

WEST DUNBARTONSHIRE COUNCIL

Report by Executive Director of Corporate Services

Council - 27 August 2008

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

Wards Affected: **All Ward Affected**

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

Background Papers: **Departmental Draft Budget Information**

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