

Executive Member for Neighbourhood Services and Advisory Panel 7th December 2006

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

Revenue Budget Estimates 2007/08

Summary

- 1 This report presents the 2007/08 budget proposals for Neighbourhood Services portfolio. It includes:
 - the budget adjusted and rolled forward from 2006/07
 - the allocation of pay and price increases for the portfolio
 - budget service pressure proposals and savings options for the portfolio area (Annexes 1 and 2)
 - budget options subject to consultation
 - Note - the budget for 2006/07, the existing budgets, would normally be show as an example. However, the consolidation of budgets from City Strategy, Chief Executives and Commercial Services have been undertaken since the approval of the 2006/7 budgets and not consistent with the current structures.

- 2 Budget Council will be held on 21st February 2007 and will make decisions on the overall budget for the Council. In order to facilitate the decision making process the Executive are meeting on 16th January 2007 to consider the preferences identified by the individual portfolio Executive Members and the results of the consultation. The Executive Member for Neighbourhood Services is therefore asked to consider the budget proposals and identify their preferences which will be considered by the Executive following consultation. EMAP is invited to provide comments on the budget proposals in this report.

Background

- 3 The Council's Medium Term Financial Strategy was adopted by the Executive on 11th July 2006. This paper is the result of ongoing work against this agreed framework.

- 4 The provisional Local Government Finance settlement for 2007/08 was included in the settlement papers for 2006/07 received in January 2006, which alongside the 2006/07 settlement provided indicative figures for 2007/08. A consultative draft settlement for 2007/08 is expected by early December. However, it is not expected that there will anything other than minor changes from the figures currently used.

- 5 The figures in the 2006/07 settlement indicated that the increase in

government funding in 2007/08 nationally would be 4.0% but for York the figure is 3.2% or an additional £1.192m. However, there is no guarantee that this allocation will not change when the final grant settlement is announced in late January 2007, although any changes are expected to be minor.

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. 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 2007/08		12,893.0
Provision for pay increases		73.2
Provision for price increases:		
Fuel		34.4
General Inflation Pressures		249.2
General inflation on income		-49.6
Other Budget Pressures:		
Staff Increments		35.0
Landfill Tax		227.0
Waste management growth in property base		36.0
New expenditure/income due to grant and service transfers		None
Full year effect of 2006/07 growth and supplementary estimate		
Waste Strategy		250.0
Service Pressure proposals (Annex 1)		299.0
Savings proposals (Annex 2)		-541.0
Proposed Budget 2007/08		13,506.2

Table 2 – Summary of Budget Proposals for Traded Services

	Para. Ref	Surplus £(000)
Base Budget 2007/08		-189.1
Provision for pay		Built into charges
Provision for price increases:		Built into charges
Other Budget Pressures:		Built into charges
New expenditure/income due to grant and service		

transfers		None
Full year effect of 2006/07 growth and supplementary estimate		None
Service Pressure proposals (Annex 1)		Built into charges
Savings proposals (Annex 2)		-361.0
Proposed Budget 2007/08		-550.1

Base Budget (£13,506.2k- £550.1k = £12,956.1k net)

- 7 This represents the latest budget reported to Members, updated for the full year effect of decisions taken during 2006/07, e.g. supplementary estimates.

Pay Inflation (£73.2k non traded plus costed rates for traded services)

- 8 These calculations are based on a pay increase for APT&C of 2.5%. The negotiations for the 2007/08 settlement have not yet concluded, although there is pressure from the Treasury that increases are kept under 2%.

Price Inflation (+/-£249.2k – 49.6k)

- 9 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 and fuel bills. This figure is a net figure. Fees and charges are generally increasing by 2.3%, but this is varied, but where increases are proposed in excess of this the additional income is reflected in the savings totals offered.

Other Budget Pressures (£35k + £227k + 36k plus traded services)

- 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, for example, Landfill tax.
- 11 The staff increments are those related to the non-trades services only and is consistent with the Councils HR policies. All similar costs associated with traded accounts are reflected in the revised recharge rates. It is not always possible to recover the full amount as term contracts with agreed inflation adjusters are in place.
- 12 The Government, through the Environmental Protection Act have a statutory instrument with increases the cost of landfill by £3 per tonne per year until it reaches £35 per tonne. The 2007/8 rate will be £24 per tonne, an increase of 14.3%.

Full Year Effect of 2006/07 Growth and Supplementary Estimate Items (£250K)

- 13 One growth items was approved in 2006/07 where there is a full year cost in 2007/08. As part of a three year waste strategy, £250k, was agreed as an annual growth item to support the work of the PFI procurement project with North Yorkshire for final waste treatment. It is made up of shared consultancy

costs plus the short term contract of a Waste PFI Officer.

General Contingency

- 14 Members should note that there are potential expenditure pressures that may materialise in 2007/08 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.

Table 3 - Contingency Issues for 2007/08

	£(000)
Contingency Issues for 2007/08	
<i>Neighbourhood Services:</i>	
Double Taxation	50
Non-diversion to landfill	30
Total	80

Service Pressures (£299K)

- 18 In the Finance Strategy report to the Executive on 11 July 2006 a sum of £7.291m was included as the estimated amount that would be needed to meet increasing demand for services and to allow for reprioritisation of service provision.
- 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 one proposal shown in Annex 1 is included in the consultation list as the preferred options for Neighbourhood Services. The proposal put forward is 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 (£541k for non-traded services and £361k for traded services, a total of £902k)

- 20 Members will be aware that the 2006/07 budget savings were significant and that all Directorates are operating within a tight financial environment. In seeking to achieve savings for the 2007/08 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

- 21 Annex 2 shows the full list of savings proposals for the Neighbourhood Services portfolio.

Consultation

- 22 This paper commences the Council's budget consultation, both in terms of formal discussions with the Business and Voluntary sectors, but also as a mechanism for the public to comment on the proposals made in the report.

Options

- 23 Members of EMAP are asked for their comments or alternative suggestions on the investment and savings proposals shown in Annexes 1 and 2.

Analysis

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

Corporate Priorities

- 25 The budget represents the opportunity to reprioritise resources towards corporate priority areas. Key examples of this happening within this portfolio area are:

- The growth bid to expand the kerbside collection of cardboard. This will contribute to the corporate priority of 'Decreasing the tonnage of biodegradable waste and recyclable products going to landfill'.

Implications

- 26 The implications are:

- Financial - the financial implications are dealt with in the body of the report.
- Human Resources – There are two potential posts which will be made redundant. The corporate redeployment procedure will be used if necessary.
- 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

- 27 Key reporting mechanisms to Members on budget matters will continue to be through two mid-year monitoring reports and the final Revenue Outturn report for the year. These reports will also address the progress made on investments and savings included in 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 provide comments on the budget proposals for consultation for 2007/08 contained in this report, which will be considered by the Budget Executive on 16 January 2007.
- 32 The Executive Member is asked to consider the budget proposals for consultation for the Neighbourhood Services portfolio for 2007/08 contained in this report and listed below and provide comments to be submitted to the Budget Executive on 16 January 2007.
- 2007/08 Base budget as set out in paragraph 7;
 - Service Pressure proposals as set out in Annex 1;
 - Savings proposals as set out in Annex 2;

Reason: To begin consultation on the Neighbourhood Services budget for 2007/08.

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Specialist Implications Officer(s)

Financial Implications – Head of Finance 7/11/06
HR Implications – HR Business Manager 17/11/06

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

Background Working Papers

Annexes

Annex 1 - Service Pressure Proposals
Annex 2 - Savings Proposals