

Executive Member for Neighbourhood Services and Advisory Panel 21 January 2008

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

Revenue and Capital Budget Estimates 2008/09

Purpose of Report

1. This report presents the 2008/09 budget proposals for Neighbourhood Services. It includes:
 - the revenue budget for 2007/08 (Annex 1) to show the existing budgets
 - the budget adjusted and rolled forward from 2007/08 into 2008/09
 - the provisional allocation of pay and price increases for the portfolio
 - officer proposals for budget service pressure costs and savings options for the portfolio area (Annexes 2 and 3)
 - other revenue budget options for consultation (Annex 4)
 - the existing approved capital programme (Annex 5)
 - options for new capital schemes (Annex 6).
2. Budget Council will be held on 21 February 2008 and will make decisions on the overall budget for the Council. Proposals for savings/growth currently being considered by the individual EMAP meetings will not result in a balanced budget and the Executive Members will also have to consider other options. Options relating to this portfolio are shown in Annexes 4 and 6. In order to facilitate the decision making process the Executive are meeting on 12 February 2008 to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation exercise.
3. The Neighbourhood Services Executive Member 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. In particular Member advice is sought on the items listed for consultation in Annexes 4 and 6, which at present do not form part of the intended budget, but which may need to (see paragraph 2). 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 11 September 2007. 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 2008/09 indicated that the government has transferred £2.626m from service specific grants into the general (Revenue Support) grant. Formula damping, by which the government try to ensure that there is a limit to large gains/losses to Council's from formula changes, is still in force. The proposed funding positions are that in real terms general grant will increase by £1.39m (3.63%) in 2008/09, £1.17m (2.75%) in 2009/10 and £1.11m (2.56%) in 2010/11.
6. It should be noted that this is a provisional settlement, and, as such, it is likely to change following consultation. As it is a three-year settlement it is likely that the large grant losers who have significant resources at their disposal will be lobbying hard for changes to be made in their favour. It is also likely that there may be errors/changes to the data used by the Department of Communities and Local Government (DCLG) when the final settlement is announced.

Budget Proposals for Neighbourhood Services

7. 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.

Table 1 - Summary of Budget Proposals for Non- Traded Services

	Para. Ref	£'000
Base Budget 2008/09		13,509
Provisional allocation for pay increases		118
Provisional allocation for price		360
Other Budget Pressures:		
Superannuation increase		16
Staff Increments		35
Service Pressure proposals (Annex 2)		1,391
Savings proposals (Annex 3)		(475)
Proposed Budget 2008/09		14,954

Table 2 - Summary of Budget Proposals for Traded Services

	Para. Ref	£'000
Base Budget 2008/09		(386)
Provisional allocation for pay increases		Built into charges
Provisional allocation for price		Built into charges
Other Budget Pressures		Built into charges
Full year effect of 2007/08 savings items		29
Service Pressure proposals (Annex 2)		Built into charges
Savings proposals (Annex 3)		(250)
Proposed Budget 2008/09		(607)

Base Budget (£13,509k general fund less £386k trading surplus= £13,123k)

8. This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2007/08, e.g. supplementary estimates.

Provisional Pay Inflation (£118k general fund)

9. These calculations are based on a pay increase for APT&C of 2.5%. The negotiations for the 2008/09 settlement have not yet started, although there is pressure from the Treasury that increases are kept under 2%.

Provisional Price Inflation (£360k general fund)

10. The budget proposes that, due to the underlying low rate of inflation, there is a general price freeze on most budgets. The amount allowed for price inflation is to fund known price increases, e.g. contract payments. Increases for fees and charges are included in the savings proposals.

Other Budget Pressures (£51k general fund)

11. These represent pressures over which the service has no influence, e.g. changes to funding and expenditure which are due to national policy initiatives. These are:
- £16k relating to the superannuation increase
 - £35k for staff increments

Full year effect of 2007/08 Savings items (£29k traded accounts)

12. A savings item in Building Maintenance was approved in 2007/08 where there is only a part recurrence in 2008/09. Additional funds of £29k are required in 2008/09.

General Contingency

13. Members should note that there are potential expenditure pressures that may materialise in 2008/09 but which are not yet certain or not quantifiable at this stage.
14. Landfill tax will increase by £8/tonne in 2008/09. £450k is included as a service pressure but £100k is also included in the general contingency. This expenditure is dependant on the amount of tonnage sent to landfill which is difficult to predict. It is assumed that if this materialises then funding will be requested from the General Contingency.

Service Pressures (£1,391k general fund)

15. In the Finance Strategy report to the Executive on 11 September 2007 a sum of £7.828m was included as the estimated amount that would be needed to meet increasing demand for services and to allow for reprioritisation of service provision.
16. 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 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.
17. Included in the above figures are a number of cost pressures resulting from the transfer into Revenue Support Grant (RSG) of income formerly received as direct grant in service portfolios.
18. The Waste Performance Revenue grant of £203k ceased in 2007/08 and funding is provided through the RSG from 2008/09. This grant is used to fund operational refuse and recycling activities and is essential in order to sustain the current recycling performance.
19. In addition, additional funding is provided through the RSG for new duties. The ones that have budgetary impact on the net cost of this portfolio total £50k and are set out in detail in the following paragraphs.
20. From the 1st April 2008 the government has placed a new duty on councils to accept stray dogs brought to them, 24 hours a day, 7 days a week. The council will need to contract with a third party in order to provide this service and has estimated the cost at £25k.
21. The government has placed new enforcement duties on the council for home information packs, copyright enforcement and food safety on farms. The additional grant available is estimated at £25k. A savings proposal of £25k has been proposed which will be achieved from efficiencies with Environmental Health and Trading Standards (EHTS) by reprioritising work within the section.

Savings Proposals (£475k general fund and £250k traded accounts)

22. Members will be aware that the 2007/08 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2008/09 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

23. 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.

24. Annex 3 shows the full list of savings proposals for the Neighbourhood Services portfolio.

Fees and Charges

25. 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

26. The Council's existing capital programme is shown at Annex 5.

27. The resources to fund new capital schemes are limited. Overall the existing programme is anticipated to generate a small receipts surplus of £0.6m, however, it is unlikely that there will be any new major receipts as all surplus land holdings have either been sold or are earmarked to be sold for existing commitments. A maximum of £1.25m is expected to be available for new schemes as part of the 2008/09 – 2010/11 programme, which if fully committed, and leaves no contingency if sales are not made at their expected values. Against this background Officers have prepared a list of possible schemes to be considered for this portfolio. These are shown at Annex 6.

28. It is proposed to increase funding by £100k for the replacement of Parliament Street Toilets at Silver Street to provide a modern, ground floor facility which will better meet the needs of all users. This is in addition to the £250k which

is currently set aside for this scheme in the capital budget.

29. Towthorpe HWRC requires a one off investment of £20k to improve standards of health and safety.
30. £840k is required in 2009/10 in order to install mercury abatement equipment to the crematorium to meet government requirements. Mercury emissions from crematoria must be reduced by 50% by 31st December 2012. The equipment removes gaseous mercury from flue gases as well as a range of other pollutants. If government targets are not met then fines will be levied although the amounts are unknown at this stage.

Consultation

31. 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, forums and a web-based process.

Options

32. 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, 4 and 6.

Analysis

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

Corporate Priorities

34. The budget represents the opportunity to reprioritise resources towards corporate priority areas.
35. An example of this happening within this portfolio area are the number of proposed growth items relating to Waste Services. Growth relating specifically to improving the recycling collection service and waste minimisation total £749k which contribute to the Council priority to decrease the tonnage of biodegradable waste and recyclable products going to landfill.

Implications

36. The implications are:

- **Financial** - the financial implications are dealt with in the body of the report.
- **Human Resources** – The savings proposed in Annex 3 include 5 posts (3FTE) of which 2 posts are potential redundancies.

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. As

part of this process consultation with potentially affected staff and their representatives has been undertaken at corporate and departmental level and will continue throughout the budget setting process.

Despite this there is still a statutory requirement for collective consultation with both the trade unions and employees where 20 or more redundancies are proposed within a 90-day period or less. It is anticipated that the number of potential redundancies when the budget saving proposals become clearer, it will be necessary for the council to issue an Advance Notification of Redundancies (HR1) to the Department for Business, Enterprise and Regulatory Reform (formerly the Department of Trade and Industry) and the trade unions. Failure to do so could result in delays to redundancies taking place and penalties associated with non-compliance. The Council is required to issue this notification 30 days before the first dismissal takes place where there are between 20 and 99 redundancies proposed and 90 days before the first dismissal where there are 100 or more proposed.

The councils overall number of full time equivalent posts to be reduced is still yet to be established. Once this has taken place HR will confirm the required duration of the collective consultation and notification periods. Line managers must not issue notices to dismiss employees before the collective consultation and statutory consultation process has concluded.

Action is already being undertaken to mitigate the overall redundancy numbers through processes such as redeployment and controlled recruitment. Natural attrition, the retention of grant funding and attainment of growth bids will equally reduce the final number of posts to be removed from the establishment.

- **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.

Risk Management

37. 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.
38. 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

39. The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.
40. 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 12 February 2008.
41. 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 12 February 2008.
42. 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 12 February 2008.
43. The Executive Member is invited to consider whether the budget proposals are in line with the Council's priorities.
44. The Executive Member is asked to consider the budget proposals for consultation for Neighbourhood Services for 2007/08 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 January 2007.
 - 2008/09 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;
 - Other Revenue Budget Options for Consultation as set out in Annex 4
 - Options for New Capital Schemes in Annex 6

Reason- to begin consultation on the Neighbourhood Services budget for 2008/09

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

All

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Background Working Papers

Reports to individual EMAP meetings

Annexes

Annex 1 - 2007/08 Budget

Annex 2 - Service Pressure Proposals

Annex 3 - Savings Proposals

Annex 4 - Other Revenue Budget Options for Consultation

Annex 5 - Existing Capital Programme

Annex 6 - Options for new capital schemes