

EAST AYRSHIRE COUNCIL

POLICY AND RESOURCES COMMITTEE – 7 FEBRUARY 2007

REVENUE BUDGET 2007/08 – 2009/10 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 2007/08, to recommend to the Council the level at which Council Tax should be set for the financial year 2007/08 and to confirm the Council House rent increase from 1 April 2007.

2 BACKGROUND

- 2.1 Members, at the Special Policy and Resources Committee Meeting on 23 January 2007, approved draft revenue allocations for each Service following consideration of a report by the Executive Head of Finance in respect of the 2007/08 General Services Budget Strategy consultation.

3 RESULTS OF CONSULTATION

- 3.1 Public consultation was carried out between 23 January 2007 and 6 February 2007. A number of issues were raised during the consultation process and the appendix to this report summarises the feedback up to Sunday 4 February 2007. Members will be alerted to any additional issues raised after that date at the meeting.

4 RESOURCES AVAILABLE

- 4.1 The report of 23 January 2007 indicated that there were unallocated resources totalling £2.950m. The report also indicated that work was being done to determine whether any adjustment to the Council Tax Bad Debt Provision was appropriate in the light of continued improvements in collection performance and recently issued best practice guidance. The Bad Debt Provision is currently 5% which results in a budgeted income assumption that the final collection rate, after a period of years, will be 95%. The in-year collection rate is currently 92% and the internal target collection rate for 2007/08 is 92.5%. It seems reasonable therefore to reduce the Provision in view of anticipated continuing performance improvement. It is proposed therefore that the Bad Debt Provision for 2007/08 be reduced to 4.5%. This results in additional funds available of £0.204m taking the total sum available either to allocate to spending departments and/or to limit the level of Council Tax to £3.154m.

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	
Education	Increased demand for Special Educational Needs transport provision	0.238	0.557
	Cost of outwith placements	0.110	
	Teacher support for pupils with additional support needs	0.049	
	Costs of new school timetables	0.160	
Social Work	Change to charging regime for Free Personal Care	0.455	1.616
	Requirement for additional staffing for Children & Families	0.198	
	External Foster Care costs	0.444	
	Cost of outwith placements	0.184	
	Change to national standards for residential child care	0.139	
	Change to Care Commission sleepover requirements	0.196	
Neighbourhood Services	Grant Funding to Leisure Trusts	0.244	0.331
	CCTV Network Costs	0.020	
	Additional street lighting costs	0.067	
Corporate Support	Liquor Licensing Reform	0.055	0.077
	Freedom of Information Staffing	0.022	
Finance & Asset Management	Essential Health and Safety Contract Issues	0.503	0.772
	Corporate Office Provision - North West Area Centre Running Costs (50% share)	0.174	
	Reduced income following sale of commercial property	0.095	
Total			3.353

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 secure accommodation as well as an increasing need for resource intensive care packages for adults as well as a desire to enhance the resources available for child protection. Neighbourhood Services are keen to continue projects to improve environmental conditions where external funding has come to an end. Finance & Asset Management highlight the necessity to ensure that appropriate servicing and maintenance arrangements are in place for high risk elements including boilers, swimming pool systems and CCTV installations as well as the requirement to carry out comprehensive property surveys on all assets.

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 Education, Social Services and Neighbourhood Services will receive above inflation increases in grant funding has been taken into account.

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	Proposed Allocation
Educational Services	0.500
Social Services	1.500
Neighbourhood Services	0.300
Corporate Support	0.070
Finance & Asset Management	0.580
Total	2.950

6.3 It is proposed that the additional funds available as a result of better Council Tax collection (£0.204m) should be returned to taxpayers in the form of a reduction in the Council Tax increase from the proposed 2% to 1.5%

6.4 Expenditure Reduction Targets

The absence of three year grant figures from the Scottish Executive means that certain assumptions need to be made to estimate income levels for 2008/09 and 2009/10. For the purposes of longer term planning the figures in the tables at

paragraph 6.6 assume increases in grant and council tax of 2.5% per annum. It is also assumed that expenditure inflation will be 2.5% and efficiency savings will remain at 2007/08 levels. This means that total savings from efficiency initiatives over the three years will be £9.750m.

Service	2007/08		2008/09	2009/10	Total
	%	£m	£m	£m	£m
Educational Services	1.5%	1.539	1.539	1.539	4.617
Social Services	1.5%	0.707	0.707	0.707	2.121
Department of Neighbourhood Services	1.5%	0.541	0.541	0.541	1.623
Department of Corporate Support	2.7%	0.315	0.315	0.315	0.945
Finance Service	2.7%	0.081	0.081	0.081	0.243
Asset Management Service	1.5%	0.067	0.067	0.067	0.201
Total		3.250	3.250	3.250	9.750

6.5 Revenue Balances

The draft budget report of 23 January 2007 indicated that after taking account of a likely transfer to the Insurance Fund as part of the strategy to achieve a higher level of self insurance and lower premiums in the future, the level of uncommitted general Fund balance was projected at £8.548m. 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 balances as part of the budget.

6.6 Proposed Departmental Allocations

The table below takes the above proposals into account in arriving at revenue allocations for 2007/08 and indicative revenue allocations for 2008/09 and 2009/10.

Service	Allocation 2006/07 £m	Allocation 2007/08 £m	Change over Previous Year	Indicative Allocation 2008/09	Indicative Allocation 2009/10
Educational Services	95.761	101.588	+6.1%	104.1	106.7
Social Services	43.642	47.901	+9.8%	49.1	50.3
Department of Neighbourhood Services	33.614	35.862	+6.7%	36.7	37.7
Police, Fire, Valuation Board & SPT	34.658	33.417	-3.6%	34.3	35.1
Department of Corporate Support	11.782	12.040	+2.2%	12.3	12.6
Finance & Asset Management Service	53.411	54.066	+1.2%	55.5	56.8
Other Non-Departmental Items	15.050	15.849	+5.3%	16.2	16.7
Net Expenditure	287.918	300.723	+4.4%	308.2	315.9
Net Income	287.918	300.723	+4.4%	308.2	315.9

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** The Three year settlement covering grant levels for 2008/09 to 2010/11 will be announced towards the end of 2007. Council tax levels for those years will depend heavily on the content of that. In addition recent inflation levels are well above Bank of England targets and economic conditions could well change significantly over the next twelve months. It is not proposed to set an indicative council tax for years beyond 2007/08 at this stage therefore.
- 7.2** It would be the intention however to limit increases to 2.5% in each of the next two years on the assumption that this would reflect the level of future pay increases, that the Retail Price Index would revert to that level and that the grant settlement recognises specific pressures within the local government environment over that period.
- 7.3** On the basis of the proposals set out in this report the Band D Council Tax for 2007/08 would increase to £1188.99 and Council Tax for all Bands would be:

Band	2007/08	2006/07
A	792.66	780.66
B	924.77	910.77
C	1056.88	1040.88
D	1188.99	1170.99
E	1453.21	1431.21
F	1717.43	1691.43
G	1981.65	1951.65
H	2377.98	2341.98

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 4.4% or £1.98 over 52 weeks (£2.14 per week over the 48 week payment cycle). It is also proposed that Lock-Up rentals will increase by 18p per week and Garage Site rentals by £1.19 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 2007/08 should be set at £1188.99;
- 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 £1.98 per week over a 52 week period; an increase of £0.18p per week (52 weeks) for Lockups and £1.19 per year for Garage Site charges;
- 9.5** otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance
AMcP/JP
5 February 2007

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
2007/08**

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 2007/08.

2. BACKGROUND

- 2.1 At the Special Meeting of the Policy and Resources Committee of 23 January 2007 the draft estimates for 2007/08 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 2007/08 are summarised below:-
- that consultation on the Council's proposals be from 23 January 2007 to 6 February 2007 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 23rd and 29th January 2007 respectively. A consultation meeting on the proposals for the Housing Revenue Account took place on 31 January 2007.

4. Comments Received from the Consultation Process

4.1 Trade Union Meeting 23 January 2007

- Issues regarding the level of efficiency savings for Educational Services for 2007/08 and school transport and residential outwith placements were raised. Assurances were given that the Executive Director of Educational & Social Services would manage the budget to ensure that these issues were controlled within the level of available resources whilst not impacting on service delivery;
- Assurance was sought and given that any review of back office functions would take cognisance of the key role that such services play in the delivery of Council services;
- It was noted that a questionnaire had been issued by the GMB union regarding the use of agency workers and consultants. A full breakdown of the costs associated with such workers was requested and it was agreed that this would be provided.

4.2 Community Representatives Meeting 29 January 2007

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

- the Council's recycling targets and the programme for the recycling of plastic waste;
- progress towards achieving the Quality Housing Standard by 2015;
- the delegation of additional funds for Educational Services to schools;
- the Single Status Agreement and the impact on the delivery of services;
- the proposed Council Tax increase and whether a discount for lump sum payment could be considered;
- the Council's approach to charging for the delivery of Personal Care;
- action being taken to follow up on outstanding Council Tax / Community Charge debt;

4.3 Web Forum 31 January 2007

The live interactive web forum with the Leader of the Council took place between 4pm and 8pm on Wednesday 31 January 2007. A total of thirty five questions covering a range of topics were raised during the forum. A summary of the main issues raised is provided below:-

- fortnightly waste collection uplifts and recycling targets;
- the financial impact of the PPP schools project;
- proposals for town centre regeneration;
- the expenditure on roads maintenance;
- the proposed level of Council Tax increase;
- the cost of Councillors' severance payments;
- plans for a window replacement programme for Council properties;
- the impact of the RPI plus 1% increase on house rents;
- the proposed efficiency savings allocated to each department and whether they would lead to cuts in service;
- the level of funding available for anti social behaviour initiatives.

A full transcript of the discussions is available at the Members Information Point and on the Council's website. A hard copy is also available from the Executive Head of Finance.

5.0 CONCLUSIONS

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

Alex McPhee
Executive Head of Finance

5 February 2007

LIST OF BACKGROUND PAPERS NIL

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