

ANGUS COUNCIL

MEETING OF ANGUS COUNCIL - 29 MARCH 2001

ADDITIONAL FUNDING IN RESPECT OF McCRONE TEACHERS PAY DEAL
& ADJUSTMENTS TO OTHER 2001/02 REVENUE BUDGETS

REPORT BY THE DIRECTOR OF FINANCE

ABSTRACT

This report advises the Council of the distribution arrangements, notified by the Scottish Executive, for the previously undistributed resources in respect of the McCrone Teachers Pay Deal, and seeks approval of the necessary amendments to the Education department budget in this regard.

This report also seeks approval of the proposed measures to address the shortfall in the budgeted pay award for 2001/02.

1. RECOMMENDATIONS

It is recommended that the Council :

- a) note that the Scottish Executive has notified the Council of their intended distribution of the previously undistributed resources in respect of the McCrone Teachers Pay Deal and that Angus Council's share of these resources in financial year 2001/02 is £1.419m;
- b) note that the distribution of these resources will be subject to formal approval by The Scottish Parliament in due course;
- c) approve the addition of £1.419m to the Education department 2001/02 revenue budget for teachers' pay costs in this regard. This sum is fully funded by additional government grant and the effect on the Council's overall budget is therefore cost neutral;
- d) approve the amendment of the Education departmental budget, as appropriate, should further funding for the McCrone Teachers Pay Deal for 2001/02 be forthcoming from the Scottish Executive;
- e) note that due to the early implementation of the 2002/03 pay award (effective from 1st March 2002 instead of the usual 1st April), there will be an estimated shortfall in the 2001/02 pay award provision of some £95,000;
- f) approve the proposed amendments to 2001/02 departmental revenue budgets to address this shortfall in the pay award provision as shown in Section 4.

2. BACKGROUND

Members will recall that in setting the 2001/02 Council Tax certain funding from the Scottish Executive in respect of the McCrone Teachers Pay Deal had still to be distributed to local authorities (Report 202/01 refers). Subsequent communication from the Executive indicated that the total of undistributed resources to be made available in the 2001/02 financial year (subject to the Scottish Parliament's approval) was some £68.4m.

3. ANGUS COUNCIL FUNDING ALLOCATION 2001/02

The Scottish Executive has now notified the Council that a further £67.4m will be distributed in 2001/02 for the McCrone Teachers Pay Deal. Angus Council's share of these previously undistributed resources has been notified as £1.419m. It should be noted that the sum to be distributed nationally is £1.0m less than that previously indicated by the Scottish Executive. This is due to the distribution of £1.0m of funding in respect of Continuing Professional Development being subject of further discussion with CoSLA.

In order to allow the impact of this additional McCrone funding to be reflected in the published Education department budget, and to enable Angus Council to finalise the overall 2001/02 revenue budget, approval for amendment to the Education budget set at the special meeting of the Council on 15th February is being sought prior to formal approval of the funding by The Scottish Parliament. Approval is also sought to amend the Education budget as appropriate should the distribution of the further £1m of funding nationally for 2001/02 in respect of Continuing Professional Development be agreed by timeously. It is estimated that this a further £1m nationally would equate to circa. an additional £0.02m for Angus Council.

Although the additional funding is still subject to formal approval by The Scottish Parliament, no particular problems are expected to arise. In the event that the allocations are changed materially for any reason, a further report will be brought to the appropriate Council Committees.

4. 2002/03 PAY AWARD

Members may recall that the pay award for non-teaching staff covering the period 2000/01 to 2003/04 was agreed just prior to the 2001/02 Council Tax being set. One aspect of the 4 year pay deal was the implementation of the 2002/03 pay award from 1st March (2002) instead of the usual 1st April (2002). This means that one month of the 2002/03 pay award will fall due in financial year 2001/02. The lateness of the pay deal being finalised meant that the extra cost in financial year 2001/02 could not be provided for in the budget. It is estimated that this will cause a shortfall in the 2001/02 pay award provision of some £95k, which affects individual departments as follows:-

	Impact of 2002/03 pay award in financial year 2001/02 £'000
Education	25
Social Work	30
Roads	2
Cultural Services	2
Environmental & Consumer Protection	3
Planning & Transport	2
Recreation Services	2
Chief Executive	2
Economic Development	1
Finance (General)	2
Finance (Revenues)	2
Law & Admin.	3
Personnel & Training	2
IT	2
Property Services	4
Contract Services (impact on client depts.)	11
TOTAL	95

In order to ensure that departments have sufficient budgetary provision to meet the extra month on the 2002/03 pay award, it is proposed that final departmental budgets for the 2001/02 financial year be increased by the amounts detailed above, with the total shortfall of £95k being funded from General Fund balances.

5. FINANCIAL IMPLICATIONS

McCrone Teachers Pay Deal

The further allocation of £1.419m in respect of the McCrone Teachers Pay Deal brings the Council's total allocation from the Executive for financial year 2001/02 to some £3.769m. This allocation is on the basis of the assumed costs of McCrone calculated at an all Scotland level. Any variation between the funding available and the actual costs locally in Angus is not thought likely to be material but will in any event be contained within the Education department 2001/02 revenue budget.

2002/03 Pay Award

As a result of the proposed transfer of £95k from General Fund balances to fund the shortfall in the 2001/02 pay award provision, departmental revenue budgets for financial year 2001/02 will be increased by the amounts detailed in the table above. This should ensure that all departments have sufficient resources to meet the full cost of the pay award implications for 2001/02.

6. HUMAN RIGHTS IMPLICATIONS

There are no human rights implications arising from this report.

7. CONSULTATION

The Chief Executive, Director of Law & Administration and Director of Education have been consulted in the preparation of this report.

8. CONCLUSION

The Scottish Executive have now notified individual councils of their total funding allocation in respect of the McCrone Teachers Pay Deal. Angus Council will receive a sum of £3.769m for financial year 2001/02. The overall impact on the Council's budget will be cost neutral, as this sum is fully funded by additional government grant.

As a result of the early implementation of the 2002/03 pay award, it is estimated that there will be a shortfall in the 2001/02 pay award provision of some £95k. It is proposed that departmental revenue budgets be increased in order to meet this shortfall, with the £95k being funded from General Fund balances.

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Director of Finance

NOTE: No background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to any material extent in preparing the above Report.

McCrone unallocated funds report to Angus Council
ll/sjm 27/03/01

