

**Overview and Scrutiny Committee****On 20 November 2006**

Report title: Budget scrutiny - Pre business plan review documents for the Leader of the Council Portfolio

Report of: The ACE Strategy, ACE OD 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:

- Organisational Development (Equalities)
- Strategy (Communications : Media & PR)

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

Organisational Development (Equalities)

8.1 Key strategic issues / objectives and links to proposed savings & investments

The key service objectives which are ongoing are:

- Developing links with local communities and supporting consultative mechanisms
- Supporting community cohesion events such as the Black History Month, LGBT History Month, Holocaust Memorial, International Women's Day and Domestic Violence events
- Continuing the work on domestic violence prevention and support projects
- Provision of corporate equalities direction and strategic intervention
- Advising the CEMB and Members on equalities matters

The key projects that need to be delivered in the coming year are:

- Achievement of level 4 of the Equalities Standard in March 2007
- Updating the Council Equalities Scheme
- Updating the Council Equalities Policy
- Developing and taking forward the Community Cohesion agenda

Strategy (Communications: Media & PR)

8.2 Key strategic issues / objectives and links to proposed savings & investments

To continue to maintain existing efficiency gains. Having achieved big efficiency gains of 29 % in Publicity Design & Print over the past two years, CCU is committed to maintaining or increasing this so that the council continues to enjoy maximum outputs and effect for the money it spends on communications. In addition to increased outputs of existing services, CCU has introduced additional ones such as media evaluation, consultations consultancy and corporate marketing campaigns without extra resource.

Increased savings through better planned print buying. The challenge for future years is for service areas to properly utilise CCU services and eliminate unnecessary material. We cannot estimate these savings with reasonable certainty until all areas have completed returns to us on future publications work plans.

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 £'000	2008/09 £'000	2009/10 £'000	2010/11 £'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

BPBR 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: Leader	Chief Executive's (OD&L)	OD&L	Member enquiries function	17	31			48	07/08 pre agreed savings are on track to be delivered
5.3	S	Exec Member: Leader	Chief Executive's (OD&L)	OD&L	Refocus the work of Equalities team	42	16			58	06/07 pre agreed saving achieved 07/08 pre agreed savings will be delivered by reviewing the delivery of equalities service and the structure needed to support it.
5.3	S	Exec Member: Leader	Chief Executive's (OD&L)	OD&L	Town Twinning	2				2	Pre agreed saving for 07/08 on track to be achieved
5.3	S	Exec Member: Leader	Chief Executive's (Strategy)	OD&L Total Communication	Communications	61	47	0	0	108	Savings for 2006/07 have been achieved by renewing the printing contract for Haringey People. The saving of 47K for 2007/08 cannot be met in 2007/08 and 23.5k will be carried forward to 2008/08. Savings for 2007/08 and 2008/09 will be met through print 7 design efficiencies. CEMB have agreed the process for collecting marketing information from the whole council. This information will be analysed to capture print work that is being outsourced and does not come through CCU. Subject to CEMB ensuring that all work requiring print comes through CCU enabling CCU to purchase print services in bulk from approved Whitehall frameworks at the best possible prices making a council wide saving. We will also be renewing our existing Local print and design framework to achieve further efficiency savings.
13	S	Exec Member: Leader	Chief Executive's (Strategy)	Communication	Management and support				44	44	Saving will be taken from various budgets within business units (yet to be determined)
13	S	Exec Member: Leader	Chief Executive's (Strategy)	Communication	Policy	10	1		18	29	Savings to be taken from consultancy fees and training budget
13	S	Exec Member: Leader	Chief Executive's (Strategy)	Communication	Communications		19		38	57	savings through print efficiencies. If plans to direct more council wide design and print spend through the CCU are successful, this will be achieved by purchasing services which offer better value for money. If this cannot be achieved then savings will be made by reducing staff posts.
\$ Total						57	20	0	100	177	
Total Savings						118	67	0	100	285	

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
12	G	Exec Member: Leader	Chief Executive's (Strategy)	Communication	New HSP Secretariat	150				150	This is dependent on the outcome of the HSP review and an application for NRF funding in first year. The cost will cover posts for a senior manager, policy officer and administrative support.
12	G	Exec Member: Leader	Chief Executive's (Strategy)	Communication	Investment for establishing a Groundwork Trust (Core funding)	30				30	Increase in number of projects helping to meet a number of corporate and departmental priorities in the areas of community development, neighbourhood renewal and physical/ environmental regeneration.
12	G	Exec Member: Leader	Chief Executive's (Strategy)	Communication	Additional monitoring officers post	40				40	There is currently no dedicated resource to monitor the use of community buildings. As part of the move to ensure a more effective approach to the management and control of community buildings it necessary that a community buildings monitoring function is created that can work closely with the existing monitoring function in the CVST.
12	G	Exec Member: Leader	Chief Executive's (Strategy)	Communication	HP postage	31				31	Owing to Royal Mail changing its charging structure this increased requirement is for postage costs for Haringey People HP is a key source of accurate information on the work of the council and the one most residents use for news on the council.
G Total						251	0	0	0	251	
Total Growth						251	0	0	0	251	

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	-	-	1,458	-80	-	5,350	295	
Executive Member for Community Involvement	Lorna Rieith	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	654	40	40	2,656	3,095	
Executive Member for Finance	Toni Mallett	798	610	525	-262	362	205	5	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	3,924	383	-8	19,075	9,274	

London Borough of Haringey Budget Preparation - Capital Programme Bids 2007/08 to 2010/11

Appendix 3

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	