

BUDGET PROPOSALS REPORT FOR PLANNING ENVIRONMENT & COMMUNITY SERVICES 2011/12

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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 2011/12, this report sets out the draft revenue budget and capital programme of the Planning Environment & Community Services Group for 2011/12, along with indicative projections for the following three years. Following consideration by Cabinet on 16 December 2010, 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 17 February 2011, and the report will include comments received from Policy Overview Committees. At the meeting on 17 February 2011 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2011/12. Full Council will meet to agree the budgets and Council Tax for 2011/12 on 24 February 2011.

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

INFORMATION

Background

- 1 This is the first opportunity within the planning cycle for the Policy Overview Committee to consider issues relating to budget planning for 2011/12. The budget report to Council for Council Tax setting for 2010/11 contained an initial savings requirement of £20.3m for 2011/12. As part of the continuing work on the HIP Business Improvement Delivery project, a budget strategy was devised to address this gap. Each group was given a specific savings target for 2011/12 to deliver through their BID programme, with the initial total savings target set at £10.5m. In addition groups were tasked with reviewing and reducing all pressures and a review was also started on all corporate pressures.

- 2 During the year, Cabinet has monitored and increased the savings target to £22m. This includes an additional savings target of £2m for Area Based Grant (ABG) funded services, added following the post election budget when a £3.6m in-year cut was imposed by central government (£1.8m ongoing impact) and a £3.8m further worsening of the estimated formula grant funding for 2011/12 caused by the front loading of savings in the CSR announcement on 20 October 2010. As part of the budget setting process, 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.
- 3 The report includes draft revenue budget and capital programme projections for the group for three years beyond next year, to reflect the four-year planning cycle used by the Council.
- 4 The structure of the report reflects the budget proposals reported to Cabinet on 16 December 2010, and sets out the aggregate corporate position, followed by Planning Environment & Community Services Group's proposals extracted from the corporate budget.

The Budget and Policy Framework Procedure Rules

- 5 The consultation on the budget proposals commenced on 17 December 2010 following decisions taken by Cabinet on 16 December 2010.
- 6 There will be a further consideration by Cabinet of the budget proposals on 17 February 2011, 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 24 February 2011, and if approved without further amendment they will be effective immediately.

Corporate Summary

- 7 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.
- 8 The budget proposals included in this report represent Cabinet's budget strategy for 2011/12 and beyond. The revenue budget proposals have been developed to deliver a zero increase in Council Tax for 2011/12 whilst maintaining balances and reserves at £12m over the medium term.
- 9 The real challenge in delivering a balanced budget for 2011/12 is the development of significant savings of around £22m, more than double the £10.3m required in 2010/11. Those savings proposals have been developed alongside the in-year challenge of responding to a £3.6m government grant cut to funding in 2010/11. The main pressure for the Council to deal with is the income from Government Formula Grant reducing by an estimated £10.8m. This is partially offset through an additional central government grant enabling a freeze in Council Tax in 2011/12.

- 10 Detailed within the draft budget proposals, in addition to the £22m savings proposals are £3.8m of corporate pressures, £7.5m of service pressures, an allowance of £2m for inflation, proposals for £0.3m of growth and a reduction to the contingency requirement of £0.5m.
- 11 The development of savings proposals has concentrated on more efficient delivery methods and the new operating model and focusing on core services; and on not creating new pressures by providing services no longer funded by Central government, but instead seeking to avoid local impact as far as possible by new ways of working.
- 12 The draft capital programme for 2011/12 and indicative allocations for the following three years are presented in this report. The draft capital programme over four years is worth £256.5m with £105m of capital expenditure in 2011/12. This includes funding for new General Fund projects of £8.3m for the development of Yiewsley Pool site which includes a new health centre, and a major refurbishment of the Central Library.
- 13 In addition, the capital programme provides almost £9m of funding for key ongoing programmes including the Chrysalis programme, the Leader's Older Peoples Initiative and the upgrade of local town centres; and £19m of funding for ongoing major projects such as the Libraries refurbishment programme, Highgrove Pool Phase II and the South Ruislip Development.

Planning Environment & Community Services Group Budget Proposals

Summary of Key Financial Issues

- 14 The initial approach to the delivery of savings within Planning Environment & Community Services Group has been largely driven by the delivery of efficiencies through the merger of the former 2 groups of Planning & Community Services and Environment & Consumer Protection. The savings programme development has also focused on a rigorous review and questioning of expenditure across the combined Group, and has reviewed the scale of fees and charges. The work to date has identified savings of £3.45m in 2011/12. The savings have been developed within 3 main categories.
- 15 **BID Efficiencies** – The creation of 4 new service heads within the combined group has enabled large scale reorganisation, restructuring and removal of duplication. The next stage in the development of these new service groupings will focus on the roll out of the Council's operating model in order to identify further savings opportunities.
- 16 **Expenditure Review** – With the formation of the new Group the opportunity has been taken at a strategic level to question the need for services and method of service delivery in all areas. At an operational level the expenditure review process has also generated savings opportunities.
- 17 **Fees & Charges** – Opportunities exist within the Group to review the scale of fees and charges, and a number of savings proposals have been developed on this theme.

Group Revenue Budget 2011/12

- 18 The movement between the current year's budget and the draft budget requirement for 2011/12 is summarised in Table 1 below. Further breakdowns of Service Pressures, Priority Growth and Savings are set out in the following sections and in Appendix A.

Table 1: Group Revenue Budget 2011/12

	Budget (£000s)
Budget 2010/11	49,216
Inflation	511
Corporate Items	76
Service Pressures	1,831
Priority Growth	125
Savings	-3,455
Other Adjustments	1,049
Draft Group Revenue Budget 2011/12	49,353

Service Pressures

- 19 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 little or 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.
- 20 Groups have undertaken work to identify and review these pressures but they will continue to be the subject to rigorous scrutiny, challenge and review that will reduce the level of these items to a minimum over the course of the budget development process.
- 21 Table 1 above includes service pressures of £1.831m, the most significant of which relate to the Waste Disposal Levy of £1.528m. The balance of £0.303m relates to pressures on Golf income. An ongoing service pressure on the golf course income budget resulted in a change of operator in 2006. The new contract set the income at a slightly lower level than budget. In addition there is a short-term reduction in income from Stockley Park.

Development and Risk Contingency

- 22 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 £1.282m for 2011/12 for the Planning Environment & Community Services Group.
- 23 The items within this are £622k for the West London Waste Levy, £310k for Development Control income, £150k for cost pressures on recycling, £100k for Local Development Framework costs and £100k for cost pressures on the Corporate Landlord.

Priority Growth

- 24 Growth of £80k for sport and leisure in relation to public health issues, £10k to fund the full year effect of increased library opening hours and £35k for the Hayes Carnival have been included in the draft budget for consultation.

Savings

- 25 The savings proposals contained within this draft budget have been developed through the HIP Business Improvement Delivery programme (BID), the Council's response to the projected budget savings requirement of around £60m over the next four year period. A target operating model for the Council was established and all Groups are in the process of moving towards this model in the various proposals set out in the MTFF. This includes transfers to the Contact Centre and the implementation of agreed operating models for all common functions.
- 26 As explained in the report to Council in February 2010, the BID programme was developed through a themed approach, with 3 workstreams. These were aimed at delivering successively more in-depth reviews of how council services and working methods could be re-engineered. The themed approach continued over the early part of the 2011/12 budget cycle. The various workstreams developed a programme of projects to revise ways of working and to develop savings proposals. Additional MTFF work within groups and corporately was also initiated to focus on mitigating key pressures in the MTFF. Over the summer, the workstream approach to BID was transitioned into a Group based approach and specific targets were allocated to each Group.
- 27 The savings proposals currently developed total £22m for 2011/12. The total savings figure for each group is net of the redundancy costs contained within their package of proposals. Group savings proposals also include savings generated through the council wide expenditure review that was coordinated by Corporate Procurement over the last few months.

- 28 The savings included in the draft budget for Planning Environment & Community Services Group total £3.45 million and are included in Appendix A alongside the service pressures, priority growth and development and risk contingency items.

Fees and Charges

- 29 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.
- 30 The MTFE includes an inflation assumption of 2.5% and an associated increase in income of £0.5m. However this increase is not uniform across all fees and charges. Certain fees such as meals on wheels and parking for residents has been frozen. In addition there are proposals for targeted above inflation increases in certain fees and charges where they impact primarily on non-residents or where we are out of line with neighbouring Boroughs. The increase in the VAT rate by 2.5% to 20% will also have an impact on some fees and charges that attract VAT. These charges will be increased from 1 February 2011 and need to increase accordingly to avoid a net loss of income to the Council. Charges for Leisure facilities related to the VAT increase will come into effect on 1 January 2011.
- 31 Schedules detailing the proposals relating to fees and charges for 2011/12 for the Planning Environment & Community Services Group are attached at Appendix B.

Capital Programme

- 32 The capital programme for 2010/11 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.
- 33 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 £100m over the period 2010-15, to be financed from a combination of funding streams yet to be announced by central government.
- 34 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 Planning Environment & Community Services Group is shown in Appendix C. Key schemes within the draft capital programme are the South Ruislip, Yiewsley Pool, Libraries Refurbishments (including the Central Library), Highgrove Pool refurbishment and Hayes End Library development.

35 Also included within the capital budget are the annual programme of works type schemes. These include Chrysalis, Civic Centre enhancements, Environmental Assets, Highways Structural, Street Lighting and Road Safety schemes. The Council's Highways programme will be complemented by the annual TfL programme which is provisionally estimated at £4 million for 2011/12 and is funded by central government grant.

APPENDICES

Appendix A – Planning Environment & Community Services Savings, Service Pressures, Priority Growth & Development & Risk contingency items.

Appendix B – Planning Environment & Community Services Group Fees & Charges.

Appendix C – Planning Environment & Community Services Capital Programme.

SUGGESTED COMMITTEE ACTIVITY

The Committee is advised to note the budget projections contained in the report, and comment as appropriate on the combined budget proposals put forward by the Planning Environment & Community Services Group, within the context of the corporate budgetary position.

BACKGROUND PAPERS

Medium Term Financial Forecast 2011/12 – 2014/15 – report to Cabinet 16 December 2010