

Report to: CABINET / OVERVIEW AND SCRUTINY COMMITTEE

Date: 23rd AUGUST / 10th SEPTEMBER

Subject: Budget timetable and principles 2008/09

Report of: Director of Finance & IT

Contact officer: D.Smith 01942 827232

Purpose / summary: To confirm the strategic budget timetable and to consider revised budget principles in line with the budget strategy.

Alternative options considered and reason for selecting the one recommended: An approved timetable underpins the effective management of the statutory budget process. This together with the introduction of three year departmental budgeting is seen as best practice in the Audit Commission Key Lines of Enquiry.

Recommendation / decision: To agree the principles and the timetable for the 2008/09 budget process.

Key Decision: This report does not involve a key decision.

Risks / Implications:

Financial:	Part of the Council's Budget Framework
Staffing:	None
Policy:	Budget Framework
Equal Opportunities - Has a Diversity Impact Assessment been conducted?	A diversity impact assessment is not necessary at this stage, However, equality and diversity implications have been considered when producing this report.
Wards affected:	All – Borough wide budget strategy

Property – Does the proposal involve a reduction, addition or change to the Council’s asset base or its occupation?

No

Does this proposal have significant implications for the Council and the local population?

No

Does this proposal involve a new policy or procedure or significant changes to an existing policy or procedure?

No

Has the Director of Legal and Property Services confirmed that the recommendations within this report are lawful and comply with the Council’s Constitution? **Yes / No ***

Has the Director of Finance and IT confirmed that any expenditure referred to within this report is consistent with the Council’s budget? **Yes / No ***

Are any of the recommendations within this report contrary to the Policy Framework of the Council? **Yes / No ***

* delete which applicable

For Cabinet reports only :

Categorisation of the report:	x
Discussion leading to a decision	x
Monitoring	
Sharing for corporate understanding	

	x
Discussion	
Decision	
Information	

Tracking/Process:

	Consultation	Ward Members	Partners
	Strategic Management Team 14 th August 2007		
Panel	Overview & Scrutiny	Cabinet	Council
	10 th September 2007	23 rd August 2007	

There are no Background Papers to this Report within the meaning of Section 100D of the Local Government Act 1972.

Proper Officer D J SMITH

Date 8th August 2007

1. Setting the Scene

A number of improvements in the budget setting process were successfully introduced last year. Best practice requires the resource allocation process to be a continuous cycle linking our strategic plans – the corporate and departmental plans across the authority and our community plan – through the issues paper, growth / service pressures, reductions / scenario planning and the setting of the budget, council tax, capital programme, and prudential borrowing, final accounts and performance reporting. The Audit Commission via the Comprehensive Performance Assessment Use of Resources judgement has recognised Wigan's process as an example of notable practice. It is our intention to maintain and improve upon these standards during the 2008/09 process.

2. Medium Term Financial Plan approved in March 2007

This was based on a 3.5% Council Tax increase, affordable future levels of growth set at £500,000 per annum, and included appropriate inflation uplifts in line with government targets for pay at 2.0%, prices at 2% and income at 3%. The long term aim has been to balance both capital and revenue budgets without the use of reserves or balances and over the last few years we have achieved a much closer togetherness of these various elements.

Elsewhere on the Agenda is a revised medium term financial forecast which reflects the 2006/07 outturn position on spend and reserves, and this forecast will be updated throughout the Autumn as better information on the budget changes is obtained.

3. Growth / Service Pressures

For 2007/08 the Council introduced a more rigorous budget challenge process. Our new planning process indicated scenarios of growth, standstill and reduction, with additional resources being allocated for Adult Services and Environmental Improvements. The process included details of performance and costs as part of a challenge process to assist in aligning strategic objectives, performance and resources. Cabinet Members, Directors, the Chief Executive and the Leader met to discuss service performance, service pressures, the scope for savings and the scope for service improvement if additional resources were allocated. The intention is to repeat these successful arrangements for the 2008/09 process.

An example of the type of submission considered under the budget challenge process in 2007/08 has been replicated in appendix B. This used a pro-forma template devised to ensure a consistent approach and it is advocated a similar template is devised for use in 2008/09.

4. Reductions / Scenario Planning

There is a long standing method of calculating the base position for pro-rata reductions by department. The aim of the process being to offer Cabinet choices across all services.

As last year we will run a Budget Challenge process to review options for reductions, service pressures and growth – aiming to link performance and finance.

In the past Cabinet have accepted both one-off and recurring savings. And in considering reductions there is a requirement to demonstrate that a balance has been struck between the pressures on the Council from external inspection and grant funding and our locally determined needs.

The scenario planning approach allows for various options using varying scenarios such as a % reduction, standstill and a % growth for each service area to be considered. If Cabinet has priority areas then the options can be adjusted to accommodate them as was the case last year. These options can be provided as part of the Medium Term Forecast Process and service departments would indicate what they could achieve given these guidelines and what changes they would need to make to live within them.

5. Consultation

We strengthened last year's consultation process with the involvement of the Citizen's Panel and web questionnaire. The Citizen's Panel were also asked to indicate their priorities for the 2007/08 budget. The results of this survey and of a similar questionnaire relating to the budget and council tax on the Council's web site identified priorities for improvement. Living in a place where citizens feel safe for instance was a higher priority than affordable housing

We have consulted upon the format of our accounts, in summary form, and sought to improve the leaflet dispatched with the Council tax and this year consultation will also take place on the Annual Report for 2006/07.

All opposition groups receive a separate briefing on the budget.

6. Performance Management

The budget booklet has been improved upon this year and now includes key service challenges together with performance indicators. Looking at performance is one of our criteria in selecting growth and reduction options. The Budget Monitoring process will, this year, be submitted with increased linkage to supplementary performance based information as this is a recommended requirement in the Audit Commission's Key Lines of Enquiry.

7. Longer term budgeting

The Council's priorities for improvement are set out in the Corporate Plan and are linked to high level objectives around people, communities and places. There is also a recognition of the need to strengthen our longer term planning linked to Central Government's own planning cycle. Once the outline of the Comprehensive Spending Review is clear then the Council will be looking to prepare departmental budgets on a three year basis.

The Comprehensive Performance Assessment requires Councils to make explicit the links between their spending plans, both revenue and capital, and their service delivery plans, which are designed to meet the often competing priorities of both Government and residents.

Funding the Council's Capital Programme is an important part of the Revenue Budget strategy. The Medium Term Plan contains the revenue consequences of all new programmed major investments that have been approved for inclusion in the Council's capital investment programmes. In addition, the forecast reflects the changing costs of all previous borrowings, provision for debt repayment and fall out of debt where appropriate. This ensures that the revenue forecast and capital investment strategy are linked and reflect the financial consequences of service priorities, as stated in the Corporate Plan.

In addition, under the Gershon efficiency review the Council needs to identify in a much more formal structured way, its business efficiencies planned during the budget cycle and to report on how these have been achieved. Whilst there is no compulsion to turn these into reductions in expenditure, the reality is that a number of these will form part of service reduction options. Others may be redeployed to support alternative service developments. It is likely that the Gershon return process will be replaced by a single performance indicator on efficiency.

8. Provisional Timetable for 2008/09

The first stage is the final accounts for 2006/07. This has provided an opportunity for Cabinet to review reserves and provisions, against known and likely risks. The decision was taken to fund the cost of equal pay from balances due to a favourable outturn in 2006/07. The second stage included elsewhere on the agenda is to revise our forecast for 2008/09

23 rd August 2007	Cabinet receive Medium Term Financial projection updated for outturn / agree budget principles and timetable – timetable and MTFS will also go to Overview and Scrutiny on 10 th September 2007
September – November	Detailed budget preparation proceeds in accordance with principles and guidance from Cabinet
10th September 2007	Executive Briefing – discussion on budget outlook and principles – Issues Paper draft
18th September 2007	Growth, Service pressures, Savings and scenario submission by Departments to DFIT
25th September 2007	Strategic Management Team consider growth proposals and service pressures (including Wigan Leisure and Cultural Trust) in context of the MTFS and revised Issues Paper
23rd October 2007	Further discussion of budget at SMT
Late November / early December	RSG settlement – report to Cabinet on RSG – SMT discuss scenarios and pressures in the light of grant settlement

Week commencing 20th November	Initial meetings with Trade Unions; Initial Schools Forum / Head teachers meeting on Schools Budgets
29th November 2007	Cabinet – initial consideration of draft budget including WLCT subsidy / revenue savings / growth
Early January 2008	Estimate made of the surplus or deficit on the Collection Fund.
February 2008	Precept and levy notifications received
7th February 2008	Cabinet – further budget report + Capital programme and Appraisal Options
21st February 2008	Cabinet propose Council Tax and Budget
25th February 2008	Joint meeting of Overview and Scrutiny and Cabinet to consider Council Tax and Budget
5 th March 2008	Special Budget Council

Consultation with representatives of Business Ratepayers will also need to be added in to the timetable.

The Arms Length Management Organisation Fee, HRA budget and rents will be set on a separate timetable. Two parts are proposed – setting the rent and then determining the detail of the HRA budget. Because of the need to give tenants notice of the rent rise we need to determine the rent level at the January Council meeting. More detailed consideration of the HRA income and expenditure can then take place along side the General Fund budget timetable.

Early November 2007	Draft HRA subsidy determination – provisional could be delayed
15th November 2007	Cabinet consider implications for rents of the subsidy determination and receive HRA budget briefing
13th December 2007	Joint meeting of Overview and Scrutiny Committee and Cabinet consider rent rise
9th January 2008	Council determines rent rise
21st February 2008	Cabinet propose Council Tax and Budget
25th February 2008	Joint meeting of Overview and Scrutiny and Cabinet to consider detailed HRA Budget
5 th March 2008	Special Budget Council including HRA budget

9. Budget principles

Appendix A sets the principles which we propose to use to prepare the 2008/09 budget and these are firmly based on principles that have served the process well over many years. There are no significant changes to report and therefore Cabinet are asked to endorse these budget principles.

10. Conclusion and Recommendations

The Council's budget strategy has continually built upon Government priorities, as expressed through the annual Comprehensive Spending Review and RSG Settlement, but also responded to the concerns of residents as expressed in consultation exercises

The Council has now established a three-year budget planning cycle so that the consequences of budget decisions taken in 2007/08 can be rolled forward and forecasts made of the likely effect upon available resources in future years. The completion of the CSR07 later this year will give more certainty about the Formula Grant entitlement for future years. The intention is for the Council to develop three year departmental plans.

The budget strategy as developed via the budget challenge process includes the views of citizens, stakeholders and partnerships. The wider membership being consulted where necessary with key formal decisions being taken by the Cabinet within the Council's approved Budget Framework.

Cabinet is asked to determine the approach for the budget setting process, to confirm the strategic budget timetable and to endorse the budget principles.

Principles of Budget Preparation

This section contains the principles that were submitted to the Strategic Management Team on 14th August and then to the Cabinet on 23rd August for approval. These principles are to be used in the budget preparation process for the 2008/09, 2009/10, 2010/11 Estimates.

4.1 Objectives

To provide a consistent and authorised approach to the preparation of the Revenue Estimates and to eliminate unnecessary overbidding against limited resources.

To provide a standard budget analysis of expenditure and income which is consistent with the Best Value Accounting Code of Practice (BVACOP), promotes accountability and transparency of ownership and supports efficient budget monitoring arrangements as described in the Audit Commission Use of Resources assessment.

To ensure that budgets and performance in service delivery are demonstrably aligned and can be monitored.

4.2 Principles

4.2.1 General

Budgets will be developed from the 2007/08 approved original and published budget.

New reductions generated by management initiatives and submitted as part of the budget reduction process should NOT be included in the 2008/09 Draft Estimates until approved by Cabinet.

All approved growth & reductions will be incorporated into the final published budget.

The Director of Finance & IT and his professional staff will determine the most appropriate budgeting and accounting treatment to secure standard, consistent, best practice having regard to statutory returns, management information requirements and efficient budget monitoring arrangements.

4.2.2 Exemplification of “across the board” expenditure reductions

Where the Authority exemplifies across the board reductions, the basis of the calculation will be:

Controllable expenditure defined as expenditure on employees, premises, transport, supplies & services and payments to 3rd parties, net of internal recharges (including computing, telecommunications and insurance), significant grant aided expenditure (such as Learning Disability Resettlement, Personal Social Services Grant, and Health Improvement contributions, Education grants etc.), leasing charges and recharges to Capital accounts and Fire Authority. This calculation will now exclude the Schools Budget which cannot contribute to any reductions exercise.

4.2.3 Inflation

Budgets to be prepared at estimated out turn for pay and prices (there is no central inflation contingency).

Business Rates - Estimate to be adjusted in accordance with notified rate in the £ and transitional relief.

All inflation factors will be determined by the Director of Finance and I.T. and input centrally to budget files. Adjustment will be made to the base pay budgets for any underprovision in pay award inflation in 2007/08. Pay awards for Teaching and non teaching staff will be provided in accordance with the national agreements or determined by professional judgement as necessary. No adjustment will be made to the 2007/8 base estimate for any under-provision of price inflation. General provision is set at 2.5% for prices.

The Director of Finance & I.T. will determine inflation on DSO charges having regard to estimated future fluctuations in cost prices.

4.2.4 Establishment Budgets

Establishment budgets for all employees to be prepared on the basis of approved staffing levels and supported by appropriate staffing statements.

Working papers submitted to the Director of Finance and I.T. should clearly identify vacant posts, provision for regular overtime, redundancy-related costs and assumptions on turnover/slippage.

Slippage included in base budgets should be carried forward and reviewed. Any need to reinstate or reduce the deduction will be treated as growth.

4.2.5 Income

Statutory charges to be increased in accordance with regulations etc.

Volume changes to be identified separately from inflationary increases.

Increases in locally determined income in line with inflation to be reported by Chief Officers and approved by Cabinet with the main budget. Where this would result in uncompetitive charges, reports should identify options.

For the year 2008/09 the inflation rate for locally determined income has been set 3.5%.

4.2.6 Savings

Full year effect of approved 2008/09 savings to be included. Proposals will be required to replace one-off savings offered in 2007/08 as part of the 2008/09 reductions exercise.

4.2.7 Variations

All other budget variations to be self-financing within the budget of appropriate service department. No additional provision will be made in the Medium Term plan unless explicitly approved by Cabinet through the service pressures exercise.

4.2.8 Growth Bids

The process for submitting bids has been rationalised and form part of the scenarios provided as part of the budget challenge process. This ensures growth bids are demonstrably aligned with the Council's priorities through the use of a consistent and challenging pro forma.

An example of the pro forma is included in Appendix B. There is a need to show the business case with supporting relevant non financial/performance data.

4.2.9 Use of 2006/07 underspendings carried forward into 2007/08

It is assumed that approvals to carry forward underspendings (as approved by Cabinet on 28th June) from 2006/07 will be discharged in 2007/08 unless specifically identified and reported as otherwise.

4.2.10 Use Reserves & Provisions

A report on the intended use of any reserves & provisions under the control of the Chief Officer should be included in the report when the Cabinet considers all budgets. There are different accounting rules regarding the use of provisions and reserves which need to be observed in framing the budget.

4.3 Other Issues

4.3.1 Central Support Recharges

A standard client list for use across the Authority has been determined between the providers and customers.

There is a Best Value Accounting Code of Practice requirement that full allocation of the costs of support services should be made to ensure that the financial position & transactions of the Council are presented fairly.

4.3.2 Corporate and Democratic Core

A separate activity budget exists within the Audit, Governance and Improvement Review Committee named 'Corporate & Democratic Core'. This activity will be charged with defined corporate management costs. Costs of Corporate and Democratic Core are therefore accounted for as a separate service and not apportioned further.

The C.I.P.F.A. statement on Best Value Accounting Code of Practice in Local Authorities in Great Britain defines the corporate and democratic core as comprising of Democratic Representation and Management and Corporate Management Costs

4.3.3 Capital Charges

The Best Value Accounting Code of Practice requires capital charges to be included in the definition of total cost in order to calculate cost based Performance Indicators. Capital Charges will be analysed at the appropriate activity or cost centre level in order to achieve this compliance.

The use of revenue resources to fund capital expenditure is a matter for central determination by the Director of Finance in accordance with Accounting practice and the budget strategy. Direct Revenue Financing (DRF) must be shown separately on the budget summary and is not a cost of service.

There is no provision in accounting practice for Capital Resources (Capital Grants or Receipts) to fund expenditure which is of a revenue nature. The Director of Finance will decide on any uncertainties in this area.

4.3.4. Budgeting for Grant related expenditure and other best practice

Departments are required to make their best estimates of the subjective analysis of grant supported expenditure and not support grant income by a one-line miscellaneous expenditure budget line. Such practice distorts the analysis of budgets for statutory returns, top down management information critical to decision making and subsequent budget monitoring reports. In particular it is important to estimate employees who are supported by grant funding regimes for the purposes of proper monitoring and ensuring well planned strategies for the termination or withdrawal of grant.

Negative expenditure budgets are not permitted – where these reflect contributions or recharges they should properly be accounted for through the appropriate income budgets.

Departments are encouraged to have regard to the volume of budget records created and their materiality. Every budget account code must be linked to a complex reporting structure and is therefore demanding of resource in terms of system power and staff support.

4.4 Specific Accounts

4.4.1 Individual Schools Budget

A statement on the development of the Individual Schools Budget under Fair Funding is to be provided by the Director of Education to the Children and Young People Panel and the Cabinet. The introduction of the Dedicated Schools Grant means that expenditure funded by the grant, both in schools and centrally, must be separately identified in the corporate financial system for the purposes of efficient budget preparation and monitoring.

There will be a presumption that the DSG will meet the quantum required and will not be supplemented by Council Tax. The DSG funded budgets will be treated as ring fenced for the purposes of Council Tax calculations and any over/under spending arising will be carried forward to count against next year's budget.

4.4.2 D.S.O. Budgets

DSO budgets must be prepared separately under the same guidelines, reflecting business plans, tendering strategies, partnership agreements and contract prices, as appropriate. Recharges to client budgets must be prepared at an early stage so that General Fund expenditure budgets can be updated to reflect DSO income estimates. It is essential that DSO budgets are prepared, monitored and managed for the financial year to ensure that the internal financial objectives are achieved, consistent with the provision of quality services.

The Best Value Accounting regime does not require us to anticipate significant DSO surpluses because of the distorting effect they may have on cost based performance indicators. DSO budgets will be assessed corporately with the completion of the aggregate Service Budgets and any significant surpluses addressed against client budgets.

DSO budgets must be submitted annually to the appropriate Contract Management Group and to the Best Value Review Panel. The submission should include a statement confirming that client budgets contain matching provisions for the income expectations in the DSO budgets.

Inflation indices for DSO budgets will be calculated centrally. DSO price increases will be made effective from 1st April, with the exception of changes to school meal charges, which will be effective from 1st August.

4.4.3 Housing Revenue Account

The H.R.A. is “ring-fenced” and there is no net cost or contribution to the General Fund.

The preparation of the H.R.A. budget will follow the principles applicable to the General Fund.

**WIGAN COUNCIL 2007/08 AND 2008/09
FINANCIAL PLANNING SPENDING REVIEW**

Wigan Council Department:	<u>Legal and Property Services</u>	Service:	Legal and Property Management Services, Car parks and Markets.
Budget 2005-06		2006/07 Budget:	
Total Costs	23,224,506	Total Costs	23,395,305
External Income	-7,129,077	External Income	-7,329,874
Recharges	-16,732,665	Recharges	-17,197,062
Total	-637,236	Total	-1,131,631
Actual 2005-06		Staff No:	175
Total Costs	22,901,735	Service Status:	Support
External Income	-7,243,562		Direct
Recharges	-16,584,703		Regulatory
Total	-926,530		

SERVICE DESCRIPTION

The Department provides a full legal and property management service to the Council and its associated partners and to the Greater Manchester Fire and Rescue Authority. The department enhances these bodies' ability to provide key services to the community of the Borough and Greater Manchester.

The Department provides services in the main direct to other Council departments. By ensuring good governance it assists the Executive, Committees, Panels and front line departments of the Council deliver the Council's priorities. The Department also provides services to companies associated with the Council.

The Department provides a direct service to the community by way of the markets service, the car parking service and the local land charges services. This latter is provided through the legal community to advise purchasers of properties of issues or charges affecting their property.

KEY SERVICE CHALLENGES

- Maintenance of ageing building stock with the maintenance backlog currently in excess of £100M. This is compounded by construction cost inflation significantly outstripping inflationary budget increases awarded to the CPMF. In essence the fund reduces in purchasing power year on year and does not, in isolation, make inroads into the maintenance backlog. This is evidenced by 48% of our operational property being classed as less than satisfactory. We are in the third quartile nationally for condition of buildings. Only 26% of our buildings will be DDA compliant by the end of 2006/7 and due to the age and design of many buildings, compliance with the current Building Regulations will be either impractical or only achievable at great cost.
- The ever increasing statutory requirements are another key challenge. In recent years Asbestos, Legionella have had to be resourced from CPMF and now the government have created the need for public buildings to have to display Building Energy Performance Certificates.
- The limited resources in the CPMF leave it only possible to meet working environment improvement expectations in part. The fund allocated from the CPMF is at least three times oversubscribed year on year, yet dissatisfaction with the working environment continues to feature strongly in staff survey results. The increasing demands have not been met with a corresponding increase in human or financial resources and as such the service continues to operate under

pressure and by careful prioritisation.

- On going demand for capital receipts on land disposal – Approaching £100M of capital receipts achieved since 1990. In 2006/07 £11M of £14M target is now ring fenced specifically for Education. The remaining £3M is allocated to the general fund of which £2.3M supports the CPMF. Failure to meet the target now impacts directly on CPMF which would struggle to meet reactive and statutory demands, let alone the planned maintenance (a more effective use of resources). By the same token if the Department is allowed to supplement the CPMF by growing the Capital receipts beyond the Corporate target the backlog of repairs could be reduced.
- Ongoing land management is compromised due to a reliance on the use of outmoded paper based land record systems (Terrier). This leads to a loss of land through adverse possession. The problem can be resolved by the creation of a GIS based land record system, which is also closely linked to the Government objective for all Council land to be registered by 2012. The ongoing registration process will require specific funding provision for site inspection, rationalisation of boundaries, resolution of encroachments and adverse possession claims (both for and against the Council).
- Decreasing income on land charges due to solicitors only carrying out part searches, supported by an insurance policy, and personal search agencies.
- Need to support and ensure probity of major developments and on going relationships with Leisure Trust, NPS, PCT, Wigan and Legh Housing, LSV Co and other partners – both legal and asset management resources will be drawn into this e.g. central coordination role, legal agreements, land acquisitions and relationship and property management.
- To manage the effect of the Grand Arcade and closure of Morrisons on the Councils Town Centre assets eg. car parks and markets. The markets income stream is £1.3M and the town centre car parks £1.95M.
- Restructure of property services within existing budget
- Recruitment of solicitors and other professional staff proving difficult with experienced staff leaving and inexperienced staff having to be recruited to replace them

KEY PERFORMANCE INFORMATION

The following performance indicators are measured on Performance Plus

1. Maintenance of Building Stock.

- Budget spend and programme monitoring on Planned Maintenance.

2. Statutory Compliance

- Legionella compliance.)
- DDA compliance.) New areas of work have had to be resourced
- Asbestos in Buildings)

A number of the indicators are under review to concentrate on outcomes as well as process.

3. Fund 9

- Employee Survey (Funds allocated do not meet aspirations of staff)

4.Capital Receipts

- Progress against income targets (could be improved beyond current performance)
- Numbers of transactions.

5.Digitisation of Records/Registration of Title to Landholdings

- Average speed of Right to Buy transactions. (Should be reduced as registration proceeds)
- Efficiency of Property Enquiry Service. (Targets could be improved from 15 days, Title Investigations performance would improve)
- Efficiency of Disposals of Surplus Land (This has a knock on effect to the ability to meet Capital Receipts targets).

6.Land Charges Income

Income

7.Servicing Major Developments/Partnerships

Progress against all major development for which the department is responsible is recorded on P+

8.Impact of Retail Changes on Markets and Car Parks

- Markets occupation levels.) Need to be maintained to prevent income loss.
- Car Park income per space.)

9 & 10. Staffing Issues

Will be reflected in the performance of the Department overall.

These PI's demonstrate that the department's finite resources are largely allocated by demand and areas of lower priority are currently delayed or not undertaken.

THE DETAILED PERFORMANCE PLUS MEASURES ARE SHOWN IN THE TABLES AT THE END OF THE FORM

OTHER COMPARATIVE SERVICE INFORMATION			
Benchmarking Group	Definition of Benchmark	Year	Results
Asset Management Planning (AMP) Network (National property PIs)	Building Condition	2004/05	34% operational buildings in poor condition = 3 rd quartile

OTHER COMPARATIVE COST INFORMATION			
Benchmarking Group	Definition of Benchmark	Year	Results
AMP Network	Strategic asset management costs	2004/05	£0.23/sq.m = top quartile

EFFICIENCIES MADE LAST 2/3 YEARS AND PLANNED IN 2006/07 BUDGET

Year	Saving	Details
2005/06	£20,000	Market Cleaning
2005/06	£31,000	Forgoing inflation increase on non salary budgets
2005/06	£3,000	Re-assessment of Legal Assistant post
2005/06	£15,000	Income from the sale of ground rents
2005/06	£16,000	Disestablishing DPE scale 2 post
2005/06	£14,000	Re-assessment of Group Surveyors post
2005/06	£18,000	2% reduction in DPE contract
2005/06	£25,349	General reduction in staffing costs
2006/07	£44,852	Review of Parking Attendant Staffing Costs
2006/07	£31,000	Forgoing inflation increase on non salary budgets
2006/07	£52,000	Additional Income – Sovereign Road Car Park *

- 2005/06 savings also applicable to 2006/07
- *Reduced from £102,000 due to reduction in Footfall in Wigan Town Centre

DEVELOPMENTS AND INVEST TO SAVE OPPORTUNITIES

Year	Potential Saving	Details
2007/08	Residential land values circa £700K per acre.	Continue to fund the voluntary registration process which will reduce the potential for successful adverse possession claims and speed up disposal, conveyancing and strategic asset management processes.
2007/08	To be determined. Not quantifiable at this stage	Introduce pay on foot technology into the multi storey car parks to reduce direct staffing costs and to reduce queues at exits, thereby increasing space utilisation and, in turn, income.
2007/08	Potential Saving £100,000 by additional income.	Introduce car parking charges for disabled users of surface and multi storey car parks in the town centre
2007/08	To be determined. Not quantifiable at this stage	Introduce low carbon technologies to reduce the carbon emissions by 15% over the next ten years and correspondingly reduce energy bills e.g. voltage reduction equipment at Wigan Market Hall. Capital costs £39762 – annual savings £30,632
2007/08	Potential saving = £56,420 p.a. based at £1 per week for staff member	Introduce staff car parking charges on Town Centre car parks In support of the Councils Transport and Carbon Management Plans
2007/08	To be determined. Not quantifiable at this stage	Strategically manage capital receipts to reinvest in enhanced revenue streams in support of regeneration initiatives. e.g. sale of low yielding property with reinvestment in higher yielding property subject to regeneration and land assembly rationale / criteria being met. The sale of Marus Bridge Market produced a capital receipt £970,000 with revenue of £11,099 lost. This capital receipt could be reinvested in full in support and to help sustain the remaining markets income stream (£1.3M).

STAKEHOLDER PERSPECTIVE

- Suitability surveys, carried out by occupying Departments, show that 48% of our operational property is less than satisfactory in meeting service delivery requirements
- Staff Surveys have supported the Environmental improvements made under Fund 9
- The client surveys carried out in December 2004 and January 2006 both made the point that Legal and Property Services provided a good service, however service delivery was slow. Therefore any further reduction in staff would impact on service delivery even further.

IMPLICATIONS FOR THE COUNCIL VISION ON DIFFERENT BUDGET SCENARIOS

Budget Scenario*	Amount £	Implications
Reduction share of £4M	£213,868	Reduction in CPMF allocation with corresponding increase in backlog. This could be offset by permitting capital receipts (above the DFIT target) to be top sliced. However this reduction would have a negative impact on High Standards of Corporate Governance – Use Resources Effectively
Increase in share of £1.11M	£35,709	Increase the staff resources in asset management to be able to accelerate land sales with the corresponding increase in capital receipts. The accelerated programme could be self financing by being paid for by top slicing and interest receipts. This would, of course, have a positive impact on High Standards of Corporate Governance – Use Resources Effectively

*Scenario assumes that normal inflationary adjustments against budgets are made. The amounts indicated would be adjustments after inflation.

CONCLUDING COMMENTS

Almost all of the Department's controllable budget is made up of staff costs. This has been cut in previous years to the extent where it is not considered feasible to make further cuts. As stated in the stakeholder perspective section, any further reduction in resources in the support areas will exacerbate the problems with the speed of service delivery. Similarly any further reduction in resources in the front line services would begin to impact on income generation and, therefore, be counter productive.

It is felt that the only area where the share of £4m saving is in the Corporate Property Maintenance Fund. Whilst on the face of it this would reduce the impact the Department is able to make on the backlog of repairs, the Department is prepared to commit to making good the reduction from capital receipts in excess of the target set by the Council for the year. Any lesser reduction would, of course, require a smaller slice of any excess capital receipts.

Similarly under the scenario of an share of an increase of £1.11m this would allow the capital receipts programme to be accelerated potentially enabling higher receipts to be achieve more quickly. In this scenario the initial increase in costs could be recovered from the receipts.

PI	Description	Benchmarking information			Target 2005/06	Actual 2005/06	Rating	Target 2006/07	Target 2007/08
		Year	Top Q	Bottom Q					
LAPS OP CS 07	Administration of CPMF CPMF spend on planned maintenance works				£3705k	£3524k	●	£3816k	£3816k
LAPS OP CS 03	Inspection of operational stock for Legionella Compliance L8 monitoring carried out against programme				425	388	▲	12	n/a All inspections completed Moved to monitoring regime
LAPS OP CS 03	Inspection of operational stock for Legionella Compliance Budget spent (L8 compliance budget)				Not measured	n/a	-	£200,000	£200,000
LAPS OP CS 04	Inspection of operational stock for Energy usage audit Energy audits completed				66	15	▲	66	66
LAPS OP CS 05	Environmental re- engineering of buildings to reduce energy consumption Budget spent (fund 4 allocation for energy reduction works)				£75k	£62k	▲	£75k	£75k

PI	Description	Benchmarking information			Target 2005/06	Actual 2005/06	Rating	Target 2006/07	Target 2007/08
		Year	Top Q	Bottom Q					
LAPS OP CS 06	Identification, monitoring and remediation of asbestos in buildings % actioned within target (asbestos monitoring against programme)				218	231	★	263	263
LAPS OP CS 08	Inspection of operational stock for DDA compliance (completion of DDA surveys)				42	67	★	156	n/a
LAPS OP CS 08	Inspection of operational stock for DDA compliance Budget spent (DDA compliance budget)				n/a	n/a	n/a	£212k	£212k
LAPS IP CS 04	Disposal of surplus property assets Actual income from land sales as a percentage of estimated income				100%	128%	★	100%	100%
LAPS CN CS 07	Disposals / Acquisitions Number of instructions for land disposals				n/a	n/a	n/a	8	8£
LAPS	Council House Sales				n/a	n/a	n/a	45	45

PI	Description	Benchmarking information			Target 2005/06	Actual 2005/06	Rating	Target 2006/07	Target 2007/08
		Year	Top Q	Bottom Q					
CN CS 03	Average number of units to complete transaction								
LAPS CN CS 07	Disposals / Acquisitions % drafts issued within 28 days				60%	55.7%	▲	60%	60%
LAPS CN CS 08	Title Investigations Title investigations completed within 28 days				75%	66.67 %	▲	75%	75%
LAPS AM CS 03	Efficient Property Enquiry Service Percentage of Land Ownership enquiries responded to within 15 days without referral to Conveyancing Section				95%	99.9%	★	95%	95%
LAPS CN CS 01	Provision of an efficient Local Search service to property buyers Income generated				£562.9k	£520.8k	▲	£582.8k	£600.3k
LAPS IP CS 06	Management of the Market Service % indoor market occupancy (% of total stalls let)				9%	95.7%	●	96	96
LAPS IP	Management of the				£2,648.5k	£2,699.2k	●	£2,661k	£2,714k

PI	Description	Benchmarking information			Target 2005/06	Actual 2005/06	Rating	Target 2006/07	Target 2007/08
		Year	Top Q	Bottom Q					
CS 06	Market Service Income generated (indoor markets)								
LAPS IP CS 06	Management of the Market Service % outdoor market occupancy (% of total stalls let)				45%	43.72	▲	45	45
LAPS IP CS 03	Administration of Parking Services Car park income per space (income per space from car parks where charges are in operation)				£457	£767	★	822	810

★=very good

●=medium

▲=poor