

REPORT TO: FINANCE COMMITTEE - 15 APRIL 2002

REPORT ON: CONVENTION OF SCOTTISH LOCAL AUTHORITIES (COSLA) - FINANCES 2002/03

REPORT BY: CHIEF EXECUTIVE

REPORT NO 259-2002

1 **PURPOSE OF REPORT**

- 1.1 To update the Council in regard to the COSLA Finances for 2002/03 and subsequent requests for an increased levy contribution for 2002/03.

2 **RECOMMENDATIONS**

- 2.1 It is recommended that Committee:
- a) notes the current position of the COSLA budget for 2002/03 and proposals to establish an audit committee
 - b) agrees to an annual membership contribution of £77,786 for 2002/03

3 **FINANCIAL IMPLICATIONS**

The financial contribution to COSLA for 2001/02 was £73,986 consisting of £71,487 paid at the start of the financial year 2001/02 with a further levy of £2,499 (3.6%) agreed in August 2001. The additional 5.1% increase of £3,800 requested for 2002/03 is in line with the recommendations of the review group agreed at the June Convention and can be met from 2002/03 Finance Department's revenue budget for third party payments.

4 **BACKGROUND**

Members will recall that the Council agreed at the meeting of the Finance Committee on 13 August 2001 to endorse the outcome of the COSLA Review and subsequent implementation plan as outlined in Report No 504-2001 and agreed a further increased levy contribution of £2,499 in addition to the 3% interim payment already agreed.

5 **COSLA BUDGET 2002/03**

At its meeting on 7 December 2001 the Convention considered a report on COSLA's draft budget and the levy requirement for 2002/03 and following consideration agreed the content of the report thereby agreeing a levy contribution of £2,338,513 for 2002/03.

This levy contribution indicated an increase of 5.8% for 2002/03 in line with the recommendations of the review group which had been agreed at the June 2001 Convention. It was also agreed that once established the audit committee of COSLA should review the detailed budget and monitor closely expenditure throughout the financial year 2002/03.

In accordance with the review group's report, the budget incorporates the levy increase of 5.8% for financial year 2002/03, this being in line with the overall movement of the local government finance settlement. The review group also proposed that Councils in membership of COSLA should pay a levy comprising of a fixed minimum sum with the remainder of the levy being determined as currently on the basis of population. It was

proposed that the fixed minimum sum be introduced on a phased basis and for 2002/03 this was set at £10,000.

Although efforts are being continued to encourage the 3 non-member Councils to review their position, it was decided in the budget preparation to assume that none of these Councils would rejoin COSLA from 1 April 2002. The overall levy contribution therefore is based on a 29 Council membership. However, a subscription based contribution from the 3 Councils towards the cost of the Scottish Joint Council and COSLA's employers role continues to be assumed in the draft budget for 2002/03. The audit committee have been given a remit to review the level of subscription for the non-member Councils and to give further consideration to appropriate charges.

In addition a number of measures are being introduced in financial year 2002/03 to reduce costs and increase income. These will still need to be evaluated and it was decided to be imprudent to incorporate such savings at this stage within the 2002/03 budget. The Audit Committee will review the position at an early date to establish the situation on these measures and to review the potential for efficiency savings and put in place a programme of Best Value reviews to evaluate the capacity for filling vacancies on the staff establishment as well as putting in place secondments to address specific issues.

As part of the review there was a survey of all Councils in regard to the membership arrangements with Quality Scotland. Members will be aware that the Council's membership of Quality Scotland ends at 31 March 2002 given the annual membership fee was a budget saving agreed at the Finance Committee meeting on 14 February 2002.

6 **DUNDEE CITY COUNCIL LEVY**

The Finance Committee at its meeting on 13 August 2001 agreed the recommendation to endorse the outcome of the COSLA Review 2001 and subsequent implementation plan. Recommendation 23 of the COSLA Review provides "a period of notice of intended withdrawal from COSLA not less than 12 months should be required of member Councils". The COSLA constitution was amended at the Convention on 26 October 2001 to give effect to this change. The period of notice must expire by no later than the beginning of the next financial year.

The current contribution from Dundee City Council to COSLA is £73,986 for 2001/02. The proposed levy for 2002/03 is £77,786, an increase of £3,800 (5.1%) which can be met from the 2002/03 Finance Department's revenue budget for third party payments.

7 **CONCLUSION**

The management of COSLA has undergone restructuring in line with the findings of the review committee and the future opportunities for reviewing and monitoring the budget throughout the next financial year in conjunction with the appointment of a new Chief Executive should ensure a more streamlined organisation. The increased levy is in line with the overall local government settlement as indicated in the recommendations of the review group and COSLA should be operating more efficiently and effectively with a flatter structure reflecting all sectors of local government throughout Scotland at the same time operating within the same budget parameters that apply to local Councils in Scotland.

Chief Executive

Date