



Meeting of the

# **CABINET**

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Wednesday, 11 January 2012 at 5.30 p.m.

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**SUPPLEMENTAL AGENDA**

**BUDGET 2012/2013**

**DOCUMENT PACK**

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**Cabinet  
(11 January 2012)**

**Extraordinary Overview and Scrutiny Committee  
(Date tbc, January 2012)**

**Cabinet  
(08 February 2012)**

**Council  
(22 February 2012)**

## **Please Note**

It is important that all members of the Council attending the above meetings bring this document pack with them.

**LONDON BOROUGH OF TOWER HAMLETS**

**CABINET**

**WEDNESDAY, 11 JANUARY 2012**

**5.30 p.m.**

**10 .1 General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015 (CAB 062/112) (Pages 1 - 218)**

# Agenda Item 10.1

<b>Committee:</b> Cabinet	<b>Date:</b> 11 <sup>th</sup> January 2012	<b>Classification:</b> Unrestricted	<b>Report No:</b> CAB 062/112	<b>Agenda Item:</b>
<b>Report of:</b> Corporate Director of Resources  <b>Originating officer(s):</b> Peter Hayday, Interim Head of Corporate Finance		<b>Title:</b> General Fund Capital and Revenue Budgets and Medium Term Financial Plan 2012-2015.  <b>Wards Affected:</b> ALL		

<b>Lead Member</b>	Cllr Alibor Choudhury (Cabinet Member for Resources)
<b>Community Plan Theme</b>	One Tower Hamlets
<b>Strategic Priority</b>	Ensuring Value for Money across the Council

## 1. SUMMARY

1.1 This report sets out a range of proposals which form part of the draft Medium Term Financial Plan (MTFP) covering the three year period from 2012-13 to 2014-15. 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 the 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 financial planning period.

A summary of the projected General Fund budget for each of the three years is shown in Appendix 1 with a more detailed service analysis in Appendix 2.

1.2 The draft MTFP has been prepared against a backdrop of an uncertain national economic position. Low growth and rising unemployment, allied to higher than projected inflation, increases the risk of both a growing demand for Council services and an increase in the unit costs of providing those services. At the same time the government is proposing major changes to the way public services are both delivered and financed in the future with a significant transfer of risk to local authorities; some of these changes are currently planned to be introduced within the next three years.

- 1.3 Although the chancellor made his Autumn Statement on 29<sup>th</sup> November with further information provide through the Office for Budget Responsibility there remains great uncertainty over the level of public services investment that will be available over the business planning period and beyond.
- 1.4 Therefore, the MTFP, of necessity, includes a number of key planning assumptions which will need to be closely tracked as part of the Council's established financial and performance monitoring process. This will ensure that any significant variances are quickly identified together with appropriate mitigating actions.

## **2. DECISIONS REQUIRED**

The Mayor in Cabinet is recommended to:

- 2.1 Agree that the items listed below be proposed for public consultation and consideration by the Overview & Scrutiny Committee in accordance with the Budget and Policy Framework (Section 15); noting that a further report will then be submitted to the next Cabinet meeting in February detailing the results of consultations and inviting the Cabinet to recommend a budget Requirement and Council Tax for 2012-13 to Full Council.

### **Grant Funding**

- The funding available for 2012-13 and the indications and forecasts for future years (section 7);

### **Base Budget 2012-13**

- The Base Budget for 2012-13 as £292.265m as detailed in Appendices 1 and 2.

### **Growth and Inflation**

- The risks identified from potential inflation and committed growth arising in 2012-13 and future years and as set out in Section 8 and in Appendix 3.
- The earmarking of Year 1 New Homes Bonus in 2011-12 and future years, up to a total of £10m, for potential investment in the Decent Homes Programme as set out in paragraph 7.13.

## **The General Fund Revenue Budget and Medium Term Financial Plan 2012-13 to 2014-15**

- The initial budget proposal and Council Tax for 2012-13 together with the Medium Term Financial Plan set out in Appendices 1 and 2 and the savings targets arising.

### **Savings**

- The savings items proposed to be included in budgets for 2012-13 and future years set out in Section 9 and in Appendices 4.2 and 5.

### **Capital Programme**

- The revised capital programme to 2014-15, including the proposed revisions to the current programme as set out in section 13 and detailed in Appendices 9.1, 9.3 and 9.4.

### **Dedicated Schools Grant**

- The position with regard to Dedicated Schools Grant as set out in section 11 and Appendix 7.

### **Housing Revenue Account**

- The position with regard to the Housing Revenue Account as set out in section 12 and Appendix 8.

### **Financial Risks: Reserves and Contingencies**

- The advice on strategic budget risks and opportunities as set out in section 10 and Appendices 6.1 and 6.2.

### **Reserves and Balances**

- The review of reserves as set out in section 7 and further detailed in Appendices 6.1 and 6.3.
- The officers' advice on the strategy for general reserves.

- 2.2 Approve the variations to the budgets for the three capital schemes detailed in Appendix 9.3 reflecting the associated additional external funding that is now available and to enable the programmes of work to continue.

### **3. REASONS FOR THE DECISIONS**

- 3.1 The Council is under an obligation to set a balanced budget for the forthcoming year and to set a Council Tax for the next financial year by 7<sup>th</sup> March 2012. The setting of the budget is a decision reserved for Council. The Council's Budget and Policy Framework requires that a draft budget is issued for consultation with the Overview & Scrutiny Committee at this meeting to allow for due process.
- 3.2 The announcements that have been made about Government funding for the authority require a robust and timely response to enable a balanced budget to be set.

### **4. ALTERNATIVE OPTIONS**

- 4.1 The authority is bound to respond to the cuts to 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 authority can determine its priorities in terms of the services it seeks to preserve and protect where possible, and to a limited extent the services it aims to improve further, during the period of cuts.

### **5. BACKGROUND**

- 5.1 The Council's integrated financial and business planning process is the key mechanism by which plans and strategies are reviewed to ensure the performance and priorities are being met and that resources are allocated effectively to underpin their achievement. The process culminates in changes to the budget and medium term financial strategy that delivers a revised Community Plan and Strategic Plan. These plans reflect the Council's own priorities and contributes to the wider Community Plan delivered in conjunction with the Strategic Partnership.
- 5.2 The draft Medium Term Financial Plan (MTFP) as presented to Cabinet on 3rd August 2011 showed a projected three year funding shortfall of between £40m and £50m. This included a budget gap of some £19m in 2012-13.
- 5.3 Since the July meeting a considerable amount of work has been undertaken to review the key planning assumptions and to develop further savings proposals. As a result the proposals set out in this report provide the basis for a broadly balanced budget over the three year planning period to March 2015. This has been achieved through:

- identifying new savings proposals totalling £28.3m and additional core grant income of 5.7m;
- a reduction in the projected growth and inflation cost requirements of some £4m; and
- the use of some £9m of general fund reserves to smooth the impact of the front-loading of the government grant reduction over the three year planning period (equating to £1.4m net)

The revised planning assumptions and savings options are now being presented as part of the budget consultation process and the budget scrutiny process. The savings options of £28.3m are in addition to the £55.4m of savings already approved by Full Council in March 2011.

#### 5.4 The main body of the report is in 10 Sections:

- Strategic Approach (Section 6)
- Financial Resources (Section 7)
- Revenue Investment (Budget Pressures – Section 8)
- Budget Process and Savings Proposals (Section 9)
- Risks and Opportunities (Section 10)
- Dedicated Schools Grant (Section 11)
- Housing Revenue Account (Section 12)
- Capital Programme (Section 13)
- Treasury Management Strategy (Section 14)
- Consultation (Section 15)

#### 5.5 The key planning assumptions that support the draft MTFP are set out below and in the attached Appendices (as listed in Section 23 below).

## **6. STRATEGIC APPROACH**

6.1 The Council has a well-embedded approach to strategic and resource planning (SARP). Key priorities are agreed with residents and partners in the Community Plan 2020 and these are reflected in a set of strategic objectives in the Council's three year Strategic Plan.

6.2 Notwithstanding the need to manage within a very challenging financial context, the Council still needs to remain focused on delivering its key policy objectives. Specifically the Mayor has made clear those priorities that he wishes to see reflected in the allocation of Council resources, namely: improving the condition of social housing; increasing the supply of affordable social housing (particularly family sized housing); maintaining the provision of services for young people; delivering programmes of skills development,

employment and enterprise activity; maintaining support to vulnerable adults; minimising the impact on resident household budgets and; protecting investment in activity that promotes community safety.

- 6.3 In addition to this, the Mayor has also asked officers to fundamentally challenge how the council delivers its business so that the following principles are embedded in the way we work:

A council that will:

- employ a workforce that fully reflects the community it serves;
- ensure its staff are never paid below the London living wage;
- minimise job losses and promote career development;
- fully open its supply chain to local suppliers
- support the work of our community partners in the delivery of services.

- 6.4 Given the scale of the financial challenge facing the Council in the coming years it has also been necessary to consider cost reduction and resource prioritisation proposals. This is being done having regard to the needs of service users and residents more generally. Accordingly public engagement and consultation has already started so that views and opinions can be canvassed and debated and used to inform the final decisions of Council.

## **7. FINANCIAL RESOURCES**

- 7.1 The Council has five main streams of financial resources:

1. Formula Grant
2. Core Grants
3. Council Tax
4. Fees and Charges
5. One-off use of Reserves

### **Formula Grant**

- 7.2 The Formula Grant element of the settlement is based on a complex distribution methodology which takes into account the following “blocks”:

1. Relative Needs - This reflects factors that affect the costs of service delivery, such as levels of deprivation or labour costs in different areas. Those areas of greatest need will receive more Formula Grant.
2. Relative Resources - This reflects the income that councils are able to raise locally by collecting council tax. Areas with a higher council tax base will receive less Formula Grant.
3. Central Allocation - This is shared on a ‘per capita’ basis.



4. Specific Grants – This is a new element that was introduced for the first time as part of the Spending Review and ‘tailors’ the former specific grants that have been rolled-in to the Formula Grant on an authority by authority basis.

Finally, having allocated the grant through the four blocks outlined above the overall Grant reduction is ‘capped’ through a ‘Grant Floor’ mechanism.

- 7.3 The Grant Settlement announced in January 2011 not only confirmed the level of Formula Grant the Council would receive in 2011-12 (£229.7m) but also provided a provisional figure for 2012-13 of £211.8m. This sum has now been confirmed as part of the chancellor’s Autumn Statement.
- 7.4 However, there remains a degree of uncertainty caused by the delay in the government announcement of any adjustments that may be required in respect of the transfer of some schools to Academy status. The Council is currently due to respond by 12<sup>th</sup> January 2012 to the methodology detail provided in early December 2011.
- 7.5 The October 2010 Spending Review also provided projected overall national grant settlement figures for 2013-14 and 2014-15. From this it is possible to estimate the level of Formula Grant that the Council will receive in those years. These show further reductions in both years. The projected settlement figures across the planning period are shown in the table below and are reflected in the draft MTFP.

	2011-12 £million	2012-13 £million	2013-14 £million	2014-15 £million
Formula Grant	229.7	211.8	209.4	191.1
Reduction in cash terms		-17.9	-2.4	-18.3
Reduction as a percentage (year-on-year)		-7.8%	-1.1%	-8.7%

- 7.6 This shows that over the next three years the Council will lose a further £38.6m (16.8%) on top of the £29.2m (11.3%) loss of grant in 2011-12. Furthermore, it should be noted that these reductions are in cash terms so, especially given the current rate of inflation, in real terms these percentage reductions are much greater.
- 7.7 As indicated above, at this stage the grant figures represent the best estimates from the government data currently available. Given that the chancellor’s Autumn Statement pointed to the government’s key economic indicators being significantly off target, particularly the level of public sector borrowing, this gives rise to a very real risk that future grant settlements will be lower than had been indicated in the October 2010 Spending Review (see

also paragraph 8.7 below with regard to the impact of the government 1% limit on public sector pay increases in 2013-14). So the draft MTFP will need to be adjusted in the future as and when firm figures are available.

## Core Grants

7.8 As part of the government Spending Review in 2010 a considerable number of specific grants were either abolished altogether or amalgamated into Formula Grant or new Core Grant funding. The new Core Grants were sub-categorised between those which are ring-fenced and those that can be used to fund any Council Service. However, the Council has continued to account for the service specific non-ringfenced grants within the respective service areas with the expectation that any movements in this grant funding being either applied or mitigated by the service concerned. The table below sets out the Core Grants and the projected level of funding over the next three years.

<b>NON-RINGFENCED CORE GRANTS</b>	<b>2011/12 Allocation £'000</b>	<b>2012/13 Indicative £'000</b>	<b>2013/14 Indicative £'000</b>	<b>2014/15 Indicative £'000</b>
Council Tax Freeze Grant				
Year 1	1,961	1,961	1,961	1,961
Year 2	-	1,968	-	-
Transition Grant	4,143	-	-	-
New Homes Bonus				
Year 1	4,287	4,287	4,287	4,287
Year 2	-	5,822	5,822	5,822
Year 3	-	-	2,000	2,000
Year 4	-	-	-	2,000
<b>Total Non-Ringfenced (General)</b>	<b>10,391</b>	<b>14,038</b>	<b>14,070</b>	<b>16,070</b>
Early Intervention Grant	20,478	21,291	21,291	21,291
Learning Disabilities & Health Reform	1,774	1,823	1,823	1,823
Preventing Homelessness	1,925	1,925	1,925	1,925
Housing & Council Tax Benefits Administration	4,662	4,655	4,655	4,655
Local Flood	147	274	274	274
<b>TOTAL NON-RINGFENCED</b>	<b>39,377</b>	<b>44,006</b>	<b>44,038</b>	<b>46,038</b>

<b>RINGFENCED CORE GRANTS</b>	<b>2011/12 Allocation £'000</b>	<b>2012/13 Indicative £'000</b>	<b>2012/13 Indicative £'000</b>	<b>2012/13 Indicative £'000</b>
Community Safety	460	232	-	-
Support for Social Care Benefiting Health (from the NHS)	3,725	3,553	-	-
Dedicated Schools Grant	302,849	305,000	305,000	305,000
<b>TOTAL RINGFENCED</b>	<b>307,034</b>	<b>308,785</b>	<b>305,000</b>	<b>305,000</b>

- 7.9 In September the government announced that if Councils do not increase Council Tax for 2012-13 then they will receive one-off grant funding equivalent to the additional revenue that would have been raised from a 2.5% Council Tax increase: for Tower Hamlets, this equates to £1.97m.
- 7.10 The Council was one of only a handful of authorities which received one-off Transition Grant Funding in 2011-12. This will therefore not be available from 2012-13 onwards.
- 7.11 New Homes Bonus (NHB) was not built into the current MTFP. This was because the details of this funding remained unclear until after the MTFP had been approved. This grant funding is based on the number of additional properties that make up the Council's tax base compared with the previous year. The principle behind the grant is to reward those authorities which increase the housing stock either through new build or bringing empty properties back into use. Each additional band D equivalent property attracts grant funding equivalent to the band D tax rate and the funding lasts for six years.
- 7.12 For 2011-12 the number of band D equivalent properties increased by 2700 compared to 2010-11 attracting NHB funding of £4.3m. In November the Council submitted the tax base return for 2012-13 (CTB1) and as part of the Formula Grant announcement CLG confirmed that the Council will receive further additional NHB from 2012-13 onwards of £5.8m (representing a further 3700 band D equivalent properties). The MTFP assumes that the number of properties making up the Council tax base will continue to grow with additional grant funding of £2m per annum from 2013-14 onwards (as shown in the table above).
- 7.13 The MTFP assumes that the first call on the NHB funding will be to support the Decent Homes programme and a sum of £10m has been set-aside over the next two years to support the investment in this strategic priority. The balance of the funding has been included with other un-ringfenced core grants in supporting the on-going delivery of general fund services.
- 7.14 The other significant Core Grant funding which was not reflected in the 2011-12 budget was Support of Social Care (SSC) funding. As with NHB the level and constraints on this funding were unclear at the time the current MTFP was agreed. However, unlike NHB, SSC is ringfenced, is not guaranteed beyond 2012-13 and is dependent on a Section 256 agreement between the Council and Tower Hamlets PCT for the provision of specific services. For this reason SSC has not been included as part of the funding available to support on-going general fund services.

- 7.15 The other main Core Grant is Dedicated Schools Grant which is also ringfenced and is considered in more detail in Section 11 below.

### **Council Tax**

- 7.16 Given the government announcement to provide one-off grant funding to those authorities that freeze Council Tax for 2012-13 (see 7.9 above), it is assumed that the authority will set its Council tax at 0% and receive the grant. However, as this funding is only available in 2012-13 (unlike the Council tax Freeze Grant for 2011-12 which is payable for the four years of the 2010 Spending Review) Members will need to weigh up the benefits from Council Tax increases in the future in terms of additional funding to support on-going service provision against the financial strain that such increases may place on residents, particularly in the current economic climate.
- 7.17 The draft MTFP therefore assumes there will be no increase in Council Tax throughout the financial planning period. However, this is based on the government's own forecasts for grant funding and inflation: so this position will obviously need to be reviewed each year together with the Council's overall financial position and the future demand for services.
- 7.18 A further consideration will be the potential impact of the government's proposals to reduce by 10% the level of Council Tax Benefit (CTB) payable to residents. These are means tested benefits and therefore, by their very nature, only given to those who are either not working or/and on low incomes. In Tower Hamlets some £30m of the Council's annual Council Tax income of £80m is paid through the government (Department of Works and Pensions) by way of CTB.
- 7.19 From 2013-14 onwards therefore, under this proposal the level of benefit payable to the local authority will fall by £3m (10% of £30m). However, it may be an option for the authority to continue to subsidise the benefits scheme at current levels, funded from local taxation. The government has also changed its initial proposals by stating that the reduction cannot now be passed on to pensioners. This means that for an authority to recover all, or even part of the reduction will result in significant increases in the level of Council Tax payable by both the unemployed and those with low incomes.
- 7.20 If an authority is minded to pass the CTB reduction on to residents that fall in this category then it is highly likely that there will be a significant increase in arrears and corresponding bad debt provisions. The draft MTFP therefore assumes that Council Tax income will fall by some £3m per annum from 2013-14 onwards as a result of the 10% cut in CTB. However, proper consideration will need to be given to Council policy in this regard and as further details of the proposals emerge the level of provision will be reassessed.

- 7.21 The Council Tax projections also include a number of Collection Fund adjustments which reflect target improvements to the collection rate, increases in the number of new properties and movements in the level of discounts and allowances.

### **Fees and Charges**

- 7.22 The Council generates income totalling some £30m per annum through a range of fees and charges made to businesses, non-residents and resident service users. Some of these charges are set by statute (e.g. planning fees) and others are discretionary (e.g. for the use of leisure facilities); some are the subject of concessions (e.g. for pensioners or the unemployed) whilst others are not (e.g. on-street parking tariffs). In January 2012 Cabinet will receive a separate report recommending changes in line with the policy objectives in paragraphs 6.2 and 6.3 above. The additional income from these proposals forms is reflected in the MTFP, either through specific new savings options or as part of the mitigation of the impact of cost inflation.

### **Reserves**

- 7.23 The Council holds a number of reserves which can be categorised as follows:
1. Un-earmarked (General Fund) Reserves: these are held to cover the net impact of risks and opportunities and other unforeseen emergencies.
  2. Earmarked (Specific) Reserves: these are held to cover specific known or predicted financial liabilities.
  3. Other Reserves: these are reserves which relate to ring-fenced accounts which cannot be used for general fund purposes (e.g. Housing Revenue Account and Schools)

A summary of the Council's reserves and associated risk analysis is attached as Appendix 6. This also shows the projected movement on the reserves for both the current financial year 2011-12 and 2012-15.

- 7.24 It is projected that the Council will have unearmarked General Fund Reserves of £26.4million as at 31<sup>st</sup> March 2012. This is in line with the level projected in the MTFP agreed in March 2011. This level of General Fund Reserves within the range required to under-write financial risks facing the Council over the next three years (as detailed in Section 10 below) and as can be seen from the summary of the annual budgets in Appendix 1 it is proposed to use the reserve to smooth out the impact of the Formula Grant reductions over this period.
- 7.25 Furthermore, Council had agreed to include in the MTFP an additional on-going provision of £3m per annum to maintain General Fund Reserves at

between £20m and £30m. However, based on the current risk analysis and the increasing confidence in the Council's ability to achieve the approved savings programme, no additional contributions have been assumed within the MTFP from 2012-13 onwards.

- 7.26 The scale of the approved and proposed savings programme though will continue to require investment in new systems and supporting back-office infrastructure (for example, the costs associated with the move from Anchorage House) and for this reason the MTFP already included additional provisions of £2.9m to be transferred into the Improvement & Efficiency Reserve. The MTFP assumes this level of contribution will continue in 2012-13. However, beyond 2012-13 it is anticipated that the Council will have sufficient capacity within this reserve to complete its transformation programme. No additional contributions to the reserve have therefore been assumed from 2013-14 onwards.

## **8. REVENUE INVESTMENT (BUDGET PRESSURES)**

### **Service Demand and Unit Cost Pressures**

- 8.1 The Council's budget monitoring reports over the first six months of 2011-112 have been highlighting significant cost pressures particularly in Adult Health and Wellbeing. The management action that has been necessary to contain these budget pressures, as well as dealing with the reduction in Government funding, will now be largely reflected in longer term savings proposals. However, these budget pressures will continue over the financial planning period and therefore need to be reflected in the new base budgets against which savings decisions will be considered.
- 8.2 A schedule detailing the budget pressures in each service area is attached as Appendix 3. Over the three year planning period the growth pressures total some £15m. The main new pressures are summarised below.
- Adult Social Care (£4.3m) – a higher demand for services, including in learning disabilities with children transitioning into adult social care.
  - Communities, Localities and Culture (£2.8m) – resulting from the increased cost of waste disposal to landfill sites and the escalating cost of the government's Freedom Pass Scheme.
  - Council Tax Benefits (£3.0m) – resulting from the government's proposed 10% reduction in Council tax Benefits as detailed in paragraph 7.18 above.
  - Capital Financing Costs (£2.4m) – reflecting the additional cost of borrowing from the Public Works Loans Board and additional investment in improving and maintaining the Council's properties.
  - Employer Pension Contributions (£2.5m) – this reflects the results of the actuarial triennial valuation completed in 2010 following which the

Council approved an additional £1.25m per annum be transferred to the Pension Fund to reduce the Fund deficit.

- 8.3 In addition to the above, in November 2011 Cabinet approved the introduction of a bursary for 16-19 year olds to replace the former Education Maintenance Allowance that had previously been available nationally. The cost of the scheme over the next two academic years will be £2.3m and it is proposed that this should be funded from the Education Grant Reduction Reserve. Alternative funding sources will need to be identified thereafter if the discretionary awards are to continue on an on-going basis.

### **Inflation**

- 8.4 In addition to the specific service demand pressures the other single most significant financial risk facing the Council is the impact of inflation.
- 8.5 The Government's projections for Consumer Price Index (CPI) inflation which are reflected in the MTFP are 2.5% in 2012-13, and 2.0% per annum thereafter. However, with inflation currently in excess of 5%, maintaining unit cost at a lower level will become increasingly challenging. 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, especially if inflation remains at its current level for a long period.
- 8.6 In terms of staff pay, although the Government has sought to impose a pay freeze in 2012-13 with any increase the following year limited to 1%, the Council remains part of the national negotiating arrangements and a response will be made to the trade unions' claims in January 2012. Although there have been mixed responses from authorities at the LGA regional pay briefings, there has been no support for an across the board pay increase. It is therefore anticipated that there will be a further year without a pay increase, with the possibility of making an offer to lowest paid workers, potentially along the lines of the Government's pay policy (£250 per year for those earning below £21k).
- 8.7 However, although the 1% limit in 2013-14 announced by the chancellor in his Autumn Statement is not technically enforceable, it is possible that the government will reduce the level of Formula Grant from 2013-14 by an amount it considers Councils will 'save' by adhering to the 1% limit.
- 8.8 In total a provision of £17.6m has been built into the draft MTFP to cover the projected impact of inflation on the unit cost of existing services. Given the scale of this additional cost and the risks associated with higher than budgeted levels of inflation over the planning period, it will be essential that the adequacy of this provision is kept under constant review.

## **9. BUDGET PROCESS AND SAVINGS OPTIONS**

9.1 The strategy for dealing with the projected budget gaps from 2012-13 onwards is already well advanced. There are five key strands which have been developed through the budget process so that the organisation focuses on the following activities and actions:

- A leaner workforce: with a particular focus on rationalising senior management; stripping out duplication and bureaucracy; and creating a flatter, more generic operational structure designed both to enable the progression of talented employees and to be more acutely focused on serving the needs of our residents.
- Smarter Working: with a particular focus on the vacation of Anchorage House in 2013; more localised patterns of working; better use of new technology to enable council officers to do their jobs more effectively and at less cost and; opening up opportunities for residents to access our services in ways that reflect the realities of their lives be that in their homes, on-line, over the phone or in our offices and one stop shops.
- Better utilisation of our assets: with a particular focus on underutilised buildings being put to better use and, where not possible, disposed of to support the council's capital programme and a root and branch review of our treasure management and capital planning arrangements.
- Income Optimisation: with a particular focus on ensuring that charges are set fairly and in a manner that protects our most vulnerable residents; ensuring money owed to us is collected in a timely and efficient manner; and on a review of our commercial charges.
- Better Buying: with a particular focus on supporting local businesses to access the council's supply chain, ensuring a continuing role for the third sector in the delivery of services and ensuring that private sector contractors give value for money and deliver efficiency savings where appropriate, whilst working within the values and ethos of the council.

9.2 As part of the 2010-11 financial and business planning process the Council has already approved a number of revenue investments and savings which will impact on the draft MTFP. These show savings totalling £25.4m which are due to be delivered over the next two financial years and are in addition to the



£29.3m being delivered in 2011-12. Schedules of the savings approved by Full Council in March 2011 are detailed in Appendices 4.1.

- 9.3 As part of the on-going budget review process officers have developed new savings proposals totalling a further £28.3m over the three year planning period and these are summarised in Appendix 4.2 with detailed savings proformas in Appendix 5. These new savings proposals together with the £26.5m still to be delivered as part of the current approved savings programme will mean that the Council is looking to reduce its net expenditure by £54.8m between April 2012 and March 2015.
- 9.4 Given the scale of the organisational changes necessary to achieve this level of savings, consideration will need to be given to identifying additional potential areas for budget reductions in the event of either major slippage in the transition process or to changes in the level of savings that can be achieved from individual service proposals. This will assist in mitigating these risks and help prepare for the further savings required in 2014-15 and beyond. This will be reported to Cabinet as part of the regular budget monitoring process.
- 9.5 As has already been identified, the additional grant loss in 2014-15 contributes to the need to consider further savings in that year. However, at this stage, it is proposed to use reserves to smooth the impact of the funding reduction, a position that will be reviewed as part of the on-going financial planning process.
- 9.6 It must also be recognised that there will be costs associated with delivering an efficiency programme of this scale. As has already been stated in paragraph 7.26 above, the Council has established an earmarked Improvement & Efficiency Reserve to fund the associated transition costs and investment necessary to deliver longer term efficiencies and change.
- 9.7 As a result of those savings delivered to date as part of the Council's agreed £55m programme, 529 posts have been deleted from the Council's establishment. Of these 91 posts were vacant and 330 were achieved through either voluntary redundancy or by agreement and 83 were redeployed. The balance of 25 posts that deleted involved compulsory redundancies as a direct result of specific grant cuts outside of the control of the Council. In completing the implementation of the £55m savings already agreed we anticipate a further 167 post reductions, which officers will seek to deliver as far as possible on a voluntary basis or by agreement. The new savings plans summarised in Appendix 4.2 are anticipated to require a further 25 posts being deleted and this will primarily be managed using the Council's redeployment process or other voluntary means.

## **10. RISKS AND OPPORTUNITIES**

- 10.1 When setting the draft MTFP, 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.
- 10.2 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.
- 10.3 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**

#### **General Economic Factors**

- Higher than projected levels of inflation
- A general reduction in debt recovery levels
- Lower than planned investment income
- 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 Service including an increase in the number of looked after children
- Housing (and homelessness in particular)
- General demographic trends
- Impact of changes to Welfare Benefits
- Support to people trying to get back into employment

#### **Efficiencies and Savings Programme**

- Impact of the governments' Local Government Resource Review
- Slippage in the savings programme
- Non-delivery of some proposals

#### **Opportunities**

- New freedoms and flexibilities
- Impact of the governments' Local Government Resource Review

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.

- 10.4 The Government's 'Local Government Resource Review' has been flagged as both a potential risk and opportunity. The proposals from this review are based on local authorities retaining all or part of the income they collect in Non-Domestic Rates (NNDR). However, the proposals have not been developed in sufficient detail for it to be clear as to whether the Council would benefit from these changes. As with the 'other' risks above, all opportunities will be kept under constant review and will be factored into the MTFP when the position becomes clear.
- 10.5 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 and indicates a net financial impact between £20m and £30m over the planning period. This has therefore been reflected in the recommended level of unearmarked General Fund Reserves that need to be maintained and equates to between 5% and 7.5% of gross expenditure (excluding schools and housing benefit payments).

## **11. DEDICATED SCHOOLS GRANT**

- 11.1 The revised 2011-12 Schools Budget of £310.6m (funded by the Dedicated Schools Grant and Young Peoples' Learning Agency (YPLA) allocations) was set at Schools Forum and this was reflected in a revised S251 Statement. Since this budget was set the only change is that there is an expectation that two of the three schools that have indicated that they wish to become academies will transfer by 1st January 2012. This will affect the Council's overall level of DSG although the vast majority of the impact will fall to the devolved budgets for the last quarter of the year for those two schools. It is estimated that the amount beyond the devolved budgets that may have to be paid to the Department for Education (DfE) is less than £0.1m. Such a sum can be absorbed either by School's contingency or from the unallocated £2.992m DSG agreed by Schools Forum at their last meeting.
- 11.2 The DfE has confirmed that the per pupil value for the Pupil Premium (from pupils eligible for free school meals and for looked after children) has been increased from £430 to £488. This change increases the total Tower Hamlets Pupil Premium allocation by £1.019m to £8.699m.
- 11.3 Appendix 7 sets out the components of the currently approved Schools Budget.

## **Planning for the 2012-13 Schools Budget**

- 11.4 Schools Forum has considered the 2012/13 budget build at their November and December meetings. More detailed and firmer proposals for the 2012/13 budget will be presented at the January 2012 meeting of Schools Forum, but Appendix 7 also illustrates how the position currently looks. The DfE have announced the key points about the 2012/13 budget settlement for schools.
- 11.5 The basic architecture of the national school funding arrangements remain substantially the same as for 2011/12. The Dedicated Schools Grant will continue to be determined with reference to a Guaranteed Unit of Funding (GUF) for each authority, multiplied by the number of full-time equivalent pupils on the January 2012 pupil census. The Tower Hamlets GUF of £8,051.51 for 2012/13 is frozen at the 2011/12 level, in common with all other authorities.
- 11.6 Devolved budgets for individual schools are subject to a Minimum Funding Guarantee, which protects funding at 98.5% of the 2011/12 level, adjusted for changes in pupil numbers between January 2011 and January 2012. The Schools Budget overall must have regard to the Central Expenditure Limit, which means that devolved budgets must have a better percentage change than the overall change in the Schools Budget. This limits the scope for increasing centrally retained expenditure within the Schools Budget.
- 11.7 Officers have analysed the October 2011 census to assess the likely number of pupils on roll in January 2012. Both the DSG and individual school budgets will be driven by the actual number of pupils on roll, so decisions about budgets in February / March 2012 will need to provide for any changes in June 2012, when the DfE indicate the impact of the data cleansing exercise they routinely undertake each year. It is estimated that pupil numbers will increase by 110 on the basis of the October census for Years R-11 and the May census for nursery pupils. The DSG will include pupils in non-school or out-of-borough settings. On that basis, the 36,870 pupils in the DSG for 2011/12 would rise by 110 to 36,980.
- 11.8 The Pupil Premium for 2012/13 will be widened in its applicability and the funding will be increased. Instead of funding pupils eligible for free schools (FSM) on a snapshot basis in the January 2012 pupil census, schools will attract Pupil Premium for any of its pupils who were eligible for FSM on any of the termly censuses in the previous six years (known as the FSM6 option). Nationally, this brings 500,000 more pupils into the Pupil Premium and in Tower Hamlets, DfE indicative figures suggest that, while the snapshot for January 2011 indicated FSM of 52%, the FSM6 option would mean that 62% of primary and 76% of secondary pupils were eligible.

- 11.9 FSM6 pupils and Looked After Children will attract £600 each in 2012/13 (instead of £488 in 2011/12) and pupils whose parents are in the armed forces will attract £250 each (up from £200). The provisional DfE figures for 2012/13 indicate an increase for Tower Hamlets schools from £8.7m in 2011/12 to £14.0m.
- 11.10 The DSG will be affected by the number of academies the Authority has. There are currently two schools which have indicated that they intend to transfer to Academy Trust Status by the beginning of April 2012 and a third by September 2012. So, the formula budget share and Local Authority Central Spend Equivalent Grant (LACSEG) (ie the appropriate share of retained budgets) would be recouped by the DfE, such that the final DSG would be lower than otherwise by up to £8.8m. The DfE have issued a final consultation on their proposed mechanism for recouping LACSEG from local authorities.
- 11.11 LACSEG has two components. The first relates to the activities funded from the Council's General Fund budget. It was the approach adopted by the Department for Communities and Local Government in top-slicing formula grant to pay for this element of funding nationally that resulted in a number of authorities (including Tower Hamlets) pursuing a judicial review earlier in 2011. The new proposal is to leave formula grant as it is, but to have an authority-by-authority calculation of local spending levels and the numbers of academies to determine what the appropriate amount should be for both 2011/12 and 2012/13. At the end of 2013/14 a reconciliation will be done and if the local contribution should have been less than the formula grant top-slice, a refund will be provided via an unringfenced grant.
- 11.12 The second relates to the activities funded from the Dedicated Schools Grant. The DfE have not accepted the general principle that local authorities ought only to have deducted from their budget the amount that can genuinely be saved from the transfer of undertakings (ie a school moving from LA maintained to academy status). Nonetheless, they have accepted to a modest extent some of the points made about the on-going responsibilities with respect to pupils in academies. For both elements of the LACSEG the 2012/13 local contribution will be determined with reference to final budget plans made by the local authority and reported in March 2012.
- 11.13 YPLA funding is shown at its 2011/12 level.
- 11.14 Overall, after taking account of brought forward funding, DSG adjusted for 3 academies and YPLA funding, the provisional Schools Budget for 2012/13 would be £307m.

## Devolved budgets

11.15 The factors affecting devolved budgets for 2012/13 are:

- Level of the Minimum Funding Guarantee (MFG). - for 2011/12, the original national minimum was 98.5% and at Schools Forum in September 2011, a local uplift to 99.45% was agreed. For 2012-13, 98.5% will again be the national position. This implies a 1.5% reduction for all schools on their MFG budgets. The additional 110 pupil numbers forecast for January 2012 have been included in the projection.
- Allocations beyond the Minimum Funding Guarantee - this will depend on the availability of funding. Appendix 7 suggests that there may be £8.685m unallocated, on the basis of the stated assumptions. Some of that could be allocated to devolved budgets, but for the moment, none has been assumed.
- Formula budget shares outside the MFG - of the formula budget shares outside the MFG, only the cost and numbers of school meals and the cost of rates and SEN support are potentially likely to require additional funding. At the moment, nothing has been assumed for this, but an assessment of this will need to be made before firm proposals are put forward for the next meeting.
- Academies - the authority will not have to provide the funding for the notional budget shares of the two schools that have indicated that they will be academies by 1st April 2012: Sir William Burrough (primary) and Bethnal Green Technology College (secondary), nor for Ian Mikardo (special) from September 2012 (provisionally). The forecast budget shares for these three schools as academies, on the same basis as the principles outlined above, would be £8.495m.
- Notional budgets for PFI to meet funding gap - it is a common feature of school PFI projects that there is a gap after deducting the PFI grant and the school contributions from the total costs. Until now this £1m annual cost for the two PFI schemes (Grouped Schools and Mulberry) has been dealt with in Tower Hamlets as a component of the Schools Specific Contingency. This ought more neatly to be dealt with by allocating a notional share of the PFI subsidy to participating schools and them paying this back as a supplement to their PFI contribution. However, such a change could only be made if the additional funding provided to the PFI schools was guaranteed to be returned in full.

## **Retained Budgets**

- 11.16 There are a number of factors affecting retained budgets for 2012/13 but the most significant are the impact of the proposed new academies and the Central Expenditure Limit (CEL). The combined impact of a -1.5% MFG and a reduced number of schools (because they have become academies) means that the devolved budgets go down. Officers need to ensure that the centrally retained budgets do not experience a better percentage change than devolved budgets.

## **Unallocated funds**

- 11.17 Just as for 2011/12, it looks likely that there will be funds beyond the Minimum Funding Guarantee which can be considered by Schools Forum for allocation. On the basis of the stated assumptions, there would be £8.685m available for 2012-13. However, a number of uncertainties remain that will become clearer over the next few weeks and these may account for how some of any unallocated funds must be spent. Until the Schools Forum has considered a more specific proposal on how these funds should be applied for 2012/13, these remain indicative forecasts.

## **Planning for 2013/14 and Beyond**

- 11.18 Officers plan to review the central funding within the Schools Budget over the next year. This is in response to expected constraints in using centrally retained monies by the Department for Education. Options will need to be available this time next year if the authority is to be able to adapt to any new funding regime from April 2013 onwards. This also addresses the proposal that Pupil Referral Units be given a devolved budget share. This opportunity will require some analysis and planning if it is to be achieved by 2013/14.

## **12. HOUSING REVENUE ACCOUNT**

- 12.1 April 2012 will see the abolition of the HRA subsidy system, and the commencement of HRA self-financing. A one-off adjustment will be made to the housing debt of each council to reflect the value of the housing business. Some authorities will take on new debt, whilst others, including Tower Hamlets, will have debt redeemed. Following this settlement the Council will retain all future rental income, from which all costs relating to council housing will need to be met.
- 12.2 The valuation of each authority's HRA business is based on assumptions about each local authority's income and need to spend over 30 years.

- 12.3 On November 21<sup>st</sup> the DCLG published the Self-Financing Draft Determination; Cabinet will consider an associated First Budget and Rent Setting Report separately on this agenda which also provides details on Tower Hamlets' HRA valuation, debt cap and amount of debt to be paid off prior to the start of self-financing.
- 12.4 Appendix 8 shows an indicative HRA medium-term financial strategy for 2012/13 to 2014/15. A more detailed paper will be provided to Cabinet in February showing the HRA 2012/13 budget as part of the MTFP.

### **13. CAPITAL PROGRAMME**

- 13.1 The Council's capital strategy was last updated in February 2010. It set out the priorities and objectives for using capital resources in the context of rapid demographic growth, with consequential impact on new social infrastructure – particularly housing and schools, but within an environment of reducing resources. The last spending review nationally reduced the level of specific capital grants by some 45%, whilst increasing the cost of PWLB borrowing. As national grant funding decreases there will be increasing reliance on local funding to bridge the gap between investment need and available resources
- 13.2 The current capital programme is attached as Appendix 9.1. The programme has been reviewed to take account of ongoing commitments and alignment to strategic priorities, with the result that savings have been identified that can support new capital investment needs. The report seeks approval to amend three capital estimates relating to the Regeneration of Ocean Estate, High Street 2012 and the Building Schools for the Future Programme for the reasons set out in Appendix 9.2. These are all technical adjustments relating to additional external funding to ensure compliance with the Council's financial procedures: they do not impact on the Council's own resource position for financing capital expenditure.
- 13.3 In developing the capital programme going forward officers have been mindful of the limited available resources, the cessation of future supported capital expenditure and likely introduction of the London Mayors' Community Infrastructure Levy scheme in 2012, set against emerging investment needs given the demographic growth the borough is encountering. Assumptions have been made on the likely levels of capital grants over the next three years and for those schemes which require to be funded from the Council's own resources. As a consequence the proposed programme is contained within available capital receipts and reserves. Appendix 9.3 sets out the proposed new schemes to be incorporated in the Council's capital programme 2012-15 with a summary revised programme in Appendix 9.4.



- 13.4 However, there will continue to be demand pressures for additional capital investment over the medium term planning period, particularly in the areas of education, housing and regeneration. The MTFP therefore includes a revenue growth provision of £2.4m (see Appendix 3) to provide the capacity to fund the anticipated need for additional prudential borrowing over the next three years. At this stage there are no specific developed proposals for Members consideration that represent a call on this provision and these will need to be presented to Cabinet at the appropriate time in the future.

#### **14. TREASURY MANAGEMENT STRATEGY**

- 14.1 The Treasury Management Strategy Statement was recently revised by Audit Committee and Full Council in accordance with the CIPFA Treasury Management Code of Practice. The Statement sets out the proposed strategy with regard to borrowing, the investment of cash balances and the associated monitoring arrangements.
- 14.2 The key factor underpinning the current strategy is that short term interest rates are expected to remain very low for at least the next twelve months in contrast to medium and long term rates. This means that there will be a “cost of carry” if funds are borrowed in advance of capital expenditure being incurred. Therefore the Council anticipates continuing to run a strategy of keeping cash balances low and investing short term, so only borrowing when required.
- 14.3 Some limited amendments to the Council’s lending limits, the period over which monies could be placed on deposit and the type of investment ‘product’ that can be used were agreed in order to provide some further investment capacity and increase the return on investment without any increase in risk. These proposals were put forward having taken advice from the Council’s treasury management advisers and were deemed prudent enough to ensure the credit rating of the Council’s investment portfolio remains high.
- 14.4 The proposed prudential indicators set out in the Treasury Management Strategy are based on the capital programme as detailed in Section 13 above and Appendices 9.1 to 9.4. They do not reflect the funding of Decent Homes or any capital grants that may be forthcoming in lieu of supported borrowing. The government have not yet made clear how much will be allocated to the Council or how it will be funded. Once this is clear, the prudential indicators will need to be revisited and if necessary revised. Any revisions to the indicators will need to be approved by Full Council.

#### **15. CONSULTATION**

- 15.1 The priority for the 2012-13 budget consultation and engagement process to date has been to offer residents an opportunity to better understand the

choices and decisions we face as an authority. The two budget roadshows held at Whitechapel Ideastore and Cubitt Town Library gave residents an opportunity to hear how the Mayor will approach the budget in the next few years. Residents were also able to express their views about the priorities and choices that will clearly need to be made.

15.2 A broad mix of consultation and engagement tools using a range of communication channels has been used and will continue following publication of the January 2012 Cabinet report. Consultation and engagement has included the following:-

- An online consultation hosted by Yougov but using Tower Hamlets data was advertised extensively over August 2011 and has produced 86 completed responses
- Articles about the budget process in East End Life
- Poster campaign using the borough's 48 outdoor advertising poster sites
- Extensive use of twitter and MyTowerHamlets
- Two budget roadshows in September 2011 held at Whitechapel Ideastore and Cubitt Town Library. Both were advertised in EEL and were separately leafleted. A total of 80 residents attended these two events.

15.3 The key findings and comments across all of the above channels included:

- Ensuring vulnerable people get the support they need
- Potential use of reserves to meet savings targets
- Support for community groups on the Isle of Dogs
- Discussion on the future of East End Life
- Support for selling unused buildings
- Support for delayering management
- Support for better value from contracts

15.4 The approach to consultation has been developed in conjunction with colleagues in the Equalities team. In essence there are three levels of consultation:

- **Level 1:** Those proposals where the change proposed is likely to have limited impact on equality between local people, it is proposed that the public have an opportunity to comment on the proposal as part of the Council's wider consultation exercise/publicity being managed by the Communications team (this will include information on the proposal on the website).
- **Level 2:** Where the proposal is likely to have a limited impact on a specific section of the community or group it is proposed consultation will target the particular group in question. Consultation may include a

one-off session/focus group or targeted advertisement in East End Life.

- **Level 3:** Where it is proposed that we make a substantial and significant change to a service, formal consultation would need to be undertaken with the service user group affected.

- 15.5 The views of local partners are key elements to include when seeking to deliver a budget that meets the needs and aspirations of Tower Hamlets. As in 2010-11 we are holding two budget congress meetings. The first was held on 13<sup>th</sup> December at St. Pauls Way Trust School to identify key issues and a second will be in January 2012.
- 15.6 During January 2012 it is proposed to hold a series of focus groups with local people on the specific proposals submitted to Cabinet. This will be in addition to a further poster campaign and editorial in East End Life.
- 15.7 Services will be supported as required to hold Level 3 consultation using, where appropriate, a common template.

#### **Budget and Policy Framework**

- 15.8 The Council's Budget and Policy Framework, as set out in its constitution, requires the cabinet to submit initial budget proposals to the Chair of Overview & Scrutiny Committee and to allow 10 working days for a response before considering final proposals.
- 15.9 The decisions taken by Cabinet tonight will constitute its initial proposals. These will be considered by the Overview & Scrutiny Committee in February before Cabinet meets again to consider its final proposals for Council.
- 15.10 A summary of all consultation and feedback will be included in February's Cabinet budget paper.

#### **16. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 16.1 The comments of the chief financial officer have been incorporated into this report of which he is the author.

#### **17. CONCURRENT REPORT OF THE ASSISTANT CHIEF EXECUTIVE (LEGAL)**

- 17.1 The Council is required each year to set an amount of council tax. The obligation arises under section 30 of the Local Government Finance Act 1992 ("**the 1992 Act**") and must be done by 11 March each year for the following year. In order to set council tax, the Council must calculate the budget requirement in accordance with section 32 of the 1992 Act. This requires

consideration of estimated revenue expenditure in carrying out Council functions, estimated payments into the general fund, allowances for contingencies and required financial reserves, amongst other things. A separate report deals with this requirement.

- 17.2 Both the setting of council tax for a financial year and calculation of the budget requirement are matters that may only be discharged by the full council. This is specified in section 67 of the 1992 Act. The Council's Constitution reflects the statutory requirement and the Budget and Policy Framework Procedure Rules specify the process for developing the budget.
- 17.3 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 Budget and Policy Framework Procedure Rules also require consultation with the Overview and Scrutiny Committee. Having regard to these matters and also the Council's public sector equality duty under section 149 of the Equality Act 2010, the report specifies the proposed level of consultation on the budget and the associated savings proposals.
- 17.4 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. The report provides initial information about these matters, with the intention that further information will be provided following consultation and before the Executive is asked to recommend a budget to full council.
- 17.5 The report provides information regarding the medium term financial plan. This is a matter that informs the budget process and may be viewed as a related function. It is, in any event, 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 plan.
- 17.6 The report provides information about risks associated with the medium term financial plan and the budget. This is, again, consistent with the Council's obligation under section 151 of the Local Government Act 1972 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 (England) Regulations 2011 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.

- 17.7 The report provides details of the revised capital programme. The capital program does not form part of the determination of the budget requirement for the purposes of section 32 of the Local Government Finance Act 1992, 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.
- 17.8 Before adopting the budget, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't. The report sets out the level of equality analysis proposed to be conducted in respect of the various proposals.

## **18. ONE TOWER HAMLETS CONSIDERATIONS**

- 18.1 The Mayor's priorities to support vulnerable people; delayer management; develop a workforce that more closely reflects our community and; tackle the issues which drive inequality in the Borough, including poor housing, employment and community safety, have shaped the approach officers have taken to identifying savings opportunities. Throughout the process of developing individual saving proposals, officers have assessed the potential for these proposals to affect equality between people, both residents and staff, through:
- Completing an initial screening assessment of all savings proposals to identify those which are likely to have a direct impact on services received by residents or on the number or grade of staff in a specific service;
  - Undertaking an equality analysis of those savings proposals which the screening suggested could have an impact on residents or staff to identify the effect of the proposed changes on equality between people from different backgrounds.
- 18.2 Screenings, assessments and equality analyses for each savings proposal have been prepared and all equality analyses have been published on the Council's website. Consultation on those proposals which have been subject to an equality analysis is being undertaken between January and February 2012. The outcome of this consultation will be incorporated into equality analyses of savings proposals prior to the publication of the budget papers for Full Council in February 2012.

18.3 The steps outlined above have been adopted to ensure that the Council's commitment to tackling inequality informs decision making throughout the budget review process and to support transparency. The process also fulfils the Council's obligations under the Equality Act 2010 to show due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share specific protected characteristics, including age, disability, gender, marriage and civil partnership, pregnancy and maternity, race, religion/belief, sexual orientation and transgender identity.

## **19. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

The SAGE implications of individual proposals in the budget are set out in the papers relating to those proposals.

## **20. RISK MANAGEMENT IMPLICATIONS**

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 10 of this report.

## **21. CRIME AND DISORDER REDUCTION IMPLICATIONS**

The CDR implications of individual proposals in the budget are set out in the papers relating to those proposals.

## **22. EFFICIENCY STATEMENT**

The Council is required to consider the value for money implications of its decisions and to secure best value in the provision of all its services. It is important that, in considering the budget, Members satisfy themselves that resources are allocated in accordance with priorities and that full value is achieved. The information provided by officers on committed growth and budget options assists Members in these judgments.

## 23. **APPENDICES**

Appendix 1 – Summary of the Medium Term Financial Plan

Appendix 2 – Detailed analysis of the Medium Term Financial Plan by service area

Appendix 3 – Detailed analysis of projected budget revenue growth resulting from increased service demand and higher unit costs

Appendix 4.1 – Approved savings schedule 2011-13

Appendix 4.2 – New savings options schedule 2012-15

Appendix 5 – New savings options (detailed proformas)

Appendix 6.1 – Reserves and Balances

Appendix 6.2 – Risk Evaluation

Appendix 6.3 – Projected Movement in Reserves

Appendix 7 – Schools Budget for 2011-12 and draft for 2012-13 presented to the Schools Forum in December 2011

Appendix 8 – the Housing Revenue Account Medium Term Strategy

Appendix 9.1 – Current Capital Programme (2011-12 to 2013-14)

Appendix 9.2 – Proposed Revised Estimates – Ocean Estate Regeneration, High Street 2012 and the Building Schools for the Future Programme

Appendix 9.3 – Proposed New Capital Schemes

Appendix 9.4 – Summary of Proposed Capital Programme 2011-12 to 2014-15

<p><b>LOCAL GOVERNMENT ACT 1972 (AS AMENDED) SECTION 100D</b> <b>LIST OF “BACKGROUND PAPERS” USED IN THE PREPARATION OF THIS REPORT</b></p>
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<p><u>Brief description of “Background Paper”</u></p>
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<p>None</p>
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<p>Peter Hayday, London E14, 2BG. 0207 7364 4195</p>
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## Summary of the Medium Term Financial Plan 2012-15

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000
<b>Net Service Costs</b>	335,048	320,904	308,100	295,118
<b>Growth Savings</b>	9,787	4,333	4,442	3,180
<b>Approved New</b>	(28,870)	(14,595)	(11,977)	(150)
<b>Inflation</b>	0	(9,696)	(12,247)	(6,427)
	4,479	4,100	7,100	6,400
<b>Core Grants</b>	(10,391)	(14,038)	(14,070)	(16,070)
<b>Earmarked Reserves</b>	907	2,095	(300)	0
<b>General Fund Reserves</b>	0	(838)	8,365	(8,904)
<b>Total Funding Requirement</b>	<u>310,960</u>	<u>292,265</u>	<u>289,413</u>	<u>273,147</u>
<b>Formula Grant</b>	(229,673)	(211,835)	(209,411)	(191,077)
<b>Council Tax</b>	(81,287)	(80,430)	(80,002)	(82,070)
<b>Total Funding</b>	<u>(310,960)</u>	<u>(292,265)</u>	<u>(289,413)</u>	<u>(273,147)</u>
<b>Budget Gap</b>	0	0	0	0

## Detailed analysis of the Medium Term Financial Plan by service area 2012/13 to 2014/15

Service	Base 2011-12		Savings Approved		Growth		Earmarked Reserves		Total 2012-13		Savings Approved		Growth		Earmarked Reserves		Total 2013-14		Savings Approved		Growth		Earmarked Reserves		Total 2014-15	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults Health & Wellbeing	99,463	(3,329)	(801)	1,213	(1,100)	95,446	(2,529)	(2,205)	1,452	(200)	91,964	(2,529)	(2,205)	1,452	(200)	91,964	(2,529)	(2,205)	1,452	(200)	(900)	1,600	(300)	92,364		
Children, Schools and Families	60,812	(2,627)	(150)	0	(618)	57,417	(1,810)	(5)	80	0	55,682	(1,810)	(5)	80	0	55,682	(1,810)	(5)	80	0	(960)	(100)	0	54,622		
Communities, Localities and Culture	61,437	(4,355)	(1,060)	1,470	(267)	57,225	(3,757)	(1,495)	660	(225)	52,408	(3,757)	(1,495)	660	(225)	52,408	(3,757)	(1,495)	660	(200)	(150)	680	0	52,738		
Development & Renewal	31,359	(1,228)	(150)	0	0	29,981	(2,716)	(2,701)	0	(475)	24,089	(2,716)	(2,701)	0	(475)	24,089	(2,716)	(2,701)	0	(1,534)	0	0	22,555			
Resources	21,948	(858)	(2,600)	0	0	18,490	(299)	(907)	0	0	17,284	(299)	(907)	0	0	17,284	(299)	(907)	0	(230)	0	0	17,054			
Chief Executives	8,535	(348)	(290)	0	(434)	7,463	(187)	(100)	0	0	7,176	(187)	(100)	0	0	7,176	(187)	(100)	0	(100)	0	0	7,076			
Net Service Costs	283,554	(12,745)	(5,051)	2,683	(2,419)	266,022	(11,298)	(7,413)	2,192	(900)	248,603	(11,298)	(7,413)	2,192	(900)	248,603	(11,298)	(7,413)	2,192	(150)	(3,924)	2,180	(300)	246,409		
Other Net Costs	11,055			400		10,010			1,000		11,010			1,000		11,010			1,000						12,010	
Capital Charges	2,415		(1,445)			2,415					2,415					2,415									2,415	
Levies	12,151			1,250		13,401			1,250		14,651			1,250		14,651			1,250						14,651	
Pensions	8,269	(1,125)	(200)	0	2,154	9,098	(125)	(1,434)	0	0	7,539	(125)	(1,434)	0	0	7,539	(125)	(1,434)	0	(2,503)	0	0	0	5,036		
Other Corporate Costs	33,890	(1,125)	(1,645)	1,650	2,154	34,924	(125)	(1,434)	2,250	0	35,615	(125)	(1,434)	2,250	0	35,615	(125)	(1,434)	2,250	0	(2,503)	1,000	0	34,112		
Total Other Net costs	(10,391)	(3,647)	(3,000)	0	(14,038)	(14,038)	(32)	(32)	0	0	(14,070)	(32)	(32)	0	0	(14,070)	(32)	(32)	0	(2,000)	(2,000)	0	0	(16,070)		
Core Grants	3,000		(3,000)	0	0	0			0	0	0			0	0	0			0						0	
Reserves	907			1,188	(838)	2,095			1,188	1,005	3,365			1,005	300	3,365			1,005						300	
General Fund	0			4,100	(838)	4,100			4,100	9,203	11,200			9,203	(17,269)	11,200			9,203						(8,904)	
Earmarked																									17,600	
General Fund (Smoothing)																										
Inflation																										
Total Financing Requirement	310,960	(13,870)	(13,343)	8,433	85	292,265	(11,423)	(12,279)	11,542	9,308	289,413	(11,423)	(12,279)	11,542	9,308	289,413	(11,423)	(12,279)	11,542	(150)	(8,427)	9,580	(17,269)	273,147		
Formula Grant	(229,673)			17,838	(211,835)	(211,835)			2,424		(209,411)			2,424		(209,411)			2,424						18,334	
Council Tax	(81,287)	(725)		1,582	(80,430)	(80,430)	(554)		982		(80,002)	(554)		982		(80,002)	(554)		982						(2,068)	
Total Financing	(310,960)	(725)		19,420	0	(292,265)	(554)		3,406		(289,413)	(554)		3,406		(289,413)	(554)		3,406	0	0	16,266			(273,147)	

# **APPENDIX 3**

## **GROWTH BIDS SCHEDULE AND PROFORMAS**

**Detailed analysis of projected budget revenue investments resulting from increased service demand and higher unit costs**

Ref	Adults, Health & Wellbeing	2012/13	2013/14	2014-15	Total 2012/13 - 2014/15
		£000's	£000's	£000's	£000's
GRO AHWB 1-12	Demographic Growth Pressures – Older People with Dementia	463	584	584	1,631
GRO AHWB 2-12	Learning Disability Transition Clients	750	868	1,016	2,634
	<b>Total Growth Bids</b>	<b>1,213</b>	<b>1,452</b>	<b>1,600</b>	<b>4,265</b>

Ref	Communities Localities & Culture	2012-13	2013-14	2014-15	Total 2012/13 - 2014/15
		£000's	£000's	£000's	£000's
GRO CLC 1-12	Freedom Pass	600	350	360	1,310
GRO CLC 2-12	Transportation, treatment and disposal of waste (including recycled materials)	870	310	320	1,500
	<b>Total Growth Bids</b>	<b>1,470</b>	<b>660</b>	<b>680</b>	<b>2,810</b>

**Children, Schools & Families**

Ref		2012-13	2013-14	2014-15	Total 2012/13 - 2014/15
		£000's	£000's	£000's	£000's
GRO CSF 1-12	Home – School Travel	0	80	(100)	(20)
GRO CSF 2-12	Discretionary Awards Post-16	749	(374)	(749)	(374)
	Earmarked Reserves	(749)	374	749	374
	<b>Total Growth Bids</b>	<b>0</b>	<b>80</b>	<b>(100)</b>	<b>(20)</b>

Ref	Corporate Costs	2012-13	2013-14	2014-15	Total 2012/13 - 2014/15
		£000's	£000's	£000's	£000's
	Capital Charges	400	1,000	1,000	2,400
	Pension Costs	1,250	1,250	-	2,500
	Inflation	4,100	7,100	6,400	17,600
	<b>Total Growth Bids</b>	<b>5,750</b>	<b>9,350</b>	<b>7,400</b>	<b>22,500</b>

<b>Total Growth Bids (All Directorates)</b>	<b>8,433</b>	<b>11,542</b>	<b>9,580</b>	<b>29,555</b>
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**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

Item Ref. No:  
GRO AHWB 1-12

<b>TITLE OF ITEM:</b>	Demographic Growth Pressures – Older People with Dementia		
<b>DIRECTORATE:</b>	Adults Health & Wellbeing		
<b>SERVICE AREA:</b>	Commissioning & Strategy	<b>LEAD OFFICER:</b>	Deborah Cohen
<b>FINANCIAL INFORMATION:</b>	Paul Thorogood		

	Contingency / Budget allocation	Bid (Base is 2011/12 budget)		
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)				
Employee Costs				
Other Costs	21,407	463	584	584
Income				
<b>TOTAL</b>	21,407	463	584	584

\*Committed growth agreed on an annual basis, therefore future years are included as indicative figures to aid medium term financial planning

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:**

2012/2013 - The Authority shall make 20 placements into Elderly Mentally and Infirm (EMI) beds for clients that were not in receipt of previous support packages within the community. These placements will be a mixture of in Borough and out of Borough at rates of £28,600 and £33,800 respectively. All clients are expected to receive a registered nursing care contribution (RNCC) from the NHS of £109.00 per week and clients will be expected to make an average of £115.00 per week towards their care.

In addition it is expected that five clients will choose not to move into residential care and therefore choose to remain in the community at a cost of £49,957. These clients are not expected to contribute towards their care as the Authority do not charge for community based services.

As our population ages, the number of people with dementia will climb rapidly. Two thirds of all people with dementia are aged 80 and over (68%) and one sixth (17%) are aged 90 or over.

Research and data provided through the Alzheimer's Society's report *Dementia UK*, on the prevalence and economic cost of dementia in the UK produced by King's College London and the London School of Economics, estimates that one person in every 88 (1.1%) of the entire UK population now has dementia. This is likely to be a slight underestimate as it may not include people with learning disabilities or people with dementia in NHS continuing care facilities. 32.5% of people aged over 95 will have late onset dementia.

These figures are forecast to increase by 38% over the next 15 years and 154% over the next 45 years. Nationally, 62% of people with dementia live in care homes and it is estimated that 36.5% of

**COMMITTED / UNAVOIDABLE GROWTH BID  
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people with late onset dementia live in some form of institutional setting.

Based on latest GLA projections, that there are currently 18,120 people aged 65 or over in a total population of 248,400 in Tower Hamlets (7.3% of the total population). This is an increase on previously submitted predictions of 18,013 and 237,817. The number of people aged 65 and over in Tower Hamlets is expected to rise steadily over the coming years: 18,300 in 2012, 18,900 in 2015 to 20,700 in 2020. Also based on GLA projections, the numbers of people aged 80 and over in Tower Hamlets (i.e. the population group most at risk of dementia) will continue to rise throughout this period. In 2011, it is anticipated that in Tower Hamlets there are around 5,200 people aged 80 and over, increasing to 5,300 in 2012, 5,500 in 2015 and 6,060 by 2020.

According to national estimates we would expect there to be at least 1,300 people aged 65 and over in Tower Hamlets with dementia, rising to over 1,530 by 2020. A local model created by McKinsey in 2008 however, predicts age-equivalent prevalence to be higher than average in Tower Hamlets (8% of the population aged 65 and over). These estimates would result in around 1,450 individuals aged 65 and over in Tower Hamlets with dementia in 2011, rising to over 1,650 by 2020. There are likely to be at least 15 new individuals aged 65 and over with dementia in Tower Hamlets each year.

**1. RISKS AND IMPLICATIONS:**

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

As a consequence of the population changes described above we are already experiencing a significant increase in placement rates in our block contracts for EMI (elderly mentally infirm) residential and nursing home care. This provision is based on 20 residential and nursing placements for people with dementia. (78 placements in 2007-08, increasing to 97 in 2009-10) noting the likelihood that this would be an underestimate for 2010-11. Actual placements of people with dementia in 2010-11 was 147 – an increase double that expected.

All proposed placements in institutional care are very rigorously scrutinised by the Older Peoples Multidisciplinary Placement Panel and if necessary referred back for fuller assessment if the need for placement is not fully supported by the information presented. This means that we are achieving what has been recognised as the goal of best practice for many years now – that except in the most exceptional of circumstances, nobody should be placed direct into long term institutional care from an acute hospital bed. People should not be expected to make a decision that is likely to determine where they spend the rest of their lives in the middle of an acute hospital episode, and without the opportunity to fully explore whether, with support, they are able to maintain their independence in the community. It should be noted that there will be people living with dementia who are placed in non-specialist services, and that we do not have a way of noting the number of people living with dementia who are supported to maintain their independence in their own home, through homecare services.

If the numbers of people living with dementia continue to rise at 20 per year using an average cost of £28,600 (£550 per week) per placement this still represents an additional cost of £1,144,000 per year, year on year. If these people choose to live at home, at an average cost of £49,957 per year, the additional cost would be £1,638,000. Although Officers have negotiated increased residential care beds for people in the Borough, if people choose to live out of borough, closer to family, the average cost will be closer to £650 per week. These figures are based a 0% inflationary uplift.

The Department of Health published the first National Dementia Strategy in February 2009. The strategy provides a clear steer that increased concentration and investment in early diagnosis and intervention could begin to reduce demand for institutional care, but with a four year lead in time. The Council, the PCT, and the East London Foundation Trust are now working closely together to

**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

**Item Ref. No:  
GRO AHWB 1-12**

develop a local strategy and implementation plan. No specific additional resources from Government or local NHS commissioning have yet been identified to support implementation. The Joint Strategic Needs Assessment refresh has included a specific piece of work on the level of need in Tower Hamlets which will inform the next PCT commissioning round. The development of a Memory Service for the borough is likely to identify more people with dementia at an earlier stage in the progression of their disease and, although too early to evidence, is likely to impact on service demand.

Extra care housing is a key alternative to institutional care and has been very successfully developed in Tower Hamlets. However, current provision is not on the whole suitable to meet the needs of people with dementia. There are, however, two new schemes in development. The Peabody scheme in Shipton St / Nags Head Estate will provide up to 19 intensively supported units specifically for people with dementia; the St Thomas' Gateway scheme will include some specialist provision for people with dementia, currently estimated at 10 units. From 2011/12 these developments will contribute to further slowing the growth in residential and nursing care admissions.

**2 | 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 units costs of care provided are extremely competitive. The average placement for an older person in residential/nursing care is £570 per week compared to the London average of £625 per week (based on 2010/2011 benchmarking). In 2010/2011, the cost of intensive social care in the home for adults aged 65 and over including those with dementia in Tower Hamlets continues to be within the top band of performance as defined by the Commission for Social Care Inspection (CSCI) at £625 per week compared to the London average of £694 per week.

Compared to other London authorities, we are a low user of institutional care as we seek to offer choice to our service users and focus on them maximising their independence in their community.

The development of extra care housing as an alternative to institutional care, at an average annual cost of £9,676 per service user against £28,600 per institutional placement, is another efficiency driver.

**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

**Item Ref. No:**  
GRO AHWB 2-12

<b>TITLE OF ITEM:</b>	Learning Disability Transition Clients		
<b>DIRECTORATE:</b>	Adults Health & Wellbeing		
<b>SERVICE AREA:</b>	Commissioning & Strategy	<b>LEAD OFFICER:</b>	Deborah Cohen
<b>FINANCIAL INFORMATION:</b>	Paul Thorogood		

	Contingency / Budget allocation	Bid (Base is 2011/12 budget)		
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)				
Employee Costs				
Other Costs	17,945	750	868	1,016
Income				
<b>TOTAL</b>	17,945	750	868	1,016

\*Committed growth agreed on an annual basis, therefore future years are included as indicative figures to aid medium term financial planning

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:**

In the 2011/2012, it is forecast that 29 learning disability clients will transfer from the Children Schools and Families Directorate to Adults Health and Wellbeing. The cost of these clients is anticipated to be £703,000 in a fully year effect (£343,000 in 2011/2012 and £360,000 in 2012/2013).

The average care package for this group of clients is £24k, however it should be noted that it does include three clients in excess of £85,000 (£118,081, £85,800 and £174,096).

Detailed workings on the number of clients that will transfer to the Directorate over the next three years and their costs is an ongoing routine. It is forecast that the number of clients will increase by 5% for 2012/2013, 2013/2014 and 2014/2015, coupled with a year on year increase in cost by approximately 10%.

Increase in care and support costs due to underlying demographic pressures.

The majority of service users with learning disabilities are aged between 18 and 30. The average level of need of young people transferring from Children Schools and Families has increased over the years, as more and more children with very complex needs survive into adulthood. In addition there is also some evidence that as people age, there is a higher incidence of dementia in people with learning disabilities than in the population as a whole, which can be expected to further intensify cost pressures.



**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

**Item Ref. No:  
GRO AHWB 2-12**

**1. RISKS AND IMPLICATIONS:**

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

This growth bid results from the increased number of young people with severe learning disability and often multiple needs transferring from Children Schools and Families into Adults Health and Wellbeing. This is a year on year driver of inescapable growth in learning disabilities services. The number of service users supported by the Learning Disabilities Commissioning Budget increases year on year, as a result of young people who have previously been supported by children's services in education and social care moving into adulthood ('young people in transition'), and an increased life expectancy at the other end of the age range.

The methodology used to project growth requirements has been used for several years in the annual budget process and is based on the following assumptions. The impact on the budget in any given year is dependent on whether the young person continues in a full time specialist college placement until they are 19, and the full impact for any cohort in transition can be spread across three financial years. The age at which funding responsibility transfers to Adult Services varies according to the circumstances of the young person. Young people with learning disabilities may remain at school until the age of 19 ('Year 14' in educational terms). For some young people, full responsibility transfers at age 18. For others who remain at school till 19, full responsibility will not transfer until they leave school. However, some costs (e.g. for holiday time care) will fall to adult services between the 18th and 19th birthdays. Because the school term finishes in July the full year financial effect of any care plan often does not impact until the financial year after that in which the young person has their 19th birthday (i.e. the year in which they turn 20).

The young people who drive the majority of these costs are aged between 16 and 18 and considerable changes in both needs and numbers can take place over their remaining years in education. Not all of those predicted to transfer will incur spend from the learning disability commissioning budget for a wide range of reasons and may have all their needs met by health care services from Community Learning Disability Services and/or family carers. In addition for those with very high healthcare needs their care costs will likely be met by wholly or in part by NHS funding. New costs are also being transferred to adult services with the changes in both funding of further education for young people from the YPLA (formerly LSC) and re-designation of residential costs for young people in education aged 18-19 by Childrens services to Adult services. The long term impact of this will be more easily understood at the end of 2011-12 after the three year cycle.

The annual review process that takes place between Children's and Adults services during May to October is used to generate the data. The identification of the future number of potential adult service users is based on a view of the needs of the year nine children (age 13- 14). Between the ages of 15-16 a more detailed assessment is undertaken which indicates which services might be needed and then some estimated costs are apportioned. The estimated costs for care packages for an individual in a full year can range from a minimum of £1,503 to £112,900 (taken from costs for those aged 20 in 2008/09) and therefore are examined on an annual basis.

**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

**Item Ref. No:  
GRO AHWB 2-12**

**2 | 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 noted in previous years, rising costs in this area reflect a national and ongoing trend, and much of the available data is summarised in a report commissioned by the Association of Directors of Adult Social Services in October 2005. Local authority spending on learning disability services rose by 96% between 1995/6 and 2003/4. In the same period, NHS spending fell. 'Between 2001 and 2021, on a conservative estimate, there will be a 36% increase in the numbers of adults with learning disabilities aged over 60 in England. There will be an 11% increase in the total number of adults with learning disabilities'. The number of people with learning disabilities using Social Services increased nationally between 2001 and 2004 by 15%, and the numbers in residential and nursing care rose by 35% between 1997 and 2004.

The draft Personal Social Services Expenditure benchmarking data for 2010/2011 indicates that the Authority had 9,200 clients aged 18-64 with a learning disability. This is the twelfth highest in London.

The Directorate's unit costs of care provided for clients with a learning disability are extremely competitive.

<b>Area of Expenditure</b>	<b>Tower Hamlets Cost per Client per Week</b>	<b>London Average</b>	<b>Current Efficiencies in Place to Reduce LBTH Expenditure</b>
Nursing Care	£940	£1,409	National Care Funding Calculator
Residential Care	£1,325	£1,455	National Care Funding Calculator Learning Disability Accommodation
Homecare	£335	£317	Domiciliary Care Retender
Direct Payments	£335	£280	
Day Care	£900	£513	Learning Disability Day Services Review

**COMMITTED GROWTH/ CONTINGENCY ALLOCATION  
BUDGET 2012/13- 2014/15**

Item Ref. No:  
GRO CLC 1-12

**TITLE OF ITEM:** Freedom Pass

**DIRECTORATE:** CLC

**SERVICE AREA:** Public Realm **LEAD OFFICER:** John Chiltern

**FINANCIAL INFORMATION:**

	Contingency allocation	Bid (Base is 2011/12 budget)		
	2011/12 £000	2012/2013 £000	2013/2014 £000	2014/2015 £000
General Fund		600	350	360
HRA				
Other				
<b>TOTAL</b>		600	350	360

**DESCRIPTION & JUSTIFICATION**

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

London Councils manage the negotiation of the Freedom Passes 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:

1. TfL state the overall Freedom Pass Cost for London
2. London Councils (LC) receive a DfT Grant towards the Freedom Passes (about 11% of total cost)
3. This gets deducted off the total cost to calculate the deficit remaining

LC has in the past apportioned the deficit to boroughs based on both usage data (bus and underground) in proportion to Special Grant. This is now based on usage and the Special Grant is part of the Formula Grant methodology.

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

The freedom pass rate is an average of the increase between the ATOC and TfL element of the scheme. This year's average was 2.59% + RPI to give the increase of 7.79% estimated for 2012/13. Future years growth have been revised downwards to reflect Bank of England forecast for RPI

**COMMITTED GROWTH/ CONTINGENCY ALLOCATION  
BUDGET 2012/13- 2014/15**

**Item Ref. No:  
GRO CLC 1-12**

This methodology indicates that the costs of Concessionary Fares for LBTH in 2011/12 will be £7.34m, an increase of £2.246m on the 2010/11 budget. Approximately £0.7m was anticipated in 2011/12 and provision for this level of increase has been included within the Parking Reserve Account. The reliance on the Parking Reserve to fund the provision of £0.7m in future years will deplete the Reserve and therefore there is a need to fund this gap from contingency in 2012/13.

**1. RISKS AND IMPLICATIONS:**

**Why is this expenditure inescapable and what are the consequences/ risks if funding is not approved? If it is demanded 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.

**2 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.

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.

**COMMITTED GROWTH/ CONTINGENCY ALLOCATION  
BUDGET 2012/13- 2014/15**

**Item Ref. No:**  
GRO CLC 2-12

**TITLE OF ITEM:** Transportation, treatment and disposal of waste (including recycled materials)

**DIRECTORATE:** CLC

**SERVICE AREA:** Public Realm

**LEAD OFFICER:**

Simon  
Baxter /  
Fiona  
Heyland

**FINANCIAL INFORMATION:**

	Contingency allocation	Bid (Base is 2011/12 budget)		
	2011/12 £000	2012/2013 £000	2013/2014 £000	2014/2015 £000
General Fund		870	310	320
HRA				
Other				
<b>TOTAL</b>		870	310	320

**DESCRIPTION & JUSTIFICATION**

The Waste Strategy which includes the determining of the long term waste strategy of the Council is yet to be finalised. In the short to medium term the Council will continue to rely on the ability of Veolia to secure spare operating capacity at existing waste facilities and the use of the Rainham landfill site. Therefore each year the Council will continue to face the burden of the £8 Landfill Tax escalator for waste going to landfill.

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

A number of assumptions have been made in calculating the funding required:

- that Landfill Tax will continue to increase by £8 per tonne. The Government has announced that Landfill Tax will continue to rise until it reaches £80 per tonne in 2014/
- that the Municipal Solid Waste (MSW) tonnage will continue to increase by 0.5% each year. This is an assumed risk which will need to be monitored and reviewed over the MTFP
- that the recycling rates in 2012/13 and 2013/14 will remain at 29% unless a policy of compulsory recycling is introduced
- As a result of the increased cost of landfill tax of waste disposal in 2011/12 the cost totals £583k without any growth provision
- In 2012/13 the additional cost will grow by £287k

**COMMITTED GROWTH/ CONTINGENCY ALLOCATION  
BUDGET 2012/13- 2014/15**

**Item Ref. No:**  
GRO CLC 2-12

**1. RISKS AND 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.

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

- Change in growth of MSW tonnage
- Government announcement regarding Landfill Tax

**2 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 Landfill tax escalator is a tax that is outside the control of the Council. Whilst other options are pursued to reduce landfill, the landfill tax will continue to be payable on all waste disposed through landfill. This proposal continues to provide the best option currently available and carried the least risk.

**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

Item Ref. No:  
GRO CSF 1-12

**TITLE OF ITEM:** Home – School Travel

**DIRECTORATE:** Children, Schools and Families

**SERVICE AREA:** G78 Pupil Support

**LEAD OFFICER:** Terry Bryan

**FINANCIAL INFORMATION:**

	Contingency / Budget allocation	Bid (Base is 2011/12 budget)		
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)	0	0	0	0
Employee Costs	0	0	0	0
Other Costs	730	0	80	(100)
Income	0	0	0	0
<b>TOTAL</b>	<b>730</b>	<b>0</b>	<b>80</b>	<b>(100)</b>

\*Committed growth agreed on an annual basis, therefore future years are included as indicative figures to aid medium term financial planning

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

The number of pupils provided with home-school transport (on distance grounds) in spring 2011 ie prior to the start of the 2011/12 academic year is **301**, with annualised spending at a rate of **£0.813m**. The government grant funding that is being used to support this level of expenditure for 2011/12 will not be available for 2012/13 onwards.

Transport is provided for nursery age children onwards, but more normally it is provided for Reception age pupils (ie 4 year olds) onwards. So, each new academic year, a new tranche of pupils become eligible, but the existing pupils remain supported as they move through the primary year-groups to year 6. Moreover, casual admissions (ie families new to the area during the school year) will affect this pattern as casual admissions affect all year-groups. If the existing pattern of provision were to continue, therefore, the number of pupils would be expected to increase by around 70 each year for the next three years, without any significant reductions overall, until around 500 pupils were being supported in this way, at a total cost of £1.4m.

The existing patterns of provision, however, are expected to change through expansions at existing schools and through the introduction of the priority catchment area mechanism in 2013/14 academic year. So, while the numbers are expected to rise until 2012/13, from 2013/14 onwards, the numbers and costs should reduce broadly by one-seventh each year.

The estimated pattern is set out in **Table 1**. The actual pupil numbers will fluctuate from year-to-year.

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**Table 1: Estimated pattern of pupils being supported for transport 2011/12 to 2016/17 academic years.**

	Snapshot April 2011	Academic year 2011/12	Academic year 2012/13	Academic year 2013/14	Academic year 2014/15	Academic year 2015/16	Academic year 2016/17
Nursery	9	9	9	0	0	0	0
Reception	59	70	70	0	0	0	0
Year 1	89	59	70	70	0	0	0
Year 2	69	89	59	70	70	0	0
Year 3	44	69	89	59	70	70	0
Year 4	24	44	69	89	59	70	70
Year 5	7	24	44	69	89	59	70
Year 6	0	7	24	44	69	89	59
	<b>301</b>	<b>371</b>	<b>434</b>	<b>401</b>	<b>357</b>	<b>288</b>	<b>199</b>

The financial year implications of this, based on £2,700 per pupil (two-thirds one academic year and one-third the next), are set out in **Table 2**.

**Table 2: Forecast spend on Home-School Transport, based on pupil number estimates in Table 1.**

Financial year	Forecast cost £'000
2011/12	876
2012/13	1,058
2013/14	1,142
2014/15	1,043
2015/16	902
2016/17	698

Of the total transport budget, £0.330m is earmarked for pupil transport, rather than SEN Transport, so the budget bid seeks growth to account for the difference.

**1. RISKS AND IMPLICATIONS:**

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

There are different dynamics affecting the home-school travel budget.

- It has historically been accounted for with SEN Transport because it has been a small additional activity; in recent years the number of pupils supported has grown and this function should be accounted for separately.
- The authority has a statutory duty to provide 'travel assistance' for children living outside the 'statutory walking distance' (2 miles for children under 8 and 3 miles for children over 8 years of age) whose journey time by public transport exceeds the limits advised by central government. Numbers of pupils being provided with direct transport support to get to school



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has risen to 301 in 2010/11 academic year, from a level two years previously around one-third of that level.

- Budget pressures have been experienced in 2011/12, but they have been addressed by applying unspent children's services grants, which will not be available for 2012/13.
- Changes to admission policies, such as the introduction of priority admission catchment areas, will assist enormously in avoiding so many pupils each year not being able to get a local school place. This will only happen over a number of years, however, as existing pupils in their existing schools will stay there until they either find one closer to home or leave at the end of year 6.
- Difficulties persist in securing sufficient school places for all those who need them, a situation that requires capital spend on new schools and school expansions to resolve. This is part of the capital growth bids.
- The Authority's responsibility is to provide home-school travel assistance, not necessarily direct transport. Initiatives being developed on SEN Transport have involved independent travel training, allowing some children to use public transport. The introduction of this for many of the current 301 pupils who receive home-school transport would see a reduction in costs. On the basis of the 301 pupils being supported in spring 2011, it was estimated that 40% of them may be suitable for alternative support, rather than direct transport. If all of those thought potential to be suitable were to switch to the alternative, the overall annual cost could reduce by 25% on the overall costs in Table 2 in the previous section. This may not happen immediately and would require some policy amendments. This will contribute to the savings already agreed by Cabinet of £0.300m for transport (ref: CSF/4 Pupil Transport Efficiency Review, Cabinet January 2011).
- **Tables 3 and 4** set out how the transport is provided, showing where the 301 pupils and 24 schools are and how much it is costing to get pupils to each of the schools affected.

The main risk associated with this is the demographic changes themselves. Even slight increases in demand for school places will result in more pupils eligible for transport support, as this situation is a symptom of the underlying problem of not having sufficient school places in the areas they are needed.

If this additional funding is not provided, it will require policy changes to curtail entitlements for pupils having to travel beyond the 2 mile limit, including withdrawing support for individual pupils once they reach the age of 8, defaulting more to travel assistance than direct transport provision, taking a strict view that siblings are not included.

**2 | 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**

It would be better value for money if school places were available in the right parts of the borough and such journeys were not required at all.

The introduction of the priority catchment areas is expected to reduce the need for this support, but this will only happen over time.

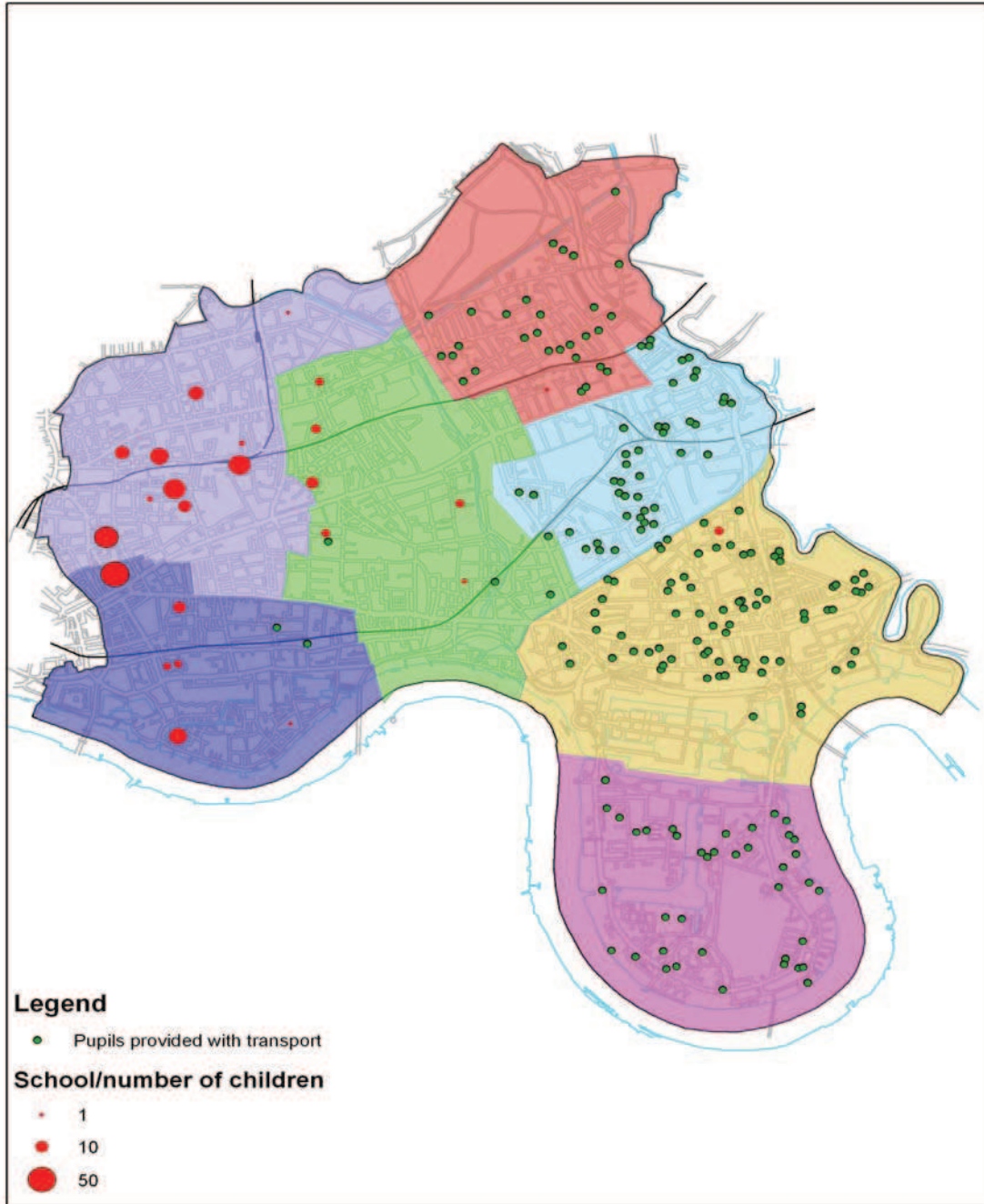
Spending money on transport, when the authority's duty is to provide travel assistance may be regarded as a generous arrangement, but precedents have been set and change of policy will be required.

There is an underlying core commitment for 2012/13 that needs to be recognised and a more uncertain element relating to potential changes in the future. It may be that the existing commitment should be considered for firm growth and the less certain element be considered for risk contingency.

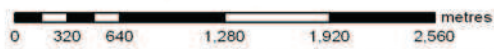
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**Table 3: Pattern of provision for the 301 pupils supported in April 2011 (ie 301 pupils in green and the 24 schools in red)**



**Transport provision**



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**Table 4: Details of snapshot provision in April 2011.**

<b>School</b>	<b>Number of children</b>	<b>Number of vehicles</b>	<b>Cost per day</b>	<b>Estimated annual cost</b>	<b>Average cost per child per day</b>
Bangabandhu	6	2	£139	£26,271	£23.17
Ben Jonson	5	1	£81	£15,309	£16.20
Canon Barnett	52	6	£659	£124,551	£12.67
Cayley	2	1	£58	£10,962	£29.00
Christ Church	37	4	£390	£73,710	£10.54
Elizabeth Selby	14	2	£188	£35,532	£13.43
Globe	5	1	£111	£20,979	£22.20
Hague	2	1	£58	£10,962	£29.00
Harry Gosling	10	1	£130	£24,570	£13.00
Hermitage	20	2	£260	£49,140	£13.00
John Scurr	10	2	£188	£35,532	£18.80
Malmesbury	1	1	£29	£5,481	£29.00
Manorfield	5	1	£81	£15,309	£16.20
Mowlem	1	1	£58	£10,962	£58.00
Osmani	11	1	£130	£24,570	£11.82
Shapla	4	1	£81	£15,309	£20.25
Smithy Street	5	1	£81	£15,309	£16.20
St Anne's	4	1	£81	£15,309	£20.25
St Matthias	13	2	£260	£49,140	£20.00
St Paul's	8	1	£130	£24,570	£16.25
St Peter's	2	1	£58	£10,962	£29.00
Stewart Headlam	30	5	£399	£75,411	£13.30
Thomas Buxton	32	3	£390	£73,710	£12.19
William Davis	22	2	£260	£49,140	£11.82
<b>Total</b>	<b>301</b>	<b>44</b>	<b>£4,300</b>	<b>£812,700</b>	<b>£14.29</b>

**COMMITTED / UNAVOIDABLE GROWTH BID  
BUDGET 2012/13- 2014/15**

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**TITLE OF ITEM:** Discretionary Awards Post-16

**DIRECTORATE:** Children, Schools and Families

**SERVICE AREA:** G22 Student Support **LEAD OFFICER:** Di Warne

**FINANCIAL INFORMATION:**

	Contingency / Budget allocation	Bid (Base is 2011/12 budget)		
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)	0	0	0	0
Employee Costs	0	40	(20)	-20
Other Costs	374	749	(374)	(749)
Income	0	0	0	0
Earmarked Reserves	(374)	(749)	374	749
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

\*Committed growth agreed on an annual basis, therefore future years are included as indicative figures to aid medium term financial planning

**DESCRIPTION & JUSTIFICATION**

**Growth Calculation:** [ Use this box to illustrate the empirical assumptions built into this bid and how they relate to historic/ developing trends]

Cabinet on 2<sup>nd</sup> November 2011 agreed to the introduction of a bursary for 16-19 year olds to replace the former Education Maintenance Allowance (EMA) that had previously been available nationally.

Actual costs will vary according to the numbers of eligible students. The costs have been calculated on the basis of:

- A rate per student of £400 per year;
- current year 11 student numbers (2,473)
- 89% of students staying on at school or college.
- 85% of those staying on being eligible for support
- Year 14 numbers abated to assume 30% of the Year 12 level as this is the national position for 18 year olds attending FE colleges or schools.
- £40k per annum for administration costs

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Financial year	2011/12	2012/13		2013/14		2014/15	
Year	Jan 12	April 12	Jan 13	April 13	Jan 14	April 14	Jan 15
Year 12	1,871	1,871	1,871	1,871	1,871	1,871	1,871
Year 13			1,871	1,871	1,871	1,871	1,871
Year 14					561	561	561
Total eligible	1,871	1,871	3,742	3,742	4,303	4,303	4,303
Total cost (ie eligible x £200 per instalment)	£0.374m	£0.374m	£0.748m	£0.748m	£0.861m	£0.861m	£0.861m
Financial year cost	£0.374m	£1.123m		£1.609m		£1.722m	

The table above illustrates the estimated position for the cost of the grant element, before adding administration costs.

The Cabinet decision was to fund the activity for two academic years at a total cost of £2.3m. Thereafter, alternative income sources will need to be secured. If they cannot be secured, the discretionary awards will not be able to continue.

**1. RISKS AND IMPLICATIONS:**

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

Educational attainment has risen to above national averages at GCSE. Improvements at post 16 have reached national norms. The reduction in the government's funding support post-16 will have a further detrimental effect on the ability of young people to remain in education. Without Discretionary Funding students from low income families struggle to support their needs for basic subsistence, travel, and ability to purchase learning materials and specialist equipment.

Educational improvement at all levels and the ability to secure employment in the future is a Strategic Priority

The decision of central government to end the EMA scheme and replace it with a targeted support scheme will have a serious financial impact on students in school sixth forms and FE colleges who could have expected an EMA of £30 per week in the 2011/12 academic year.

Transitional arrangements have been put into place by the Young Peoples Learning Agency (YPLA) to compensate students who received an EMA in 2009/10 of any value or an EMA of £30 in the 2010/11 academic. These students will continue to receive a weekly payment in lieu of their EMA.

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Initial information received from the YPLA is that schools will receive a sum approximately worth £200 in the financial year per student in receipt of free school meals. This replaces the approximate £1,000 an EMA student could have received and is considerably less than the £566 EMA students did receive on average in Tower Hamlets in the 2002/03 financial year. 2002/03 is the last year of the EMA pilot scheme for which the Borough hold records of payment.

**2 | 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 16-19 FE Award would be a grant scheme aimed at long term residents of Tower Hamlets who would have received a £30 EMA if the scheme had continued and who are not eligible for a weekly payment under the YPLA's transitional arrangements for continuing students.

Students would be required to be settled in the UK/EEA and to have lived in Tower Hamlets for three years before the start of the course.

The 16-19 FE Award will only be considered where a student's household income is less than £20,871 in the 2010/11 financial year.

The award will consist of two payments of £200 paid to the student in the Spring and Summer terms. The supposition is that students will receive any YPLA support they are entitled to in the Autumn term.

The release of payments will be triggered by a positive indication from a school or college that a student has reached accepted levels of attendance, and progress towards their targets.



DIRECTORATE SERVICE IMPROVEMENT												
Ref No.	Directorate	Description of Opportunity	2011/12 Year 1 £'000	Revised 2011/12 Year 1 £'000	2012/13 Year 2 £'000	Revised 2012/13 Year 2 £'000	2013/14 Year 3 £'000	Revised 2013/14 Year 3 £'000	2014/15 Year 4 £'000	Revised 2014/15 Year 4 £'000	TOTAL £'000	Revised TOTAL £'000
AHWP/1	Adults Health & Wellbeing	Promoting Independence and reducing demand for domiciliary care through Reablement	540	540	1,349	1,349	842	842	0	0	2,731	2,731
AHWP/2	Adults Health & Wellbeing	Better use of Supported Housing	250	250	630	630	940	940	0	0	1,820	1,820
AHWP/3	Adults Health & Wellbeing	Modernising Learning Disability Day Services	200	200	600	600	600	600	0	0	1,400	1,400
AHWP/5	Adults Health & Wellbeing	Care Management Levels	220	220	0	0	0	0	0	0	220	220
AHWP/6	Adults Health & Wellbeing	Housing Link	78	78	60	0	0	0	0	0	138	78
AHWP/7	Adults Health & Wellbeing	New Business Procurement with Framework I	120	120	0	0	0	0	0	0	120	120
		<b>Total (Adults Health &amp; Wellbeing)</b>	<b>1,408</b>	<b>1,408</b>	<b>2,639</b>	<b>2,579</b>	<b>2,382</b>	<b>2,382</b>	<b>0</b>	<b>0</b>	<b>6,429</b>	<b>6,369</b>
CE/2	Chief Executive	Review of Democratic Services and Member Support	312	312	80	0	0	0	0	0	392	312
		<b>Total (Chief Executive)</b>	<b>312</b>	<b>312</b>	<b>80</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>392</b>	<b>312</b>
CLC/1	Communities Localities & Culture	Parking Driving Change through enhanced Performance	1,250	1,250	1,000	1,000	0	0	0	0	2,250	2,250
CLC/2	Communities Localities & Culture	Highways income and efficiencies opportunities	200	600	800	400	50	50	0	0	1,050	1,050
CLC/3	Communities Localities & Culture	Pest Control Service review	125	125	0	0	0	0	0	0	125	125
CLC/4	Communities Localities & Culture	Review of Supervised Adventure Play Activities	164	164	50	50	0	0	0	0	214	214
CLC/5	Communities Localities & Culture	Service Rationalisation - Restructure/Redesign of Directorate Enforcement Functions	614	614	172	422	0	0	0	150	786	1,186
CLC/6	Communities Localities & Culture	Service Integration - Reorganisation of Clean and Green Group and Rationalisation of Management of Parks and Open Spaces	608	608	0	0	0	0	0	0	608	608
CLC/7	Communities Localities & Culture	Commercial Waste Income Opportunities	300	300	350	350	400	400	0	0	1,050	1,050
		<b>Total (Culture)</b>	<b>3,261</b>	<b>3,661</b>	<b>2,372</b>	<b>2,222</b>	<b>450</b>	<b>450</b>	<b>0</b>	<b>150</b>	<b>6,083</b>	<b>6,483</b>
CSF/1	Children, Schools & Families	Redesign and integration of Early Years and Children's Centres Management	2,978	2,978	0	0	0	0	0	0	2,978	2,978
CSF/2	Children, Schools & Families	Family wellbeing model	0	0	0	0	200	200	0	0	200	200
CSF/3	Children, Schools & Families	Redesign support for young people aged 13-19 to reflect need	727	727	0	0	0	0	0	0	727	727
CSF/4	Children, Schools & Families	Pupil Transport efficiency review	50	50	150	150	100	100	0	0	300	300
CSF/5	Children, Schools & Families	Review of Extended Schools Services	693	693	120	180	0	0	0	0	813	873
CSF/6	Children, Schools & Families	Redesign of parent support and advice to reflect need	35	35	50	50	40	40	0	0	125	125
CSF/9	Children, Schools & Families	Government Transfer of functions for student Awards	300	300	0	0	0	0	0	0	300	300
CSF/10	Children, Schools & Families	Review and rationalisation of emotional health and wellbeing support	179	179	0	0	0	0	0	0	179	179
		<b>Total (Children, Schools &amp; Families)</b>	<b>4,962</b>	<b>4,962</b>	<b>320</b>	<b>380</b>	<b>340</b>	<b>340</b>	<b>0</b>	<b>0</b>	<b>5,622</b>	<b>5,682</b>
D&R/1	Development & Renewal	Transformation of front end to back office functions through planning digitisation	64	64	186	186	0	0	0	0	250	250
D&R/2	Development & Renewal	Corporate Subscriptions Deletion	25	25	75	50	100	0	0	0	200	75
D&R/3	Development & Renewal	Review of Employment and Enterprise and 2012 legacy arrangements	110	110	40	0	40	0	0	0	190	110
		<b>Total (Development &amp; Renewal)</b>	<b>199</b>	<b>199</b>	<b>301</b>	<b>236</b>	<b>140</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>640</b>	<b>435</b>
ALL/1	All Directorates	Directorate Supplies & Service Efficiencies	1,205	1,205	776	776	639	639	0	0	2,620	2,620
		<b>Total (All Directorates)</b>	<b>1,205</b>	<b>1,205</b>	<b>776</b>	<b>776</b>	<b>639</b>	<b>639</b>	<b>0</b>	<b>0</b>	<b>2,620</b>	<b>2,620</b>
<b>PROGRAMME SAVINGS</b>												
												0
BAM/1	Development & Renewal	Better Asset Management	80	80	481	481	268	418	0	0	829	979
		<b>Total (Better Asset Management)</b>	<b>80</b>	<b>80</b>	<b>481</b>	<b>481</b>	<b>268</b>	<b>418</b>	<b>0</b>	<b>0</b>	<b>829</b>	<b>979</b>
IO/1	Schools, Children & Families	Recharge Schools for Support Services	1,873	1,873	189	189	100	100	0	0	2,162	2,162
IO/2	Development & Renewal	Review of Planning fee income	250	250	0	0	0	0	0	0	250	250
IO/3	Chief Executive	Shared Legal Services	50	50	50	50	50	50	0	0	150	150
IO/4	All directorates	Improved Income Collection, Debt Management and Fraud prevention	1,560	1,073	948	725	632	554	0	0	3,140	2,352
		<b>Total (Income Optimisation)</b>	<b>3,733</b>	<b>3,246</b>	<b>1,187</b>	<b>964</b>	<b>782</b>	<b>704</b>	<b>0</b>	<b>0</b>	<b>5,702</b>	<b>4,914</b>
LEAN/1	All Directorates	Management Streamlining & Agency Management Reduction	5,916	5,516	1,965	2,403	1,310	1,310	0	0	9,191	9,229
LEAN/2	All Directorates	Merging Communications, Publications and Participation and Consultation functions	1,400	1,400	100	100	0	0	0	0	1,500	1,500
LEAN/3	All Directorates	Strategy Policy and Performance (SPP)	1,010	1,010	340	340	0	0	0	0	1,350	1,350
		<b>Total (Lean)</b>	<b>8,326</b>	<b>7,926</b>	<b>2,405</b>	<b>2,843</b>	<b>1,310</b>	<b>1,310</b>	<b>0</b>	<b>0</b>	<b>12,041</b>	<b>12,079</b>
MOI/1	Resources	Managing our information	750	750	650	650	200	200	0	0	1,600	1,600
		<b>Total (Managing Our Information)</b>	<b>750</b>	<b>750</b>	<b>650</b>	<b>650</b>	<b>200</b>	<b>200</b>	<b>0</b>	<b>0</b>	<b>1,600</b>	<b>1,600</b>

Ref No.	Directorate	Description of Opportunity	2011/12 Year 1 £'000	Revised 2011/12 Year 1 £'000	2012/13 Year 2 £'000	Revised 2012/13 Year 2 £'000	2013/14 Year 3 £'000	Revised 2013/14 Year 3 £'000	2014/15 Year 4 £'000	Revised 2014/15 Year 4 £'000	TOTAL £'000	Revised TOTAL £'000
SSP/1	All Directorates	Improve Contract pricing through Contract re-negotiation	273	273	273	273	358	358	0	0	904	904
SSP/2	Communities Localities & Culture	Better targeting of Street Cleansing and Refuse Collection contracts	325	325	375	375	825	825	0	0	1,525	1,525
SSP/3	Communities Localities & Culture	Events In Parks (overall reduction in summer usage of Victoria Park)	200	200		0		0	0	0	200	200
SSP/4	Communities Localities & Culture	Integrated Public Realm Contract - Service Efficiencies	0	0	1,200	1,200	1,300	1,300	0	0	2,500	2,500
SSP/5	Resources	Telephone Contract renewal	413	413	0	0	0	0	0	0	413	413
SSP/7	Adults Health & Wellbeing	Domiciliary Care Re- Commissioning	1,045	1,045	345	495	0	0	0	0	1,390	1,540
SSP/8	Adults Health & Wellbeing	Applying the National Care calculator in order to reduce supplier margins	400	400	0	0	0	0	0	0	400	400
SSP/9	Adults Health & Wellbeing	Shared Re-Commissioning Supporting People Services	760	760	0	0	0	0	0	0	760	760
SSP/10	Communities Localities & Culture	Leisure Service Efficiencies	95	95	333	333	495	495	0	0	923	923
		<b>Total (Successful Strategic Partnership)</b>	<b>3,511</b>	<b>3,511</b>	<b>2,526</b>	<b>2,676</b>	<b>2,978</b>	<b>2,978</b>	<b>0</b>	<b>0</b>	<b>9,015</b>	<b>9,165</b>
SW/1	Resources	Smarter Working	0	0	0		2,340	2,340	0	0	2,340	2,340
		<b>Total (Smarter Working)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,340</b>	<b>2,340</b>	<b>0</b>	<b>0</b>	<b>2,340</b>	<b>2,340</b>
n/a	Resources	HRIP Delivered in 2010/11 (with savings in 2011/12)	1,500	1,500							1,500	1,500
n/a	All	Audit Commission reduced fee	45	45							45	45
n/a	All	Reduction in London Councils Subscription	65	65							65	65
		Various efficiency savings each below £50k			788	788	216	216	0	0	1,004	1,004
		<b>Total (Other)</b>	<b>1,610</b>	<b>1,610</b>	<b>788</b>	<b>788</b>	<b>216</b>	<b>216</b>	<b>0</b>	<b>0</b>	<b>2,614</b>	<b>2,614</b>
		<b>Total</b>	<b>29,357</b>	<b>28,870</b>	<b>14,525</b>	<b>14,595</b>	<b>12,045</b>	<b>11,977</b>	<b>-</b>	<b>150</b>	<b>55,927</b>	<b>55,592</b>



## NEW SAVING PROPOSALS 2012/13 - 2014/15

Ref.	Dir.	BACKGROUND INFORMATION - Description of Idea/Opportunity	2012/13 £'000	2013/14 £'000	2014/15 £'000	TOTAL £'000
AHWB 1 (2012)	Adults Health & Wellbeing	Physical Disability Day Opportunities Budget efficiency	51	20	0	71
AHWB 2 (2012)	Adults Health & Wellbeing	Mental Health Supported Accommodation	0	200	600	800
AHWB 3 (2012)	Adults Health & Wellbeing	Use of Telecare	250	250	300	800
AHWB 4 (2012)	Adults Health & Wellbeing	Reorganisation of Children Schools and Families & Adults Health and Wellbeing	150	150	0	300
AHWB 5 (2012)	Adults Health & Wellbeing	LD residential and supported living efficiencies via collaborative work with neighbouring Boroughs	0	300	0	300
AHWB 6 (2012)	Adults Health & Wellbeing	Housing Link Phase 2	100	105	0	205
AHWB 7 (2012)	Adults Health & Wellbeing	Improving the quality of the hostels sector and managing reduction of the number of bed spaces	0	690	0	690
AHWB 8 (2012)	Adults Health & Wellbeing	More Effective Income Control	75	25	0	100
AHWB 9 (2012)	Adults Health & Wellbeing	Supporting People Framework Agreement	175	225	0	400
AHWB 10 (2012)	Adults Health & Wellbeing	Additional Adults, Health and Wellbeing Opportunity 13/14	0	200	0	200
AHWB 11 (2012)	Adults Health & Wellbeing	Various savings each of less than £50k	0	40	0	40
<b>Total (Adults Health &amp; Wellbeing)</b>			<b>801</b>	<b>2,205</b>	<b>900</b>	<b>3,906</b>
CE 1 (2012)	Chief Executive	Strategy, Policy and Performance: Management Restructure	200	100	100	400
CE 2 (2012)	Chief Executive	Various savings each of less than £50k	90	0	0	90
<b>Total (Chief Executive)</b>			<b>290</b>	<b>100</b>	<b>100</b>	<b>490</b>
CLC 1 (2012)	Communities Localities & Culture	Northumberland Wharf Commercial Lease	0	300	0	300
CLC 2 (2012)	Communities Localities & Culture	Depot Consolidation	150	0	200	350
CLC 3 (2012)	Communities Localities & Culture	New Income Generation - Bulk Waste	150	0	0	150
CLC 4 (2012)	Communities Localities & Culture	Service Efficiencies, Capital Schemes	375	0	0	375
CLC 5 (2012)	Communities Localities & Culture	Pay and Display Review	275	0	0	275
CLC 6 (2012)	Communities Localities & Culture	Parking Permits Review	0	235	0	235
CLC 7 (2012)	Communities Localities & Culture	Corporate Events in Parks	0	90	0	90
CLC 8 (2012)	Communities Localities & Culture	Advertising Opportunity	0	600	0	600
CLC 9 (2012)	Communities Localities & Culture	Ideas Store Stock Fund	0	200	0	200
CLC 10 (2012)	Communities Localities & Culture	Various savings each of less than £50k	110	70	0	180
<b>Total (Communities, Localities and Culture)</b>			<b>1,060</b>	<b>1,495</b>	<b>200</b>	<b>2,755</b>
CSF 1 (2012)	Children, Schools & Families	Open buildings for community hire	100	0	0	100
CSF 2 (2012)	Children, Schools & Families	Move to a traded basis for Parent Support Services	0	0	205	205
CSF 3 (2012)	Children, Schools & Families	Saving in procurement of placements for looked after children	0	0	500	500
CSF 4 (2012)	Children, Schools & Families	Consolidation of information systems- Single View of a Child	0	5	255	260
CSF 5 (2012)	Children, Schools & Families	Various savings each of less than £50k	50	0	0	50
<b>Total (Children, Schools &amp; Families)</b>			<b>150</b>	<b>5</b>	<b>960</b>	<b>1,115</b>
D&R 1 (2012)	Development & Renewal	Statement of Community Involvement (SCI) & Other Consultation changes	75	0	0	75
D&R 2 (2012)	Development & Renewal	Further Saving from Anchorage House	0	2,701	1,534	4,235
D&R 3 (2012)	Development & Renewal	Various savings each of less than £50k	75	0	0	75
<b>Total (Development &amp; Renewal)</b>			<b>150</b>	<b>2,701</b>	<b>1,534</b>	<b>4,385</b>
RES 1 (2012)	Resources	Phased Closure of Council's Cash Office Facility	70	80	0	150

Ref.	Dir.	BACKGROUND INFORMATION - Description of Idea/Opportunity	2012/13 £'000	2013/14 £'000	2014/15 £'000	TOTAL £'000
RES 2 (2012)	Resources	Insurance - negotiate cheaper premiums in Consortium with other London Boroughs	0	125	0	125
RES 3 (2012)	Resources	Future Sourcing Project	2,500	500	230	3,230
RES 4 (2012)	Resources	Rationalisation of One Stop Shops	0	202	0	202
RES 5 (2012)	Resources	Various savings each of less than £50k	30	0	0	30
<b>Total (Resources)</b>			<b>2,600</b>	<b>907</b>	<b>230</b>	<b>3,737</b>
CORP 1 (2012)	Corporate	Reduction in Contribution to General Fund Reserve	3,000	0	0	3,000
CORP 2 (2012)	Corporate	Reduction in Corporate Contingency Provision	0	1,434	0	1,434
CORP 3 (2012)	Corporate	Contribution to Improvement & Efficiency Reserve	0	2,900	0	2,900
CORP 4 (2012)	Corporate	Insurance and Risk Management Provisions	0	500	1,300	1,800
CORP 5 (2012)	Corporate	Reduction in Severance Provisions	200	0	1,203	1,403
CORP 6 (2012)	Corporate	Capital Financing Charges	1,000	0	0	1,000
CORP 7 (2012)	Corporate	Optimisation Investment / Treasury Management Strategy	445	0	0	445
<b>Total (Corporate Costs &amp; Capital Financing)</b>			<b>4,645</b>	<b>4,834</b>	<b>2,503</b>	<b>11,982</b>
<b>Grand Total</b>			<b>9,696</b>	<b>12,247</b>	<b>6,427</b>	<b>28,370</b>

# **APPENDIX 5**

## **NEW SAVINGS OPTIONS (DETAILED PRO-FORMAS)**

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Physical Disability Day Opportunities Budget efficiency			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Adult Social Care	<b>LEAD OFFICER:</b>	Katharine Marks	
<b>FINANCE CONTACT:</b>		Paul Thorogood			
£'000	Current Budget	Saving £000s (Incremental)			
	2011/12	2012/13	2013/14	2014/15	Total Savings
<b>Employees (FTE)</b>					
<b>Employees</b>	351	31			31
<b>Others</b>	263	20	20		40
<b>Income</b>	1				
<b>TOTAL SAVINGS</b>	613	51	20	0	71
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
	Ref No.	Costs (Incremental)			
		2012/13	2013/14	2014/15	2015/16+
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>This project aims to make £71,770 efficiency saving by 31 March 2014 by deleting a vacant Occupational Therapist post and returning a recurring under spend in the PD Day Opportunities Supplies and Services budget.</p> <ul style="list-style-type: none"> <li>The existing service provides for up to 15 places at each session but has never reached capacity, nevertheless good quality support has been provided to the people who use it.</li> </ul>					

2.	<b>Service implications of saving:</b>																																													
<ul style="list-style-type: none"> <li>This workstream will have an impact on 1 vacancy in relation to a rotational OT post that is rotated between social services and health.</li> </ul>																																														
3.	<b>Actions required to achieve saving:</b>																																													
<p>Seek management agreement from LBTH and NHSTH to delete the vacant post.</p> <p>Agree under spent budget to be returned</p>																																														
4.	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																													
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p>																																														
<table border="1"> <thead> <tr> <th data-bbox="137 779 651 846">Directorate</th> <th data-bbox="651 779 818 846">2012/13</th> <th data-bbox="818 779 994 846">2013/14</th> <th data-bbox="994 779 1166 846">2014/15</th> <th data-bbox="1166 779 1334 846">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="137 846 651 880">Chief Executive's</td> <td data-bbox="651 846 818 880"></td> <td data-bbox="818 846 994 880"></td> <td data-bbox="994 846 1166 880"></td> <td data-bbox="1166 846 1334 880"></td> </tr> <tr> <td data-bbox="137 880 651 913">Children, Schools and Families</td> <td data-bbox="651 880 818 913"></td> <td data-bbox="818 880 994 913"></td> <td data-bbox="994 880 1166 913"></td> <td data-bbox="1166 880 1334 913"></td> </tr> <tr> <td data-bbox="137 913 651 947">Schools (DSG Funded)</td> <td data-bbox="651 913 818 947"></td> <td data-bbox="818 913 994 947"></td> <td data-bbox="994 913 1166 947"></td> <td data-bbox="1166 913 1334 947"></td> </tr> <tr> <td data-bbox="137 947 651 981">Communities, Localities and Culture</td> <td data-bbox="651 947 818 981"></td> <td data-bbox="818 947 994 981"></td> <td data-bbox="994 947 1166 981"></td> <td data-bbox="1166 947 1334 981"></td> </tr> <tr> <td data-bbox="137 981 651 1014">Development and Renewal</td> <td data-bbox="651 981 818 1014"></td> <td data-bbox="818 981 994 1014"></td> <td data-bbox="994 981 1166 1014"></td> <td data-bbox="1166 981 1334 1014"></td> </tr> <tr> <td data-bbox="137 1014 651 1048">Housing Revenue Account</td> <td data-bbox="651 1014 818 1048"></td> <td data-bbox="818 1014 994 1048"></td> <td data-bbox="994 1014 1166 1048"></td> <td data-bbox="1166 1014 1334 1048"></td> </tr> <tr> <td data-bbox="137 1048 651 1081">Resources</td> <td data-bbox="651 1048 818 1081"></td> <td data-bbox="818 1048 994 1081"></td> <td data-bbox="994 1048 1166 1081"></td> <td data-bbox="1166 1048 1334 1081"></td> </tr> <tr> <td data-bbox="137 1081 651 1126"><b>TOTAL</b></td> <td data-bbox="651 1081 818 1126"></td> <td data-bbox="818 1081 994 1126"></td> <td data-bbox="994 1081 1166 1126"></td> <td data-bbox="1166 1081 1334 1126"></td> </tr> </tbody> </table>		Directorate	2012/13	2013/14	2014/15	TOTAL	Chief Executive's					Children, Schools and Families					Schools (DSG Funded)					Communities, Localities and Culture					Development and Renewal					Housing Revenue Account					Resources					<b>TOTAL</b>				
Directorate	2012/13	2013/14	2014/15	TOTAL																																										
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Resources																																														
<b>TOTAL</b>																																														
<p><b>Notes</b></p>																																														
5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																													
<p>NHSTH may not agree to the deletion of the post, placing £31,770 savings at risk. However, we believe that the likelihood of this is minimal.</p>																																														
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																													
<p>The post above has been vacant for 6 months, with the work being picked up within existing resources, leading to greater efficiency. The under spent budget is due to increased effective use of resources.</p>																																														

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 2 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Mental Health Supported Accommodation			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Comm. & Strategy	<b>LEAD OFFICER:</b>		Deborah Cohen
<b>FINANCE CONTACT:</b>		Paul Thorogood			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	6,379		200	600	800
<b>Income</b>					
<b>TOTAL SAVINGS</b>	6,379	0	200	600	800
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>It is regarded as good practice to review the accommodation provided for mental health service users. Tower Hamlets has an established team of health and social care staff who are reviewing all existing accommodation that supports mental health service users.</p> <p>The Mental Health Accommodation Strategy, considered and approved by Cabinet on 6/8/11, outlines a number of commissioning intentions aimed at improving both quality and value for money through commissioning a greater range of supported accommodation options in-borough to support a shift from out of borough residential care to in-borough supported accommodation. This approach is in line with other Boroughs and is considered good practice in mental health services.</p>					

In this project, all existing service users are re-assessed to identify the most appropriate accommodation support for them. After this assessment, support may remain the same or may change. The saving is the outcome of all of these changes. This target extends the existing £1 m saving agreed in February 2011.

The Accommodation Strategy includes a finance and activity model that estimates that through implementation of the Strategy in the region of £2m recurrent cash-savings against the 2009/10 baseline could be released by 2015/16. This is a notional figure derived from an activity model that is dependent on a number of assumptions and it is subject to changes in demand and particularly clinical practice. There is a relative degree of confidence across the Partnership that the current savings target of £1m by 2014/15 is deliverable, but any consideration of additional savings target in excess of £1m should be treated cautiously due to the risk to its deliverability.

Any potential for additional savings in excess of the currently committed £1m by 2014/15 would be managed as part of the already established plans for implementation of the Accommodation Strategy, so there is no need for any additional processes/work.

**2. Service implications of saving:**

As above.

**3. Actions required to achieve saving:**

Any potential for additional savings in excess of the currently committed £1m by 2014/15 would be managed as part of the already established plans for implementation of the Accommodation Strategy, so there is no need for any additional processes/work. However any potential for additional savings would only be estimations as the Strategy implementation progresses.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

As above.

**5. Other risk factors which could prevent this saving being achieved following implementation**

There is a degree of risk associated with the deliverability of any additional savings in excess of the current commitment of £1m as part of the Accommodation Strategy as noted above. However it may well be that there will be emergent savings as implementation progresses.

6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
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As per the Mental Health Accommodation Strategy.



PROPOSALS  
BUDGET 2012/13 – 2014/15

Item Ref. No:  
**AHWB 3 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>	Use of Telecare
<b>DIRECTORATE:</b>	Adults Health & Wellbeing
<b>SERVICE AREA:</b>	Adult Social Care <b>LEAD OFFICER:</b> Katharine Marks
<b>FINANCE CONTACT:</b>	Paul Thorogood

£'000	Current Budget	Saving £000s (Incremental)			
	2011/12	2012/13	2013/14	2014/15	Total Savings
Employees (FTE)	850				
Employees	100				
Others	33,199	250	250	300	800
Income					
<b>TOTAL SAVINGS</b>		250	250	300	800

**Revenue/Capital Costs:** Are there any revenue or capital costs associated with this proposal?  
Y – Please complete the table and also provide reference no. of corresponding bid):

The capital expenditure will be used to fund the purchase of telecare and telehealth equipment.

	Ref No.	Costs (Incremental)			
		2012/13	2013/14	2014/15	2015/16+
Revenue Expenditure					
Capital Expenditure		100	100	100	
<b>Total</b>		100	100	100	

**Nature of expenditure:**

1. **Outline/ details of savings proposal,** including indications of stage of development, and work and timescales needed to finalise proposal:

The Council will use an initial £300k Invest To Save monies to set invest in Preventative Technology to support people to live at home. Preventative Technology is varied but includes items such as alarms that are connected the Council's 24 hour call centre and an existing team of Telecare Visiting Officers. This approach to service delivery will be based around need with the type of device selected during a social work assessment and with the agreement of the individual. No service users will be worse off in service terms and Telecare

will only be installed with the agreement of the individual.

The resources for investment have been provided by the NHS (£100k) and the Department of Health (£200k of capital provided to the Council for adult social care investment). This will initially allow the Council to set up a pilot project to focus on prevention through technology to meet people's eligible needs. The aim is to work with people through the annual review process to explore people's wishes and outcomes and how these can be achieved through innovative technological solutions. This proposal aims to support new and existing needs via Assistive Technology (AT). This would in effect provide items of monitoring equipment to increase people's independence, enable people to remain in their own homes longer and in some cases, replace traditional services and support to customers and carers.

The pilot will involve engaging with key groups of individuals, whom we believe will benefit from the use of AT. We will find out how people feel about these changes and the impact upon them through targeted consultation and through the assessment and review process.

The pilot aims to look at innovative technology solutions for the following groups:

- People with Dementia
- Clients in receipt of night sitting services, frequent call outs from the out of hours service, medication prompts, assurance/checking visits
- People identified through the Virtual Ward network who have Long Term Conditions and are on our books
- People going through Reablement and needing longer term support

The pilot will conduct research to identify what works in delivering customer and VFM outcomes, based on some of the national pilots. We already have a growing group of service users in Tower Hamlets who have Telecare. Until now, Telecare has been available on request by the public or via a Social Work assessment. It is a popular service.

What we are now proposing is to use Telecare as part of mainstream social care for adults. A Telecare strategy will be devised to embed AT as a key element of the mainstream offer. To date, the majority of Telecare provided by the council has been a universal service to people with moderate and low needs. The intention is to ensure we explore the full benefits of AT across all levels of need. It is recognised that each person will require an individual solution and it may not be appropriate for everyone.

Some examples of AT we will look at include:

- Electronic systems to switch on lighting, television off/on control, door opening systems and curtain closers. These can free up time allocated to support workers to focus on other tasks
- Telehealth to monitor medical wellbeing to prevent a deterioration in health to prevent hospital admission
- Use of internet and telephone shopping and delivery services, use of digital and telephone banking
- Use of GPS to monitor the movements of people within the home or when travelling independently to give reassurance that the resident is safe and in the right place.

The pilot will set up satisfaction surveys and monitoring methods to gauge evidence of customer satisfaction. The phasing of these savings will allow us to carefully monitor

outcomes and satisfaction.

Using AT will ensure we make best use of resources. A service review has been conducted to look at the structure of the current service, carrying out some benchmarking of examples of good practice. There is work to ensure that the existing support service can accommodate delivering and supporting the new range of AT that will be procured. This is subject to a separate Project Brief.

What is clear is the reported savings by leading local authorities such as North Yorkshire, Essex and Manchester of the benefits to using AT to meet eligible needs.

Early indications are that strategic use of AT will generate savings in the longer term:

- North Yorkshire proved a 38% average reduction in care package cost as a result of their new service delivery which included Telecare enhanced care packages

(Source: North Yorkshire County Council, Feb 2010)

- Essex demonstrated that for every £1 invested in Telecare service, savings were £3.82 creating a net recurring saving of £2.82

(Source: Joint Improvement Team, final report to Scottish Executive, January, 2009)

- Manchester report an anticipated saving of £2.627m through the use of AT to meet eligible needs

(Source: The Redefined Social Care Offer, 14 Sep 2011)

### Customer Satisfaction

North Yorkshire County Council carried out 2 surveys - May 2008 and Aug 2009.

Results of the August 2009 survey were an improvement on 2008 and were as follows:

95%: Telecare has given me more confidence / peace of mind

95%: Telecare equipment has helped me to feel safer

94%: Clients were happy with the installation

91%: Rated telecare excellent or very good overall

87%: Telecare has helped me to carry on living at home

(Source: North Yorkshire County Council, Feb 2010)

## **2. Service implications of saving:**

Firstly, the Council will continue to offer Telecare as it has done for several years, with the public contacting the Council if they feel they or a relative will benefit from a Telecare device in their home that is connected to the Customer Call Centre.

Secondly, this new project will extend the use of this kind of technology to people with on-

going support packages as part of an enhanced offer.

Service user impacts and outcomes of this proposal should be:

- Delay moves to residential care, enabling people to carry on living at home for as long as possible
- Increase levels of confidence/peace of mind - particularly for informal Carers
- Increase feelings of safety.

The provision of Telecare devices to existing and new adult social care service users will be as a result of social work assessment and will form part of an overall package of care. It will only be implemented with the consent of the individual.

**3. Actions required to achieve saving:**

Set up project team and DMT lead  
 Scope project  
 Explore equipment options and the required infrastructure to support them  
 Raise awareness, run sessions to train staff, set up a demonstrator suite  
 Purchase stock of equipment  
 Identify cohorts of people to target enhanced packages on in the short term

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

AT/Telecare is a continuation of OT equipment and therefore, if aligned, should be brought into the centre of practice so that staff are clear that Telecare/equipment are part of mainstream referral, assessment and care management systems. This will require operational leadership.

To ensure we get value for money, we will need to have good procurement/brokerage skills

within both Strategic Commissioning, ART/Brokerage, both will require go live procedures to be revisited and systems tested for recording and monitoring as the current system in place is outside of FWi.

We need to ensure we have in place efficient and effective systems to address installation, monitoring, maintenance, decommissioning, and response system when people need assistance, including customer satisfaction methods

Particular attention needs to be paid to training and development of staff in both Adult Health and Wellbeing and partner agencies; raise Telecare awareness and skills; support or conduct joint assessments; public relations and installation training to multi-agencies and public.

All staff in social care would need to receive awareness training, with new staff trained soon after arrival.

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
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Service user/carer acceptance – individuals may not wish to have additional technology placed.

<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
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Careful monitoring of the savings realised will be essential, this will need control methods within the selected pilot areas.

Care managers will need to identify what the traditional care package would have been if Telecare is not proposed, and what the actual Telecare enhanced packages of care are.

Savings will need to be verified by Finance, spreadsheets of costings and efficiencies will need to be devised

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 4 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Reorganisation of Children Schools and Families & Adults Health and Wellbeing			
<b>DIRECTORATE:</b>		Children Schools and Families & Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Director's Office	<b>LEAD OFFICER:</b>	Isobel Cattermole/ Stephen Cody	
<b>FINANCE CONTACT:</b>		Kate Bingham / Paul Thorogood			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>		150	150		300
<b>Others</b>					
<b>Income</b>					
<b>TOTAL SAVINGS</b>		150	150	0	300
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>Cabinet agreed in March 2011 the proposition that the existing two Council directorates of Children, Schools and Families and Adults, Health and Wellbeing should be reorganised into one new unified directorate.</p> <p>The reorganisation would save the budget for one Corporate Director post and relevant support and opens up the possibility of rationalising and reorganising back-office services of the two existing Directorates and reviewing the delivery of certain front-line activities where there is current overlap. This is expected to deliver a minimum of £300,000 a year in savings with the potential for significantly greater savings arising from a detailed review.</p>					

<b>2.</b>	<b>Service implications of saving:</b>																																													
<p>The Chief Executive has responsibility in consultation with the Assistant Chief Executive (Legal) and the current Directors of Children's Schools and Families and Adults, Health and Wellbeing to ensure that the merging of the two Directors posts will still ensure that the social care needs of children and schools services and adults health and wellbeing in the local community are given equal emphasis and are managed in a co-ordinated way. This was agreed by Cabinet in March 2011.</p> <p>The proposal will meet the statutory requirements to designate a Director of Children's Services and a Director of Adult Social Services. The statutory requirement to designate a member of the Executive as the Lead Member for Children's Services will continue to be met.</p> <p>There is expected to be no service implications as a result of the saving opportunity.</p>																																														
<b>3.</b>	<b>Actions required to achieve saving:</b>																																													
<p>Formation of a 'Reorganisation Board' to oversee and review the reorganisation of the two Directorates.</p> <p>Consultation with effected staff under the Council's Handling Organisational Change procedure.</p>																																														
<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																													
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p>																																														
<table border="1"> <thead> <tr> <th data-bbox="137 1133 651 1200">Directorate</th> <th data-bbox="651 1133 820 1200">2012/13</th> <th data-bbox="820 1133 995 1200">2013/14</th> <th data-bbox="995 1133 1166 1200">2014/15</th> <th data-bbox="1166 1133 1335 1200">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="137 1200 651 1234">Chief Executive's</td> <td data-bbox="651 1200 820 1234"></td> <td data-bbox="820 1200 995 1234"></td> <td data-bbox="995 1200 1166 1234"></td> <td data-bbox="1166 1200 1335 1234"></td> </tr> <tr> <td data-bbox="137 1234 651 1267">Children, Schools and Families</td> <td data-bbox="651 1234 820 1267"></td> <td data-bbox="820 1234 995 1267"></td> <td data-bbox="995 1234 1166 1267"></td> <td data-bbox="1166 1234 1335 1267"></td> </tr> <tr> <td data-bbox="137 1267 651 1301">Schools (DSG Funded)</td> <td data-bbox="651 1267 820 1301"></td> <td data-bbox="820 1267 995 1301"></td> <td data-bbox="995 1267 1166 1301"></td> <td data-bbox="1166 1267 1335 1301"></td> </tr> <tr> <td data-bbox="137 1301 651 1335">Communities, Localities and Culture</td> <td data-bbox="651 1301 820 1335"></td> <td data-bbox="820 1301 995 1335"></td> <td data-bbox="995 1301 1166 1335"></td> <td data-bbox="1166 1301 1335 1335"></td> </tr> <tr> <td data-bbox="137 1335 651 1368">Development and Renewal</td> <td data-bbox="651 1335 820 1368"></td> <td data-bbox="820 1335 995 1368"></td> <td data-bbox="995 1335 1166 1368"></td> <td data-bbox="1166 1335 1335 1368"></td> </tr> <tr> <td data-bbox="137 1368 651 1402">Housing Revenue Account</td> <td data-bbox="651 1368 820 1402"></td> <td data-bbox="820 1368 995 1402"></td> <td data-bbox="995 1368 1166 1402"></td> <td data-bbox="1166 1368 1335 1402"></td> </tr> <tr> <td data-bbox="137 1402 651 1435">Resources</td> <td data-bbox="651 1402 820 1435"></td> <td data-bbox="820 1402 995 1435"></td> <td data-bbox="995 1402 1166 1435"></td> <td data-bbox="1166 1402 1335 1435"></td> </tr> <tr> <td data-bbox="137 1435 651 1469"><b>TOTAL</b></td> <td data-bbox="651 1435 820 1469"></td> <td data-bbox="820 1435 995 1469"></td> <td data-bbox="995 1435 1166 1469"></td> <td data-bbox="1166 1435 1335 1469"></td> </tr> </tbody> </table>		Directorate	2012/13	2013/14	2014/15	TOTAL	Chief Executive's					Children, Schools and Families					Schools (DSG Funded)					Communities, Localities and Culture					Development and Renewal					Housing Revenue Account					Resources					<b>TOTAL</b>				
Directorate	2012/13	2013/14	2014/15	TOTAL																																										
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<p><b>Notes</b></p>																																														
<p>Until work of the 'Reorganisation Board' has commenced, the impact on staff is not known. Any impact on staff will be managed under the Council's Handling Organisational Change procedure.</p>																																														
<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																													
<p>None</p>																																														
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																													

The proposal will allow the Directorate to maximise its use of systems and processes which have been invested in significantly over the last 12 months to provide better value for money. The opportunity will also provide better value for money through better use of management and support services.



**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 5 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		LD residential and supported living efficiencies via collaborative work with neighbouring Boroughs.			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Adult Social Care	<b>LEAD OFFICER:</b>	Keith Burns	
<b>FINANCE CONTACT:</b>					
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	9,820		300		300
<b>Income</b>					
<b>TOTAL SAVINGS</b>		0	300	0	300
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? No					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>A number of East London Boroughs have agreed a pilot project to identify ways of generating additional efficiencies in the procurement of residential care and supported living for adults with learning disabilities. It is intended that these additional efficiencies will be generated by the following means:</p> <ul style="list-style-type: none"> <li>➤ Negotiation with suppliers currently contracted by a number of the involved Boroughs (economy of scale) using the Care Funding Calculator.</li> <li>➤ Identifying opportunities to commission supported housing solutions on a shared basis that provides accommodation closer to individual's families than current placements do, while also offering better value for money.</li> <li>➤ Identifying opportunities for developing local specialist accommodation options that would not</li> </ul>					

be economically viable on a single Borough basis, but in combination becomes viable and that enable individuals to live closer to families than current spot-purchased placements do.

Prior to these benefits being realised a number of complex issues arising from collaborative working, such as dealing with issues of ordinary residence, need to be resolved. As a result, the benefits of this project are not expected to be realised until 2013/14.

This project supplements existing work to improve efficiency in the Council's commissioning of residential and supported accommodation (AHWB 156 LD Resettlement) and is intended to provide additional benefits not realisable on a single Borough basis. So far, this work has identified £1.1m savings under a proposal agreed by Members in the first phase of efficiency savings. This has demonstrated that we can enter into shared services arrangements and further negotiate better savings.

**2. Service implications of saving:**

The delivery of the project will mean that a broader range of more local accommodation solutions are available to individuals, and this will allow for the easier maintenance of family and support networks than being placed in settings potentially much further away from the individual's family home. The service implication should, therefore, be positive.

**3. Actions required to achieve saving:**

The Boroughs involved have initiated a pilot project which will provide 'proof of concept' and a more detailed delivery plan, by March 2012. LBTH is hosting this project, with costs being met by the involved Boroughs.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

This project relates only to externally commissioned, and spot-purchased, arrangements, and as a result there are no implications for any of the stakeholder groups other than existing residential care

providers who may see reduced income as a result of our relocating individuals to more appropriate accommodation more locally. Those suppliers may be able to fill the resulting vacancies with placements from other local authorities. This is not, therefore, considered to be a material impact.

**5. Other risk factors which could prevent this saving being achieved following implementation**

The pilot project may identify that it is not possible to generate this level of savings in the timescale envisaged. This may mean the overall FYE effect needing to be phased over two or more years. This is dependent largely on factors such as the speed with which new provision can be commissioned and brought on-stream.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

More appropriate, and more locally available, accommodation solutions will be delivered at lower cost than existing spot-purchased placements. The improvement will be measured via an ongoing analysis of spend relating to placement changes and new placements.

Additionally, more local provision provides some efficiency saving in terms of distance and time required for Social Workers and other staff to undertake reviews and other similar activities that involve travelling to the individual's accommodation.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 6 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Housing Link Phase 2			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Comm. & Strategy	<b>LEAD OFFICER:</b>		Deborah Cohen
<b>FINANCE CONTACT:</b>		Paul Thorogood			
£'000	Current Budget	Saving £000s (Incremental)			
	2011/12	2012/13	2013/14	2014/15	Total Savings
<b>Employees (FTE)</b>	205	100	105		205
<b>Employees</b>					
<b>Others</b>					
<b>Income</b>					
<b>TOTAL SAVINGS</b>	205	100	105	0	205
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
	Ref No.	Costs (Incremental)			
		2012/13	2013/14	2014/15	2015/16+
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>Housing Link is a floating support service aimed specifically at people with mental health issues who are experiencing housing related difficulties. The service is for people with mental health needs who are in housing crisis including: the threat of eviction or imminent homelessness, rent arrears, or the need for urgent transfer.</p> <p>The service is funded by Adults Health and Wellbeing, with a total budget for 2011-2012 of £204,700. 66% of its current funding is from what was previously known as supporting people grant, the additional funding comes from mainstream AHWB funding.</p>					

Following a recent review of the Housing Link Service, in the context of all floating support services provided to this client group, there is found to be an over provision of floating support services in this area; leading to the recommendation that this service should be decommissioned in the new financial year and service users move to generic support services.

In 2007 the Borough reconfigured all low level floating support services into a generic tenancy support service, moving away from client group specific services to a more generic pattern of service provision that was able to respond to a number of often inter-related support needs and so improve service user accessibility and overall experience. This resulted in 11 services, including two specialist mental health services being transferred into a “generic” service, able to meet a broad range of individual vulnerabilities. This contract was, after due process, awarded to Look Ahead and is known as the Look Ahead Generic FS service. Housing Link sits alongside the reconfigured floating support service and it is generally recognised, that the current configuration of services involves a significant level of duplication that adversely impacts on accessibility for service users who are frequently cross referred between services and also generally does not provide value for money in provision.

Housing Links productivity is compromised by its high level of rejections of referrals. This means too much time is spent on assessing individuals who are then not accepted to the service. Housing Link accept only 49% of total the total referrals compared to the generic service at 98%. This level of refusal also indicates that the “specialist” nature of the service makes it more difficult for individuals to access a service where their needs are not considered to fit within the eligibility criteria of the service.

Moving to a generic service model would mean service users do not have the inconvenience of being referred and assessed by more than one service. The generic service provides a very similar service to individuals with mental health issues which broadly equates to 25% of their acceptances, or 151 people during 2010-11. This compares to Housing Link who supported a total of 168 people through the same period.

Moving to this generic model would not adversely impact on services for people for mental health issues. This is explained in detail below, but in general terms, there is significant capacity in the generic service, together with continuous turnover, to ensure a tenancy support service for people with mental health issues is available to all who require and need it. The Borough has also invested in more intensive services for people with mental health issues through the increased capacity provided by the Independent Living Service (ILCS). And will continue its programme of modernisation and investment as highlighted in the Mental Health Accommodation Strategy. Therefore this proposal does not reflect an overall dis-investment in the area of mental health provision.

<b>2.</b>	<b>Service implications of saving:</b>
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In addition to Housing Link, the Borough commissions two other floating support services for people with mental health issues. These are listed as:

- ILLCS service for people with mental health issues; and
- Look Ahead Generic Floating Support (LAGFS) for people with a range of support needs, which will include but is not exclusively for people with mental health issues.

Service	Provider	No. of service users	Annual contract value
Housing Link	Internal	75	£204,700
Generic Floating Support	Look Ahead	456	£879,060
ILCS.	Look Ahead	150	£469,477
Total		681	£1,553,237

ILCS will to be

continue available

to work with statutory mental health services in delivering the key targets of the Mental Health Accommodation Strategy, to enable greater capacity in working with the Borough to deliver the move on and support with independence required within the Strategy. In delivering the MH Accommodation Strategy, ILCS will enable people to move out of residential care, hospital and supported housing into their own tenancies. They will ensure people get the support they need to live independently and prevent escalation/emergency placements into higher need services, so enabling the Borough to meet some very challenging targets in reducing its reliance on Registered Care.

The generic service is commissioned to provide a broad range of floating support services to meet the tenancy related support needs of borough residents including supporting people with mental health needs. It has a very broad remit and will generally work with people to addresses the particular needs they have, irrespective of their primary presenting need. Housing link and LAGFS (where they work with people with mental health issues) both support individuals who have:

- a diagnosed mental health issue, receiving a statutory service in the past but not currently in contact with services; or
- an undiagnosed mental health issue which is currently contributing to a housing crisis; or
- a range of complex issues, including but not limited to mental health difficulties, which is contributing to a housing crisis. Including dual diagnosis substance and mental health issues.

For LAGFS this constitutes a significant percentage of their overall service users at broadly 26% of their caseload between the period of April 2010 and September 2011. In terms of numbers, this is usually in excess of the 75 service user caseload carried by Housing Link at any given time, at an average of 83 per quarter.

Housing Link service is essentially the same as that provided by Look Ahead Floating Support, it supports the same people, with the same type of needs. Decommissioning Housing Link will therefore not have an adverse affect on the services available to people with mental Health issues as LAGFS will continue to provide a service to this group within existing capacity.

**3. Actions required to achieve saving:**

- 1- Consult with staff team
- 2- Consult with service users.
- 3- Commence HR processes for decommissioning and managing staff redundancies/ redeployment.
- 4- Manage the reduction and ultimate closure of the service, including completing the packages of support for those service users with short term interventions and the hand-over of those service users who will require an alternative service.
- 5- Publicise the changes in service provision to referral agencies

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Impact on Service Users**

Decommissioning the service will not impact on the majority of Housing Link's existing service users, the average length of provided service being six months, most existing service users will cease to use the service naturally during the wind down process. A small number of individuals, who have been using the service for some time **may** have to be transferred to LAGFS, but it is important to note that this service was only ever intended to support people for short- term crisis intervention. Taking turnover into account Housing Link supports an average of 168 service users a year. With an average length of service at six months, closing the service to new referrals during the decommissioning process would see the majority of cases close naturally over this time. The exception would be the small number of service users who foresee utilising the service for the long-term. For these individuals the removal of the service, even if another was offered, is likely to cause some anxiety, but can be carefully managed with support and effective communication, and it is likely, that a different more long term service is appropriate if this is the case.

There is generous capacity in the other existing floating support services to provide floating support for people with mental health issues. The availability of these services and the turnover therein, would ensure that should housing link be decommissioned this would not have a detrimental affect on access for individuals who requested a service. The LAGFS service will continue to support this client group and provide for new referrals of this type without any detrimental impact on future provision.

**Impact on Staff**

There is a staff team of 4 support workers and 0.8% of a Managers post; all staff are currently seconded to and managed by ELFT and are based in Mile End Hospital. The secondment

agreement comes to an end in the New Year. One of the workers post is currently vacant therefore a total of 4 individuals would be offered redeployment.	
<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
N/A	
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
<p>The service does not provide value for money; its cost per hour and unit cost are much greater than all other third sector services. Required services for this client group can be provided at a much more cost effective rate through the Framework Agreement.</p> <p>As part of the Councils Financial Plan to 31<sup>st</sup> March 2014 all Supporting People services will be re-tendered against a Framework Agreement, to ensure that maximum efficiencies are achieved in tandem with maintaining a high quality service to meet maximum identified need. Housing Link is currently the only commissioned SP service where the staff cost per hour is above the locally agreed upper benchmark of £21. At £23.37 it is the most expensive service provided. As services are let via the Framework, the gap in these costs can only widen, indications are that revised costs will be in the region of £19 per hour.</p> <p>Furthermore the current pattern of service delivery does not provide the most effective value for money in terms of the direct support in service users home and accessibility of opening hours to those that work or have commitments during normal office hours. This service operates a 9-5 service, whilst other floating support services are available 8-8pm at weekends and bank holidays. When the staff cost per hour is taken into consideration this raises further value for money concerns.</p> <p>The team support 75 service users at any one time, this equates to a caseload of 18.75 for each full time staff member, which is below other service providers.</p>	



**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 7 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Improving the quality of the hostels sector and managing reduction of the number of bed spaces			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Comm. & Strategy	<b>LEAD OFFICER:</b>		Deborah Cohen
<b>FINANCE CONTACT:</b>		Paul Thorogood			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	1,065		690		690
<b>Income</b>					
<b>TOTAL SAVINGS</b>	1,065	0	690	0	690
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The saving opportunity is to reduce the contract income currently spent on homeless hostels in the Borough by £690k as well as achieving a key strategic aim of the borough, which is to improve the quality of the hostel bed spaces in use which meet current physical space standards. This can be achieved initially through closing the Aldgate Hostel, as widespread agreement exists that the hostel does not comply with current expectations (including feedback from service users and an Overview and Scrutiny report) and sector wide standards, as the bed rooms are very small and there is a significant amount of shared facilities (toilets and bathrooms). There is also a sector wide shift where possible to smaller hostel units (again, this is supported by feedback from hostel service users, including those who have lived at the Aldgate Hostel, who explicitly supported smaller hostel units</p>					

(Aldgate has 158 bed spaces). Subsequent improvement strategies for the hostel sector will be identified as part of a wider review of the hostel sector and a new Hostels Strategy which is due to be submitted to Cabinet as noted below in April 2012.

The initial phase of improvement to the hostel sector will be achieved initially by closing Aldgate Hostel owned and managed by Look Ahead Housing Association (LAHC) from Sept 2012 (with the saving being realised in 2013-14 – this allows for a contingency time period and also the opportunity to redirect some of the current revenue funds during 2012/13, to assist in achieving the effective decant of the hostel). It is important to note that Look Ahead Housing have expressed their wish to sell the building linked to the September 2012 date, but as mentioned, as the hostel does not meet current physical space standards, this would be a mutually agreed proposal.

The hostel was identified in the 2008 Hostels Strategy as not fit for purpose, with a plan to re-provide the same number of units (150) in a new purpose built modern facility.

This decision was consistent, with government policy at the time, which sought to ensure hostels were "Places of Change", that created an environment which actively supported people into work, training or voluntary activities, avoiding any tendency for people to be left or 'warehoused'. A key part of this approach was to create the best possible physical environment within hostels as possible; minimising the extent of shared facilities, as well as maximising space generally and within individual hostel bedrooms or units (flats or bedsits). This policy focus has continued with the Coalition Government and it is against this background that the closure of Aldgate should be seen; in line with current sector wide practice and that promoted by central government (including funding and regulatory bodies).

This current proposal is a departure from the now slightly dated, 2008 Hostels Strategy as in order to secure the saving it will not be possible to replace the current 150 units at the same level. This proposal is to take broadly half of the current revenue as an efficiency saving, with the additional revenue to be committed back into the hostel sector to enable it to better manage the remaining units (see implication section below).

Extensive discussions have taken place involving LAHC and officers across Adults Health and Well Being (AHWB), with other colleagues across the Council, to investigate whether other options to develop the Aldgate Hostel site. Detailed proposals were developed, but it has not been possible to take these forward within the current significant reduction in public sector finances which now exist. Subsequently, an initial report recommending the decommissioning of the Hostel, with a smaller scale on site rebuild was considered by Cabinet in early 2011 and it was decided at this time on account of the newness of the changes in Housing Benefits to return to this towards the end of 2011. Since then, due to changes in the capital funding regime, Look Ahead have indicated that they can no longer finance a rebuild and as such have expressed their wish to sell the current building.

A wider piece of work is underway, which will inform the commissioning intentions that linked to the remaining hostel sector, which is the work on refreshing the Hostels Strategy. This includes a detailed needs and capacity modelling element, which is scheduled for completion in December 2011 with a new Hostels Strategy to be presented to Cabinet in April 2012 for decision. This strategy will identify the need to replace any of the bed spaces lost through the decommissioning of the Aldgate Hostel (and more broadly within Tower Hamlets) and if so, what type of hostel provision should be put in place.

<b>2.</b>	<b>Service implications of saving:</b>
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The immediate implication is that the hostel sector in the Borough will reduce by approximately 150 units.

Work is progressing with our colleagues in the Homeless service to update the needs and capacity model to refresh the 2008 Hostels Strategy. This is still in the initial phase, but early indications

(supported by local needs data) are that this could be managed with a more targeted use of the hostel sector, including shorter stays, increased and well resourced specialist services and more effective move on options.

This will require a configuration of the remaining hostels, with the savings not taken into corporate efficiencies from Aldgate Hostel (approximately £380k p.a.) likely to be reinvested into:

- 1- An assessment facility for the hostel sector
- 2- Increased specialist provision for people with complex needs, including mental health issues, drug and alcohol needs
- 3- Initiatives linked to resettling and supporting people living independently in the Private Rented Sector (PRS), following a stay in a hostel.

**3. Actions required to achieve saving:**

- 1- Update the needs and capacity assessment for Hostels provision.
- 2- Update the Hostels Strategy for presentation to Cabinet. To include explicitly an identification of the need for additional hostel services to manage the reduction in beds and a commissioning strategy for their development. And the model, cost and capacity of a rent deposit scheme required to facilitate a reduction in the hostel sector and a commissioning strategy for their development.
- 3- Discuss with current residents, stakeholders and staff.
- 4 Develop a decant strategy with the Hostel and move people out of Aldgate Hostel.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

None

**5. Other risk factors which could prevent this saving being achieved following implementation**

None

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The proposal will contribute to the efficiency model and value for money approach in the hostel sector as a whole. It will enable the sector to:

- 1- Achieve targeted, shorter stays for those with low to medium support needs.
- 2- Target specialist services to those with complex needs, increasing positive outcomes.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 8 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		More Effective Income Control			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Finance	<b>LEAD OFFICER:</b>		Paul Thorogood
<b>FINANCE CONTACT:</b>		Paul Thorogood			
£'000	Current Budget	Saving £000s (Incremental)			
	2011/12	2012/13	2013/14	2014/15	Total Savings
Employees (FTE)					
Employees					
Others					
Income	1,500	75	25	0	100
<b>TOTAL SAVINGS</b>	<b>1,500</b>	<b>75</b>	<b>25</b>	<b>0</b>	<b>100</b>
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
	Ref No.	Costs (Incremental)			
		2012/13	2013/14	2014/15	2015/16+
Revenue Expenditure					
Capital Expenditure					
<b>Total</b>					
<b>Nature of expenditure:</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>Following the implementation of an Income and Assessment IT system within the Directorate to provide the financial assessment process and the monitoring of income collection, to carry out a branch review of the systems and process of the service. This builds on the opportunity in 2011/2012 which has seen the adoption of both a direct debit scheme for clients and credit card payment methods.</p> <p>The review shall ensure that the processes and procedures for recovering income from fees and charges is consistent throughout the Directorate and the wider Council. This will be achieved through:</p> <ul style="list-style-type: none"> <li>• Improved procedures and processes through use of the new Income and Assessment system</li> </ul>					

to improve the recording of debt and income due.

- A review of how client contributions are collected by providers on behalf of the Authority. This may require amendment to the contracts held with residential/nursing providers.

The process and procedure review will fall into two key areas:

1. Income and Assessment – The payment methods available to clients and how we sensitively pursue overdue debt/payment arrears
2. Payments process for Access to Resources (ART) – How we determine how we pay providers, for residential and nursing placements and whether they collect contributions directly from the client and how outstanding arrears are referred back to the Council

**2. Service implications of saving:**

The option will allow the service to increase income levels and reduce outstanding debts.

More effective recovery policies may cause Customer and Member complaints

**3. Actions required to achieve saving:**

- Agreement of Income and Assessment solution – January 2012
- Review by the Access to Resources Team on how we pay providers and monitor their income collection on behalf of the Authority – February 2012
- Agreement of management information requirements – February 2012
- Go live with the new Income and Assessment System – April 2012
- Clarify the current level of arrears by client from the current manual processes – April 2012
- Conduct an end to end review in light of the implementation of the income collection process – April to June 2012
- Regular reporting on outstanding arrears by client to begin – April 2012 onwards
- Prioritise workload of staff to ensure that arrears are actively pursued – June 2012
- Set up of the Income Review Board for Adults, Health and Wellbeing to monitor arrears and agree write offs where necessary – June 2012

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				

Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

None

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
	<ul style="list-style-type: none"> <li>• There is no slippage on the implementation of the Income and Assessment system, however the manual existing processes can continue as normal in the short term.</li> <li>• The new Income and Assessment system is fit for purpose and can meet reporting requirements. However this risk is minimised through appropriate system collection</li> <li>• A consistent approach on how we pay all providers can be agreed</li> <li>• Clients refusing to pay for charges due</li> </ul>
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
	<ul style="list-style-type: none"> <li>• The proposal will ensure that the Authority pursues income that is due in a timely and efficient manner.</li> <li>• Better income collection for services therefore reducing bad debt provision</li> <li>• More efficient recovery procedures therefore reducing administrative duties and improving recovery rates in the future</li> <li>• Better advice for clients on money management</li> </ul>

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 9 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Supporting People Framework Agreement			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Comm. & Strategy	<b>LEAD OFFICER:</b>		Deborah Cohen
<b>FINANCE CONTACT:</b>		Paul Thorogood			
<b>£'000</b>	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	14,160	175	225		400
<b>Income</b>					
<b>TOTAL SAVINGS</b>	14,160	175	225	0	400
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The proposal is to further reduce the cost of current Supporting People contracts through the implementation of a Framework Agreement for re-commissioning contracts.</p> <p>The original 2011/12 efficiency target of £760,000 for this project has been successfully met by individual contract reductions outside of the formal procurement process. To ensure fairness and consistency, this was achieved by reducing the unit cost thresholds and individual contractual reductions where providers were operating above this threshold. This approach ensured that the quality and capacity was not affected. The reductions were spread evenly across the broad range of SP client-group areas.</p>					



The further efficiency targets of £175,000 for 2012/13 and £225,000 2013/4 will be achieved through procuring contracts using the Framework Agreement

The framework commissioning process is currently under way to identify which suppliers will be awarded onto the framework for the specific “lots”, with a decision to be made in early 2012. Once a decision is made all services will be called off against the framework during 2012- 2014 in line with a strategically identified call-off timetable. Re-tendering offers an excellent opportunity to improve services for some of the most vulnerable residents in the borough and drive through a programme of change to deliver personalised support services offering choice and control.

Services will be re-commissioned in line with the 2011-2016 LBTH Supporting People 5-Year Commissioning Strategy and other relevant strategies, i.e. Mental Health Accommodation Strategy, Older Peoples Accommodation Strategy etc.

The initial projections for cost savings have been made by calculating a reduction in the unit cost per hour from £21.00 to £19.00. It must be noted that this target stretches the original 5% reduction met by reducing these contracts in 2011-12. The ability to secure additional savings in this area will be restricted by this.

Final savings targets and the year in which these can be secured will be finalised once the call off timetable is finalised in Winter 2011 and the framework prices submitted as part of the invitation to tender in Spring 2012. Evidence from other inner London borough’s that have implemented an SP Framework Agreement to procure services suggests that the £19.00 benchmark is realistic and achievable.

In line with Council policy, all call-offs from the Framework Agreement will be undertaken on the basis that London Living Wage is paid as a minimum salary.

The importance and value of supporting small, local and specialist suppliers to deliver high quality services will continue to be supported and promoted, therefore a number of measures have been implemented to maximise the benefit to local people by utilising local labour and developing opportunities for people who live within the borough or local area, particularly those from disadvantaged communities. One of the ways that this has been addressed is by helping local suppliers to be fit to compete, providing them with access to our business so that they have every opportunity to win the business on an even playing field. An independent organisation – “SITRA” who are the independent Trade body for small supporting people providers were commissioned to undertake this work. Additionally, the Framework Agreement PQQ tested supplier’s commitment to this approach and successful bidders will be required to address Community Benefit as part of their contractual requirements.

2.	Service implications of saving:
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There is no immediate implication for services although we will need to ensure that these services for high risk and vulnerable individuals retain a cost threshold that does not adversely impact on risk to service users and staff teams.

We will also need additional resources to deliver the call off process within a tight timescale.

3.	Actions required to achieve saving:
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Invitation to Tender Evaluation to be complete and on target to complete January 2012  
 Call off timetable and required resources for its implementation to be agreed  
 All services to be individually called off against the framework over a two year period or shorter if possible.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

Resources will be required to manage the delivery of this programme amongst other programmes where efficiency targets are also identified.

**5. Other risk factors which could prevent this saving being achieved following implementation**

Providers not cooperating with the call off process or wishing to negotiate outside of the framework process.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The commissioning process will achieve value for money in that it seeks to contract more of the same level of service for less, and ensure high quality through the evaluation process. This will be achieved through a combination of lower prices and different more flexible and personalised service delivery.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
AHWB 10 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Additional Adults, Health and Wellbeing Opportunity 13/14			
<b>DIRECTORATE:</b>		Adults Health & Wellbeing			
<b>SERVICE AREA:</b>		Directorate Wide	<b>LEAD OFFICER:</b>	Directorate Management Team	
<b>FINANCE CONTACT:</b>		Paul Thorogood			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>	26,115				
<b>Others</b>	85,157		200		200
<b>Income</b>	(14,953)				
<b>TOTAL SAVINGS</b>	96,319	0	200	0	200
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>No</b> – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total:</b>					
<b>Nature of expenditure:</b> In house and Commissioned Services					
<b>1.</b>	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>As part of forming the Council's Medium Term Financial Plan, the Directorate of Adults, Health and Wellbeing have committed to identify further efficiencies in the 2013/2014 financial year to the value of £200,000.</p> <p>A full service review will take place in January 2012 to identify opportunities for where additional savings can be achieved. Consideration will be made to savings that are already in the Council's efficiency programme, to review whether any of these can be stretched to deliver further efficiencies. However, it is the intention of the Directorate to review all service budgets to identify where possible efficiencies can be achieved.</p>					

Once saving opportunities have been identified, then these will be progressed as part of the budget setting process for 2013/2014 in line with the Council's Budget Framework.

**2. Service implications of saving:**

It is the full intention that the additional saving opportunity does not impact on:

- Employees
- Preventative services
- Service needs of clients
- Services available to clients

An equality analysis will be developed as necessary once the opportunity has been developed in full. It will ensure that the Directorate continues to meet its obligation in the safeguarding of clients and continues to meet the Council's fair access to care services (FACS) eligibility criteria of substantial and critical need for clients.

**3. Actions required to achieve saving:**

Initiate a service review in January 2012 to develop opportunities available to the Directorate to deliver further opportunities.

Develop a feasibility study of the opportunities, to support the decision making.

Propose and seek agreement from Cabinet and subsequently Council for the saving opportunity as part of the 2013/2014 budget process.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

This can not be clarified until the opportunity has been further developed, however it is expected that the opportunity will not have an impact on staff.

5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
None	
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
<p>The opportunities being developed in January 2012, will have a clear focus on delivering value for money and to provide strong financial stewardship. These opportunities will consider available benchmarking available to the Directorate in addition to the identifying the qualitative and quantities measures required for the services.</p>	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CE 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Strategy, Policy and Performance: Management Restructure			
<b>DIRECTORATE:</b>		Chief Executive's / All			
<b>SERVICE AREA:</b>		SPP	<b>LEAD OFFICER:</b>		Isabella Freeman
<b>FINANCE CONTACT:</b>		Martin McGrath			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>		165			165
<b>Other Costs</b>					
<b>Income</b>		35	100	100	235
<b>TOTAL SAVINGS</b>		200	100	100	400
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>No</b>					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The year 1 (2012/13) saving is based on the merging of Chief Executive's One Tower Hamlets and Strategy and Performance services with a consequent reduction in Service Head costs, the deletion of a recently vacated post and the generation of income through the service selling its expertise and support to other public organisations in relation to tailored equality analyses, impact assessments and training.</p> <p>The savings for 2013-15 are based on the further integration of Council-wide SPP functions into</p>					

the corporate centre, in particular in relation to the transfer of public health into the local authority. The Public Health White Paper sets out Council responsibilities for public health that will be supported by additional ring-fenced local authority funding from within the overall health budget. Existing public health work undertaken by the PCT includes significant elements of Strategy, Policy and Performance work, such as strategy development, research and data analysis, equalities and diversity, business planning and performance management.

Following the transfer of public health, there is scope to reduce Council-PCT duplication of these specific functions Council-wide, as well as utilise the SPP proportion of ring-fenced public health spend to further reduce the burden on the general fund. The 200k saving in 2013-15 is therefore based upon income (from public health grant and corresponding responsibilities) rather than further staffing reduction. In addition, the integration of public health activity into mainstream Council strategy development, business planning and performance management will support more joined-up work and less fragmented provision.

The exact location of the public health savings within the organisation will depend on the how the Council's public health resources are arranged across Directorates. The government is currently developing the details supporting the transfer of public health to local authorities prior to transfer from April 2013.

In addition, there is scope for a further consolidation of SPP functions relating to policy and strategy development into the corporate centre, creating economies of scale and more joined up strategic planning, improving forward planning and co-ordination of strategy development, and ensuring proper governance of strategy development through CMT, MAB and Cabinet. This will require a full analysis of options and costs and agreement via the SPP Board, once the impact of the initial SPP review has been assessed.

<b>2.</b>	<b>Service implications of saving:</b>
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The Council-wide SPP review and restructure has led to new ways of working designed to maximise skills and capacity across the organisation. This includes the development of stronger negotiation, influencing and communication skills for all staff which in turn means that less senior management oversight will be required. In addition, greater generic working has been introduced meaning less focus on service specialisms and more on a core high quality, common skills. As the new style of working is embedded, this enables the merger of the Strategy and Performance and One Tower Hamlets services leading to a further reduction in management costs at Service Head level and the deletion of a recently vacated post.

In addition, the service has identified the potential to raise additional income through the marketing of its expertise and support to other public organisations in relation to tailored equality analyses, impact assessments and training. The Council is recognised as a leading authority for equalities practice and the Public Sector Equality Duty provides the Council with an opportunity to both raise income and support other local public sector organisations to meet their new responsibilities.

The integration of Public Health SPP into the Council SPP function will support a joined up and mainstreamed approach to public health across the Council.

The further consolidation of policy and strategy development into the corporate centre will support a more joined up, rigorous approach to corporate strategy across the Council.

<b>3.</b>	<b>Actions required to achieve saving:</b>
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Merger of the Service Head posts for One Tower Hamlets and Strategy and Performance will require a process that will be managed under existing HR arrangements, by consulting on changes to job descriptions.

The income generation element of the proposal will be based upon the Council's externally recognised expertise in relation to equality and diversity.

- Development of offer package in relation to equality and diversity – January 2012
- Framework and charging scheme agreed – January 2012
- Marketing material developed - January
- Service offer publicised - February
- Agreement to undertake activity – March and ongoing
- Income from service will be measured as part of regular budget monitoring

The government is currently finalising details in relation to the transfer of public health, including the allocation methodology and workforce strategy. Informed by this, the Council will need to determine how the authority manages its new public health duties, including the management and allocation of public health related funding, including SPP, to Directorates.

The further consolidation of policy/strategy functions to achieve savings will require proposals to be developed by the SPP Board and agreed by CMT.

Any necessary staffing reviews will be undertaken in accordance with the Council's Handling Organisational Change procedure.

<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>
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The merger of the Service Head posts of One Tower Hamlets and Strategy and Performance services and the deletion of the vacant post should not impact significantly on staff or Directorates. The income element of the proposal will use utilise existing Council expertise to generate funding to support the service, as well as contribute to improved equalities practice across the borough.

The Council will have some local discretion as to how to deploy Public Health resources and so mitigate potential negative implications. Mainstreaming Public Health SPP resources will also help minimise any additional Council accommodation needs relating to public health.

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

The financial impact on other Directorates for further integration of SPP resources will depend on the model of consolidation agreed through SPP Board and by CMT.

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
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There is a risk that the transfer of public health, and associated funding, is delayed or withdrawn. However, this is unlikely given the Government's current intent. There is also a risk that the government prevents the Council utilising a proportionate allocation of public health funding to support SPP functions through its ringfencing or by prescribing an approach to the public health workforce. However, this is unlikely given both the existing SPP element of existing public health work and the government's practice of devolving local spending decisions to councils. These risks will be closely monitored during the year.



6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
<p>Efficiency / value for money demonstrated by continuing to deliver a similar level of service at a reduced management cost and utilising existing resources to generate additional income.</p> <p>This proposal will also support greater efficiency by integrating public health SPP resources into the Council's existing function. In addition, the proposal will support a joined up approach to strategy development across the Council.</p>	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Northumberland Wharf Commercial Lease			
<b>DIRECTORATE:</b>		CLC			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
£'000	Current Budget	Saving £000s (Incremental)			
	2011/12	2012/13	2013/14	2014/15	Total Savings
Employees (FTE)					
Employees					
Others					
Income	0		300		300
<b>TOTAL SAVINGS</b>		0	300	0	300
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>No</b> Y – Please complete the table and also provide reference no. of corresponding bid):					
	Ref No.	Costs (Incremental)			
		2012/13	2013/14	2014/15	2015/16+
Revenue Expenditure					
Capital Expenditure					
<b>Total</b>					
<b>Nature of expenditure:</b> A sum of £50k has been identified from within existing budgets in order to fund the valuation, marketing and legal aspects of this project.					
1.	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>To contribute to the Corporate savings targets, the Council has taken the decision, through the agreement of savings proposals within the 2011/12 budget setting process, to cease transfer of waste activities through Northumberland Wharf and move to direct haul of residual waste to alternative waste treatment facilities. During it's meeting on 5<sup>th</sup> October, Cabinet agreed the following:</p> <p><i>"1. That it be agreed and formally declared that the Northumberland Wharf site is surplus to requirements [of the Authority] in the medium term only;</i></p>					

2. That the Corporate Director of Development & Renewal be authorised to market the site as a waste management facility with RRC [Re-use and Recycling Centre] service safeguarded on site at no cost to the Council and to complete a medium term lease (no more than five years, ending in 2017) based on terms that represent best value for the Council.; and
3. That the Assistant Chief Executive be authorised to execute all necessary documents to implement decision 2 above.

This will take effect from 1<sup>st</sup> April 2012 and forms part of recent contract negotiations with Veolia, which will generate a saving within the existing Medium Term Financial Plan of £1.2 million.

Within the current Waste Disposal Contract with Veolia, the cost of running Northumberland Wharf has been set as a fixed annual management charge, rather than a variable cost associated to the tonnage quantity that is handled through the facility. Residual waste tonnage needing to be transferred through Northumberland Wharf to Rainham Landfill site is set to reduce significantly over the next 5 years, as Veolia's operating capacity at alternative waste treatment facilities increases.

As such the Council has taken the decision to cease the transfer of its own waste through Northumberland Wharf and move to direct haul of waste to the alternative waste treatment facilities. This change to the waste disposal service provision has been agreed as part of the recent contract negotiations with Veolia, in order to generate cashable savings to contribute to the MTFs.

The cessation of waste transfer services at Northumberland Wharf by the Council will allow the site to be offered for lease on the open market to a third party / external waste services provider to generate additional income for the Council and achieve best value.

The future use of Northumberland Wharf by a third party will require the Recycling and Reuse Centre service to continue to be provided on the site, through a contractual arrangement with the new tenant.

The property is designated as a Waste Management Site and is therefore protected in line with regional planning directives. The Property is also designated as a Safeguarded Wharf and is one of 53 safeguarded wharves on the River Thames, 11 of which are used for waste purposes. It cannot cease to operate as a wharf unless it can be demonstrated that it is no longer viable, or capable of being made viable, for cargo. This status defined by Regional Government Policy and overseen by the Greater London Authority and the Port of London Authority.

GVA have been commissioned to identify options for disposal purposes and the potential value of the asset.

For a 5 or 10 year lease with a break clause at year 5, GVA research indicates rental values of £7.00 per sq. ft. for second hand industrial stock, £3.50 per sq. ft. for storage buildings and £2.50 per sq. ft. for concrete surfaced storage land fairly reflects market sentiment for this type of property in this location.

The sub letting options consist of:

- Full existing Waste Management use, civic amenity site and infrastructure £290,000 - £360,000 per annum with a single operator across the whole site.
- Waste transfer station with/without wharf and infrastructure £210,000 - £305,000 per annum. This would require a separate letting of the civic amenity site as per below.
- Civic amenity site only £45,000 - £60,000 per annum.
- Open Storage use only - £50,000 - £100,000 per annum.

A briefing paper has been presented to Asset Management Board to consider GVA's report and recommendation that the site is marketed for short term lease (5 years fixed term plus an option for possible extension of lease, subject to any break clauses). This recommendation was agreed.

It is anticipated that a part year income will be generated in 2012/13 once the lease commences. However, this will be used in the first year to offset the termination cost to Veolia and incurred as part of the early termination agreement. Therefore this proposal will generate a sustainable saving to the Council in 2013/14.

**2. Service implications of saving:**

GVA recommends that until the Waste Strategy has been agreed the Council may need to forgo the potentially higher receipts and dispose of Northumberland Wharf on a short lease to 2017 so as not to potentially jeopardise the future waste strategy.

**3. Actions required to achieve saving:**

The following actions are necessary in order to market the site:

- Preparation of marketing material and tender documentation.
- Place advertisements and commence formal marketing.
- Undertake viewings.
- Receipt of informal tender responses.
- Review tenders and seek clarifications.
- Agree Heads of Terms with prospective tenant.
- LBTH Cabinet Approval
- Exchange contracts for lease.
- Lease commencement date.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				0
Chief Executive's				0
Children, Schools and Families				0
Schools (DSG Funded)				0
Communities, Localities and Culture				0
Development and Renewal				0
Housing Revenue Account				0
Resources				0
<b>TOTAL</b>				<b>0</b>

**Notes**

The disposal of domestic waste is paid for by the Council. Other waste collected by Housing Associations and private landlords as part of their housing management function can be disposed of at licensed sites with the costs borne by the relevant Housing organisation. The waste disposal market in

east London is mature and competitive and it would therefore be expected that costs would remain in line with existing projections through the current delivery mechanism of Northumberland Wharf. Thus, it is not anticipated that this proposal will have an adverse financial impact on the Housing Revenue Account.

**5. Other risk factors which could prevent this saving being achieved following implementation**

GVA have emphasised that the number of waste operators able to pay this level of rent is probably restricted to the major players. Because there are only a limited number of national operators, interested parties may take the view that other operators would not be interested and so reduce their financial offer to reflect this.

Inducements may also be needed to attract tenants although this is difficult with the length of lease available. GVA are of the opinion that the Council should allow for rent free period of up to 12 months, or the capital equivalent. This cost has not currently been factored into the savings proposal because it can only be quantified as part of the market testing stage of the exercise.

GVA propose to market the property to the following areas:

- Waste management facility utilising the wharf, cranes and compactor due to its current designation as a safeguarded waste management facility.

All prospective users would either run the Civic Amenity themselves or sublet it to a third party to manage.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

Usage of Northumberland Wharf is currently offered to the waste contractor, Veolia, as part of the operational terms of the contract. This contract has been renegotiated and Veolia have been given notice to relinquish the site at the end of the financial year, subject to a suitable tenant being found.

Leasing the asset would generate additional annual income generating a saving to the general fund.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 2 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Depot Consolidation			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
Employees (FTE)					
Employees					
Others		150		200	350
Income					
<b>TOTAL SAVINGS</b>		150	0	200	350
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? Y – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
Revenue Expenditure					
Capital Expenditure		1000			
<b>Total</b>					

**Nature of expenditure:**

It is estimated that approximately £1m Capital investment would be required as part of the depot consolidation project. This would cover all transition and temporary move costs as well as the redevelopment and refurbishment of new depot locations. It would not include any outstanding CPO costs associated with the identified site.

There are two ways in which this funding can be secured.

- 1) as a top slice from the capital receipt from the sale of the depot sites. This would have the advantage of being self financing and relatively simple. However it would have the significant disadvantage of severely reducing the ability to maximise social housing on the land.
- 2) As a phased series of one off capital contributions from the Council's Capital Programme. This has the advantage of maximising the social housing potential of the depot sites vacated by CLC.

**1. Outline/ details of savings proposal, including indications of stage of development, and work and timescales needed to finalise proposal:**

The Council utilises a number of depots and sites within the Borough in support of its many functions and services, including those services provided by third parties. The depots represent a significant capital asset in a city with generally high land values but also provide critical infrastructure necessary to deliver frontline services.

A project has been initiated within Communities, Localities and Culture directorate to review these depots, challenging current delivery arrangements (taking into account future service needs/reductions) with a view to defining the extent to which it is possible to:

- consolidate Council and partner services currently based in depots
- optimise service delivery and the use of Council assets.

Six operational depots have been identified as key sites within the scope of the review. Sites and current use are detailed below:

Site	Current Use
Toby Lane Depot	Passenger transport and catering services (CSF)
Watts Grove Depot	Waste, horticulture contractors and THH Drainage Team
Blackwall Goods Yard Depot	Passenger transport, vehicle workshops, public MOT bay
25-27 Newell Street	Community transport
585-593 Commercial Road	Car pound
Sutton Street	Parking, Environmental Health, Trading Standards, business continuity, Passenger Transport

A full list of all sites considered within the review along with the outcome of the site evaluation (completed in August 2011) and scoping decision taken by Asset Management Board (September 2011) is attached to this pro-forma.

A decision has already been taken to relocate those services currently operating from Sutton Street depot. Savings proposed for 2012/13 relate to the current annual revenue spend for that depot, for which the budget is held within the Facilities Management department

The proposal assumes that the review will identify further consolidation of services to enable an

additional depot to be relinquished in 2014/15.

A wider scale consolidation of depots onto one or two new sites is possible, generating up to £450k savings, however this is dependant on Development and Renewal securing a suitable location and the allocation of capital receipts/S106 monies to construct the sites.

Lochnagar Street offers the only viable potential consolidated depot site of sufficient size to relocate the Council's CLC depot functions. Most of the land is in Council ownership and there are no major planning policy issues to overcome. However, other departments within the Council have expressed an interest in the site and a strategic decision is necessary to determine its future. Without this site a large scale consolidation of depots would not be possible without significant capital investment and even then may be undeliverable as it is dependent on suitable sites being available at the right time.

Relocation of depot space outside the borough is not an option because it greatly increases risks and costs for related major public realm and transport contracts. If vehicles have further to travel then costs are significantly higher and performance lower. Costs to procure depot sites outside of the borough will be high and could possibly negate entirely any capital receipt from sale of the borough depot sites.

If contractors were required to provide depot space inside or outside the Borough at their own cost then contract risks and levels of contract costs would become very high. Set up costs for contractors tendering for the Boroughs contracts would be excessive unless they already had the necessary depot capacity in the local area. This would expose the Council to the possibility of no competitive bids when tendering the service or a single bidder who could name their own price.

**2. Service implications of saving:**

Detailed analysis is currently being undertaken to identify the phasing required to relocate services to alternative depots in the short term subject to a consolidation site being identified by D+R. There is likely to be an impact for all relocated services in terms of travel time and their proximity to other services within the borough. This will be addressed as part of the review and all service implications will be detailed within the appropriate business case, along with any mitigating actions, which will be submitted as part of the decision making process.

**3. Actions required to achieve saving:**

A detailed timetable for this project has been developed as part of the initial planning stage. The draft high level milestones are:

- Provide a costed options paper outlining future depot usage to Asset Management & Capital Strategy Board by January 2012
- Corporate Management Team – submission deadline early February 2012
- Mayor's Advisory Board – submission deadline early March 2012
- Mayor's Advisory Board (Pre Agenda Planning) – submission deadline early April 2012
- Cabinet - May 2012

The above does not preclude early preparation for disposal or the necessary preparatory work for engaging developers for alternative uses of the depot sites as these can proceed in tandem without predetermination of the outcome, such are the lead in times for this work.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
-------------	---------	---------	---------	-------



Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal	<b>150</b>		<b>100</b>	<b>250</b>
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

The budgets for which premises costs are charged are located either within Communities, Localities and Culture, Development and Renewal, or Children's Schools and Families depending on the depot concerned. All stakeholders are involved in the review process and all budget implications will be agreed as part of the review recommendations.

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
There are no other risk factors which could prevent the saving from being achieved following implementation.	
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
The consolidation of services on a reduced number of sites will generate greater efficiency and value for money through shared premises costs. This review should also release additional assets to enable potential further efficiencies to be generated through capital receipts or long term lease.	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 3 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		New income generation – Bulk Waste			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
Employees (FTE)					
Employees					
Others					
Income	0	150			150
<b>TOTAL SAVINGS</b>		150	0	0	150
<i>Savings identified in this proposal reflect the middle option within the three charging schemes available.</i>					
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? No					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
Revenue Expenditure					
Capital Expenditure					
<b>Total</b>					
<b>Nature of expenditure:</b>					
1.	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>A bulky item comes under Schedule 2 of The Controlled Waste Regulations 1992, which lists the types of household waste for which a charge for collection may be made. Paragraphs 1 &amp; 2 of the regulations state that any item weighing more than 25kg and/or that is too large to fit in a conventional household bin (750mm diameter by 1000mm high) can be charged for collection at the discretion of the waste collection authority. Generally this relates to items of furniture such as beds, sofas, armchairs and wardrobes.</p>					

Currently Tower Hamlets offers two free collections of bulky waste to residents each year, each collection can be up to five items. After these two collections have been carried out a charge is levied at £81.50 per collection. However this very rarely occurs.

Bench marking analysis of London Boroughs shows that of 32 Boroughs (including Tower Hamlets but excluding the Corporation of London) approximately 80% charge for the collection of Bulky waste. This compares to 84% of Local Authorities nationally that apply a charge for the service.

Many of those authorities nationally classified as offering free collections do implement a charge after the householder has used their free collections allocation, e.g. first 2 collections free per year, then a charge is applied.

The current annual cost of providing a bulk waste collection service is detailed below:

£264,000 paid to the contractor to deliver the service

£62,000 waste disposal costs

£60,000 recharge to the Customer Contact Centre

£386,000 total cost of the service

The service completes, on average, 18,000 bulky waste collections per year. It is anticipated the number of collections would drop by approximately 25% on the introduction of a charge and the savings profiles have been calculated on the assumption that there will be 13,500 bulky collections per year.

Charges applied by other boroughs range from £6.50 to £40.80, with the most common charge being £20 per collection.

It is proposed that a £15 charge is introduced for bulk waste collections in 2012/13. In order to minimise any adverse impact of this proposal to vulnerable residents within the borough, two free collections per year will be offered to those in receipt of Housing Benefit.

## **2. Service implications of saving:**

There is the concern when introducing a charge for a bulky waste collection service that the amount of fly-tipping in an area will increase. Two reports commissioned by DEFRA state that there was no clear evidence to suggest that this was the case.

One report, that modelled the impact of charging for household waste collections, states that “although there is much in the literature concerning the propensity for illegal dumping to increase in the wake of the application of charging systems, evidence of a desirable quality is Not readily available.... Experience suggests that fly-tipping is monitored far more closely after charging systems are implemented than before, so that the extent of any change is also frequently uncertain and anecdotal.”

Within DEFRA’s guidance for bulky waste collections it states that, during a consultation project in Lancaster and Lancashire, “only one council out of six reported an increase in fly-tipping following the introduction of charges. However, this council felt that this may have been associated with the introduction of alternate weekly domestic waste collections at the same time. All other councils stated that there had been no increase in fly-tipping following the introduction of charges.”

The Clean and Green Service was restructured in 2011/12 to enable generic working among enforcement and contract monitoring staff. These staff are now based within locality hubs and work closely with Neighbourhood Policing Teams enabling a swift, coordinated response to any reports of fly tipping ensuring that appropriate enforcement action is undertaken.

3.	<b>Actions required to achieve saving:</b>																																																		
<p>This is an existing service and has already been well publicised to residents. Additional publicity would be needed initially to inform residents about the implementation of a charge.</p> <p>There is an option to transfer the booking and payment process from the Contact Centre to the contractor in order to contain the service within one provider, offering better customer service with the potential to make additional savings from reduced resource requirements within the Contact Centre. This option would require negotiation with the contractor and a lead in period of three months to ensure a smooth transition with no adverse impact on residents.</p>																																																			
4.	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																																		
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p>																																																			
<table border="1"> <thead> <tr> <th data-bbox="137 770 651 835">Directorate</th> <th data-bbox="651 770 820 835">2012/13</th> <th data-bbox="820 770 991 835">2013/14</th> <th data-bbox="991 770 1165 835">2014/15</th> <th data-bbox="1165 770 1334 835">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="137 835 651 873">Adults Health &amp; Wellbeing</td> <td data-bbox="651 835 820 873"></td> <td data-bbox="820 835 991 873"></td> <td data-bbox="991 835 1165 873"></td> <td data-bbox="1165 835 1334 873"></td> </tr> <tr> <td data-bbox="137 873 651 909">Chief Executive's</td> <td data-bbox="651 873 820 909"></td> <td data-bbox="820 873 991 909"></td> <td data-bbox="991 873 1165 909"></td> <td data-bbox="1165 873 1334 909"></td> </tr> <tr> <td data-bbox="137 909 651 945">Children, Schools and Families</td> <td data-bbox="651 909 820 945"></td> <td data-bbox="820 909 991 945"></td> <td data-bbox="991 909 1165 945"></td> <td data-bbox="1165 909 1334 945"></td> </tr> <tr> <td data-bbox="137 945 651 981">Schools (DSG Funded)</td> <td data-bbox="651 945 820 981"></td> <td data-bbox="820 945 991 981"></td> <td data-bbox="991 945 1165 981"></td> <td data-bbox="1165 945 1334 981"></td> </tr> <tr> <td data-bbox="137 981 651 1016">Communities, Localities and Culture</td> <td data-bbox="651 981 820 1016"></td> <td data-bbox="820 981 991 1016"></td> <td data-bbox="991 981 1165 1016"></td> <td data-bbox="1165 981 1334 1016"></td> </tr> <tr> <td data-bbox="137 1016 651 1052">Development and Renewal</td> <td data-bbox="651 1016 820 1052"></td> <td data-bbox="820 1016 991 1052"></td> <td data-bbox="991 1016 1165 1052"></td> <td data-bbox="1165 1016 1334 1052"></td> </tr> <tr> <td data-bbox="137 1052 651 1088">Housing Revenue Account</td> <td data-bbox="651 1052 820 1088"></td> <td data-bbox="820 1052 991 1088"></td> <td data-bbox="991 1052 1165 1088"></td> <td data-bbox="1165 1052 1334 1088"></td> </tr> <tr> <td data-bbox="137 1088 651 1124">Resources</td> <td data-bbox="651 1088 820 1124"></td> <td data-bbox="820 1088 991 1124"></td> <td data-bbox="991 1088 1165 1124"></td> <td data-bbox="1165 1088 1334 1124"></td> </tr> <tr> <td data-bbox="137 1124 651 1151"><b>TOTAL</b></td> <td data-bbox="651 1124 820 1151"></td> <td data-bbox="820 1124 991 1151"></td> <td data-bbox="991 1124 1165 1151"></td> <td data-bbox="1165 1124 1334 1151"></td> </tr> </tbody> </table>		Directorate	2012/13	2013/14	2014/15	TOTAL	Adults Health & Wellbeing					Chief Executive's					Children, Schools and Families					Schools (DSG Funded)					Communities, Localities and Culture					Development and Renewal					Housing Revenue Account					Resources					<b>TOTAL</b>				
Directorate	2012/13	2013/14	2014/15	TOTAL																																															
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<b>TOTAL</b>																																																			
<p><b>Notes</b></p> <p>Potential impact on Resources depending on the decision to provide the back end service internally or externally.</p>																																																			
5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																																		
<p>There is a risk that the introduction of a charge would reduce the number of annual collections beyond 25%. This would not increase the cost of the service; however the assumed income profiles would be reduced, impacting on the level of saving achieved.</p>																																																			
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																		
<p>This service is currently financed entirely from general fund contributions. Although all households are eligible only 15% - 20% of residents use the service. Implementing a charge for this service will move towards it becoming self financing and, therefore, demonstrates better value for money to the majority of residents.</p>																																																			

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 4 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Service Efficiencies, Capital Schemes			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>	1,473	375			375
<b>TOTAL SAVINGS</b>	1,473	375	0	0	375
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>Capital funding for highways schemes is generated through three main routes:</p> <p><u>Local Implementation Plan</u> Each borough receives an annual funding allocation from Transport for London to develop sustainable transport plans, implement road safety schemes and undertake major road improvements. This funding is approximately £3 million per annum.</p>					

Section 106

This is generated from large scale developments within the borough and is used to enhance the network, for example, the provision of additional cycle lanes or footway de-cluttering. The level of this funding is market dependant and therefore varies on an annual basis. Current S106 monies total approximately £1 million

Section 278

This is funded through developments and is used for essential highways works to repair or make good any damaged caused during the development works. Again, this funding is market dependant and the current total is approximately £2 million.

Each capital scheme requires the development and management of the Transportation and Highways service, for which a fee is charged to cover the cost of resource. The current fees are set at a percentage of the overall scheme development cost and are detailed below. These fees include 1% for finance recharges:

- 10% - design work
- 10% - site supervision

Income generated through fees currently funds 90% of the Improvement Team within Transportation and Highways. This team undertakes 100% of its time to capital improvement works and, therefore, at the general fund is being used to subsidise this capital work. A recent analysis of workload within the Transportation and Highways service has identified further posts that support the development of capital schemes as a substantial proportion of their role. These posts are responsibly for maintenance and asset management, specifically street lighting and structures.

It is proposed that the current fees are increased in order to cover the actual cost of work incurred by the Transportation and Highways team in relation to capital schemes, the necessary increase has been calculated as 7.5%, providing a total charge to capital works of 27.5%. This is in line with similar inner London Boroughs.

A benchmarking exercise undertaken by London Borough of Camden in 2009/10 identified the following level of charges in selected boroughs:

- Camden – 25% for design and implementation plus 5% top slice for the Public Realm team
- Hackney – 22.5% for feasibility and design, plus additional fee for implementation
- Islington – 28% for design and implementation

**2. Service implications of saving:**

There would be no implications to the service

**3. Actions required to achieve saving:**

An increase in fees and charges would need to be agreed and publicised. It would not be necessary to undertake public consultation.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

None

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**5. Other risk factors which could prevent this saving being achieved following implementation**

Increasing the fees in order to cover the cost of the service will effectively remove the reliance on the general fund and fund 100% of staff costs through capital.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

This proposal aims to fund all highways capital work entirely from capital monies, therefore providing greater value for money to the general fund.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 5 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Pay and Display Review			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>	3,230	275			275
<b>TOTAL SAVINGS</b>		275	0	0	275
<i>The savings highlighted above reflect the mid range of the options contained within this proposal</i>					
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
While the overall objective of parking must always be to discourage unnecessary car journeys, it is accepted that parking provision must be made for motorists needing to come into the Borough. Charging for visitor parking is a way of controlling and managing demand and encouraging turnover and availability of spaces to park.					



The borough is divided into four main controlled parking zones, which are further divided into mini zones:

- Zone A – Bethnal Green Area
- Zone B – Bow / Poplar Area
- Zone C – Stepney / Wapping Area
- Zone D – Isle of Dogs Area

Summarised by zone, Tower Hamlets has the following approximate numbers of Pay and Display parking bays (based on an allowance of 5.5 metres per vehicle):

<b>Type of Bay</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>TOTAL</b>
Business & Pay & Display	114	5	61	10	<b>190</b>
Shared use (permit or Pay & Display)	1,287	1,459	976	632	<b>4,354</b>
Pay & Display	347	153	456	50	<b>1,006</b>
<b>Total</b>	<b>1,748</b>	<b>1,617</b>	<b>1,493</b>	<b>683</b>	<b>5,550</b>

The last increase for Pay and Display charges was in 2005 to the current hourly rate of £3.50 for Zones A and C (on the western side of the borough) and £2.00 for Zones B and D (the eastern side of the borough). At the time these charges were broadly comparable to other inner London boroughs and maintained the required balance however neighbouring boroughs have increased charges over recent years whereas Tower Hamlets' charges have remained static.

This has created an imbalance and increased the demand for parking bays in some locations where visitors are choosing to park within Tower Hamlets rather than pay a higher charge to park in a nearby bay within a neighbouring borough. This has reduced the supply and turnover of parking bays within Tower Hamlets for resident permit holders, restricting their ability to park within the area in which they live or to take advantage of the policy to allow 3 hours of free parking within any other zone in the borough. Therefore, there is justification for increasing Pay and Display charges in the western areas immediately adjoining the City of London and Hackney (A1 & A5, A2 & A6, C1 & C2) to bring the current hourly charges of £3.50 in line with those of neighbouring boroughs at £4.00; thereby reducing the existing level of demand.

The lowest charge within Tower Hamlets, £2.00 per hour, is broadly on a par with the lowest charges within other benchmarked boroughs however where other inner London boroughs do use such charges, they do so sparingly and only on the very outskirts of the borough in low usage areas. There is an argument that Tower Hamlets' location and connectivity sets it apart from other boroughs in that there are no areas of extremely low usage. Demand for parking bays is fairly high across the eastern side of the borough and an increase in charge is a way to manage supply and demand within the parking service. The service feels that the location and facilities surrounding the Pay and Display parking bays within Bow and Isle of Dogs could justify an increase in the hourly charge to £3.00 in order to manage visitor demand within these areas.

This proposal will effectively create 3 pay and display pricing bands across the borough:  
 £4.00 per hour along the western fringe of the borough  
 £3.50 per hour within the centre of the borough  
 £3.00 per hour along the east of the borough  
 and should have the desired effect of reducing demand for casual parking by between 5 and 10 percent overall.

2.	<b>Service implications of saving:</b>																																																		
<p>Parking management is almost totally prescribed by law and determining Council policy simply with the objective of generating additional income is prohibited. Increasing pay and display charges within certain parts of the Borough will reduce the demand for parking spaces from those travelling into the Borough, ensuring that the supply of bays is managed effectively for Tower Hamlets residents; which are entitled to free time limited parking across the Borough as part of their resident's permit.</p> <p>Encouraging the Borough's visitors to use public transport will also reduce the density of traffic flow and have a positive impact on the Council's commitment to reduce carbon emissions.</p>																																																			
3.	<b>Actions required to achieve saving:</b>																																																		
<p>Details of the proposed increase would be included within the Council's annual Fees and Charges report to Cabinet in January.</p>																																																			
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<p>None</p> <p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p> <table border="1" data-bbox="134 1279 1337 1664"> <thead> <tr> <th>Directorate</th> <th>2012/13</th> <th>2013/14</th> <th>2014/15</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr> <td>Adults Health &amp; Wellbeing</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chief Executive's</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Children, Schools and Families</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Schools (DSG Funded)</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Communities, Localities and Culture</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Development and Renewal</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Housing Revenue Account</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Resources</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td><b>TOTAL</b></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		Directorate	2012/13	2013/14	2014/15	TOTAL	Adults Health & Wellbeing					Chief Executive's					Children, Schools and Families					Schools (DSG Funded)					Communities, Localities and Culture					Development and Renewal					Housing Revenue Account					Resources					<b>TOTAL</b>				
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5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																																		
<p>A 5% reduction in the use of Pay and Display bays has been included within the calculations to allow for reduced use due to resistance to the increased charge.</p>																																																			
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																		

Pay and Display charges within Tower Hamlets have not been increased since 2005, resulting in uneven charging levels with neighbouring boroughs. This proposal would align those charges, even out supply and demand and, as a by-product, generate additional income to the Council.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 6 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Parking Permits Review			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Public Realm	<b>LEAD OFFICER:</b>		Jamie Blake
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>	3,359		235		235
<b>TOTAL SAVINGS</b>		0	235	0	235
<i>The savings highlighted above reflect the mid range of the options contained within this proposal</i>					
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
Parking fees and charges were last reviewed in February 2010 resulting in no increase in the level of charges for the financial year of 2010/11					
Tower Hamlets' on-street parking business and resident permit charges are linked to a vehicle's					

CO2 emissions/engine size. This charging structure was introduced in June 2008 and is detailed in the table below:

<b>Band</b>	<b>Engine Size (cc)</b>	<b>CO2 (g/km)</b>
A		<=100
B	<=1100	101-120
C	1101-1300	121-150
D	1301-1600	151-165
E	1601-1800	166-185
F	1801-2000	186-225
G1	2001-3000	226-325
G2	3000+	325+

Since the introduction of the scheme the DVLA “Car Tax” banding has been changed from “seven bands” to “thirteen bands”. However, for the Council’s purpose of “permit banding” there is no need for a direct link to the DVLA “Car Tax” banding.

Tower Hamlets has the following approximate numbers of permit parking bays in each main zone (based on an allowance of 5.5 metres per vehicle):

<b>Parking Bay Type</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>TOTAL</b>
Resident Bay	3237	4464	2818	1889	<b>12408</b>
Business Bay	230	43	181	48	<b>502</b>
Business & Pay & Display	114	5	61	10	<b>190</b>
Permit	1295	2049	1032	578	<b>4954</b>
Shared use (permit or Pay & Display)	1287	1459	976	632	<b>4354</b>
Pay & Display	347	153	456	50	<b>1006</b>
Multi Bay & Sunday Market Traders	22	-	-	-	<b>22</b>
Permit Holders & Sunday Market Traders	15	-	-	-	<b>15</b>
Multi Bay & Business Permit Bay	-	16	-	-	<b>16</b>
<b>Total</b>	<b>6547</b>	<b>8189</b>	<b>5524</b>	<b>3207</b>	<b>23,467</b>

Permit charges for Band D vehicles have not been increased since 2007 and for higher Bandings (E through to G2) since 2008. For vehicles in Bands A to C, permits are actually cheaper in real terms now than they were in 2007.

Since the introduction of emissions based charges there has been only a minor shift towards smaller, less polluting vehicles, suggesting that the cost differential in the higher bands was insufficient in encouraging motorists to consider the issue of CO2 emissions when changing their vehicle.

Second and third (or subsequent) annual resident’s permits currently attract a surcharge of £10 and

£150 respectively. There are very few households with three or more permits (272 3<sup>rd</sup> permits were purchased in 2011/12). The additional charge of £10 for a second permit is relatively insignificant in a resident's decision to run two cars and, therefore, the removal of this additional charge will not have an adverse impact on carbon emission levels as the total number of cars owned by Borough residents is not expected to increase.

Second and third permits are identified by property and not by household, potentially penalising residents living within homes of multiple occupation (HMO) or extended families. Where larger families own two or more cars out of necessity a stepped increase in the cost of additional permits could have an economic impact on poorer groups. Therefore, it is proposed that the additional charge for second and third permits is removed and each additional permit is charged at the same fee as the initial permit.

Officers have monitored trends within Tower Hamlets and in other boroughs that have introduced emissions-based charges and have determined that it is unnecessary to amend emission bands at the moment, however increases are proposed.

An increase of 5% is proposed for Residents Permits; this is a minimal increase and will offset the removal of the surcharge for 2<sup>nd</sup> and 3<sup>rd</sup> permits, reflecting greater equality in permit charges for all residents. An increase of 10% is proposed for Business Permits, which is considered to be reasonable in comparison with other boroughs and should help to even out the demand on shared use permit parking bays in order to increase the supply for use by residents. This increase also reflects the changing business profile of the borough which relies less on vehicle use. Both percentage increases have been rounded to the nearest £1.

Being able to park close to their home is very important for many residents. After the needs of disabled people, resident parking is given the highest priority and the number of spaces available for residents to use against the number of permits issued is monitored regularly. This includes those parking spaces that residents do not have exclusive use of, but share with other users.

It is not necessary to allow one space for each permit as not all residents wish to park at the same time within controlled hours; and outside the controlled hours residents (and indeed anyone) can use single yellow line.

The tables below identify the number of second and third permits issued between 30/1/10 and 29/1/11 by parking zone.

**Second Permits (excludes properties with a third permit)**

<b>MiniZone</b>	<b>Properties</b>
Bethnal Green A1	117
Bethnal Green A2	55
Bethnal Green A3	193
Bethnal Green A4	307
Bethnal Green A5	38
Bethnal Green A6	49
Bow/Poplar B1	287
Bow/Poplar B2	345
Bow/Poplar B3	447
Bow/Poplar B4 (new)	0
Isle of Dogs D1	245
Isle of Dogs D2	126
Stepney/Wapping C1	99
Stepney/Wapping C2	51
Stepney/Wapping C3	454
Stepney/Wapping C4	199

### Third permits

MiniZone	Properties
Bethnal Green A1	7
Bethnal Green A2	3
Bethnal Green A3	14
Bethnal Green A4	32
Bethnal Green A5	2
Bethnal Green A6	7
Bow/Poplar B1	17
Bow/Poplar B2	24
Bow/Poplar B3	26
Bow/Poplar B4 (new)	0
Isle of Dogs D1	24
Isle of Dogs D2	9
Stepney/Wapping C1	10
Stepney/Wapping C2	4
Stepney/Wapping C3	35
Stepney/Wapping C4	14

The following increases will apply:

Type of Permit	2012/13 increase	2013/14 increase	Additional income generated
Business / Public Service / Contractor	10%	10%	£320,000
Residents Permit	5%	5%	£130,000
<b>Total additional income</b>			<b>£453,000</b>
<b>Agreed savings*</b>			<b>£215,000*</b>
<b>Total Proposed savings</b>			<b>£235,000</b>

*\*Savings of £215,000 have already been agreed in the current medium term financial plan. Permits must be increased in order to deliver this agreed saving. All income above this figure is additional and therefore forms part of this proposal.*

This proposal maintains the commitment to reduce carbon emissions by continuing to provide the cost of permits according to emissions bands, ensuring the sustainability of the borough's transport policies. However, the proposal also presents greater equality in permit charges for vulnerable residents.

### Car Clubs

In the Fees and Charges report of February 2008, the introduction of a Car Club Permit Scheme was approved at a charge of £170.00 per permit per annum.

Benchmarking analysis shows that the following charges are applied for car club bays within other boroughs:

<b>Authority</b>	<b>Charge</b>
Camden	£210.00
Hackney	£230.00
Islington	£200.00
K & C	£500.00 - £900.00
Lambeth	£495.00
Lewisham	£300.00
Southwark	£450.00
Wandsworth	£720.00

There are currently 130 Car Club parking bays within the borough, generating an annual income of £22,100. It is proposed that the charge is increased in 2012/13 to £200, generating additional income of £4,000 (rounded to £5,000 for the overall savings target).

**2. Service implications of saving:**

Parking management is almost totally prescribed by law and determining Council policy simply with the objective of generating additional income is prohibited. Decisions on parking fees must have the objective of making the parking service more efficient in terms of reducing overheads, improving the compliance of motorists through detecting more infringements and ensuring that more penalty charges are paid.

There is a balance to be struck in parking between meeting the needs of motorists and achieving the Council's policies in terms of compliance with the regulations (which is generally to the benefit of residents) and the achievement of the Council's wider transport and environmental policies. The proposals as outlined above aim to assist in achieving this objective.

**3. Actions required to achieve saving:**

Increases to permit charges would be included within the annual fee's and charges report to Cabinet in January and resident consultation would commence in January.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

None

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

<b>Directorate</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>TOTAL</b>
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				



5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
Savings calculations within these options have been based on the assumption that, in the short term, permit levels will not reduce. If issue numbers reduce as a result of increased charges then there is a risk that the level of savings identified will not be achieved.	
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
Permit charges have not been increased since 2008. This proposal will increase these charges whilst remaining focused on Council objectives to reduce unnecessary car journeys.	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 7 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Corporate Events in Parks			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Cultural Service	<b>LEAD OFFICER:</b>		Heather Bonfield
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>			90		90
<b>TOTAL SAVINGS</b>		0	90	0	90
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>Tower Hamlets has a reputation for providing high quality events on the borough's parks and open spaces. There are several events currently held within the larger parks in the borough that generate income which is used to maintain the quality of parks and open spaces, boost the local economy and promote Tower Hamlets as a thriving, exciting and attractive location. The smaller parks also have potential to generate additional income through corporate and private events.</p>					

#### Corporate Events:

These include charity sporting events sponsored by corporations such as Nike's Limelight run in Victoria Park. Corporates are also interested in locations for hospitality marquees and promotional events. Whilst this area has been affected by the downturn in the economy, there is still a demand for competitively priced venues and there are a number of events agencies working in this market.

#### Private Events:

The biggest potential market here is weddings where organisers are looking for attractive locations for receptions in marquees.

Cabinet agreed on 6 April: "income generating opportunities in other suitable parks continue to be pursued where these do not impact unduly on the local community and planned sporting arrangements". Subsequently Council, on 21 September 2011, passed the following motion:

"Sir John McDougal Gardens, Millwall Park and Island Gardens will remain solely for the use of residents and community groups for the purpose of recreation, leisure and sports"

Any agreed Council motion with financial consequences will be reconsidered by Cabinet and, therefore, a report will be presented to the January meeting of Cabinet to determine whether these parks should be included within the proposal.

An assessment has been undertaken of all parks and open spaces within the borough. The parks which offer greatest opportunity to generate income are listed below, although all potential opportunities will be considered. For example a wedding reception will be held in Stepney Park this summer from which income will be received.

#### Mile End Stadium:

Possible venue for one or two event days per year but given the proximity of new residential development would need careful planning and many events / artists might not be suitable due to noise impact on nearby residents.

#### Millwall Park;

Not suitable for larger commercial music festivals but could be considered for smaller scale events including corporate marquees

#### Weavers Fields:

Nearby residential dwellings would make the park unsuitable for events with any major noise issues, although the park can be used for community events eg as one of the sites for the Mela.

#### Allen Gardens;

Nearby residential dwellings would make the park unsuitable for events with any major noise issues, although the park can be used for community events eg as one of the sites for the Mela.

#### King Edward Memorial Park;

Limited public transport links would make the park unsuitable for major events and nearby residential dwellings would make the park unsuitable for events with any major noise issues. Its location on the River Thames could make it attractive for smaller private and corporate events.

#### Island Gardens:

Is too small for any major events but could be an attractive proposition for private and corporate events.

Marketing information is currently being prepared for the parks detailed above. Each park will be marketed throughout 2012 for potential booking to take place in 2013/14. It is anticipated that

there will be no market for corporate / private events during the Olympic year due to traffic disruption and the prevalence of alternative activity.

**2. Service implications of saving:**

There will be no implications for the service

**3. Actions required to achieve saving:**

Promotional material will be produced for all identified parks and targeted marketing will commence immediately.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

None

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**5. Other risk factors which could prevent this saving being achieved following implementation**

There is a risk that the marketing of the parks proves fruitless and that event agencies do not find the locations suitable.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The parks and open spaces within the borough are a great asset and proposal seeks to maximise their potential; generating income, bringing additional visitors to the borough and marketing Tower Hamlets as a desirable location.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 8 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Advertising Opportunities.			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Strategy and Programmes	<b>LEAD OFFICER:</b>		Robin Beattie
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>			600		600
<b>TOTAL SAVINGS</b>		0	600	0	600
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>CLC directorate have identified a number of advertising opportunities with the potential to deliver sustainable savings. These opportunities are listed below:</p> <p><u>Highways Sites</u> Two potential sites have been identified, one existing and one piece of land which is soon to be adopted by the Council. A previous advertising hoarding was let this year on a similar site</p>					

generating a significant saving to the Council.

Green Bridge, Mile End Park

There is the potential for a high value digital display on both sides of the bridge. This could generate a high level of savings, however planning permission would be needed and it is likely that there would be objections from Transport for London, on the grounds of road safety, and Friends of Mile End Park, on amenity grounds.

Leisure Centres – Exterior and Interior

Contracts with Greenwich Leisure Limited would need to be checked to determine whether any advertising decisions would require GLL agreements. It is likely that any advertising will be low to medium value and would depend on each centre. Each site will require a survey to assess its value

St George's Pool

Planning permission for a 48 sheet advertising panel on the side of St Georges Pool was refused on amenity grounds as the site is within a conservation area. An application could be resubmitted for a less imposing panel, more in keeping with the location.

Poplar Baths

Planning permission for banner advertising was refused in 2000 as it was felt that a banner would detract from the architectural features of the Grade 2 listed building and the statue outside. Planning permission could be resubmitted for a fixed frame permanent banner or a temporary banner on scaffolding during the repair and refurbishment of the baths.

Parking Permits

The permit supplier would generally agree the advertising and develop the contract. Savings would be generated through reduced supplier charges.

Idea Store Whitechapel

There is the potential to have a digital advertising display installed by a media owner into the top right hand corner of the building, facing west.

<b>2.</b>	<b>Service implications of saving:</b>
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None

<b>3.</b>	<b>Actions required to achieve saving:</b>
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A full valuation of required of each potential site and a process identified in order to market the opportunity. Planning permission would need to be submitted for each location and proposals developed in conjunction with the Asset Management service.

<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>
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None

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**5. Other risk factors which could prevent this saving being achieved following implementation**

Potential savings have been estimated and will be unknown until each opportunity is marketed. There is the risk that these estimated are too high and that only a proportion of the savings will be achieved.

The highest value opportunities require planning permission to be granted in order to achieve the saving. There is a risk that planning permission is rejected and therefore savings are unable to be made.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

Income generated through advertising on or within the Council's assets provide excellent value for money due to the low level of investment and high reward.



**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CLC 9 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Idea Store Stock Fund			
<b>DIRECTORATE:</b>		Communities, Localities and Culture			
<b>SERVICE AREA:</b>		Cultural Services	<b>LEAD OFFICER:</b>		Heather Bonfield
<b>FINANCE CONTACT:</b>		Stephen Adams			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	671		200		200
<b>Income</b>					
<b>TOTAL SAVINGS</b>	671	0	200	0	200
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>No</b>					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The 1964 Public Libraries and Museums Act provides a statutory requirement to deliver a “comprehensive and efficient” library service. Recent public library standards attempted to define what constituted a “comprehensive and efficient” service by requiring that 15% of library stock be replenished each year. This standard is no longer in force; however it continues to provide a useful benchmark for the service. LBTH has replenished approx 22% of the stock annually during the last three years.</p> <p>The total annual number of library issues within Tower Hamlets rose by 18% between 2006/7 and</p>					

2009/10 and continued to rise throughout 2010-11; figures from the first five months of this year show that the upward trend is continuing; with issues between April and August 26% higher than the same period in 2006.

There service will manage existing provision and seek opportunities in modern developments to achieve savings.

The market for Electronic Books is changing rapidly and current consensus among publishers, booksellers and librarians is that demand will increase in the short to medium term. The London Libraries Consortium, of which Tower Hamlets is a key part, has been running a pilot for almost three years on the introduction of E-books and E-readers into libraries and are in the process of evaluating the current supplier. There is great uncertainty about the format of the reader and the current market share of Kindle, which is only available through Amazon and not available to public libraries. Irrespective of current suppliers and any future assumptions about market leaders, it appears clear that the type and levels of library stock will need to evolve over the next few years to accommodate changing demand and increased availability of technical solutions.

The limited life of books means that stock must be replaced continually. Adult books last 20-30 issues only before they have to be replaced with another copy. Very popular titles can be issued 20 times in a year. Bengali and other language books have a life of 10 issues, due to the quality of the production of these books. Children's picture books look unattractive after 10 issues and board books for very young children have an even shorter life. E-books are currently supplied at a comparable cost to standard books but have a far longer shelf life. Therefore the cost of restocking worn and dilapidated stock would reduce as e book usage increases.

The service must be mindful of equalities issues surrounding this area and cannot restrict access only to people who are able to invest in and maintain e-readers. The service intends to purchase readers for a small discrete group, such as housebound users and e-books could also be used as a replacement for some alternative formats such as large print and talking books. E-audio books provide the same experience as traditional talking books and appeal to a far wider audience, yet are available at a reduced purchase price.

Approximately £100,000 per year is spent on maintaining the reference and online offer. Tower Hamlets is committed to maintaining a large element of this expenditure in agreement with the LLC, where significant discounts have been achieved through Consortium members collectively taking out subscriptions. The service is, however, able to discontinue some of the more expensive subscriptions which do not form part of the LLC package. It has been identified that this would have a minimal impact on library users.

All these factors need to be taken into account when determining how to allocate the reduced budget. The service will reduce provision in areas where there will be least impact.

Idea Store Watney Market will open in 2012/13. The new store is much larger in area than the existing library and therefore new stock (150,000 extra adult books and 6,000 extra children's books) need to be purchased in addition to general stock replenishment throughout the year. This will be provided through the 2012/13 stock fund.

<b>2.</b>	<b>Service implications of saving:</b>
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There is a risk that waiting times may increase slightly for new releases. However, this will not have a significant impact on the overall level and quality of service offered within the Idea Stores nor is it anticipated that the number of visits will reduce.

<b>3.</b>	<b>Actions required to achieve saving:</b>
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The saving can be achieved via a budget reduction. A variation to the supplier contract would not be required.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

None

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

**5. Other risk factors which could prevent this saving being achieved following implementation**

None

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The stock fund is used to provide a wide range of services to library/idea store users. By prioritising the provision of the fund it is possible to maintain the high quality levels of book supplies whilst reducing the reliance on the stock fund for other, less popular, library services.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CSF 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Open buildings for community hire			
<b>DIRECTORATE:</b>		Children, Schools and Families			
<b>SERVICE AREA:</b>		Learning and Achievement	<b>LEAD OFFICER:</b>		Anne Canning
<b>FINANCE CONTACT:</b>		David Tully			
<b>G13</b>	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>£'000</b>					
<b>Employees (FTE)</b>	173				
<b>Employees</b>	5,747				
<b>Others</b>	4,284				
<b>Income</b>	86	100			100
<b>TOTAL SAVINGS</b>	9,945	100	0	0	100
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N– Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure: No implementation costs</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>This proposal is to generate additional income through hiring rooms in Children, Schools and Families venues. Rooms in Children’s Centres, and potentially other venues, would be made available outside normal opening hours for use by community groups, at a reasonable hire rate.</p> <p>A survey of Community and Voluntary organisations has confirmed that there is demand for these facilities, and that the proposed rates of £10-15 an hour would be acceptable.</p> <p>The savings figure is based on a 60% occupancy rate for bookings in the early evenings and weekends.</p>					

Existing activities and Organisations commissioned by the Council to provide services in Children's Centres and other venues will be unaffected by this charge.

**2. Service implications of saving:**

This proposal would not affect service delivery.

**3. Actions required to achieve saving:**

The following actions will be required prior to implementation:

1. Processes and procedures for room hire put in place
2. Marketing of rooms for hire

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

There are no implications for other directorates

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing	0	0	0	0
Chief Executive's	0	0	0	0
Children, Schools and Families	0	0	0	0
Schools (DSG Funded)	0	0	0	0
Communities, Localities and Culture	0	0	0	0
Development and Renewal	0	0	0	0
Housing Revenue Account	0	0	0	0
Resources	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes**

5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
A survey has been carried out with the target market, that confirms that there is some demand however it is not yet known what occupancy rate will actually be achieved. The saving has therefore been based on a relatively low occupancy rate of 60%.	
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
The saving will generate additional income to sustain services with no impact, and also lead to greater utilisation of public buildings. This will be measured by the income received.	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CSF 2 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Move to a traded basis for Parent Support Services			
<b>DIRECTORATE:</b>		Children, Schools and Families			
<b>SERVICE AREA:</b>		Youth and Community Learning	<b>LEAD OFFICER:</b>		Mary Durkin
<b>FINANCE CONTACT:</b>		David Tully			
<b>G19</b>	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
Employees (FTE)	30				
Employees	887				
Others	237				
Income	346			205	205
<b>TOTAL SAVINGS</b>	<b>778</b>	<b>0</b>	<b>0</b>	<b>205</b>	<b>205</b>
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? N					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
Revenue Expenditure					
Capital Expenditure					
<b>Total</b>					
<b>Nature of expenditure: No implementation costs</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
This savings proposal affects the parental engagement and involvement service.					
The service supports parental engagement in children's learning through SLA's with schools and school based support for the delivery of universal provision. In line with the general shift of responsibilities and funding to schools, it is proposed to move to a traded basis for support so that schools pay for the support they receive. This is in line with the increasing autonomy being given to schools under national government policy, andwith practice in other boroughs. The potential saving within school based early intervention services is £130,000, subject to					

increased growth in traded service provision.

Additionally, the service provides support and training for professionals in schools, Children Centres the NHS, Police and other agencies in engaging with parents. Again, it is proposed to move to a traded basis in order to fund this support. The potential saving within this part of the service is £75,000.

In addition to these functions, we also provide parenting support for families in need referred by statutory services such as Social Care and the Youth Offending Team, sometimes under a parenting order. Targeted parenting support is also provided to schools and children centres. This proposal does not affect that part of the service.

**2. Service implications of saving:**

This proposal outlines savings to be made 14/15 to allow for further service redesign towards traded services.

The saving will be realised by increased income and will not affect the service delivered.

**3. Actions required to achieve saving:**

- Design and promotion of traded service 'offer'
- 

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing	0	0	0	0
Chief Executive's	0	0	0	0
Children, Schools and Families	0	0	0	0
Schools (DSG Funded)	0	0	£130	£130
Communities, Localities and Culture	0	0	0	0
Development and Renewal	0	0	0	0
Housing Revenue Account	0	0	0	0
Resources	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes**

There will be an impact of up to £130k to schools depending on the level of buy back of the service.



5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
<p>If agencies choose not to buy the service, the saving could not be fully achieved.</p> <p>Reductions in the service to compensate for a lack of income are not possible, because of the adverse impact that would have on our capacity to provide targeted interventions to families in need and the loss of a service used by more than 9,000 parents.</p> <p>To mitigate against this risk, we will ensure effective marketing and engagement of schools and partner agencies in advance of 2014-15 to maximise buy back of the service. However, it is unlikely that there will be no income from trading.</p> <p>.</p>	
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
<p>The move to service delivery through a traded service model will ensure that there are incentives to improve the satisfaction of partner agencies with the service.</p>	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CSF 3 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Saving in procurement of placements for looked after children			
<b>DIRECTORATE:</b>		Children, Schools and Families			
<b>SERVICE AREA:</b>		Social Care	<b>LEAD OFFICER:</b>		Jenny Boyd
<b>FINANCE CONTACT:</b>		David Tully			
<b>G54</b>	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>£'000</b>					
<b>Employees (FTE)</b>	0				
<b>Employees</b>	0				
<b>Others</b>	12,400			500	500
<b>Income</b>	0				
<b>TOTAL SAVINGS</b>	12,400	0	0	500	500
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? No Y – Please complete the table and also provide reference no. of corresponding bid):					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure: No implementation costs</b>					
1.	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Council is committed to placing more children with carers within the borough, ensuring they remain part of the community. The Council spends approximately £12.4m per annum on placements for looked after children. Placements include external and in house provision of foster care and residential homes. Savings have already been achieved in 2011-12 by negotiating better rates with external providers, and increasing the proportion of placements that are made with carers recruited in-house rather than through private agencies. £120k savings were agreed in 2011-12 in relation to this service (proforma reference SSP/1). Our successful work so far to deliver these savings means that we are now proposing further savings that together with the previously agreed savings are equivalent to 5% of the placements budget.</p>					

There are three methods that will be used to reduce expenditure on placements, without reducing the suitability or quality of placements. These are:

1. Benchmarking data shows that Tower Hamlets places proportionately more children in externally provided foster placements rather than with carers recruited by the Council. Moving to a position that better reflects the average local authority by recruiting more carers ourselves without paying agency overheads will save up to £390, 000.
2. Further negotiation with external providers to reduce placement rates
3. Speeding up care proceedings so that children spend less time in care

The final two actions will save the remaining £110,000.

There will be no impact on the suitability or quality of placements as a result of this proposal.

**2. Service implications of saving:**

There are no service implications that would result from this efficiencies programme as the Council has a duty to secure sufficient suitable placements for looked after children and all children and young people with a need will continue to be placed in appropriate settings. This proposal will achieve savings through improving practice and not impact on the suitability or quality of placements.

**3. Actions required to achieve saving:**

1. Accelerate our drive to increase the number of foster carers within and local to Tower Hamlets through local recruitment campaigns and by developing partnerships with other boroughs.
2. Review the way placements are commissioned for the placement of looked after children with complex needs (including SEN) to ensure that best value is achieved without impacting on the quality and suitability of placements.
3. Negotiate reduced costs for placements in residential settings.
4. Explore a collaborative approach to the placement of looked after children with complex needs.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing	0	0	0	0
Chief Executive's	0	0	0	0
Children, Schools and Families	0	0	0	0
Schools (DSG Funded)	0	0	0	0
Communities, Localities and Culture	0	0	0	0
Development and Renewal	0	0	0	0
Housing Revenue Account	0	0	0	0
Resources	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Notes**

There are no major implications for any party as a result of the proposals. The placement of looked after children is undertaken on a spot purchased (individual) basis which means we are not tied into individual contracts with providers. In the main placements are made through providers signed up to the pan-London agreement which is a framework agreement managed by LB Harrow.

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
<ul style="list-style-type: none"> <li>• Increase in the number of children looked after.</li> <li>• Failure to recruit sufficient local foster carers, meaning that we are unable to achieve the shift from external agencies to in house carers.</li> <li>• Providers unwilling to negotiate reduced rates.</li> </ul>	
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
<ul style="list-style-type: none"> <li>• It is recognised that it is more cost effective to recruit local foster carers which will not only achieve savings in the short term but ongoing efficiencies in the future.</li> <li>• Reviewing commissioning practice for children with complex needs and SEN will contribute to the savings target but will also ensure more efficient use of resources in the long term.</li> </ul>	

**INVEST TO SAVE PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CSF 4 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Consolidation of information systems- Single View of a Child			
<b>DIRECTORATE:</b>		Children, Schools and Families			
<b>SERVICE AREA:</b>		Resources	<b>LEAD OFFICER:</b>		Kate Bingham
<b>FINANCE CONTACT:</b>		David Tully			
<b>Various Votes</b>	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Growth Required</b>					
Employee Costs					
Other Costs			20		20
<b>Employees (FTE)</b>	37			7	7
<b>Employees</b>	1,600			255	255
<b>Others</b>	384		25		25
<b>Income</b>	0	0	0	0	0
<b>TOTAL NET SAVINGS</b>	1,984	0	5	255	260
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? Y					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		190	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>					
<b>Nature of expenditure:</b> Purchase of software licenses and additional temporary staffing for data migration and cleansing.					
1.	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				

Children, Schools and Families currently use a number of databases to store information about children in relation to different services. There is no central database of pupils, and this information is held separately by each of our 97 schools. The lack of integration and number of different databases leads to inefficiency in collecting, validating and reporting data, as well as additional software maintenance costs.

This proposal is to develop a solution to integrate the various data sources to create a 'single view of a child.' This database will contain key information about each child receiving services in the borough, and bring together a number of existing data sources. This will reduce the resources needed to collect, check and validate data for the provision of services and government returns, as well as improving our ability to report and extract data for monitoring and service planning.

The saving will be realised by reducing the number of staff needed to collect, check, validate and report data, as well as reductions in the cost of software maintenance contracts due to the reduction in the number of databases. This reduction will be achieved without redundancy, by deleting vacant posts and/ or redeploying staff to alternative posts as they become available.

A feasibility study has been carried out by ICT consultants to identify the benefits of this proposal. This has informed the savings figures, which have also been validated internally. The cost of implementation is currently an estimate and further work is required to identify the technical solution and confirm the exact cost.

**2. Service implications of saving:**

This proposal will achieve efficiencies whilst improving services in a number of ways:

- Accurate information will be available to more services to inform delivery
- Better data will be available for monitoring and planning purposes
- There will be reduced points of data collection, meaning that service users will not be required to provide details multiple times

**3. Actions required to achieve saving:**

Following the initial feasibility study which has informed this proposal, the following actions are required to achieve implementation:

1. Identification and full costing of a technical solution
2. Procurement of solution
3. Implementation

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing	0	0	0	0
Chief Executive's	0	0	0	0
Children, Schools and Families	0	0	0	0
Schools (DSG Funded)	0	0	0	0

Communities, Localities and Culture	0	0	0	0
Development and Renewal	0	0	0	0
Housing Revenue Account	0	0	0	0
Resources	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **Notes**

There are implications for Resources as Corporate ICT (CICT) support will be needed to implement this project. CICT have been fully engaged in this work as they led the initial feasibility study.

<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>
The post reduction to achieve the full saving of £255 per annum relates to 7 posts. This reduction will be achieved over the three year period without redundancy, through a combination of vacancy deletion and redeployment. Based on current rates of turnover in similar posts, we would expect this reduction to be achievable over the three year period. Should the turnover rate reduce over the period, the saving would not be achievable.	
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
As stated above this proposal will improve the availability of data for service delivery, monitoring and planning, whilst reducing the resources required to collect it. The improvement will be measured by a reduction in the cost of collecting, checking and reporting on data.	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
D&R 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Statement of Community Involvement (SCI) & Other Consultation changes			
<b>DIRECTORATE:</b>		Development & Renewal			
<b>SERVICE AREA: Planning &amp; Building Control</b>		<b>LEAD OFFICER:</b>		Owen Whalley	
<b>FINANCE CONTACT:</b>		Abdul Muktadir			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
<b>£'000</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employees</b>					
<b>Others</b>	240	75			75
<b>Income</b>					
<b>TOTAL SAVINGS</b>		75	0	0	75
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? Y – Please complete the table and also provide reference no. of corresponding bid): N					
		<b>Costs (Incremental)</b>			
	<b>Ref No.</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>					
<b>Capital Expenditure</b>					
<b>Total</b>					
<b>Nature of expenditure: N/A</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>1. <u>Scope</u>. The Statement of Community Involvement (SCI) is a statement of a local authority's policy for involving the community in preparing and revising local development documents (local plans) and for consulting on planning applications. The Planning &amp; Building Control Service are reviewing the SCI and propose a series of amendments detailed below. The SCI would still promote community consultation which is lawful.</p> <p>Tower Hamlets currently consults on planning applications to an extent far beyond statutory duty. The proposed changes will still be more than the statutory minimum but will bring our</p>					



consultation more in line with other boroughs.

The proposed saving of £75,000 will arise from the changes to how the Council consults on the planning application process. These would include:

- Instead of advising consultee's of the outcome of an application: The Initial consultation letter to advise third parties would refer to web-site for information and register and encourage people to use my.towerhamlets for alerts;
- Limit, to statutory boundary, the extent of the boundary on consultation on minor applications and review the boundary on majors, where appropriate.
- Review East End Life to place Statutory Planning Notices. Instead: Work with EEL to reduce costs of notices placed including sizing etc;
- Instead of acknowledging objections by letter: Uploading any consultation letters received on to the web site;
- Limit site notices to the statutory level;
- Do site notices for consultation for trees in conservation areas.
- Focus on re-consulting on those who made comments in respect of the initial consultation letter;
- Instead of weekly reports on applications received: Use "My.towerhamlets" as a mechanism for automatic updates on applications received.

Total estimated savings per annum if all of above were taken: £75,000

## 2. Stage and Timings

An initial scoping assessment has been completed, which has provided the guidance for potential savings.

### - Next Steps

- (i) Further work is needed to resolve in detail the potential impacts of the savings proposals (quantity of consultation removed) and to put in place the new approaches;
- (ii) The SCI needs re-drafting to move to the suggested approach and formally amending.

### - Timings

The process to revise, publicly consult on and adopt a new SCI is targeted to be completed by the March 2012 Cabinet. This would then need some administrative adjustments and would then enable savings to start accruing in place by start of financial 2012 - 13.

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<b>2.</b>	<b>Service implications of saving:</b>
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The Planning Service is comprehensive in how it consults the local community. At present the Council exceeds the statutory level across the board when it comes to notifying the local community on planning applications and undergoing consultation processes and exercises. The adopted SCI has embraced public consultation and has been approved in support of a period of extensive growth when communities were very uncertain and fearful of change. However, changes in technology and new service provision options' introduced by the Council (pc terminals in Idea Stores) has meant that many residents can access information on line. The savings suggested above would mean:

- a increase in the use of established new technology to take a more consistent role in supporting the local community to understand what is happening in their area;
- a more modern, streamlined, less paper/space reliant but still legally robust service;
- a subsequent reduction, over-time, in the amount of administration staff time required to support the planning application consultation process. This would make the service more manageable as at present the administration section is under extreme pressure as new assimilated staff learn new duties and working arrangements;
- where we have to use a local media secure more competitive pricing options for Statutory
- the local community would have a wider range of ways of being informed of about development activity and proposals;
- rather than being "consulted" the local community would also begin to identify how they wish to be consulted, when or if at all;

<b>3.</b>	<b>Actions required to achieve saving:</b>
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1. Review in detailed scoped savings and confirm;
2. Review technology options to support the suggested new working arrangements;
3. Review and produce a new SCI for Tower Hamlets securing all necessary formal approvals;
4. Complete the administrative changes and arrangements including technology changes to bring new proposals.

Once the formal approval is gained the final adjustments can be made and the new approach started.

<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>
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Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				

Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

### **Notes**

There are not anticipated to be any cost implications for Other Directorates. The Planning Consultation process is contained to formal planning documentation or application proposal processes.

#### **5. Other risk factors which could prevent this saving being achieved following implementation**

The key risk is related to the emerging Localism Bill. This Bill proposes some fundamental changes to the planning system, specifically introducing the possibility for a more extensive role for the local community in planning their area. The established planning application processes are likely to remain broadly unchanged however as far as can be understood at this time it appears that the Council and probably the Local Planning Authority will have to support consultation processes around proposed neighbourhood Forums and Plans. However, they are discretionary and local communities may not take them forward in Tower Hamlets. It is as yet very uncertain.

The local community of Tower Hamlets is well used to being extensively and in some cases excessively consulted. Members are acutely aware of community sensitivities around public consultation. The changes would need carefully managing so people understanding how they can continue to access information.

#### **6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

This has been largely detailed above. By using new on-line communication tools and the existing Council website it is proposed that significant savings are made. The objective is to increase automation and digital flexibility with consequent value for money savings in operational administrative staff duties. It should release, over-time, administration staff from menial tasks such as envelope stuffing and re-direct them to more technical and efficient tasks in support of the wider service.

The improvements can be measured for efficiency through increased staff efficiency in the Applications Support Team once all the new staff are trained and active. In other areas of their workload such as:

- the no. of applications registered per staff member;
- reduction in the time it takes to feed an application through to a technical officer;
- the number of people responding to consultation exercises will be monitored to track if more are choosing to engage despite cost reduction;



**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

Item Ref. No:  
D&R 2 (2012)

<b>TITLE OF SAVINGS OPTION:</b>		<b>Further Saving from Anchorage House</b>			
<b>DIRECTORATE:</b>		Corporate / Cross Cutting			
<b>SERVICE AREA:</b>		Asset & Facilities Management	<b>LEAD OFFICER:</b>		Nick Coldicott
<b>FINANCE CONTACT:</b>		Ekbal Hussain			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	8,072		2,701	1,534	4,235
<b>Income</b>					
<b>TOTAL SAVINGS</b>			2,701	1,534	4,235
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
	<b>Costs £000s (Incremental)</b>				
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>	
<b>Revenue Expenditure – REF ( )</b>	see below				
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>	Capital / Revenue split to be agreed.				
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Smarter Working Programme will enable Anchorage House to be vacated and the lease to be surrendered in June 2013. This is expected to deliver total annual savings of £6.575m.</p> <p>£2.340m of this was approved in January 2011 and the £4.235m detailed above reflects additional savings expected from the project.</p> <p>To achieve this, three workstreams of activity are required:</p> <p><b>ICT Workstream</b> Undertake remediation work to update the current infrastructure, replace existing data storage and</p>					

implement a virtual desktop infrastructure. This will enable staff to seamlessly work remotely and therefore reduce the demand for space at Mulberry Place.

### **Property Workstream**

Reconfigure Mulberry Place to support a 6:10 staff to desk ratio and enable a 57% increase in occupancy. This reconfiguration of Mulberry Place is essential in order to optimise the allocation of available space and ensure the appropriate balance between desks, storage and meeting spaces.

### **HR Workstream**

Deliver training and change management activities to support the implementation of Smarter Working and revise existing HR policies to ensure they support the principles of Smarter Working.

One-off implementation costs of £11.2m will be incurred over the three years, 2010/11 to 2012/13, leading up to the exit from Anchorage House. £5m relates to the ICT workstream, £5.6m for the Property workstream, £0.2m for the HR workstream and £0.4m for Programme Management. Funding for these costs has been identified from existing resources set aside for ICT and office accommodation.

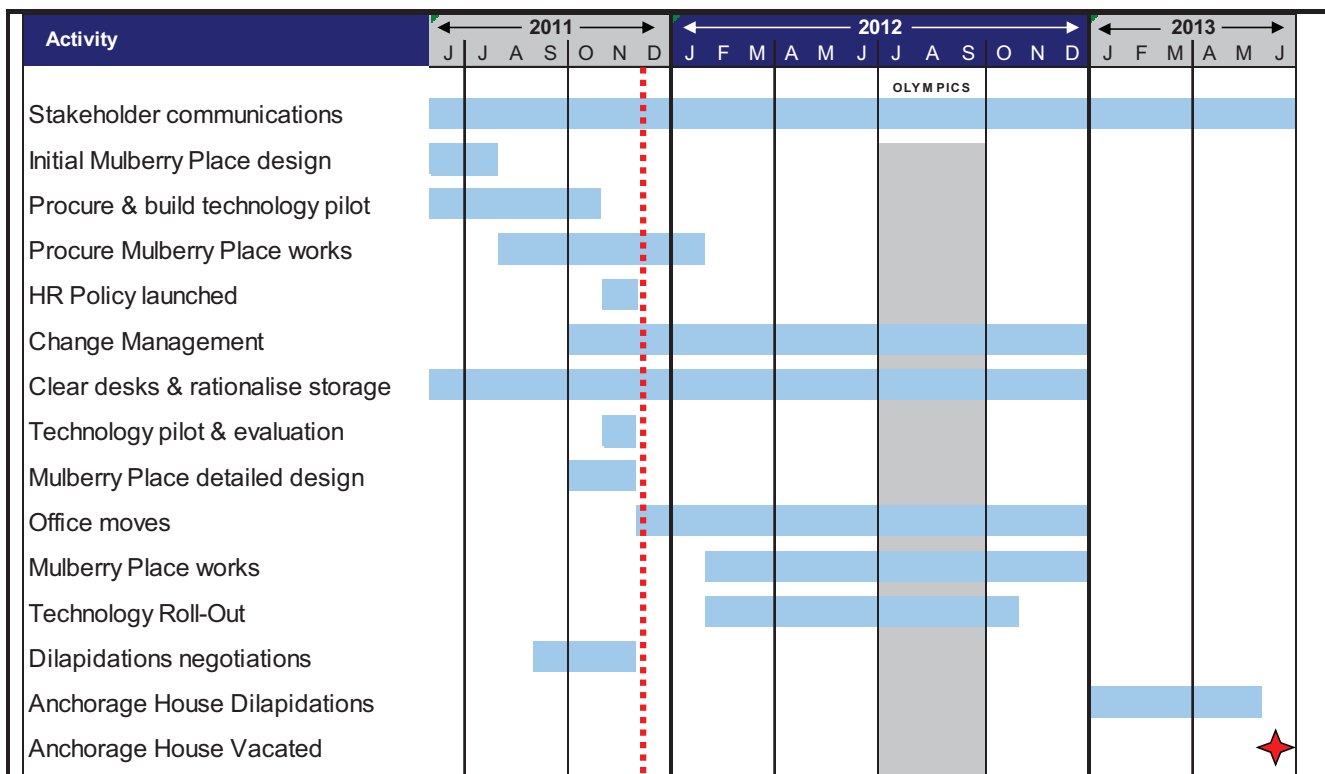
The annual ongoing savings figure of £6.575m is net of ongoing cost commitments which are estimated to be between £1.3 - £1.5m (2013/14 - 2014/15). £0.8m of these ongoing costs reflect the decrease in accommodation recharge income from non-general fund accounts. The remaining balance is primarily required to support the new ICT infrastructure and is off-set by associated ICT savings.

<b>2.</b>	<b>Service implications of saving:</b>
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This programme is primarily aimed at changing where staff work; reducing demand for property space. This greater flexibility will allow staff to be more mobile and therefore responsive to service requests.

<b>3.</b>	<b>Actions required to achieve saving:</b>
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A detailed programme of work is being delivered. A summary of the plan is included below:



**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Change Management activities are being delivered to address the impact on staff of working in a more flexible environment.

Service delivery implications for FM, as a result of vacating Anchorage House, will be covered by a separate Property led review of overall staffing requirements.

**5. Other risk factors which could prevent this saving being achieved following implementation**

A comprehensive risk register is being maintained for the programme.

Vacation of Anchorage House and the dilapidations works are the final stages of the implementation and will deliver the estimated saving.

The only identified risk that could jeopardise delivery of savings following implementation is any outstanding legal dispute with the Landlord. Legal advisors have been appointed and will be engaged throughout to mitigate against this risk.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

This programme will increase utilisation of Mulberry Place, enabling Anchorage House to be vacated.

The ICT Components will deliver improved performance, resilience and business continuity at a reduced cost per seat. These improvements will enable staff to work in more flexible ways whilst

using less energy and thus providing a reduction in the Council's carbon emissions.

Experience of implementing Smarter Working in other comparable organisations indicates that productivity increases and sickness absence is reduced.



**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
RES 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Phased Closure of Council's Cash Office facility			
<b>DIRECTORATE:</b>		Resources			
<b>SERVICE AREA:</b>		Revenue Services	<b>LEAD OFFICER:</b>		Roger Jones
<b>FINANCE CONTACT:</b>		Martin McGrath			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>	323	70	60		130
<b>Other Costs</b>	157		20		20
<b>Income</b>	480				
<b>TOTAL SAVINGS</b>		70	80	0	150
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal, including indications of stage of development, and work and timescales needed to finalise proposal:</b>				
<p>The London Borough of Tower Hamlets has a duty to collect all money that is due to it and to provide easy and accessible payment options to all residents, meeting individual needs where possible. The development of on-line services and automated telephone payment and information lines has reduced the demand for the Council's Cashiering Facilities. More and more people are using electronic services rather than travelling to the Cashiers office in Albert Jacob House. For those who still wish to make payment using cash, there are 12 Post Offices around the Borough and an extensive network of local businesses offering the PayPoint facility.</p>					

To accommodate these changes in demand, it is proposed that the front of house opening hours are reduced to half days in 2012/2013, and alongside a suitable communications campaign, the front of house element of the service be closed completely in 2013/2014. The team will maintain the corporate responsibility of income management and will continue to provide a comprehensive service to the Council.

**2. Service implications of saving:**

The proposal to reduce opening hours and then close cashiers will:

- Widen and develop access to the service through existing Post Office cashiers' facilities and PayPoints in the Borough.

The development of online and automated telephone services has affected customer demand for a cashier's service. 30% of parking permit renewals is now made online and there has been an increase in electronic payments since 2008 as shown below.

Income Source	2008/2009 No. of payments	2009/2010 No. of payments	% Increase for year	2010/2011 No. of payments	% Increase for year
Business Rates	8	281	3400%	685	144%
Council Tax	852	13,593	1496%	25,463	143%
Revenue Income	3	173	5700%	403	134%
Sundry Debts	95	1,443	1420%	2,555	77%
Parking PCN's	2,299	15,091	556%	20,534	36%

**The change will alter access to the service -**

The change aims to continue the channel shift of residents away from face to face contact and to continue to increase the use of on line or phone transactions. For those who wish to continue to pay in cash, Post offices around the borough will facilitate this transaction.

**3. Actions required to achieve saving:**

Savings of £70,000 will be achieved by reducing the opening hours of the service. This would mean we could plan for the full closure the following year and discuss with customers such as THH, Markets and Parking, how to encourage channel shift.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

2 FTE's would be impacted as a result of this proposal to reduce opening hours of the Cashier's Office.

Of the 57,633 cash transactions in 2010/2011, the majority came from 5 main areas.

These are:

**Service Charges/ Major Works – 8,212**

**Rents – 11,704**

**Council Tax – 15,754**

**Parking -9,618**

**JDE – Markets – 6,584**

Running a reduced service (opening half days 4 days a week) would achieve savings but will not have a significant impact on service provision. This would also give time for all stakeholders to prepare for full closure and make alternative arrangements for the following year at the existing cashiers' facilities in the Borough at Post Offices and PayPoints.

**5. Other risk factors which could prevent this saving being achieved following implementation**

Reduced opening hours will have limited impact but will encourage and support the channel shift to other payment options such as the existing cashiers' facilities in the Borough at Post Offices and PayPoints.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

Partial closure will achieve £70k savings, and will allow for a proactive plan to be implemented for complete front of house closure the following year.

Any changes would be measured through increased usage of online and automated telephone services.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
RES 2 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Insurance – negotiate cheaper premiums in Consortium with other London Boroughs			
<b>DIRECTORATE:</b>		Resources			
<b>SERVICE AREA:</b>		Risk Management	<b>LEAD OFFICER:</b>		Minesh Jani
<b>FINANCE CONTACT:</b>		Martin McGrath			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	804		125		125
<b>Income</b>					
<b>TOTAL SAVINGS</b>		0	125	0	125
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
The authority seeks to produce insurance policies for property, liability and terrorism. The current insurance cover will expire on 31/03/2012, and tender processes have now begun for insurance from 01/04/2012. By working with eight other London Boroughs, we are planning to secure further efficiencies in our premiums costs which are currently £804,000 in 2011-12.					

2.	<b>Service implications of saving:</b>																																																		
The team will have to spend more time negotiating and working with other procurement teams in London.																																																			
3.	<b>Actions required to achieve saving:</b>																																																		
Action already underway to try and deliver the savings. Next step is to take proposition through the tollgate process, and then use a broker to procure from the market.																																																			
4.	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																																		
None, we will try and secure the level of cover we need at a lower cost without diluting our cover.																																																			
Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)																																																			
<table border="1"> <thead> <tr> <th data-bbox="137 1059 651 1126">Directorate</th> <th data-bbox="651 1059 820 1126">2012/13</th> <th data-bbox="820 1059 991 1126">2013/14</th> <th data-bbox="991 1059 1166 1126">2014/15</th> <th data-bbox="1166 1059 1335 1126">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="137 1126 651 1160">Adults Health &amp; Wellbeing</td> <td data-bbox="651 1126 820 1160"></td> <td data-bbox="820 1126 991 1160"></td> <td data-bbox="991 1126 1166 1160"></td> <td data-bbox="1166 1126 1335 1160"></td> </tr> <tr> <td data-bbox="137 1160 651 1193">Chief Executive's</td> <td data-bbox="651 1160 820 1193"></td> <td data-bbox="820 1160 991 1193"></td> <td data-bbox="991 1160 1166 1193"></td> <td data-bbox="1166 1160 1335 1193"></td> </tr> <tr> <td data-bbox="137 1193 651 1227">Children, Schools and Families</td> <td data-bbox="651 1193 820 1227"></td> <td data-bbox="820 1193 991 1227"></td> <td data-bbox="991 1193 1166 1227"></td> <td data-bbox="1166 1193 1335 1227"></td> </tr> <tr> <td data-bbox="137 1227 651 1261">Schools (DSG Funded)</td> <td data-bbox="651 1227 820 1261"></td> <td data-bbox="820 1227 991 1261"></td> <td data-bbox="991 1227 1166 1261"></td> <td data-bbox="1166 1227 1335 1261"></td> </tr> <tr> <td data-bbox="137 1261 651 1294">Communities, Localities and Culture</td> <td data-bbox="651 1261 820 1294"></td> <td data-bbox="820 1261 991 1294"></td> <td data-bbox="991 1261 1166 1294"></td> <td data-bbox="1166 1261 1335 1294"></td> </tr> <tr> <td data-bbox="137 1294 651 1328">Development and Renewal</td> <td data-bbox="651 1294 820 1328"></td> <td data-bbox="820 1294 991 1328"></td> <td data-bbox="991 1294 1166 1328"></td> <td data-bbox="1166 1294 1335 1328"></td> </tr> <tr> <td data-bbox="137 1328 651 1361">Housing Revenue Account</td> <td data-bbox="651 1328 820 1361"></td> <td data-bbox="820 1328 991 1361"></td> <td data-bbox="991 1328 1166 1361"></td> <td data-bbox="1166 1328 1335 1361"></td> </tr> <tr> <td data-bbox="137 1361 651 1395">Resources</td> <td data-bbox="651 1361 820 1395"></td> <td data-bbox="820 1361 991 1395"></td> <td data-bbox="991 1361 1166 1395"></td> <td data-bbox="1166 1361 1335 1395"></td> </tr> <tr> <td data-bbox="137 1395 651 1440"><b>TOTAL</b></td> <td data-bbox="651 1395 820 1440"></td> <td data-bbox="820 1395 991 1440"></td> <td data-bbox="991 1395 1166 1440"></td> <td data-bbox="1166 1395 1335 1440"></td> </tr> </tbody> </table>		Directorate	2012/13	2013/14	2014/15	TOTAL	Adults Health & Wellbeing					Chief Executive's					Children, Schools and Families					Schools (DSG Funded)					Communities, Localities and Culture					Development and Renewal					Housing Revenue Account					Resources					<b>TOTAL</b>				
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The insurance market is volatile; consequently, the desired savings may not be achieved. The savings are dependant on market conditions prevailing at the time of the tender.																																																			

6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>
We will be able to procure the level of cover we require but at a reduced cost as a result of “bulk buying” with other London Boroughs.	

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
RES 3 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Future Sourcing Project			
<b>DIRECTORATE:</b>		Resources			
<b>SERVICE AREA:</b>		ICT Service	<b>LEAD OFFICER:</b>		Chris Naylor/Claire Symonds
<b>FINANCE CONTACT:</b>		Sufia Begum			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>	3,800				
<b>Other Costs</b>	7,760	2,500	500	230	3,230
<b>Income</b>					
<b>TOTAL SAVINGS</b>	11,560	2,500	500	230	3,230
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
	<b>Costs £000s (Incremental)</b>				
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>	
<b>Revenue Expenditure – REF (SSP - 274)</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
The Council through its ICT Business Model is able to estimate the scope of the savings from the Partnership over the 3 year period but the details of savings proposals will only become known when the procurement process and final figures are confirmed in the final tender at the end of February 2012.					
This proposal is based on the successful creation of a new Strategic Partnership for the Council					

which would be responsible for supporting the provision of ICT and the replacement or refresh of our current Finance and HR systems as well as providing access to expertise that would support the transformation of these services in order to make the efficiencies outlined above.

The aim is that the total ICT Service budget of £11,560m per annum will be reduced by 3.2m by year three of the partnership and the replacement/refreshment of the Finance/HR systems will also result in further efficiencies. It is also anticipated that the partner will finance a considerable amount of the investment required in our ICT infrastructure.

There will be considerable investment made into the transformation of the ICT Service as well as the Finance & HR functions through the partnership, to enable the level and type of change that is required to develop these areas.

FS Project has set a target saving of 14% from the overall ICT Service.

These are working estimates to be confirmed through the dialogue process.

Current ICT Service staff will either be seconded or TUPE transferred to the partner organisation – this requirement will be more firmly developed as the project progresses and during/and as Stage 2 dialogue concludes. The contractor will be required to maintain the terms and conditions of staff that will transfer.

<b>2.</b>	<b>Service implications of saving:</b>
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The new Strategic Partnership will provide a new impetus to the future development of the Council's IT services. As a priority, each bidder has the knowledge and experience to transfer the Council's Data Centre to a new site which will provide a level of resilience for council systems that is not currently enjoyed and will support the total decant of Anchorage House.

The Partners will bring their expertise to help us develop systems we currently have and advise on the systems we will need in the future. The aim will be to rationalise the number of systems we use and get the maximum use out of the ones we keep.

In managing our ICT, the partnership has the potential to improve supplier management though things such as the aggregation of contracts, currently we have a number contracts with the same supplier across the Council and managing them separately. The partners also have though their sheer size increased buying power.

However for most day to day ICT services there should be no change in the customer experience e.g a helpdesk will still answer you calls and be able to resolve your queries

<b>3.</b>	<b>Actions required to achieve saving:</b>
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Completion of the FS Project to recommend and appoint a strategic partner as per the project plan (award of contract currently planned for 1<sup>st</sup> May). Working with the Partner to further develop the savings plan and profile such that the necessary actions are implemented to realise the savings.

Working with Partner to remove and re-locate the data centre (currently in AH) to ensure that the requirements for the smarter working programme are realised by vacating Anchorage House.



4.	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																																		
<p>Current ICT Service staff will either be seconded or TUPE transferred to the partner organisation – this requirement will be more firmly developed as the project progresses and during/and as Stage 2 dialogue concludes. The contractor will be required to maintain the terms and conditions of staff that will transfer.</p>																																																			
<p>Contractors and other temporary staff supporting the delivery of the ICT Service will continue to do so till the Partner is appointed and effective service transition takes place. It is yet to be determined as to how these current external skills will be provided to ensure that there is a continuity of service provision via the new ICT Service Target Operating Model (TOM).</p>																																																			
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as –ve)</p>																																																			
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5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																																		
<p>The current development of OBC is based on the latest and most accurate information available but with any financial modelling exercise these estimates can change as assumptions are tested in practice and the model and financial benefits are revised. However, these revisions are expected to be minor.</p>																																																			
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																		
<p>The Partnership will be a 7 year relationship and as such each of the current bidders are exploring the ways in which they not only deliver a 'fit-for-purpose' ICT Service, but also become a key stakeholder in delivering the Mayor's objectives. Through the dialogue it is clear that initiatives such as the creation of training opportunities, secondments and even new jobs for the borough will be proposed by these partners as part of their bids.</p>																																																			
<p>The new partnership will ensure that the council through effective ICT will be able to support the immediate and future organisational changes required to meet the Mayors priorities and become more efficient and effective. Improvement in the ICT Service through the adoption of best practice guidelines and frameworks, will result in better and improved service delivery and continuous service improvement. Ultimately measured through customer satisfaction responses.</p>																																																			
<p>This project will also facilitate the move of the Date Centre from Anchorage House, therefore support the Smarter Working Programme.</p>																																																			

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
RES 4 (2012)**

<b>TITLE OF SAVINGS OPTION: RATIONALISATION OF ONE STOP SHOPS</b>					
<b>DIRECTORATE: RESOURCES</b>					
<b>SERVICE AREA: CUSTOMER ACCESS</b>			<b>LEAD OFFICER: CLAIRE SYMONDS</b>		
<b>FINANCE CONTACT: PAT HALLUMS</b>					
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>	33.7				
<b>Employee Costs</b>	1012		283		283
<b>Other Costs</b>	28				
<b>Income</b>	-584				
<b>TOTAL SAVINGS</b>	<b>456</b>		202 (Resources) 81 (CLC Parking account)		283
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? – Please complete the table below and also provide the reference no. of corresponding bid:					
	<b>Saving £000s (Incremental)</b>				
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>	
<b>Revenue Expenditure – REF ( )</b>					
<b>Capital Expenditure – REF ( )</b>					
<b>Total</b>					
<b>Nature of expenditure:</b>					

1.	<p><b>Outline/ details of savings proposal</b>, including indications of stage of development, and work and timescales needed to finalise proposal:</p>
<p>This proposal suggests the closure of the One Stop Shop at Rushmead (Bethnal Green) by 31<sup>st</sup> March 2013, leaving three remaining OSS located at Chrisp Street, Gladstone Place and Cheviot House/Watney Market.</p> <p>This closure will reflect the current growing trend away from face-to-face customer contact towards telephone and on-line services.</p>	
2.	<p><b>Service implications of saving:</b></p>
<p>The One Stop Shop service currently operates through four locations across the Borough – at Rushmead (Bethnal Green), Cheviot House (Stepney/Wapping), Gladstone Place (Bow/North Poplar) and Chrisp Street (South Poplar/Isle of Dogs). A fifth OSS at Jack Dash House was closed in March 2011.</p> <p>During 2011/12 an average of 17,300 visits each month were made to the five OSS, mainly for Housing Benefits (55% of all visits) and Parking Permits (30% of all visits) queries, equating to 208,000 visits in the year. Following closure of Jack Dash House and the launch of on-line parking permit renewals, average monthly footfall for the period April-September 2011 has fallen to just under 13,000 visits, a fall across the service of 25%.</p> <p>Channel shift initiatives will help reduce the impact of closure by continuing to reduce footfall in favour of phone or online contact. In particular, parking visits have fallen from approx 5,000 per month to 3,500 since the introduction of online parking permit renewals, and nearly 60% of requests for recycling bags are now carried out on-line. Another change has been the proportional decrease in face-to-face benefits enquiries with less than 40% of all Benefits enquiries now made by visiting a OSS compared to 50% a year ago.</p> <p>Increasing numbers of visitors to the One Stop Shops are now also being ‘fast tracked’ by meet &amp; greet staff who can speedily resolve simpler queries without the need for the customer to queue to see counter staff.</p> <p>Despite these initiatives, the closure of Jack Dash House showed that customer numbers are still likely to rise at the Shops nearest geographically to Rushmead. It is therefore proposed to retain three of the FTE posts at Rushmead to transfer to the remaining locations to mitigate this risk.</p> <p>The new Watney Market Idea Store is to open in December 2012/January 2013, replacing Cheviot House as the OSS location. The new building will have increased space and PC terminals to further encourage take-up of on-line services. The proposed closure of Rushmead by March 2013 will allow monitoring of the impact of this new facility on the number of visits and waiting times.</p>	

3.	<b>Actions required to achieve saving:</b>
<p>Carry out appropriate consultation with staff, carry out publicity campaign for residents and close Rushmead by 31<sup>st</sup> March 2013.</p>	
4.	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>
<p><b>Staffing</b>  FTE staffing at each of the four OSS is currently as follows;  Chrip Street 7 FTE plus Team Leader  Rushmead 9.2 FTE plus Team Leader  Cheviot House 8 FTE plus Deputy Customer Access Operations Manager  Gladstone Place 5.5 FTE plus Team Leader</p> <p>Total establishment for the service is 33.7 FTE.</p> <p>For the closure of Rushmead OSS, which currently has the second highest number of monthly visits of the four OSS, it is proposed that three FTE will be moved to alternate OSS to deal with increased visits at those locations.</p> <p>Posts lost will therefore be;  Rushmead 6.2 FTE @ £39k plus Team Leader @ £41k = £282.8k saving</p> <p>It is anticipated that these posts will be deleted through voluntary redundancy. Total cash savings will therefore be £282.8k assuming severance/redundancy costs are funded centrally.</p> <p><b>Assets</b>  Vacating Rushmead will leave Tower Hamlets Homes as sole tenants of the building and, subject to THH also vacating, facilitate disposal of the building.</p> <p><b>Savings implications for CLC Parking Services</b>  Parking Services are currently charged £416k annually (2011/12 figure), based on unit cost per visit, for the delivery of the parking permits service from the One Stop Shops. Closing Rushmead OSS will reduce the overall service budget and thus the unit cost per visit, reducing in turn the annual recharge to CLC. The overall saving would therefore effectively be shared between the Resources and CLC Directorates</p>	

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture		-81		-81
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

Estimated decrease in recharges to CLC Parking Services based on estimated and projected visitor volumes and overall OSS budgets for 2013/14 after OSS closure.

**5. Other risk factors which could prevent this saving being achieved following implementation**

Failure to further reduce face-to-face visits to the One Stop Shops by successful channel shift projects and initiatives.

If visitor numbers do not continue to reduce, the impact of closure on the remaining OSS in terms of customer numbers and waiting times could be sufficient to require extra resources in the form of temporary staff or overtime to mitigate. This could generate budget overspend and thus reduce the overall savings figure.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

Unit cost per face-to-face transaction will be reduced by 2013/14, reducing the overall delivery costs of services.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 1 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Reduction in Contribution to General Fund Reserve			
<b>DIRECTORATE:</b>		Council-Wide			
<b>SERVICE AREA:</b>		Corporate	<b>LEAD OFFICER:</b> Peter Hayday		
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	3,000	3,000			3,000
<b>Income</b>					
<b>TOTAL SAVINGS</b>		3,000	0	0	3,000
<b>Revenue/Capital Costs:</b>					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The contribution to general fund reserves in 2011-12 of £3m together with the successful implementation of the second year of the Council's approved savings programme had provided a level of financial confidence to support the view that general fund reserves can be maintained between £20m and £30m over the next three years without the requirement for additional contributions. The appropriate level of reserves is considered in more detail in Appendix 6 of the Medium Term Financial Plan.</p>					
<b>2.</b>	<b>Service implications of saving:</b>				
There are no service implications as a result of this proposal.					

3.	<b>Actions required to achieve saving:</b>																																																					
There are no actions required beyond the formal endorsement of the proposal by Full Council as part of the 2012-2015 Medium Term Financial Plan.																																																						
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If the savings programme went significantly off-track and there were further, larger than anticipated, government grant reductions that resulted in a drain on existing reserves; then it would become necessary to bring the balance of reserves back to the level commensurate with the Council's projected evaluation of risks.																																																						
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																					
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**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 2 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Reduction in Corporate Contingency Provision			
<b>DIRECTORATE:</b>		Council-Wide			
<b>SERVICE AREA:</b>		Corporate	<b>LEAD OFFICER:</b> Peter Hayday		
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	6,434		1,434		1,434
<b>Income</b>					
<b>TOTAL SAVINGS</b>		0	1,434	0	1,434
<b>Revenue/Capital Costs:</b> There are no other revenue or capital costs associated with this proposal.					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
The corporate contingency is planned to be £6.4m in 2012-13, a year in which the Council has a number of significant approved savings due to be delivered. However, there is strong evidence to support the view that from 2013-14 onwards the level of risk in the delivery of the savings programme, allied to the on-going strength of the Council's reserves, will mean that a more appropriate level of contingencies would be £5.0m					
<b>2.</b>	<b>Service implications of saving:</b>				
There are no service implications as a result of this proposal.					



3.	<b>Actions required to achieve saving:</b>																																																					
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**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 3 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Contribution to Improvement & Efficiency Reserve			
<b>DIRECTORATE:</b>		Council-Wide			
<b>SERVICE AREA:</b>		Corporate	<b>LEAD OFFICER:</b> Peter Hayday		
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	2,900		2,900		2,900
<b>Income</b>					
<b>TOTAL SAVINGS</b>		0	2,900	0	2,900
<b>Revenue/Capital Costs:</b> There are no other revenue or capital costs associated with this proposal.					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal,</b> including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Improvement &amp; Efficiency Reserve was established to support the Council's savings delivery programme that became necessary following the government reductions in grant funding in 2010. In March 2011, as part of the Medium Term Financial Plan, Full Council agreed to make a budget provision of £2.9m per annum to maintain the reserve at a level appropriate to support the scale of savings required to deliver a balanced budget of the three year planning period.</p> <p>With the benefit of the experience over the past twelve months in managing the first year of the savings programme the Director of Resources is now able to recommend that continuing contributions to the reserve should not be required beyond 2012-13. This will therefore represent an annual saving of 2.9m from 2013-14 onwards.</p>					

2.	<b>Service implications of saving:</b>																																																		
There are no service implications as a result of this proposal.																																																			
3.	<b>Actions required to achieve saving:</b>																																																		
There are no actions required beyond the formal endorsement of the proposal by Full Council as part of the 2012-2015 Medium Term Financial Plan.																																																			
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<b>TOTAL</b>																																																			
<b>Notes</b> There are no staffing implications																																																			
5.	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																																		
It is possible that the delivery of the on-going savings programme will result in a significantly higher level of investment than is currently foreseen. If this were to be the case then the Director of Resources would bring a detailed report back to Members explaining the circumstances behind those changes in requirements.																																																			
6.	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																		
N/A																																																			

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 4 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Insurance and Risk Management Provisions			
<b>DIRECTORATE:</b>		Resources			
<b>SERVICE AREA:</b>		Corporate Finance/Audit	<b>LEAD OFFICER:</b>		Peter Hayday
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	2,700		500	1,300	1,800
<b>Income</b>					
<b>TOTAL SAVINGS</b>		0	500	1,300	1,800
<b>Revenue/Capital Costs:</b> There are no other revenue or capital costs associated with this proposal.					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
	<p>The Council is self insured to approved levels for property, liability (public and employee) and terrorism. An Insurance Reserve has been built up over the years for this purpose and the Council makes additional annual contributions to the Fund as required following an annual review of provision by the insurance advisors. Better management of claims and a strong record of rebutting claims mean that the level of additional contribution required by the Fund has stabilised and it is expected that this will continue over the next two years so that the scale of contributions should be able to be reduced from 2014-15.</p>				
<b>2.</b>	<b>Service implications of saving:</b>				

There are no service implications as a result of this proposal.

**3. Actions required to achieve saving:**

The Council will need to continue to actively manage its insurance claims process and also maintain its strong record of claims rebuttal.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

**5. Other risk factors which could prevent this saving being achieved following implementation**

None

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

This proposal provides value for money as the Council will enjoy the same level of insurance cover or an adjusted level of cover in line with its requirements at a reduced cost.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 5 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Reduction in Severance Provisions			
<b>DIRECTORATE:</b>		Council-Wide			
<b>SERVICE AREA:</b>		Corporate	<b>LEAD OFFICER:</b>		Peter Hayday
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	4,200	200		1,203	1,403
<b>Income</b>					
<b>TOTAL SAVINGS</b>		200	0	1,203	1,403
<b>Revenue/Capital Costs:</b> There are no other revenue or capital costs associated with this proposal.					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>As a result of the Council's approved £55m savings programme (as agreed by full Council in March 2011), 529 posts have been deleted from the council's establishment. Of these 91 posts were vacant and 330 were achieved through voluntary or consensual means and 83 were redeployed. Only 25 job losses resulted in staff being made compulsorily redundant. 20 posts were deleted as the result of external funding cuts and were not direct decisions by the Council. In completing the implementation of the £55m savings already agreed we anticipate a further 167 post reductions, which officers will seek to deliver as far as possible in a voluntary or consensual manner. The new savings plans are likely to result in a further 25 posts being deleted and the aim will be to manage this reduction using the Council's redeployment process or other voluntary means.</p> <p>As a result the Council's severance provisions have been reviewed and the existing earmarked</p>					

reserve of £4m allied to the corporate budget provision of £2.4m can be reduced from 2013-14 onwards.

**2. Service implications of saving:**

There are no service implications as a result of this proposal.

**3. Actions required to achieve saving:**

There are no actions required beyond the formal endorsement of the proposal by Full Council as part of the 2012-2015 Medium Term Financial Plan.

**4. Potential implications for staff, contractors, partners, assets and other Directorates:**

Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

**5. Other risk factors which could prevent this saving being achieved following implementation**

The only risk to this proposal is a further significant reduction in government grant funding, over and above the current planning assumptions, which may require a higher than anticipated level of redundancies.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

This proposal of itself does not directly provide value for money, but it promotes better use of resources. By minimising staff losses, the Council will not have to set aside resources to redundancy compensation packages to departing staff. This will release resources to reduce the requirement for other service savings options.

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 6 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Capital Financing Charges			
<b>DIRECTORATE:</b>		Council-Wide			
<b>SERVICE AREA:</b>		Corporate	<b>LEAD OFFICER:</b>		Peter Hayday
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>	7,500	1,000			1,000
<b>Income</b>					
<b>TOTAL SAVINGS</b>		1,000	0	0	1,000
<b>Revenue/Capital Costs:</b> There are no revenue or capital costs associated with this proposal					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Government announced in October 2010 its intention to replace the Housing Revenue Account (HRA) subsidy system with a devolved system of council housing finance to be called 'self-financing'. This follows on from two separate public consultations on the initial proposal which was overwhelming supported by most housing authorities. Legislation is now well advanced and the system is set to be in place by 1 April 2012.</p> <p>Under the new arrangements the government will repay £234m of the Council's existing PWLB debt. As this debt is at relatively high levels of interest the overall impact will be to reduce the consolidated rate of interest on the Loans Pool. This will benefit both the HRA and the General Fund.</p>					



The projected impact of this reduction is a £1m saving in general fund capital financing costs.																																																			
<b>2.</b>	<b>Service implications of saving:</b>																																																		
There are no service implications as a result of this proposal.																																																			
<b>3.</b>	<b>Actions required to achieve saving:</b>																																																		
The Council has provided all the information required to Government which has assisted with the calculation of the debt to be paid off on behalf of the Council as part of self-financing settlement. Draft figures have been published and will be confirmed next year. Debt settlement is scheduled to take place on 28 March 2012.																																																			
<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>																																																		
Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)																																																			
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<b>Notes</b>																																																			
<b>5.</b>	<b>Other risk factors which could prevent this saving being achieved following implementation</b>																																																		
<p>This saving will not be achieved if the Government decides not to go ahead with HRA Reforms/Self-financing. Although, this is unlikely given that the Government has built in its financial plans, the benefits that it will derive from the reforms. Furthermore, as indicated above, legislation is well advanced in Parliament and has cleared most of the parliamentary hurdles with little difficulty.</p> <p>The worst that can happen is that legislation is not achieved in time for implementation on 1 April as planned. This will mean that some of the benefits will slip into future years, but the full savings will still be achievable over the MTFS period.</p>																																																			
<b>6.</b>	<b>Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?</b>																																																		
The Council will be paying considerably less to finance the same level of debt due to repayment by Government of the high interest rate debts it currently holds.																																																			

**SAVING PROPOSALS  
BUDGET 2012/13 – 2014/15**

**Item Ref. No:  
CORP 7 (2012)**

<b>TITLE OF SAVINGS OPTION:</b>		Optimisation Investment / Treasury Management Strategy			
<b>DIRECTORATE:</b>		Resources			
<b>SERVICE AREA:</b>		Corporate Finance	<b>LEAD OFFICER:</b>		Peter Hayday
<b>FINANCE CONTACT:</b>		Oladapo Shonola			
	<b>Current Budget</b>	<b>Saving £000s (Incremental)</b>			
	<b>2011/12 £000</b>	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>Total Savings</b>
<b>Employees (FTE)</b>					
<b>Employee Costs</b>					
<b>Other Costs</b>					
<b>Income</b>	1950	445	0	0	445
<b>TOTAL SAVINGS</b>		445	0	0	445
<b>Revenue/Capital Costs:</b> Are there any revenue or capital costs associated with this proposal? <b>YES</b> – Please complete the table below and also provide the reference no. of corresponding bid:					
		<b>Saving £000s (Incremental)</b>			
		<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16+</b>
<b>Revenue Expenditure</b>		0	0	0	0
<b>Capital Expenditure</b>		0	0	0	0
<b>Total</b>		0	0	0	0
<b>Nature of expenditure:</b>					
<b>1.</b>	<b>Outline/ details of savings proposal</b> , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Councils Treasury Management and Investment Strategy is to be reviewed to generate additional investment income. This will allow the treasury officer to take advantage of new products in the markets to increase return on cash balances, although the credit risk criteria will be similar to that which is currently in place.</p>					

<b>2.</b>	<b>Service implications of saving:</b>
<p>Treasury Management is able to generate additional investment income of an approximated £445k from 2012/13.</p>	
<b>3.</b>	<b>Actions required to achieve saving:</b>
<p>The new investment strategy proposes to increase returns in the following three ways:</p> <ol style="list-style-type: none"> <li>1) Increase the limit for institutions that are part owned by the UK government from £30m to £45m.</li> <li>2) Enter into fixed term deposits with variable rate and variable maturities (Structure Deposits); and</li> <li>3) Increase the limit of investments over 1 year from £12m to £25m, but only £15m between 2 years to 3 years.</li> </ol> <p>The proposal to increase the limit for institutions that are part owned by the UK government is underpinned by the basic fact that the UK Government is not likely to allow these banks to fail given the impact on the Government's investment in these institutions.</p> <p>Having access to structured products will allow the Council to obtain a premium on deposits from day 1 of the deposit being placed, but the added benefit of further increases as rates move up in the future.</p> <p>At any one time up to £25m can be invested for up to 3 years. This approach ensures that exposure to longer term deposits are limited and therefore risk is also limited.</p>	
<b>4.</b>	<b>Potential implications for staff, contractors, partners, assets and other Directorates:</b>
<p>There are no potential implications for staff, contractors, partners, assets and other Directorates. Any implications to our treasury partners, Sector, are covered within our current contract.</p>	
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p>	

Directorate	2012/13	2013/14	2014/15	TOTAL
Adults Health & Wellbeing				
Chief Executive's				
Children, Schools and Families				
Schools (DSG Funded)				
Communities, Localities and Culture				
Development and Renewal				
Housing Revenue Account				
Resources				
<b>TOTAL</b>				

**Notes**

**5. Other risk factors which could prevent this saving being achieved following implementation**

The risks are as follows;

- 1) The rates of interest – Given the deteriorating economy, interest rates may decline implicating lower than expected returns.
- 2) Delays in receiving investment income – This is unlikely as we will be investing with institutions with the triple AAA ratings.
- 3) Sovereign debt crises – An escalation of the EU debt crises may transfer to institutes we have exposure to.

**6. Efficiency/ value for money - how will this proposal contribute towards greater efficiency/ better value for money and how will the efficiency improvement be measured?**

The generation of additional investment income will be of great value to the Council to utilise in the best possible means. The measurement of performance will be monitoring the additional income from the anticipated investment income budget set.

## RESERVES AND BALANCES

### General Reserves

- 1.1 Local authorities are legally required to set a balanced budget and the chief finance officer has responsibility to report should serious problems arise (including in relation to the adequacy of reserves).
- 1.2 Under provisions introduced by the Local Government Act 2003, the level and use of reserves must be formally determined by the Council, informed by the judgement and advice of the chief finance officer. When calculating the budget requirement, the chief finance officer must report to Members on the adequacy of reserves. There are also now reserve powers for the Secretary of State to set a minimum level of reserves. External auditors are responsible for reviewing and reporting on financial standing but are not responsible for recommending a minimum level of reserves.
- 1.3 The Council needs to consider the establishment and maintenance of reserves as an integral part of its medium term financial planning. Reserves are held for three main purposes:
  - § As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of a general reserve.
  - § As a contingency to cushion the impact of unexpected events or emergencies, including budget overspends – this also forms part of a general reserve.
  - § To hold funds for specific purposes or to meet known or predicted liabilities – these are generally known as earmarked reserves. Schools' balances and insurance reserves are examples of these.
- 1.4 In order to assess the adequacy of general reserves, account needs to be taken of the strategic, operational and financial risks facing the authority. The level of general reserves is also just one of several related decisions in the formation of a medium term financial strategy and the budget for a particular year. Factors affecting judgements about reserves include the key financial assumptions underpinning the budget and an assessment of the Council's financial health, including:-
  - § Overall financial standing (level of borrowing, Council Tax collection rates, auditors' judgements, etc.)
  - § The track record in budget management.
  - § Capacity to manage in-year budget pressures and savings.
  - § The strength of financial information and reporting arrangements.

**RESERVES AND BALANCES**

§ The external financial outlook.

- 1.5 There is therefore no 'correct' level of reserves. Furthermore a particular level of reserves is not a reliable guide to the Council's financial health. It is quite possible for reserves to increase but for financial health to deteriorate, if for example, the authority's risk profile has changed. As a general rule thumb, therefore, reserves need to be higher as financial risk increases, and may be allowed to become lower if risk reduces.
- 1.6 Financial reserves also have an important part to play in the overall management of risk. Councils with adequate reserves and sound financial health can embark on more innovative programmes or approaches to service delivery, knowing that if the associated risks do materialise the Council has sufficient financial capacity to manage the impact. Conversely, Councils with inadequate reserves can either find it more difficult to introduce change, or in extreme cases can be forced to develop very high-risk service strategies simply in order to restore their financial health.
- 1.7 Despite a challenging savings programme totalling nearly £30m in the current financial year, the authority is currently projecting to keep net expenditure within budget without any recourse to general fund reserves. As a consequence general reserves are projected to stand at £26.4m as at 31<sup>st</sup> March 2012.
- 1.8 This represents a significant endorsement of the organisations financial management arrangements and provides a level of reassurance necessary to support the view that it should not be necessary to plan to set aside additional contributions to reserves over the new three year planning period. This will, in itself, represent a savings to the Council as the current MTFP includes additional transfers to general reserves of £3m per annum.
- 1.9 This is further demonstrated through the on-going evaluation of the financial risks facing the Council and which is summarised in the attached Appendix 6.2. This shows that the medium to high risk financial pressures over and above those already built into the MTFP by way of specific budget provisions, require the Council to maintain general reserves at between £20m and £30m.
- 1.10 As is shown in Appendix 6.3, despite the use of reserves to smooth the impact of the reductions in government grant funding, projected balances remain well within this range. This range represents between 5% and 7.5% of the Council's gross expenditure (excluding schools and housing benefits).
- 1.11 Nevertheless this position will need to be kept under constant review. The Council is continuing to undertake a substantial change programme to deliver the savings required over the next three years and beyond. This will involve major remodelling of services, which will have up-front costs that the Council will need to control, and improvement projects will need to be delivered on time to avoid cost overruns and a shortfall in savings required to balance the

## RESERVES AND BALANCES

budgets. These factors point to the need for a solid financial position and earmarked resources set aside to underpin the risks involved.

- 1.12 The chancellor's Autumn Statement showed the problems facing the UK economy, with all of the key financial indicators falling short of the targets set in the October 2010 Spending Review. The recent confirmation of the 2012-13 grant settlement shows that the authority remains at the grant floor. However the population of the authority is expected to grow substantially and any additional costs arising will need to be met from savings.
- 1.13 Grant figures have yet to be announced beyond 2012/13 but the Autumn Statement has raised the risk that the Government is reviewing the level of public sector expenditure and may announce further reductions over and above those already assumed in the MTFP.
- 1.14 Economic risk continues, manifesting itself primarily in low interest rates (which restrict the Council income from investments) and high inflation. Indeed the UK economy remains at risk of a 'double-dip' recession and the public finances are already severely in deficit as a consequence of the cost of extra public borrowing to stimulate the banking sector and the impact on tax revenues of the last recession. This has a number of potential effects for the Council;
- Higher than projected levels of inflation
  - A general reduction in debt recovery levels
  - Lower than planned investment income
  - 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

All of these factors have been taken into account in setting the level of reserves for 2012/13 and the medium term.

### **Opportunity Costs**

- 1.15 When a decision is made to set resources aside against risks, it is important to consider the opportunities that are foregone and to balance this against the risk. The allocation of resources to reserves temporarily denies the authority the opportunity to spend this money. It is therefore important that reserves are held at a level that takes account of risks and that the reserves strategy is neither reckless nor risk averse. However, the ability to set money aside in reserves allows the authority to plan with more certainty and thus to take more short term risks than it would do if, for example, it had no balances or reserves to fall back on. There is also a risk that if insufficient reserves are carried to ride out unforeseen circumstances, the Council may be forced into urgent action to deliver savings which is more likely to have an impact on front-line services and incur additional costs.

## RESERVES AND BALANCES

### Insurance Reserve

- 1.16 The Financial Outlook and Review identified continuing pressure on insurance costs to meet both higher numbers of claims payments and higher external insurance premiums. The Council self-insures a substantial proportion of its insurable risks and an external actuarial review of the level of internal insurance reserves is commissioned at regular intervals.
- 1.17 Contributions to the insurance reserve are made by all Directorates from their budgets based on their relative size, risk profile, and level of claims, representing the equivalent of a 'premium'.
- 1.18 The value of the Council's insurance reserve is projected to be £25.3m as at 31.3.12. Following a review of the level of claims and existing potential liabilities, an additional contribution of £0.5m to the reserve is recommended for the next financial year on top of that made in 2011-12. However, at this stage it is not anticipated that further contributions will be required beyond 2012-13.

### Improvement and Efficiency Reserves

- 1.19 The costs of implementing the Council's programme of efficiencies and improvements to deliver the substantial level of savings required will in itself be considerable. The Council has planned well and has established reserves to fund the necessary changes. Although the total cost, at this stage, cannot be determined with any certainty it is not anticipated that it will be more than £10m over the next three years.
- 1.20 Costs may include, for example;
- investment in new technologies; and
  - cost of buying the Council out of existing contracts with suppliers.
- 1.21 The Council is already planning to set aside £2.9m per annum in 2011-12 and 2012-13 in addition to existing balances and it is not anticipated that further contributions will be required over the remainder of the planning period.
- 1.22 In addition to the Improvement & Efficiency Reserve the Council retains a **Severance Reserve** projected to have a balance of £4m as at 31<sup>st</sup> March 2012.

### Parking Control Account

- 1.23 The Parking Control Account (PCA) is ringfenced. The surplus can only be used for reinvestment within the service and for highways and transport initiatives. Tower Hamlets uses the surplus for a variety of measures



## RESERVES AND BALANCES

relating to street works and transportation including to part fund the cost of the concessionary fares scheme which forms part of the Communities, Localities and Culture Directorate budget.

### **Schools' Reserves**

1.24 Schools' reserves represent unapplied revenue resources accumulated by schools with delegated spending authority. These totalled £23.4m at 31<sup>st</sup> March 2011. Schools' reserves are technically earmarked reserves of the Council but are controlled by schools and are not available to the Council for other purposes.

### **Capital Programme**

1.25. The Council receives monies under agreements entered into under Section 106 of the Town and Country Planning Act 1990. These agreements specify the purposes to which the monies can be applied. Unapplied sums are held in reserve until such time as they are applied.

1.26. In addition sums have been set aside to fund specific schemes in the capital programme (e.g. the decanting works necessary as part of the Smarter Working Programme). The only set aside proposed as part of the current MTFP is to create a Decent Homes Reserve of up to £10m over the business planning period through the application of the Year 1 New Homes Bonus.

### **Other Corporate and Service Specific Earmarked Reserves**

1.26 A number of earmarked reserves are held to meet specific service objectives or fund potential liabilities which do not qualify as provisions for accounting purposes. These are shown in the summary attached as Appendix 6.3. The principal ones provide for:-

- § Balances of government grants which have been allocated for particular purposes but are being spent over more than one year.
- § The carry-over of budgetary underspends from one financial year to the next.

Use of these reserves is subject to specific Cabinet approval. The nature of these reserves means they are not generally available to support the Council's medium term financial strategy.

### **Sensitivity Analysis**

The assumptions built into the budget and Medium Term Financial Plan all contain a measure of estimation, and where events differ from assumption, the risk falls to the Council's budget.

## RESERVES AND BALANCES

The following table shows how assumptions made in this budget process would affect the budget if they proved to be incorrect. This gives a guide to the financial implications of the risks shown in Appendix 6.2.

Scenario	Estimated annual financial impact £'000
Inflation – cost of an additional 0.5% pay rise for all staff	750
Inflation – price inflation 0.5% higher than forecast.	2000
Committed growth 10% higher than forecast	400
Interest rates – average investment rate in 2010/11 is 0.5% less than estimate.	750
10% Of projected savings not delivered	6,000
Budget requirement overspent by 1%	3,000
For each £1m that the cost of implementation of improvement and efficiency programme exceeds expectation.	1,000

## Risk Evaluation

Risks	Budget Exposure £million	Medium Risk £million	High Risk £million
<b>General Economic Climate</b>			
Inflation	400		
Debt Recovery	100		
Interest Rates	150		
Third Party Income	5		
Fees and Charges	30		
Grant Funding	250		
Fraud	N/A		
Total		15.0	22.5
<b>Service Demand</b>			
Childrens Services	60		
Housing	30		
Adult Services	100		
Demographics - General	N/A		
Welfare Reform - General	N/A		
Training and Employment Support	N/A		
Total		5.0	7.5
<b>Savings Programme</b>			
Slippage and Non-achievement	60	2.5	4.0
<b>Unidentified Risks</b>			
	N/A	3.0	5.0
<b>Less:</b>			
<b>Opportunities</b>			
Freedoms and Flexibilities	N/A		
Local Government Financing Review	N/A		
Total		(2.5)	(4.0)
<b>Risk and Contingency Provisions</b>		(3.0)	(5.0)
<b>Total Risk Evaluation</b>		<b>20.0</b>	<b>30.0</b>

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## Projected Movement in Reserves March 2011 to March 2015

	31.3.11 £million	31.3.12 £million	31.3.13 £million	31.3.14 £million	31.3.15 £million
<b>General Fund Reserve</b>	23.4	26.4	25.5	33.9	25.0
<b>Earmarked Reserves</b>					
<b>Corporate</b>					
Improvement & Efficiency	7.0	6.2	7.5	6.0	5.0
Severance	4.0	4.0	3.0	2.0	2.0
Finance Systems	2.7	2.7	-	-	-
Other ICT Refresh	1.4	1.4	-	-	-
Olympics	2.4	1.4	-	-	-
Education Grant Reduction	4.0	3.1	1.2	-	-
Employment and other					
Corporate Initiatives	4.1	3.2	2.0	1.0	-
Other	3.0	2.3	1.5	0.5	-
<b>Service Specific</b>					
Homelessness	2.5	1.7	0.8	-	-
Parking Control	2.4	1.6	1.2	0.8	0.4
PFI	1.3	1.3	-	-	-
Other	4.2	3.8	2.3	1.5	-
<b>Other Reserves</b>					
<b>Revenue</b>					
Insurance	24.8	25.3	25.8	25.8	25.8
Schools Balances	23.4	20.0	20.0	20.0	20.0
DFES Standards Fund	5.3	2.5	2.5	2.5	2.5
HRA Balances	12.8	12.8	12.8	10.0	7.5
<b>Capital</b>					
Capital Programme (General Fund)	16.8	15.0	10.0	5.0	-
Major Repairs	6.3	5.0	-	-	-
Decent Homes	-	4.3	8.6	10.0	5.0
<b>Total Reserves</b>	151.8	144.0	124.7	119.0	93.2

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## Appendix 7

### 2011/12 and provisional 2012/13 Schools Budget Illustration of impact of adjusting S251 Budget as per the main text.

Net spending plans Devolved to Maintained Schools	Changes for 2012/13		Provisional 2012/13 budget 273,288	Comment
	S251 Table 1 2011-12 (v2) 284,374	reported to Schools Forum -11,086		
Early Years (Private, Voluntary and Independent providers)	2,345	-35	2,310	<ul style="list-style-type: none"> <li>Based on Minimum Funding Guarantee of 98.5%, as per national requirements, adjusted for 110 extra pupils on MFG (-£3.593m)</li> <li>Less estimated budget for three schools who have indicated that they wish to become academies (-£8.495m)</li> <li>Plus PFI devolved from SSC (+£1.002m)</li> <li>No inflation assumed at this stage, but there could be increased costs of meals and rates that will need to be provided for outside of MFG.</li> </ul>

<b>Total counted as devolved</b>	<b>286,719</b>	<b>-11,121</b>	<b>275,598</b>
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School contingencies	4,450	-1,002	3,448	As per 2011/12, with £1.002m of PFI costs included in devolved budgets.
Special Educational Needs	9,642	0	9,642	No change assumed at this stage, but more detailed forecast will be required
Combined Budgets	979	50	1,029	Full-year impact of agreed Community Languages initiative.
Pupils out of school	4,617	0	4,617	No planned changes at this stage.

	S251 Table 1 2011-12 (v2)	Changes for 2012/13 reported to Schools Forum	Provisional 2012/13 budget	Comment
<b>Net spending plans</b>	336		236	
School meals		-100		Provision for one-off costs £100k
Other budgets	3,810	0	3,810	No planned changes at this stage.
Grant funded activities	0	0	0	
Capital Expenditure funded from Revenue (CERA)	0	0	0	
<b>Total retained</b>	<b>23,834</b>	<b>-1,052</b>	<b>22,782</b>	
Unallocated	0	8,685	8,685	To be considered for : ○ Delegation to schools; ○ Retained pressures; or ○ Future contingencies.
<b>Total of Schools Budget</b>	<b>310,553</b>	<b>-3,488</b>	<b>307,065</b>	
<b>Funded by:</b>				
Dedicated Schools Grant	295,430	-3,488	291,942	• 2011/12 level of DSG (£296.859m) – no change in DSG per pupil amount. • Add impact of additional 110 pupils (+£0.886m) • Add estimated b/f from 2011/12 (£2.992m) • Less estimated amount for three academies (-8,495m and a maximum of -£0.300m for estimated Local Authority Central Spend Equivalent Grant (LACSEG)).
Young People's Learning Agency	15,123	0	15,123	Based on no change for 2012/13.
<b>Total</b>	<b>310,553</b>	<b>-3,488</b>	<b>307,065</b>	



**LONDON BOROUGH OF TOWER HAMLETS  
HOUSING REVENUE ACCOUNT  
MEDIUM-TERM FINANCIAL STRATEGY - 2012/13 to 2014/15**

	<b>2012/13 Budget £'000</b>	<b>2013/14 Budget £'000</b>	<b>2014/15 Budget £'000</b>
<b><u>HRA Gross Income</u></b>			
Base Budget - previous year	(90,649)	(83,489)	(85,522)
Inflation	(5,458)	(2,805)	(2,874)
<b><u>HRA Gross Expenditure</u></b>			
Base Budget - previous year	90,984	84,981	87,014
Inflation	1,532	1,554	1,541
<b><u>Initial Base HRA Budget</u></b>	<b>(3,591)</b>	<b>241</b>	<b>159</b>
<b><u>Approved Savings &amp; Other Adjustments to Base Budget:</u></b>			
<b><u>Transition to Self Financing</u></b>			
Ending of Subsidy Regime	12,114	-	-
Reduced Interest following the repayment of debt	(13,169)	-	-
<b><u>Ocean &amp; Blackwell Reach Regeneration Schemes</u></b>			
Loss of rent and service charge income	51	772	-
Reduction in costs	(384)	(494)	-
<b><u>Net Adjustment to Capital Financing Charges</u></b>	<b>4,979</b>	<b>(519)</b>	<b>(159)</b>
<b><u>Indicative Net Budget</u></b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>
<b><u>HRA Balances</u></b>			
Balances at beginning of year	(12,786)	(12,786)	(12,786)
Balances at end of year	(12,786)	(12,786)	(12,786)

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**APPENDIX 9.1**

**TOWER HAMLETS: Capital Programme 2011/12 TO 2013/14**

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
<b>ADULT HEALTH AND WELL BEING (AHWB)</b>					
Mental health services	Mental Health SCP(C)	0.137	0.000	0.000	0.137
Improving the Care Home Environment for Older People	Improving the Care Home Environment for Older People	0.000	0.020	0.000	0.020
Efficiency Project - System/technology	Electronic Homecare Monitoring	0.078	0.000	0.000	0.078
Bell Lane Community Hub	Fit out costs for learning disabilities centre	0.080	0.000	0.000	0.080
<b>ADULT HEALTH AND WELL BEING (AHWB) - TOTAL</b>		<b>0.295</b>	<b>0.020</b>	<b>0.000</b>	<b>0.315</b>
<b>COMMUNITY, LOCALITIES AND CULTURE (CLC)</b>					
Bancroft Library	Bancroft Library	0.500	0.000	0.000	0.500
Bethnal Green Improvements	Park improvements	0.111	0.000	0.000	0.111
Brady Centre	Building Improvements	0.148	0.000	0.000	0.148
Braithwaite Park	Park improvements	0.017	0.000	0.000	0.017
Cable Street Mural	Restoration Works	0.056	0.000	0.000	0.056

Scheme	Scheme description	2011/12 Revised Budget		2012/13 Budget		2013/14 Budget		Total Budget 2011/12 to 2013/14	
		£m	£m	£m	£m	£m	£m	£m	£m
CCTV Node Move	Install all CCTV systems (fibres) in Pauline House	0.160	0.000	0.000	0.000	0.000	0.000	0.160	0.160
Chicksand Ghat	Improvements to public open space	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Adelina Grove	Contaminated land survey and works	0.000	0.000	0.053	0.000	0.000	0.000	0.053	0.053
Chicksand street	Contaminated land survey and works	0.014	0.000	0.000	0.000	0.000	0.000	0.014	0.014
Copton Close	Contaminated land survey and works	0.040	0.000	0.000	0.000	0.000	0.000	0.040	0.040
Mudchute	Contaminated land survey and works	0.006	0.000	0.000	0.000	0.000	0.000	0.006	0.006
Poplar High St	Contaminated land survey and works	0.000	0.000	0.037	0.000	0.000	0.000	0.037	0.037
Rosebank Gardens	Contaminated land survey and works	0.000	0.000	0.023	0.000	0.000	0.000	0.023	0.023
Stores Quay	Contaminated land survey and works	0.000	0.000	0.056	0.000	0.000	0.000	0.056	0.056
Veronica House	Contaminated land survey and works	0.000	0.000	0.033	0.000	0.000	0.000	0.033	0.033
Cotton Street Open Space Landscape Improvements	Open space improvements	0.043	0.000	0.000	0.000	0.000	0.000	0.043	0.043
Creation of Mobile Public Art	Mobile Sculptures	0.070	0.000	0.030	0.000	0.000	0.000	0.100	0.100
Bow Area Traffic Management Review	Developers Contribution	0.000	0.000	0.250	0.000	0.000	0.000	0.250	0.250
Cadogan Terrace and Greenway links	Developers Contribution	0.255	0.000	0.000	0.000	0.000	0.000	0.255	0.255
Cuba Street, Manilla Street, Tobago Street and Byng Street	Developers Contribution	0.356	0.000	0.000	0.000	0.000	0.000	0.356	0.356

Scheme	Scheme description	Budget				Total Budget 2011/12 to 2013/14
		2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	£m	
East Ferry Road Area Environmental Improvements	Developers Contribution	0.079	0.000	0.000	£m	0.079
Sainsbury Food Store - Redevelopment of Site (1 Cambridge Heath Road)	Developers Contribution	0.040	0.046	0.000	£m	0.086
Brushfield Street	Developers Contribution	0.350	0.000	0.000	£m	0.350
Millharbour	Developers Contribution	0.500	0.000	0.000	£m	0.500
St Anne Street	Developers Contribution	0.050	0.000	0.000	£m	0.050
Middlesex Street/Bell Lane	Developers Contribution	0.100	0.000	0.000	£m	0.100
Warner Green	Developers Contribution	0.050	0.000	0.000	£m	0.050
Weavers Field & Allen Gardens	Developers Contribution	0.091	0.000	0.000	£m	0.091
Albert Gardens	Developers Contribution	0.025	0.000	0.000	£m	0.025
Millwall Park & Langdon Park	Developers Contribution	0.080	0.000	0.000	£m	0.080
Poplar Park & Jolly's Green	Developers Contribution	0.080	0.000	0.000	£m	0.080
Ropewalk Gardens	Developers Contribution	0.050	0.000	0.000	£m	0.050
Generators @ Mulberry Place & Anchorage Hse	Generators @ Mulberry Place & Anchorage Hse	0.014	0.000	0.000	£m	0.014
High Visibility	CCTV programme	0.007	0.000	0.000	£m	0.007

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Kobi Nazrul	Building Improvements	0.054	0.000	0.000	0.054
Leamouth Depot Salt Barn	Leamouth Depot Salt Barn	0.160	0.000	0.000	0.160
Marshall/Limeharbour	Highway Works	0.150	0.000	0.000	0.150
Mile End Leisure Centre - Security Enhancements	Fencing and security works	0.009	0.000	0.000	0.009
Mile End Stadium Track resurfacing	Track Resurfacing	0.177	0.000	0.000	0.177
Mile End Park Capital	Mile End Park Capital	0.049	0.000	0.000	0.049
Millwall Park/Island Gardens	Park improvements	0.005	0.000	0.000	0.005
Olympic Park	ANPR Installation for Olympic Park and Live site protection	0.121	0.000	0.000	0.121
OPTEMS Section 106	Bow Area Traffic Review - Study	0.045	0.135	0.000	0.180
Poplar Baths	Safety and Security works	0.028	0.000	0.000	0.028
Poplar Park	Park improvements	0.086	0.000	0.000	0.086
Public Realm improvements	Roman Road (east)	0.110	0.000	0.000	0.110
Public Realm improvements	Crown Close Bridge links	0.410	0.000	0.000	0.410
Schoolhouse Lane Multi Use Ball Games Area	Improvements to ball games area	0.027	0.000	0.000	0.027

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
St Johns Park	Park improvements	0.011	0.000	0.000	0.011
Cycle Parking	TfL Cycle Superhighway 2 Supporting Measures	0.112	0.000	0.000	0.112
Shadwell Public Realm	TfL Cycle Superhighway 3 Complementary Measures	0.040	0.000	0.000	0.040
Cycle Parking Fund Project	TfL Cycle Superhighway	0.035	0.000	0.000	0.035
Bethnal Green - Victoria Park route	TfL schemes including safety, cycling and walking	0.200	0.000	0.000	0.200
To be decided/confirmed	TfL schemes including safety, cycling and walking	0.000	2.515	2.157	4.672
Bethnal Green Road	TfL schemes including safety, cycling and walking	0.263	0.000	0.000	0.263
Roman Rd (Globe Town)	TfL schemes including safety, cycling and walking	0.150	0.000	0.000	0.150
New Road	TfL schemes including safety, cycling and walking	0.040	0.000	0.000	0.040
Bus stop accessibility	TfL schemes including safety, cycling and walking	0.001	0.000	0.000	0.001
Poplar High St	TfL schemes including safety, cycling and walking	0.014	0.000	0.000	0.014
Manchester Road /Island Gardens / Stebondale	TfL schemes including safety, cycling and walking	0.385	0.000	0.000	0.385
Abbott Road / Aberfeldy Estate	TfL schemes including safety, cycling and walking	0.395	0.000	0.000	0.395
School Travel Plan improvements in Old Bethnal Green Rd and Gosset Street	TfL schemes including safety, cycling and walking	0.100	0.000	0.000	0.100
School warning signs and markings, boroughwide	TfL schemes including safety, cycling and walking	0.047	0.000	0.000	0.047

Scheme	Scheme description	2011/12 Revised Budget		2012/13 Budget		2013/14 Budget		Total Budget 2011/12 to 2013/14	
		£m	£m	£m	£m	£m	£m	£m	£m
Victory Bridge - Assessment	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.000	0.000	0.000	0.002	0.002
St Paul's Way	TfL schemes including safety, cycling and walking	0.949	0.000	0.000	0.000	0.000	0.000	0.949	0.949
Shoreditch High Street	TfL schemes including safety, cycling and walking	0.037	0.000	0.000	0.000	0.000	0.000	0.037	0.037
Bethnal Green to Olympic Park	TfL schemes including safety, cycling and walking	0.025	0.000	0.000	0.000	0.000	0.000	0.025	0.025
Minor Works and Feasibility (individual scheme elements to be identified?)	TfL schemes including safety, cycling and walking	0.006	0.000	0.000	0.000	0.000	0.000	0.006	0.006
Island Gardens - New route through park	TfL schemes including safety, cycling and walking	0.001	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Leamouth Roundabout - Toucan crossings x4 - Other works	TfL schemes including safety, cycling and walking	0.067	0.000	0.000	0.000	0.000	0.000	0.067	0.067
Leamouth Roundabout - Install 2-way cycle paths	TfL schemes including safety, cycling and walking	0.001	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Preston's Road - Improve existing cycle lanes	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.000	0.000	0.000	0.002	0.002
Improve Crossing Facility as outline in the LAMS report - Silvocea Way, Jamestown Way, Blackwall Way, Friar's Mead, Jubilee Crescent, Pier St.	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.000	0.000	0.000	0.002	0.002
Manchester Road - Dropped kerb - Improve Crossing Facility	TfL schemes including safety, cycling and walking	0.004	0.000	0.000	0.000	0.000	0.000	0.004	0.004
Rhodeswell Road to Tomlins Terrace via Housing estate walkway- Improve divergence, install removable bollard, signage to parallel route and	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.000	0.000	0.000	0.002	0.002
Narrow Street - Provide segregated contra-flow cycle path on Narrow Street	TfL schemes including safety, cycling and walking	0.001	0.000	0.000	0.000	0.000	0.000	0.001	0.001
Mile End Park (North) - Parallel access point through park.	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.000	0.000	0.000	0.002	0.002



Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Regents Canal Towpath (rail bridge) - Install lighting under bridge (part of Regent's towpath CRISP report)	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.002
Mile End Park (Central) - South of railway line enhance barriers at entrance to the park, woodern bollards with logo	TfL schemes including safety, cycling and walking	0.002	0.000	0.000	0.002
Regents Canal Towpath - Victoria Bridge to Salmon Lane Bridge - Widen Towpath into park area next to chimney (part of Regent's towpath)	TfL schemes including safety, cycling and walking	0.001	0.000	0.000	0.001
Shadwell Basin - Widen Access point to ornamental canal, Trim back 200mm brick footing	TfL schemes including safety, cycling and walking	0.003	0.000	0.000	0.003
Walkway between Glamis Rd & KEMP, 4c (option 1&2 page 8 of 16) in the CRISP report	TfL schemes including safety, cycling and walking	0.053	0.000	0.000	0.053
Cycle Parking (Unsecure)	TfL schemes including safety, cycling and walking	0.004	0.000	0.000	0.004
Meath Gardens Footbridge	TfL schemes including safety, cycling and walking	0.020	0.000	0.000	0.020
Cycle Infrastructure Improvement	TfL schemes including safety, cycling and walking	1.550	0.000	0.000	1.550
Brick Lane	TfL schemes including safety, cycling and walking	0.505	0.000	0.000	0.505
Cambridge Heath Road	TfL schemes including safety, cycling and walking	0.100	0.000	0.000	0.100
Hartford Street	TfL schemes including safety, cycling and walking	0.050	0.000	0.000	0.050
Wapping Wall	TfL schemes including safety, cycling and walking	0.100	0.000	0.000	0.100
Legible London	TfL schemes including safety, cycling and walking	0.130	0.000	0.000	0.130

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Zebra Crossing Halos	TfL schemes including safety, cycling and walking	0.060	0.000	0.000	0.060
Fish Island Link	TfL schemes including safety, cycling and walking	0.100	0.000	0.000	0.100
Bow Traffic Management Study	TfL schemes including safety, cycling and walking	0.037	0.000	0.000	0.037
Valance Road Junction	TfL schemes including safety, cycling and walking	0.050	0.000	0.000	0.050
Local Area Minor Accessibility Improvements	TfL schemes including safety, cycling and walking	0.120	0.000	0.000	0.120
Principal Road Renewal - Cambridge Heath Road	TfL schemes including safety, cycling and walking	0.199	0.000	0.000	0.199
Local Transport Funding	TfL schemes including safety, cycling and walking	0.100	0.000	0.000	0.100
Toby Club Hub	Landscaping works. new gates and storage areas	0.045	0.000	0.000	0.045
Spitalfields Area	Pedestrian Routes	0.054	0.000	0.000	0.054
Victoria Park Masterplan	Victoria Park Masterplan	6.923	0.969	0.000	7.892
Watney Market Ideas Store	New idea store and one stop shop in Watney Market	3.565	0.170	0.000	3.735
Essential Health & Safety	Contaminated Land Strategy H&S (2007/08):	0.011	0.258	0.000	0.269
Whitechapel Idea Store	Major Projects - LPP	0.122	0.000	0.000	0.122
Bancroft Library	Culture - LPP	0.013	0.000	0.000	0.013
<b>COMMUNITY, LOCALITIES AND CULTURE (CLC) - TOTAL</b>		<b>21.536</b>	<b>4.575</b>	<b>2.157</b>	<b>28.268</b>

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
<b>CHIEF EXECUTIVES &amp; RESOURCES</b>					
ICT - Software Licences	Software Licenses to Capital	0.186	0.000	0.000	0.186
Telephony Invest to Save	Telephony invest to save	0.391	0.000	0.000	0.391
Priority Service Remediation/Backup Expansion	Priority Service Remediation/Backup Expansion	0.220	0.000	0.000	0.220
Accommodation Strategy	Accommodation strategy	1.154	0.000	0.000	1.154
<b>CHIEF EXECUTIVES &amp; RESOURCES - TOTAL</b>		<b>1.951</b>	<b>0.000</b>	<b>0.000</b>	<b>1.951</b>
<b>CHILDREN, SCHOOLS &amp; FAMILIES (CSF)</b>					
Arnhem wharf - Expansion	Basic Need/Expansion	1.787	0.700	0.000	2.487
Ben Jonson - Expansion	Basic Need/Expansion	0.850	0.000	0.000	0.850
Cayley - Expansion	Basic Need/Expansion	0.750	3.720	1.250	5.720
Culloden - Expansion	Basic Need/Expansion	3.370	1.900	0.100	5.370
Manorfield - Expansion	Basic Need/Expansion	0.280	0.000	0.000	0.280
Marner - Expansion	Basic Need/Expansion	1.010	0.020	0.000	1.030
St Lukes - Expansion	Basic Need/Expansion	0.700	3.150	0.100	3.950
Wellington - Expansion	Basic Need/Expansion	1.973	0.887	0.000	2.860

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Provision of Bulge Classes - Expansion	Basic Need/Expansion	0.476	0.000	0.000	0.476
Manorfield School - Bulge Class	Basic Need/Expansion	0.024	0.000	0.000	0.024
Scheme Development	Basic Need/Expansion	0.013	0.000	0.000	0.013
Scheme Development	Basic Need/Expansion	0.367	0.000	0.000	0.367
Bishop's Square	LMU Community Space - Refurbishment works	0.023	0.000	0.000	0.023
Bishop's Square	Christ Church Garden	0.300	0.000	0.000	0.300
Old Palace School - Concrete Repairs	Condition & Improvement	0.095	0.005	0.000	0.100
Kobi Nazrul - Accessibility Toilet Facility	Condition & Improvement	0.030	0.000	0.000	0.030
Lansbury Lawrence - Toilet Refurbishment	Condition & Improvement	0.095	0.005	0.000	0.100
Mayflower - Replace Heating pipework (Phase1)	Condition & Improvement	0.140	0.010	0.000	0.150
Mayflower - Electrical Rewire (Phase1)	Condition & Improvement	0.120	0.008	0.000	0.128
William Davis - Heating Replacement	Condition & Improvement	0.195	0.015	0.000	0.210
Statutory Requirements - Physic access for Staff /Pupils with disability and improve fire protection	Condition & Improvement	0.168	0.000	0.000	0.168
Asbestos Surveys & Fire Risk Assessments	Condition & Improvement	0.057	0.000	0.000	0.057
George Green's School - securing fascia panels	Condition & Improvement	0.055	0.000	0.000	0.055

Scheme	Scheme description	2011/12 Revised Budget		2012/13 Budget		2013/14 Budget		Total Budget 2011/12 to 2013/14	
		£m	£m	£m	£m	£m	£m	£m	£m
Special needs adaptations at Mulberry School	Condition & Improvement	0.020	0.000	0.000	0.000	0.000	0.000	0.020	0.020
Non-School Premises - Address urgent Condition works to prevent closure	Condition & Improvement	0.000	0.252	0.252	0.000	0.000	0.000	0.252	0.252
PDC Asbestos Removal	Condition & Improvement	0.070	0.000	0.000	0.000	0.000	0.000	0.070	0.070
Previous Commitments	Condition & Improvement	0.034	0.066	0.066	0.000	0.000	0.000	0.100	0.100
Extended Schools	Lifts - Bethnal Green College	0.029	0.000	0.000	0.000	0.000	0.000	0.029	0.029
Harnessing Technology	Harnessing Technology	0.021	0.000	0.000	0.000	0.000	0.000	0.021	0.021
ICT	Expansion	0.012	0.000	0.000	0.000	0.000	0.000	0.012	0.012
ICT	Other	0.454	1.000	1.000	0.000	0.000	0.000	1.454	1.454
Osmani - Redevelopment	Osmani - Redevelopment	0.528	0.000	0.000	0.000	0.000	0.000	0.528	0.528
Bygrove - Refurbishment	Primary Capital Programme	0.076	0.000	0.000	0.000	0.000	0.000	0.076	0.076
Canon Barnett - Refurbishment	Primary Capital Programme	0.813	0.037	0.037	0.000	0.000	0.000	0.850	0.850
Christ Church CE - Refurbishment	Primary Capital Programme	1.170	0.000	0.000	0.000	0.000	0.000	1.170	1.170
Elizabeth selby - Refurbishment & Extension	Primary Capital Programme	0.098	0.013	0.013	0.000	0.000	0.000	0.111	0.111
Globe - Refurbishment	Primary Capital Programme	0.816	0.025	0.025	0.000	0.000	0.000	0.841	0.841
Malmesbury - Remodelling	Primary Capital Programme	0.405	0.042	0.042	0.000	0.000	0.000	0.447	0.447

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Mayflower - Refurbishment & Extension	Primary Capital Programme	0.490	0.058	0.000	0.548
Improvements to schools meals kitchens	Primary Capital Programme	0.124	0.000	0.000	0.124
Old Ford - Kitchen programme	Primary Capital Programme	0.652	0.000	0.000	0.652
Smithy Street - Refurbishment & Extension	Primary Capital Programme	0.114	0.030	0.000	0.144
St John's CE - Refurbishment	Primary Capital Programme	0.260	0.000	0.000	0.260
St Pauls CE - Refurbishment	Primary Capital Programme	0.614	0.000	0.000	0.614
Stebon - Refurbishment & Extension	Primary Capital Programme	0.755	0.068	0.000	0.823
Various - Agreed Projects	RCCO	0.026	0.000	0.000	0.026
Eva Armby	RCCO	0.004	0.000	0.000	0.004
PDC - High Level Roof Repairs	RCCO	0.021	0.000	0.000	0.021
Gorsefield - Refurbishment	RCCO	0.010	0.000	0.000	0.010
Gorsefield - External Areas	RCCO	0.063	0.008	0.000	0.071
Lincoln Hall Play group	Early Years	0.206	0.000	0.000	0.206
Mulberry and Bigland Green Children's Centre	Early Years	0.200	0.000	0.000	0.200
Unallocated	Sure Start	0.014	0.000	0.000	0.014

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Children's Centre - West Shadwell - Development/ Refurbishment	Sure Start	0.330	0.000	0.000	0.330
Globe Town Children's Centre (Sparks) - Development/ Refurbishment	Sure Start	0.077	0.000	0.000	0.077
Mowlem School - Design & Build	Sure Start	0.034	0.000	0.000	0.034
Old Church Nursery - Refurbishment	Sure Start	0.030	0.000	0.000	0.030
Primary Capital Programme - Kitchen/ Dining	TCF Kitchen & Dining	0.101	0.000	0.000	0.101
St Mary's and St Michaels CE - Kitchen/ Dining	TCF Kitchen & Dining	0.011	0.000	0.000	0.011
William Davis - Kitchen/ Dining	TCF Kitchen & Dining	0.012	0.000	0.000	0.012
Unallocated	Unallocated	0.009	0.000	0.000	0.009
Bishop Challoner - Community Facilities	Bishop Challoner - Community Facilities	0.300	0.300	0.000	0.600
Harry Gosling	Remodelling Phase 2	0.012	0.000	0.000	0.012
Toby Lane	Kitchen Improvement	0.014	0.000	0.000	0.014
Youth Service ( BMX Mile End )	Youth Service Accommodation Strategy	0.024	0.000	0.000	0.024
<b>CHILDREN, SCHOOLS &amp; FAMILIES (CSF) - TOTAL</b>		<b>21.932</b>	<b>12.319</b>	<b>1.450</b>	<b>35.701</b>

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
<b>DEVELOPMENT &amp; RENEWAL</b>					
Millennium Quarter	Millennium Quarter	0.100	0.291	0.100	0.491
Bishops Square	Bishops Square	0.150	0.114	0.000	0.264
Town Centre & High Street Regeneration	Town Centre & High Street Regeneration	0.105	0.103	0.000	0.208
Whitechapel Centre	Whitechapel Centre	0.063	0.004	0.000	0.067
St Andrew's Health and Wellbeing Centre	St Andrew's Health and Wellbeing Centre	5.200	0.000	0.000	5.200
High Street 2012	High Street 2012	5.800	1.489	0.100	7.389
Disabled Facilities Grant	Disabled Facilities Grant	1.000	0.730	0.730	2.460
Private Sector Improvement Grant	Private Sector Improvement Grant	0.800	0.000	0.000	0.800
Genesis Housing	Genesis Housing	0.363	0.000	0.000	0.363
Installation of Automatic Energy Meters	Installation of Automatic Energy Meters	0.174	0.000	0.000	0.174
Facilities Management (DDA)	Facilities Management (DDA)	0.074	0.000	0.000	0.074
<b>DEVELOPMENT &amp; RENEWAL - TOTAL*</b>		<b>13.829</b>	<b>2.731</b>	<b>0.930</b>	<b>17.490</b>

\* Excludes general provisions totalling £1.5m for emergency works to corporate buildings.



Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
<b>HOUSING REVENUE ACCOUNT</b>					
Decent Homes Backlog	Decent Homes	22.251	29.079	25.000	76.330
Aid and Adaptations	Housing Capital Programme	0.750	0.000	0.000	0.750
Capitalisation of Works to Void Properties	Housing Capital Programme	1.500	0.000	0.000	1.500
Capitalisation of Fees and Charges	Housing Capital Programme	0.650	0.000	0.000	0.650
Overcrowding Initiatives	Overcrowding Strategy	0.500	0.000	0.000	0.500
Ocean New Deal for Communities	Ocean New Deal for Communities	4.900	2.619	0.000	7.519
Regional Housing Pot	Regional Housing Pot	0.900	2.654	3.000	6.554
Council Housebuilding Initiative	Council Housebuilding Initiative	3.300	0.269	0.000	3.569
Blackwall Reach	Blackwall Reach	3.500	4.629	2.587	10.716
<b>HOUSING REVENUE ACCOUNT - TOTAL</b>		<b>38.251</b>	<b>39.250</b>	<b>30.587</b>	<b>108.088</b>
<b>BUILDING SCHOOLS FOR THE FUTURE</b>					
Wessex	Wessex	0.035	0.000	0.000	0.035
St Paul's Way	St Paul's Way	2.500	0.000	0.000	2.500
Bethnal Green Tech. College	Bethnal Green Tech. College	0.430	0.000	0.000	0.430

Scheme	Scheme description	Budget				Total Budget 2011/12 to 2013/14
		2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	£m	
Morpeth	Morpeth	6.900	2.972	0.000	9.872	
Oaklands	Oaklands	6.296	0.000	0.000	6.296	
Sir John Cass	Sir John Cass	6.100	0.000	0.000	6.100	
Ian Mikardo	Ian Mikardo	1.200	0.000	0.000	1.200	
Beatrice Tate	Beatrice Tate	0.600	5.000	3.500	9.100	
Bowden House	Bowden House	8.000	0.200	0.000	8.200	
PRU Harpley	PRU Harpley	4.211	0.000	0.000	4.211	
Swanlea	Swanlea	8.869	3.628	0.000	12.497	
Raines	Raines	4.482	10.774	4.833	20.089	
Central Foundation	Central Foundation	4.804	8.504	5.732	19.040	
Langdon Park	Langdon Park	4.261	5.325	5.554	15.140	
Phoenix	Phoenix	2.645	3.492	1.003	7.140	
Stepney Green	Stepney Green	5.421	10.370	1.186	16.977	
Bow Boys	Bow Boys	2.500	10.000	14.000	26.500	
George Greens	George Greens	1.100	4.000	5.000	10.100	

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Bid Cost and Design Milestones	ICT	0.168	0.064	0.000	0.233
Central Services	ICT	1.247	1.065	0.986	3.298
Bethnal Green TC	ICT	0.369	0.085	0.086	0.540
St Pauls Way	ICT	1.497	0.165	0.170	1.832
Raines	ICT	0.006	0.005	0.606	0.617
Sir John Cass	ICT	0.749	0.144	0.148	1.041
Morpeth	ICT	0.893	0.379	0.148	1.420
Oaklands	ICT	0.514	0.167	0.096	0.777
Ian Mikardo	ICT	0.387	0.009	0.007	0.403
Cambridge Heath	ICT	0.157	0.020	0.021	0.198
Central Foundation	ICT	0.005	0.006	0.644	0.655
Bowden House	ICT	0.146	0.094	0.037	0.277
Beatrice Tate	ICT	0.005	0.218	0.043	0.266
Stepney Green	ICT	0.007	0.005	0.666	0.678

Scheme	Scheme description	2011/12 Revised Budget	2012/13 Budget	2013/14 Budget	Total Budget 2011/12 to 2013/14
		£m	£m	£m	£m
Harpley PRU	ICT	0.227	0.033	0.033	0.292
Langdon Park	ICT	0.006	0.005	0.608	0.619
Swanlea	ICT	0.007	0.686	0.149	0.843
Bow Boys	ICT	0.006	0.005	0.466	0.476
Phoenix	ICT	0.004	0.260	0.041	0.305
Building Schools for the Future Programme.	Wave 5 BSF	1.100	1.100	0.000	2.200
<b>BUILDING SCHOOLS FOR THE FUTURE</b>		<b>77.858</b>	<b>68.777</b>	<b>45.763</b>	<b>192.398</b>
<b>TOTAL CAPITAL PROGRAMME</b>		<b>175.651</b>	<b>127.672</b>	<b>80.887</b>	<b>384.210</b>

\* Excludes general provisions totalling £1.5m for emergency works to corporate buildings.

**APPENDIX 9.2****Proposed Revised Capital Estimates - Ocean Estate Regeneration and High Street 2012**

<b>Scheme Title</b>	<b>Scheme Description</b>	<b>Total £m</b>
Ocean Estate Regeneration Scheme	<p>Cabinet approved the Ocean Estate Regeneration scheme on 2 December 2009. The project is expected to involve total expenditure of approximately £220 million, financed through a mixture of public and private sector investment, including:</p> <ul style="list-style-type: none"> <li>• Homes and Communities Agency grant, via East Thames Housing Group</li> <li>• Sale of Feeder Sites</li> <li>• Cross-Subsidy from the open market sale of properties</li> <li>• Council on-going commitment</li> <li>• Specific Section 106 resources generated as part of the Estate Regeneration project</li> </ul> <p>In accordance with the Cabinet approval, the Authority has transferred sites within the Ocean Estate to East Thames Housing Group and its partner Bellway Homes, to be developed as affordable housing, but also with significant development of homes for sale to cross-subsidise the refurbishment of the retained council stock on the estate.</p> <p>As part of the approved contracted scheme, the capital receipts and section 106 contributions are ring-fenced and recycled back into the scheme to fund the refurbishment works being undertaken to the Council properties.</p> <p>In order that payments can be made to the various contractors and partners to finance the refurbishment works to the Council's own properties, in accordance with Financial Regulations it is necessary to adopt a capital estimate. The resources are already factored into the Ocean Estate business model, and were incorporated into the earlier Cabinet reports, and Cabinet is therefore asked to adopt a gross capital estimate of £15,187,000 to allow the contractual payments to be processed as necessary. This capital estimate is separate to the residual LBTH funding that is already incorporated into the capital programme.</p>	22.706

The contracted receipts in addition to the residual committed LBTH funding are as follows:

<b>Contract Phasing</b>	<b>Funding source (Land Site)</b>	<b>Total Site Payments Land Values and Section 106 £m</b>
2	Feeder Site 2	1.099
2	Feeder Site 4	0.667
3a	Site F	9.763
3b	Feeder Site 3	3.659
<b>ADDITIONAL CAPITAL RESOURCES</b>		<b>15.187</b>
Existing Residual LBTH Committed Contribution		7.519
<b>TOTAL</b>		<b>22.706</b>

<b>Scheme Title</b>	<b>Scheme Description</b>	<b>Total £m</b>
High Street 2012	<p>High Street 2012 is a strategic regeneration initiative along the A11 corridor which celebrates the heritage of the high street and wider area. It includes a number of Public Realm improvement schemes and a Historic Buildings Conservation Scheme. Cabinet has previously approved capital estimates for the programme in May 2009 and January 2010.</p> <p>A number of agencies are working together to promote and advance the HS2012 initiative. These are:</p> <ul style="list-style-type: none"> <li>• London Borough of Tower Hamlets</li> <li>• London Borough of Newham</li> <li>• Design for London / London Development Agency</li> <li>• Transport for London</li> <li>• English Heritage</li> <li>• London Thames Gateway Development Corporation</li> <li>• Heritage Lottery Fund</li> </ul> <p>The projects underway, or completed, as part of the overall High Street 2012 programme, comprise:</p> <ul style="list-style-type: none"> <li>• Public Realm Improvement Schemes in Aldgate / Altab Ali Park, Whitechapel, Mile End Waste, Ocean Green, Mile End Park and Bow.</li> <li>• Historic Buildings Conservation Scheme delivering enhancements to historic buildings in Whitechapel High Street / Aldgate (completed), Whitechapel Road, Mile End Road and Bow Road (completed).</li> <li>• Related Heritage and Cultural projects (the Heritage, Culture and Community grants programme) to the above schemes, delivered in conjunction with English Heritage and Heritage Lottery Fund</li> </ul> <p>Additional external funding has now been secured from the Heritage Lottery Fund, Transport for London, Section 106 contributions generated in connection with the Ocean Estate regeneration project, and various contributions from owners of business properties being refurbished, with the London Development Agency also setting aside additional funds for the Programme.</p> <p>This report therefore requests that revised capital estimates totalling £11,852,396 are adopted for the High Street 2012 Programme, which includes the Public Realm Improvement Projects, the Historic Buildings Conservation Schemes and the wider High Street 2012 related Heritage and Cultural projects for inclusion in the Capital Programme. This is an increase of £2,474,271 on the previously agreed capital estimate of £9,378,125, reflecting the additional external resources generated.</p>	11.852

The revised High Street 2012 capital estimate incorporates the elements in the table below:

Scheme	Funding secured £m
Public Realm Improvements:	
Aldgate	1.234
Whitechapel	2.355
Mile End Waste	1.387
Ocean Green	1.374
Mile End Intersection	0.335
Bow	0.075
Non-site specific	0.180
Historic Buildings Conservation Scheme	4.913
<b>TOTAL</b>	<b>11.852</b>

with the secured funding as follows:

Funding source	Funding secured £m
London Development Agency	4.109
Communities and Local Government	2.131
Heritage Lottery Fund	1.388
English Heritage	1.000
LBTH Local Priorities Programme	1.000
LBTH Section 106 resources	0.709
Ocean Estate related Section 106 resources	0.697
Business Owner Contributions	0.285
Transport for London	0.285
Local Authority Business Growth Initiative Funding	0.250
<b>TOTAL</b>	<b>11.852</b>

#### **High Street 2012**

Expenditure to date/Commitment	£m
Spend 2009/10	0.239
Spend 2010/11	2.730
Capital Programme 2011-2014	7.139
	10.109
<b>Additional Capital Budget Requirement</b>	<b>1.744</b>

<b>Scheme Title</b>	<b>Scheme Description</b>	<b>Total £m</b>
Building Schools for the Future	The approved building schools for the future programme was re-profiled in September 2011 for the five years 2011-12 to 2015-16. The current profile for 2014-15 is been introduced into the current proposed 3 year programme (2012-13 to 2014-15), amounts have been secured from Central Government Grant and other sources of external funding.	13.958

<b>BSF Projects</b>	<b>2014/15 £m</b>
Wessex	0.000
St Paul's Way	0.000
Bethnal Green Tech. College	0.000
Morpeth	0.000
Oaklands	0.000
Sir John Cass	0.000
Ian Mikardo	0.000
Beatrice Tate	0.000
Bowden House	0.000
PRU Harpley	0.000
Swanlea	0.000
Raines	0.000
Central Foundation	2.036
Langdon Park	1.430
Phoenix	0.000
Stepney Green	0.000
Bow Boys	1.800
New School	0.000
George Greens	2.900
BSF ICT	4.692
BSF Wave5	1.100
<b>Total Budget</b>	<b>13.958</b>



**APPENDIX 9.3**

Approved Bids for LBTH Resources 2012-13 to 2014-15

Directorate	Scheme Title	Scheme Description	Funding Profile				Total £m
			2012-13 £m	2013-14 £m	2014-15 £m		
CLC	Highway Improvement Programme	This project will deliver a planned investment programme for maintaining the highway which is fundamental to protecting the longevity of the highway asset. Current revenue provision is insufficient to support necessary planned maintenance. An injection of investment over a period of 3 years would enable the worst condition (red) roads to be reconstructed as well as facilitating resurfacing works on roads approaching critical condition ( amber ). TIL provide very little funding through the Local Implementation Plan towards road maintenance (for 2010/11 less than 4% of total in terms of a business case, keeping the borough free from litter is high on the Mayor's priorities; in order to ensure that the impact of the savings made on the street sweeping budget are minimised we need to increase our bin count up to 3000. We only have approximately 2000 in the borough and these are beginning to fall apart.	1.000	1.000	1.000	3.000	
CLC	Litter Bins		0.150	0.000	0.000	0.150	
CLC	CCTV Improvement and Enhancement	CCTV Improvement and Enhancement linked to the approved CCTV strategy document. Replacement programme. Refresh and renewing of Bancroft and Aberfeldy Estates CCTV systems.	0.000	0.300	0.000	0.300	
	<b>CLC Total</b>		<b>1.150</b>	<b>1.300</b>	<b>1.000</b>	<b>3.450</b>	
CSF	Condition and Statutory Works other CSF premises		0.075	0.100	0.100	0.275	
	<b>CSF Total</b>		<b>0.075</b>	<b>0.100</b>	<b>0.100</b>	<b>0.275</b>	
BSF	BSF Wave 4 - Bow School, Beatrice Tate School and George Green's School	<b>Report approved by Cabinet on 2 November 2011:</b> Adoption of capital estimates for Bow School, Beatrice Tate School and George Green's School. A £57.6 million programme will attract £50.4 million of Partnerships for Schools BSF funding. Capital receipts from the disposal of the current Beatrice Tate site and part of the Southern Grove site are therefore requested to be allocated to this project.	0.000	7.200	0.000	7.200	
	<b>BSF Total</b>		<b>0.000</b>	<b>7.200</b>	<b>0.000</b>	<b>7.200</b>	
D&R	Affordable Housing Measures	The development and progression of various housing initiatives to provide affordable housing units within the borough and projects to alleviate overcrowding.	2.900	2.775	0.000	5.675	
	<b>D&amp;R Total</b>		<b>2.900</b>	<b>2.775</b>	<b>0.000</b>	<b>5.675</b>	
			<b>4.125</b>	<b>11.375</b>	<b>1.100</b>	<b>16.600</b>	

**New Schemes to be funded from External Resources**

Directorate	Scheme Title	Scheme Description	Funding Profile				Total £m
			2012-13 £m	2013-14 £m	2014-15 £m		
AHWB	Telecare/Telehealth Equipment	This proposal will fund the purchase of various items of equipment, including call alarms, that will enable efficiency savings of £300,000 per annum to be realised. These savings are already included within the Directorate's efficiency programme. The savings will reduce the need for officer time and attendance as the function will be replaced by electronic monitoring.	0.100	0.100	0.100	0.300	
AHWB	Ronald Street Roof Replacement	As part of the Directorate's Learning and Development Strategy, the Service has recently moved into premises in Ronald Street. It is intended that the service is based in these offices in the long term, and a survey has highlighted that the roof needs to be replaced to increase the lifespan of the building.	0.065	0.000	0.000	0.065	
AHWB	Development of Learning Disability Hubs	The provision of a Learning Disability Hub has recently been approved in Bell Lane. It is proposed that a further three Hubs are developed across the Borough. The premises will be secured through Section 106 provision, but it is anticipated that the Council will contribute £80,000 to the "fit-out" costs.	0.160	0.080	0.000	0.240	
<b>AHWB Total</b>			<b>0.325</b>	<b>0.180</b>	<b>0.100</b>	<b>0.605</b>	
CSF	Primary Expansion Programme - new schemes		12.000	19.000	17.000	48.000	
CSF	Condition and Statutory Works - Schools & Children's Centres		5.000	5.000	5.000	15.000	
<b>CSF Total</b>			<b>17.000</b>	<b>24.000</b>	<b>22.000</b>	<b>63.000</b>	
CLC	Victoria Park - Changing Block Extension & Upgrade	Changing Block and Upgrade. If agreed, a £500k grant from the English Cricket Board will be available for the development of a cricket square in 11/12. The upgrading of the changing room is not a requirement for the development to go ahead, but this scheme would be beneficial. To be funded from S106, therefore approval required by PCOP	0.325	0.000	0.000	0.325	
CLC	Bancroft Library Phase 2b	Phase 2(b) refurbishment at Bancroft Library; Estimated amount needed to deliver full scope of Phase 2a roof works. The budget required is impacted by the listed building status of this building. To be funded from S106, therefore approval required by PCOP	0.145	0.000	0.000	0.145	
<b>CLC Total</b>			<b>0.470</b>	<b>0.000</b>	<b>0.000</b>	<b>0.470</b>	

Directorate	Scheme Title	Scheme Description	Funding Profile				Total £m
			2012-13 £m	2013-14 £m	2014-15 £m		
D & R	Disabled Facilities Grants	Local authorities are legally required to provide financial assistance through the DFG system. The grant is means tested with financially vulnerable residents receiving up to 100% of the costs of works needed to enable them to continue to live in their own homes as independently as possible. The Government previously allocated resources at the rate of 60% of the estimated borough requirement, with the Council having to match the remaining 40%. This requirement was removed from 2009, but the Government has stated that they expect authorities to continue to contribute. The Government allocation (£730k for the year 2011-12) to LBTH is insufficient to fully meet the demand and to continue to meet the needs of disabled residents additional resources will need to be provided. It must be stressed that it has been assumed that Government funding for these grants will continue, but confirmation is yet to be received. In addition to the resources for 2012-13 and 2013-14 already incorporated into Appendix 9.1, a contribution of £250,000 is earmarked from DoH Personal Social Services co	0.250	0.000	0.730	0.980	
<b>D&amp;R Total</b>			<b>0.250</b>	<b>0.000</b>	<b>0.730</b>	<b>0.980</b>	
			<b>18.045</b>	<b>24.180</b>	<b>22.830</b>	<b>65.055</b>	

### APPENDIX 9.4

#### Summary of Proposed Capital Programme - 2011/12 TO 2014/15

PROJECTS - Funding DIRECTORATE	2011/12 Budget £m	2012/13 Budget £m	2013/14 Budget £m	2014/15 Budget £m	Total Budget 2011/12 to 2014/15 £m
Adults, Health and Wellbeing	0.295	0.345	0.180	0.100	0.920
Children , Schools and Families	21.932	29.394	25.550	22.100	98.976
Building Schools for the Future	77.858	68.777	52.963	13.958	213.556
Communities, Localities and Culture	21.536	6.195	3.457	1.000	32.188
Development & Renewal (Excluding HRA)	13.829	7.625	3.705	0.730	25.889
Chief Executive & Resources	1.951	0.000	0.000	0.000	1.951
<b>Total excluding Housing HRA</b>	<b>137.400</b>	<b>112.336</b>	<b>85.855</b>	<b>37.888</b>	<b>373.479</b>
HRA	38.251	48.250	36.774	0.000	123.275
<b>TOTAL BUDGET</b>	<b>175.651</b>	<b>160.586</b>	<b>122.629</b>	<b>37.888</b>	<b>496.754</b>

PROJECTS - Funding DIRECTORATE	Grant £m	SCE £m	MRA £m	SC £m	CR £m	PB £m	S106 £m	DR £m	Total £m
Adults, Health and Wellbeing	0.920	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.920
Children , Schools and Families	85.089	8.860	0.000	2.420	1.013	0.000	0.952	0.642	98.976
Building Schools for the Future	203.220	0.000	0.000	2.036	8.300	0.000	0.000	0.000	213.556
Communities, Localities and Culture	17.462	0.000	0.000	0.000	7.645	0.000	6.747	0.334	32.188
Development & Renewal (Excluding HRA)	11.367	0.000	0.000	0.000	7.609	0.000	6.455	0.458	25.889
Chief Executive & Resources	0.086	0.000	0.000	0.000	1.288	0.391	0.000	0.186	1.951
<b>Total excluding Housing HRA</b>	<b>318.143</b>	<b>8.860</b>	<b>0.000</b>	<b>4.456</b>	<b>25.855</b>	<b>0.391</b>	<b>14.154</b>	<b>1.620</b>	<b>373.479</b>
HRA	62.801	12.500	22.228	0.000	18.076	0.458	6.026	1.186	123.275
<b>Total Budget</b>	<b>380.945</b>	<b>21.360</b>	<b>22.228</b>	<b>4.456</b>	<b>43.931</b>	<b>0.849</b>	<b>20.180</b>	<b>2.806</b>	<b>496.754</b>

Index to Types of Funding	
Grant	Central Government/Other Grants
SCE	Supported Capital Expenditure
MRA	Major Repairs Allowance
SC	Schools Contribution
CR	Capital Receipt
PB	Prudential Borrowing
S106	S106
DR	Direct Revenue Financing