

**ENVIRONMENT
SCRUTINY AND PERFORMANCE PANEL**

DATE: 24 JANUARY 2011

**Revised Draft Revenue Budget and Draft Capital Programme 2011/12 for
Consultation**

Ward(s) All

Portfolio:

Councillor Harris – Leisure, Culture and Environment
Councillor Ansell – Transport
Councillor Ali – Communities and Partnerships

Summary of report

This report presents Cabinet's revised draft revenue budget and draft capital programme proposals for 2011/12 for consultation with the panel, and to provide an opportunity for the panel to make recommendations to Cabinet.

Recommendation

The panel are recommended to consider the draft proposals in this report and make further recommendations to Cabinet as appropriate.

Background papers

Various financial working papers.
Equality Impact Assessment
Budget Consultation

Reason for scrutiny

To enable consultation and scrutiny of the draft budget proposals for 2011/12.



Jamie Morris
Executive Director – Neighbourhood Services

13 January 2011

Background

Cabinet on 17 November 2010 presented their draft revenue budget proposals for 2011/12 for consultation. These proposals were considered by this panel on 29 November 2010, with recommendations to Cabinet on 15 December 2010.

A further report on revenue savings options requiring a formal policy decision to implement was also presented to Cabinet on 15 December, along with a separate report on the draft Capital Programme for 2011/12.

The draft formula grant settlement was announced on 13 December 2010. This is a 2 year settlement and covers the period 2011/12 to 2012/13. The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism totalling £16.689m. The settlement represents a 10.4% reduction in Formula Grant, which rises to 13.2% following a further reduction of £6.2m in specific grants.

The Government has also announced a one off council tax freeze grant of £2.712m for Walsall in 2011/12 (this will be included in the settlement for 2012/13, but we are not aware of how this will be treated beyond 2012/13). The actual grant will not be known until April 2011, but this replaces the need to raise council tax to residents of the borough in 2011/12.

Resource and legal considerations

Revenue

The draft revenue budget for services within the remit of this panel was presented to the panel meeting on 29 November 2010. This included the detailed breakdown of both investment and savings options submitted to Cabinet to enable the panel to make recommendations for Cabinet to consider as part of the budget process. The panel discussed the options in principle, and made the following recommendations to Cabinet on 15 December 2010 :-

‘That the proposed 2011/12 budget for services within the remit of the Environment Scrutiny Panel be noted.’

Table 1 sets out the draft 2011/12 budget for the services within the remit of this panel and proposed changes in resources, compared to the approved budget for 2010/11.

Table 1 : DRAFT 2011/12 NET BUDGET – ENVIRONMENT	
	£m
Budget brought forward from 2010/11	41.069
Inflation pressures	1.329
Other changes (including changes to grants)	(0.899)
Budget pressures : demographics, cost pressures, fall out of grant, etc	0.037
Full year effect of 2010/11 growth	0.000
Proposed savings	(2.533)
Full year effect of 2010/11 savings	(0.018)
Draft net budget	38.985

Investment

In the report to this panel on 29 November 2010, no pressures were identified for services within the remit of this panel. Two pressures previously reported to Community Services scrutiny totalling £37k have been identified as belonging to this panel, thus the budget above has been amended to reflect this. The details of the pressures are shown in **table 2** below :-

Table 2 : COST PRESSURES 2011/12	
DETAILS	£m
Public Safety – stray dog reception facility	0.017
Public Safety – Disinfestation income shortfall	0.020
Total	0.037

Savings proposals

The draft 2011/12 revenue budget for services within the remit of this panel includes £18k of savings which relate to decisions made by Council in February 2010 where a part year effect only was included in 2010/11.

Proposals for savings have been considered by Cabinet and total new budget reduction options (including efficiencies, service redesign savings and income generation) of £2.533m are included in the draft budget proposals. This represents an increase of £619k from the position previously considered by this panel on 29 November 2010 – summarised in **table 3** below :-

Table 3 :Summary of changes to savings proposals	
	£
As reported to Scrutiny panel on 29 November 2010	1,914,103
Saving No 11B – Further reduction in waste arisings as per report to Cabinet on 21 January 2011 – (£1,086,176 identified less savings option 11A of £467,500)	618,676
Revised savings proposals	2,532,779

Of these new savings proposals, 2 savings proposals will require a cabinet decision to proceed, as follows :-

- Saving No 10A – Introduction of charges for parking dispensations (£3.5k) – **Appendix 1A**
- Saving No 10B – Increase in charges for residents only parking permits (£6k) – **Appendix 1B**

Impact of the draft Formula Grant settlement

The Government provides funding to councils through formula grant, specific grant (which must be used to deliver government specific outcomes), and un-ring fenced grants which the council can decide how to utilise. For Walsall in 2011/12 the provisional settlement has been confirmed as £137.104m. This is a 2 year settlement and covers the period 2011/12 to 2012/13.

The draft settlement includes a number of grants that have been unringfenced and rolled into this single funding mechanism, totalling £16.689m. For services within the remit of this panel, this includes :-

- Concessionary Fares (allocated to CENTRO)
- Road Safety Grant (£160k)
- Rural Bus Subsidy (allocated to CENTRO)
- Animal Health Enforcement (£4k)

In addition there have been changes to specific grants issued from other government departments. For 2011/12 these total £17.998m compared to £24.222m in 2010/11, a reduction of £6.224m, however none of this specifically relates to services within the remit of this panel.

Capital Programme

Cabinet on 15 December 2010 presented their draft capital programme for 2011/12 for consultation.

Table 4 sets out a summary of the draft capital programme for schemes under the remit of this panel, with the full list of associated schemes listed in **Appendices 2 and 3**.

Table 4 : DRAFT 2011/12 CAPITAL PROGRAMME – ENVIRONMENT	
	£m
Mainstream (Council’s own resources) – Appendix 2A	
Prior Year Approvals	0.950
New Bids – Schemes that will cost the council more in the medium term if we don’t do them -	0.000
Capital Insurance Reserve – Appendix 2B	0.250
External Funding (Ring fenced) – Appendix 3	5.000
Draft Capital Programme – Environment	6.200

If grant or council mainstream funding is unavailable, schemes will not proceed. At this point in time, a number of grants have not been confirmed, therefore there is likely to be some movement as the budget process progresses.

Schemes are recommended to go ahead as they represent council priorities, for a number of reasons:

- Corporate commitments - annual commitments that must be in the capital programme i.e for infrastructure projects, though the amounts may be varied.
- Prior year approvals - projects that have started or received prior Cabinet approval and funding in 2011/12 is required for their completion.
- Schemes which are critical for health and safety reasons, or which will cost the council more in the long run or are critical to deliver a specific service outcome.
- Capital insurance reserves: in a number of areas as insurance reserves to protect the council’s position, for which funding is available should the need arise to draw it down.

Leasing minimises the call on capital resources by spreading the acquisition cost over a number of years, with revenue funds needed to finance operating leases. For services within the remit of this panel, the impact of the current leasing programme will be £1.8m in 2011/12 (relating to vehicles managed by Fleet Services), along with expected new capital expenditure on vehicles of £5.4m..

Citizen impact

The budget is aligned with service activity in service plans, and prepared using the principles of the Working Smarter programme. The savings and efficiencies reduce net cost and dampen the need for council tax increases. A stable financial position ensures activity is targeted on service delivery and driving improvement.

Environmental impact

The draft budget provides funding for community safety initiatives.

Risk Management issues

Service managers undertake comprehensive risk assessments of their budgets by identifying risk factors associated with potential changes to service delivery and funding streams to ensure that adequate corporate budgetary provision is available to cover unforeseen future events. This risk management approach has been in place for several years and is used to inform the level of earmarked reserves and working balance. A detailed statement on the adequacy of general and earmarked reserves and provisions will be included within the final budget report in February, along with a comprehensive financial assessment of the key risks to the 2011/12 budget.

Equality Implications

Service managers have regard to equalities in setting budgets and delivering services. Equality impact assessments are undertaken on options and the overall budget which are independently assessed by the Councils Equality and Diversity team. These will be refined as feedback is received on the budget as part of the consultation process.

Consultation

This is the second of two meetings for scrutiny to consider Cabinet's draft budget proposals. Recommendation from this panel will be reported to Cabinet at its meeting on 9 February 2011 for their consideration.

The council is statutorily obliged to consult with representatives of non-domestic ratepayers before setting the budget for the following financial year. Public consultation started in September and includes:

- Budget consultation packs sent to key community and voluntary sector organisations, and also published on the council's website
- Interviews of older people at Age Concern road shows
- Discussions held with service users and young people, met people with learning disabilities, and gathered feedback at the Centre for Independent Living
- Business consultation with representatives from the business community on 28 September 2010, and a follow up meeting on 11 January 2011
- On line budget simulator tool launched on 8 October 2010 until 5 November 2010 for residents to review budget prioritisation

- A Workforce Management JNCC has been established to consult with employee representatives and discussion on budget options started formally on 22 November 2010

The feedback from budget consultation was reported to Cabinet on 15 December 2010, and is attached to this report for your information.

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Saving 10A: Introduction of charges for parking dispensations

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£3,500	£3,500	£3,500	£0

1. Description of the Savings Proposal

- 1.1 This proposal will introduce a charge for parking dispensations that will allow the motorist, by agreement of the council, to park at a location that would otherwise be prevented by a parking restriction.

2. Implications Associated With Savings Proposal**2.1 Customers**

A motorists wishing to park in contravention of the localised parking restrictions, and only for a purpose and time agreed by the council, will need to pay £5 per day for a parking dispensation.

2.2 Employees

This proposal will have no direct impact on employees.

2.3 Partners

The proposal will have no direct impact on partners.

2.4 Corporate Plan/Priorities

The introduction of charges for dispensations will assist with delivering the Corporate Plan priority of helping people to get around easily and safely by reducing the demand for parking dispensations that if granted could have a negative impact on traffic flow.

2.5 Other Council Services

This proposal will have no direct impact on other council services, but if approved will generate revenue for the council that can be used to offset certain council expenditure.

3. Associated Risks

- 3.1 The anticipated number of requests for parking dispensations may reduce once a charge is introduced.

4. Consultation

- 4.1 Consultation for this proposal will be undertaken as part of the wider budget consultation being undertaken prior to the budget report at Council on 24th February 2011.

5. **Legal Implication**

5.1 The provision of dispensations is allowed for in the Traffic Management Act 2004.

6. **Equal Opportunities and Environmental Implications**

6.1 The introduction of a charge would be applied equally to all sections of the community. By introducing a charge for parking dispensations this may encourage more use of formal parking facilities, thereby reducing the likelihood of unnecessary traffic congestion being generated as a result of parking at restricted locations.

7. **Equality Impact Assessment**

7.1 An Equality Impact Assessment form has been completed for this savings proposal, which has been assessed by the Equalities team. The assessment shows that reductions in the Engineering & Transport (E&T) service will reduce the council's ability to manage and control Transportation and Forward Planning, Urban Traffic Control and Car Parking, and Roadworks Management. There is demand for these services in all areas of the borough. Reducing resources in E&T will therefore have an equal and adverse impact on all residents of the borough. Whilst a reduction of the service will have an inevitable impact on all communities the effects will be mitigated by redesigning service delivery in the teams to maximise efficiencies, ensuring we make the most of external grants and partnership arrangements. In addition the E&T service is delivered dependant on the needs of our highway network. This is not normally focused on any one area in particular and does not therefore disproportionately impact on any protected group.

Saving 10B: Increase in charges for residents only parking permits

Estimate Net Saving in £'000			
2011 / 2012	2012 / 2013	2013 / 2014	Implementation cost
£6,000	£6,000	£6,000	£0

1. Description of the Savings Proposal

- 1.1 This proposal will increase the current charge for 'residents only' parking permits. Cabinet is to consider / approve a report outlining the detail of these proposals in January 2011. The Neighbourhoods Scrutiny and Performance Panel has also considered the proposal and provided their comments to Cabinet as part of this report.

2. Implications Associated With Savings Proposal**2.1 Customers**

The current charge of £20 per year for a residents parking permit will increase to a revised level should Cabinet approve the January report. Residents will then be required to pay the increased cost of a permit at the point of annual renewal.

2.2 Employees

This proposal will have no direct impact on employees.

2.3 Partners

The proposal will have no direct impact on partners.

2.4 Corporate Plan/Priorities

The introduction of a revised residents only parking policy and charging regime will ensure that the council can enhance its ability to deliver the requirements of the statutory Network Management Duty, whilst partly addressing the level of subsidy currently being provided.

2.5 Other Council Services

This proposal will have no direct impact on other council services, but if approved will generate revenue for the council that can be used to offset certain council expenditure.

3. Associated Risks

- 3.1 The anticipated number of requests for residents parking permits may reduce should the charge be increased.

4. **Consultation**

- 4.1 Consultation for this proposal will be undertaken as part of the wider budget consultation being undertaken prior to the budget report at Council on 24th February 2011. Further detailed consultation will be required as part of the consultation requirements of the Local Authorities Traffic Orders (procedure) (England and Wales) Regulations 1996.

5. **Legal Implication**

- 5.1 Any revisions to the existing residents only parking traffic regulation order will need to comply with the requirements of the Local Authorities Traffic Orders procedural regulations before the revised scheme could be brought into effect. This would involve consulting statutory consultees following notice of the proposals being placed in the press. All written comments would have to be considered before a final decision was made about whether to proceed to make the revised order.

6. **Equal Opportunities and Environmental Implications**

- 6.1 The proposed increase in the cost of a residents only parking permit is also linked to a whole scale review of the residents only parking policy being considered by Cabinet in January. If approved by Cabinet, the revised scheme will be applicable to all residents that live within a current or proposed residents only parking zone.
- 6.2 If approved by Cabinet in January, the revised scheme could have a positive environmental impact within the residents only parking zones as the scheme would provide incentives for the use and ownership of low emissions vehicles.

7. **Equality Impact Assessment**

- 7.1 An Equality Impact Assessment form has been completed for this savings proposal, which has been assessed by the Equalities team. This will impact on specific users of the residents parking scheme.

DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: Mainstream (council's own resources)

SERVICE	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
Prior Year Approvals					
Engineering and transportation	Highways maintenance	950,000	1,200,000	1,200,000	This project is to safeguard progress already made in the condition of Walsall's classified highway network and maintain service levels. This will produce revenue savings of £15k in 2011/12, £25k in 2012/13 and £40k in 2013/14.
Sub-total Prior Year Approvals		950,000	1,200,000	1,200,000	
MUST DO SUB-TOTAL - ENVIRONMENT		950,000	1,200,000	1,200,000	

SERVICE	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
NEW BIDS					
Criteria 2 - Will cost the council more in medium long term (non property) if we don't do them					
Engineering and transportation	Hatherton multi storey car park - safeguarding income	0	200,000	0	£200k was allocated in 2010/11 for the structural repairs to the car park. It is now important to ensure aesthetic modifications are made to meet suitable standards particularly with the associated Tesco development. The council needs to continue to deliver parking facilities that support the local economy and meet public expectations
Sub-total will cost the council more in medium long term (non property) if we don't do them		0	200,000	0	
NEW BIDS SUB TOTAL - ENVIRONMENT		0	200,000	0	
TOTAL SCHEMES - ENVIRONMENT		0	200,000	0	

DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: Capital insurance reserves

Funded schemes to act as insurance to protect the councils positions. This funding is available to be drawn down when required.

Service	PROJECT	CAPITAL 2011/12 £	CAPITAL 2012/13 £	CAPITAL 2013/14 £	DETAILS OF PROJECT
Engineering and transportation	Lighting invest to save initiatives	250,000	250,000	250,000	Various initiatives to reduce energy consumption and maintenance costs of the lighting service. Trials are scheduled for early November 2010. Savings from reduction in energy consumption and maintenance costs will be confirmed when trials have been completed
TOTAL CAPITAL INSURANCE RESERVES - ENVIRONMENT		250,000	250,000	250,000	

DRAFT CAPITAL PROGRAMME 2011/12 to 2013/14: External Funding (Ring Fenced)

Portfolio	Service	Project	2011/12 £'000	2012/13 £'000	2013/14 £'000	Funding body
Transport	Strategic Regeneration & Engineering	Local transport plan	2,000,000	2,000,000	2,000,000	Department for Transport
Transport	Strategic Regeneration	Red routes	3,000,000	3,000,000	3,000,000	Department for Transport
TOTAL ENVIRONMENT			5,000,000	5,000,000	5,000,000	
TOTAL GRANT / EXTERNAL FUNDED			5,000,000	5,000,000	5,000,000	