

ANGUS COUNCIL

POLICY & RESOURCES COMMITTEE - 10 FEBRUARY 1998

Joint Report by Chief Executive and Director of Finance

TOWARDS A POLICY-LED BUDGET

SUMMARY

At the Council seminar for members and chief officers "A Corporate Plan for Angus - Priorities and Mechanisms" held on 16 December 1997, the Chief Executive undertook to bring forward a report on Policy-led budgeting, based on an approach which would be "evolutionary and gradual, avoiding shocks and surprises".

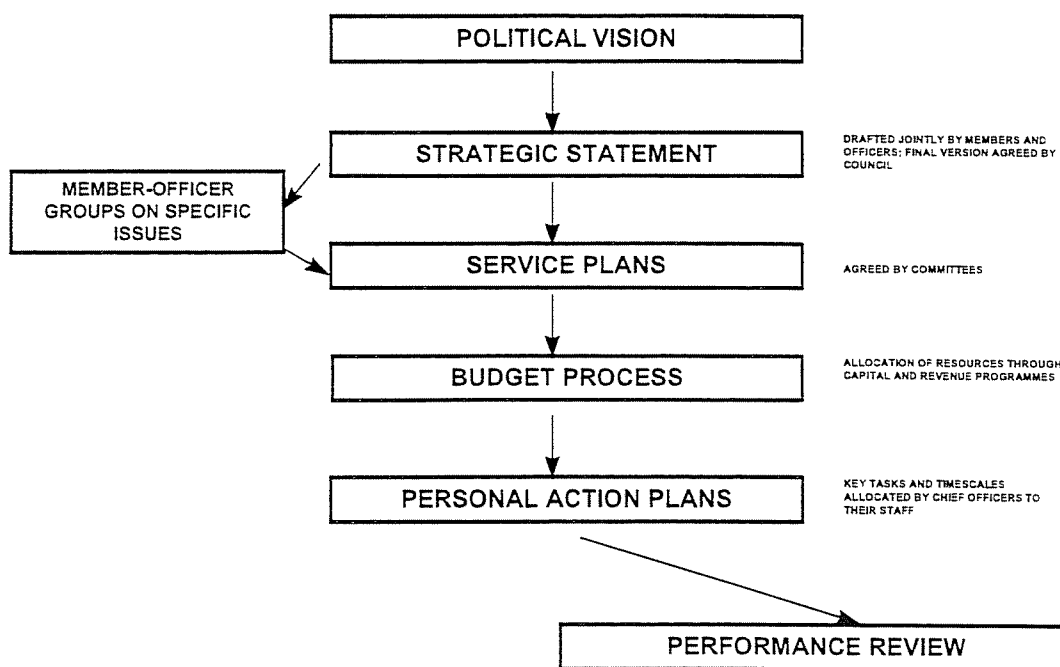
This report fulfils that undertaking and suggests a gradual and evolutionary approach to the matter.

1. RECOMMENDATION

- (i) the pilot proposal outlined in this paper be implemented in the financial year 1998/99, if contingency funds allow;
- (ii) a review of the pilot be carried out in time to inform the 1999/2000 budget exercise.

2. INTRODUCTION

- 2.1 Angus Council from the outset has adopted a strategic planning approach and the production of departmental development plans and personal action plans for senior staff has ensued a systematic approach to the way in which the Council is moving forward across its Departments.
- 2.2 The various Committees of the Council have received progress reports, and have agreed updated development plans for 1997/98 and the Informal Review Group is currently examining progress with regard to delivering, on (a) the Council's key themes, and (b) the recommendations of Member/Officer Groups.
- 2.3 The process which the Council is following is as follows:-



- 2.4 The Budget dimension of the process is particularly important since the single most important test of the effectiveness of a corporate strategy is the extent to which it impacts on budgetary decisions. So far in Angus, there has been no significant reallocation of resources towards the Council's key priorities, albeit that significant attempts have been made to protect key services during the revenue budget savings exercises for both 1996/97 and 1997/98.
- 2.5 Policy led budgeting is the integration of the strategic planning and budget setting process. It is stressed that (i) a corporate strategy document is currently being finalised, and (ii) the Council's partnership arrangements with external agencies are developing. It is important to ensure that corporate objectives are achieved within the resources available.
- 2.6 In addition, in a context of Best Value, a 3-year revenue budget process linked to 3-year departmental development plans is envisaged and must be planned for.
- 2.7 Historically in most Councils the Director of Finance has co-ordinated the budget and the Chief Executive has co-ordinated policy development.
- 2.8 In Angus, with the Director of Finance also being the Depute Chief Executive, there is the opportunity of gradually moving to a position where policy controls the budget and the situation is avoided where

managers are trapped in yesterday's practices and members are not given the opportunity of questioning historical commitments.

2.9 If members wish to move away from a position where budgets are simply "rolled over", with very large tracts of expenditure not open to deliberation, and with some budget decisions being taken at the last minute out of political expediency, it is important that attention is given to commencing a process of gradual change.

2.10 Some of the steps already taken will aid the process:-

1. GAE/Budget exercise
2. the identification of core/non-core expenditure
3. the developing corporate ethos of the Management Team.

2.11 However, departments will be defensive. Lobbying will take place. And it is important that the following aspects of the process be recognised:

- the process is a political one and is about delivering on political priorities/manifesto commitments
- the role of elected members is crucial
- it requires commitment
- it requires the rejection of vested interests
- it requires attitudinal change
- it should be evolutionary and not revolutionary
- it requires participation by the public

3. PROPOSAL

3.1 It is stressed that the process must be evolutionary and gradual, avoiding shocks and surprises.

3.2 There is no purpose to be served in saying for example that we spend x% more than the statutory minimum requirement on certain services, or that we spend £y million on services which are discretionary and could therefore be jettisoned or dramatically reduced.

3.3 Rather, it is suggested that the Council identify 3 or 4 key political priorities which it wishes to pursue, and that a mechanism be introduced which allows some funding to be directed to these priorities during the 1998/99 financial year.

4. PUTTING THEORY INTO PRACTICE

4.1 The longer term objective of incorporating activity-based costing into a policy-led budget process must begin with a strategic plan which

clearly indicates the political direction of the Council while recognising also its statutory responsibilities.

- 4.2 The plan needs to be linked with 3 year capital and revenue plans and should seek to align the budgets more closely to policy.
- 4.3 Essentially, this is an exercise which requires a culture change in the organisation.
- 4.4 To start off the process in 1998/99, it is proposed to pilot a study in which the 4 political priorities identified at the 16 December Seminar receive an allocation of funding from the Contingency Fund, if in the course of the 98/99 financial year, it becomes apparent that such monies can be released. Any knock-on effect into 1999/2000 would require to be taken into account.
- 4.5 As part of this process, it will be important to develop a cost benefit model which allows us to examine all costs and benefit while considering the opportunity cost and long term affordability.
- 4.6 In order to achieve this aim, it is important that the priorities which are agreed are specific, measurable and reasonable as well as achievable within a realistic timescale.
- 4.7. Obviously, in the existing climate of financial stringency, the implementation of political priorities will mean attitudinal change on the part of both members and officers. However, if the Council wishes to break out of the present cycle of incremental budgeting and move to a more policy-led approach, it is important that this particular nettle be grasped.

5. LOOKING TO THE FUTURE

- 5.1 Over the longer term, it is proposed to move to a system which will plan, measure and deliver services over a three year period, a process which will aim to align the budget and service planning processes more closely. This will allow actual expenditure and delivered outputs to be measured against pre-agreed targets consistent with an overall strategy.
- 5.2 An important part of developing a system which measures and delivers outputs in a systematic way is to gather relevant information upon which more informed decision making can be made by the Council. This will mean gathering information which will assist in examining all costs and benefits.

As part of this fresh look at the cost of providing services, it is imperative that we establish the following:-

What local services are we delivering and at what costs?

How does the cost of service delivery compare with the Government's assessment of need?

Are there other ways of delivering services?

The information gathering process has already started and will be progressed during the next few months.

- 5.3 In the meantime, it is suggested that the above pilot be implemented for the 1998/99 financial year, and that a review of the pilot be carried out in time to inform the 1999/2000 budget exercise.
- 5.4 Obviously, the adoption of a policy-led approach is easier in periods of expansion. However, it is more important and appropriate to consider such an approach when resources are scarce. Also it must be recognised that, ultimately, the will to make policy-led budgeting work has to come from elected members.

A B Watson
Chief Executive

D Sawers
Director of Finance

January 1998

Note: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information), were relied on to any material extent in preparing this Report

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NOTE OF POINTS DISCUSSED AT A MEETING HELD WITH COMMUNITY COUNCILS HELD ON THURSDAY 11 DECEMBER 1997 IN THE TOWN AND COUNTY HALL, FORFAR

1. INTRODUCTION

Councillor Ian Hudghton welcomed the representatives of the Community Councils to the meeting.

2. MEETING OF 8 MAY 1997

The note of the points arising from the meeting held on Thursday 8 May 1997 was circulated.

3. AREA FORUMS AND AREA SERVICE TEAMS

Sandy Watson, the Chief Executive of Angus Council, gave a presentation on the Council's decentralisation proposals and indicated that, following an analysis of the operation of the pilot Area Forums introduced in Monifieth and Montrose, the Council had decided to develop further Area Forums in Angus. It was likely that these would be set up and running by Easter 1998.

In addition the Council was proposing to set up, on a pilot basis in the new year in Monifieth and Montrose, Area Service Teams of local Officers to provide a local focus for Council services.

Dr Cohen of Aberlemno Community Council enquired if maps of the Area Forum boundaries would be made available. It was indicated that the boundaries were being currently considered and that area maps would be made available when finalised.

4. BUDGET PREPARATION

David Sawers, Director of Finance, gave a presentation on the current state of planning for the 1998/99 budget. He indicated that Council Tax levels would have to increase while services would contract as a consequence of the Government's announcement of levels of grant for the coming year. It looked to be likely that the Council would have to absorb inflation for the fifth year in succession although the final position is not likely to be known until January. He suggested that the Community Councils could assist by writing to the Secretary of State, supporting the allocation of a fairer share of resources for prudent Councils like Angus.

Councillor David Selfridge enquired if the Community Councils would be advised of the likely implications of the finance settlement, when known.

Councillor Ian Hudghton indicated that the Council would endeavour to make the position public as it unfolded but in light of past experience of the timing of Government announcements it probably would not be possible for there to be specific consultation before the budget was fixed.

Dr Cohen for Aberlemno Community Council asked that the Council bear in mind those in the voluntary sector who were providing services, particularly in day care centres.

Ian Hudghton acknowledged that the voluntary sector was now essential to the operations of the Council.

Mr Euan Allardice of Forfar Community Council enquired as to the implications of the preservation of staff salaries for the 1998/99 revenue budget.

David Sawers responded that the arrangements for the preservation of the salaries expired 3 years after the re-organisation and the Council's main concern was the protection of front line services.

5. BEST VALUE

Sandy Watson, Chief Executive, gave a presentation on the Government's proposed Best Value regime and set out the steps which the Council was required to take. He indicated that following the Council's initial submission, the Scottish Office had sought clarification on some minor points but it was anticipated that approval would be forthcoming in the near future.

Mr Euan Allardice of Forfar Community Council enquired on which points the Scottish Office had sought clarification.

It was indicated that the Scottish Office had enquired as to the future use of competition by Angus Council and assurance had been given that, since the Council did not have, for example, a direct building organisation it would require to use competitive tendering in future.

6. THE ANGUS LOCAL PLAN

Mr Alex Anderson, Director of Planning, Transport and Economic Development, indicated that the draft Angus Local Plan had been approved by the Council as a basis for consultation. The consultation exercise would take place between January and March. It was proposed to hold 13 Public Meetings, 3 Local Plan Forums viz; a Community Forum, a Business Development Forum and an Environment Forum. A programme for the Local Plan process was set out.

Euan Allardice, Forfar Community Council, asked if it was not the case that the Council was already committed to the Plan since it had been approved. In response Mr Anderson indicated that the Council had approved the document for the purpose of consultation and gave an assurance that issues raised during the consultation process would be taken fully into account in the preparation of the final document.

Mr Gordon Wishart of Murroes and Wellbank Community Council indicated that during a previous consultation exercises a bus had been used to take the information to the villages and enquired if the Council had any proposals to carry out a similar exercise during the Local Plan consultation. Villagers attending meetings in the larger centres of population tended to be outnumbered and unable to make their views heard.

Mr Anderson indicated that the possibility of using a bus was being examined by the Council.

7. COMMUNITY CARE PROGRAMME 1997-2000 AND COMMUNITY RESOURCE CENTRE PROGRAMME

Bill Robertson, Director of Social Work, gave a presentation on the Community Care Plan and the Community Resource Centre Programme currently being run up by the Council, Tayside Health Board and Angus National Health Service Trust. He also made reference to the current White Paper on the National Health Service and its likely implications.

Dr Cohen of Aberlemno Community Council, indicated that he welcomed some aspects of the White Paper and had reservations regarding others.

Mr Humphrey Lingane of Arbroath Community Council, enquired if Care in the Community was good value for the patients.

Mr Robertson replied that Care in the Community was not a cheap option and, in Angus, no patient would be discharged into the community until a totally adequate care package was in place for that person.

8. GENERAL DISCUSSION AND MATTERS RAISED BY COMMUNITY COUNCILS

a) Library Charges

The matter of charges which had been introduced for mobile and local libraries for reservations and other services was raised by Inveresk, Murroes and Wellbank and Strathmartine Community Councils and a copy of Report No 1158/97 approved by the Recreation and Cultural Services Committee had been circulated. The representatives asked that these charges be removed since they were unfair to people living in rural areas.

Gavin Drummond, the Director of Cultural Services, indicated that the Recreation and Cultural Services Committee had agreed that the charges referred to would be dropped for users of mobile and local libraries but, as they had been included in the budget calculations for 1997/98, this would not take effect until 1 April 1998.

b) Proliferation of Radio Masts for Mobile Telephone Network

This issue was raised by Inveresk, Murroes and Wellbank Community Councils.

Mr Adamson of Inveresk Community Council enquired what control the Council could exercise over the erection of mobile telephone masts.

Alex Anderson the Director of Planning, Transport and Economic Development, indicated that, if the height of the mast was less than 15 metres then there were no planning controls in place as development came under the category of permitted development. However, Angus Council did try to negotiate with the telephone companies to encourage mast sharing arrangements and the use of less sensitive sites. Indications were that there would be a continuing demand for more masts to be constructed. The Council, as landowner, had recently refused a request to erect a mast on one of its properties.

Mr Wishart of Murroes and Wellbank Community Council asked if the Council would be prepared to make representations to the Scottish Office and COSLA that the permitted development status of mobile telephone masts be reviewed.

c) Pictish Centre, Brechin

Mrs Hickson of Inveresk Community Council indicated that since this matter had been raised events had moved on and that she understood that a planning application had been submitted.

Mr Anderson indicated that a joint consultancy study was due to be completed by the end of January and it was hoped that construction would commence at the end of 1998.

Dr Cohen of Aberlemno Community Council expressed the hope that the Pictish Centre would direct tourists to other historic sites in Angus such as the Aberlemno Standing Stones and his Community Council had written to Historic Scotland expressing the view that these should be accommodated in modern facilities. Mr Anderson indicated that he shared the Community Council view that the Pictish Centre should act as an orientation centre and should encourage tourists to visit the historic sites in Angus.

d) Road reinstatements

Mr Hugh Adamson of Inveresk Community Council enquired if the Council could put any pressure on the utilities to reinstate roads and footways after they had carried out works.

Dr Bob McLellan, Director Roads, indicated that the legislation relating to the reinstatement of roads had been amended in 1991 when the power formerly enjoyed by the local authorities to inspect reinstatements and to take necessary action to have these completed satisfactorily had been removed.

The local authorities were now only entitled to carry out planned inspection of a maximum of 5% of works. However, if particular defects were drawn to the attention of the Roads Department then a specific inspection would be carried out. Mr Ed Oswald of Carnoustie Community Council made reference to the number of poor reinstatements carried out in his area recently by cable companies and suggested that the Council, through COSLA, should suggest that the Roads and Street Works Act be reviewed.

e) Transport System

Mr Ian Robb of Montrose Community Council, expressed concern regarding the lack of direct services in the transport system in the Angus area.

Mr Alex Anderson indicated that the de-regulation of the transport system had meant that, if the Council wanted to establish a service which was unprofitable, it would have to pay a subsidy to the bus company. This could raise difficulties in the current financial climate. However, his Department did regularly assess services with the transport companies.

(f) Justinhaugh Bridge Closure

Mr Ivan Laird of Kirriemuir Landward East Community Council made reference to the closure in July of the Justinhaugh Bridge which originally had been due to last for only 10 weeks. The bridge was still closed.

Dr Bob McLellan, Director of Roads, indicated that there had been problems with the main contractor and sub-contractor on this project and apologised for the inconvenience caused to road users. However, the contractors would be subject to financial penalties.

(g) Agricultural Crisis

Mr David Pate of Inverarity Community Council asked if the Council would be prepared to make representations to the Government to intervene as soon as possible in the current crisis in the agricultural industry. Council Hudghton indicated that the Council was sympathetic to the plight of the industry. Councillor Selfridge indicated that he would support a motion to the Council on the subject.

(h) HGV Damage to Roads

Mr James Bruce of Strathmartine Community Council complained that heavy goods vehicles using the Balkello landfill site were destroying the road verges.

Captain Rennie Stewart, also of Strathmartine Community Council, expressed the view that the lorries were too large for the roads and the drivers showed little consideration for fellow road users.

Dr Bob McLellan indicated that the Council had an agreement with the site operators under which an annual sum was paid to the Council in respect of improvements and maintenance of the road. However, in general terms, the limited roads maintenance budget meant that improvements would take several years to complete.

(i) **Area Forums**

Iain Robb of Montrose Community Council enquired as to the relationship between Area Forums and the Community Councils.

Councillor Hudghton replied that their roles were complementary and Area Forums covered an area which could include several Community Councils and could discuss matters of common interest.

9. MARKETING INITIATIVE

A paper was circulated indicating that the Council has appointed a public relations company to help in the development of a marketing initiative for Angus, which already had the support of Angus and Dundee Tourist Board and Scottish Enterprise Tayside. The "Angus Ahead" initiative offered an opportunity to promote the special character of Angus and, with this in mind, representatives from business, public sector organisations and the community were being invited to an "Angus Ahead Forum" to be held on 30 January at Letham Grange.

Eight spaces were available for the Community Councils and nominations were invited.

