

Report

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Report to:	Finance and Information Technology Resources
Date of Meeting:	12 February 2009
Report by:	Executive Director (Finance and Information Technology Resources)

Subject:	Revenue Budget 2009/2010
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Outline the outcome of the budget process and the content of the revenue budget for 2009/10
- ◆ Adopt the revenue budget for 2009/10 (as summarised at Section 4 of this report) along with the base allocation to each Resource at Appendix 1.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that it adopts the Revenue Budget as proposed for 2009/10
- (2) that it recommends to the Executive Committee adoption of the Revenue Budget for 2009/10 as summarised in Section 4.4 of this report and the base allocation to Resources at Appendix 1.

3. Background

3.1. Principles Applied in Budget formation

- 3.2. The process to identify the level of expenditure needed to maintain the Council's services in 2009/10 began in the middle of last year. At its meeting of 25 June 2008 the Executive Committee approved a rollover budget which included unavoidable budget pressures, Concordat commitments and investments to support the priorities identified in the Council Plan. A target of 2.25% was set for efficiency savings.
- 3.2. The Local Government Finance Circular, issued in December 2008, provides an updated grant figure for the financial year: 2009/10.
- 3.3. Subsequently, a package of efficiency savings totalling £11.302m for 2009/10 was agreed at the Executive Committee meeting of 28 January 2009.
- 3.4. The base budgets for each Resource were agreed at a round of special committees on 29 January 2009. This approach to the revenue budget is in line with the Council's financial strategy.

4. Total Budget 2009/10

- 4.1. The total budget for 2009/10 is now £721.080m. This is an increase of £1.386m on the figures reported to committee on 29 January 2009 and is the result of an increase in the figures for Government grant provided to the Council. The reasons for this increase are explained in Section 5 of the report.
- 4.2. Preparation of the budget has been carried out jointly by Finance staff both in the Support Services of each Resource and in Central Finance. As in previous years, this has been a major corporate exercise with input from the management teams of all Resources and direction and approval from the Corporate Management Team. The ongoing effectiveness of this relationship cannot be understated. The budget exercise has complemented the service planning process: conclusion of the budget allows Resource plans to be finalised and implemented.
- 4.3. The detailed allocation of the budget to each Resource is shown in Appendix 1 for consideration of the Council in finalising the level of Council Tax. The statutory deadline for this announcement is 11 March. However, following the precedent established in previous years, Council Tax setting day of 12 February 2009 has been agreed through the Convention of Scottish Local Authorities (COSLA).
- 4.4. The main figures from Appendix 1 are summarised below:-

Current Year Provisional Outturn £m		2009/10 £m
859.457	Total Services Gross Expenditure (App 1, page 2)	862.476
<u>(197.148)</u>	Deduct: Total Services Gross Income (App1, page 2)	<u>(192.242)</u>
=662.309	Net Service spending	=670.234
50.109	Add: Financing Costs etc	58.437
<u>(7.816)</u>	Deduct: Surplus from Trading Services	<u>(7.591)</u>
<u>704.602</u>	Net Expenditure	<u>721.080</u>

5. Government Grant

- 5.1. As stated at section 3, updated figures for government grant to councils for the year 2009/10 were announced in December 2008 with a further update at the end of January 2009. The most recent update increased the grant figure from the Government by £1.386m, in respect of the Council's share of the Zero Waste Fund, now included within the overall grant figure. This has been added to the base budget for Community Resources included at Appendix 1. The base for the overall grant allocation is the 2009/10 total revenue support figure which is calculated using an extensive formula, including adjustments which take account of each council's ability to raise taxes locally.

5.2. Grant for 2009/10 now totals £591.659m and consists of the following:

Type of Support	£m
Specific Grants	38.834
Non Domestic Rates Income	127.977
General Revenue Funding	424.848
Total	591.659

- 5.3. The grant level at 5.2 includes the effect of the 'Floor Adjustment' made by the Scottish Government as part of the grant allocation formula. The adjustment ensures that all councils receive at least a minimum grant increase for year 2009/10. This minimum level of grant increase is 3%, funded by contributions from councils receiving more than a 3% grant increase. Through the floor adjustment, South Lanarkshire contributes £1.625m in 2009/10.
- 5.4. In addition to the total revenue support figure provided for 2009/10, a further sum of £3.922m is available to the Council. This is the Council's share of a national total of £70m which the Government will make available to authorities if their Council Tax level remain frozen in year 2009/10.
- 5.5. Government grant and non-domestic rates income together meet over 80% of the Council's current expenditure and related loan charges. Because of this relatively large proportion from central sources, changes in grant levels have a significant impact on the amount of funding to be found from the local community.

The position is illustrated below:-

Budget	£721.080m	(100%)
Government Grant	£591.659m	(82.1%)
Council Share of Further Government Grant - National Total	£3.922m	(0.5%)
Council Tax	£125.499m	(17.4%)

6. Governance Arrangements

- 6.1. The Performance and Review Forum, having initially reviewed all services in terms of best value, is now continuing with services which cross Resources. The process of agreeing the programme of service reviews for 2009/10 is now concluded. This Forum also considers the progress of the Council's efficiency programme.
- 6.2. The Revenue Budget Scrutiny Forum continues to develop its role in reviewing all financial activity and will maintain its regular pattern of budget reviews during the year ahead.
- 6.3. The Trading Services Scrutiny Forum provides an enhanced focus on those services which fall into the criteria of Trading Services now configured in a way which more appropriately reflects the management arrangements of the Council. As well as budgetary information, operational issues and performance targets are also examined.
- 6.4. The Risk Management and Audit Forum receives both internal and external audit reports.

- 6.5. Each committee receives reports on its Resource's financial performance at all meetings throughout the year. The Executive Committee takes an overview of the Council's financial position on a monthly basis.

7. Employee Implications

- 7.1. None.

8. Financial Implications

- 8.1. As outlined in the report

9. Other Implications

- 9.1. None

10. Equality Impact Assessment and Consultation Arrangements

- 10.1. There is no requirement to carry out an impact assessment in terms of the proposals contained within this report.
- 10.2. Building on work done in previous years, a public consultation exercise was carried out throughout November 2008. The purpose of this was to gauge the public's view on the continuation of priorities. As in the past, representative focus groups were held using member of the Citizens' Panel.

In summary, the consultation endorsed the Council's priority areas as detailed in the Council Plan, Connect.

Linda Hardie

Executive Director (Finance and Information Technology Resources)

2 February 2009

Link(s) to Council Values and Objectives

- ◆ Value: Accountable, Effective and Efficient

Previous References

- ◆ Executive Committee 31 January 2008

List of Background Papers

- ◆ Scottish Government Circular 6/2007

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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South Lanarkshire Council

2009-2010 Revenue Budget Summary

	2008-2009 Base Budget £m	2008-2009 Provisional Outturn £m	2009-2010 Proposed Base Budget £m
Community Resources	59.608	60.533	64.058
Corporate Resources	19.447	19.960	19.743
Education Resources	271.383	279.472	282.108
Enterprise Resources	52.856	52.991	51.095
Finance and IT Resources	12.044	14.898	12.195
Housing and Technical Resources	39.286	25.929	25.963
Social Work Resources	119.797	134.985	139.308
Joint Boards	<u>74.166</u>	<u>73.541</u>	<u>75.764</u>
Resource Total	648.587	662.309	670.234
Other budget items:-			
Finance Charges etc.	51.262	50.109	58.437
Trading Services Surpluses	<u>(7.607)</u>	<u>(7.816)</u>	<u>(7.591)</u>
Total	<u>692.242</u>	<u>704.602</u>	<u>721.080</u>

South Lanarkshire Council

2009-2010 Revenue Budget Summary

	2008-2009 Base Budget £m	2008-2009 Provisional Outturn £m	2009-2010 Proposed Base Budget £m
Employee Costs	346.135	354.551	353.816
Property Costs	64.547	69.961	63.309
Supplies and Services	28.487	33.073	30.159
Transport and Plant Costs	18.289	20.145	19.295
Administration Costs	20.933	22.126	20.695
Payments to Other Bodies	156.622	139.733	142.092
Payment to Contractors	113.476	122.108	135.975
Transfer Payments (Housing and Council Tax Benefit)	92.129	93.587	93.154
Financing Charges	4.223	4.173	3.981
Total Expenditure	844.841	859.457	862.476
Total Income	(196.254)	(197.148)	(192.242)
Net Expenditure	648.587	662.309	670.234
Other budget items:-			
Financing Charges etc.	51.282	50.109	58.437
Trading Services Surpluses	(7.607)	(7.816)	(7.591)
Total	<u>692.242</u>	<u>704.602</u>	
Total Proposed Budget 2009-2010			<u>721.080</u>