

AGENDA ITEM No. 5 (b)

To: SOCIAL WORK COMMITTEE	Subject: REVENUE ESTIMATES 2003/2004
From: DIRECTOR OF FINANCE	SOCIAL WORK DEPARTMENT – SHELTERED EMPLOYMENT
Date: 27 November, 2002	Ref: AC/JV/HN

1. Introduction

- 1.1 This report seeks the Committee's consideration and approval of the Social Work Department – Sheltered Employment revenue budget for the year 2003/2004.

2. Background

- 2.1 The Scottish Executive has announced its spending plans for years 2003/2004 to 2005/2006 under the heading “**Building a Better Scotland: Spending Proposals: What the Money Brings.**” In keeping with the agreement reached following the last spending review of 2000, the figures for 2003/2004 will remain unaltered except to reflect new funding arrangements and transfers of responsibility.
- 2.2 More detailed information and the assumptions underpinning the new three year settlement will be brought forward for Council's consideration as the budget process develops over the coming weeks leading to the budget announcement on 13 February, 2003.
- 2.3 The approach to three year financial planning has enabled the Council to develop a more strategically based budget, linked to the corporate and service planning process. The recent announcement on spending levels for the next three years will enable this process to continue into 2004/2005 and 2005/2006.
- 2.4 Members will recall that the Council's current three year financial strategy contains a number of key decisions which will form the basis of developing the budget for the forthcoming year. These include:
- Limiting Council Tax increases to 3.5% per annum for the three years to 2003/2004.
 - A 1% efficiency savings target with these savings being reinvested in Council-services.
 - Increase in discretionary fees and charges in line with inflation.
 - Maintenance of a contingency sum of £8m.
- 2.5 The preparation of the base estimates for 2003/2004 reflects the above strategic decisions.

3. Base Estimates 2003/2004

- 3.1 The base budget for 2003/2004 has been prepared by incorporating CSP's 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 Sheltered Employment Division's budget amounts to £0.023m(or 10%) which is summarised below:-

	£000
3.2 Employee Cost Pressures	23
TOTAL INCREASE	23

3.3 Details of these budget adjustments are contained within the CSP attachments at appendices I and II

4. **Efficiency Savings**

4.1 Reports to the Policy and Resources Committee meetings of 11 June and 17 September 2002 set out the framework for the service planning and financial planning process. Within the context of this process, departments were requested to bring forward efficiency savings for 2003/2004 totalling £4m and representing 1% of the Council's net budget. The level set for the Sheltered Employment Division is zero.

5. **Budget Summary**

5.1 In anticipation of the decision taken in respect of the amount of efficiency savings brought to this Committee, the Department's budget position can be summarised as follows:-


	£000
add Base Revenue Budget 2002/2003	229
Cost Pressures etc.	23
Revenue budget 2003/2004	252
Overall Percentage Increase	<u>10%</u>

5.2 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 13 February 2003 to consider these matters.

6. **Recommendations**

6.1 The Committee is requested to:

- (i) Note the level of CSP movements and increases as set out in Appendix I and II;
- (ii) Agree the base budget as per appendix III;
- (iii) Note that further information will be brought forward as details of the spending announcement emerge.



Director of Finance

For further information please contact John Verrechia on tel. ext. 2200

North Lanarkshire Council

Current Service Provision (CSP) Adjustments 2003 / 04

COMMITTEE: SOCIAL WORK

SERVICE: SHELTERED /SUPPORTED EMPLOYMENT

CSP Increases**1. Employee Cost Pressures**

1.1 Pay Award	18,041
1.2 Increase in Employers Superannuation (from 220% to 230%)	1,480
1.3 Increase in Employers NI (from 8.3% to 9.3%)	3,174
Total Employee Cost Pressures	<u>22,695</u>

2. External Contract Inflation

2.1 Increase in Cleaning Charges from DSO	356
Total External Contract Inflation	<u>356</u>

Total CSP Increases	23,051
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CSP Reductions

Total CSP Reductions	-
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Net CSP Movements (CSP Increases less Reductions)	23,051
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Explanatory Notes to CSP Adjustments

Department : SOCIAL WORK - SHELTERED EMPLOYMENT

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1.1	<u>Pay Award</u> An actual Pay Award of 4% has been provided for in the 2003/04 Estimates	18,041
1.2	<u>Increase in Employers Superannuation</u> The budget increase reflects the increase in employers contribution from 220% to 230%.	1,480
1.4	<u>Increase in Employers NI</u> The budget increase reflects the increase in employers contribution from 8.3% to 9.3%.	3,174
2.1	<u>Increase in Cleaning Charges from DSO</u> This is to provide for increased charges from Catering DSO.	356

NORTH LANARKSHIRE COUNCIL

ESTIMATE OF EXPENDITURE AND INCOME FOR THE YEAR ENDING 31st MARCH 2004

SOCIAL WORK - SHELTERED EMPLOYMENT

LINE	2002/2003 BASE REVENUE ESTIMATE	EXPENDITURE	2003/2004 BASE REVENUE ESTIMATE	MOVEMENTS
	£		£	
1	451,030	EMPLOYEE COSTS	473,725	22,695
2	152,406	Salaries	170,447	18,041
3	241,979	Wages	241,979	0
4	31,314	Superannuation	32,794	1,480
5	25,331	National Insurance	28,505	3,174
6	14,071	PROPERTY COSTS	14,427	356
7	200	Rates	200	-
8	-	Repairs and Maintenance	-	-
9	2,700	Electricity	2,700	-
10	1,900	Gas	1,900	-
11	150	Cleaning	150	-
12	9,121	Contract Cleaning	9,477	356
13	108,850	SUPPLIES AND SERVICES	108,850	0
14	300	Provisions	300	-
15	600	Clothing/Uniforms	600	-
16	10,000	Tools, Equipment etc	10,000	-
17	300	Office Equipment	300	-
18	150	Medical Equipment	150	-
19	-	Laundry	-	-
20	97,500	Partly Produced Materials	97,500	-
21	33,810	TRANSPORT AND PLANT	33,810	0
22	27,810	Internal Transport Hires	27,810	0
23	6,000	Travelling Expenses	6,000	-
26	10,090	ADMINISTRATION COSTS	10,090	0
27	400	Postages	400	-
28	2,200	Telephones	2,200	-
29	5,690	Other Admin. Costs	5,690	-
30	1,000	External Printing	1,000	-
31	800	Stationery	800	-
32	65,000	PAYMENTS TO OTHER AGENCIES AND BODIES	65,000	0
33	65,000	Other Bodies	65,000	-
34	-	CAPITAL CHARGES	-	-
35	-		-	-
36	14,602	APPORTIONED EXPENSES	14,602	0
37	697,453	Total Expenditure	720,504	23,051

NORTH LANARKSHIRE COUNCIL

ESTIMATE OF EXPENDITURE AND INCOME FOR THE YEAR ENDING 31st MARCH 2004

SOCIAL WORK - SHELTERED EMPLOYMENT

(3)

LINE	2002/2003 BASE REVENUE ESTIMATE	EXPENDITURE	2003/2004 BASE REVENUE ESTIMATE	MOVEMENTS
	£		£	
1	467,590	INCOME	467,590	0
2	165,120	Grant	165,120	-
3	282,470	Sales	282,470	-
4	20,000	Other Income	20,000	-
5	467,590	Total Income	467,590	0
6	697,453	Gross Expenditure b/f	720,504	23,051
7	229,863	Net Expenditure	252,914	23,051