

WEST DUNBARTONSHIRE COUNCIL
Report by Executive Director of Corporate Services
Special Council : 21 December 2010

Subject : General Services Revenue Estimates 2011/12

1. Purpose

- 1.1** The purpose of this report is to provide Council with the draft revenue estimates for 2011/12. 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 on 27 January 2011. 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 gaps for 2012/13 and 2013/14 which will require to be closed by a combination of efficiencies, balances and council tax. To assist with closing the gaps for 2011/12 and thereafter, a package of saving options has been prepared for Members' consideration by the Corporate Management Team and is appended to this report.

2. Background

- 2.1** In July 2010, earlier than in previous years, budget guidance was issued to departments to prepare revenue estimates for 2011/12 on the basis of current Council policies and service provision. This estimate has now been completed and has resulted in an estimated net expenditure total of £251.349 million.
- 2.2** As a result of the forecast funding gap, a series of staff and public consultation meetings were held during August and September 2010 to consider options to close this gap. Arising from this process the above total was reduced by £6.645 million of management adjustments identified by the Corporate Management Team and then by a total of £3.561 million of efficiencies agreed at the special Council meeting on 14 October. This has reduced the estimated net expenditure above to £241.143 million.
- 2.3** The draft departmental estimates assume the part year transfer of rental income of the securitisation proposals. A report on the business case will be presented to council on the 26 January and should the potential recommendation not be approved, then the net expenditure shown will have to be revised appropriately:
- Council – 26 January 2011 – Securitisation project - £610,000
- 2.4** On Thursday 9 December 2010 the Scottish Government issued details of the revenue allocations for all Scottish authorities for 2011/12 in the form of Finance Circular no 14/2010.
- 2.5** This circular presents a financial settlement for the financial year 2011/12 only.

- 2.6** The grant settlement from central government, including the sums detailed in paragraphs 2.8 & 2.9, is £206.765 million and, after adjusting for both PPP funding and for sums to be distributed later, A balance of £199.812 million is available to reduce the total in para 2.2 and leave a balance of £41.331 million to be met from council tax savings and reserves.
- 2.7** A standstill council tax, based on an increased Band D product of 34,248, will generate £38.636 million and, including the additional funding detailed in the following paragraphs, leaves a balance of £2.695 million to be addressed by further efficiency savings.
- 2.8** The finance circular also details that, similar to 2010/11, additional funding of £1.160 million will be made available to West Dunbartonshire Council should the Council agree to freeze its council tax level for 2011/12.
- 2.9** The finance circular also details additional funding of £8.551m that will be available to the Council should the Council decide to agree to a number of commitments. To access this funding, confirmation of Council approval in principle is required to be submitted by 21 December 2010.
- 2.10** In addition to the above approval in principle, Council will be required no later than 28 February to write to 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.
- 2.11** The above figures are based on the provisional allocations announced in finance circular 14/2010 issued on 9 December 2010 which cannot be formally confirmed until the Local Government Finance (Scotland) Order 2011 is approved by the Scottish Parliament in early February.
- 2.12** 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 will be presented to the Special Council meeting on 27 January 2011 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

3.1 The following information is appended to this report :

- A bound copy of the draft departmental estimates for 2011/12 including the package of the remaining savings options
- Appendix 1 – Audit trail detailing the movement to the current funding gap of £2.695 million
- Appendix 2 - Details of the management adjustments of £6.645 million that have been applied to the budget
- Appendix 3 – Scottish Government offer letter and the draft letter of acceptance in principle to the commitments that is due to be returned to the Scottish Government
- Appendix 4 – Schedule analysing the financial settlement allocated across all Councils.
- Appendix 5 – Indicative funding gap for the financial years 2012/14

- 3.2** Details of the provisional allocations to each Council, taking into account the additional funding detailed within para 2.8 and 2.9 are included within appendix 4 and Members should note that this represents an overall reduction of 4.53% from that allocated for 2010/11.
- 3.3** This reduction of 4.53% is significantly above the Scottish average reduction of 2.59% mainly as a result of the redistribution of Supporting People funding and the impact of population changes on various client groups mainly in relation to children and the elderly.
- 3.4** The additional funding of £1.190m available to the Council should it choose to freeze its council tax level for 2010/11 is, based on the current band D product, the equivalent of a 3% council tax increase.
- 3.5** The additional funding of £8.551m available to the Council should it choose to agree to the undernoted commitments detailed in paragraph 2.9 and appendix 3 represents the equivalent of a 3.8% potential reduction to funding.
- To remain committed to the further delivery of the current Single Outcome Agreements, the 3 jointly agreed social strategies and the curriculum for excellence
 - To a council tax freeze for 2011/12
 - To Police Officers being maintained at 17,234 throughout 2011/12
 - To maintain the pupil teacher ratio in p1-p3, the crucial early years of primary school
 - To protect the number of teacher posts as far as possible in order to secure :
 - Places for all probationers who require a place under the induction scheme in August 2011
 - Sufficient teaching posts available for all probationers who achieve standard and full registration in summer 2011
 - A reduction in the total number of unemployed teachers
 - To an independently chaired review of all aspects of the McCrone agreement, to report by June 2011, with the clear intention that its recommendations should be available for implementation before August 2012
 - To continue to deliver the shared service Scottish Government/COSLA commitments on Free Personal Care, for which payments will be uprated in 2011/12.
 - To continue to work with the Scottish Government towards implementation of the Carers and Young Carers strategy at local level, including the maintenance of an extra 10,000 weeks respite provision.

It is estimated that, at this time, the draft budget has sufficient budgetary provision to deliver all the commitments in the offer letter with the exception of being able to provide sufficient teaching places for all probationers who achieve standard and full registration in summer 2011. In WDC's case this could amount to 71 new posts. The draft budget also does not take into account any potential savings that would be released from changes to be discussed through the Scottish Negotiating Committee for Teachers that would, in return of delivery of the commitments, be sought by the end of January 2011.

- 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 (as reduced by the management adjustments applied and the efficiencies approved by Special Council on 14 October) and 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** In considering whether to build in more growth or service enhancements into the 2011/12 budget, Members are reminded that the two year financial settlement for the period 2012/14 is expected to contain reductions of around 3% each year which for West Dunbartonshire Council would equate to over £6.m in 2012/13 or £11.7m over the two year period and which contributes to the forecast cumulative budget gap of £15.851 million over the 2 year period as detailed in appendix 5.
- 3.8** To assist with closing the 2011/12 funding gap of £2.695 million and the indicative gaps for 2012/14, the Corporate Management Team has issued a package of savings options totaling £6.258m within the draft budget book for Members' consideration.
- 3.9** The draft departmental estimates do not, at this time, include any saving to be delivered during 2011/12 from the Clyde Valley Community Planning Shared Services Project although Savings Option GDC04 identifies a potential saving of £230,000. A report on the business cases arising from each workstream will be provided to Council on 27 January 2011.
- 3.10** The draft departmental estimates assume that all requisitions to Joint Boards in 2011/12 will reduce by the same 2.6% as that applied to overall Council funding. Initial discussions with Strathclyde Police, has indicated that the commitment detailed within paragraph 3.4 can be delivered within this reduced funding. A meeting of all Strathclyde Councils will be held on Friday 17 December to discuss the impact of the settlement distribution on Joint Board requisitions and a verbal update will be provided at the meeting
- 3.11** 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 and result in a reduction of 187.4 full time equivalent posts. This will be managed in accordance with the Council's Organisational Change policy and Members should note that the draft departmental estimates as submitted include a redeployment provision of £0.750 million 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 in turnover across all departments.
- 3.12** This budget is presented for consultation prior to being submitted for approval to the Special Council meeting on 27 January, to assist with this process a series of public consultation meetings have been arranged for 11, 12 & 13 January 2011.

- 3.13** 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 January Council meeting, or
 - (b) to have standing orders suspended to allow consideration of the item at that stage.
- 3.14** It is, therefore, recommended that Members advise of any service or building closure options on which they would wish to consult, and that Council agrees to consult on these prior to January Council. To allow contributions to be reported in time for inclusion on the January Special Council agenda it would be helpful if this information could be provided by the 7 January 2011.
- 3.15** 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 that Members will be advised speedily if any response impacts on the draft position in this report

4. People Implications

- 4.1** The potential staffing implications are shown within the management adjustments which total 187.4 FTE posts and also within column 7 of the savings options package 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 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 Council has produced a draft budget of £241.143 million which includes a budget gap of £2.695 million. This budget is subject to consultation prior to it being submitted to the Special Council meeting on 27 January 2011.
- 8.2** Council is recommended to authorise the Council Leader to accept, in principle, the additional funding of £8.551 million that is available to West Dunbartonshire Council in 2011/12 on condition of the delivery of the commitments outlined in paragraph 3.5 and appendix 3

8.3 Members are asked to indicate by 7 January on any options that they would wish to consult on that would necessitate the closure of a service and/or buildings

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Date: 16 December 2010

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Appendices: Appendix 1- Trail of funding gap movement
Appendix 2 – Details of management adjustments applied
Appendix 3 – SG offer letter and draft response
Appendix 4 – Analysis of financial settlement 2011/12
Appendix5 - Indicative funding gap 2012/14

Background Papers: Draft departmental estimates 2011/12 and Savings Options
Mid Year spending review – 14 October 2010

Wards Affected: All