

# Report

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Report to:	<b>Finance and Information Technology Resources Committee (Special)</b>
Date of Meeting:	<b>11 February 2010</b>
Report by:	<b>Executive Director (Finance and Information Technology Resources)</b>

Subject:	<b>Revenue Budget 2010/2011</b>
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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 2010/11.
- ♦ consider the Revenue Budget for 2010/2011, as summarised at Section 4 of this report, and the allocation to each Resource as shown in Appendix 1.

## 2. Recommendation(s)

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

- (1) that the Revenue Budget as proposed for 2010/2011 be endorsed
- (2) that it be recommended to the Executive Committee that the Revenue Budget for 2010/2011, as summarised in Section 4.4 of this report, and the base allocation to Resources at Appendix 1 be adopted.

## 3. Background

### 3.1. Principles Applied in Budget Formation

The local government finance settlement provided by the Scottish Government in November 2009 provided grant settlement figures for the financial year 2010/11. The receipt of this information allows the budget process to be finalised with a degree of certainty.

3.2. The process to identify the level of expenditure needed to maintain the Council's services in 2010/11 started in early 2009. Using the 2009/10 budget as a starting point to reflect the Council's priorities, projections were made into 2010/11. A number of adjustments were applied to core service budgets through the rollover process to include known commitments and additional budget pressures. It was agreed that the requirement for savings would be met through three routes: a 2% efficiency savings exercise, an examination of non core activities and an examination of the potential to charge for services.

- 3.3. The next stage was the presentation and approval of efficiency savings (Executive Committee, 1 February 2010). These totalled £17.550 million and were incorporated in a round of Resource Special Committee papers on 5 February 2010. The Council's strategy of seeking efficiency savings is consistent with the principles of best value and with the obligations of the Scottish Government's efficient government initiative.

#### 4. **Total Budget 2010/11**

- 4.1. The total budget for 2010/11 is now £724.779 million. This is the figure reported to the Executive Committee on 1 February 2010.
- 4.2. The detailed allocation of the budget to each Resource, including proposed investments, is shown at Appendix 1 for the 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, a Council Tax setting day of 11 February 2010 has been agreed through the Convention of Scottish Local Authorities (COSLA).
- 4.3. The main figures from Appendix 1 are summarised below:-

Current Year Base Budget £m		2010-2011 £m
868.263	Total Services Gross Expenditure (App 1, page 2)	871.380
<u>(197.600)</u>	Deduct: total Services Gross Income (App 1, page 2)	<u>(210.107)</u>
670.663	Net Service Spending	661.273
58.376	Add: Financing Costs etc.	71.465
<u>(7.959)</u>	Deduct: surplus from Trading Operations	<u>(7.959)</u>
<b><u>721.080</u></b>		<b><u>724.779</u></b>

#### 5. **Government Grant**

- 5.1. An updated figure for Government Grant to the Council for year 2010/11 was provided in November 2009. The base for the overall grant allocation is the 2010/11 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. The level of grant from the Government includes the effect of the 'Floor Adjustment' made by the Scottish Government as part of the grant allocation formula. This adjustment ensures that all councils receive a minimum grant increase for year 2010/11. The minimum level of grant increase was set in 2007 at 2.5% and, despite subsequent reductions in council grants, has not been reviewed since. Through the floor adjustment, South Lanarkshire Council contributes £2.176 million in 2010/11.
- 5.3. The Total Revenue Support figure of £599.280 million includes, for 2010/11, a sum of £3.922 million. This is the Council's share of a national total of £70 million which will be made available to authorities if their Council Tax levels remain frozen in year 2010/11.
- 5.4. Grant for 2010/11 now totals £599.280 million and consists of the following:-

	£m
Specific Grants e.g. Police	26.032
Non- Domestic Rate Income	124.084
General Revenue Grant	449.164
<b>Total Aggregate External Finance</b>	<b>599.280</b>

- 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.

## **6. Governance Arrangements**

- 6.1. The Performance and Review Scrutiny Forum continues its programme of service reviews. This Forum also oversees the Council's efficiency agenda.
- 6.2. The Financial Resources Scrutiny Forum is establishing its role in reviewing all financial activity and will continue to develop its programme of budget reviews during the year ahead.
- 6.3. The Risk and Audit Scrutiny Forum receives both internal and external audit reports.
- 6.4. 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 report.

## **9. Other Implications**

- 9.1. None

## **10. Equality Impact Assessment and Consultation Arrangements**

- 10.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

**Linda Hardie**

**Executive Director (Finance and Information Technology Resources)**

5 February 2010

### **Link(s) to Council Objectives**

- ◆ Accountable, Effective and Efficient

### **Previous References**

- ◆ Executive Committee 1 February 2010
- ◆ Special Resource Committees 5 February 2010

### **List of Background Papers**

- ◆ Finance Circular 12/2009 Local Government Finance Settlements 2010-11

◆ Report on Public Consultation on Revenue Budget

**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  
2010-2011 REVENUE BUDGET SUMMARY

	2009/10 Base Budget	2010/11 Proposed Base Budget
	£m	£m
Community	63.913	62.805
Corporate	19.770	21.004
Education	282.132	291.213
Enterprise	51.344	47.140
Finance and IT	12.428	13.834
Housing and Technical	25.982	22.541
Social Work	139.313	140.102
Joint Boards	<u>75.781</u>	<u>62.634</u>
Resource Total	<b>670.663</b>	661.273
Other Budget Items		
Financing Charges etc	58.376	71.465
Trading Services Surpluses	<u>(7.959)</u>	<u>(7.959)</u>
<b>Total</b>	<b><u>721.080</u></b>	
Total Proposed budget 2010-2011		<b>724.779</b>

**SOUTH LANARKSHIRE COUNCIL**  
**2010-2011 REVENUE BUDGET SUMMARY**

	<b>2009/10 Base Budget</b>	<b>2010/11 Proposed Base Budget</b>
	<b>£m</b>	<b>£m</b>
Employee Costs	355.236	358.645
Property Costs	64.635	68.467
Supplies and Services	30.950	30.569
Transport and Plant Costs	19.567	19.130
Administration Costs	22.156	21.537
Payments to Other Bodies	143.184	126.893
Payment to Contractors	135.601	139.311
Transfer Payments (Housing & Council Tax Benefit)	93.137	103.103
Financing Charges	<u>3.797</u>	<u>3.725</u>
Total Expenditure	868.263	871.380
Total Income	<u>(197.600)</u>	<u>(210.107)</u>
Net Expenditure	670.663	661.273
Other Budget Items		
Financing Charges etc	58.376	71.465
Trading Services Surpluses	<u>(7.959)</u>	<u>(7.959)</u>
<b>Total</b>	<u>721.080</u>	
Total Proposed budget 2010-2011		<u><b>724.779</b></u>