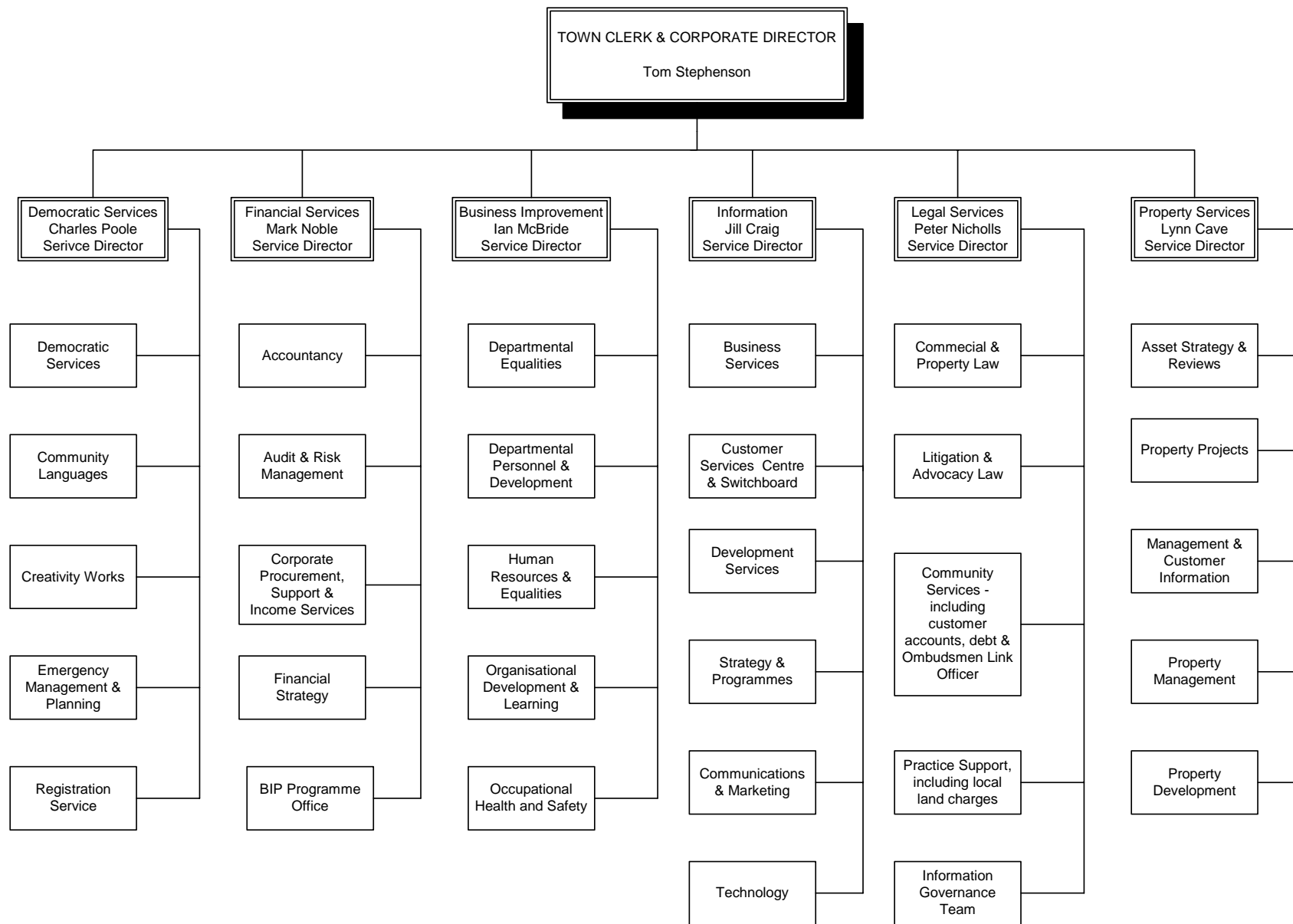


Draft Dated: 23 January, 2007

RESOURCES, incorporating the Partnership Team

DEPARTMENTAL REVENUE STRATEGY: 2007/08

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SECTION 1: CONTEXT

1.1 This DRS reflects the decision taken last year to merge the Resources Department and the Chief Executive's Office, and no separate DRS is being produced this year for the new Partnership Team . A summary of the staffing of the Resources Department is on the inside cover The Resources Department has 721 staff (FTE) organised into six Service areas (Figure 1)

Figure 1: Resources Dept Staff as at 1 April 2006 (FTE)

Directorate	11
Democratic Services	80
Financial Services	214
Human Resources & Staff Development	24
ICT & Customer Access	142
Legal Services	111
Property Services	139
Total	721

1.2 The structure of the Partnership team is currently in preparation, but the team, including the Director, the Chief Executive and his personal assistant is likely to comprise approximately 20 FTE staff.

1.3 The Resources Department's direct controllable revenue budget for 2006/07 is £18.3m plus trading account turnover of £23.4m (Figure 2). The range of the services we manage is diverse but together they comprise the Council's main corporate resources and those direct public services which are best provided centrally. All contribute to the Department's main roles:

- Making the best use of corporate resources;
- Making sure the Council acts with probity and integrity; and
- Ensuring fair, inclusive and convenient access to Council services

Figure 2: Budget 2006/07 Resources Department

Division	Direct Budget £'000	Trading Account Turnover £'000
Directorate	1,278.0	0.0
Democratic Services	3,121.4	2,187.6
Financial Services	4,678.5	5,424.7
Human Resources & Staff Development	1,180.9	0.0
ICT & Customer Access	1,414.6	6,637.0
Legal Services	(382.7)	4,424.1
Property Services (Inc CMF & Investment property)	7,328.8	4,700.0
Traders' budgeted surplus	(350.0)	
Departmental Total (Excl net recharges)	18,269.5	23,373.4

1.4 The 2006/07 budget for the former Chief Executive's Office is given below for completeness but it should be noted that items 3 and 4 in the table below have now been merged with the Resources Department and the 2007/08 budget will reflect this merged position. Items 1 and 2 have partly been merged, and partly transferred to the new Partnership Team. The 2007/08 budget for the Partnership Team and the Chief Executive's office will, however, be shown as a separate budget line.

Figure 3: Budget 2006/07: Chief Executive's Office

	SECTION	Direct Budget £'000
1	Chief Executive's Office	364.4
2	Policy and Performance Team	979.9
3	Communications Unit	502.7
4	Leicester Promotions	548.8
	TOTAL	2,395.8

1.5 The Resources Department's budget strategy is subject to these main constraints:

- Continuing year-on-year efficiency

- The need to resource a major transformational change agenda (the Business Improvement Programme, ("BIP"), a Property review and, imminently, transforming Neighbourhood infrastructure) whilst modernising individual services and maintaining day-to-day service delivery.
- The need to maintain financial and legal integrity and health and safety, all of which require specific resources in certain areas
- Strict statutory procedures to be observed by some functions, leaving relatively little flexibility over resourcing.

1.6 The Department also has limited opportunity to generate external income;

- Land Charges (Legal) – an area where there is growing competition from personal search companies, and in which there is the likelihood of legislative change which would have an adverse effect on our ability to raise revenue from this activity. The recent downturn in the volume of house sales has also affected adversely our capacity for raising income from this source leaving us with a shortfall which we have sought to address through a recovery plan over the last couple of years. (See 2.2(6) below)
- Registration fees (Democratic) – income from certificates has already been increased several times in recent years and it is unlikely that it can be increased further on a recurrent basis. Nevertheless, there may be some short-term temporary opportunity to earn income in excess of the budget for fees, as the income associated with citizenship ceremonies in particular continues to be buoyant.

1.7 The Central Maintenance Fund (£5,823.9) and the Investment Property portfolio (Credit budget: £2,842.6) are dealt with outside this strategy. Trading Services, (turnover £23,373.4) however, have been included (as for the 2006/07 budget strategy) in the calculation of the Department's savings target.

1.8 The Partnership Team will operate under the management of the Partnership Director, who reports to the Chief Executive. The work of the team will be influenced by the development of Local Area Agreement (including the Neighbourhood Renewal Fund), and some of the funding for the team will be derived from an allocation of the LAA grant monies which may be set aside for administration.

1.9 The Partnership Team will operate under the management of the Partnership Director, who reports to the Chief Executive. The work of the team will be influenced by the development of Local Area Agreement (including the Neighbourhood Renewal Fund), and some of the funding for the team will be derived from an allocation of the LAA grant monies which may be set aside for administration.

1.10 The planning targets for the years 2007/08 – 2009/10 exclude the effect of savings from the corporate efficiency reviews of

- Support Services
- Property
- Procurement

1.11 Service costs: comparative data.

As part of the Budget process, Corporate Directors were asked to identify those services where our unit cost is significantly higher than the average in other comparable authorities. No such services have been identified within the Resources Department or Partnership Team. Whilst the available data appears to indicate that Resources services are relatively low cost, no meaningful conclusions can be drawn as authorities compile this area of data in very different ways.

1.12 Race Relations (Amendment) Act 2000

In carrying out its functions, the Council must have regard to the need:

- To eliminate unlawful racial discrimination; and
- To promote equality of opportunity and good relations between person of different racial groups

The department complies with this duty through its contribution to Corporate Plan priorities and the Race Equalities Scheme.

This revenue budget strategy has been assessed for any additional race implications in the context of all service and spending plans. None of the proposals is believed to have a significant race implication. No voluntary sector group is directly supported by the department and no risk for any particular individual or group has been identified.

1.13 Equalities Impact Assessment

All of the proposals within the document have been reviewed for any potential consequences for the Council's equalities policies and objectives. No material impact has been identified for any of the proposals.

SECTION 2: MAIN FINANCIAL ISSUES

- 2.1. The growth pressures that need to be addressed and the proposed budget reductions are shown in Appendix A. In addition, the Resources Department is expected to make savings from other efficiency reviews, which are set out in the Department's efficiency plan. Further details of this are given in para 3.1 below and Appendix D.

It should be noted that the net reductions identified in Appendix A represent only the targets allocated to the Resources department as part of the 2007/08 – 2009/10 planning process. It will be seen from section 2 below that the department, in practice, has to find other savings, in excess of these figures.

- 2.2. Growth & Budget pressures

There are a number of items which could potentially involve additional expenditure and each of these will need to be kept under close scrutiny as the year progresses. These are set out in ((1) – (7) below). In addition, there are some areas where there is a need to improve the delivery of a service across the council but where the injection of some "pump-priming" money may be required in order to start the process ((8) – (11) below):

- (1) Area Committees – A recurrent growth budget was approved as part of the 2005/06 process to fund the development of advisory Area Committees. If proposals to make these formal decision-making bodies there will be additional cost of approximately £5k per Committee, to ensure the legal and financial integrity of decision-making – a potential total additional budget requirement of £50k.
- (2) The Coroner's service. The cost of this service exceeds the budget by a projected £250k in the current year. The Coroner is a Crown Servant and makes independent decisions on the number of inquests and pathology referrals. The numbers of these is very high in Leicester and, although representations have been made, and actions taken to tighten financial control, I have no power to direct his decisions in these matters. The Coroner's district also covers part of the County (South Leicestershire), and action has been taken to maximise the contribution from the County Council. Legislation is in prospect to change the statutory basis and the geographical area of this service.
- (3) Greyfriars. The 2002/03 Revenue strategy included a saving accruing to the Resources department arising from the disposal of the Greyfriars complex, and the subsequent rationalisation of administrative buildings. Due to subsequent events outside the Resources Department's control, this disposal has not yet occurred. The Department is funding £100,000 a year to meet this previous savings commitment but is anticipating a compensating saving when Greyfriars is ultimately sold.
- (4) Local Land charges. The prolonged slump in the housing market, together with increasing competition from the private sector, has resulted in significantly fewer searches being requested, with a resultant reduction in the income received. The department has taken steps to restore equilibrium to the land charges budget by the end of 2007/08 by making savings in other

areas, and the figures (as included in the 2006/07 – 2008/09 DRS) are shown in figure 3 overleaf:

Figure 3: Land charges budget recovery plan, as covered within the 2006/07 – 2008/09 DRS

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Savings to recover the shortfall in the legal land charges budget.	101.0	152.0	152.0

(5) Communications, marketing and reputation.

The recent Peer review, conducted through the IdeA, concluded that communications is one of four priorities for action by the Council. The scoping document for the review of this function includes the case for additional resources to support various strategic external and internal communications and reputational activities. They are aimed at more consistent and focussed messages, linked to Council priorities, better communications and contact experience for the public (to improve satisfaction with the Council and aid engagement) and improved internal communication (to ensure the external message is complemented and not inadvertently undermined. These proposals are

Supported by MORI research into what is most likely to improve satisfaction levels:

- Changes to the style and frequency of Link: £104k
 - Annual A to Z: £35k
 - Corporate complaints function: £50k
 - Internal communications officer, plus materials: £60k
- £249k

These items cannot be funded through this or any single department's DRS but are put forward for members' consideration as discretionary corporate options.

(6) Information Management

There is a business case for a relatively small investment in staffing and related support in Resources, to realise substantial; service improvements and efficiency savings, Council-wide. In summary, information is the core of every business process and an extremely costly and valuable resource. Yet it is fragmented in numerous filing systems and databases and is riddled with duplication and inconsistency. Being difficult to access, reconcile and analyse, an enormous amount of time is wasted at every level of the organisation. In some cases, these difficulties are a substantial barrier to service improvement.

There has been a recent "information audit" to help identify the way forward and to help specify a corporate EDRMS system as the basis of a Council-wide solution. Funding has been found for its direct costs. There is a gap in the resources to realise the potential of this investment. A small Information Management Team is needed to drive the development of the system and the re-engineering of the associated processes. There will be two main benefits:

- Information Management Council-wide will be transformed so as to support modern service delivery, including joined up strategies and joined up neighbourhood service delivery.
- Substantial efficiency savings will accrue. The audit suggested we could reduce our office based filing by 40% and, by removing duplication, release 100GB of disc storage. Reducing the time staff spend researching disparate, inaccessible data could release the equivalent of £700k of time per year.

Three staff are proposed, including a Head of Information Management, together with associated costs and equipment at a total cost of £150k. The efficiency savings would accrue in every cost centre and, despite the above indicative levels, there can as yet be no firm estimate nor indication as to whether they would be evenly distributed across all Departments.

As for item (5) above, this is also put forward for Members' consideration as a discretionary corporate option as it cannot be funded through this or any single department's DRS. However, the funding sought is for one year only, pending a spend-to-save evaluation.

2.3 Business Improvement Programme (BIP)

The BIP will achieve financial savings as well as service improvements across a range of support services. The savings will be achieved across all departments including Resources, but the need to realign budgets in order to deliver the re-constructed services may result in some budget pressures in the short term.

SECTION 3: DEPARTMENTAL EFFICIENCY PLAN

- 3.1 The Department has prepared an efficiency plan, in accordance with corporate guidelines. The options identified in the plan, summarised at Appendix D, have been reviewed in order to determine if any of the proposals could be developed in time to be put forward in this DRS. The efficiency plan was used to develop the detailed savings for 2006/07, and it has now been reviewed to include further items which will contribute towards the additional savings required in 2007/08 and beyond, although the proposals are tied in to the progress of the support service review in particular, and the other corporate reviews in general. Nevertheless, indicative savings drawn from the efficiency plan and included in the 2006/07 – 2008/09 DRS amounted to £983k for 2007/08 and £1,093k for 2008/09 and beyond.

SECTION 4. GROWTH & REDUCTION PROPOSALS

4.1 Attached as appendices to this report are schedules which give details of the approach proposed for addressing the growth items and the reduction targets:

- Appendix A: Growth & reductions summary
- Appendix B: Budget Growth - details
- Appendix C: Budget Reductions - details
- Appendix D: Efficiency Plan

SECTION 5: IMPLICATIONS FOR STAFF AND OTHER DEPARTMENTS

- 5.1 The Business Improvement Programme entails reviews of the support service functions across the whole authority (See para 1.3 and 2.3 above). Although the reviews are at different stages, the approved business cases for each review have identified a significant impact on all departments. The impact ranges from proposals to centralise certain services under a corporate service centre model (eg HR) to changing working practices across the authority in order to deliver efficiencies (eg Procurement)
- 5.2 All departments have had their planning targets adjusted to take account of the clawback of trading services efficiencies budgeted and achieved in 2006/07, in accordance with the guidelines for the 2006/07 budget preparation.
- 5.3 The further proposed efficiencies to be gained from the trading services' reviews will need to be demonstrable before the client budgets are reduced to take account of them. It is proposed, therefore, that (as for the 2006/07 budget)the trading services' charge-out rates are set before taking account of the effect of the planned efficiencies. Any efficiencies achieved during the year will, therefore, result in a surplus at outturn and, to recognise this, it is proposed that the trading services set a credit budget. This saving must accrue in its entirety to the Resources Department and an amendment to the current schedule of determinations to the Finance Procedure Rules will be required to formalise this.

SECTION 6. FUNCTIONS OUTSIDE THIS REVENUE STRATEGY

6.1 In addition to the trading and non-trading services outlined above, the Department has responsibility for some service areas which are managed outside the DRS framework, viz:

- The Central Maintenance fund (£5.8m)
This fund is provided for “landlord” maintenance of the Council’s operational buildings. In addition, the introduction of the Prudential Framework for capital expenditure has provided an opportunity to fund further significant investment in maintaining the Council’s buildings stock. Whilst this will alleviate the decline in the condition of many premises, there is a very substantial maintenance backlog still to be funded and tackled.
- Investment Property portfolio (£2.8m credit)
This is regarded as a Corporate portfolio, although managed by this Department. 50% of any balances at the year end are normally returned to Corporate reserves, although a greater proportion may be carried forward if this is in support of the achievement of an agreed corporate goal or objective.

SECTION 7: DEPARTMENTAL RESERVES

- 7.1. The Department's forecast reserves as at 31 March 2008 and 31 March 2009 are shown at Figure 7 overleaf. We manage other reserves for corporate purposes but these are outside this Strategy.

Figure 7 : Resources department earmarked reserves

Reserve	FORECAST					PURPOSE
	Bal at 1/4/07	During 07/08	Bal at 31/3/08	During '08/09	Bal at 31/3/09	
1) Held for Departmental purposes						
IT Reserves – Financial Services	300					Held for various purposes, principally: Division-wide: Depreciation charges have been introduced to fund a rolling programme of replacement of PCs to ensure compatibility and suitability within each section team, and to facilitate an appropriate response to changes in corporate standards or infrastructure upgrades. Audit: To facilitate the automation of procedures, in line with Government initiatives. The balance at each year end therefore depends on the extent of any replacement or renewal carried out during the year. The current Resource Management Strategy project will see the replacement of the Council's main financial systems and may entail the replacement/upgrade of some PCs. This reserve would be available to contribute towards the cost of those replacements.
VAT & taxation reserve	68	0	68	0	68	This reserve facilitates the commissioning for (one-off) specialist advice and research on VAT and taxation matters, including claims against Revenues and Customs. Where claims are successful, any reimbursement is used to fund the Council's costs, but this reserve funds any abortive or unsuccessful claims.
Local elections reserve	249	-249	0	50	50	This reserve was built up following the Local elections 2003. It is anticipated that the reserve will be all be needed to fund the costs of the Local Elections 2007.
Area Committees – delegated funds	0.0					Any of the money available for Area Committees which is unspent at the year-end is transferred to this reserve.
Dept Investment reserve	263					Originally set aside to meet future one-off pressures or to fund specific initiatives.
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TOTAL						
2) Held for Corporate purposes						
CMF	0					The Central Maintenance fund is a corporate fund managed by this Department. See paragraph 6.1 above. The objective is to ensure that the fund is at least £0 at the end of each year although, in practice there will usually be a small balance.
Property rationalisation fund	123					A reserve originally set aside to meet the initial costs of re-location moves.
Schools buy back fund	0					A balance arising from trading with schools. Any balances are available for use in future years when actual costs may exceed the funds available.
IT reserves	587					The IT reserve represents, broadly, the outstanding cost of corporate IT developments that are incomplete at the year end, but for which the IT trading service has budgeted and has levied charges on departments. Any "surpluses" arising in this way are transferred to this corporate IT reserve.

Appendix A

Resources, Access & Diversity

Revenue Budget 2007/08 to 2009/10 - Spending & Resources Forecast

	2007/08	2008/09	2009/10	REF:
	£000	£000	£000	
2007/08 Cash Target	18,274.1	18,274.1	18,274.1	
Information Management	150.0	0.0	0.0	RADG1
Add Total Service Enhancements	150.0	0.0	0.0	
Add Total Decisions already taken	0.0	0.0	0.0	
Add Total Other Growth pressures				
Sub Total - Growth pressures	150.0	0.0	0.0	
Less Total Service Reductions	0.0	0.0	0.0	
Less Total of Decisions already taken	0.0	0.0	0.0	
Efficiency in purchasing supplies and services:				
Democratic Services		20.0	40.0	RADR1
Financial Services		20.0	40.0	RADR1
Human Resources & Equalities		10.0	20.0	RADR1
IT Services		6.0	12.0	RADR1
Legal Services		5.0	10.0	RADR1
Property Services		25.0	50.0	RADR1
Less Total Efficiency/Restructuring Savings		86.0	172.0	
Use of rating information monies	200.0			RADR 2
Less Total Other	200.0	0.0	0.0	
Sub Total – Reductions	200.0	86.0	172.0	
Planning Total (2007/08 Price Base)	18,224.1	18,188.1	18,102.1	

