

Report To: The Inverclyde Council **Date:** 10 February 2011
Report By: Chief Financial Officer **Report No:** FIN/14/11/AP/GJ
Contact Officer: Alan Puckrin **Contact No:** 01475 712223
Subject: Revenue Budget 2011/13 and Capital Programme 2011/14

1.0 PURPOSE

- 1.1 The purpose of this report is to confirm the information provided to Members to date, to set out the decisions required by the Council in respect of the Budget and thereafter for the Council to agree the 2011/13 Revenue Budget, 2011/14 Capital Programme and the 2011/13 Common Good Budget.

2.0 SUMMARY

- 2.1 The Council received notification of its Grant Settlement in December 2010. This covered a one year period (2011/12). In addition the Scottish Government attached conditions to the receipt of the announced level of Revenue Grant and advised that failure to comply with these conditions would result in Inverclyde Council's Grant being reduced by a further £7.512 million.
- 2.2 Using the information provided by the Scottish Government, Members have received various reports and briefings from the Chief Financial Officer and the Corporate Management Team which will enable Members to set a legal and balanced 2011/13 Revenue Budget and 2011/14 Capital Programme.
- 2.3 At the Policy & Resources Committee on 8 February it was confirmed to Members the decisions that would be required at the Special Council meeting on 10 February 2011. The decisions required are as follows:
- (a) To agree a legally balanced 2011/13 Revenue Budget.
 - (b) To agree the 2011/14 Capital Programme.
 - (c) To agree the 2011/13 Common Good Budget.
 - (d) To take decisions in respect of the General Fund Reserve.
- 2.4 The Council took various decisions in respect of the 2011/13 Revenue Budget at its meeting in December 2010. In addition Members were advised of a reassessed position in respect of the Council's Saving Work Streams at an all Member briefing on 13 January 2011. Finally it was confirmed as part of the Policy & Resources report on 8 February 2011 that the final Joint Board Requisitions would be £390,000 lower than built into the Base Budget. The net effect of all these adjustments is shown in Appendix 2 which confirms a two year funding gap of £3.476 million remaining to be closed by decisions at today's meeting.

- 2.5 The Council's Savings Work Stream targets and phasings were reassessed and reported at an all Member briefing on 13 January 2011. Appendix 3 highlights those Work Streams where savings remain to be delivered over the 2011/13 period. Future reports to the Policy & Resources Committee will provide detail on progress and advise of any amendments to either targets or phasings. It was reported to the Policy & Resources Committee on 8 February 2011 that some £15.38 million of the overall 2010/14 Work Stream Savings target has already been achieved. Proposals to fill the £1.06 million Funding Gap in 2013/14 will be brought to Members during 2011/12.
- 2.6 Appendix 4 shows the projected 2011/14 Capital Resources position and confirms that the Council requires to remove £2 million from the current Capital Programme in order to retain overall affordability. Alternatively the Council may decide to increase the level of Prudential Borrowing or the use of Capital Finance from Current Revenue (CFCR).
- 2.7 In addition 3 major Capital Projects have been referred to the budget process for a decision. These projects are as follows:
- (a) Rankin Park – Leisure Proposals.
 - (b) Watt Complex Refurbishment.
 - (c) New Depot Proposals.
- 2.8 As reported to the Policy & Resources Committee on 8 February 2011 the Council is projected to end 2010/11 with Non Earmarked General Fund Reserves of £7.336 million which is £3.136 million more than the minimal level of Reserves of £4.2 million recommended by the Chief Financial Officer. It is recommended by the Chief Financial Officer that Members should not use General Fund Reserves to balance the 2011/13 Revenue Budget but should Members wish to utilise the surplus reserves then it should be utilised on one-off items or to supplement the overall Capital Programme. Various uses of some of this surplus General Fund Reserve have already been either agreed by Committee or are recommended by the Corporate Management Team as shown in Appendix 5.
- 2.9 The Council are recommended to set a two year Budget for the Common Good Fund. It can be seen from Appendix 6 that currently expenditure is outstripping income in the Common Good Fund leading to a reduction in balance which if allowed to continue would lead to the exhausting of balances in a few years time. It is therefore recommended that expenditure needs to be reduced by £20,000 per year.
- 2.10 The Council needs to decide whether it wishes to accept the conditions set out by the Scottish Government when setting its 2011/13 Revenue Budget. It so the Council is asked to note that the Council Leader will require to confirm this in a letter to the Scottish Government by 28 February 2011.
- 2.11 Throughout the budget process the Corporate Management Team and Unions have engaged via the Joint Budget Group. This has once again proven to be a useful forum for identification and resolution of many matters which understandably arise during the budget process. Work has already commenced in progressing those savings agreed by the Council in December 2010 and will commence as soon as practical after this meeting in respect of any further savings agreed.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council agree the 2011/13 General Fund Revenue Budget.
- 3.2 It is recommended that the Council agree the 2011/14 Capital Programme.
- 3.3 It is recommended that the Council agree the 2011/13 Common Good Fund Budget.
- 3.4 It is recommended that the Council agree the use of the General Fund Reserve.

- 3.5 It is recommended that the Council consider and approve the recommended Work Streams and associated targets as recommended by the Corporate Management Team as shown in Appendix 3.
- 3.6 It is recommended that the Council agree to sign up to the Scottish Government's Conditions attached to the 2011/12 Grant Settlement and ask the Council Leader to advise the Scottish Government of the Council's agreement to these Conditions by the deadline of 28 February 2011.
- 3.7 That the Council note the Risk Register shown in Appendix 7.
- 3.8 That the Council agrees the impact on Council Tax levels of the approved proposals in 2011/12 and 2012/13 and notes that the formal resolution in respect of the Council Tax level 2011/12 will be approved as part of this meeting.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The UK Government announced its comprehensive spending review for the period 2011/15 in October 2010. This was followed by the Scottish Government announcing a single year budget covering the period 2011/12 on 17 November 2010.
- 4.2 Inverclyde Council received its Grant figures from the Scottish Government on 9 December 2010 which showed on a like for like basis a cash reduction of 3.75% between 2010/11 and 2011/12.
- 4.3 Attached to the Grant Settlement were various Conditions set by the Government which were reported to the Full Council meeting on 14 December 2010. The failure by the Council to sign up to these Conditions would result in a further £7.512 million (4.2%) reduction in Grant.
- 4.4 In late January the Scottish Government announced illustrative settlement figures for Local Government as a whole for the years 2012/13 to 2014/15. This announcement has been reviewed by the Centre for Public Policy for Regions who have confirmed that there is too little in the figures for any meaningful conclusions to be drawn and as such it is recommended that the figures provided in the Council's own Financial Strategy remain the best guide for future Grant Settlement levels.

5.0 INFORMATION PROVIDED TO MEMBERS

- 5.1 Throughout the budget process a significant amount of information has been provided to all Members via budget briefings (17 November 2010 and 13 January 2011), formal reports to Members (Full Council 14 December 2010, Policy & Resources Committee 8 February 2011) and specific discussions with individual Political Groupings.

6.0 DECISIONS NEEDED

- 6.1 The Policy & Resources Committee on 8 February 2011 were advised of the main decisions required as part of the budget process. These decisions are as follows:
 - (a) 2011/13 Revenue Budget.
 - (b) 2011/14 Capital Programme.
 - (c) 2011/13 Common Good Budget.
 - (d) The General Fund Revenue Reserves.
- 6.2 In addition the Council needs to decide whether it wishes to accept the Scottish Government's Conditions attached to the 2011/12 General Grant Settlement. These Conditions were outlined in a letter which formed part of the 14 December 2010 Budget report and a copy of the Council Leader's response to the Cabinet Secretary for Finance & Sustainable Growth is attached as Appendix 1. The Council is asked to note that the response from the Cabinet Secretary sought in the letter has not, at the time of writing the report, been received.

7.0 2011/13 REVENUE BUDGET

- 7.1 Following confirmation of the 2011/12 Grant Settlement, all Members were advised that the 2011/13 Revenue Funding Gap was £13.429 million.

- 7.2 Following decisions taken at 14 December 2010 Full Council meeting, confirmation of the Final Joint Board's Requisitions, a review of the Saving Work Streams targets and phasings, the savings required reduced to £3.476 million.
- 7.3 The calculation of this figure and a comparison of this against the available savings identified by the Corporate Management Team is shown in Appendix 2.

8.0 SAVINGS WORK STREAMS

- 8.1 An update in respect of the Savings Work Streams was presented to the Policy & Resources Committee on 8 February 2011. This update advised that of the overall Savings Work Stream target of £22.8 million for the period 2010/14, £15.38 million will have been achieved and built into approved budgets following the agreement of the 2011/13 Revenue Budget.
- 8.2 The update also noted that there remains £3.448 million of Saving Work Streams to be achieved during the 2011/13 Budget period and these are shown in Appendix 3. Members are advised that regular updates on the progress in delivering these Savings Work Streams will be provided to the Policy & Resources Committee who will also be advised of any changes to either phasings or savings targets.
- 8.3 As previously advised Members are also asked to note that following the reassessment of the Savings Work Streams targets there remains a shortfall of £1.06 million in the Savings Work Streams target for 2013/14. The Corporate Management Team will bring proposals back to the Policy & Resources Committee during 2011/12 advising how this shortfall can be addressed.

9.0 CAPITAL

- 9.1 As part of the budget agreed in February 2010 a significant reduction in Capital support from the Scottish Government was built in leading to £5 million being removed from the Capital Programme. Following the confirmation of the Council's 2011/12 Capital Grant Settlement the Policy & Resources Committee were advised of the need to remove a further £2 million from the current Capital Programme. The calculation of this is shown in Appendix 4.
- 9.2 In addition to this the Council has already agreed to increase its level of contribution to the KNCCC Project by a further £150,000 and this requires to be added to the overall Capital reduction required.
- 9.3 Several large Capital Projects were remitted to the Budget process for consideration and these were:
- (a) The Leisure proposals for the Rankin Park and associated sites.
 - (b) The Refurbishment proposals in respect of the Watt Complex.
 - (c) Proposals in respect of the Council's new Depot.

In developing their 2011/14 Capital Programme proposals Members are asked to take all these factors into account.

10.0 GENERAL FUND RESERVES

- 10.1 The Council's agreed policy in respect of Reserves is to adhere to the advice of the Chief Financial Officer that 2% of the Council's Revenue turnover should be set aside as a reserve for unforeseen emergencies/exceptional events.

- 10.2 As at 31 December 2010 the Policy & Resources Committee were advised that the Council is projecting a surplus against this minimum level of reserves of £3.136 million. Therefore Members have the option of utilising this excess sum as part of the current budget process.
- 10.3 The firm advice from the Chief Financial Officer is not to utilise any of this sum to balance the 2011/13 Revenue Budget but rather, if Members wish to utilise this sum then it should be allocated to one-off projects or to support the overall Capital Programme.
- 10.4 Appendix 5 outlines the position in respect of the General Fund Reserve utilisation which includes decisions recently taken by the Policy & Resources Committee and a recommendation from the Corporate Management Team.

11.0 2011/13 COMMON GOOD BUDGET

- 11.1 It can be seen from Appendix 6 that the Common Good Budget is returning an annual deficit. This is caused by a combination of the addition of the Comet Festival to the list of events supported by the Common Good Fund but also a downturn in shop income and interest on the Common Good Fund's balances.
- 11.2 It is the recommendation of the Chief Financial Officer that Members bring the Common Good Fund annual expenditure and income back into balance by removing £20,000 worth of expenditure.

12.0 CONSULTATION

- 12.1 As has been the case for the last number of years the Corporate Management Team has engaged with the Unions via the Joint Budget Group throughout the budget process. This forum has proven of great use in identifying at an early stage issues in respect of budget proposals and has led to modification of some of the original proposals developed by the Corporate Management Team.
- 12.2 In addition discussions on the impacts of proposals contained in this report have been discussed with officers from Inverclyde Leisure and Riverside Inverclyde.
- 12.3 The Council also consulted on its budget proposals via the "Closing the Gap" document. Finally various representations directly from members of the public were circulated to all Members.

13.0 BUDGET RISKS

- 13.1 The approval of an annual Budget of approximately £250 million and a Capital Programme in excess of £120 million is a significant decision for the Council and as such it is appropriate that a Risk Analysis is carried out.
- 13.2 The Analysis is contained in Appendix 7 which identifies the main risks, the likelihood and impact of these risks and mitigating factors put forward by officers.

14.0 EQUALITIES

- 14.1 The Council is required to carry out an Equalities Impact Assessment of the Budget and this has been prepared by the Corporate Director of Education & Communities.

Councillor Stephen McCabe
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Our Ref: SMcC/LS
Your Ref:
Date: 17 December 2010

Dear Mr Swinney

Financial Settlement 2011/12

I am writing to advise you that at a Special Council Meeting on 14 December 2010 Elected Members agreed in principle to accept the deal that has been advanced by the Scottish Government with regard to the 2011/2012 Financial Settlement.

However, although the Council is prepared to accept this deal in principle, there are a number of issues that I would like to raise with you regarding the deal and the approach that has been adopted by the Scottish Government.

While I appreciate that for political reasons the Scottish Government may have considered it opportune to publish a funding settlement for one year (2011/2012), this has considerable negative consequences for individual local authorities from the perspective of effective financial and workforce planning.

Inverclyde Council remains committed to setting a detailed two year budget for 2011/2013 in February 2011, which will enable it to more effectively address the financial challenges it faces and work with the Trades Unions to manage the reduction in the workforce in a planned and sensitive way.

I note that you have given a commitment to Parliament to publish illustrative figures through to 2014/2015 in the New Year but it is unclear as to what level of detail will actually be provided and the value this will give to local authorities.

I am particularly disappointed, given the apparent previous commitments by the Scottish Government to developing a relationship with local government based on mutual respect and partnership, you have taken the unprecedented step of introducing a sanctions mechanism that is out of all proportion to the matter at hand.

The commitments that you have asked Inverclyde Council to sign up to as part of this deal have a financial value significantly less than the £7.5m the Council would lose if it didn't sign up to the deal. This unprecedented sanction will be seriously damaging to the future relationship between the Scottish Government and local authorities. In fact I would go so far as to say that your Government's actions are an affront to democracy. It was a bad day for local government when the political leadership of CoSLA simply chose to note this part of the deal.

The disproportionate nature of the sanction is demonstrated by the fact that if the Council choose not to accept the deal it would have to increase Council Tax by 22% to raise £7.5m, whereas the funding included in the settlement to freeze Council Tax is only £1.015m.

Inverclyde council

I am also concerned at the manner in which the figures relating to the settlement for Inverclyde Council have been portrayed by the Scottish Government. It has been suggested that the settlement produces a reduction of 1.5% for Inverclyde for 2011/2012, which compares favourably with other local authorities.

However, if you discount the extra £3.827million the Council has received as part of our 30 year PPP Contract with the Scottish Government (on the basis that we have an equal an opposite liability to pay the consortium e4i) then it is clear that the Council has actually seen a reduction in resources of 3.75%.

I am also unclear as to how the figure of £7.517m has been calculated or how it could be portrayed as a further 3.8% reduction in the Council's grant settlement.

The Council's grant figure for 2010/11 was £184.431 million (per Circular 1/2010), therefore 3.8% of that is £7.008 m. On this basis £7.517million is actually 4.07%, not 3.8%.

In summary, if the Council didn't sign up to the deal the actual cash cut would be 7.82% (3.75% plus 4.07%), not the 6.4% mentioned in your letter of 17 November.

I find the manner in which the Scottish Government has concluded its negotiations with local government extremely disappointing and lacking in any consideration for mutual respect and partnership. I am also frustrated that, despite progress in recent years, the Government has seen fit to reintroduce ring fencing by the back door.

Notwithstanding all of these issues and concerns, it is clear to the Council that at this stage there is no option but to agree in principle to the deal that is being advanced by the Scottish Government for 2011/2012, **subject to a number of conditions being met.**

I have set out below the general conditions agreed by the Council relating to the deal, which largely relate to the progress of the Scottish Government Budget, as well as specific conditions relating to individual commitments.

The decision by the Council to accept in principle the deal is conditional on the Scottish Government securing approval for its Budget in the Scottish Parliament.

Given that part of the Budget proposed by the Scottish Government involves levying a 3% increase in NDR for large retailers (which will require primary legislation), our acceptance of the deal is dependent on any deficit in this area being met by the Scottish Government if relevant legislation is not passed.

I would strongly emphasise that the acceptance of the deal by the Council, even in principle, is dependent on the Scottish Government delivering on its commitments set out explicitly in the letter of 17 November, particularly with regard to education.

In relation to £70m Change Fund for Social Care the Council would expect that governance arrangements implemented should be based locally through the Community Planning Partnership, the Inverclyde Alliance.

Although the Council will reluctantly accept that this funding will be held centrally by Greater Glasgow & Clyde Health Board it is essential that we are advised at an early stage of what our allocation will be to allow appropriate partnership delivery plans to be prepared.

In terms of the eight specific commitments set out in the letter of 17 November, the Council has considered each individually, and although advice received from officers indicates that they can delivered, there are a number of conditions that need to be met in order for the Council to finally sign off on the deal.



Commitment 1

The Council will remain committed to the delivery of the current SOA, the three jointly agreed Social Strategies and Curriculum for Excellence.

The Council will remain committed to the delivery of the current SOA for 2009/2011, although this will also require an equivalent commitment from the other public agencies that are part of the Inverclyde Alliance.

In terms of the delivery of three jointly agreed Social Strategies – Equally Well, Achieving Our Potential and Early years – the Council will remain committed to progressing these strategies in the context of SOA, although this will also require an equivalent commitment from the other public agencies in the Inverclyde Alliance.

The Council will continue to implement the Curriculum for Excellence in line with the nationally agreed timescales.

The commitment of the Council and other public agencies in the Inverclyde Alliance to the delivery of the outcomes identified in the SOA for 2009/2011 remains, although there may need to be some adjustment in timescales to reflect budgetary pressures.

In terms of the delivery of three jointly agreed Social Strategies, the Council will remain committed to delivering relevant outcomes in the context of the SOA, although there has been no specific funding allocated by the Scottish Government.

The Council will continue to implement the Curriculum for Excellence in line with the nationally agreed timescales, subject to maintenance of the current level of support from the Scottish Government.

Commitment 2

The Council will implement a Council Tax Freeze for 2011/12.

The Council will deliver on this commitment. I am not prepared to impose a Council Tax increase of 22% on the people of Inverclyde.

Commitment 3

Councils will maintain Police Officers at 17,234 in 2011/12.

The Council will deliver on this commitment on the basis of the information provided by CoSLA that the requirement on individual Councils in relation to this commitment will be to pass on the cut in police grant they receive from the Scottish Government to the Police Joint Board,

If, for example, Inverclyde Council's police grant cut is 2.6%, then we will reduce the funding passed on by an equivalent amount.

The Council would like confirmation from the Scottish Government that by passing on this reduction in funding the Council will have met this commitment.

Commitment 4

The Council will maintain the P1-3 Pupil Teacher Ratio.

The Council will deliver on this commitment, although this will mean that a number of savings advanced with regard to staffing levels in primary schools cannot be taken, which will impact on other areas of the Council.



Inverclyde council

As stated earlier, the delivery of this commitment by the Council is conditional on the Scottish Government delivering on the specific commitments with regard to education set out in the letter of 17 November.

Commitment 5

The Council will protect the number of teachers posts as far as possible in order to secure:

- ***places for all probationers who require a place under the induction scheme in August 2011.***
- ***places for all probationers who achieve Standard/Full Registration in Summer 2011.***
- ***a reduction in the number of unemployed teachers.***

The Council will deliver on this commitment, although in order to do this it will have to undertake a refresh trawl to release up to 50 fte teachers to create space for probationers. This 50 fte would also include anticipated reductions in 2011/2012 associated with school mergers and roll reduction

This will not increase the number of unemployed teachers as those released as part of the refresh trawl will be retiring and have access to their pension.

As stated earlier, the delivery of this commitment by the Council is conditional on the Scottish Government delivering on the specific commitments with regard to education set out in the letter of 17 November.

Commitment 6

Councils will participate in an independent review of all aspects of the McCrone agreement to report by June 2011 with the intention that recommendations will be implemented by August 2012.

The Council welcomes the commitment by the Scottish Government to an independent review of the McCrone Agreement that will report in June 2011 with recommendations that can be implemented from August 2012.

However, the Council would emphasise to the Scottish Government the importance of ensuring that the review considers all aspects of the Agreement, particularly in relation to the terms of conditions of teachers, to ensure that as far as possible these are aligned with those of other local government employees.

Commitment 7

The Council will continue to deliver on Free Personal Care and uprate payments in 2011/12.

The Council will deliver on this commitment, although due to the demographic pressures associated with Inverclyde service demand could be high.

The Council is committed to securing the best possible balance of care to meet the needs of older people in both domiciliary support and residential/nursing care provision.



Commitment 8

The Council will continue to work with the Government towards implementation of the Carers and Young Carers Strategy at a local level including the maintenance of an extra 10,000 weeks respite provision.

This commitment can be delivered.

The Council is already committed to maintain the present level of support to carers, including young carers, as it acknowledges the significant part played by them in sustaining vulnerable individuals within the community - an additional £70,000 was allocated to this area in 2010/2011.

However, there needs to be recognition that in future there will be a large percentage of older people who live alone in Inverclyde, with little extended family contact.

The Council continues to provide a high level of respite for carers and for individual service users. The Respite Bureau aims to provide a wide and imaginative range of respite options for carers and service users.

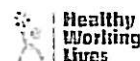
I trust that I have set out clearly the Council's position and our requirements of the Scottish Government.

I would ask that you respond to me no later than 10 January 2011. Confirmation that the Government recognises and accepts the conditions I have set out as part of the Council's in principle acceptance of the deal will form an important part of discussions on the development of the Budget in January 2011.

I await your response.

Yours sincerely

Councillor Stephen McCabe
Leader of the Council



Appendix 2

Year on Year Savings Gap
2011/13 Budget

	<u>2011/12</u> <u>£ m</u>	<u>2012/13</u> <u>£ m</u>
Funding Gap (Revised Base Budget - see attached)	5.321	13.249
Less: Approved Dec Savings (Yellow Savings)	(1.332)	(2.409)
Pressures Balance not needed	(0.284)	(0.900)
Joint Boards Reductions	(0.390)	(0.390)
Workstream Savings	(2.677)	(6.074)
Balance to come from Savings	<u>0.638</u>	<u>3.476</u>
Extra Savings	0.304	0.394
Pink Sheets Savings	<u>4.388</u>	<u>8.516</u>
Total Available Savings	<u><u>4.692</u></u>	<u><u>8.910</u></u>

AP/CM
31/01/2011

BASE BUDGET - 2011/13

APPENDIX 2 (2)

OBJECTIVE SUMMARY	2010-11 Base Budget	2011-12 Adjustment	2011-12 Inflation	2011-12 Base Est.	Budget 2011-12	2012-13 Adjustment	2012-13 Inflation	Budget 2012-13
Chief Executive Services	642,920	(6,510)	-	636,410	636,410	1,380	-	637,790
Organisation, Improvement & Resources Directorate	7,180,980	523,980	-	7,704,960	7,704,960	14,620	-	7,719,580
Regeneration & Environment Directorate	26,830,970	(705,900)	(44,640)	26,080,430	26,080,430	13,520	(106,030)	25,987,920
Education & Communities Directorate	85,122,400	2,903,940	(200,270)	87,826,070	87,826,070	709,830	(40,220)	88,495,680
Health & Social Care Directorate	49,560,100	(22,770)	(8,660)	49,528,670	49,528,670	28,000	(8,890)	49,547,780
Directorate Sub-Total	169,337,370	2,692,740	(253,570)	171,776,540	171,776,540	767,350	(155,140)	172,388,750
Joint Boards	16,458,610	(10,640)	-	16,447,970	16,447,970	-	350,000	16,797,970
Miscellaneous	6,324,850	(2,468,740)	1,378,510	5,234,620	5,234,620	200,000	2,000,000	7,434,620
Loan Charges	15,515,560	568,280		16,083,840	16,083,840	810,000		16,893,840
Recharge to Trading Operations	(161,390)	64,430		(96,960)	(96,960)			(96,960)
Policy Priorities	-	300,000	0	300,000	300,000	300,000		600,000
Corporate Pressures	-	1,750,000	0	1,750,000	1,750,000	1,750,000		3,500,000
Total Expenditure	208,382,000	1,989,070	1,124,940	211,496,010	211,496,010	3,827,350	2,194,860	217,518,220
Financed By:								
Revenue Support Grant/Non Domestic Rates	(175,462,000)	2,237,000		(173,225,000)	(173,225,000)	1,906,000		(171,319,000)
Council Tax	(32,900,000)	(50,000)		(32,950,000)	(32,950,000)			(32,950,000)
Net Expenditure	-	4,196,070	1,124,940	5,321,010	5,321,010	5,733,350	2,194,860	13,249,220

Appendix 3

Workstream Savings yet to be delivered 2011/13

Workstream	Savings Targets 2011/12 £000	Savings Targets 2012/13 £000	Progress Update	Lead Officer	Target Dates for Report to Committee
Service Management Restructure	0	160	Proposals to be developed by end of 2011/12.	JM	P & R November 2011
Review of Committees	0	30	Proposals to be developed prior to the end of 2011 for implementation after the May 2012 election.	JM	P&R March 2012
Transformation Programme	200	50	Identified savings being progressed. Review of Operating Model to take place in coming months and proposals thereafter taken to Committee.	PW	Policy & Resources Committee – May 2011
FM/Cleaning	0	70	Let Officer proposals being implemented, discussions held with HR re implementations of cleaning/catering savings.	AF/AG	Regeneration Committee – May 2011
Procurement	49	100	Savings continue to be identified and applied via Category A & B contracts. Work to commence in 2011/12 on Category C contents.	AP	Updates to P & R Committee every second cycle.
37 hour working week	0	900	Currently meeting all Directorate Teams to discuss project with a follow up position to be given to the CMT by end February.	AM	P&R Committee May 2011
Commissioning	0	400	Currently finalising former FSF element and proposals for 2012/13 will be developed thereafter.	PW	To be advised
Home Care Review	50	150	Initial draft complete. Corporate Director finalising report in consultation with steering group, including unions.	RM	Report to CHCP Sub-Committee before summer recess.
Planning Service Review	41	0	Further options for VST being considered by the Service to achieve saving to reflect reduction in income.	AF	No Report needed
Street Scene Service Review	46	15	Local Environmental Teams proposals being implemented imminently. Further report due after implementation.	AF	Approved by Committee 2010. Follow up report late 2011.
Top Slice/1% Efficiency	450	475	CMT to agree approach March 2011 and thereafter savings to be subject of report to P & R Committee.	AP	Policy & Resources Committee - May 2011
Roll Reduction	0	132	Will be implemented through staffing exercise – completed by June each year.	AH	No Report needed
Other Savings/Adjustments	0	130	Ad-hoc savings will be identified and applied as at present.	AP	No Report needed
TOTAL	836	2612			

Capital Budget Analysis

1. Current reported Government Resources.

	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
General Capital Grant	4.000	3.500	3.000	10.500
Supported Borrowing	4.500	4.500	4.500	13.500
Specific Grants	0.146	0.146	0.146	0.438
Totals	8.646	8.146	7.646	24.438

2. Estimated Resources Post 14/2010 Circular.

	2011/12 £m	2012/13 £m	2013/14 £m	Total £m
General Capital Grant	7.889	7.500*	6.750*	22.139
Specific Grants	0.115	0.115*	0.115*	0.345
Totals	8.004	7.615	6.865	22.484

*Estimated settlements

Reduction Needed = £2.0 million

Appendix 5

CMT - Proposals for use of Unallocated Reserves

	<u>£million</u>
Available Unallocated Reserves (P&R Committee 8/2/11)	3.136
Less: <u>Policy & Resources Approvals</u>	
: Extra Funding for 2011 Tall Ships	(0.100)
: 2010/11 Extra Roads/Footway Repairs	(0.200)
: 2013/14 - Protection of Vulnerable Groups	(0.076)
Less: <u>CMT Recommendations</u>	
: 2011/14 Capital Programme	(1.000)
	<hr/>
Remaining Balance	<u>1.760</u>

COMMON GOOD

REVENUE BUDGET 2011/13

Appendix 6

	2011-12 Base Budget	2011-12 Adjustment	Budget 2011-12	2012-13 Adjustment	Budget 2012-13
PROPERTY COSTS	2,000	0	2,000	0	2,000
Repairs & Maintenance	1,000		1,000		1,000
Property Insurance	1,000		1,000		1,000
ADMINISTRATION COSTS	10,500	(2,000)	8,500	0	8,500
Sundries	300		300		300
Management Allocation	2,200		2,200		2,200
Recharge for Accountancy	8,000	(2,000)	6,000		6,000
OTHER EXPENDITURE	140,760	4,140	144,900	0	144,900
Christmas Lights Switch On	10,200		10,200		10,200
Christmas Dinners/Parcels	24,000	(6,000)	18,000		18,000
Christmas Decorations	35,400		35,400		35,400
Gourrock Highland Games	28,700		28,700		28,700
Armistice Service	6,100		6,100		6,100
Comet Festival		13,000	13,000		13,000
Megawatt Festival	18,200		18,200		18,200
Fireworks	12,300		12,300		12,300
Society of the Innocents Rent Rebate		3,000	3,000		3,000
Contingency for future Community Events	5,860	(5,860)	-		-
INCOME	(153,260)	17,860	(135,400)	0	(135,400)
Gross Rent	(156,900)		(156,900)		(156,900)
Void Rents	7,140	17,860	25,000		25,000
Internal Resources Interest	(3,500)		(3,500)		(3,500)
NET ANNUAL EXPENDITURE	0	20,000	20,000	0	20,000
EARMARKED FUNDS	0	0	0	10,000	10,000
Comet Bi-Centenary Events			-	10,000	10,000
TOTAL NET EXPENDITURE	0	20,000	20,000	10,000	30,000
Projected Fund Balance as at 31st March	120,320		100,320		70,320

2011/13 Budget
Risk Analysis

Appendix 7

<u>Risk</u>	<u>Likelihood</u>	<u>Impact</u>	<u>Mitigating Factors</u>
1/ That the Scottish Government is unable to approve the 2011/12 budget resulting in the budget for 2011/12 being agreed but with further reduced funding for Local Government.	Medium	Low	On the assumption that any reduction would not be large in % terms the Council has sufficient flexibility in the two year period to manage this whilst more detailed proposals are developed for 2012/13.
2/ That an incoming Scottish Government may significantly reduce funding to Local Government from 2012/13 this necessitating a reduction in projected Grant figures for figures 2012/13 onwards.	Medium	Medium	The Council's 2012/13 and 2013/14 grant projections assume an annual 1.5% cash reduction. This is viewed as being prudent. In the event that further reductions are required then officers will bring forward proposals late 2011 for members to consider.
3/ That the ongoing economic turbulence will mean that allowances for inflation/interest rates will vary from actual rates.	High	Low	Every year the Council sets its budget without being 100% clear on Pay/Contract indexation or interest rates. Assumptions are based on latest information and there is sufficient flexibility within the overall budget to manage individual variations.
4/ That the Council is unable to agree a budget on the 10th February 2011.	Medium	Low	Members have been supplied with comprehensive information and officers have responded to all requests for support & information. The statutory deadline for the Council to set Council Tax is 11 th March. A delay until this date would delay Council Tax billing for one month and cost approximately £80,000.