

REPORT TO: SPECIAL POLICY & RESOURCES COMMITTEE - 14 FEBRUARY 2013

REPORT ON: REVENUE BUDGET AND COUNCIL TAX 2013/14

REPORT BY: DIRECTOR OF CORPORATE SERVICES

REPORT NO: 77-2013

1.0 PURPOSE OF REPORT

- 1.1 To advise members of the current position regarding the 2013/14 Revenue Budget and to remind members of those factors requiring decisions in order to set the Final 2013/14 Revenue Budget and Council Tax.

2.0 RECOMMENDATIONS

It is recommended that the Committee:

- 2.1 notes the procedures for setting the 2013/14 Revenue Budget and Council Tax, as previously agreed by the Policy & Resources Committee on 14 January 2013 and as set out in Appendix A to this report
- 2.2 notes the contents of the Provisional 2013/14 Revenue Budget Volume
- 2.3 notes those factors which it requires to consider when setting the Final Revenue Budget and Council Tax for 2013/14, as detailed in paragraphs 4.1 to 11.2 of this report

3.0 BACKGROUND

- 3.1 The Policy & Resources Committee on 14 January 2013 considered Report 490-2012 by the Director of Corporate Services. This report detailed the revised Local Government Finance Settlement for 2013/14 and 2014/15, as announced by the Cabinet Secretary for Finance, Employment & Sustainable Growth on 27 November 2012. The report also detailed the proposed procedures to be followed by the Special Policy & Resources Committee on Council Tax setting day (14 February 2013). These procedures are reproduced at Appendix A to this report.

4.0 PROVISIONAL REVENUE BUDGET 2013/14

- 4.1 Over the past few months the Chief Executive and Director of Corporate Services, in conjunction with the other Chief Officers, have been preparing a Provisional Revenue Budget for 2013/14. The outcome of this exercise is reflected in the Provisional 2013/14 Revenue Budget Volume. The total Revenue Budget requirement for 2013/14, as shown on page 1 of the volume, is £337.596m. It is emphasised, however, that this figure is before any amendments or budget savings which may be approved and incorporated into the Revenue Budget at the meeting of the Special Policy & Resources Committee on 14 February 2013. Also, the Revenue Budget requirement for 2013/14 requires to be updated to reflect the technical budget adjustment detailed in paragraph 4.3 below.
- 4.2 The Provisional 2013/14 Revenue Budget reflects a number of cost pressures and savings that have been identified through the 2012/13 revenue monitoring process, together with new cost pressures that will emerge in 2013/14. Details of these items are shown in Appendix B to this report.
- 4.3 The new Scottish Welfare Fund will be delivered by local authorities in Scotland on an interim basis from April 2013. The objectives of the new scheme are to:

- provide a safety net in a disaster or emergency, when there is an immediate threat to health or safety – Crisis Grants.
- enable independent living or continued independent living, preventing the need for institutional care – Community Care Grants.

Scottish Ministers have agreed to allocate to local authorities the funding being transferred from the Department for Work and Pensions (DWP) that is currently being spent in Scotland by DWP on Community Care Grants (CCGs) and Crisis Loans for Living Expenses (CLs). Part of DWP's discretionary Social Fund, these grants and loans are being abolished from April 2013. DWP is transferring funding that will support the set up and administration of the SWF, as well as grant funding. Scottish Ministers have also agreed to top up the grant funding being transferred from DWP by £9.2 million. The City Council's share of the funding that is being made available for 2013/14 is £1.512m. This amount requires to be added to the Revenue Budget requirement for 2013/14, giving a revised figure of £339.108m. The additional funding is also reflected in the Revenue Funding Allocation figures in Section 9 below.

5.0 DRAFT REVIEW OF CHARGES 2013/14

- 5.1 A draft 2013/14 Review of Charges document has also been prepared. This shows additional income of £468,000 in 2013/14. Projected additional income of £351,000 is already included in the Provisional 2013/14 Revenue Budget Volume. The remainder of the projected additional income (£117,000) relates to income over and above the 5% target increase and is available to count towards the required savings total. It is stressed, however, that the final decision on the review of charges, and any other savings, is a matter for the Special Policy & Resources Committee on 14 February 2013.

6.0 PAY AWARDS, PRICE INFLATION ETC

- 6.1 The Provisional 2013/14 Revenue Budget Volume includes a 1% allowance for pay awards in 2013 for all categories of staff, including Teachers. Allowance has also been made for the National Living Wage of £7.50 per hour and for specific and general price inflation, where appropriate.

7.0 CONTINGENCY PROVISIONS

- 7.1 A number of Contingency Provisions are included on page 3 of the Provisional 2013/14 Revenue Budget Volume:

General Contingency (£650,000 in 2013/14)

The purpose of this contingency is to provide cover for any unforeseen or emergency expenditure that may occur during the course of the financial year. The Director of Corporate Services is of the opinion that £650,000 represents the minimum level of General Contingency that the City Council should have in its 2013/14 Revenue Budget.

Energy Costs (£518,000 in 2013/14)

This contingency will be used to meet cost increases in energy contract prices. It should be noted that a savings proposal has been made to reduce this contingency provision by £287,000 in 2013/14.

Government Funding for Council Tax Reduction Scheme (£664,000 in 2013/14)

This represents 80% of the Government's contribution to the estimated £40m shortfall in funding for Council Tax Benefit once this responsibility transfers from DWP on 1 April 2013 and is replaced by a local Council Tax Reduction Scheme. The remaining 20% will be made available to the Council during 2013/14.

Council Tax Reduction Scheme (£600,000 in 2013/14)

This is the Council's contribution to the estimated £40m shortfall in funding for Council Tax Benefit once this responsibility transfers from DWP on 1 April 2013 and is replaced by a local Council Tax Reduction Scheme.

Prudential Borrowing Savings – New Electric Vehicles (saving of £37,000 in 2013/14)

This saving, arising as part of the corporate fleet management and staff travel initiative, is being held centrally pending its allocation to the relevant departments in the final budget volume.

8.0 CAPITAL FINANCING COSTS/INTEREST ON REVENUE BALANCES

8.1 The total budgetary allowance for Capital Financing Costs/Interest on Revenue Balances is shown on page 1 of the Provisional 2013/14 Revenue Budget Volume. This allowance is based on the actual level of capital debt outstanding at 31 March 2012 plus the net new borrowing shown in the 2013-2017 General Services Capital Plan, which is also being submitted for approval to the Special Policy & Resources Committee on 14 February 2013. The projected average annual interest rate is 4.5% for 2013/14. The Director of Corporate Services is of the opinion that the projected interest rate is at the minimum prudent level and cannot be reduced to a lower level.

9.0 REVENUE FUNDING ALLOCATION

9.1 The City Council's Revenue Funding Allocation for 2013/14 has been advised as follows:

| | 2013/14 |
|-------------------------|----------------|
| | £m |
| General Revenue Funding | 221.185 |
| Non-Domestic Rates | <u>53.951</u> |
| | 275.136 |
| Ring-Fenced Funding | <u>0.107</u> |
| | <u>275.243</u> |

The above figures represent the best-estimate of the Total Revenue Funding that will be available to the Council in 2013/14 and reflect the decisions expected to be taken by the Scottish Parliament in February 2013. Estimated income from remaining Ring-Fenced Funding is already included in the Provisional 2013/14 Revenue Budget Volume. Accordingly, it is the sum of £275.136m that requires to be taken into account when setting the 2013/14 Council Tax.

9.2 The Council requires to identify budget savings totalling £6.451m in order to achieve a Council Tax freeze in 2013/14. Going forward, it is estimated that the Council will require to identify further budget savings of around £8.3m in 2014/15 in order to achieve a Council Tax freeze for that year. This figure is before the impact of any further reductions in Government funding in 2014/15 arising out of the Chancellor's 2012 Autumn Statement.

A number of savings reports have been prepared by Chief Officers and these reports are attached at Appendix C to this report.

10.0 RESERVES AND BALANCES

10.1 Section 12(1) of the Local Government in Scotland Act 2003 states that "It is the duty of a local authority to observe proper accounting practices". CIPFA have previously issued guidance on Local Authority Reserves and Balances (including an update in November 2008), and this guidance is considered to constitute proper accounting practice. The key requirements of the guidance, as they affect the Council, are two-fold:

- i the setting out of a clear protocol covering the purpose, utilisation, management, control and review of reserves and balances.
- ii the inclusion in the annual budget report of a statement on reserves and balances detailing the proposed strategy over the budget period, after taking into account the strategic, operational and financial risks facing the Council.

10.2 The Policy & Resources Committee on 9 February 2004 agreed Report 70-2004 (Revised Guidance on Reserves and Balances) by the Depute Chief Executive (Finance). This report included a protocol for the operation of the Council's various Reserves and Balances, thereby addressing the first key requirement detailed in paragraph 10.1 above. The protocol includes the following element which in itself addresses the second key requirement detailed in paragraph 10.1 above:

In the annual budget report that is considered by the Policy & Resources Committee on Council Tax setting day, the Director of Corporate Services shall include the following:

- i a statement showing the estimated opening and closing General Fund balances for the financial year ahead.
- ii a statement advising as to the adequacy of the General Fund balances over the budget period(s) under consideration, after taking into account the strategic, operational and financial risks facing the Council.
- iii a statement reporting on the annual review of earmarked Reserves.

10.3 In accordance with the element of the protocol that relates to the annual budget report, the following statements are made by the Director of Corporate Services:

- i the Council's Audited Statement of Accounts 2011/12 showed a General Fund balance of £8.866m at 31 March 2012, excluding the amounts reserved for Car Parking and for schools participating in the Devolved School Management Scheme. A sum of £0.943m was taken from balances when setting the 2012/13 Council Tax in February 2012. There were underspends in 2011/12 that related to committed projects that required to be carried forward and met from balances in 2012/13: these are currently estimated at £1.893m. Therefore, the effective level of uncommitted General Fund balances carried forward from 2011/12 is currently estimated at £6.030m. The 2012/13 expenditure monitoring currently projects an overspend of £1.283m.

It may be necessary to fund some of the costs associated with the current Voluntary Early Retirement/Voluntary Redundancy Scheme from General Fund balances. At this stage it is not possible to provide an accurate estimate of the amounts involved, however a figure of around £1m would appear to be reasonable. The Council is due to receive a proportion of the closing accumulated balances of the local Police and Fire Boards as at 31 March 2013. The amount to be returned to the Council is currently estimated to be in the region of £1.0m. This disbursement will not be made however, until the 2012/13 accounts of the Joint Boards have been completed and audited: this is likely to be around September / October 2013. In the meantime, whilst the Boards are still operational, there are continuing uncertainties over the amount of disbursement.

Taking all of the above factors into account, the level of uncommitted General Fund balances at 31 March 2013 is estimated at £4.747m. There are no further known expenditure commitments or additional income that would materially affect this projected balances figure.

- ii after taking into account the strategic, operational and financial risks facing the Council, it is considered that the minimum level of uncommitted balances that the Council should maintain is around £4.75m (around 1.4% of budgeted net expenditure). Accordingly, it is recommended that no amounts should be taken from General Fund balances when setting the 2013/14 Council Tax.
- iii the Council's earmarked reserves (ie the Renewal & Repair Fund, Insurance Fund Reserve and Capital Fund) have all been reviewed and are considered to be adequate for their respective intended purposes.

10.4 In preparing the above statements, the Director of Corporate Services has taken into account the key strategic, operational and financial risks facing the Council over the period. The main factors considered were:-

- the anticipated short to medium term impact of the current financial climate including reductions in grant funding levels and reductions in chargeable income.
- the requirement to make significant savings and efficiencies over the short to medium term.
- the possibility of new cost pressures or responsibilities emerging during the course of the financial year.
- potential changes in service provision.
- the certainty of significant income streams.
- the inherent uncertainty surrounding matters such as pay awards, interest rates and price inflation.
- the impact of the Prudential Code for Capital Finance.
- the possibility of major items of unforeseen expenditure.
- the availability of general and specific Contingency provisions.
- the possibility of identifying further budget savings and efficiencies, if required.
- the adequacy of the Council's insurance arrangements.
- the impact of the impending Welfare Reforms, which is likely to be significant

10.5 It should also be noted that, in their Report to Members on the 2011/12 audit, the Council's external auditor (KPMG) made reference to the issue of reserves and balances. KPMG noted that, based on Audit Scotland's review of all 32 Scottish local authorities, the City Council has the lowest level of unrestricted reserves as a percentage of net revenue spend. The level of uncommitted General Fund balances is likely to reduce further by 31 March 2013 (see paragraph 10.3i above). It is the professional opinion of the Chief Executive and the Director of Corporate Services that any further reductions would leave the Council open to adverse comment from our external auditor and the risk of having to raise extra income during the financial year or make further savings which may have an unacceptable impact on service users or indeed not be possible. It is therefore re-emphasised that, after taking into account the strategic, operational and financial risks facing the Council, no amounts should be taken from General Fund balances when setting the 2013/14 Council Tax. It must also be recognised that the use of balances to support the revenue budget can only ever be a short-term solution at best and that the Council's financial position is projected to deteriorate further as Government funding continues to reduce in real terms.

10.6 In response to KPMG's comments in their 2011/12 Report to Members, the Council agreed to review its protocol on reserves. The protocol on reserves (per paragraph 10.2 above) has now been reviewed by officers and is considered to remain relevant and fit for purpose. Neither the protocol nor the relevant professional guidance makes reference to a specific target level of reserves, in cash or percentage terms. It is considered that this matter remains to be determined locally on a periodic basis, after taking into account the strategic, operational and financial risks facing the Council.

11.0 PROVISION FOR NON-COLLECTION OF THE COUNCIL TAX

11.1 The Council Tax was introduced in 1993/94 and the current collection figures in respect of the financial years 1993/94 to 2011/12 inclusive show a collection rate of around 96.4% with outstanding amounts continuing to be collected. A provision for the anticipated level of non-collection of the 2013/14 Council Tax requires to be decided by the Special Policy & Resources Committee on 14 February 2013. Elected Members will recall that a non-collection provision of 3.2% was agreed in setting the Council Tax for 2012/13. Based on the actual collection figures referred to above, it would be prudent to use the same level of non-collection when setting the 2013/14 Council Tax.

11.2 For the purposes of determining the net Council Tax base, the number of Band D equivalent properties is estimated at 49,336 for 2013/14. This represents a year-on-year increase of 266 Band D equivalent properties, reflecting current billing figures and the outcome of the Single Person Discount Review. The figure of 49,336 is before the provision for non-collection has been deducted. The Director of Corporate Services is firmly of the opinion that the allowance for non-collection provision cannot be lower than 3.2%.

12.0 CONCLUSION

12.1 This report provides members with the background information necessary to assist them in considering the final stages of setting the 2013/14 Revenue Budget and Council Tax.

13.0 POLICY IMPLICATIONS

13.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management.

There are no major issues.

14.0 CONSULTATION

14.1 The Chief Executive and Head of Democratic and Legal Services have been consulted on the content of this report.

15.0 BACKGROUND PAPERS

15.1 Scottish Government Finance Circular 5/2012 (27 November 2012)

MARJORY M STEWART
DIRECTOR OF CORPORATE SERVICES

7 FEBRUARY 2013

PROCEDURE FOR COUNCIL TAX SETTING DAY - 14 FEBRUARY 2013

Date and Time

Action

**14 February 2013
3pm**

Special Policy and Resources Committee meets.

The Special Policy and Resources Committee will consider the City Council's 2013/2014 Revenue Budget, as submitted in the Provisional Revenue Budget volume, along with the report by the Director of Corporate Services.

All proposals for Council Tax and review of charges must be tabled at the start of the meeting to be checked for legality and competence. A short recess may be required to enable these to be checked. The senior Councillor with responsibility for Finance will then move the Administration's Council Tax and Review of Charges proposals. Thereafter, the Opposition Groups and Independent Member will move any amendments.

The Committee will then commence the debate and approval of the Final Revenue Budget and Council Tax for 2013/2014.

APPENDIX B

COST PRESSURES REFLECTED IN PROVISIONAL 2013/2014 REVENUE BUDGET

| Department / Item | £m |
|---|---------------|
| Education – PPP Unitary Charges inflation shortfall 2012/13 | 0.072 |
| Social Work – cost pressures, demographic pressures and contributions to new Change Funds | 4.793 |
| Environment – DERL Gate Fees inflation shortfall 2012/13 | 0.122 |
| City Development: Contribution to City Jet London Flight | 0.075 |
| Corporate Services / Finance Revenues – reduction in HB / CBT administration grant | 0.246 |
| Corporate – shortfall in funding transfer from UK Government for Council Tax Subsidy | 0.600 |
| Various – 1% pay award wef from 1 April 2013 | 2.074 |
| Various – new monies / transfers included in revised grant settlement | 0.864 |
| Various – impact of Living Wage (including increase to £7.50) | 0.192 |
| Various – changes to National Insurance Contracted Out Rate | 0.138 |
| Various – other various cost pressures and income shortfalls | <u>1.409</u> |
| | <u>10.585</u> |

SAVINGS REFLECTED IN PROVISIONAL 2013/2014 REVENUE BUDGET

| Department / Item | £m |
|---|----------------|
| Education – full year effect of 2012/13 budget savings | (0.163) |
| Education – reduction in insurance costs for PPP Schools | (0.120) |
| Social Work – Central Support Services (reductions in various non-staff costs budgets) | (0.020) |
| City Development – non-filling of vacancies, restructure, VERs | (0.223) |
| City Development – Business Gateway (contract renegotiated) | (0.113) |
| City Development – 5% saving on energy and water budgets | (0.170) |
| City Development – various other savings and efficiencies | (0.101) |
| Environment – savings and efficiencies in Corporate Fleet | (0.182) |
| Environment – efficiencies in service delivery in Construction Services | (0.200) |
| Environment – savings and efficiencies in Support Services budgets | (0.132) |
| Environment - various other savings and efficiencies | (0.120) |
| Chief Executive (excluding Communities & Policy) - various savings and efficiencies | (0.125) |
| Communities & Policy – adjustment to staff slippage target and deletion of various vacant posts | (0.159) |
| Corporate Services – revised structure for Children’s Panel | (0.160) |
| Corporate Services – telephony savings | (0.170) |
| Corporate Services – non-filling / deletion of various vacant posts | (0.247) |
| Corporate Services – additional income from Statutory Additions | (0.100) |
| Corporate Services - various other savings and efficiencies | (0.101) |
| Other Housing – adjustment to internal recharge income and expenditure | (0.132) |
| Various – full year effect of 2012/13 VERs / VRs | <u>(0.092)</u> |
| | <u>(2.830)</u> |

APPENDIX C**BUDGET SAVINGS REPORTS**

| Report No | Report Title | Saving 2013/14 £000 | Saving 2014/15 £000 |
|------------------|---|------------------------------------|------------------------------------|
| 61-2013 | Primary Class Sizes | 66 | 105 |
| 62-2013 | Secondary Class Sizes in S1 and S2 for English and Mathematics | 197 | 315 |
| 71-2013 | Efficiency Savings for Social Care Externally Purchased Services | 1,059 | 1,059 |
| 51-2013 | Review of Recycling Centre Operations | 316 | 316 |
| 46-2013 | Communities & Policy Division – 5% Revenue Budget Savings to Third Party Payments (2013/14) | 428 | 428 |
| 68-2013 | Operational Property Rationalisation Programme | 417 | 417 |

REPORT TO: POLICY AND RESOURCES COMMITTEE – 14 FEBRUARY 2013

REPORT ON: PRIMARY CLASS SIZES

REPORT BY: DIRECTOR OF EDUCATION

REPORT NO: 61-2013

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to revisit the current class size arrangements for P1-P3 in the primary sector. This proposal would take effect from the start of academic year 2013-14.

2.0 RECOMMENDATIONS

2.1 It is recommended that the current provision of P1 class sizes of 18 in thirteen primary schools is changed to a maximum class size of 25 in fifteen primary schools. The number of schools in this category will be reviewed on an annual basis.

3.0 FINANCIAL IMPLICATIONS

3.1 This change will mean a reduction of 17 FTE teachers which would result in a saving of £372,000 in financial year 2013-14 and £595,000 in a full year. Any surplus staff identified will be redeployed to meet the demands of increasing pupil numbers in the primary sector. Taking account of the increased pupil roll this proposal will result in a net staffing reduction of 3 FTE teachers and actual savings of £66,000 in financial year 2013-14 and £105,000 in a full year.

4.0 MAIN TEXT

4.1 In January 2010 Education Committee approved the introduction of P1-3 class sizes of 18 in a number of primary schools (Report 26-2010). This class size change was introduced at the start of the academic session 2010-11.

4.2 The implementation of the change would increase maximum class sizes from 18 to 25 in the identified schools. This will have the impact of providing Head Teachers with greater flexibility when planning classes and deploying the teaching resource in order to meet the needs of pupils. Primary Head Teachers are in full agreement with this proposal and believe that this change will allow for greater continuity and consistency in class size between stages.

4.3 The proposal to increase the maximum class size from 18 pupils to 25 pupils at P1-3 will impact on 15 primary schools (see Appendix 1). Class sizes in the remaining schools will remain unchanged and will be based on current legislation for P1-3 class sizes and the conditions as agreed by the Scottish Negotiating Committee for Teachers (SNCT) for P4 to P7. The maximum class sizes in primary schools are currently as follows:

P1 - 25 pupils
P2 - P3 - 30 pupils

P4 - P7 - 33 pupils

5.0 **POLICY IMPLICATIONS**

- 5.1 This report has been screened for any policy implications in respect of sustainability, strategic environmental assessment, anti-poverty, equality impact assessment and risk management. There are no major issues. An Equality Impact Assessment has been carried out and will be available on the Council Web Site at <http://www.dundee.gov.uk/equanddiv/equimpact/>.

6.0 **CONSULTATIONS**

- 6.1 This report has been subject to consultation with the Chief Executive, Director of Corporate Services, Head of Democratic and Legal Services, primary Head Teachers and Unions.

7.0 **BACKGROUND PAPERS**

- 7.1 Equality Impact Assessment.

Michael Wood
Director of Education

24 January 2013

Appendix 1

The 15 primary schools to be prioritised for the introduction of maximum class sizes of 25 from P1 to P3.

| School | Pupil Roll |
|---|-------------------|
| Ardler Primary School | 148 |
| Ballumbie Primary School | 344 |
| Camperdown Primary School | 333 |
| Gowriehill Primary School | 139 |
| Longhaugh Primary School | 306 |
| Our Lady's Primary School | 107 |
| Rosebank Primary School | 115 |
| Rowantree Primary School | 323 |
| Sidlaw View Primary School | 128 |
| St Peter and St Paul's Primary School | 324 |
| St Clement's Primary School | 172 |
| St Fergus Primary School | 133 |
| St Luke's and St Matthew's Primary School | 249 |
| St Pius Primary School | 131 |
| St Vincent's Primary School | 274 |

REPORT TO: POLICY AND RESOURCES COMMITTEE – 14 FEBRUARY 2013

REPORT ON: SECONDARY CLASS SIZES IN S1 AND S2 FOR ENGLISH AND MATHEMATICS

REPORT BY: DIRECTOR OF EDUCATION

REPORT NO: 62-2013

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to set out changes to the existing staffing level arrangements in English and Mathematics for pupils in S1 and S2 across our secondary schools with effect from the academic year in 2013-14.

2.0 RECOMMENDATIONS

2.1 At present, all secondary schools are staffed to deliver average class sizes of 20 in English and Mathematics. The recommendation is to continue to maintain average class sizes in the four secondary schools with significantly identifiable needs but to move to regulation class sizes in the remaining five secondary schools. This will take effect from the start of academic year in 2013-14.

3.0 FINANCIAL IMPLICATIONS

3.1 There would be a staff saving of approximately 9 FTE equivalent subject teachers in taking this proposal forward.

3.2 The implementation of this proposal would result in estimated savings amounting to £197,000 in financial year 2013-14 and £315,000 in a full financial year.

4.0 MAIN TEXT

4.1 The proposal reflects the different needs of secondary schools across the city. It will allow schools greater flexibility in determining class sizes and, due to the devolution of the school based staffing budget, introduced in session 2012/13, schools will be able to staff subject departments according to identified need.

4.2 The implementation of this proposal will protect the staffing levels in four schools. The remaining five secondary schools would retain the flexibility to deploy staff such as subject specialists and Support for Learning teachers to support classes and meet the needs of pupils in the most effective ways.

4.3 The schools with the identified need have been selected using on going baseline assessment data (see Appendix 1).

4.4 The average class size of 20 in English and Mathematics was based on a 2007 Scottish Government Circular the vast majority of education authorities have now withdrawn from the delivery of these average class sizes. Although class sizes vary from school to school and by subject, the agreed maximum class sizes in secondary

schools as determined by the Scottish Negotiating Committee for Teachers (SNCT) are:

S1 - S2 - 33 pupils
S3 - S6 - 30 pupils
Practical classes - 20 pupils

5.0 **POLICY IMPLICATIONS**

5.1 This report has been screened for any policy implications in respect of sustainability, strategic environmental assessment, anti-poverty, equality impact assessment and risk management. There are no major issues. An Equality Impact Assessment has been carried out and will be available on the Council Web Site at <http://www.dundee.gov.uk/equanddiv/equimpact/>.

6.0 **CONSULTATIONS**

6.1 This report has been subject to consultation with the Chief Executive, Director of Corporate Services, Head of Democratic and Legal Services, secondary Head Teachers and trade unions.

7.0 **BACKGROUND PAPERS**

7.1 Equality Impact Assessment.

Michael Wood
Director of Education

24 January 2013

The four secondary schools maintaining average class sizes of 20 in English and Maths S1-S2

Baldragon Academy
Braeview Academy
Craigie High School
St Paul's RC Academy

DUNDEE CITY COUNCIL

REPORT TO: POLICY & RESOURCES COMMITTEE

REPORT ON: EFFICIENCY SAVINGS FOR SOCIAL CARE EXTERNALLY PURCHASED SERVICES

REPORT BY: DIRECTOR OF SOCIAL WORK

REPORT NO: 71-2013

1.0 PURPOSE OF REPORT

The purpose of this report is to seek Committee approval to apply a 5% efficiency target to significant funding allocations provided to organisations providing social care services on a contractual basis with Dundee City Council for 2013/14.

2.0 RECOMMENDATIONS

It is recommended that Policy and Resources Committee:

- 2.1 Notes the content of the report.
- 2.2 Approves a reduction in funding of 5% to those organisations in receipt of significant funding levels for the provision of social care services on behalf of Dundee City Council for the financial year 2013/14 as outlined in Appendix 1.
- 2.2 Instructs the Director of Social Work to monitor the impact of the reductions in funding as part of the ongoing contract monitoring process.

3.0 FINANCIAL IMPLICATIONS

- 3.1 The current total value of contracts for social care services managed by the Social Work Department (excluding care homes and domiciliary care) is approximately £22.3m which is reflected in both the Social Work and Supporting People budgets. The proposals outlined in this report will result in a reduction in funding of 5% for all those organisations in receipt of funding totalling more than £100k per annum, providing an annual budgeted saving of £,1,059k.

4.0 MAIN TEXT

4.1 Background

- 4.1.1 The Social Work Department undertakes its legislative duties through a combination of providing services directly and through contracting with external organisations to provide social care services on the Council's behalf. These services are provided to a large number of service users with various care needs across all client groups and can take many forms such as the provision of accommodation with support, day care services, housing support, enabling services, respite and advocacy services. A large number of these organisations also receive funding from the Supporting People budget to provide housing support services and the overall contracts are managed by the Social Work Department.
- 4.1.2 In the main, the contracts currently in place have been subject to a tendering process and these along with some services which were developed many years ago and not awarded on a tendering basis have all been subject to a service review process. The contracts are awarded

on a rolling annual basis with the exception of care homes which are subject to the National Care Home Contract and Domiciliary Care which is awarded to a number of providers on a three year basis.

- 4.1.3 The majority of service providers deliver a number of separate services and the combined value of funding for these in many cases can be substantial. A large number of the service providers are national organisations. The services provided are subject to an ongoing contract monitoring process, consisting of regular meetings and sharing of service and service user information and outcomes, in addition to financial information with each service allocated a lead officer for their specialist area and a contracts officer. Professionals from other departments and agencies are also involved in the contract monitoring process as appropriate.
- 4.1.4 Given the necessity to achieve financial savings within the Social Work and Supporting People budgets, and the significant proportion of Council expenditure attributed to externally purchased services it is proposed to reduce funding for those organisations in receipt of annual funding of greater than £100,000 (excluding care homes and domiciliary care) by 5%. While it is acknowledged that service providers have not been awarded inflationary uplifts in funding levels for the last 5 years, they have not until now been asked to make efficiency savings unless specific issues have arisen as part of the contract monitoring process.
- 4.1.5 It is proposed that the efficiency saving is applied to the total funding levels provided to the organisation rather than against each specific service or project and it will be up to the service providers to decide how they will achieve the efficiency saving without impacting on the level and quality of service delivered to service users. It is expected that organisations will review their administration and management overheads in the first instance to achieve cost reductions. Given the achievement of a 5% saving may be more difficult for organisations whose funding levels are relatively low and which may only fund single post services it is recommended that the target is not applied for those with funding of less than £100k per annum.
- 4.1.6 The service providers proposals will be subject to discussion and negotiation with officers as part of the contract management process and any service risks identified will be subject to assessment and solutions agreed. The impact on services will be continually monitored within the contract monitoring process.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in relation to sustainability, strategic environment assessment, anti-poverty, equality impact assessment and risk management. There are no major issues.

6.0 CONSULTATIONS

The Chief Executive and Director of Corporate Services have been consulted

7.0 BACKGROUND PAPERS

No background papers have been referred to.

SOCIAL WORK AND SUPPORTING PEOPLE
Externally Purchased Services

Appendix 1

| Provider Name | Range of Services Provided | Contract Funding Levels 2012/13 £ | 5% Efficiency Saving £ |
|--|--|--------------------------------------|---------------------------|
| Gowrie Care Limited | Care At Home/Housing Support Services at various locations for adults with a learning disability | 2,542,254 | 127,113 |
| Sense Scotland | Support services for clients with learning disabilities including care at home/housing support at various locations, respite and day care services. | 2,125,116 | 106,256 |
| Cornerstone Community Care | Care At Home/Housing Support Services for adults with a learning disability at various locations and a support service for children with a disability | 2,232,847 | 111,642 |
| Carr - Gomm Scotland | Care At Home/Housing Support services for adults with learning and physical disabilities and mental health problems at various locations | 1,867,656 | 93,383 |
| Turning Point Scotland | Care At Home/Housing Support services for adults with learning disabilities at various locations. | 1,433,822 | 71,691 |
| Scottish Autism | Care at Home / Support services for clients with learning disabilities at various locations. | 1,223,115 | 61,156 |
| The Richmond Fellowship Scotland | Care at Home/Housing Support services for adults with mental health problems at various locations. | 1,028,347 | 51,417 |
| Action for Children | Youth housing services for young people and intensive family support services | 987,396 | 49,370 |
| Transform Com Development | Housing Support services to homeless people across three individual hostels in Dundee. | 812,013 | 40,601 |
| Positive Steps Partnership | Support service for clients with mental health issues. | 595,919 | 29,796 |
| Barnardos | Various support services for children, families and young people | 570,108 | 28,505 |
| Capability Scotland | Care at Home/Housing Support/Enabling and day care services for adults with learning disabilities and enabling services for children with a disability | 542,845 | 27,142 |
| The Salvation Army | Housing support services to homeless people. | 393,462 | 19,673 |
| Dundee Survival Group | Housing support services to homeless people. | 384,094 | 19,205 |
| SAMH | Mental Health Support Services - Carers Support and Supported Accommodation | 313,916 | 15,696 |
| One Parent Families Scotland | Children and family support services | 263,724 | 13,186 |
| Home in Scotland | Sheltered Housing and tenancy support service for older people (younger people considered if they have significant health needs.) | 242,572 | 12,129 |
| Bield Housing Association | Sheltered Housing and tenancy support service for older people (younger people considered if they have significant health needs.) | 238,409 | 11,920 |
| Carolina House | Housing Support service for young people who are vulnerable and in need of support to maintain their own tenancy. | 222,501 | 11,125 |
| Princess Royal Trust | Information and support service to carers and people with disabilities and a support service to individuals in receipt of a direct payment. | 220,974 | 11,049 |
| Dudhope Villa | Care at Home/Housing Support service for clients with learning disabilities. | 213,301 | 10,665 |
| Hillcrest Housing Assoc | Sheltered Housing and tenancy support service for older people (younger people considered if they have significant health needs.) | 211,798 | 10,590 |
| Dundee Blind and Partially Sighted Society | Specialist support and rehabilitation service for children and adults who are blind or partially sighted/visually impaired. | 207,268 | 10,363 |
| Dundee Womens Aid | Domestic abuse and housing support services to women and their children . | 199,680 | 9,984 |

| | | | |
|--|---|-------------------|------------------|
| Westlands | Care and support services to adults with learning disabilities | 189,189 | 9,459 |
| Alzheimer Scotland | Specialist support services to people who have been diagnosed with dementia | 188,785 | 9,439 |
| Includem | Intensive support service for children and young people | 185,760 | 9,288 |
| DIAS | Advocacy Service | 182,345 | 9,117 |
| Dundee Voluntary Action | Celebrate Age Network Co-ordinator; Support service for adults with mental health issues. | 179,268 | 8,963 |
| Caledonia Housing | Sheltered Housing and tenancy support service for older people (younger people considered if they have significant health needs.) | 175,959 | 8,798 |
| DAMH | Support service for adults with mental health issues. | 167,875 | 8,394 |
| Aberlour Child Care Trust | Support service for children. | 145,749 | 7,287 |
| SACRO | Restorative justice service for young people. | 132,600 | 6,630 |
| Abertay Housing Association Limited | Sheltered Housing and tenancy support service for older people (younger people considered if they have significant health needs.) | 127,331 | 6,367 |
| Margaret Blackwood Housing Association | Sheltered Housing and tenancy support service for adults. | 125,453 | 6,273 |
| Jean Drummond | Day support service for adults with a learning disability. | 104,156 | 5,208 |
| Penumbra | Respite/Enabler service for adults with mental health issues. | 103,132 | 5,157 |
| Elite Care (Scotland) Limited | 24 Hour Care, Support and Enabling Service | 102,792 | 5,140 |
| | | 21,183,530 | 1,059,177 |

REPORT TO: POLICY & RESOURCES COMMITTEE – 14TH FEBRUARY 2013

REPORT ON: REVIEW OF RECYCLING CENTRE OPERATIONS

REPORT BY: DIRECTOR OF ENVIRONMENT

REPORT NO: 51-2013

1.0 PURPOSE OF REPORT

1.1 To advise committee on the options available for reconfiguring the operations and provision of services at the city's existing recycling centres.

2.0 RECOMMENDATIONS

2.1 It is recommended that committee note the contents of this report and agree to the adoption of option 2.

3.0 FINANCIAL IMPLICATIONS

3.1 The Director of Corporate Services advises that estimated revenue budget savings of £316k per annum would be realised through the adoption of the proposed option.

4.0 MAIN TEXT

4.1 Local authorities have a statutory requirement under the Refuse Disposal (Amenity) Act 1978 to provide a place where refuse can be disposed of by the public. The legislation is not explicit in terms of the number or types of sites that require to be provided by the local authority. Dundee City Council currently provides three recycling centres at Riverside, Baldovie and Marchbanks.

4.2 Since the original legislation in 1978 to provide a place of disposal, the recycling centres have been developed to maximise recycling and re-use. The recent Waste (Scotland) Regulations 2012 also now set targets to reduce the amount of material landfilled and maximise recycling. It is proposed to reconfigure the operations at the existing recycling centres across the city to ensure compliance with all the relevant legislation and at the same time achieve optimum operational efficiency.

4.3 At present, the general public can take any bulky waste, excess material, garden waste, recyclate etc. to any of the three sites for recycling/processing. The materials collected are then transported either to the Baldovie Plant for bulky/mixed waste sorting and disposal, Riverside site for green waste composting, or collected directly by third parties for external recycling.

4.4 The existing site at Baldovie is adjacent to the Baldovie Plant and is a large modern facility with a very good internal layout and provision for the general public. The layout is such that it can safely accommodate a large number of

vehicles and is frequently operating with excess capacity. The average number of vehicles currently using this site is 385 per day however at its peak the facility can accommodate approximately 200 vehicles per hour.

- 4.5 The site at Marchbanks is smaller than the Baldovie site and also has a much poorer internal layout. This internal layout is such that it can be more dangerous for the public with the potential conflict between pedestrians and vehicles. The site currently accommodates an average of 319 vehicles per day. The ingress and egress to the site is from a very busy signal controlled junction at Harefield Road and Kings Cross Road. At peak times this can result in vehicles left queuing on the main road waiting to access the site. Finally, this entrance is shared with Tayside Contracts who use this area for the storage of salt and which creates a significant conflict between operational traffic and the public.
- 4.6 The recycling centre at Riverside is the smallest of the three sites and deals with on average 204 vehicles per day. Whilst access from Riverside Drive is good, the internal circulation space within the site is constrained and can become congested at peak times.
- 4.7 Consideration has been given to rationalise the service provision by either:
- i) Closing both Marchbanks and Riverside sites and transferring all green-waste and bulky/mixed waste bring-to facilities to the Baldovie site.
- or;
- ii) Close the Marchbanks site, and transfer all bring-to green waste facilities to Riverside and all bulky/mixed waste bring-to facilities to Baldovie.
- 4.8 A summary of the revenue costs associated with the existing and proposed revised service provision are given as follows:

Existing Operations:

| Site | Facilities offered | Transport costs | Staff costs | Total costs |
|--------------|--------------------|--------------------|-----------------|------------------------------|
| Marchbanks | All | £312,828 | £93,875 | £198,151 |
| Riverside | All | (3 sites in total) | £118,088 | £222,364 |
| Baldovie | All | | £93,875 | £198,151 |
| | | | | (staff + share of transport) |
| Total | | £312,828 | £305,838 | £618,666 |

Proposed Revised Service (Option 1)

| Site | Facilities offered | Transport costs | Staff costs | Total costs | Est. Saving |
|--------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| Marchbanks | Closed | £0 | £0 | £0 | |
| Riverside | Closed | £0 | £24,213 | £24,213 | |
| Baldovie | All | £154,765 | £93,875 | £248,640 | |
| Total | | £154,765 | £118,088 | £272,853 | £345,813 |

Proposed Revised Service (Option 2)

| Site | Facilities offered | Transport costs | Staff costs | Total costs | Est. Saving |
|--------------|----------------------------|-----------------|-----------------|-----------------|-----------------|
| Marchbanks | Closed | £0 | £0 | £0 | |
| Riverside | Green-waste and recycle | £0 | £93,875 | £93,875 | |
| Baldovie | Residual waste and recycle | £114,703 | £93,875 | £208,578 | |
| Total | | £114,703 | £187,750 | £302,453 | £316,213 |

- 4.9 Closure of either one or two sites will result in revenue savings associated with reduction in staff via redeployment or VER, as well as savings in transport costs. The reduction of transport movements will also improve the carbon footprint associated with operating the existing three sites. Option 2 provides a significant opportunity to deliver efficiencies in the delivery of the service and is considered to have the least impact of the two options on service users.
- 4.10 Facilities to accommodate the full range of bring-to recycle including paper, glass, plastics, textiles etc. would continue to be provided at Riverside and Baldovie and additional facilities for food waste would also be provided at each location.
- 4.11 Discussions are on-going with City Development to identify suitable locations for a new Recycling Point (RP) and/or Neighbourhood Recycling Point (NRP) to compensate for the loss of Marchbanks Recycling Centre. It is also proposed to upgrade existing RPs and NRPs across the city, to include bring-to recycling facilities for plastics, cans etc. where this can be accommodated.
- 4.12 At present each site is open 7 days a week with extended opening hours over the spring/summer. The revised site service provision would continue to operate the existing opening hours.
- 4.13 The number of traffic movements associated with the estimated redistribution of bring-to journeys has been calculated as follows:

| Site | Current Average Number of Cars/Day | Anticipated Average Number of Cars/Day |
|--------------|------------------------------------|--|
| Baldovie | 385 | 650 |
| Riverside | 204 | 258 |
| Marchbanks | 319 | 0 |
| Total | 908 | 908 |

The site layout at the Baldovie site is considered to be the most modern and safest in terms of traffic management and offers the best solution to the redistributed vehicle movements. The Director of City Development advises that there are no significant traffic management issues associated with these proposed changes.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6.0 CONSULTATION

- 6.1 The Chief Executive, Director of Corporate Services, Director of City Development and Head of Legal and Democratic Services have been consulted in relation to this report.

7.0 BACKGROUND PAPERS

- 7.1 None

Ken Laing
Director of Environment

Kenny Kerr
Head of Environmental Protection

22nd January 2013

DUNDEE CITY COUNCIL

REPORT TO: POLICY & RESOURCES COMMITTEE – 14 FEBRUARY 2013

REPORT ON: COMMUNITIES AND POLICY DIVISION - 5% REVENUE BUDGET SAVINGS TO THIRD PARTY PAYMENTS (2013/14)

REPORT BY: DIRECTOR, LEISURE AND COMMUNITIES

REPORT NO: 46-2013

1.0 PURPOSE OF REPORT

- 1.1 To advise on proposed 5% revenue budget savings for 2013/14 from the Third Party Payments section of the Communities and Policy Division of the Chief Executive's Department.

2.0 RECOMMENDATIONS

It is recommended that Committee approves:

- 2.1 A 5% reduction in third party payments, as per Appendix 1, equating to £428,284.

3.0 FINANCIAL IMPLICATIONS

- 3.1 A saving of £428,284 would result from this proposal from the Communities and Policy Division third party grant budget.

4.0 BACKGROUND

- 4.1 The portfolio of third party organisations supported by the City Council provides important services to Dundee. This proposed reduction in payments to third parties is consistent with the level of savings required by Council Departments and treats them on a similar basis to the Council as a whole.
- 4.2 The level of saving will require each organisation to examine efficiencies or reprofile the way in which their services are delivered. Where third party organisations wish dialogue with the Council in relation to how these savings are achieved and the impact on their services, this opportunity has been offered. It is hoped that the level of savings required from third party organisations will be achievable without adversely impacting on their service delivery.
- 4.3 In recent years, while City Council departments have been required to make savings, organisations in the third party grants portfolio have not had their budgets cut.

5.0 POLICY IMPLICATIONS

- 5.1 This report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. No major issues have been identified.
- 5.2 An Equality Impact Assessment has been carried out and will be made available on the Council website <http://www.dundee.gov.uk/equanddiv/equimpact/>.

6.0 CONSULTATION

6.1 The Chief Executive, Director of Corporate Services and Head of Democratic and Legal Services have been consulted on this report.

7.0 BACKGROUND PAPERS

7.1 None.

STEWART MURDOCH
DIRECTOR, LEISURE AND COMMUNITIES
24 January 2013

APPENDIX 1

CHIEF EXEC DEPT - COMMUNITIES & POLICY DIVISION

THIRD PARTY PAYMENTS

| | BUDGET 2012/13 £ | 5% REDUCTION £ | REVISED BUDGET 13/14 £ |
|--|------------------------|----------------------|---------------------------------|
| Adult Education Support Fund | 7,028 | 351 | 6,677 |
| DCA | 270,277 | 13,514 | 256,763 |
| Dundee Equalities Partnership | 7,106 | 355 | 6,751 |
| Dundee Ice Arena Grant | 262,128 | 13,106 | 249,022 |
| Dundee International Women's Centre | 8,169 | 408 | 7,761 |
| Dundee Rep Drama Project | 20,208 | 1,010 | 19,198 |
| Dundee Rep Main | 359,282 | 17,964 | 341,318 |
| Dundee Rep – Scottish Contemporary Dance | 23,614 | 1,181 | 22,433 |
| Dundee Science Centre | 46,092 | 2,305 | 43,787 |
| Dundee Voluntary Action | 41,450 | 2,073 | 39,378 |
| Equal Opportunities | 3,489 | 174 | 3,315 |
| Grey Lodge Settlement | 62,741 | 3,137 | 59,604 |
| Impact | 23,288 | 1,164 | 22,124 |
| Leisure & Culture Dundee | 7,527,000 | 367,000 | 7,160,000 |
| National Organisations Central Grants | 5,372 | 269 | 5,103 |
| Non Recurring Revenue | 4,183 | 209 | 3,974 |
| Volunteer Information Point | 10,130 | 507 | 9,624 |
| Voluntary Organisation Training | 1,000 | 50 | 950 |
| Youth Investment Fund | 7,116 | 356 | 6,760 |
| | 8,752,673 | 428,284 | 8,324,389 |

REPORT TO: POLICY & RESOURCES COMMITTEE – 14 FEBRUARY 2013
REPORT ON: OPERATIONAL PROPERTY RATIONALISATION PROGRAMME
REPORT BY: DIRECTOR OF CITY DEVELOPMENT
REPORT NO: 68-2013

1 PURPOSE OF REPORT

1.1 To propose the closure or redesignation of a number of the Council's operational properties as detailed in Appendix 1 of this report.

2 RECOMMENDATION

2.1 It is recommended that the Director of City Development brings forward the closure or re-designation of the operational properties, as detailed in Appendix 1 of this report.

3 FINANCIAL IMPLICATIONS

3.1 The closure or redesignation of the properties will result in annual revenue savings of £417,000.

4 BACKGROUND

4.1 As part of the Corporate Asset Management Strategy (Policy & Resources Committee 28/03/2011, Report Number 148-2011) a review of operational properties has been undertaken. Appendix 1 details those properties identified as surplus to requirements or properties being transferred from the Council's General Services Account.

4.2 The existing functions within each property are unaffected by these closures and will continue to be provided and, therefore, there are no service implications as a result of these proposals.

5 POLICY IMPLICATIONS

5.1 This Report has been screened for any policy implications in respect of Sustainability, Strategic Environmental Assessment, Anti-Poverty, Equality Impact Assessment and Risk Management. There are no major issues.

6 CONSULTATIONS

6.1 The Chief Executive, the Director of Corporate Services and Head of Democratic and Legal Services have been consulted and are in agreement with the contents of this report.

7 BACKGROUND PAPERS

7.1 None

Mike Galloway
Director of City Development

Colin Craig
Head of Property

MPG/CC/MS

Dundee City Council
Dundee House
Dundee

7 February 2013

APPENDIX 1 - Operational Property Rationalisation Programme – Schedule of Properties

| DCC ID | Department | Address | Action | Potential Revenue & Rates Savings |
|---------------|--------------------|---|--|--|
| 838 | Corporate Services | Registrar's Office, 89 Commercial Street | Relocate functions to Dundee House and City Square. | £47,000 |
| 1179/1708 | Education | Park Place Nursery and Primary School, Park Place | Premises currently being used as temporary training centre, this function is to be relocated to the former Lochee PS | £102,000 |
| 476 | Environment | Unit A Watson Watt Building Claverhouse Industrial Park | Function to be relocated to Clepington Road. Unit to be returned to investment portfolio. | £141,000 |
| 1765 | Environment | Riverside Sports Pavilion, Riverside Drive | Property is in process of being leased to sports hub. | £15,000 |
| 1560 | Environment | Marchbanks Recycling Site 34 Harefield Road | Functions to be relocated to Riverside and Baldovie Recycling Centres | £29,000 |
| 1562 | Environment | Reclamation Plant (Part) 34 Harefield Road | Functions to be relocated to Riverside and Baldovie Recycling Centres | £21,000 |
| 000309 | Corporate Services | Castle green Leisure Centre | Proposed removal from Valuation Roll | £5,000 |
| 000279 | Environment | Bothy and Yard, Balunie Drive | Community Asset Transfer potential | £1,000 |
| 000281 | Environment | Bothy and Store, Southampton Road | Closure | £1,000 |
| 000369 | Environment | Downfield Park Offices 2 Charlotte Street | Community Asset Transfer potential | £11,000 |
| 000721 | Social Work | 57-59 Balgowan Avenue | Surplus, Return to HRA | £13,000 |
| 001662 | Social Work | Offices A, B and C Market Mews | Declared Surplus | £4,000 |
| 000736 | Social Work | Turriff Home Care Unit, 4 Rannoch Road | Surplus | £9,000 |
| 000758 | Social Work | Douglas Home Care Unit, 8 Balunie Drive | Return to HRA | £6,000 |
| 00297 | Environment | Workshop Complex, Caird Park | Closure | £12,000 |
| TOTAL | | | | £417,000 |