

Overview and Scrutiny Committee**On 20 November 2006****Report title: Budget scrutiny - Pre business plan review documents for the Enterprise & Regeneration Portfolio****Report of: The Acting Director of Environment, ACE Strategy and Acting Director of Finance****Wards affected: All****1. Purpose**

1.1 To update Members on the financial planning process and to consider the pre business plan reviews for the following business units:

- Planning, Environment Policy and Performance (PEPPs)
- Strategy (Regeneration and Policy & Partnerships)

2. Recommendations

2.1 To note the latest financial planning position as set out in the report.

2.2 To consider and make recommendations to the Executive on the pre-business plan review documents, in particular the new savings and investment proposals. The recommendations of the Overview and Scrutiny Committee will be considered by the Executive in agreeing the Council's final budget for 2007/08.

Report authorised by:

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3. Executive summary

3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.

4. Reasons for any change in policy or for new policy development

4.1 None

5. Access to information: Local Government (Access to Information) Act 1985

5.1 The following background papers were used in the preparation of this report:

- Report of the Acting Director of Finance to the Executive 4 July 2006 – Financial planning 2007/8 to 2010/11
- Report of the Acting Director of Finance to the Overview & Scrutiny Committee 24 July 2005 – Budget Scrutiny
- Report of the Acting Director of Finance to the Executive 31 October – Financial planning 2007/8 to 2010/11 (including the detailed PBPR documents)

For access to the background papers or any further information please contact Kevin Bartle on 020 8489 3743.

6 Background

- 6.1 The Executive on 4 July 2006 considered a comprehensive report on financial strategy for the period 2007/08 to 2010/11 and agreed a business planning and budget-setting process. At that time the budget showed a significant gap for the years 2007/08 and 2010/11, with an overall gap of £13.6m over the full four year planning period. This assumes the achievement of pre-agreed savings proposals of £8.2m. The assumed council tax in the projection is an increase of 2.5% in each of the four years and a known grant settlement figure of 2.7% in 2007/08. Attached at appendix 1 is the budget trail as reported to Executive in July which sets out the overall position.
- 6.2 A further report was considered by the Executive on 31 October 2006 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.
- 6.3 As part of the pre-business planning review process, targets were set for individual business units to identify potential savings opportunities. The targets took account of the level of savings already identified in current financial plans and previous years. These savings targets were aligned to the governments Gershon efficiency targets of 2.5% per annum. Ring-fenced funded services were separately identified within this process. The savings proposals will be required to fund the budget gap identified above and any additional investments that are agreed as part of this budget setting process. The final budget proposals will depend on the level of formula grant received from government, which will be announced in early December.

7 Pre business plan reviews

- 7.1 Members will recall that the purpose of the pre-business review process is to:
- ensure that the financial planning process is clearly linked with, and reflects, the full strategic agenda of the Council;
 - ensure that all budget options support the achievement of community strategy objectives;
 - ensure that proposals are considered in conjunction with the impact on service performance;
 - ensure that budget options enhance the achievement of value for money;
 - review the impact of previous years investment proposals;
 - identify efficiency savings, both cashable and 'non-cashable', and investment opportunities both within and between business units;
 - support consultation activity with key stakeholders;
 - support the budget scrutiny process;
 - gather information to support a number of planning processes.
- 7.2 The reviews have been prepared in conjunction with Executive Members and are released for scrutiny.

7.3 To assist members in the scrutiny process we have attached to this report in appendix 2 extracts of the PBPRs relevant to this portfolio by business unit in respect of new proposals:

- Pre agreed cashable efficiency savings (PBPR section 5.3)
- New proposed cashable efficiency savings (PBPR section 13)
- New revenue investment proposals (PBPR section 12);
- New capital investment proposals (PBPR section 11);
- Non General Fund proposals (if appropriate).

Members have also been provided with a list of the investments agreed in previous years' budgets for information (PBPR Section 5.5). Although these investments have been agreed and accounted for, it may be that, given the challenging forecast financial position, members would like to revisit them.

7.4 Members are asked to consider these proposals in relation to 7.1 above.

7.5 Appendix 3 provides an overview of the 2006/07 budget by business unit across the Council and summarises the proposals over the four year planning period to give members a view of the overall scale of the proposals.

7.6 The following section in the report summarises the key service issues and objectives by business unit over the planning period.

8 Departmental Services Issues

Planning, Environment Policy and Performance (PEPPs) Business Unit

8.1 Key strategic issues / objectives

Performance and Value for Money

Planning applications performance has met and exceeded all local and national targets this year. Other successes include 100% performance in respect of protecting green spaces from development, and 100% for quality of planning services.

Areas requiring improvement are appeals performance which is below the national and London wide average and customer satisfaction where a survey is currently being undertaken.

In terms of value for money the service costs are around the London average with performance assessed as high.

The key challenge for next year will be maintaining the high level of performance in respect of planning applications, in light of a number of recently introduced quality initiatives including improved consultation and design input.

Policy Development

All major policy areas have been progressed in line with targets including the adoption of the new UDP, preparation of Transport Strategy (LIP) and the Statement of Community Involvement. The main areas for next year are the

new Housing Supplementary Planning Document and the review of the boroughs Conservation Areas.

Key Site Regeneration

There has been considerable progress in respect of both Tottenham Hale and Haringey Heartlands in particular the securing of £14.2m growth funds for infrastructure projects. The Tottenham Hale Masterplan has been completed and major planning applications have been submitted. Heartlands is reaching planning application stage. There has also been progress on a number of other key sites including Tottenham Town Hall, and Hornsey Depot. Key issues for next year is the need to ensure we have the capacity to deal with the programme and the risks posed by proposed government changes in respect of the Mayor's powers and the possible introduction of the Planning Gain Supplement.

Cost Pressures

The year end position is for a balanced budget however there are pressures from overspends in respect of legal and appeal costs as well as the cost of redundancies which will need to be managed over a 3 year period.

8.2 Savings and investment proposals attached in appendices

Investments

There are 3 revenue bids, £350k to support the delivery of the key site agenda including Heartlands and Tottenham Hale. £100k to fund the new Housing Supplementary Planning Document and £60k revenue implications of the IT capital bid of £150k.

Savings

Already agreed savings for 07/08 and 08/09 of £121k are still appropriate and will be achieved. Proposals for new savings of £162k are to increase fees in Building Control and Planning by £70k, the reduction of support staff to the value of £52k and the lost of one policy planner post £40k. This is proposed for 08/09 to take place after the completion of the Housing policy review.

Strategy (Regeneration; Policy & Partnerships) Business Unit

8.3 Key strategic issues / objectives

- Strengthening the approach to co-ordination and development of corporate policy and key strategic change projects for the Council within existing resources. This will include development of a knowledge management , GI and briefing systems
- Improved co-ordination of the Haringey Strategic Partnership (HSP) through implementation of recommendations from the HSP review thus ensuring objectives for partnership working are properly resourced which will help meet all the Councils priorities.
- Continuing to develop the Councils leadership role for economic development and inward investment. This will involve delivery of the worklessness element of the LAA, the Local Enterprise Growth Initiative and increased partnership working with key agencies to develop new projects

8.4 Savings and investment proposals attached in appendices

- Achieving savings by reducing the town centre management function and consultancy fees which will not affect the overall performance of business units in this area.
- Establishing a dedicated support function thereby ensuring the Councils objectives for partnership working are properly resourced.
- Capitalising on the opportunity to set up a Groundwork Trust in Haringey. This will help meet a number of corporate and departmental priorities in the areas of community development, neighbourhood renewal and physical/ environmental regeneration. This will help achieve priorities related to improving the environment and provision for young people.

9 Consultation

9.1 This is part of the consultation of the business and financial planning process.

10 Summary and conclusions

10.1 The conclusions will be for the committee to decide before agreeing a report back to Executive as part of the budget process.

11 Comments of the Head of Legal Services

11.1 To be completed

12 Equalities implications

12.1 This is considered as part of the individual pre-business plan review documents.

13 Use of appendices

13.1 Appendix 1 – The budget trail as reported to the Executive in July 2006 which sets out the overall position.

13.2 Appendix 2 – extracts from the pre-business plan review documents showing:

Pre agreed cashable efficiency savings (PBPR section 5.3)
New proposed cashable efficiency savings (PBPR section 13)
New revenue investment proposals (PBPR section 12);
New capital investment proposals (PBPR section 11).
Pre agreed investments (memorandum item PBPR section 5.5);
Non General Fund proposals (if appropriate).

13.3 Appendix 3 – summary budget analysis document (2006/07 to 2009/10)

13.4 Pre-business plan review documents (circulated separately).

Gross Budget Trail	2007/08	2008/09	2009/10	2010/11
	£'000	£'000	£'000	£'000
Budget brought forward	366,511	382,819	399,533	416,195
<u>Changes and variations</u>				
Inflation	8,000	8,420	8,840	9,260
Agreed in previous years budget process	8,752	2,547		
Changes and variations in this report:				
- capital financing costs	750	800	1,037	1,078
- pension fund			1,060	1,070
- waste disposal			500	500
- contingency	3,000			
- Alexandra Palace	(1,000)		(6,952)	
<u>Savings</u>				
2005/06 process				
- identified savings	(2,892)			
2006/07 process				
- changes to existing savings	(470)			
- identified savings	(1,738)	(3,123)		
	(5,100)	(3,123)	0	0
<u>Investments</u>				
2005/06 process	(325)			
2006/07 process (see appendix b)	(3,912)	(75)		
	(4,237)	(75)	0	0
<u>Dedicated schools grant (DSG)</u>				
Passporting of DSG	11,732	10,787	11,531	12,326
<u>Balances</u>				
Contribution to / (from) balances 2005/06 process	360	(642)		
Contribution to / (from) balances 2006/07 process	(337)			
Gross Council budget requirement	388,431	401,533	415,549	440,429
Less dedicated schools grant (specific grant)	(156,327)	(167,114)	(178,644)	(190,971)
Net Council budget requirement	232,104	234,419	236,905	249,458
Funding				
Council tax (see below)	93,984	96,333	98,743	101,211
Government support - formula grant and NNDR	132,508	136,086	138,808	141,583
	226,492	232,419	237,551	242,794
Resource shortfall/(excess)	5,612	2,000	(646)	6,664
Council tax	£	£	£	£
Council tax (LBH)	1,122.35	1,150.40	1,179.17	1,208.65
Council tax base (after provision for non-recovery)	83,739	83,739	83,739	83,739
Precept	93,984,467	96,333,346	98,742,517	101,211,142
Rate of council tax increase (Haringey element)	2.5%	2.5%	2.5%	2.5%
GLA rate of council tax increase	n/a	n/a	n/a	n/a
Combined council tax increase	n/a	n/a	n/a	n/a
£ per week increase (Haringey element)	£0.53	£0.54	£0.55	£0.57

London Borough of Haringey
Budget Preparation 2007-11
Executive Member for Enterprise and Regeneration

PBPR Table	Saving / Growth	Portfolio	Directorate	Business Unit	Details of Efficiency/Proposed Investment/Proposed Efficiency Saving/ Investments	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	2009/10 over and above 2008/09 £'000	2010/11 over and above 2009/10 £'000	Cumulative	Dependencies/Impact
5.3	S	Exec Member: Entr & Regen	Chief Executive's (Strategy)	Communication	P&P	20				20	Savings for 2006/07 have been achieved by reducing staff salaries, through a team restructuring. Savings in 2007/08 will be achieved through reduction in consultancy fees budget.
13	S	Exec Member: Entr & Regen	Chief Executive's (Strategy)	Communication	Regeneration	68	1		38	107	Staff post Deputy Manager will be deleted (currently on agency contract).
5.3	S	Exec Member: Entr & Regen	Environment	Communication Total		88	1	0	38	127	
5.3	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Cost recovery through s106 contribution	64				64	On Target for achievement in 2006/07
13	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Planning fees increase	27	30			57	On Target for achievement in 2006/07
13	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Increase in Planning fees			30		30	Consultation on national planning fees currently underway.
13	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Increased Building Control fees		20	20		40	Planned development of Key sites
13	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Reduction of Support staff	35			17	52	Reduced support staff
13	S	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Reduction in Planning policy staff		40			40	Difficulty in delivering milestones of AMR.
				Planning, Policy & Performance Total		126	90	50	17	283	
				\$ Total		214	91	50	55	410	
12	G	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Delivery of Key sites agenda	350				350	Resourcing consultancy work additional staff, and S106 legal costs associated with the delivery of key sites, Heartlands and Tottenham.
12	G	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Housing planning policy review.	100				100	Funding required for staffing, sustainability appraisal and other studies.
12	G	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Mobile Working	20				20	Costs of providing support to the system, some efficiency savings could be achieved.
12	G	Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	As above	40				40	Develop further the planning portal link.
				Planning, Policy & Performance Total		510	0	0	0	510	
				G Total		510	-	-	-	510	

Portfolios	Directorate	Business Unit	Details of Pre-Agreed Investment	2006/07 over and above 2005/06 £'000	2007/08 over and above 2006/07 £'000	2008/09 over and above 2007/08 £'000	Total 07/08-08/09	Dependencies/Impact
Exec Member: Entr & Regen	Environment	Planning, Policy & Performance	Unitary Development Plan review/Local Development Framework	75		(75)	-75	Manager has now been recruited, staff team is being restructured, members have agreed new hire rates. Extended programme is being delivered to accommodate more community groups.
Exec Member: Entr & Regen				75	0	(75)	-75	
Total								

London Borough Of Haringey
 PBPR Capital Investment Bids 2007/08 - 2010/11
 Executive Member For Enterprise And Regeneration

Appendix 2

Form Number	Portfolio	Directorate	Business Unit	Capital Project Title	Corporate Resources Funding Bid 2007/08 - 2010/11	Total Capital cost					Revenue Growth PBPR Table 12 2007/08 - 2010/11	Corporate Resources as a Contribution of Capital Cost %
						2007-08 '£'000	2008-09 '£'000	2009-10 '£'000	2010-11 '£'000	Total '£'000		
024	Exec Member: Entr & Regen	Environment	PEPPS	Building Control: Mobile Working Project	100	0	0	0	100	20	100%	
025	Exec Member: Entr & Regen	Environment	PEPPS	Green Stream: Server Upgrades	50	0	0	0	50	40	100%	
026	Exec Member: Entr & Regen	Environment	PEPPS	GLS Site, Tottenham Hale	0	2,131	0	0	2,131		0%	
			PEPPS Total		150	2,281	0	0	2,281	60		
			Grand Total £000		150	2,281	0	0	2,281	60		

Consolidated Savings & Growth - Annual breakdown by Executive Portfolio - Appendix 3

Executive Portfolios	Councillor	2007/08		2008/09		2009/10		2010/11		Cumulative	
		Savings	Growth	Savings	Growth	Savings	Growth	Savings	Growth	Savings	Growth
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Leader of the Council	George Meehan	118	251	67	-	-	-	100	-	285	251
Executive Member for Children & Young People	Liz Santry	2,433	375	1,459	-	-	-80	1,458	-	5,350	295
Executive Member for Community Involvement	Lorna Rieth	658	40	513	-	167	-	179	-	1,517	40
Executive Member for Crime and Community Safety	Nilgun Canver	199	680	263	-	10	-	115	-	587	680
Executive Member for Enterprise and Regeneration	Kaushika Amin	214	510	91	-	50	-	55	-	410	510
Executive Member for Environment & Conservation	Brian Haley	679	2,114	1,223	886	100	55	654	40	2,656	3,095
Executive Member for Finance	Toni Mallett	798	610	525	-262	362	-20	205	5	1,890	333
Executive Member for Health & Social Services	Bob Harris	1,193	1,811	1,140	187	1,885	-	865	-	5,083	1,998
Executive Member for Housing	Isidoros Diakides	-	1,156	-	324	-	348	-	27	-	1,855
Executive Member for Organisational Development & Performance	Dhiren Basu	524	217	236	-	244	-	293	-	1,297	217
TOTAL		6,816	7,764	5,517	1,135	2,818	383	3,924	-8	19,075	9,274

Executive Portfolios	Councillor	Corporate Resources Funding Bid 2007/08 - 2010/11	Total Capital cost					Revenue Growth PBPR Table 12C 2007/08 - 2010/11
			2007-08 '£'000	2008-09 '£'000	2009-10 '£'000	2010-11 '£'000	Total '£'000	
Leader of the Council	George Meehan							
Executive Member for Children & Young People	Liz Santry	0	10,189	2,411	700	39,467	0	
Executive Member for Community Involvement	Lorna Rieth	8,300	1,392	1,267	330	10,770	0	
Executive Member for Crime and Community Safety	Nilgun Canver	405	0	0	0	1,705	120	
Executive Member for Enterprise and Regeneration	Kaushika Amin	150	0	0	0	2,281	60	
Executive Member for Environment & Conservation	Brian Haley	36,073	19,159	18,379	17,686	84,413	824	
Executive Member for Finance	Toni Mallett	8,930	2,550	1,400	500	8,930	150	
Executive Member for Health & Social Services	Bob Harris	9,842	2,895	2,875	2,875	12,007	0	
Executive Member for Housing	Isidoros Diakides	2,154	0	0	0	2,154	50	
Executive Member for Organisational Development & Performance	Dhiren Basu	12,900	3,900	3,000	3,000	12,900	0	
Grand Total £000		78,754	40,085	29,332	25,091	174,627	1,204	