

## **BUDGET PROPOSALS REPORT FOR ENVIRONMENT & CONSUMER PROTECTION SERVICES 2010/11**

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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 2010/11, this report sets out the draft revenue budget and capital programme of Environment & Consumer Protection Services for 2010/11, along with indicative projections for the following three years. Following consideration by Cabinet on 17 December 2009, 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 18 February 2010, and the report will include comments received from Policy Overview Committees. At the meeting on 18 February 2010 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2010/11. Full Council will meet to agree the budgets and Council Tax for 2010/11 on 25 February 2010.

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

### **INFORMATION**

#### **Background**

- 1 This is the second opportunity within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2010/11. The budget report to Council for Council Tax setting for 2009/10 contained savings of £7.5 million rising to a cumulative total savings of £20.1 million required for 2010/11. Cabinet have since provided a budget strategy to address this savings requirement by breaking down the overall target into thematic groupings consisting of specific savings targets. Progress towards the achievement of these targets has been monitored monthly by CMT and reported to the Leader of the Council. In addition, all Groups have been involved in a three stage budget planning and challenge process, and it is the output of this process that forms the basis of the budget proposals set out in this report.

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Residents' & Environmental Services Policy Overview Committee – 19 January 2010

- 2 At its meeting on 28 July 2009, the Committee considered the overall budget planning context, pressures and constraints faced by the Group. For this meeting these themes have been translated into detailed budget proposals for the coming financial year. The report outlines the Group's draft revenue budget and capital programme for 2010/11, with indicative projections for the following three years.
- 3 The structure of the report reflects the budget proposals reported to Cabinet on 17 December 2009, and sets out the aggregate corporate position, followed by Environment & Consumer Protection Services proposals extracted from the corporate budget.

### **The Budget and Policy Framework Procedure Rules**

- 4 The consultation on the budget proposals commenced on 30 December 2009, and reflects the recommendations and decisions taken by Cabinet on 17 December 2009.
- 5 There will be a further consideration by Cabinet of the budget proposals on 18 February 2010, 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 25 February 2010, and if approved without further amendment they will be effective immediately.

### **Corporate Summary**

- 6 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.
- 7 The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2010/11 whilst maintaining balances and reserves at £12 million over the medium term. This means that Cabinet will have achieved the following budget parameters:
  - zero increase for Hillingdon's element of the Council Tax for the second successive year
  - zero increases on discretionary fees and charges for Hillingdon's residents for the second successive year
  - priority growth available for new initiatives averaging over £1 million in each of the last four years
- 8 The budget strategy has been delivered through a rigorous focus on identifying savings and efficiencies across the Council through a flexible thematic approach to setting savings targets that has been monitored in conjunction with the Leader of the Council through the budget process.

- 9 This has led to the identification of £9.8 million of savings for 2010/11, and has allowed the draft budget proposals to absorb £8.1 million of service budget pressures.
- 10 Outstanding issues remain over the level of funding for services to unaccompanied asylum seeking children. Previous assumptions of an improved funding regime based on a move towards specialist authority status have not materialised thus far, although work is continuing to influence the approach to asylum funding being developed by the UK Border Agency. Accordingly additional funding for asylum risks of over £0.7 million has been added back into the contingency for 2010/11, to bring the funding in the draft budget to £1.2 million. This means that the budget proposals only provide a part of the £3 million budget pressure being reported on asylum services in the current year, pending the outcome of lobbying over special funding with Ministers in the Home Office. Consequently a further review of the funding of financial risks in the Development and Risk Contingency will be conducted prior to the recommendation of the final budget proposals for 2010/11 to Cabinet and Council in February 2010.
- 11 Provision has been made in the budget strategy for £1.4 million of priority growth. A range of items have already been included against this provision based on Cabinet's known expenditure commitments, which to date account for £0.4 million of the provision for 2010/11. These items are set out in the following table. Out of the total £1.4 million priority growth a sum of £1 million remains unallocated for further initiatives during the financial year.

Table 1: Priority Growth

<b>Proposal Title</b>	<b>Growth 2010/11 (£000s)</b>	<b>Growth 2011/12 (£000s)</b>
<u>Existing Commitments / New Proposals</u>		
Running Costs of Additional Young People's Centres	239	370
Investment in Support for Carers	70	70
Hillingdon Improvement Programme Officer	53	53
Voluntary Sector Grant Programme	50	50
<b>Sub-total</b>	<b>412</b>	<b>543</b>
Unallocated Priority Growth	1,000	2,000
<b>Total</b>	<b>1,412</b>	<b>2,543</b>

- 12 The draft capital programme over four years is worth £236.2 million with £83.0 million of capital expenditure in 2010/11. This includes funding for new General Fund projects of £16.7 million such as the development of new library, adult education and youth service facilities adjacent to the existing South Ruislip Library, the upgrade and enhancement of Highgrove Pool, the refurbishment or

redevelopment of seven other libraries over three years, the completion of the upgrade of recycling facilities at New Years Green Lane Civic Amenity Site and the improvement of environmental assets such as Ruislip Lido and Little Britain Lake.

- 13 In addition, the capital programme provides almost £10 million of funding for key ongoing programmes including the Chrysalis programme, the Leader's Initiative and the upgrade of local town centres.

## **Environment & Consumer Protection Services Budget Proposals**

### **Summary of Key Financial Issues**

- 14 The key areas for review that the Group have focused on in the 2010/11 MTFF emerged from the scoping sessions held between March and May 2009. An important component of the 2010/11 MTFF process was a series of Zero Based Budget (ZBB) reviews. These focused on 18 key budget areas across the council, including 4 areas within the ECP group, that have the most material impact on the 2010/11 budgets. The key areas are discussed further below:

#### **Consumer Protection**

- Waste and Recycling ZBB – This service continues to be a dynamic and a high spend area for the group.

#### **Highways & Green Spaces**

- Streetscene (Highways Maintenance) services ZBB – This review assessed the options for provision of the service, and ensuring that external funding opportunities from Transport for London (TfL) and Section 106 are maximised.

#### **Business Services**

- Fleet Management ZBB – This review concentrated on maximising the efficiency of vehicle procurement and transport provision across the council.
- Vehicle fuel ZBB – The Group considered further actions to maximise the efficiency of the Council's procurement process and vehicle fleet to minimise the pressure in this area.

#### **Income Generation**

- Work was undertaken across the group to identify income generation opportunities for members to consider.

## Group Revenue Budget 2010/11

- 15 The movement between the current year's budget and the draft budget requirement for 2010/11 is summarised in Table 2 below. The detail of the service pressures and savings lines in Table 2 are set out in the following sections and in Appendix A.

Table 2: Group Revenue Budget 2010/11

	Budget (£000s)
Budget 2009/10	36,890
Inflation	0
Corporate Items	374
Service Pressures	269
Priority Growth	0
Savings	-1,080
Other Adjustments	0
Draft Group Revenue Budget 2010/11	36,453

### Service Pressures

- 16 The identification of all service pressures, thereby reducing the likelihood of unexpected overspends within the financial year, is one of the key objectives of the strategic budget process. Failure to identify a pressure over which there is no control is likely to result in an overspend in the year, and a need to take corrective action that may have an impact on services elsewhere in the authority.
- 17 Table 2 above includes service pressures of £0.269 million, which principally relate to a statutory duty to implement a Clinical Waste Service, and the anticipated reduction in Trade Waste income due to the cumulative impact of landfill tax increases. This figure also allows for the net impact of increases in Supplementary Business rates, the Business Rates Revaluation and revised utilities contracts.

### Savings

- 18 There are six key strategic themes that cut across all service areas and provide a framework against which savings proposals in this report have been grouped, which are:

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Residents' & Environmental Services Policy Overview Committee – 19 January 2010

- Procurement
- Process Efficiency
- Effectiveness / Preventative Services
- Maximising Funding Opportunities
- Income Generation
- Service Prioritisation

- 19 The savings included in the draft budget for Environment & Consumer Protection Services total £1.080 million for 2010/11 and are included in Appendix A and summarised in Table 3 below.

<b><i>Savings Proposals</i></b>	<b>Saving 2010/11 (£000s)</b>	<b>Saving 2011/12 (£000s)</b>
Procurement	211	221
Process Efficiency	495	502
Effectiveness/Preventative Services	80	80
Maximising Funding Opportunities	130	130
Income Generation	144	144
Service Prioritisation	20	20
<b>Total Savings Proposals</b>	<b>1,080</b>	<b>1,097</b>

- 20 The major savings for the Group are to be achieved through Process Efficiency measures (£495k). This consists of £161k in Highways Maintenance, where the savings are being achieved through a combination of measures following the ZBB review of the service. A further £61k will result from a restructure of the Parking & Abandoned Vehicles service, £139k from the three Business Improvement Delivery workstreams, with the balance from a range of local efficiencies across the three service divisions.
- 21 The other main areas for savings are under 3 other themes. £211k from Procurement measures, largely to be achieved through a holistic review of transport provision, and a specific review of vehicle hire arrangements, outcomes which were based on the ZBB work in Fleet Management. Income generation measures total £144k, of which £80k relates to season ticket income released through a re-phasing of the Car Park Improvements programme, and £64k from a proposal to rescind free season tickets to the Police. The Maximising Funding Opportunities theme is generating savings of £130k, through technical adjustments to the Imported Food Surplus and Crematorium Improvements Programme Prudential borrowing provision.

## **Priority Growth**

- 22 There is no growth included for Environment & Consumer Protection Services at this stage in the draft budget for consultation. Across the council a sum of £1 million remains unallocated for further priority growth initiatives during the financial year 2010/11.

## **Development and Risk Contingency**

- 23 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 £2.030 million for 2010/11 for Environment & Consumer Protection Services.
- 24 Key items within this are £1.8m for the West London Waste Levy, £0.150m for cost pressures on the recycling service and £0.080m on vehicle fuel price pressures.

## **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 Cabinet agreed a fees and charges policy for the Council in February 2009 that sets out the overarching approach and objectives for setting fees and charges in Hillingdon. These objectives are summarised as:
- putting residents first, through the Hillingdon First residents' card;
  - delivery of the strategic objectives of each service area and its contribution to the overall strategy of the Council as set out in the Council Plan;
  - delivery of the Council's objectives for older people;
  - delivery of the Council's objectives for children and young people;
  - delivery of the Council's objectives for families;
  - recognising the particular contribution of certain groups and use charges flexibly, for example in respect of older people, ex-military service personnel, local economically active young people, and other groups;
  - taking into account the Council's approach to delivering value for money and continuous improvement in all of its services.
- 27 Schedules detailing the proposals relating to fees and charges for 2010/11 for Environment & Consumer Protection Services are attached at Appendix B.

## **Capital Programme**

- 28 The capital programme for 2009/10 was approved by Cabinet and Council as a one-year capital budget that completes the ambitious capital strategy dating back to the start of the current Administration, the centrepiece of which has been the major investment in leisure and cultural facilities funded by a targeted disposal of high value surplus sites.
- 29 The ability also to continue such a strategy in the future has been severely affected by the impact of the recession on property prices and consequent reduction in capital receipts over the last 18 months.
- 30 The process of developing the capital programme has therefore focused on maximising the use of identified funding, and sustaining key ongoing programmes through a closer alignment of resources including revenue funding streams to capital expenditure, in order to minimise the level of new borrowing that ultimately impact on the budget requirement funded through Council Tax.
- 31 A summary of the draft capital programme for the Environment & Consumer Protection Services is shown in Appendix C. Key items within the draft capital programme are the New Years Green Lane Civic amenity Site refurbishment, and the Environmental Assets programme of £1.5 million. The programme also includes the annual programme of works schemes for Highways, Street Lighting, Road Safety and Vehicle Replacement. The Council's Highways programme will be complemented by the annual TfL programme which is provisionally estimated at £3.3 million.

### **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 2010/11 – 2013/14 – report to Cabinet 17 December 2009