

**Executive Member for Neighbourhood Services and Advisory Panel      19 January 2009**

Joint Report of the Director of Neighbourhood Services and the Director of Resources

**Revenue and Capital Budget Estimates 2009/10**

**Purpose of Report**

1. This report presents the 2009/10 budget proposals for Neighbourhood Services. 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)

Fees and charges proposals are set out in a separate report.

2. Budget Council will be held on 26 February 2009 and will make decisions on the overall budget for the council. If approved, the proposals for savings/growth currently being considered by the individual EMAP meetings should result in a balanced budget, but the Executive Members may also wish to consider other options. 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 is therefore asked to consider the budget proposals included in this report and identify their preferences, including the proposals in Annexes 2, 3 and 5 which will be considered by the Executive as part of the intended budget. Members of EMAP are 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 Neighbourhood Services

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. Annex 3 also contains some savings items, which at this stage are not being recommended to Members.

**Table 1 - Summary of Budget Proposals**

	Para Ref	General Fund £000	Trading £000	Total £000
<b>Base Budget 2008/09 (Annex 1)</b>		<b>15,349</b>	<b>(1,466)</b>	<b>13,883</b>
Full year effect of prior year growth and savings:				
HWRC Site Management & Transportation Contract		40		40
Award of Air Quality Monitoring Stations Maintenance contract		2		2
Pilot the extension of recycling to terraced properties		80		80
Waste Minimisation		50		50
Ward Committee revenue funding		202		202
Building Maintenance restructure			58	58
<b>2009/10 Base Budget</b>	<b>7</b>	<b>15,723</b>	<b>(1,408)</b>	<b>14,315</b>
Provisional allocation for pay increases	8	115	255	370
Provisional allocation for price increases (net of income)	9	198	(345)	(147)
Service Pressure proposals (Annex 2)	11-13	434		434
Savings proposals (Annex 3)	14-16	(503)		(503)
<b>Proposed Budget 2009/10</b>		<b>15,967</b>	<b>(1,498)</b>	<b>14,469</b>

### **2009/10 Base Budget (£14,315k)**

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 (£370k)**

8. These calculations are based on a pay increase for APT&C of 2.25%. 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 (-£147k)**

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.

### **General Contingency (£750k)**

10. 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 pressures are listed in Table 2 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 £750k.

**Table 2 – Neighbourhood Services Contingency Issues for 2009/10**

	£000
<b>Contingency Issues for 2009/10</b>	
Landfill tax	400
Security at Towthorpe HWRC	83
<b>Total</b>	<b>483</b>

### **Service Pressures (£434k)**

11. A range of options for service pressure proposals has been considered and in view of the overall available resources it is proposed that those proposals shown in Annex 2 as accepted are included as the preferred options for Neighbourhood Services. 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.
12. Members should note that even if all of the items identified at Annex 2 are funded the directorate will still need to manage some significant expenditure pressures in 2009/10, in particular
- The number of properties in York is expected to expand by 1,000 properties each year. Costs are incurred through additional waste collections and increased disposal costs. If growth is not provided it could create budget pressures and potential overspends in the waste collection and disposal budgets.

- Funding for the newly created Hot Spot Team in Neighbourhood Pride Service was top sliced from the York Pride budget in 2008/09 as a one off. If recurring growth is not provided then funding will once again be sought from York Pride.
  - A consequence of the reduction of the DEFRA grant payment in 2008/09 is that additional servicing costs will be required in 2009/10 to maintain the accuracy of some of our existing air quality monitoring stations. It is anticipated that one off funding in 2009/10 should be achievable from within the directorate, but this will remain a service pressure in future years.
  - Sanderson Court Community Centre has insufficient budget to sustain current operating arrangements. Additional budget is needed to operate the building and provide a grant to the voluntary management committee, consistent with other community centres.
13. A number of these are occurring in 2008/09 and have been reported to EMAP during this year. Members will be kept up to date on these issues during 2009/10 through the regular budget monitoring reporting processes.

#### **Savings Proposals (£503k)**

14. 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
15. 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.
16. Annex 3 shows agreed savings proposals for the Neighbourhood Services portfolio, including some savings that were proposed but are not included in the current budget.

## **Fees and Charges**

17. 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**

18. The Council's existing capital programme as approved at monitor 2 is shown at Annex 4.
19. Officers have prepared a list of possible capital schemes to be considered for this portfolio. Annex 5 shows the scheme bids currently approved up to 2013/14 along with growth going forward over the next 5 years. The column to the right of the stated year shows the growth above the level currently approved at monitor 2.
20. The only new scheme proposed for Neighbourhood Services is the EcoDepot Gatehouse which requires funding of £222k. A gatehouse is required to improve security and health & safety at the site. This was also recommended by a recent Freight Transport Association (FTA) report and the HSE.

## **2009/10 Directorate Priorities**

21. At the same time as NS has been developing its budget proposals, we have also been undertaking a directorate planning process. This section is included to provide a context for members in considering the budget proposals.
22. A proposed directorate plan for 2009/10 will be presented at EMAP in March, along with the scorecard sections of the directorate's twelve service plan. The directorate plan will set out a small number of key actions and measures for each of the proposed priorities. These actions and measures will form the basis for directorate level performance monitoring and management in 2009/10, while the actions and measures in the service plans will form the basis for service level performance management.
23. The proposed directorate priorities have emerged from a robust planning process that considered a range of information around performance, risk, external challenges, customer satisfaction. They are a mix of service and organisational development issues.

Proposed Organisational Development Priorities	Rationale
1. Health, Safety and Well-Being.	Performance has been good in 2008/09, but health & safety and staff absence remain key risks. We intend to pull the issues together to recognise that a more proactive approach to absence management will impact positively on health & safety.
2. Customer, Staff and Culture.	This priority means working towards a situation where empowered staff can deliver excellent responsive services to customers. This is a proactive internal development priority, that will look at developing the 'can-do' culture further. Working with the Easy @ York programme will form a part of this priority area.
3. Pay & Grading Implementation.	This priority should continue as we need to monitor implementation of the agreement, and manage any negative impact on staff or service delivery.
4. Improve equalities culture.	This remains a significant corporate issue under the new CAA inspection regime. Improvement will not happen organically and work will need to be driven through the directorate.
5. Value for Money.	High quality budget management remains important. This priority will incorporate how we respond to the efficiency agenda.

Proposed Service Development Priorities	Rationale
6. Community Safety	This remains a corporate priority for York within the work completed thus far on refreshing the corporate strategy. Given the economic downturn, issues around crime levels will remain important for the city.
7. Neighbourhood Management	This area remains important due to the added significance of community engagement and involvement heralded by new legislation around the duty to involve. This is being led corporately, but Neighbourhood Management Unit will play an important role.
8. Waste Management Services.	Driving forward continued improvement in how York deals with its waste will continue to be important financially for the council. This priority will also focus on continuing to improve the quality of service provided to residents.
9. Parking Services.	By April 2009, this service area will have bedded down within NS. The service will be the subject of a review under Easy @ York during the year.
10. Highways Maintenance.	By April 2009, this service area will have bedded down within NS and started to work much more closely with the Civil Engineering team. The service will be the subject of a review under Easy @ York during the year.

### Consultation

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

### Options

25. 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**

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

## **Corporate Priorities**

27. The budget represents the opportunity to reprioritise resources towards corporate priority areas. Key examples of this happening within this portfolio area are:
- Growth has been included to fund the roll out of recycling to additional households in the city, provide additional funding for recycling containers and fund improvements at Towthorpe HWRC which contribute to the priority to decrease the tonnage of biodegradable waste and recyclable products going to landfill.
  - The priority to improve the actual and perceived condition and appearance of the city's streets, housing estates and publicly accessible spaces will be assisted by continuation of funding of Neighbourhood Pride Service.
  - The additional funding provided to Safer York Partnership and the Noise Patrol Team will contribute towards the priority to reduce the actual and perceived impact of violent, aggressive and nuisance behaviour on people in York.

## **Implications**

28. The implications are:
- Financial - the financial implications are dealt with in the body of the report.
  - Human Resources - There are 2 deleted posts resulting in 0.5 redundancies included in Annex 3. HR implications will be managed in accordance with established 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 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**

29. 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.
30. 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**

31. The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.
32. 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.
33. The Executive Member Advisory Panel is invited to provide comments on the capital proposals 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.
35. The Executive Member is asked to consider the budget proposals for consultation for Neighbourhood Services 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;
  - Options for New Capital Schemes in Annex 5

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Report Approved  Date 9/1/09

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

**Background Working Papers**

Reports to individual EMAP meetings

**Annexes**

Annex 1 - 2008/09 Budget  
Annex 2 - Service Pressure Proposals  
Annex 3 - Savings Proposals  
Annex 4 - Existing Capital Programme  
Annex 5 - Options for new capital schemes