

Report of the Director of People and Improvement and Director of Resources

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

### **Summary**

- 1 This report presents the 2009/10 budget proposals for the Chief Executive's Directorate. 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 (Annex 2)
  - fees and charges proposals (Annex 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 Leader 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 the Chief Executive's Directorate

- 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 savings items which at this stage are not being recommended to Members.

**Table 1 - Summary of Budget Proposals**

	Para. Ref	£'000
Base Budget 2008/09	7	6,141
Provisional allocation for pay increases	8	182
Provisional allocation for price increases	9	-8
Full year effect of 2008/09 growth items	10-11	230
Savings proposals (Annex 3)	14-16	-399
Proposed Budget 2009/10		6,146

### Base Budget (£6,141k)

- 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 (£182k)

- 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 (-£8k)

- 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.

### Full Year Effect of 2008/09 Growth Items

- 10 Several growth items were approved in 2008/09 where there is either a full year cost or a non-recurrence in 2009/10.
- 11 The costs shown in table 2 below represent the additional funds needed in 2009/10.

**Table 2 - Full Year Effect of 2008/09 Pressures**

	£'000
<b>Full Year effect of recurring departmental pressures in 2008/09</b>	
Delphi Replacement Project (year 2 of 2) – full year costs of funding project to replace the existing Payroll and HR System. Funding covers the costs of the project team.	170
Equality Officer funding – full year effect of funding for this	37

temporary post, to cover an 18 month work programme	
Leeds City Region Subscription – year 2 of 2	23
<b>Total Full Year Costs</b>	<b>230</b>

### **General Contingency**

- 12 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. There are no issues identified within the Chief Executive's Directorate that are assumed to be calls on the contingency, which is proposed to be set at £600k.

### **Service Pressures (£0k)**

- 13 A range of options for service pressure proposals has been considered and in view of the overall available resources it is not proposed to fund any pressures within the service in 2009/10. There are pressures identified that will need to be managed particularly in relation to the continuing downward trend of income from commercial property rents and the increased cost of rents for administrative accommodation. Members will need to be kept aware of budget pressure points as part of the regular monitoring cycle.

### **Savings Proposals (£-399k)**

- 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 2 shows the full list of savings proposals for the Chief Executive's Directorate portfolio.

### **Fees and Charges**

- 17 The details of the proposed fees and charges for the services provided by

this portfolio are set out in Annex 3. Where fees and charges increases are being set above the inflation requirement they have been included in Annex 2.

### **Capital Programme**

- 18 The Council's existing capital programme is shown at Annex 4.
- 19 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.

#### St Clements Hall (£1,121k)

The scheme is to refurbish and convert a redundant church hall to provide a high quality community resource which will improve the quality of life for people who live in the Micklegate area and also for disadvantaged groups elsewhere in York. The scheme is in response to the Council's recently approved policy (October 2007) on the Community Management and Ownership of Council Property Assets. The Council will receive external funding for this proposal of £977k from the Big Lottery Fund, leaving a net cost of £144k to be funded internally.

#### River Bank Repairs (£400k)

In 2002 the Council's Engineers undertook a survey of the riverbanks of the Ouse and Foss Basin, detailing a programme of works over a 10 year period. From that survey three main areas were identified as requiring stabilising work in 5 years time; east bank between Scarborough Bridge and Clifton Bridge, east bank between Lendal mooring and Marygate Landing and Foss Basin island. These works are now required.

#### Property Key Components (£585k)

As part of the ongoing programme of property repairs it is proposed that the 2009/10 element of the programme will cost £585k, requiring an additional £385k of capital funding. This will cover urgent and essential repairs of Council property.

### **Consultation**

- 20 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**

- 21 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**

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

## **Corporate Priorities**

- 23 The budget represents the opportunity to reprioritise resources towards corporate priority areas. The Chief Executive's Directorate primarily supports the other directorates in achieving their corporate priorities. Savings have been targeted primarily where efficiencies can be made from better working practices thus protecting front line services.

## **Implications**

- 24 The implications are:
- Financial - the financial implications are dealt with in the body of the report.
  - Human Resources – Overall, the proposals result in a reduction of 2.2 FTEs (refer to Annex 2: CXLS2, CXLS3 & CXMS2). As these posts are vacant there are no redundancy implications. However, the workload covered by these posts will be absorbed by other members of the relevant teams. In future this may result in pressures on the staff working in these areas. 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.
  - 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**

- 25 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.
- 26 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

- 27 The Executive Member Advisory Panel is invited to consider whether the budget proposals are in line with the Council's priorities.
- 28 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.
- 29 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.
- 30 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.
- 31 The Executive Leader is invited to consider whether the budget proposals are in line with the Council's priorities.
- 32 The Executive Leader is asked to consider the budget proposals for consultation for the Chief Executive's 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;
  - Savings proposals as set out in Annex 2;
  - Fees and charges as set out in Annex 3;
  - Options for new capital schemes in Annex 5.

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

## Contact Details

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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 - 2008/09 Budget

Annex 2 - Savings Proposals

Annex 3 - Fees and Charges

Annex 4 - Existing Capital Programme

Annex 5 - Options for new capital schemes