

To: POLICY & RESOURCES (FINANCE) SUB-COMMITTEE		Subject: MISCELLANEOUS SERVICES REVENUE BUDGET 2005/06
From: Director of Finance		
Date: 1 December 2004	Ref: CE/JL/03/18	

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval for the Miscellaneous Services' Revenue Budget 2005/06.

2. BACKGROUND

- 2.1 North Lanarkshire Council has an established three year programme of integrated service improvement and financial planning linked to the Corporate Plan.
- 2.2 The Council's approach to three year financial planning has enabled it to develop a more strategically based budget, linked to the corporate and service improvement planning processes. The Scottish Executive's Spending Review announcement in December 2004 confirmed the Council's grant funding for 2005/06, following adjustment for new burdens and initiatives, and provided details of funding for 2006/07 and 2007/08.

3. SERVICE IMPROVEMENT & FINANCIAL PLANNING PROCESSES 2004/05 to 2007/08

- 3.1 Service Improvement Plan Guidelines were issued to departments in July with a submission date of 5 November 2004.
- 3.2 The guidelines advised departments that a detailed Cost of Service Provision (CSP) exercise, covering the period up to 31 March 2008 should be completed. Departments were required to complete their 2005/06 – 2007/08 CSP (Cost of Service Provision) exercise by:
- noting the indicative 2005/06 projections that have previously been submitted; and,
 - identifying CSP pressures or revenue budget adjustments for 2006/07 and 2007/08.
- 3.3 Notwithstanding the above the Council will be reviewing its financial strategy and its approach to the inclusion of future CSP's and efficiency savings. A further report on these matters will be brought forward in due course.
- 3.4 In accordance with the approved Financial Plan, the Guidelines requested Departments to bring forward efficiency savings for 2005/06 totalling £3,750,000.

4. MISCELLANEOUS SERVICES REVENUE BUDGET 2005/06

- 4.1 The Revenue Budget for 2005/06 is attached as Appendices i to iii of this report for the Committee's consideration.
- 4.2 The base budget for 2005/06 has been prepared by incorporating CSPs into the current year's budget. Included along with these expenditure pressure areas are items to reflect transfer of responsibility and new initiatives announced by the Scottish Executive over recent years. It should be noted that there are several centrally allocated budgets (e.g.

capital charges, central repairs, apportioned expenses and non-domestic rates) which may have to be realigned between departments as further information becomes available. The movement in the Miscellaneous Services' budget amounts to £306,629 or (3.95%) and is summarised below:

	£000
Employee Cost Pressures	194
External Contract Inflation	24
Other Cost Pressures	89
TOTAL INCREASE	307

4.3 Details of these budget adjustments are contained within the CSP attachments at Appendices i and ii.

4.5 The Department's budget position can be summarised as follows: -

	£000
Base Revenue Budget 2004/05	7,781
Add Cost Pressures	307
Revenue budget 2005/06	8,088
Overall percentage increase	<u>3.95%</u>

4.6 Over the coming weeks, departmental budgets, incorporating efficiency savings will be consolidated to enable the Council to evaluate and consider the potential for growth in service budgets prior to determining its overall spending plans for the forthcoming year. A meeting of the Council will take place on 10 February 2005 to consider these matters.

5. RECOMMENDATION

5.1 The Policy and Resources Sub Committee is requested to:

- i) Approve the Miscellaneous Services level of CSP movements and increases as set out in Appendices i and ii;
- ii) Agree the base budget as per Appendix iii;
- iii) Otherwise note the contents of this report.



Director of Finance

For further information on this report please contact John Verrechia on extension 2200

**North Lanarkshire Council
Current Service Provision (CSP) Adjustments 2005 /2006**

Committee : Policy and Resources (Finance) Sub-Committee

Service : Miscellaneous Services

1	<u>Employee Cost Pressures</u>	
1.1	Increase in Members Allowances as per National Agreement	86,000
1.2	Special responsibility inflationary provision	66,916
1.3	Inflationary Increase in Pension Payments	41,000
	Sub-Total of Employee Cost Pressures	193,916
2	<u>External Contract Inflation</u>	
2.1	Inflationary Increase for Telephone Contracts	24,179
	Sub-Total of External Contract Inflation	24,179
3	<u>Other Cost Pressures</u>	
3.1	Increase in External Payments	9,000
3.2	Increase in level of Apportioned Expenses	79,534
	Sub-Total of Other Cost Pressures	88,534
	Total Increase	306,629

North Lanarkshire Council

Explanatory Notes to CSP Adjustments 2005/2006

Service : Miscellaneous Services

1 Employee Cost Pressures

1.1 Members Allowances 86,000
 Increase in budget provision required as a result of the increase in Basic Allowance which was advised in May 2004 after the 2004/05 Budget setting exercise was completed. Increase also takes account of the amendments to the Committee Structure following the local elections and the rise in the numbers qualifying for Special Responsibility Allowance, together with the impact on other costs e.g. National Insurance contributions.

1.2 Special Responsibility Allowance Inflationary Provision 66,916
 An allowance has been made for any forthcoming inflationary uplift in members special responsibility allowances.

1.3 Inflationary Increase in Pension Payments 41,000
 Increase in budget provision required for pensions in respect of ex DLO and ex CDC employees as a result of inflation and number of payments not reducing as previously anticipated.

2 External Contract Inflation 24,179

2.1 Inflationary Increase for Telephone Contracts
 No provision has been made within previous years' budgets to reflect the movement and trends in telephone costs. This increase consolidates these year on year movements.

3 Other Cost Pressures

3.1 Increase in External Payments 9,000
 This increase represents the cumulative impact of inflationary increases on a number of payments to external bodies such as COSLA and other external organisations .

3.2 Increase in level of Apportioned Expenses 79,534
 This increase reflects the service's relevant share of the net increase in Apportioned Expenses which have increased by an average 2.93% due to the impact of central departments' cost pressures.

TOTAL:**306,629**

NORTH LANARKSHIRE COUNCIL

ESTIMATE OF EXPENDITURE AND INCOME FOR THE YEAR ENDING 31st MARCH 2006

MISCELLANEOUS SERVICES - SUBJECTIVE SUMMARY

	(1)		(2)	(3)
LINE NO.	2004/2005 REVENUE ESTIMATE	EXPENDITURE	2005/2006 REVENUE ESTIMATE	MOVEMENTS
	£		£	
1	681,862	EMPLOYEE COSTS	748,862	67,000
2	378,500	Pensions (ex-CDC)	383,500	5,000
3	82,362	National Insurance	108,362	26,000
4	221,000	Pensions (ex-DLO)	257,000	36,000
5	95,849	TRANSPORT AND PLANT	123,849	28,000
6	95,849	Travelling Expenses	123,849	28,000
7	1,223,754	ADMINISTRATION COSTS	1,346,852	123,098
8	3,000	Printing, Stationery and Photocopying etc.	3,000	
9	42,594	Telephones	66,773	24,179
10	30	Insurance	33	3
11	93,217	Subsistence	97,217	4,000
12	115,124	Conferences	115,124	
13	969,789	Members Allowances	1,064,705	94,916
14	5,105,383	APPORTIONED EXPENSES	5,184,914	79,531
15	750,786	PAYMENT TO AGENCIES AND OTHER BODIES	759,786	9,000
16	571,000	Voluntary Organisations	571,000	
17	179,786	Other Bodies	188,786	9,000
18	(35,849)	MISCELLANEOUS	(35,849)	
19	(47,849)	Other Expenditure / Income	(47,849)	
20	12,000	Area Committees Forum	12,000	
21	50,000	CONTINGENCY ITEMS	50,000	
22	25,000	Provision for Members Training	25,000	
23	25,000	Provision for I.T. Training	25,000	
24	663,000	EXTERNAL FUNDING PROVISION	663,000	
25	202,900	INSURANCE COSTS	202,900	
26	373,000	EXTERNAL AUDIT FEES	373,000	
27	140,000	BEST VALUE REPORTING	140,000	
28	9,250,685	Total Expenditure	9,557,314	306,629

NORTH LANARKSHIRE COUNCIL

ESTIMATE OF EXPENDITURE AND INCOME FOR THE YEAR ENDING 31st MARCH 2006

MISCELLANEOUS SERVICES - SUBJECTIVE SUMMARY

	(1)		(2)	(3)
LINE NO.	2004/2005 REVENUE ESTIMATE	INCOME	2005/2006 REVENUE ESTIMATE	MOVEMENTS
	£		£	£
1	1,469,700	INCOME	1,469,700	0
2	1,469,700	Departmental Recharges	1,469,700	
3	1,469,700	Income	1,469,700	0
4	9,250,685	Gross Expenditure b/f	9,557,314	306,629
5	7,780,985	Net Expenditure	8,087,614	306,629