

# WEST DUNBARTONSHIRE COUNCIL

## Report by Executive Director of Corporate Services

Council - 27 August 2008

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**Subject: Indicative Financial Position 2009/10 and 2010/11**

### **1. Purpose of Report**

**1.1** The purpose of this report is to provide Members with information regarding an indicative revenue position for the Council in 2009/10 and 2010/11.

### **2. Background**

**2.1** During the estimates process 2008/09, departments were asked to identify potential burdens and known changes in legislation and services for the following two years. From this information a first draft detailed budget was brought together for 2009/10 and 2010/11.

**2.2** This report presents an updated position for the two years based on the assumptions applied to the current year (2008/09) budget updated for both known pressures and full year implications of actions introduced in 2008/09. It is an indicative position and will be subject to review on completion of the full budget process for 2009/10.

**2.3** The annual budget process for 2009/10 is due to commence shortly, with each department providing information for probable outturns 2008/09 and 2009/10 budget submissions. This information will be used in conjunction with the information already gathered to produce the draft budget book for Members in December 2008.

### **3. Main Issues**

**3.1** A number of budgetary pressures have been identified by departments in going forward – some funded by the Scottish Government (e.g. legislative changes, partial service and personnel inflation) and others are not funded (e.g. energy costs, superannuation, landfill tax, Social Work supplementation).

**3.2** The projection continues the assumptions applied to the current year budget in relation to turnover, procurement efficiencies and the withdrawal of inflation on non protected lines.

**3.3** The projection provides for a pay award of 2.5% for all non teaching staff in respect of both years. This position is likely to be revised upwards during the full budget exercise for 2009/10. It is estimated that any additional 0.5% provided would add approximately £0.500m to the projection.

- 3.4** The projection takes full account of the Single Status costs in relation to the Council decision of 19 August 2008.
- 3.5** The projection does not anticipate, at this time, efficiencies arising from the Council decision of 14 February 2008 to secure additional savings of 1% from each departmental budget. These actions will be quantified and provided during the full budget exercise for 2009/10.
- 3.6** The projection is based Aggregate External Finance settlement advised by the Scottish Government in circular 1/2008 of 7 February 2008 and assumes a continued freeze of council tax levels.
- 3.7** The projections are summarised in Appendix A and indicate a funding gap of £6.266m for 2009/10 with further gap of £1.504m for 2010/11.
- 3.8** Within Appendix A, a number of burdens in each year are council wide and are currently identified within miscellaneous services for detailed allocation during the 2009/10 formal budget process. In 2010/11 the Fairer Scotland Fund is allocated within the Council's funding from Scottish Government, with the related spend included within miscellaneous services
- 3.9** Indications are that further pressures in the current year (similar to those mentioned in 3.1) must be managed to ensure the outturn for 2008/09 is kept in line with the original budget set. A budgetary control report to 15 July 2007 is provided elsewhere on the agenda and identifies a small adverse variance of £0.090m (0.16% of the phased budget).
- 3.10** The Council's draft accounts for 2007/08 show an unearmarked balance of £2.277m as at the 31 March 2008. The Council decision of 19 August 2008 allocated £1.000m of this balance to a Pay Reform Implementation fund. The recommended level of prudential reserve is £4.826m
- 3.11** With this knowledge the CMT has already introduced actions to minimise the financial pressure on the Council. Within the current year the CMT has agreed to introduce a number of expenditure restrictions within each department, totalling £0.950m. The CMT is also working towards producing an efficiency and savings options package for Members for the 2009/10 budget.

#### **4. Personnel Implications**

- 4.1** There are no personnel implications.

#### **5. Financial implications**

- 5.1** The indicative revenue budgets identify funding gaps for 2009/10 and 2010/11 totalling £7.770m over two years. The Corporate Management Team has taken initial action to minimise the financial pressure for the Council.

## **6. Risk Analysis**

- 6.1** At this early stage the figures quoted are indicative and subject to change as more burdens may be identified during the full budget process.

## **7. Conclusions**

- 7.1** The report confirms that during the three year period 2008/09 to 20010/11 the Council faces a significant funding gap.

## **8. Recommendations**

- 8.1** It is recommended that Members note the indicative financial position outlined in this report and agree to refer the position to the budget working group for further consideration.

**Joyce White**  
**Executive Director of Corporate Services**  
**Date: 21 August 2008**

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**Wards Affected: All Ward Affected**

**Appendix: Appendix A – Summary of Indicative position**

**Background Papers: Departmental Draft Budget Information**

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