

Corporate Strategy Committee
7 January 1997

Irvine, 7 January 1997 - At a Special Meeting of the Corporate Strategy Committee of North Ayrshire Council at 3.30 p.m.

Present

James Clements, Patrick Browne, Jack Carson, Ian Clarkson, Stewart Dewar, John Donn, Samuel Gooding, James Jennings, Joseph McKinney, Thomas Morris, Robert Rae, Robert Reilly, George Steven and Samuel Taylor.

In Attendance

The Chief Executive; The Head of Corporate Business; The Directors of Financial Services, Education, Social Work, Planning Roads and Environment, Commercial Services; The Head of Strategy and Business Management (Community and Recreational Services); The Principal Officer (Policy/Administration), and J Bannatyne, Administration Officer (Chief Executive).

Chair

Mr Clements in the Chair.

Apologies for Absence

David Gallagher, Jane Gorman and David O'Neill.

1. Local Government Finance Settlement 1997/98

(a) Revenue Estimates 1997/98

Submitted report by the Director of Financial Services on the Local Government Finance Settlement for 1997/98, the budget prospects for the Council and the Revenue targets for each services.

Following the announcement by the Secretary of State last month of the total Local Government Settlement for Scotland, Councils received their individual details on 19 December 1996. The Council's share of Grant Aided Expenditure (GAE) has increased by 3.3% to £143.481m, an increase of £4.612m against a Scottish average of 1.2%. The main reason for the improvement is the transfer back to the Council of £2.899m under the mismatch scheme. The Secretary of State has directed substantial resources into Police, Fire and to a lesser extent Education. The main impact of this decision is to reduce the resources to other Main Services by approximately 6.2%.

The capping limit is determined by applying a 0.5% increase to the Capped Budget for 1996/97 and adjusting for reorganisation costs and savings. A figure of disregards is added, which are the Secretary of State's accepted increased burdens for 1997/98 and a further adjustment is made for the effect of Nursery Vouchers. For North Ayrshire Council the Capping Limit is £146.589m an increase of 2.3% above the previous year, which is an apparent increase of £3.435m. In reality when the net reorganisation costs are taken out of the calculation the increase is only £2.472m (1.7%).

North Ayrshire Council's GAE amounts to £145.171m and this figure excludes CFCR (Capital Funded from Current Revenue) which is now incorporated within the Capping Limit. The Scottish Office has conceded that CFCR included in the 1996/97 capping figure should be added also to the GAE. This amount (£1,171m) when added to the GAE figure provides a marginally

higher Capping Limit of £146.632m against a cap of £146.589m.

The Council will require to make savings of around £7m to remain within the Capping Limit. The Chief Executive has had meetings with Directors on proposed adjustments to the cost of current level of service (CCLS) which have resulted in recommended savings of £1,232m on CCLS.

The total savings which require to be made from provisional budgets amount to £7,175,000. Details of the recommended savings are as follows:-

(a)	Transfer repairs to Repairs and Renewals Fund	£ 904,00
(b)	Loans Fund Provision	£ 525,00
(c)	CCLS Revisions	£1,232,00
(d)	Capitalisation of Revenue Expenditure	£ 500,00
(e)	Provision for Superannuation Increase	£ 415,00
(f)	Exclusion of Growth Items	£ 400,00
(g)	Social Work Savings (increased income)	£ 500,00
		<u>£4,476,00</u>

Consequently the balance of savings required by services of the Council amount to £2,699,000 and it was recommended that those services which are furthest over their GAE will require to make the largest savings, ranging from 0% to 4% as follows:-

Commercial Services	4%
Community and Recreational Services	4%
Planning and Development	4%
Environment	2%
Protective Services	4%
Support Services	4%

Joint Boards	2%
Roads	1%
Education	1%
Social Work	0%

A Seminar will be held at Moorpark House on 27 January 1997 to discuss the proposed savings.

After discussion, the Committee agreed (a) to make the recommended savings of £4,476,000 as outlined in the report; and (b) that the Directors in consultation with the Committee Chairs examine the ways in which the further necessary savings can be achieved.

(b) Capital Expenditure 1997/98

(i) Other Services (except HRA)

The Scottish Office have advised the Council that their allocation for all services (except HRA) for 1997/98 amounts to £8.834m to which should be added the balance of the 1996/97 Repairs and Renewals Fund of £589,000. The underspend from the current financial year and Capital Receipts etc. should be added to this giving total estimated resources of £10.656m for 1997/98.

Noted.

(ii) HRA

The Scottish Office have advised the Council that their allocation for Capital Expenditure on HRA for 1997/98 amounts to £2.915m. To this figure will be added house sales, principle repayments, other receipts, the underspend for 1995/96 and CFCR giving total estimated resources of £6015m on HRA for Capital Expenditure for 1997/98.

This figure is considerably reduced from the current year's Capital Expenditure due to the fact that only 25% of Receipts can now be used for the Capital Programme. Estimated Capital Receipts for 1997/98 amount to £4.4m which will only provide £1.1m for the Capital Programme.

In noting this item the Committee expressed their deep concern over the rules which now require 75% of Capital Receipts to be set aside and the impact which this will have on the Council's Capital Programme on HRA.

The meeting ended at 4.00 p.m.