

Commentary by Deputy Chief Executive and Director of Corporate Resources

A. Background

As in previous years the Corporate Resources Directorate (CRD) has taken a strategic approach to modelling savings – as set out below. This includes E-Government/ICT which, although part of a separate portfolio, has to be seen within the context of the whole directorate as well as the management of E-Government across the Council.

The Directorate's gross budget is £32.5m. The revised net budget (i.e. net of internal and external income and capital charges) for 2005/06 is £9.5m broken down as follows:

	<u>£m</u>
CRD Finance (including Insurance)	0.1
Audit and Performance Division	0.6
Net Property related (including building maintenance)	3.0
Other misc budgets (including Common Interest)	<u>2.5</u>
	6.2
Net ICT Division costs	1.2
ICT Development budget	1.1
CBOSS Implementation (net)	<u>1.0</u>
	9.5

The savings target equals £460,000

B. Key Drivers

In the last three years the Directorate has been through considerable change to reflect Members' policy steers and to ensure CRD plays a proper role in the development of the whole council. At times that has been difficult but the management team is in no doubt as to the necessity of those changes. While we recognise more work is needed in some areas we are pleased with the significant achievements and progress across the board.

The reality, of course, is that county wide reorganisations have taken place in relation to ICT and Property and internal reorganisations have taken place in CRD Finance and are underway in the Audit and Performance Division.

In financial terms, the Directorate met the 10% savings target in 2001/02 and the reorganisation of ICT produced a further 8% salaries savings in 2002/03. The target savings for the current year of £368,000 will also be achieved.

The challenge going forward is to model 5% next year (some £460,000) from our net budget. (In practice departments may also expect savings in their SLA charges but the guidelines make it very clear that they must identify what services they wish to change).

C. Approach to the Modelling Exercise

It is not appropriate to simply apply 5% savings on some standard basis to all aspects. Policy steers, and associated decisions in the past, already imply a direction of travel which shapes the future budget. In addition, views on future risks

and related risk management must be taken into account. The corporate guidelines also require efficiency or low impact savings to be taken into account.

With all this in mind the Director, and management team, are working to the following framework.

- (1) Delivery of the core policy steers remains core.
- (2) The improved capacity and people and system infrastructure, created on the back of the difficult decisions of the last three years - and so crucial to achieving (1) above but also sustaining the key improvements underway - must be protected if at all possible.
- (3) Key 'control' areas, operating at minimum capacity levels currently must be protected i.e. Internal Audit, Insurance, Treasury Management and Procurement. More generally, reductions in other areas must not risk the propriety and probity of financial and other key business processes.
- (4) Efficiency and low impact savings must be maximised and managed over two years in line with the guidelines. This includes the first phase of the CBOSS efficiency savings targets which apply to all departments.
- (5) Major unavoidable developmental areas must be protected (i.e. the remaining CBOSS work) in line with the procurement cycle. This also includes adequate support arrangements to the new Procurement Management Board which will be vital to driving through procurement savings across the Authority.
- (6) After that we will look to maintenance and development budgets (which make up the bulk of the department's net budget) to bear the consequence of the above in the first instance but with every effort made to secure alternative revenue finance to achieve even partial mitigation. Given the decision not to reduce the ICT development fund as part of last years Reconciling Policy and Resources - together with the planned cessation of the £1m corporate E Government provision which is already included within the 2005/06 budget plan we will not look for further reductions in this area. In itself this reduction will have a major impact.

Given the need for savings over the last few years there are few 'easy options'. Many are as a result of totally reorganising the way we work and further exploiting ICT. These involve significant staff changes/reductions. To achieve the total 5% will necessitate reducing building maintenance spending - a high priority area.

D. Pressures

Whilst the majority of pressures are managed within the Directorate' total budget there are 3 significant areas which will be particularly challenging, At this stage the Director and management team are exploring how these priorities can be managed within available resources.

- (1) Web Co-ordinator - £30,000

The use of a temporary appointment in the current year has shown the necessity, in line with all other departments, of a dedicated member of staff to co-ordinate, maintain, and enhance the availability of information on the Intranet and Internet sites. The cost shown is the full year cost of a permanent post.

(2) Procurement Management Board Support - £50,000

In order to fulfil its role and deliver further savings the new Procurement Management Board will need to be properly supported. Again the full year cost is shown.

(3) ICT Refresh

In line with prudent financial planning the Directorate needs to provide for the refresh/replacement of ICT equipment at the end of its life. The existing provision is inadequate, (the amount shown is the annual shortfall).

E. Savings

As shown in Appendix E the main areas of savings relate to CBOSS implementation and associated efficiency gains, ICT systems running costs and the tendering of facilities management. However, these alone are not sufficient to meet the target and it will be necessary to find the balance required (£80,000) from the building maintenance budget. Given the high priority attached to this area reductions in spending may appear short-sighted but it is the only area left for savings without massive increases in corporate financial risk.

Sean Nolan
Deputy Chief Executive &
Director of Corporate Resources