

2019/20 BUDGET PROPOSALS FOR SERVICES WITHIN THE REMIT OF RESIDENTS, EDUCATION AND ENVIRONMENTAL SERVICES POLICY OVERVIEW COMMITTEE

Committee name	Residents, Education and Environmental Services Policy Overview Committee
Officer reporting	Andy Evans / Peter Malewicz - Finance
Papers with report	None.
Ward	All.

HEADLINES

1. To comply with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund and Housing Revenue Account budgets, alongside the Council's Capital Programme, this report sets out the draft revenue budget and Capital Programme for the services within the remit of the Residents, Education and Environmental Services Policy Overview Committee, along with indicative projections for the following four years. Following consideration by Cabinet on 13 December 2018, these proposals are now under consultation, and the proposals for each Group are being discussed at the January cycle of Policy Overview Committees. The Committee's comments will then be considered by the Corporate Services, Commerce and Communities Policy Overview Committee, who will present a combined set of comments on behalf of all Policy Overview Committees to Cabinet on 14 February 2019.
2. Cabinet will next consider the budget proposals on 14 February 2019, and the report will include comments received from Policy Overview Committees. At the meeting on 14 February 2019 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2019/20, who will meet to agree the budgets and Council Tax for 2019/20 on 21 February 2019.
3. The Committee needs to consider the budget proposals as they relate to the Residents Services Group and to the relevant service areas within the Social Care Group, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

RECOMMENDATION

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 and to the relevant service areas within the Social Care Group, within the context of the corporate budgetary position.

SUPPORTING INFORMATION

4. The Council continues to operate within the constraints of Government's deficit reduction programme, which has seen a sweeping reduction in central government funding since 2010/11 and is set to continue until at least the end of the decade. Alongside this reduction in funding, continuing demographic and demand pressures and a return to an inflationary environment over the medium term will necessitate delivery of further substantial savings. The draft budget presented to Cabinet in December 2018 quantified the financial challenge faced by the Council, and outlined an approach to meeting this challenge whilst continuing to 'Put Residents First'.
5. The report to Cabinet on the development of the Council's 2019/20 budget, is presented in the context of a challenging medium term outlook requiring total savings of £48,155k over the four years to 2022/23. Budget proposals for 2019/20 include a thirteenth successive Council Tax freeze for over 65s and a fourth year of avoiding implementation of the Social Care Precept, which can be delivered while maintaining frontline services through a £7,776k release from General Balances and a 2.4% increase in Council Tax. This uplift in Council Tax has been limited to 90% of the average 2018/19 increases for households in the neighbouring boroughs of Ealing, Harrow and Hounslow, and equates to £26.71 per annum or £0.51 pence per week for a Band D household.
6. Groups have been developing savings proposals to meet this externally driven budget gap and respond to increases in cost pressures. In addition to this work across directorates, a comprehensive review of the corporate elements of the budget has been undertaken since February, capturing funding, inflation and capital financing. During the early summer and again in the autumn, a series of challenge sessions were held to affirm the budget position. Each session followed a similar format reviewing:
 - The 2017/18 outturn, particularly any on-going issues arising.
 - The current position in 2018/19 - both monitoring and savings delivery.
 - Existing and emerging pressures which need to be addressed in the 2019/20 budget and forecasts for future years.
 - Progress on the development of savings proposals for 2019/20 and beyond.
 - Identification of any potential growth or invest-to-save bids.
 - Capital programme requirements.
7. The consultation budget represents the combined outputs from these sessions, with £6,358k savings proposals alongside a £7,776k release from General Balances enabling delivery of a budget without recourse to reductions in service levels or levying the Social Care precept while freezing Council Tax for the over 65s for a thirteenth successive year in 2019/20.
8. The Council's budget was presented to Cabinet in the context of a challenging medium term outlook requiring total savings of £48,155k over the four years to 2022/23, this position

includes an assumed increase of Government funding of £10,000k over the four year period, but there remains a level of uncertainty due to Brexit and the upcoming Fair Funding Review.

9. The funding strategy is offset by a proposed increase in Council Tax at 2.4% in 2019/20, and indicative inflationary uplifts of 2.99% on Council Tax from 2020/21 securing £13,766k additional income. In addition to this identified savings deliver a further £6,366k and planned use of general balances leave £27,973k of savings to be identified over the next three budget cycles.

Table 1: Draft Budget Strategy 2019/20 to 2022/23

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000	Total £'000
Underlying Savings Requirement	15,868	14,439	9,213	8,635	48,155
Proposed Council Tax Increase	(2,684)	(3,509)	(3,689)	(3,884)	(13,766)
Current Savings Proposals	(6,358)	13	(20)	(1)	(6,366)
Savings to be identified	0	(13,719)	(8,504)	(5,750)	(27,973)
Unwind call on General Balances	950	7,776	5,000	2,000	N/A
In-year Call on General Balances	(7,776)	(5,000)	(2,000)	(1,000)	(15,776)
Closing General Balances	(31,836)	(26,836)	(24,836)	(23,836)	N/A

The Budget and Policy Framework Rules

10. The consultation on the budget proposals commenced on 14 December 2018 following decisions taken by Cabinet on 13 December 2018.
11. There will be a further consideration by Cabinet of the budget proposals on 14 February 2019, including comments from Policy Overview Committees. These will be collated and reported back to Cabinet by the Corporate Services, Commerce and Communities Policy Overview Committee. Council will be requested to approve the Cabinet's proposals on 21 February 2019, and if approved without further amendment they will be effective immediately.

Corporate Summary

12. 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. The Council's financial performance during 2018/19 remains strong, with an underspend of £241k projected across revenue budgets as at September (Month 7) and £8,805k of the £10,655k savings programme either already banked or on track for delivery within the financial year. The remaining £2,213k remain on track to be delivered in full in future years.
13. The budget proposals included in this report represents the Cabinet's budget strategy for 2019/20. Revenue budget proposals have been developed to deliver a zero increase in Council Tax for 65s and over for 2019/20, avoid implementation of the Social Care Precept, maintain balances and reserves at well above the minimum recommended level and continue to protect frontline services. The final funding settlement for 2019/20 and confirmation of a

number of levies payable to other public authorities will not be confirmed until early 2019, however no material movements are expected and it is expected that variations will be managed through flexing the planned use of General Balances.

14. Recurrent funding available to support the budget requirement is projected to total £213,671k in 2019/20, inclusive of £2,684k additional income linked to the proposed 2.4% increase in Council Tax to protect front line services for residents. This recurrent funding is supplemented by £15,466k of one-off funding including £6,600k additional income from the London Business Rates Pilot Pool and a £7,776k release from General Balances to support the £229,137k projected cost of delivering services in 2019/20.
15. The Council's draft budget strategy is to align the profile of budget proposals to deliver a budget for 2019/20, while maintaining unallocated reserves between £15,000k and £32,000k. The development of £5,077k savings proposals and £1,281k initiatives to contain growth in demand-led Contingency budgets - primarily through contract renewals and securing additional contributions from health partners - are sufficient to reduce the budget gap to £7,776k, which it is proposed to cover through the drawdown from General Reserves, as detailed in Table 2 below.

Table 2: Budget Requirement

	Movement from 2018/19 £'000	2019/20 Budget Requirement £'000
Recurrent Funding	(2,296)	(213,671)
One-Off Funding (less use of General Balances)	1,271	(7,690)
Total Resources	(1,025)	(221,361)
Roll Forward Budget		220,336
Inflation	7,473	
Corporate Items	949	
Contingency (Service Pressures)	5,875	
Priority Growth	862	15,159
Gross Budget Requirement		235,495
Savings Requirement		14,134
Contingency (Management Action)	(1,281)	
Savings	(5,077)	(6,358)
Net Budget Requirement		229,137
Budget Gap		7,776
Planned Use of General Balances		7,776

16. This draft budget includes £862k new funding for Priority Growth items, which together with £20k of brought forward resources will support £632k specific initiatives and £250k unallocated growth available to meet emerging requirements. Specific growth proposals include £34k for a Freedom of Information and Subject Access Requests officer, £188k towards an enhanced

CCTV / Community Safety offer, a £250k increase in Ruislip Lido budgets to maintain the current service offer, an increase in Voluntary Sector Grants of £100k and £60k for a new Domestic Violence post.

17. An update on the Council's capital programme is also presented in this report, with £448,812k of planned investment in local infrastructure over the period 2018/19 to 2023/24. This includes a new swimming pool in the Yiewsley / West Drayton area, a major programme of investment in the Borough's highways and re-provision of the Hillingdon Outdoor Activity Centre in response to High Speed 2. Financing costs associated with implementation of this programme are the principal driver behind the £949k Corporate Items.

2019/20 GROUP BUDGET PROPOSALS

18. Budget proposals relating to services within the remit of Residents, Education and Environmental Services Policy Overview Committee are presented below, with headline operating budgets for the relevant services outlined in Table 3. In addition to these base budgets to support services, more volatile or demand-led areas of activity are managed through Development and Risk Contingency - with latest projections for 2019/20 expanded upon in the following sections of this report.

Table 3: Group Budgets within Residents, Education and Environmental Services Policy Overview Committee Remit

	Residents Services	Social Care	Total
	£'000	£'000	£'000
Operating Budget 2018/19	63,117	7,137	70,254
Inflation	1,397	109	1,506
Corporate Items	(200)	0	(200)
Contingency	600	738	1,338
Priority Growth	250	0	250
Savings	(511)	(491)	(1,002)
Operating Budget 2019/20	64,654	7,493	72,147

Development & Risk Contingency

19. The following Contingency Items relate to services within the remit of Residents, Education and Environmental Services Policy overview Committee, providing £1,338k additional funding to meet the costs of service delivery in 2019/20 over and above operating budgets.

Service Pressures – Demographic Growth Items

- a. Waste Disposal Levy and Contracts (£2,329k provision, £800k growth from 2018/19) – Projected costs in respect of waste disposal reflect projected residential development in the borough, alongside increases in the cost of disposal linked to rising landfill taxes and broader market forces with scope for volatility in both volumes and cost during 2019/20.

- b. SEN Transport (£997k provision, £738k growth from 2018/19) – Numbers of pupils meeting the criteria for Education, Health and Care plans continues to grow by around 10% per annum, with a significant proportion of these plans leading to transport provision. Higher than anticipated increases in the eligible pupils led to a disproportionate uplift in the number of routes required during 2018/19, which together with continuing growth of around 7% per annum results in a £738k uplift in the contingency requirement.

Priority Growth

20. As noted above this draft budget includes £250k of growth proposals, including the following items relating to services within the remit of Residents, Education and Environmental Services Policy Overview Committee.

- a. £250k increase in Ruislip Lido budgets to maintain the current service offer.

Savings

21. Savings proposals are focused on increased efficiency and effectiveness, rather than reduction in service provision, and fall into four broad themes; Service Transformation, Income Generation & Commercialisation and Zero Based Reviews.

- a. Service Transformation represents the majority of proposed savings, with items presented in this category ranging from the full year effect of previously implemented proposals, the implementation of agreed BID Reviews and the expected benefits arising from potential new BID Reviews.
- b. Income Generation & Commercialisation proposals include brought forward items for which plans are already in place, and proposed amendments to Fees and Charges discussed in the dedicated section below.
- c. Savings proposals from Zero Based Reviews represent budgets which have been identified as being surplus to requirements through the line-by-line review of outturn 2017/18 and similar exercises being undertaken by Finance.

22. The accompanying appendix to this report provides a full schedule of savings proposals within the Residents, Education and Environmental Services Policy Overview Committee remit, with proposals totalling £1,002k across the relevant service areas. An overview of this programme within each Group is outlined in the following paragraphs.

Residents Services

23. Savings proposals totalling £511k are presented for Residents Services in 2019/20, including £571k from income generation and commercialisation with a £60k net decrease in budget requirement arising from Zero Based Reviews.

Social Care

24. Across Social Care, savings proposals totalling £491k have been identified for 2019/20, made up entirely from transformation savings.

Cross Cutting

25. Cross Cutting initiatives include a net £600k contribution from BID Reviews and Service Transformation activity to be undertaken during 2018/19 and 2019/20, including the initial outputs from a refreshed BID Programme. Alongside these reviews, the recently completed review of long-term vacant posts has identified £804k of zero based budgeting savings where posts can be deleted without impacting on service standards, £82k of which is within the remit of the Residents, Education and Environmental Services Policy Overview Committee. Net savings of £400k have been identified through Zero Based Budgeting activity across the Council.

Fees & Charges

26. 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 following proposals to amend Fees & Charges within the remit of the Residents, Education and Environmental Services Policy Overview Committee are included in the Cabinet's budget proposals:

- a. Planning Performance Agreements – Aligning charges to developers to reflect current agency planner costs and an element of overheads would secure £100k additional income, with a further £90k income from recharging capital schemes and topslicing asset sales in line with charges to external developers.
- b. Trade Waste at Civic Amenity Site – Uplift in charges to match 90% of neighbouring authorities and deliver £77k increase in income;
- c. Highways Crossovers – Uprating charges to reflect increased cost to the Council of works while remaining within 90% benchmark to secure a further £4k income, ensure costs are fully recharged to providers to deliver an additional £18k of income, and introduction of a supervision fee to secure £36k income;
- d. Cemeteries – Uprating charges in line with 90% neighbouring authorities would deliver £57k increase in revenue;
- e. Licenses – Simplification of the charging schedule, alongside benchmarking against neighbouring boroughs is expected to secure an additional £31k of income;
- f. Breakspear Crematorium – Uprating charges in line with 90% of nearest neighbour charges would deliver £13k additional income;
- g. Music Service – Uprating in line with the three year approach previously approved by Cabinet is expected to deliver £13k further income in this third and final year; and,
- h. Libraries – Uprating room hire, reservations from the British Library and late fees in line with 90% of neighbouring authorities would deliver £12k additional income.

Capital Programme

27. The Council's current capital programme, as approved by Cabinet and Council in February 2017, continues to be focused on the provision of sufficient school places to meet rising demand across the Borough. This programme has been reviewed and expanded to reflect a number of new initiatives as outlined above. The following key amendments items within the Capital Programme fall within the remit of Residents, Education and Environmental Services Policy Overview Committee.

- a. Secondary School Expansions – A £9,054k reduction in expenditure projections for new secondary provision based upon latest pupil place planning forecasts, with a corresponding £6,050k reduction in Government Grant support.
- b. Additional SEND Grant – Investment in provision for pupils with Education, Health and Care Plans to be funded from a combination of Government Grant and individual school contributions, which will secure 157 additional in borough places.
- c. Rural Activities Garden Centre – £1,164k of Council funded investment in the site, providing enhanced facilities, including a new café, agricultural barn, shop and expanded car parking facilities.
- d. Street Lighting Replacement - £2,876k additional locally funded investment to enhance the borough's street lighting, including replacement of faulty columns.
- e. Private Sector Renewal Grants – Reducing annual budgets for this programme to £100k per annum to better reflect recent levels of funding released.
- f. Car Park Pay and Display Machines - £1,040k investment in renewal of the Council's 252 machines with a view to introduce cashless payments while maintain preferential rates for residents.
- g. Highways Structural Works - £29,000k additional investment in the borough's roads, bringing annual provision to £8,000k over the period to 2022/23.
- h. Yiewsley and West Drayton Pool – Community Centre Investment – Provision of £2,000k to fund improvements to community facilities alongside the development of a new leisure centre.

Implications on related Council policies

A key role of the Policy Overview Committees is to make recommendations on service changes, the budget and improvements to the Cabinet who are responsible for the Council's policy, budget and direction.

How this report benefits Hillingdon residents

None at this stage, pending any consideration of the Committee's comments by Cabinet.

Financial Implications

As set out in the report.

Legal Implications

None at this stage.

BACKGROUND PAPERS

[Cabinet's 2019/20 budget proposals – agreed on 13 December 2018](#)