

Report

3

Report to:	Finance and Information Technology Resources Committee (Special)
Date of Meeting:	9 February 2012
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget 2012/2013
----------	---------------------------------

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 2012/2013.
- ◆ Adopt the Revenue Budget for 2012/2013 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 2012/2013 be endorsed; and
- (2) that it be recommended to the Executive Committee that the Revenue Budget for 2012/2013, 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 2011 provided grant settlement figures for the financial year 2012/2013. 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 2012/2013 started in early 2011. Using the 2011/2012 budget as a starting point to reflect the Council's priorities, projections were made into 2012/2013. 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 the savings prioritisation exercise which, through a relative scoring matrix, streamlined the savings options to be considered as part of the 2012/2013 budget process.

3.3. The next stage was the presentation and approval of efficiency savings (Executive Committee, 14 December 2011). These totalled £12.249 million and were incorporated in a round of Resource Special Committee papers on 2 February 2012. 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 2012/2013**

- 4.1. The total budget for 2012/2013 is now £718.216 million. This is the figure reported to the Executive Committee on 2 February 2012.
- 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 9 February 2012.
- 4.3. The main figures from Appendix 1 are summarised below:

Current Year Base Budget £m		2012/2013 £m
874.140	Total Services Gross Expenditure (App 1, page 2)	876.109
(223.198)	Deduct: total Services Gross Income (App 1, page 2)	(229.697)
<hr/>		<hr/>
650.942	Net Service Spending	646.412
74.293	Add: Financing Costs etc.	80.602
(9.714)	Deduct: surplus from Trading Operations	(8.798)
<hr/>		<hr/>
715.521		718.216

5. **Government Grant**

- 5.1. The Government Grant allocated to the Council for year 2012/2013 was provided in December 2011. The base for the overall grant allocation is the 2012/2013 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. The floor adjustment is to ensure that no council exceeds a maximum level of grant decrease. The maximum level of grant decrease has been set at 1.2%. Through the floor adjustment, South Lanarkshire contributes £1.886m in 2012/2013.
- 5.3. The Total General Revenue Funding figure of £591.716 million is part of a package which individual councils have to agree to, including a council tax freeze, or be subject to the removal of the needs based element of the grant.
- 5.4. Grant for 2012/2013 now totals £591.716 million and consists of the following:

	£m
Specific Grants (Police)	24.010
Non-Domestic Rate Income	253.924
General Revenue Grant	313.782
Total General Revenue Funding	<hr/> 591.716

- 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 reviews all financial activity.
- 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.
- 6.5. Appropriate governance and scrutiny arrangements will be maintained.

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. *Equality Impact and Assessment*

There is no requirement to carry out an impact assessment in terms of the proposals contained within this report. However, equality impact assessments have been undertaken for all relevant savings. For details of work undertaken, please contact the Employee Development and Diversity Manager, Corporate Resources.

10.2. *Budget Consultation*

Trade union consultation has been undertaken during the budget setting process. 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 the Council's employee Forums, South Lanarkshire Youth Council, and Seniors Together. Planned consultations with Disability Groups in the South Lanarkshire area and Lanarkshire Ethnic Minority Action Group were postponed due to bad weather, however their views were sought at the next meeting of these groups. Feedback on the outcome of the consultation was summarised and provided to Members in a briefing paper "Budget Consultation 2012".

Paul Manning

Executive Director (Finance and Corporate Resources)

2 February 2012

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

- ◆ *Value:* Accountable, Effective and Efficient

Previous References

- ◆ Executive Committee, 14 December 2011
- ◆ Special Resource Committees, 2 February 2012

List of Background Papers

- ◆ Finance Circular 12/2011 Local Government Finance Settlement 2012/13 – 22 December 2011

Contact for Further Information

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

Jackie Taylor, Head of Finance

Ext: 5637 (Tel: 01698 455637)

E-mail: jackie.taylor@southlanarkshire.gov.uk

South Lanarkshire Council
2012/13 Revenue Budget Summary

	2011/2012 Base Budget	2012/2013 Proposed Base Budget
	£m	£m
Community	65.471	67.465
Corporate	14.621	14.725
Education	284.418	285.990
Enterprise	43.676	45.599
Finance and IT	12.405	11.985
Housing and Technical	28.394	21.071
Social Work	139.955	137.554
Joint Boards	62.002	62.023
Resources plus Joint Boards Total	650.942	646.412
Other Budget Items:		
Financing Charges etc	74.293	80.602
Trading Services' Surpluses	(9.714)	(8.798)
Total Base Budget 2011/2012	715.521	
Total Proposed Budget 2012/2013		718.216

SOUTH LANARKSHIRE COUNCIL

2012/2013 REVENUE BUDGET SUMMARY

	2011/2012 Base Budget	2012/2013 Proposed Base Budget
	£m	£m
Employee Costs	347.182	344.457
Property Costs	67.077	70.108
Supplies and Services	28.122	28.330
Transport and Plant Costs	19.043	19.131
Administration Costs	23.329	22.981
Payments to Other Bodies	116.583	117.717
Payment to Contractors	153.860	157.024
Transfer Payments (Housing & Council Tax Benefit)	113.305	113.358
Financing Charges (Leasing Costs)	5.639	3.003
Total Expenditure	874.140	876.109
Total Income	(223.198)	(229.697)
Net Expenditure	650.942	646.412
Other Budget Items:		
Financing Charges etc	74.293	80.602
Trading Services' Surpluses	(9.714)	(8.798)
Total Base Budget 2011/2012	715.521	
Total Proposed Budget 2012/2013		718.216