

EAST AYRSHIRE COUNCIL
CABINET - 11 FEBRUARY 2009
REVENUE BUDGET 2009/10 – 2011/12
COUNCIL TAX AND RENT LEVELS

Report by Executive Head of Finance and Asset Management

1 PURPOSE OF REPORT

- 1.1** To consider the overall General Services Revenue Budget for 2009/10, to recommend to the Council resource allocations at department level, the Council Tax for the financial year 2009/10 and the Council House rent increase from 1 April 2009.

2 BACKGROUND

- 2.1** The Cabinet on 21 January 2009 approved draft revenue allocations for 2009/10 for each Service for consultation purposes following consideration of a report by the Executive Head of Finance and Asset Management. Thereafter the draft budget was subject to public consultation.

3 RESULTS OF CONSULTATION

- 3.1** Public consultation was carried out between 21 January 2009 and 4 February 2009. A total of 66 groups and organisations were represented at meetings and a number of issues were raised. Appendix 1 to this report summarises the feedback received from organisations and individuals.

4 SERVICE PRESSURES

- 4.1** Departments have highlighted a number of service pressures which, in line with the budget strategy, have not been taken into account in preparing the draft resource allocations. These include demands arising from legislative or policy issues, external demand and desirable service enhancement. Additional costs arising from unavoidable legislative and policy issues and areas of high risk are set out below.

Service	Issue	Estimated Cost £m
Educational and Social Services	Social Work unfunded service pressures including fostering, home care, personalised and adult care per the Social Work Sustainability Report of 4 February 2009	1.660
	Onsite cashless meal systems	0.100
Neighbourhood Services	Fly Tipping and Hit Squads	0.165
	Furnished tenancies for Homeless	0.120
	Extend Civic Amenity Site opening hours	0.025
	Open Dean Castle 7 days per week during the summer period	0.021
Corporate Support	Reduction in Planning and Building Standards income	0.695
	Desktop Computer maintenance	0.380
	Realignment and modernisation of Planning system	0.310
	Local Plan Public Enquiry (non recurring)	0.200
	Enhance Tourism Development function	0.050
Finance and Asset Management	Sum to assist with backlog maintenance	0.100
	TOTAL	3.826

4.2 All departments and services can point to issues additional to the above arising from external demand and from aspirations on service levels and quality. It is the case however that these further demands in all services can only be accommodated from a redesign of existing service models combined with a refocusing of resources to the highest priority areas whilst ensuring that statutory services are maintained.

4.3 Expenditure Reduction Targets

The report to the Cabinet on 21 January 2009 indicated that there remained a gap between estimated income and expenditure of £5.500m based on the information available at that time. Since then a number of areas have been clarified and re-examined and the following changes are proposed.

Item	Reason for Change	Change £m
Inflation	Since the beginning of the budget process inflation has reduced and anticipated contract prices, including for PPP have been revised.	(0.874)
Debt Charges	Changes in interest rates have resulted in an opportunity to repay debt and reduce interest payments	(0.150)
Staff Turnover	Experience indicates that the Council's arrangements for Vacancy Review have resulted in better vacancy management and the turnover factor could be increased from 3% to 3.5%	(0.280)
Council Tax Collection	Successful collection of previous years arrears indicates that the bad debt provision could be reduced from 4.5% to 4%	(0.231)
	TOTAL	(1.535)

4.4 These changes reduce the gap to £3.965m. Given the Council's priority to improve Educational Attainment it is proposed that the flexibility released from the changes highlighted above be used to reduce the savings target for Educational and Social Services. Similarly the Council's desire to minimise spend on administration and management could be reflected in a higher target for Corporate Support and Finance and Asset Management. It is proposed to amend the original targets to those shown in the table below.

4.5 The report to the Cabinet on 21 January 2009 confirmed that that Efficiency Savings must be pursued by departments over the three year budget period. In addition to the savings targets for 2009/10 it is proposed that 2.5% targets should apply in each of the next 2 years. This will mean total savings of £15.850m over the three years. There is a possibility that additional savings will be required in 2010/11 as a result of the Chancellor's Pre-Budget Report. These are unquantifiable at present but could add up to £4.000m to the 2010/11 savings total.

4.6 A number of business reviews in all areas of the Council will be undertaken over the next year with a view to ensuring that opportunities to reduce cost by improving efficiency are identified and the necessary work to achieve such outcomes is progressed and managed.

Service	2009/10		2010/11	2011/12	Total
	%	£m	£m	£m	£m
Educational and Social Services	1.5	2.372	4.239	4.292	10.903
Neighbourhood Services	2.4	0.964	1.029	1.046	3.039
Corporate Support	2.8	0.377	0.394	0.396	1.167
Finance and Asset Management	2.8	0.252	0.240	0.249	0.741
Total		3.965	5.902	5.983	15.850

- 4.7 It was an explicit part of the consultation process that savings were required and possible options were explored with consultees. The specific actions being proposed by Executive Directors to release this level of savings are shown in Appendix 2.

5 RESOURCES AVAILABLE

- 5.1 The report of 21 January 2009 indicated that there were unallocated resources totalling £1.500m and that the allocation of this sum to services would be determined after taking into account feedback received during the consultation process, issues such as those highlighted at 4.1 and over-arching Council priorities. These factors including consideration of relative service risks result in the proposed allocation of the remaining £1.500m shown in the following table;

Service	Proposed Allocation £m
Educational and Social Services	1.300
Neighbourhood Services	0.100
Corporate Support	0.100
Finance and Asset Management	0.000
Total	1.500

6 REVENUE BALANCES

- 6.1 The draft budget report of 21 January 2009 indicated that the projected level of uncommitted General Fund balance at 31 March 2009 was at £9.290m. The minimum balance in terms of the Council's Reserves Strategy is £6.800m with a maximum level of £13.600m. The net unfunded service pressures in Social Work highlighted in the Social Work Sustainability report approved by the Cabinet on 4 February 2009 amounted to £1.660m. After applying the proposed additional allocation of £1.300m the remaining gap could be bridged by utilising £0.360m of uncommitted balances in 2009/10 on a non-recurring basis with firm deliverable proposals to close the gap in future years being presented to the Cabinet by the Executive Director during the first quarter of 2009/10.

A number of the actions being proposed to generate savings may involve voluntary redundancy packages. These will only be pursued where they result in clear spend to save opportunities. The costs will require to be met from uncommitted revenue balances.

7 CAPITAL FUND

- 7.1 The Council may approve the transfer of amounts to the Capital Fund and that Fund can be used to repay debt. It is anticipated that the Council will be requested to transfer appropriations of £1.000m in 2009/10, £2.500m in 2010/11 and £2.500m in 2011/12 to be applied to repay an element of debt charges to smooth the anticipated impact on the Revenue Budget of the acceleration of the

capital programme. This position will be reviewed at the end of each year to take account of actual capital spend.

8 PROPOSED DEPARTMENTAL ALLOCATIONS

8.1 The table below takes the above proposals into account in arriving at revenue allocations for 2009/10 and indicative revenue allocations for the following two years.

Service	Allocation 2008/09 £m	Allocation 2009/10 £m	Change over Previous Year	Indicative Allocation 2010/11	Indicative Allocation 2011/12
Educational and Social Services	162.132	170.244	8.112	173.826	176.094
Neighbourhood Services	38.166	39.663	1.497	40.133	40.776
Police, Fire, Valuation Board & SPT	32.774	33.561	0.787	34.335	34.966
Corporate Support	13.001	15.160	2.159	15.350	15.437
Finance & Asset Management Service	50.531	52.438	1.907	54.109	55.850
Other Non-Departmental Items	20.416	23.749	3.333	26.427	30.162
Net Expenditure	317.020	334.815	17.795	344.180	353.285
Net Income	317.020	334.815	17.795	344.180	353.285

* The departmental allocations noted above include the proposed allocations shown at paragraph 5.1

8.2 These are global service allocations and any additional demand and cost pressures must be met by departments from within these allocations by re-aligning departmental budgets to reflect Community Plan objectives and the resulting specific service priorities. The outcome of this will be reflected in budget documents to be presented to the Cabinet for approval in due course.

9 SETTING THE COUNCIL TAX

9.1 The three year settlement covers the years 2008/09 to 2010/11 and in all three years an element of grant is retained centrally by the Scottish Government which can only be accessed by councils who choose to freeze council tax levels. The three year budget figures shown above are based on an assumption that there would be no increase in council tax in any of the years. This is an indicative position however and the Council may wish to retain the flexibility to review this strategy taking into account the financial circumstances which prevail at this time next year.

- 9.2** On the basis of the proposals set out in this report the Band D Council Tax for 2009/10 would remain at £1188.99 and Council Tax for all Bands would be:

Band	2009/10	2008/09	2007/08
A	792.66	792.66	792.66
B	924.77	924.77	924.77
C	1056.88	1056.88	1056.88
D	1188.99	1188.99	1188.99
E	1453.21	1453.21	1453.21
F	1717.43	1717.43	1717.43
G	1981.65	1981.65	1981.65
H	2377.98	2377.98	2377.98

10 HOUSING REVENUE ACCOUNT

- 10.1** It is proposed that the need to make efficiency savings should be extended to the Housing Revenue Account and requiring a 2.45% saving in controllable budget lines would reduce costs by £0.394m. This would be set against the policy of increasing rents by August RPI + 1% (5.8%). The value of additional resources which would need to come from a rent increase after savings of this level would be £1.521m which equates to 4.6% or £2.24 over 52 weeks (£2.43 per week over the 48 week payment cycle).
- 10.2** It is also proposed that Lock-Up and Garage Site rentals be increased by 5.8% with an increase of £0.24p per week for Lockups over a 52 week period and £1.71 per year for Garage Site charges.
- 10.3** It has been the practice that the four free rent weeks each year fall two at the beginning of July and two over the Christmas period. There would be an advantage in terms of collection arrangements for the July weeks to be moved to the last two weeks in March each year. Although some respondents expressed displeasure over the proposal, there was an absence of any significant level of opposition to this during the consultation process and the Executive Director of Neighbourhood Services therefore proposes to introduce this change during 2009/10 with the free weeks being set for December 2009 and March 2010.

11 RECOMMENDATIONS

It is recommended that Members recommend to the Council:

- (i) that the Band D Council Tax level for 2009/10 should be set at £1188.99
- (ii) that the Resource Allocations shown at paragraph 8.1 of this report be approved;
- (iii) that the Expenditure Reduction actions shown in Appendix 2 of this report be approved;
- (iv) that a council house rent increase of £2.24 per week over a 52 week period from for 2009/10 be approved;
- (v) that for 2009/10 an increase of £0.24p per week for Lockups over a 52 week period and £1.71 per year for Garage Site charges be approved;
- (vi) that the rent free weeks in 2009/10 be set in December 2009 and March 2010; and
- (v) otherwise note the contents of this report.

Alex McPhee

Executive Head of Finance and Asset Management

4 February 2009

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Alex McPhee, Executive Head of Finance and Asset Management, Telephone (01563) 576300

EAST AYRSHIRE COUNCIL

**REPORT ON THE COUNCIL'S BUDGET CONSULTATION
2009/10**

Report by the Executive Head of Finance and Asset Management

1. PURPOSE OF REPORT

- 1.1 To advise Members of the views and comments expressed during the Council's consultation exercise on the budget for 2009/10.

2. BACKGROUND

- 2.1 At the meeting of the Cabinet on 21 January 2009 the draft estimates for 2009/10 for the General Services Revenue Account and Housing Revenue Account respectively, were agreed as a basis for consultation.

3. CONSULTATION ARRANGEMENTS

- 3.1 The consultation arrangements for the budget proposals for 2009/10 are summarised below:-
- Consultation on the Council's proposals ran from 21 January 2009 to 4 February 2009 in respect of the General Services Budget and the Housing Revenue Account;
 - Consultation meetings with Trade Unions, tenant representatives and interested parties in line with portfolio responsibilities took place. In addition the budget telephone line and a designated email address was established with additional information available on the Council's website.
- 3.2 The consultation process with parties interested in the Environment and Regeneration portfolio took place on 22 January, the meetings related to the Community Wellbeing and the Lifelong Learning portfolios took place on 23 January and 27 January respectively.
- 3.3 The meeting with Trade Unions representatives took place on the 27 January 2009 and a consultation meeting on the proposals for the Housing Revenue Account took place on 28 January 2009.
- 3.4 Overall 66 organisations were represented at the meetings and 25 comments were received by email. All received a response with a few being the subject of further follow-up enquiries.

4. COMMENTS RECEIVED FROM THE CONSULTATION PROCESS

4.1 Environment and Regeneration Portfolio Meeting

A summary of the comments raised are as follows:

- Support for the Council's proposals for regeneration of town centres.
- The importance of regeneration for rural settlements.
- The need to promote shared services across Councils in Ayrshire.
- The need for public information about any proposed increases in fees and charges for 2009/10.
- The need for energy conservation measures in Council properties.
- The need to protect the environment.

4.2 Lifelong Learning Portfolio

- The need to limit the impact of any proposed savings on Out of School Care providers and Youth Advocacy services budgets.
- The need for adequate funding for the refurbishment of Darvel Primary School.
- Details of the Council's proposals for fabric improvements for Silverwood Primary School.
- The level of funding available for training.
- The number of extra teachers required to achieve classes of 18 pupils or less.
- The positive impact of a peripatetic teacher at Dean Park Nursery.
- The positive impact of extended nursery provision to the Mauchline Under-Five's group.

4.3 Community Wellbeing Portfolio Meeting

- The level of funding available and the installation timescale for equipment and adaptations.
- The strategy for reducing the number of Council buildings.

- Whether the planned budget savings would affect Service Level Agreements and funding of external organisations.
- Council action to reduce energy costs for Council properties.

4.4 Meeting with Trade Union Representatives

- Assurance was sought and given on the Council's commitment to maintaining the core business of Education.
- Clarification was sought on the possibility of spend to save options in respect of reviewing management structures in schools.
- Concern was raised on the possible impact of the proposed savings packages to front line services.

4.5 Consultation with Tenant Representatives

A summary of the comments is as follows

- Communication should be improved in ordering and supervising repairs including those undertaken by external contractors working for the Council.
- Whether there should be a ballot of all tenants on the proposal to change the free weeks.
- Whether the Council had any funds in the Iceland banks and to what effect.
- The extent of the Council's financial reserves and whether this could be used to offset any proposed rent increase.
- The Council's own plans for future house building and for new housing suitable for the disabled.
- Whether the Council would consider buying houses direct from developers where these are currently unsold due to the current economic situation.
- The Council's plans for future development in Riccarton.
- The value in moving to a common approach to allocating council and RSL housing across East Ayrshire.

4.6 Comments Received Via Budgetline

During the consultation process requests for budget consultation packs were received via the budgetline.

4.7 Comments Received by mail and email

Twenty-nine queries were received and issues raised are summarised below.

- Trade union concerns over the impact on staff arising from planned business reviews.
- An offer by trade unions to help examine how council facilities could be used to generate further revenue.
- Whether a greater level of detail could have been made available to Trade Unions at the consultation stage.
- The need to maintain and improve current staffing levels in Schools and Nurseries.
- The need to review prices for season tickets for Annanhill Golf Course in light of the playability of the facility in 2008.
- Suggested changes to the consultation process for the Housing Budget and rent increase.
- The need for capital improvement works at Fenwick and Gargieston Primary School and Community Facilities.
- The need for all weather sporting facilities at Stewarton.
- The funding of additional hours for pre-school nursery provision and the financial arrangements with partner providers.
- The need for improvements to how Housing Repairs are reported and progressed.
- The need to address specific issues with road conditions in certain areas.
- Detailed comments expressing concern about the savings actions outlined for Education and the need to maintain standards
- The need for improvements at the new playpark in Kay Park.

5.0 CONCLUSIONS

5.1 Members are asked to reflect and consider the comments set out above.

Alex McPhee

Executive Head of Finance and Asset Management

5 February 2009

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact Alex McPhee, Executive Head of Finance and Asset Management, Tel (01563) 576300.

Appendix 2

ACTIONS	SAVING £m
Focusing resources on activities which deliver key service objectives	1.062
Reduce the number of school administration and support staff	0.210
Reduce the number of classroom assistants by natural wastage	0.174
Reduce costs of school cleaning by 10% including the use of new technology	0.157
Reduce Community Safety / Local Action Fund expenditure	0.150
Redesign the Outdoor Learning service	0.125
Reduce affiliation payments within Planning and Economic Development and ensure benefit equates to cost	0.081
Reduce administration costs within Human Resources and Democratic Services	0.071
Reduce the environmental improvement budget within Finance and Asset management	0.040
Reduce costs within the Educational & Social Services property team	0.022
Reduce promotion expenditure and third party payments in Leisure Services	0.022
Reduce school letting hours	0.010

Maximising the utilisation of assets	0.028
Pilot use of data network for telephone calls	0.016
Close unused changing pavilions at New Farm Loch and Bonnyton	0.002
Renunciation of lease for units at Barrhill Road	0.010

Full year effects of previous years investment	0.452
Reduce landfill charges for waste	0.250
Reduced reliance on external consultants on capital projects	0.088
Reduced IT costs as a result of investment	0.059
Reduced maintenance costs due to new facilities being opened	0.023
Reduce expenditure on public library books given previous higher spending	0.020
Maximise use of CCTV	0.008
Review general project funding within Leisure Services	0.004

Appendix 2

ACTIONS	SAVING £m
Business Review of specific services to reduce costs without impact on service levels or council policies	0.694
Review how Central Education Continuing Professional Development is delivered	0.198
Review of Roads and Transport functions in Neighbourhood Services	0.171
Review of General Fund Housing	0.123
Review of Quality Improvement within Educational & Social Services	0.092
Review of service arrangements and staffing numbers within Finance and Asset management	0.065
Review of Community Planning and links to Community Learning and Development	0.045

Streamlining service delivery arrangements	0.127
Efficiencies within Leisure Services	0.047
Review of Planning and Economic Development staffing requirements	0.036
Review of school catering arrangements	0.023
Savings from Emergency Planning shared services	0.021

Closer integration of services within departments	0.581
Review of Learning Partnerships to improve integration with Children & Families Services	0.396
Efficiencies in Community Learning and Development (CL&D)	0.078
Review of early years establishment structures	0.062
Review the structure of the school psychology service	0.045

Adjusting service levels to reflect current need and/or demand	0.845
Review of School Management structures	0.556
Adjustments to school delegated budgets to take account of falling school rolls	0.141
Review of Arts and Culture function within Educational & Social Services	0.077
Reduce expenditure on property and supplies & services in all areas	0.044
Review of service provision within Leisure Services	0.014
Reduce the opening hours at the Gavin Hamilton Centre to reflect current demand	0.013

Appendix 2

ACTIONS	SAVING £m
Procurement opportunities	0.100
Review of contractual arrangements within Roads and Transportation	0.027
Review of Asset Management Contract within Information Technology	0.040
Planning and Economic Development retaining work previously outsourced	0.013
Review of Financial Guardianship arrangements	0.020
Utilisation of alternative funding	0.076
Recharge of Roads and Transportation design fees	0.076
Total savings from proposed actions	3.965