

**CORPORATE SERVICES AND INFORMATION TECHNOLOGY PROPOSED
RESOURCE BUDGET 2004/05 – 2007/08**

Report of Caroline Tapster, Chief Executive. Andrew Laycock, County Secretary.
Chris Sweeney, Finance Director. Alan Warner, Corporate Director, People
and Property. Clare Kaye, Assistant Chief Executive. Geoff Brown, Head of
Performance and Improvement. Andrew Robertson, Director of Community
Information.

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Executive Members:- David Beatty and Alan Searing

1. Purpose of the report

1.1 To allow the Scrutiny Committee to consider the proposals on the revenue budget and capital programme made by Cabinet at its meeting on 15 December (attached at Appendix 1). These are for:

Corporate Services;

- a revenue budget of £13.189 million for Corporate Services in 2004/05 as detailed at Appendices 2, which includes proposals for additional revenue spending of £1.2 million to support the extension of the Police Community Support Officer Teams.
- Capital schemes of £3.394 million including annual provisions of £770,000 (as detailed at Appendices 4 and 5)

Information Technology

- a revenue budget of £0.414 million Information Technology in 2004/05 as detailed at Appendices 3.
 - Information Technology annual provisions of £368,000(as detailed at Appendices 5)
- 1.2 To make recommendations/comments as appropriate. These will be considered by Cabinet on 26 January, along with the latest information on resources and the outstanding uncertainties. The County Council will agree the budget and council tax level on 12 February.

APPENDIX 1

CABINET – 15 DECEMBER 2003

COUNTY COUNCIL RESOURCE BUDGET 2004/05 TO 2007/08

Proposals

1. That:

- (i) The £7.4million additional resources for education agreed by the Council for the current year on a "one-off" basis be continued.
- (ii) That £2.5 million be made available for highways maintenance in 2004/05 in addition to the standstill budget.
- (iii) Access and Capacity Grant of £2m and Safeguarding Children Grant of £0.5m be used to offset the cost of increasing service need within the standstill budget, and the balance of these grants be applied to further improve services.
- (iv) The following service improvement be approved:-
 - £1.2m to support the extension of the Police Community Support Officer Teams.
- (v) The following budget of £1,020.605 million is proposed, which reflects passporting for schools, standstill (including efficiency savings) for other services and the proposals set out in (i), (ii), (iii) and (iv) above, and gives a council tax increase of 6.7% subject to the resolution of the remaining uncertainties relating to the budget.

		2004/05 Proposed Budget £m
Adult Care Services		186.098
Children, Schools and Families		726.991
Community Services		
Libraries, HALS, Arts and Trading		
Standards	22.240	
Fire & Rescue	35.485	
Registration	0.739	
Coroners	0.814	
Emergency Planning	<u>0.294</u>	59.572
Corporate Services		13.189
Environment		101.056
Information Technology		0.414
Central Items		40.821
Asset Management Revenue Account		<u>(107.536)</u>
		<u>1,020.605</u>

- (vi) That the proposed schools budget for 2004/05 be agreed as £507.960 million (excluding capital charges) and notified to the DfES by the deadline of 31 December 2003.

2. That the Transitional Support Plan in respect of the Education Targeted Transitional Grant of £7.8 million (which is in addition to the above proposed budget) be agreed in consultation with the Executive Member for Children, Schools and Families and the Executive Member for Resources and submitted to the DfES by the deadline of 31 December 2003.
3. That the Environment Scrutiny Committee and Transport Panel analyse the LTP and that the Director of Environment includes a recommended allocation in his report to the March meeting of the Cabinet on the Integrated Works Programme.
4. That:
 - 1) the Capital Programme for 2004/05 – 2006/07 be approved as set out in the attached schedules (Annex A), including the annual provisions set out in Appendix 11 of the report
 - 2) when the Capital programme is finally approved that the risks associated with capital receipts be recognised in the finalisation of the prudential indicators relating to the borrowing under the 2003 Act.

PORTFOLIO: CORPORATE SERVICES

PROPOSED RESOURCE BUDGET 2004/05 - 2007/08

Chief Officer(s)/Head(s) of Function: **Caroline Tapster, Chief Executive (01992 555600)**
Andrew Laycock, County Secretary (01992 555500)
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APPENDIX 2 - CONTENTS

- A Commentary
- B Revenue Budget 2004/05 - 2007/08 and Movement from Current Year's Budget
- C Pressures for Change
- D Savings

COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £11.989 million (on a best value accounting basis).
- 1.2 In addition there are proposals for additional revenue spending of £1.2m to support the extension of the Police Community Support Officer Team, making the proposed revenue budget £13.189 million.
- 1.3 The cashable efficiency savings included in the proposals are summarised below with fuller details provided in the following appendices:

Cashable Efficiency Savings	£'000
Corporate Services efficiency savings	76
Best Value Review savings	64
SHARP savings	35
Property savings	253
Other savings	92
Total	520

**REVENUE BUDGET 2004/05 - 2007/08
AND MOVEMENT FROM CURRENT YEAR'S BUDGET
CORPORATE SERVICES**

	2004/05	2005/06	2006/07	2007/08
	£'000	£'000	£'000	£'000
2003/04 Original Budget	10,864	10,864	10,864	10,864
Technical Adjustments 2003/04	(1,050)	(1,050)	(1,050)	(1,050)
2003/04 Adjusted Budget	9,814	9,814	9,814	9,814
Technical Adjustments 2004/05	867	867	867	867
Inflation	350	350	350	350
Pressures for Change:				
<i>Full Year Effect of Previous Efficiencies</i>				
1. Single Status	(2)	(2)	(2)	(2)
<i>Legislative Change</i>				
1. Health Scrutiny	40	40	40	40
<i>Other Pressures</i>				
1. Business Rates	34	34	34	34
2. Increments	78	133	160	160
3. Revenue Effects of Capital	30	30	30	30
4. Revenue Effect of Telecoms	59	97	136	175
5. Capital Payback	71	71	71	71
6. Local Government Pension scheme (members)	52	52	52	52
7. Loss of legal services income from Probation	23	23	23	23
8. Single – Status Assimilation of manual worker grades	1	2	2	2
<i>Cashable Efficiency Savings</i>				
1. County Secretary	(8)	(8)	(8)	(8)
2. Crime Reduction Unit	(5)	(5)	(5)	(5)
3. Members & committee	(18)	(18)	(18)	(18)
4. County Personnel	(8)	(8)	(8)	(8)
5. Internal Audit	(4)	(4)	(4)	(4)
6. Corporate Finance	(17)	(17)	(17)	(17)
7. Strategy and Consultancy	(1)	(1)	(1)	(1)
8. SERMU	(1)	(1)	(1)	(1)
9. Corporate Communications	(3)	(3)	(3)	(3)
10. Assistant Chief Executive	(2)	(2)	(2)	(2)
11. Money Advice Unit	(4)	(4)	(4)	(4)
12. Business Support Unit	(2)	(2)	(2)	(2)
13. Managed Services	(1)	(1)	(1)	(1)
14. Chief Executive	(2)	(2)	(2)	(2)
15. Mobile phones	(5)	(5)	(5)	(5)
16. Call Charges	(2)	(2)	(2)	(2)
17. Best Value - Reprographics	(54)	(54)	(54)	(54)
18. Best Value – Training centres	(8)	(8)	(8)	(8)

APPENDIX 2B (cont'd)

19. Best Value – ICT	(2)	(2)	(2)	(2)
20. Property – Measured term contract	(53)	(53)	(53)	(53)
21. SHARP - Procurement	(31)	(31)	(31)	(31)
22. SHARP – Invoice Processing	(4)	(4)	(4)	(4)
23. Leased Cars	(85)	(85)	(85)	(85)
24. Property	(200)	(200)	(200)	(200)
2004/05 STANDSTILL BUDGET	10,897	10,991	11,057	11,096
Capital Charges	1,092	1,092	1,092	1,092
2004/05 BEST VALUE BUDGET	11,989	12,083	12,149	12,188

PRESSURES FOR CHANGE

<u>Full Year Effect of Previous Efficiencies</u>	£'000
1. <u>Single Status Savings</u> Costs arising from the assimilation of former manual workers onto the existing HCC grading scheme as part of the national single status agreement.	- 2 2004/05 onwards
 <u>Legislative Change</u>	
1. <u>Health Scrutiny</u> Under the Health and Social Care Act 2001, social service authorities have a duty to set up health scrutiny committees and the power to scrutinise health services. Resources are need to recruit the correct level of expertise.	+ 40 2004/05 onwards
 <u>Other Pressures</u>	
1. <u>Business Rates</u> This relates to the estimated additional costs arising from the 2000 revaluation of property for rating purposes.	+ 34 2004/05 onwards
2. <u>Increments</u> Increased pay costs due to incremental progression of staff.	+ 78 2004/05 + 133 2005/06 + 160 2006/07 onwards
3. <u>Revenue Effects of Capital</u> The share of running costs associated with the county wide telecommunications infrastructure programme	+ 30 2004/05 onwards
4. <u>Revenue Effects of Telecomms</u> The department's share of the revenue consequences of undertaking corporate telecommunications capital works within the agreed capital programme.	+ 59 2004/05 + 97 2005/06 + 136 2006/07 + 175 2007/08
5. <u>Capital Payback</u> Payback associated with the general capital programme.	+ 71 2004/05 onwards
6. <u>Local Government Pension Scheme,</u> Costs associated with the admission of members to the Local Government Pension Scheme.	+ 52 2004/05 onwards
7. <u>Loss of Legal Services Income From Probation,</u> Net impact of the ending of the agreement between HCC and the Probation Service to provide secretarial services and ad hoc legal advice and breach work.	+ 23 2004/05 onwards

APPENDIX 2 C (cont'd)

	£'000
8. <u>Single Status – Assimilation of Manual worker grades</u>	
Costs arising from the assimilation of former manual workers onto the existing HCC grading scheme as part of the national single status agreement.	+ 1 2004/05 + 2 2005/06 onwards

SAVINGS**Cashable Efficiency Savings****£'000**

- | | | |
|--|------|--------------------|
| 1. <u>County Secretary</u>
Savings from a review of administration and secretarial support. | - 8 | 2004/05
onwards |
| 2. <u>Crime Reduction Unit</u>
Savings from the miscellaneous fee budget. | - 5 | 2004/05
onwards |
| 3. <u>Members</u>
Savings will be made through reductions in staff hours and costs, and savings in printing and paper costs. | - 18 | 2004/05
onwards |
| 4. <u>County Personnel</u>
Savings will be achieved from the development of electronic communication and the resultant reduction in printing and photocopying. | - 8 | 2004/05
onwards |
| 5. <u>Internal Audit</u>
Reduced auditor hours made possible by more efficient working, following implementation of the "Galileo integrated audit management system." | - 4 | 2004/05
onwards |
| 6. <u>Corporate Finance</u>
It is estimated that a further £17,000 net interest can be gained on cash flow savings by submitting the VAT returns electronically rather than manually. | - 17 | 2004/05
onwards |
| 7. <u>Strategy and Consultancy</u>
Savings will be apportioned across all non pay budgets. | - 1 | 2004/05
onwards |
| 8. <u>SERMU</u>
Savings will be made by a reduced spend on reference books, and reduced printing and stationery costs, due to a greater use of electronic mail. | - 1 | 2004/05
onwards |
| 9. <u>Corporate Communications</u>
Savings will be achieved by efficiencies in producing the Herts Direct newspaper. | - 3 | 2004/05
onwards |
| 10. <u>Assistant Chief Executives and Citizens Panel</u>
Savings will be made from the external management consultancy budgets. | - 2 | 2004/05
onwards |

APPENDIX 2 D (cont'd)
£'000

11. <u>Money Advice Unit</u> Savings will be achieved by additional external income, generated from training courses and advice contracts	- 4	2004/05 onwards
12. <u>Business Support Unit</u> The efficiency saving will be top sliced from a number of non- pay budgets.	- 2	2004/05 onwards
13. <u>Managed Services</u> The annual contribution from trading to this budget will be increased by £1,000 to achieve this saving.	- 1	2004/05 onwards
14. <u>Chief Executive</u> Savings will be taken from non pay budgets on a pro rata basis.	- 2	2004/05 onwards
15. <u>Mobile Phones</u> The departments share of corporately negotiated reductions in the costs of mobile phones.	- 5	2004/05 onwards
16. <u>Call Charges</u> The departments share of corporately negotiated reductions in the costs of telephone calls.	- 2	2004/05 onwards
17. <u>Best Value – Reprographics</u> Savings will be achieved as a result of the reprographics BVR, and are a direct result of the difference between the existing cost of printing on a high number of small printers and the lower cost of using a small number of highly efficient Multi Functional devices.	- 54	2004/05 onwards
18. <u>Best Value – Training Centres</u> This saving results from the discounts to be achieved through the use of approved list providers.	- 8	2004/05 onwards
19. <u>Best Value – ICT</u> As part of the Simply Done review of ICT, this saving has been achieved by converging HCC's telephone and data networks, reducing the fixed cost to the department of its COMNET telephone extensions.	- 2	2004/05 onwards
20. <u>Property – Measured Term Contract</u> An analysis of the tenders for specific areas of work indicates that savings can be made from the use of selected firms for Measured Term Contract works.	- 53	2004/05 onwards

APPENDIX 2 D (cont'd)
£'000

21. SHARP – Procurement

Experience elsewhere suggests that at least 1% savings, on total purchases can be made by introducing e-business, aggregating demand and rationalising the supplier base. The procurement centre will be working with departments to achieve these savings.

- 31 2004/05
onwards

22. SHARP – Invoice Processing

By turning payments around faster and taking greater advantage of settlement discounts, further savings can be made. The procurement centre working with departments will be targeted to deliver at least an additional 1% settlement discount on 1 in every 32 invoices received.

- 4 2004/05
onwards

23. Leased Cars

The departments share of discounts from the leased cars contract, based on car numbers.

- 85 2004/05
onwards

24. Property

The savings in Hertfordshire Property Managed budgets will be achieved by a combination of not filling staff vacancies, by the termination of some temporary contracts, the introduction of additional efficiency savings and the generation of additional income.

- 200 2004/05
onwards

**PORTFOLIO: EFFICIENCIES & IT
SERVICE: INFORMATION TECHNOLOGY**

PROPOSED RESOURCE BUDGET 2004/05 - 2007/08

Chief Officer: Andrew Robertson

Contact for queries: Elisabeth Reay (01992 555689)

APPENDIX 3 - CONTENTS

- A Commentary
- B Revenue Budget 2004/05 - 2007/08 and Movement from Current Year's Budget
- C Pressures for Change
- D Savings

COMMENTARY

- 1.1 This Appendix outlines details of the proposals for a revenue budget of £0.414 million (on a best value accounting basis) for Information Technology.
- 1.2 The cashable efficiency savings included in the proposals are summarised below with fuller details provided in the following appendices:

Cashable Efficiency Savings	£'000
Mobile phones	2
SHARP: procurement	35
SHARP: invoice processing	1
Leased cars	20
Total	58

**REVENUE BUDGET 2004/05 - 2007/08
AND MOVEMENT FROM CURRENT YEAR'S BUDGET
INFORMATION TECHNOLOGY**

	2004/05 £'000	2005/06 £'000	2006/07 £'000	2007/08 £'000
2003/04 Original Budget	518	518	518	518
Technical Adjustments 2003/04	81	81	81	81
2003/04 Adjusted Budget	599	599	599	599
Technical Adjustments 2004/05	(177)	(177)	(177)	(177)
Inflation	(44)	(44)	(44)	(44)
Pressures for Change:				
<i>Other Pressures</i>				
1. Increments	24	35	36	36
2. Revenue effects of telecomms	16	21	27	31
Cashable Efficiency Savings				
1. Mobile phones	(2)	(2)	(2)	(2)
2. SHARP: procurement	(35)	(35)	(35)	(35)
3. SHARP: invoice processing	(1)	(1)	(1)	(1)
4. Leased cars	(20)	(20)	(20)	(20)
2004/05 STANDSTILL BUDGET	360	376	383	387
Capital Charges	54	54	54	54
2004/05 BEST VALUE BUDGET	414	430	437	441

PRESSURES FOR CHANGE

£'000

1.	<u>Increments</u>		
	This relates to the incremental progression of staff.	+ 24	2004/05
		+ 35	2005/06
		+ 36	2006/07
			onwards
2.	<u>Revenue Effects of Telecomms Capital</u>		
	These are this department's share of the revenue	+ 16	2004/05
	consequences of undertaking corporate,	+ 21	2005/06
	telecommunications capital works within the agreed	+ 27	2006/07
	capital programme.	+ 31	2007/08

SAVINGS

<u>Cashable Efficiency Savings</u>		£'000	
1.	<u>Mobile Phones</u> This department's share of corporately negotiated reductions in the cost of mobile phones.	- 2	2004/05 onwards
2.	<u>SHARP – Procurement</u> Experience elsewhere suggests that at least 1% savings on total purchases can be made by introducing e-business, aggregating demand and rationalising the supplier base. The Procurement Centre will be working with departments to achieve these savings.	- 35	2004/05 Onwards
3.	<u>SHARP – Invoice Processing</u> By turning payments around faster and taking greater advantage of settlement discounts, further savings can be made. The Procurement Centre working with departments will be targeted to deliver at least an additional 1% settlement discount on 1 in every 32 invoices received.	- 1	2004/05 onwards
4.	<u>Leased Cars</u> The department's share of discounts from leased car contracts, based on car numbers.	- 20	2004/05 Onwards

PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
General Programme Schemes					
<u>Existing Schemes:</u>					
Corporate Finance and HR systems	3,043	1,000			
Central and Shared: Disability Discrimination Act	961	300	361		
Starter Home Initiative	1,500	500	500	500	
<u>New Schemes:</u>					
Leahoe house renovation	301	301			
County Hall Roof, Restaurant and E Link	333	333			
County Hall Lifts	150	150			
Generator New Barnfield	93	40			
Total General Programme	6,381	2,624	861	500	
Annual Provisions	770	770	770	770	770
Total Programme	7,151	3,394	1,631	1,270	770

INFORMATION TECHNOLOGY

Scheme	Total Scheme Cost £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Later Years £'000
Annual Provisions	368	368	368	368	368
Total Programme	368	368	368	368	368

PROPOSED CAPITAL PROGRAMME 2004/05 – 2006/07

ANNUAL PROVISIONS

Service Priority Band	Scheme Description and Location	Individual Projects Over £50,000?	2003/04 £'000	2004/05 £'000	2005/06 £'000	2006/07 £'000	Subsequent Years £'000
CORPORATE SERVICES							
	Land Purchase, Feasibility Studies & Rationalisation Schemes	No	242	235	235	235	235
	Development Opportunities Fund	No	109	109	109	109	109
	Energy Conservation	No	199	199	199	199	199
	Civic Buildings	No	93	93	93	93	93
	Civic Buildings Health and Safety	No	127	127	127	127	127
Service Total			770	770	770	770	770
INFORMATION TECHNOLOGY							
	Corporate ICT Infrastructure	Yes	368	368	368	368	368
Service Total			368	368	368	368	368