

WEST DUNBARTONSHIRE COUNCIL
Report by Executive Director of Corporate Services
Special Council: 15 December 2011

Subject : General Services Revenue Estimates 2012/13

1. Purpose

- 1.1** The purpose of this report is to provide Council with the draft revenue estimates for 2012/13. This budget is presented for consideration by Council and is subject to further consultation prior to being submitted for approval at the special Council meeting in January or February 2012 (date to be confirmed). The report also provides details of the settlement received from the Scottish Government together with a trail of actions taken to reduce the funding gap that has been previously advised to Council.
- 1.2** The report also provides detail of the indicative funding positions for 2013/14 and 2014/15. A package of saving options has been prepared for Members' consideration by the Corporate Management Team and will be appended to the Draft Budget Book, to be issued this week.

2. Background

- 2.1** In July 2011, budget guidance was issued to departments to prepare revenue estimates for 2012/13 and indicative budgets for 2013/14 and 2014/15 on the basis of current Council policies and service provision. The draft estimate for 2012/13 has now been completed and has resulted in the current estimated net expenditure total of £238.517m.
- 2.2** As a result of the original forecast funding gap, a series of staff and public consultation meetings were held between August and November 2011 to consider options to close this gap. Arising from this process, the original budget total was reduced by £2.037m of management adjustments identified by the Corporate Management Team. This reduced the estimated net expenditure to the level noted above of £238.517m.
- 2.3** On Thursday 8 December 2010, the Scottish Government issued details of the revenue allocations for all Scottish authorities for 2012/13 to 2014/15 in the form of Finance Circular no. 11/2011.
- 2.4** For 2012/13, the grant settlement from central government is £208.209m and, after adjusting for sums to be distributed later and earmarked funds shown elsewhere in the draft budget book, a balance of £200.913m is available to reduce the total in para 2.2, leaving a balance of £37.604m to be met from council tax, savings and reserves.
- 2.5** A standstill council tax, based on an increased Band D product of 34,245, will generate £38.731m and, including the additional funding detailed in the following paragraph, leaving a surplus balance at this time of £1.127m.

- 2.6** The Finance Circular details that, similar to 2011/12, additional funding of £1.190m will be made available to West Dunbartonshire Council should the Council agree to freeze its council tax level for 2012/13 (included within the settlement funding, noted in 2.4).
- 2.7** The Finance Circular also details that within the settlement, additional funds have been made available to the Council, should the Council decide to agree to a number of specific commitments. To access this funding, confirmation of Council approval in principle to these commitments is required to be submitted to the Cabinet Secretary for Finance, Employment and Sustainable Growth by 21 December 2011. Funds will be held back if confirmation is not received. The detailed figure of this funding has not been confirmed, but it is advised that instead of an average 0.34% growth for all councils, there will be a reduction in funding averaging at 5.2%.
- 2.8** In addition to the above approval in principle, Council will be required no later than 11 March 2012 to write to the Scottish Government to confirm that the budget approved by Council includes provision to deliver across all the specified commitments in the offer.
- 2.9** Specified in a letter to CoSLA, these specific commitments are:
- (a) Maintain a council tax freeze in each of the three years of the Spending Review;
 - (b) Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme; and
 - (c) Pass on their full share of funding to Police Boards in line with the existing agreed level for 2011/12 as a contribution to maintaining the number of police officers.
- 2.10** The above funding figures are based on the provisional allocations announced in Finance Circular 11/2011 issued on 8 December 2011 which cannot be formally confirmed until the amendment order (to the Local Government Finance (Scotland) Order 2012) is approved by the Scottish Parliament in mid-March.
- 2.11** Budgets for capital and the HRA have also been considered to ensure that the full impact of the Prudential Code for Capital Investment and the interrelationship between the general fund and the HRA are fully reflected in the draft general services budget. A report on the HRA Revenue Estimates 2012/13 will be presented to the Special Council meeting in January or February 2012 (date to be confirmed).

3. Main Issues

3.1 The following information is appended to this report :

- Appendix 1 – Audit trail detailing the movement to the current funding position of £1.127m (surplus);
- Appendix 2 - Details of the management adjustments of £2.037 million that have been applied to the budget;
- Appendix 3 – Schedule analysing the financial settlement allocated across all Councils; and
- Appendix 4 – Indicative funding gap for the financial years 2013/15.

- 3.2** The Draft Budget Book will be issued during this week, prior to the Council meeting.
- 3.3** Details of the provisional allocations to each Council are included within Appendix 3 and Members should note that this represents an overall increase to this Council of 0.09% from that allocated for 2011/12.
- 3.4** This increase of 0.09% is below the Scottish average increase of 0.34% mainly as a result of the impact of population changes on various client groups.
- 3.5** The additional funding of £1.190m available to the Council (should it choose to freeze its council tax level for 2012/13) is, based on the current band D product, the equivalent of a 3% council tax increase.
- 3.6** In July 2011 budget guidance was issued to departments to prepare the budget on the basis of current policies. This means that the budget is based on the approved activity levels of 2011/12 (as reduced by the management adjustments applied and except where growth has been specifically approved by the Council or included in the AEF from central government).
- 3.7** Members will be aware that the management adjustments which have been applied to the draft estimates, and which are detailed in Appendix 2, contain a number of structural changes. This will be managed in accordance with the Council's Organisational Change policy and Members should note that the draft departmental estimates assumes the turnover applied within departmental budgets has been reduced from 3% to 2% and absence management from 1% to 0%.
- 3.8** This budget is presented for consultation prior to being submitted for approval to the Special Council meeting in January or February 2012, to assist with this process a series of public consultation meetings will be arranged for January 2012. That public consultation exercise will also seek views on the equalities impact of options
- 3.9** Following the decision of the Community Participation Committee, any proposed savings options which result in closure of either services or buildings, other than those which are the subject of statutory consultation procedures, will either require
- (a) to be the subject of such consultation prior to the Special Council meeting, or
 - (b) to have standing orders suspended to allow consideration of the item at that stage.
- 3.10** It is, therefore, recommended that Members advise of any service or building closures on which they would wish to consult, and that Council agrees to consult on these prior to the Special Council.
- 3.11** Members should note that the targeted Prudential Reserve level for General Services is currently £4.2m. This is considered the free reserve level which the Council would not wish to be below.

3.12 Members should note that recurring savings options and growth items chosen for implementation will have an impact on budget gaps for future years.

4. People Implications

4.1 The potential staffing implications are shown within the management adjustments and also within the savings options package (included within the Draft Budget Book) and both will be subject to a full consultation process where appropriate.

5. Financial Implications

5.1 As detailed in the report and appendices.

6. Risk Analysis

6.1 The Council, in setting this budget, is required to give due regard to the financial pressures facing the Council in the medium term.

7. Equalities Impact Assessment

7.1 An equality impact assessment of each option within the package has been carried out within the relevant department.

8. Strategic Assessment

8.1 The Council has identified four main strategic priorities, namely Social & Economic Regeneration, Financial Strategy, Asset Management Strategy, and Fit for Purpose Services.

8.2 The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

9. Conclusions and Recommendations

9.1 The Council has produced a draft budget of £238.517m which results in a budget surplus of £1.127m. This budget is subject to consultation prior to it being submitted to the Special Council meeting in January or February 2012.

9.2 Council is recommended to authorise the Council Leader to accept, in principle, the additional funding that is available to West Dunbartonshire Council in 2012/13 on condition of the delivery of the commitments.

9.3 Council is asked to note that the budget setting date has still to be confirmed and will be advised at a later date.

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Appendices: Appendix 1- Trail of funding gap movement
Appendix 2 – Details of management adjustments applied
Appendix 3 – Analysis of financial settlement 2012/13
Appendix 4 - Indicative funding gap 2013/15

Background Papers: Draft departmental estimates 2012/13 and Savings Options

Wards Affected: All