
Meeting: Sustainable Communities Overview & Scrutiny Committee
Date: 25TH October 2011
Subject: Base Budget Review Sustainable Communities 2012/13
Report of Executive Member: Cllr Ken Matthews – Sustainable Communities Planning & Strategy
Cllr Brian Spurr – Sustainable Communities Services
Summary: A standstill budget of £50,914k representing a reduction of £246k compared to August 2011 forecast outturn.

Advising Officer: Alan Fleming - Acting Director of Sustainable Communities
Contact Officer: Brighton Fong, Senior Finance Manager
Public/Exempt: Public
Wards Affected: All
Function of: Council

CORPORATE IMPLICATIONS

Council Priorities:

Sound financial management contributes to the delivery of the Council's value for money, enabling the Council to successfully deliver its priorities. In particular the Sustainable Communities budget has direct impact on the stated Council priorities of:

- Creating Safer Communities, and
- Managing Growth effectively.

Financial:

The financial implications are set out in the report.

Legal:

None

Risk Management:

None

Staffing (including Trades Unions):

None

Equalities/Human Rights:

None

Community Safety:

None

Sustainability:

None

RECOMMENDATION(S):

- 1. that the Overview & Scrutiny Committee notes:**
 - (a)** The proposed Standstill Budget for 2012/13 of £50,914k;
 - (b)** A reduction in financial resources required compared to August 2011 forecast outturn of £246k (forecast to budget comparison);
 - (c)** A reduction of £298k compared to the approved budget of £51,212k (budget to budget comparison).

Introduction

- 1 This report sets out the proposed 2012/13 standstill budget for the Directorate following a review of the 2011/12 base budget. The base budget review is a supplementary step in the Council budget setting cycle. It draws out transient issues that may impact the **2011/12** financial year but not future years. It also identifies changes that have an ongoing financial impact for **2012/13** and subsequent years.
- 2 The Base Budget Review is running in parallel with the 2012/13 – 2015/16 Medium Term Financial Planning (MTFP) cycle. The MTFP will identify further pressures or savings that will need to be incorporated into the draft budget to bring it into balance. The MTFP will be first considered by the Executive in December 2011, and then approved in its final form by Council in February 2012.

Executive Summary

- 3 The Base Budget Review was undertaken early this year using the August 2011 forecast as the comparative position. The key aim was to assess whether budgetary resources are sufficient to cover the existing portfolio of services moving into the 2012/13 financial year. The analysis excluded inflationary effects and any other efficiencies or pressures that will be required over the medium term to formulate a balanced budget.
- 4 The Base Budget Review has been undertaken at individual 'general ledger' level to ensure the budgets are accurately held in individual cost centres. This gives additional assurance that the overall cost base is robust and will ensure monitoring continues to improve for the remainder of this financial year as well as for 2012/13 and beyond.
- 5 In terms of context, Sustainable Communities currently manages a gross expenditure budget of £63,050k and an income budget of £11,839k leaving a net budget of £51,211k. The 2011/12 forecasts reported from May to August 2011 have been for an under spend ranging from £550k to £750k after the use of reserves. These forecast under spends range from 0.8% to 1.2% of budget which is well within tolerance levels. However the forecasts prepared to date need to be read with caution given that the winter months are before us. Sustainable

Communities services are subject to cost exposures for wintery conditions outside of the designated winter months as risks transfer from contractors to the Council.

- 6 The forecast under spend in Sustainable Communities is mainly due to one-off planning income receipts and salary savings arising from vacancies and superannuation participation levels. Vacancy levels at the beginning of 2011/12 were higher than would be the norm as service restructurings were being completed. Superannuation participation rates cannot be relied upon as a means of budget 'savings' under the eligibility rules. As base budgets are usually formulated on 'normal' operating levels and taking a prudent approach all these transient effects are removed from the calculation for 2012/13 baseline.
- 7 Table A below shows the proposed Standstill Budget by Division.

Table A – Standstill Budget by Division 2012/13

| Division | MEMO Annual Budget 2011/12 | Forecast Outturn August 2011 | Proposed Standstill Budget 2012/13 | Difference Standstill Budget v Forecast |
|--|-------------------------------------|------------------------------------|---|--|
| | A | B | C | C-B=D |
| Director of Sustainable Communities | 955 | 936 | 955 | 19 |
| Economic Growth Skills & Regeneration | 6,498 | 6,549 | 6,122 | -427 |
| Highways & Transportation | 13,667 | 13,361 | 13,045 | -316 |
| Planning | 7,032 | 7,103 | 7,141 | 38 |
| Community Safety Public Protection Waste & Leisure | 23,060 | 23,210 | 23,650 | 440 |
| Total DIRECTORATE | 51,212 | 51,160 | 50,914 | -246 |

- 8 The base budget review has indicated a reduction in the **net budget** for the Directorate from £51,212k to £50,914k, a difference of £298k. The difference is about 3.1% of the net budget and the key changes are outlined below.
- 9 There were two areas that materially influenced the base budget review:
- £604k - Cessation of the Bedfordshire Luton Casualty Reduction Partnership (BLCRP) following the removal of the grant in 2010/11 and after the ending of the notice period; and
 - £467k - Recognition of the 2011/12 contract price uplifts for Waste Services, the budget having been held centrally in the current year.
- 10 The two items above explain 56% of the overall directorate movement. The divisional commentaries below provide further explanations for the movements in

the base budget.

Director of Sustainable Communities

11 This area remains stable and there are no proposals to change the base budget.

Economic Growth Skills & Regeneration

- 12
- The division proposes to reduce its budget by £376k (£427k against forecast). The main movements included:
 - Reduction in the advertising and marketing budget for businesses (£51k) which is the compensatory savings to meet 2011/12 efficiency target EGSR1;
 - Removal of the Future Jobs Fund budget as the scheme has closed £164k
 - Minor adjustments to reflect the cessation of EEDA / European grants in community regeneration totalling £37k; and
 - Reduction of £197k in the Adult Skills cost base to reflect the change in grant income from £1,781k (2010/11) to £1,574k (2011/12). These grants are applied across academic year which spans August to July, in contrast to the budget year which spans April to March. The timing difference accounts for the minor discrepancy in the income and cost reductions.

Highways & Transportation

- 13 The Division is made up of three services: Highways Contract, Traffic Management and Integrated Transport. In August the division forecast an under spend of £306k which was based on vacancies, and superannuation savings. These savings were transient in nature.
- 14 There is a minor increase proposed by Highways Contract of £25k for conducting consultations and surveys and to pay for licence fees. Integrated Transport proposes no change to its base budget.
- 15 Traffic Management proposes two reductions to its base budget. The first change was the BLCRP reduction mentioned above of £604k. The second reduction is for an ETP Engineer post that is being funded externally £45k.

Planning

- 16 Planning Division is made up of four services which have undergone major restructuring over the past two years. The restructuring led to vacancies being held for a period of time and partly explains the forecast under spend reported in August. Together with increases in fee income associated with two developments south of the borough, the division forecast an under spend of £298k in August.
- 17
- Two of the services have proposed changes to its base budget:
 - Transport & Countryside has proposed a reduction of £24k associated with supplies & services; and
 - Building Control has proposed a £120k reduction in fee income to recognise the depressed building market. The income reduction has been offset by cost reduction such that the service still operates to full cost recovery in the trading unit. A £6k budget needs to be added for the maintenance of closed churchyards which had been omitted from last year's base. Other minor adjustments take the total increase to £133k for the service.

Community Safety Public Protection Waste & Leisure

- 18 CSPPWL Division manages a budget exceeding £23m, of which the Waste Service accounts for about £18m. In August the division forecast an over spend of £119k which is wholly attributed to the contract price uplift in the Waste Service. The increase amounted to over £400k and the division managed to absorb part of the increase through other budget lines instead of accessing the corporate pot set aside for this purpose.
- 19 Emergency Planning and Public Protection services proposed no changes to their base budget. Community Safety identified the 100% reduction in the income budget for the domestic abuse unit. This amounted to a £70k reduction which was part offset by proposed reduction in costs of £8k, hence, a net change of £62k. Waste Services proposes to increase its base budget by £467k as mentioned previously to account for the Baxter Inflation uplift, rather than to have this amount held centrally. Leisure Services propose to increase its budget by £61k to correct for contract price uplifts from legacy contracts.

Appendices:

Appendix A1 – Proposed standstill budget by subjective 2012/13

Appendix A2 – Proposed standstill budget by service 2012/13

Background Papers: None

Location of papers: Technology House, Bedford

APPENDIX A1 – PROPOSED STANDSTILL BUDGET BY SUBJECTIVE 2012/13

| Expenditure Type | MEMO Annual Budget 2011/12 | Forecast Outturn August 2011 | Proposed Standstill Budget 2012/13 | Difference Standstill Budget v Forecast |
|--------------------------|-------------------------------------|------------------------------------|---|--|
| | A | B | C | C-B=D |
| Staffing costs | 22,616 | 21,884 | 22,347 | 463 |
| Premises and Transport | 2,312 | 2,734 | 2,718 | -16 |
| Supplies and Services | 8,096 | 8,158 | 6,820 | -1,339 |
| Third Party Payments | 30,026 | 29,723 | 29,215 | -508 |
| Total Expenditure | 63,050 | 62,500 | 61,100 | -1,399 |
| Income | -9,438 | -8,723 | -8,704 | 19 |
| Grants | -2,400 | -2,616 | -1,482 | 1,134 |
| Total Income | -11,838 | -11,340 | -10,187 | 1,153 |
| Net Expenditure | 51,212 | 51,160 | 50,914 | -246 |

APPENDIX A2 – PROPOSED STANDSTILL BUDGET BY SERVICE 2012/13

| Service | Staffing costs | Premises and Transport | Supplies and Services | Third Party Payments | Gross Costs | Income | Grants | Total Income | Net Costs |
|---|----------------|------------------------|-----------------------|----------------------|---------------|---------------|-------------|---------------|---------------|
| Director of Sustainable Communities | | | | | | | | | |
| Director of Sustainable Communities | 376 | 0 | 10 | 0 | 386 | 0 | 0 | 0 | 386 |
| Service Development | 547 | 5 | 17 | 0 | 569 | 0 | 0 | 0 | 569 |
| Sub Total | 923 | 5 | 27 | 0 | 955 | 0 | 0 | 0 | 955 |
| Economic Growth, Skills & Regeneration | | | | | | | | | |
| AD Econ Growth,Skills & Regen | 787 | 0 | 43 | 0 | 830 | 0 | 0 | 0 | 830 |
| Business Investment & Marketing | 431 | 48 | 250 | 0 | 728 | -236 | -112 | -348 | 381 |
| Economic Dev & Physical Regen | 0 | 0 | 107 | 55 | 162 | 0 | 0 | 0 | 162 |
| Community Regeneration | 185 | 6 | 230 | 234 | 655 | 0 | -356 | -356 | 300 |
| Adult Skills | 1,663 | 130 | 96 | 262 | 2,151 | -300 | -451 | -751 | 1,400 |
| Libraries | 1,979 | 305 | 1,396 | -464 | 3,216 | -166 | 0 | -166 | 3,050 |
| Sub Total | 5,045 | 490 | 2,121 | 87 | 7,743 | -702 | -918 | -1,620 | 6,122 |
| Highways & Transportation | | | | | | | | | |
| AD Highways & Transportation | 194 | 0 | 10 | 0 | 204 | 0 | 0 | 0 | 204 |
| Highways Contracts | 374 | 711 | 60 | 5,998 | 7,142 | -545 | 0 | -545 | 6,598 |
| Traffic Management | 430 | 263 | 975 | 19 | 1,687 | -1,280 | -12 | -1,292 | 395 |
| Passenger Transport Services | 1,905 | 284 | 138 | 3,858 | 6,186 | -336 | 0 | -336 | 5,849 |
| Sub Total | 2,903 | 1,258 | 1,183 | 9,874 | 15,218 | -2,161 | -12 | -2,173 | 13,045 |

Appendix A2 CONTINUED

| Service | Staffing costs | Premises and Transport | Supplies and Services | Third Party Payments | Gross Costs | Income | Grants | Total Income | Net Costs |
|---|----------------|------------------------|-----------------------|----------------------|---------------|---------------|---------------|----------------|---------------|
| Planning | | | | | | | | | |
| AD Planning | 165 | 0 | 5 | 0 | 170 | 0 | 0 | 0 | 170 |
| Dev Plan & Strategic Housing | 1,695 | 50 | 755 | 0 | 2,500 | -197 | -40 | -237 | 2,263 |
| Development Management | 2,944 | 32 | 499 | 2 | 3,477 | -2,153 | -200 | -2,353 | 1,124 |
| Transport Strategy & Countryside | 1,485 | 112 | 757 | 379 | 2,732 | -69 | -17 | -86 | 2,646 |
| Building Control & Albion Arch | 2,035 | 183 | 281 | 905 | 3,405 | -2,192 | -275 | -2,467 | 938 |
| Sub Total | 8,324 | 377 | 2,297 | 1,286 | 12,283 | -4,611 | -532 | -5,142 | 7,141 |
| Community Safety Public Protection Waste & Leisure | | | | | | | | | |
| CSPPWL Management | 180 | 0 | 17 | 0 | 197 | 0 | 0 | 0 | 197 |
| Emergency Planning | 385 | 0 | 62 | 0 | 448 | -161 | 0 | -161 | 287 |
| Public Protection | 1,987 | 1 | 272 | 27 | 2,287 | -707 | 0 | -707 | 1,580 |
| Community Safety | 1,192 | 173 | 256 | 0 | 1,621 | -102 | -20 | -122 | 1,499 |
| Waste Service | 958 | 147 | 398 | 17,337 | 18,840 | -121 | 0 | -121 | 18,719 |
| Leisure Services | 450 | 267 | 187 | 604 | 1,508 | -141 | 0 | -141 | 1,367 |
| Sub Total | 5,152 | 588 | 1,192 | 17,968 | 24,901 | -1,231 | -20 | -1,251 | 23,650 |
| Total DIRECTORATE Spend | 22,347 | 2,718 | 6,820 | 29,215 | 61,100 | -8,704 | -1,482 | -10,187 | 50,914 |