

Summary Draft Medium Term Financial Plan 2013-16

	2011-12 £'000	2012-13 £'000	2013-14 £'000	2014-15 £'000	2015-16 £'000
Net Service Costs		310,960	293,865	297,806	301,117
Growth (Incl Public Health)		6,005	38,908	4,636	4,145
CLG Grants transferring into baseline Savings		0	23,717	0	0
Approved		(23,656)	(20,771)	(6,577)	0
New			(5,258)	(115)	0
Inflation		4,100	5,760	6,342	7,000
Core Grants (incl Public Health)		(3,647)	(40,309)	(460)	(406)
Earmarked Reserves (Directorates)		103	(530)	(565)	0
Funding Available for Mayoral Priorities		0	2,424	50	(2,474)
Total Funding Requirement		<u>293,865</u>	<u>297,806</u>	<u>301,117</u>	<u>309,382</u>
Government Funding		(211,835)	(150,672)	(122,859)	(105,876)
Retained Business Rates			(96,361)	(98,763)	(100,232)
Council Tax		(80,430)	(63,343)	(64,927)	(66,550)
Collection Fund Surplus		0	(1,645)	0	0
Total Funding		<u>(292,265)</u>	<u>(312,021)</u>	<u>(286,549)</u>	<u>(272,658)</u>
Budget Gap (excl use of Reserves)		1,600	(14,215)	14,568	36,724
Unallocated Contingencies		(8,117)			
General Fund Reserves		6,517	14,215	(14,568)	(12,544)
Unfunded Gap		0	0	0	24,180

	31/03/2012	31/03/2013	31/03/2014	31/03/2015	31/03/2016
Balance on General Fund Reserves (£000s)	26,380	32,897	47,112	32,544	20,000

Detailed analysis of the Medium Term Financial Plan by service area 2013/14 to 2015/16

Service	Base	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total	Savings		Growth	Adjustments	Total
	2012-13 £'000	Approved £'000	New £'000				2013-14 £'000	Approved £'000				New £'000	2014-15 £'000			
Adults Health & Wellbeing	100,813	(2,335)	(1,376)	3,344	(1,356)	99,090	(1,000)	(50)	1,571	(300)	99,311	0	0	1,697		101,008
Children, Schools and Families	82,838	(1,415)	(2,534)	16,482	(828)	94,543	(960)	0	(20)	(410)	93,153	0	0	(90)		93,063
Communities, Localities and Culture	78,855	(5,017)	(249)	4,557	(3,319)	74,827	(350)	(65)	885	(565)	74,733	0	0	538		75,271
Development & Renewal	20,192	(5,542)	0	1,720	(597)	15,773	(1,534)	0	0	0	14,239	0	0	0		14,239
Resources	11,811	(1,206)	(90)	1,250	(904)	10,861	(230)	0	0	0	10,631	0	0	0		10,631
Chief Executives	9,545	(187)	0	0	(909)	8,449	0	0	0	0	8,449	0	0	0		8,449
Public Health	0	0	0	31,382	0	31,382	0	0	0	0	31,382	0	0	0		31,382
Net Service Costs	304,054	(15,702)	(4,249)	58,735	(7,913)	334,925	(4,074)	(115)	2,436	(1,275)	331,897	0	0	2,145		334,042
Other Net Costs																
Capital Charges	10,010	0	(150)	1,000	0	10,860	0	0	1,000	0	11,860	0	0	0		11,860
Levies	2,415	0	(399)	0	0	2,016	0	0	0	0	2,016	0	0	0		2,016
Pensions	13,142	0	0	2,250	0	15,392	0	0	2,200	0	17,592	0	0	2,000		19,592
Other Corporate Costs	(19,022)	(1,669)	(460)	640	2,642	(17,869)	(2,503)	0	(1,000)	0	(21,372)	0	0	0		(21,372)
Total Other Net costs	6,545	(1,669)	(1,009)	3,890	2,642	10,399	(2,503)	0	2,200		10,096	0	0	2,000		12,096
Public Health Grant	0	0	0	(31,382)	0	(31,382)	0	0	0	0	(31,382)	0	0	0		(31,382)
Core Grants	(14,312)	(32)	(11,179)	2,284	0	(23,239)	(2,000)	(1,000)	2,540	0	(23,699)	(2,000)	(1,000)	2,594		(24,105)
Reserves																
General Fund (Corporate)	0	0	0	0	0	0	0	0	0	0	0	0	0	0		0
Earmarked (Directorate)	(2,317)	(3,400)	0	0	2,024	(3,693)	0	0	0	710	(2,983)	0	0	0		(2,983)
General Fund (Smoothing)	(105)	0	0	0	2,717	2,612	0	0	0	0	2,612	0	0	0		2,612
Inflation	0	0	0	5,760	0	5,760	0	0	6,342	0	12,102	0	0	7,000		19,102
Funding Available for Mayoral Priorities	0	0	0	2,424	0	2,424	0	0	50	0	2,474			(2,474)		0
Total Financing Requirement	293,865	(20,803)	(16,437)	39,287	(530)	297,806	(8,577)	(1,115)	13,518	(565)	301,117	(2,000)	(1,000)	13,739		309,382
Government Funding	(211,835)	0	0	61,163	0	(150,672)	0	0	27,813	0	(122,859)	0	0	16,983		(105,876)
Retained Business Rates	0			(96,361)	0	(96,361)			(2,402)		(98,763)			(1,469)		(100,232)
Council Tax	(80,430)	(554)	0	17,641	0	(63,343)	0	0	(1,584)	0	(64,927)	0	0	(1,623)		(66,550)
Collection Fund Surplus	0	0	(1,645)	0	0	(1,645)										
Total Financing	(292,265)	(554)	0	78,804	0	(312,021)	0	0	26,229		(286,549)	0	0	15,360		(272,658)

THE NEW BUSINESS RATES RETENTION SYSTEM

Current System

The current system allocates the majority of non-schools funding by means of Formula Grant. Formula Grant comprises a so-called '4 Block Model' as follows;

Relative Needs Assessment	A formula which considers the relative needs of authorities based on such factors as population, deprivation, local area costs, population density etc.
Relative Resource Assessment	A formula which considers the relative resources of authorities based on their capacity to raise Council Tax locally.
Central Allocation	A single capitation figure that provides a small minimum allocation per head of population to each authority.
Damping	An adjustment that limits changes to the overall grant in any one year through a minimum reduction called the grant floor.

Formula Grant is largely funded at national level through the National Non Domestic Rates, which is collected by local authorities and handed over in full to the Government. The Government then redistributes this 'pot' on the basis of the Formula Grant formulae. Thus every local authority is funded at a level which is totally independent of the amount of business rates it collects.

In previous years, to fund Formula Grant the national business rates pot has been supplemented by money from the Treasury. Over the years this sum has reduced and the Government's austerity targets has seen it diminish to nothing.

Tower Hamlets has always been a high needs authority, and was previously also a low resources authority, although this has gradually changed as growing prosperity in parts of the Borough has bought a lot of new homes and a corresponding increase in Council Tax income.

The damping element applies only to some authorities but is important in Tower Hamlets. When the Formula Grant allocation was revised in 2007, a large number of authorities, including Tower Hamlets, would have lost considerable amounts of grant. The damping mechanism was intended to ensure that the impact of this was phased in. In practice this means that since 2007, Tower Hamlets' annual increase in Formula Grant has been at the minimum level of increase each year (the 'grant floor') and has not kept pace with its increase in population.

Thus the old system has not been particularly kind to Tower Hamlets over recent years.

New System

The principle behind the new system of funding to be introduced from 2013/14 onwards is that the Government intends it to encourage local authorities to grow their own business rates base by allowing them to benefit from future growth in the business rates income generated within the area. The extent to which the final scheme achieves this is controversial.

The essential difference in the new system is as follows;

Current System	New System
100% of business rates paid across to Government and redistributed through Formula Grant.	<p>50% of business rates paid to Government</p> <p>20% paid to the Greater London Authority (GLA share)</p> <p>30% retained by Tower Hamlets.</p> <p>Tower Hamlets as a top up authority is allowed to retain its share (i.e. 30%) of business rates <u>growth</u> each year.</p>

Many local authorities will find that they are only able to retain a small proportion of any business rates growth, after the 50% share has been allocated to the Government, the precepting authority (which in London is the GLA) has received its share and the levy has been applied.

The Government will continue to set the rate at which business rates will be levied, which will continue to be an increase in line with inflation; local authorities will have no power to increase rates in their area. Growth in business rates can therefore only come from new or regenerated buildings.

This means that the incentive effect is somewhat diminished, although it is the case that the only way the Council's main funding from Government can increase in future years (other than for inflation) will be from retaining a proportion of business rates growth. There will, for example, be no additional unringfenced grants for a growing population.

Baseline Funding Level

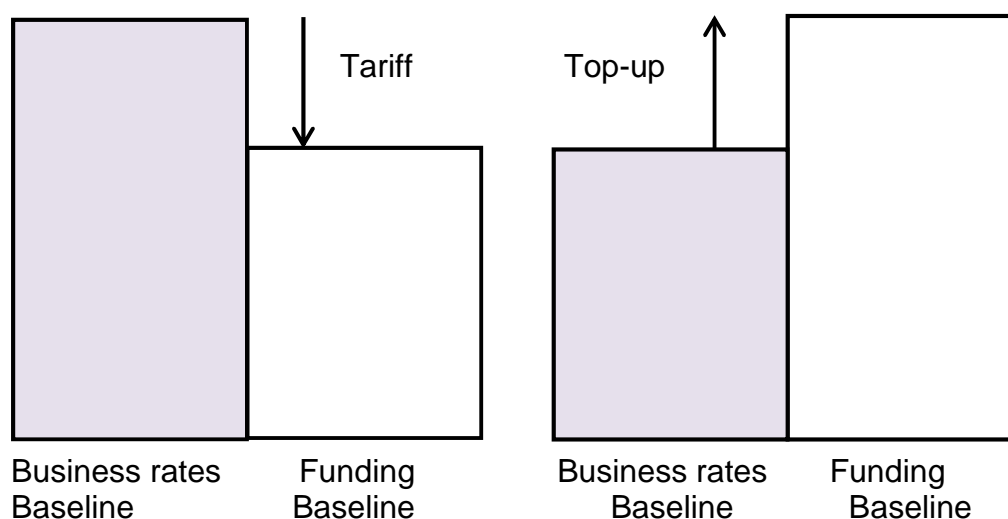
The starting point (“baseline”) of the new system will be fixed at the level of funding the Council would have received if Formula Grant had operated in 2013/14. This is not the same as the amount of funding it is receiving this year, because the Government will apply the formula to the lower spending control total for 2013/14 from the Spending Review, as adjusted. Business Rates Retention therefore does not mean that austerity no longer applies.

The 50% share of business rates that goes to the Government will be used to fund a range of other grants, including a sum to be allocated as Revenue Support Grant (RSG) which effectively tops up each authority to the baseline funding level. However the Government is then in a position to withdraw RSG as it reduces national control totals year by year.

Tariff or Top-up

At local level, the difference between each authority’s baseline funding level and the authority’s baseline share of the business rates at the outset (in Tower Hamlets’ case, the 30% share) is adjusted by a transfer to or from the Government.

If the Council’s baseline business rates is higher than the baseline funding level, the authority pays a ‘tariff’ to the Government for the difference. If, on the other hand, the baseline funding level is higher, the authority receives a ‘top-up’ from the Government. This is the adjustment that is intended to ensure that no authority either gains or losses as at Day 1. The Council has been confirmed as a top up authority.



The tariff or top-up is then fixed, adjusted only for inflation, until the scheme is ‘reset’, which is expected to happen once every seven to ten years. At the reset, the baseline funding level and therefore the top-up or tariff would be recalculated.

Safety Net

The scheme is also subject to a 'safety net' whereby the Government will protect an authority with additional payments if its rates income drops below 92.5% of its baseline funding level as updated for inflation. This means that an authority's rates income needs to fall quite a long way before a safety net payment is made.

At a national level, safety nets are expected to be funded from the levy paid by growth authorities to the Government. Thus to a limited extent there is a transfer from growing authorities to authorities where business rates are shrinking.

Summary

The new system is complex, as this short explanation demonstrates, and does not fully incentivise local authorities to grow their business rates base. However the only way that the main unringfenced funding for a local authority can increase for the foreseeable future is by growing the business rates or Council Tax. This changes the relationship between local authorities and Government in a fundamental way; local government funding will be less about the begging bowl and more about attention to the local economy.

Tower Hamlets is an area in which both Council Tax and business rates income have grown strongly and look likely to continue to grow for some time. Given that the old system has not been particularly kind to Tower Hamlets, the new system should provide opportunities for the Borough that would be unlikely to have emerged otherwise.

APPENDIX 3

GROWTH BIDS SCHEDULE AND PROFORMAS

Summary of Growth Bids - 2013/14 - 2015-16

REF	Adults, Health & WellBeing	2013/14	2014/15	2015/16	Total 2013/14 - 2015/16
		£000's	£000's	£000's	£000's
GRO AHWB 1-13	Demographic Growth Pressures – Older People with Dementia	587	616	647	1850
GRO AHWB 2-13	Learning Disability Transition Clients	868	955	1,050	2873
		1455	1571	1697	4723

REF	Communities, Localities & Culture	2013/14	2014/15	2015/16	Total 2013/14 - 2015/16
		£000's	£000's	£000's	£000's
GRO CLC 1-13	Freedom Pass	601	0	0	601
GRO CLC 2-13	Transportation, treatment and disposal of waste (including recycle materials)	310	320	538	1168
		911	320	538	1769

REF	Children Schools & Families & AHWB	2013/14	2014/15	2015/16	Total 2013/14 - 2015/16
		£000's	£000's	£000's	£000's
GRO CSF 1-13	Home – School Transport	-150	-20	-90	-260
GRO CSF 2-13	Discretionary Awards Post-16	-713	-410	0	-1123
	Earmarked Reserves	713	410	0	1123
		-150	-20	-90	-260

REF	Resources	2013/14	2014/15	2015/16	Total 2013/14 - 2015/16
		£000's	£000's	£000's	£000's
GRO RES 1-13	Housing Benefit Expenditure Adjustment	1,000	0	0	1000
		1,000	0	0	1,000

REF	Corporate Costs	2013/14	2014/15	2015/16	Total 2013/14 - 2015/16
		£000's	£000's	£000's	£000's
	Capital Charges	1,000	1,000	0	2,000
	Pension Costs	1,250	2,000	2,000	5,250
	Auto Enrolment - Pension Fund	1,000	200	0	1,200
	Welfare Benefit Reform Contingency	1,000	-1,000	0	0
	Inflation	5,760	6,342	7,000	19,102
		10,010	8,542	9,000	27,552
	Total Growth Bids (All directorates)	13,226	10,413	11,145	34,784

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO AHWB 1-13

TITLE OF ITEM:	Demographic Growth Pressures – Older People with Dementia		
DIRECTORATE:	Adults Health & Wellbeing		
SERVICE AREA:	Commissioning & Strategy	LEAD OFFICER:	Deborah Cohen
FINANCIAL INFORMATION:	Ekbal Hussain		

	Contingency / Budget allocation	Bid (Base is 2012/13 budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)				
Employee Costs				
Other Costs	20,848	587	616	647
Income				
TOTAL	20,848	587	616	647

*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:

The growth bid estimates that there will be 23 new cases of dementia in 2013/14.

15 of these cases will be placed in specialized residential care within the borough and this will cost £429k (average cost of in-borough placements are £28.6k per annum).

A further 5 will be placed in out of borough placements suitable for addressing the specialized care needs of patients with dementia, costing and estimated £169k (average cost of out of borough placements are £33.8k per annum).

And a further 3 clients will choose to remain in the community at a total cost of £150k (at an average cost of £50k per annum).

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. This is estimated to generate £161k per annum.

In addition it is expected that three 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 does not charge for community based services.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO AHWB 1-13**

Over the next 20 years, the population of Tower Hamlets is projected to increase significantly, and there will also be an increase in the number of older people living in Tower Hamlets. Life expectancy is expected to increase and those living longer are likely to develop more complex health conditions such as dementia which require more expensive social care support.

In addition to dementia, the Tower Hamlets JSNA Summary Report 2011 provides local evidence of other drivers that are expected to increase demand for adult social care such as changes in demographics, increase in rates of depression and more people living alone.

While the impact of the drivers of demand described above, are difficult to quantify, cases of dementia can be more easily identified and cost implications quantified. Thus the current growth bid focuses on addressing cost pressures resulting from an increase in the number of people with dementia.

Locally, between 2010/11 and 2011/12, the NHS report that there has been an increase in the number of people registered as having dementia in primary care from 464 to 578, and this is part of an upwards trajectory which is expected to continue over the next few years, and an increase in referrals to community dementia services from 190 to 335. Both of these pieces of data point towards an increase in the number of people with dementia and while not all of these cases will immediately end up requiring residential or nursing care, a significant number will do so at some point in the future.

Many of these cases are people currently receiving social care services and thus the diagnosis of dementia increases the level of support they require, giving rise to one set of growth pressure. However, the more significant growth pressure comes from new clients not previously in receipt of adult social care. The growth bid estimates that there will be 23 new cases of dementia in 2013/14. 15 of these cases will be placed in specialized residential care within the borough and this will cost £429k. A further 5 will be placed in out of borough placements suitable for addressing the specialized care needs of patients with dementia, costing and estimated £169k. And a further 3 clients will choose to remain in the community at a total cost of £150k.

Clients in residential placements are expected to make a contribution towards the cost of care and the above profile of clients are estimated to make a total contribution of £161k reducing the council growth requirement from £748k to £587k.

Table 1 below, based on Dementia UK prevalence estimates applied to 2011 census, provides projections of Older People with Dementia between 2012 -2020.

Table 1: Projections of Older People with Dementia between 2012- 2020.

People aged 45 and over predicted to have dementia	2012	2015	2020
People aged 90+	176	208	273
People aged 65+	1,068	1,102	1,194
People aged 45+	1,105	1,143	1,241

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO AHWB 1-13**

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.

The Council has a legal duty to provide support services to people whose needs fall within the "Critical" and "Substantial" bands of the national Fair Access to Care Services eligibility framework.

The general increase in the population, a greater number of older people living longer and the higher incidence of people with dementia all lead to larger number of residents in need of adult social care which needs to be funded by the council.

In particular, the increasing number of clients with dementia represents an unavoidable growth/cost pressure for the council. Most clients with dementia will meet the eligibility criteria.

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 Councils Adults, Health and Wellbeing commissioning plan agreed by cabinet in September 2012 is designed to ensure social care contracts are re-commissioned over the next three years to secure value for money.

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 2013/14- 2015/16**

Item Ref. No:
GRO AHWB 2-13

TITLE OF ITEM:	Learning Disability Transition Clients		
DIRECTORATE:	Adults Health & Wellbeing		
SERVICE AREA:	Commissioning & Strategy	LEAD OFFICER:	Deborah Cohen
FINANCIAL INFORMATION:	Ekbal Hussain		

	Contingency / Budget allocation	Bid (Base is 2012/13 budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)				
Employee Costs				
Other Costs	17,460	868	955	1,050
Income				
TOTAL	17,460	868	955	1,050

*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 2013/2014, it is forecast that 40 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 £868,000. The average care package for this group of clients is £24k.

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 2013/2014, 2014/2015 and 2015/16 coupled with a year on year increase in cost by approximately 10%.

Tower Hamlets Joint Service Needs Assessment Report indicates that the borough has a higher than average prevalence of disability and long term conditions and the changes in demographics predicted within the borough over the next 10 years suggests that this trend is set to continue. *There are currently approximately 740 learning disability clients on the councils register and it is forecast (based on past experience) that the number of clients will increase by 5% each year.*

The council's community learning disability service transition records indicate that there will be between 36-40 new clients in 2013/14 and additional care packages will cost around £868k (£763k known and £105k estimate) and this forms the basis of the directorate growth bid for 2013/14.

A majority of service users with learning disabilities transfer to adult services from the age of approximately 18 years and continue to receive services through to old age and thus there is a very low turnover of clients and costs represent a long term growth.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO AHWB 2-13**

In 2012/13 the directorate was awarded growth of £750k to fund the cost of clients transferring from CSF to AHWB. The actual commitment on new clients during 2012/13 is £957k. Approximately £375k of this actual commitment relates to six individuals who are placed in out of borough residential placements costing between £40k and £93k.

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 has a legal duty to provide support services to people whose needs fall within the "Critical" and "Substantial" bands of the national Fair Access to Care Services (FACS) eligibility framework. The social care needs of these new learning disability clients will generally fall within the FACS eligibility criteria and the council has little option but to meet these costs.

Thus should the funding not be approved and the level of growth estimated materializes, the council could find itself in a position where it has unfunded commitments.

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 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 to ensure services are provided to meet eligible need.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CLC/01/13

TITLE OF ITEM:	Freedom Pass		
DIRECTORATE:	Communities, Localities & Culture		
SERVICE AREA:	Public Realm	LEAD OFFICER:	Jamie Blake

FINANCIAL INFORMATION:

	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)		
		2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)				
Employee Costs				
Other Costs	7,802	601	0	0
Income				
TOTAL	7802	601	0	0

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

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.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CLC/01/13**

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

This methodology indicates that the costs of Concessionary Fares for LBTH in 2012/13 will be £7.802m, an increase of £0.526m on the 2011/12 cost.

For 2013/14 the London Councils' Transport and Environment Committee have recently agreed a different way of apportioning costs of the Concessionary Fares scheme using more comprehensive usage data obtained over the past two years. London Councils' calculations indicate that the proportion of the deficit to be charged to LBTH will reduce meaning that this Authority will therefore benefit from the amended arrangements. However, due to representations made by various south London boroughs the change will be 'damped' by a phasing mechanism over the next three years and so the full impact will not be felt until the end of that three year period.

The outcome of the above is that London Councils have calculated the base charge for LBTH in 2013/14 as £ 8.403m, an increase of £ 0.601m on the budgeted figure for 2012/13. The charge will then reduce still further over the next three years. However it is important to note that these apportionments take no account of inflation. Historically LBTH suffers high levels of inflation with regard to concessionary fares and so no reduction in budget is currently factored into this growth bid for those years.

The reliance on the Parking Reserve to fund the provision in the past has depleted the Reserve and therefore there is a need to fund this gap as growth, as approved previously.

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.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CLC/01/13

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

The authority has no individual control over the amount of money levied upon it to fund the Freedom Pass scheme.

Arguably the Freedom Pass scheme represents value for money in offering enhanced mobility to traditionally less mobile members of the community and enhances sustainable travel by encouraging the use of public transport.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CLC/02/13**

TITLE OF ITEM:	Transportation, treatment and disposal of waste (including recycle materials)		
DIRECTORATE:	Communities, Localities & Culture		
SERVICE AREA:	Public Realm	LEAD OFFICER:	Simon Baxter / Fiona Heyland

	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)		
		2012/13 £'000	2013/14 £'000	2014/15 £'000
Employees (FTE)				
Employee Costs				
Other Costs	9,809	310	320	538
Income				
TOTAL	9,809	310	320	538

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

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 2014/15
- 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 circa 32% unless a policy of compulsory recycling is introduced
- It is anticipated, based on current data that in 2013/14 the cost will grow by £0.310M

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CLC/02/13

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.

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 mitigate the tax, 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 2013/14- 2015/16**

Item Ref. No:
GRO/CSF/01/13

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 2012/13 Budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)		0	0	0
Employee Costs		0	0	0
Other Costs		-150	-20	-90
Income		0	0	0
To Reserves				
TOTAL	0	-150	-20	-90

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

NB All funded from reserves

DESCRIPTION & JUSTIFICATION

Growth Calculation:

This growth bid was agreed at Cabinet for the 2012/13 budget setting round. The figures have been updated for activity and cost changes since autumn 2011.

Pupil Transport commitments had been significantly under-budgeted, but in-year, on-going growth was agreed for 2011/12 and this addressed the underlying issue.

There is currently £1.060m in the budget for pupil transport and, on the basis of the expected profile of costs, this was due to increase by a further £80k in 2013/14, but start to reduce from 2014/15 onwards.

The significant costs arise because of the increased demand on school places, with available school places not being in the areas where demand is greatest. Commitments to transport existing pupils are being honoured and some parents are taking up the option of travel assistance, rather than direct transport. Demand for places remains high, but new admissions policies will assist in getting more pupils in local schools. This is a complex situation and officers have updated the figures, but there remain uncertainties about whether strategies for managing the expected demand will be entirely successful (ie whether new places will be built, whether the new admissions arrangements will avoid having pupils and places mismatched entirely). The risks of further demand beyond that identified here will remain.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CSF/01/13**

The current of number of pupils being provided with travel assistance is 350 (308 receiving school bus transport and 42 receiving travel support in the form of a travel pass issued to the parent/child), with annualised spending of £0.946m. It is projected that by the spring of 2013 this number will rise by an additional 43 reception children (see Table 1). This would increase spend to £1,019,354

Table 1 – Projected number of reception aged children that will require school bus transport by spring 2013

Area	No of Children out of School	Vacancies	Variance
Bethnal Green	6	8	2
Bow & Poplar	65	24	-41
Isles of Dogs	4	2	-2
Stepney	15	0	-15
Wapping	1	1	0
Grand Total	91	35	-56

Table 2: provides a snapshot of the current unit cost of school bus transport at £15 per child per school day. This cost has been determined by applying a formula based on number of children; schools; size and cost of the transport vehicles. (See **Table 2** at the end of this pro forma)

Table 3: Estimated number of pupils likely to require Travel Assistance from 2012/13 through to 2015/16 School Year (See **Table 3** at the end of this pro forma)

Table 4: Projected cost of over four financial year period. The total annual cost projection is based on a current average of cost £2,950.18 per pupil in receipt of school bus transport, plus £900 per pupil/parent in receipt of a school travel pass (One thirds of academic year and two thirds of the next).

Table 4: Four Year Cost Projections

Financial Year	MTFP budget profile (2011)	Revised Forecast Cost (2012)	Difference
2012-13*	£1.060m	£1.019m	-£0.041m
2013-14**	£1.140m	£0.993m	-£0.147m
2014-15**	£1.040m	£0.872m	-£0.168m
2015-16**	£0.980m	£0.720m	-£0.260m

**Projection for 2012-13 is based on the actual spend for summer term 2012 (April to August at £307,912) and two thirds of the remaining projected cost for 2012-13 academic year. The costs for 2012-13 will be lower if the blip classes are not in place.*

***Projection for 2013-16 is based on one thirds of academic year and two third of the next.*

Obviously, if the Authority is unable to successfully continue its strategy of providing places in the areas where this is most demand these projections will need be significantly revised (upwards).

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CSF/01/13

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.	
<p>Projections can be revised, based on the immediate impact of the new travel policy and the impact of the recent increases to the provision of places in north east of the borough i.e. Bonner (Mile End), Clara Grant, CET and (possibly) Marion Richardson. However, most of these increases are 'one off' blip classes. Although the projected spend is lower for this year, we still have a significant number of children that we need to secure places for. Unless further permanent school place increases to match the continuing and projected demand in the north east of the borough can be found robust medium term projections may be difficult to produce.</p> <p>The average cost of school bus transport was determined by a formula based on the number of children; schools; size and cost of the vehicles. The revised per pupil cost of £2,950 is set out in Table 2 at the end of the pro forma. The new rate is 9.3% higher than the rate of £2,700 per pupil determined for 2012/13. The average cost of travel support is £900 per pupil.</p>	
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	
<p>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.</p> <p>The introduction of the priority catchment areas is expected to reduce the need for this support, but this will only happen over time.</p> <p>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 will require Member decision on policy.</p> <p>The underlying shortfall in the transport budget was agreed for 2011/12 and 2012/13 budgets on an on-going basis.</p>	

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CSF/01/13**

Table 2 – Snapshot of school bus transport recipients (October 2012)

School Name **	Number Children	Number of Vehicles	Cost per Day	Estimated Annual Cost (196 School Days)	Average cost per child per day
Bangabandhu	5	1	£ 84.00	£ 16,464.00	£ 16.80
Ben Johnson	4	1	£ 84.00	£ 16,464.00	£ 21.00
Canon Barnett	39	3	£ 136.00	£ 79,968.00	£ 10.46
Canon Barnett	9	2	£ 84.00	£ 32,928.00	£ 18.67
Cayley	2	1	£ 60.00	£ 11,760.00	£ 30.00
Christ Church	43	2	£ 136.00	£ 53,312.00	£ 10.46
Christ Church	17	3	£ 136.00	£ 79,968.00	£ 24.00
Columbia	6	1	£ 136.00	£ 26,656.00	£ 22.67
Elizabeth Selby/Lawdale	10	1	£ 136.00	£ 26,656.00	£ 13.60
Globe	5	1	£ 84.00	£ 16,464.00	£ 16.80
Globe	2	1	£ 60.00	£ 11,760.00	£ 30.00
Hague / Osmani	3	1	£ 60.00	£ 11,760.00	£ 20.00
Harry Gosling	13	1	£ 136.00	£ 26,656.00	£ 10.46
Hermitage	20	2	£ 136.00	£ 53,312.00	£ 13.60
Hermitage	4	1	£ 84.00	£ 16,464.00	£ 21.00
Hermitage	3	1	£ 60.00	£ 11,760.00	£ 20.00
John Scurr	5	1	£ 84.00	£ 16,464.00	£ 16.80
Manorfield/Woolmore	3	1	£ 60.00	£ 11,760.00	£ 20.00
Marner	1	1	£ 60.00	£ 11,760.00	£ 60.00
Mowlem	2	1	£ 60.00	£ 11,760.00	£ 30.00
Old Palace	2	1	£ 60.00	£ 11,760.00	£ 30.00
Osmani	13	1	£ 136.00	£ 26,656.00	£ 10.46
Shapla	5	1	£ 84.00	£ 16,464.00	£ 16.80
Smithy School	5	1	£ 84.00	£ 16,464.00	£ 16.80
Smithy School	1	1	£ 60.00	£ 11,760.00	£ 60.00
St Anne's	3	1	£ 60.00	£ 11,760.00	£ 20.00
St Matthias	13	1	£ 136.00	£ 26,656.00	£ 10.46
St Matthias	4	1	£ 84.00	£ 16,464.00	£ 21.00
St Pauls Whitechapel	7	1	£ 136.00	£ 26,656.00	£ 19.43
St Peter's	1	1	£ 60.00	£ 11,760.00	£ 60.00
Stewart Headlam	23	2	£ 136.00	£ 53,312.00	£ 11.83
Stewart Headlam	3	1	£ 60.00	£ 11,760.00	£ 20.00
Thomas Buxton	32	3	£ 136.00	£ 79,968.00	£ 12.75
Thomas Buxton	5	1	£ 84.00	£ 16,464.00	£ 16.80
William Davis	12	1	£ 136.00	£ 26,656.00	£ 11.33
Total	308	45	£ 3,328.00	£ 908,656.00	£ 15.05

** Schools may be listed more than once, due to the different costs associated to the size of the vehicle.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CSF/01/13**

Table 3: Estimated number of pupils likely to require Travel Assistance from 2012/13 through to 2015/16 School Year

Year Group	Snapshot - October 2012			2012/13 (1st Sep - 31st Mar)			2013/14			2014/15			2015/16		
	Bus Transport	Travel Support	Total Receiving Transport	Bus Transport	Travel Support	Total Receiving Transport	Bus Transport	Travel Support	Total Receiving Transport	Bus Transport	Travel Support	Total Receiving Transport	Bus Transport	Travel Support	Total Receiving Transport
Nursery	1	0	1	1	0	1	0	0	0	0	0	0	0	0	0
Reception	7	3	10	47	6	53	0	0	0	0	0	0	0	0	0
Year 1	31	6	37	31	6	37	47	6	53	0	0	0	0	0	0
Year 2	63	16	79	63	16	79	28	9	37	47	6	53	0	0	0
Year 3	84	7	91	84	7	91	55	24	79	28	9	37	47	6	53
Year 4	56	2	58	56	2	58	80	11	91	55	24	79	28	9	37
Year 5	43	4	47	43	4	47	55	3	58	80	11	91	55	24	79
Year 6	23	4	27	23	4	27	41	6	47	55	3	58	80	11	91
Total	308	42	350	348	45	393	306	59	365	265	53	318	210	50	260

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CSF/02/13

TITLE OF ITEM:	Discretionary Awards Post 16		
DIRECTORATE:	Children, Schools and Families		
SERVICE AREA:	G26 School Improvement Secondary	LEAD OFFICER:	Di Warne

FINANCIAL INFORMATION:				
	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)				
Employee Costs				
Other Costs		-713	-410	
Income				
To Reserves		+713	+410	
TOTAL		0	0	

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

NB All funded from reserves

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

The Mayor's Bursary was introduced for two academic years from September 2011. Original estimates of uptake were based on 2,473 total students in the previous Year 11, with an expected 89% staying on at school or college and 85% of those being eligible for support. In addition, there would be a £40k annual administration charge. This suggested that 1,871 would be eligible for a £400 annual payment.

In the first academic year, total spend so far has been £0.305m, rather than the estimated £0.749m i.e. 41%. There are three principal reasons for this lower than expected cost:

- a) Claimant numbers were lower by 500; there were only 1,700 claimants, including 85 who failed residency and level of income criteria;
- b) 351 claimants did not qualify because they were already in receipt of the national Education Maintenance Allowance in its final year of operation, a situation that will not recur; and
- c) Almost 40% of the otherwise eligible claimants did not receive a payment because their attendance was not good enough (minimum attendance is required to be 95%)

Only 760 individuals have been eligible for a payment in 2011/12 academic year. The growth allocation for future years can now be recalculated on the basis of the experience of the first year of operation.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CSF/02/13**

Financial year	2011/12	2012/13		2013/14		TOTAL	
Year	Jan 12 Actual	April 12 Provisional (Note 1)	Jan 13 Estimated (Note 2)	April 13 Estimated	Jan 14 (Note 3)		
Year 12	650	875	976	976			
Year 13			976	976			
Year 14							
Total eligible	650	875	1,952	1,952			
Admin cost	£0.020m	£0.020m	£0.020m	£0.020m			
Total cost (i.e. eligible x £200 per instalment)	£0.130m	£0.175m	£0.390m	£0.390m			
Revised Financial Year cost	£0.150m	£0.605m		£0.410m		£1.165m	
Original Financial year cost	£0.374m	£1.123m		£0.748m		£2.245m	
Underspend against original estimate	-£0.224m	-£0.518m		-£0.338m		-£1.080m	

The table above illustrates the estimated position for the cost of the grant element and administration costs, comparing the actual costs for 2011/12 and the forecast cost for the remainder of the two academic year period with the comparison against the original figures. The estimated underspend of the reserves is £1.080m by the end of the second academic year.

Note 1: There are more transactions in the second half of 2011/12 academic year because some late claimants would have had backdated payments.

Note 2: 976 assumes 61% of an estimated 1,600 otherwise eligible students will be entitled to a payment.

Note 3: If the Council were to extend the scheme for a third year, there are estimated to be 293 additional (Year 14) students and this would suggest a total number of 2,244 eligible students. With £40k administration cost, this would suggest an extra academic year would cost £0.938m. Given the underspend so far, and subject to the risks suggested below, an additional year would look affordable within the funding originally set aside for this initiative.

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

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CSF/02/13**

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, but this ceases from the start of academic year 2012/13.

On the financial risks, the costs are driven by the numbers of eligible students. Overall numbers of eligible students cannot be guaranteed from year to year. Original estimates of eligible students have proven to be too generous in the first year. Improvements or changes to the attendance criteria (95%) would mean that many more individuals would be eligible for 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.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/RES/01/13**

TITLE OF ITEM: Housing Benefit Subsidy Income Adjustment

DIRECTORATE: Resources – Housing General Fund

SERVICE AREA: Benefits **LEAD OFFICER:** Steve Hill

FINANCIAL INFORMATION:

	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)			
		2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)					
Employee Costs					
Other Costs	249,924	1,000			
Income	(249,429)				
TOTAL	495	1,000			

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

DESCRIPTION & JUSTIFICATION

Over the last few years, overall gross housing benefit expenditure incurred by the Council has been reduced by the treatment of overpayment of benefit. Simplistically, the Council has been the beneficiary of additional funding from the recovery of HB overpayments in-year and through the treatment of categories of overpayments where the Council received 40% subsidy income for these overpayments. During this time the budget has been created based on these assumptions.

With the introduction of the new Atlas II software by the DWP in 2012 the levels of overpayments have significantly reduced because the software is now able to adjust HB claims in "real-time" and is informing the Council to changes directly from the DWP. Therefore, the Council by becoming more efficient in its HB processing arrangements has led to a reduction in the levels of HB overpayment income it has been able to maximise as in previous years.

Because of these changes, the assumptions made in the creation of these budgets are no longer valid and as a result there is now a predicted shortfall of £1M (0.03% of the overall budget) in 2012-13 and there will be a permanent on-going gap in the base budget in future years.

These changes could not have been anticipated with the introduction of the new software as there was no previous experience of its impact on HB processing time and the net changes to levels of recovery of overpayments income and there subsequent treatment within the HB subsidy claim.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/RES/01/13

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.

There is a predicted shortfall in the current Housing Benefits budget of approx. £1M unless this growth bid is agreed. The service cannot continue to contain these budget pressures for benefit expenditure because of the changes arising from the introduction of more efficient HB processing claims and a less beneficial grant subsidy environment for maximising income.

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 additional budget will provide VFM in addressing the predicted shortfall in the budget and ensuring that it balances and also accommodate the changes to the original assumptions made of levels of HB expenditure, grant subsidy payable, HB eligibility and levels of bad debt provision and income. The additional budget will also enable the HB service to continue to meet the Performance Indicators targets that it has for processing claims within ten days.

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CORP/01/13

TITLE OF ITEM:	Pension Fund Contributions		
DIRECTORATE:	All		
SERVICE AREA:	All	LEAD OFFICER:	Alan Finch

FINANCIAL INFORMATION:				
	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)				
Employee Costs	15,250	NIL	2,000	2,000
Other Costs				
Income				
TOTAL	15,250	NIL	2,000	2,000

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

DESCRIPTION & JUSTIFICATION
<p>Growth Calculation:</p> <p>A report from the Council's actuary in August 2012 which models the effect of the introduction of the new Local Government Pension Scheme from April 2014 suggests that based on current understanding and market conditions the Scheme's future contribution rate will increase from 17.3% to 21.3%. This would equate to a £3m cost to the General Fund which if phased in over the period of the next actuarial valuation (2014-2017), would equate to an increase of £1m a year.</p> <p>This makes no provision for an increase in the cost of servicing past service deficit. A notional £1m a year is included for this.</p> <p>The actual amount that the Council needs to set aside will be dependent upon the actuarial valuation which takes place next year.</p> <p>The growth requested is in addition to previously agreed growth for 2013/14 of £1.25m.</p>

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CORP/01/13**

1.	RISKS AND IMPLICATIONS:
<p>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.</p>	
<p>The authority is required by legislation to provide a pension scheme to staff under the terms of the Local Government Pension Scheme and to manage this as part of a separate ring-fenced Pension Fund which is required to be self-financing over its life.</p> <p>The fund is currently thought to be between 60-70% funded. (It was 74% funded at the time of the last actuarial valuation, since when market conditions have deteriorated) Since employee contributions are fixed, this means that employer contributions or investment returns will need to be higher in future to recover much of this deficit.</p> <p>The authority needs to ensure that it sets aside sufficient funding based on the earnings of its employees to fund their future pensions. It is also required to ensure that past service by scheme members is also properly funded.</p> <p>The Local Government Pension Scheme is to be reformed from 2014 to reduce the future cost of the scheme, primarily by changing the way pension benefits accrue to staff and deferring the age of retirement for younger scheme members. The new scheme protects past service Modelling by the actuary. This shows that the impact of the new scheme on Tower Hamlets will initially be to reduce the cost by just under 1%. However this impact is swamped by the impact of deteriorating market condition on the value of the Fund's assets and the assessment of its liabilities.</p> <p>The figure here does not include the impact of auto-enrolment, which becomes law from October 2012 onwards and affects the Council with effect from April 2013. Currently around half of all staff are members of the local government pension scheme. It is not known to what extent auto-enrolment will encourage staff to join the LGPS but this could introduce an additional cost.</p>	
2	VALUE FOR MONEY/EFFICIENCY
<p>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</p>	
<p>The Local Government Pension Scheme from 2014 will remain a relatively attractive scheme which should continue to attract high caliber staff into local government. The Council has a policy of employing a workforce that reflects the local community.</p> <p>The assessment in this paper is based on current staffing numbers and does not reflect, for example, the impact of potential insourcing of services currently provided at arms length to the Council.</p>	

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

Item Ref. No:
GRO/CORP/02/13

TITLE OF ITEM: Pension Fund Auto-enrolment

DIRECTORATE: Corporate

SERVICE AREA: Corporate Finance

LEAD OFFICER: Alan Finch

FINANCIAL INFORMATION:

	Contingency / Budget allocation	Bid (Base is 2012/13 Budget)		
	2012/13 £'000	2013/14 £'000	2014/15 £'000	2015/16 £'000
Employees (FTE)				
Employee Costs	20,700	1,000	200	
Other Costs				
Income				
TOTAL	20,700	1,000	200	

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

DESCRIPTION & JUSTIFICATION

In June 2013, the authority will automatically enrol all its eligible staff into the Local Government Pension Scheme (LGPS), in accordance with new legislation. The LGPS attracts higher employer's contributions than the state second pension, so there will be a cost to the Council for each member of staff who opts to join.

All new joiners are already entered into the pension scheme automatically and have to opt out if they do not wish to belong. It is therefore anticipated that the majority of staff auto-enrolled will opt out again and this estimate assumes that 20% will decide to remain in the scheme. This figure will be reviewed in the light of experience.

Growth Calculation: The cost will depend upon take-up, estimated as follows;

	100% Take Up (per month)	50% Take Up (per month)	20% Take Up (per month)
LGPS (General Fund)	£515,200	£257,600	£103,040
LGPS (Schools)	£285,800	£142,900	£57,160
Teachers Scheme	£148,700	£74,350	£29,740
Tower Hamlets Homes	£58,600	£29,300	£11,720

**COMMITTED / UNAVOIDABLE GROWTH BID
BUDGET 2013/14- 2015/16**

**Item Ref. No:
GRO/CORP/02/13**

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.

It is a statutory requirement for the Council to automatically enrol eligible staff in its occupational pension scheme and to make employers contributions in accordance with the scheme for each employee who joins.

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 Local Government Pension Scheme remains a high quality occupational scheme and the availability of the scheme is an important staff benefit that attracts applicants for Council jobs and affords a measure of financial security for staff who remain members for a significant period.

APPROVED SAVINGS 2012/13 to 2014/15

Ref No.	Directorate	Current Name	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	1,349	649	842	100	0	0	2,191	749
AHWP/2	Adults Health & Wellbeing	Better use of Supported Housing	630	630	940	940	0	0	1,570	1,570
AHWP/3	Adults Health & Wellbeing	Modernising Learning Disability Day Services	600	600	600	600	0	0	1,200	1,200
AHWP 1 (2012)	Adults Health & Wellbeing	Physical Disability Day Opportunities Budget efficiency	51	51	20	20	0	0	71	71
AHWP 2 (2012)	Adults Health & Wellbeing	Mental Health Supported Accommodation	0	0	200	200	600	600	800	800
AHWP 3 (2012)	Adults Health & Wellbeing	Use of Telecare	250	0	250	0	300	300	800	300
AHWP 4 (2012)	Adults Health & Wellbeing	Reorganisation of Children Schools and Families & Adults Health and Wellbeing	150	150	150	150	0	0	300	300
AHWP 5 (2012)	Adults Health & Wellbeing	LD residential and supported living efficiencies via collaborative work with neighbouring Boroughs	0	0	300	100	0	0	300	100
AHWP 6 (2012)	Adults Health & Wellbeing	Housing Link Phase 2	100	48	105	0	0	0	205	48
AHWP 7 (2012)	Adults Health & Wellbeing	Improving the quality of the hostels sector and managing reduction of the number of bed spaces	0	0	690	690	0	0	690	690
AHWP 8 (2012)	Adults Health & Wellbeing	More Effective Income Control	75	75	25	25	0	0	100	100
AHWP 9 (2012)	Adults Health & Wellbeing	Supporting People Framework Agreement	175	175	225	225	0	0	400	400
AHWP 10 (2012)	Adults Health & Wellbeing	Additional Adults, Health and Wellbeing Opportunity 13/14	0	0	200	0	0	0	200	0
AHWP 11 (2012)	Adults Health & Wellbeing	Various savings each of less than £50k	0	0	40	40	0	0	40	40
CE 1 (2012)	Adults Health & Wellbeing	Strategy, Policy and Performance: Management Restructure and Public Health	0	0	0	100	0	100	0	200
		Total (Adults Health & Wellbeing)	3,380	2,378	4,587	3,190	900	1,000	8,867	6,568
CE 1 (2012)	Chief Executive	Strategy, Policy and Performance: Management Restructure and Public Health	200	200	100	0	100	0	400	200
CE 2 (2012)	Chief Executive	Various savings each of less than £50k	103	103	0	0	0	0	103	103
		Total (Chief Executive)	303	303	100	0	100	0	503	303
CLC/1	Communities Localities & Culture	Parking Driving Change through enhanced Performance	1,000	1,000	0	0	0	0	1,000	1,000
CLC/2	Communities Localities & Culture	Highways income and efficiencies opportunities	400	400	50	50	0	0	450	450
CLC/4	Communities Localities & Culture	Review of Supervised Adventure Play Activities	50	50	0	0	0	0	50	50
CLC/5	Communities Localities & Culture	Community Safety/Environmental Control Service Rationalisation - Restructure/Redesign of Directorate Enforcement Functions	422	422	0	0	150	150	572	572
CLC/7	Communities Localities & Culture	Commercial Waste Income Opportunities	350	350	400	400	0	0	750	750
CLC 1 (2012)	Communities Localities & Culture	Northumberland Wharf Commercial Lease	0	0	300	300	0	0	300	300
CLC 2 (2012)	Communities Localities & Culture	Depot Consolidation	55	55			200	200	255	255
CLC 3 (2012)	Communities Localities & Culture	New Income Generation - Bulk Waste	150	150	0	0	0	0	150	150
CLC 4 (2012)	Communities Localities & Culture	Service Efficiencies, Capital Schemes	375	375	0	0	0	0	375	375
CLC 5 (2012)	Communities Localities & Culture	Pay and Display Review	275	275	0	0	0	0	275	275
CLC 6 (2012)	Communities Localities & Culture	Parking Permits Review	0	0	235	235	0	0	235	235
CLC 7 (2012)	Communities Localities & Culture	Corporate Events in Parks	0	0	90	90	0	0	90	90
CLC 8 (2012)	Communities Localities & Culture	Advertising Opportunity	0	0	600	600	0	0	600	600
CLC 9 (2012)	Communities Localities & Culture	Ideas Store Stock Fund	0	0	200	200	0	0	200	200
CLC 10 (2012)	Communities Localities & Culture	Various savings each of less than £50k	100	100	70	70	0	0	170	170
		Total (Communities, Localities and Culture)	3,177	3,177	1,945	1,945	350	350	5,472	5,472
CSF/2	Children, Schools & Families	Family wellbeing model	0	0	200	200	0	0	200	200
CSF/4	Children, Schools & Families	Pupil Transport efficiency review	150	150	100	100	0	0	250	250
CSF/5	Children, Schools & Families	Review of Extended Schools Services	180	180	0	0	0	0	180	180
CSF/6	Children, Schools & Families	Redesign of parent support and advice to reflect need	50	50	40	40	0	0	90	90
CSF 1 (2012)	Children, Schools & Families	Open buildings for community hire	100	100	0	0	0	0	100	100
CSF 2 (2012)	Children, Schools & Families	Move to a traded basis for Parent Support Services	0	0	0	0	205	205	205	205
CSF 3 (2012)	Children, Schools & Families	Saving in procurement of placements for looked after children	0	0	0	0	500	500	500	500
CSF 4 (2012)	Children, Schools & Families	Consolidation of information systems- Single View of a Child	0	0	5	5	255	255	260	260
CSF 5 (2012)	Children, Schools & Families	Various savings each of less than £50k	50	50	0	0	0	0	50	50

Ref No.	Directorate	Current Name	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
		Total (Children, Schools & Families)	530	530	345	345	960	960	1,835	1,835
D&R/1	Development & Renewal	Transformation of front end to back office functions through planning digitisation	186	186	0	0	0	0	186	186
D&R/2	Development & Renewal	Corporate Subscriptions Deletion	50	50	0	0	0	0	50	50
D&R 1 (2012)	Development & Renewal	Statement of Community Involvement (SCI) & Other Consultation changes	75	75	0	0	0	0	75	75
D&R 2 (2012)	Development & Renewal	Further Saving from Anchorage House	0	0	2,701	2,701	1,534	1,534	4,235	4,235
CLC 2 (2012)	Development & Renewal	Depot Consolidation	95	95	0	0	0	0	95	95
D&R 3 (2012)	Development & Renewal	Various savings each of less than £50k	90	90	0	0	0	0	90	90
		Total (Development & Renewal)	496	496	2,701	2,701	1,534	1,534	4,731	4,731
RES 1 (2012)	Resources	Phased Closure of Council's Cash Office Facility	70	70	80	80	0	0	150	150
RES 2 (2012)	Resources	Insurance - negotiate cheaper premiums in Consortium with other London Boroughs	0	0	125	125	0	0	125	125
RES 3 (2012)	Resources	Future Sourcing Project	2,500	2,500	500	500	230	230	3,230	3,230
RES 4 (2012)	Resources	Rationalisation of One Stop Shops	0	0	202	202	0	0	202	202
RES 5 (2012)	Resources	Various savings each of less than £50k	60	60	0	0	0	0	60	60
		Total (Resources)	2,630	2,630	907	907	230	230	3,767	3,767
CORP 1 (2012)	Corporate	Reduction in Contribution to General Fund Reserve	3,000	3,000	0	0	0	0	3,000	3,000
CORP 2 (2012)	Corporate	Reduction in Corporate Contingency Provision	0	0	1,434	1,434	0	0	1,434	1,434
CORP 3 (2012)	Corporate	Contribution to Improvement & Efficiency Reserve	0	0	2,900	2,900	0	0	2,900	2,900
CORP 4 (2012)	Corporate	Insurance and Risk Management Provisions	0	0	500	500	1,300	1,300	1,800	1,800
CORP 5 (2012)	Corporate	Reduction in Severance Provisions	200	200	0	0	1,203	1,203	1,403	1,403
CORP 6 (2012)	Corporate	Capital Financing Charges	1,000	1,000	0	0	0	0	1,000	1,000
CORP 7 (2012)	Corporate	Optimisation Investment / Treasury Management Strategy	445	445	0	0	0	0	445	445
CORP 8 (2012)	Corporate	Various savings each of less than £50k	17	17	0	0	0	0	17	17
			4,662	4,662	4,834	4,834	2,503	2,503	11,999	11,999
ALL/1	All Directorates	Directorate Supplies & Service Efficiencies	776	776	639	639	0	0	1,415	1,415
		Total (All Directorates)	776	776	639	639	0	0	1,415	1,415
PROGRAMME SAVINGS										
BAM/1	Development & Renewal	Better Asset Management	481	481	418	418	0	0	899	899
		Total (Better Asset Management)	481	481	418	418	0	0	899	899
IO/1	Schools, Children & Families	Recharge Schools for Support Services	189	189	100	100	0	0	289	289
IO/3	Chief Executive	Shared Legal Services	50	50	50	50	0	0	100	100
IO/4	All directorates	Improved Income Collection, Debt Management and Fraud prevention	725	725	554	554	0	0	1,279	1,279
		Total (Income Optimisation)	964	964	704	704	0	0	1,668	1,668
LEAN/1	All Directorates	Management Streamlining & Agency Management Reduction	2,403	2,403	1,310	1,087	0	0	3,713	3,490
LEAN/2	All Directorates	Merging Communications, Publications and Participation and Consultation functions	100	100	0	0	0	0	100	100
LEAN/3	All Directorates	Strategy Policy and Performance (SPP)	340	340	0	0	0	0	340	340
		Total (Lean)	2,843	2,843	1,310	1,087	0	0	4,153	3,930
MO/1	Resources	Managing our information	650	650	200	200	0	0	850	850
		Total (Managing Our Information)	650	650	200	200	0	0	850	850
SSP/1	All Directorates	Improve Contract pricing through Contract re-negotiation	273	273	358	181	0	0	631	454
SSP/2	Communities Localities & Culture	Better targeting of Street Cleansing and Refuse Collection contracts	375	375	825	825	0	0	1,200	1,200
SSP/4	Communities Localities & Culture	Integrated Public Realm Contract - Service Efficiencies	1,200	1,200	1,300	1,300	0	0	2,500	2,500
SSP/7	Adults Health & Wellbeing	Domiciliary Care Re- Commissioning	495	495	0	0	0	0	495	495
SSP/10	Communities Localities & Culture	Leisure Service Efficiencies	333	333	495	495	0	0	828	828
		Total (Successful Strategic Partnership)	2,676	2,676	2,978	2,801	0	0	5,654	5,477
SW/1	Resources	Smarter Working	0	0	2,340	2,340	0	0	2,340	2,340
		Total (Smarter Working)	0	0	2,340	2,340	0	0	2,340	2,340
		Various efficiency savings each below £50k	788	788	216	216	0	0	1,004	1,004
		Total (Other)	788	788	216	216	0	0	1,004	1,004
		Total	24,356	23,354	24,224	22,327	6,577	6,577	55,157	52,258

NEW SAVING PROPOSALS 2013/14 - 2015/16

Ref.	Dir.	BACKGROUND INFORMATION - Description of Idea/Opportunity	2013/14 £'000	2014/15 £'000	2015/16 £'000	TOTAL £'000
AHWP 1 (2013)	Adults Health & Wellbeing	Office Supplies	46	0	0	46
AHWP 2 (2013)	Adults Health & Wellbeing	Vacancy Management	1,280	0	0	1,280
AHWP 3 (2013)*	Adults Health & Wellbeing	Provision of Transport for Clients	50	50	0	100
Total (Adults Health & Wellbeing)			1,376	50	0	1,426
CLC 1 (2013)	Communities Localities & Culture	Roll out of Generic Working and Enhanced Deployment Methods	154	0	0	154
CLC 2 (2013)	Communities Localities & Culture	Improvement of Procurement of Office Supplies	70	0	0	70
CLC 3 (2013)	Communities Localities & Culture	Rationalising and Rebalancing Increase Market Fees	0	65	0	65
CLC 4 (2013)*	Communities Localities & Culture	Cease Contribution to Spitalfields	25	0	0	25
Total (Communities, Localities and Culture)			249	65	0	314
CSF 1 (2013)	Children, Schools & Families	Office Supplies	51	0	0	51
CSF 2 (2013)	Children, Schools & Families	Vacancy Management	2,298	0	0	2,298
CSF 3 (2013)	Children, Schools & Families	Integration of new Education Social Care and Wellbeing Directorate	100	0	0	100
CSF 4 (2013)*	Children, Schools & Families	Better targeting of teacher training bursaries	50	0	0	50
CSF 5 (2013)*	Children, Schools & Families	Registration Recharge to DSG	35	0	0	35
Total (Children, Schools & Families)			2,534	0	0	2,534
RES 1 (2013)	Resources	L&D - Agilysis Training	90	0	0	90
Total (Resources)			90	0	0	90
CORP 1 (2013)	Corporate	Audit Fees	185	0	0	185
CORP 2 (2013)	Corporate	London Pension Fund Authority Levy	399	0	0	399
CORP 3 (2013)	Corporate	Review of staff travel allowances	275	0	0	275
CORP 4 (2013)	Corporate	Treasury Management Investment Income	150	0	0	150
Total (Corporate Costs & Capital Financing)			1,009	0	0	1,009
Grand Total			5,258	115	0	5,373

* For Items less than £50k, no detailed proformas have been included

APPENDIX 4.3

NEW SAVINGS OPTIONS (DETAILED PRO – FORMAS)

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/AHWB/01/13

TITLE OF SAVINGS OPTION: Office supplies					
DIRECTORATE: Adults Health and Wellbeing					
SERVICE AREA: All			LEAD OFFICER: Isobel Cattermole		
FINANCE CONTACT: Ekbal Hussain					
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)					
Employee Costs					
Other Costs	2,299	46			46
Income					
TOTAL SAVINGS	2,299	46			46
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
	Saving £000s (Incremental)				
	2013/14	2014/15	2015/16	2016/17+	
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>We are proposing to reduce controllable office supplies budgets by 2%, over and above the existing savings target of not giving inflationary increases. This will require budget managers to exercise prudent budget management avoiding unnecessary purchases and reviewing the value for money of office supplies expenditure. The reduction is set at a level that the directorate believes is prudent given the prevailing rate of inflation.</p>					

2.	Service implications of saving:																																																					
There are no service implications identified at this stage .																																																						
3.	Actions required to achieve saving:																																																					
Office supplies budgets will be reduced by 2%. Impact to be monitored via existing budget and performance management processes.																																																						
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)																																																						
No impact on other directorates																																																						
<table border="1"> <thead> <tr> <th data-bbox="137 846 651 913">Directorate</th> <th data-bbox="651 846 820 913">2013/14</th> <th data-bbox="820 846 994 913">2014/15</th> <th data-bbox="994 846 1166 913">2015/16+</th> <th data-bbox="1166 846 1334 913">TOTAL</th> </tr> </thead> <tbody> <tr> <td data-bbox="137 913 651 954">Adults Health & Wellbeing</td> <td data-bbox="651 913 820 954"></td> <td data-bbox="820 913 994 954"></td> <td data-bbox="994 913 1166 954"></td> <td data-bbox="1166 913 1334 954"></td> </tr> <tr> <td data-bbox="137 954 651 994">Chief Executive's</td> <td data-bbox="651 954 820 994"></td> <td data-bbox="820 954 994 994"></td> <td data-bbox="994 954 1166 994"></td> <td data-bbox="1166 954 1334 994"></td> </tr> <tr> <td data-bbox="137 994 651 1034">Children, Schools and Families</td> <td data-bbox="651 994 820 1034"></td> <td data-bbox="820 994 994 1034"></td> <td data-bbox="994 994 1166 1034"></td> <td data-bbox="1166 994 1334 1034"></td> </tr> <tr> <td data-bbox="137 1034 651 1075">Schools (DSG Funded)</td> <td data-bbox="651 1034 820 1075"></td> <td data-bbox="820 1034 994 1075"></td> <td data-bbox="994 1034 1166 1075"></td> <td data-bbox="1166 1034 1334 1075"></td> </tr> <tr> <td data-bbox="137 1075 651 1115">Communities, Localities and Culture</td> <td data-bbox="651 1075 820 1115"></td> <td data-bbox="820 1075 994 1115"></td> <td data-bbox="994 1075 1166 1115"></td> <td data-bbox="1166 1075 1334 1115"></td> </tr> <tr> <td data-bbox="137 1115 651 1155">Development and Renewal</td> <td data-bbox="651 1115 820 1155"></td> <td data-bbox="820 1115 994 1155"></td> <td data-bbox="994 1115 1166 1155"></td> <td data-bbox="1166 1115 1334 1155"></td> </tr> <tr> <td data-bbox="137 1155 651 1196">Housing Revenue Account</td> <td data-bbox="651 1155 820 1196"></td> <td data-bbox="820 1155 994 1196"></td> <td data-bbox="994 1155 1166 1196"></td> <td data-bbox="1166 1155 1334 1196"></td> </tr> <tr> <td data-bbox="137 1196 651 1234">Resources</td> <td data-bbox="651 1196 820 1234"></td> <td data-bbox="820 1196 994 1234"></td> <td data-bbox="994 1196 1166 1234"></td> <td data-bbox="1166 1196 1334 1234"></td> </tr> <tr> <td data-bbox="137 1234 651 1274">TOTAL</td> <td data-bbox="651 1234 820 1274"></td> <td data-bbox="820 1234 994 1274"></td> <td data-bbox="994 1234 1166 1274"></td> <td data-bbox="1166 1234 1334 1274"></td> </tr> </tbody> </table>					Directorate	2013/14	2014/15	2015/16+	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					TOTAL				
Directorate	2013/14	2014/15	2015/16+	TOTAL																																																		
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TOTAL																																																						
Notes																																																						
5.	Other risk factors which could prevent this saving being achieved following implementation																																																					
Any significant increases in inflation will impact on our ability to deliver this saving without impacting on services.																																																						
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 will encourage more prudent budget management whilst continuing high quality service provision. We will continue to monitor service delivery through established performance management processes, and will also be monitored externally.																																																						

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/AHWB/02/13**

TITLE OF SAVINGS OPTION		Vacancy Management			
DIRECTORATE:		AHWB			
SERVICE AREA:		All	LEAD OFFICER:		Isobel Cattermole
FINANCE CONTACT:		Ekbal Hussain			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)	627	0			0
Employee Costs	25,680	1,280			1,280
Other Costs					
Income					
TOTAL SAVINGS	25,680	1,280			1,280
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>At any one time, the staffing structure is not fully occupied and we will have a number of vacancies. At present staffing budgets are funded on the basis of a fully staffed structure, but this does not account for the level of vacancies. Whilst we are mindful that in many services- particularly those on the front line- short term measures will need to be put in place pending recruitment to vacancies (eg use of agency staff), most services are able to cope with vacancies during this process. The vacancy rate in AHWB varies between 9 and 15% with an average vacancy level of 11%- however from 2013-14 the directorate will be integrated with CSF and across the two directorates the rate varies between 6 and 10%, with an average monthly vacancy rate of 8%. With this in mind and bearing in mind that some vacancies will need to be covered in the short term, we are proposing a reduction in staffing budgets of 5% to encourage managers to reflect the actual situation in terms of staff vacancies.</p>					

2. Service implications of saving:

In discouraging managers from using short term cover for vacancies (eg agency staff) there will be an expectation that any additional workload can be absorbed in the short term. This may cause issues in some services particularly demand driven front line services. The Directorate will have to manage particular services carefully so as not to affect front line delivery. The proposed level of vacancy factor is below the actual vacancy levels, which will allow for some flexibility.

As at October 2012, expenditure on filled posts is projected to be £6m under budget, which would indicate that this saving is comfortably achievable. However, when expenditure on agency staff is factored in the projected underspend reduces to £684k. This savings proposal would therefore require further reductions in the use of agency cover for vacancies, meaning that for short periods in some teams the workload would need to be absorbed. Across the directorate, agency spend would need to reduce by approximately £600k, which is approximately 7% of the current spend, or roughly 15 vacant posts at an average cost of £40k.

This proposal would help to reduce staffing budgets whilst protecting staff from risk of redundancy.

3. Actions required to achieve saving:

Staffing budgets will be reduced by 5%. Impact to be monitored via existing budget and performance management processes.

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)

No impact on other directorates

Directorate	2013/14	2014/15	2015/16+	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				
TOTAL				

Notes

5.	Other risk factors which could prevent this saving being achieved following implementation
<p>If vacancy levels reduce significantly from current levels this may impact on our ability to deliver this saving.</p>	
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?
<p>This proposal will encourage more prudent budget management whilst continuing high quality service provision. We will continue to monitor service delivery through established performance management processes, and will also be monitored externally.</p>	

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/CLC/01/13**

TITLE OF SAVINGS OPTION: Roll out of Generic Working and Enhanced Deployment Methods					
DIRECTORATE: Communities, Localities & Culture					
SERVICE AREA: Public Realm/Safer Communities			LEAD OFFICER: Jamie Blake/ Andy Bamber		
FINANCE CONTACT: Stephen Adams					
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)		4			
Employee Costs		154			154
Other Costs					
Income					
TOTAL SAVINGS		154			154
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO YES – Please complete the table below and also provide the reference no. of corresponding bid:					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
The introduction of localised working within the locality hubs across the borough has enabled the directorate to move towards a genericised workforce.					
Currently Streetcare Officers and THEOs are managed separately within the Directorate. There are opportunities to review the operational management and duties of these teams in order to provide greater levels of joined up service delivery for residents whilst realising efficiency savings through generic working.					

There are currently 4 vacant posts within the two service areas (two of which are the substantive positions for seconded member of staff). These posts will be frozen in order to deliver the identified saving whilst a review is undertaken.

2. Service implications of saving:

Detailed service implications are not yet known as this is only a high level exercise defined to establish those areas of further work that could deliver the savings. This is being put forward as one of those areas.

3. Actions required to achieve saving:

The initial phase of the review will be completed by the end of October 2014. Consultation with staff and trade unions will commence in January 2015 with final implementation in the spring.

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	2013/14	2014/15	2015/16+	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				
TOTAL				

Notes

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

The technical impact of the proposals may carry too many risks for critical service areas and it may not be possible following closer review.

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?

Generic working is one of the most efficient ways to deliver council services. This review aims to extend generic working to maximise deployment flexibility of staff whilst reducing post numbers.

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/CLC/02/13

TITLE OF SAVINGS OPTION:		Improvements to procurement of Office Supplies			
DIRECTORATE:		Communities, Localities & Culture			
SERVICE AREA:		Cross Directorate	LEAD OFFICER:		Service Heads
FINANCE CONTACT:		Stephen Adams			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)					
Employee Costs					
Other Costs		70			70
Income					
TOTAL SAVINGS		70			70
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO YES – Please complete the table below and also provide the reference no. of corresponding bid:					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>CLC has a complex set of supplies and services needs given the wide diversity of front line services that it delivers. Whilst there may be some efficiencies still to be gained the impact would have to be carefully managed if the reduction is not to put up service costs elsewhere (e.g. project or programme delay)</p> <p>This proposal would result in general efficiencies being identified across the Directorate, specifically within running cost budgets (e.g. materials, equipment).</p>					

The current arrangement for managing running cost budgets is vested with individual Budget holders this proposal would push the responsibility to service heads who would oversee the process via their management teams.

2. Service implications of saving:

Subject to effective management the impact would be minimal.

3. Actions required to achieve saving:

Detailed budget management reviews targeting even greater efficiencies via supplies and service management are needed to develop this proposal and confirm the extent of potential savings. Alongside this a risk analysis would need to be completed along with an EQIA check.

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	2013/14	2014/15	2015/16+	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				
TOTAL				

Notes

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

Medium term impacts on reactive services of reduced budgets elsewhere (e.g. maintenance) may drive up the need for supplies and services over time.

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 would require budget managers look to find further ways to improve the efficiency of their systems and processes specific to supplies and services budgets.

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/CLC/03/13**

TITLE OF SAVINGS OPTION:		Rationalising and Rebalancing Increase Market Fees.			
DIRECTORATE:		Communities, Localities & Culture			
SERVICE AREA:		Safer Communities	LEAD OFFICER:		Andy Bamber
FINANCE CONTACT:		Stephen Adams			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)					
Employee Costs					
Other Costs					
Income			65		65
TOTAL SAVINGS			65		65
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO YES – Please complete the table below and also provide the reference no. of corresponding bid:					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Market Trading Account contains some elements of income that can be transferred directly to the general fund. Provided a rebalancing of the Markets account takes place via an increase in fees which we could link to our market improvement programme (e.g. Whitechapel – HS 2012 - Roman Road – Portas etc) this transfer can take place. The income items transferred from the Markets account would then be in a position to be taken as an efficiency saving as it is no longer being used to balance the Markets trading account.</p>					

2.	Service implications of saving:																																																		
Market traders would be informed through the existing traders forums. Increase would be justified by the service improvements and the on going expansion of markets and pitch numbers.																																																			
3.	Actions required to achieve saving:																																																		
<p>Engagement with Traders.</p> <p>Formal cabinet process to increase charges specific to the Street Trading account.</p> <p>EqIA</p>																																																			
4.	Potential implications for staff, contractors, partners, assets and other Directorates:																																																		
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**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/CSF/01/13

TITLE OF SAVINGS OPTION: Office supplies					
DIRECTORATE: Children Schools and Families					
SERVICE AREA: All			LEAD OFFICER: Isobel Cattermole		
FINANCE CONTACT: David Tully					
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)					
Employee Costs					
Other Costs	2,560	51			51
Income					
TOTAL SAVINGS	2.560	51			51
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>We are proposing to reduce controllable office supplies budgets by 2%, over and above the existing savings target of not giving inflationary increases. This will require budget managers to exercise prudent budget management avoiding unnecessary purchases and reviewing the value for money of supplies and services expenditure. The reduction is set at a level that the directorate believes is prudent given the prevailing rate of inflation.</p>					

2.	Service implications of saving:																																																		
There are no service implications identified at this stage .																																																			
3.	Actions required to achieve saving:																																																		
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**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/CSF/02/13**

TITLE OF SAVINGS OPTION:		Vacancy Management			
DIRECTORATE:		Children, Schools and Families			
SERVICE AREA:		All	LEAD OFFICER:		Isobel Cattermole
FINANCE CONTACT:		David Tully			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)	2,698	0			0
Employee Costs	45,969	2,298			2,298
Other Costs					
Income					
TOTAL SAVINGS	45,969	2,298			2,298
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>At any one time, the staffing structure is not fully occupied and we will have a number of vacancies. At present staffing budgets are funded on the basis of a fully staffed structure, but this does not account for the level of vacancies. Whilst we are mindful that in many services- particularly those on the front line- short term measures will need to be put in place pending recruitment to vacancies (eg use of agency staff), most services are able to cope with vacancies during this process. The vacancy rate in CSF varies between 5 and 9% with an average vacancy level of 7%- however from 2013-14 the directorate will be integrated with AHWB and across the two directorates the rate varies between 6 and 10%, with an average monthly vacancy rate of 8%. With this in mind and bearing in mind that some vacancies will need to be covered in the short term, we are proposing a reduction in staffing budgets of 5% to encourage managers to reflect the actual situation in terms of staff vacancies.</p>					

2.	Service implications of saving:																																																		
<p>In discouraging managers from using short term cover for vacancies (e.g. agency staff) there will be an expectation that any additional workload can be absorbed in the short term. This may cause issues in some services particularly demand driven front line services. The Directorate will have to manage particular services carefully so as not to affect front line delivery e.g. in Children's Centres, social care and day nurseries. The proposed level of vacancy factor is below the actual vacancy levels, which will allow for some flexibility.</p> <p>As at October 2012, expenditure on filled posts is projected to be £4.2m under budget, which would indicate that this saving is comfortably achievable. However, when expenditure on agency staff is factored in the projected underspend reduces to £1.3m. This savings proposal would therefore require further reductions in agency spend of approximately £1m which is approximately 30% of the current spend, and equivalent to approximately 25 posts.</p>																																																			
3.	Actions required to achieve saving:																																																		
<p>Staffing budgets will be reduced by 5%. Impact to be monitored via existing budget and performance management processes.</p>																																																			
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<p>Notes</p>																																																			
5.	Other risk factors which could prevent this saving being achieved following implementation																																																		
<p>If vacancy levels reduce significantly from current levels this may impact on our ability to deliver this saving.</p>																																																			
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?																																																		
<p>This proposal will encourage more prudent budget management whilst continuing high quality service provision. We will continue to monitor service delivery through established performance management processes, and will also be monitored externally.</p>																																																			

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/CSF/03/13**

TITLE OF SAVINGS OPTION:		Integration of Children, Schools and Families and Adults Health and Wellbeing Directorates			
DIRECTORATE:		Adults Health and Well-Being and Children Schools and Families			
SERVICE AREA:		All		LEAD OFFICER: Isobel Cattermole	
FINANCE CONTACT:		Ekbal Hussain/ David Tully			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)	3,325	1.5			
Employee Costs	45,969				
Other Costs		100			100
Income					
TOTAL SAVINGS	45.969	100			100
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>This proposal is for additional savings from the integration of the two directorates, over and above the £300k already reflected in the MTFP. The total combined saving (including the £300k already agreed) represents 1 corporate director and three senior manager posts. The saving will be delivered by integrating non-frontline directorate support services, and deleting 3 duplicate senior management posts (graded LPO7-8). There will be no direct impact on frontline services.</p>					

2.	Service implications of saving:																																																		
By better integrating non frontline support services and removing duplication we will be able to improve delivery whilst reducing cost.																																																			
3.	Actions required to achieve saving:																																																		
Phase 2 of Directorate integration will be completed by March 2013 and will review our support services to identify non frontline management posts that can be deleted. We have a number of vacancies in senior posts which should allow for the saving to be achieved without redundancy.																																																			
4.	Potential implications for staff, contractors, partners, assets and other Directorates:																																																		
<p>Please indicate financial impact on other directorates (show cost increases as +ve and decreases as -ve)</p> <p>No impact on other directorates.</p> <table border="1" data-bbox="137 831 1337 1216"> <thead> <tr> <th>Directorate</th> <th>2013/14</th> <th>2014/15</th> <th>2015/16+</th> <th>TOTAL</th> </tr> </thead> <tbody> <tr><td>Adults Health & 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>TOTAL</td><td></td><td></td><td></td><td></td></tr> </tbody> </table> <p>Notes</p>		Directorate	2013/14	2014/15	2015/16+	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					TOTAL				
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5.	Other risk factors which could prevent this saving being achieved following implementation																																																		
None identified.																																																			
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 will reduce expenditure with no direct impact on frontline service provision.																																																			

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/RES/01/13**

TITLE OF SAVINGS OPTION: Transfer of ICT training to Agilisys					
<i>NB - proposal is subject to agreement of a detailed business case – discussions with Agilisys are on-going</i>					
DIRECTORATE: Resources					
SERVICE AREA: HR&WD			LEAD OFFICER: Simon Kilbey		
FINANCE CONTACT: Martin McGrath					
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)	3.5				
Employee Costs	162	80			80
Other Costs	16	10			10
Income					
TOTAL SAVINGS	178	90			90
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
ICT training is currently delivered from within HR&WD by a dedicated team					
The proposal is to outsource the responsibility for ICT training to Agilisys – aligning the service with the ICT delivery function, and shifting the emphasis to e-learning, supported by a smaller number of classroom interventions.					
The proposal would mean a reduced staffing overhead together with savings on course delivery (where procured externally) and reduced need for room booking.					
As a largely classroom based training offer, the current training arrangements are somewhat old-					

fashioned and this measure will allow them to be updated to include, for example, more online training better targeted to staff needs.

This is an outline proposal at early stages of development, and further detailed discussions will be needed with Agilisys in order to agree a detailed business case.

2. Service implications of saving:

ICT training would be commissioned through Agilisys by the Council rather than delivered in-house.

Managers and staff would be encouraged to increasingly take advantage of e-learning, so that ICT classroom training becomes the exception.

An extension to the contract with Agilisys would be required with appropriate monitoring activity taking place through the client team and HR/WD.

A full business case will be provided for any proposal and this will be considered by People Board. Other than the delivery method described above, there will be no service implications as a result of the saving, either directly for the service or the service provided to the rest of the organisation.

3. Actions required to achieve saving:

Agreement will be required with Agilisys regarding the proposed delivery model.

Development of e-learning solutions will need to take place.

Any change will be managed in line with the Council's organisational change processes, and this is a potential TUPE transfer, providing statutory protection for staff who transfer – we would aim to achieve this by April 2013 at the earliest. The Council would aim to negotiate TUPE on the same terms as the original Agilisys transfer (TUPE Plus).

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

Directorate	2013/14	2014/15	2015/16+	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	90			90
TOTAL	90			90

Notes

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

Balance of training is not fit for purpose for the Council, resulting in slippage i.e. reliance on purchase of classroom based solutions

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?
----	--

Reduced cost of training provision – direct and overhead costs

The efficiency improvement will be measured through Contract monitoring with Agilisys, and through the PDR process i.e. whether individual and organisational development needs are being met in relation to ICT training

Modernised delivery of training and greater value for money

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/RES/01/13

TITLE OF SAVINGS OPTION: Audit Fees	
DIRECTORATE: Resources	
SERVICE AREA: Corporate Finance	LEAD OFFICER: Alan Finch
FINANCE CONTACT: Alan Finch	
	Current Budget
	2012/13 £000
	Saving £000s (Incremental)
	2013/14 2014/15 2015/16 Total Savings
Employees (FTE)	NIL
Employee Costs	
Other Costs	462 185
Income	
TOTAL SAVINGS	462 185
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO	
	Saving £000s (Incremental)
	2013/14 2014/15 2015/16 2016/17+
Revenue Expenditure – REF ()	
Capital Expenditure – REF ()	
Total	
Nature of expenditure:	
1.	<p>Outline/ details of savings proposal, including indications of stage of development, and work and timescales needed to finalise proposal:</p> <p>As a result of the abolition of the Audit Commission and retendering of external audit work for all local authorities across England, core audit fees are reducing by 40%. In Tower Hamlets' case this amounts to £185,000 a year.</p> <p>Delivery of this saving relies upon the Council maintaining and managing its risk profile. The audit fee is based in part on the level of assurance the auditor is able to place on the authority's financial arrangements. If the authority's standards slip, the auditor may take the view that additional audit work is required and additional fees may be incurred.</p>

2. Service implications of saving:

None. In general terms, the authority will need to continue to operate with the same level of financial assurance as it did before the new contract came into effect.

3. Actions required to achieve saving:

In principle, none. Discussions have yet to be had with the new auditor KPMG about how they will seek assurance in relation to the Council's financial controls, governance and systems and it may be that the auditor will expect the Council to do more to deliver this assurance than the previous auditor required. If this is the case there may be additional workload involved for key officers and some additional costs may be incurred.

The auditors also consider the overarching governance as this may impact on the financial governance of the Council. In this regard, the authority will need to maintain effective governance arrangements to demonstrate to the auditors, the Council conducts its business properly.

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

Directorate	2013/14	2014/15	2015/16+	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	185			
TOTAL	185			

Notes

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

Delivery of this saving relies upon the Council maintaining and managing its risk profile. Issues that could affect this assessment include;

- Detrimental changes to financial governance arrangements
- A negative value for money assessment
- Significant errors found in the Council's accounts, particularly those of a material nature
- A negative assessment of internal audit arrangements.

The authority is going through considerable financial change involving, among other things, planning for and delivering major savings targets, replacement of its main financial systems and reorganisation of the Finance team in April 2013 and the departure of the Chief Finance Officer in January 2013.

These issues will need to be managed appropriately to ensure that the Council's reputation with the auditor and therefore the assurance the auditor places on our financial arrangements is not impacted. If that happens additional audit costs are likely to be incurred.

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?
----	--

There are no efficiency implications as such.

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/RES/02/13

TITLE OF SAVINGS OPTION:		Levies & Subscriptions			
DIRECTORATE:		Resources			
SERVICE AREA:		Corporate Finance	LEAD OFFICER:		Alan Finch
FINANCE CONTACT:		Alan Finch			
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)	NIL				
Employee Costs					
Other Costs	2,628	399			
Income					
TOTAL SAVINGS	2,628	399			
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The London Pensions Fund Authority manages the pension fund for the former Greater London Council and Inner London Education Authority, many of whose services and staff transferred to the Boroughs in the 1980s and 1990s. The London Pensions Fund Authority raises an annual levy on all London Boroughs to cover expenditure on premature retirement compensation and other personnel matters for which it has responsibility for but cannot charge to the pension fund.</p> <p>In 2009, the LPFA advised the London Boroughs of a deficit on the Pensioner sub-Fund which is</p>					

that part of the LPFA Fund which covers former employees who are no longer contributing to the Fund.

Boroughs were advised that LPFA intended to increase the levy in order to recover the deficit and to lobby the Government to change the law to enable this to happen. The argument for doing this would be that since the functions undertaken by the former employees had transferred to the Boroughs, the Boroughs were responsible for the past liabilities. This position was contested by the Boroughs but Tower Hamlets began to set aside a provision against the possibility that a charge would be made.

However, to date, although LPFA continues to lobby, CLG has not responded to their request. In view of this, the risk appears to have receded and officers no longer believe that it is necessary to continue to set funding of £330k aside for this contingency.

The savings will therefore arise from cutting the funding that is set aside against the probability of a future call to fund the LPFA Pensioners sub-Fund.

London Borough Subscriptions for 2013/14 has reduced by £69k, resulting in a saving for 2013/14 budget. Other Levies are yet to be confirmed to determine total savings.

2. Service implications of saving:

None

3. Actions required to achieve saving:

None.

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

None

Directorate	2013/14	2014/15	2015/16+	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	None			
TOTAL	None			

Notes

5.	Other risk factors which could prevent this saving being achieved following implementation
<p>If the Regulations are changed to enable the LPFA to charge the deficit to the Boroughs, funding will need to be reinstated within the budget to allow those payments to be made. Similarly, increase in subscription and Levies will result in budget being reinstated.</p>	
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?
<p>None.</p>	

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

**Item Ref. No:
SAV/CORP/03/13**

TITLE OF SAVINGS OPTION: Review of staff travel allowances					
DIRECTORATE: Corporate					
SERVICE AREA: All			LEAD OFFICER: Simon Kilbey		
FINANCE CONTACT: Martin McGrath					
	Current Budget	Saving £000s (Incremental)			
	2012/13 £000	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)					
Employee Costs					
Other Costs		275			275
Income					
TOTAL SAVINGS		275			275
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? NO					
		Saving £000s (Incremental)			
		2013/14	2014/15	2015/16	2016/17+
Revenue Expenditure – REF ()					
Capital Expenditure – REF ()					
Total					
Nature of expenditure:					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
This is a draft proposal at early stages.					
The proposal is to review travelcard and essential car user allowances. This is being pursued as a corporate policy with buy in from all directorates. The amount above is a conservative estimate of proposed savings.					
We currently pay eligible staff £1,368 each to cover the cost of a zone 1-3 travelcard for work related travel. The proposal is to review this and reduce the payment to the equivalent of a zone 2-					

3 annual Oyster travelcard. This is on the basis that very little of the borough (only 1 underground station and 1 overground station) is in Zone 1 and therefore the vast majority of work related journeys would be covered by zones 2 and 3. The difference in cost per eligible staff member is £488. Some staff will see reductions in payments for travel allowances although any legitimate staff travel expenses to any zone 1 station will be reimbursed.

We are also proposing to review essential car user allowances that are given to members of staff which consist of a lump sum plus mileage allowances. Some of these staff may no longer be entitled to allowances following recent changes in the criteria and changes in their day to day work.

2. Service implications of saving:

There are no service implications identified at this stage.

3. Actions required to achieve saving:

A corporate review will be undertaken to assess the true cost to the council. The amount stated is a prudent estimate of the potential saving achievable in this area.

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)

Some staff will see reductions in payments for travel allowances although there will continue to be a level of payment commensurate with their legitimate travel expenses.

Directorate	2013/14	2014/15	2015/16+	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				
TOTAL				

Notes

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

The review is subject to negotiations with trade unions in accordance with the council procedures.

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 will reduce expenditure with no impact on service provision.

**SAVING PROPOSALS
BUDGET 2013/14 – 2015/16**

Item Ref. No:
SAV/CORP/04/13

TITLE OF SAVINGS OPTION:		Treasury Management: Investment Income			
DIRECTORATE:		Resources			
SERVICE AREA:		Corporate Finance	LEAD OFFICER:		Alan Finch
FINANCE CONTACT:		Oladapo Shonola			
	Current Budget	Saving £000s (Incremental)			
£'000	2012/13	2013/14	2014/15	2015/16	Total Savings
Employees (FTE)		NIL			
Employees					
Others					
Income	2,395	150			
TOTAL SAVINGS	2,395	150			
Revenue/Capital Costs: Are there any revenue or capital costs associated with this proposal? No					
1.	Outline/ details of savings proposal , including indications of stage of development, and work and timescales needed to finalise proposal:				
<p>The Investment Strategy for 2013/14 proposes extending the range of banks with which the Council can invest in order to effectively manage the Council's investment of cash funds.</p> <p>Interest rates are currently historically low, driven by a bank base rate of 0.5%, and the creditworthiness of banks has been under intense scrutiny resulting in a large number of banks being downgraded. This has gradually reduce the number of banks and other institutions which are compliant with the Council's investment strategy limits. However, this restricted number of investment options itself creates a risk, because it does not allow the Council to spread its investments and has forced us to keep large sums in overnight money market investments wich deliver very little return.</p> <p>The strategy proposes reducing the credit rating that the Council will consider acceptable but places a lower cap on the fuinds that may be placed on lesser rated banks, which minimises the risk. All counterparties will remain of relatively good quality and within sovereign jurisdictions that can support banks at risk.</p> <p>The treasury management team have also recently refreshed the Council's cash flow model which allows them to predict more accurately when funds will be required and therefore invest for longer periods.</p> <p>A combination of these measures should increase the level of investment income that the Council can</p>					

generate, in spite of the relatively low interest rates and the expectation that these will not increase in the near future.	
2.	Service implications of saving:
There are no service implications. The treasury team will continue to manage investments on a day to day basis in accordance with current practice.	
3.	Actions required to achieve saving:
The introduction of the new investment strategy will enable the saving to be delivered without any special measures being taken.	
4.	Potential implications for staff, contractors, partners, assets and other Directorates:
None	
5.	Other risk factors which could prevent this saving being achieved following implementation
Financial investment always carries a measure of risk. Good treasury management practice identifies and measures these risks and undertakes investments on the basis of balancing risk and return. When public money is involved, it is also important to ensure that assets are relatively secure. The Council's investment is designed to ensure investments are undertaken without unnecessary risk. The ability to invest funds with a wider range of counterparties itself provides risk cover by ensuring that large sums are not deposited with one borrower.	
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 Council's new cash flow model will enable investments to be undertaken more efficiently and ensure that money is not invested for unnecessarily short periods.	

APPENDIX 5

ACCELERATED DELIVERY (DETAILED PRO – FORMAS)

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CSF/01**

PART 1:		
TITLE OF ACCELERATED DELIVERY INITIATIVE:	Mayor's Higher Education Bursary	
COMMUNITY PLAN THEME:		
PRIORITY: (identify which)	Education	
DIRECTORATE:	Education, Social Care and Wellbeing	
SERVICE AREA:	School Improvement Secondary (G26)	LEAD OFFICER: Di Warne
SHORT DESCRIPTION OF ACTIVITY PROPOSED:		
<p>It is proposed to award bursaries of £1,500 each to 400 young people to assist with the cost of attending colleges and universities providing designated course of higher education.</p> <p>It is estimated that the administrative costs associated with this initiative will cost around 5% of the award itself (i.e. beyond the £1,500).</p>		
FINANCIAL INFORMATION:		
Please give an indication of financial requirements to deliver the proposed acceleration. If this will be delivered within existing budgets, please indicate 'nil'.		
	Resource requirements	
	2013//2014 £000	2014/2015 £000
	Revenue	
	- General Fund	630
- HRA	-	-
Capital	630	630

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CSF/01**

KEY DECISIONS ON MOBILISATION : Please indicate proposed approach to decision making on mobilisation of new initiative	
Cabinet Decision (Only required for 2013/14 expenditure proposals and those requiring early decision in order to be implemented in 2014/15).	Y Likely Cabinet for decision May 2013 making/announcement:
Add-on to existing service or contract	N Date effective from/to: September 2013 until August 2015 (2 academic years)
Participatory Budgeting exercise	N Indicative date:
Other	Budget allocation to be agreed as part of budget setting for 2013/14 financial year with a fully worked scheme to be considered by Cabinet in May 2013 for operation thereafter for a two-year period covering study from September 2013.

OUTLINE TIMESCALE FOR DELIVERY	
Decision and/or resource allocation by:	February 2013
Mobilisation – initiative underway by:	June 2013
Key delivery milestones	
By March 2013	Funding identified
By May 2013	Operational policy agreed by Cabinet
By September 2013	Initial bursary awards made
By August 2015	Scheme complete.

DELIVERY RISKS Please indicate any risks which may delay or prevent delivery and mitigating measures to be taken	
Risk identified	Mitigating action
There is a risk that not enough young people will apply and meet the qualifying criteria	The scheme will be designed with criteria that enable enough young people to apply A publicity campaign will ensure applications are encouraged

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CSF/01**

PART 2: Only required if additional resources required

NB FOR CAPITAL EXPENDITURE SCHEMES, A CAPITAL TEMPLATE SHOULD ALSO BE PROVIDED

ADDITIONAL OUTPUTS TO BE DELIVERED – these must be additional to those already planned for delivery with existing budgets

Description of Output (New homes, Security Cameras, Youth Workers)	Additional by end March 2014	Additional by Sept 2014	Additional by March 2015
Young people supported in taking designated courses of higher education.	400		

OUTCOMES IN PRIORITY AREAS Describe what outcomes this expenditure would achieve in relation to the priority area and set out the uplift which can be expected in key targets

Description of outcomes proposed:

The bursary will encourage more young people to enter higher education.

Strategic Indicator (Council Strategic Indicator)	Current target 2013/14	Target with 13/14 additional spend	Current target 2014/15	Target 14/15 with additional spend

VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money, e.g.

- unit cost comparisons of proposed provision

Where existing provision is being extended

- cost/performance benchmarking of existing provision which is to be extended
- internal/external evaluation of existing provision to be extended

Where proposed provision is new /innovative

- evidence/rationale for effectiveness and value for money of approach proposed

There is evidence that changes in the funding regime for higher education (HE), including the increase in tuition fees, are resulting in a reduction in entrants to universities and colleges providing higher education courses. Providing additional support will increase the number of entrants to HE and therefore improve employability prospects for young people. This in turn will reduce reliance on the welfare state and have economic benefits.

The final scheme will take account of value for money considerations, by targeting funding appropriately, managing the scheme efficiently and ensuring that the criteria used support the Authority's policy aspirations.

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CLC/ 01**

PART 1:

TITLE OF ACCELERATED DELIVERY INITIATIVE:	Borough Wide Deep Clean and Education Programme		
COMMUNITY PLAN THEME:			
PRIORITY: (identify which)	Cleanliness		
DIRECTORATE:	Communities, Localities and Culture		
SERVICE AREA:	Public Realm	LEAD OFFICER:	Jamie Blake

SHORT DESCRIPTION OF ACTIVITY PROPOSED:

Introduction

The Olympic Games gave the authority the opportunity to showcase to the world the very unique and diverse opportunities the Borough has to offer. To achieve this we developed a waste and cleansing plan to enable services to be developed and delivered with minimum disruption to residents and businesses.

The main principle & purpose of this proposal was to maintain the very high standards of cleanliness delivered in Tower Hamlets throughout the Olympic period and encourage visitors to enjoy the delights this borough has to offer from the unique curry capital of the world in Brick lane and the world famous Petticoat Lane market to the wonderful parks and open spaces across the borough, in particular Victoria Park and the live site events it produced.

Having been given this opportunity and seen the impact of the changes made for the Olympic games we have reviewed the services to continue to promote Tower Hamlets and hopefully encourage additional business investment borough wide.

It is well known that a clean and welcoming area will encourage businesses and attract wealth to any area, it has been known to reduce crime and improve local social environment whilst increasing health benefits.

Therefore we propose to continue the perception of the games by introducing changes to the cleaning regimes across the borough combined with improved communication and the use of innovative equipment and methods.

Deep Clean

Prior to the Olympics a successful programme of intensive 'deep cleaning' was undertaken which covered both public and private land.

We are proposing to extend this service across the borough and further supplement the cleansing regime by introducing additional resources into 'hot spot' areas of the borough.

Find it Fix it Love it-FiFiLi

We are always looking for innovative ways of working to improve services and assist the public in participating in our service delivery.

Two years ago we introduced two find it and fix it teams, this initiative has had a major impact in areas which had previously been problematic for residents and attracted environmental crime such as fly tipping, dumping, graffiti and fly posting.

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CLC/ 01**

We are now proposing increasing the amount of resources on the ground and this initiative will also include public participation through the use of the new FiFiLi mobile phone applications to report litter bin damage, dirty streets, fly posting, overflowing litter bins and of course abuse of bins. This service will operate seven days a week.

Managing large events

The Council organises and promotes some fantastic events throughout the year and these draw crowds of up to 40,000 at any one time. This does have an impact on the levels of litter and other environmental blight. The additional funding would be used to build on the success from the Olympic 'live site' which would ensure that our community enjoy litter free streets and parks during this period of celebration and entertainment.

Education

Following a disappointing qualitative result in the public perception survey that does not accurately reflect the quantitative service delivery KPI's; a need has been identified to work with the community to raise the levels of satisfaction felt by the residents with the services that Clean and Green provide to more closely reflect the actual situation. This also plays a pivotal role in meeting the Mayoral priority to "improve cleanliness and the public realm" by aligning the perception and the reality of the condition of the borough and ensuring that residents and visitors understand the cost and environmental damage cause by littering and the amount of litter dropped.

The proposed actions should help to reduce the gap between customer expectations and the perception of the service they have received.

FINANCIAL INFORMATION: Please give an indication of financial requirements to deliver the proposed acceleration. If this will be delivered within existing budgets, please indicate 'nil'.

	Resource requirements	
	2013//2014 £000	2014/2015 £000
Revenue		
- General Fund	£666	£134
- HRA		
Capital		
	£666	£134

Operation	Over a 12 month period
Managing Large Events	£100,000.
FIFILI (find it fix it love it) crews	£240,000.
Education	£100,000.
Additional Deep Clean Sweepers	£310,000.
Find it Fix it Love it Apprentices	£50,000
Total	£800,000.
	Includes estimated contract uplift of 2.5%

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CLC/ 01**

KEY DECISIONS ON MOBILISATION : Please indicate proposed approach to decision making on mobilisation of new initiative	
Cabinet Decision (Only required for 2013/14 expenditure proposals and those requiring early decision in order to be implemented in 2014/15).	Y/N Likely Cabinet for decision making/announcement:
Add-on to existing service or contract	Y/N Date effective from/to:
Participatory Budgeting exercise	Y/N Indicative date:
Other	Describe:

OUTLINE TIMESCALE FOR DELIVERY	
Decision and/or resource allocation by:	April 2013
Mobilisation – initiative underway by:	May 2013
Key delivery milestones	
By December 2013	Summer event cleaning
By March 2014	75% of roads 'deep cleansed'
By March 2015	Improved public perception results

DELIVERY RISKS Please indicate any risks which may delay or prevent delivery and mitigating measures to be taken	
Risk identified	Mitigating action
Delay in decision making process would impact on delivery	Ensure that the action plan is clear and concise for members to make an immediate decision
Partners failing in achieving the aspirations of the council	Ensure that there is a robust monitoring regime and weekly tracker on outputs

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/CLC/ 01**

PART 2: Only required if additional resources required

NB FOR CAPITAL EXPENDITURE SCHEMES, A CAPITAL TEMPLATE SHOULD ALSO BE PROVIDED

ADDITIONAL OUTPUTS TO BE DELIVERED – these must be additional to those already planned for delivery with existing budgets

Description of Output (New homes, Security Cameras, Youth Workers)	Additional by end March 2014	Additional by Sept 2014	Additional by March 2015

OUTCOMES IN PRIORITY AREAS Describe what outcomes this expenditure would achieve in relation to the priority area and set out the uplift which can be expected in key targets

Description of outcomes proposed:

Strategic Indicator (Council Strategic Indicator)	Current target 2013/14	Target with 13/14 additional spend	Current target 2014/15	Target 14/15 with additional spend

VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money, e.g.

- unit cost comparisons of proposed provision

Where existing provision is being extended

- cost/performance benchmarking of existing provision which is to be extended
- internal/external evaluation of existing provision to be extended

Where proposed provision is new /innovative

- evidence/rationale for effectiveness and value for money of approach proposed

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/D&R/01**

PART 1:

TITLE OF ACCELERATED DELIVERY INITIATIVE: Roman Road Town Centre Improvements and Brick Lane Commercial District Initiatives

COMMUNITY PLAN THEME: A prosperous community

PRIORITY: (identify which) Fostering enterprise and entrepreneurship

DIRECTORATE: Development and Renewal

SERVICE AREA: Economic Development & Olympic Legacy **LEAD OFFICER:** Andy Scott

SHORT DESCRIPTION OF ACTIVITY PROPOSED:

This growth bid is to support the delivery of two town centre improvement initiatives, focusing on the Roman Road and Brick Lane areas. These will be two-year pilot projects in the first instance, but ensuring that the interventions deliver long-term sustainable improvements in the two locations will be a key objective of the schemes.

Both initiatives will aim to:

- Increase footfall
- Offer targeted advice and support to local businesses
- Support alignment of retail offer with existing and potential customers
- Promote and support liaison and communication between local businesses of different types and sizes as well as with local community and consumer groups
- Reduce vacant units
- Secure additional funding resources to support the town centre area

Although the aims of the initiatives are the same, the contexts, strengths and needs of Brick Lane and Roman Road are quite different. It is therefore likely that different types of intervention will be required in the two locations in order to achieve the aims.

An early task in both locations will be to commission and/or undertake a competitiveness audit to ensure that there is robust evidence of:

- the strengths and weaknesses of the respective town centres
- the characteristics and condition of their existing and potential markets
- the needs and wishes of key stakeholders, including existing local businesses and surrounding communities

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

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GRO/D&R/01**

The results of this competitiveness audit will then inform the development of a detailed action plan for the remainder of the two year programme in each location.

In Roman Road, a Town Centre Manager post (at PO4) will be created through the resources sought through this bid. The Town Centre Manager will drive and coordinate town centre improvement activity and enable an intensive focus which is responsive to the area's individual context and needs and aspirations of local stakeholders. To support the Town Centre Manager's work and assist with set-up costs, consultation, specialist commissioning and project delivery, the post will also require a small operational budget.

For Brick Lane, it is recognised that the existing diversity of businesses (in terms of type, size, and commercial health) as well as the varying markets they serve means that achieving the aims and objectives set out above will require a highly flexible approach. Consequently it is proposed that the resources sought through this bid should form a programme delivery fund which can be used to support the interventions proposed by the competitiveness audit. It is anticipated that the primary focus of the programme delivery fund will be to support project delivery, with flexibility retained to manage implementation through existing staff resources or via the appointment of a Brick Lane commercial district manager.

These town centre improvement initiatives for Roman Road and Brick Lane sit within the context of the Council's Enterprise Strategy, which was adopted in May 2012. The strategy sets out the Council's approach to encouraging and supporting enterprise and entrepreneurial activity to increase opportunity, prosperity and mobility in Tower Hamlets.

The Enterprise Strategy recognises the significant contribution that town centres have to make to the borough's economic development and regeneration. Typical town centre uses, particularly in the retail sector, can be more resilient to economic downturns, and generate flexible local jobs that are appropriate for a range of skills levels. Town centres also provide smaller office space, which is in short supply in the borough.

But the strategy also acknowledges that town centres in the borough face significant challenges, with few reaching the level of critical mass necessary for them to achieve their potential. Improving the performance of the borough's town centres, the strategy argues, has the potential to retain more spending locally, support a more diverse economy in Tower Hamlets, and increase the number and range of jobs available to residents.

FINANCIAL INFORMATION: Please give an indication of financial requirements to deliver the proposed acceleration. If this will be delivered within existing budgets, please indicate 'nil'.

	Resource requirements	
	2013//2014 £000	2014/2015 £000
Revenue		
- General Fund	150	150
- HRA		
Capital		
	150	150

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/D&R/01**

KEY DECISIONS ON MOBILISATION : Please indicate proposed approach to decision making on mobilisation of new initiative

Cabinet Decision (Only required for 2013/14 expenditure proposals and those requiring early decision in order to be implemented in 2014/15).	No
Add-on to existing service or contract	No
Participatory Budgeting exercise	No
Other	Describe:

OUTLINE TIMESCALE FOR DELIVERY

Decision and/or resource allocation by:	March 2013
Mobilisation – initiative underway by:	June 2013
Key delivery milestones	
By December 2013	Appointment of Roman Road Town Centre Manager
By March 2014	Town centre/commercial district competitiveness audits and recommendations for Roman Road and Brick Lane complete and action plan agreed
By September 2014	Implementation of recommended actions from competitiveness audit underway
By March 2015	Interim evaluation of town centre/commercial district support programmes

DELIVERY RISKS Please indicate any risks which may delay or prevent delivery and mitigating measures to be taken

Risk identified	Mitigating action
<i>To be finalised prior to Cabinet</i>	
Large number of current projects and initiatives focusing on Roman Road – including Portas Pilot, Town Team and High Street Innovation Fund – leads to uncoordinated and unfocused approach.	Coordination of regeneration activity in Roman Road will be key activity for Roman Road town centre manager.
Activities and interventions identified for Roman Road and Brick Lane do not meet expectations of stakeholders.	Engagement of existing stakeholder groups from outset of delivery.
Ongoing economic downturn has negative impact on anticipated outcomes of town centre improvement initiatives.	While the Council's ability to influence the national and regional economic context is limited, the business and finance climate will be monitored and the proposed interventions can be adjusted to respond to any shift in circumstances.

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/D&R/01**

PART 2: Only required if additional resources required

NB FOR CAPITAL EXPENDITURE SCHEMES, A CAPITAL TEMPLATE SHOULD ALSO BE PROVIDED

ADDITIONAL OUTPUTS TO BE DELIVERED – these must be additional to those already planned for delivery with existing budgets

Description of Output (New homes, Security Cameras, Youth Workers)	Additional by end March 2014	Additional by Sept 2014	Additional by March 2015
Roman Road town centre manager employed	1	1	1
Town centre/commercial district competitiveness audit undertaken	2	2	2
Businesses engaged in consultation in relation to competitiveness audit	50	50	50
Roman Road business promotion events held	0	1	2
Businesses engaged in new Roman Road business network	0	25	25

OUTCOMES IN PRIORITY AREAS Describe what outcomes this expenditure would achieve in relation to the priority area and set out the uplift which can be expected in key targets

Description of outcomes proposed:

Improved local satisfaction with Brick Lane commercial district and Roman Road town centre offer
Increase in businesses participating in Roman Road business promotion events
Improved networking and collaboration between businesses

NB 13/14 and 14/15 targets for relevant Council Strategic Indicator have not yet been set so it is not possible at this stage to define anticipated uplift. It should also be noted that the scale and limited geographical focus of the proposed initiatives is unlikely to have an impact on borough-wide resident satisfaction and the resident survey sample size at ward level may be too small to allow any meaningful conclusions to be drawn. It is proposed that any evaluation of town centre/commercial district support programmes will make a more targeted assessment of resident and business satisfaction with the commercial district/town centre offers.

**ACCELERATING DELIVERY – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/D&R/01**

Strategic Indicator (Council Strategic Indicator)	Current target 2013/14	Target with 13/14 additional spend	Current target 2014/15	Target 14/15 with additional spend
Strategic226: Overall / general satisfaction with the local area (ARS)	Targets TBA – see note above			
<p>VALUE FOR MONEY/EFFICIENCY</p> <p>Provide evidence that the proposed expenditure will offer value for money, e.g.</p> <ul style="list-style-type: none"> - unit cost comparisons of proposed provision <p>Where existing provision is being extended</p> <ul style="list-style-type: none"> - cost/performance benchmarking of existing provision which is to be extended - internal/external evaluation of existing provision to be extended <p>Where proposed provision is new /innovative</p> <ul style="list-style-type: none"> - evidence/rationale for effectiveness and value for money of approach proposed 				
<p>This is an innovative project designed to ensure that what is supplied by businesses in Roman Road is more closely aligned, in a sustainable way, to the demand characteristics of the surrounding community. The project therefore will bring about economic benefits both in the short and medium terms. On the basis of the Roger Tym and Partners Retail & Leisure Capacity Study in 2009, the annual comparison goods shopping turnover in Roman Road East is unlikely to be less than £10m. On the basis of this figure, the project would pay for itself in three years if it improved turnover by 0.5%.</p> <p>An additional benefit will be that lessons learned in Roman Road could in principle be applied to town centres elsewhere in the borough.</p>				

**ACCELERATING DELIVER – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
GRO/D&R/02**

The same influence of Welfare Reform, coupled with the wider effects of the economic downturn, indicate that there will be a rise in homeless applications with, again, around 500 Private Rented Sector tenants similarly unable to meet part/all of their respective rental obligations. Without significant mitigating action, these factors would have a significant budgetary impact for the Council.

A possible option would be to move such households to lower cost accommodation; such lower costs though are directly proportional to each property's distance from Tower Hamlets. By having regard to various areas' Local Housing Allowance levels, the rental markets generally in those areas and each household size's capacity to meet some of their due rent, the conclusion reached is that any 2-bedroom household, whilst not being able to pay their rent in Tower Hamlets, could be found affordable accommodation in outer-London. However, for 3-bedroom plus households, affordability generally only occurs outside of London.

A mitigating alternative has, however, been identified - to fund £1 million of 'exceptional cases' rental-bridging. Officers are currently developing appropriate criteria to assist, on average, 2 in 15 households. Such criteria will be akin to those relied upon when making Discretionary Housing Payments, and are likely to reflect matters such as the impact on GCSE years children, medical/social needs, etc.

The rental bridging is one of three main strategies being pursued, the other two being summarised as:-

1. Maximising individual's prospects of gaining employment, this being the main means to lift households outside of the £500 Cap regime
2. Maximising individual's prospects of a social housing tenancy and therefore lower rental accommodation, removing elements of choice and instead applying the Allocation Scheme's 'Direct Offer' mechanism."

FINANCIAL INFORMATION: Please give an indication of financial requirements to deliver the proposed acceleration. If this will be delivered within existing budgets, please indicate 'nil'.

	Resource requirements	
	2013//2014 £000	2014/2015 £000
Revenue		
- General Fund	1,000	-1,000
- HRA		
Capital		
	1,000	-1,000

KEY DECISIONS ON MOBILISATION : Please indicate proposed approach to decision making on mobilisation of new initiative

Cabinet Decision (Only required for 2013/14 expenditure proposals and those requiring early decision in order to be implemented in 2014/15).	Y/N Likely Cabinet for decision making/announcement:
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**ACCELERATING DELIVER – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

**Item Ref. No:
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Add-on to existing service or contract	Yes Date effective from/to:
Participatory Budgeting exercise	No Indicative date:
Other	Describe:

OUTLINE TIMESCALE FOR DELIVERY

Decision and/or resource allocation by:	
Mobilisation – initiative underway by:	
Key delivery milestones	
By December 2013	
By March 2014	
By September 2014	
By March 2015	

DELIVERY RISKS Please indicate any risks which may delay or prevent delivery and mitigating measures to be taken

Risk identified	Mitigating action

**ACCELERATING DELIVER – CABINET KEY PRIORITIES
ONE OFF SPENDING PROPOSALS**

Item Ref. No:
GRO/D&R/02

PART 2: Only required if additional resources required

NB FOR CAPITAL EXPENDITURE SCHEMES, A CAPITAL TEMPLATE SHOULD ALSO BE PROVIDED

ADDITIONAL OUTPUTS TO BE DELIVERED – these must be additional to those already planned for delivery with existing budgets

Description of Output (New homes, Security Cameras, Youth Workers)	Additional by end March 2014	Additional by Sept 2014	Additional by March 2015

OUTCOMES IN PRIORITY AREAS Describe what outcomes this expenditure would achieve in relation to the priority area and set out the uplift which can be expected in key targets

Description of outcomes proposed:

Strategic Indicator (Council Strategic Indicator)	Current target 2013/14	Target with 13/14 additional spend	Current target 2014/15	Target 14/15 with additional spend

VALUE FOR MONEY/EFFICIENCY

Provide evidence that the proposed expenditure will offer value for money, e.g.

- unit cost comparisons of proposed provision

Where existing provision is being extended

- cost/performance benchmarking of existing provision which is to be extended
- internal/external evaluation of existing provision to be extended

Where proposed provision is new /innovative

- evidence/rationale for effectiveness and value for money of approach proposed

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.
 - The external financial outlook.

RESERVES AND BALANCES

- 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 of thumb, however, 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 £25m 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 £ 32.9m as at 31st March 2013. This represents a significant endorsement of the organisation's financial management arrangements.
- 1.8 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 £45m, with a recommended minimum level (representing a medium risk profile) of £20m.
- 1.9 As shown in Appendix 6.3, in order to smooth the impact of government grant reductions reserves are being built up in 2012/13 and 2013/14 and will be utilised in 2014/15. Over this period reserves will not fall below the range between 5% and 7.5% of the Council's gross expenditure (excluding schools and housing benefits) but will be higher than this at times. However the implication of planning to reduce general reserves to the minimum recommended level by April 2015 is that 2015/16 and subsequent years' budgets will need to be balanced by identifying savings year on year.
- 1.10 Appendix 6.2 shows that the profile of risks has changed since this time last year, with more risk attributed to service pressures (particularly those relating to welfare reform) and the delivery of the authority's savings programme, and less risk attributed to economic conditions. The Government's Autumn Statement announcements in relation to 2013/14 and 2014/15; however, the authority's savings targets are more stretching with each passing year. The assessment of high risk is significantly higher than it was last year, and while there is no immediate imperative to build this worst case scenario into the Medium Term Financial Plan, the risk that the authority may be placed in a

RESERVES AND BALANCES

position of having to find higher levels of savings at relatively short notice has increased in the last twelve months.

- 1.11 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 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 2013-14 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 2013/14 but the Autumn Statement announced a further 2% cut in local authority funding in 2014/15. In relation to public spending in general, the Chancellor projected that austerity will continue until 2017/18 with further cuts on the same trajectory. This is likely to mean that in addition to savings already identified and agreed to the end of 2014/15, the authority will need to deliver a further £80m-£90m worth of savings would be required by the end of that period.
- 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 'triple-dip' recession and the public finances remain 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 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 2013/14 and the medium term.

RESERVES AND BALANCES

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.

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 £24.6m as at 31.3.13. Following a review of the level of claims and existing potential liabilities, an additional contribution of £0.5m to the reserve is being made in 2012-13. However, at this stage it is not anticipated that further contributions will be required beyond this year.

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.

RESERVES AND BALANCES

- 1.21 The Council is setting aside £2.9m in 2012-13 to supplement 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 31st March 2013.

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 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 £25.8m at 31st March 2012. 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 £11m over the business planning period through the application of the Year 1 New Homes Bonus.

Other Corporate and Service Specific Earmarked Reserves

- 1.27 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.

RESERVES AND BALANCES

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.

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 in 2013/14 is 10% higher than forecast	750
Interest rates – average investment rate in 2013/14 is 0.5% less than estimate.	750
10% of projected savings not delivered in 2013/14	2,600
Budget requirement overspent by 1%	3,000
For each £1m that the cost of implementation of improvement and efficiency programme exceeds expectation.	1,000

Appendix 6.2

RISK EVALUATION 2013/14

Risks	Budget Exposure £m	2012/13	2013/14 onwards	
		Medium Risk £m	Medium Risk £m	High Risk £m
General Economic Climate				
Inflation	400			
Debt recovery	250			
Tax base	200			
Interest rates	10			
Fees and charges	35			
Grant funding (exc. ring fenced grants)	150			
Pensions auto enrolment	150			
Fraud	n/a			
		15.0	7.5	20.5
Service Demand (inc. ring fenced grants)				
Children's Services	300			
Adult Services	100			
Demographics	300			
Welfare Reform	n/a			
Public Health transfer	30			
		5.0	9.5	19.0
Savings programme				
Slippage and non-achievement of savings	50			
Cost of implementation	50			
		2.5	4.0	9.5
Unidentified risks	n/a	3.0	3.0	5.0
Opportunities				
Tax base growth	200			
Public Health transfer	30			
		-2.5	0.0	-3.0
Risk and contingency provisions		-3.0	-4.0	-6.0
TOTAL RISK EVALUATION		20.0	20.0	45.0

Projected movement in Reserves April 2012 to March 2016

	31.3.12	31.3.13	31.3.14	31.3.15	31.3.16
	£million	£million	£million	£million	£million
General Fund Reserve	26.4	32.9	47.1	32.5	20.0
Earmarked Reserves					
Corporate					
Improvement & Efficiency	11.5	10.6	6.8	4.0	2.0
Severance	4.0	4.0	3.0	2.0	1.0
Finance Systems	2.7	-	-	-	-
ICT Refresh	1.4	-	-	-	-
Olympics	1.9	-	-	-	-
Education Grant Reduction	4.0	2.6	1.8	1.0	-
Employment and other Corporate Initiatives	6.2	1.6	-	-	-
Other	1.9	5.6			
Service Specific					
Homelessness	2.9	1.5	-	-	-
Parking Control	2.6	1.4	0.6	-	-
Development & Renewal other	2.8	1.4	-	-	-
Communities, Localities and Culture	0.7	0.2	-	-	-
Children, Schools and Families	0.5	-	-	-	-
Adults, Health and Wellbeing	5.5	5.3	4.2	-	-
Chief Executive's and Resources	0.1	-	-	-	-
Revenue Reserves, Other					
Insurance	24.1	24.6	24.6	24.6	24.6
Schools	25.8	25.8	25.8	25.8	25.8
Early Intervention	4.2	2.8	0.6	-	-
Housing Revenue Account	14.6	15.0	15.0	15.0	15.0
Capital	20.9	13.4	9.0	5.0	-
Earmarked Reserves surplus to requirements	-	1.2	-	-	-
	164.7	149.9	138.5	109.9	88.4

1. **SCHOOLS FUNDING**

- 1.1. Appendix 7 of the report to Cabinet on 9th January 2013 set out the detailed explanation of how the Department for Education had arrived at the total Dedicated Schools Grant for 2013/14. Schools Forum met on 23rd January 2013 to consider the overall Schools Budget for 2013/14 and to make decisions about specific elements of the primary and secondary core budgets.
- 1.2. During 2012/13 Schools Forum has left a small amount of DSG unapplied, specifically to manage the transitional arrangements associated with the implementation of School Funding Reform. In January 2013 the estimated unapplied DSG was £5.928m.
- 1.3. For 2013-14, the DSG has been split into 3 main blocks (with additions) as in **Table 1**.

Schools Funding Table 1: DfE proposed 2013/14 DSG

DfE Proposed Final 2013/14, analysed by block	£'000
High Needs Block	41,795
Early Years Block	20,540
Schools Block	241,554
Additions (2 Year olds, 3 year olds protection and NQT induction)	6,926
Total DSG	310,815

- 1.4. Schools Forum agreed to the budget allocations set out in **Table 2** below, with the detail explained in **Appendix 7.2**, where the comparison is with the adjusted 2012/13 Section 251 Statement of Schools Budget totals expressed as a 2013/14 baseline.

Schools Funding Table 2: Summary of Schools Budget 2013/14

Component	Proposed Schools Budget 2013/14 £'000
Individual Schools Budgets	245,196
De-delegated items	1,821
High Needs Budget	37,150
Early Years Budget	27,164
Central Provision	5,412
Total	316,743
Funded from	
DSG 2013/14 confirmed by DfE	310,815
Unapplied DSG 2012/13	5,928
Total funding	316,743

- 1.5. Schools Forum agreed that primary and secondary core budgets should include funding for pupil number increases between years and that £3.250m of the overall

overall unallocated DSG should be applied for 2013/14. All schools would be protected by the Minimum Funding Guarantee (limiting per pupil losses to -1.5%) and a cap should apply (limiting per pupil gains to +3%).

- 1.6. Schools Forum also agreed to the de-delegation from maintained schools of all six services that they were asked to decide on. These services will, therefore, remain retained by the local authority for 2013/14 for maintained schools, with academies making their own arrangements or buying back. This included:
 - Behaviour Support (Support for Learning) (£0.291m)
 - Ethnic Minority Attainment (School improvement) (£0.529m)
 - Staff supply cover (including trade union facility time) (£0.324m)
 - Contingency (£0.499m)
 - Licenses and subscriptions ((£0.049m)
 - Free School Meals eligibility assessment (£0.129m)
 - **Total (£1.821m)**
- 1.7. Schools Forum endorsed the budget of £1.644m for pupil number contingency, which academies will have equal access to on the basis of the criteria agreed by Schools Forum.
- 1.8. Schools Forum endorsed a plan to phase in a reduction of the number of full-time nursery places being offered by maintained nursery schools and classes.
- 1.9. Schools Forum supported the approach being followed for managing the changes affecting High Needs Pupils.

EXPECTED IMPACTS

- 1.10. The Dedicated Schools Grant will continue to be ring-fenced and, although it has been split into three blocks, local authorities continue to have discretion to manage the funding for the DSG overall, rather as three separate blocks. Nonetheless, there are more constraints on the use of retained funding, with permissible retained items limited to the cash amount of spending in 2012/13.
- 1.11. For mainstream schools, the changes to the basis of calculating the formula will ultimately produce winners and losers, but in the short – medium term no individual school may lose more than 1.5% of their per pupil budget from year to year. This does not protect schools from large drops in pupil numbers, but otherwise protects them from the move from the current to the new formula.
- 1.12. There is a new, simpler formula for allocating DSG funding to Academies. The only difference between mainstream schools and academies in their entitlement to DSG funding would be the funding for the six services above that Schools Forum determined should be de-delegated for maintained schools.

- 1.13. Academies would also receive their share of Education Services Grant, which supports those services and functions that are currently funded from the General Fund. The transfer of those services from the General Fund to a specific grant is a feature of the local government finance settlement in December 2012 and is recognised within the Medium Term Financial Plan.
- 1.14. Officers have submitted the final version of the primary and secondary core budget to the Department for Education immediately after Schools Forum on 23rd January 2013.
- 1.15. The core budgets for primary and secondary schools are the largest part of their funding, but **Table 3** explains how this sits alongside other funding streams.

Schools Funding Table 3: Core Formula in the context of all Primary and Secondary Funding 2013/14

Component	Description	When will this be calculated?
Early Years Single Funding Formula	This provides the funding for nursery pupils attending the school.	This is based on the pupil numbers counted at each termly census.
Core Formula	This provides mainstream funding for Reception to Year 11 pupils.	This has been calculated and submitted to DfE for 2013/14.
High Needs Funding	This is provided for Specialist Resourced Provision pupils and Mainstream SEN pupils, mainly those with statements.	SRP attracts a £10,000 per place (instead of an age-weighted pupil unit) allocation. Top-ups are provided for each actual pupil during the year for the period they are on-roll. Mainstream SEN pupils are funded on the same bandings as currently, based on the period that the pupil is on-roll during the year.
Post 16 Funding	This provides post-16 funding for secondary schools.	This will be calculated by the Education Funding Agency. No information yet from EFA.
Pupil Premium	This will be for pupils who have been eligible for free school meals at any point in the last 6 years, at a rate of £900 per pupil. Or a Looked After Child (for at least 6 months) (£900). Or a pupil whose parents are serving in the armed forces (£300).	This is based on the numbers of pupils on roll at the Spring 2013 census (ie 17 th January 2013) for FSM / Service Children. Or the March 2013 census for Children Looked After.

- 1.16. For Early Years settings, the changes to the formula arising from School Funding Reform are limited and it is not thought that there will be any particular impacts on such settings that would not already have happened with the existing formula. The key driver for change is the local review of policy, practice and funding that is needed to address the shortage of places available to meet the growing statutory responsibilities on the Authority to provide early years education for 2 year olds.

- 1.17. The plan for Early Years, which Schools Forum endorsed, will include the following:
- Pupils would not be admitted to nursery provision until the start of the term following their third birthday (ie the definition used by the DfE for funding purposes). (Any younger pupils whom schools wish to make provision for will only be funded if they qualify for two year-old funding)
 - School by school plans would be introduced from September 2013, limiting full-time places to no more than 80% (or the number currently offered). This would reduce to no more than 60% (or the number currently offered) by September 2014.
 - Full-time places would be funded at a maximum of 25 hours per week from September 2013 (rather than 30 currently) to align with DfE funding definitions.
 - All hourly rates for nursery provision would increase by 30/25ths (ie by 20%) from September 2013 to avoid a reduction for full-time provision and to ensure that two part-time placements (2 x 15 hours for part-time places = 30 hours) were funded at a higher level than a single full-time place (1 x 25 hours for a full-time place).
- 1.18. If there was no change in the number of pupils and the number of full-time places offered, this would increase the bill for nursery education by 20%. By limiting the number of full-time places to a maximum of 80% (or the number currently offered), it is estimated that this would cost **£0.937m** over a full academic year (ie **£0.624m** in 2013/14 and **£0.313m** in 2014/15 financial years). If by September 2014 settings are offering no more than 60% of their sessions as full-time (or the number currently offered) the costs are expected to be in line with those incurred currently, with the estimate suggesting a slightly lower cost than currently of **-£0.104m**.
- 1.19. This approach is expected to create more places in PVI settings for 2 year olds, so it is appropriate that this short-term cost of **£0.937m** be funded from the Trajectory Building component of the 2 year olds funding allocation for 2013/14. This cost, therefore, would be met from the Early Years allocation agreed by Schools Forum.
- 1.20. For specialist High Needs settings (Special Schools, Specialist Resourced Provision Provision in mainstream schools and the Pupil Referral Unit) there are fundamental changes affecting the way they are funded. The new arrangement is called Place Plus, where each setting has an agreed number of places, which are funded at a rate of £10k (SEN) or £8k (Alternative Provision). Each individual pupil placed at these settings attracts a top-up for the period that they are at the setting, paid by the commissioner of the place. In the case of SEN, the commissioner will normally be a local authority (most frequently Tower Hamlets).

In the case of Alternative Provision, the commissioner will be either a local authority authority or a school.

- 1.21. Place numbers have been agreed with each of the 14 settings affected and the Education Funding Agency has been notified. Discussions have been held with each of the settings about the appropriate rate(s) for top-ups and these are well advanced. Work on establishing the new operational processes for administering these new arrangements is underway and is being considered by the working groups and will be complete before the start of the financial year.
- 1.22. High Needs settings, then, have to adapt to two main changes:
 - a) Their funding is no longer fixed at the start of the year (based largely on places), the majority of their funding will only be provided if pupils are placed at their setting throughout the year.
 - b) Their administrative processes for agreeing rates, tracking pupils and recovering funding from a range of commissioners all need to be established in time for the new financial year.
- 1.23. For the local authority, the new High Needs arrangements mean:
 - a) Commissioning budgets, rather than devolved budgets, have been established;
 - b) Administrative processes for placing pupils at settings will need to change to adapt to the commissioning requirements;
 - c) Oversight of the operational financial viability of individual settings will need to be adapted to track occupancy levels and cash flow.
- 1.24. Commissioning budgets have been calculated, identifying how the ending of recoupment will affect different parts of the budget. Provision has been made for the expected number of pupils likely to be eligible for high needs funding during 2013/14, but the arrangements are very different from current arrangements and estimates will have to be refined as the year goes on. They represent the best estimates at this moment in time.

NEXT STEPS

- 1.25. Primary and secondary schools need to be advised of their final budgets. Pupil Premium allocations need to be advised once January 2013 pupil count numbers are known.
- 1.26. Commissioning budgets for specialist provision will continue to be refined by firming up estimates of likely numbers of pupils with such needs and agreeing top-up rates with specialist providers. This is not going to affect at this stage the budget set aside, but will assist in knowing how much is truly committed.

- 1.27. Final arrangements for the organisation of Alternative Provision need to be shared with all secondary schools and final proposals on this will come back to Schools Forum at the next meeting.
- 1.28. School by school plans need to be agreed for limiting the number of full-time nursery places that may be offered from September 2013 and September 2014.

CONCLUSIONS

- 1.29. In the context of the tight timescales and the major changes happening to schools funding, officers have taken a prudent approach. The change to a commissioning approach has required the reconfiguration of high needs budgets and some refinements will be needed to these as the new arrangements become more familiar and embedded.
- 1.30. Changes to Early Years arrangements will assist in managing the expansion of 2 year old provision, if full-time places are reduced as planned.
- 1.31. The decision of Schools Forum was to not allocate all of the available funding, rather than hold funding as unapplied. Commissioning budgets for early years and high needs pupils, however, include some estimates for additional demand, so if pressures emerge during the year this should not require the re-drafting of plans.
- 1.32. Officers will be contacting the DfE to urge them to rethink their timetables for 2014/15. The very tight timescales for 2013/14 appear to have been driven from the perspective that the construction of school budgets is largely a technical exercise. This overlooks the need for judgement on the Schools Budget overall and the governance arrangements for schools budgets which rest with Schools Forum, Cabinet and Council. Requiring final primary and secondary budgets to be submitted by 22nd January 2013 in this first year of operating the new school funding regime has much curtailed the legitimate consideration by Members of final decisions on school budgets.

Update on Schools Budget allocations for 2013/14

1	SCHOOLS BUDGET	Baseline 2013/14	Change	Emerging total	Explanation of baseline	Explanation of change
	Maintained and Academy Primary core budget	127,793,911	4,307,191	132,101,102	Core budget only at 2012/13 levels	Draft budgets sent to schools included £4.124m for pupil number growth and £3.250m for half of the unallocated £6.5m DSG from 2012/13 (leaving the other half for pressures elsewhere in the DSG) As primaries above.
	Maintained and Academy Secondary core budget	102,984,951	3,009,612	105,994,563	Core budget only at 2012/13 levels	
	Special Schools (place factor only)	4,060,000	0	4,060,000	2013/14 agreed place factors 406 at £10k	
	Specialist Resourced Provision (place factor only)	1,440,000	0	1,440,000	2013/14 agreed place factors 144 at £10k	
	Pupil Referral Unit (place factor only)	1,600,000	0	1,600,000	2013/14 agreed place factors 200 at £8k	
	Post 16 funding			0	2012/13 funding, excluding SEN element, teachers pay grant and special bursaries.	Post 16 Grant not yet known, so exclude to focus on DSG position for now.
	Pupil Premium				2012/13 numbers at 2013/14 rates	Based on January 2013 count, so exclude for now to focus on DSG position.
1.0.1	Individual Schools Budget (before Academy recoupment)	237,878,862	7,316,803	245,195,665		
	DEDELEGATED ITEMS new header					
1.1.1	Contingencies	498,073	1,051	499,124	Estimated split of 2012/13 between pupil number growth and / other.	As per draft budgets to schools
1.1.2	Behaviour support services	291,172	-322	290,850	S251 figure for 2012/13	As per draft budgets to schools
1.1.3	Support to UPEG and bilingual learners new	529,823	-945	528,878	S251 figure for 2012/13	As per draft budgets to schools
1.1.4	Free school meals eligibility	128,758	286	129,044	S251 figure for 2012/13	As per draft budgets to schools
1.1.5	Insurance	0		0		As per draft budgets to schools
1.1.6	Museum and Library services	0		0		As per draft budgets to schools
1.1.7	Licences/subscriptions	106,887	-57,751	49,136	S251 figure for 2012/13	As per draft budgets to schools, less £58,250 for centrally retained Copyright Licence Agency costs.
1.1.8	Staff costs supply cover	157,764	166,516	324,280	S251 figure for 2012/13	As per draft budgets to schools, but including an extra £85k for full costs of current teachers union facilities agreement and £82k for the schools share of the non-teaching unions facilities agreement

Appendix 7.2

Update on Schools Budget allocations for 2013/14

Appendix 7.2

		Baseline	Change	Emerging	Explanation of baseline	Explanation of change
		2013/14		total		
1	SCHOOLS BUDGET Note on De-delegation	-56,563	56,563	0	This element is retained by Academies and is part of the delegated budgets for them.	Now corresponds to draft budgets released to schools, showing just the dedelegated amounts from maintained schools
	HIGH NEEDS BUDGET new header			0		
1.2.1	Top up funding - maintained providers new	22,480,554	-293,032	22,187,522	Based on 2012/13 banded funding for SRP and other pupils with statements. Recoupment expenditure for 2012/13, adjusted for the £10k per place in 2013/14. Also, Special Schools 2012/13 S251 budgets, less outreach, PFI and the place factor for 2013/14.	First draft of detailed assessment of potential maintained costs by the SEN Team.
1.2.2	Top up funding - Academies and Free Schools new	101,325	99,330	200,655	2012/13 S251 figures	
1.2.3	Top up funding - independent providers new	5,798,458	2,009,507	7,807,965	2012/13 S251 figures. These are not top-ups, they are the full cost, as these schools do not receive place factor funding.	
1.2.4	Other AP provision new	2,133,598	320,000	2,453,598	Based on gross spend on Pupil Referral Unit in 2012/13 (excluding the place level of funding for 2013/14 and the Hospital Provision). As contributions from individual schools come via the Social Inclusion Panel, it is difficult at this stage to disentangle that component, so it is still included here	Based on potentially 40 pupils for whom a baseline £8k may be payable for City Gateway
1.2.5	SEN support services	3,958,199		3,958,199	Total of 1.2.1 and 1.2.2 from 2012/13, less academies SEN provision and £1m for SEN provision, then including those central costs in the HN Block.	
1.2.6	Support for inclusion	48,006		48,006	Line 1.2.4 from 2012/13 S251	
1.2.7	SEN transport	0		0		
1.2.8	Hospital education services new	460,000		460,000	Agreed figure with DfE so far for 2012/13.	
1.2.9	Special schools and PRUs in financial difficulty new	0		0		
1.2.10	PFI and BSF costs at special schools new	25,692	8,063	33,755	2012/13 figure for PFI factor (ie the subsidy) for Phoenix Special School.	Impact of adjusting for RPI (3%) plus 1.2% and changing pupil numbers.
1.2.11	Direct payments (SEN and disability) new	0		0		

Update on Schools Budget allocations for 2013/14

		Baseline	Change	Emerging	Explanation of baseline	Explanation of change
1	SCHOOLS BUDGET	2013/14		total		
				0		
				0		
	EARLY YEARS BUDGET new header			0		
1.3.1	Free education on 3 & 4 year olds new	18,887,283	-63,666	18,823,617	Baseline information provided to DfE for 2012/13	Transfer PFI subsidy for Nursery Schools to central early years expenditure.
1.3.2	Spending on 2 year olds new	6,443,751		6,443,751	Indicative figures provided by DfE for extra funding available for 2 year olds 27th November 2012. Statutory places: £4.627m and Trajectory Building £1.816m.	
1.3.3	Central expenditure on children under 5	1,798,916	97,590	1,896,506	S251 figures for 2012/13, including £72k income for school milk	Childminder registration fees and associated costs, as agreed by Cabinet. (+£35k) plus central provision for PFI subsidy for nursery schools (+£63k)
				0		
				0		
	CENTRAL PROVISION WITHIN SCHOOLS BUDGET new header			0		
1.4.1	Contribution to combined budgets	1,415,283		1,415,283	S251 for Primary and Secondary only less b/f figure of £30k for Virtual School	
1.4.2	School admissions	728,800		728,800	S251 for Primary and Secondary only	
1.4.3	Servicing of schools forums	27,643		27,643	S251 for Primary and Secondary only	
1.4.4	Termination of employment costs	1,029,240		1,029,240	S251 for Primary and Secondary only	
1.4.5	Carbon reduction commitment allowances	0		0		
1.4.6	Capital expenditure from revenue (CERA)	0		0		
1.4.7	Prudential borrowing costs	0		0		
1.4.8	Fees to independent schools without SEN	509,600		509,600	S251 for Primary and Secondary only	

Appendix 7.2

Update on Schools Budget allocations for 2013/14

	Baseline 2013/14	Change	Emerging total	Explanation of baseline
1 SCHOOLS BUDGET				
1.4.9 Equal pay - back pay new	0		0	
1.4.10 Pupil growth/ Infant class sizes new	830,000	813,705	1,643,705	S251 for Primary and Secondary only
1.4.11 Exceptions agreed by Secretary of State new	0	58,178	58,178	
			0	
1.5.1 Other Specific Grants	0		0	
1.6.1 TOTAL SCHOOLS BUDGET (before Academy recoupment)	306,211,124	10,531,876	316,743,000	
RECONCILIATION OF SCHOOLS BUDGET				
1.7.1 Estimated Dedicated Schools Grant for 2013-14	310,815,000		310,815,000	
1.7.2 Dedicated Schools Grant brought forward from 2012-13	6,495,000	-567,000	5,928,000	
1.7.3 Local Authority additional contribution	0		0	
1.7.4 Total funding supporting the Schools Budget (lines 1.7.1 to 1.7.3)	317,310,000	-567,000	316,743,000	
Implied unallocated amount	11,098,876	-11,098,876	0	

Appendix 7.2

Explanation of change

Assessment of pupil growth is greater than previously, as evidenced by the calls on pupil growth contingency in 2012/13. Copyright Licence Agency agreement for all maintained schools and academies. This will probably have a line of its own in the final format of the S251 Statement.

MEDIUM-TERM FINANCIAL PLAN 2013/14 – 2015/16

INDICATIVE HRA BUDGETS

Housing Revenue Account	2013/14	2014/15	2015/16
	Draft Budget £'000	Draft Budget £'000	Draft Budget £'000
INCOME			
Dwelling & non dwelling rents	(68,953)	(71,229)	(72,959)
Tenant & Leaseholder service charges	(17,249)	(17,680)	(18,122)
Investment Income received	(160)	(160)	(160)
General Fund contributions	(115)	(115)	(115)
GROSS INCOME	(86,477)	(89,184)	(91,356)
EXPENDITURE			
Repairs & Maintenance	21,795	22,343	23,154
Supervision & Management	23,458	23,813	23,801
Special Services, Rents rates & taxes	16,072	16,859	17,422
Increased provision for bad debts	1,900	1,400	900
Capital Financing charges	18,741	18,604	19,136
GROSS EXPENDITURE	81,966	83,018	84,413
NET COST OF HRA SERVICES	(4,510)	(6,166)	(6,944)
Appropriations			
Revenue Contribution to Capital Outlay (RCCO)	6,062	7,757	8,574
NET POSITION	1,552	1,591	1,630
Balances			
Opening balance	(15,003)	(15,003)	(15,003)
Revenue Contributions from Major Repairs Reserve (Surplus)/ Deficit on HRA	(1,552) 1,552	(1,591) 1,591	(1,630) 1,630
Closing balance	(15,003)	(15,003)	(15,003)

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
ADULTS, HEALTH & WELLBEING						
Mental health services	Mental Health SCP(C)	0.057				0.057
Improving the Care Home Environment for Older People	Improving the Care Home Environment for Older People	0.020				0.020
Tele Care/Telehealth Equipment	Telecare equipment for service users	0.100	0.100	0.100		0.300
Ronald Street Roof Replacement	Roof Replacement	0.065				0.065
Development of Learning Disability Hubs	Fit Out Costs for Learning Disability Hubs	0.000	0.160	0.080		0.240
ADULTS, HEALTH & WELLBEING TOTAL		0.242	0.260	0.180	0.000	0.682

CHILDREN, SCHOOLS & FAMILIES						
Arnhem wharf - Expansion	Basic Need/Expansion	0.327	0.000			0.327
Ben Jonson - Expansion	Basic Need/Expansion	0.070	0.000			0.070
Cayley - Expansion	Basic Need/Expansion	2.700	2.815	0.080		5.595
Culloden - Expansion	Basic Need/Expansion	2.482	0.000			2.482
Manorfield - Expansion	Basic Need/Expansion	0.126	0.000			0.126
Marner - Expansion	Basic Need/Expansion	0.279	0.000			0.279
St Lukes - Expansion	Basic Need/Expansion	1.857	0.000			1.857
Wellington - Expansion	Basic Need/Expansion	2.386	0.100			2.486
PDC - Conversion	Basic Need/Expansion	1.500	0.500			2.000
Woolmore Primary School	Basic Need/Expansion	0.500	4.750	4.750		10.000
Refurbishment of Bethnal Green Centre	Basic Need/Expansion	0.150	2.125	0.025		2.300
Provision of Bulge Classes - Expansion	Basic Need/Expansion	0.172	0.000			0.172
Cubitt Town - Bulge Class	Basic Need/Expansion	0.101				0.101
Woolmore Primary School - Bulge Class	Basic Need/Expansion	0.121				0.121
Clara Grant School - Bulge Class	Basic Need/Expansion	0.056				0.056
Bow Boys Expansion (scheme development)	Basic Need/Expansion	0.021				0.021
PDC feasibility study	Basic Need/Expansion	0.091				0.091
Various Sites Feasibility	Basic Need/Expansion	0.025				0.025
St Paul's with St Luke's	Basic Need/Expansion	0.135				0.135
Olga	Basic Need/Expansion	0.069				0.069
Scheme Development	Basic Need/Expansion	0.409				0.409
Bishop's Square	Christ Church Garden	0.300	0.000			0.300
Mayflower - Electrical Rewire (Phase1)	Condition & Improvement	0.070				0.070
William Davis - Heating Replacement	Condition & Improvement	0.027				0.027

Capital Programme 2012/13 to 2015/16

Appendix 9.1

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
Statutory Requirements - Physic access for Staff /Pupils with disability and improve fire protection	Condition & Improvement	0.217				0.217
Asbestos Surveys & Fire Risk Assessments	Condition & Improvement	0.003				0.003
Special needs adaptations at Mulberry School	Condition & Improvement	0.008				0.008
Arnhem Wharf - Security	Condition & Improvement	0.009				0.009
Marner School - Health & Safety Works	Condition & Improvement	0.010				0.010
George Green's School - Investigative works (hydrotherapy pool)	Condition & Improvement	0.001				0.001
St Paul's Way - Lift Access	Condition & Improvement	0.002				0.002
Third Base PRU - Window Replacement	Condition & Improvement	0.090				0.090
Smithy street Primary school- Accessible toilet	Condition & Improvement	0.030				0.030
Globe school -playground resurfacing	Condition & Improvement	0.030				0.030
Globe school - heating pipework replacement and upgrade	Condition & Improvement	0.000	0.150			0.150
Mayflower school - heating pipework replacement and upgrade	Condition & Improvement	0.140	0.010			0.150
Columbia Primary School - Provide Accessible Lift	Condition & Improvement	0.176				0.176
Blue Gate FieldsJnr & Inf- update electrical supply	Condition & Improvement	0.100	0.100			0.200
Culloden primary - Adaptations to support hearing impaired pupils	Condition & Improvement	0.025				0.025
Urban Adventure Centre - Replace Roof	Condition & Improvement	0.030				0.030
Non Schools - Asbestos Removal	Condition & Improvement	0.045				0.045
Mowlem School Fire Safety Improvements Works	Condition & Improvement	0.021				0.021
Osmani - Redevelopment	Osmani - Redevelopment	0.007				0.007
Canon Barnett - Refurbishment	Primary Capital Programme	0.035				0.035
Elizabeth selby - Refurbishment & Extension	Primary Capital Programme	0.027				0.027
Globe - Refurbishment	Primary Capital Programme	0.089				0.089
Malmesbury - Remodelling	Primary Capital Programme	0.139				0.139
Mayflower - Refurbishment & Extension	Primary Capital Programme	0.023				0.023
Old Ford - Kitchen programme	Primary Capital Programme	0.202				0.202
Smithy Street - Refurbishment & Extension	Primary Capital Programme	0.049				0.049
Stebon - Refurbishment & Extension	Primary Capital Programme	0.027				0.027
RCCO	Gorsefield - Refurbishment	0.010				0.010

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
Short Breaks (Discovery House)	Discovery House awning, air conditioning and sensory room	0.004				0.004
Short breaks (Smithy Street School)	Equipment at Smithy Street school (2 Evac chairs) and Stephen Hawking School (outdoor play equipment)	0.018				0.018
Short breaks (Attlee Centre)	Attlee Centre Sensory Room	0.012				0.012
Sure Start	Globe Town Children's Centre (Sparks) - Development/ Refurbishment	0.025				0.025
Primary Expansion Programme	Basic Need/Expansion (schemes to be developed)		8.000			8.000
Condition and Statutory works - Schools & Children Centres	Condition & Improvement (schemes to be developed)		2.000			2.000
Condition & Statutory Works other CSF premises	Condition & Improvement (schemes to be developed)		0.100	0.100		0.200
Lukin St - Land purchase from Network Rail	Capital receipt from sale of Lukin St to Diocese (and temporary funding from other capital receipts in mean time)	0.768				0.768
Bishop Challoner - Community Facilities	Bishop Challoner - Community Facilities	0.600				0.600
Youth Service (BMX Mile End)	BMX Track	0.042				0.042
Youth Service (BMX Mile End)	Youth Service Accommodation Strategy	0.010				0.010
CHILDREN, SCHOOLS & FAMILIES TOTAL		16.998	20.650	4.955	0.000	42.603

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m

COMMUNITIES, LOCALITIES AND CULTURE						
Bancroft Library	Bancroft Library	0.469				0.469
Banglatown Art Trail & Arches	Installation of Art Trail and Arches	0.025	0.592			0.617
Bartlett Park		0.035				0.035
Bethnal Green Improvements	Park improvements	0.030				0.030
Brady Centre	Building Improvements	0.002				0.002
Adelina Grove	Contaminated land survey and works		0.053			0.053
Copton Close	Contaminated land survey and works	0.040				0.040
Poplar High St	Contaminated land survey and works	0.037				0.037
Rosebank Gardens	Contaminated land survey and works		0.023			0.023
Stores Quay	Contaminated land survey and works		0.056			0.056
Veronica House	Contaminated land survey and works		0.033			0.033
Bow Area Traffic Management Review	Developers Contribution		0.250			0.250
Cuba Street, Manilla Street, Tobago Street and Byng Street	Developers Contribution		0.356			0.356
Sainsbury Food Store - Redevelopment of Site (1 Cambridge Heath Road)	Developers Contribution		0.022			0.022
Blackwall Way Bus Stops	Developers Contribution	0.042				0.042
Brushfield Street	Developers Contribution	0.000	0.350			0.350
Millharbour	Developers Contribution	0.246				0.246
St Anne Street	Developers Contribution	0.039				0.039
Warner Green	Developers Contribution	0.049				0.049
Weavers Field & Allen Gardens	Developers Contribution	0.090				0.090
Albert Gardens	Developers Contribution	0.025				0.025
Millwall Park & Langdon Park	Developers Contribution	0.079				0.079
Poplar Park & Jolly's Green	Developers Contribution	0.079				0.079
Ropewalk Gardens	Developers Contribution	0.049				0.049
Spitalfields Area - Pedestrian Routes	Developers Contribution	0.053				0.053
Generators @ Mulberry Place & Anchorage House	Generators @ Mulberry Place & Anchorage House	0.011				0.011
Hackney wick & Fish Island Improvements	Streetscene Improvements	0.210				0.210
Developers Contribution	Marshwall/Limeharbour - Highway Works	0.148				0.148
Mile End Leisure Centre - Security Enhancements	Fencing and security works	0.002				0.002
Mile End Stadium Track resurfacing		0.072				0.072
Mile End Park Capital	Mile End Park Capital	0.040	0.065			0.105
Millwall Park/Island Gardens	Park improvements	0.005				0.005

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
Bow Area Traffic Review - Study	OPTEMS	0.180				0.180
A12 Wick Lane Junction	OPTEMS	0.024	0.256			0.280
Crown Close Link - cycle/pedestrian improvements	OPTEMS	0.200				0.200
Monier Road - cycle/pedestrian improvements	OPTEMS	0.035				0.035
Dace Road - cycle/pedestrian improvements	OPTEMS	0.025				0.025
Fairfield Road/Tredegar Road Signals	OPTEMS	0.028	0.248			0.275
Poplar Park	Park improvements	0.044				0.044
Public Art Projects	Middlesex Street	0.250				0.250
Public Realm improvements	Crown Close Bridge links	0.010				0.010
Schoolhouse Lane Multi Use Ball Games Area	Improvements to ball games area	0.007				0.007
Bethnal Green Gardens Victoria Park	Tennis Courts	0.007				0.007
Victoria Park	Tennis Courts	0.019				0.019
Pennyfields	Pennyfields Open Space	0.046				0.046
Cycle Parking Fund Project	TfL schemes including safety, cycling and walking, SuperHighway	0.083				0.083
Bethnal Green - Victoria Park route	TfL schemes including safety, cycling and walking, SuperHighway	0.043				0.043
To be decided/confirmed	TfL schemes including safety, cycling and walking, SuperHighway		2.157			2.157
Bethnal Green Road	TfL schemes including safety, cycling and walking, SuperHighway	0.250				0.250
Roman Rd (Globe Town)	TfL schemes including safety, cycling and walking, SuperHighway	0.151				0.151
Manchester Road /Island Gardens / Stebondale	TfL schemes including safety, cycling and walking, SuperHighway	0.206				0.206
Abbott Road / Aberfeldy Estate	TfL schemes including safety, cycling and walking, SuperHighway	0.029				0.029
School Travel Plan improvements in Old Bethnal Green Rd and Gosset Street	TfL schemes including safety, cycling and walking, SuperHighway	0.020				0.020
St Paul's Way	TfL schemes including safety, cycling and walking, SuperHighway	0.494				0.494
Bethnal Green to Olympic Park	TfL schemes including safety, cycling and walking, SuperHighway	0.017				0.017
Walkway between Glamis Rd & KEMP, 4c (option 1&2 page 8 of 16) in the CRISP report	TfL schemes including safety, cycling and walking, SuperHighway	0.008				0.008

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
Cycle Infrastructure Improvement	TfL schemes including safety, cycling and walking, SuperHighway	0.410				0.410
Brick Lane	TfL schemes including safety, cycling and walking, SuperHighway	0.230				0.230
Cambridge Heath Road	TfL schemes including safety, cycling and walking, SuperHighway	0.036				0.036
Wapping Wall	TfL schemes including safety, cycling and walking, SuperHighway	0.099				0.099
Legible London	TfL schemes including safety, cycling and walking, SuperHighway	0.124				0.124
Zebra Crossing Halos	TfL schemes including safety, cycling and walking, SuperHighway	0.030				0.030
Fish Island Link	TfL schemes including safety, cycling and walking, SuperHighway	0.013				0.013
Valance Road Junction	TfL schemes including safety, cycling and walking, SuperHighway	0.315				0.315
Local Area Minor Accessibility Improvements	TfL schemes including safety, cycling and walking, SuperHighway	0.118				0.118
Local Transport Funding	TfL schemes including safety, cycling and walking, SuperHighway	0.142				0.142
Leamouth Road PRN	TfL schemes including safety, cycling and walking, SuperHighway	0.034				0.034
Preston's Road Roundabout PRN	TfL schemes including safety, cycling and walking, SuperHighway	0.034				0.034
Preston Road PRN	TfL schemes including safety, cycling and walking, SuperHighway	0.069				0.069
Bethnal Green Town Centre	TfL schemes including safety, cycling and walking, SuperHighway	0.250				0.250
Bartlett Park Master Plan	TfL schemes including safety, cycling and walking, SuperHighway	0.300				0.300
Cycle Routes - Borough wide	TfL schemes including safety, cycling and walking, SuperHighway	0.300				0.300
Road Safety - Borough wide	TfL schemes including safety, cycling and walking, SuperHighway	0.100				0.100

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
Bus Stop Works - various locations	TfL schemes including safety, cycling and walking, SuperHighway	0.117				0.117
Victoria Park Master plan	Victoria Park Masterplan	1.382				1.382
Watney Market Ideas Store	New idea store and one stop shop in Watney Market	2.766				2.766
Victoria Park - Changing Block Extension & Upgrade		0.325				0.325
Highway improvement programme		1.000	1.000	1.000		3.000
Litter Bins		0.150				0.150
Bancroft Library Phase 2b		0.145				0.145
CCTV Improvement and Enhancement		0.300	0.000			0.300
Essential Health & Safety	Contaminated Land Strategy H&S (2007/08)	0.063	0.200			0.263
Major Projects - LPP	Whitechapel Idea Store	0.095				0.095
Culture - LPP	Bancroft Library	0.008				0.008
COMMUNITIES, LOCALITIES AND CULTURE TOTAL		13.007	5.661	1.000	0.000	19.668

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
BUILDING SCHOOLS for the FUTURE						
Wessex	Wessex	0.250				0.250
Bethnal Green Tech. College	Bethnal Green Tech. College	0.220				0.220
Morpeth	Morpeth	2.461				2.461
Sir John Cass	Sir John Cass	0.501				0.501
Beatrice Tate	Beatrice Tate	3.346	3.500			6.846
Bowden House	Bowden House	0.265				0.265
Swanlea	Swanlea	1.318				1.318
Raines	Raines	11.031	4.833			15.864
Central Foundation	Central Foundation	9.135	5.732	2.036		16.903
Langdon Park	Langdon Park	3.491	5.554	1.430		10.475
Phoenix	Phoenix	3.471	1.003			4.474
Stepney Green	Stepney Green	9.877	1.186			11.063
Bow Boys	Bow Boys	11.988	21.200	1.800		34.988
George Greens	George Greens	3.062	5.000	2.900		10.962
Central Services	ICT	1.437	0.986	0.794		3.217
Bethnal Green TC	ICT	0.109	0.086	0.153		0.348
St Pauls Way	ICT	0.077	0.170	0.264		0.511
Raines	ICT	0.011	0.606	0.341		0.958
Sir John Cass	ICT	0.000	0.148	0.606		0.754
Morpeth	ICT	0.086	0.148	0.150		0.384
Oaklands	ICT	0.131	0.096	0.183		0.409
Ian Mikardo	ICT	0.087	0.007	0.013		0.107
Cambridge Heath	ICT	0.000	0.021	0.025		0.046
Central Foundation	ICT	0.000	0.644	0.431		1.076
Bowden House	ICT	0.240	0.037	0.072		0.349
Beatrice Tate	ICT	0.176	0.043	0.067		0.285
Stepney Green	ICT	0.000	0.666	0.438		1.104
Harpley PRU	ICT	0.011	0.033	0.075		0.119
Langdon Park	ICT	0.000	0.608	0.354		0.962
Swanlea	ICT	0.669	0.149	0.441		1.259
Bow Boys	ICT	0.010	0.466	0.228		0.705
Phoenix	ICT	0.264	0.041	0.056		0.361
Building Schools for the Future Programme.	Wave 5 BSF	1.520		1.100		2.620
BUILDING SCHOOLS for the FUTURE TOTAL		65.244	52.963	13.958	0.000	132.165

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
DEVELOPMENT & RENEWAL						
Millennium Quarter	Millennium Quarter	0.384	0.100			0.484
Bishops Square	Bishops Square	0.150	0.000			0.150
Town Centre & High Street Regeneration	Town Centre & High Street Regeneration	0.147	0.000			0.147
Whitechapel Centre	WhiteChapel	0.005	0.000			0.005
Regional Housing Pot	Regional Housing Pot	3.230	3.000			6.230
Affordable Housing Measures	Affordable Housing Measures	2.900	2.775			5.675
High Street 2012	High Street 2012	5.332	0.100			5.432
Disabled Facilities Grant	Disabled Facilities Grant	0.989	0.730	0.730		2.449
Private Sector Improvement Grant		0.515				0.515
Genesis Housing	Genesis Housing	0.363				0.363
Installation of Automatic Energy Meters	Installation of Automatic Energy Meters	0.149				0.149
Facilities Management (DDA)	Disability & Discrimination Act works	0.053				0.053
Energy Efficiency Programme		0.190				0.190
Bromley by Bow Station Upgrade		3.500				3.500
Wellington Way Health Centre		3.200				3.200
DEVELOPMENT & RENEWAL TOTAL		21.109	6.705	0.730	0.000	28.544

Scheme Name	Scheme description	2012/13 Revised Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
		£m	£m	£m	£m	£m
CHIEF EXEC'S & RESOURCES						
Priority Service Remediation/Backup Expansion	CCNs Charges and GCSX PC DSI Compliance works	0.128				0.128
CHIEF EXEC'S & RESOURCES TOTAL		0.128	0.000	0.000	0.000	0.128
HOUSING REVENUE ACCOUNT						
Decent Homes Backlog	Decent Homes	19.020	33.774	46.000		98.794
Housing Capital Programme	Mainstream programme: includes aids & adaptation; major costs involved in bringing back void properties to use; capitalisation of fees & charges; overcrowding; and contingency	17.578	0.000			17.578
Ocean Estate Regeneration	Ocean Estate Regeneration	12.819	6.187			19.006
Notional Residual Decent homes Capital Profiling - In Development	Decent Homes Works	0.000	20.000	16.470		36.470
Non Decent homes Schemes	Non Decent Homes Works	1.673	15.933	14.120		31.726
Council House building Initiative	Council House building Initiative	0.556				0.556
Blackwall Reach	Blackwall Reach	6.012	2.587			8.599
HOUSING REVENUE ACCOUNT TOTAL		57.658	78.481	76.590	0.000	212.729
CORPORATE PROVISION FOR SCHEMES UNDER DEVELOPMENT		0.000	10.000	0.000	20.000	30.000
TOTAL CAPITAL PROGRAMME		174.385	174.720	97.413	20.000	466.518

Indicative Schemes to be funded from External Resources

Appendix 9.2

Directorate/Programme	Scheme Name	Scheme Description	Funding Profile			
			2013-14	2014-15	2015-16*	Total
			£m	£m	£m	£m
Housing Revenue Account	Resources available - Non Decent homes Schemes to be developed	Scheme to be developed	0.000	0.000	23.000	23.000
Housing Revenue Account	Watts Grove	Provision of new build homes on the Watts Grove depot site	0.000	0.000	22.000	22.000
Housing Revenue Account	Poplar Baths and Dame Colet House	Refurbishment and remodelling of Poplar Baths; provision of additional new build homes on the Dame Colet House site; and provision of a new build youth centre on the existing Haileybury Centre site	0.000	0.000	16.000	16.000
HOUSING REVENUE ACCOUNT TOTAL			0.000	0.000	61.000	61.000
Communities, Localities and Culture	TfL schemes including safety, cycling and walking, SuperHighway	Corridors, Neighbourhoods and Supporting Measures, Major Schemes & Local Transport	3.177	3.349	3.349	9.875
Communities, Localities and Culture	Ground Maintenance	Purchase of ground maintenance equipment	0.750	0.000	0.000	0.750
COMMUNITIES, LOCALITIES AND CULTURE TOTAL			3.927	3.349	3.349	10.625
Children, Schools & Families	Provision for 2 year olds	Capital works to meet statutory duty to meet two year olds educational needs	1.300	0.000	0.000	1.300
CHILDREN, SCHOOLS & FAMILIES TOTAL			1.300	0.000	0.000	1.300
Development & Renewal	Disabled Facilities Grant	Adaptations, door widening, ramp installation stair lift access and heating systems for the disabled	0.000	0.000	0.750	0.750
Development & Renewal	Private Sector Improvement Grant	Private Sector Improvement Grant	0.250	0.000	0.000	0.250
Development & Renewal	Bethnal Green Terrace	Repair of degraded 'at risk' Grade II listed buildings	0.351	0.000	0.000	0.351
Development & Renewal	Indicative Section 106 Schemes	Schemes to be developed	0.000	0.000	5.000	5.000
DEVELOPMENT & RENEWAL TOTAL			0.601	0.000	5.750	6.351
TOTAL NEW SCHEMES TO BE FUNDED FROM EXTERNAL RESOURCES			5.828	3.349	70.099	79.276

*Based on notional funding estimates

Projects/Funding Directorate	2012/13			2013/14	2014/15	2015/16	Total Budget 2012/13 to 2015/16
	Slippage from 2011/12	Latest Budget	Total Revised Budget	Budget	Budget	Budget	Total
	£m	£m	£m	£m	£m	£m	£m
Adults, Health and Wellbeing	0.057	0.185	0.242	0.260	0.180	0.000	0.682
Children , Schools and Families	1.474	15.523	16.998	21.950	4.955	0.000	43.903
Building Schools for the Future	-5.793	71.037	65.244	52.963	13.958	0.000	132.165
Communities, Localities and Culture	0.892	12.116	13.007	9.588	4.349	3.349	30.293
Development & Renewal (Excluding HRA)	3.440	17.669	21.109	7.306	0.730	5.750	34.895
Chief Executive & Resources	0.128	0.000	0.128	0.000	0.000	0.000	0.128
Corporate GF provision for schemes under development	0.000	0.000	0.000	10.000	0.000	0.000	10.000
Poplar Baths and Dame Colet House	0.000	0.000	0.000	0.000	0.000	20.000	20.000
Total excluding Housing HRA	0.198	116.530	116.728	102.067	24.172	29.099	272.066
HRA (Approved schemes)	6.056	49.929	55.985	42.548	46.000	16.000	160.533
development	0.000	1.673	1.673	35.933	30.590	45.000	113.196
Total HRA	6.056	51.602	57.658	78.481	76.590	61.000	273.729
Total Budget	6.254	168.132	174.385	180.548	100.762	90.099	545.794

Projects/Funding Directorate	Grant	SCE	MRA	SC	CR	PB	S106	CA	DR	Total	2012/13 Latest Budget	2013/14 Budget	2014/15 Budget	2015/16 Budget	Total Budget 2012/13 to 2015/16
Adults, Health and Wellbeing	0.682	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.682	0.242	0.260	0.180	0.000	0.682
Children , Schools and Families	41.119	0.800	0.000	0.000	1.668	0.000	0.300	0.000	0.015	43.902	16.998	21.950	4.955	0.000	43.903
Building Schools for the Future	122.379	0.000	0.000	2.036	7.750	0.000	0.000	0.000	0.000	132.165	65.244	52.963	13.958	0.000	132.165
Communities, Localities and Culture	18.715	0.000	0.000	0.000	4.571	0.000	6.247	0.000	0.761	30.293	13.007	9.588	4.349	3.349	30.293
Development & Renewal (Excluding HRA)	14.563	0.000	0.000	0.000	7.040	0.000	12.895	0.000	0.397	34.895	21.109	7.306	0.730	5.750	34.895
Chief Executive & Resources	0.000	0.000	0.000	0.000	0.128	0.000	0.000	0.000	0.000	0.128	0.128	0.000	0.000	0.000	0.128
Corporate GF provision for schemes under development	0.000	0.000	0.000	0.000	0.000	10.000	0.000	0.000	0.000	10.000	0.000	10.000	0.000	0.000	10.000
Poplar Baths and Dame Colet House	0.000	0.000	0.000	0.000	0.000	0.000	0.000	20.000	0.000	20.000	0.000	0.000	0.000	20.000	20.000
Total excluding Housing HRA	197.458	0.800	0.000	2.036	21.156	10.000	19.442	20.000	1.173	272.065	116.728	102.067	24.172	29.099	272.066
HRA	99.675	0.000	67.181	0.000	16.090	16.261	12.577	38.000	23.944	273.729	57.658	78.481	76.590	61.000	273.729
Total Budget	297.133	0.800	67.181	2.036	37.246	26.261	32.019	58.000	25.117	545.794	174.385	180.548	100.762	90.099	545.794

Index to Types of Funding	
Grant	Central Government or Other
SCE	Supported Capital Expenditure
MRA	Major Repairs Allowance
SC	Schools Contribution
CR	Capital Receipt
PB	Prudential Borrowing
S106	Section 106 Funding
CA	Credit Arrangement
DR	Direct Revenue Funding