

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 8 FEBRUARY 2006

REVENUE BUDGET 2006/07 – 2008/09- 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 2006/07, to recommend to the Council the level at which Council Tax Band 'D' should be set for the financial year 2006/07 and the Council House rent increase from 1 April 2006.

2 BACKGROUND

- 2.1 Members, at the Special Policy and Resources Committee Meeting on 24 January 2006, approved draft revenue allocations for each Service following consideration of a report by the Executive Head of Finance in respect of the 2006/07 General Services Budget Strategy consultation.

3 RESULTS OF CONSULTATION

- 3.1 Public consultation was carried out between 24 January 2006 and 7 February 2006. A number of issues were raised during the consultation process and the appendix to this report summarises the feedback up to Sunday 5 February 2006. Members will be alerted to any additional issues raised after that date at the meeting.

4 RESOURCES AVAILABLE

- 4.1 The report of 24 January 2006 indicated that there were unallocated resources totalling £2.576m. Since then clarification has been received with regard to the amount to be retained by the Scottish Executive for Concessionary fares and for 2006/07 this has resulted in an additional sum of £0.334m being freed up. There are unquantifiable future year commitments in relation to, for example, Youth Concessionary Travel which would require to be met from this residual sum but these will not impact in 2006/07. The unallocated sum now available is therefore £2.910m.

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 are set out below.

Service	Issue	Estimated Cost £m	
Education	Re-tendering of transport contract taking account of health and safety concerns	0.250	0.625
	Removal of Inter-Authority fees for special education	0.105	
	Decant of Mauchline Primary Pupils	0.270	
Social Work	Net running costs for Intensive Support Unit	0.440	0.440
Neighbourhood Services	Smoking Legislation	0.045	0.065
	Civil Contingencies Act	0.020	
Development and Property Services	Central Repairs Account - Health and Safety Issues	0.135	0.135
Corporate Support	Mental Health Legislation-Support to Social Work	0.075	0.075
Total			1.340

- 5.2 All areas of services can point to additional requirements arising from external demand and from aspirations on service levels and quality. Education for example has specific concerns over the demand and costs of supporting pupils with special educational needs. Social Work issues include the increasing costs of foster care and care packages for adults as well as a desire to enhance the resources available for child protection. Neighbourhood Services are anxious about anti social behaviour and local environmental conditions. Development Services highlight the necessity to spend more on building maintenance.

6 REVENUE ALLOCATION

- 6.1 The relative strategic priorities dictated by the Community Plan, feedback received during the consultation process, requirements arising from legislation and policy issues and significant demand and cost pressures highlighted by individual services have all been taken into account in formulating the proposed allocation of funding for local priorities indicated in the table below. The fact that Social Services and Development and Property Services have benefited from above average increases in grant funding which is allocated for purposes which also align with the factors being considered has also been recognised.

- 6.2 The precise use of the funding to reflect local priorities will be a matter for Service Committees to consider once departments have had an opportunity to take account of their service plans and priorities consistent with the Community Plan and the factors outlined above.

Service	Legal and Policy Issues	Local Priorities	Total
		2006/07 £m	
Educational Services	0.625	0.575	1.200
Social Services	0.440	0.460	0.900
Neighbourhood Services	0.065	0.535	0.600
Development & Property Services	0.135	0.000	0.135
Corporate Support	0.075	0.000	0.075
Total	1.340	1.570	2.910

6.3 Expenditure Reduction Targets

The report to this committee on 24 January 2006 proposed that the levels of expenditure reduction targets for 2006/07 previously intimated should be confirmed and noted that for 2007/08 and 2008/09 a funding gap of £6.592m and £6.524m remained. The Council in conjunction with COSLA is alerting the Scottish Executive to the serious financial position and the possible effects with a view to securing additional resources. In order to facilitate three year service planning however it is proposed that the currently known figures be used to calculate departmental percentage targets for expenditure reductions and that these be maintained in the same proportion as those for 2006/07. The values have been rounded up to £7m for both years to allow some scope for recognition of local priorities. This distribution may be reviewed during the 2007/08 budget setting process if changes to grant levels and local circumstances permit. In addition, the work which is proposed to be done with Professor Midwinter on the levels and utilisation of resources may result in recommendations for changes. Departments should however take account of the figures shown in the table below for service review and planning purposes.

Service	Expenditure Reduction Targets					
		2006/07		2007/08		2008/09
	%	£m	%	£m	%	£m
Educational Services	2.9	2.833	3.3	3.275	3.3	3.279
Social Services	2.9	1.311	3.3	1.576	3.3	1.593
Neighbourhood Services	4.0	0.884	4.6	1.036	4.6	1.037
Development & Property Services	4.0	0.530	4.6	0.611	4.6	0.617
Corporate Support	4.7	0.442	5.4	0.502	5.4	0.474
Total		6.000		7.000		7.000

6.4 Energy Efficiency

The departmental resource allocations again exclude funding for price increases in energy costs which were highlighted in 2005/06. Progress is being made towards achieving the target saving of £0.845m but measures to reduce usage are still in progress and a more accurate picture will only be available once the bills for the first quarter of 2006 have been received. Further capital spending on energy efficiency projects of £0.800m is proposed for 2006/07. It would be prudent therefore to retain a provision of £0.550m centrally the need for which will be reviewed later in the financial year depending on the level of success in energy usage reduction.

6.5 Revenue Balances

The draft budget report of 24 January 2006 indicated that after taking account of the currently known impact of equal pay compensation payments the level of uncommitted general Fund balance was projected at £5.585m whilst the minimum balance in terms of the Councils Reserves Strategy is £5.836m. There are no proposals to augment or apply balances at this stage. This position may be reviewed later in the financial year depending on the audited outturn for 2005/06 and the final settlement for Equal Pay Compensation.

6.6 Proposed Departmental Allocations

The table below takes the above proposals into account in arriving at revenue allocations for 2006/07 and indicative revenue allocations for 2007/08 and 2008/09.

Service	Total Allocation 2006/07	Proposed Allocation 2007/08	Proposed Allocation 2008/09
	£m	£m	£m
Educational Services	94.696	95.134	95.573
Social Services	44.605	46.448	47.114
Neighbourhood Services	51.117	52.627	53.456
Development & Property Services	19.122	19.478	19.888
Corporate Support	8.934	8.932	8.968
*Other Non-Departmental Items	73.306	78.660	82.992
Net Expenditure	291.780	301.279	307.991
Net Income	291.780	301.279	307.991

**Other Non-Departmental Items include amounts for Supporting People, Debt Charges, Council Tax and Rent Rebates, Insurance and Trading Services surpluses.*

All directors should be made aware that these are global service allocations and that any additional demand and cost pressures must be met from within these allocations by re-aligning departmental budgets to reflect Community Plan objectives and the resulting specific service priorities.

7 SETTING THE COUNCIL TAX

7.1 COSLA continues to discuss the level of grant settlement for 2007/08 with the Scottish Executive and has recommended that Councils do not publish indicative council tax figures for that year at this stage.

7.2 On the basis of the proposals set out in this report the Council Tax for all Bands would be:

Band	2006/07	2005/06
A	780.66	£744.18
B	910.77	£868.21
C	1040.88	£992.24
D	1170.99	£1,116.27
E	1431.21	£1,364.33
F	1691.43	£1,612.39
G	1951.65	£1,860.45
H	2341.98	£2,232.54

8 HOUSING REVENUE ACCOUNT

8.1 The strategy on rent levels, which was determined by the Housing Committee in April 2005, would result in a rent increase of August RPI +1% which equates to 3.8% or £1.64 per week (52 weeks). It is also proposed that Lock-Up rentals will increase by 14p per week (52 weeks) and Garage Site rentals by £0.99p per annum. These proposals have been the subject of consultation with tenant representatives where there was broad support for the strategy which was outlined to them.

9 RECOMMENDATIONS

It is recommended that Members:

9.1 recommend to the Council that the budget be approved;

9.2 recommend to the Council that the Band D Council Tax level for 2006/07 should be set at £1170.99;

9.3 request service committees to determine service budgets within the allocations indicated taking account of service plans and priorities;

- 9.4** recommend to the Council a rent increase of £1.64 per week over a 52 week period; an increase of £0.14p per week (52 weeks) for Lockups and £0.99 per year for Garage Site charges;
- 9.5** otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance
AMcP/JP
6 February 2006

LIST OF BACKGROUND PAPERS
NIL

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

EAST AYRSHIRE COUNCIL

**REPORT ON THE COUNCIL'S BUDGET CONSULTATION
2006/07 – 2008/09**

Report by the Executive Head of Finance

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 2006/2007 to 2008/09.

2. BACKGROUND

- 2.1 At the Special Meeting of the Policy and Resources Committee of 24 January 2006 the draft estimates for 2006/2007 to 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 2006/07 to 2008/09 are summarised below:-
- that consultation on the Council's proposals be from 24 January 2006 to 7 February 2006 in respect of the General Services Budget and the Housing Revenue Account;
 - Consultation meetings with Trade Unions, community and tenant representatives, residents and employee budget telephone line, email consultation, Internet information on the Council's website and a live interactive web-forum with the Leader of the Council.
- 3.2 The consultation process with Trade Unions and Community Representatives took place on the 25th and 26th January 2006 respectively. A consultation meeting on the proposals for the Housing Revenue Account took place on 2 February 2006.
- 3.3 During the consultation process, no comments were made via the public and staff budget line or by email.

4. Comments Received from the Consultation Process

4.1 Trade Union Meeting 25 January 2006

- It was noted that the level of savings required over the three years is significant and assurances were sought and given that departments would do everything possible to protect jobs and services in proposing strategies to reduce expenditure.
- Assurances were sought and given that departments will identify efficiencies as part of the Efficient Government Agenda including shared services with other Councils.
- It was requested that trading operations be encouraged to win additional external work; and that
- Where savings had to be made, that these were skewed away from front line services.

4.2 Community Representatives Meeting 26 January 2006

The representatives provided comments on a range of issues and these are summarised below:-

- concern over the proposed Council Tax increase and the effect on those with fixed incomes;
- the level of efficiency targets and implications for front line services and voluntary organisations;
- whether closure of libraries / local Offices is under consideration;
- the cost of the three bin system;
- what measures were proposed to alleviate the problems with litter;
- progress in improving the Council Tax collection rate and whether a Council Tax reduction could be considered for lump sum payment.

Executive Directors provided answers to the comments raised and these were discussed during the meeting.

4.3 Web Forum 30 January 2006

The live interactive web forum with the Leader of the Council took place between 4pm and 8pm on Monday 30 January 2006. From information available it appears to be the most participative budget web forum undertaken by any Council.

A total of forty seven questions covering thirty one topics were raised during the forum. The representatives provided comments on a range of issues and these are summarised below:-

- the cost of equal pay and the effect on services;
- the level of expenditure on road and pavement maintenance;
- action on youth disorder;
- reducing school class sizes;
- the financial impact of the PPP schools project;
- charges for refuse collection – special uplifts;
- plans for the reinstatement of the Burns Monument;
- the potential cost of plans for councillors pay;
- the level of Council support for cultural activities and
- proposals for town centre regeneration.

A full transcript of the discussions is available at the Members Information Point and on the Councils website at the following link <http://www.east-ayrshire.gov.uk/finance/budget/forum>. A copy is also available from the Executive Head of Finance on request.

Alex McPhee
Executive Head of Finance

5 February 2006