
**CHIEF EXECUTIVE'S DEPARTMENT
BUDGET REVIEW
MEDIUM TERM FINANCIAL PLAN 2008/09 TO 2011/12**

Purpose of Report

1. To review the medium term financial plan for the Chief Executives Department.

Service Outline

2. The Chief Executives Department responsibilities have increased within the organisation with the addition of a second Assistant Chief Executive, Regeneration. This area of responsibility has transferred to the Department, following the restructure of the Councils departments, bringing strategic regeneration and economic development to the centre of the organisation.
3. The primary functions of the Chief Executives Department are now split into three areas, support to the Corporate Management Team (Policy Unit, Darlington Partnership, Procurement and Leading Edge) Community Inclusion and Safety (Community Safety, Community Engagement, Community Partnerships and Welfare Rights) and Regeneration (Development, Planning, Economic Regeneration and Transport Policy).
4. The estimated net expenditure (i.e. net of income) for each division of the departments services are shown below.

| Budget Area | Proposed budget £000 |
|--|-----------------------------|
| Chief Executive and PA Head of paid service and secretarial support | 269 |
| Policy Unit Statutory requirement to produce the BVPP. Co-ordination of planning and performance management arrangements within the organisation. Equalities, consultation, community engagement and complaints. Management of CPA | 403 |
| Leading Edge Programme Identification of efficiency gains/service improvement opportunities and provision of business change support to release Gershon savings | 144 |
| Complaints Unit Implementation of Corporate Council complaints procedure | 51 |
| Change Fund Staff engaged in the identification and development of budget efficiencies | 0 |
| Communications Unit Coordination and production of information to the public, workforce and partner organisations. Corporate press office and information campaigns | 181 |
| Darlington Partnership | 30 |

| | |
|--|-------|
| Councils are required to have a local strategic partnership. | |
| Community Engagement To promote a closer working relationship between residents and the LSP | 145 |
| Procurement Unit Development and Implementation of the procurement strategy to improve value for money on the procurement of all goods and services | 132 |
| Anti Social Behaviour Team Coordinates borough wide strategy to reduce anti social behaviour | 127 |
| Domestic Abuse Provides support to those affected by domestic abuse | 39 |
| Community partnerships Provides development and support to community and voluntary sector | 314 |
| Community Voluntary Service Grant paid to CVS | 51 |
| Welfare rights Unit This service provides independent advise to the community and promotes the uptake of benefits to residents to ensure they are receiving their full entitlement | 65 |
| Fair Share Project | 0 |
| Skerne Park Tool Library | 16 |
| Assistant Chief Executive Regeneration Management of division | 167 |
| Assistant Chief Executive Regeneration Admin Support Administrative support | 251 |
| Regeneration, Planning & Environment Strategy Planning Policy, economic and climate change strategy and corporate external funding team | 423 |
| Economic Regeneration Economic development services, grants to businesses, economic development projects, marketing, tourism development and town centre management. | 627 |
| Transport Policy Staff engaged in the development and delivery of the local transport plan and sustainable travel promotion | 258 |
| Development Provision of development control, development and regeneration projects, design and conservation | 439 |
| Concessionary Fares The Council's concessionary scheme | 2,218 |
| Shop Mobility Grants to DAD to maintain the premises and to support their shop mobility service. | 68 |
| Residual Costs of the Transport Act Costs associated with previous employees who were part of Darlington transport when it was privatised in 1986 | 43 |
| Supported Transport Services Public transport services that are subsidised for social and economic reasons | 432 |
| Planning Delivery Grant | (117) |

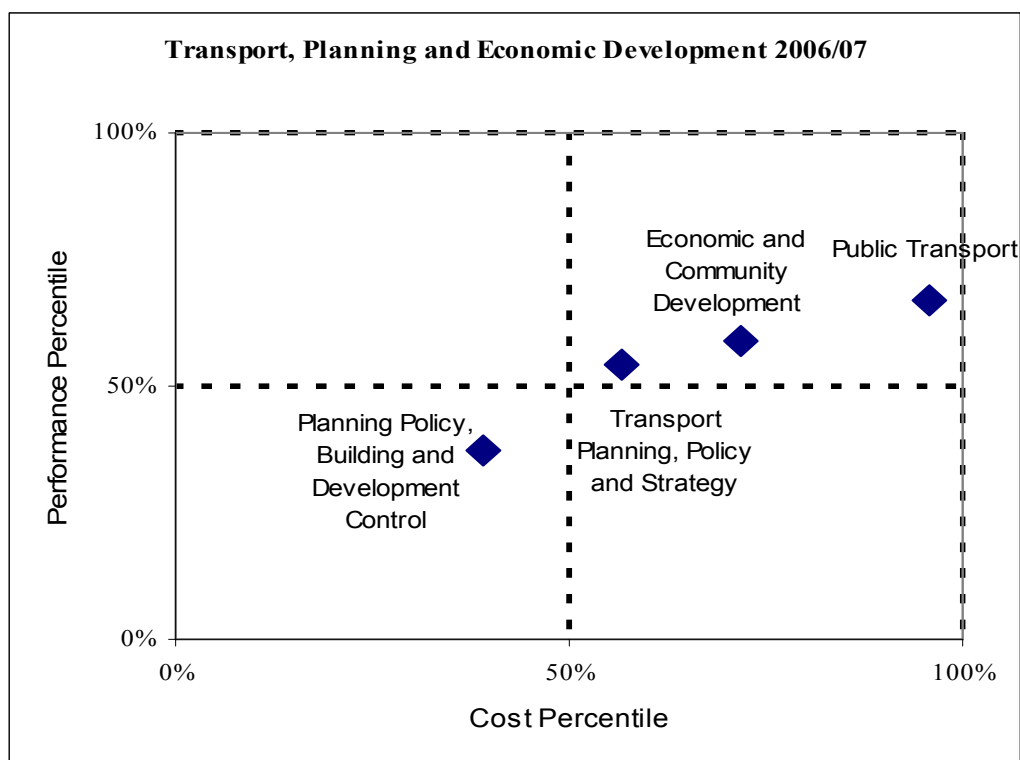
| | |
|--|-------|
| Government grant to facilitate local planning services | |
| TOTAL | 6,776 |

Service Planning

5. The Chief Executives Department has eight key objectives with a series of improvement priorities below as follows:
 - (a) Improving Engagement
 - (i) Placing customers and communities central to the organisation
 - (b) Strengthening the local economy
 - (i) Maximising local procurement opportunities
 - (ii) Improving the economy of Darlington
 - (iii) Major development projects
 - (iv) Promotion and development of the town centre
 - (c) Promoting Darlington
 - (i) Place shaping
 - (ii) Tees Valley Unlimited and multi area agreement
 - (iii) Destination Darlington
 - (d) Transport
 - (i) Tackling congestion
 - (ii) Sustainable travel
 - (e) Environment
 - (i) Climate change strategy
 - (ii) Local development framework
 - (f) Safer Communities
 - (i) Making Darlington a safer place to live, work and visit
 - (g) Social Inclusion
 - (i) Priority people and priority places
 - (h) Organisational Development
 - (i) Build global capacity for change management
 - (ii) Deliver the organisational development strategy
 - (iii) Promote health improvement as an employer
 - (iv) Deliver procurement savings
 - (v) Deliver savings through efficiency and effectiveness improvements
 - (vi) Introduce a new performance management framework reflecting the place shaping role of the council

Value for Money

6. The Audit Commission data comparing cost and performance that is used to indicate VFM across the Council's services is primarily concerned with 'front-line' services that are delivered direct to the public. With regard to the Chief Executive's Department, these cover services classified by the Audit commission as Planning Policy, Building & Development Control, Transport Planning, Policy & Strategy, Public Transport and Economic & Community Development. A model has been developed within the Council that presents the published data graphically. Comparison is made with all unitary councils and Darlington's position relative to others is expressed as percentile.
7. The charts below are indicators, prompting questions that may lead to management action rather than providing definitive answers. The latest data available is for 2006/7, commentaries on services provided by Chief Executive's are given, with particular reference to those in the bottom right of the chart (where appropriate).
8. Public Transport is indicated as being relatively high performing but with a high cost, this reflects the level of investment to public transport and the current better than minimum concessionary fares scheme.
9. Economic and Community Development and Transport Planning, Policy and Strategy are both rated in the top quartile for both performance and cost. Economic and Community Development has moved to the top half for performance from last year, with only a slight increase in cost.
10. Planning Policy, Building and Development Control is indicated as being relatively low cost but falls in the bottom half for performance. This performance has being recognised as a key area for improvement, leading to increased investment being made within this area from the restructuring of the former Development & Environment Department.



11. The above tables provide limited data for a department that is also responsible for providing support to other services. Benchmarking is used to provide more information about comparative cost and performance for these support services, using data gathered by professional institutes.

Efficiency Gains

12. One of the Departments main objectives is to help drive efficiency improvements across the organisation. This focus will continue over the next few years to ensure that identified savings are actually delivered. Procurement savings in the current year exceed the annual target, with planned savings of £200k to be achieved within 2008/09.
13. The net budgets within paragraph 4 (of this report) include a number of reductions in budgeted net expenditure to contribute towards Council wide budget efficiencies. The following table summaries the proposed reductions.

| Action – to contribute to corporate resources | Financial effect £000s |
|---|---------------------------|
| Reduction in supplies and service budgets within the Policy Unit | 20 |
| Reduction of the staffing within the Connecting with Communities Team | 30 |
| Communications | 25 |
| Relocation of LSP Secretariat | 15 |
| Planning fees to be charged on Section 106 agreements | 10 |
| Cease financial incentives to business | 50 |
| Reduction in external funding and Economic Regeneration | 37 |
| Cease Darlington Advantage | 20 |

| | |
|---|------------|
| Cease advertisement at Durham Tees Valley airport | 14 |
| Cease Tees Pride membership | 5 |
| Restructure of two supported bus services | 20 |
| | |
| | |
| TOTAL | 246 |

14. In addition to the above Transport Policy are responsible for setting car parking charge policy. The following savings have been proposed, which will provide savings within the Corporate Services Department where budgets are held as follows,
15. It is intended to increase long stay car parking charges at Park Lane car park by £2 to £7 per day. This charge remains extremely competitive, particularly when compared with the rail operators charge of £9 per day for its neighbouring car park. It is estimated that this will generate additional income of £83,000 per year.
16. It is intended to increase long stay car parking charges (with the exception of Park Lane) to £4 per day and £15 per week. It is estimated that this will generate additional income of £62,000 per year.

Risk Management

17. Through the service-planning process, risks are identified and assessed in terms of probability and potential consequence. Arrangements are made to manage risks within acceptable levels with the aims of minimising losses and maximising opportunities.
18. Where risks are assessed as being above acceptable levels, action plans are put in place to reduce exposure by either reducing the likelihood of an event occurring or lessening the impact. Each action plan is assigned to and managed by a senior officer of the Department.
19. Departmental risks that have been assessed as requiring action plans are:-
 - (a) Failure to meet targeted efficiencies and procurement savings
 - (b) Changes to the statutory minimum bus concession in England, announced in the 2006 budget and enacted through the Concessionary Bus Travel Act 2007 will place an increased cost burden on Council for administering the concession. Whilst additional funding has been allocated by Central Government to implement the scheme, initial calculations indicate a greater pressure to the Council. Funding has been allocated to bridge this gap, however actual patronage by concessionary bus pass holders may be in excess of estimates, as holders take advantage of the new scheme leading to additional pressures as payment is to be made by trip rather than a fixed amount as was agreed in previous financial years
 - (c) Potential pressures to support additional bus services as the operator contracts services from the commercial network
 - (d) Financial impacts of grant funding expiring on Transport Policy delivery (Sustainable Travel Town grant) in 2009/10 and Planning Services (Planning Delivery Grant) in 2011/12

Departmental Medium Term Financial Plan

20. Detailed estimates have been prepared for the next four years based on the services now forming part of the Chief Executive's Department, in line with corporate guidelines.
21. Detailed estimates include:-
- Provision for annual pay award at 2.5% and general price inflation 2%. (2.25% salary inflation from 2010/11)
 - Unavoidable pressures
 - Reductions in net expenditure resulting from management actions to improve efficiency, cost reductions and increased income
 - Service Planning Implications
 - Additional income generated by proposed charges (these require member approval).
22. The proposed Medium Term Financial Plan for the Chief Executives Department is summarised in the table below

| | 2008/09 £000s | 2009/10 £000s | 2010/11 £000s | 2011/12 £000s |
|----------------------------------|------------------|------------------|------------------|------------------|
| Resources | | | | |
| Resource Allocation for year | 6,546 | 6,578 | 6,731 | 6,862 |
| Unavoidable growth | 230 | 230 | 230 | 230 |
| Total resources available | 6,776 | 6,808 | 6,961 | 7,092 |
| | | | | |
| Budgets | | | | |
| Proposed budget | 6,776 | 6,808 | 6,961 | 7,092 |

Management Action to Achieve Balanced Budget

23. The table within paragraph 13 above shows proposed efficiency savings tabled to balance the 2008/09 Council budget to resource.
24. Additionally a number of efficiencies have been achieved to balance departmental budget to resource as follows.
- removal of non committed inflation from budget estimates
 - posts previously funded through Change Fund have become self sufficient in terms of funding i.e. the work of the section will generate savings and efficiencies to cover their costs
 - use of Planning Delivery Grant (PDG) accumulated surpluses to continue to fund planning posts
 - use of grant funding to offset existing commitments
 - securing of external funding (Single Programme) to fund a specific post
 - additional resources applied to fund the concessionary fares budget to produce a gross expenditure budget of £2.7 million (figure shown net of new grant £482,000).
25. The following additional actions have been taken to produce a balanced budget for years 2009/10 to 2021/12 as follows:-
- 4.5 of 12 posts within the Transport Policy section are externally funded, as a result of the national Sustainable Travel Demonstration Town project (Local Motion) and successful bids for school travel planning and cycling projects. Local Motion is seen

nationally as a successful example of reducing reliance on car trips (reducing traffic and increasing more environmentally friendly and healthy travel). No allowance is being made to mainstream the work carried out by externally funded posts; so most of the sustainable travel work could cease in 2009 when funding ceases unless it can be paid for in other ways. No allocation has been made within the budget from April 2009 for this work area. A partnership Enquiry Group is currently working on an exit/succession strategy.

- (b) Budget for 2009/10 onwards includes allocation for GIS staffing, this area of work is funded by PDG grant in prior years which ceases to have sufficient funds from April 2009. The provision of GIS services is a pressure which needs to be approached corporately for future funding.
- (c) Post 2008/09 six posts within the Regeneration Division are funded through accumulated PDG. This funding will be fully allocated by the end of 2010/11, leaving a significant budget pressure from April 2011. Additionally post March 2009 budgets have pressure as a result of no inflation being applied to planning fees as the majority of fees remain set by Central Government and hence there is no local ability to increase revenue. A number of potential funding streams have been identified to meet these pressures including use of new Housing and Planning Delivery Grant (HPDG), increased planning fees (through consultation it is expected that Central Government will increase fees substantially in the future) and the ending of funding for Tees Valley Regeneration. Currently the HPDG is still out to consultation so future levels of grant are unknown, therefore allocation has not been made within the budget for this grant. It is expected that a combination of the three above funding sources will be sufficient to produce a balanced budget post March 2009.

Proposed Charges

26. The proposed charges for 2008/09 are listed in **Annex 1**.

Recommendation

27. Members are asked to approve:-

- (a) The detailed estimates for the Chief Executives Department for 2008/09
- (b) The proposed charges for 2008/09

Lorraine O'Donnell
Assistant Chief Executive

Richard Alty,
Assistant Chief Executive (Regeneration)

| Service | EXISTING CHARGE £ | NEW CHARGE £ | FINANCIAL EFFECT £ |
|---|-------------------------|--------------------|--------------------------|
| <u>PLANNING / BUILDING CONTROL – SUPPLEMENTARY ITEMS</u> | | | |
| * Items inclusive of VAT | | | |
| Weekly list - yearly * | 175.00 | No change | |
| Letter confirming exemption* | 18.00 | No change | Note 1 |
| Letter confirming enforcement action will not be taken * | 18.00 | No change | Note 1 |
| Decision*/Approval Notice* -Building Control | 18.00 | No change | Note 1 |
| Letter confirming exemption* | 18.00 | No change | Note 1 |
| Letter confirming completion* | 18.00 | No change | Note 1 |
| Letter confirming enforcement action will not be taken * | 18.00 | No change | Note 1 |
| Site inspection to determine info. * | 18.00 | No change | Note 1 |
| A4 Photocopy (ex plans) – first page * | 1.00 | No change) | |
| | 0.30 | No) | |
| Subsequent pages * | | change | |
| A3 Photocopy (ex plans) – first page * | 2.00 | No change) | |
| | 0.50 | No change) | |
| Subsequent pages * | | No change) | |
| A2 Photocopy (ex plans) – first page * | 7.50 | No change) | |
| | | No change | |
| A1 Photocopy (ex plans) * | 8.50 | No change) | |
| A0 Photocopy (ex plans) * | 9.50 | No change) | |
| | | No | |
| | | change | |
| O.S. Sheets – up to 6 copies | 23.00 | No change) | |
| Local plan | 53.00 | No change) | |
| Local plan – postage | 4.00 | No change) | |
| Local plan – alterations | 2.00 | No change) | |
| Invoicing | 9.00 | No change) | |

NIL

Note 1. These charges may be subject to compliance with a high court ruling advising authorities to only charge to recover actual copying costs. This could result in charges ranging from £0.10 to £2.00, producing a negative financial effect of up to £10,000.