

BUDGET BRIEF

2009 - 2010

BRATH BUIDSEIT



TABLE OF CONTENTS



	Page
Foreword	1
The Revenue Budget Process	2
General Fund Revenue Budget for 2009/10	3
Summary of Net Revenue Budgets by Service	5
Council Tax information	7
Non Domestic Rates information	8
Housing Revenue Account Budget	10
Capital Budget	12
General Fund Capital programme	12
Housing Revenue Account Capital programme	14
Glossary of Terms	15
Facts and Figures about The Highland Council	17

FOREWORD



This publication contains summarised details of the Council's Revenue and Capital budgets for 2009/10.

Readers should be aware that details contained within this volume represent a snapshot of budgets at the time of publication. For a number of reasons, budgets can alter during the course of a financial year;

- Budgets can alter in absolute terms if additional funding becomes available, eg additional grant funding.
- Allocation of budgets within and across Services can also alter as a result of budget transfers, e.g. as a result of a transfer of responsibilities or viring budget through good budget management practice.

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Alan Geddes,
Depute Chief Executive & Director of Finance
March 2009



INTRODUCTION

The Revenue budget shows the Council's planned expenditure on Service provision for the financial year.

The Council sets a separate budget, as required by legislation, to meet the costs of public sector housing.

This is known as the Housing Revenue Account (HRA) budget, and is shown as a separate statement.

GRANT SETTLEMENT

Approximately 80% of the Council's funding is provided by the Scottish Government. The Total Revenue Support assumed is :

	2009/10	Increase
Total grant budgeted in 2009/10	£488.2m	4.3%

The remainder of the budget is met from Council Tax income and the use of balances. For 2009/10, Council Tax has been frozen at the same level as 2007/08 and 2008/09.



GENERAL FUND REVENUE BUDGET FOR 2009/10



Budget Changes	£'m	
Budget 2008/2009	568.6	
Additional resources notified during 2008/09		6.3
Adjusted Base Budget 2008/2009	574.9	
Roll forward adjustments, etc		(1.8)
Pay awards (2.5% teaching, 2.5% other)	7.6	
General inflation (2.5%, excluding pay)	3.8	
Energy budget increase	4.6	
Increments (teaching)	1.6	
Job Evaluation costs	2.8	
Pension increases (teaching)	<u>1.3</u>	21.7
Increase in Schools PPP2 charge	5.2	
Less increase in demographic savings, etc	<u>(0.7)</u>	4.5
Joint Board requisition increases		0.9
Estimated Increase in loans charges		1.7
Growth and pressures		8.7
Efficiencies and savings		(12.9)
Total Revenue Budget 2009/2010	597.7	



BUDGET POLICY

From September 2008 Services developed saving proposals to the value of 5% of their budget. Within this sum, Services were to identify efficiency savings totalling at least 2% of their budget in the year.

The financial outlook and proposed saving targets were discussed by the Budget Information Group, which has met on several occasions throughout the budget process to be briefed on the financial outlook and the saving proposals to meet the 5% targets. In targeting savings of 5%, this approach was intended to provide flexibility and options in arriving at a final package of savings.

The actual level of savings required for 2009/10 is lower, equating to on average 2.9% of Service budgets. The level of saving varies across Services, as through the budget process attempts have been made to target efficiencies, minimise frontline service impact and align budget proposals with 'Strengthening the Highlands' Programme priorities.

The budget is based on freezing Council Tax at the level of the previous two years; additional grant funding was made available by the Government for this.

Examples of the growth provided in the budget were the following sums:

	£'m
Education, Culture and Sport	
Revenue consequences of Capital expenditure, inc Highland Archive Centre	0.8
Increased fuel costs	0.7
Social Work	
Additional funding for Home care provision	1.0
People with a learning disability; Independent Sector Care	0.7
Transport, Environmental & Community Services	
Landfill tax increase	0.7
Full year effects of extending kerbside recycling collections to rural areas.	0.5
Planning and Development Services	
Reduction in Planning and Building Warrant fees following the economic down-turn	0.6

SUMMARY OF NET REVENUE BUDGETS BY SERVICE

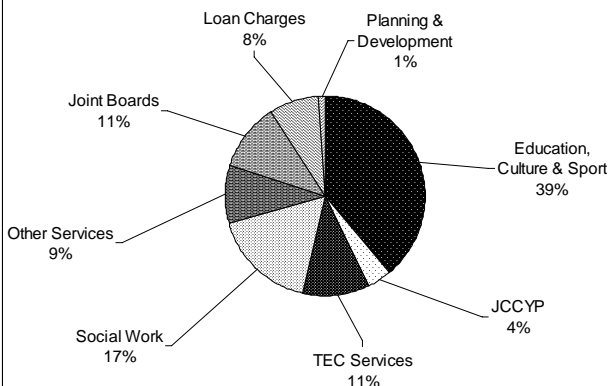


	2009/10 Increase / (Decrease)		
	£'m	£'m	%
Education, Culture & Sport (inc Gaelic)	232.6	15.8	7.2%
Joint Committee for Children & Young People	22.5	(0.5)	(2.0%)
Planning and Development Service	7.0	1.1	18.4%
Social Work Service	101.1	1.6	1.6%
Transport, Environmental and Community (TEC) Services	66.0	1.3	2.1%
Chief Executive's Office	26.7	(1.3)	(4.6%)
Finance Service	6.9	(0.1)	(0.9%)
Housing & Property Services	8.6	0.3	3.0%
Services sub-total	471.4	18.2	4.0%
Joint Board Requisitions			
Police	45.8	(0.4)	(0.8%)
Fire	16.7	1.2	7.6%
Valuation	2.3	0.1	2.7%
Joint Boards sub-total	64.8	0.9	1.3%
Loan charges and interest on Revenue Balances	48.0	1.7	3.6%
Job Evaluation provision	10.6	3.0	39.7%
Schools PPP2 earmarked balances, future years	-	(0.6)	100.0%
Affordable housing: Council Tax contribution	2.6	-	-
Non Domestic Rates relief	0.5	-	-
Unallocated contingency	(0.2)	(0.4)	(205.4%)
Other items sub-total	61.5	3.7	6.4%
Total Revenue Expenditure	597.7	22.8	4.0%

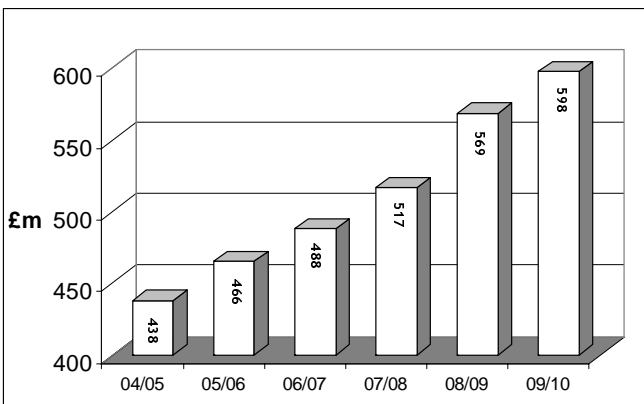
HOW THE BUDGET WILL BE SPENT IN 2009/10



Net Budget by Service



GENERAL FUND BUDGET HISTORY: 2004/05 TO 2009/10





INTRODUCTION

The Council Tax is set for nine different bands, dependent on the value of the property. A property's value is set by the Assessor. Council Tax is calculated for Band D properties, and a fraction is used to arrive at the Tax for all bands. Water and Wastewater charges are levied by Scottish Water, and are shown below. For 2009/10, Council Tax was frozen at the same level as 2007/08 and 2008/09.

COUNCIL TAX CALCULATION

For 2009/2010 the Tax was calculated as follows:

Total Revenue Budget		£'m 597.7
Less Funding package;		
- Grant funding	488.2	
- Use of balances	<u>3.1</u>	<u>491.3</u>
Sum to be met from Council Tax		<u>106.4</u>

Number of Band D Equivalents (based on a 97.25% collection level)	91,463
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Council Tax at band D	£1,163
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The tax for all bands is as follows:

Band	Property Value upper limit £	Factor	Council Tax £	Water & Waste Water Charges £	Total £
A	27,000	6/9	775.33	262.38	1,037.71
B	35,000	7/9	904.56	306.11	1,210.67
C	45,000	8/9	1,033.78	349.84	1,383.62
D	58,000	9/9	1,163.00	393.57	1,556.57
E	80,000	11/9	1,421.44	481.03	1,902.47
F	106,000	13/9	1,679.89	568.49	2,248.38
G	212,000	15/9	1,938.33	655.95	2,594.28
H	212,001+	18/9	2,326.00	787.14	3,113.14

Note:

Properties are valued at the open market value on 1 April 1991.



NON-DOMESTIC RATES

The Council is required to collect this rate for non-domestic properties in the Highlands. The rates are based on a rateable value for a property which is determined by the Assessor, multiplied by the rate poundage which is set by the Scottish Government.

The Small Business Bonus scheme offers discounts of between 25% and 100% (in 2009/10) for occupiers of eligible properties with a total combined rateable value of £15,000 or less.

Reliefs may be available for properties which are empty and unused, for charities or other non-profit making organisations, and for sports clubs. Disabled relief is also available.

Rateable Value

Poundage per £ of Rateable value

£15,000 or below

48.1 p less a discount for eligible properties above

£15,001 - £29,000

48.1p

Above £29,000

48.1 p plus a supplement of 0.4p



COUNCIL TAX LEVELS IN SCOTLAND



- BAND D -

	2008/09	2009/10	Increase
	£	£	%
Aberdeen	1,230	1,230	-
Aberdeenshire	1,141	1,141	-
Angus	1,072	1,072	-
Argyll & Bute	1,178	1,178	-
Clackmannanshire	1,148	1,148	-
Comhairle nan Eilean Siar	1,024	1,024	-
Dumfries & Galloway	1,049	1,049	-
Dundee	1,211	1,211	-
East Ayrshire	1,189	1,189	-
East Dunbartonshire	1,142	1,142	-
East Lothian	1,118	1,118	-
East Renfrewshire	1,126	1,126	-
Edinburgh	1,169	1,169	-
Falkirk	1,070	1,070	-
Fife	1,118	1,118	-
Glasgow	1,213	1,213	-
Highland	1,163	1,163	-
Inverclyde	1,198	1,198	-
Midlothian	1,210	1,210	-
Moray	1,135	1,135	-
North Ayrshire	1,152	1,152	-
North Lanarkshire	1,098	1,098	-
Orkney	1,037	1,037	-
Perth & Kinross	1,158	1,158	-
Renfrewshire	1,164	1,164	-
Scottish Borders	1,084	1,084	-
Shetland	1,053	1,053	-
South Ayrshire	1,154	1,154	-
South Lanarkshire	1,101	1,101	-
Stirling	1,209	1,209	-
West Dunbartonshire	1,163	1,163	-
West Lothian	1,128	1,128	-
Average for Scotland*	1,149	1,149	-

*Source: COSLA

Note: Council tax figures for other authorities have been rounded for presentation purposes.

HOUSING REVENUE ACCOUNT



INTRODUCTION

As required by legislation, the Council operates a separate budget for the provision of Public Sector housing: the Housing Revenue Account (HRA).

The Housing Revenue Account is primarily funded by Rent Income. The budget agreed is shown below:

BUDGET SUMMARY

	2009/10	Increase / (Decrease)	
	£'m	£'m	%
Expenditure			
Supervision & Management	6.4	(0.2)	(2.8%)
Tenant Participation	0.2	0.1	200.0%
Sheltered Housing	0.5	-	9.5%
Homelessness	0.6	-	-
Repairs & Maintenance	16.0	0.6	4.0%
Rent Loss	0.8	(0.1)	(8.1%)
Central Administration	3.3	0.1	2.7%
Loan Charges	14.3	(1.0)	(6.8%)
Capital From Current Revenue	1.7	1.3	286.4%
Total Expenditure	43.8	0.8	1.9%
Income			
House Rents	41.9	1.7	4.2%
Other Rents	1.4	(0.1)	(7.2%)
Other Income	0.4	(0.4)	(49.2%)
Interest on Revenue Balances	0.1	(0.1)	(40.0%)
Balances Applied	-	(0.3)	(100.0%)
Total Income	43.8	0.8	1.9%

HOUSE RENTS

The Council calculates rents on a 48 week basis:

	2009/10	Increase	
		£	%
Average house rent (48 week basis)	£63.93	£2.46	4.0%

Comparisons

For comparison with other authorities, a 52 week basis is used.

Highland Council	£59.01	£2.27	4.0%
Scottish Average (Source: COSLA)	£52.79	£3.41	6.9%

AVERAGE WEEKLY RENT LEVELS IN SCOTLAND



	Average Weekly Rent	Increase	
	2009/10 £	Amount £	Percent %
Aberdeen	56.29	2.06	3.8
Aberdeenshire	50.56	1.48	3.0
Angus	46.22	2.16	4.9
<i>Argyll & Bute</i>	<i>Housing Stock Transferred</i>		
Clackmannanshire	49.72	2.14	4.5
<i>Comhairle nan Eilean Siar</i>	<i>Housing Stock Transferred</i>		
<i>Dumfries & Galloway</i>	<i>Housing Stock Transferred</i>		
Dundee	55.42	3.09	5.9
East Ayrshire	50.86	2.24	4.6
East Dunbartonshire	56.47	2.79	5.2
East Lothian	42.48	2.10	5.2
East Renfrewshire	50.14	2.18	4.5
Edinburgh	65.48	3.53	5.7
Falkirk	49.77	1.44	3.0
Fife	50.36	1.94	4.0
<i>Glasgow</i>	<i>Housing Stock Transferred</i>		
Highland	59.01	2.27	4.0
<i>Inverclyde</i>	<i>Housing Stock Transferred</i>		
Midlothian	46.29	2.20	5.0
Moray	40.77	1.37	3.5
North Ayrshire	54.14	3.55	7.0
North Lanarkshire	50.59	1.71	3.5
Orkney	49.38	3.48	7.6
Perth & Kinross	50.16	3.80	8.2
Renfrewshire	57.67	2.22	4.0
<i>Scottish Borders</i>	<i>Housing Stock Transferred</i>		
Shetland	56.98	2.05	3.7
South Ayrshire	52.45	2.97	6.0
South Lanarkshire	51.90	1.99	4.0
Stirling	53.90	3.05	6.0
West Dunbartonshire	49.82	2.15	4.5
West Lothian	55.47	3.14	6.0
Weighted Average*	52.79	3.41	6.9

*Source: COSLA



BACKGROUND

Local authority capital expenditure comprises spending on the acquisition, creation or major improvement of fixed assets, the benefits of which will accrue to the Council over a period of years.

In addition to borrowing to meet the costs of capital expenditure, the Council also has the following funding sources; capital receipts from the sale of assets, capital met from current revenue, external contributions and capital grants from the Scottish Executive and other bodies.

The costs of borrowing to finance capital expenditure is reflected annually in the Council's revenue accounts by way of loans charges.

General Fund Capital Programme 2009/10

The Council's General Fund capital programme reflects all non-public sector housing capital expenditure. A separate programme for public sector housing, the Housing Revenue Account (HRA) capital programme, is set out later within this document.

The General Fund programme reflects capital expenditure plans including improvements to schools, social work facilities, waste treatment facilities, roads, bridges, piers, sports centres etc, together with capitalised improvements and works in compliance with the Disability Discrimination Act.

The current net allocations for capital are as shown overleaf.

GENERAL FUND CAPITAL



	£m 2009/10
Education, Culture & Sport, including 2007 legacy	24.4
Housing & Property Service	5.6
Planning & Development	1.4
Social Work	10.2
TEC Services	22.0
Chief Executive	2.2
Discretionary Fund	0.5
Programme Slippage	(0.9)
TOTAL GENERAL FUND NET CAPITAL	65.4

The Council will be reviewing its capital programme during 2009/10, and where necessary, revising programme allocations to take account of updated capital plans.



HOUSING REVENUE ACCOUNT (HRA) CAPITAL



HRA CAPITAL PROGRAMME 2009/10

The Council has approved a Standard Delivery Plan setting out capital investment required to meet the Scottish Housing Quality Standard. This will involve an estimated average investment requirement of approximately £14.6m per year to meet the Standard by 2015.

Capital receipts from houses sold under the Right To Buy legislation have reduced significantly over the last three years, reducing the expected capital receipts. This means that the capital programme will need to be funded increasingly through Prudential borrowing and Capital from Current Revenue.

The capital programme and funding sources for 2009/10 are as follows:

HRA CAPITAL PROGRAMME

	£m 2009/10
GROSS PROGRAMME	13.2
Capital receipts from Right To Buy Sales	3.1
Capital from Current Revenue (CFCR)	1.7
Prudential Borrowing	8.4
TOTAL FUNDING	13.2





Capping

While expenditure controls have been abolished in recent years for both revenue and capital expenditure, Scottish Government Ministers retain capping powers which may be used where Ministers feel expenditure, borrowing or council taxes are excessive.

Client Group Approach

“A systematic means of allocating a pre-determined level of expenditure equitably amongst authorities”. This approach is used to allocate GAE.

Gearing Effect

The term used to explain the effect that budget increases can have in council tax, given that the majority of the council’s funding (approx. 80%) is set by the Scottish Government.

To demonstrate:

- A Council wants to increase its budget from £100m by 6% to £106m
- Central government support will rise by 5% from £80m to £84m
- The sum to be met from council tax will increase from £20m (£100m - £80m) to £22m (£106m - £84m)
- The gearing effect results in a 10% increase in council tax despite the budget increase being only 6%

General Revenue Support

The largest single element of grant provided by the Scottish Government. General Revenue Support can be used by Councils to meet their own spending priorities.

Grant Aided Expenditure (GAE)

GAE is the predominant means by which grant support is allocated to Councils. Through the Scottish Government’s ‘client group approach’ GAE is used to distribute grant across all 32 Councils. The single largest influence on GAE is population based indicators which are used to allocate approximately 60% of GAE.

Non Domestic Rates Income (NDRI)

The second largest element of grant provided by the Scottish Government. Non Domestic Rates poundages are set by the Scottish Government and collected by Councils. The sums collected by Councils are returned to the Government and combined into the NDR 'pool'. Councils are given a share of the estimated NDR pool income based on population.

Prudential Code for Capital Finance in Local Authorities

The Code is the new guidance for capital expenditure, and introduced a regime for capital expenditure which is largely self-governing. The Code allows Councils to determine their own capital spending and borrowing requirements, and is founded on the key principles of prudence, affordability and sustainability.

Specific Grants

Specific Grants are part of grant provided by the Scottish Government. Specific grants are ring-fenced sums that must be used in accordance with grant conditions. The single largest specific grant is for Police.

Tax Base

The number of properties on which it is estimated the council tax will be levied. This is measured in council tax band terms, with all properties being converted to 'band D equivalent'. This figure is then adjusted for the assumed payment level; for example, a 97.25% payment assumption is used currently.

Total Revenue Support

The revenue support provided to Councils by the Scottish Government via the annual local government finance settlement announcements. There are three component parts:

1. General Revenue Support
2. Non Domestic Rates Income (NDRI)
3. Specific Grants

FACTS & FIGURES ABOUT THE HIGHLAND COUNCIL



GENERAL

80	Members
29	<i>Independent</i>
21	<i>Liberal Democrat</i>
17	<i>Scottish National Party</i>
7	<i>Labour</i>
5	<i>Independent Members Group</i>
1	<i>Vacancy</i>
9,550	Budgeted Employees (full-time equivalent)

CHIEF EXECUTIVE'S OFFICE

1	Service Centre
37	Service Points
2,573	Births registered in 2008
2,320	Deaths registered in 2008
10	Still Births registered in 2008
790	Civil Marriages registered in 2008
854	Religious Marriages registered in 2008
14	Civil Partnerships registered in 2008

EDUCATION, CULTURE & SPORT

218	Schools
	<i>184 Primary schools</i>
	<i>29 Secondary schools</i>
	<i>5 Special schools</i>
31,723	School pupils (Primary and Secondary)
	<i>16,954 Primary school pupils</i>
	<i>14,769 Secondary school pupils</i>
1,127	Gaelic Medium pupils included above
154	Special schools pupils
2,704	Pre-school pupils (Local Authority)
1,500	Pre-school pupils (Partner Centres)
30	Single teacher primary schools
2,966	Teachers
2.9m	School meals per year
49	Community Libraries (including 9 mobile)
3	Public Archives
21	Public Halls
2	Council owned Museums
4	Art Galleries
1	Arts Centre
15	Sports Centres
11	Swimming Pools

HOUSING & PROPERTY

£44m	Housing Revenue Budget for 2009/10
13,792	Council Houses (estimate at January 2009)(including Sheltered)
548	Sheltered Houses
7,810	Applicants on the waiting List
2,242	Applicants on the Transfer list
185	Houses sold under Right to Buy (estimate for 2008/09)
2,101	Homelessness applications in 2007/08
£13.2m	Council House Capital Programme for 2009/10
480	Projects (on average) handled per annum
£40m	Capital expenditure managed per annum
£4.4m	Revenue expenditure managed per annum
2,731	Establishments (offices, schools, libraries, depots etc)
44	Industrial Estates
£4.39m	Private Sector Housing Improvement and Care & Repair Grants (for 2009/2010)

FINANCE

£598m	Net Revenue Budget for 2009/10
£1,163	Band D Council Tax for 2009/10
109,463	Properties liable for Council Tax in 2008/09
£124m	Council Tax; gross billed for 2008/09
£103m	Non Domestic Rates: gross billed for 2008/09
16,312	Non Domestic Rates: rateable subjects for 2008/09
12,316	Council Tax & Housing Benefit applications in 2008/09 (estimate)

PLANNING & DEVELOPMENT

5,276	Planning Applications lodged
3,913	Building Warrants lodged
£1.3m	Environmental improvements programme
8	Local Plans
26	Countryside Rangers
268	Countryside Properties
3,016	Listed Buildings
51,546	Archaeological site records

SOCIAL WORK

7	Care Homes for Children
4	Respite Care Units for Children
21	Care Homes for Older People
1	Respite care unit for older people
27	Day Care Services to Older People (including 9 day centres)

- 4 Care Homes for Adults with Learning Disabilities (2 Respite)
- 8 Day Services to Adults with Learning Disabilities
- 1 Care at Home Service covering all areas
- 2 Day Services for those with a Physical Disability
- 2 Day Services for those with Mental Health Problems
- 3 Youth Action Teams
- 13 Children & Family teams
- 147 Carers for Fostering & Adoption service (includes inter country adopter)

TRANSPORT, ENVIRONMENTAL & COMMUNITY SERVICES

- 6,695 Miles of Regional Road network
- 704 Vehicles
- 87 Mobile Plant
- 52 Pavement Tractors
- 378 Operator Plant/Trailer/Mowers
- 45 Special Purpose Vehicles
- 64 Demountable Gritting
- 4 Snowblowers
- 64,000 Tonnes of salt on roads each winter
- 1,400 Bridges
- 108 Marine Facilities
- 47,321 Street Lights
- 235 Burial Grounds
- 1 Crematorium
- 127 Public Conveniences
- 113,083 Tonnes of waste disposed of at landfill sites
- 51,468 Tonnes of waste recycled/recovered
- 2 Operational Landfill sites
- 16 Closed Landfill Sites
- 8 Waste Transfer Stations
- 1 Bulking-up Station
- 21 Recycling Centres
- 211 Recycling Points



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To request this information in an alternative format e.g. large print, braille, computer disk, audio tape, or suitable language, please contact:

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