

Report

3

Report to:	Finance and Information Technology Resources Committee (Special)
Date of Meeting:	10 February 2011
Report by:	Chief Executive

Subject:	Revenue Budget 2011/2012
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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 2011/12.
- ◆ Adopt the Revenue Budget for 2011/12 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 2011/12 be endorsed
- (2) that it be recommended to the Executive Committee that the Revenue Budget for 2011/12 as summarised in Section 4.3 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 December 2010 provided grant settlement figures for the financial year 2011/12. 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 2011/12 started in early 2010. Using the 2010/11 budget as a starting point to reflect the Council's priorities, projections were made into 2011/12. 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 a savings prioritisation exercise which, through a relative scoring matrix, streamlined the savings options to be considered as part of the 2011/12 budget process.

3.3. The next stage was the presentation and approval of efficiency savings (Executive Committee, 31 January 2011). These totalled £25.137 million and were incorporated in a round of Resource Special Committee papers on 4 February 2011.

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 2011/12**

- 4.1. The total budget for 2011/12 is now £715.521 million. This is the figure reported to the Executive Committee on 4 February 2011.
- 4.2. The detailed allocation of the budget to each Resource, including rollover adjustments, 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, for South Lanarkshire Council, the Council Tax will be set at the Council Meeting on 10 February 2011.
- 4.3. The main figures from Appendix 1 are summarised below:

Current Year Base Budget £m		2011/2012 £m
875.820	Total Services Gross Expenditure (App 1, page 2)	871.287
(214.244)	Deduct: total Services Gross Income (App 1, page 2)	(221.594)
661.576	Net Service Spending	649.693
71.464	Add: Financing Costs etc.	74.291
(8.261)	Deduct: surplus from Trading Operations	(8.463)
724.779		715.521

5. **Government Grant**

- 5.1. An updated figure for Government Grant to the Council for year 2011/12 was provided in December 2010. The base for the overall grant allocation is the 2011/12 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. Previously, the floor adjustment ensured that all Council's received a minimum increase in grant. However, in 2011/12, the adjustment is to ensure that no council exceeds a maximum level of grant decrease. The maximum level of grant decrease has been set at 4.5%. Through the floor adjustment, South Lanarkshire contributes £1.957m in 2011/2012.
- 5.3. The Total General Revenue Funding figure of £589.021 million is part of a package which individual councils will have to agree to, including a council tax freeze, or be subject to a higher level of grant cut, as detailed in the report to the Executive Committee on 16 December 2010.
- 5.4. Grant for 2011/12 now totals £589.021 million and consists of the following:

	£m
Specific Grants (for example Police)	25.421
Non-Domestic Rate Income	242.692
General Revenue Grant	320.908
Total General Revenue Funding	589.021

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 responsibilities of the Performance and Review Scrutiny Forum include overseeing the Council's strategy and approach to Best Value, improvement and performance management, as well as the response to efficient government. This includes the presentation of service review reports, Statutory Performance Indicator results and the Council's responsibilities in respect of Public Performance Reporting.

6.2. The Financial Resources Scrutiny Forum continues its role of 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. There are no significant issues in terms of sustainability or risk arising from the recommendations in this report.

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. Trade union consultation has been undertaken. In addition, building on work done in previous years, a public consultation exercise was carried out throughout December 2010 / January 2011. Public consultation on the budget has been carried out using members of the Citizens' Panel. In addition, budget consultation events have taken place with representatives of Disability Groups in the South Lanarkshire area, Lanarkshire Ethnic Minority Action Group, the Council's Employee Forums, South Lanarkshire Youth Forum and Seniors Together. Feedback on the outcome of the consultation was summarised and provided to Members in a briefing paper "Budget Consultation 2011" on 28 January 2011.

Archibald Strang
Chief Executive

4 February 2011

Link(s) to Council Values/Improvement Themes/Objectives

- ◆ *Value:* Accountable, Effective and Efficient

Previous References

- ◆ Executive Committee, 26 January 2011
- ◆ Special Executive Committee, 31 January 2011
- ◆ Special Resource Committees, 4 February 2011

List of Background Papers

- ◆ Finance Circular 14/2010 Local Government Finance Settlement 2011/12 (Updated v2 - 22 December 2010)
- ◆ Members' Briefing : Budget Consultation 2011

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
2011/12 Revenue Budget Summary

	2010/2011 Base Budget	2011/2012 Proposed Base Budget
	£m	£m
Community	62.708	65.533
Corporate	21.084	14.621
Education	289.546	284.418
Enterprise	49.114	43.321
Finance and IT	13.834	12.405
Housing and Technical	22.551	27.439
Social Work	140.105	139.954
Joint Boards	62.634	62.002
Resources plus Joint Boards Total	661.576	649.693
Other Budget Items:		
Financing Charges etc	71.464	74.291
Trading Services' Surpluses	(8.261)	(8.463)
Total Base Budget 2010/11	724.779	
Total Proposed Budget 2011/2012		715.521

SOUTH LANARKSHIRE COUNCIL

2011/2012 REVENUE BUDGET SUMMARY

	2010/2011 Base Budget	2011/2012 Proposed Base Budget
	£m	£m
Employee Costs	361.579	347.501
Property Costs	69.950	66.128
Supplies and Services	29.871	28.093
Transport and Plant Costs	19.983	18.401
Administration Costs	21.245	20.412
Payments to Other Bodies	123.576	119.024
Payment to Contractors	140.868	153.065
Transfer Payments (Housing & Council Tax Benefit)	104.894	112.987
Financing Charges (Leasing Costs)	3.854	5.676
Total Expenditure	875.820	871.287
Total Income	(214.244)	(221.594)
Net Expenditure	661.576	649.693
Other Budget Items:		
Financing Charges etc	71.464	74.291
Trading Services' Surpluses	(8.261)	(8.463)
Total Base Budget 2010/11	724.779	
Total Proposed Budget 2011/2012		715.521