

EAST AYRSHIRE COUNCIL

CABINET - 13 FEBRUARY 2008

REVENUE BUDGET 2008/09 – 2010/11 COUNCIL TAX AND RENT LEVELS

Report by Executive Head of Finance

1 PURPOSE OF REPORT

- 1.1** To consider the overall General Services Revenue Budget for 2008/09, to recommend to the Council resource allocations at department level, the Council Tax for the financial year 2008/09 and the Council House rent increase from 1 April 2008.

2 BACKGROUND

- 2.1** The Cabinet on 24 January 2008 approved draft revenue allocations for each Service following consideration of a report by the Executive Head of Finance and Asset Management in respect of the 2008/09 General Services Budget Strategy consultation.

3 RESULTS OF CONSULTATION

- 3.1** Public consultation was carried out between 24 January 2008 and 7 February 2008. A number of issues were raised during the consultation process and the appendix to this report summarises the feedback.

4 RESOURCES AVAILABLE

- 4.1** The report of 24 January 2008 indicated that there were unallocated resources totalling £2.000m. The report also indicated that further work was being done to clarify elements of the grant settlement and this has resulted in adjustments being required.
- 4.2** Contaminated Land Grant has been provided as part of the rolled up capital grants total. Capital grants can not be used for revenue purposes however and the costs of the Contaminated Land operational service within Corporate Support of £0.030m is an additional cost to the General Services Revenue budget.
- 4.3** The Scottish Government has issued significantly amended figures in respect of Police Specific Grant and the East Ayrshire precept has been adjusted accordingly. Discussions with the finance directors of all of the joint boards have also resulted in changes to the previously estimated precept levels which releases funding totalling £0.730m.
- 4.4** The level of resources available has therefore increased to £2.700m.

5 SERVICE PRESSURES

5.1 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 & Social Services	Cost and demand for outwith placements	0.500	2.400
	Secure Accommodation	0.340	
	External Foster Care	0.640	
	Community Care - Adults	0.840	
	IT Infrastructure	0.080	
Neighbourhood Services	New Streets/Houses/Local Facilities	0.225	0.540
	Maintenance of new Traffic Signals	0.050	
	Road Safety /Kerb Craft	0.045	
	Community use of leisure facilities in schools	0.080	
	Replacement Refuse Containers	0.080	
	Impact of oil price increase	0.060	
Corporate Support	Human Resources Service Review	0.070	0.520
	IT Service Review	0.250	
	Management Development	0.100	
	Dangerous Buildings	0.100	
Finance & Asset Management	Public Building Maintenance	0.500	0.500
Total			3.960

5.2 All departments and services can point to additional requirements arising from external demand and from aspirations on service levels and quality. Educational and Social Services in particular have indicated that the cost of meeting emerging new demand from all sectors – young people, adults with complex care needs and people over the age of 85 - will be significant. The additional cost shown above for Adult Community Care for example represents only around 50% of the demand in the system. 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.

5.3 In identifying the financial impact of community use of leisure facilities in schools, variations in charging models is evident. It is proposed that a review of charging for use of facilities be undertaken by the Executive Director of Neighbourhood Services with any proposals being presented to the Cabinet for approval in due course.

6 REVENUE ALLOCATION

- 6.1 The initial draft allocations saw front line services receiving above inflation increases. Taking account of feedback received during the consultation process, the priority areas set out in the Community Plan and the issues highlighted at 5.1 a proposed allocation of the remaining £2.700m is shown in the following table. The application of this funding to reflect local priorities will be reflected in budget documents to be presented to the Cabinet for approval in due course.

Service	Proposed Allocation
Educational & Social Services	1.750
Neighbourhood Services	0.450
Corporate Support	0.400
Finance & Asset Management	0.100
Total	2.700

6.2 Expenditure Reduction Targets

The report to the Cabinet on 24 January confirmed that that Efficiency Savings must be pursued by departments over the three year budget period. In addition to the 2¹/₄% targets for 2008/09 it is proposed that 3% targets should apply in each of the next 2 years. This will mean total savings of £18.718m over the three years.

Service	2008/09		2009/10	2010/11	Total
	%	£m	£m	£m	£m
Educational and Social Services	2.25	3.632	4.984	4.999	13.615
Neighbourhood Services	2.25	0.861	1.157	1.155	3.173
Corporate Support	2.25	0.288	0.387	0.523	1.198
Finance and Asset Management	2.25	0.197	0.267	0.268	0.732
Total		4.978	6.795	6.945	18.718

6.3 Revenue Balances

The draft budget report of 24 January 2008 indicated that the projected level of uncommitted General Fund balance at 31 March 2008 was at £8.774m. The minimum balance in terms of the Councils Reserves Strategy is £6m with a maximum level of £12m. There are no proposals to augment or apply any part of the Revenue Fund balances as part of the budget.

6.4 Capital Fund

The arrangements covering the annual costs of the PPP charges included utilisation of a portion of the Schools Fund. This use was specifically approved by the Scottish Executive. The Grant Settlement for 2008/09 to 2010/11 however has rolled the Schools Fund into the unringfenced capital grants total and as it is not possible to utilise capital grants directly for revenue expenditure an accounting treatment has been developed to enable the original intention to be achieved.

The Council may approve the transfer of amounts to the Capital Fund and that Fund can be used to repay debt. It is proposed that the Council be requested to transfer £1.000m to the Capital Fund and also to utilise £1.000m from the Capital Fund to repay debt in 2008/09. This will allow a reduction in the budget for debt charges and a corresponding increase in the budget for PPP Unitary Charge.

6.5 Proposed Departmental Allocations

The table below takes the above proposals into account in arriving at revenue allocations for 2008/09 and indicative revenue allocations for the following two years.

Service	Allocation 2007/08 £m	Allocation 2008/09 £m	Change over Previous Year	Indicative Allocation 2009/10	Indicative Allocation 2010/11
Educational and Social Services	151.174	160.382	9.208	162.144	162.645
Neighbourhood Services	35.641	37.716	2.075	37.669	37.603
Police, Fire, Valuation Board & SPT	33.448	32.774	(0.674)	34.514	35.252
Corporate Support	12.010	12.601	0.591	12.526	16.908
Finance & Asset Management Service	49.861	50.431	0.570	52.902	55.487
Other Non-Departmental Items	18.589	23.116	4.527	27.802	31.721
Net Expenditure	300.723	317.020	16.297	327.557	339.616
Net Income	300.723	317.020	16.297	327.557	339.616

- 6.6** These are global service allocations and all 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.
- 6.7** The allocations shown include funding, previously ringfenced, which supports a number of activities across the Council. The activities involved will be subject to business review over the next few months to determine whether they remain priorities for the Council and if so, in what form the services should be delivered. There are nearly 300 staff involved in the review areas with some having temporary contracts of employment ending on 31 March 2008. It seems likely that many of these temporary employees will have a continuing role and in these circumstances it is proposed to extend all of the contracts to 30 June 2008 to allow the reviews to take place and thereafter issue new contracts as appropriate.

7 SETTING THE COUNCIL TAX

- 7.1 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.
- 7.2 On the basis of the proposals set out in this report the Band D Council Tax for 2008/09 would remain at £1188.99 and Council Tax for all Bands would be:

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

8 HOUSING REVENUE ACCOUNT

- 8.1 As outlined in the report to the Cabinet on 24 January 2008, the strategy agreed by the Housing Committee in April 2005 would result in an increase of 5.1% from 1 April 2008. It is proposed to utilise efficiency savings to limit this to 3.9% or £1.83 over 52 weeks (£1.98 per week over the 48 week payment cycle). It is also proposed that Lock-Up rentals should increase by 20p per week and Garage Site rentals by £1.43 per annum but that a full review of charges, costs and options for these facilities be carried out and reported to a future meeting of the Cabinet by the Executive Director of Neighbourhood Services.

9 RECOMMENDATIONS

It is recommended that Members:

- (i) recommend to the Council that the budget and Service Review Allocations be approved;
- (ii) recommend to the Council that the Band D Council Tax level for 2008/09 should be set at £1188.99;
- (iii) recommend that the Council resolves that £1.000m be appropriated from Capital Grants to the Capital Fund and that £1.000m from the Capital Fund be applied to repay debt in 2008/09;
- (iv) recommend to the Council a rent increase of £1.83 per week over a 52 week period; an increase of £0.20p per week for Lockups and £1.43 per year for Garage Site charges;

- (v) request that the Executive Director of Neighbourhood Services reviews the charging models for use of leisure facilities in schools and presents his findings to the Cabinet in due course;
- (vi) request the Executive Director of Neighbourhood Services to carry out a full review of charges, costs and options for garage sites and lock-up and report his conclusions and recommendations to the cabinet before the end of the calendar year; and
- (vii) otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance
AMcP/JB
8 January 2008

LIST OF BACKGROUND PAPERS

NIL

Members wishing further information should contact
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EAST AYRSHIRE COUNCIL

**REPORT ON THE COUNCIL'S BUDGET CONSULTATION
2008/09**

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 2008/09.

2. BACKGROUND

- 2.1 At the meeting of the Cabinet on 24 January 2008 the draft estimates for 2008/09 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 2008/09 are summarised below:-
- that consultation on the Council's proposals ran from 24 January 2008 to 7 February 2008 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 Lifelong Learning portfolio took place on 30 January, meetings related to the Community Wellbeing and Environment and Regeneration portfolios took place on 31 January and 4 February respectively.
- 3.3 The meeting with Trade Unions representatives took place on the 4 February 2008 and a consultation meeting on the proposals for the Housing Revenue Account took place on 30 January 2008.

4. COMMENTS RECEIVED FROM THE CONSULTATION PROCESS

4.1 Lifelong Learning Portfolio Meeting

A summary of the comments raised are as follows:

- Issues regarding the differences in charges for similar facilities across the Council with a request for this to be reviewed.
- The level of support for before and after school care provision.
- The future of the Adult Literacy Initiative.
- The availability of support for music development.
- The level of stakeholder input to the refurbishment plans for Darvel Primary School.

4.2 Community Wellbeing Portfolio Meeting

- The use of the voluntary sector in the provision of Council services.
- The use of Council premises for training courses as opposed to external venues.
- The planned service provision from the new Rosebank Elderly Resource centre.

4.3 Environment and Regeneration Portfolio Meeting

- The effect of reducing expenditure on the waste collection service on the Council's compliance with the National Waste Strategy targets.
- The reasons for proposing to increase burial charges..
- The level of repairs to listed public buildings.
- Anti-Social Behaviour in local villages and the need for regeneration.
- The Council's policy on the mix of commercial and residential properties
- Support for the Council's proposals for regeneration of town centres.

4.4 Meeting with Trade Union Representatives

- Clarification was requested on the process for removal of ringfenced funding.
- Clarification was sought on how the review of the ringfenced funding initiatives and efficiency savings would affect jobs.
- Clarification was sought and given regarding the financial provision made to meet current costs of PPP projects.
- Assurance was sought about staff on temporary contracts.

4.5 Consultation with Tenant Representatives

A summary of the comments is as follows

- Request for an increase to the Equipment & Adaptations budget.
- Comments that the time taken to carry out ordinary repairs should be reduced.
- Concerns regarding the Right to Buy Scheme and the reduction in discounts due to the change in legislation.
- Suggestion that the budget increase for Lock up rent should be higher with the additional income reinvested in the Housing Improvement Programme.

4.6 Comments Received Via Budgetline

During the consultation process four comments were received and related to

- Request for consideration to be given to establishing a horticultural school of excellence with East Ayrshire.
- Two comments regarding pot-holes in roads and pavements.
- A request for additional resources for the Shopmobility Project.

4.7 Comments Received by Email

Three queries were directed to budget mailbox with two of the queries expressing positive comments about Council services. The comments related to

- Cycle/ walking paths specifically area along Howard Park riverside.
- Small business rates, recycling and music provision in primary schools.
- The continuation of Primary 1-3 Free school meals pilot.

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
7 February 2008

**LIST OF BACKGROUND PAPERS
NIL**

Members wishing further information should contact
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