

Report title:	Budget scrutiny - Pre business plan review documents	
Report of:	The Director of Housing and 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: <ul style="list-style-type: none">• Strategy and Needs• Housing ALMO Services (HHBS + HMBU)	
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:		
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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 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 Housing Services Issues

8.1 The key strategic issues and objectives within the housing department driving growth bids are:-

- Creating an ALMO (Homes For Haringey) to attract additional funding
- Improving the departments CPA service block score including obtaining at least a 2* rating for the ALMO
- Reduce numbers of households in temporary accommodation
- Provide more choice within our lettings process
- Improve our emphasis on performance management and strategy
- Increased emphasis on energy efficiency
- Improving the repair service with mobile working solutions
- Invest to save issues, for example the Introduction of swipe cards to reduce future costs
- Improving customer focus and opportunities for involvement
- Ensuring the delivery of service improvement against a background of reducing resources

8.2 Reducing the numbers in temporary accommodation is also an ODPM performance target.

8.3 Capital spending is aimed at:-

- Increasing the numbers of permanent dwellings, thus reducing the numbers in temporary accommodation
- Meeting the Decent Homes Standard
- Carrying out works as per the Adaptations Scrutiny review and BPR project
- Completing other urgent projects such as water pressure works
- Purchase of hand held hardware for the repairs mobile solutions project

8.4 There are new Capital spending pressures within the business unit due to cuts of over £6 million from our Supported Capital Expenditure (SCE), this will have a serious impact on improvement grants, adaptations and the Council home mainstream programme. For the latter, without additional funding beyond MRA and SCE there will be little room for manoeuvre on new starts and we certainly will not be able to continue with the Be++er Haringey estates improvement programme which is currently spending at around £4m in 05/06.

8.5 It is aimed to realise savings from various parts of the business. This will not only make the business more efficient but will improve our Value for Money score in CPA. Savings will be made in:-

- Rationalisation of our temporary accommodation storage arrangements
- Temporary accommodation management from investments in 2003/04
- More cost-effective use of reserve repair contractors
- Improved management of the capacity of our responsive repairs workforce
- Minimising the use of agency staff
- Increasing income generation and collection

- Decrease the turnaround time of void properties
- Improving financial planning and reducing our contingency budget
- Improving the cost effectiveness of the use of staff and systems
- More effective use of Customer Service Centres and closure of housing reception areas
- Introduction of swipe cards
- Streamlined rent procedures
- ALMO implementation team will not be needed in 06-07
- Reducing the cost of temporary accommodation for transfer clients

8.6 Due to the fact that the Housing Revenue Account is ring fenced the above savings and growth that relates to this account will be managed within the constraints of the overall goal to bridge the current gap within this account.

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).

