

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Special Council : 27 January 2011

Subject : General Services Revenue Estimates and Council Tax

1. Purpose

1.1 The purpose of this report is to provide Council with sufficient information to allow them to agree:

- the General Services Revenue Estimates for 2011/12
- the council tax level for 2011/12

2. Background

2.1 Members received a copy of the draft revenue estimates for 2011/12 along with a report providing details of the financial settlement received from the Scottish Government at the special Council meeting held on 21 December 2010. The report identified a balance of £41.331m to be met from council tax, savings and reserves.

2.2 The report also detailed additional funding of £1.190m that will be made available to West Dunbartonshire Council should the Council agree to freeze its council tax level for 2011/2. A standstill council tax based on an increased Band D product of 34,248 will generate £38.636m and, together with the additional funding of £1.190m, a funding gap of £2.695m was reported to be addressed by the utilisation of further efficiency savings.

2.3 Details of a number of adjustments that arose after the preparation of the report for special Council on 21 December were reported to the meeting and are summarised in appendix 1 to this report. These adjustments reduce the funding gap to £2.450m.

2.4 The special Council meeting on 21 December also approved the Council Leader to accept, in principle, the additional funding of £8.570m that is available to West Dunbartonshire Council in 2011/12 on condition of the delivery of a number of commitments as detailed in para 3.5 of that report. The letter of acceptance is detailed in appendix 2 to this report.

2.5 The above figures are based on the provisional allocations announced in finance circular 14/2010 issued on 9 December 2010 but which cannot be formally confirmed until the Local Government Finance (Scotland) Order 2011 is approved by the Scottish Government in early February.

- 2.6** 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 2011/12 appears later on this agenda and reports on both the General Services capital plan 2011/12 and the HRA capital plan 2011/12 will be presented to Council on 23 February 2011.

3. Main Issues

Revenue Estimates 2011/12

- 3.1** A motion detailing proposals for consultation with stakeholders to close the funding gap was approved by Council on 21 December. These proposals, along with the draft budget, were presented to a series of public consultation meetings held on 11,12 & 13 January 2011.
- 3.2** A report on the outcome of the public consultation process is presented for Members' consideration earlier within this agenda.
- 3.3** Council is asked to note that a number of details in relation to the settlement across all Councils are currently being raised with the Scottish Government through COSLA and Members will be advised if any response impacts on the draft position in this report.
- 3.4** The additional funding of £1.190m available to the Council should it choose to freeze its council tax level for 2011/12 is, based on the current band D product, the equivalent of a 3% council tax increase.
- 3.5** In addition to the approval in principle submitted on 21 December and to access the additional funding of £8.570m included within the position outlined in this report, Council will be required no later than 28 February to write to the Cabinet Secretary for Finance & Sustainable Growth to confirm that the budget approved by Council includes provision to deliver across all the specified commitments in the November offer.
- 3.6** In July 2010 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 2010/11 except where growth has been specifically approved by the Council or included in the AEF from central government). If Members wish to build in more growth to the budget, further savings will be required.
- 3.7** The above figures exclude water and sewerage charges. The Council has no control over these charges although they are collected along with council tax. For 2011/12, although there has been a small offsetting movement between the water and sewerage elements, the combined charge for a band D property will remain at £393.57.
- 3.8** As a result of the current economic downturn and, in particular, the continuing impact during 2011/12, I am unable to recommend any increase to the budgeted council tax collection rate of 97.0% for 2011/12.

Restructuring Options

- 3.9** Members will be aware that the management adjustments which have been applied to the draft estimates contain a number of structural changes and will effect up to 187.4 full time equivalent posts. These will be managed in accordance with the Council's Organisational Change Policy and Members should note that the draft departmental estimates include a redeployment provision of £0.750m to assist with this process. In addition, the turnover reduction applied to departmental budgets has been reduced from 3.75% to 3% to reflect an anticipated reduction across all departments.

Revenue Estimates 2012/14

- 3.10** Because the council tax has still to be set, detailed revenue estimates have only been produced for 2011/12. However, to meet the Council's requirement for medium term budgets, an indicative budget for the following three years has been prepared which assumes the same level of service as that implicit within the 2011/12 budget.
- 3.11** Although 2011/12 is the first year of the next three year funding settlement, the current offer is for one year only with funding for years 2012/13 and 2013/14 not to be determined until after the Scottish Government elections in May 2011. To assist financial planning it has been assumed that, in line with national forecasts on public sector funding, that the level of grant support to WDC will reduce by 3% p.a. over the two year period.
- 3.12** Taking into account the above together with the increasing demand for services, the indicative budget forecasts substantial funding gaps of £7.971m in 2012/13, a further £7.879m in 2013/14 which will require to be closed by a combination of efficiencies, balances and council tax. It is recommended that this forecast continues to be remitted to the budget working group to consider options to address the position.

4. People Implications

- 4.1** The potential staffing implications are detailed within para 3.9 which total 187.4 FTE posts and will be managed in accordance with the Council's Organisational Change policy.

5. Financial Implications

- 5.1** As detailed within the report.

6. Risk Analysis

- 6.1** The Council, in setting this budget, is required to give due regard to the significant 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. Conclusions and Recommendations

- 8.1** The figures assume no additional borrowing costs due to prudential investment in general services capital.
- 8.2** Following consideration of the budget pressures facing the Council, together with the savings options identified whilst also maintaining the Council's commitment to keep council tax levels as low as possible, it is recommended that the Council accepts the additional funding of £1.190m available from the Scottish Government and agrees to a standstill council tax level. To achieve this recommendation Council will be required to agree net efficiencies of £2,450,000.
- 8.3** The Council is committed to medium term budgeting and options to address the indicative funding gap for 2012/13 and 2013/14 will be considered at an early date by the Strategic Finance Working Group.
- 8.4** Following consideration of budget information provided, Council is recommended to:
- Set the band D council tax level for 2011/12 at £1,163 which represents a 0% increase and assumes a collection rate of 97.0%
 - Agree net efficiencies of £2,450,000
 - Remit consideration of the forecast funding gap for 2012/14 to the Strategic Finance Working Group.

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Executive Director of Corporate Services
Date: 18 January 2011

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Appendices: Appendix 1: – Summary of late management adjustments
Appendix 2: – Letter to the Scottish Government

Background Papers: Report to Special Council: 21 December 2010.
Draft Revenue Estimates 2011/12 & Savings Options – 6
January 2010

Wards Affected: All