

To: ENVIRONMENTAL SERVICES COMMITTEE		Subject: ENVIRONMENTAL SERVICES REVENUE BUDGET – BASE ESTIMATES, 2010/2011
From: Executive Director of Finance and Customer Services;		
Date: 13 October 2009	Ref: AC/PH	

**1 PURPOSE OF REPORT**

1.1 The purpose of this report is to advise members of progress to date in developing the Services’ 2010/2011 base revenue budget, and to highlight those items which still require to feed into the budgetary process in the coming months.

**2 BACKGROUND**

2.1 In previous years the Council has operated an integrated approach combining the base budget details with Service Plans. It is intended this year to allow Services more time for consultation and wider engagement with staff on their Service Plans and bring them forward to the next committee cycle.

2.2 The budget for 2010/11 has been set within a very challenging economic environment and this has included a review of the level of local government grant support available to local authorities. The Cabinet Secretary for Finance and Sustainable Growth presented the draft Scottish Budget to the Scottish Parliament on 17 September 2009. This reflects an overall reduction from the previously advised level of resources for local government in 2010/11 although individual council allocations will not be confirmed until late October/ early November.

2.3 In anticipation of these announcements the Policy & Resources Committee at its meeting of 15 September 2009 considered the financial outlook and recommended that in addition to the £10m “Service and People First” efficiency savings target an additional £5m of efficiencies should be developed. Details of these proposals will now be considered at the meeting of Policy & Resources Committee of 17 November 2009.

**3 ENVIRONMENTAL SERVICES’ BASE REVENUE BUDGET 2010/2011**

3.1 In taking forward the revenue estimates for 2010/2011, provisions are generally made for expenditure items such as future pay awards, costs of employees progressing through the pay and grading model, employers’ superannuation contribution increases, and contract inflationary pressures. Base estimates also generally reflect an inflationary uplift on those Council services where discretionary fees and charges currently apply.

3.2 At this time, the Council is facing uncertainty regarding the budgetary provision required for pay awards. There is presently no agreement regarding the coming year’s pay award, and with there being very little indication about the likely level of pay award, it is not currently possible to incorporate a pay award provision within these base estimates.

- 3.3 All Services' base estimates for 2010/2011 include an allowance for staff progressing through the pay and grading models, and recognise that employers' superannuation contributions will increase from 17.7% to 18.6%. In addition, base budgets include indicative inflationary uplifts for all contracts, allow for 3% uplift on the Council's discretionary fees and charges, and reflect an anticipated increase regarding non-domestic rates. No other inflationary increases have been included within base budgets.
- 3.4 Moreover, the base budget also recognises the unavoidable growth commitments facing the Service in relation to waste disposal and recycling initiatives.
- 3.5 A summary of the base Revenue Budget for 2010/2011 is outlined in Table 1 below for member consideration. This table illustrates that presently, the movement from Environmental Services' 2009/2010 budget is £3.222m.

	£000
<b>Base Revenue Budget 2009/2010</b>	<b>101,905</b>
<u>Less:</u> Removal one-off Growth 2009/2010	2,719
<b>Revised Base Estimate 2009/2010</b>	<b>99,186</b>
<u>Add:</u> Provision for Cost Pressures 2010/2011 (Appendix 1)	1,679
Unavoidable Growth Commitments (per para 3.4)	1,543
<b>Indicative Base Revenue Budget 2010/2011</b>	<b>102,408</b>

#### 4 FURTHER DEVELOPMENT OF REVENUE BUDGET 2010/2011

- 4.1 In addition to incorporating the outcome of national negotiations for future pay awards and the approved efficiency savings, members should note that the base budgets identified above will be adjusted later to reflect any movements in underlying contract inflation assumptions and finalisation of centrally allocated budgets such as capital charges, central repairs, apportioned expenses and non-domestic rates.
- 4.2 Thereafter, and over the coming months, Service budgets will be consolidated to enable the Council to finalise its overall spending plans and council tax levels for the 2010/2011 financial year.

#### 5 RECOMMENDATION

- 5.1 The Environmental Services Committee is requested to:
- i. Note the arrangements for taking forward the budget process for 2010/11 and approve the base budget adjustments contained within this report.



**Executive Director of Finance & Customer Services**

For further details please contact Paul Hughes on extension 2200

<b>North Lanarkshire Council</b>	
<b>Indicative Cost Pressures 2010/2011</b>	
<b>Environmental Services Committee</b>	
	£000
Cost of progression through pay scales	1,047
Increase in Employers' Superannuation Contribution	427
Increased Superannuation Contribution re. Manual Workers	230
Indicative inflation; Roads Contracts	297
Increase to prices in Electrical Power Contract	90
Removal of Excess Food Inflation provided in 2009/10	(323)
Allowance for increase in Property Rates	20
Uplift to discretionary fees & charges	(109)
<b>Provision for Cost Pressures</b>	<b>1,679</b>