

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

<b>Committee name</b>	Residents, Education and Environmental Services Policy Overview Committee
<b>Officer reporting</b>	Marcus Briginshaw, Corporate Finance
<b>Ward</b>	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 three years. Following consideration by Cabinet on 17 December 2019, these proposals are now under consultation, and the proposals for each Group are being discussed at the January cycle of Policy Overview Committees.
2. Cabinet will next consider the budget proposals on 13 February 2020, and the report will include comments received from Policy Overview Committees. At the meeting on 13 February 2020 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2020/21, who will meet to agree the budgets and Council Tax for 2020/21 on 20 February 2019.
3. The Committee needs to consider the budget proposals as they relate to Residents Services and to the relevant service areas within the Social Care service area, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

### RECOMMENDATIONS:

**That the Committee note the budget projections contained and comments as appropriate on the combined budget proposals put forward by the Chief Executive's Office and Finance Groups, and to the relevant service areas within the Residents Services Group, within the context of the corporate budgetary position.**

## SUPPORTING INFORMATION

### Background

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, with 2020/21 being the first year with an improved funding settlement this decade, albeit with increases in expenditure outstripping additional funding. Alongside the reduction in funding since 2010/11, 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 2019 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 development of the Council's 2020/21 budget, which is presented in the context of a challenging medium term outlook requiring total savings of £41,733k over the three years to 2022/23. Budget proposals for 2020/21 include a fourteenth successive year for supporting over 65s meet their Council Tax liability and includes a number of new investments including a new Leisure Centre in West Drayton, a major programme of investment in the borough's highways, a programme of sports club rebuild/refurbishments, a libraries refurbishment programme, provision for investment in Youth infrastructure and the potential purchase of Uxbridge police station.
6. In order to protect frontline services and continue to provide services that residents value, the 2020/21 budget proposals include a drawdown from General Balances of £6,386k alongside a 3.8% increase in the headline rate of Council Tax, increasing available funding by £4,422k per annum. This comprises a core Council Tax increase of 1.8% based on 90% of the 2% anticipated increase across London, alongside a 2% increase relating to an Adult Social Care Precept to fund ongoing pressures within Adult Social Care, which equates to £43.31 per annum or £0.83 pence per week for a Band D household.
7. Groups have been developing savings proposals sufficient 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 2018/19 outturn, particularly any ongoing issues arising.
  - The current position in 2019/20 - both monitoring and savings delivery.
  - Existing and emerging pressures that need to be addressed in the 2020/21 budget and forecasts for future years.

- Progress on the development of savings proposals for 2020/21 and beyond.
  - Identification of any potential growth or invest-to-save bids.
  - Capital programme requirements.
8. The consultation budget represents the combined outputs from these sessions, with £6,713k savings proposals alongside a £6,386k release from General Balances in 2020/21 enabling delivery of a budget without recourse to reductions in service levels.
9. The Council's budget was presented to Cabinet in the context of a challenging medium term outlook with a budget gap of £41,733k to be managed through a combination of savings and Council Tax uplifts over the three years to 2022/23. This position takes into account the favourable outcome of Spending Review 2019, which broadly secures the previously anticipated £10m uplift in funding over the medium term with significant front-loading of new social care grants in 2020/21, but there remains a level of uncertainty due to Brexit and the upcoming Fair Funding Review.
10. The funding strategy is offset by a proposed increase in Council Tax at 3.8% in 2020/21, and indicative inflationary uplifts of 3.8% on Council Tax from 2021/22 securing £14,100k additional income. In addition to this, identified savings deliver a further £7,676k over the three year period, alongside the planned use of general balances leaves £19,957k of savings to be identified over the remaining two budget cycles.

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

	2019/20	2020/21	2021/22	2022/23	2020/21 - 23
	£'000	£'000	£'000	£'000	£'000
<b>Underlying Savings Requirement</b>	<b>16,119</b>	<b>9,745</b>	<b>12,684</b>	<b>11,528</b>	<b>33,957</b>
Unwind Prior Use of Balances	950	7,776	6,386	3,000	7,776
<b>Total Savings Requirement</b>	<b>17,069</b>	<b>17,521</b>	<b>19,070</b>	<b>14,528</b>	<b>41,733</b>
Current Savings Proposals	(6,609)	(6,713)	(760)	(203)	(7,676)
Proposed 3.8% Council Tax Increase	(2,684)	(4,422)	(4,695)	(4,983)	(14,100)
In-year Call on General Balances	(7,776)	(6,386)	(3,000)	0	N/A
<b>Savings to be identified</b>	<b>0</b>	<b>0</b>	<b>10,615</b>	<b>9,342</b>	<b>19,957</b>
<b>Closing General Balances</b>	<b>(33,178)</b>	<b>(26,792)</b>	<b>(23,792)</b>	<b>(23,792)</b>	<b>N/A</b>

11. The above strategy continues to include the planned release of General Balances while maintaining unallocated reserves within the recommended range for Hillingdon of £15,000k to £32,000k. While a review of the range of risks facing the Council does not indicate a

change to this range will be necessary at the moment, there remains a level of uncertainty around treatment of historic retained DSG deficits.

12. As at Month 7, an in-year pressure of £5,092k is reported against the DSG, resulting in a cumulative deficit of £13,584k by 31 March 2020. While the Department for Education are clear that they do not expect any such deficit to be financed from General Reserves, local authorities are awaiting further detailed guidance from CIPFA and the Government on how this expectation can be delivered in practice. In the meantime, the Council will continue to comply with directions from the Government and await clarification on how the DSG deficit will be dealt with going forward.

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

13. The public consultation on the budget proposals commenced on 18 December 2019 following decisions taken by Cabinet on 17 December 2019.
14. There will be a further consideration by Cabinet of the budget proposals on 13 February 2019, including comments from Policy Overview Committees and the public consultation. 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 20 February 2020, and if approved without further amendment they will be effective immediately.

### **Corporate Summary**

15. 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 2019/20 remains strong, with an underspend of £610k projected across revenue budgets as at September (Month 7) and £7,271k of the £8,141k savings programme either already banked or on track for delivery within the financial year. The remaining £870k remain on track to be delivered in full in future years.
16. The budget proposals included in this report represents the Cabinet's budget strategy for 2020/21. Revenue budget proposals have been developed to continue to support the over 65s meet their Council Tax liability by continuing the older people discount, increasing the benefit to cover the 1.8% increase in Council Tax before the Social Care Precept and maintaining balances and reserves at well above the minimum recommended level and continue to protect frontline services. The final funding settlement for 2020/21 and confirmation of a number of levies payable to other public authorities will not be confirmed until early 2020.
17. Recurrent funding available to support the budget requirement is projected to total £226,500k in 2020/21, inclusive of £4,422k additional income linked to the proposed 3.8% increase in Council Tax to protect front line services for residents. This recurrent funding is supplemented by £7,754k of one-off funding including £825k additional income from the

London Business Rates Pool and a £6,386k release from General Balances to support the £234,254k projected cost of delivering services in 2020/21.

18. The Council's draft budget strategy is to align the profile of budget proposals to deliver a budget for 2020/21, while maintaining unallocated reserves between £15,000k and £32,000k. The development of £6,036k savings proposals and £677k initiatives to contain growth in demand-led Contingency budgets - primarily through contract renewals and demand management - are sufficient to reduce the budget gap to £6,386k, which it is proposed to cover through the drawdown from General Reserves, as detailed in Table 2 below.

**Table 2: Budget Requirement**

	<b>Movement from 2019/20 £'000</b>	<b>2020/21 Budget Requirement £'000</b>
Recurrent Funding	(7,562)	(222,078)
Council Tax Increase (3.8%)		(4,422)
One-Off Funding	6,268	(1,368)
Planned Use of General Balances		(6,386)
<b>Total Resources</b>	<b>(1,294)</b>	<b>(234,254)</b>
Roll Forward Budget		229,928
Inflation	6,222	
Corporate Items	664	
Contingency (Service Pressures)	4,260	
Priority Growth	(107)	11,039
<b>Budget Requirement</b>		<b>240,967</b>
<b>Gross Savings Requirement</b>		<b>6,713</b>
Contingency (Management Action)	(677)	
Savings	(6,036)	<b>(6,713)</b>
<b>Net Budget Gap</b>		<b>0</b>

19. This draft budget includes £543k new funding for Priority Growth items, with specific growth proposals including additional staffing in the Anti-Social Behaviour and Environment Team, a new Planning lawyer, support for additional duties from the Environment Bill, Patrol Officers at Little Britain Lake, a Military Curator at the Battle of Britain Bunker, additional resources in the Licensing Team and additional support for Domestic Violence.
20. An update of the Council's capital programme is also presented in this report, with £444,858k of planned investment in local infrastructure over the period 2019/20 to 2024/25. This includes a new Leisure centre in West Drayton, a major programme of investment in the borough's highways, a programme of sports club rebuild/refurbishments, a libraries refurbishment programme, provision for investment in Youth infrastructure and the potential purchase of Uxbridge police station. The programme is supported by £120,931k of external funding,

£77,883k of capital receipts from the disposal of surplus assets and Community Infrastructure Levy alongside £246,044k of Prudential Borrowing. Financing costs associated with implementation of this programme are the principal driver behind the £664k Corporate Items and are forecast to grow to £12,445k by 2024/25.

## 2019/20 GROUP BUDGET PROPOSALS

21. Budget proposals relating to services within the remit of Residents, Education and Environment 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 2020/21 expanded upon in the following sections of this report.

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

	<b>Residents Services</b>	<b>Social Care</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Operating Budget 2019/20</b>	<b>68,581</b>	<b>6,890</b>	<b>75,471</b>
Inflation	1,128	439	1,567
Corporate Items	0	0	0
Contingency (Service Pressures)	850	2,135	2,985
Priority Growth	380	0	380
Savings (including Management Action)	(2,463)	(163)	(2,626)
<b>Operating Budget 2020/21</b>	<b>68,476</b>	<b>9,301</b>	<b>77,777</b>

### Priority Growth

22. This draft budget includes £380k of funding for Priority Growth items based on new growth proposals identified, with funding held in Earmarked Reserves being available for any new and emerging Priority Growth proposals during the year, proposals incorporated in the budget at this time are:

- i. £130k for three new officers in the Anti-Social Behaviour and Environment Team (ASBET).
- ii. £79k for a lead officer to support the Council deliver its additional duties as a result of the Environment Bill.
- iii. £60k for Patrol Officers at Little Britain Lake.

- iv. £56k for a Military History Curator to support work at both the Battle of Britain Bunker and across the Borough.
- v. £55k for the Licensing Team to support Animal Welfare as a result of changes in legislation.

## **Savings**

23. The following paragraphs provide an overview of savings proposals included in this draft budget. These include efficiency savings and other measures reducing the cost of service delivery without impacting upon service. As in previous years, savings measures fall into four broad themes:

- 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 recently agreed BID Reviews and the expected benefits arising from potential new BID Reviews.
- b. Effective Procurement savings are similarly made up of full year effect items and proposed reviews of delivery models in a number of areas.
- c. 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.
- d. 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 2018/19 and similar exercises being undertaken by Finance.

## **Pump Priming Savings and Flexible Use of Capital Receipts**

24. The Council is currently permitted to finance the costs associated with service transformation from Capital Receipts, with both one-off implementation costs and the support for service transformation, including the BID team, being funded from this resource. This draft budget has been prepared on the basis that such implementation costs for the 2020/21 savings programme, estimated at £3,750k, will be financed from a combination of Capital Receipts and Earmarked Reserves as appropriate.

## **Residents Services**

25. Savings proposals totalling £2,463k are presented for Residents Services in 2020/21, including £525k service transformation items, £986k from procurement efficiencies and £981k from income generation and commercialisation, offset by a £29k increase from Zero Based Reviews. Further proposals with longer implementation times are expected to secure an additional £355k savings in 2021/22 and 2022/23, bringing the total savings proposals for Residents Services to £2,847k.

26. Service Transformation proposals include a £400k reduction in spend against waste and recycling disposal costs through increasing the percentage of waste collected for recycling. A further £125k is expected from the BID review for Digital Strategy, increasing to £263k by 2021/22 through channel shift of calls and face-to-face contacts to an online platform.
27. The £986k procurement efficiency saving presented within this report relates to the tendering of the Leisure Management Contract and the anticipated uplift in the management fee from the preferred bidder.
28. Income generation and commercialisation proposals totalling £981k for 2020/21 include an anticipated £901k increase in Fees & Charges from the annual benchmarking exercise which is expanded upon below, a further £80k net income from invest to save schemes proposed to increase Cemeteries income by increasing the availability of niches and plaques.
29. Cross cutting initiatives include the recently completed review of the Managed Vacancy Factor that has identified £29k of zero based budgeting increases where low staff turnover in certain areas of the Council mean that the Managed Vacancy Factor cannot be achieved without impacting on service standards.

### **Social Care**

30. Across Social Care savings proposals totalling £163k have been put forward, with £150k of the savings relating to Service Transformation and the remaining £13k coming from Zero Based Reviews.
31. The £150k saving relates to Management Action within the SEN Transport contingency, the proposal aims to reduce the overall impact on the Council of the pressures within SEN Transport by contracting a consultant to manage the service, with an anticipated net benefit of £150k reduction in spend through using a more commercial approach.
32. Cross cutting initiatives include the recently completed review of the Managed Vacancy Factor that has identified £13k of zero based budgeting savings where high turnover in certain areas of the Council mean that the Managed Vacancy Factor can be increased without impacting on service standards.

### **FEES AND CHARGES**

33. 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.



34. The Council continues to benchmark Fees and Charges against those of neighbouring authorities and other service providers, with charges being set at a maximum of 90% of the relevant benchmark for residents, and at benchmark for non-residents where applicable. As the Council has frozen many charges since 2011, while other providers apply annual uplifts, periodic benchmarking at 90% can result in larger rises in a single year than seen in other authorities. This realignment of charges incorporates £901k additional income, with £492k of this sum already agreed earlier in 2019/20 and £409k of new proposals for implementation in 2020/21.
35. Proposals already agreed and contributing £492k towards the Income Generation & Commercialisation savings total include:
- i. Licensing - October Cabinet approved revisions to Shop Front Tables and Chairs fees and Temporary Street Trading Pitches, with these changes forecast to deliver £20k in 2020/20, increasing to £24k by 2022/23.
  - ii. Highways Crossovers - A new charging structure for vehicle crossover fees and charges was approved as part of July 2019 Cabinet, generating increased income of £98k. The agreed proposals included the introduction of two new charges for crossover application fees for planned works and Supervision fees for ad-hoc crossovers, with uplifts applied to two existing charges.
  - iii. Bay Suspensions: Revised rates became effective from mid-October following approval in September's Cabinet to increase fees to match the Council's three nearest neighbours of Ealing, Hounslow and Harrow is expected to deliver a £213k saving, with the majority of parking bay suspensions being for essential works, including utility and telecommunications works, or for commercial purposes including construction and large deliveries.
  - iv. Season Tickets - Revisions to the Council's season ticket offer in Grainges and Cedars car parks, particularly in consideration of promotion and marketing opportunities, setting of maximum season ticket allocations per site, and the review of fees and charge was agreed in November Cabinet, with additional income built into the fees and charges saving of £104k.
  - v. Pay by Phone / New Pay & Display Machines - Following the introduction of Pay by Phone technology earlier this year, and, although difficult to estimate the potential impact, income lost through parking suspensions following theft and vandalism to machines totalled £113k in 2018/19, with £57k of this value being built into the savings proposals for 2020/21, with the remaining £56k forecast to be achieved by 2021/22.
36. New proposals presented as part of this budget report contribute £409k and include:

- i. Breakspear Crematorium & Cemeteries – Following a benchmarking review of our nearest neighbours and following Hillingdon’s approach to charging at 90% of the Borough’s nearest neighbours, charges have been increased to reflect this approach. This will increase income by £29k per annum, but the Crematorium increases will be phased over three years to limit the impact in year.
- ii. New Years Green Lane Civic Amenities Site – A similar benchmarking approach has been taken to Trade and DIY waste charges, with a 90% benchmark approach expected to yield an additional £18k of income.
- iii. Parking – A number of increases are being proposed to parking charges across the Borough for non residents including incremental uplifts at the Cedars and Grainges car parks, on-street and off-street parking, resident permits and visitor vouchers, all of which are projected to increase income by £219k in year 1, increasing to £376k by 2022/23. Parking charges will again remain frozen for residents.
- iv. Temporary Traffic Regulation Orders - The Council authorises Temporary Traffic Regulation Orders (TTROs) when it is necessary to prohibit or control vehicular and/or pedestrian traffic along a highway because of planned works or public events, which are on or near a road. Increasing charges in line with the Council’s three nearest neighbouring boroughs would increase income by £107k in 2020/21.
- v. Highway Crossovers - In addition to the uplifts approved by Cabinet in July 2019, further incremental uplifts are proposed as part of a second phase of uplifts to deliver £36k in new income for 2020/21, with application fees being in line with the 90% benchmark approach and other recharges being based on standard indexation and inflationary uplifts.

### **Capital Programme**

37. The Council's current capital programme, as approved by Cabinet and Council in February 2019, 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 Services, Education and Environmental Services Policy Overview Committee.

- i. Sports Club Refurbishment – Proposed investment of £3,750k in Sports Clubs across the Borough to promote the health and wellbeing of the Borough’s residents.
- ii. Cranford Park – The bid entails the repair and regeneration of the historic buildings and landscape at Cranford Park along with the introduction of visitor facilities at a total cost to the Capital Programme of £2,597k, attracting £2,382k of National Lottery Heritage Funding.

- iii. Youth Provision – Due to the success of this programme that was originally planned to finish in 2019/20, an additional investment of £500k per annum has been built into the Capital Programme over the next five years, adding a total of £2,500k to the budget.
- iv. Environmental Projects - a £1,750k programme of investment including pollution screens for the borough's schools. Plus an additional £401k for other projects including additional columbaria chambers at Northwood Cemetery, increased burial plots at Cherry Lane and additional Garden niches and memorial mushrooms at Breakspear Crematorium.
- v. Shopping Parade Initiatives – Future rollout of the popular shop front grant scheme to local neighbourhood parades, with new initiatives at 8 different sites, adding £2,098k to the Capital Programme. This is partly funded by £703k income (£590k TfL grant transferred from within the current programme and £113k contribution from shopkeepers).
- vi. Highways Structural Works – It is planned to increase investment in Highways Structural Work by an additional £2,000k, taking planned investment to £10,000k for the 2020/21 financial year.
- vii. Purchase of Vehicles – £649k is added for the latest estimates of the rolling vehicle replacement programme requirement from 2019-25.
- viii. Battle of Britain Bunker – A review of potential risks around the refurbishment of this heritage building has indicated the need for additional contingency provision to manage risks such as water ingress, £500k has been included in this draft programme to provide this contingency. In addition £60k has been provided for the purchase of equipment for the Battle of Britain museum.
- ix. Uinter Building Refurbishment – £390k investment in a refurbish programme at the Uinter Building.
- x. Secondary Schools Expansions – A £16,866k reduction in expenditure projections for new secondary provision based upon the latest pupil place planning forecasts, with a corresponding £5,250k reduction in Government Grant support. As with all aspects of the Capital Programme, this item is subject to a level of volatility due to levels of demand, market forces and the risks inherent in projects managed by third parties.

### **Implications on related Council policies**

Comments from the Committee will feed into the annual budget decision-making process to Cabinet and Council.

### **How this report benefits Hillingdon residents**

None at this stage, pending any findings approved by Cabinet.

### **Financial Implications**

This report has been prepared by Corporate Finance and financial implications are addressed throughout the report.

### **Legal Implications**

None.

### **BACKGROUND PAPERS**

THE COUNCIL'S BUDGET: MEDIUM TERM FINANCIAL FORECAST 2020/21 - 2024/25,  
presented to 17 December 2019 Cabinet Meeting