



Glasgow City Council

Report to Council

Report by Executive Director of Financial Services

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2012/13 REVENUE AND CAPITAL BUDGET

1. FINANCIAL FORECAST

- 1.1 A Financial Forecast for 2011-13 was issued to all political groups in June 2010. This set out a requirement for savings of £101million over those two years. For 2012-13 the Net Spending Gap was reported as £48.7 million after taking account of estimated Central Government Grant and Spending Commitments.
- 1.2 The Financial Forecast was updated in December 2011 after reviewing assumptions for inflation, unavoidable spending pressures and financing costs resulting in a revised spending gap of £42.9million. Political groups were briefed on this revised forecast.

2. LOCAL GOVERNMENT SETTLEMENT

- 2.1 The provisional settlement was received in early December and is still subject to approval by the Scottish Parliament. In 2012-13 Glasgow City Council expects to receive funding of £1,300.711 million, excluding Police Specific Grant.
- 2.2 The Cabinet Secretary for Finance and Sustainable Growth wrote to COSLA on 21 September 2011 setting out the terms of the settlement to councils in return for their provisional allocations. The terms relate to commitments which are noted below:
 - (i) Maintain a council tax freeze in each of the three years of the Spending Review.
 - (ii) Maintain teacher numbers in line with pupil numbers and secure places for all probationers who require one under the teacher induction scheme.
 - (iii) Individual local authorities to pass on their full share of funding to Police Boards in line with the existing agreed level for 2011-12 as a contribution to maintaining the number of police officers at least at 17,234 throughout the Spending Review period 2012-15.
- 2.3 If councils do not agree to these commitments then the Scottish Government plan to holdback the council's needs based share of £579million. For Glasgow, this is estimated at £75 million.

3. BUDGET PROPOSALS

- 3.1 Savings totalling £34.9million have already been approved for 2012-13 as part of previous budget decisions.
- 3.2 Taking the above into account the spending gap remaining is £8million. Corporate budget options and resource re-directions for this sum, and their full year effects in 2013-14, are set out at Appendix 1. This results in total estimated service gross expenditure in 2012-13 of £2,329.646million. Service Department income is estimated to be £779.436million giving service revenue net expenditure of £1,550.210million. Net direct service expenditure per service is listed on page 10 of this report. This assumes that the Council's budget meets the specified set of commitments set out at paragraph 2.2.
- 3.3 In order to fulfil Equalities obligations a report on Equality Impact Assessment (EIA) of the corporate budget options of net £8million is attached to this report at Appendix 2. The carbon implications of the budget options are available in the Members library.

4. PROBABLE OUTTURN

- 4.1 In setting the Council's Budget for 2012-13 the Probable Outturn for 2011-12 has to be considered in terms of its impact on balances. As reported in the Period 10 Budget Monitoring report the forecast is that expenditure on General Fund services will be £0.5 million underspent at the end of the year which would provide a small contribution to balances.

5. RESERVES

- 5.1 As part of the Council's policy on reserves, the Budget Report is required to provide a summary of the Council's key reserves and the adequacy of reserves held over the medium term.
- 5.2 The level of unallocated General Fund reserves as at 31 March 2011 is £23.7million (1.5%). The council's policy is to restore unallocated General Fund reserves to 2% over the medium term. In light of the current economic climate and level of savings required to be made to meet the spending gap further contributions to unallocated General Fund reserves have been deferred in 2011-13.
- 5.3 A contribution of £1.5 million to the Repairs and Renewals fund to support life cycle maintenance initiatives, £1 million to the Insurance Fund to meet insurance liabilities and £0.4m to the New Technology Fund to support future ICT refresh in schools is proposed.
- 5.4 The Council operates a number of other revenue reserve funds for specific purposes. The total value of these funds as at 31 March 2011 amounted to £67.6 million. The main commitments during 2011-12 include the following:
 - The Council's main Repairs and Renewals Fund is fully committed with a programme of spend of £12.2 million in the current year

- The Green Space Fund is specifically earmarked for the development of green areas within the city, with estimated expenditure of £1.0 million in the year;
- The New Technology Fund is fully committed with a programme of spend of £1.1million in the year;
- The Cultural and Recreation Fund is fully committed, including 2014 Commonwealth Games expenditure, with a programme of spend of £4.8 million in the year;
- The Insurance Fund will meet estimated expenditure of £8.3 million in the year; and
- In addition there are a number of smaller funds with committed programmes

It is estimated that the value of these committed funds as at 31 March 2012 will amount to £40.2 million before the application of contributions and interest.

5.5 The Council's capital reserves as at 31 March 2011 amounted to £19.6 million. These resources form part of the committed funding framework for major capital projects including the Pre-12 Strategy and Care Homes for Older People and management of financing costs.

5.6 The Executive Committee considered a report on Capital Pressures on 11 November 2010. This report set out the projects to be taken forward and that these would be brought to the Executive Committee on an individual basis for approval. As such this Budget report does not contain any proposals for capital expenditure.

6. GROWTH

6.1 The budget does not include any provision for revenue or capital growth. Each political group has to determine its own level of growth and its funding source.

7. FINANCIAL RISKS

7.1 It is essential that Service Reform proposals already approved and those to be approved as part of the Budget for 2012-13 are delivered and associated efficiency savings achieved.

7.2 There is still financial risk associated with the delivery of this programme and this will be underpinned by General Fund reserves.

8. RECOMMENDATIONS

8.1 Members are asked to approve:

- a. The budget options and resource re-direction for £8million in 2012-13 and full-year effects in 2013-14 as set out at Appendix 1.
- b. The allocation of net resources to each service amounting to a net revenue budget of £1,550.210million.
- c. After application of government grants of £1,300.711million, a net balance to be met from local taxes of £249.499million representing a freeze on Council Tax in 2012-13 at a Band D charge of £1,213.



Proposal	2012 / 2013	2013 / 2014	Total
<p>12GF65 Improved Productivity - Staffing</p> <p>It is estimated that through normal attrition circa 500 employees will leave the council in 2012/13. It is proposed that through continued focus on attendance management, review of middle management and service reform initiatives on the EDRMS, Mobile and Home working staff can be released and redeployed into essential vacant posts arising from attrition. The redeployment of staff will be underpinned by a process of training and development to make staff ready for essential posts. As a result the council will significantly reduce the number of external appointments generating initial savings of £5million in employee costs in 2012/13</p>	£5,000,000	£2,000,000	£7,000,000
<p>12GF66 Support Services Review - Back Office</p> <p>Further to the decision not to proceed with the Clyde Valley Support Services Business Case council services have been reviewing options for further reform of transactional activities and professional services. A saving of £2million over 2 years is estimated.</p>	£1,000,000	£1,000,000	£2,000,000
<p>12GF67 Advertising and Sponsorship</p> <p>By proactively engaging with the private sector on advertising and sponsorship opportunities it is estimated that additional income of £1million over 2 years is achievable.</p>	£500,000	£500,000	£1,000,000
<p>12GF68 Restrictions on Non-Essential Spend</p> <p>Through the review of all categories of expenditure further reductions can be made in non essential spend without impacting on service delivery. This option excludes school supplies.</p>	£1,500,000	£0	£1,500,000
Sub Total for Corporate	£8,000,000	£3,500,000	£11,500,000
Grand Total	£8,000,000	£3,500,000	£11,500,000



Proposal	2012 / 2013	2013 / 2014	Total
12GF69 Energy Management Through continued focus on energy savings measures the council will aim to reduce consumption in 2012/13. This saving will be redirected to manage the expected inflationary increase in energy prices.	-£1,000,000	£0	-£1,000,000
12GF70 Energy Management - Resource Redirection The saving noted above will be redirected to manage the expected inflationary increase in energy prices.	£1,000,000	£0	£1,000,000
Sub Total for Corporate	£0	£0	£0
Grand Total	£0	£0	£0



APPENDIX 2

Report to: Council

Report by: Lynn Brown, Executive Director Financial Services

Date: 9 February 2012

The Budget process and Equality Impact Assessment (EIA)

1. The law requires the Council to pay “due regard” to the need to eliminate discrimination and promote equality. These requirements apply across the 'protected characteristics' of age; disability; gender reassignment; pregnancy and maternity; race; religion and belief; sex and sexual orientation
2. The law requires that this duty to pay “due regard” be demonstrated in the decision making process. The process for doing this is described as equality impact assessment. The Council has an agreed process to identify possible significant equality impacts arising from the budget options currently under consideration.
3. Members are asked to:
 - note the outcomes from the EQIA screening for the options which are attached
 - note that there will be ongoing monitoring of the equality impact of the budget options through the Council’s performance reporting arrangements and the Equality Duty reporting arrangements

	Budget Option	Assessment of Impact on Equality	Comments
12GF65	Improved Productivity - Staffing	The Councils workforce is approximately 2/3rds women therefore potentially this option could impact on women's employment and employment opportunities. There have been improvements in the proportion of women at senior levels but women tend still to be overrepresented in lower grades. Women also tend to be employed in caring roles and administrative functions. However to date, analysis of leavers to date under the Tomorrows Council programme shows no differential impact on men or women (52% are female and 48% male). In addition no differential impacts in terms of disability or race have been identified.	The equality impacts of these measures will be monitored by Corporate HR and the Strategic HR Forum as they are rolled out and where possible opportunities to address occupational segregation and improve representation of women at more senior levels will be considered . The Council will also continue to take steps to maximise participation in the labour market by underrepresented groups by available means such as provision of work placements and support for employability programmes“.
12GF66	Support Services Review – Back Office	As women are more likely to be employed in administrative and back office functions there is potential for this option to have a greater impact on women.	It is recommended that an Equality Impact Assessment is carried out as part of the Support Services Review programme.
12GF67	Advertising and Sponsorship	No significant impact identified	
12GF68	Restrictions on Non Essential Spend	No significant impact identified	

REVENUE ESTIMATES 2012/13

SUMMARY OF AGGREGATE ESTIMATES

Line No.		Estimate 2012/13
		£
1	Service Expenditure	2,329,646,400
2	Service Income	779,436,200
3	Total Net Service Expenditure	1,550,210,200
4	Contribution to Balances	0
5	Total Net Expenditure	1,550,210,200
6	Central Government Grant	1,300,711,000
7	Balance to be met from Local Taxes	249,499,200
	COUNCIL TAX	2012/13
		£
	Band A	808.67
	Band B	943.44
	Band C	1,078.22
	Band D	1,213.00
	Band E	1,482.56
	Band F	1,752.11
	Band G	2,021.67
	Band H	2,426.00

REVENUE ESTIMATES 2012/13

NET EXPENDITURE

Line No.		Estimate 2012/13
1	Chief Executive's Office and Corporate Services	86,949,500
2	Development and Regeneration Services	25,974,200
3	Education Services	478,741,800
4	Financial Services	14,942,300
5	Land and Environmental Services	112,044,800
6	Social Work Services	421,219,400
7	Joint Boards, Passenger Transport and Scientific Services	133,566,400
8	Related Companies	125,871,200
9	Net Direct Expenditure	<u>1,399,309,600</u>
10	Financing Costs	160,918,600
11	Net Central Administration from Trading Operations	-1,203,500
12	Allocations	-191,700
13	Contributions to/ from Funds	2,916,400
14	Contribution from Trading Operations and Related Companies	-11,539,200
15	Net Service Expenditure	<u>1,550,210,200</u>
16	Contribution to Balances	0
17	Total Net Expenditure	<u>1,550,210,200</u>