

BUDGET PROPOSALS REPORT FOR RESIDENTS SERVICES 2015/16

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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 2015/16, this report sets out the draft revenue budget and capital programme of the Residents Services for 2015/16, along with indicative projections for the following four years. Following consideration by Cabinet on 18 December 2014, 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 12 February 2015, and the report will include comments received from Policy Overview Committees. At the meeting on 12 February 2015, Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2015/16, who will meet to agree the budgets and Council Tax for 2015/16 on 26 February 2015.

The Committee needs to consider the budget proposals as they relate to Residents Services, 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 Residents Services, within the context of the corporate budgetary position.

INFORMATION

Background

1. The Council continues to operate within the constraints of Government's deficit reduction programme, which has seen a reduction of 37% (£58m) in central government funding since 2010/11 and all indications are that funding will continue to decline. As reported to Council in February 2014, indicative sums for 2015/16 have been published by DCLG and indicate a further 13.8% reduction in that one year alone. When combined with the broad range of demographic and other service pressures impacting upon the Council's finances, this requires the Council to continue to identify savings and efficiencies to protect services to residents.
2. Since February, groups have been developing savings proposals sufficient to manage the overall funding reduction and to manage any increased cost pressures within their services. In addition, a comprehensive review of the corporate elements of the budget has been undertaken, including funding, inflation and capital financing. During June and early July, and

then again during September and October, a series of budget challenge sessions were held at officer level covering Administration, Finance, Residents Services, Adult Social Care, Children and Young People, the Capital Programme, the Housing Revenue Account and Corporate Budgets. Each session followed a similar format reviewing:

- The 2013/14 outturn, particularly any ongoing issues arising.
 - The current position in 2014/15 - both monitoring and savings delivery.
 - Existing and emerging pressures which need to be addressed in the 2015/16 budget and forecasts for future years.
 - Progress on the development of savings proposals for 2015/16.
 - Identification of any potential growth or invest-to-save bids.
 - Capital programme requirements.
3. Alongside these budget challenge sessions, Finance Managers have been leading a number of reviews focused on understanding and simplifying the Council's base budget position in order to ensure that budgets are fully aligned with management responsibility and to improve transparency around the existing cost base. These reviews have removed a significant number of notional internal charges and centralised a number of externally-set levies, enabling operational managers to focus on controllable expenditure and accountants to reduce unnecessary reworking of data.
 4. The budget report presented to Cabinet in December 2014 collated the output from work undertaken and presents a balanced draft budget for consideration by Cabinet in December and wider consultation during January, prior to the final budget for 2015/16 being approved by Cabinet and Council in February 2015. Alongside the 2015/16 position, the report also considered the financial outlook for the Medium Term which considers the likelihood of sustained reductions in funding over the period from 2016/17.

The Budget and Policy Framework Procedure Rules

1. The consultation on the budget proposals commenced on 19 December 2014 following decisions taken by Cabinet on 18 December 2014.
2. There will be a further consideration by Cabinet of the budget proposals on 12 February 2015, 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 26 February 2015 and, if approved without further amendment, they will be effective immediately.

Corporate Summary

3. 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.

4. The budget proposals included in this report represent Cabinet's budget strategy for 2015/16 and beyond. The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2015/16 whilst maintaining balances and reserves at well above the minimum recommended level. The final funding settlement for 2015/16 will not be available until late January / early February, and so the budget has therefore been drafted on the latest estimated position.
5. The principal challenge in delivering a balanced budget for 2015/16 is the development of significant savings, with the initial budget gap of £20,284k reported to Cabinet in February 2014 being managed through a drawdown of £5,000k from balances, £7,672k being secured by groups through savings and managed reductions in contingency and the balance being met through corporate and policy items such as the collection fund surpluses and capital financing costs.
6. The budget proposals presented to Cabinet in December are analysed below, with a reduction of £8,529k in funding - principally driven by reductions in Government funding - and other budget movements resulting in £10,113k savings proposals. With £3,234k of this sum relating to the full year effect of previously agreed savings, £6,879k new proposals have been developed and outlined in the report to Cabinet.

Table 1: Headline Budget Movements

	£'000
Funding Sources	
Council Tax Receipts	104,196
Retained Business Rate Receipts	46,955
Central Government Grant	52,508
Total Resources	203,659
Budget Requirement 2014/15	212,188
Inflation	2,920
Corporate Items	(5,278)
Contingency	2,942
New Priority Growth	1,000
Savings	(10,113)
Budget Requirement 2015/16	203,659
Surplus / (Deficit)	0

7. 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. As previously noted, the Council's Business Improvement Delivery Programme is now well established and able to drive the delivery of these savings - evidenced by £13,407k of the £16,491k 2014/15 savings being either already banked or on track in Month 7 monitoring.
8. The draft general fund capital programme for the period 2015/16 - 2019/20 proposes significant capital investment of around £336,290k, including the continuation of the Primary Schools

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capital programme, the development of a new Secondary Schools capital programme, the provision of a new landmark theatre and museum, investment in roads and pavements, as well as investment in new Youth Centres and improvement work associated with the Borough's highways, environmental and recreational facilities.

RESIDENTS SERVICES / GROUP BUDGET PROPOSALS

Summary of Key Financial Issues

9. 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 coordinated and managed through the established HIP Business Improvement Delivery Programme. This includes ongoing reviews of structures, service groupings 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 and use of technology. The Directorate continues to focus on maximising funding opportunities and income streams which do not impact on frontline service provision. In the current financial year (2014/15), Residents Services (excluding Housing & Education) are on track to deliver budget savings of £3.028 million.
10. A number of workstreams will continue to focus on improving procurement, alongside an ongoing review of contract-related expenditure across all services. Alongside the procurement work, the robust processes for controlling and challenging expenditure decisions that were already in place have been updated and applied to the new service configuration.
11. 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. The Council continues to operate a system of differential charges through the Hillingdon First card, which enables preferential rates to be offered to local residents.
12. In addition to preferential rates for residents, the Council froze almost all Fees and Charges for residents during 2013/14 and 2014/15, with modest increases proposed for a small number of charges in 2015/16. Where increases are recommended, the cost recovery principle has been considered. Charges have been benchmarked against those of neighbouring authorities and shown to remain competitive.
13. The budget proposals include a five year capital programme with significant investment in the Borough's infrastructure and a number of proposed new projects.

Group Revenue Budget 2015/16

14. The movement between the current year's budget and the draft budget requirement for 2015/16 is summarised in Table 2 below. The savings in Table 2 are set out in further detail in Appendix A.

Table 2: Group Revenue Budget 2015/16

	Residents Services £'000
Budget Requirement 2014/15	48,935
Inflation	963
Corporate Items	430
Contingency	0
Priority Growth	711
Savings	(3,529)
Other Virements	(29)
Budget Requirement 2015/16	47,481

Development and Risk Contingency

15. 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 £2,447k for 2015/16 for the Residents Services Group.

16. The items within this are £2,211k for the West London Waste Levy and £236k for the Carbon Reduction Commitment Energy Efficiency Scheme.

Priority Growth

17. Growth of £711k for the Residents Services Group has been included in the draft budget for consultation. This is based on Cabinet's known expenditure commitments.

18. £440k is provided to support a continuation of the Ward Budget Scheme, providing a sum of £22,000 for investment in each ward.

19. An additional £62k growth to fund the Police Tasking Team is included in this budget, representing the full year effect of monies included in the 2014/15 budget and bringing this funding to £134k per annum.

20. £130k Priority Growth is included in this budget to provide increase investment in tackling Rogue Landlords and Beds in Sheds across the Borough.

21. In order to ensure that the benefits of recent investment in the Ruislip Lido site are maximised, £24k is being earmarked to fund additional staffing in the peak season.

22. Following the introduction of the Prior Approvals system in May 2013, there has been a sustained growth in the number of planning applications lodged by residents. Funding of £55k per annum is therefore proposed to provide capacity in the team to manage these applications.

Savings

23. The savings proposals contained within this draft budget have been developed through the HIP Business Improvement Delivery programme (BID), the Council's response to Central Government's austerity programme.
24. Savings proposals currently developed total £10,113k across the Council for 2015/16, including £3,234k of full year effects of prior year savings. The total savings included in the draft budget for Residents Services total £3,529k and are included in Appendix A.
25. The increase in net grant for the New Homes Bonus receivable from the DCLG for bringing new homes into use within the Borough, net of the proposed topslice to support the Local Economic Partnership for 2015/16, is £1,408k.
26. The centralisation of technical administration and business support functions for resident facing directorates into Residents Services has resulted in a proposal to further rationalise the service and release £250k savings.
27. A target of £300k in 2015/16 for middle management restructures across the group has been set. This follows on from the Senior Management Restructure of the directorate that was undertaken in late 2014.
28. Proposals in relation to the outcome of zero-based reviews across the group are expected to contribute £375k towards delivery of the savings target, while the budgetary impact of West London Waste Authority's closure of the Victoria Road Civic Amenity site would release £406k.
29. A proposed review of Fees and Charges across the group is expected to secure £150k through non-routine charges such as bereavement services, while reviews into budgeting for existing income such as development control could release a further £100k.
30. The efficiency savings from realigning Public Health responsibilities and review of existing Public Health contracts within the directorate generates further savings of £430k.
31. Reviews of the Fleet Management operation and further ICT rationalisation are to secure another £110k.

Fees and Charges

32. 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.
33. Schedules detailing the proposals relating to fees and charges for 2015/16 for the Residents Services Group are attached at Appendix B. Increases are proposed in the following areas:

- a. Highways - minor increases in skip licensing charges, remaining significantly lower than neighbouring boroughs;
- b. Breakspear Crematorium - maintaining charges at current levels and making cremations for under 18s free of charge;
- c. Cemeteries - uprating of interment fees, which will remain below those of neighbouring authorities and maintaining differential charging for non-residents;
- d. Arts / Theatre Services - inflationary uplift to charges, which remain lower than other local providers, while simplifying charging arrangements for equipment rental;
- e. Trade Refuse - increase to fees for commercial bulk bin hire and trade services at civic amenity sites, reflecting the annual increase in landfill tax;
- f. Homes in Multiple Occupancy (HMO) Licensing - aligning charges to those of neighbouring authorities and providing recovery of costs,

Capital Programme

- 34. The capital programme for 2015/16 was approved by Cabinet and Council as a five-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.
- 35. The process of developing a capital programme has again focused on identifying and sustaining available funding streams whilst simultaneously managing the significant impact of increased demand for sufficient school places in the Borough.
- 36. 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 is shown in Appendix C. Key items within the draft capital programme are as follows:
- 37. The existing approved programme includes a number of major schemes commencing in 2015/16, the funding for which has already been earmarked within the Council's broader MTFF. Key highlights include commencement of the 1,200 seat theatre project at St Andrew's Park, a Borough museum and a new Youth Centre in Harefield.
- 38. This draft programme includes a number of proposed new schemes totalling £15,951k. Taking into account substantial movements in capital receipts outlined below, borrowing within the refreshed programme will not increase and therefore no additional revenue provision is required. Each of these new schemes and amendments are outlined below:
- 39. Battle of Britain Bunker, a Heritage Civic Pride project - A restoration project on the former RAF Uxbridge Site. Plans include the replacement of a building near the Bunker known as the ASU

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building with potential for it to act as a visitor centre, the overall project is estimated to cost in the region of £4,850k with a target completion date of September 2015.

40. Highways Structural Works & Pavements Priority Growth - £3,000k additional investment is included in this draft budget to continue the Council's programme of activity in these areas.
41. Environmental and Recreational Initiatives - £1,000k of funding to support a range of investments in environmental and recreational sites across the Borough.
42. Capital Priority Growth - £1,000k provision to support additional schemes identified during 2015/16 and respond to new priorities.
43. Cedars & Grainges Car Park Improvements - An extended scope has been outlined for the previously planned investment in Uxbridge Town Centre car parks, which will support economic development in the area. An increase of £2,155k, partially funded from £200k of Developer Contributions, is therefore included in this draft budget.
44. Borough-wide Car Park Improvements & Rural Activities Garden Centre Car Park - An additional £500k of investment in off street car parks across the Boroughs, including an enhancement of parking facilities at the Council's Rural Activities Garden Centre.
45. Ruislip Lido Boathouse - Refurbishment of the Boathouse at Ruislip Lido for service use at an estimated cost of £210k.
46. Investment in Bowls Clubs - £900k provision for the refurbishment of two existing bowls clubs and construction of third is included in this programme and intended to support the Council's broader Public Health responsibilities, by encouraging activity in the Borough's older population.
47. Haste Hill Golf Club Investment - A set of two projects to refurbish the club house for use as a function room at a cost of £80k and a replacement of the irrigation system for £450k. An invest-to-save business case is in development around the updated clubhouse and improved parking provision, with financing costs associated with the project to be met from future revenue streams.

SUGGESTED COMMITTEE ACTIVITY

To consider the report and make comments on the detail. Comments will be provided to Cabinet.

BACKGROUND PAPERS

Medium Term Financial Forecast 2015/16 - 2019/20 – report to Cabinet 18 December 2014