

BUDGET PROPOSALS REPORT FOR PLANNING ENVIRONMENT & COMMUNITY SERVICES 2012/13

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REASON FOR ITEM

To comply with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund revenue budget and capital programme for 2012/13, this report sets out the draft revenue budget and capital programme for Planning Environment & Community Services for 2012/13, along with indicative projections for the following two years. Following consideration by Cabinet on 15 December 2011, these proposals are now under consultation, and the proposals for each Group are being discussed at the January cycle of Policy Overview Committees.

Cabinet will next consider the budget proposals on 16 February 2012, and the report will include comments received from Policy Overview Committees. At the meeting on 16 February 2012 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2012/13. Full Council will meet to agree the budgets and Council Tax for 2012/13 on 23 February 2012.

The Committee needs to consider the budget proposals as they relate to Planning Environment & Community Services, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority. *(Please note the budget proposals for the Education service are reported through a separate overview committee and are therefore excluded from any figures shown in this report).*

OPTIONS AVAILABLE TO THE COMMITTEE

It is recommended that the Committee notes the budget projections contained in the report, and comments as appropriate on the combined budget proposals put forward for Planning Environment & Community Services, within the context of the corporate budgetary position.

INFORMATION

Background

1. As reported to Council in February 2011, the budget report for Council Tax setting for 2011/12 contained an initial savings requirement of £16.4m for 2012/13. The budget strategy developed in response to the CSR 2010, which is reliant on the HIP Business Improvement Delivery project, contained challenging savings targets

totalling in excess of £60m over the subsequent four year period. Having delivered budgeted savings of around £15.6m in 2010/11 (£10.2m original savings target, increased to £15.6m to deal with in-year Government cuts) and being well on track to deliver an additional £26.2m savings in 2011/12, initial plans had been developed to deliver the £16.4m savings required in 2012/13. Alongside this, groups were also tasked with reviewing all pressures and a review also commenced of all corporate pressures.

2. The local Government Finance Settlement in 2010 was for 2 years, so large elements of the funding for 2012/13 were known at the start of the budget cycle. However, there were still a number of areas of uncertainty within the budget, some of which still remain, and recent funding consultations add further uncertainty going forward. In addition, there are some emerging demand led pressures have now been recognised in the draft budget. The net result of all these changes is that the estimated budget gap now stands at £17.8m.
3. The timetable for the development of the 2012/13 was brought forward significantly from previous years with work commencing as soon as the 2011/12 budget was agreed by Council in February. Work on the development of savings proposals was integrated with service transformation work programmes and managed through the HIP Business Improvement Delivery programme. BID has continued to develop and evolve. The Deputy Chief Executive, Corporate Director of Planning, Environment, Education and Community Services (PEECS) has full control for the delivery of the total BID programme to ensure there is a standardised approach taken across all departments and services and oversees the established group change boards, who manage the delivery of the programme within each group. This refreshed governance framework enabled significant early progress on both the delivery of a balanced 2011/12 budget position and the development of a balanced set of proposals for 2012/13. Challenge sessions were held with all groups during June to ensure their proposals were sufficiently robust and to discuss the service pressures in each area, both ongoing and emerging. As a result of this work the draft 2012/13 budget was comprehensively updated and a detailed set of proposals and supporting working papers provided to the Leader at the end of July.
4. The structure of the report reflects the budget proposals reported to Cabinet on 15 December 2011, and sets out the aggregate corporate position, followed by Planning Environment & Community Services proposals extracted from the wider corporate budget and the overall proposals for the Planning, Environment, Education and Community Services Group.

The Budget and Policy Framework Procedure Rules

5. The consultation on the budget proposals commenced on 16 December 2011 following decisions taken by Cabinet on 15 December 2011.

6. There will be a further consideration by Cabinet of the budget proposals on 16 February 2012, including comments from Policy Overview Committees. These will be collated and reported back to Cabinet by the Corporate Services and Partnerships Policy Overview Committee. Council will be requested to approve the Cabinet's proposals on 23 February 2012, and if approved without further amendment they will be effective immediately.

Corporate Summary

7. While the focus of the discussion for the Policy Overview Committee should be the specific services within its remit, it is important that this discussion is conducted in the context of the overall corporate financial position.
8. The budget proposals included in this report represent Cabinet's budget strategy for 2012/13 and beyond. The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2012/13 whilst maintaining balances and reserves at well above £12m over the medium term.
9. The main challenge in delivering a balanced budget for 2012/13 is the development of significant savings of around £17.8m, on top of the £26.2m delivered in 2011/12. However, the Council's Business Improvement Delivery Programme is now well established and is driving the delivery of these savings. The month 7 budget monitoring for 2011/12 shows that good progress is being made in responding to this challenge; with the latest year end forecast showing a projected budget underspend of £2,349k and 94% of the 2011/12 savings being on track for delivery.
10. The final funding settlement for 2012/13 has not yet been announced and the budget has therefore been drafted on an estimated cut in funding of £9.2m, partially offset by a further central Government grant of £2.8m enabling a freeze in Council Tax in 2012/13.
11. Detailed within the draft budget proposals, in addition to the £17.8m savings proposals are £5.1m of corporate increases, £5.4m of contingency provisions and service pressures and an allowance of £3.3m for inflation.
12. The development of savings proposals has continued to concentrate on more efficient service delivery methods, the rolling out of the new Council operating model, focusing on core services and by not creating new pressures by providing services that are no longer funded by Central Government.
13. The draft general fund capital programme for 2012/13 amounts to £204m over three years, with £111m of that investment focused on meeting demand for Primary School Places across the Borough. In addition this programme will enable completion of a

number of major projects during 2012/13 including the South Ruislip and Hayes End Library Developments and a new Civic Amenity Site at New Years Green Lane.

Planning Environment & Community Services Budget Proposals

Summary of Key Financial Issues

14. The approach to the delivery of savings within the wider Planning Environment Education and Community Services Group (PEECS) is now being driven through a programme of transformational reviews of every service. This includes large scale reorganisation, restructuring and removal of duplication, undertaken in the context of a significantly larger service grouping. Within this over-arching work, the opportunity is being taken to question the need for services and examine alternative methods of service delivery, through process efficiency, use of technology or combining previously discrete service areas.
15. Other workstreams include a continuing review of the scale of fees and charges, within which there continues to be an emphasis on differentiating Hillingdon resident and non-residential charges. A number of workstreams will include a focus on procurement alongside a phased review of contract-related expenditure across all services. This is being supported by a robust process for controlling and challenging expenditure decisions across all services within the PEECS Group.
16. Planning, Environment and Community Services are on track to deliver £6.7m of savings in 2011/12 out of the PEECS Group's total 2011/12 programme of £11.3 million, and a further £4.3m savings out of the £7.8m Group total proposed for 2012/13.

Group Revenue Budget 2012/13

17. The movement between the current year's budget and the draft budget requirement for 2012/13 is summarised in Table 1 below. Further detail on the major items in the table is given below.

Table 1: Group Revenue Budget 2012/13

	Budget (£000s)
Budget 2011/12	53,701
Inflation	1,194
Service Pressures	55
Priority Growth	381
Savings	-4,271
Draft Group Revenue Budget 2012/13	51,060

Development and Risk Contingency and Service pressures

18. The Development and Risk Contingency provides for resources within the revenue budget that are unallocated at the beginning of the year, but that can be applied to issues as they arise during the year. The contingency is therefore used to budget for items where the probability or value of items is uncertain at the beginning of the year. The current draft Development and Risk Contingency includes items totalling £2.8m for 2012/13 for Planning, Environment and Community Services.
19. The key items within this are £1.1 million for the West London Waste Levy, £500k for Development Control income, £480k for a contingency against outsourced Leisure income streams and £450k for Carbon Reduction Commitment Energy Efficiency Scheme.
20. There is one service pressure item of £55k which relates to additional responsibilities resulting from the recently introduced Flood and Water Management Act.

Priority Growth

21. Growth for Planning Environment & Community Services has been included in the draft budget for consultation. This is based on Cabinet's known expenditure commitments, and is drawn from the items included in Table 1 above. For 2012/13, this includes £161k for the continuing implementation of the extended Library Opening Hours and £142k for Community Safety. This latter sum replaces a reduction in grant, which has also been reflected in the savings proposals. Full Priority Growth are sited in Appendix D.

Savings

22. The savings proposals contained within this draft budget have been developed through the HIP Business Improvement Delivery programme (BID), the Council's response to the projected budget savings requirement of around £65m over the next four year period.
23. Savings proposals currently developed total £17.8m for 2012/13 across the Council. The total savings figure for each group is net of the redundancy costs contained within their package of proposals. The savings included in the draft budget for Planning, Environment & Community Services total £4.3m and are included in Appendix A.

Fees and Charges

24. The Council is empowered to seek income from fees and charges to service users across a wide range of activities. Some of these fees and charges are set by the Government or other stakeholders, but many others are set at the discretion of the Council, based on Cabinet's recommendations.
25. The inflation assumption included in the budget does not take account of any increase in income from fees and charges. However, within their detailed savings proposals groups will take account of any projected increases as was the case in 2011/12.
26. Schedules detailing the proposals relating to fees and charges for 2012/13 for Planning Environment & Community Services are attached at Appendix B.
27. Any increases have generally been limited to the prevailing inflation rate. Only in the case of those charges where Hillingdon's rate is substantially lower than other authorities, such as cemeteries, are above inflation increases being proposed. The charges for Parking are again being frozen for 2012/13, whilst across a range of services preferential rates for Hillingdon residents continue to be maintained through use of the Resident's Card.

Capital Programme

28. The capital programme for 2011/12 was approved by Cabinet and Council as a one-year capital budget that focused on maximising the use of identified funding in order to minimise the level of new borrowing that ultimately impacts on budget requirements funded through Council Tax.
29. The process of developing a capital programme has again focused on identifying and sustaining available funding streams whilst simultaneously managing the impact of increased demand for primary school places in the borough. The Primary Capital

Programme is expected to require an investment in the region of £128m over the period 2010-15, to be financed from a combination of funding streams.

30. The draft capital programme may need to be revised once the final impact of the settlement is known as this may impact on the affordability of the programme. A summary of the draft capital programme for Planning Environment & Community Services is shown in Appendix C. Key schemes within the draft capital programme include the South Ruislip Development, Yiewsley Pool Self-financing scheme, Libraries Refurbishments (including the Central Library), Highgrove Pool refurbishment and Hayes End Library development.

31. Also included within the capital budget are the annual programme of works type schemes. These include continuation of the Chrysalis programme, Civic Centre enhancements, Environmental Assets, Highways Structural, Street Lighting and Road Safety schemes. The Council's Highways programme will be complemented by the annual TfL programme which is provisionally estimated at £3.3 million for 2012/13 and is funded by a ringfenced central government grant.

SUGGESTED COMMITTEE ACTIVITY

To consider the report and make comments on the detail. Comments will then be considered by Corporate Services and Partnership Policy Overview Committee who will then submit composite POC comments to Cabinet.

BACKGROUND PAPERS

Medium Term Financial Forecast 2012/13 – 2014/15 – report to Cabinet 15 December 2011.