



CAI.30 11/12
Challenge & Improvement Committee
Date: 17 <sup>th</sup> January 2012

**Subject: Proposed Budget Plans 2012/13**

Report by:	Deputy Chief Executive and Director of Resources
Contact Officer:	Russell Stone Financial Services Manager 01427 676542 <a href="mailto:russell.stone@west-lindsey.gov.uk">russell.stone@west-lindsey.gov.uk</a>
Purpose / Summary:	The report sets out details of the draft budget proposals for the period of 2012/13.

**RECOMMENDATION:**

**1) That Members comment on the proposed budget plans for 2012/2013.**

**IMPLICATIONS**

**Legal:**  
None arising as a result of this report.

**Financial :**  
The proposed changes to 2012/2013 base budgets are explained in the body of this report.

**Staffing :**  
Some of the budget proposals changes will result in changes to the roles of a small number of staff and the removal of a small number of vacant posts from the establishment.

**Equality and Diversity including Human Rights :**  
See below.

**Risk Assessment :**  
All items where necessary have been risk and equality impact assessed by the relevant budget holder.

**Climate Related Risks and Opportunities :**  
There are no significant climate related risks and opportunities relating to this report.

**Title and Location of any Background Papers used in the preparation of this report:**  
No background papers were used in the production of this report.

**Call in and Urgency:**

**Is the decision one which Rule 14 of the Scrutiny Procedure Rules apply?**

Yes

No

**Key Decision:**

Yes

No

## **1. Introduction**

- 1.1 This Committee's terms of reference include a responsibility to comment on the proposed budget plans for all Council services before final approval by the Policy and Resources Committee and full Council. This report presents an overview of the budget proposals that will be considered by the policy committees and full Council.
- 1.2 The draft budget proposed for 2012/13 reflects the significant reduction in central government funding that was announced as part of the Chancellor's deficit reduction plan in 2010. The Council's formula grant in 2011/12 was reduced by £1.7m and for 2012/13 it has been further reduced by £0.826m. Additional costs of £0.397m have been accommodated within the budget for 2012/13.
- 1.3 Central government has provided additional 'one off', grant funding of £0.144m to allow a continuing freeze in Council tax for 2012/13. This is in addition to an ongoing grant of £0.144m arising from the freeze on Council Tax in 2011/12. The proposed budget assumes that the Council will continue to set an unchanged council tax for 2012/13, although this is subject to Council in March.
- 1.4 Considerable work has been undertaken to identify further income generation opportunities and budget reduction proposals which can be delivered to ensure a sustainable budget. This will allow the Council to set base budgets for 2012/13 which will have a minimal impact on service delivery. The draft base budgets shown at Appendix A (excluding capital charges and central support recharges) have been developed from the forecast budgets presented to Council in March 2011 and reflect the corporate priorities that were agreed for the financial year 2011/12 onwards.

## **2 Savings identified through the Budget Setting Process**

- 2.1 Savings to a value of £949k have been identified through the budget process. These are summarised by category in Table 1 and by service in Table 2.
- 2.2 The majority of the proposed savings have been delivered through efficiencies, different ways of working and service rationalisation.
- 2.3 Efficiency savings have been identified across the Council with significant variances relating to the removal of the CRM budget (£30k), service staffing review within community and Democratic and Revenues, Benefits and Customer services (£57k), reductions in the costs associated with insurance (£16k), and savings associated with 'paperless' working (£51k).
- 2.4 Significant changes within the category 'service rationalisation' include the changes within operational services relating to the suspension of the winter green waste collection and round review and a review into vehicle requirements (£185k), review of public conveniences (£22k),

changes to budgets for housing and homeless advice (£40k), and changes in the operation of the Trinity Arts Centre (£34k).

**Table 1 – Savings for 2012/13 classified by type**

	<b>Description</b>	<b>Amount £'000</b>
<b><u>Income</u></b>	Income generated by carrying out work for other Councils, charges to users where Council Tax Payers normally paid and new business opportunities.	134
<b><u>Cost Reduction</u></b>	Reduction of costs associated with service expenditure (not classified as efficiencies)	83
<b><u>Efficiencies</u></b>	Efficiencies created through negotiation of contracts, lean service review and improving management skills.	280
<b><u>Reducing Management Costs</u></b>	Reducing Management costs by integrating roles and using new technology.	102
<b><u>Service Rationalisation</u></b>	Improved services or other changes, such as technology, means the service can be rationalised.	350
<b>TOTAL</b>		<b>949</b>

**Table 2 – Service Changes to 2012/13 Original Budget**

<b>Service</b>	<b>Savings £</b>	<b>Pressures / Investment £</b>	<b>Net Saving / (Pressure) £</b>
Business Improvement	50,110	0	50,110
Community & Democratic	43,185	(4,000)	39,185
Development Management	85,840	(196,000)	(110,160)
Finance	72,000	0	72,000
Housing, Renewal & Community Safety	100,780	(8,850)	91,930
Human Resources / Communications	7,588	(8,990)	(1,402)
Operational Services	249,320	(34,000)	215,320
Public Protection	32,440	(8,020)	24,420
Regeneration	87,100	0	87,100
Revenues, Benefits & Customer Services	169,045	(28,660)	140,385
Technical & Contract Services	51,450	(108,000)	(56,550)
<b>Total</b>	<b>948,858</b>	<b>(396,520)</b>	<b>552,338</b>

### 3 Pressures identified through the Budget Setting Process

- 3.1 Additional expenditure, unavoidable costs and income shortfalls have been addressed within the budget plans. Income budget changes largely reflecting the current economic environment relating to Planning Applications, Pre-Application Advice, Land Charges searches and the Building Control service have been adjusted in total by £231k. Additionally, rental income budgets have been reduced by £28k and grant subsidy relating to housing benefit and council tax has been reduced by £29k. Other costs and services amount to £109k as summarised in the table below.

**Table 3 – Budget pressures and investments 2012/13**

	Description	Amount £ 000
<u>Income</u>	Income budget adjustments reflecting current economic conditions	332
<u>Costs</u>	Additional costs and investments incurred by the Council which can not be met by existing budgets.	65
<b>TOTAL</b>		<b>397</b>

### 4 Budget Engagement

#### 4.1 Consultation and Community Engagement 2012/13

As part of West Lindsey's Localism agenda and an ongoing commitment to engage with the community, a series of Budget Engagement workshops were held throughout the district during November and December 2011.

The engagement events were organised by members of the Finance and Business Improvement teams with support from Service Managers and the senior management team. Members of the Citizens Panel and Parish Councils were invited and the events were publicised on the Council's website and at the venues. The workshops were held in Gainsborough, Market Rasen, Saxilby, Nettleham, Scotter and Nettleton. Over the eleven separate sessions a total of 99 people attended ranging from 19 at the Nettleham afternoon session and 2 at the Market Rasen evening session.

It must be noted that this is not a representative sample and therefore results should be used with care, however it does provide a useful insight.

The workshops were intended to:

- Update the public on the outcomes of the 2011/12 budget engagement exercise
- Raise awareness of the financial challenges facing the Council when setting the budget and the Council Tax for 2012/13
- Seek views on the issues affecting residents within the context of the budget
- Seek views on council tax increases with reference to the government's grant offers to freeze rates at 2010/11 levels
- Raise awareness of the localism agenda and what it means for West Lindsey DC.

#### **4.2 Budget 2012/13**

As a result of the implementation of many of the service changes that had been consulted on previously and a wide range of efficiencies identified in the current budget setting process, an estimated resource gap of approximately £1.2m had been addressed. With considerable uncertainty about Council finances from 2013/14 the consultation focused on gauging the relative importance of services, identifying any specific issues residents might have and considering further approaches to balance future budgets.

Participants were asked to complete a questionnaire assessing the relative importance of the Council's services from a personal perspective. Waste services, Community Safety and Economic Development were ranked most highly with Cultural Services - Arts, Licensing and Public Conveniences assessed of relatively lower importance.

When asked to rank the services viewed as most important from a community perspective broadly similar results were achieved with the exception of car parking which was rated amongst the lower valued services.

Waste services consistently ranked as the most valued service and the main issue raised in respect of this service was the suspension of Green Bin collections. Many of the comments centred on the timing of the change in service. Participants felt the date for implementation was too early as, due to the milder weather, the autumn leaf fall was unusually late this year. It was suggested that the Council could be more reactive to the weather conditions in varying the service in future years. Some questioned the benefit of the service suspension compared to the cost saving achieved. Participants were also keen for the Council to do even more to promote home composting.

It is intended to use this information, together with more detailed findings, to inform future budget and service planning

There was a lot of interest in learning more about the waste disposal and recycling processes in Lincolnshire and how this area compared to other parts of the UK. Officers from the Operational services team attended most of the workshops and were able to inform discussions but further communication was suggested through WLDC News and other channels.

### 4.3 Suggestions for future savings and efficiencies

A number of efficiency suggestions were made for further consideration namely:

- e-billing
- an electronic West Lindsey News and/or opt in or out facility
- wider use of renewable energy sources – bio fuels and solar power
- energy from waste

Several participants felt the Council needed to be bolder in seeking contributions and additional income to avoid service reductions.

Participants rated a number of themes for addressing future financial planning. The most supported options were the use of greater shared services, devolving services to the community and targeting services to the most needy. The least supported theme was cutting services. When asked which options should be taken forward shared services scored highest with 73/99 participants and targeted services was second with 37/99.

### 4.4 Council Tax - Levels of increase

During the workshop participants were invited to express their initial opinions on a 'reasonable' rate of increase in council tax for 2012/13. Further information was then provided on the council's financial position, including central government funding cuts and inflationary pressures alongside the longer term implications associated with accepting the government's council tax freeze grants. Attendees were then asked again for their views on the level of council tax increase. The results are set out in the table below:

Council Tax Rise	Before Presentation % of Participants	After Presentation % of Participants
Reduce Council Tax	3.2	1.1
No Increase	30.1	40.5
Increase 0 – 2%	43.0	43.8
Increase more than 2%	23.7	14.6

Generally a majority of attendees believed an increase in council tax would be a reasonable expectation in the current economic climate. However, when explained, the government's council tax freeze option did attract much increased support in the second straw poll.

#### **4.5 Localism**

Participants were also briefed on what Localism meant, including the Council's priorities, plans and how it was reorganising to provide a greater local focus through area working. Participants were then invited to comment on Localism and what it means to them.

One of the main themes that arose in discussion related to volunteering. Comments included ways of encouraging younger people to volunteer, setting up a database of volunteers with skills mapping and advertising the volunteer bureau. Some participants raised a concern over the impact of volunteering on jobs.

Participants made several comments on the engagement process itself. Some suggestions included having parish meetings with the area managers, involving more young people, using the local paper and social media whilst considering those residents without computer access.

The final question at the workshops asked participants what initiatives they would consider getting involved in. The most popular answer was helping with recycling and environmental issues with 43/99 participants. Helping with the elderly scored 25/99 and 20/99 participants were not sure whether they would get involved.

#### **5 Future Risks**

The Medium term financial plan for 2012/13 – 2015/16 is being prepared during a period of both lower than forecast UK economic activity and in the context of specific international difficulties. UK and economic difficulties could adversely impact on the Chancellor's plans to address the UK budget deficit over the course of this parliament. Whilst the local government sector has seen a dramatic reduction in central government funding over the period 2011/12 and 2012/13 (£2.5m or 24.7% compared to the 2010/11 formula grant for WLDC), there is a risk of more reductions following any further austerity measures.

The Council has addressed the existing central government funding changes whilst protecting front line services. Within the current economic climate, planned savings may not always be achieved and income levels may be below planned estimates.

The next five years will see radical reforms to the national benefits system, local government funding and infrastructure financing, through the new Community Infrastructure Levy.



The government plans to introduce from 2013, over a four year period, a new scheme of Universal Credits which will remove the existing functions for rent allowances (private sector rents) and housing benefit (council house rents) from local authority administration and transfer them to the Department of Works and Pensions. The exact financial implications are currently unknown, although the government intends to establish local schemes for council tax benefit. These new local schemes are intended to save 10% of existing costs and will not be subject to national criteria or inspection, but will transfer the responsibility and funding risks for this benefit scheme to local councils.

The government proposes the reform of the distribution of National Non Domestic Rates as part of the reform local government funding from April 2013. Under the revised scheme, for which a baseline has yet to be set, the risks and rewards of changes in the amount of NNDR collections would potentially fall on the Council.

The Local Government Finance Act 1992 specifies that the Council must have regard to the level of reserves needed for estimated future expenditure when calculating the budget requirement. In order to comply with this requirement each year as part of the MTFP the Council will review its level of reserves, taking account of the financial risks outlined above.

## **6 Conclusion**

- 6.1 The proposals outlined above will be included into the Budget reports which will go through policy committees during February before presentation to full Council in March to approve the MTFP and determine the Council Tax Requirement.
- 6.2 It is clear the Council is operating in a period of great uncertainty and with a significant reduction in central government funding. The council has responded well, but it is likely that further work will be required to deal with any future changes.

<b>Prosperous Communities Committee</b>	<b>Original Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>
	<b>12/13</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Building Control	(86,830)	(67,200)	(60,850)	(54,120)	(49,240)
Car Parks	162,190	169,180	172,190	175,340	179,910
Cemetery & Mortuary Services	18,270	19,820	20,300	20,810	21,340
Community Development Grants	10,000	10,000	10,000	10,000	10,000
Community Safety	297,230	284,090	293,560	303,180	311,580
Culture & Heritage - Arts	248,100	221,790	228,810	235,560	242,220
Development Control	(180,140)	(125,250)	(113,810)	(216,560)	(207,040)
Economic Development	244,330	235,190	243,760	250,710	256,940
Env. Initiatives - Conservation	16,780	16,790	17,190	17,630	18,080
Env. Initiatives - Sustainable Development	3,820	3,730	3,820	3,920	4,020
Environmental	7,930	7,740	7,930	8,130	8,330
Environmental Protection	245,600	225,280	233,110	241,480	248,510
Food Safety	123,090	120,540	116,060	118,970	121,990
General Grants Bequests & Donations	68,620	108,620	70,140	71,700	73,290
Health & Safety at Work	50,410	48,090	49,290	50,520	51,860
Homelessness & Housing Advice	293,480	206,290	213,240	220,370	226,660
Housing Advances & Support to RSLs	770	1,010	1,140	0	0
Housing Strategy	201,030	201,100	209,430	216,930	224,780
Licences - Community	(25,410)	(37,560)	(48,740)	(52,470)	(53,770)
Local Land Charges	(81,310)	(36,410)	(41,520)	(39,720)	(37,560)
Open Spaces - BCTV/Wolds	64,310	62,800	64,380	65,980	67,630
Open Spaces - Parks	49,660	46,620	47,830	49,030	50,280
Other Planning	171,400	171,400	131,300	134,480	137,900
Parish Lighting	57,400	38,990	40,520	42,130	43,800
Planning Policy - Forward Planning	90,990	86,800	89,900	93,130	96,510
Planning Policy - Support Team	173,520	158,570	160,460	165,550	169,810
Private Sector Housing Renewal	158,070	104,320	109,980	114,710	119,710
Public Conveniences	85,940	62,600	66,950	68,570	70,190
Public Transport	49,790	46,900	48,070	49,270	50,500
Recreation and Sport	572,250	573,460	589,430	598,120	613,870
Regeneration & Skills Development	64,400	13,270	27,590	28,300	29,010
Street Cleansing	514,230	480,540	496,670	510,270	524,370
Town Centre Management	(157,210)	(146,150)	(151,100)	(157,950)	(157,370)
Town Centre Management - Markets	(1,340)	(4,600)	(4,220)	(4,330)	(4,450)
Waste Management	2,263,990	1,999,370	2,059,920	2,117,060	2,173,830
Welfare Services	39,120	36,360	37,270	38,200	39,160
	<b>5,814,480</b>	<b>5,344,090</b>	<b>5,440,000</b>	<b>5,494,900</b>	<b>5,676,650</b>

<b>Policy &amp; Resources Committee</b>	<b>Original Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>	<b>Base Budget</b>
	<b>12/13</b>	<b>12/13</b>	<b>13/14</b>	<b>14/15</b>	<b>15/16</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Accountancy Services	575,330	516,070	548,610	582,170	618,500
Administration Buildings	249,880	319,300	262,560	272,720	280,250
Audit Services	68,040	56,380	57,790	59,230	60,710
Chief Executive	213,130	151,480	155,280	159,160	163,020
Computer Services	928,710	917,580	933,220	955,910	979,960
Corp. Management	949,390	1,138,360	1,194,300	1,230,690	1,283,150
Corporate Policy Unit	53,030	49,200	51,570	53,950	55,320
Democratic Representation	491,160	456,200	468,520	483,480	495,530
Director of Neighbourhoods & Health	91,640				
Director of Regeneration & Planning		90,830	93,100	95,430	97,710
Director of Resources	126,550	106,620	109,270	112,000	114,680
Director of Strategy & Regeneration	105,050	93,070	95,390	97,770	100,100
Elections	45,600	45,600		30,600	46,380
Emergency Planning - Flood Work	13,410	17,520	17,960	18,410	18,870
Housing Benefit Payments	215,350	211,340	227,310	244,500	262,970
Housing Benefits Administration	1,110	(85,840)	(82,120)	(80,720)	(79,570)
Industrial Estates	3,020	3,020	3,110	3,200	3,290
Legal Services	181,500	165,750	169,890	174,140	178,490
Local Tax Collection	211,800	154,770	170,970	166,710	171,750
Personnel & Training	282,370	265,980	275,300	284,480	292,440
Precepts	344,180	326,660	337,190	345,490	354,000
Press	109,240	142,520	146,060	149,710	153,500
Property Services	383,690	368,130	386,900	390,910	410,630
Registration of Electors	100,290	100,760	103,340	105,980	108,750
Support Services - Purchasing	126,010	105,560	108,190	110,900	113,710
Support Services - Administration	436,250	461,840	476,990	493,420	509,330
Support Services - Reception	457,610	328,210	339,150	348,470	357,890
	<b>6,763,340</b>	<b>6,506,910</b>	<b>6,649,850</b>	<b>6,888,710</b>	<b>7,151,360</b>