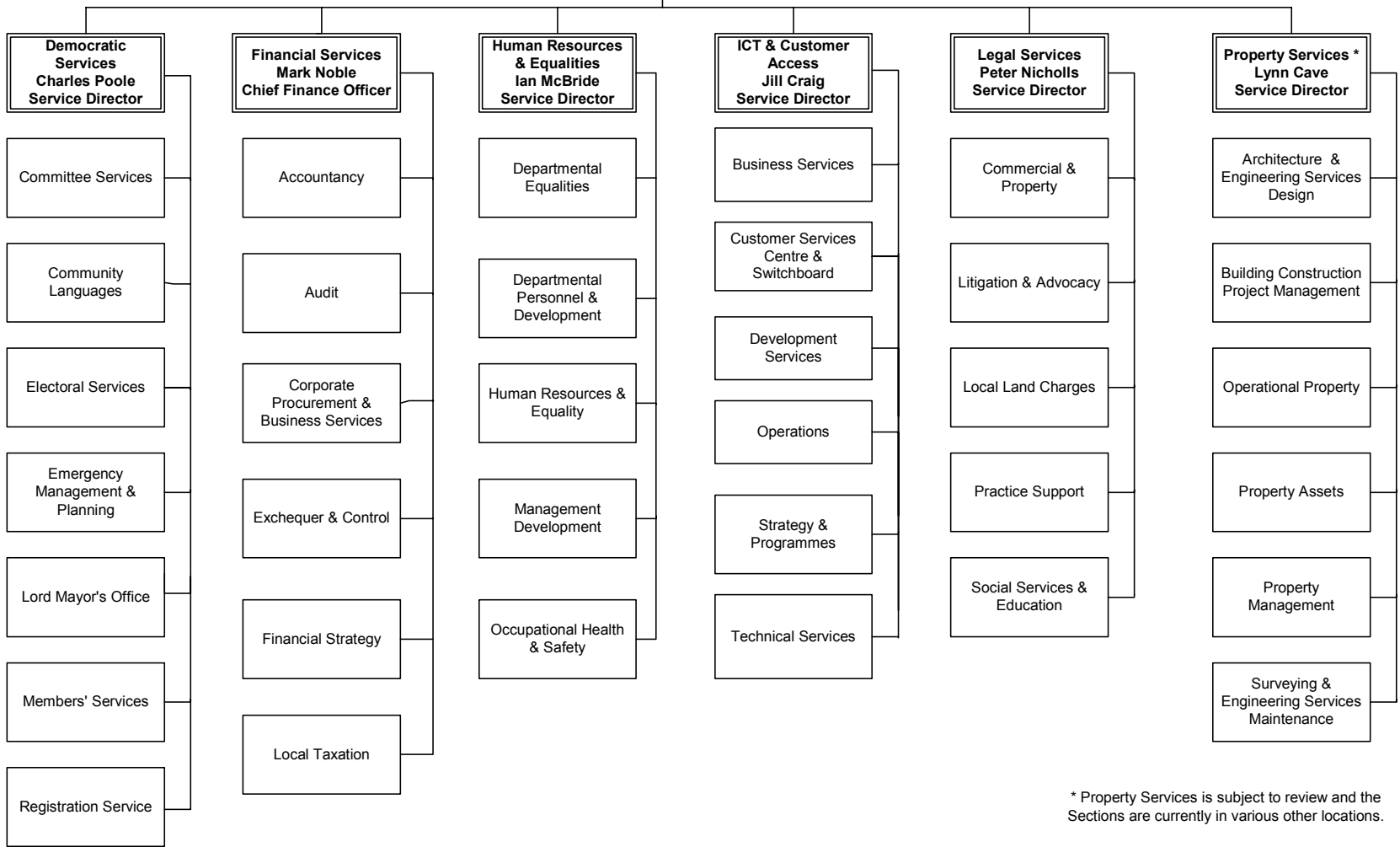


RESOURCES, ACCESS and DIVERSITY

DEPARTMENTAL REVENUE STRATEGY: 2003/04

Inside Cover:	Structure of Services
Section 1:	Context
Section 2:	Main Financial Issues
Section 3:	Other Functions
Section 4:	Departmental Reserves
Section 5:	Staffing Implications
Section 6:	Implications for Other Departments
Appendix 1:	Spending and Resources Forecast
Appendix 2:	Budget Growth
Appendix 3:	Budget Reductions

TOWN CLERK & CORPORATE DIRECTOR
Tom Stephenson



* Property Services is subject to review and the Sections are currently in various other locations.

SECTION 1: CONTEXT

1. The Department has experienced significant structural change over the last 12 months as a result of the Revitalising Neighbourhoods initiative. The Property Services function has been transferred into the Department, as has the responsibility for Creativity Works, and the Local Taxation section has been moved to the Housing Department. The financial details supporting these moves are just being finalised and the figures in the following text reflect the latest position, after allowing for the estimated effects of these transfers.
2. The services transferred are a combination of trading and non-trading services, and the Property function also contains the Investment Property portfolio which is dealt with outside the Department's revenue budget strategy. The trading services coming into the Department – Architects, Surveyors and Creativity Works – all incurred trading losses in 2001/02 and they have also sustained deficits in the first half of the current year. These problems are now being tackled under the new management arrangements, but it is unlikely that the financial performance will be turned into surplus during 2002/03. Any losses during 2002/03 will be contained within the overall budget for the department, but management action is planned which will deliver a balanced position for these trading services from 2003/04 onwards.
3. The restructured Department has 740 staff (FTE) organised into six Divisions (Figure 1). Its direct controllable revenue budget for 2002/03 is £15.1m plus trading account turnover of £14.2m (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; and
 - Making sure the Council acts with probity and integrity.
 - Ensuring fair, inclusive and convenient access to Council services

Figure 1: Staff as at 1 November 2002 (FTE)

Directorate	14
Democratic Services	84
Financial Services	228
Human Resources & Staff Development	28
ICT & Customer Access	130
Legal Services	78
Property Services	178
Total	740

Notes. The above table shows Financial Services excluding Local Taxation staff (71FTE) but including Corporate Procurement and Business Support (84 FTE). Property Services includes existing RAD staff (8 FTE) plus staff transferring in to the Department:

From Commercial Services: 108 FTE; From ERD: 62 FTE.

Creativity Works staff (28FTE) are also included within Democratic Services.

The figures for transferring staff are estimates, still to be confirmed.

Figure 2: Budget 2002/03

Division	Direct Budget £'000	Trading Account Turnover £'000
Directorate	1,239.3	0
Democratic Services	2,267.4	0
Financial Services (excl. Local Taxation)	4,753.3	1,882.5
Human Resources & Staff Development	1,070.6	163.2
ICT & Customer Access	918.0	5,060.9
Legal Services	(623.6)	2,298.2
Property Services (Inc CMF & Investment property)	5,474.2	4,755.3
Departmental Total (Excl net recharges)	15,099.2	14,160.1

Notes: The above table is derived after deducting:
 Financial Services: Local Taxation – transferred to Housing: £1,553,800
 And including Property Services: Items not included in planning target:
 CMF £4,645,600
 Investment Property (£3,092,500)
 And also including Property Services transferred from ERD: £1,002,800
 Budgets for transferring services are estimates, still to be confirmed.

4. Much of the Department's work (as set out in our Departmental Plan and Business Plans) is shaped by the corporate resource strategies for Asset Management; Customer Access; Finance; Human Resources and Equalities; ICT. Most aspects of the "modernising" agenda have a direct impact on the Department; we have therefore had to resource the management of substantial changes, whilst absorbing significant year on year budget reductions since unitary status. Constraints on us include:

- Some services are heavily prescribed by statute, leaving relatively little discretion over budget levels.
- Many service output levels are determined by the needs of the front line services we support.
- Several small functions can yield only small reductions, often for disproportionate disbenefit.

5. Our trading services must break even from charges to other Departments. The Central Maintenance Fund (£4,743.2 – 2003/04) and the Investment Property portfolio (Cr: £2,846.4 – 2003/04) are dealt with outside this strategy. Our target reductions must therefore be found from £14,846.5m of the Department's direct budget, after allowing for the effect of the transfer of Property Services. The target reductions are shown below. The targets for both years may appear to be relatively modest when compared to some other departments. The reason is that this department had already identified actions to meet its targets from previous years and as a consequence there is no budget deficit brought forward from previous strategies:

TARGET REDUCTIONS:

2003/04	2004/05
£'000	£'000
46.1	46.1

SECTION 2: MAIN FINANCIAL ISSUES

1. The savings required, £46.1k recurrently, to balance the Department's budget to its planning target are relatively modest for 2003/04 and 2004/05. This is largely because this Department has no residual gaps from previous year's budget strategies, but it should be noted that there are still some savings that must be found in order to meet the savings targets previously determined. The Department has addressed this, and Service Directors have now put forward proposals for delivering the savings already pledged.
2. In addition to the items brought forward from the previous Revenue strategy, the Department has also to identify savings amounting to £126k from the review of the Property function. This is achievable as a consequence of removing the Client/contractor split.
3. The most significant other pressures that are being addressed operationally by the Department, and which therefore do not figure in the strategy documents for 2003/04 are:
 - Insurance issues. There is upward pressure on Insurance premiums. All departments are experiencing this, but there is also pressure on the Risk Management function itself as a result of the increasingly high profile of Risk Management issues. Time spent on claims handling also continues to grow. In addition, following an actuarial review of the Council's Insurance Fund, each Department will be required to make an increased contribution to the fund for each of the next 3 years in order to bring it up to the level considered prudent by the actuaries.
 - Ongoing cost pressures in Trading services currently under review. The Best Value review of the payroll service is likely to lead to changes being recommended. In the meantime the service must operate with systems which are acknowledged to be less than optimal, and this will result in overspend against budget until the systems can be improved. Legal Services have experienced trading difficulties recently which, it is hoped, will be improved by the completion of the implementation of a new case management system.
 - Budget pressures also arise from covering continuing recruitment difficulties, especially for professional staff, in Legal Services.
 - Cost pressures on the trading services transferred into the Department. These have been referred to in Section 1, para 2, above and after 5 months of the year the forecast deficit on these services for 2002/03 was £0.5m.
 - The Best Value review of procurement identified areas where improvements could be made to the function. These will deliver savings in the longer term, but some require the commitment of resources up front in order to deliver them. For example, there are efficiency improvements which could be made by using more of the automated capability of the Council's Financial Management Information system, but the development of these facilities needs to be funded and properly resourced.
 - Other improvements require up-front investment, for example in customer care and e-government
4. There are also some future developments that are emerging:
 - The requirements of the Freedom of Information Act. It is likely that, In order to ensure Authority-wide compliance with the requirements of this legislation, additional staffing will be required. Until more research has been done, however, it is not possible to make an accurate assessment of the quantum of this need. No growth bid has been submitted this year, but there may be the need for one in a future DRS.

- Support to elected members. Under the new political arrangements, the extent of the officer support to members is to be reviewed. There are a number of options for achieving this, and these need to be evaluated before a final decision can be reached on the best way to proceed.
- Accommodation. The 2002/03 Revenue strategy included savings of £100k to be generated in 2004/05 from the review of Admin Buildings – principally the vacation and disposal of Greyfriars. If this project is delayed for any reason, there will be a gap in the Department’s budget.

SECTION 3. Other functions

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
Any balances at the year end on this fund are carried forward to meet future commitments
- Investment Property portfolio
This is regarded as a Corporate portfolio, although managed by this Department, and any balances at the year end are normally returned to Corporate reserves. Balances may be carried forward however if this is in support of the achievement of an agreed corporate goal or objective.

SECTION 4: DEPARTMENTAL RESERVES

Figure 3: Departmental Reserves.

Reserve	Forecast balance at 31 March 2003	Purpose
Elections	£250,000	To cover the estimated costs of 2003 local elections.
WIMI	£20,400	To support a programme to help the career opportunities of female staff.
IT Reserves – Financial Services	£83,600	Held for various purposes, principally: Accountancy: Rolling programme for replacement of PCS to ensure compatibility within the team Audit: To facilitate the automation of procedures, in line with Government initiatives
Departmental Investment reserve	£134,100	A sum set aside to put the Department in a position to deal with some of the unquantified future pressures set out in section 2.3 above.

TOTAL	£488,100	

1. The Department’s forecast reserves as at 31 March 2003 are shown at Figure 3. We manage other reserves for corporate purposes but these are outside this Strategy.

SECTION 5: STAFFING IMPLICATIONS

1. The proposals in the appendices put no individuals at risk. The difficulties outlined in section 2, however, have the potential to put considerable pressure on staffing budgets as, for most services, these form the majority of the controllable budget from which the savings must be found.
2. Two of the structural reviews under way within the Department could have staffing implications:
 - a) Financial Services. The composition of the division has changed, with the transfer of Local Taxation to the Housing Department and with the addition of the Corporate Procurement and Business Support function. The review will consider the structure most appropriate to the efficient delivery of the functions now within the service, and will include rationalisation where there are synergies of services delivered in different sections at present. It is anticipated that there will be financial savings arising from the review, with potential implications for staffing.
 - b) Property Services. The new Property service will be the largest in the Department. The function will comprise services previously delivered in three different departments – Resources Access and Diversity, Environment Regeneration and Development, and Commercial Services. The review will bring these services together into a single management structure and will also take the opportunity to rationalise specific service provision where this is currently delivered by 2 or more different sections (including elimination of the client/contractor split). As with the Financial Services review, it is anticipated that there will be savings arising from this (including elimination of the Client/Contractor split) and there could likewise be implications for staffing.

SECTION 6: IMPLICATIONS FOR OTHER DEPARTMENTS

1. Many of the trading services which could potentially be affected by budget decisions are now within this department, following the structural review. However, the pressures on several of the trading services' budgets will inevitably lead to a review of charges and charging policy. Any overall increase in the income generated in this way would be borne by the client departments of the service in question. However, any such changes would be the subject of discussion at SRG, and would only be levied in accordance with the corporately agreed process.

Revenue Budget 2003/04 to 2004/05 - Spending & Resource Forecast

	2003/04	2004/05
	£000	£000
2002/03 Cash Target	14,846.5	14,846.5
Add Total Service Enhancements	0.0	0.0
Add Total Decisions already taken	0.0	0.0
Add Total Other	0.0	0.0
Sub Total - Growth	0.0	0.0
Less Total Service Reductions	0.0	0.0
Less Total of Decisions already taken	0.0	0.0
Reduction in IT project costs	46.1	46.1
Less Total Efficiency/Restructuring Savings	46.1	46.1
Less Total Other	0.0	0.0
Sub Total - Reductions	46.1	46.1
Planning Total (2003/04 Price Base)	14,800.4	14,800.4

Revenue Budget - Budget Growth

	2003/04	2004/05	2005/06
<u>Service Enhancements</u>			
Total Service Enhancements	0.0	0.0	0.0
<u>Decisions already taken</u>			
Total Decisions already taken	0.0	0.0	0.0
<u>Other</u>			
Total Other	0.0	0.0	0.0
Total - Growth	0.0	0.0	0.0

Resources, Access and diversity
department

Revenue Budget - Budget Reductions

	2003/04	2004/05	2005/06
<u>Service Reductions</u>			
Total Service Reductions	0	0	0
<u>Decisions already taken</u>			
Total of Decisions already taken	0.0	0.0	0.0
<u>Efficiency/Restructuring savings and additional income</u>			
Reduction in IT project costs	46.1	46.1	46.1
Total Efficiency/Restructuring Savings & Additional Income	46.1	46.1	46.1
<u>Other</u>			
Total Other	0.0	0.0	0.0
Total - Reductions	46.1	46.1	46.1

**RESOURCES, ACCESS and DIVERSITY DEPARTMENT
BASE BUDGET REDUCTION PROPOSAL 2003/2004**

SERVICE AREA	Directorate	Proposal No:	1
Details of Proposed Reduction:			
To review the Department's budgetary arrangements for funding IT project work			
Type of Reduction (delete as appropriate)			
Decisions already taken Efficiency/Restructuring Service Reduction <input checked="" type="checkbox"/> Other			
Date to be implemented from:		1/4/2003	
Financial Implications of Reduction	2003/04	2004/05	2005/06
.....32.....% of budget represented	£000s	£000s	£000s
Amount	46.1	46.1	46.1
Service Budget Direct Costs		2001/02	2002/03
		Outturn	Budget
		£000s	£000s
Staff		0	0
Supplies & Services		0	144.5
Etc		0	0
TOTAL			144.5
Effect of proposal on service users or others		None	
Staffing Implications	2003/04	2004/05	2005/06
Current service staffing (FTE)	0	0	0
Post(s) deleted (FTE)	0	0	0
Current Vacancies (FTE)	0	0	0
Individuals at risk (FTE)	0	0	0
Geographical Implications	None		
Effect on other departments and corporate priorities	None		
Benchmarking Information	None		
Other service implications (Continue overleaf if necessary)	None		
Signature:.....			
Date:			

