

Joint Report of the Director of City Strategy and the Director of Resources

## **City Strategy - Revenue and Capital Budget Estimates 2009/10**

### **Summary**

1. This report presents the 2009/10 budget proposals for City Strategy. It includes:
  - the revenue budget for 2008/09 (Annex 1) to show the existing budgets
  - the budget adjusted and rolled forward from 2008/09 into 2009/10
  - the provisional allocation of pay and price increases for the portfolio
  - proposals for budget service pressure costs and savings options for the portfolio area (Annexes 2 and 3)
  - the existing approved capital programme (Annex 4)
  - options for new capital schemes (Annex 5).
2. Budget Council will be held on 26 February 2009 and will make decisions on the overall budget for the Council. In order to facilitate the decision making process the Executive are meeting on 16 February 2009 to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation exercise.
3. The Executive Member for City Strategy is therefore asked to consider the budget proposals included in this report and identify their preferences (after considering the proposals in annexes 2 and 3) which will be considered by the Executive as part of the consultation exercise. EMAP is invited to provide comments on the budget proposals in this report.

### **Background**

4. The Council's Financial Strategy was adopted by the Executive on 23 September 2008. This paper is the result of ongoing work against this agreed framework.
5. The provisional Local Government Finance settlement for 2008/09 was issued on 6 December 2007 and it also included indicative figures for 2009/10 and 2010/11 which will enable the Council to consider future budget issues. The provisional settlement for 2009/10 gives an increase in formula grant of £1.159m, an increase of 2.74%

## Budget Proposals for City Strategy

6. A summary of the budget proposals is shown in Table 1 below. Further details on each individual element are presented in the subsequent paragraphs. The annexes also contain other potential growth and savings items which at this stage are not being recommended to Members. It should be noted that the budgets include services that transfer to Neighbourhood Services and also are prior to Job Evaluation budget adjustments.

**Table 1 - Summary of Budget Proposals**

	Para. Ref	£'000
Base Budget 2008/09	7	16,168
Provisional allocation for pay increases	8	208
Provisional allocation for price increases	9	-23
Other Budget Pressures:		
Increase in Flood Levy	10-11	15
Previously agreed non-recurring growth – impact on 2009/10	12-13	550
Service Pressure proposals (Annex 2)	15	1,736
Savings proposals (Annex 3)	16-18	-617
Proposed Budget 2009/10		18,037

### Base Budget (£16,168k)

7. This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2008/09, e.g. supplementary estimates.

### Provisional Pay Inflation (£208k)

8. These calculations are based on a pay increase for APT&C of 2.5%. The negotiations for the 2009/10 settlement have not yet started, although there is pressure from the Treasury that increases are kept under 2%.

### Provisional Price Inflation (-£23k)

9. The budget proposes that a 2.5% increase on both controllable expenditure and income budgets. Only Increases for fees and charges above 2.5% are included in the savings proposals. The figure is negative due to the high level of income raised within the directorate.

### Other Budget Pressures (+£15k)

10. These represent pressures over which the service has no influence, e.g. changes to funding and expenditure which are due to national policy initiatives.
11. The Yorkshire & Humber Regional Flood Committee are anticipated to agree an increase in the flood defence levy of 45%. This will result in an increase in CYC's contribution from £33k to £48k.

### 2008/09 Non-Recurring Growth continuing into 2009/10

12. Several growth items funded from reserves were approved in previous years but have ongoing commitments into 2009/10.
13. The costs shown in table 2 below represent the additional funds needed in 2009/10

**Table 2 – Non Recurring Growth – impact on 2009/10**

	£'000
<b>2008/09 Non-Recurring Growth continuing into 2009/10</b>	
Waste Strategy (Year 5 of 5) Continuation of support of procurement costs for new Waste Facility in conjunction with NYCC	200
Advance Purchase Options for Waste Treatment Facility Revenue implications of advance Waste Treatment Facilities in partnership with NYCC.	31
York Central / British Sugar (Year 3 of 3) Funding for final year to support preparation of the Area Action Plan for the site.	75
Local Development Framework (Year 3 of 3) Support preparation of the LDF to fund in-house staff, the preparation of evidence base and costs attached to the consultation and examination of the core strategy.	224
Section 38 Fees Continued Downturn in highway adoption agreements leading to reduced income.	20
<b>Total Full Year Costs</b>	<b>550</b>

### General Contingency

14. Members should note that there are potential expenditure pressures that may materialise in 2009/10 but which are not yet certain or not quantifiable at this stage. The issues are listed in Table 3 below and it is assumed that if they materialise then funding will be requested from the General Contingency. However, the amounts are only indicative and it is proposed to set the General Contingency at £600k. Further detail of the items is shown in Annex 2.

**Table 3 - Contingency Issues for 2009/10**

	£(000)
<b>Contingency Issues for 2009/10</b>	
<i>City Strategy</i>	
Continuance of the national concessionary fare scheme	111
Shortfall in parking income	150
Access York Phase 2 Bid Preparation	200
<b>Total</b>	<b>461</b>

### **Service Pressures (£1,736k)**

15. A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that only those proposals shown in Annex 2 are included as the preferred options for City Strategy. The proposals put forward are the result of a rigorous assessment process, which included looking at the risk to customers and staff, legislative requirement, proven customer demand and the Council's corporate objectives.

### **Savings Proposals (£-617k)**

16. Members will be aware that the 2008/09 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2009/10 budget Directorates have examined budgets with a view to identifying savings that have a minimum impact on the services provided to the public, customers and the wider Council. Instead they have concentrated on initiatives that;
  - improve quality and efficiency
  - take advantage of ongoing service and/or Best Value reviews
  - generate income
  - address budgetary underspends
  - improve cash flow and interest earnings
  - generate savings from the technical and financial administration functions of the Council
17. In addition to the initiatives listed above the list of savings also includes proposals to increase fees and charges (see also section below). Generally these are increasing by 2.5% but this is varied by directorates as they are affected by national constraints/requirements.
18. Annex 3 shows the full list of savings proposals for the City Strategy portfolio.

### **Fees and Charges**

19. The details of the proposed fees and charges for the services provided by this portfolio are set out in a separate report. Where fees and charges increases are being set above the inflation requirement they have been included in Annex 3.

### **Capital Programme**

20. The Council's existing capital programme is shown at Annex 4.
21. Resources to fund new capital schemes are very small, and against this background Officers have prepared a list of possible schemes to be considered for this portfolio. These are shown at Annex 5.
22. A full proposed 2009/10 capital programme for City Strategy will be submitted to the 16<sup>th</sup> March EMAP for consideration.

- Highway Resurfacing & Reconstruction (£2,732k Council and externally funded)

Programme for the resurfacing and reconstruction of the City's roads and footways has been established to halt the deterioration of the assets and maintain them in the best condition possible with the anticipated level of capital receipts available.

- Integrated Transport (£3,874k Externally funded)

The Second Local Transport Plan (LTP) is the council's five year strategic transport plan which runs from 2006/07 to 2010/11. The funding presented within this report is indicative and subject to confirmation. The LTP is a statutory plan and implementation of the plan includes expenditure on local safety and traffic management measures, pedestrian and cycle improvements, highway and bridge maintenance, new public transport infrastructure and other transport schemes as appropriate. A nominal amount is included in the budget for schemes funded from developer contributions.

- Special Bridge Maintenance (£175k)

It is proposed to restore and waterproof Melrosegate Bridge, over the Sustrans cycle track, in 2009/10.

- York City Walls (£90k Council funded)

This bid continues the rolling programme, established in 1991, of essential repair and restoration to the City Walls. The 2009/10 allocation will pay for works which will ensure the continued structural integrity and stability of the Walls and hence public access and enjoyment of this unique asset. In 2009-10 the programme will form Phase 2 of the assessment and restoration of the section of wall adjacent to Monk Bar Garage and will continue the restoration of areas where the York stone flags and copings on the walkway have failed.

- Road Safety (£43k Externally Funded)

Funding provided by Department for Transport to support the road safety capital investment included within the Local Transport Plan.

- Public Footpath – Riverbank Slip (£81k Council funded)

The failed bank is on the outer radius of a bend in the river and is subject to the classic erosion scenario. Eddy currents from recessed bank profiles/lack of tree protection have assisted the bank to erode sufficient to expose a slippage plane in the clay and allow it to slump. The path is temporarily closed for safety reasons. The authority has a duty to maintain the path if necessary by repairing the riverbank.

- Cycle City (£1,135k Externally Funded)

Grant funding from Department for Transport to support initiatives to be delivered as part of York being classified as a cycle town. Schemes to

delivered in 2009/10 include the York Cycle Hub at the former Lendal Bridge sub-station, Blossom Street/Queen Street junction improvements and Cycling provision in the Fishergate gyratory area.

### **Consultation**

23. This paper forms part of the Council's budget consultation. The other streams being undertaken include a recently held public meeting where participants sat at tables and tried to produce a balanced budget after considering growth and saving priorities, a leaflet circulated city wide with a fold-out return part, fora and a web-based process.

### **Options**

24. As part of the consultation process Members of EMAP are asked for their comments or alternative suggestions on the proposals shown in Annexes 2, 3 and 5.

### **Analysis**

25. All the analysis is provided in the body of the report and the annexes.

### **Corporate Priorities**

26. The budget represents the opportunity to reprioritise resources towards corporate priority areas. Key examples of this happening within this portfolio area are:
- The growth proposals for Waste procurement contribute to the priority to “decrease the tonnage of bio-degradable waste and recyclable products going to landfill.”
  - The growth proposals for Concessionary Fares and subsidised bus services should lead to an increase in the use of public and other environmentally friendly modes of transport as the new transport arrangements make public transport a better economic alternative to the car.

### **Implications**

27. The implications are:
- Financial - the financial implications are dealt with in the body of the report.
  - Human Resources – the savings that result in a decrease of staff numbers detailed in Annex 2 are currently vacant posts. Where requested HR has been involved in the development of the budget proposals and has worked with local managers to identify the HR implications of the proposals. HR implications will be managed in accordance with established council change management procedures.
  - Equalities - there are no equality implications to this report.
  - Legal - there are no legal implications to this report”).
  - Crime and Disorder - there are no specific crime and disorder implications to this report.

- Information Technology - there are no information technology implications to this report.
- Property - there are no property implications to this report.
- Other - there are no other implications to this report.

### **Risk Management**

28. Key reporting mechanisms to Members on budget matters will continue to be through mid-year monitoring reports and the final Revenue Outturn report for the year. The format/timing of these reports has recently been considered by the Council's Management Team but as a minimum they will report on forecast out-turn compared to budgets and will also address the progress made on investments and savings included within the budgets.
29. The budget setting process always entails a degree of risk as managers attempt to assess known and uncertain future events. This year has demonstrated the difficulty of achieving this. As with any budget the key to mitigating risk is prompt monitoring and appropriate management control. As such updated figures and revised corrective actions will be monitored via Directorate Management Teams, Corporate Management Team and the monitor reports during the year.

### **Recommendations**

30. The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.
31. The Executive Member Advisory Panel is invited to provide comments on the budget proposals for savings and growth which have been prepared by Officers and contained in this report, which are intended to form part of the Council's budget to be considered by the Budget Executive on 16 February 2009.
32. The Executive Member Advisory Panel is invited to provide comments on the areas for consultation for the revenue budget contained in this report, which may form part of the Council's budget to be considered by the Budget Executive on 16 February 2009.
33. The Executive Member is invited to consider whether the budget proposals are in line with the Council's priorities.
34. The Executive Member is asked to consider the budget proposals for consultation for Resources Directorate for 2009/10 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 February 2009.
  - 2009/10 Base budget as set out in paragraph 7;
  - service pressure proposals as set out in Annex 2;
  - Savings proposals as set out in Annex 3;
  - Schemes for inclusion in the Capital Programme as set out in Annex 5.

Reason: As part of the consultation for the 2009/10 budget setting process.

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**Specialist Implications Officer(s)** None

**Wards Affected:** *List wards or tick box to indicate all* **All**

**Background Working Papers**

Reports to individual EMAP meetings

**Annexes**

- Annex 1 - 2009/10 Budget
- Annex 2 - Service Pressure Proposals
- Annex 3 - Savings Proposals
- Annex 4 - Existing Capital Programme
- Annex 5 - Options for new capital schemes