

## Chief Executive's Office

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Your Ref:  
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Doc ID:  
Date: 23 September 2005

**Chief Executive:**  
Jeffrey W Davies MA LLM

**Chorley**  
Borough Council

Town Hall  
Market Street  
Chorley  
Lancashire  
PR7 1DP

Dear Councillor

### EXECUTIVE CABINET - THURSDAY, 29TH SEPTEMBER, 2005

I refer to the agenda for the above meeting which was previously circulated and wish to inform you that the report relating to the progress made under the Local Public Service Agreement (item 16) was incorrectly labelled as item 17 in the agenda pack. Please can you amend the agenda pages 97 to 105 in your copy of the agenda to read agenda item 16. I apologise for this administrative error.

I am now able to enclose, for consideration at the above meeting of the Executive Cabinet, the following reports that were unavailable when the agenda was printed.

#### Agenda No    Item

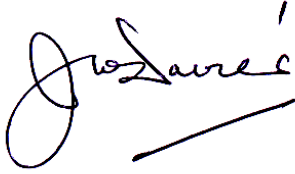
4.    **Revenue Budget 2005/06 - Monitoring (Pages 127 - 148)**  
Report of the Director of Finance (enclosed)
5.    **Capital Budget 2005/06 - Monitoring (Pages 149 - 160)**  
Report of the Director of Finance (enclosed)
6.    **CPA Use of Resources Submission to the Audit Commission (Pages 161 - 190)**  
Report of the Director of Finance (enclosed)
12.   **Contact Chorley - Update (Pages 191 - 196)**  
Report of the Head of Customer, Democratic and Office Support Services (enclosed)
15.   **Area Forum Working Group (Pages 197 - 202)**  
To consider the proceedings of the Area Forum Working Group meeting held on 22 September 2005 and the proposed arrangements for Area Forum Pilot Scheme Meetings. (copy enclosed)

18. **Lancashire Highways Partnership** (Pages 203 - 218)

Report of the Head of Public Space Services (enclosed)

The reports for items 11 (Strategic Housing Function) and 17 (Lancashire Local Area Agreement) on the agenda will be circulated within the next few days prior to the meeting.

Yours sincerely



Chief Executive

Encs

**Distribution**

1. Agenda and reports to all Members of the Executive Cabinet and Chief Officers for attendance
2. Agenda to all remaining Councillors for information.

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આ માહિતીનો અનુવાદ આપની પોતાની ભાષામાં કરી શકાય છે. આ સેવા સરળતાથી મેળવવા માટે કૃપા કરી, આ નંબર પર ફોન કરો: 01257 515822

ان معلومات کا ترجمہ آپ کی اپنی زبان میں بھی کیا جاسکتا ہے۔ یہ خدمت استعمال کرنے کیلئے براہ مہربانی اس نمبر پر ٹیلیفون

01257 515823

کیجئے:

Report of	Meeting	Date
Director of Finance (Introduced by the Executive Leader)	Executive Cabinet	29 September 2005

## REVENUE BUDGET MONITORING 2005/06 – REPORT 2 (END OF AUGUST)

### PURPOSE OF REPORT

1. This paper sets out the current financial position of the Council as compared against the budgets and efficiency savings targets it set itself for 2005/06 for the General Fund and the Housing Revenue Account.

### CORPORATE PRIORITIES

2. This report does not directly relate to the corporate priorities.

### RISK ISSUES

3. The issues raised and recommendations made in this report involve risk considerations in the following categories:

Strategy	✓	Information	
Reputation	✓	Regulatory/Legal	
Financial	✓	Operational	✓
People		Other	

4. Actions to manage the budget have the potential to impact on all the above risk categories.

### BACKGROUND

5. The Council's budget for 2005/06 included real cash savings targets of £228,000 from the management of the establishment and a further £100,000 of savings to come from efficiency and Gershon related activities.

### CURRENT FORECAST POSITION

6. In my last report I advised on the projected outturn which forecast an overspend of £239,000, but recommended that no action be taken at this early stage of the financial year. This report shows that the position has improved slightly and the overspend is now forecast to be £160,000.

Continued...



7. The latest forecast shows how the position has improved. The significant movements since my last report are shown in the table below, further details are contained in the attached appendices:

**Table 1 – Significant Variations since the last monitoring report**

	<b>£'000</b>
Additional salary related savings	-86
Procurement savings forecasted in HR unit	-20
Further loss of income on land charges and search fees	+19
Further savings on indoor Leisure contract	-22
Loss of Room Hire Income for Lancastrian suite	+10
Net savings on Highways DSO	-30
Net cost of Financing	+50
Net change since July report	-79

8. In the last report I commented that no progress has been made on the identification of Procurement related savings against the target for the year of £100,000, although plans were being made to address this. Following the introduction of a new HR recruitment process which is being piloted over the next few months, procurement related savings of £20,000 have been identified to contribute towards this target.
9. The reduction in land charges income and search fees continues to be of concern. The current forecast has reduced income by a further £19,000. This currently gives a positive contribution to the General Fund of only £12,000. Should income fall further then this service would actually cost the council rather than contribute to it's overheads.
10. In the event that future forecasts show income is to be eroded by a further £12,000 then we will be in a position where the costs of the department are not being matched by the income generated from it. This position will continue to be monitored closely.
11. The new indoor leisure contract has not yet been signed. The resulting effect is that costs are forecasted to be £22,000 lower than originally projected.
12. The net savings from the Highways DLO is made up of cost savings of £60,000 offset by a reduction in income of £30,000. Both of these items are primarily due to a reduction in the amount of Highways tree work being undertaken in this financial year.
13. Additional costs relating to the Net Financing Transactions have been included in the current forecasts. This is mainly due to the reduction in council house sales adversely affecting our cashflow position.
14. Taking into account the points raised above, the current forecast position is that General Fund balances will be £160,000 lower than anticipated at the end of the year unless further savings accrue.
15. I now feel it is appropriate to take some limited actions to help ensure the budget comes back into balance. My suggestions are that:
- Vacant positions are only filled by agency staff with the express permission of the two Group Directors until such time as the budget position improves.
  - Finance staff implement a line by line review of budgets with service heads prior to the production of next months monitoring statement.

**HOUSING REVENUE ACCOUNT****BACKGROUND**

16. The higher than expected contributions to balances at the end of 2004/05 has taken the forecast for the HRA at the end of 2005/06 to £618,000

**CURRENT POSITION**

17. Since my last report, additional salary costs of £50,000 are now being forecasted. These relate directly to capacity issues.
18. In addition to the above there has been an agreement to transfer £40,000 to the General Fund as a contribution to Housing Benefit Costs in line with current regulations and additional recharges will also be borne by the HRA as a one off due to additional time being spent on HRA activities by some support staff during the stock transfer process.
19. The additional costs above are partially offset by £117,000 additional rental income being forecasted. As previously stated the reason for the increase in the rental income is due to the lower than anticipated level of council house sales.
20. I am pleased to report that both the repairs budget and the trading account are only slightly off target. This situation can be recovered by the end of the year.
21. The forecast position for the HRA now stands at £547,000 at the end of the year.

**SUMMARY**

22. Further progress has been made towards the Corporate Savings Target of £228,000 for the year. Additional savings are likely to be made as the year progresses and more vacancies occur.
23. Progress has been made towards the Efficiency Savings Target of £100,000, although there is still some way to go to achieve the full target for the year, although work is still ongoing in this area.
24. Given the limited progress being made in achieving Corporate savings targets and the impact of the loss of income from land charges, some limited action is to be taken in an attempt to redress the expected budget deficit.
25. For the HRA, whilst there are some cost pressures causing an increase in expenditure, the reduction in the right to buy sales means additional rental income is being generated for the account, and overall the budget remains on target.
26. Given the issues referred to above, it is recommended that the position to freeze expenditure from the remaining contingency fund is maintained.

**RECOMMENDATIONS**

27. Executive Cabinet are asked to:
  - a) Note the report.
  - b) Agree to the actions outlined in paragraph 16 until such time that the budget position improves.

**REASONS FOR THE RECOMMENDATIONS**

28. The recommendations are made in order to address the currently forecasted budget deficit.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

29. None.

GARY HALL  
DIRECTOR OF FINANCE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Phil Eskdale-Lord	5483	23 September 2005	ADMINREP/REPORT

**Table of Appendices**

1	General Fund Summary
1A	Corporate & Policy Services
1B	Customer, Democratic & Office Support Services
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1E	Finance
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1L	Property Services
1M	Public Spaces Services
2A	Housing Revenue Account Budget Monitoring Statement
2B	Housing Building Maintenance Trading Account

## General Fund Revenue Budget Monitoring 2005/06

Forecast Outturn as at August 2005

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Original Budget	Agreed Changes	Original Cash Budget	Contribution to Corporate Savings	Current Cash Budget	Forecast Outturn	Variance	Variance %
	£	£	£	£	£	£	£	%
Corporate and Policy Services	517,770	-	517,770	-	517,770	517,770	-	0.00%
Customer, Democratic & Office Support Services	2,930,540	160,000	3,090,540	(48,000)	3,042,540	3,053,000	10,000	0.33%
Economic Regeneration	246,140	-	246,140	(8,000)	238,140	260,000	22,000	9.24%
Environmental Services	3,090,290	-	3,090,290	-	3,090,290	3,065,000	(25,000)	-0.81%
Finance	1,430,010	50,000	1,480,010	(41,000)	1,439,010	1,383,460	(55,550)	-3.86%
Housing Services (GF)	270,090	7,500	277,590	-	277,590	277,590	-	0.00%
Human Resources	621,720	59,688	681,408	(19,000)	662,408	636,000	(26,000)	0.00%
Information & Communication Technology Svs	905,440	4,000	909,440	-	909,440	909,440	-	0.00%
Legal Services	100,580	-	100,580	-	100,580	198,580	98,000	97.43%
Leisure & Cultural Services	1,042,810	41,550	1,084,360	-	1,084,360	1,034,360	(50,000)	-4.61%
Planning Services	467,950	-	467,950	-	467,950	454,950	(13,000)	-2.78%
Property Services	80,550	-	80,550	(15,000)	65,550	66,000	500	0.76%
Public Space Services	1,331,330	-	1,331,330	-	1,331,330	1,321,330	(10,000)	-0.75%
Budgets Excluded from Finance Unit Monitoring:								
Benefit Payments	(514,440)		(514,440)		(514,440)	(514,440)	-	0.00%
Concessionary Fares	228,980		228,980		228,980	228,980	-	0.00%
Less								
Corporate Savings Targets		(328,050)	(328,050)	131,000	(197,050)	-	197,050	-100.00%
<b>Total Service Expenditure</b>	<b>12,749,760</b>	<b>(5,312)</b>	<b>12,744,448</b>	<b>-</b>	<b>12,744,448</b>	<b>12,892,020</b>	<b>148,000</b>	<b>1.4%</b>
<b>Non Service Expenditure</b>								
Contingency Fund	100,000	(63,000)	37,000		37,000	-	(37,000)	0.0%
Contingency - Corporate Savings	(328,050)	328,050	-		-	-	-	0.0%
Notional Capital Charges	1,168,630		1,168,630		1,168,630	1,168,630	-	0.0%
Revenue Contribution to Capital	-		-		-	-	-	0.0%
Net Financing Transactions	70,350		70,350		70,350	120,350	50,000	71.1%
Parish Precepts	412,562		412,562		412,562	412,562	-	0.0%
<b>Total Non Service Expenditure</b>	<b>1,423,492</b>	<b>265,050</b>	<b>1,688,542</b>	<b>-</b>	<b>1,688,542</b>	<b>1,701,542</b>	<b>13,000</b>	<b>0.8%</b>
<b>Financed By</b>								
Council Tax	(6,057,272)		(6,057,272)		(6,057,272)	(6,057,272)	-	0.0%
National Non-Domestic Rates	(2,945,840)		(2,945,840)		(2,945,840)	(2,945,840)	-	0.0%
Revenue Support Grant	(3,704,920)		(3,704,920)		(3,704,920)	(3,704,920)	-	0.0%
Collection Fund Surplus	(47,550)		(47,550)		(47,550)	(47,550)	-	0.0%
Use of Earmarked Reserves	(1,167,670)	(259,738)	(1,427,408)		(1,427,408)	(1,427,408)	-	0.0%
Use of General Balances	(250,000)		(250,000)		(250,000)	(250,000)	-	0.0%
<b>Total Financing</b>	<b>(14,173,252)</b>	<b>(259,738)</b>	<b>(14,432,990)</b>	<b>-</b>	<b>(14,432,990)</b>	<b>(14,432,990)</b>	<b>-</b>	<b>0.0%</b>
<b>Net Expenditure</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>160,572</b>	<b>161,000</b>	<b>1.47%</b>

General Balances Summary Position	Budget	Forecast
	£	£
General Fund Balance at 1.4.05	1,000,000	1,000,000
Variations agreed utilising General Fund Balance	(250,000)	(250,000)
Forecast (Over)/Under Spend	-	(160,572)
<b>Forecast General Fund Balance at 31.3.06</b>	<b>750,000</b>	<b>589,428</b>



**SERVICE LEVEL BUDGET MONITORING 2005/2006****CORPORATE & POLICY SERVICES**

**August 2005** **£'000**

**ORIGINAL CASH BUDGET** 518

**Add Adjustments for In year cash movements**

Slippage from 2004/2005  
- Use of Earmarked Reserves

Cabinet approved decisions  
Delegated Authority decisions

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**ADJUSTED CASH BUDGET** **518**

**Less Corporate Savings**

Contribution to Corporate savings targets

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**CURRENT CASH BUDGET** **518**

**FORECAST****EXPENDITURE**

Staffing costs - Corporate Policy	(12)
Consultants Fees - Corporate Strategy	6
Lancashire Local Area Agreement costs	6
Staffing costs - Community Safety/CCTV	(14)
CCTV Maintenance	14

**INCOME**


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**FORECAST CASH OUTTURN 2005/2006** **518**

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**Key Assumptions****Key Issues/Variables**

- The above staffing savings are required to offset additional costs to be incurred later in the year, though no firm details are available at this stage.

**Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006****Customer, Democratic & Office Support Services**

<b>August 2005</b>	<b>£'000</b>
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<b>ORIGINAL CASH BUDGET</b>	2,931
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**Add Adjustments for In year cash movements**

Slippage from 2004/2005	
- Use of Earmarked Reserves	151
Virements (to)/from other Services	
- Transfer of Allpay to Finance	(50)
Transfer from Contingency	
- Additional Office Costs	59
Other	
- Accomodation Project Costs *	_____

<b>ADJUSTED CASH BUDGET</b>	<b>3,091</b>
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**Less Corporate Savings**

Contribution to Corporate savings targets	
- Salaries savings	(48)
	_____

<b>CURRENT CASH BUDGET</b>	<b>3,043</b>
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**FORECAST****EXPENDITURE**

Software/equipment - Office Support Services	8
Printing & copying - copier charges	16
Staffing costs - Corporate Procurement	(6)
Roses Marketplace Licence	5
Staffing costs - Customer Services	(19)
Staffing costs - Democratic Services	(4)
Staffing/Running costs - Closure of Lancastrian	(17)

**INCOME**

Room Hire - Closure of Lancastrian	9
Recharges to HRA	18

<b>FORECAST CASH OUTTURN 2005/2006</b>	<b><u><u>3,053</u></u></b>
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**Key Assumptions**

- use of King St Offices to end of September
- use of Duxbury Offices to end of December

**Key Issues/Variables**

- some of the Customer Services Staffing savings may be required to offset additional costs likely to be incurred later in the year, though no firm details are available at this stage.

**SERVICE LEVEL BUDGET MONITORING 2005/2006****Economic Regeneration**

<b>AUGUST 2005</b>	<b>£'000</b>
<b>ORIGINAL CASH BUDGET</b>	<b>246</b>
<b>Add Adjustments for In year cash movements</b>	
Slippage from 2004/2005	
- Use of Earmarked Reserves	
Cabinet approved decisions	
Delegated Authority decisions	
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<b>ADJUSTED CASH BUDGET</b>	<b>246</b>
<b>Less Corporate Savings</b>	
Contribution to Corporate savings targets	(8)
	<hr/>
<b>CURRENT CASH BUDGET</b>	<b>238</b>
<b>FORECAST</b>	
<b>EXPENDITURE</b>	
Savings on vacant posts	(21)
Agency staff	2
Car allowances	1
Computer software/hardware	5
Grants to Groundwork Trust	(1)
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Expenditure under(-) or over (+) current cash budget	(14)
<b>INCOME</b>	
Reduction in recharges to Astley Park LHF capital scheme	28
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Income under (+)/ over (-) achieved	28
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<b>FORECAST CASH OUTTURN 2005/2006</b>	<b>260</b>
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**Key Assumptions**

Astley Park Project Officer post filled from 1st December 2005

**Key Issues/Variables**

Maintaining matched funding for Project officer posts

**Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006****Environmental Services**

<b>AUGUST 2005</b>	<b>£'000</b>
<b>ORIGINAL CASH BUDGET</b>	<b>3,090</b>
<b>Add Adjustments for In year cash movements</b>	
DEFRA Grant income transferred to Capital	18
Matched reduction in supplies and services budget	(18)
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<b>ADJUSTED CASH BUDGET</b>	<b>3,090</b>
<b>Less Corporate Savings</b>	
Contribution to Corporate savings targets	
	<hr/>
	0
	<hr/>
<b>CURRENT CASH BUDGET</b>	<b>3,090</b>

**FORECAST****EXPENDITURE**

Graffiti removal volume increase	20	
Savings on vacant posts: Neighboc	(16)	
Student EHO's	(27)	
Training Fees Student EHO's	(3)	
Agency staff	11	
Abandoned vehicles	(9)	
Recycling banks service	6	
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Expenditure under(-) or over (+) current cash budget		(18)

**INCOME**

Pest Control	9	
Air Pollution Authorisations volum	5	
Abandoned vehicles	1	
Recycling banks service	(15)	
Litter fixed penalty notices	(2)	
Civic Amenity collection	(5)	
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Income under (+)/ over (-) achieved		(7)

<b>FORECAST CASH OUTTURN 2005/2006</b>	<hr/> <b>3,065</b> <hr/>
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**Key Assumptions**

Young Persons Development Programme to be funded in full from salary savings in Neighbourhood Warden Service in 2005.  
Activity levels in refuse collection service to return to budgetted levels from September.  
Potential savings in contract, arising from default notices and performance bonus.

**Key Issues/Variables**

Higher than anticipated demand for refuse containers has generated additional costs in the refuse collection service. This demand is expected to ease by the end of August enabling the effect on the budget to be quantified and reported in the September monitoring statement.

**Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006**

AUGUST 2005

Finance	£'000
<b>ORIGINAL CASH BUDGET</b>	<b>1,145</b>
<b>Add Adjustments for In year cash movements</b>	
Slippage from 2004/2005	
- Use of Earmarked Reserves	
Virements (to)/from other Services	
- Transfer of Allpay to Finance	50
Transfer from contingency	
Cabinet approved decisions :-	
Technical adjustments:	
Budget correction - increased contribution from HRA	<u>(40)</u>
<b>ADJUSTED CASH BUDGET</b>	<b>1,155</b>
<b>Less Corporate Savings</b>	
Contribution to Corporate savings targets	(22)
<b>CURRENT CASH BUDGET</b>	<b><u>1,133</u></b>

**FORECAST****EXPENDITURE**

Pay in lieu of notice		8	
Agency staff:	£		
Accountancy	5		
Exchequer	<u>4</u>	9	
Saving on vacant posts:	£		
Benefits Administration	(34)		
Corporate Finance	<u>(61)</u>	(95)	
Consultants fees		13	
Audit and Inspection Fee reduction		(13)	
IT Software Annual Licences		4	
Microfilming		4	
Bailiffs Fees		8	
Documents Online Service		(3)	
Magistrates Costs (2004/05) - Council Tax		<u>10</u>	
Expenditure under(-) or over (+) current cash budget			(55)
<b>INCOME</b>			
Miscellaneous contributions (External Funding Officer)		<u>20</u>	
Income under (+)/ over (-) achieved			20
<b>FORECAST CASH OUTTURN 2005/2006</b>			<b><u><u>1,098</u></u></b>

**Key Assumptions**

Young Persons Apprenticeships to be funded from internally generated savings.

Audit and Inspection Fee reduction based on Audit Commission inspection plan

Bailiffs fees based on current activity level. No existing budget

Magistrates Costs not accrued in 2004/05.

Concessionary Travel increased based on LCC projection for Bus passes

**Key Issues/Variables****Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006****HOUSING SERVICES UNIT (GEN FUND)**

<b>August 2005</b>	<b>£'000</b>
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<b>ORIGINAL CASH BUDGET</b>	<b>270</b>
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**Add Adjustments for In year cash movements**

Slippage	8
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Cabinet approved decisions	_____
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<b>ADJUSTED CASH BUDGET</b>	<b>278</b>
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**Less Corporate Savings**

Contribution to Corporate savings targets	_____
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<b>CURRENT CASH BUDGET</b>	<b>278</b>
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**FORECAST****EXPENDITURE**

Salaries - Housing Renewal	9	
Agency Cover	31	40
	_____	

Salaries - Housing Needs	(40)	
	_____	

**INCOME**

<b>FORECAST CASH OUTTURN 2005/2006</b>	<b>278</b>
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**Key Assumptions**

Postponement of HIA

Vacant Housing Needs Post covered by acting up arrangements

**Key Issues/Variables**

Saving from R Roe post now chargeable to Stock Transfer

Postponement of HIA

**Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006****HUMAN RESOURCES UNIT****August 2005**

	£'000
ORIGINAL CASH BUDGET	<b>622</b>
Add Adjustments for In year cash movements	
Virements for other Services	
Transfer from contingency      Reward & Retention	5
Cabinet approved decisions      Job evaluation costs 05/06	54
Delegated Authority decisions	
ADJUSTED CASH BUDGET	<u><b>681</b></u>
Less Corporate Savings	
Contribution to Corporate savings targets	0
CURRENT CASH BUDGET	<u><u><b>681</b></u></u>
FORECAST	
EXPENDITURE	
Staffing Costs	(29)
Legal Fees	4
Advertising Fees	(20)
INCOME	
FORECAST CASH OUTTURN 2005/2006	<u><u><b>636</b></u></u>

**Key Assumptions****Key Issues/Variables**

- Saving on staffing costs from restructure of Health & Safety Unit and vacant posts.
- Loss of income from termination of contract with South Ribble B.C.
- Saving on advertising costs from smaller adverts

**SERVICE LEVEL BUDGET MONITORING 2005/2006****INFORMATION & COMMUNICATION TECHNOLOGY SERVICES****August 2005**

	£'000
<b>ORIGINAL CASH BUDGET</b>	<b>905</b>
<b>Add Adjustment for In Year Cash Movements</b>	
Slippage from 2004/2005	
- Use of Earmarked Reserves	-
Transfer from Contingency	-
Cabinet approved decisions	-
Delegated Authority decisions	-
Correction of Accounting Error	4
<b>ADJUSTED CASH BUDGET</b>	<b>909</b>
<b>Less Corporate Savings</b>	<b>-</b>
Contribution to Corporate savings targets	-
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<b>CURRENT CASH BUDGET</b>	<b>909</b>
<b>FORECAST</b>	
<b>EXPENDITURE</b>	
Salaries (Technician/E-Gov Prog Man/Cust Serv Assist.)	(55)
Young Person's Development Programme	5
Temporary Staff	48
Telephones calls forecast	8
Expenditure under (-) or over (+) current cash budget	<b>6</b>
<b>INCOME</b>	
Telephones (private calls)	(6)
Income under (+)/ over (-) achieved	<b>(6)</b>
<b>FORECAST CASH OUTTURN 2005/2006</b>	<b>909</b>

**Key Assumptions**

Young Person's Development Programme to be funded from salary saving. Cust Servs Assist post to be kept vacant.  
 E-Gov Programme Manager post vacant until Jan 2006  
 E-Gov Programme Manager cover until September



**SERVICE LEVEL BUDGET MONITORING 2005/2006****LEGAL SERVICES**

**August 2005** **£'000**

**ORIGINAL CASH BUDGET** 101

**Add Adjustments for In year cash movements**

Slippage from 2004/2005  
Virements for other Services  
Transfer from contingency

Cabinet approved decisions  
Delegated Authority decisions

**ADJUSTED CASH BUDGET** **101**

**Less Corporate Savings**

Contribution to Corporate savings targets

**CURRENT CASH BUDGET** **101**

**FORECAST****EXPENDITURE**

Legal Fees - solicitors costs 12  
Land Charges Search Fees (9)  
Land Charges Network Fees (17)

**INCOME**

Land Charge Searches 132  
Licence Fees (20)

**FORECAST CASH OUTTURN 2005/06** **199**

**Key Assumptions****Key Issues/Variables**

- reduced volume of Land Charges
- increase in fee income under new Licensing Act 2003

**SERVICE LEVEL BUDGET MONITORING 2005/2006****LEISURE & CULTURAL SERVICES****AUGUST 2005**

	<b>£'000</b>
ORIGINAL CASH BUDGET	1,043
Add Adjustments for In year cash movements	
Slippage from 2004/2005	
Golf course consultancy	16
Midsummer Festival	1
Virements for other Services	
Transfer from contingency	
Cabinet approved decisions	
Trf from Change management Reserve for Community mgmt	25
Delegated Authority decisions	
ADJUSTED CASH BUDGET	<u>1,085</u>
Less Corporate Savings	
Contribution to Corporate savings targets	
CURRENT CASH BUDGET	<u><u>1,085</u></u>
FORECAST	
EXPENDITURE	
Expenditure under(-) or over (+) current cash budget	
Professional and consultancy fees for golf bid and indoor leisure	32
Savings on indoor Leisure contract	(65)
INCOME	
Income under (+)/ over (-) achieved	
Arts officer funding	(17)
<b>FORECAST CASH OUTTURN 2005/2006</b>	<u><u>1,035</u></u>

**Key Assumptions**

Expenditure & income will be in line with budgets

**Key Issues/Variables****Key Actions**

Negotiations are currently ongoing to review the Indoor Leisure Contract

**SERVICE LEVEL BUDGET MONITORING 2005/2006****PLANNING SERVICES**

AUGUST 2005	£'000
ORIGINAL CASH BUDGET	468
Add Adjustments for In year cash movements	
Slippage from 2004/2005	
- Use of Earmarked Reserves	
Cabinet approved decisions	_____
Delegated Authority decisions	
ADJUSTED CASH BUDGET	468
Less Corporate Savings	
Contribution to Corporate savings targets	_____
CURRENT CASH BUDGET	<u><u>468</u></u>

**FORECAST****EXPENDITURE**

<b>PDG Funded Expenditure</b>	123
Relocation Expenses	3

**INCOME**

Planning Application Fees	-3
Building Control Fees	-13
<b>Additional Planning Delivery Grant</b>	-123

<b>FORECAST CASH OUTTURN 2005/2006</b>	<u><u>455</u></u>
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**Key Assumptions**

- current income levels are maintained

**Key Issues/Variables**

- level of grant received higher than budgetted
- reduction in level of Planning Application fees received

**Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006****PROPERTY SERVICES UNIT****August 2005****£'000****ORIGINAL CASH BUDGET****81**

Add Adjustments for In year cash movements

Slippage from 2004/2005

- Use of AMF Reserve

Virements for other Services

Transfer from contingency

Cabinet approved decisions

- Transfers to Corporate &amp; Policy

-

Delegated Authority decisions

**ADJUSTED CASH BUDGET****81**

Less Corporate Savings - Vacancy savings taken in July Monitoring

(15)

**CURRENT CASH BUDGET****66**

FORECAST

EXPENDITURE

Expenditure under(-) or over (+) current cash budget

Additional agency staff costs not in budget

15

Savings from staff vacancies

(15)

-

INCOME

- no change to budget

**FORECAST CASH OUTTURN 2005/2006****66****Key Assumptions**

Income from rents and market tolls broadly in line with estimates

**Key Issues/Variables****Key Actions**

**SERVICE LEVEL BUDGET MONITORING 2005/2006**

<b>PUBLIC SPACE SERVICES</b>	<b>£'000</b>
<b>August 2005</b>	
<b>ORIGINAL CASH BUDGET</b>	1,331
<b>Add Adjustments for In year cash movements</b>	
<b>Slippage from 2004/2005</b>	
Other	
<b>ADJUSTED CASH BUDGET</b>	<b>1,331</b>
<b>Less Corporate Savings</b>	
Contribution to Corporate savings targets	
<b>CURRENT CASH BUDGET</b>	<b>1,331</b>

**FORECAST****EXPENDITURE**

Expenditure under(-) or over (+) current cash budget		
Pay in Lieu of Notice	2	
DSO Chemical Disposal	2	
Purchase/Maintenance of Playground Equipment	5	
Purchase of Furniture	5	
Consultants re ISO 9001	4	
Savings on DSO Highways Material Budget	(60)	
Street Cleansing Client Budget	(17)	(59)

**INCOME**

Income under (+)/ over (-) achieved		
DSO Highways shortfall on budgeted LHP income	30	
Roundabout Sponsorship income not achievable	4	
Car Parking Fees under profile	15	49

**FORECAST CASH OUTTURN 2005/2006** **1,321**

**Key Assumptions**

- >Bengal St Depot "move" costs to be transferred from the Depot cost centre
- >Young Persons Development Programme to be funded from savings on Street Cleansing client budget.

**Key Issues/Variables**

- >Salary costs are within budget due to savings on all vacant posts. Servicegroup vacant posts will be filled ASAP. This will lead to an overspend if the Engineering agency staff costs are not reduced.
- >The refuse collection overspend for the period is likely to continue for the full financial year.

**Key Actions**

<b>Dave Biddulph:</b> CAD Tech Proj Officer M Oldfield Fitter
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## Housing Revenue Account Budget Monitoring 2005/06

## Forecast Outturn as at Aug 2005

	(1) Original Budget £	(2) Agreed Changes £	(3) Current Cash Budget £	(4) Forecast Outturn £	(5) Variance £
<b>Income</b>					
Dwelling Rents	(6,801,510)		(6,801,510)	(6,954,510)	(153,000)
Non-dwelling rents	(96,170)		(96,170)	(90,170)	6,000
Service Charges	(108,000)		(108,000)	(78,000)	30,000
Contributions Towards Expenditure	(341,530)		(341,530)	(341,530)	-
Government Subsidy	-		-	-	-
<b>Total Income</b>	<b>(7,347,210)</b>	<b>0</b>	<b>(7,347,210)</b>	<b>(7,464,210)</b>	<b>(117,000)</b>
<b>Expenditure</b>					
Repairs and Maintenance	1,533,000		1,533,000	1,560,000	27,000
Supervision and Management					
- General	1,328,830		1,328,830	1,461,830	133,000
- Special	694,280		694,280	694,280	-
Rent. Rates, taxes ad other charges	19,800		19,800	19,800	-
Rent Rebates	-		-	-	-
Bad Debt Provision	54,220		54,220	42,220	(12,000)
Negative Housing Subsidy	1,344,310		1,344,310	1,344,310	-
Rent Rebate Subsidy Limitation	100,000		100,000	100,000	-
Transfer to Gen Fund	-		-	40,000	40,000
Capital Financing etc	2,097,830		2,097,830	2,097,830	-
<b>Total Expenditure</b>	<b>7,172,270</b>	<b>0</b>	<b>7,172,270</b>	<b>7,360,270</b>	<b>188,000</b>
<b>Surplus (-) or Deficit (+) for year</b>	<b>(174,940)</b>	<b>-</b>	<b>(174,940)</b>	<b>(103,940)</b>	<b>71,000</b>

<b>Housing Revenue Account Balances Summary Position</b>	
	£
Balance at 1.4.05	442,848
Budget Surplus 2004-05	174,940
Agreed variations	0
Under (+) / Over (-) spend in year	(71,000)
<b>Forecast HRA Balances at 31.3.05</b>	<b>546,788</b>

**SERVICE LEVEL BUDGET MONITORING 2005/2006****HOUSING REVENUE ACCOUNT****AUGUST 2005****£'000**

**ORIGINAL SURPLUS (-) / DEFICIT (+) FOR YEAR** (175)  
**BALANCE AS AT 1.4.05** (443)

**Add Adjustments for In year cash movements**

Slippage from 2004/2005  
 Virements for other Services  
 Transfer from contingency

Cabinet approved decisions  
 Delegated Authority decisions

**ADJUSTED HRA BALANCES EXPECTED at 31.3.05** (618)

**FORECAST****EXPENDITURE**

Salaries - Housing Services Temp Staffing Arrangements		83
Transfer to General Fund - Contribution to Hsg Benefits Costs		40
Potential Corporate Procurement Recharge		40
Repairs and Maint - Trading account deficit	14	
- additional Gas Servicing	<u>13</u>	27
Tenant Profiling - Beacon Research		10
Bad Debt Provision		(12)

Expenditure under(-) or over (+) current cash budget 188

**INCOME**

Rents/Charges (117)

Income under (+)/ over (-) achieved (117)

**FORECAST BALANCES AS AT 31.3.06** (547)

**Key Assumptions**

Rent forecast assumes 1 sale per week to end of year  
 Assumes full staffing for the year

**Key Issues/Variables**

Repairs and Maint expenditure  
 Management and Maint Expenditure  
 Rent Income

**Key Actions**

To maintain control of Maint and Mgmt Expenditure

**SERVICE LEVEL BUDGET MONITORING 2005/2006****HOUSING TRADING ACCOUNT**

<b>August 2005</b>	<b>£'000</b>
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<b>ORIGINAL SURPLUS / DEFICIT</b>	<b>0</b>
-----------------------------------	----------

**Add Adjustments for In year cash movements**

Previously Reported

Virements for other Services

Cabinet approved decisions

Delegated Authority decisions

<b>ADJUSTED SURPLUS / DEFICIT</b>	<b>0</b>
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**Less Corporate Savings**

Contribution to Corporate savings targets

<b>CURRENT SURPLUS / DEFICIT</b>	<b>0</b>
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**FORECAST****EXPENDITURE**

Employees

Hired Staff

Plant Hire

27

Expenditure under(-) or over (+) current cash budget	27
--	----

**INCOME**

Income under (+)/ over (-) achieved	(13)
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<b>FORECAST SURPLUS(-) / DEFICIT(+) 2005/2006</b>	<b>14</b>
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**Key Assumptions**

Above trading position based on monitoring of the following key risk areas:

- Agency expenditure
- Sub-contractor expenditure
- Materials
- Internal labour

Assumes all other expenditure items are within budget

**Key Issues/Variables**

Control of sub-contractor budget

Control of agency budget

Control of material usage/cost

Achieving all income targets



Report of	Meeting	Date
Director of Finance (Introduced by the Executive Leader)	Executive Cabinet	29 September 2005

## CAPITAL BUDGET 2005/06 - MONITORING

### PURPOSE OF REPORT

- To propose additions to the 2005/06 Capital Programme, and to split the programme into categories based on the stage of approval of the schemes.

### CORPORATE PRIORITIES

- The schemes in the Capital Programme contribute to achieving all corporate priorities.

### RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy		Information	
Reputation	√	Regulatory/Legal	
Financial	√	Operational	√
People		Other	

- Detailed estimates have not yet been prepared for all schemes. Increased in budget provision may be required when tenders are received.

The estimated financing of the programme in 2005/06 takes into account capital receipts from the sale of assets that have not yet been received. Should there be a shortfall of usable receipts, it may be necessary to increase the level of external borrowing to bridge the gap. This would involve increased revenue costs for the General Fund.

### BACKGROUND

- After taking account of slippage from 2004/05, the Capital Programme for 2005/06 was increased to £16,113,790. However, the availability of resources to finance the revised programme had not been reviewed in detail. In particular, the impact of the reduction in Council dwelling sales from the last quarter of 2004/05 onwards had not been reflected in the financing of the programme.

### REVISED CAPITAL PROGRAMME 2005/06

- Having taken account of the likely reduction in usable capital receipts available in the year, and increased capital expenditure, I estimate that additional – unbudgeted – borrowing would be required if the full Capital Programme for 2005/06 was implemented. This could be up to £1.5 million, the revenue consequences of which would have an



adverse impact on the General Fund budget. On the other hand, it would help the General Fund revenue budget if the programme could be financed without resorting to any borrowing.

7. To help to identify whether this would be achievable, the Capital Programme Board (CPB) has allocated the individual schemes into categories, as follows:

Capital Programme

- Category A: Business Case approved by the CPB; Cabinet approval; Funding in place; and Spending committed against budget.

Pipeline Schemes

- Category B: Business Case approved by the CPB; and Cabinet approval.
- Category C: Outline Business case approved by the CPB.
- Uncategorised: Outline Business case not yet approved by CPB.

8. In addition to categorising the existing programme, it is proposed that the following schemes be added to the programme:

	£	£
Capital Programme as at 30 June 2005		16,113,790
Strategic Regional Site (funded from earmarked capital receipt)	2,164,650	
e-Voting (Government grant – continued from 2004/05)	903,880	
e-Government schemes (earmarked reserves)	322,380	
CCTV schemes (externally funded)	100,000	
Recycling bins etc.	100,000	
Other externally funded schemes	44,940	
Office accommodation	22,000	
		3,657,850
Less slippage to later years (net)		(886,270)
Net increase proposed		2,771,580
<b>Proposed Capital Programme *</b>		<b>18,885,370</b>

\* The proposed programme, including ‘pipeline’ schemes, is presented in detail and divided into categories as Appendix A. Appendix B shows the continuation of the programme from 2006/07 to 2008/09.

9. The Category A schemes total £6,851,490. In effect, these schemes will comprise the approved Capital Programme for 2005/06, which the CPB will monitor in detail. I estimate that it should be possible to finance these schemes without resorting to borrowing, though this relies on additional capital receipts being achieved in the second half of the year.
10. Of the remaining schemes – those in the pipeline – several will be financed from earmarked reserves or external contributions, and therefore can be added to the approved programme later on without adverse revenue consequences.
11. The CPB will continue working with unit heads to identify more accurate budget requirements for the schemes in the pipeline so that affordability can be determined before they are implemented.
12. The Capital Programme Board will present a report on its work to the Executive Cabinet of 3 November 2005.

**COMMENTS OF THE HEAD OF HUMAN RESOURCES**

13. There are no direct human resource implications of the recommendations.

**RECOMMENDATIONS**

14. That the addition to the 2005/06 Capital Programme of the schemes totalling £2,771,580 be approved.

15. That the categorisation of the Capital Programme be approved.

**REASONS FOR RECOMMENDATIONS  
(If the recommendations are accepted)**

16. Separating the fully approved and budgeted schemes from those still in the pipeline means that the revenue consequences of the Capital Programme can be monitored more accurately.

17. The addition of further schemes to the programme is necessary to help achieve corporate priorities.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

18. None.

GARY HALL  
DIRECTOR OF FINANCE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Michael L. Jackson	5490	22 September 2005	Exec Cabinet Sept 2005.doc

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**Capital Programme - 2005/06**

Scheme	2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £
<b><u>CATEGORY A SCHEMES</u></b>				
<b><u>Corporate Programmes - e-Government</u></b>				
Contact Centre & One Stop Shop	56,290			56,290
Replacement core financial systems	4,930			4,930
Digitisation of Records	85,330			85,330
Computer Network Improvements (Business Continuity)	42,600	6,070	14,000	62,670
Scanning of Creditors Invoices	35,000			35,000
e-Democracy Software	35,000		(5,000)	30,000
PSS Computer Aided Design Systems	0		14,180	14,180
PSS Computerised Cemetery records	0		13,670	13,670
Intranet Redesign and Update	0		33,790	33,790
Financial systems upgrades (PARIS income system)	20,200			20,200
Annual leave & flexitime system	0		15,000	15,000
IT Support (incl. salary capitalisation)	30,000			30,000
Project Management Support Capitalisation	40,000	(40,000)		0
<b>Total - e-Government</b>	<b>349,350</b>	<b>(33,930)</b>	<b>85,640</b>	<b>401,060</b>
<b><u>Corporate Programmes - Office Accommodation</u></b>				
Bengal Street Improvements, CCTV and New Building	97,760			97,760
Bengal Street Workplace Enhancements 2005/06	0		22,000	22,000
Town Hall Disabled Access and Refurbishment	1,333,910			1,333,910
Gillibrand Street Annexe Refurbishment 2005/06	0	55,000		55,000
Union Street Offices Heating and Ventilation	180,000	(128,500)		51,500
<b>Total Office Accommodation</b>	<b>1,611,670</b>	<b>(73,500)</b>	<b>22,000</b>	<b>1,560,170</b>
<b><u>Corporate Programmes - Strategic Measures</u></b>				
Capitalised Restructuring Costs	116,460			116,460
Project Management Support Capitalisation	0	40,000		40,000
<b>Total Strategic Measures</b>	<b>116,460</b>	<b>40,000</b>	<b>0</b>	<b>156,460</b>
<b><u>Leisure and Cultural Services</u></b>				
Replace filter Brinscall swimming pool	20,000			20,000
All Seasons Leisure Centre Refurbishment	16,430	(6,800)		9,630
Astley Hall Refurbishment (Phase I slippage & II)	20,810	(250)		20,560
YVP Replacement of Bridges	51,000	24,000	20,660	95,660
<b>Total Leisure and Cultural Services</b>	<b>108,240</b>	<b>16,950</b>	<b>20,660</b>	<b>145,850</b>
<b><u>Public Space Services</u></b>				
Traffic Calming/Estate Improvements	185,230			185,230
Replacement Borough Boundary Signs	23,360			23,360
Extension to Chorley Cemetery (new burial area)	157,510			157,510
Car parking measures following new Chorley Interchange	16,700			16,700
Euxton Play Facilities (S106 funded)	400			400
<b>Total Public Space Services</b>	<b>383,200</b>	<b>0</b>	<b>0</b>	<b>383,200</b>
<b><u>Environmental Services</u></b>				
Improvement and Development of Recycling Sites	13,740			13,740
New and Replacement Litter and Dog Waste bins	18,610			18,610
DEFRA 2004/05	111,490			111,490
Public Toilets Upgrade and Refurbishment Programme	78,780	50,910		129,690
Recycling bins, boxes, lids and sacks 2005/06	0		100,000	100,000
<b>Total Environmental Services</b>	<b>222,620</b>	<b>50,910</b>	<b>100,000</b>	<b>373,530</b>

Scheme	2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £
<b><u>Housing Services (General Fund)</u></b>				
Vacant Property Initiative	93,080	(57,080)		36,000
Gillibrand Disabled Adaptations (S106 funded)	0		10,000	10,000
Disabled Facilities Grants	344,130	55,000		399,130
Home Repair Assistance & Energy Grants	51,920	228,080		280,000
Handy Person Scheme	0	15,000		15,000
Group Repair Schemes	145,580	(121,080)		24,500
Slum Clearance	0	34,000		34,000
<b>Total Housing Services (General Fund)</b>	<b>634,710</b>	<b>153,920</b>	<b>10,000</b>	<b>798,630</b>
<b><u>Corporate &amp; Policy Services</u></b>				
Town Centre CCTV	5,670			5,670
Coppull Leisure Centre CCTV	1,970			1,970
<b>Total Corporate &amp; Policy Services</b>	<b>7,640</b>	<b>0</b>	<b>0</b>	<b>7,640</b>
<b><u>Property Services</u></b>				
Service Centre on Portland St Car Park	11,440	(6,070)		5,370
Ackhurst Lodge Refurbishment	47,750	23,790		71,540
<b>Total Property Services</b>	<b>59,190</b>	<b>17,720</b>	<b>0</b>	<b>76,910</b>
<b><u>Economic Regeneration</u></b>				
Chapel Street Environmental Enhancement (Phase II)	316,450			316,450
Strategic Regional Site	110,000		2,164,650	2,274,650
Yarrow Valley Park Extension (phases I and II)	13,890			13,890
Adlington Rail Station Improvements	0	7,500		7,500
Design Fees	103,550			103,550
<b>Total Economic Regeneration</b>	<b>543,890</b>	<b>7,500</b>	<b>2,164,650</b>	<b>2,716,040</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>4,036,970</b>	<b>179,570</b>	<b>2,402,950</b>	<b>6,619,490</b>
<b><u>Housing Services (Housing Revenue Account)</u></b>				
Achieving Decent Homes Standard	2,068,000	(1,836,000)		232,000
<b>TOTAL HOUSING REVENUE ACCOUNT PROGRAMME</b>	<b>2,068,000</b>	<b>(1,836,000)</b>	<b>0</b>	<b>232,000</b>
<b>TOTAL CATEGORY A SCHEMES</b>	<b>6,104,970</b>	<b>(1,656,430)</b>	<b>2,402,950</b>	<b>6,851,490</b>
<b><u>Financing the Programme (Category A)</u></b>				
Unrestricted Capital Receipts				3,081,490
Capital receipt earmarked for Strategic Regional Site				2,164,650
Housing Investment Programme Restricted Capital Receipts				582,150
Ext. Contributions - Developers				19,870
Ext. Contributions - Other Local Authorities				20,700
Ext. Contributions - Regional Development Agency etc				110,000
Government Grants - Local Government On Line				211,800
Government Grants - DEFRA Recycling				110,710
Government Grants - Disabled Facilities Grants				206,480
Revenue Budget - Specific Revenue Reserves				111,640
Revenue Budget - Housing Revenue Account				150,000
Major Repairs Allowance				82,000
<b>TOTAL CAPITAL RESOURCES - CATEGORY A</b>				<b>6,851,490</b>

Scheme	2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £
<b><u>CATEGORY B SCHEMES</u></b>				
<b><u>Corporate Programmes - e-Government</u></b>				
e-Claims travel and subsistence	0		6,000	6,000
Microsoft Upgrade	63,960			63,960
Corporate DIP implementation	0	30,000		30,000
Integration of CRM & Workflow with Back Office	44,800	5,200		50,000
<b>Total - e-Government</b>	<b>108,760</b>	<b>35,200</b>	<b>6,000</b>	<b>149,960</b>
<b><u>Corporate Programmes - Strategic Measures</u></b>				
Invest in Success - Gillibrand Scheme	757,300			757,300
Junction Improvements A49/Lancaster Lane (S106 funded)	175,530			175,530
ODPM e-Voting 2004/05 - 2005/06	0		903,880	903,880
External Funding Pot	20,000			20,000
Eaves Green Link Road	4,670,000	(250,000)		4,420,000
EGLR - contribution to Holy Cross AW Pitch	0	250,000		250,000
<b>Total Strategic Measures</b>	<b>5,622,830</b>	<b>0</b>	<b>903,880</b>	<b>6,526,710</b>
<b><u>Leisure and Cultural Services</u></b>				
Community Centre Ecclestone - Capital Grant	150,000			150,000
YVP Extension Flood Alleviation	2,500			2,500
<b>Total Leisure and Cultural Services</b>	<b>152,500</b>	<b>0</b>	<b>0</b>	<b>152,500</b>
<b><u>Public Space Services</u></b>				
Cemetery memorial safety	1,130			1,130
Signage - Chorley and Adlington cemeteries	5,000			5,000
Resurface Footpaths Chorley and Adlington Cemeteries	6,890			6,890
Tesco superstore cycle path	63,000			63,000
Purchase and erection of bus shelters	8,130			8,130
Parks and Play Areas Refurbishment	43,470			43,470
Changing Rooms Jubilee Playing Field Adlington	30,000			30,000
Euxton Play Facilities (S106 funded)	0		50,780	50,780
Additional S106-funded schemes	74,000	(7,500)	(36,500)	30,000
<b>Total Public Space Services</b>	<b>231,620</b>	<b>(7,500)</b>	<b>14,280</b>	<b>238,400</b>
<b><u>Economic Regeneration</u></b>				
Elwood Initiative	101,670			101,670
Groundwork Projects	30,000			30,000
Astley Park Improvements - Construction	1,472,590		(986,270)	486,320
Big Wood Reservoir	368,460			368,460
<b>Total Economic Regeneration</b>	<b>1,972,720</b>	<b>0</b>	<b>(986,270)</b>	<b>986,450</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>8,088,430</b>	<b>27,700</b>	<b>(62,110)</b>	<b>8,054,020</b>
<b>TOTAL CATEGORY B SCHEMES</b>	<b>8,088,430</b>	<b>27,700</b>	<b>(62,110)</b>	<b>8,054,020</b>
<b><u>Financing the Programme (Category B)</u></b>				
Prudential Borrowing				677,920
Unrestricted Capital Receipts				607,650
Ext. Contributions - Developers				4,989,310
Ext. Contributions - Lottery Bodies				400,800
Ext. Contributions - Regional Development Agency etc				368,460
Government Grants - Local Government On Line				50,000
Government Grants - e-Voting Schemes				903,880
Revenue Budget - Specific Revenue Reserves				56,000
<b>TOTAL CAPITAL RESOURCES - CATEGORY B</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8,054,020</b>

Scheme

2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £



Scheme	2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £
<b><u>CATEGORY C SCHEMES</u></b>				
<b><u>Corporate Programmes - e-Government</u></b>				
Records management	0	600		600
Pay Modeller System re Job Evaluation	0		17,500	17,500
PSS Fleet Management	0		7,000	7,000
PSS Planting Schemes	0		3,500	3,500
PSS DIP/FLARE	0		24,000	24,000
Integration to Land & Property Gazetteer	0		22,500	22,500
Building Control - applications on-line	0		50,000	50,000
Planning - applications on-line	0		78,000	78,000
e-Enabling HR systems	0	55,760	28,240	84,000
Environmental Services Integration	0	30,000		30,000
Online booking facilities	0	15,000		15,000
One stop resolution	0	50,000		50,000
Telephony	0	42,100		42,100
On-line event/form interface	0	10,000		10,000
Access to home/remote working facilities	0	20,000		20,000
Single business account	0	20,000		20,000
e-Billing	0	35,000		35,000
<b>Total - e-Government</b>	<b>0</b>	<b>278,460</b>	<b>230,740</b>	<b>509,200</b>
<b><u>Corporate Programmes - Office Accommodation</u></b>				
Upgrade Lancastrian Room Kitchen	0	27,000		27,000
<b>Total Office Accommodation</b>	<b>0</b>	<b>27,000</b>	<b>0</b>	<b>27,000</b>
<b><u>Leisure and Cultural Services</u></b>				
Astley Hall Gas Supply	0	12,000		12,000
<b>Total Leisure and Cultural Services</b>	<b>0</b>	<b>12,000</b>	<b>0</b>	<b>12,000</b>
<b><u>Corporate &amp; Policy Services</u></b>				
Adlington CCTV Cameras	0		40,000	40,000
Coppull Spendmore Lane CCTV Cameras	0		30,000	30,000
<b>Total Corporate &amp; Policy Services</b>	<b>0</b>	<b>0</b>	<b>70,000</b>	<b>70,000</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>0</b>	<b>317,460</b>	<b>300,740</b>	<b>618,200</b>
<b><u>Housing Services (Housing Revenue Account)</u></b>				
Replacement Windows & Doors	0	886,000		886,000
Community Safety	0	61,000	30,000	91,000
Estate Improvements & Regeneration	0	119,000		119,000
Adaptations for Disabled	0	250,000		250,000
Major Void Works	0	250,000		250,000
External Site Works	0	100,000		100,000
Fascias and Soffitts	0	60,000		60,000
Capitalised Salaries	0	110,000		110,000
<b>TOTAL HOUSING REVENUE ACCOUNT PROGRAMME</b>	<b>0</b>	<b>1,836,000</b>	<b>30,000</b>	<b>1,866,000</b>
<b>TOTAL CATEGORY C SCHEMES</b>	<b>0</b>	<b>2,153,460</b>	<b>330,740</b>	<b>2,484,200</b>

Scheme	2005/06 Current Budget £	Reallocation of budgets £	Other Changes £	2005/06 Revised Estimate £
<b><u>UNCATEGORISED SCHEMES</u></b>				
<b><u>Corporate Programmes - e-Government</u></b>				
Property Systems	52,680	(52,680)		0
LGOLnet Integration	95,100	(95,100)		0
Web Site and Intranet	15,880	(15,880)		0
Local Government Online schemes	150,000	(150,000)		0
<b>Total - e-Government</b>	<b>313,660</b>	<b>(313,660)</b>	<b>0</b>	<b>0</b>
<b><u>Corporate Programmes - Strategic Measures</u></b>				
Unallocated slippage	(100,000)		100,000	0
<b>Total Strategic Measures</b>	<b>(100,000)</b>	<b>0</b>	<b>100,000</b>	<b>0</b>
<b><u>Leisure and Cultural Services</u></b>				
Leisure Centres Capital Grant for Investment	845,000			845,000
Leisure Centres Maintenance Liability	350,000			350,000
Leisure Centres DDA Works	147,000			147,000
<b>Total Leisure and Cultural Services</b>	<b>1,342,000</b>	<b>0</b>	<b>0</b>	<b>1,342,000</b>
<b><u>Housing Services (General Fund)</u></b>				
Housing Renewal	300,000	(146,340)		153,660
Private Sector Stock Condition Survey	7,580	(7,580)		0
<b>Total Housing Services (General Fund)</b>	<b>307,580</b>	<b>(153,920)</b>	<b>0</b>	<b>153,660</b>
<b><u>Property Services</u></b>				
Planned Maintenance of Fixed Assets (unallocated balance)	7,150	(7,150)		0
Planned Maintenance of Fixed Assets	50,000	(50,000)		0
<b>Total Property Services</b>	<b>57,150</b>	<b>(57,150)</b>	<b>0</b>	<b>0</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>1,920,390</b>	<b>(524,730)</b>	<b>100,000</b>	<b>1,495,660</b>
<b>TOTAL UNCATEGORISED SCHEMES</b>	<b>1,920,390</b>	<b>(524,730)</b>	<b>100,000</b>	<b>1,495,660</b>

**Capital Programme - 2006/07 to 2008/09**

Scheme	2006/07 Current Estimate £	2007/08 Current Estimate £	2008/09 Current Estimate £
<b><u>Corporate Programmes - e-Government</u></b>			
IT Support (incl. salary capitalisation)	30,000	30,000	30,000
<b>Total - e-Government</b>	<b>30,000</b>	<b>30,000</b>	<b>30,000</b>
<b><u>Corporate Programmes - Office Accommodation</u></b>			
Town Hall Disabled Access and Refurbishment	26,000		
Union Street Offices Heating and Ventilation	25,000		
<b>Total Office Accommodation</b>	<b>51,000</b>	<b>0</b>	<b>0</b>
<b><u>Corporate Programmes - Strategic Measures</u></b>			
Project Management Support Capitalisation	40,000	40,000	40,000
<b>Total Strategic Measures</b>	<b>40,000</b>	<b>40,000</b>	<b>40,000</b>
<b><u>Leisure and Cultural Services</u></b>			
Leisure Centres Maintenance Liability	200,000	200,000	200,000
<b>Total Leisure and Cultural Services</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b><u>Public Space Services</u></b>			
Traffic Calming/Estate Improvements	50,000	50,000	50,000
Parks and Play Areas Refurbishment	50,000	50,000	50,000
<b>Total Public Space Services</b>	<b>100,000</b>	<b>100,000</b>	<b>100,000</b>
<b><u>Housing Services (General Fund)</u></b>			
Disabled Facilities Grants	300,000	300,000	300,000
Housing Renewal	200,000	200,000	200,000
<b>Total Housing Services (General Fund)</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>
<b><u>Property Services</u></b>			
Planned Maintenance of Fixed Assets	200,000	200,000	200,000
<b>Total Property Services</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>
<b><u>Economic Regeneration</u></b>			
Big Wood Reservoir	40,940		
Groundwork Projects	15,000	15,000	15,000
Astley Park Improvements - Construction	851,060	972,640	121,570
Design Fees	103,550	103,550	103,550
<b>Total Economic Regeneration</b>	<b>1,010,550</b>	<b>1,091,190</b>	<b>240,120</b>
<b>TOTAL GENERAL FUND PROGRAMME</b>	<b>2,131,550</b>	<b>2,161,190</b>	<b>1,310,120</b>
<b><u>Housing Services (Housing Revenue Account)</u></b>			
Achieving Decent Homes Standard	1,904,000	1,854,000	1,804,000
<b>TOTAL HOUSING REVENUE ACCOUNT PROGRAMME</b>	<b>1,904,000</b>	<b>1,854,000</b>	<b>1,804,000</b>
	<b>4,035,550</b>	<b>4,015,190</b>	<b>3,114,120</b>

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Report of	Meeting	Date
Director of Finance	Executive Cabinet	29 September 2005

## VALUE FOR MONEY SELF ASSESSMENT

### PURPOSE OF REPORT

- To seek members approval of the content for the Value for Money Self Assessment required as part of the 2004/2005 Annual Audit completed by the Audit Commission.

### CORPORATE PRIORITIES

- There are no specific links to corporate priorities but an Authority with proper value for money arrangements will create capacity from existing resources, which is one of the Council's key priorities.

### RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy		Information	
Reputation	√	Regulatory/Legal	√
Financial		Operational	
People		Other	

- The key specific risk is in relation to the Council's ability and preparation for improving its overall score in the next Comprehensive Performance Assessment.

### BACKGROUND

- The government has imposed efficiency requirements on local authorities emanating from the Gershon review. The Council's progress and achievements in this area will need to be reported via an annual efficiency statement.
- One of the sources of the efficiencies will undoubtedly be the Council's ability to quantify where, through following proper business processes it has been able to achieve value for money for its customers. The updated Comprehensive Performance Assessment, which the Council is likely to be subject to within the next two years, has within it a new assessment block which measures the Council's 'Use of Resources'.

### VFM ASSESSMENT

- The use of resources assessment focuses on the Council's performance in a number of areas, namely:
  - Financial Reporting
  - Financial Management

- Financial Standing
- Internal Council
- **Value for Money**

8. The VFM element requires a separate self assessment to be undertaken and submitted to the Audit Commission for scrutiny and a judgement will be given and fed into their annual audit programme. This is prior to a full CPA assessment being undertaken. In some aspects this is useful as it will give the Council time to analyse its performance through the self assessment and take action to improve its approach to VFM should that be necessary.
9. The self assessment needs to be submitted to the Audit Commission by the 30 September 2005 with the remaining assessment of the 4 other elements following shortly thereafter. The other 4 elements are easier to complete in that they are predominantly matters of fact rather than needing some assessment, interpretation and judgement which the VFM element requires.
10. The assessment itself contains a number of key lines of enquiry and the Council must be able to demonstrate and provide evidence that it complies with the key lines of enquiry. A summary of the key line of enquiry and the expected knowledge and information the Council is required to supply is shown in the table below.

Table 1 Key line of enquiry VFM Assessment

Key line of enquiry	Evidence
The Council currently achieves good value for money	<ul style="list-style-type: none"> <li>• Costs compare well with others allowing for external factors.</li> <li>• Costs are commensurate with service delivery, performance and outcomes achieved.</li> <li>• Costs reflect policy decisions.</li> </ul>
The Council manages and improves value for money	<ul style="list-style-type: none"> <li>• The Council monitor and reviews value for money.</li> <li>• The Council has improved value for money and achieved efficiency gains.</li> <li>• Procurement and other spending decisions take account of full long term costs.</li> </ul>

11. When taken at face value it would appear demonstrating compliance would be straightforward. However, in reality this is not the case as evidenced in the review itself.
12. The focus of the review by the Commission will be on demonstrating how the Council currently achieves value for money. Importantly, the assessment criteria is now more demanding than under the previous CPA and makes it more difficult to achieve a good rating. The assessment principles will include the Council having:
  - A community wide perspective
  - An understanding of its cost base
  - An appreciation of the link between costs of a service, its local context and the quality of that service
  - A full evaluation of the long term cost and benefits of key areas of expenditure

- Data on costs and performance and being able to interpret that data
  - Evidence of outcomes on which a judgement about whether VFM has been achieved can be made
13. The Audit Commission has produced financial profiles against which the Council can judge for particular services how it compares in cost terms with both its nearest neighbours and other similar Councils in England. This information is only a starting point and does not also answer the VFM conundrum but merely informs the debate.
14. Attached at Appendix A is the outcome of the various data gathering and workshops held to gather information and evidence to answer the core questions posed. The findings extend to over 10,000 words and the next step is to consolidate the information into a 5,000 word document that must be supplied to the Audit Commission with supporting evidence.
15. Throughout the document there are references to key messages from each individual section. The summary gives a snapshot of our view of how the Council performs in that particular area. It will be for the Auditors to determine whether or not these messages stand up to scrutiny and are valid.

### **SUMMARY AND CONCLUSIONS**

16. The VFM assessment compliments the work on the annual efficiency statement and forms part of the use of resources submission that will ultimately be used in the Council's next Comprehensive Performance Assessment.
15. The ODPM have made it clear that the next assessment will be a harder test and this is evidenced by the requirements of the use of resources assessment.
16. The self-assessment will be subject to Audit scrutiny and their conclusions will be included in their Annual Audit letter that we will receive in the later part of this financial year.

### **RECOMMENDATION**

17. Members are asked to:
- a) Note the contents of the Value for Money Self Assessment for submission to the Audit Commission.
  - b) Give delegated authority to the Director of Finance to more minor amendments to the assessment following the final drafting and quality check that has yet to be undertaken.

GARY HALL  
DIRECTOR OF FINANCE

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Gary Hall	5480	22 September 2005	ADMINREPORT/VFM REPORT

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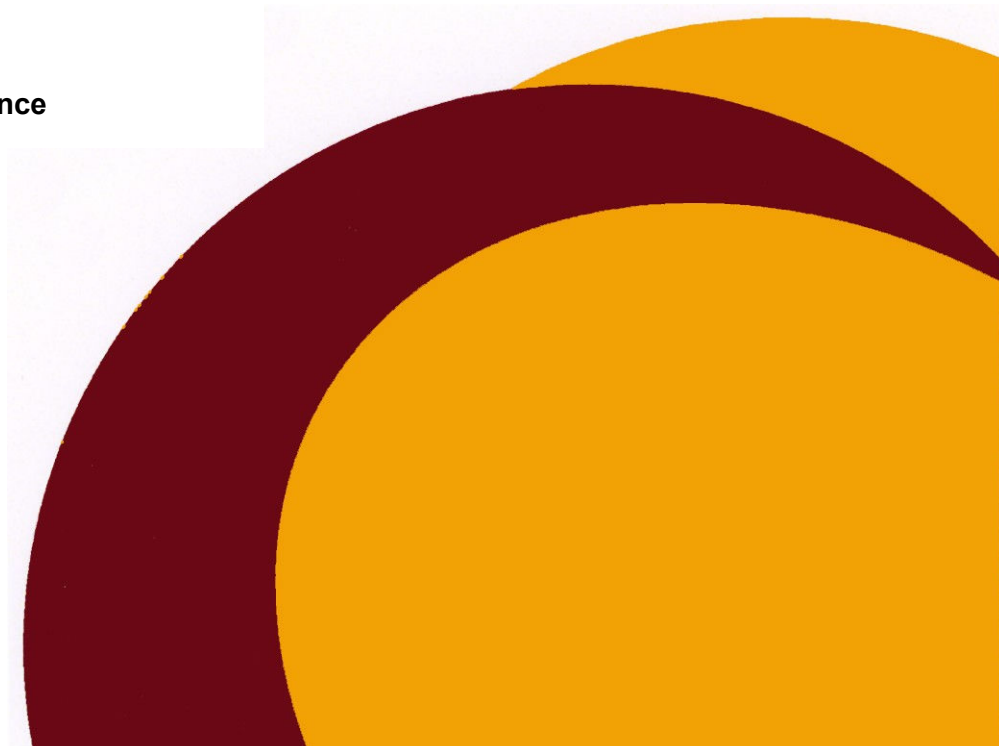
Version Control		
V.1	First draft circulated	15/9/05
V.2	Revised following Management Team challenge	16/9/05
V.3	Revised following SMG consultation	
V.4	Revised following approval at Executive Cabinet	29/9/05



**USE OF RESOURCES: VALUE FOR MONEY**  
**SELF ASSESSMENT**  
September 2005

**Chief Executive**  
**Jeff Davies**

**Key Contact**  
**Gary Hall**  
**Director of Finance**



**USE OF RESOURCES: VALUE FOR MONEY SELF ASSESSMENT**

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**Contextual Information****Reference****The Locality**

Chorley Borough Council is a district council in the North West of England and is situated in Central Lancashire. It is nearly 80 square miles in area and consists of the market town of Chorley along with a number of villages and rural communities. Chorley has good transportation links with the North West motorway network - M6, M61 and M65— running through the Borough. There are also good rail network links to Manchester and Preston and a new rail bus interchange in Chorley town centre.

**The Community**

(Figures from 2001 census)

The population of Chorley is 100,449 who live in 42,250 households. The Borough is an attractive place to live and the population is forecast to increase further. Of the population, 49.7% are male and 50.3% female. 20% of the resident population are aged under 16, 61% are aged 16–59 and 19% are aged 60 or over. This is broadly in line with the national picture. The percentage of the population belonging to a Black or Minority Ethnic Community is 2.1%. This has increased from 1.1% in 1991. The largest minority ethnic group in the Borough is Indian (0.39%) closely followed by Pakistani (0.33%) and Chinese (0.31%). Within the Borough, the highest proportion of residents belonging to an ethnic group other than white was found in Chorley East Ward.

The percentage of the population who consider themselves to be Christian is 84%, compared to 72% nationally. Other significant religious groupings were Muslim and Buddhist. No data exists on lesbian, gay and bisexual women and men although there is an active local group, POUT. 18.5% of the population consider themselves to have a limiting long-term illness compared to 17.95% nationally. 10.9% of the population provide unpaid healthcare to dependants.

Based upon the latest information available, 65% of the population have direct access to the internet at home and 40% use the internet at their place of work. There is 100% broadband availability across the Borough to 512Kb. With cable this can be up to 2Mb. This supports electronic access to services, which is important, given that half of the adult working population commute out of the Borough to work.

**Prosperity**

The Borough is relatively prosperous and is ranked 172nd (from 354) in the index of multiple deprivation. No lower level Super Output Areas (SOA's) within the Borough are identified as being in the 10% most deprived nationally. The Council does, however, have 8 in the 20% most deprived nationally. These are found in the Clayton-le-Woods North, Chorley North East, Chorley East, Chorley South East and Chorley South West Wards. 1.1% of the population are claiming unemployment related benefits compared to the Lancashire figure of 2.2%. Over 75% of people are employed in the service sector and wage levels are relatively low.

Contextual Information	Reference
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**Community Strategy 2005–2025**

The Borough's new Community Strategy 2005–2025 is a key driver for the Council. It has been developed following extensive consultation and stakeholder involvement and sets out very clearly a shared vision for the Borough. This is: "By 2025 Chorley will be recognised as the most sought after place to live and work in the North West, offering an excellent quality of life to all its residents, and will be at the heart of regional developments whilst retaining its character".

**1****Corporate Strategy and Action Plan 2006/09–2008/09**

The Corporate Strategy is the Council's main medium-term plan that sets out the way forward for the next three years. It is an essential framework document in which the Council:

**2**

- Articulates its vision - its **Purpose**
- Establishes its priority outcomes and focus - its **Priorities**
- Sets out its approach for achieving these - its **Principles**

The action plan identifies specific priority actions to be undertaken in order to achieve the priority outcomes, interim goals and milestones. It also sets out the key success factors and targets against which progress and achievement can be assessed.

**Corporate Improvement Plan 2004-2007**

The Corporate Improvement Plan was approved for implementation at the June 2004 Executive Cabinet meeting. The main features of the Corporate Improvement Plan are:

**3**

- It integrates recommendations identified through the corporate risk management and CPA processes.
- It represents the highest level document for improvement planning.
- It has been fully integrated into the Council's Business Planning process.

The Audit Commission's February 2005 Progress Assessment Report provides an analysis of Chorley's extensive progress to date using the improvement plan agreed with the Audit Commission and comparison with the baseline position of the CPA.

**4**

<b>KLOE 5.1 How well does the Council currently achieve good value for money?</b>	<b>Reference</b>
---	------------------

- *how the council challenges value for money through services and corporately; and*
- *the relationship between local taxation, overall expenditure and costs; and the level and performance of services provided, taking account of local priorities.*

### Challenge

#### Key Message:

**Chorley Borough Council has a very strong Value for Money (VFM) ethos, driven from the top by Chief Officers and through Senior Executive Member Champions in areas like Customer, Procurement, Risk Management and e-Government. Officers are encouraged and empowered to deliver improved economy, efficiency and effectiveness through their participation in a variety of review mechanisms.**

The following mechanisms are in place within the Council to formally challenge VFM at both the corporate and individual service level:

#### Best Value Reviews

The success of the Council's Best Value approach is highly transparent through improved BVPIs, customer satisfaction ratings and external inspection results. The Council has the highest Best Value review inspection scores in Lancashire (as at 15/9/05). The recent Best Value Inspection of Customer Access and Focus rated the approach 3 star excellent with excellent prospects for improvement (the highest rating possible). Benchmarking is used in a targeted manner as part of the review process, rather than diverting resources into routine benchmarking. The Council also keeps in touch with other authorities through county-wide and other networks, meeting with opposite numbers in neighbouring authorities to challenge costs and compare approaches to service delivery.

5

#### Improvement Planning

Where service quality or performance has given cause for concern, either from formal inspection or otherwise, the Council has initiated action through the development and implementation of improvement plans. At the strategic level a Corporate Improvement Plan (CIP) has been produced to address the issues raised following our CPA assessment and is reviewed / updated on a regular basis. Similar plans have been generated at service level (for example Housing Repairs and other Maintenance Services).

3, 6

#### Overview and Scrutiny

Following recommendations made in the 2004 CPA report, the Council has significantly developed the role of the Overview and Scrutiny Committee (OSC), for example putting a detailed work programme in place for reviews and an OSC toolkit to facilitate them. During 2004/5 the OSC played a key role in contributing towards the achievement of VFM through the market testing of the Markets contract and investigating the performance of the Grass Cutting Service.

8, 9, 23

<b>KLOE 5.1 How well does the Council currently achieve good value for Money?</b>	<b>Reference</b>
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### **Internal Audit**

Based on their annual risk assessments, Internal Audit conduct VFM reviews into specific business areas, with the following having recently been considered: Debt Management (2002/3) Charging Policies (2003/4) Corporate Training Budget (2004/5) and Mobile Phones (2005/6). Each of these reviews have generated positive outcomes in terms of more efficient / effective processes and / or defined savings.

**10**

### **Performance Management**

At the time of the CPA in 2004 the Council had just acquired the Performance Plus software system following some mentoring work with Wigan MBC. The system allows the organisation to gain an overall picture of its performance against corporate and business plan objectives through the identification and monitoring of key performance indicators. The Council has also strengthened its Business Planning and individual staff Performance and Development Review processes to ensure an effective cascade of objectives. This also ensures that service units and individuals are aware of their roles and responsibilities in achieving corporate and service level objectives. These improvements have been recognised by the Audit Commission in the 2004 Annual Audit Letter and also in their recent draft Audit Commission report on Performance Management. Almost 70% of Chorley's BVPIs were either above average or in the top quartile for 2003/4, with over 70 % having improved or remained constant between 2003/4 and 2004/5.

**7**

### **Business Planning Process**

The Council is currently reviewing this process in the light of external inspection feedback, the opportunity presented by new Community and Corporate Strategies and its desire to strengthen the links between business and financial planning. The business planning process also incorporates risk management as a significant part of the corporate planning cycle. The business planning process is being developed further in conjunction with the purchase of the Performance Plus software and is based on 'causal mapping' by asking Units to consider key service delivery questions like why, what, how and how much?

**11**

### **Business Process Re-Engineering (BPR)**

The Council has for some time recognised the importance of BPR in delivering improvements in service delivery and VFM. In 2004 a comprehensive review of the Council's key processes was carried out to identify a programme of priority areas for BPR. This has since been project managed by the E-Workforce Programme Board. Within the ICT Unit there is also a dedicated Business Support Team who offer support to teams carrying out BPR work, which is routinely seen as an essential element of the implementation of any new system. Recent examples include the BPR work undertaken to accompany the implementation of the new Radius Financial System and Flexitime System. The Council is continuing to develop its approach in this area and is currently undergoing consultation on structural changes to focus greater attention and resources on delivering efficiency improvements

**24, 25, 26**

<b>KLOE 5.1 How well does the Council currently achieve good value for Money?</b>	<b>Reference</b>
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**Project Management Methodology**

Chorley has developed its own in-house project management methodology (a simplified version of PRINCE 2). This enables far better project control during the life of a project and incorporates a formal approval process whereby project costs and benefits must be stated via a formal business case and agreed. Formal Project Initiation Documents (PIDs) must be submitted to and approved by the Programme Board before a project can proceed. The Council has also committed resources to this by establishing a Project Office with a dedicated Project Support Officer.

**27, 28****Procurement**

The Council's Corporate Procurement Strategy was approved in May 2004 and takes account of the best practice guidance contained in the ODPM's and LGA's National Procurement Strategy for Local Government. The Strategy specifies that "the Council will systematically review all its services and determine the most effective and efficient ways to deliver them". The objective is to achieve £500,000 in savings through procurement over the next 5 years. A key driver is the points scoring system used in the Procurement Strategy to ensure that a systematic approach is taken towards assessing alternative service delivery options in order to achieve best VFM. The Strategy is currently being applied to explore options with regard to the Golf Course, Markets and Property Services, whilst the Housing Stock Options Appraisal exercise currently in progress is also fundamentally aimed at providing the best VFM housing solution to tenants.

**12****Local Taxation, Expenditure and Service Performance****Key Message:**

**In overall terms, the Council has experienced low levels of council tax, generally lower quartile or median service expenditure, high levels of performance and high customer satisfaction levels.**

The Corporate Plan encompasses the Council's top priorities of focusing on the **customer**, addressing **capacity** issues and creating a **cleaner, greener, safer** Chorley. Expenditure in these areas has increased substantially in recent years, which has in turn impacted on our VFM cost profiles. However, overall levels of council tax have remained low. Band D council tax is only 7<sup>th</sup> highest out of Chorley's nearest neighbours of 16 authorities and increased by only 4.9% from 2004/5 to 2005/6. In spite of this the Council has experienced improved BVPIs, customer satisfaction ratings and external inspection results, including those covering key priority services.

### KLOE 5.1.1 How well do the Council's overall and service costs compare with others?

Reference

- *current level of overall costs and costs for key services;*
- *planned spending in relation to others; and*
- *level of overheads and how they are accounted for.*

#### Key Message:

**Chorley has lower or median levels of expenditure for all services, with the exception of Environmental Services and Local Tax Collection and Benefits. As identified below, this higher level of expenditure has arisen as a result of deliberate policy decisions. Although overall expenditure is upper quartile, this is skewed by factors which include the high level of environmental spend (policy decision), Highways Agency Agreement, retention of housing stock and a low level of unapportioned central overheads in comparison with nearest neighbours. Despite low levels of service expenditure satisfaction levels are very high (evidenced further in Section 5.1.3).**

**The key cost issues arising from the VFM profiles comparing Chorley to its nearest neighbours are as follows:**

**13**

#### Total Expenditure

Although this is just above upper quartile level, comparisons with nearest neighbours are influenced by a number of factors. These include a high level of environmental spend (considered further below), the Council's Highways Agency Agreement with Lancashire CC involving significant expenditure (where a number of comparator authorities will not incur spend) high accommodation costs (resulting from a multi-site operation). The Council also has a very low percentage of unapportioned overheads compared to nearest neighbours.

#### Environment, Planning and Transport

The upper quartile level (with the highest expenditure level relating to environmental spending) is a direct result of the Council prioritising these services (particularly recycling, environment and public health services) as part of our objective of a Greener, Cleaner, Safer Chorley. This is reflected in our commitment to the Lancashire Waste Partnership, the development of the neighbourhood warden service (£400,000), CCTV and Secured by Design car parking facilities (which in turn delivers the Government's "liveability" and anti-social behaviour agendas).

Street cleaning costs are lower quartile, Planning is median quartile and Transport is lower quartile overall, with upper quartile expenditure on highways due to the Highways Agency Contract.

#### Housing

Expenditure overall on community housing is lower quartile, reflecting upper quartile expenditure on "other housing" and bottom quartile expenditure on homelessness. For housing management, expenditure per dwelling is 2<sup>nd</sup> lowest of the 10 authorities with a housing stock and VFM is an essential consideration of the Council's decision to pursue housing stock transfer.



<b>KLOE 5.1.1 How well do the Council's overall and service costs compare with others?</b>	<b>Reference</b>
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### **Culture & Leisure**

Overall expenditure is lower quartile but as the new Indoor Leisure Contract is nearly complete, this will increase expenditure as there will be greater expenditure in the future on repairs and maintenance. Expenditure on parks and open spaces is upper quartile as a result of a conscious policy decision, which received recognition in the 2004 CPA.

### **Central Services and Other**

Central Services and Corporate & Democratic Core are median quartile in terms of expenditure and Local Tax Collection and Benefits Administration are upper quartile.

In terms of Council Tax, local benchmarking for 2004/05 showed that (out of the 7 other districts in Lancashire who provided details) Chorley's staffing costs per account were second lowest. The upper quartile spend is therefore as a result of substantially higher internal recharges. The probability is that internal recharges also account for the overall upper quartile cost position in Benefits Administration, together with the fact that significant investment in the service has occurred in terms of staffing and ICT in order to improve performance.

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### **Unapportioned Central Overheads**

These are very low for Chorley in comparison with nearest neighbours at 1.8% (14<sup>th</sup> out of the 16 authorities). 8 of the nearest neighbours have unapportioned central overheads of 4% or above (with 2 authorities having levels of over 10%), demonstrating the extent to which the Council allocates costs to services, which should be borne in mind when considering service expenditure comparisons. Chorley's allocations over time show no significant shifts. The Council also fully complies with CIPFA's Best Value Accounting Code of Practice (BVACOP).

<b>KLOE 5.1.2 How do external factors affect costs and how do adjusted costs compare?</b>	<b>Reference</b>
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- *external local contextual factors that influence costs (such as deprivation, geography, demography); and*
- *demand and supply levels.*

**The Borough of Chorley possesses the following specific characteristics which impact significantly upon costs and/or the demand for services:**

### **Growing Population**

Chorley is one of the few significant population growth areas in the North West. Historically the Council's RSG settlements have failed to reflect the true level of population growth and thus demand on Council services. This population growth is caused by net in-migration, resulting in a more immediate increased demand for services (than through an increase in the birth rate).

### **High Level of Population Working Outside the Borough**

The large travel to work catchment area and good communications make for a very competitive labour market. This, combined with skills shortages in key areas, add to employment costs (for example Planners, Building Control Officers, IT professionals, Environmental Health Officers, Lawyers, Accountants and some building trades). The Council is therefore currently paying market supplements in a number of these areas.

### **Rural (60%) and Urban (40%) Mix**

The Borough's largely rural nature leads to higher costs being incurred in areas such as grass cutting and street cleaning (due to the greater dispersment of services) and highways (where heavy verge planting results in significant costs which are not covered by the County agency agreement). In the context of the Council's Contact Centre Strategy, the introduction of the "Allpay" system, which allows payments to be taken at over 200 outlets across the Borough has further increased costs.

### **Relative Affluence of the Borough**

This has resulted in increased costs due to the low levels of external funding that are available to the Council (for example NRF). Hence the need for the Council to use its own resources in areas like neighbourhood wardens, whereas more deprived authorities would be able to lever in far more significant amounts of outside funding. This can also result in the Council having to pump-prime schemes in terms of initial preparatory work, which may not subsequently receive external funding due to reliance upon partners. The greater awareness of a more affluent population also increases the take-up of services such as green waste and recycling.

<b>KLOE 5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?</b>	<b>Reference</b>
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- *quality and standards achieved, including targeted investment to improve poorer services and quality of life;*
- *results of service inspections; and*
- *range of discretionary services provided.*

<b>Key Message:</b>
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<b>In overall terms, Chorley's services are typified by very high satisfaction levels, with quality service provision at lower quartile or median quartile cost.</b>
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**Based upon the VFM Profiles and Chorley's latest 2003/4 Best Value Satisfaction Surveys (BVSS) for services, the following issues have been identified in relation to service quality and the standards achieved:**

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### **Environment, Planning and Transport**

The percentage of waste recycled or composted has the best performance in the nearest neighbour group (but not the highest cost per head) and satisfaction with waste collection/recycling is 92%/79%, compared to 84%/68% nationally for the 2003/4 BVSS. For street cleaning, relevant land with significant/heavy littering performance is 5th best out of the 16 nearest neighbours and satisfaction with cleanliness is higher than the national average at 62% compared to 60% nationally (with lower quartile spend).

Planning Development Grant is at the lowest level of the nearest neighbour authorities in the VFM Profiles (around £60,000), however, following investment on the development control service, performance has improved and £450,000 in PDG was received in 2005. Between 2003/4 and 2004/5, the number of planning applications determined in the target time have improved from 48% to 74% (major applications), 51% to 71% (minor applications) and 80% to 88% (other applications).

### **Housing**

Despite lower quartile spending on homelessness, the number of households in temporary accommodation are only at median level. The 2003/4 BVSS figures show that Chorley's level of tenant satisfaction with the overall service provided by the landlord is 81% compared to 77% nationally, and satisfaction with opportunities for participation is 69% compared to 63% nationally.

### **Culture & Leisure**

Satisfaction levels are very high (upper quartile) for all aspects of cultural services (with spend being lower quartile) compared to both nearest neighbours and nationally. Although use of cultural services is bottom quartile, usage has increased over the years in many areas, for example, leisure center usage. The community does have equal access to these facilities and services are also targeted at low users.

<b>KLOE 5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?</b>	<b>Reference</b>
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### Central Services and Other

Housing benefit and Council Tax benefit levels of satisfaction appear to be lower quartile compared to nearest neighbours. However, during 2003/4 a number of trainees were recruited causing an expected short-term dip. This dip in performance was expected and there has subsequently been recovery to the current upper-quartile performance level. Furthermore the 2003 Best Value Inspection of Benefits has also shown the service to be high quality (rated “good” with promising prospects for improvement). This is due largely to a conscious decision to invest more in the service.

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**Although the Council does not therefore have any major service areas which are poor in terms of quality, the following are examples of where there has been targeted investment to improve services:**

- **Land Charges.** Delays had arisen in processing elements of the searches outside the Legal Services Unit which affected the achievement of the BVPI target. Following a meeting with relevant Service Heads, an action plan was agreed to remove barriers, largely caused by capacity issues within another service unit.
- **Human Resources.** Following recommendations made in the 2004 CPA report, the Council invested heavily in order to improve capacity, as recognised in the recent Audit Commission People Management and Capacity Report.
- **Performance Management.** Following recommendations made in the 2004 CPA report, the Council developed in-house software for staff development and performance appraisal. This has improved processes significantly and generated a notional saving of around £60,000 on the costs of external provision of the system.
- **Benefits.** In addition to investing in staff through a trainee scheme, enhancements to the service through workflow management and the procurement of a Document Image Processing (DIP) system has also improved service performance.
- **ICT.** Following the Council’s previous non-achievement of IEG1, significant investment in transformation through the use of ICT took place (see section 5.2.2) with the Council currently being at 98% e-enablement, compared to predictions of 73% nationally by the end of 2005.
- **Communication.** In order to improve communication across the Borough, particularly in view of the rural/urban mix, the Council developed a Communications Strategy and now produces a newspaper for distribution to residents on a quarterly basis. In addition, the latest staff survey results are highly positive in relation to communication.

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**KLOE 5.1.3 To what extent are costs commensurate with service delivery, performance and the outcomes achieved?**

**Reference**

**Discretionary Services**

As identified when considering the VFM Profiles, the Council has chosen to provide higher levels of discretionary services in a number of areas, linked to improved performance and satisfaction levels in corporate priority areas. These include recycling; green waste collection; neighbourhood wardens; improved ranger service, nature reserve and education centre for Yarrow Valley Country Park and modern apprenticeships.

<b>KLOE 5.1.4 To what extent do costs reflect policy decisions?</b>	<b>Reference</b>
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- *how costs are assessed when decisions are made;*
- *the extent to which higher spending is in line with stated priorities; and*
- *the extent of long term cost considerations with major investments or partnerships.*

**Key Message:**

**The Council has adopted a forward planning approach to spending, focusing resources on priority areas and taking a whole-life cost approach for major areas of expenditure. We have freed up resources by a variety of means including the merger of service units (to reduce management costs); the rationalisation of corporate properties and the commissioning of an E-Workforce report in 2004 (leading to the reduction of back office costs through BPR and the increased deployment of new technology).**

**Expenditure, Costs & Decision Making**

The Council has had a Medium Term Financial Strategy (MTFS) in place for the last three years and the current MTFS covers the period 2005/6-2007/8. The purpose of the MTFS is to set out the financial challenges facing the Council and the means by which these challenges can be addressed, while still directing resources to the Council’s corporate priorities. The MTFS incorporates the Council’s Prudential Indicators and Treasury Management Strategy, in order to ensure that revenue, capital and treasury management decisions are taken in a joined-up manner. 17

The MTFS contains a number of “key assumptions”, one of which is that “savings will be made in explicitly identified non-priority areas, which do not impact on the key corporate priorities”. Further details of these savings are provided in section 5.2.1. 19

When resource decisions are undertaken, the financial planning process takes account of the following factors:

- Likely levels of inflation, particularly pay awards. 18
- Longer-term liabilities such as pension costs.
- General economic circumstances which may affect demand for services such as benefits.
- Contract price steps and, where there are performance driven elements in the pricing mechanism, contract performance.
- Demography in terms of the effect of population change and housing development on the need to provide services e.g. additional streets to clean, waste to collect.
- Major changes such as the possibility of a Housing Stock Transfer.
- The revenue effects of the capital programme.

For capital projects, a points based scoring system is in place to assist in capital decisions being taken on an objective basis and work is currently taking place to revise the capital programme to ensure that this continues to meet the newly developed corporate priorities. This work is being undertaken by the recently constituted Capital Programme Board led by Group Director A and supported by the recently appointed Project Support Officer.

**KLOE 5.1.4 To what extent do costs reflect policy decisions?****Reference****Priority Spending**

Expenditure in the corporate priority areas of Customer, Capacity and Cleaner, Greener, Safer has increased substantially in recent years, which has in turn impacted on our VFM cost profiles. The Council has consequentially experienced improved BVPI's, customer satisfaction ratings and external inspection results in each of the key priority areas.

**Long Term Cost Considerations**

In terms of long term cost considerations, the Council's approach is to consider the full life cost of a major investment / partnership. In addition the Council's approach is to have outcome rather than input based specifications and contracts which identify real improvements and better service outcomes for the customer. Thereby balancing cost with output / outcome which is a key VFM indicator. In addition the Council has recognised the need for longer term commitments to ensure investment and better partnerships are developed and the benefits of transferring some of the risk to the service provider. The following examples are particularly relevant:

**Indoor Leisure Contract**

A 15-year contract with a clear, more enforceable asset specification design to enhance the visitor experience, together with the transfer of some of the risk associated with the ongoing maintenance of the asset to the service provider. The full life costs of the contract have been identified and built into budget planning assumptions.

**30****Shared Services Contact Centre**

The groundbreaking partnership with Lancashire County Council to provide enhanced customer services through a shared contact centre. Once again the whole life costs of the project being considered as part of the decision making process to join the arrangement.

**Waste Collection & Recycling**

Again very much an output-based specification designed to deliver the Lancashire waste strategy recycling targets. The full life cost of the contract being analysed, considered and built into the budget and financial planning arrangements.

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<b>KLOE 5.2 How well does the Council manage and improve value for money?</b>	<b>Reference</b>
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- *how the council manages its costs, whilst maintaining the quality of services and responding to local needs.*

### **Budgetary Control**

The Council has a robust budget monitoring process in place, with monitoring being reported quarterly to Executive Cabinet, Overview & Scrutiny Committee and Management Team. Budget and performance monitoring are reported at the same time in order to ensure that linkages are made between financial and operational performance. Budget holders now have access to a recently upgraded Radius financial system and work is taking place with budget holders to define their reporting needs, in order that these can be tailored to meet their requirements

The Council closely controls its finances and in 2004/05 the Aggregate Final Outturn of all cost centres was an underspend of £199,000, representing 1.4% of the net revenue cash budget set for 2004/5 of £14.084 million. In 2003/4, the Aggregate Final Outturn of all service areas was an underspend of £51,000, representing 0.35% of the net revenue budget set for 2003/4 of £14.522 million.

### **Financial Standing**

The Audit Commission's 2003/04 Annual Audit Letter was unqualified and identified that the Council's financial position is satisfactory. The Council has started to monitor reserves levels against the financial risks it faces, which is in line with good practice and arrears levels continued to fall during the year.

### **Responding To Local Needs**

CPA 2004 identified the allocation of resources to priority areas identified as being a strength. Council's Medium Term Financial Strategy (MTFS) demonstrates how 46% of the savings made over the last four years have been directed from non-priorities into investment in priority areas in terms of recurrent growth in order to ensure VFM from spending decisions.

However CPA 2004 also identified that the Community Plan was insufficiently ambitious and there were no definitive links between the Community Plan and the Council's Corporate Plan. Also that the Council's vision was not clearly articulated either in terms of objectives or outcomes. The Council has addressed this in developing the new Corporate Strategy 2006–2009. The process to date has emanated from the process adopted for developing the Community Strategy, by:

- Identifying the current reality for the Council both internally and externally informed by the extensive consultation for the Community Strategy, sessions with Councillors and Officers.
- Clarifying where we want to get to – bringing in the Council's responsibilities from the Community Strategy and other national/regional initiatives.
- From the above, identifying the Council's key priorities, goals and targets.

**The revised Corporate Strategy is currently in draft and is out for consultation with the community, partners and stakeholders. Once they are fully adopted, the hierarchy of recently developed Community & Corporate strategies will form the basis of Business and Financial Planning for 2006/7.**



**KLOE 5.2.1 How does the Council monitor and review value for money?****Reference**

- *current processes for monitoring and reviewing costs, including:*
  - *consideration of value for money in the annual budget process;*
  - *internal reviews (including Best Value reviews); and*
  - *cost indicators.*

**Key Message:**

**The Council has a strong Financial and Business Planning Process that is closely inter-linked and is supported by a rolling 3-year Financial Strategy. In recent years VFM and customer satisfaction have underpinned our approach to annual budget setting by re-directing resources out of non-priority and inefficient areas. Cost considerations and service options have been extensively evaluated through a series of Best Value and other external / internal reviews.**

**Internal Reviews**

**The following are examples of the Council's willingness to take difficult decisions regarding service provision by focusing on key priorities and driving down costs in non-priority areas:**

- **Economic Development** was merged with **Regeneration** thereby saving a post at Service Head level.
- The way in which the Council provides back office administrative support has been fundamentally reviewed through BPR, the greater use of ICT and devolvement to service units. A subsequent restructure of **Office Support Services has resulted** in the removal of several posts.
- The **Health and Safety Service** which the Council provided to South Ribble BC was removed as it did not represent VFM to Chorley, particularly as it detracted from the service the Council provided internally and there was little partnership working involved.
- Policy/budget decisions to reduce the service for **Astley Hall**.
- **The Enterprise Training Group** (an arms-length training organisation employing over 30 staff) was wound up as it was considered peripheral to the Council's main objectives and activities, yet was a net cost to the Council, adding nothing to its capacity.
- Changes to the **DSO**, yielding a saving of £250,000.

**KLOE 5.2.1 How does the Council monitor and review value for money?****Reference**

The following are examples of conscious decisions that have been made to re-direct resources into priority areas:

- **Customer Services.** A deliberate decision has been taken to invest in order to meet customers' expectations, for example "Contact Chorley" where Best Value can be demonstrated via the partnership and shared services route that the Council is following. The multi-channel approach that the Council has adopted also ensures that the services delivered can be obtained by the route best suited to the customer, whether via the Internet, telephone, face-to-face or home visit.
- **Linking Increased Expenditure to Improved Performance.** A recent example is the use of PDG to improve planning performance.
- **Conscious Decision to Remain High Cost.** There are several examples where the Council is aware that a service is comparatively high cost and has chosen for it to remain so or even invest more to achieve better performance. These include waste collection and recycling, Revenues and Benefits and the Planning Service.
- **Building Maintenance.** As a result of the Asset Management exercise undertaken in 2001, increased investment in planned maintenance took place in order to reduce reactive maintenance in the longer term (for example bringing forward works at the Town Hall to coincide with the major Disability Discrimination Act driven adaptations).
- **Joint Working.** Collaboration with the Chorley and South Ribble PCT on the provision of a new Health Centre in Chorley on Council owned land to achieve policy purposes (which would have had a longer term greater commercial potential had the Council not done so).
- **CCTV.** Investment in deploying, monitoring and maintaining an extensive CCTV network (including a mobile CCTV Unit) The introduction of CCTV to Chorley town centre was at a capital cost of over £100k, with ongoing revenue costs of tens of thousands to the Council. This does, however, have far wider social benefits, for both the community and other agencies such as the Police.

<p><b>KLOE 5.2.2 How well has the Council improved value for money and Achieved efficiency gains over the last three years?</b></p>	<p><u>Reference</u></p>
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- *Council targets for value for money and efficiency gains; and*
- *the achievement of efficiency gains.*

**Key Message:**

**The Council adopted a systematic approach to VFM and the efficiency agenda pre-Gershon and has already received positive feedback from the Audit Commission on its work in this area.**

**Organisation & Approach**

Before Gershon, the Council previously had three boards - the Efficiency Board, E-Workforce Board and E-Government Board. These have recently been amalgamated to form the Efficiency and Transformation Board, which is leading and co-ordinating all of the efficiency and e-Government work within Chorley. This Board is led by Group Director A and the Deputy Leader of the Council and Executive Member for Customer, Policy and Performance is a member of the Board. The Board reports to the Management Team and to Executive Cabinet.

**Efficiency Gains & Targets**

Our Backward Looking AES has identified efficiency gains of £783,000, of which are £524,000 are cashable. Efficiencies were explicitly targeted to services based upon key corporate strategies (e.g. e-Workforce programme, HR Strategy and Procurement Strategy). Our Forward Looking AES has identified future efficiencies of £1.1m, of which £523,000 are cashable. Moving forward, key areas of focus for the Efficiency and Transformation Board will be the development of a 3-year rolling efficiency programme, monitoring and reporting procedures to meet the ODPM and Council requirements and mainstreaming efficiencies into the Council’s Business Planning cycle. The Council has also signed up to the Lancashire-wide Local Public Service Agreement (LPSA). The LPSA is now in its third (and final) year and incorporates a cost effectiveness target which will result in grant of between £150-£200,000 for Chorley if the target is met.

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**Key Message:**

**There are many examples of ways in which efficiencies have been generated across the Council, both corporately and in individual service areas.**

**Efficiency Gains in Internal Management Processes**

- Internal processes streamlined as a result of the E-Workforce study in 2004.
- A reduction in absence during 2004/5, saving £250,000 year on year.
- A fundamental restructure of the organisation in 2004/5
- Controlled use of agency staff, the use of external recruitment consultants/ agencies and the e-enablement of the recruitment process.
- A new automated system to manage the authority’s personnel “establishment” which has resulted in savings in time and postage / stationery costs.

<b>KLOE 5.2.2 How well has the Council improved value for money and Achieved efficiency gains over the last three years?</b>	<b>Reference</b>
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### **More Efficient Working Through the Use of IT as an Enabler.**

- A strategy (approved in 2001) to work in partnership with Lancashire CC on the Lancashire Shared Services Contact Centre. This will achieve significant cost benefits, for example of the £12m contract, the cost to Chorley is only £450,000 over 7 years.
- The use of NWECC funding for mapping processes.
- The current bid to NWCE for funding to explore joint infrastructure.
- Earmarking a significant proportion of Local Government Online funding to deliver system integration.
- Electronic Document Management (EDM) and workflow, which have been in place for a number of years.
- Commitment to improving take-up of the web-site, including the planned delivery of a 'web-CRM'.
- Recently introduced mobile working technology has improved the performance of the Neighbourhood Wardens by allowing them to send service requests to the back-office from the field.
- The recent introduction "Modern.Gov" software delivering a number of efficiencies derived from better workflow and automated procedures.

### **Efficiencies Identified in the Use of Council Property**

- A review of property assets in 2003 leading to a disposal programme which is now underway.
- An accommodation rationalisation project to house all the customer interfacing services alongside the One Stop Shop and Contact Centre at Union Street.
- A pilot project to considering home-working as a means of improving VFM through lower accommodation costs.

### **Delivering Better VFM Through Alternative Means of Service Provision**

#### **Partnership Working**

- The Council has taken a leading role in and support for the Lancashire Waste Partnership, Lancashire Highways Partnership and "Contact Lancashire", the Lancashire Shared Services Contact Centre. We have also engaged with Preston and South Ribble on a Central Lancashire Building Control Partnership and undertaken joint work with the same two authorities on Housing Needs Assessment and the Northern Way agenda.

## KLOE 5.2.2 How well has the Council improved value for money and Achieved efficiency gains over the last three years?

Reference

### Shared Services

- There is a shared Domestic Violence Co-ordinator with South Ribble BC and a similar arrangement with Lancashire Constabulary for our Anti-Social Behaviour Co-ordinator. There is also an informal partnership with an external contractor, Beacon Research, to support the consultation function.

### Access to Services

- Through our Customer Access Strategy we are aiming to maximise the accessibility of Council services to customers. This goes hand in hand with VFM, as increased take-up will reduce unit costs. E-Government funding will be used to open new access channels and migrate customers to them, thereby reducing future costs. The web site and Contact Centre are both products of this thinking. The Strategy also proposes a greater understanding of the Council's customers and their needs and as a result will further improve VFM in terms of public value, as resources will be targeted in ways that customers value, rather than what may be the easiest approach for the Council. The Best Value Inspection of Customer Access and Focus rated the approach 3 star Excellent with excellent prospects for improvement – the best in the country.
- Internally, the opening of a Cyber Café at the Bengal Street depot will deliver 100% access to ICT facilities across the workforce. The Council has also recently implemented broadband access for staff at sheltered housing schemes and also to Councillors. These facilities will generate significant savings in paper and improve access to information.

### Service Level Examples of Efficiency Gains

- In order to reduce the costs of **affordable housing**, the Council has moved away from the approach of providing subsidy to the RSL (costing around £90,000 per unit), and has gone into partnership with Redrow Homes to provide the Debut scheme, which only results in costs of around £22,000 per unit.
- Investment in **new grass cutting equipment** has enabled grass to be cut in the wet, thereby saving on downtime and improving the quality of the service.
- Investing in **handheld PCs for housing repair operatives** to record and up-link information on site in order to save time.
- Savings achieved through revising **DSO terms and conditions**, for example, bonus arrangements, more flexible working and moving to monthly payments (a precursor to outsourcing the Payroll service itself).
- Moving to **alternate weekly waste collections** leading to savings and an increase in re-cycling tonnage.



### KLOE 5.2.3 Do procurement and other spending decisions take account of full long-term costs?

Reference

- *How value for money is built into the council's procurement practice;*
- *The extent to which a 'whole life' approach is taken to spending and procurement decisions;*
- *Identifiable savings achieved through procurement; and*
- *Use of external funding to deliver council priorities.*

#### Procurement Practice

##### Key Message:

**The Council has developed an effective procurement infrastructure incorporating a best practice Procurement Strategy, Working Group, Member Champion and Corporate Procurement Officer.**

#### Corporate Procurement Strategy

The Council's Corporate Procurement Strategy was approved in May 2004 and takes account of the best practice guidance contained in the ODPM's and LGA's National Procurement Strategy for Local Government in October 2004. The strength of the Procurement Strategy has been externally validated by PWC and when Chorley joined the Roses Marketplace, (member authorities are: Kirklees/Preston/Chorley/Lancashire/Cheshire/Blackpool/Wakefield/Doncaster/East Riding), it compared favourably in terms of processes. The Strategy includes the statement, "the Council will systematically review all its services and determine the most effective and efficient ways to deliver them", and also has a points scoring system to ensure that a systematic approach is taken towards procurement.

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#### Corporate Procurement Officer

The Council has a Corporate Procurement Officer who is a fully qualified member of the Chartered Institute of Purchasing & Supply and the Director Of Legal Services is the Authority's Strategic Lead for Procurement. There is a Member Champion with responsibility for Procurement who sits on the Corporate Procurement Working Group, which meets on a regular basis.

#### Whole Life Costs

##### Key Message:

**The Council is highly aware of quality/cost decisions and the Procurement Strategy states that, "a whole life approach shall be adopted during the procurement process. Operating and maintenance costs shall be included wherever possible when establishing the value being received from the supplier. Lowest price shall not be the sole criteria for establishing value. Instead, we will undertake a balanced assessment which uses criteria such as Quality, Deliverability and Fitness for Purpose. We will also openly share with our suppliers the criteria we are using to inform our procurement decision-making".**

Examples of the application of whole-life costing are shown in Section 5.1.4

**KLOE 5.2.3 Do procurement and other spending decisions take account of full long-term costs?**[Reference](#)**Efficiency Savings Achieved Through Procurement****Key Message:****There are many examples of VFM and efficiency made through procurement.****Key examples include:**

- A partnership procurement contract in repairs and maintenance.
- Implementation of Radius Financials / Roses Marketplace / consolidated invoicing for energy, which has resulted in reduced transaction costs.
- Property Services is currently going through a major partnering/outsourcing exercise to be concluded in April 2006.
- Payroll where Blackpool Borough Council provide this service on behalf of Chorley.
- Use of framework contracts where OGC framework suppliers consistently offer best value. For example, photocopiers, where the Council uses the OGC framework and invites all suppliers on the framework to submit a proposal against a performance specification. The incumbent supplier and any other key suppliers identified are also invited. The OGC mobile phones framework is also used.
- Consortia for YPO building materials/tyres/one off catalogue purchases/water coolers. YPO prices have proven to be more cost effective than procuring alone and there are also significant process savings when considering the cost of the procurement exercise for what are relatively low value individual contracts.
- Energy has been procured through YPO, who procure energy on behalf of 54 local authorities and have an energy spend of over £80million. Chorley spend approximately £150,000 per year on energy and significant savings were achieved when the Council first moved to YPO in 1998. YPO constantly monitor prices and market conditions.
- The Council is currently considering potential areas for joint procurement with neighbouring South Ribble BC and Preston CC and has recently jointly commissioned Spikes Cavell to undertake a detailed suppliers analysis.
- Contact has also been made with the OGC regarding the possibility of Chorley participating in a joint e-auction when it replaces PCs next year.



<b>KLOE 5.2.3 Do procurement and other spending decisions take account of full long-term costs?</b>	<b><u>Reference</u></b>
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### External Funding

#### Key Message:

**The Council has a strategy and resources in place in order to fully exploit external funding opportunities and can demonstrate a long track record of success.**

### External Funding Strategy

In terms of external funding, Chorley commissioned Grants First to develop an External Funding Strategy for both the Council and the wider Chorley partnership. This process has identified the external funding opportunities that exist to deliver the key strategic agendas in the Borough. Funding opportunities are linked to the Community Strategy and Corporate Strategy, for example investing in a Greener, Cleaner, Safer Chorley provides funding opportunities such as the Waste Minimisation and Recycling Fund and recycling credits. The Strategy also makes recommendations on the appropriate systems and procedures that need to be put in place to ensure that external resources are maximised and secured.

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### External Funding Officer

The Council has an External Funding Officer with the remit of attracting additional external funding into the Council and providing key local partners with appropriate intelligence and advice. Chorley has also had an External Funding Group from 2002/03, enabling key players in external funding from across the Council to become actively involved in project and bid development, share intelligence on forthcoming funding opportunities and investigate and share examples of best practice within and outside the Council.

### Significant Externally Resourced Projects

#### Buckshaw Village

- The Council has set up a management company to mitigate maintenance costs in relation to the Buckshaw village regeneration. This involves joint working with South Ribble BC and will result in a sustainable village, allowing the community to live and work in the same area, with the sustainable nature of the village reducing ongoing costs.

#### Leisure Centre and Golf Course

- Using the Prudential Code, the Council identified that it could raise capital to refurbish facilities at a much lower cost through PWLB borrowing (around £4.5m) rather than using the contractor's finance. The resulting investment reduced revenue costs to the contractor and resulted in savings for the Council.

**DOCUMENT REFERENCE LIST**

1. Community Strategy 2005 – 2025
2. Corporate Strategy and Action Plan 2006/09 – 2008/09
3. Corporate Improvement Plan 2004 – 2007
4. Audit Commission's February 2005 Progress Assessment Report
5. Results of Best Value Review inspections
6. Example Service Improvement Plan (DLO)
7. Corporate Planning and Performance Management Framework
8. Overview and Scrutiny Annual Report 2004/05
9. Overview and Scrutiny Toolkit
10. Internal Audit VFM Reviews
11. Integrated Business Planning Guidance for Service Units
12. Corporate Procurement Strategy
13. VFM Profiles
14. Best Value Self-Assessment Customer Access and Focus, March 2005
15. Best Value Inspection of Benefits
16. Audit Commission People Management and Capacity Report
17. Medium Term Financial Strategy 2005/06 – 2007/08
18. Page 11 of the MTFS
19. Key Assumptions 14, Page 28 of the MTFS
20. External Funding Strategy
21. Annual Efficiency Statement (Backward Looking)
22. Annual Efficiency Statement (Forward Looking)
23. Overview & Scrutiny Review of Markets
24. "Janet Hookvale" Report
25. Radius System Post Implementation Report
26. Consultation on Proposed Structural Changes
27. Project Management Methodology
28. Contact Chorley Project Documentation
29. Benchmarking Data – Council Tax & Benefits
30. Indoor Leisure Service Inspection Report

Report of	Meeting	Date
Head of Customer, Democratic & Office Support Services (Introduced by the Executive Member for Customer Policy & Performance)	Executive Cabinet	29/09/05

## SHARED SERVICES CONTACT CENTRE PARTNERSHIP

### PURPOSE OF REPORT

1. This report seeks to provide a general progress update in respect of the Contact Centre since the last meeting of the Executive Cabinet on 7 April 2005.

### CORPORATE PRIORITIES

2. The Contact Centre directly affects the Council's Customer and Capacity priorities.
3. The development represents a major investment to improve customer relations and contact with the Council.
4. The project also provides the basis for realising Gershon type efficiencies that will free up more back office time for processing and will potentially release extra resources for improved direct service provision. This aspect will be covered in a future on the subject of our Channel Strategy, Service Design and Delivery. This is being finalised following consultation.

### RISK ISSUES

5. The issue raised in this report involve risk considerations in the following categories:

Strategy	√	Information	√
Reputation	√	Regulatory/Legal	
Financial	√	Operational	√
People		Other	

6. The Council has an agreed and approved strategy for the development of a customer Contact Centre through joint working in the Lancashire Partnership. It is also expected that Partnership Working will be taken positively in any future CPA review of the Council.
7. This is a high profile scheme that is being looked at from both a regional and a national perspective. If it were to fail it would have a damaging effect on the reputation of the partners.
8. The total cost for the Partnership will be significant, but Lancashire County Council will fund a major share of this. For the initial stages Chorley's contribution is known and is budgeted for, but in the longer term, there may be other financial considerations that the Council is exposed to.

9. Operational risks relate to the non-achievement of planned customer service improvements and continuing reliance on past communication practices.

## **BACKGROUND**

10. Chorley Borough Council has signed up to the Lancashire Shared Services Contact Centre Partnership. This will deliver a fully operational Contact Centre with underlying technology and hardware. The implementation is on a phased basis. Chorley went live on 30 June 2005.

## **GENERAL PROGRESS**

11. The Council is now using Onyx CRM (Customer Relationship Management) software within the Telephony Centre on a restricted basis. Modern technology is also being used to automate call handling and processing.
12. As part of the product solution we have successfully developed the first stages of interface between our workflow scripts from Team Knowledge and Onyx CRM. This will enable seem less capture of service related information from customers to facilitate service provision i.e. refuse collection. This also provides the necessary foundation blocks for system integration to help deliver more efficient services during the next stages.
13. Potential benefit realisation for both the customer and the Council is evident from the initial use of these technologies and the added value it will bring to providing improved customer service.
14. The service is working to the principles of full resolution of customer enquiries at the first point of contact for Environmental Services and where possible other services that will be delivered from the Contact Centre. This will include system updates if possible.
15. The Council is leading on the development of CRM and as a result we are experiencing early teething issues synonymous with technical system implementations. For example, it has become clear from early use of CRM that capturing customer contact details is unnecessarily complicated resulting in lengthy call duration. This has been acknowledged by the partnership and work is underway to streamline the process as soon possible.
16. This approach has enabled the partnership to gauge live operational experience and commit resources to rectifying areas of operational concern before rolling out the programme to partner districts. It also enables the Council to contribute in the development of the product at an early stage.

## **SWITCHBOARD**

17. The switchboard service has been integrated into the new call handling system supplied by Macfarlane and is working effectively. It has provided, for the first time, a real insight into the volumes of calls received and abandoned. Significantly, it has highlighted that around 21% of calls received are answered at the first point of contact. Information requested by customers is not always service specific and these calls are unable to be transferred. For example, officer and member contact information, directions to Council offices or other places within the borough, service opening times and directory enquiry type calls etc. The general view of all calls answered and transferred within seconds is not necessarily true in the provision of a modern day switchboard service.
18. The current average talk time for calls received by (including calls transferred from) the switchboard is two minutes and 26 seconds. Latest call volumetrics in relation to this service are attached.

**ENVIRONMENTAL SERVICES**

19. This service is progressing well and we are achieving a high resolution of service at the first point of contact, currently 92.03%. The provision of this service from the Telephony Centre includes full system updates and dispatch of any appropriate post to customers. In effect this enables officers engaged in service provision to concentrate on their specialist aspects of business delivery leading to improved deployment of resources.
20. The provision of this service from the Telephony Centre has highlighted the need to ensure the relationship from the initial point of customer contact to the point of delivery is efficiently delivered if the Council is going to be successful in continuing to deliver excellent services. Not doing so results in generating customer frustration, repeat calls, inefficient use of resources and poor management. This is clearly evident from customer concerns already apparent, significantly the number of repeat calls generated due to poor service delivery.
21. Latest call volumetrics in relation to this service are also attached. It is considered relatively early to make any significant operational changes as a result of the information now available. However, early indications suggest a possible shortfall in staffing levels once all services are being delivered from the Telephony Centre and it may be necessary to draw on additional resources.
22. The next services to be delivered from the Telephony Centre will be Housing Benefits and Council Tax. Work is underway to enable this to happen.

**ONE STOP SHOP**

23. In partnership with Lancashire County Council's Youth & Community Service we are working together to enable members of the minority ethnic community in Chorley to have improved access to Council services through established relationships with a key County Council employee. This service commenced on 7 September. Morning surgeries are held every Wednesday.
24. Chorley is one of only two districts to have fully implemented the automated online application for new bus passes. This is a significant step forward as photographs for the NoWcard pass (Smartcard) are taken in the One Stop Shop saving customers time and money.
25. Renewal of taxi licenses and associated system updates is also being delivered from the One Stop Shop. The provision of this service is continuing to grow working to the principle that all aspects of the first point of customer contact are delivered by Customer Services.

**COMMENTS OF THE HEAD OF HUMAN RESOURCES**

26. HR fully support the Contact Centre operation. However, consideration should be given to the resources dedicated to the unit. High call waiting times and abandoned calls lead to customer dissatisfaction which can potentially lead to conflict within our call centre advisors. It is essential that the resource for the contact service can meet the call volume and that staff are fully trained in dealing with the variety of calls they will receive.

**COMMENTS OF THE DIRECTOR OF FINANCE**

27. The report indicates that once further development of the Contact Centre begins there may be financial consequences, as yet unknown. The final outcome on cost will be dependant upon ensuring the staffing levels are right to ensure the customer contact is dealt with to the satisfaction of the customer and the Council's ability to migrate services to the Call Centre, whilst maintaining quality and either driving out cost or transferring resources to the Call Centre.

28. As the report stipulates, the intention is to look at transferring telephone calls from Housing Benefit and Council Tax as the next steps in developing the Call Centre. I am currently working with the Assistant Head of Customer Services to identify issues and agree a process and timetable for change that ensures the high quality service currently provided to customers is maintained.

**RECOMMENDATION(S)**

29. That the report be noted.

**REASONS FOR RECOMMENDATION(S)**

30. The report provides a general summary only of progress made so far.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

31. None

MARTIN O'LOUGHLIN  
HEAD OF CUSTOMER, DEMOCRATIC AND OFFICE SUPPORT SERVICES

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Asim Khan	5448	19/09/05	SSCC PARTNERSHIP

<b>Service</b>	<b>Environmental Services</b>	<b>Switchboard</b>
DDI	515355, 5546, 5547, 5548, 5722, 5734	515151
Operating Times	Mon - Fri 08:00 to 18:00	Mon - Fri 08:45 to 17:00
Start Date	05 July 2005	30 August 2005

Calls Received	12,215	4,047
Calls Answered	10,741	3,744
Calls Transferred	856	2,922
Calls Abandoned	1,474	303
% Abandoned	12.10	07.50
Average Talk Time	02:48	02:26
Average Wait Time	01:17	00:43
Average Abandoned Time	02:16	01:19
Average Received Calls Per Day	249	404

% Calls Answered at the First Point of Contact	92.03	21.96
% Calls Answered within 20 Seconds Target (excl. abandoned)	50.30	49.80

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**AREA FORUM WORKING GROUP****22 September 2005**

Present:

Members: Councillor Edgerley (Chair) and Councillor R Snape

Officers: Mr J W Davies (Chief Executive), Mr M O'Loughlin (Head of Customer, Democratic and Office Support Services), Mr S Pearce (Assistant Head of Democratic Services), Ms L Morey (Community Development Officer) and Mr A Uren (Democratic Services Officer).

**05.AF.07 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Ball, Birchall and Lennox.

**05.AF.08 DECLARATIONS OF ANY INTERESTS**

There were no declarations of personal or prejudicial interests by any Member in the business on the Working Group's agenda.

**05.AF.09 MINUTES OF LAST MEETING****(a) Confirmation**

The Members of the meeting of the Area Forum Working Group held on 4 July 2005 were confirmed as a correct record.

**(b) Matters Arising****(i) Rural Area Forum**

The Chair confirmed that he had accepted the Officer's recommendation and had agreed proposals to establish a pilot rural Area Forum within the Lostock Ward (comprising Bretherton, Croston and Ulnes Walton).

**(ii) Community Overview and Scrutiny Panel – Scrutiny Inquiry**

The Assistant Head of Democratic Services reported that the Community Overview and Scrutiny Panel had set up two Sub-Groups to examine in depth the two distinct elements of the scrutiny inquiry into public participation in the Council's decision-making process (ie (i) Area Forums/Committees and (ii) Public Speaking/Questions at Council/Committee meetings).

The Panel had raised no objection to members of this Working Group accompanying the Area Forum Sub-Group Members on their visits to selected surrounding Authorities to examine how their arrangements are operated. The Working Group Members would be notified and invited to attend as soon as the timetable of visits had been finalised.

**05.AF.10 AREA FORUM PILOT SCHEME – CONSULTATION DOCUMENT**

The Working Group received for information, a copy of the document that had been presented to each of the preliminary consultation meetings that had been held in

Croston, Coppull and Clayton Brook on 5<sup>th</sup>, 7<sup>th</sup> and 13<sup>th</sup> September respectively to explain the proposals for the three pilot schemes and seek the views of the communities before final arrangements were agreed. Representatives from each of the major Partners (ie Lancashire County Council, Police and Primary Care Trust) and a wide range of local community, voluntary and faith groups had been invited to attend the three meetings.

The consultation document set out the background and reasons for the selection of the three pilot areas, together with the objectives and likely benefits to be derived from the initiative.

The document also outlined the draft arrangements for the operation of the pilot schemes, which were generally accepted by the Panel. It was intended that the Forum meetings would be operated in two parts, with one part structured around a formal agenda and another part allowing an open discussion session. Whilst accepting the basis of the structure, the Members considered that each Area Forum shall be allowed to decide the order of the two parts for its own meetings.

#### **05.AF.11 AREA FORUM PILOTS – CONSULTATION MEETINGS**

The Panel received and considered a report which summarised the views expressed at the three Area Forum pilot scheme consultation meetings at Croston, Coppull and Clayton Brook and made recommendations to progress the initiative.

The report highlighted the general support that had been expressed at each of the consultation meetings of the Area Forum concept as a means of improving and encouraging dialogue and direct contact between the public and responsible decision-making bodies. The consensus views of attendees at the Clayton Brook meeting was that the pilot scheme should not be restricted to Clayton Brook, but should be extended to cover the whole of the Clayton-le-Woods North Ward.

The Panel was also advised of the contents of an e-mail from the Lancashire County Council's Senior District Partnership Officer confirming the relevant County Councillors' support of the Area Forum pilot schemes. The communication also referred to the County Council's plans to develop Lancashire Locals, which the County Council hoped would complement the Area Forums. The issue would be discussed at the forthcoming Lancashire Leaders' meeting, the outcome of which would be reported to the next Working Group meeting.

#### **It was AGREED:**

- 1. That the Executive Cabinet be recommended:**
  - (a) to agree the boundary of the Area Forum pilot for Clayton be defined as the Clayton-le-Woods North Ward, which comprises the area of Clayton Brook, in line with the consensus view expressed at the consultation meeting on 13 September; and**
  - (b) to approve the draft arrangements for the introduction of the three Area Forum pilot schemes within the areas of Clayton-le-Woods North, Coppull and Lostock as set out in the attached appendix to these minutes.**
- 2. That, subject to the Cabinet's endorsement of (1) above, the officers progress the initiative in liaison with the respective partners and report to the next meeting of the Area Forum Working Group proposals for the dates and venues for the initial Forum meetings; conduct procedure rules; and promotional arrangements.**

**05.AF.12 DATE OF NEXT MEETING**

The Working Group **AGREED** to meet next on Thursday, 17 November 2005 at 5.00pm.

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**Appendix****DRAFT ARRANGEMENTS FOR THE PILOT AREA FORUM MEETINGS**

1. The core membership for each pilot area will be the Borough and County Councillors for the area concerned.
2. The following persons/organisations will be invited to attend the Area Forum meetings:
  - Parish Council representatives for the area concerned
  - Representatives of Partner and stakeholders:
  - Police (eg Community Beat Managers)
  - Chorley and South Ribble Primary Care NHS Trust
  - Lancashire Teaching Hospitals NHS Trust
  - Housing Associations for the area concerned
  - Local community/voluntary/residents/tenant groups for the area concerned
  - Any employer or business in the area concerned
  - Any resident in the area concerned
3. At least one member of the Executive Cabinet will be invited to attend meeting to be accompanied by a representative from the Senior Management Group to deal with any questions relating to the Executive functions of the Council.
4. The structure of the Area Forum Pilot Scheme meetings will be based on two parts:
  - (a) One part of the meeting to be structured around a formal agreed agenda to allow discussion on items submitted by the Council and Partner Organisations.
  - (b) Another part to allow an open discussion session with the public able to question councillors and representatives of partner organisations on local service provision issues.

Each Forum will be allowed to decide the order of the two parts for its own meetings, which will be separated by a refreshment break.
5. The Council's Senior Management Group and each Partner Organisation will be requested to submit appropriate agenda items to the Democratic Services Section for consideration at the Pilot Scheme meetings in accordance with the scope of the scheme.
6. In addition to the Open Session at the meetings, Members of the Public attending the meetings will be given the opportunity to complete question cards on service related issues if they so wish and the Democratic Services Section will ensure that the questions are submitted to the appropriate Council officer / organisation for a response to be sent to person concerned. A summary of the responses will be included on the agenda for the next meeting of the Area Forum

7. The active participation and involvement of all Council Service Units, Partner Organisations and Local community / voluntary / residents / tenant groups in the three pilot areas is paramount in order to ensure effective community engagement during the Pilot Scheme.
8. To enable effective evaluation of the project, it is intended that three meetings of each Area Forum should be held as follows:
  - 1st round - February / March 2006
  - 2nd round - June / July 2006
  - 3rd round - September / October 2006

Meetings of the Area Forums cannot take place during the period leading up to Municipal Elections in April/May 2005.

9. The Area Forum meetings will commence at 7.00pm and conclude at 9.00pm and the dates and venues for each meeting will be determined following consultation with councillors in each pilot area and an health and safety assessment of each potential venue.
10. The Council's Democratic Services Section will provide the following administrative support for the Pilot Scheme:
  - Co-ordinate the arrangements for the Pilot Scheme
  - Booking of venues/equipment for the meetings
  - Circulation of publicity material
  - Production of Area Forum Meeting Procedure Rules
  - Production and circulation of the Area Forum meeting agendas to Partner organisations/ stakeholders, local community groups etc and local residents
  - Publication of details of meetings / agendas and reports on the Council's website
  - Production of attendance lists and minutes for the meetings
  - Submission of public questions to appropriate officer/organisation and compilation of a summary of responses
11. The Council's Communications Officer will ensure that effective arrangements are in place to publicise the purpose and arrangements for the Pilot Scheme through the distribution of leaflets to households in the three pilot areas and articles in Chorley Borough News and the local media.

Report of	Meeting	Date
Head of Public Space Services (Introduced by the Executive Member for Traffic & Transportation)	Executive Cabinet	29 September 2005

## LANCASHIRE HIGHWAYS PARTNERSHIP

### PURPOSE OF REPORT

- To update Members on the consultation process subsequent to the County Council Cabinet's decision to consider determination of the Lancashire Highways Partnership.

### CORPORATE PRIORITIES

- The services provided through the Partnership have a direct bearing on the Council's corporate objective in respect of providing a cleaner, greener, safer Chorley.

### RISK ISSUES

- The issue raised and recommendations made in this report involve risk considerations in the following categories:

Strategy	✓	Information	
Reputation	✓	Regulatory/Legal	
Financial	✓	Operational	✓
People	✓	Other	

### BACKGROUND

- The Lancashire Highways Partnership was established through an agreement between the districts involved and the County Council, effectively as a more modern agency arrangement. The agreement makes provision for District Councils to withdraw during the period of the Partnership and, although there is no specific means by which the County Council may terminate the Partnership, it is clear from the agreement that the Partnership has an end date of 30 June 2006.
- The County Council's Executive Cabinet considered a report on 1 September 2005 that set out the options for the future of the Partnership. The County Council's Cabinet resolved to consult District Councils on "the County Council becoming responsible for the delivery of the County Council's client highway functions directly". The County Council Cabinet proposes to consider the results of consultations at its next meeting on 6 October 2005. In order to meet the deadline for the inclusion of comments in the County Council's Cabinet report officers have made a provisional response available from this Council to officers of the County Council's Environment Directorate.

**ARRANGEMENTS FOR TERMINATION**

7. A copy of the County Council Cabinet report considered on 1 September 2005 was attached to the previous report on this issue. No significant additional information has become available since this Cabinet last considered the issue on 8 September 2005.
8. At the present time, therefore, we must continue with the following assumptions:
  - that TUPE will apply to staff transfers as in previous terminations of Partnership arrangements;
  - that the majority of staff transferred will be redeployed to one of the County Council's area offices (yet to be established);
  - that some form of minor residual agreement will be established in order to facilitate those functions of the County and District Councils that require the discharge of statutory powers and the implementation of which would be cumbersome without some form of agreement.
9. Public Space Services and Finance officers have made initial assessments and have identified options for future service delivery. These initial assessments will be updated and Members will be provided with further information as the County Council makes available information on the details of the termination and residual arrangements.
10. Officers continue to press the County Council for indications of the form and extent of any residual agreements. Officers are also seeking to make progress in discussions with the County Council on the various arrangements that would have to be put in place subsequent to termination.
11. There have been discussions between District Council Leaders and Chief Executives and also between District Engineers since the last meeting of this Executive Cabinet. There has also been a meeting of the Lancashire Highways Partnership Client Officers. Any progress made at these meetings in terms of information or negotiations will be reported verbally to Members.

**ISSUES**

12. At its meeting on 8 September 2005 this Cabinet resolved:
  - “1. That the report be noted.
  2. That the decision by the County Council be opposed.
  3. That officers be authorised to enter into discussions with the County Council officers on the County Council's proposal.
  4. That a further report be submitted to the Executive Cabinet meeting on 29 September 2005 for consideration of a formal response to the County Council.
  5. That the Lancashire County Council Cabinet be requested to delay any decision on this issue for a period of four months to allow meaningful consultations with District Councils”.
13. The response sent to the County Council by the Chief Executive is attached as an appendix.

**COMMENTS OF THE HEAD OF HUMAN RESOURCES**

14. There are no HR related comments on this report due to lack of information.



**COMMENTS OF THE DIRECTOR OF FINANCE**

15. The report highlights the fact that it is unclear what the scope of any residual arrangement might be. Until this is resolved it is not possible to fully quantify the financial impact. However, based upon the information we have to date and taking the likely TUPE transfers into account, we estimate that the impact on the bottom line of the Council would be somewhere around £100k per annum. The increase in cost to the Council is predominantly because there are some overheads that remain fixed in the short term and under the current partnership arrangements the income received from the partnership contributes to these overheads.

**RECOMMENDATION(S)**

16. It is recommended that Members confirm the resolution approved at the meeting of the Executive Cabinet on 8 September 2005 and that the Executive Cabinet approves the draft response set out in the Appendix to this report.

**REASONS FOR RECOMMENDATION(S)  
(If the recommendations are accepted)**

17. The recommendations are consistent with the previous decision of the Executive Cabinet and the advice of Officers on the implications of the termination of the Partnership.

**ALTERNATIVE OPTIONS CONSIDERED AND REJECTED**

18. None.

KEITH ALLEN  
HEAD OF PUBLIC SPACE SERVICES

There are no background papers to this report.

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Keith Allen	5250	20/09/05	PSSREP/90414AJS

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**Chief Executive's Office**

Please ask for: Mr J W Davies  
Direct Dial: (01257) 515104  
E-mail address: chief.exec@chorley.gov.uk  
Our Ref: CE/PL  
Doc ID: Execlct/GH – Highways  
Date: 23 September 2005

**APPENDIX****Chief Executive:**

Jeffrey W Davies MA LLM

Mr G Harding  
Director of Environment Directorate  
Lancashire County Council  
PO Box 78  
County Hall  
Preston  
PR1 8XJ

Dear Graham,

**LANCASHIRE HIGHWAYS PARTNERSHIP – CONSULTATION ON CABINET DECISION**

I refer to your letter of 2<sup>nd</sup> September 2005 and have set out below my response on behalf of Chorley Borough Council. Mr Matthias had suggested to District Engineers that it would only be possible to include the results of the consultation in your report if the responses were received by 23<sup>rd</sup> September. This we have done - but it is my intention to report on the issue further at the meeting of my Executive Cabinet on 29<sup>th</sup> September. In the event that Members wish additional points to be made I will advise you accordingly. For example, Members have yet to take a decision on a section 42 arrangement

We are extremely disappointed with the LCC proposal not to extend the LHP Agreement. We would like to make clear that we would like to continue with both the client and contractor partnership arrangements in order to build on their achievements to date.

In addition we have given significant financial support to highway and traffic management through our own capital programme, particularly for traffic calming measures.

From discussions it is clear that the County Council presents one of the main reasons for the termination of the Partnership as the difficulties in managing the split between core and non-core areas. It is our understanding from the negotiations which led to the establishment of the Partnership that the development of the Partnership was, itself, supposed to end that distinction. However, the County Council has never developed the LHP in this way. If the County Council is seeking to make financial economies by terminating the LHP we will be more than happy to discuss how the financial economies could be achieved whilst still allowing the continuation and possible development of the LHP.

As you have no doubt had confirmed to you by colleagues from other district Councils the DSO activities in relation to the LHP are an integral part of the Council's overall DSO and other in house service provision. It is simply not possible to remove the highways element of our Service Group without significantly affecting the efficiency and effectiveness of other services. Indeed, by removing the highways element from our activities we are very substantially reducing the Borough Council's abilities to respond in any meaningful way to any emergency situation. I understand that this point has already been made to County Council Officers in discussion and, no doubt, they will be able to confirm how such emergency arrangements can be maintained in the future. There is also, of course, the issue of the extent to which the support services for the LHP function are an integral part of the Council's general support services. The removal of the LHP client and contractor functions will have a significant effect on the efficiency and effectiveness of those support services.

At the meeting of Council Chief Executives and Leaders a formal resolution was passed as follows:

1. That the County Council extend the consultation period beyond 23 September to allow a proper period of consultation.
2. That there be individual meetings between County Councillor Tony Martin and any District Council who wanted one, to discuss the effects on them, for the meetings to be held in time for the outcomes to be taken into consideration when the County Council Cabinet makes its decision.
3. That if the eventual final decision is to end the LHP, the implementation date be put back to July 2007 so as to allow proper time for all the necessary arrangements to be made.

The County Council's Chief Executive, as Secretary to the meeting, gave an undertaking that he would minute the resolution and notify it within the County Council as appropriate. Clearly, we will consider its formal notification to Cabinet in consideration of this issue as within the meaning of notifying it within the County Council as appropriate.

If County Councillor Martin does agree to meetings with District Councils we would, of course, wish to take advantage of such a meeting. I should add, for the sake of completeness, that we fully support also the paragraphs numbered 1 and 3 in the resolution.

I am particularly concerned that the proposition under consideration, at least at face value, relates to efficiencies and cost effectiveness within the LHP. We had believed since the initial discussions that further efficiencies were possible if the core/non-core distinction were to be abolished. We believe that this was one of the key purposes of the initial discussions that led to the establishment of the LHP and was a shared objective of the County and District Councils. I must insist that it is the clear view of our Council that in seeking to improve the efficiencies and effectiveness of the LHP the County Council gives further and reasonable consideration to the issues of the geographical split of service delivery.

It has caused some difficulties in responding to this brief consultation process that there is no indication of what residual arrangements might be made for future service delivery in those service areas where there is some degree of overlap. I have in mind, in particular, those areas in which District Councils discharge a range of functions utilising the powers of the Highway Authority to facilitate the services. For example, the licensing function in District Councils presently deals with a range of licensing powers including, under the LHP, licensing under various Highways Act powers. All of the District Councils also will share the difficulty that they carry out various services in the street scene environment in which they are making use of County Council powers. For example, to carry out any significant works within the highway it will be necessary to secure the County Council's formal agreement. Are we realistically expecting that minor alterations to the shape of a flowerbed in a highway verge will be the subject of correspondence and formal approval?

Whilst I do not question the County Council's objectives, I must point out that there is at present no indication of any details in relation to staff transfers beyond an acknowledgement that the County Council will effect transfers under the TUPE requirements. My understanding is that staff transfers from West Lancashire and Rossendale in the past have involved protections beyond the bare requirements of TUPE. You will appreciate that the County Council's omission of any reference to details of staff transfer arrangements will cause some concern for those involved.

We are dealing with these issues at various points in our respective budget processes. In the absence of any indication of the County Council's intention for residual arrangements we are clearly working in an unacceptable vacuum in this area. Equally, it is extremely difficult to comment on a proposal which, in this context, is incomplete to the point of being almost meaningless.

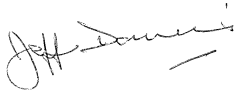
We have valued for many years the relationships with the County Council and especially the relationships under the LHP itself. These relationships, between Members and Officers of both Councils cover a considerable number of years and a remarkable amount of co-operation within that time. I would hope that we can move from this present consultation process with a greater degree of openness and co-operation than has been shown to date in consideration of the future of the LHP. If the County Council's

Cabinet is willing not to proceed immediately with its decision to terminate the LHP I have no doubt that my Council will be willing to work closely with the County Council on an examination of the potential financial advantages in a number of different scenarios that might be developed from the existing LHP arrangements. I have no doubt that, ultimately, we share the same objectives of cost effectiveness in service delivery and the satisfaction of our customers. The County Council has, in the past, proved that the spirit of co-operation can be both productive and effective in establishing the Highways Agency arrangements and, subsequently the LHP. I am convinced that we still have a model which is of value for ourselves and elsewhere and I do not feel that we should give up on the Partnership arrangements unless such a course of action is unavoidable.

I have attached a note prepared by the District Engineers on the report to the LCC Cabinet of 1 September 2005 and other issues. I believe that the report summarises the situation very comprehensively and I fully support and endorse its contents. I anticipate that my Members will give their formal endorsement to this response at the meeting of the Executive Cabinet on 29 September 2005.

I should be grateful if you would put the contents of this letter and the appended note to the County Council's Cabinet when the future of the LHP is considered further.

Yours sincerely



Chief Executive

Cc: All Members of the Council  
County Councillors (Chorley area)  
Members of Lancashire County Council Cabinet  
Mr C Matthias – Director of Highways Consultancy  
Mr A Cutts – Director of Finance (Section 151 Officer)

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## LANCASHIRE HIGHWAY PARTNERSHIP

### COMMENTS ON THE REPORT TO LCC CABINET 1 SEPTEMBER 2005

The Lancashire District Engineers have a number of major issues to raise with respect to the report presented to the County Council's Cabinet of 1<sup>st</sup> September 2005. The report in many areas is incorrect, it is also extremely biased, omitting highly relevant information and containing no factual substantiation for the termination of the agreement in terms of service delivery, performance or efficiency.

Firstly, some background information. An agreement has been in place between LCC and the District Councils to undertake certain works on the highway since Local Government Reorganisation in 1974, over 30 years of working together. A major restructure of these arrangements was introduced in July 2003 under the banner of the "Lancashire Highway Partnership". The LHP is therefore not just a 3 year agreement but part of an ongoing partnership of over 30 years.

It also needs to be made clear that after 29 years of District Councils being reimbursed at less than cost, it has taken only 2 years of more reasonable reimbursement by the LCC for LCC to propose the termination of the partnership. We would like to quote from Section 4.15 of the LCC report on "Evaluating the Locality Focus Programme" which states that **"The County Council's efforts are seen by some to focus very heavily on its own needs in terms of partnership, rather than the needs of the partners themselves"**. This approach is very evident in the County Council's evaluation of the LHP to date and the way it has been presented to County Councillors.

As partners, it concerns us that the report did not even mention the possible implications for District Councils. Detailed consideration of the impact of the proposal on the District Councils is a matter for the individual Councils, however there are certain effects that would impact heavily on all our customers/residents as follows:

- reduced ability to deal with cross service streetscene issues
- reduced ability to support local initiatives including area councils/committees/forums
- loss of local focus to service delivery
- loss of local employment opportunities
- consequential increased costs to other services
- reduced skills base for support of council schemes
- reduction in engineering employment prospects
- difficulties in recruitment
- in our view a poorer, less responsive service

It is also concerns us that the report did not make it clear that LCC does **not** have a right unilaterally to carry out highway maintenance with or without the District Councils. Section 42 of the Highways Act 1980 clearly gives the right to District

Councils to maintain certain highways and recover our costs from the highway authority, although each of us has previously agreed to waive these rights as the partnership was a better vehicle for delivery of highway maintenance. The current LHP agreement is drafted on this basis, yet County Councillors were not advised of the implications of this factor in the relationship.

Referring now to the report section by section:

## **1. Background**

Reference is made to the Best Value review of "The maintenance of Highways, Street Lighting, Bridges, Structures and Reservoirs" and the report identifies that the main thrust of the recommendations by the inspectors was the lack of consistent standards and lack of financial control across the Country. It also needs to be made clear that other inspector's recommendations in the report were:

- That a local service is delivered within a strategic county framework" and
- That the County Council should "Improve the monitoring of relative District (Agency) performance, and to take action to rectify poor performance.

Furthermore, the District Councils' own best value reviews identified the benefit to local priorities of working with the highway authority powers in partnership, recommending that this be pursued as far as possible with the County Council.

In his presentation to the County Council's Cabinet, the Highways Portfolio Holder stated on 1<sup>st</sup> September quite clearly that '**what matters is performance**' yet no performance information was presented to members of the Cabinet. Little information on comparative performance is available to Districts but some information can be extracted from the annual report on the LHP, presented to District Officers in April 2005. This gave information on amongst other matters the quality of the response to defects identified by highway inspections, which is a key indicator in reducing the number of highway insurance claims.

Our joint discussions on this matter in recent months have identified clearly that there have remained problems with the information received by the various partnership offices from the safety inspections, therefore the value of PIs in this area of activity must be challenged. However, each partner has been able to demonstrate improvements in response as these problems have been identified.

A thorough report would have presented a range of performance indicators, established in accordance with the recommendation of the Best Value Inspectors, on which relative performance could be measured to ensure an informed decision is made in the best interests of the public. No such performance measures have been put in place, neither has there been any acceptance by the County Council of the need for an LHP business plan to identify a shared vision of what the partnership should be trying to achieve in terms of performance, therefore **it is not justifiable to identify 'poor performance in the Districts' as a valid reason for terminating the LHP agreement.**



## **2. Strengths and weaknesses**

At the Cabinet meeting, the Portfolio Holder continually referred to the strengths and weaknesses of the partnership contained within the report. What needs to be pointed out is that these were the strengths and weaknesses of the relationship **prior** to the LHP. A more considered and balanced report should have included **current** strengths and weaknesses and achievements to date. No such review has been carried out in partnership with the District Councils, although a number of us have pursued our own reviews of the LHP and have identified many modest improvements, which could be achieved with mutual support. Each of these reviews has been carried out with input from the County Council, in stark contrast to the manner in which this report has been written.

## **3. Democratic Process**

The Area Boards were established to perform a number of duties with respect to the LHP. The fact is that these Boards have not been serviced to a sufficient degree, which has contributed to them not performing their original functions.

For example, highways policy development has continued in some sections of the County Council's Environment Directorate without reference to the Area Boards. In these circumstances it was disingenuous of the Portfolio Holder at the Cabinet meeting to indicate that all the members of these Area Boards do is decide how to share out and spend £50,000.

Although the establishment of Area Boards was a laudable attempt to engage District Councils in the development of policy and management of highways, it would seem that with the establishment of Lancashire Locals that the work of the Area Boards should be incorporated within Lancashire Locals.

What will be lost unfortunately is the interaction between districts at an area level and also the opportunity to focus on highway services. Our experience is that all Members have strong views about such matters and the opportunity to properly air and consider these will be lost if relegated to the broader agenda offered by Lancashire Local.

## **4. Client Issues**

### **a) Streetscene**

Much appears to be made in the Cabinet report of the fact that District Councils have not added the streetscene activities for which they are responsible into the LHP. This was always an option and not a requirement of entering into the LHP. When challenged on this point, we have identified that County Council officers have a completely different and much narrower understanding of what constitutes 'streetscene' services than that within the District Councils, and it is possible that this misunderstanding is at the heart of LCC's concerns about lack of progress and partnership on associated subjects.

To us, 'streetscene' services are 'public realm' issues, and they include gully cleaning and road sweeping as is understood by County officers, but they extend as widely as community safety/Section 17 responsibilities, environmental improvements, economic and neighbourhood regeneration, land use/transportation planning, land drainage and flood/coastal defence, leisure and countryside access, parks and grounds maintenance, cleansing and out of hours services.

The fact is that entering into the LHP enabled **all these streetscene activities to be coordinated with use of highway powers and delivered at a local level** and, depending on the individual organisation of each District Council, possibly even from within one Directorate.

Considerable thought has been put into how these integrated services are delivered by District officers over recent years but no obvious improvement has been identified over and above the present arrangements. Hence the apparent lack of willingness to change referred to in the report. Neither have County officers put forward any ideas along these lines.

It is very relevant to us that **the LHP has never yet included all the highway services which impact on our local/urban areas, such as traffic and safety, parking management, major schemes on classified roads, accommodating ex-trunk roads into the urban core and management of Section 278 schemes (major highway works funded by developers)**. These issues ought to have been drawn to the notice of the County Council's Cabinet in order to present a balanced view of the LHP in its current condition.

Termination of the LHP by the County Council will inevitably destroy at a stroke the ability of District Councils to deliver integrated streetscene services, which will have a significant impact on delivery of 'liveability' which Councils should be seeking to achieve together.

b) Client/Contractor functions, Audit Report

This particular part of the Cabinet report is of considerable concern to the two full partners referred to, Hyndburn and South Ribble Borough Councils.

Two years ago Hyndburn Borough Council Internal Audit audited the LHP operations. This internal report was "in the spirit of partnership" sent to LCC Officers for information. At approximately the same time LCC Internal Audit also audited the LHP in Hyndburn. After two years with no comment from LCC it now appears that concerns were expressed by LCC Audit with regard to the arrangements in HBC. In a mature partnership concerns such as these should be discussed in an open and businesslike manner.

South Ribble Borough Council has accepted the County Council's concerns over the internal relationships. Again, internal measures are in place to

defend against improper practice but there has not been the benefit of a similar audit by LCC to identify whether the concerns are grounded. It is highly inappropriate to offer criticisms of a system that has not been externally reviewed. Other financial practices of South Ribble Borough Council have been held up as a model for other Districts to follow, and the criticism contained in the Cabinet report of potential for improper practice is rejected completely by the officers involved.

It needs to be brought to the attention of the County Council's Cabinet that all councils with a Direct Services organisation have an officer who is "twin hatted". What varies is the level at which that "twin hattedness" occurs – be it at Chief Executive, Director, manager or operational level. The comments in the report to Cabinet are a slight on the professionalism of the individual officers concerned.

In addition, assumptions have been made in the report by County officers that client/contractor integration in some districts indicates a "limited scope of staff and resources". This is also wide of the mark. What it does show is **the efficient utilisation of staff and resources**, which is an option often found in the post-CCT era. This kind of arrangement is not unknown at County level and the omission of correct information on such issues in a report to a Cabinet should be a matter of the gravest concern.

c. Total Staff levels

There is no information contained in the report to support the assertions that direct control would be more efficient. Until this information is provided then an informed decision cannot be made by the County Council and the level of estimation of the associated implications should have been properly identified to the Cabinet.

d. Financial management

The difficulties of financial management for the LCC Client are in part self-imposed. The LHP works ordering system was not available for use before the start of the partnership in July 2003, and indeed was not fully operational for some months afterwards, leading to confusion and the desperate need for alternative records to be kept and works ordering systems to be maintained. The new works ordering system originally proposed for April 2005 has only just come on line (5 months late) and is still to be fully operational (for electronic payments etc.).

Each year we manage constantly changing budgets, even until relatively late in the financial year, trying to gauge each year whether we are aiming for a modest overspend or underspend in contribution to wider Directorate management matters subject to strategic matters we cannot know or influence.

In addition training and guidance with respect to the new contract with Lancashire County Council Engineering Services has been non-existent despite repeated requests from district officers. At a meeting in June 2005 it was announced by LCC officers that a "Contract Team" has now been established, two years after the start of the Contract, yet we have never had even a visit from LCC staff to investigate the problems we have had in managing our element of the annual £40m contract.

We find that LCC staff in different offices have only limited or no access to the joint financial monitoring system and ask us monthly for our statements, each in a different format. It is remarkable that we can provide the required information at all under these circumstances. It is therefore quite shocking to find the facts of the situation presented as criticism in the report to Cabinet under these circumstances.

With the new works ordering system in place **there is no reasoned argument in the report to demonstrate why financial management would improve** any more under direct control rather than under an extension of the LHP.

e. Reimbursement under LHP

The level of fee to District Councils is variable based on the level of works budget allocated. It is clear to us that the need to reduce variable (including capital) budgets would leave LCC with the fixed direct cost of staff after implementing the proposals. **This risk to LCC finances has not been identified in the report.**

Furthermore, it is a matter for the District Councils to decide whether or not they can live with reduced fee income.

f. Dealing with Public Enquiries

LCC officers see the Highways Partnership Contact Centre as being able to deal with all enquiries. The establishment of the Contract Centre has undoubtedly led to the improved management of highways customer contacts overall and is achievement of the current LHP. That being said, for some Districts it has been a retrograde step to abandon their own integrated streetscene systems and management reports without any consideration by LCC of the impact of segregating such matters.

It is interesting to note that later in the report it is recognised that LCC may wish to continue to reimburse Districts for "their help in resolving complaints and enquiries and for providing information". Therefore our contribution appears to be valued under the current arrangements, although our ability to contribute would be fatally affected by our lack of opportunity to respond positively and with correct information following the end of the LHP.

g. Grounds Maintenance issues

The Cabinet report touches on the integrated nature of streetscene delivered by Districts and the need to work with Districts. The mention of "removal of wet leaves" and "highway grass cutting" however only identifies a very limited aspect of the impact.

Other benefits in the District Councils retaining the LHP include:

- The ability to deal with all cross service / cross authority streetscene issues by responding to enquiries and operating in a coherent manner in support of other public realm services (joined up service delivery)
- Local knowledge/ local delivery / improved response times
- Integrated out of hours service
- Availability of a larger pool of staff for delivery of the winter maintenance services and other emergency responses
- shared use of local council depots and vehicles

### **Summary**

The District Engineers are particularly concerned at the way in which this issue, after over 30 years of working together, has been reported to LCC Cabinet with little or no evidence provided to support the contention that services can be provided better and more efficiently under direct control.

We are of the opinion that the opposite situation is indeed the case and that locally delivered service backed by strategic direction from LCC still offers the best way forward, as proposed by the Best Value Inspectors

Area Management by LCC for certain services currently undertaken by them may be of benefit but with each Area covering a number of District Councils with a significant population, the case for more local service delivery integrated with other streetscene services would seem to be overwhelming.

Prepared by District Engineers, September 2005

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