

BUDGET PROPOSALS REPORT FOR RESIDENTS SERVICES 2013/14

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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, Housing Revenue Account budget and capital programme for 2013/14, this report sets out the draft revenue budget and capital programme of Residents Services (excluding Housing & Education) for 2013/14, along with indicative projections for the following two years. Following consideration by Cabinet on 20 December 2012, 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 14 February 2013, and the report will include comments received from Policy Overview Committees. At the meeting on 14 February 2013 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2013/14. Full Council will meet to agree the budgets and Council Tax for 2013/14 on 28 February 2013.

The Committee needs to consider the budget proposals as they relate to the Residents Services Group, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

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 by the Residents Services Group, within the context of the corporate budgetary position.

INFORMATION

Background

1. As reported to Council in February 2012, the budget report for Council Tax setting for 2012/13 contained an initial savings requirement of £12.1m 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, £26.2m in 2011/12 and being well on track to deliver an

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additional £17.7m savings in 2012/13, initial plans had been developed to deliver the £12.8m savings required in 2013/14. Alongside this, Groups were also tasked with reviewing all pressures and a review also commenced of all corporate pressures.

2. Since February 2012, Central Government has published a large number of consultation papers that will potentially impact on council funding, including a number in relation to Education funding. In addition, the local government finance settlement issued in late December laid out a new 2 year settlement for local government as well as incorporating fundamental changes to the local government finance system. The estimated impact of these numerous changes on the likely level of council funding have been incorporated into the draft budget and the budget gap currently stands at £12.8m. However, there is clearly a high degree of uncertainty that will not be removed until the settlement has been analysed in detail. This analysis will be incorporated into the February 2013 Cabinet budget report.
3. The timetable for the development of the 2013/14 budget was brought forward as in previous years with work commencing as soon as the 2012/13 budget was agreed by Council in February 2012. The initial technical consultation for the proposed Business Rates Retention scheme released in July included a commitment to maintain funding stability for local government as far as possible. This provided a basis for the development of the MTFF for 2013/14 building upon the total government funding agreed for 2012/13 and enabled estimation of the likely budget gap for 2013/14 and the plans to bridge this gap to be developed.
4. Work on the development of savings proposals was integrated with service transformation work programmes and managed through the HIP Business Improvement Delivery programme. Over the year, two blocks of six challenge sessions were held covering the three groups, Corporate Budgets, BID cross cutting proposals and the Housing Revenue Account. These sessions focussed on the latest in year position, a review of existing and emerging pressures, and progress on the development of savings proposals for 2013/14. As a result of this work the draft 2012/13 budget was comprehensively updated and early draft budget reports were provided to the Leader at the end of July and then to the Cabinet and CMT awayday in November.
5. The structure of the report reflects the budget proposals reported to Cabinet on 20 December 2012, and sets out the aggregate corporate position, followed by the Residents Services Group's proposals extracted from the corporate budget.

The Budget and Policy Framework Procedure Rules

6. The consultation on the budget proposals commenced on 21 December 2012 following decisions taken by Cabinet on 20 December 2012.
7. There will be a further consideration by Cabinet of the budget proposals on 15 February 2013, 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

28 February 2013, and if approved without further amendment they will be effective immediately.

Corporate Summary

8. 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.
9. The budget proposals included in this report represent Cabinet's budget strategy for 2013/14 and beyond. The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2013/14 whilst maintaining balances and reserves at well above the minimum recommended level.
10. The main challenge in delivering a balanced budget for 2013/14, as in the previous two years, is the development of significant savings - around £12.8m, on top of the £60m delivered over the last three years. 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 2012/13 shows that good progress is being made in responding to this challenge; with the latest year end forecast showing a projected budget underspend of £2,066k and 86% of the 2012/13 savings being on track for delivery.
11. The final funding settlement for 2013/14 has only just been announced, but not yet fully analysed, and so the budget has therefore been drafted on the latest estimated position.
12. Detailed within the draft budget proposals, in addition to the £12.8m savings proposals are £2.4m of corporate reductions, £3.9m of contingency provisions and service pressures and an allowance of £2.9m for inflation.
13. 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.
14. The draft general fund capital programme for 2013/14 amounts to £220m over three years, with £149m of that investment focused on meeting demand for Primary School Places across the Borough. In addition this programme will provide an additional £2m investment in highways & pavements; complete the borough wide libraries refurbishment programme; over £1m investment on improvements at Ruislip Lido; the re-provision of West Drayton Boys Club and £1.2m for grounds maintenance vehicles.

Residents Services Group Budget Proposals

Summary of Key Financial Issues

15. The approach to the delivery of savings within Residents Services continues to be driven through a programme of transformational reviews of every service area, and is managed through the established HIP Business Improvement Delivery Programme. This includes large scale reorganisation, restructuring and removal of duplication. 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.
16. The Group has undertaken its annual review of the scale of fees and charges, within which there continues to be an emphasis on differentiating Hillingdon resident and non-residential charges. However, for 2013/14 and 2014/15 it is proposed to freeze most fees and charges to residents, including parking charges and waiver of pest control fees for over 65's.
17. A number of workstreams will continue to focus on procurement, alongside an ongoing review of contract-related expenditure across all services. Alongside the procurement work, the robust process and controls for controlling and challenging expenditure decisions that were already in place have been updated, and applied to the new service configuration.
18. The services are on track to deliver £4.6m of savings in 2012/13 out of an overall total 2012/13 programme of £8.6 million, once Education and Housing services are also considered.

Group Revenue Budget 2013/14

19. The movement between the current year's budget and the draft budget requirement for 2013/14 is summarised in Table 1 below. Each of the lines in Table 1 is set out in the following sections and in Appendix A.

Table 1: Group Revenue Budget 2013/14

	Budget (£000s)
Budget 2012/13	52,830
Inflation	1,197
Corporate Items	-292
Service Pressures	945
Priority Growth	956
Savings	-2,715
Other Adjustments	1,130
Draft Group Revenue Budget 2013/14	54,051

Development and Risk Contingency and Service pressures

20. 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 £2.6m for 2013/14 for the Residents Services Group.
21. The key items within this are £1.4 million for the West London Waste Levy, £402k for Carbon Reduction Commitment Energy Efficiency Scheme, and £217k for a contingency against outsourced Leisure income streams.

Priority Growth

22. A number of items for the Residents Services Group have 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. The proposals include £1 million for Highways and Footpaths investment, £108k for Community Safety Projects and £65k for Enhanced Litter Collection. The full list is shown in Appendix B.

Savings

23. The savings proposals contained within this draft budget have been developed through the HIP Business Improvement Delivery programme (BID), which is the Council's response to Central Government's austerity programme.
24. Savings proposals currently developed total £12.8m for 2013/14 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 the Residents Services Group (excluding Education and Housing) total £2.7m and are included in Appendix A.

Fees and Charges

25. 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.
26. 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 2012/13.

27. Schedules detailing the proposals relating to fees and charges for 2013/14 for the Residents Services Group are attached at Appendix D. As noted above it is proposed to freeze most residents fees and charges for 2013/14.

Capital Programme

28. The capital programme for 2013/14 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 £149m over the period 2010-15, to be financed from a combination of funding streams yet to be announced by central government.

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 the Residents Services Group is shown in Appendix C. Key items within the draft capital programme include the South Ruislip and Queenswalk Developments, Yiewsley Pool Self-financing scheme, and the Central Library refurbishment

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, Highways Structural, Street Lighting and Road Safety schemes. The Council's 2013/14 Highways programme will be complemented by a further £2 million of Highways Priority Growth and the annual TfL programme which is provisionally estimated at £2 million for 2013/14, 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 2013/14 – 2016/17 – report to Cabinet 20 December 2012

Appendix A – 2013/14 Draft Savings

	Description of proposal	2013/14 £000's	2014/15 £000's	2015/16 £000's	2016/17 £000's
(1) FULL YEAR IMPACT OF PRIOR YEAR SAVING (NO CHANGES)					
PECS11	Full year impact of 2011-12 saving - BID Compliance review	-113	-113	-113	-113
PECS26	Full-year impact of 2011-12 saving - Advertising income	0	0	0	0
(2) FULL-YEAR IMPACT OF PRIOR YEAR SAVING (REVISED)					
PECS 23	New Homes Bonus - Matched funding	-750	-750	-750	-750
	DCLG Local Growth Initiative to match fund Council Tax on new homes built - from 2013/14 to be met from top-slice on Revenue Support Grant and accounted for alongside Corporate Grant income				
ICT1,2&4	Restructuring of ICT Service and Re-Tendering ICT Contracts	-110	-360	-360	-360
	The restructure savings relates to opportunities through the continued unification of the ICT function. There are additional savings in the ICT restructure and in the BID Cross Cutting savings for 2013/14.				
ICT5	Process development within Contact Centre	-90	-90	-90	-90
	Opportunities through the use of improved technology and investigating different delivery models, including considering the outsourcing of individual services.				
(3) 2013-14 SAVINGS					
PEECS13-02	Waste Services - Dry Recycling Contract	-536	-536	-536	-536
	Revised scope and contract for dry recyclates				
PEECS13-03	Town Centre Management	-23	-23	-23	-23
	Restructure and merger of Town Centre and Community Engagement teams				
PEECS13-04	Arts & Events Service Restructure	-42	-42	-42	-42
	BID review of Arts and Events Service				
PEECS13-05	Facilities Management review	-131	-131	-131	-131
	Restructure of Facilities Management				
PEECS13-06	Zero based Budget Review of Business Rates	-85	-85	-85	-85
	Net saving resulting from cumulative impact of revaluations and disposals				
PEECS13-07	Review of remaining discretionary budgets across the Group	-185	-185	-185	-185
	Reduction in non-staffing budgets across non-Education service areas				
PEECS13-08	Business Support & Technical Admin review	-169	-169	-169	-169
	An ongoing review of support and administration across the group				
	Reduction in currently budgeted redundancy costs	-100	-100	-100	-100
	2010/11 & 2011/12 savings target net shortfall / (surplus) that needs addressing on a permanent basis	68	68	68	68
	2012/13 anticipated savings shortfall re: PECS26 Advertising Income	50	50	50	50
	Major Transformation Projects & BID Reviews	-499	-575	-655	-655
Total Savings		-2,715	-3,041	-3,121	-3,121

Appendix B – 2013/14 Priority Growth

<u>Priority Growth Proposals</u>	Group	Net Variation from 2012/13 Budget			
		2013/14	2014/15	2015/16	2016/17
Description		£(000s)	£(000s)	£(000s)	£(000s)
Additional Litter and dog waste bins(one-off funding dropping out)	RS	-18	-18	-18	-18
Extended Library Opening Hours	RS	22	22	22	22
Road & pavement maintenance (one-off funding dropping out)	RS	-500	-500	-500	-500
Increase in Unallocated Priority Growth		301	1,301	1,301	1,301
Total Priority Growth Proposals		-195	805	805	805
<u>Memorandum - Unallocated Priority Growth Fund</u>	Group	Priority Growth Available to Fund further Initiatives			
		2013/14	2014/15	2015/16	2016/17
		£(000s)	£(000s)	£(000s)	£(000s)
Roll Forward Budget		1,704	1,704	1,704	1,704
Additional Priority Growth included in MTFF		301	1,301	1,301	1,301
Unallocated Priority Growth Fund		2,005	3,005	3,005	3,005
Initiatives funded from Unallocated Priority Growth					
Trees Officer (Full Year Effect)	RS	-50	-50	-50	-50
Proceeds of Crime Officer	RS	-56	-56	-56	-56
Ruislip Lido Officer	RS	-33	-33	-33	-33
Park Cleaning - Weekend Litter Collection April to September	RS	-57	-57	-57	-57
Community Safety On-going Projects	RS	-108	-108	-108	-108
Highways Inspector - Section 58	RS	-33	-33	-33	-33
Planning for Business Co-ordinator	RS	-50	-50	-50	-50

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Enhanced Litter Collection	RS	-65	-55	-55	-55
Highways and Footpaths Investment	RS	-1,000	0	0	0
Remaining Unallocated Priority Growth Fund		553	2,563	2,563	2,563

Appendix C – 2013/14 Capital Programme

Full Project Forecast Outturn (£000s)	Revised Budget 2012/13 (£000s)	Forecast Outturn 2012/13 (£000s)	Project	Group	Draft Programme 2013/14 (£000s)	Financed by:			Draft Programme 2014/15 (£000s)	Draft Programme 2015/16 (£000s)	Draft Programme 2016/17 (£000s)	Financed by:		
						Borrowing / Receipts 2013/14 (£000s)	External Grants 2013/14 (£000s)	Other Sources 2013/14 (£000s)				Borrowing / Receipts (£000s)	External Grants (£000s)	Other Sources (£000s)
			Programmes of Works											
5,331	1,331	1,331	Chrysalis Programme	RS	1,000	1,000	0	0	1,000	1,000	1,000	3,000	0	0
4,688	2,014	1,824	Civic Centre Works Programme	RS	2,864	2,864	0	0	0	0	0	0	0	0
5,337	2,381	1,937	Formula Capital Devolved to Schools	RS	1,183	0	1,183	0	739	739	739	0	2,217	0
1,290	258	258	Highways Localities Programme	RS	258	258	0	0	258	258	258	774	0	0
5,050	1,250	1,250	Highways Structural Works	RS	950	950	0	0	950	950	950	2,850	0	0
2,000	0	0	Highways Priority Growth	RS	2,000	2,000	0	0	0	0	0	0	0	0
3,500	1,000	1,000	ICT Single Development Plan	RS	1,000	1,000	0	0	500	500	500	1,500	0	0
3,000	600	600	Property Works Programme	RS	600	600	0	0	600	600	600	1,800	0	0
1,150	250	150	Road Safety	RS	250	250	0	0	250	250	250	750	0	0
900	180	180	Street Lighting	RS	180	180	0	0	180	180	180	540	0	0
4,750	1,988	1,393	Town Centre Initiatives	RS	2,290	325	1,965	0	325	325	325	975	0	0
12,265	4,620	4,297	Transport for London	RS	1,992	0	1,992	0	1,992	1,992	1,992	0	5,976	0
7,579	3,179	2,567	Urgent Building Condition Works	RS	2,012	0	2,012	0	1,000	1,000	1,000	0	3,000	0
399	399	290	Section 106 Projects	RS	109	0	0	109	0	0	0	0	0	0
						0	0	0	0	0	0	0	0	0
57,239	19,450	17,077	Total Programmes of Works		16,688	9,427	7,152	109	7,794	7,794	7,794	12,189	11,193	0
			Major Projects											
1,621	1,621	0	Civic Centre CHP & Energy Savings Projects	RS	1,621	1,621	0	0	0	0	0	0	0	0
3,665	2,545	1,609	Environmental Assets	RS	2,019	2,019	0	0	0	0	0	0	0	0
6,077	4,597	5,624	Highgrove Pool Phase II	RS	68	68	0	0	0	0	0	0	0	0
4,805	1,264	958	Libraries Refurbishment	RS	746	746	0	0	0	0	0	0	0	0
4,100	2,815	29	Libraries Refurbishment - Central Library	RS	3,886	3,886	0	0	150	0	0	150	0	0
6,490	0	0	New Years Green Lane EA Works	RS	0	0	0	0	0	3,245	3,245	3,245	3,245	0
149,259	45,261	18,799	Primary School Expansions	RS	75,134	47,699	21,635	5,800	42,193	0	0	29,759	8,564	3,870
7,668	2,179	1,679	Purchase of Vehicles	RS	2,000	2,000	0	0	1,500	1,000	500	3,000	0	0
1,228	0	0	Grounds Maintenance Equipment & Vehicles	RS	1,228	1,228	0	0	0	0	0	0	0	0
1,173	0	0	Car Park Resurfacing	RS	94	94	0	0	1,079	0	0	1,079	0	0
487	230	145	CCTV	RS	85	85	0	0	257	0	0	257	0	0
2,803	1,140	300	Queenswalk Redevelopment	RS	2,503	2,503	0	0	0	0	0	0	0	0
7,239	4,478	68	South Ruislip Development	RS	4,410	4,410	0	0	0	0	0	0	0	0
670	578	110	Sport & Cultural Projects	RS	468	198	0	270	0	0	0	0	0	0
11,580	0	0	Yiewsley Pool Self-Financing Scheme	RS	7,720	7,720	0	0	3,860	0	0	3,860	0	0
850	0	0	West Drayton Boys Club	RS	0	0	0	0	850	0	0	850	0	0
90	0	0	Rural Agricultural Garden Centre	RS	90	90	0	0	0	0	0	0	0	0
950	950	210	GF Supported Housing	RS	740	740	0	0	0	0	0	0	0	0
						0	0	0	0	0	0	0	0	0
210,755	67,658	29,531	Total Major Projects		102,812	75,107	21,635	6,070	49,889	4,245	3,745	42,200	11,809	3,870
6,000	2,482	0	Contingency		1,500	1,500	0	0	1,500	1,500	1,500	4,500	0	0
267,994	89,590	46,608			121,000	86,034	28,787	6,179	59,183	13,539	13,039	58,889	23,002	3,870

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