

**Overview and Scrutiny Committee****On 30th November 2005**

<b>Report title:</b>	<b>Budget scrutiny - Pre business plan review documents</b>
<b>Report of:</b>	<b>The Assistant Chief Executives of Access, Strategy &amp; OD</b>
<b>Wards affected:</b>	<b>All</b>
<b>1. Purpose</b>	
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"><li>• Communications &amp; Regeneration &amp; Policy (Strategy)</li><li>• Safer Communities</li><li>• Libraries, Archives &amp; Museums</li><li>• Neighbourhood Management</li><li>• Customer Services</li></ul>
<b>2. Recommendations</b>	
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.
<b>Report authorised by:</b>	

<b>Contact officer:</b>	<b>Name Frances Palopoli</b>	<b>Gerald Almeroth</b>
<b>Telephone:</b>	<b>020 8489 3896</b>	<b>020 8489 3743</b>
<b>3. Executive summary</b>		
3.1 The report provides an update on the financial planning process and pre-business planning documentation for scrutiny.		
<b>4. Reasons for any change in policy or for new policy development</b>		
4.1 None		
<b>5. Access to information: Local Government (Access to Information) Act 1985</b>		
5.1 The following background papers were used in the preparation of this report:		
<ul style="list-style-type: none"> <li>• Report of the Director of Finance to the Executive 5 July 2005 – Financial planning 2006/7 to 2008/9</li> <li>• Report of the Director of Finance to the Overview &amp; Scrutiny Committee 25 July 2005 – Budget Scrutiny</li> <li>• Report of the Director of Finance to the Executive 1 November – Financial planning 2006/7 to 2008/9 (including the detailed PBPR documents)</li> </ul>		
<b>For access to the background papers or any further information please contact Gerald Almeroth on 020 8489 3743.</b>		

*S:\FI\CorpFin\BunF\AIF\AccountingControl\FinancialPlanning\O&S budget scrutiny pro forma report Nov05.doc*

## 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
<b>Budget gap/(surplus) b/fwd</b>	<b>0</b>	<b>0</b>	<b>0</b>
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
<b>Position at 5 July 2005</b>	<b>0.24</b>	<b>0.25</b>	<b>3.80</b>
Other changes and variations	0	0	0
<b>Budget gap 1 November 2005</b>	<b>0.24</b>	<b>0.25</b>	<b>3.80</b>
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 Business Unit Issues**

### **8.1 Policy, Regeneration & Communications Business Units**

- 8.2 The policy, regeneration and communications business unit is seeking new investments of £1.165m over 3 years starting at £465,000 for 06/07 declining to £270,000 in 08/09 for a range of projects. These new investments will include development of consultation toolkit & the next community strategy, improved communications to residents and a tool to coordinate external funding across the council. They will result in a shared partnership strategy for the 21st century, improved resident perception of the borough, better policy and financial frameworks and contribute significantly to achieving a good CPA rating for the authority. Over the same period the business unit is offering up £416,000 of savings achieved by removal of vacant posts, efficiency technologies being adopted by the communications team, a cut to the voluntary sector budgets and a cut to the regeneration flexible budget for the Upper Lea Valley. The savings also assume a more rational regeneration and policy structure for the Council by 2008/09.

### **8.3 Safer Communities Business Unit**

- 8.4 The Safer Communities Business Unit's pre-agreed cashable efficiency savings 2006/07 were for £9,000. However, this was dependent on Probation Service seconding a second probation officer to the Youth Offending Service. This has never taken place and will not do so; Probation Service has a serious lack of resources and cannot be compelled to provide more staff resources to the Youth Offending Service. This saving is therefore not achievable.

The proposed new cashable efficiency savings for the Safer Communities Business Unit for 2006/07 are £2,000 achievable through reducing the travel costs of staff travelling to secure establishments. A further saving (half a caseworker post) is offered for 2007/08 (£16k). Should either of these be accepted, performance of the YOS will fall, and the Youth Justice Board measures this, who compare Haringey with other Youth Offending Services across the country.

Proposed new revenue investments for Safer Communities 2006/07 total £742k, with £595k of this requested to replace NRF money for services that are critical, e.g. YOS case workers and the Community Safety Team. £53k is required to ensure the mainstreaming of the On Track project as required by DfES, which is being reduced by 19% each year for the next three years, before it completely ends. £50k to equip the Emergency Planning control rooms and enable a multi-agency table-top exercise to be carried out.

## 8.5 **Libraries, Archives & Museums**

8.6 Key objectives for LAMs service are :

- to identify & understand the communities we serve and to work with them to provide appropriate & relevant services
- to provide safe, accessible, attractive buildings
- to encourage reading and learning
- to ensure stock is in good condition and well displayed
- to provide access to ICT for our customers
- to develop services which promote social inclusion, build community identity and develop citizenship
- to enhance the role of libraries in the cultural dimension
- comply with our duty of care to preserve and make available the heritage of Haringey Council

8.7 Investment proposals supporting achievement of these objectives are:

- improvements to libraries and stockfund
- refurbishment of Hornsey library
- upgrading of library management system
- improvements to schools library service
- appointment of a cultural programmes manager
- the rollout of the RFID system should release efficiency savings

## 8.8 **Customer Services**

8.9 Key Objectives for Customer Services are to work towards achieving target of 80% of all customer contacts with the Council and completing 80% of these at first contact. This will be supported by on-going work to reduce waiting and transaction times, improving accessibility to services and improving customer satisfaction.

8.10 Investment proposals support achievement of these objectives as follows:

- Voice recording solution – to support staff training and customer care
- Resources to update the PSI which will support our responsibilities under the FOI Act
- Refurbishment of CSCs to maintain a clean, comfortable and welcoming environment for customers
- Development of Siebel will deliver efficiencies largely through improved transaction times whilst maintaining service level

## 8.11 **Neighbourhood Management**

8.12 Key objectives for Neighbourhood management are:

- delivery of the Forward Strategy for Neighbourhood managements
- shaping community engagement, empowerment and consultation
- supporting the changes associated with introduction of LAA's
- extending and embedding partnership working with Police

- sustaining Town Centre partnerships
- supporting the involvement of Libraries and customer service centres in local areas and promotion of area based working
- supporting the corporate agenda to drive business development and deliver Haringey's City Growth Strategy

8.13 Investment proposals support achievement of these objectives as follows:

- Improvement to Stoneleigh Road Car Park and environs
- Improvements to Tottenham Green work shops
- Support to Broadwater Farm community centre
- Roll out the seven new areas as part of the Neighbourhood management forward strategy

## **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).

