

ENVIRONMENT AND TRANSPORT OVERVIEW AND SCRUTINY COMMITTEE - 4 FEBRUARY 2010

REVENUE BUDGET AND CAPITAL PROGRAMME

SUMMARY: This report provides the Committee with the opportunity to review the Revenue Budget for 2010/11 and the Capital Programme for the period 2010/11 to 2012/13. It draws the Committee's attention to the Budget Strategy document through which the Cabinet wishes to consult with each Overview and Scrutiny Committee and also sets out the issues addressed in preparing the draft budget for 2010/11.

THE COMMITTEE IS INVITED to forward any views to the Cabinet for consideration

1. Introduction

At its meeting on 1 February, the Cabinet considered two reports on the Council's financial plans for 2010/11 as follows:

- Financial Plans - Revenue Budget 2010/11
- Capital Programme – 2010/11 to 2012/13

It has put forward a number of further proposals in the form of a Budget Strategy document along similar lines to previous years on which Overview and Scrutiny Committees are being consulted.

At its meeting on 22 February, the Cabinet will finalise its Budget and Capital Programme proposals for 2010/11 and will also recommend the Council Tax for 2010/11. Final decisions will be taken by the Council on 3 March on all of these issues.

2. Budget Review 2009/10

As part of the review of the current year, the original budget has been updated for unspent items agreed for carry forward from 2008/09 and claims on the Contingency Provision during the year. The changes to the budget and the latest expenditure variations reported to the Cabinet on 1 February are summarised below.

	£'000
Original Budget 2009/10	36,859
Pay awards	29

Budgets carried forward from 2008/09	212
Contingency claims	
• Land charges income	150
• Mortuary contract	20
Other items	8
Current Approved Budget 2009/10	37,278
Monitoring variations (see Appendix A)	-209
Projected outturn 2009/10	37,069

The budget for the current year is monitored regularly with details of projected variations reported to relevant Cabinet Members and placed on the Council's intranet. A statement of the latest variations reported to the Cabinet on 1 February is set out at Appendix A.

3. Budget Strategy

As a result of the tight timetable for this cycle of meetings, the agendas for some Committees will have been circulated before the 1 February Cabinet meeting. The Budget Strategy document, which has been developed in consultation with the Leader of the Council, will therefore be sent separately to all Overview and Scrutiny Committee Members. Members of this Committee are asked to bring the document to the meeting.

The Budget Strategy is the Cabinet's consultation document setting out its proposals for the budget for 2010/11 and future years. It is set against the prospect of severe financial restraint in the public sector over the next four years. As a consequence, the 2010/11 budget takes on more significance than usual. It is essential that a robust budget is put in place which will serve the Council well at the start of this challenging period. Options for savings which affect all areas of the Council's services in 2010/11 and 2011/12 have already been agreed as part of the Corporate Policy and Resource Plan (CPRP) and approved by the Council on 4 November 2009. The Budget Strategy (in Appendix A) includes details of savings already approved by Public Cabinet and which have been incorporated in the 2010/11 draft budget. For ease of reference, all the CPRP variations relating to this Committee's portfolio have been restated at Appendix B of this report. Outline business transformation proposals for achieving savings in 2012/13 are included in the Budget Strategy.

Given the financial pressures facing the Council, the Leader of the Council has worked with Cabinet Members and officers to identify a further package of savings which were agreed by the Public Cabinet for consultation on 1 February. A number of these have been brought forward from 2011/12 and therefore the 2011/12 CPRP has been adjusted accordingly. The savings that apply to this Committee's portfolio are set out in Section 4.2. In addition, the package includes savings from freezing pay for Hay graded staff in 2009.

Finally, the document identifies proposals for new Capital Programme developments from 2010/11. Again, those relating to this Committee are restated in Appendix E.

The Overview and Scrutiny Committee's views are requested on the relevant items and all proposals will be reported back to the Cabinet on 22 February for consideration as part of its final recommendations to the Council.

4. Budget 2010/11

4.1 Current Position – Draft Budget 2010/11

The draft budget for 2010/11 is an important step in finalising the Council's financial plans and setting the Council Tax. However, it is not the final position and the items included and excluded are set out below.

At this stage, the draft budget for 2010/11 includes:

- CPRP items agreed by the Council in November, updated where necessary
- Other approved variations such as provision for reduced land charges income currently included in the Council's Contingency.
- The full year effect of all 2009 pay awards

It excludes:

- Provision for 2010 pay awards. This will be taken into account in setting the Contingency towards the end of the budget process.
- All other inflation. Although the level of inflation is currently low, it is difficult to predict future levels with any certainty. Again, an overall assessment will be made towards the end of the budget process.
- Additional budget savings set out in section 4.2 of this report, which are subject to approval by Public Cabinet.

At the end of the budget process, it will be necessary to update:

- Financing costs to reflect the latest approved Capital programme
- Recharges for the costs of services between and within Directorates to reflect the final agreed budget.
- Final agreed budget changes

4.2 Detailed Draft Budget 2010/11

The detailed draft budget is attached at Appendix C for information and the movement from the original 2009/10 budget is summarised in the following table. In recognition of the financial pressures facing the Council next year, the Leader of the Council has been working with Cabinet Members and officers to identify further savings which can be included in the budget for 2010/11. The resulting proposals as they affect this Committee's services are included in the table.

	£'000
Original Budget 2009/10	36,859
Pay awards	29
Inflation on fees and charges (2%)	-78
CPRP variations approved previously by Public Cabinet (Appendix B) – Environment and Transport	
• Waste Disposal – impact of landfill tax	560
• Land charges – reduced income	50
• Eltham Crematorium income	-180
• Street Services Contract	-307
• Grounds maintenance	-95
• Highways maintenance	-60
• Enhanced recycling scheme	-50
• Parking income	-35
• Refuse income, including recycling	-44
• Additional income – Environment	-30
• Additional income - Transport	-11
• Highways and Amenities staffing	-25
• Traffic and road safety initiatives	-25
• Street lighting and energy	-20
• Street naming and numbering	-10
Sub-Total CPRP variations – Environment & Transport	-282
Other approved CPRP variations – Corporate item	
• Employers' pension contributions	95
Other budget changes (see note 1 below)	
• Land charges income reduction	150
• Mortuary contract	20
• Budget transfers and other changes	189
Draft Budget 2010/11 as per Appendix C	36,982
Additional budget savings (see note 2 below)	
• 10% reduction in supplies and services budgets	-54
• Traffic and road safety schemes	-125
• Parking	-100
• Waste disposal	-35
• Additional sponsorship income	-10
• Public conveniences and changing rooms	-40
• Cemeteries income	-27
• Reconfiguration of the graffiti service	-70
Total	36,521

Notes:

1. In addition to the CPRP items, provision of £0.150m was included in the Council's Contingency in recognition of the reducing income from land charges.

This sum has been required in full in the current year and there are no indications that the position will improve next year. Therefore, this sum has now been incorporated into the 2010/11 draft budget.

2. There are a number of additional savings to be included in the budget:
- a 10% saving on equipment, print, postages etc budgets to be delivered by better control of these budgets.
 - traffic and road safety schemes - following the changes and flexibility in funding from Transport for London, some traffic schemes can now be funded from there, and it is possible to make a substantial saving as a result
 - a review of permit charges is proposed, alongside already agreed car park charges, and a longer-term review of car parking charges.
 - increased recycling will deliver further waste disposal savings
 - additional sponsorship income from the extension and expansion of the highways roundabout and verges sponsorship agreement to include welcome signs
 - savings from a 2 year contract extension to the public convenience and changing rooms cleaning contract and rationalisation of facilities
 - a revision of burial and grave maintenance charges to reflect benchmarking of other local authority charges.
 - a graffiti removal team is to be provided as a no-cost additional benefit to the Street Services contract. Hence a transfer of 1 team from the graffiti removal contract to the street services contract is achievable which will deliver this saving.

4.3. Fees and Charges

The schedule of proposed fees and charges for 2010/11 was approved for consultation by the Cabinet on 1 February. Copies of the document have been sent to all Members of the Council and should be brought to this Committee meeting. The proposed increase in fees and charges include an overall inflation increase of 2%. However, where a specific savings target has been included in the CPRP, the increase will be higher.

5. Capital Programme

The Capital Programme was last updated in November 2009 and a copy of this Committee's current Programme is attached at Appendix D. As mentioned above, the Cabinet's proposals for extending the Capital Programme are included in the Budget Strategy document and these are restated at Appendix E.

6. Next Stages

As mentioned above, any issues that are raised by Overview and Scrutiny Committees will be reported back to the Cabinet on 22 February. At that meeting, the Cabinet will put forward its final budget proposals - including the items shown at section 7, the

Contingency Provision for pay awards, inflation increases etc and any changes to the level of reserves – to the full Council which meets on 4 March to determine the final budget, Capital Programme and Council Tax.

The details of the finally agreed budget will be incorporated into the Budget Book to be published in April.

7. Summary of Legal Implications

There are no legal implications arising from this report.

8. Summary of Other Implications

There are no other implications arising from this report.

Local Government Act 1972 section 100(d)

Background documents

Public Cabinet reports – 13 October 2009, 1 February 2010.

Budget Strategy document

Budget working papers

Contact Officer:	Dick Passmore, Head of Finance, ext 2308
Reporting to:	Deputy Director of Finance