

EAST AYRSHIRE COUNCIL

SPECIAL POLICY AND RESOURCES COMMITTEE – 1 FEBRUARY 2002

GENERAL SERVICES REVENUE ESTIMATES 2002/03

Report by the Director of Finance

1 PURPOSE

- 1.1 To consider the final allocation of available resources for 2002/03 and to propose arrangements for the formulation of detailed proposals by Service Committees.

2 BACKGROUND

- 2.1 At the meeting of 29 November 2001, this Committee put in place arrangements for public consultation on Draft Estimates for General Services Revenue Expenditure for 2002/03. Feedback from the public consultation exercise is attached at Appendix 1 and has been taken into account in proposing final allocations to services.

3 PROPOSALS

- 3.1 Members will recall that the Draft Estimates included a surplus at that point of £0.751m and the Committee noted that a number of factors which could influence that position had still to be finally determined. There have been a number of adjustments to these figures over the period and these are summarised below.

Item	Effect £m	Balance £m
Position at 29 November 2001		(0.751)
Joint Board Precepts	(0.047)	
Inflation	(0.178)	
Trading Services Surplus	(0.031)	
AEF Redetermination	0.071	(0.185)
Position at 28 January 2002		(0.936)

These adjustments amend the budget surplus to £0.936m. As indicated previously uncertainty remains over a number of issues which could result in significant additional costs during the year. These include the final cost of free concessionary travel from October 2002, insurance premium levels to be advised in September 2002 and the net cost of free personal care from July 2002. It would be prudent to set aside a contingency sum to recognise these.

- 3.2** The joint boards for Police, Fire and Valuation together with Strathclyde Passenger Transport (SPTA) have now finalised their budgets. All showed changes to the original figures and the net effect of these is shown in the table.
- 3.3** The main adjustments to the provision for inflation relate to a reduction in the projected increase in the cost of School Transport advised by SPTA and the effect of a proposed change to the calculation of the inflation uplift for internal contracts with Onsite Services detailed below.
- 3.4** The Special Ad-Hoc Commercial Strategy Review Committee of 27 July 1998 agreed that for internal contracts in place at that time, the November Retail Price Index (RPI) should be the value used to uprate contracts from 1 April of the following year. Until 2001, the RPI was broadly in line with wage increase levels. The November 2001 RPI was 0.9% however which is clearly well short of the flat rate pay increase agreed nationally which is designed to assist the lowest paid council employees and which will add up to 5.5% to individual trading services paybills. Discussions with the Procurement Unit in Homes and Technical Services on the approach which might be taken for external contracts have resulted in the identification of more appropriate indices which would take better account of wage and price inflation in the contract sector.

The Committee is asked to approve that the following indices be used from April 2002:

For Vehicle Maintenance, Roads, Grounds Maintenance and Leisure Management an index based on the DTI Monthly Bulletin of Indices for Civil Engineering at November, split 60% Labour and 40% Other Costs. There is no comparable index for the services provided by Onsite Services. It is proposed that an index be calculated which is based on 70% of annual wage inflation and 30% of the Retail Price Index.

- 3.5** The AEF adjustment shows the net effect of the grant settlement figures announced by the Scottish Executive in mid-December.
- 3.6** Although current projections by departments indicate that the outturn surplus for the current year may be higher than the £0.500m taken account of in the 2002/03 budget, the final figure will not be known until June and will not be audited until October. It would therefore be prudent to continue to budget on the basis of the utilisation of £0.500m of any surplus for 2001/02.
- 3.7** Arising from the budget consultation and acknowledging the Council's priorities set out in the Council Plan, one option for additional allocations is shown below;

Service	Description	Amount £M
Education Services	There are unresolved national pay issues for music instructors, psychologists and advisors as well as a requirement to re-tender for elements of school transport which may incur additional inflationary costs. A sum will be ring-fenced within the contingency fund to provide for these issues	0.120
Social Services	Additional funds to assist in tackling spending priorities including improving services for the elderly and increasing support for the disabled	0.300
	A sum within the contingency fund will be ring-fenced to provide for any unforeseeable pressures in relation to accommodating children beyond the existing budget provision	0.050
Community Services	Additional funds to assist in tackling spending priorities including environmental issues and recycling	0.150
Development Services	Additional funds to assist in tackling spending priorities including the maintenance of carriageways and footways	0.075
	A sum will be set aside within the contingency fund in order to provide cover for road maintenance in the event of a severe winter	0.100
Homes and Technical Services	Additional funds for non-housing property maintenance	0.025
Other Issues	A general contingency will be set aside to off-set currently unpredictable additional expenditure which may arise during the year including the possibility of further increased insurance costs	0.116
TOTAL		0.936

3.8 In addition to the amendments indicated above a number of internal accounting adjustments have been made which have no impact on the delivery of services or the bottom line position.

DEPARTMENT	REVISED DRAFT BUDGETS	PROPOSED ADDITIONAL RESOURCES	PROPOSED DEPARTMENTAL RESOURCE ALLOCATIONS
	£M	£M	£M
Education	75.917		75.917
Social Work	29.263	0.300	29.563
Community Services	40.938	0.150	41.088
Development Services	10.867	0.075	10.942
Policy & Resources -Corporate Resources	5.571		5.571
Policy & Resources – Other	38.736		38.736
Homes & Technical Services	1.446	0.025	1.471
Insurance Fund	1.554		1.554
Trading Services	(0.742)		(0.742)
Debt Charges	11.867		11.867
Contingencies	0.000	0.386	0.386
Total Expenditure	215.417	0.936	216.353
Funded by:			
Balances Brought Forward	0.500		0.500
Council Tax	35.808		35.808
Government Grants	180.045		180.045
Total Income	216.353		216.353
Budget Surplus	0.936		0.000

In accepting these allocations, Service Departments should be required to review detailed budgets to ensure alignment to service plans and present these as base budgets to their Service Committees for approval prior to 1 April 2001.

4 RECOMMENDATIONS

It is recommended that Members:

- 4.1** approve the use of the inflation indices detailed in paragraph 3.5 to uprate prices in the contracts indicated with effect from 1 April 2002;
- 4.2** remit the block allocation of financial resources to each Service Committee in the light of the overall resources now available as shown in paragraph 3.8 above, and request those Committees now to note and confirm acceptance of the financial allocations for 2001/02 and where appropriate to align service plans with these taking into account the views and comments made during the Council's public consultation exercise; and
- 4.3** otherwise note the contents of the report.

Alex McPhee
Director of Finance

AMcP/DMW
28 January 2002

APPENDIX 1

EAST AYRSHIRE COUNCIL

REPORT ON THE COUNCIL'S CONSULTATION EXERCISE ON THE BUDGET 2002/2003

Report by the Depute Chief Executive/Director of Corporate Resources

1. PURPOSE OF REPORT

- 1.1 To advise of the views and comments expressed during the Council's consultation exercise on the budget for 2002/2003.

2. BACKGROUND

- 2.1 At the Policy and Resources Committee of 29 November 2001 and at a Special Meeting held on 16 January 2002, the draft estimates for 2002/03 for the General Services Revenue Budget and Housing Revenue Account respectively were agreed as a basis for consultation.

3. CONSULTATION ARRANGEMENTS

- 3.1 The consultation arrangements, based on last year, are summarised below:-

- that consultation on the Council's proposals be from 16 to 28 January 2002 for the Housing Revenue Account and for the General Services Budget;
- A meeting with Local Committee Community Representatives;
- Two public meetings, one in Kilmarnock and one in Cumnock;
- Trades Union Consultation meeting;
- Residents and Employee Budget Lines;
- Special Budget edition of Eastwords, the employee's magazine, internet information on the Council's website and budget consultation e-mail address; and
- Comments cards.

- 3.2 Altogether 23 people attended the public meetings and 14 people attended the Community Representative briefing. In addition, Trades Union representatives attended a budget consultation meeting. A special edition of Eastwords publication was produced and distributed to Council employees.

There was generally a low level of response within the consultation process.

- 3.3 A range of questions were raised and comments made during the consultation process, some of which were of an operational nature rather than related to the budget consultation as such. This section details budget issues which have been raised by people when invited to comment on the Council's

proposals. With regard to comments on the Housing Revenue Account, these will be reported separately to the Special Housing Committee.

- Support for the funding of free concessionary travel, with a view that this should be extended to rail travel too.
- Concern over the increasing level of Council Tax year on year.
- Concern that in relation to the Council's contribution to the Strathclyde Police Joint Board, there be monitoring of the level of police service being maintained locally to ensure value for money for East Ayrshire.
- Support for further investment in the recycling of waste, both in relation to central facilities and the extension of kerbside schemes.
- Concern that there be expenditure on improving footpaths included within plans for the welcomed Access to the Countryside National Initiative.
- Plans for the Community Council annual administrative allowance to be increased.
- Requests for the grants to Local Committees to be reviewed again and increased with particular reference to those areas which had experienced reductions in the last review.
- Support for local environmental improvements and possible assistance for the Mauchline Burns Museum.
- Concern over the number of teachers in temporary employment and a desire to see more permanent appointments.
- A desire for increased support for those with disabilities.
- Support for improved care for the elderly including Home Based Elderly Services.
- Concern that there might be additional unanticipated costs arising in practice when national priorities are being implemented.
- A call for funding to progress implementation of the Council's review of play facilities.
- Concern for increased footpath and roads maintenance and the introduction of more street lighting, with particular reference to a local location.
- Support for continuation of the annual fireworks display.
- Concern that efficiency measures should not result in any reduction in necessary administrative support posts being established in relation to new service developments.
- A call for funding to support the implementation of the Day Services and Home Care Reviews.
- Identification of a perceived need for additional funding to assist the introduction of single status within the Council's work force.

All responses to operational issues were dealt with at the point of contact with the respondent or are being actioned by individual Directors.

4. CONCLUSION

- 4.1** The current consultation arrangements provided the opportunity for people to comment on the budget proposals. It is considered that the lower attendance figures than at the previous budget meetings are perhaps a reflection that the budget proposals included growth for frontline services and involved no job losses arising from the budget.

Fiona Lees
Depute Chief Executive/Director of Corporate Resources

29 January 2002
JA/SM

LIST OF BACKGROUND PAPERS

1. Returned Community Responses Form on the Budget.

Any person wishing further information on this report should contact Fiona Lees, Depute Chief Executive/Director of Corporate Resources on (01563) 576019.

AGENDA