

North Ayrshire Council
19 December 2011

IRVINE, 19 December 2011 - At a Special Meeting of North Ayrshire Council at 11.00 a.m.

Present

Pat McPhee, Ian Clarkson, Robert Barr, Tom Barr, Matthew Brown, Margie Currie, Anthea Dickson, John Ferguson, Alex Gallagher, William Gibson, Tony Gurney, Jean Highgate, Alan Hill, John Hunter, Ruby Kirkwood, Margaret McDougall, Peter McNamara, Ronnie McNicol, Elisabeth Marshall, John Moffat, Alan Munro, David O'Neill, Ryan Oldfather, John Reid and Joan Sturgeon.

In Attendance

E. Murray, Chief Executive; I. Colvin, Corporate Director (Social Services & Health); L. Friel, Corporate Director and O. Clayton, Head of Service (Community Care & Housing) (Finance & Infrastructure); C. Kirk, Corporate Director (Education & Skills); I.T. Mackay, Solicitor to the Council (Corporate Services); J. Montgomery, General Manager (Policy and Service Reform); M. McKeown, Committee Services Manager and L. McEwan, Communications Manager (Chief Executive's Service).

Chair

Provost McPhee in the Chair.

Apologies for Absence

John Bell, Jim Montgomerie and Robert Rae.

1. Declarations of Interest

There were no declarations of interest by Elected Members in terms of Standing Order 16.

2. Local Government Settlement 2012/15

Submitted report by the Corporate Director (Finance and Infrastructure) advising the Council on the financial settlement proposed by the Scottish Government for 2012/15.

The Scottish Government issued the Local Government Finance Settlement for 2012/15 on 8 December 2011. The Settlement, outlines the draft Scottish Budget for 2012/13, with planning assumptions for 2013/14 and 2014/15, and is subject to Parliamentary approval in early 2012.

The Scottish Government requires individual Councils to agree to a number of requirements prior to releasing the full value of the Settlement. These terms have been negotiated between COSLA and the Scottish Government. The letters confirming the terms of the Settlement are were appended to the report. Following the Council's budget setting meeting on 1 February 2012, the Council will require to confirm in writing to the Scottish Government that the budget has been set in accordance with the Scottish Government's requirements. If the Council agrees in principle to the terms of the Settlement, this will mean agreeing to a 0.29% reduction in 2012/13 in aggregate external finance (grant plus non domestic rate income) compared to an average reduction of 5.2% if the terms are not accepted.

The Settlement confirms total distributable revenue expenditure of £10,467m over the period of the review, 0.3% higher than 2011/12. North Ayrshire Council will receive £283.043m, a reduction of £0.811m (-0.29%) from 2011/12). This reduces by a further £0.521m (-0.18%) and £0.531m (-0.19%) in 2013/14 and 2014/15 respectively.

The change to funding for 2012/13 across Scotland varies from an increase of 1.36% to a reduction of 1.46%, with North Ayrshire losing 0.29%. The draft settlement represents a deterioration on the planning assumptions which have been made to date and accordingly the Council's budget strategy will be updated to reflect this.

In addition to the core funding, £37.6m of funding is available for the Teachers Induction Scheme. North Ayrshire can anticipate receiving £0.905m.

The value of capital funding available has reduced from £12.193m in 2011/12 to £9.371m in 2012/13. For 2013/14 and 2014/15 the planning figures are £8.696m and £13.175m respectively. The reduction in 2012/14 reflects the impact of the Scottish Government's re-profiling of expenditure from the first two years of the review into the third year of the current review and first year of the next Spending Review. This reflects an improvement on the current planning assumptions and the draft Capital Plan will be updated to reflect this.

The Settlement letter requires local authorities to confirm by 20 December 2011 that they agree to the principles negotiated between COSLA and the Scottish Government. The Scottish Government proposes to hold back £579m of funding until all Councils have finalised their budgets. This represents £14.385m for North Ayrshire. The Scottish Government's requirements, and the associated financial penalty for not meeting these, are as follows:-

- Maintaining a Council Tax freeze in each of the three years of the Spending Review (£70m);
- Maintaining teacher numbers in line with pupil numbers and securing places for all probationers who require one under the teacher induction scheme, the financial penalty associated with this is the withholding of the £24m for teacher numbers and the £15m associated with the SNTC Teachers agreement (£39m);
- Passing on the full share of specific grant funding to police boards in line with the existing agreed level for 2011/12 as a contribution to maintaining the number of police officers throughout the period of the spending review (£470m).

The Finance Settlement provides planning figures for 2013/14 and 2014/15. The wider economic challenges (in particular risk of a further recession, the progressive downgrading of economic growth, and the ongoing Euro debt crisis, may however have a potential impact on future local government settlements.

A specific issue has arisen as part of the wider Scottish budget in respect of funding for Regeneration. In early November 2011, the Irvine Bay URC was advised by Scottish Government officials that funding for 2012/13 would be £2.5m, with no funding proposed for future years. This is £1.5m lower than the funding level received in each of the previous years from Scottish Enterprise and Scottish Government. The combined level has been around £4m per year, which falls short of the £8m per year of anticipated funding from Scottish Government and Scottish Enterprise as set out in the URC's business plan since 2007.

In addition to the Scottish Enterprise and Scottish Government funding, the Council has also funded the work of the URC by around £1.5m per year, with additional contributions through land transfers. On 8 December 2011, the Scottish Government advised the Chief Executive of the Council that funding of around £1.5m would be available for 2013/14. Whilst this is to be welcomed, it still falls short of current funding levels and those identified within the URC's business plan and leaves uncertainty for future years. Officers will continue to work with Scottish Government to resolve the position.

Members asked questions and received clarification on aspects of the report, including the value of land transfers from the Council to the URC.

The Leader of the Council noted that 22 local authorities would receive a better settlement than North Ayrshire, including authorities covering some of the wealthiest areas in Scotland. He expressed disappointment that the settlement represented a deterioration in the Council's position and did not recognise the challenges facing the area. He noted that the upgrading of the A737, vital to North Ayrshire, did not feature in the Scottish Government's capital programme earlier than 2030. The Leader also voiced concerns about the impact of the reduction in funding to Irvine Bay URC.

Councillor Brown, highlighted the negative impact on the Scottish Government's budget of the reduction in funding from the UK Government. He reflected that the settlement did not recognise the levels of deprivation within North Ayrshire in comparison to other authorities. He also noted that the upgrade of the A737 did not feature in the Scottish Government's capital plans. Finally he expressed disappointment about the settlement for Irvine Bay URC and noted that officers would continue to work to resolve the position.

Councillor O'Neill, seconded by Councillor Reid, moved that the recommendations contained within the report be accepted. There being no amendment, the motion was declared carried. Councillor R. Barr requested that his dissent be recorded.

Accordingly the Council, with Councillor R. Barr, dissenting agreed to (a) note the content of the report; (b) give its approval in principle to the requirements outlined in the letters contained within the Appendix to the report; (c) authorise the Leader of the Council to respond to the Scottish Government by 20 December 2011; (d) note that following approval of the Council's budget in February 2012, the Council will be required to confirm to the Scottish Government by 11 March 2011 that adequate provision has been made to deliver against the commitments outlined at appendix 1; and (e) note the current funding situation for the URC and the ongoing negotiations in respect of this.

The meeting ended at 11.20 a.m.