

Overview and Scrutiny Committee
On 21st November 2005

Report title:	Budget scrutiny - Pre business plan review documents	
Report of:	The Assistant Chief Executives: Access, OD and Strategy	
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: •Corporate IT •Legal •Organisational Development		
2. Recommendations 2.1 To note the latest financial planning position as set out in the report. 2.2 To consider the pre-business plan review documents, in particular the new savings and investment proposals, for the purposes of the budget process.		
Report authorised by:		
Contact officer:	Name Frances Palopoli	Gerald Almeroth
Telephone:	020 8489 3896	020 8489 3743

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 Director of Finance to the Executive 5 July 2005 – Financial planning 2006/7 to 2008/9
- Report of the Director of Finance to the Overview & Scrutiny Committee 25 July 2005 – Budget Scrutiny
- Report of the Director of Finance to the Executive 1 November – Financial planning 2006/7 to 2008/9 (including the detailed PBPR documents)

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

6 Background

6.1 The Council has an agreed five-year financial strategy covering the period to 2008/09. The issues to be considered as that strategy is updated leading up to budget-setting for 2006/07 were set out in a paper to the Executive on 5 July 2005. For the most part, this confirmed the decisions already taken as part of the existing strategy. A further report was considered by the Executive on 1 November 2005 to release the pre-business plan reviews for scrutiny and a number of national and local updates were considered.

6.2 The overall position at 1 November 2005 is as follows:

	2006/07	2007/08	2008/09
	£m	£m	£m
Budget gap/(surplus) b/fwd	0	0	0
Inclusion of 2008/09 in financial planning – inflation, capital financing and estimated resources	0	0	2.25
Increase in waste disposal costs	0	0	0.50
Revenue implications of investment fund items in 2005/06	0.24	0.25	0
Increase in pension contributions	0	0	1.05
Position at 5 July 2005	0.24	0.25	3.80
Other changes and variations	0	0	0
Budget gap 1 November 2005	0.24	0.25	3.80
LBH council tax £	1,095	1,122	1,150
LBH increase %	2.5	2.5	2.5
GLA council tax £	274	295	317
GLA increase %	7.5	7.5	7.5
Total council tax £	1,369	1,416	1,467
Total increase %	3.5	3.5	3.5

6.3 The above position does not at this stage reflect any budget savings or investment proposals beyond those already agreed. The overall funding gap over the three-year planning period is £4.3m.

6.4 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 excluded from this process. These savings

opportunities will be needed to fund any budget gap resulting from the level of Council Tax increase that is eventually agreed, 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;
- identify efficiency savings 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 process for the 2006/07 budget was improved in respect of three key areas:

- Value for money – the documents make specific reference to demonstrating value for money in services, which is a new key part of the CPA process;
- a new section to capture ‘non-cashable’ efficiency savings;
- a section to review the impact of previous years investment proposals.

7.3 The reviews have now been prepared in conjunction with Executive Members and are released for scrutiny.

7.4 To assist members in the scrutiny process we have attached to this report in appendix 1 extracts of the PBPRs by business unit in respect of new proposals:

- section 13 – new capital investment proposals;
- section 14 – new revenue investment proposals;
- section 15 – new cashable efficiency savings.

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

7.6 Appendix 2 provides an overview of the 2005/06 budget by business unit across the Council and shows the existing and new proposals to give members a view of the overall scale of the proposals.

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

8 Key Directorate Issues

8.1 IT Business Unit

8.2 The key strategic issues and objectives within the IT Business Unit linked to investment are as follows:

- to lead and deliver e-government initiatives as well as improving accessibility to services & information. Capital investment supporting achievement of this includes application integration; data and programme management; SAP; mobile working. Revenue investments include renewal of Microsoft Enterprise agreement; maintenance for Leisure system replacement and staff to support new functions.
- identifying new opportunities for service improvement and efficiency gains such as feasibility and implementation of voice over IP
- support Haringey's change management programme including trialing extended opening hours

Investment will help to achieve new non-cashable efficiencies within IT such as:

- administration of greatly increased mobile phone contracts within existing telephony team
- supporting e-payments and services requests which have lower transaction costs than traditional methods
- introduction of shared IT facilities which improve productivity and reduces maintenance costs

8.3 Organisational Development Business Units

8.4 Key strategic issues/objectives facing OD:

The Council's OD function continues to focus on improving performance and capacity. This theme is particularly important as we prepare for CPA in 2006/7. The investment proposals relate primarily to service delivery through the better management of workforce resources and therefore to the Council priority achieving excellent services. Examples include revisiting the Council's vision and developing a set of organisational values; attracting, developing and retaining staff; Member learning & development; implementing corporate objective on customer focus; achieving level three of the Equality Standard; and retaining liP. In addition the OD function is leading the Council's preparation for CPA and certain of the investment proposals in the appended PBPR relate directly to the key lines of enquiry that will form the basis of our measurement. In summary the strategic objectives of OD are:

- To build leadership and people management capacity.
- To attract, retain and develop talent in the Council
- To prepare the Council for Comprehensive Performance Assessment
- To deliver an effective Member support service
- To achieve Equality Standard and Race Relations Act targets to schedule.

8.5 Links to savings & investment proposals:

Investments

Member development and learning investment proposals provide a comprehensive range of training activities for elected Members.

The efficient functioning of support to Members is the subject of investment proposals concerning the structure and budget of Member Services.

Additional resources to support preparation for CPA by focusing on the Key Lines of Enquiry is the subject of the investment proposal for an additional support post.

Improving the effectiveness of attracting and deploying staff is the subject of investment proposals on recruitment and redeployment. These also go towards realising efficiencies by reducing payments sometimes made to staff exiting the organisation during periods of change.

The effective running of HR services is the subject of investment proposals to correct historic anomalies in the charging arrangements for payroll services.

Reviewing the vision and developing values for the Council are a key OD objective supported by the investment of dedicated resources.

Improvements to customer focus are the subject of development & learning investment proposals as are proposals on Member/officer development.

Investments to support the integration of the Council's work on domestic violence pending the end of NRF funding.

Savings

Reducing the leadership programme, and Council-wide seminars/events will reduce the speed and effectiveness of the current change programme.

Sharing the provision of employment processing within and between boroughs will deliver longer term efficiencies at the cost of short term performance and control.

Reducing the number and/or amount of Member allowances might impact on the Council's ability to attract and retain Member availability.

Reducing the printing budget will require alternative means of accessing agenda, minutes, and other key Council documents such as the Best Value Performance Plan.

8.6 **Legal Services**

Key strategic objectives

Corporate Legal Services

8.6.1 To establish a close, effective working relationship with our client services, focussing on and tailored to achieving each individual client service's business objectives and in particular:

Provide advice and support to all front line client departments to assist the council in achieving the key priorities in its Community Strategy

Strengthen the Legal Service enforcement role to support the creation of safer communities and improve the Council's environment.

Assist the Children's Service in building upon improvements and developments already made.

- 8.6.2 In consultation with client departments consider areas of greater income generation through legal action or early settlement negotiations in cases where this could lead to cost savings for the Council.
- 8.6.3 To monitor, collate and present meaningful financial and management information concerning the service, including the recovery of costs.
- 8.6.4 To provide a 'Total Legal Service' to the Council by increasing our capacity to support client departments on large scale projects involving planning, property and contracts, carrying out our own advocacy where possible and maintaining the 'light touch' monitoring of external legal service providers.
- 8.6.5 Protecting the Corporate Interest and maintaining high standards of probity and ethical governance
- 8.6.6 Aim to have recruited permanent staff into 90% of posts by September 06.
- 8.6.7 Consider procurement of a computerised voice recognition /digital dictation system
- 8.6.8 Consider procurement of an electronic library system

Local Land Charges

- 8.6.9 Consider the formation of a Corporate GIS Unit - to incorporate business/budget plans and the need for a corporate strategy and product - incorporating Land Charges LLPG & NLPG
- 8.6.10 Seek and maintain existing market share and search fee income
- 8.6.11 Maintain 100% success in meeting the statutory Performance Indicator of 99% response within 10 working days.

Registrars

- 8.6.12 Continue the computerisation of indexes to maintain the speed and efficiency of the issue of certificates in person and by post.
- 8.6.13 Expanding marriage/ceremonies section: new Approved Premises registered.
- 8.6.14 Improved links with other London Register Officers for training and data sharing.

Accommodate increased workload in the Register Office due to introduction of Civil Partnership Ceremonies in December 2005.

8.7 Key strategic issues - Legal

Corporate Legal Services

Clean Neighbourhoods and Environment Act 2005 - The introduction of this act may lead to an increase in prosecutions for a range of offences in which fixed penalty notices can be issued such as dog fouling, fly tipping and other environmental crimes and advice work

Housing Act 2004 - The increased emphasis on tackling anti social behaviour and the introduction of a rating system for condition of housing may cause upward pressure on level of disrepair cases as housing conditions become more of a topical legal/social issue in the way anti social behaviour is currently. The onus will be on local authorities to tackle this issues as it applies to both the public and private rental sector

There are major employment law implications in the forthcoming legislation on age discrimination and the revisions to Transfer of Undertakings Regulations. Also, the new Disability Discrimination Act places a positive duty on local authorities to eliminate discrimination and promote equality and widens the definition of disability, particularly in the field of mental impairment. This may lead to increased tribunal claims.

The Gambling Act 2005 will create new responsibilities for London Boroughs in granting premises licences, registering small society lotteries and regulating some categories of gaming machines. This will result in increased licensing advice and appeals.

There may an increase in work under The Licensing Act 2003 resulting from the new powers to review a license.

There may be a substantial amount of advice work related to the Planning and Compulsory Purchase Act 2004 and in particular the Local Development Framework and the documents that form part of it.

There has been a substantial increase in planning appeals since last year.

Section 106 agreement's work is increasing, as a result of the regeneration and redevelopment taking place in the borough.

Children Act 2004 - Introduces new powers and duties in relation to the delivery and commissioning of services for children. There may be implications for legal in terms of assisting the client department with restructuring the Children's Service in accordance with the Act and establishing partnership arrangements with other statutory and voluntary agencies.

Adoption and Children Act 2002 - Makes fundamental changes to adoption law and practice as well as having implications for the conduct of care proceedings. In particular, following full implementation in December 2005, the Court will be able to make new kinds of orders in relation to children: placement orders and special guardianship orders. There are also new duties in relation to adoption support. Legal will need to assist the client department with this new work and this may increase the level of work for the team.

Local Land Charges

Market and legislative changes mean the Council may not be able to rely on income from Local and Charges

Registrars

New legislation coming into effect on 05 December 2005 allowing Civil Partnerships to take place. This is an important new income stream but raises issues on space and storage. Provisional appointments made for approximately 50 couples already. Staff training programme underway. Press Office, Equalities and Diversity Unit input continuing to ensure best possible service to our customers. As part of Civil Registration Modernisation Project, the IT specification will need to be upgraded by the Tech Refresh to cope with a new web based system for registration of births and deaths. This is anticipated to take place in March 2006 and will be followed by the issue of Marriage notices and authorities in July 2006

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. Equalities implications
- 11.1 This is considered as part of the individual pre-business plan review documents.
12. Use of appendices
- 12.1 Appendix 1 – extracts from the pre-business plan review documents showing:
 - section 13 – new capital investment proposals;
 - section 14 – new revenue investment proposals;
 - section 15 – new cashable efficiency savings.
- 12.2 Appendix 2 – summary budget analysis document (2005/06 to 2008/09)
- 12.3 Pre-business plan review documents (circulated separately).