

EAST AYRSHIRE COUNCIL

SPECIAL POLICY AND RESOURCES COMMITTEE - 23 JANUARY 2001

DRAFT ESTIMATES 2001/02 - GENERAL SERVICES

Report by the Director of Finance

1 PURPOSE OF REPORT

- 1.1 To seek, as a basis for consultation only at this stage, the approval of Members of the Draft Estimates 2001/02 for General Services which will enable the Council to embark on a public consultation exercise prior to the declaration of the Council Tax for 2001/02 on 15 February 2001.

2 TIMETABLE FOR COMMITTEE AND COUNCIL CONSIDERATION

- 2.1 The proposed arrangements for public consultation are the subject of a separate report. At the conclusion of the public consultation exercise there will be a Special Meeting of the Policy and Resources Committee on 6 February 2001, for the purpose of considering a report on the outcome of the consultation.
- 2.2 Service Committees would be asked to note the budget allocation and confirm their acceptance of these to a further Special Meeting of the Policy and Resources Committee which will take place on 14 February 2001, prior to the Council setting its budget at a Special Meeting on 15 February 2001.

Time	Date	Committee
1045 hours	6 February 2001	Policy and Resources (Special)
-	February 2001	All Service Committees to convene Special Meetings
1000 hours	14 February 2001	Policy and Resources (Special)
1000 hours	15 February 2001	Special Meeting of the Council

- 2.3 The submission of any alternative budget options, which will require to be costed if they are to be considered within the timetable for the budget process, should be made to the Director of Finance by 2 February 2001. Any alternative proposals which increase expenditure, would require to be accompanied by a proposal for a counter-balancing reduction in expenditure or increase in income.

3 DRAFT ESTIMATES 2001/02

- 3.1 A Special Meeting of the Policy and Resources Committee on 11 January 2001 approved the Base Budget for relevant expenditure which would allow departments to continue to operate at current service levels in 2001/02 amounting to £158.378m. This excluded non-departmental expenditure and projected balances brought forward from 2000/01. In addition, at that stage, the report took no account of the funds available.

It is proposed that the following issues be taken into account in formulating the draft budget for consultation purposes;

3.2 Debt Charges

The cost of servicing loans for past capital expenditure will rise by £0.552m to £13.596m in 2001/02. This takes account of savings generated by rescheduling loans to secure lower interest rates.

3.3 Growth and New Burdens

3.3.1 Education

Recent announcements have been made on proposals for Teachers' pay and conditions of service. The Local Government Settlement included £1.1m towards the additional costs of these. The actual costs in 2001/02 are likely to be more than this and current advice from CoSLA is that further central funding will be forthcoming in this regard. At present therefore it is sufficient to include expenditure of £1.1m for the purpose of setting Council Tax on the basis that expenditure above this level should be matched by additional funding from the Scottish Executive.

The Education Excellence Fund has been increased by £0.321m. This is included in the government grant and is ring-fenced. The expenditure requires to be budgeted for therefore.

3.3.2 Social Work

A number of initiatives have been announced by the Scottish Executive in respect of Social Work. These relate to a variety of areas including residential accommodation and home based services for the elderly, addressing disability and respite care. There is therefore an expectation of growth in Social Work provision in the general area of care in the community. It may be that Members would wish to allocate additional funds to Social Work to recognise these as shared priority areas with the Scottish Executive. It is proposed that additional funds of £0.550m be allocated to Social Work in 2001/02 in this regard.

3.3.3 Community Services

It may be that the budget should recognise that additional costs for Community Services will arise from new legislation surrounding contaminated land and the management of waste. Funding of £0.030m would allow progress to be made.

3.3.4 Other Growth Issues

It is proposed at this stage that any other growth required by individual departments should be funded by amending priorities within the service given that the addition of further growth to the base budget would require cuts in other services. Any further issues arising during the consultation period may be considered at the end of the process.

3.4 Property and Roads Repairs

The Local Government Settlement provided additional consent for capital expenditure over the next three years. A number of repairs which are carried out on Council properties and on roads could be categorised as capital where there is a longer term benefit from the expenditure. It is proposed that £1.5m of expenditure currently budgeted as revenue should be met from capital on a recurrent basis.

3.5 General Management Action

As in previous years it is proposed that Directors be tasked with securing expenditure reductions from general management action and efficiencies which do not impinge upon Council policies or front line services. Such action would be taken as opportunities arise during the course of the year.

3.6 Trading Services Business Plans

Those departments with responsibility for trading organisations are currently preparing business plans for their units which will include projected surpluses for 2001/02. These figures will be available during February 2000 and will then be incorporated into the budget. At this stage an estimate that the total surplus from all trading services will show an increase of £0.035m has been included as a minimum position which will be finalised prior to the final budget setting.

Paragraph Reference	Heading	Estimates 2001/02
3.1	Total CCLS Expenditure	158.378
3.2	Debt Charges	13.596
3.3	Growth/New Burdens	
3.3.1	Education – Teachers Pay and Conditions	1.100
3.3.1	Education – Excellence Fund	0.321
3.3.2	Social Work	0.550
3.3.3	Community Services	0.030
3.4	Capitalisation of Repairs	(1.500)
3.5	General Management Action	(0.500)
3.6	Improvement in Trading Services Surpluses	(0.035)
	TOTAL EXPENDITURE	171.940

4 FUNDING

4.1 Projected Surplus 2000/01

Current spending levels suggest that a target year-end surplus of £0.500m is achievable if departments are instructed to limit spending to essential items only for the last few weeks of the year so long as this does not cut across Council policies for front line service delivery.

4.2 Aggregate External Finance (AEF)

As reported to the Policy and Resources Committee on 11 January 2001 Aggregate External Finance (AEF) from the Scottish Executive has been set at £137.620m.

4.3 Council Tax

Where a Council increases its council tax by more than 5% or £50 and the result is above the Scottish average, benefit subsidy will be reduced.

For the purposes of public consultation, a council tax increase of 4.9% has been indicated. No penalty would accrue from this position.

A bad debt provision of 5% has been assumed. This is in line with the provision for the previous years.

As a result of the foregoing, a provisional level of Council Tax Band D would be set at £921.60 (2000/01 £878.40), representing an increase of 4.9%.

Heading	Estimates 2001/02
TOTAL EXPENDITURE	171.940
Funded by	
Projected Surplus 2000/01	0.500
Aggregate External Finance	137.620
Council Tax Borne Expenditure	33.820
TOTAL INCOME	171.940
Band D Council Tax	921.60
Increase	4.9%

The increase for all bands would be: -

Band	A	B	C	D	E	F	G	H
2000/01	585.60	683.20	780.80	878.40	1073.60	1268.80	1464.00	1756.80
2001/02	614.40	716.80	819.20	921.60	1126.40	1331.20	1536.00	1843.20
Increase	28.80	33.60	38.40	43.20	52.80	62.40	72.00	86.40

4.4 Council Tax Level 2002/03 and 2003/04

The Scottish Executive's expenditure guideline controls of previous years have been replaced with a requirement to publish along with the 2001/02 council tax level, firm council tax figures for the following two years. A 4.9% increase for 2001/02 is proposed above and it is suggested that for consultation purposes, the council tax increase for years 2 and 3 should also be set at this level. This can however be revisited when final budgets are being set for these two years with any significant changes to these figures requiring to be justified to the Scottish Executive.

The Band D Council tax for 2002/03 would therefore be set at £966.60 with the figure for 2003/04 being £1014.30.

6 RECOMMENDATIONS

It is recommended that the Committee: -

- 6.1** approve, as a basis for consultation, the foregoing estimates and proposed council tax levels;
- 6.2** note the timetable for Committees and the Council as detailed in Section 2 of the report; and
- 6.3** instruct Directors to limit spending to essential items only without cutting across council policies for front line service provision between now and 31 March 2001;
- 6.4** otherwise note the contents of this report.

Alex McPhee
Director of Finance

AMcP/DMW
17 January 2001
ENC (1)

**LIST OF BACKGROUND PAPERS
NIL**

AGENDA