150	-	-	-	0.150
Quietway 6: Arbury Road / Grove Road	TfL Schemes	2.1 An improved local environment	-	0.045	-	-	-	0.045
Quietway 6: Bancroft Road / Alderney Road	TfL Schemes	2.1 An improved local environment	0.030	-	-	-	-	0.030
Quietway 6: Cadogan Place	TfL Schemes	2.1 An improved local environment	0.003	-	-	-	-	0.003
Quietway 6: Gladstone Place / Galahad Mews	TfL Schemes	2.1 An improved local environment	-	0.037	-	-	-	0.037
Quietway 6: Hepscott Road / Wallis Road	TfL Schemes	2.1 An improved local environment	0.054	-	-	-	-	0.054
Quietway 6: Holton Street / Grantley Street	TfL Schemes	2.1 An improved local environment	0.011	-	-	-	-	0.011
Quietway 6: Implementation fee	TfL Schemes	2.1 An improved local environment	0.010	0.045	-	-	-	0.055
Quietway 6: Meath Gardens/Walter Street	TfL Schemes	2.1 An improved local environment	-	0.002	-	-	-	0.002
Quietway 6: Mile End Park	TfL Schemes	2.1 An improved local environment	0.007	-	-	-	-	0.007
Quietway 6: Roman Road / Cardigan Road / Arbery Road	TfL Schemes	2.1 An improved local environment	0.004	0.004	-	-	-	0.008
Quietway 6: Bancroft Road / Warley Street	TfL Schemes	2.1 An improved local environment	-	0.197	-	-	-	0.197
Quietway 6: Old Ford Road / Armagh Road	TfL Schemes	2.1 An improved local environment	-	0.143	-	-	-	0.143
Quietway 6: Parnell Road / Jodrell Road	TfL Schemes	2.1 An improved local environment	-	0.096	-	-	-	0.096
Quietway 6: Sycamore Avenue / Cedar Close	TfL Schemes	2.1 An improved local environment	0.012	-	-	-	-	0.012
Local Transport Funding	TfL Schemes	2.1 An improved local environment	-	0.100	-	-	-	0.100
Green Grid	TfL Schemes	2.1 An improved local environment	-	0.050	-	-	-	0.050
Sustainable Drainage Scheme	TfL Schemes	2.1 An improved local environment	-	0.021	-	-	-	0.021
Tackling ASB driving	TfL Schemes	2.1 An improved local environment	-	0.050	-	-	-	0.050
Secure Motor Cycle Parking	TfL Schemes	2.1 An improved local environment	-	0.010	-	-	-	0.010
Improving local accessibility	TfL Schemes	2.1 An improved local environment	-	0.060	-	-	-	0.060
LED Bridge Height sign replacement	TfL Schemes	2.1 An improved local environment	-	0.090	-	-	-	0.090
Bus Priority	TfL Schemes	2.1 An improved local environment	-	0.044	-	-	-	0.044
Interim Depot Strategy	Public Realm Improvements	Enabling Services	0.070	0.413	-	-	-	0.483
Garnet Street - Bridge Painting	Public Realm Improvements	2.1 An improved local environment	-	0.100	-	-	-	0.100
Petticoat Lane Market Improvements	Public Realm Improvements	2.1 An improved local environment	0.082	-	-	-	-	0.082

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Brick Lane toilet scheme	Public Realm Improvements	2.1 An improved local environment	-	0.100	0.397	-	-	0.497
Cuba St, Manilla St, Tobago St and Byng St	Transport S106 Funded Schemes	2.1 An improved local environment	0.261	-	-	-	-	0.261
101-109 Fairfield Road	Transport S106 Funded Schemes	2.1 An improved local environment	0.018	-	-	-	-	0.018
21 Wapping Lane	Transport S106 Funded Schemes	2.1 An improved local environment	0.059	-	-	-	-	0.059
744 Wick Lane & 46-52 Fairfield Road	Transport S106 Funded Schemes	2.1 An improved local environment	0.040	-	-	-	-	0.040
Blackwall Way Bus Stops	Transport S106 Funded Schemes	2.1 An improved local environment	0.041	-	-	-	-	0.041
Bow Common Lane and Furze St	Transport S106 Funded Schemes	2.1 An improved local environment	0.009	-	-	-	-	0.009
Caspian Wharf and 1-3 Yeo St	Transport S106 Funded Schemes	2.1 An improved local environment	0.011	-	-	-	-	0.011
Cavell Street	Transport S106 Funded Schemes	2.1 An improved local environment	0.067	-	-	-	-	0.067
Improvements to pedestrian and cycle routes	Transport S106 Funded Schemes	2.1 An improved local environment	0.018	-	-	-	-	0.018
Marsh Wall Environmental Improvement	Transport S106 Funded Schemes	2.1 An improved local environment	-	0.149	-	-	-	0.149
Morris Rd & Rifle St	Transport S106 Funded Schemes	2.1 An improved local environment	0.002	-	-	-	-	0.002
Morris Rd & Rifle St Footbridge	Transport S106 Funded Schemes	2.1 An improved local environment	0.011	-	-	-	-	0.011
Ocean Estate FS2	Transport S106 Funded Schemes	2.1 An improved local environment	0.060	0.046	-	-	-	0.106
Selsey Street	Transport S106 Funded Schemes	2.1 An improved local environment	0.008	-	-	-	-	0.008
St Andrews Hospital	Transport S106 Funded Schemes	2.1 An improved local environment	0.050	-	-	-	-	0.050
Additional S106 schemes	Transport S106 Funded Schemes	2.1 An improved local environment	-	0.180	0.180	0.180	0.180	0.720
Gascoigne Estate- public improvements on Virginia Road	Transport S106 Funded Schemes	2.1 An improved local environment	0.088	-	-	-	-	0.088
86 Brick Lane - Towards traffic management and calming measures on Fournier Street	Transport S106 Funded Schemes	2.1 An improved local environment	-	0.116	-	-	-	0.116
One-Way to Two -Way Cycle Streets - Alie Street Area	Transport S106 Funded Schemes	2.1 An improved local environment	-	0.431	-	-	-	0.431
Prestons Road	Transport S106 Funded Schemes	2.1 An improved local environment	0.153	-	-	-	-	0.153
Tredegar Road	OPTEMS	2.1 An improved local environment	0.010	0.089	0.030	-	-	0.129
Albert Gardens	Parks	2.1 An improved local environment	0.020	-	-	-	-	0.020
Cemetery Park Lodge (Phase 2)	Parks	2.1 An improved local environment	0.044	0.060	-	-	-	0.104
Christ Church Gardens	Parks	2.1 An improved local environment	0.030	0.534	-	-	-	0.564
Mile End Hedge	Parks	2.1 An improved local environment	0.030	-	-	-	-	0.030
Poplar Park	Parks	2.1 An improved local environment	0.035	-	-	-	-	0.035
Trinity Square Gardens	Parks	2.1 An improved local environment	0.018	-	-	-	-	0.018
Victoria Park Sports Hub	Parks	2.1 An improved local environment	0.544	-	-	-	-	0.544
King Edward Memorial Park	Parks	2.1 An improved local environment	0.164	0.086	-	-	-	0.250
Victoria Park Lodges	Parks	2.1 An improved local environment	0.037	0.083	0.028	-	-	0.148
The Oval Space	Parks	2.1 An improved local environment	0.067	0.120	0.040	-	-	0.227
Millwall Park & Langdon Park	Parks	2.1 An improved local environment	0.031	-	-	-	-	0.031
Poplar Park & Jolly's Green	Parks	2.1 An improved local environment	0.039	-	-	-	-	0.039
Ropewalk Gardens	Parks	2.1 An improved local environment	0.003	-	-	-	-	0.003
Stonebridge Wharf (Landscape Improvements)	Parks	2.1 An improved local environment	0.090	-	-	-	-	0.090
Warner Green	Parks	2.1 An improved local environment	0.048	-	-	-	-	0.048
Bartlett Park - Playground activity	Parks	2.1 An improved local environment	-	0.497	-	-	-	0.497
Bartlett Park Landscape Improvement Project	Parks	2.1 An improved local environment	0.080	2.549	0.726	-	-	3.355
Bromley By Bow Recreation Ground	Parks	2.1 An improved local environment	0.040	-	-	-	-	0.040
Mile End Children's Park	Parks	2.1 An improved local environment	0.150	-	-	-	-	0.150
Mile End Play Pavilion Air Conditioning	Culture	2.1 An improved local environment	0.025	0.005	-	-	-	0.030
CCTV Improvements	CCTV	2.3 Less crime and anti-social behaviour	0.077	0.068	-	-	-	0.145
PSI Handhelds	ICT Solution - Handheld Devices	Enabling Services	0.172	0.372	-	-	-	0.544
Adelina Grove	Contaminated Land Works	2.1 An improved local environment	0.021	-	-	-	-	0.021
Contaminated Land Strategy H&S	Contaminated Land Works	2.1 An improved local environment	-	0.050	0.106	0.106	-	0.262
Copton Close (Watts Gr/Gale St)	Contaminated Land Works	2.1 An improved local environment	-	0.016	-	-	-	0.016
Poplar High St (Contaminated Land Surveys)	Contaminated Land Works	2.1 An improved local environment	0.015	-	-	-	-	0.015
Rosebank Gardens	Contaminated Land Works	2.1 An improved local environment	-	0.013	-	-	-	0.013
Stores Quay	Contaminated Land Works	2.1 An improved local environment	-	0.019	-	-	-	0.019
Veronica House	Contaminated Land Works	2.1 An improved local environment	0.013	-	-	-	-	0.013
Birchfield Estate Masterplan	Regional Housing Pot Targeted Funding	2.2 Better quality homes for all	0.050	0.300	0.321	-	-	0.671
Private Sector Improvement Grants	Private Sector Improvement Grants	2.2 Better quality homes for all	0.150	0.450	0.450	-	-	1.050
Disabled Facilities Grants	Disabled Facilities Grants	2.2 Better quality homes for all	1.257	-	-	-	-	1.257
Bishop's Square	Bishop's Square	2.2 Better quality homes for all	0.064	-	-	-	-	0.064
DDA Related Access Works	Facilities Management - DDA works	Enabling Services	0.052	-	-	-	-	0.052

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Community Buildings Support Fund	Community Buildings Support Fund	2.4 Engaged, resilient and cohesive communities	-	1.474	-	-	-	1.474
Barley Mow Project	S106 Schemes	Enabling Services	0.023	-	-	-	-	0.023
Whitechapel Early Win Project	S106 Schemes	2.1 An improved local environment	0.053	-	-	-	-	0.053
Dora Hall and Cheadle Hall	S106 Schemes	Enabling Services	0.004	-	-	-	-	0.004
Whitechapel Delivery: Creating Open Spaces – Phase 1	S106 Schemes	2.1 An improved local environment	0.140	-	-	-	-	0.140
Hertford Union Canal Bridge Improvement project	S106 Schemes	2.1 An improved local environment	0.021	-	-	-	-	0.021
Millennium Quarter Public Art Project	S106 Schemes	2.2 Better quality homes for all	0.087	-	-	-	-	0.087
Whitechapel Delivery	S106 Schemes	2.2 Better quality homes for all	0.723	-	-	-	-	0.723
Section 106 Schemes	S106 Schemes	2.2 Better quality homes for all	0.084	-	-	-	-	0.084
Wellington Way Health Centre	Section 106 Passported Funding	1.4 More people living healthily and independently for longer	-	3.119	-	-	-	3.119
St Katherine's Dock Practice	Section 106 Passported Funding	1.4 More people living healthily and independently for longer	0.038	-	-	-	-	0.038
Silvocea Way	Section 106 Passported Funding	2.1 An improved local environment	0.050	-	-	-	-	0.050
TfL Electronic Service Update Board (ESUB) Westferry DLR	Section 106 Passported Funding	2.1 An improved local environment	0.022	-	-	-	-	0.022
TfL Cycle Hire Docking Station relocation	Section 106 Passported Funding	2.1 An improved local environment	0.123	-	-	-	-	0.123
206 Whitechapel Road - workspace	GLA Whitechapel High Street Fund	2.1 An improved local environment	0.227	-	-	-	-	0.227
Purchase of properties for use as temporary accommodation	Purchase of properties for use as temporary accommodation	2.2 Better quality homes for all	-	15.000	15.000	-	-	30.000
Conversion of council buildings to temporary accommodation	Conversion of council buildings to temporary accommodation	2.2 Better quality homes for all	-	2.250	-	-	-	2.250
Place Total			9.627	32.814	20.183	0.286	0.180	63.090

Building Schools for the Future								
BSF- Bowden House	BSF Main Build	1.3 Young people realising their potential	0.026	-	-	-	-	0.026
BSF- Central Foundation	BSF Main Build	1.3 Young people realising their potential	0.188	-	-	-	-	0.188
BSF- Langdon Park	BSF Main Build	1.3 Young people realising their potential	0.064	-	-	-	-	0.064
BSF - Phoenix	BSF Main Build	1.3 Young people realising their potential	0.010	-	-	-	-	0.010
BSF- Stepney Green	BSF Main Build	1.3 Young people realising their potential	0.002	-	-	-	-	0.002
ICT Infr-Sir John Cass	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.276	-	-	-	0.276
ICT Infr- Oaklands	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.149	-	-	-	0.149
ICT Infr-Cent Foundation	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.299	-	-	-	0.299
ICT Infr- Beatrice Tate	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.041	-	-	-	0.041
ICT Infr- Harpley PRU	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.063	-	-	-	0.063
ICT Infr- Swansea	BSF ICT Infrastructure	1.3 Young people realising their potential	-	0.149	-	-	-	0.149
Building Schools for the Future Total			0.290	0.977	-	-	-	1.267

Corporate								
Civic Centre Project - pre-procurement detailed design phase	Whitechapel Civic Centre	Enabling Services	1.900	1.305	-	-	-	3.205
Infrastructure Delivery Budgetary Provision	Infrastructure Delivery Budgetary Provision	Enabling Services	4.488	10.000	8.000	7.000	-	29.488
229 Bethnal Green Road - to buy out Tower Hamlets College's interest in the site	Indicative Schemes - Other	Enabling Services	-	1.000	-	-	-	1.000
Underground Refuse Service - to replace two vehicles at the end of their useful life	Indicative Schemes - Other	2.1 An improved local environment	-	0.500	-	-	-	0.500
Corporate Total			6.388	12.805	8.000	7.000	-	34.193

Housing Revenue Account								
Housing Capital Programme	Housing Capital Programme	2.2 Better quality homes for all	23.157	26.285	-	-	-	49.442
Ocean Retail Units	Ocean Estate Regeneration	2.1 An improved local environment	0.035	0.821	-	-	-	0.856
Blackwall Reach	Blackwall Reach	2.2 Better quality homes for all	3.600	2.000	1.152	-	-	6.752
Fuel Poverty Works – Bancroft & Avebury	Fuel Poverty Works	2.2 Better quality homes for all	0.335	0.043	0.550	-	-	0.928
Extensions - GLA Pipeline Fund	New Supply - On site	2.2 Better quality homes for all	0.500	1.173	-	-	-	1.673
Watts Grove - GLA Pipeline	New Supply - On site	2.2 Better quality homes for all	16.798	0.630	-	-	-	17.428
Bradwell Street - GLA Pipeline Fund	New Supply - On site	2.2 Better quality homes for all	0.049	-	-	-	-	0.049
Ashington Estate East - GLA Pipeline Fund	New Supply - Pre construction	2.2 Better quality homes for all	-	-	13.376	-	-	13.376
Locksley Estate - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.250	6.183	6.313	2.073	-	14.819
Hereford St - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.250	6.183	6.314	2.073	-	14.820
Jubilee St - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.250	6.183	6.313	2.073	-	14.819
Baroness Rd - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.250	6.183	6.314	2.073	-	14.820
Tent Street - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.550	6.183	6.313	2.072	-	15.118
Arnold Road - 1-4-1 receipts	New Supply - Pre construction	2.2 Better quality homes for all	0.550	6.183	6.314	2.072	-	15.119
Community Benefit Society - 1-4-1 receipts	Establish a Community Benefit Society	2.2 Better quality homes for all	-	4.500	4.500	-	-	9.000
HRA - Indicative Schemes - New Supply	New Supply - Budget Provision	2.2 Better quality homes for all	-	-	-	3.031	23.361	26.392
Registered Provider Grant Scheme	Registered Provider Grant Scheme (from 1-4-1)	2.2 Better quality homes for all	1.500	3.425	2.140	-	-	7.065

Scheme Description	Programme	Strategic Priority Area	2016-17 Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2016-17 to 2020-21 Total Budget £m
Short Life Properties	Short Life Properties	2.2 Better quality homes for all	0.753	-	-	-	-	0.753
Buybacks 1-4-1 Receipts	Buybacks 1-4-1 Receipts	2.2 Better quality homes for all	7.400	19.880	-	-	-	27.280
Housing Revenue Account Total			56.227	95.855	59.599	15.467	23.361	250.509
Total Capital Programme 2016-17 to 2020-21			92.715	167.876	98.185	27.254	25.132	411.162

Scheme Description	Programme	Strategic Priority Area	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2017-18 to 2021-22 Total Budget £m
Children's Services								
School Condition and Improvements	Conditions and Improvement	1.3 Young people realising their potential	3.500	3.000	3.000	-	-	9.500
Bow Secondary School	Conditions and Improvement	1.3 Young people realising their potential	-	2.500	-	-	-	2.500
London Dock Secondary School	Basic Need/Expansion	1.3 Young people realising their potential	1.000	1.000	4.000	-	-	6.000
Stepney Green 6th Form	Basic Need/Expansion	1.3 Young people realising their potential	0.215	-	-	-	-	0.215
Wood Wharf Primary School	Basic Need/Expansion	1.3 Young people realising their potential	-	0.300	4.000	-	-	4.300
Milharbour Priamry School	Basic Need/Expansion	1.3 Young people realising their potential	-	1.000	3.250	-	-	4.250
Westferry Secondary School	Basic Need/Expansion	1.3 Young people realising their potential	1.000	1.000	3.000	-	-	5.000
George Green's School	Basic Need/Expansion	1.3 Young people realising their potential	-	4.000	-	-	-	4.000
Langdon Park School	Basic Need/Expansion	1.3 Young people realising their potential	-	3.000	-	-	-	3.000
Scheme Development	Basic Need/Expansion	1.3 Young people realising their potential	3.000	2.000	-	-	-	5.000
Children's Services Total			8.715	17.800	17.250	-	-	43.765
Place								
Local Implementation Plan (LIP) Annual Spending Submission & Programme of Investment	TfL Schemes	2.1 An improved local environment	-	0.740	2.030	-	-	2.770
Housing Zone	TfL Schemes	2.1 An improved local environment	0.250	0.250	-	-	-	0.500
Principal Road Network	TfL Schemes	2.1 An improved local environment	0.281	-	-	-	-	0.281
Bridge Assessment & Strengthening	TfL Schemes	2.1 An improved local environment	0.141	-	-	-	-	0.141
Central London Grid Hackney Road – Boundary Road Cycle route	TfL Schemes	2.1 An improved local environment	0.100	-	-	-	-	0.100
Bus Priority	TfL Schemes	2.1 An improved local environment	0.006	-	-	-	-	0.006
Fulneck 150 Mile End Road	Transport S106 Funded Schemes	2.1 An improved local environment	0.089	-	-	-	-	0.089
Gem House	Transport S106 Funded Schemes	2.1 An improved local environment	0.150	-	-	-	-	0.150
Ocean Estate Feeder Site 2 (FS2) & Feeder Site 4 (FS4)	Transport S106 Funded Schemes	2.1 An improved local environment	0.056	-	-	-	-	0.056
Aldgate Place	Transport S106 Funded Schemes	2.1 An improved local environment	0.342	-	-	-	-	0.342
Cycling and Pedestrian Improvements Programme	Transport S106 Funded Schemes	2.1 An improved local environment	0.050	0.050	0.338	0.338	0.676	1.452
King Edward Memorial Park	Parks	2.1 An improved local environment	0.563	1.500	1.500	-	-	3.563
Leisure Centre Improvements	Culture	1.4 More people living healthily and independently for longer	1.500	-	-	-	-	1.500
Streetlighting Replacement	Public Realm Improvements	2.1 An improved local environment	1.500	5.000	5.000	3.500	-	15.000
Disabled Facilities Grants	Disabled Facilities Grants	2.2 Better quality homes for all	1.257	1.257	1.257	-	-	3.771
TfL Cycle Hire	S106 Schemes	2.1 An improved local environment	0.060	-	-	-	-	0.060
Bow TfL	S106 Schemes	2.1 An improved local environment	0.307	-	-	-	-	0.307
Crossharbour	S106 Schemes	2.1 An improved local environment	0.080	-	-	-	-	0.080
Commercial Road	S106 Schemes	2.1 An improved local environment	0.120	-	-	-	-	0.120
Bus Initiative	S106 Schemes	2.1 An improved local environment	0.060	-	-	-	-	0.060
Carbon offsetting	S106 Schemes	2.1 An improved local environment	0.610	-	-	-	-	0.610
Stepney Farm	S106 Schemes	2.1 An improved local environment	0.122	-	-	-	-	0.122
Thriving High Streets Pilot Programme	Thriving High Streets Pilot Programme	2.1 An improved local environment	1.000	-	-	-	-	1.000
Establish a Wholly Owned Company	Establish a Wholly Owned Company	2.2 Better quality homes for all	6.000	-	-	-	-	6.000
Establish a Community Benefit Society	Establish a Community Benefit Society	2.2 Better quality homes for all	2.500	-	-	-	-	2.500
Investing in public realm to improve the local environment for residents	Mayoral Priority Growth 2017-18 to 2019-20	2.1 An improved local environment	1.000	1.000	1.000	-	-	3.000
Improving Air quality in Tower Hamlets	Mayoral Priority Growth 2017-18 to 2019-20	2.1 An improved local environment	0.050	0.050	-	-	-	0.100
Provision of four new outdoor gyms to improve health outcomes to all parts of the community	Mayoral Priority Growth 2017-18 to 2019-20	1.4 More people living healthily and independently for longer	0.200	-	-	-	-	0.200
Creating community hubs and regularising the usage and of community buildings to provide high quality, low cost space for community groups	Mayoral Priority Growth 2017-18 to 2019-20	1.5 Reducing inequality and embracing diversity	1.026	0.500	-	-	-	1.526
Introducing new off-street parking arrangements in our housing estates due to changes in national legislation	Mayoral Priority Growth 2017-18 to 2019-20	2.1 An improved local environment	0.200	1.100	2.000	-	-	3.300
Place Total			19.620	11.447	13.125	3.838	0.676	48.706
Resources								
Providing free Wi-Fi in Tower Hamlets for all	Mayoral Priority Growth 2017-18 to 2019-20	1.5 Reducing inequality and embracing diversity	1.000	0.500	-	-	-	1.500
Resources Total			1.000	0.500	-	-	-	1.500
Corporate								
Civic Centre Project - pre-procurement detailed design phase	Whitechapel Civic Centre	Enabling Services	1.795	-	-	-	-	1.795
Corporate Total			1.795	-	-	-	-	1.795
Housing Revenue Account								
Housing Capital Programme	Housing Capital Programme	2.2 Better quality homes for all	17.265	32.815	33.104	31.827	30.327	145.338
Housing Revenue Account Total			17.265	32.815	33.104	31.827	30.327	145.338
Total Indicative Schemes 2017-18 to 2021-22			48.395	62.562	63.479	35.665	31.003	241.104

Capital Programme Budget

Directorate/Programme	2016-17 Revised Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2016-17 to 2021-22 Total Budget £m
Adults' Services	3.592	3.730	2.638	4.501	1.591	-	16.052
Children's Services	16.591	30.410	25.565	17.250	-	-	89.816
Place	9.627	52.434	31.630	13.411	4.018	0.676	111.796
Building Schools for the Future	0.290	0.977	-	-	-	-	1.267
Resources	-	1.000	0.500	-	-	-	1.500
Corporate	6.388	14.600	8.000	7.000	-	-	35.988
Total General Fund / Non HRA	36.488	103.151	68.333	42.162	5.609	0.676	256.419
Housing Revenue Account	56.227	113.120	92.414	48.571	55.188	30.327	395.847
Total HRA	56.227	113.120	92.414	48.571	55.188	30.327	395.847
Total Budget	92.715	216.271	160.747	90.733	60.797	31.003	652.266

Capital Programme by Strategic Priority Area

Strategic Priority Area	2016-17 Revised Budget £m	2017-18 Budget £m	2018-19 Budget £m	2019-20 Budget £m	2020-21 Budget £m	2021-22 Budget £m	2016-17 to 2021-22 Total Budget £m
1.1 A dynamic local economy, with high levels of growth benefiting us	-	-	-	-	-	-	-
1.2 More residents in good-quality, well-paid jobs	-	-	-	-	-	-	-
1.3 Young people realising their potential	16.565	30.886	25.445	17.250	-	-	90.146
1.4 More people living healthily and independently for longer	3.676	8.671	2.638	4.501	1.591	-	21.077
1.5 Reducing inequality and embracing diversity	-	2.026	1.000	-	-	-	3.026
2.1 An improved local environment	6.811	17.946	14.222	12.154	4.018	0.676	55.827
2.2 Better quality homes for all	58.607	140.056	109.442	49.828	55.188	30.327	443.448
2.3 Less crime and anti-social behaviour	0.077	0.068	-	-	-	-	0.145
2.4 Engaged, resilient and cohesive communities	0.048	1.474	-	-	-	-	1.522
Enabling Services	6.931	15.144	8.000	7.000	-	-	37.075
Total Budget	92.715	216.271	160.747	90.733	60.797	31.003	652.266

Capital Programme Funding

Directorate/Programme	Capital Grants £m	Major Repairs Allowance £m	Schools Contribution £m	Capital Receipts £m	Prudential Borrowing £m	S106 / Community Infrastructure Levy £m	Revenue £m	Total Funding £m
Adults' Services	0.166	-	-	-	-	15.886	-	16.052
Children's Services	71.657	-	0.894	0.600	-	14.100	2.565	89.816
Place	22.343	-	-	11.886	15.000	24.262	38.305	111.796
Building Schools for the Future	-	-	1.267	-	-	-	-	1.267
Resources	-	-	-	-	-	-	1.500	1.500
Corporate	-	-	-	1.000	0.355	29.488	5.145	35.988
Total General Fund / Non HRA	94.166	-	2.161	13.486	15.355	83.736	47.515	256.419
Housing Revenue Account	1.700	84.829	-	107.025	111.149	-	91.144	395.847
Total HRA	1.700	84.829	-	107.025	111.149	-	91.144	395.847
Total Funding	95.866	84.829	2.161	120.511	126.504	83.736	138.659	652.266

Figures are rounded to the nearest thousand

Appendix 10

BUDGET CONSULTATION FEEDBACK

Results of the Budget consultations and quantitative surveys

Corporate Research Unit

This appendix provides headline analysis of the council's Budget survey and consultations. The council used three different methods to obtain the views of residents and businesses in the borough about the Budget:

1. **Resident survey:** A statistically robust survey was conducted with 1,300 residents (through telephone interviews with 1,100 and face-to-face interviews with 200). The survey was designed to collect responses from a group of residents who are broadly representative of the borough's population.
2. **Resident consultation:** An open consultation for all residents in the borough was available online and received 442 responses from individuals. The nature of an online consultation means that respondents are a self-selecting group and does not allow for a representative sample.
3. **Business consultation:** An open consultation for all businesses in the borough was available online and received 97 responses. In addition, 16 responses to the resident consultation were done on behalf of an organisation and have been added to the business consultation where possible. Again, the nature of an online consultation means that respondents are a self-selecting group and does not allow for a representative sample of businesses in the borough.

Despite different methodologies, the questions posed to respondents were broadly similar and results have been reported side by side where possible. However, in some instances the wording of the questions and options given to businesses were different to those given to residents, and therefore the results have been reported in separate tables.

Please note that not all questions were answered by every respondent, particularly in the online consultations. This means that the total number of respondents in a table will often be lower than the overall size of the sample.

Respondent profile: residents

The table below compares the demographic profile of respondents of the resident survey and resident consultation with the 2011 Census. It shows:

- The resident survey is broadly representative of the borough population, except for tenure. Social tenants are over-represented in the survey sample and private tenants are under-represented.
- The resident consultation is not representative of the borough population:

- Groups who are under-represented include: young people under 25, Bangladeshi residents, social and private tenants, and those who are economically inactive.
- Groups who are over-represented include: White British residents, owner/occupiers, and those working full-time.

Profile of residents responding to the quantitative survey and consultation						
	2011 Census*		Resident Survey		Resident Consultation	
	Count	%	Count	%	Count	%
Gender						
Female	98,585	48%	680	52%	184	51%
Male	105,368	52%	620	48%	175	49%
Age						
16-24	42,781	21%	245	19%	5	1%
25-34	73,185	36%	418	32%	111	32%
35-44	37,217	18%	299	23%	103	30%
45-54	21,514	11%	141	11%	74	21%
55-64	13,686	7%	103	8%	36	10%
64-74	8,169	4%	51	4%	15	4%
75+	7,401	4%	43	3%	5	1%
Ethnicity						
White British	71,861	35%	416	33%	185	56%
Any Other White Background	33,618	16%	147	12%	79	24%
Mixed / Dual Heritage	6,582	3%	44	3%	8	2%
Bangladeshi	52,629	26%	369	29%	27	8%
Any Other Asian or Asian British Background	20,573	10%	69	5%	19	6%
Black or Black British	13,856	7%	205	16%	13	4%
Any Other Ethnic Background	4,834	2%	22	2%	0	0%
Tenure						
Owner/occupier	50,235	25%	272	22%	195	59%
Social tenant	77,936	39%	706	56%	67	20%
Private tenant	72,043	36%	272	22%	66	20%
Work status						
Working full time (30+ hours per week)	79643	39%	467	36%	223	64%
Working part-time (< 30 hours per week)	24525	12%	214	17%	42	12%
Self-employed	17076	8%	78	6%	26	8%
Economically inactive	66330	33%	456	36%	49	14%
Unemployed	16379	8%	69	5%	6	2%
Disability						
Day-to-day activities not limited	171,616	84%	1145	88%	323	90%
Day-to-day activities limited	32,337	16%	154	12%	35	10%
Carers						
Does not provide unpaid care	185,164	91%	1194	92%	317	88%
Provides unpaid care	18,789	9%	104	8%	42	12%
Total	203,953	100%	1,300	100%	442	100%

*These figures are for the 16+ population.

Note: The sum of all items within each category may be less than the total size of the sample because some respondents did not give an answer.

Respondent profile: businesses

The table below compares the size of the businesses that responded to the business consultation with the size of all businesses in the borough. It shows that 'micro-businesses' with fewer than 10 employees are under-represented in the sample while larger businesses are over-represented.

Profile of businesses responding to the consultation				
	IDBR*		Business consultation	
	Count	%	Count	%
Organisation size				
0-9 employees	14,195	90%	60	62%
10-50 employees	1,220	8%	24	25%
51-250 employees	265	2%	7	7%
Over 250 employees	85	1%	6	6%
Total	15,765	100%	97	100%

Note: This profile applies to respondents to the business consultation, but does not include those who responded to the resident consultation on behalf of an organisation.

* IDBR refers to the Inter Departmental Business Register, accessed via NOMIS.

In addition to business size, the table below provides information about the type of organisations that responded and the respondent's role within the organisation. No data is available to determine how representative the sample is on these characteristics.

Profile of businesses responding to the consultation		
	Count	%
Organisation type		
Private sector	62	64%
Voluntary / community	10	10%
Public sector	6	6%
Other	19	20%
Role in the organisation		
Owner	29	33%
Director	32	36%
Employee	22	25%
Volunteer	0	0%
Other	6	7%
Total	97	100%

Note: This profile applies to respondents to the business consultation, but does not include those who responded to the resident consultation on behalf of an organisation.

Views on how the council should find savings

Respondents were asked to choose their top two solutions for minimising the impact of budget savings from a list of six options. The table below shows that the top response in all three methods was to 'make council services more efficient'. However, the ranking of the second and third most common responses varied:

- Resident survey: the second most common response was 'council to work with voluntary and community organisations to deliver services', and the third most common was 'council to share services with neighbouring boroughs'.
- Resident consultation: the second most common response was 'council to share services with neighbouring boroughs', and the third most common was 'create a three year budget, rather than annual budget, to improve outcomes from services'.

- Business consultation: the second most common response was 'create a three year budget, rather than annual budget, to improve outcomes from services' and the third most common was 'council to share services with neighbouring boroughs'.

Q: Almost half of the savings will need to be found in the first year of the budget. We are exploring a range of solutions to minimise the impact of the savings the council is required to make. If we had to pursue just two, what would be most important to you?

	Resident Survey		Resident Consultation		Business Consultation	
	Count	%	Count	%	Count	%
Make council services more efficient	717	55%	202	55%	53	57%
Council to work with voluntary and community organisations to deliver services	596	46%	103	28%	27	29%
Council to share services with neighbouring boroughs	452	35%	170	46%	36	39%
Create a three year budget, rather than annual budget, to improve outcomes from services	380	29%	166	45%	38	41%
Use the council's reserves to delay savings	178	14%	36	10%	10	11%
Outsource services to the private sector	107	8%	29	8%	11	12%
Other	20	2%	49	13%	5	5%
Total Respondents	1,294	100%	366	100%	93	100%

Note: Respondents could select more than one option so percentages will not sum to 100.

Respondents were also asked to rank a list of five savings options on a scale of one to five, with lower scores indicating their more preferred options. The average scores from all three methods are ranked in the same order, with the most preferred option being 'reduce spending on temporary agency staff'.

Q: We have identified some areas where Tower Hamlets spends much more than most other councils, and budgets could be reduced so they are more in line with average spending. (Please put them in your preferred order from 1-5, with your most preferred option as 1)

	Average score (Lower score indicates more preferred)		
	Resident Survey	Resident Consultation	Business Consultation
Reduce spending on temporary agency staff	2.01	1.59	1.73
Reduce spending on internal council services	2.51	2.19	2.17
Reduce the budget for substance misuse services to bring it into line with others	3.00	3.29	3.37
Reduce the youth services budget to bring it into line with others	3.51	3.78	3.70
Reduce spending on extra support to schools	3.94	4.05	3.96
Total respondents	1,286	367	91

Note: Respondents who responded to the resident consultation on behalf of an organisation have been included in the business consultation cohort.

Finally, respondents were given three different options about how the council could make savings. There are differences in the responses across the three methods. While responses to the resident survey and resident consultation are broadly similar, a greater proportion of businesses felt that the council should 'reduce budgets across all services by the same proportion'.

Q: Would you prefer that the council:						
	Resident Survey		Resident Consultation		Business Consultation	
	Count	%	Count	%	Count	%
Protect front line services	541	43%	151	42%	41	46%
Continue to invest resources in services that are council priorities	522	42%	159	44%	25	28%
Reduce budgets across all services by the same proportion	190	15%	50	14%	24	27%
Total respondents	1,253	100%	360	100%	90	100%

Note: Respondents who responded to the resident consultation on behalf of an organisation have been included in the business consultation cohort.

Views on increasing Council Tax

Respondents were asked their views on an increase in Council Tax. While residents in the resident survey and resident consultation most commonly said that they supported the measure, respondents to the business consultation most commonly said that they did not support it.

Q: The government has said councils can add a 1.99 per cent increase in council tax every year for three years to cover additional responsibilities in adult care. The government has also said it expects councils to increase their council tax rate by an additional 1.75 per cent every year to cover inflation. The inflationary increase would raise an additional £8.4m and increase the cost of council tax per property by 31 pence per week. Do you support an additional increase in council tax?

	Resident Survey		Resident Consultation		Business Consultation	
	Count	%	Count	%	Count	%
Yes	628	48%	213	58%	31	34%
No	489	38%	125	34%	41	45%
Don't know / Other *	183	14%	28	8%	19	21%
Total respondents	1,300	100%	366	100%	91	100%

Note: The business consultation allowed respondents to submit free-text comments which have been coded as 'other' due to ambiguity.

Views on what the impact of savings will be

Both residents and businesses were asked what they think the impact of savings in the borough would mean, though businesses had a slightly different list of options to choose from. Among residents, responses varied between the resident survey and

consultation. While respondents to the resident survey most commonly said that they thought the 'council will be more efficient', respondents to the resident consultation most commonly said 'fewer services will be available'.

Q: Do you think the impact of these savings on the borough will mean:				
	Resident Survey		Resident Consultation	
	Count	%	Count	%
Council will be more efficient	374	29%	97	27%
Fewer services will be available	279	22%	123	34%
Service quality will go down	246	19%	110	31%
Service quality will improve	132	10%	10	3%
More services will be available	132	10%	3	1%
Council will be less efficient	128	10%	17	5%
Total Respondents	1,291	100%	360	100%

Among businesses, the most common response was that 'councils will be more efficient', closely followed by 'no impact on my organisation achieving its objectives'.

Q: Do you think the impact of these savings on the borough will mean:		
	Business Consultation	
	Count	%
Council will be more efficient	21	27%
No impact on my organisation achieving its objectives	20	26%
A negative impact on my organisation achieving its objective	15	19%
Service quality will go down	12	15%
Council will be less efficient	6	8%
Service quality will improve	4	5%
Total Respondents	78	100%

Note: Residents who took part in the resident consultation on behalf of an organisation (rather than responding to the business consultation) have been excluded from this table as they were given a different set of options.

Services which residents use or benefit from most

Residents were asked which service their household used or benefited from the most. The most common response in both the resident survey and resident consultation was 'parks and open spaces'. However, the second most common response differed between the two methods. Respondents to the resident survey said that 'libraries' were the second most used service, while respondents to the resident consultation said 'historic places / museums'.

Q: Which of the following, if any, do you or other members of your household use or benefit from? (Please tick all those that are relevant)

	Resident Survey		Resident Consultation	
	Count	%	Count	%
Parks and open spaces	992	80%	322	91%
Libraries	903	73%	194	55%
Sports and swimming facilities	594	48%	175	49%
Historic places / museums	541	43%	202	57%
Arts / events	449	36%	158	45%
Primary schools	378	30%	87	25%
Playgrounds	348	28%	102	29%
Secondary schools	291	23%	48	14%
Council Tax Reduction Scheme	272	22%	49	14%
Youth service	193	16%	28	8%
Services for under 5s	189	15%	60	17%
Total Respondents	1,244	100%	354	100%

Notes: Respondents could select more than one option so percentages will not sum to 100.

Services which businesses want to be involved in

Businesses were asked which services they would like to be involved in discussions about. The most common response was 'the Council Tax Reduction Scheme', closely followed by 'parks and open spaces'.

Q: Would you like to be involved in discussions regarding possible changes in each of the following areas?

	Business Consultation	
	Count	%
The Council Tax Reduction Scheme	17	33%
Parks and open spaces	16	31%
Arts/Events	13	25%
Libraries and Idea Stores	9	17%
Other	9	17%
Secondary schools	9	17%
Public health services	9	17%
Youth services	8	15%
Leisure facilities	7	13%
Primary schools	6	12%
Council Housing managed by Tower Hamlets Homes	5	10%
The Housing Benefit service	4	8%
Adult Social Services such as homecare and residential care	4	8%
Social Housing managed by Housing Associations	3	6%
Services for the under 5s	3	6%
Total Respondents	52	100%

Notes: Respondents could select more than one option so percentages will not sum to 100.

Residents taking part in the representative survey and consultation were given different question and set of options than those completing the business consultation. As a result, respondents completing the resident consultation on behalf of an organisation have been excluded on this question.

Council services which have had the biggest impact

Residents were asked to respond to the question 'In your opinion, which council service(s) have the biggest impact on your life?' Businesses were asked a similar question: 'In your opinion which council services have the greatest impact on your organisation achieving its objectives?' The question was open-ended. Responses have yet to be analysed in depth, but key themes emerging are:

- Residents named a wide range of services. The services mentioned most often by residents were: waste collection, street cleaning, health, education, transport, parks, libraries, parking, road maintenance and housing.
- Many residents named services that are not provided by the council, such as 'NHS' and 'public transport', indicating that they are not clear on the role of the council.
- Residents responded with services that had both negative and positive impacts on their lives. For example, two residents both said 'repairs' but one had a negative experience, saying the council did not help when they complained, and another had a positive experience, saying that the council has always carried out repairs for them.
- The services mentioned most often by businesses were: business rates, waste collection and street cleaning.

Detailed feedback from the stakeholder engagement event held at Mile End Park Ecology Pavilion on November 3.

Summary of responses to the questions

How do we meet our funding challenges by changing the way services are delivered?

- Considering public money as a whole rather than as individual organisations
- Lobbying central government about funding locally,
- Relationship with THCVS is about measuring output and not measuring outcome. This needs to change.
- Partnership approach to sharing outcomes; co production rather than passing on the duty to the THCVS,
- Voluntary doesn't mean free; there is a need to invest in voluntary organisations,
- Business rates and the impact on the voluntary sector; the policy is being enforced without discretion. This is causing issues.
- Culture change and more trust. We need adult to adult conversations about co-production with commissioning,
- Effective communication about the impact of cuts and reasons for decisions
- There is a role to be played by RSL's and the VCS in delivering local priorities. They need to be more actively involved.
- Local communities should be engaged through VCS to promote behaviour change and reduce dependency on services.
- Explore opportunities such as incentivising communities through council tax rebates where they can demonstrate they are supporting the council to achieve savings by reducing burden on services or being more self-sufficient,
- Planning for more mix-use developments (commercial and residential),
- Maximising commercial opportunities and taking a more longer term view on developments and community benefits.
- Re-allocation of resources and services that meets the needs of vulnerable residents.
- Better sharing of information and community intelligence to achieve better outcomes,
- Proactive and early interventions in tackling low level issues like ASB and fly tipping before they become bigger problems,
- New strategies need to be developed in a more joined up way. For example joint strategies could be agreed by multiple agencies that could deliver efficiency saving by developing collective strategies and policies that share resources.
- Peer review of all services provided by different agencies within the borough to identify good practice and good practice should be shared.

- Residents should to be educated how things they do can impact the cost of the services. For example if rubbish could be left at collections points, what saving could be made?
- Focus on Priorities and those areas that address multiple issues
- Housing Improvement assists with many problems including:
 - Overcrowding
 - Health issues
 - ASB
 - Employment.

How can we work together to achieve the best outcomes for residents?

- We need partnership agreement on what outcomes should be - what is the achievement you want?
- We want people to be less dependent on the services as a council or use them less/in an efficient way.
- We need to stop silo working for a common achievement, and actually work together at the different stages of service user going through the support pathway.
- Looking at sharing the pot of monies that all organisations have.
- We need to know what's in each organisation's pot and work together rather than feel like we are competing.
- How do we give organisations the confidence to hand over to another organisation that can help with the next step?
- The council can have an enabler role rather than a leading role.
- Improve our sharing of intelligence across partners including more real time collaboration rather than occasional or scheduled sharing of information.
- More analysis of mistakes and forums to reflect and learn from them across partners.
- Join up investment and commissioning to reduce duplication and benefit from greater economies of scale.
- Use enforcement powers across agencies to achieve better outcomes e.g. Police and LA Enforcement officials to tackle ASB, Waste etc..
- Join up our conversations with residents and stakeholders.
- Explore joining up functions between partners such as LA, CCG.
- Look beyond Tower Hamlets to explore cross-borough working where appropriate.
- Work more closely with SME's and harness CSR activities to support strategic priorities.
- More innovations in design and delivery of local services.
- Clear systems / protocols of information sharing and referral mechanisms.
- Focussing more on developing and maintaining grassroots partnerships and collaborations.

- Providing more clarity and emphasis on shared priorities.
- Improving knowledge and understanding of local services and community groups.
- Accessibility of information and data and clear communication leads.
- Agencies need to share more data to enable that data to be used to its fullest potential and create more efficiency. For example anti-social behaviour and crime data could be shared by the council/police/housing associations to build up intelligence.
- Front line staff should be given training to spot warning signs for other services e.g. possible ASB issues could identify possible vulnerable adults or children, domestic violence etc. A toolkit could be developed to signpost people to contacts across key services.
- Co-production of services and key performance indicators for procurement of services should be focused on outcomes rather than outputs.
- Integrated Services as a way forward.
- Change in mindset needed from residents and politicians – Council is not here to do everything for everyone.
- Health and Social care joint commissioning needs to be extended.
- Community Development
 - Empower and assist to reduce dependency
 - Improve community resilience
 - Engagement with THVCS.

Are there income generation opportunities?

- Better communication with private organisations and businesses about what resources they can invest.
- Are there services in the council that should be charged? And could the council offer them to the CVS?
- Work with partners to jointly invest in early intervention and prevention in order to save in the long run.
- Work with voluntary and charity sector through incentives to set up enterprises that can collect and resell unwanted furniture/goods – could it reduce council spend on waste management?
- Grant giving organisations; how do they understand the work of our voluntary organisations and their impact?
- Should the council take a brokering role rather than a grant giving role?
- THCVS – could the council write the bids on their behalf? At the moment some consultants charge for it.
- Council has a subscription to grant finder. Information like this should be better communicated to those that can benefit.
- Explore opportunities on how data can be used for or by commercial entities providing the council an additional income source.

- Sell services to other local authorities e.g. support for back office functions/legal caseload management etc..
- Explore alternative options to selling council assets for cash e.g. exchanging land for residential or commercial properties which provide a longer term income solution rather than just selling.
- Deflect more costs of waste management associated with fast food outlets to reduce council spend.
- Encourage more commercial and residential developments.
- Promote and support business growth.
- Develop and promote digital services to save money and ensure service efficiency.
- Develop a local congestion charge for the A13.
- More open discussion and joined up business planning with local CVS and SME's
- Better use of community buildings and maximising revenue generating opportunities.
- Set up trading companies (that offer expert knowledge, skills and services) for profit.
- The council needs to look at what marketable resources it has and if income can be generated by providing services to other local authorities/agencies.

Ideas Board:

- Smarter commissioning. Focus on outcomes and value for money.
- We need a single electronic database across providers to inform key outcomes.
- Introduce a VCS consortium for joint delivery of a single contract.
- Prevention work needs to be prioritised. It is squeezed at the moment
- Invest more in employment services.
- Reduce dependency. Allow others to say no to residents.

Detailed feedback from the Business breakfast event.

Summary of responses to the questions

Q1 How do we meet our funding challenges?

- Planning for more mix-use developments (commercial and residential)
- Maximising commercial opportunities and taking a more longer term view on developments and community benefits.
- Re-allocation of resources and services that meets the needs of vulnerable residents.
- More open and trusting partnership and collaboration with CVS (Community Data Base).
- Better sharing of information and community intelligence to achieve better outcomes.
- Proactive and early interventions in tackling low level issues like ASBs and fly tipping before they become bigger problems.
- We have to have shared principles for decision making.
- We need to minimise disadvantage: we need to understand the equalities issues and work out how we can work together on these issues.
- Given Canary Wharf and the City we need more than just mentoring support. We need to leverage those relationships get these stakeholders to be involved. We need to create a clear relationship with these stakeholders. We need to be clear what our offer is to them and how they can help us with our priorities. It needs to be a win win for us and them. At the moment it not clear what our relationships are and how they can get involved.
- Shared services with other LAs – need to consider providing back office support and frontline services across a wider geographical area perhaps sharing with other LAs to gain economies of scale.
- We are not good at commissioning and we need to recognise that we need to do more joint commissioning with other organisations e.g. working much closer with Clinical Commissioning Group.
- We need to recognise the demographic changes that is taking place now, LBTH is being gentrified it's probable the people moving into the borough will have less needs and less reliance on the local government for services this needs to be factored in to the new model on how we deliver public services.

Q2 How can we work together to achieve the best outcomes for residents?

- Co-production with third sector is way off in terms of the way we work together. We need to focus on third sector consortia and the way we support 3rd sector organisations in commissioning
- We need to be better at understanding user needs
- We need to consider how the LA and 3rd sector organisations work together and how this can be greater and more developed.
- Do we share intelligence/data/information to maximise resources and give service users the best experience?
- Are we getting to people earlier before their needs become greater?
- Elaborating further on the previous point about demographics are we planning ahead?
- There should be a local presence in the civic centre – as in we share some of the space with our partners, it's good opportunity as we will be in a central location
- Focussing more on developing and maintaining grassroots partnerships and collaborations.
- Improving knowledge and understanding of local services and community groups.
- Accessibility of information and data and clear communication leads.

Q3 Are there opportunities for income generation?

- Untapped resources? – e.g. Shoreditch, City and Canary Wharf things are done with these stakeholders in a piecemeal way at the moment. Good examples of great working relationships for the benefit of the public include the Education Business Partnership, but results are mainly focused on education, and mentoring. What about in kind leadership support? Support with how we can run better income generating services, Opportunities to work with these stakeholders to deliver more income for the community.
- There is not a single department that deals with these stakeholders, we have multiple points of contact (within the council and through 3rd sector) with businesses and no real understanding of what we can achieve working with them e.g. through Corporate Social Responsibility. Businesses will only invest where there is a clear offer.
- Fairness Commission- we need a strategy on the CSR agenda, EBP works but we need this kind of co-operation in other areas.
- Relationship with businesses it's not clear who holds this responsibility within the council.
- Spin off companies? Look at new models of delivering public services through spin off companies that also bring in income as well as delivering public services.
- Hybrid services with private companies? Private companies are opening up clinics within the borough, what kind of opportunities exist to provide services jointly?
- What kind of income and to what end? Onus is on the Council to develop these ideas and communicate it clearly to get big employers on board.
- Recognition that we need to be more commercially aware, do we have these skills, know-how in the organisation?
- Encouraging more commercial and residential developments.
- Promoting and supporting business growth.
- Developing and promoting digital services to save money and ensure service efficiency.
- More open discussion and joined up business planning with local CVS and SME's.
- Better use of community buildings and maximising revenue generating opportunities.
- Set up trading companies (that offer expert knowledge, skills and services) for profit.