

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

## **Revenue Budget Estimates 2010/11**

### **Purpose of Report**

- 1 This report presents the 2010/11 budget proposals for Neighbourhood Services. It includes:
  - the revenue budget for 2009/10 (Annex 1) to show the existing budgets
  - the budget adjusted and rolled forward from 2009/10 into 2010/11
  - the cost of pay and price increases, increments and settlement of pay and grading appeals for the portfolio
  - proposals for budget service pressure costs and savings options for the portfolio area (Annexes 2 and 3)
  - fees and charges proposals (Annex 4)
- 2 Budget Council will be held on 25 February 2010 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 2010 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. The Executive Member is invited to provide comments on the budget proposals in this report.

### **Background**

- 4 The Council's 2010/11 budget is being developed within the constraints of an extremely challenging financial climate. An extensive transformational programme has begun which will promote efficient delivery of services whilst at the same time ensuring funding is available for investment in key areas across the Council.
- 5 The 2009/10 revenue budget monitoring process has identified areas of activity that currently have insufficient capacity to deal with the increased demands on those services. In addition consideration has been given to the Council's top priorities, and the need to ensure that key front line areas of activity, particularly those in respect of adults and children, can continue to be

provided. From this analysis, specific areas of investment will be proposed within the Councils 2010/11 budget, in particular within the following areas:

- Adult Social Care
- Children's Social Care
- Waste Management

- 6 The proposed budget for 2010/11 reflects the need to direct investment into these areas in order that planning and monitoring of service delivery and improvement can take place against an adequate resourcing platform.
- 7 In addition, the Council recognises that adequate provision needs to be created within the budget to ensure that the continuing financial impact of the economic downturn can be contained effectively. Following detailed review of economic pressures both on front line services and the Council's Treasury Management function, it is proposed that in the region of £3m will be set aside within the budget to contain the impact of these pressures.
- 8 In order to create the financial capacity to enable adequate investment in these priority areas the budget strategy has been based around certain key financial management principles. A fundamental maxim of the strategy is that Directorates have been made clearly responsible for the robust and effective self-management of their existing financial resources and that restraint has been expected in putting forward for additional growth in budget to be funded corporately
- 9 Directorates have been expected to contain their net expenditure within clearly defined and strictly enforced cash limits with a clear expectation that Directorates self manage all non-exceptional budget pressures within this cash limit. These pressures include the anticipated cost of the pay award and any incremental increases due in year. Explicitly linked to self-management within defined cash limits has been the requirement for directorates to demonstrate the re-allocation of budgets in order to contain internal financial pressures.
- 10 Significant pressures faced in Neighbourhood Services during 2009/10 which will continue into 2010/11 are:
  - Waste processing and Landfill Tax: a contingency item of £400k was provided for the increased costs of landfill in 2009/10. Costs of £200k have been incurred this year.
  - The Commercial Waste account has experienced reduced income this year which is in part due to price increases but also a number of national contracts have been lost and a greater number of small businesses are closing during the recession. Currently this is forecasting a £100k overspend.
  - Parking Services Penalty Charge Notices has seen a £100k pressure from reduced income. This follows a similar trend to previous years.
  - Winter gritting and basic highways maintenance is experiencing higher than expected volumes of work due to the recent harsh weather conditions. This is already overspent and is not known at present what

additional work this will bring in terms of mending pot holes and replacing cracked pavement flags and therefore what further potential pressure this will bring to the overall budget.

- 11 As part of the development of the budget, the Council's transformation programme has also been robustly reviewed in view of the need to create capacity to invest in priority areas. A realistic acceleration of efficiency savings will be included within the corporate budget proposals in order to ensure that the additional financial capacity introduced in this budget is based around a challenging but realistic approach to driving out efficiency savings across the organisation. However, it must be stressed that achievement of these efficiencies will not be easy to deliver, but they are essential in order to deliver investment into priority areas. The scale and pace of the transformation process in coming years will be critical to the Council maintaining financial stability. In addition, clearly with the future pressures on public spending, combined with known forecast increased pressures in children's care, adult care, and waste management, the Council will face the need to both achieve significant transformational change, and review the overall type and level of service provision in coming years.
- 12 It is however recognised that reviews of service activity need to take place in order to develop and implement mitigation plans that will constrain the impact of these financial pressures.
- 13 The Director of Resources' report '2010/11 Budget Strategy and Medium Term Financial Planning 2011/12 to 2013/14' was adopted by the Executive on 15 December 2009. This paper is the result of ongoing work against this agreed framework.
- 14 The Local Government Finance settlement for 2008/09 included indicative figures for 2010/11 to enable the Council to consider future budget issues. The provisional settlement for 2010/11 gives an increase in formula grant of £1.090m, an increase of 2.51%

### **Budget Proposals for Neighbourhood Services**

- 15 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**

	Para. Ref	£'000
Base Budget 2009/10	16	29,777
Allocation for pay increases	17	207
Allocation for price increases	18	0
Service Pressure proposals (Annex 2)	19	1,655
Savings proposals (Annex 3)	22	(1,030)
Proposed Budget 2010/11		30,609

**Base Budget (£29,777k)**

- 16 This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2009/10, e.g. supplementary estimates.

**Pay Inflation (£207k)**

- 17 These calculations are based on a pay increase for APT&C of 1%. The negotiations for the 2010/11 settlement have not yet started, although there is pressure from the Treasury that increases are kept to a minimal level.

**Price Inflation (£0k)**

- 18 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.

**Service Pressures (£1,655)**

- 19 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.

**Contingency Items**

- 20 Members should note that there are potential expenditure pressures that may materialise in 2010/11 but which are not yet certain or not quantifiable at this stage. The Executive will decide on 16 February 2010 whether or not to set a general contingency to provide possible funding for such items for 2010/11.
- 21 Current potential contingency issues in Neighbourhood Services for 2010/11 are:
- Winter maintenance - as already identified in paragraph 10 winter gritting and basic highways maintenance is experiencing higher than expected volumes of work this year due to the recent harsh weather

conditions. This has a knock on effect with regards to basic road maintenance and therefore additional spend required.

- Landfill tax – current tonnages in 2009/10 are projected at 59,000 tonnes of waste being taken to landfill. With the further rollout of kerbside recycling in 2010/11 tonnages are projected to be 56,000 tonnes. A further challenge has been set through the waste minimisation strategy to reduce waste arising and going to landfill by a further 4,200 tonnes down to 51,800 tonnes in 2010/11. This requires commitment from all the resident of York, hence the contingency issue.

### **Savings Proposals (£1,030k)**

- 22 Members will be aware that the 2009/10 budget savings were significant and that all Directorates are operating within a tight financial environment. In addition the Council has engaged on an efficiency programme, More For York, which has a target of generating £15m of budget savings over three years. In addition to those savings included in the efficiency programme Directorates have looked at other areas within their control.
- 23 In seeking to achieve savings for the 2010/11 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 and are not already included in the blueprints for More For York. 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
- 24 In addition to the initiatives listed above the price increases and list of savings also include proposals to increase fees and charges (see also section below). Generally these are in line with inflation, but this is varied by directorates as they are affected by national constraints/requirements.
- 25 All budget proposals within Neighbourhood Services will be looked at in conjunction with the actions put forward in the directorate More for York blueprint so that processes are not looked at in isolation. This will build on the efficiencies of the transformation programme.
- 26 Annex 3 shows the full list of savings proposals for the Neighbourhood Service portfolio.

### **Fees and Charges**

- 27 The details of the proposed fees and charges for the services provided by this portfolio are set out in Annex 4. Where fees and charges increases are being

set above the inflation requirement they have been included in Annex 3. Reasons for increases above inflation are:

- Registrars: above inflation increases are proposed in respect of some fees generating additional income and therefore a proposed saving of £37k.
- Bereavement Services: some fees have been increased after a benchmarking process against other crematoria and to bring fees in line. Some new fees have been introduced and others amended to reflect increased manufacturing costs, labour cost and demand.
- Pest control : it is proposed to increase pest control treatment charges above inflation to cover costs of investment in the service. Pest control fees were not increased in 2009/10.
- Bulky household collection and Hazel Court Household Waste Recycling Centre trade waste charges: An above inflation increase is proposed in this area which reflects the additional costs, including landfill tax, of collection.

### **Consultation**

- 28 This paper forms part of the Council's budget consultation. The other streams being undertaken include a public consultation leaflet circulated city wide (results should be known by mid-January), a public meeting where participants debated savings and growth proposals attended by the Leader of the Council and the Chief Executive, and a further session with a the business communities of the city.

### **Options**

- 29 As part of the consultation process the Executive Member is asked for their comments or alternative suggestions on the proposals shown in Annexes 2, 3, and 4.

### **Analysis**

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

### **Corporate Priorities**

- 31 Neighbourhood Services plays a key role in delivering services under six of the eight Corporate Strategy themes. The budget represents the opportunity to reprioritise resources towards corporate priority areas. Key examples of this happening within this portfolio area are:
- Healthy City and Thriving City – Neighbourhood Services undertake a range of work, especially under environmental health, that contribute to making York a healthy city. Staff savings have been taken within the Environmental Health and Trading Standards service however these do not impact on the service to customers.
  - Inclusive City – ‘Support effective community engagement:’ is a

directorate priority which links to the inclusive city theme. Through this priority we will develop the services provided by the Neighbourhood Management Unit within the existing budget.

- Safer City – the directorate priority ‘Make York Safe by working with partners to tackle violent crime, acquisitive crime and anti-social behaviour’ is evident in the reprioritisation of budgets to the work of the Noise Patrol team and the ‘on farm’ inspections
- Sustainable City – four of the directorate priorities focus on this strand of the Corporate strategy:
  - ‘NS3: Reduce biodegradable waste and recyclable products going to landfill: deliver the Waste and Waste Minimisation Strategies’. Additional resources have been directed to this service to push the message of recycling in conjunction with the final phase of the kerbside rollout.
  - ‘NS4: Keep traffic moving: review and develop Parking Services’. A review of Parking Services has been conducted to improve the efficiency of the service.
  - ‘NS5: Improve local environmental quality: improve the actual and perceived condition and appearance of the city’s streets, housing estates and public spaces’. Efficiencies in the Neighbourhood Pride Service have been identified via the More For York Programme therefore no further savings have been submitted in the 2010/11 budget process.
  - ‘NS6: Improve our roads and pavements: review and develop Highway Maintenance Services’. A review of the Highways Maintenance service has been conducted since this service was transferred to Neighbourhood Services. Duplication has been identified via the More For York Programme and a further review of systems has given additional savings via the budget process which will not impact on the service to customers.
- Effective Organisation – via the budget process Neighbourhood Services has reviewed those areas of spend related to internal processes. Savings have been put forward in relation to spend on supplies and services and overhead staffing costs to better provide the back office support to our front line services.

## **Implications**

32 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources - there is one potential redundancy situation included in Annex 3. The Council policy for redundancy and redeployment will be followed with all necessary consultations with the unions and the member of staff affected.
- Equalities – an Equalities Impact Assessment has been conducted on the budget growth and savings and also the fees and charges. These proposals have no significant equalities implications.

- 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**

- 33 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.
- 34 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**

- 35 The Executive Member is invited to consider whether the budget proposals are in line with the Council's priorities.
- 36 The Executive Member 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 2010.
- 37 The Executive Member is asked to consider the budget proposals for consultation for Neighbourhood Services for 2010/11 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 February 2010.
- 2010/11 Base budget as set out in paragraph 8;
  - Service Pressure proposals as set out in Annex 2;
  - Savings proposals as set out in Annex 3;
  - Fees and charges as set out in Annex 4.



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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

Equalities Impact Assessment of the Budget savings, growth and fees and charges

### Annexes

Annex 1 - 2009/10 Budget  
Annex 2 - Service Pressure Proposals  
Annex 3 - Savings Proposals  
Annex 4 - Fees and Charges