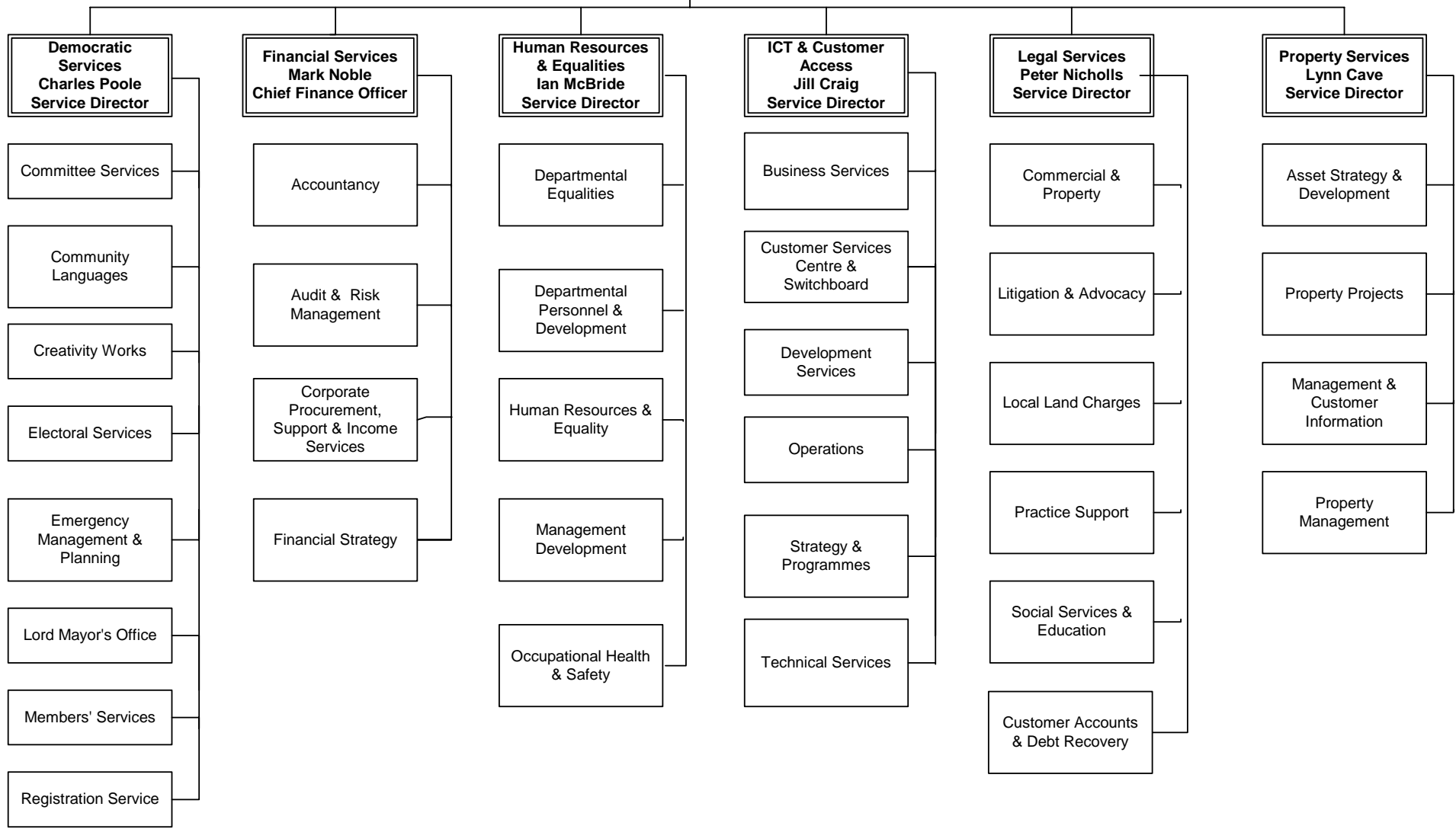


RESOURCES, ACCESS and DIVERSITY

DEPARTMENTAL REVENUE STRATEGY: 2005/06

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TOWN CLERK & CORPORATE DIRECTOR
Tom Stephenson



SECTION 1: CONTEXT

1.1 A summary of the staffing of the Department is on the inside cover. The Department has 672 staff (FTE) organised into six Divisions (Figure 1)

Figure 1: Staff as at 1 April 2004 (FTE)

Directorate	14
Democratic Services	79
Financial Services	226
Human Resources & Staff Development	22
ICT & Customer Access	135
Legal Services	75
Property Services	121
Total	672

1.2 The Department's direct controllable revenue budget for 2004/05 is £15.8m plus trading account turnover of £17.8m (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 2004/05

Division	Direct Budget £'000	Trading Account Turnover £'000
Directorate	1,285.4	0.0
Democratic Services	2,404.2	1,941.3
Financial Services	4,596.8	2,353.0
Human Resources & Staff Development	1,091.6	0.0
ICT & Customer Access	1,178.3	6,138.0
Legal Services	(478.8)	3,942.4
Property Services (Inc CMF & Investment property)	5,774.2	3,500.0
Departmental Total (Excl net recharges)	15,851.7	17,874.7

1.4. Much of the Department's work (as set out in our Departmental Plan and Service Plans) is shaped by the corporate resource strategies for Asset Management; Customer Access; Finance; Human Resources and Equalities; ICT, procurement and e-modernisation. Indeed, 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.

In addition, Several services are heavily driven by statutory procedures. Whilst there is some scope to adjust the overall level, this is fairly limited.

The Department also has few opportunities to generate external income. Principally these are:

- Land Charges (Legal) – our charges are relatively high already in an area where the market is quite sensitive to price. The recent downturn in the volume of house sales has also affected adversely our capacity for raising income from this source
- Registration fees – income from certificates has already been increased several times in recent years. Nevertheless, there may be some opportunity to increase the budget for fees if the income from citizenship ceremonies continues to be buoyant.

1.5 Our trading services must break even from charges to other Departments. The Central Maintenance Fund (£4,709.7) and the Investment Property portfolio (Credit budget: £2,627.6) are dealt with outside this strategy. Our target changes must therefore be made in relation to £13,769.6m of the Department's direct budget.

1.6 The planning targets for the Department for 2005/06 - 2007/08 recognise the need to build in some development of our Customer Services Centre provision, to support the corporate strategy for Customer Services. Another major growth item is additional provision of £100k for Civil Contingencies, arising from a change in the way this function is funded by Central Government, and there are also some other smaller growth items. The result is that, after adding £594k in 2005/06 and £538k in 2006/07 and 2007/08 the Department has net budget growth as shown in the table below:

Figure 3: Target growth:

2005/06 £'000	2006/07 £'000	2007/08 £'000
527.0	471.0	418.0

1.7 It should be noted that the target growth identified in figure 3 represents only the targets allocated to the RAD department as part of the 2005/06 – 2007/08 planning process. It will be seen from section 2 below that the department, in practice, has still to find considerable savings.

1.8 Service costs: comparative data.

As part of the Budget process, 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 RAD.

1.9 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.

SECTION 2: MAIN FINANCIAL ISSUES

2.1. Unmet savings requirements

The figures referred to in Paragraph 1.6 above refer only to changes in relation to the base budget for 2004/05. The Department is, however, facing a number of additional financial pressures as well, as a result of:

- Savings identified in previous Revenue strategies which have not yet been fully achieved.
- Corporate priorities for growth – in particular Corporate Health and Safety developments, Information Management. There also remains some pressure on the Customer Services Centre, despite the growth proposal referred to at 1.6 above.

The savings identified in previous revenue strategies, but which have not yet been implemented are as follows:-

Figure 4: Outstanding savings to be identified from previous DRS

Service Area	2004/05	2005/06	2006/07 and beyond
	£'000	£'000	£'000
Efficiencies (from the Department as a whole)	0.0	7.6	392.6

2.2. Growth & budget pressures

In addition to the funded growth (see 1.6 above) the Department has been asked to add two further growth items to the target for 2005/06 and beyond (See Appendix B). There are also a number of other items which could potentially involve additional expenditure and each of these will need to be kept under close scrutiny as the year progresses. These items include the following:-

- (1) Licensing Function (Democratic) – extra costs of servicing meetings should be covered by applications income. There are, however, some indications that this service may not be wholly self-financing – in the early years at least.
- (2) Information Management (Legal) – one-off funding has been found for the setting up costs (one extra person) of Freedom of Information and related legislation. Requirements will be reviewed in one year when take up and costs can be better estimated.
- (3) The introduction of Area committees is in train. It has been assumed that delegated decision making to Area Committees will not be introduced until 2006/07 at the earliest. Nothing will be built into the departmental budget strategy until it is clear how Members wish to proceed, but delegated decisions would need additional technical input, especially legal and financial.
- (4) The implementation of Groupwise. All departments will contribute to the cost of this development, including RAD.
- (5) The consequential budgetary effects of outsourcing the building cleaning contract, expected to cost approximately £80k in a full year

- (6) The Coroner's service. The cost of this service exceeds the budget by a projected £180k 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.
- (7) Greyfriars. The 2002/03 Revenue strategy included a saving accruing to the RAD department arising from the disposal of the Greyfriars complex, and the subsequent rationalisation of administrative buildings. Due to subsequent events outside RAD'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.

2.3. Summary of net growth required

Excluding the items in paragraphs 2.2 above, but including the items shown in figure 4 the total net growth to be identified by the Department is shown below:

Figure 5: Total Service growth targets 2005/06 – 2007/08

	2005/06 £'000	2006/07 £'000	2007/08 £'000
Growth against the base budget (see paragraph 1.6)	(527.0)	(471.0)	(418.0)
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GROWTH REQUIREMENT FOR DRS	(527.0)	(471.0)	(418.0)
ADD: Efficiency savings brought forward from previous strategies: details still to be identified and implemented	7.6	392.6	392.6
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TOTAL (GROWTH)/ REDUCTIONS TO BE FOUND	(519.4)	(78.4)	(25.4)

SECTION 3. GROWTH & REDUCTION PROPOSALS

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

- Appendix A: Spending and Resources Forecast - summary
- Appendix B: Budget Growth - details
- Appendix C: Budget Reductions - details

3.2. Net growth is put forward amounting to £519k for 2005/06, and £403k for 2006/07 and 2007/08. All of these figures achieve the prescribed planning target. There is still, however, a significant gap amounting to £324.6k to be bridged in 2006/07 and £377.6k in 2007/08 in order to meet the totality of the savings required, as set out in figure 5 above.

SECTION 4: IMPLICATIONS FOR STAFF AND OTHER DEPARTMENTS

- 4.1 The planning target for 2005/06 can be achieved without staffing implications or implications for other Departments . The picture is different for 2006/07 and beyond, when the scale of the reductions needed to achieve the savings not yet met from previous years is such that there is bound to be an impact on staffing and other departments, although this cannot be estimated at this stage.

SECTION 5: SHORTFALL – AREAS OF SEARCH

- 5.1 Reductions in some areas of the Department would, in the Town Clerk's view, prejudice legal and financial probity. Most of the further reductions which are possible would have redundancy implications or impact upon other departments, or both. They would also involve fundamental changes which would take some time to achieve, but will be explored with a view to providing options for the second year of the Revenue Strategy.
- 5.2. The Chief Finance Officer has proposed a corporate review of Support Services. The detailed terms of reference still to be finalised in consultation with members. The findings from this review could have an impact on the bridging of the RAD savings gap (see 3.2 above) as many of our services will be considered. Members are also asked to note that some realignment of departments' budgets and, therefore, planning targets is likely to be needed as a result of this review, as the departmental responsibility for some functions may change.
- 5.3 In the approved 2004/05 Revenue Strategy the Town Clerk had identified two other potential areas for scrutiny – viz:
- A radically different approach to occupying premises in order to reduce associated costs
 - More effective procurement

During the past year both of these areas have been the subject of major reviews from a corporate perspective. They nevertheless offer potential areas for savings in the RAD budget.

- 5.4 The further reductions required in 2006/07 and 2007/08 will be addressed in the next budget round when the potential from the above reviews should be clearer.

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 (£6.3m)
This fund is provided for “landlord” maintenance of the Council’s operational buildings. Following some difficult years considerable effort has recently been invested in bringing the fund back into balance. In addition, the introduction of the Prudential Framework for capital expenditure has provided an opportunity to fund some significant investment in the Council’s buildings stock and a plan for spending some £8.8m over the next 3 years was submitted to the Cabinet in June 2004. It is anticipated that this investment will arrest the decline in the quality and adequacy of our buildings.
- Investment Property portfolio (£3.0m 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 2005 are shown at Figure 8. We manage other reserves for corporate purposes but these are outside this Strategy.

Figure 8: Departmental Reserves.

Reserve	Forecast balance at		Purpose
	March '05	March '06	
1) Held for Departmental purposes			
IT Reserves – Financial Services	£230,200	£100,000	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.
Local elections reserve	£122,600	£150,000	It is intended to build up the reserve over 4 years so that it reaches a sufficient level to cover the costs of the next Local Elections in 2007.
Schools buy back fund	£68,600	£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.
Dept Investment reserve	£518,100	£0	Originally set aside to meet future one-off pressures or to fund specific initiatives. Subject to a decision on the capital programme for 2005/06 may be used in whole or in part to fund a funding shortfall on the Town Hall refurbishment scheme.
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TOTAL	£939,500	£250,000	
2) Held for Corporate purposes			
CMF	£300,000	£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	£242,000	£242,000	A reserve originally set aside to meet the initial costs of re-location moves.
IT reserves	£409,300	£0	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.