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|-------------------------|---|--------------------|------------------------|
| <b>Report To:</b>       | <b>The Inverclyde Council</b>                       | <b>Date:</b>       | <b>21 March 2019</b>   |
| <b>Report By:</b>       | <b>Chief Financial Officer</b>                      | <b>Report No:</b>  | <b>FIN/32/19/AP/LA</b> |
| <b>Contact Officer:</b> | <b>Alan Puckrin</b>                                 | <b>Contact No:</b> | <b>01475 712223</b>    |
| <b>Subject:</b>         | <b>2019/20 Budget and 2019/23 Capital Programme</b> |                    |                        |

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to update the Council on the position in respect of the 2019/20 Revenue Budget and 2019/23 Capital Programme and to seek Council approval of both.

## 2.0 SUMMARY

- 2.1 The Policy & Resources Committee agreed the Council's approach to the 2019/20 Budget which included the continued operation of the Members Budget Working Group (MBWG) plus regular updates to both the Policy & Resources Committee and, where appropriate, the Inverclyde Council.
- 2.2 On 17<sup>th</sup> December the draft Scottish Budget was announced and whilst there was an increase in the overall funding allocated to Councils, once specifically directed funding had been deducted, then Inverclyde Council faced a year on year revenue funding cut of approximately 2.6% or £4.24 million. As part of stage one of the Budget Bill which was debated by the Scottish Parliament on 31<sup>st</sup> January 2019 an amended settlement for Local Government was agreed which gave:
- a) A further £90 million unattributed grant for Councils.
  - b) An increase in the Council Tax "cap" from 3% to 4.79%.
  - c) Councils the ability to reduce allocations to the IJBs by approximately £50 million after the allocation of the £148million extra Health & Social Care resources.
  - d) A commitment for a 3 year budget settlement for 2020/23 and,
  - e) A commitment to commence a review of the Council Tax.
- 2.3 On 21<sup>st</sup> February 2019 the Council approved a Council Tax increase of 4.79% and the implementation of free school meals for all Primary 4 pupils from August 2019.
- 2.4 The Members' Budget Working Group (MBWG) have met on an almost weekly basis since December and, based on information and reports provided by the CMT, have developed proposals to deliver a balanced 2019/20 Revenue Budget and a 2019/23 Capital Programme which is within previously approved funding parameters. Additionally the MBWG have agreed proposals for use of projected Free Reserves. The MBWG proposals are shown in Appendix 4.
- 2.5 As part of the 2019/20 Revenue Budget, the Council is required to approve the proposed contribution to the IJB. In 2019/20 £148million new funding was allocated for Health & Social Care for a combination of specific new legislative requirements and for demographic/demand pressures. The Council's share of this was £2.46million. Appendix 5 contains a copy of the report which was approved by the Health & Social Care Committee on 28<sup>th</sup> February. An updated financial appendix 5B is attached. This appendix to the report shows that the proposed 2019/20 contribution to the IJB is £50.617million prior to the finalisation of the Pay & Grading Model costs for Social Care. This represents a like for like increase of 2.1%.
- 2.6 Appendix 6 contains those savings suggestions which came from the public consultation which took place before Christmas. It can be seen that the majority of the suggestions are either in the process of being implemented or formed part of the savings considered by the MBWG.

- 2.7 Appendix 7 provides an estimate of the funding gap for the period 2020/23 based on a number of assumptions around the level of Scottish Government grant, pay awards, non-pay inflation and demographic and other pressures. From this, it can be seen that the Council faces considerable financial challenges over the medium term unless there is a significant improvement in the level of grant funding and increased flexibility in the level of Council Tax which can be levied.
- 2.8 Throughout the budget process the CMT have engaged with the Trades Unions via the Joint Budget Group and this has provided a positive forum for discussion and challenge. In addition there has been regular communication with those employees potentially impacted by potential savings and the wider workforce. Following today's decision the focus will be on the delivery of the savings with any employee implications in full consultation with the Trades Unions. To facilitate this, the Council is asked to agree that Officers be allowed to give consideration to the release of employees in approved savings who signed up to be released as part of the last year's VER Trawl and where the post is part of an approved saving.

### **3.0 RECOMMENDATIONS**

- 3.1 It is recommended that the Council notes the contents of the report.
- 3.2 It is recommended that the Council approves the adjustments as set out in Appendix 3
- 3.3 It is recommended that the Council considers the proposal to balance the budget from the Members' Budget Working Group as set out in Appendix 4 and thereafter:
1. Approves the Savings and Policy Pressures as set out in Appendix 4
  2. Approves the detail of the 2019/23 Capital Programme and the proposals to balance the Programme as set out in Appendix 4
  3. Approves the write-backs to and subsequent use of Free Reserves as set out in Appendix 4
- 3.4 It is recommended that the Council approves the financial allocation to the IJB in 2019/20 as detailed in Appendix 5B.
- 3.5 It is recommended that the Council notes the savings proposals arising from the Budget Consultation set out in Appendix 6
- 3.6 It is recommended that the Council notes the significant financial challenges faced by the Council based on the projections included in Appendix 7 and confirms that the Members' Budget Working Group continue to meet to develop proposals for a 3 year budget to be agreed in February/March, 2020.
- 3.7 It is recommended that the Council confirms the implementation of the new Pay & Grading Model with effect from 1 April, 2019.
- 3.8 It is recommended that the Council agrees to the utilisation of the Early Release earmarked reserve to provide funding to support the retraining of displaced employees across the Council and delegates decisions on this matter to the CMT.
- 3.9 It is recommended that, in order to support the development of savings proposals as part of the 2020/23 Budget, the Chief Executive be given delegated authority to progress relevant Voluntary Early Release trawls on the understanding that any progression of employee releases will require Committee approval.
- 3.10 It is recommended that due to exceptional circumstances, the Council approves the consideration of the release of those employees who signed up to be released as part of last year's VER trawl but only where such cases meet value for money and the post is part of an approved saving.

## **4.0 BACKGROUND**

- 4.1 The Policy & Resources Committee agreed the Council's approach to the 2019/20 Budget which included the continued operation of the Members Budget Working Group (MBWG) plus regular updates to both the Policy & Resources Committee and where appropriate the Inverclyde Council.
- 4.2 The Policy & Resources Committee also agreed that a high level public consultation seeking ideas as to how the Council could save money be undertaken prior to Christmas.
- 4.3 On 17<sup>th</sup> December the draft Scottish Budget was announced which included the settlement for individual Councils. Whilst there was an increase in the overall funding allocated to Councils, once specifically directed funding had been deducted, then Inverclyde Council faced a year on year revenue funding cut of approximately 2.6% or £4.24 million. As part of stage one of the Budget Bill which was debated by the Scottish Parliament on 31<sup>st</sup> January 2019, an amended settlement for Local Government was agreed which gave:
  - a) A further £90 million unattributed grant for Councils.
  - b) An increase in the Council Tax "cap" from 3% to 4.79%.
  - c) Councils the ability to reduce allocations to the IJBs by approximately £50 million after the allocation of the £148million extra Health & Social Care resources.
  - d) A commitment for a 3 year budget settlement for 2020/23 and
  - e) A commitment to commence a review of the Council Tax.

An update on the impact of these changes was reported to the Policy & Resources Committee on 5<sup>th</sup> February 2019.

- 4.4 All Members were issued with details of potential savings on a confidential basis in January 2019 and the MBWG have been debating which savings require to be taken in order to arrive at a balanced budget for 2019/20. In addition the MBWG have been discussing the position in respect of the use of Free Reserves, Policy Pressures and the 2019/23 Capital Programme.
- 4.5 On 21<sup>st</sup> February 2019, the Council approved a Council Tax increase of 4.79% and the implementation of free school meals for all Primary 4 pupils from August 2019.

## **5.0 CURRENT POSITION – REVENUE BUDGET AND RESERVES**

- 5.1 The current position of the Revenue Budget is outlined in Appendix 1 showing the evolution of the funding gap as at today's date. Appendix 2 shows the position of the 2019/20 and 2020/21 Revenue Budget over the 3 Council directorates.
- 5.2 Officers have continued throughout the budget process to identify potential adjustments, the vast majority of which have reduced the funding gap. Appendix 3 provides a list of adjustments to be applied which total £85,000 and Council agreement of these is sought.
- 5.3 The MBWG have carried out a detailed review of the savings proposals and have identified sufficient savings which, if approved by the Council today will allow for a balanced revenue budget for 2019/20. In addition the MBWG are seeking approval for a number of Policy Pressures which have been taken into account when arriving at the level of savings required.
- 5.4 If the proposed write-backs to Free Reserves as set out in Appendix 4 are agreed, then it is estimated that the Council will have approximately £3.66 million of reserves available as at the 31<sup>st</sup> March 2019. The MBWG have proposed how this sum could be utilised both in addressing the overall 2019/20 revenue budget funding gap but also to support a number of projects.
- 5.5 Appendix 4 contains the proposals from the MBWG on all these matters and is presented to the Council for consideration.

## **6.0 2019/23 CAPITAL PROGRAMME**

- 6.1 It is proposed that the Council agrees a 4 year Capital Programme covering the period 2019/23 as this will take the Capital Programme up to the end of the current Council Administration.
- 6.2 The initial Capital Programme showed a funding shortfall of approximately £2 million based on current allocations and estimated grant and capital receipts. As such, Officers proposed a number of actions in terms of allocating resources from the Capital Fund, the use of revenue reserves and the reduction in allocations over the period to 2023 in order to ensure that the Capital Programme remained within the current estimated resources plus a 5% contingency. The details of these proposals are contained in the MBWG proposals document in Appendix 4.

## **7.0 OTHER ISSUES**

- 7.1 As part of the 2019/20 Revenue Budget, the Council is required to approve the proposed contribution to the IJB for 2019/20. As has been the case previously, the Council's contribution to the IJB has to be within parameters set by the Scottish Government. In 2019/20 £148million new funding was allocated for Health & Social Care for a combination of specific new legislative requirements and for demographic/demand pressures. The Council's share of this was £2.46million.
- 7.2 Appendix 5 is a copy of the report which was approved by the Health & Social Care Committee on 28 February. The appendix to the report showed a proposed 2019/20 contribution to the IJB of £49.666million. Due to the agreement of the 2018/21 Pay Award and reflecting latest information, an updated Appendix 5B is attached showing a 2019/20 contribution of £50.617million. The MBWG support this level of contribution which represents a like for like increase of 2.1% on the 2018/19 contribution.
- 7.3 Appendix 6 contains those savings suggestions which came from the public consultation which took place before Christmas. It can be seen that the majority of the suggestions are either in the process of being implemented or formed part of the savings considered by the Members' Budget Working Group. Whilst officers will progress consideration of any remaining proposals it is not expected at this point in time that these will yield any savings of a material nature.
- 7.4 Appendix 7 provides an estimate of the funding gap for the period 2020/23 based on a number of assumptions around the level of Scottish Government grant, pay awards, non-pay inflation and demographic and other pressures. From this it can be seen that the Council faces considerable financial challenges over the medium term unless there is a significant improvement in the level of grant funding and increased flexibility in the level of Council Tax which can be levied. It is important therefore based on this information, that the Council approves a legally balanced budget for 2019/20 without the use of reserves in lieu of savings not yet identified.
- 7.5 It is recommended that, in order to support the development of savings proposals as part of the 2020/23 Budget, the Chief Executive be given delegated authority to progress relevant Voluntary Early Release trawls on the understanding that any progression of any employee releases will require Committee approval.
- 7.6 Due to the workforce implications arising from the current and future budget exercises, it is proposed that access to funding from the Council's Early Release earmarked reserve is made available to support displaced employees in skills development and retraining to assist them secure alternative Council employment. It is proposed that financial support could be available to assist employees in:
  - gaining a relevant formal qualification;
  - gaining relevant certification or accreditation;
  - undertake appropriate learning and development support;
  - undertake job shadowing or a secondment within another Council role or Service.

It is also proposed that, where appropriate, the fund may also cover certain salary costs but only

where the employing service is unable to contain these within the core budget, and subject to the approval of the CMT.

## 8.0 IMPLICATIONS

### 8.1 Finance

The financial implications are as outlined in the report and associated appendices.

#### Financial Implications:

##### One off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments  |
|-------------|----------------|--------------|---------------------------------|---------------|---|
| Reserves    | Free Reserves  | From 2019/20 | 4000                            |               | Proposals to utilise the Free Reserves per the Appendix 4 |

##### Annually Recurring Costs/ (Savings)

| Cost Centre | Budget Heading | With Effect from | Annual Net Impact £000 | Virement From (If Applicable) | Other Comments                            |
|-------------|----------------|------------------|------------------------|-------------------------------|---|
| Various     | Various        | 2019/20          | (2052)                 |                               | Savings proposals per Appendix 4          |
|             |                |                  | 282                    |                               | Policy Pressures proposals per Appendix 4 |

### 8.2 Legal

There are no legal implications arising other than those highlighted in the report.

### 8.3 Human Resources

At the February Policy & Resources Committee it was agreed to take a final decision on the implementation date of the new Pay & Grading Model as part of overall budget approval. As the proposal from the MBWG allows for the implementation of the new Pay & Grading Model from 1<sup>st</sup> April 2019, approval for this is sought as part of the report's recommendations.

Any resultant employee implications arising from the proposals in this report will be progressed in full consultation with relevant employees and the Trades Unions. To facilitate this, the Council is asked to agree that due to exceptional circumstances, Officers be allowed to give consideration to the release of employees in approved savings who signed up to be released as part of the last year's VER Trawl and where the post is part of an approved saving.

### 8.4 Equalities

Has an Equality Impact Assessment been carried out?

Specific EIAs/Fairer Scotland assessments were carried out on all savings proposals and are available on the Council's website.

Yes See above

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 8.5 Repopulation

The impact on the Council's repopulation agenda has been highlighted in the relevant savings proposals.

## 9.0 CONSULTATIONS

9.1 Throughout the development of the budget, the CMT have met with the MBWG and the Trades Unions via the JBG. The contents of the report have been discussed and supported by the MBWG and discussed at the JBG.

9.2 A high level public consultation seeking savings ideas was carried out during the autumn.

## 10.0 LIST OF BACKGROUND PAPERS

10.1 Finance circular 7/2018 issued by the Scottish Government.

**Closing the 2019/20 Budget Gap**

|   | <u>£million</u>     |
|---|---------------------|
| Funding Gap post 17/12/18 SG Grant Settlement           | 4.593               |
| add: Shortfall in Pay Inflation due to 3 Year Pay Offer | 1.647               |
| Funding Gap   | <u>6.240</u>        |
| <br><u>February Policy &amp; Resources Committee</u>    |                     |
| - Adjustment  | (1.671)             |
| - 3% Fees & Charges Increase                            | (0.130)             |
| - LTE Council Tax Levy                                  | (0.045)             |
| - Teachers Superannuation Increase                      | 0.350               |
| - Improved Grant Offer                                  | (1.355)             |
| Funding Gap   | <u>3.389</u>        |
| <br><u>February Council Meeting</u>                     |                     |
| - 4.79% Council Tax Increase                            | (1.404)             |
| - FSM Primary 4 (Full Year Cost)                        | 0.111               |
| - Adjustments   | (0.130)             |
| Funding Gap   | <u>1.966</u>        |
| <br><u>March Council Meeting</u>                        |                     |
| - Adjustments per Appendix 3                            | (0.085)             |
| Remaining Funding Gap                                   | <u><u>1.881</u></u> |

AP/CM  
26.02.19

REVENUE BUDGET 2019/20

APPENDIX 2

Committee: All  
 Corporate Director: All  
 Service: All  
 Division: All

| OBJECTIVE SUMMARY   | 2018/19<br>Base Budget<br>(a) | 2019/20<br>Previously<br>Agreed<br>Savings/Adjust<br>(b) | 2019/20<br>Inflation<br>(c) | 2019/20<br>Adjustments<br>Approved<br>(d) | 2019/20<br>New Funding<br>(e) | 2019/20<br>Others<br>(f) | 2019/20<br>Base Est.<br>(g) | 2020/21<br>Previously<br>Agreed<br>Savings/Adjus<br>(h) | 2020/21<br>Adjustments<br>P&R Nov 18<br>(i) | Budget<br>2020/21<br>(k) |
|---|-------------------------------|--|-----------------------------|---|-------------------------------|--------------------------|-----------------------------|---|---|--------------------------|
| Chief Executive Services  | 339,410                       |  | 9,580                       | (31,840)                                  |                               |                          | 317,150                     |   |   | 317,150                  |
| Environment, Regeneration & Resources Directorate               | 33,129,620                    | (488,000)  | 1,533,410                   | (618,070)                                 | 4,000                         | (1,360,200)              | 32,200,760                  | (103,000)   |   | 32,097,760               |
| Education, Communities & Organisational Development Directorate | 88,892,160                    | (605,000)  | 2,789,500                   | (364,220)                                 | 229,000                       | 850,000                  | 91,791,440                  |   | (53,220)                                    | 91,738,220               |
| Health & Social Care Partnership Directorate                    | 47,794,260                    | (814,000)  | 1,188,760                   | (226,130)                                 | 2,056,000                     | 150,580                  | 50,149,470                  |   |   | 50,149,470               |
| <b>Directorate Sub-Total</b>                                    | <b>170,155,450</b>            | <b>(1,907,000)</b>                                       | <b>5,521,250</b>            | <b>(1,240,260)</b>                        | <b>2,289,000</b>              | <b>(359,620)</b>         | <b>174,458,820</b>          | <b>(103,000)</b>  | <b>(53,220)</b>                             | <b>174,302,600</b>       |
| Miscellaneous   | 7,968,160                     | 3,300,000  | (3,124,250)                 | (1,359,740)                               |                               | (81,600)                 | 6,702,570                   | 6,100,000   |   | 12,802,570               |
| Loan Charges  | 12,400,390                    | (330,000)  |                             | (100,000)                                 |                               | (515,000)                | 11,455,390                  | (330,000)   |   | 11,125,390               |
| Contribution to / (from) Statutory Funds                        | (240,000)                     |  |                             |   |                               |                          | (240,000)                   |   |   | (240,000)                |
| Identified Savings  | 95,000                        |  |                             | (223,000)                                 | 20,000                        |                          | (108,000)                   |   |   | (108,000)                |
| <b>Total Expenditure</b>  | <b>190,379,000</b>            | <b>1,063,000</b>   | <b>2,397,000</b>            | <b>(2,923,000)</b>                        | <b>2,309,000</b>              | <b>(956,220)</b>         | <b>192,268,780</b>          | <b>5,667,000</b>  | <b>(53,220)</b>                             | <b>197,882,560</b>       |
| <b>Financed By:</b>   |                               |  |                             |   |                               |                          |                             |   |   |                          |
| General Revenue Grant/ Non Domestic Rates                       | (160,553,000)                 | 2,880,000  |                             |   | (2,309,000)                   | 954,000                  | (159,028,000)               | 1,000,000   |   | (158,028,000)            |
| General Revenue Grant Redetermination                           | -                             |  |                             |   |                               | 0                        | -                           |   |   | -                        |
| Council Tax   | (29,826,000)                  |  |                             | (1,448,000)                               |                               |                          | (31,274,000)                |   |   | (31,274,000)             |
| <b>Net Expenditure</b>  | <b>-</b>                      | <b>3,943,000</b>   | <b>2,397,000</b>            | <b>(4,371,000)</b>                        | <b>-</b>                      | <b>(2,220)</b>           | <b>1,966,780</b>            | <b>6,667,000</b>  | <b>(53,220)</b>                             | <b>8,580,560</b>         |



**Notes**

- (a) Reflects approved budget for 2018/19 Full Council February 2018.
- (b) (h) Reflects savings agreed as part of the approved budget February 2018.  
Includes inflationary pressures identified Finance Strategy December 2017.
- (c) Inflation - Pay award 2018/19 3.5% and 2019/20 3% for non-teachers. 3% 2018/19 for teachers.  
Includes allocations for non pay inflation.
- (d) (i) Adjustments approved P&R September 2018 £0.331m  
Adjustments approved P&R November 2018 £0.772m  
Adjustments approved P&R February 2019 £1.846m  
Adjustments approved Full Council February 2019 £1.422m
- (e) New funding as per finance circular 8/2018
- (f) Reflects further grant cut for 2019/20 of £1.362m and share of additional £90m (£1.355m)  
Includes virements across Directorates.

**2019/20 Budget  
Adjustments as at 21.3.19**

| ERR  | Savings<br>2019/20<br>£000 | Full Year Savings<br>2020/21<br>£000 | Comments   | FTE      |
|--|----------------------------|--------------------------------------|--|----------|
| 1/   |                            |                                      |  | -        |
| 2/   |                            |                                      |  |          |
| ECOD   | Savings<br>2019/20         | Full Year Savings<br>2020/21         | Comments   |          |
| 1/ Early Years additional funding adjustment | 20                         | 20                                   | Small reduction in extra resources to meet £4.885m budget in 2019/20                                       |          |
| 2/   |                            |                                      |  |          |
| HSCP   | Savings<br>2019/20         | Full Year Savings<br>2020/21         | Comments   |          |
| 1/   |                            |                                      |  |          |
| 2/   |                            |                                      |  |          |
| Corporate                                    | Savings<br>2019/20         | Full Year Savings<br>2020/21         | Comments   |          |
| 1/ Long Term Empty Council Tax               | 70                         | 70                                   | Increased budget based on current LTE properties and collection levels                                     |          |
| 2/ Prior Years Council Tax                   | -50                        | -50                                  | Reduction in budget based on current collection levels and impact of better current year collection levels |          |
| 3/ Use of Reserves                           | 30                         | 30                                   | Use of Reserves to balance the 2019/23 Capital Programme thus saving loans charges                         |          |
| 4/ IL Spend to Save for Capital              | 0                          | 15                                   | Uses Reserves to fund capital investment by IL at Port Glasgow pool  |          |
| <b>Total</b>                                 | <b>70</b>                  | <b>85</b>                            |  | <b>0</b> |

AP/CM  
06/03/19



**Members Budget Working Group Proposal**

**2019/20 Revenue Budget**

**&**

**2019/23 Capital Programme**

**21<sup>st</sup> March 2019**

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**2019/20 Revenue Budget Proposal**

|  | 2019/20<br>£000 | 2020/21<br>£000 | Proposed<br>Budget<br>£000 |
|--|-----------------|-----------------|----------------------------|
| Funding Gap per Appendix 1 of Council Report | 1843            | 38              | 1881                       |
| Add: Policy Pressures - Page B (Note 1)      | 138             | 33              | 171                        |
| Less: Savings Proposals - Page D&H           |                 |                 |                            |
| - ECOD                                       | (762)           | (407)           | (1169)                     |
| - ERR  | (162)           | (472)           | (634)                      |
| - HSCP                                       | (249)           | -               | (249)                      |
| Less: Use of Reserves for Cashflow Purposes  | (830)           | 830             | -                          |
| (Budget Surplus)/Budget Shortfall            | <u>(22)</u>     | <u>22</u>       | <u>0</u>                   |

Note 1 - Excludes P4 FSM which was already approved at 21.2.19 Full Council.

Table shows that the 2019/20 Budget will be balanced without the use of reserves by 2020/21

AP/CM  
11/3/19

**MBWG- Policy Pressure Proposals**

| Proposals                                     | Who By       | CMT Comments   | 2019/20<br>(Recurring)<br>£000 | 2020/21<br>(Recurring)<br>£000 |
|---|--------------|--|--------------------------------|--------------------------------|
| Expansion of Free School Meals to all P4s     | Ruth Binks   | Providing free school meals to all children in P4 would have some impact on poverty. The initiative may affect the time allocated to the school lunch break. Some schools have shorter lunch breaks and smaller canteen areas therefore, along with the 1140 hours, lunch breaks may need to be split into two sessions. | 73                             | 111                            |
| Mainline funding for the 3 Youth Zones        | Ruth Binks   | The current recurring cost of the 3 Youth Zones is £186k. A paper considered by the MBWG in January outlined how this cost could be reduced to £71k on the basis of the provision of a reduced service in Port Glasgow and Greenock only. Report to March Education & Communities Committee.                             | 71                             | 71                             |
| Amend FSM/Clothing Grant eligibility criteria | Alan Puckrin | Proposal would benefit an estimated 180 families and give approximately 300 children access to Clothing Grants and approximately 215 children access to Free School Meals who do not currently qualify.  | 67                             | 100                            |
|   |              | <b>Totals</b>  | 211                            | 282                            |

AP/CM  
5/3/19

**Savings Summary- MBWG Proposals**

| Directorate   | 2019/20<br>£000 | 2020/21<br>£000 | FTE         |
|---------------|-----------------|-----------------|-------------|
| ECOD          | 762             | 1169            | 31.9        |
| ERR           | 162             | 634             | 3.0         |
| HSCP          | 249             | 249             | 3.0         |
| <b>TOTALS</b> | <b>1173</b>     | <b>2052</b>     | <b>37.9</b> |

**MBWG Savings Proposals**

| Reference         | Saving  | 2019/20<br>'£000 | Full Saving<br>£000 | FTE<br>Impact |
|-------------------|---|------------------|---------------------|---------------|
| ECOD/ODHR/01/2019 | Reduction in support from Council for local events. | 27               | 36                  | 0.5           |
| ECOD/INC/02/2019  | Museums- Reduced Opening Hours                      | 51               | 68                  | 2.5           |
| ECOD/INC/05/2019  | CLD - Core Reduction                                | 50               | 67                  | 2.59          |
| ECOD/INC/06/2019  | CLD - Reduction in senior posts                     | 31               | 42                  | 1.0           |
| ECOD/INC/07/2019  | Libraries - Reduction in materials                  | 8                | 10                  | 0.0           |



Education & Communities

**MBWG Savings Proposals**

| Reference        | Saving  | 2019/20<br>'£000 | Full Saving<br>£000 | FTE<br>Impact |
|------------------|---|------------------|---------------------|---------------|
| ECOD/INC/09/2019 | Inverclyde Leisure Management Fee-Increases in Charges, Development of PG Pool, Streamlining Shifts | 57               | 113                 | 0             |
| ECOD/EDU/11/2019 | Teachers -Remove Network Support  | 173              | 276                 | 6.0           |
| ECOD/EDU/12/2019 | Teachers -Reduce Secondary School Staffing  | 132              | 211                 | 4.6           |
| ECOD/EDU/14/2019 | Breakfast Clubs- Charge £1/day for non-Free School Meal pupils                                      | 31               | 50                  | 0.0           |
| ECOD/EDU/15/2019 | 5% reduction in DMR School Budgets  | 44               | 44                  | 0.0           |

Education & Communities

**MBWG Savings Proposals**

| Reference        | Saving   | 2019/20<br>'£000 | Full Saving<br>£000 | FTE<br>Impact |
|------------------|--|------------------|---------------------|---------------|
| ECOD/EDU/16/2019 | Reduction in Local Government Employee Posts in Schools              | 41               | 65                  | 3.4           |
| ECOD/EDU/17/2019 | Schools Cleaning- Reduce non-hygiene area cleaning by 1 day per week | 117              | 187                 | 11.3          |

Totals 762 1169 31.89

**MBWG Savings Proposals**

| Reference        | Saving  | 2019/20<br>£000 | Full Saving<br>£000 | FTE<br>Impact |
|------------------|---|-----------------|---------------------|---------------|
| ER&R/RPS/01/2019 | 3.75% reduction in employabililty contracts with external providers.                                      | 0               | 94                  | 0             |
| ER&R/ECS/02/2019 | Introduce new parking charges in currently free car parks - Details to be agreed by E&R Committee in 2019 | 0               | 100                 | 0             |
| ER&R/ECS/03/2019 | Introduce charges for seasonal Garden Waste uplift  | 0               | 237                 | -1            |
| ER&R/ECS/04/2019 | Reduction in Roads Feasibility Study, Markings and Verge Maintenance Budgets                              | 62              | 62                  | 0             |
| ER&R/ECS/05/2019 | 6% reduction in front line Grounds Maintenance budget.  | 88              | 118                 | 3.0           |
| ER&R/FIN/06/2019 | Close Port Glasgow Customer Service Desk  | 12              | 23                  | 1             |
| <b>Totals</b>    |   | <b>162</b>      | <b>634</b>          | <b>3</b>      |

**MBWG Savings Proposals**

| Reference         | Saving   | 2019/20<br>£000 | Full Saving<br>£000 | FTE<br>Impact |
|-------------------|--|-----------------|---------------------|---------------|
| HSCP/CC&H/01/2019 | Review of Physical Disability Service - Reduce residential care.   | 54              | 54                  | 0.00          |
| HSCP/CC&H/02/2019 | Further reduction in Care Home Beds  | 90              | 90                  | 0.00          |
| HSCP/PHIC/03/2019 | Redesign of Advice Services Team resulting in a reduction to staffing. Use Anti-Poverty reserve to smooth impact of saving over 3 year period. | 105             | 105                 | 3.0           |
| Totals            |  | 249             | 249                 | 3.00          |

**Earmarked Reserves - Write Backs**

|   | <u>£000</u> | <u>£000</u>        |
|---|-------------|--------------------|
| Projected Free Reserves 31.3.19           |             | 2200               |
| <u>Education &amp; Communities</u>        |             |                    |
| SEMP Model Balance                        | 200         |                    |
| Major Events                              | <u>195</u>  | 395                |
| <u>HSCP</u>                               |             |                    |
| (Note 1)                                  |             | -                  |
| <u>Environment &amp; Regeneration</u>     |             |                    |
| Riverside Inverclyde                      | 350         |                    |
| Vehicle Replacement Programme Programme   | 100         |                    |
| CEF Energy Audit                          | 60          |                    |
| Traffic Management Studies                | <u>30</u>   | 540                |
| <u>Policy &amp; Resources</u>             |             |                    |
| Welfare Reforms Operational               | 80          |                    |
| Budget Development                        | 25          |                    |
| Contingency                               | 80          |                    |
| GDPR                                      | 75          |                    |
| Microsoft Licensing                       | <u>265</u>  | 525                |
| Estimated Free Reserves Available 31.3.19 |             | <u><u>3660</u></u> |

Notes

- 1/ Use of Reserves decisions lie with the IJB and therefore transfers between the IJB and Council are unlikely. The Council however needs to have an awareness of the scale/use of IJB reserves when considering allocating further one off funding to the IJB.
- 2/ In addition the Council has £3.0 million allocated for the Medium Term Financial Strategy which was to smooth budget reductions to 2022/23.

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**MBWG - Investment Proposals**

|    | Proposals  | Who By       | CMT Comments  | Estimated Costs<br>(One off)<br>£000 | Estimated Costs<br>(Recurring)<br>£000 |
|----|--|--------------|---|--------------------------------------|--|
| 1/ | Further allocation of resources towards to Clune Park Area Regeneration Plan | Scott Allan  | Estimated allowance to achieve completion of the acquisitions within the Clune Park area  | 850                                  | 0                                      |
| 2/ | Grieve Road Community Centre   | Ruth Binks   | Following the decision to close Paton St Community Hall officers would develop proposals to refresh the Grieve Rd Community Centre . It is proposed that this be funded from Reserves. Following discussion with the Ward Councillors it is proposed not to fund increased parking provision within this sum. | 200                                  | 0                                      |
| 3/ | Roads Defects & Drainage   | Scott Allan  | For the last 3 years a sum of approximately £200k has been added to the recurring revenue budget to allow increased maintenance to the roads whilst the RAMP continues to be rolled out and to consolidate the gains achieved. Funding stops on 31.3.19   | 200                                  | 0                                      |
| 4/ | Purchase King St Car Park and Ground Floor of Hector McNeil House.           | Scott Allan  | The owners of the ground floor of Hector McNeil House and the King Street Car Park have asked if the Council wishes to buy these. Officers will prepare a more detailed report for Env & Regen Committee to consider in advance of making a final decision.   | 325                                  | tbc                                    |
| 5/ | 2019/23 Capital Programme  | Alan Puckrin | Replace proposed new prudential borrowing in draft 2019/23 Capital Report with Reserves.  | 450                                  | (30)                                   |
| 6/ | Youth Connections Burns Square building repairs                              | Ruth Binks   | Essential repairs to be the building including replacement of windows, doors boiler, roof covering and upgrade of kitchen plus external works   | 100                                  | 0                                      |
| 7/ | Year of Young People Legacy Fund   | Ruth Binks   | This is £100K over 5 years @ 20K per year. This would mean 5 events:- Clyde Conversations plus locality feedback, awards ceremony and 2 youth events.   | 100                                  | 0                                      |

**MBWG - Investment Proposals**

|     | Proposals   | Who By      | CMT Comments  | Estimated Costs<br>(One off)<br>£000 | Estimated Costs<br>(Recurring)<br>£000 |
|-----|---|-------------|---|--------------------------------------|--|
| 8/  | Play Area Strategy  | Scott Allan | Allocation towards the Play Areas strategy which would thereafter be the subject of a more detailed report on the use of this sum to the Environment and Regeneration Committee.  | 250                                  | 0                                      |
| 9/  | Refurbishment Weymss Bay Community Centre   | Ruth Binks  | 10K applied for through Participatory Budgeting for upgrade to kitchen. £100K allocated for refurbishment. Please note an extension to the building is not straight forward because of the situation.   | 100                                  | 0                                      |
| 10/ | Allocation for a Safer Streets initiative   | Scott Allan | This follows agreement at Environment and Regeneration Committee to draft a policy for prioritisation of street treatments based on environmental priorities and community support as opposed to being road safety driven.  | 150                                  | 0                                      |
| 11/ | Seed funding for active travel within Inverclyde  | Scott Allan | Would support active travel strategy  | 50                                   | 0                                      |
| 12/ | Incorporate 'Equally Safe' the Scottish Governments National Strategy to eradicate violence against women and girls into every part of the council's business from education to planning. | Ruth Binks  | Many actions are already being undertaken through other work plans e.g. DYW mentoring in violence prevention. The framework for the project can be progressed through Equalities groups, Violence Against Women groups and Women's forum. Inverclyde Council is a shadow Council for the pilot of Equally Safe in the work place which is being progressed nationally. The money will help to promote initiatives and provide training. | 10                                   | 0                                      |
| 13/ | Establish a conservation area and listed buildings grant to help houses in conservation areas become energy efficient.  | Scott Allan | Allocation only and would be the subject of a more detailed report on criteria/intervention levels to the E&R Committee.  | 80                                   | 0                                      |
| 14/ | Repaint and carry out essential repairs to The Comet  | Scott Allan | Proposal involves the carrying out of superficial repairs and painting (through an employability programme) and the carrying out of a ship survey/feasibility study. Much more significant expenditure is required to secure the long term future of the vessel.  | 50                                   | 0                                      |

**MBWG - Investment Proposals**

|     | Proposals  | Who By       | CMT Comments   | Estimated Costs<br>(One off)<br>£000 | Estimated Costs<br>(Recurring)<br>£000 |
|-----|--|--------------|--|--------------------------------------|--|
| 15/ | Create hard surface car park within the red blaze pitch on Drumshantie Road to alleviate traffic congestion at St Ninians, this to include widening the access gate. | Scott Allan  | Propose that the existing vehicular access be widened to two lanes, an area of hard standing be created at entrance to the Haze pitch and that the blaze pitch be surface dressed with gravel to facilitate parking by light vehicles.               | 80                                   | 0                                      |
| 16/ | Resurface Auchneagh Farm Lane  | Scott Allan  | Lane confirmed to be in Council ownership.   | 10                                   | 0                                      |
| 17/ | Extended opening of Gourock Pool - 2019  | Ruth Binks   | Sum to allow the extended opening of the Gourock Pool for one further year.  | 15                                   | 0                                      |
| 18/ | IL - PG Pool Spend to Save proposal  | Ruth Binks   | Within the IL Savings list was a proposal to invest £150k to deliver increased income. Proposal is to fund this investment from Reserves.  | 150                                  | (15)                                   |
| 19/ | Pay & Grading Model - Funding for 2019/20  | Steven McNab | This sum would allow for the implementation of the Pay & Grading Model from 1.4.19 whilst delivering the savings to fund this on a permanent basis from 1.4.20   | 830                                  | 0                                      |
| 20/ | Contribution from the Budget Smoothing Reserve   | Alan Puckrin | Contribution to fund the proposed use of reserves based on an estimate of £3.66million Free Reserves at 31.3.19. In the event to Free Reserves exceed this sum then the MBWG propose that the first £340k is returned back to the Smoothing Reserve. | (340)                                | 0                                      |
|     |  |              | Total  | 3,660                                | (45)                                   |



**Proposals to balance to 2019/23 Capital Programme**

| Remove/Reduce Capital Projects                    | £000 |
|---|------|
| Reduce Depot AMP - Cancel BSU move to Pottery St  | 140  |
| - Reduce Demolition Allowance                     | 100  |
| Reduce annual RAMP allowance to £3.0 million/Year | 369  |
| Reduce SEMP life cycle to £2.9 million/ Year      | 300  |
| Remove 20% of Crosshill tender contingency        | 50   |
| Allocate funding from Capital Fund                | 600  |
| Contribution from Free Reserves                   | 450  |
|   | 2009 |

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**General Fund Capital Programme - 2019/23**

**Available Resources**

|  | 2019/20       | 2020/21       | 2021/22       | 2022/23       | Total         |
|--|---------------|---------------|---------------|---------------|---------------|
|  | £000          | £000          | £000          | £000          | £000          |
| Government Capital Support (Note 1)        | 9,390         | 8,100         | 8,100         | 8,100         | 33,690        |
| Capital Receipts                           | 247           | 543           | 148           | 95            | 1,033         |
| Capital Grants                             | 2,493         | 1,500         | 19            | -             | 4,012         |
| Prudential Funded Projects                 | 3,800         | 4,147         | 913           | 332           | 9,192         |
| Balance B/F From 18/19 (Inc School Estate) | 17,828        |               |               |               | 17,828        |
| Capital Funded from Current Revenue        | 354           | 1,206         | 406           | 406           | 2,372         |
|  | <b>34,112</b> | <b>15,496</b> | <b>9,586</b>  | <b>8,933</b>  | <b>68,127</b> |
| <br>                                       |               |               |               |               |               |
| <u>Total Expenditure</u>                   | <u>24,140</u> | <u>26,536</u> | <u>10,453</u> | <u>10,347</u> | <u>71,476</u> |

**(Shortfall)/Under Utilisation of Resources**

**(3,349)**

**Notes**

**Note 1: Government Capital Support**

It has been confirmed that £1.443m of 2016/17 grant re-profiled to future years to be returned 2019/20, this is included in the grant. 2020/21 & future grant is based on current grant levels with an estimated 2% uplift.

**General Fund Capital Programme - 2019/23**

**Approved Programme**

|   | 2019/20       | 2020/21       | 2021/22       | 2022/23       | Total         |
|---|---------------|---------------|---------------|---------------|---------------|
|   | £000          | £000          | £000          | £000          | £000          |
|   |               | 8,100         | 8,100         | 8,100         |               |
| <b><u>Policy &amp; Resources</u></b>                                |               |               |               |               |               |
| Annual Allocation (ICT)   | 363           | 463           | 363           | 363           | 1,552         |
| Modernisation Fund  | 5             | -             | -             | -             | 5             |
| <b><u>Policy &amp; Resources Total</u></b>                          | <b>368</b>    | <b>463</b>    | <b>363</b>    | <b>363</b>    | <b>1,557</b>  |
| <b><u>Environment &amp; Regeneration</u></b>                        |               |               |               |               |               |
| Regeneration of Port Glasgow Town Centre                            | 36            | 600           | -             | -             | 636           |
| Bakers Brae Enterprise Hub  | 100           | -             | -             | -             | 100           |
| Regeneration of Town & Village Centres                              | 351           | 1,500         | 350           | -             | 2,201         |
| Completion of Existing Programme (Property Services)                | 1,924         | 1,151         | -             | -             | 3,075         |
| Annual Allocation (Property Services)                               | 86            | 2,000         | 2,000         | 2,000         | 6,086         |
| King George VI Refurbishment  | 300           | 557           | -             | -             | 857           |
| Lady Octavia Recreation Centre/Bridgend Rd                          | 45            | -             | -             | -             | 45            |
| Boglestone Community Centre   | 160           | 125           | -             | -             | 285           |
| Capital Works on Former Tied Houses                                 | 13            | 50            | 60            | 60            | 183           |
| Asset Management Plan - Offices                                     | -             | 22            | -             | -             | 22            |
| Asset Management Plan - Depots                                      | 295           | 911           | -             | -             | 1,206         |
| SPT   | 350           | -             | -             | -             | 350           |
| Flooding Works  | 300           | 900           | -             | -             | 1,200         |
| Kirn Drive Passing Places   | -             | 175           | -             | -             | 175           |
| Roads Asset Management Plan   | 3,110         | 3,852         | 3,000         | 3,000         | 12,962        |
| Scheme of Assistance/Aids & Adaptations                             | 742           | 913           | 1,256         | 1,256         | 4,167         |
| Clune Park  | -             | 680           | -             | -             | 680           |
| Vehicle Replacement Programme                                       | 1,433         | 2,311         | 570           | 367           | 4,681         |
| Cemetery Development  | 50            | 1,400         | -             | -             | 1,450         |
| Cremator Replacement  | 1,450         | -             | -             | -             | 1,450         |
| Play Areas/Park Assets  | 2             | -             | -             | -             | 2             |
| Park, Cemeteries & Open Spaces AMP                                  | 200           | 350           | 200           | 200           | 950           |
| Annual Allocation (Zero Waste Fund)                                 | 60            | 60            | 60            | 60            | 240           |
| <b><u>Environment &amp; Regeneration Total</u></b>                  | <b>11,007</b> | <b>17,557</b> | <b>7,496</b>  | <b>6,943</b>  | <b>43,003</b> |
| <b><u>Education &amp; Communities</u></b>                           |               |               |               |               |               |
| Contribution to Watt Complex Refurbishment                          | 400           | 39            | -             | -             | 439           |
| New Community Facility Broomhill                                    | 106           | -             | -             | -             | 106           |
| Inverkip Community Hub Storage                                      | 45            | -             | -             | -             | 45            |
| Indoor Bowling Investment   | 5             | -             | -             | -             | 5             |
| Lady Alice Bowling Club   | -             | 200           | -             | -             | 200           |
| Birkmyre Park, Kilmacolm Pitch Improvements                         | 40            | -             | -             | -             | 40            |
| Indoor Sports Facility for Tennis                                   | -             | 500           | -             | -             | 500           |
| Inverclyde Leisure Spend to Save - Boglestone                       | 800           | 30            | -             | -             | 830           |
| Leisure Pitches AMP   | 35            | 50            | 280           | 141           | 506           |
| <b><u>School Estate Management Plan</u></b>                         |               |               |               |               |               |
| Hillend Children's Centre - Refurbishment                           | 917           | 50            | -             | -             | 967           |
| Gourock PS - Extension  | 1,539         | 164           | -             | -             | 1,703         |
| St Mary's PS - Refurbishment & Extension                            | 4,592         | 231           | -             | -             | 4,823         |
| Lifecycle Fund  | 813           | 3,099         | 2,314         | 2,850         | 9,076         |
| Demolish Sacred Heart PS  | -             | 266           | -             | -             | 266           |
| Complete on Site  | -             | 328           | -             | -             | 328           |
| Other Projects < £250K  | 164           | 250           | -             | -             | 414           |
| Early Learning & Childcare Expansion (1140hrs) Projects:            |               |               |               |               |               |
| Refurbishment - Craigmarloch/Gourock YAC                            | 48            | 204           | -             | -             | 252           |
| New Build - Larkfield CC/Park Farm (Rainbow FC)                     | 1,726         | 2,794         | -             | 50            | 4,570         |
| Outdoor - Blairmore/Binnie St/Gibshill/Rainbow/Kilmacolm/Wemyss Bay | 556           | 24            | -             | -             | 580           |
| Other Projects < £250K  | 54            | -             | -             | -             | 54            |
| <b><u>Education &amp; Communities Total</u></b>                     | <b>11,840</b> | <b>8,229</b>  | <b>2,594</b>  | <b>3,041</b>  | <b>25,704</b> |
| <b><u>HSCP</u></b>  |               |               |               |               |               |
| Crosshill Childrens Home Replacement                                | 900           | 287           | -             | -             | 1,187         |
| Completion of Existing Programme                                    | 25            | -             | -             | -             | 25            |
| <b><u>HSCP Total</u></b>  | <b>925</b>    | <b>287</b>    | <b>-</b>      | <b>-</b>      | <b>1,212</b>  |
| <b><u>Total Expenditure</u></b>                                     | <b>24,140</b> | <b>26,536</b> | <b>10,453</b> | <b>10,347</b> | <b>71,476</b> |

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|                         |  |                    |                         |
|-------------------------|--|--------------------|-------------------------|
| <b>Report To:</b>       | <b>Health &amp; Social Care Committee</b>                          | <b>Date:</b>       | <b>28 February 2019</b> |
| <b>Report By:</b>       | <b>Chief Financial Officer/Corporate Director, Inverclyde HSCP</b> | <b>Report No:</b>  | <b>FIN/22/19/AP/LA</b>  |
| <b>Contact Officer:</b> | <b>Alan Puckrin</b>  | <b>Contact No:</b> | <b>01475 712223</b>     |
| <b>Subject:</b>         | <b>Proposed Contribution to the IJB 2019/20</b>                    |                    |                         |

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## 1.0 PURPOSE

- 1.1 The purpose of this report is to seek Committee support for the contribution from Inverclyde Council to the Inverclyde IJB for 2019/20 subject to the final 2019/20 Budget decisions due to be taken by the Council on the 21 March, 2019.

## 2.0 SUMMARY

- 2.1 Each year the Council is required to advise the IJB of its proposed contribution for the forthcoming financial year and thereafter the IJB arrive at a decision as to whether to accept this contribution. If the contribution is agreed by the IJB then a "direction" is issued to the Council which thereafter delegates a budget back to the Council for delivery of the IJB outcomes.
- 2.2 As part of the 2019/20 draft Revenue Budget Settlement from the Scottish Government £148 million of extra funding was allocated for both new specific initiatives but also a general sum in recognition of continued pressures within the social care system from both a cost and demand perspective. This excludes £12m for School Counsellors which it is recommended us retained by the Council pending clarification on how this will be used. The settlement specified that each Councils share of the £148 million new funding should be added to the recurring 2018/19 Revenue Budget. For Inverclyde this sum us £2.46 million.
- 2.3 As part of the changes to the Local Government settlement agreed on the 31<sup>st</sup> January, it was agreed that Councils could reduce this sum by up to 2.2% of the Adult Social Care budget. For Inverclyde this equates to around £746,000.
- 2.4 If the Council were to ultimately agree to the proposal in Appendix 1 then it can be seen that there are still significant extra sums which will be allocated to IJB via the Council for Free Personal Care for the under 65's and the Carers Act plus an unallocated sum to meet ongoing demand and demographic pressures within the HSCP.
- 2.5 Any decision regarding the Councils contribution to the IJB in 2019/20 will be ultimately dependant on the final savings decisions taken by the Council on 21 March, 2019 but the support from the Health & Social Care Committee to the proposals in section 5.3 would assist the overall decision making process. Officers are satisfied that if agreed, they will be in a position to demonstrate to the Scottish Government that the Council has complied with the requirements set out in the Local Government Settlement.

## 3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the significant extra funding allocated to Councils to be spent on Social Care as part of the 2019/20 Budget but also note the condition attached.

- 3.2 It is recommended that the Committee support the proposals set out in the 5.3 and illustrated in Appendix 1 to mitigate the impact elsewhere in the Council Budget arising from the conditions set by the Scottish Government.
  
- 3.3 It is recommended that the Committee agree that the Corporate Director, Inverclyde & Social Care Partnership engage with the IJB regarding the draft proposals subject to the final decision of the Council on 21 March,2019

**Alan Puckrin**  
**Chief Financial Officer**

## 4.0 BACKGROUND

- 4.1 As part of the overall budget approval the Council will require to agree the proposed contribution to Inverclyde IJB for 2019/20 thereafter the IJB will require to approve its 2019/20 Budget and within that the contribution it requires from the Council. The Chief Officer, Inverclyde HSCP and the Chief Financial Officers of both the Council and the IJB have been working closely together to ensure that the budget process runs as smoothly as possible and this is even more relevant given the likely proximity of the Budget setting day to the start of the next financial year.
- 4.2 The draft Local Government Finance Settlement received in December 2018 allocated significant extra funding of £148 million to Councils to be spent on a combination of new policy initiatives e.g. Carers Act and Free Personal Care for the under 65s but also allocated a sum for general demographic and demand pressures. This extra funding however was conditional on the fact that Council contributions to IJBs must be no less than the 2018/19 recurring Budget plus the Councils share of this extra sum which in the case of Inverclyde is approximately £2.46 million.
- 4.3 As part of the changes to the Local Government settlement agreed on the 31<sup>st</sup> January, it was agreed that Councils could reduce this sum by up to 2.2% of the Adult Social Care budget. For Inverclyde this equates to around £746,000.

## 5.0 PROPOSALS

- 5.1 Were the Council to simply add £2.46 million to the existing 2018/19 Revenue Budget then it would increase further the significant funding gap which the Council is currently facing and mean that the full funding gap has to be closed by the remaining two Directorates. As such Officers are proposing a number of actions which will reduce the impact elsewhere on the Council's Budget. This will still comply with the Scottish Government requirements and give the Inverclyde IJB a level of funding which is appropriate in the context of the overall Local Government Settlement.
- 5.2 Appendix 1 provides a summary of the overall calculation which, subject to clarification of the final Local Government Settlement, Pay Award and savings demonstrates that the Council has met the requirement of the Scottish Government.
- 5.3 The specific proposals are set out below and it is requested that the Committee support for the proposed treatment as follows:
  - a) **2019/20 Non Pay inflation** – It is proposed that no further funding is allocated by the Council towards the non-pay inflation pressures and that these will all be met from the extra funding. It is estimated that these costs will be somewhere between £750,000 and £850,000. The largest single item within this will be the National Care Home contract annual uplift with the increase in Provider rates for the Living Wage forming another substantial sum.
  - b) **2019/20 Pay Inflation** – The Council has previously committed to meet the full cost of the 2018/19 Pay Award and it is proposed that this commitment is honoured albeit the current offer is well in excess of the amount envisaged when the Council entered into this commitment. It is however proposed that the 2019/20 Pay Award including the Living Wage uplift is met from within the extra funding allocated to the HSCP. In the event that the Pay Award is in excess of the current 3% offer then it is proposed that this is also contained by the HSCP.
  - c) **Approved Savings** – The full year effect of a number of savings agreed in March 2018 are due to be delivered in 2019/20. For the purpose of calculating the 2018/19 recurring budget it is proposed that these sums are removed as the decision to take these pre dated the December 2018 Scottish Government Draft Local Government Settlement for 2019/20. In the same way it is proposed that other efficiencies/savings decisions taken prior to the December 2018 Draft Budget announcement are also excluded when calculating the recurring the 2018/19 Budget.

- d) **Pay and Grading Model** – It is proposed that the impact of the implementation of the pay and grading model (on the assumption that it is implemented in 2019/20) is met by the Council.
- e) **2019/20 New Savings** – No decision has been taken on further savings to be made by the HSCP in 2019/20 and presently there are 3 savings totalling £249,000 which Members are considering. The impact of any of these savings being taken will need to be factored into the calculation prior to demonstrating to the Scottish Government that the Council has adhered to tit's conditions.

5.4 Overall it can be seen from Appendix 1 that on the basis that the proposals in the above paragraph are approved then this leaves approximately £254,000 of unallocated recurring funding for the IJB to meet additional pressures/demand.

## 6.0 IMPLICATIONS

### 6.1 Finance

The proposals in this paper have been considered by the Members Budget Working Group on 28 January who support the proposals in 5.3. In the event that these proposals were not agreed then the funding gap and the pressure on the other two Directorates would increase commensurately.

#### Financial Implications:

##### One off Costs

| Cost Centre | Budget Heading | Budget Years | Proposed Spend this Report £000 | Virement From | Other Comments |
|-------------|----------------|--------------|---------------------------------|---------------|----------------|
| N/A         |                |              |                                 |               |                |

##### Annually Recurring Costs/ (Savings)

| Cost Centre    | Budget Heading    | With Effect from | Annual Net Impact £000 | Virement From (if Applicable) | Other Comments   |
|----------------|-------------------|------------------|------------------------|-------------------------------|--|
| Revenue Budget | Pay Inflation     |                  | (805)                  |                               | Reduction in the Councils Pay Inflation allowance for 2019/20.     |
|                | Non-Pay Inflation |                  | (497)                  |                               | Reduction in the Councils non-pay inflation allowance for 2019/20. |

### 6.2 Legal

There is a specific statutory requirement which has to be complied with by the Council in respect of providing funding to the IJB and the proposals within this report will meet that requirement.

### 6.3 Human Resources

There are no HR implications arising from this report.

### 6.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

## 6.5 Repopulation

There are no are no repopulation issues arising from this report.

## 7.0 CONSULTATIONS

7.1 In preparing this report the Chief Officer Inverclyde HSCP and the 2 Chief Financial Officers have worked closely together on an open book basis. All 3 Officers would recommend the proposals within this report for approval. In addition the MBWG and CMT support the proposals in this report.

## 8.0 LIST OF BACKGROUND PAPERS

8.1 None



**2019/20 Council Contribution to the IJB**

1/ Minimum contribution per Government conditions

|  | £000          | Comments                     |
|--|---------------|------------------------------|
| 2018/19 Budget                         | 48,154        | Before 2018/19 Pay Award     |
| less: Savings Agreed March 2018        | (973)         | Not recurring spend in 18/19 |
| Savings Agreed November 2018           | (187)         | Not recurring spend in 18/19 |
| add: Share of £146 million             | 2460          |                              |
| less: 2.2% of Adult Social Care Budget | (746)         |                              |
| 2019/20 minimum contribution           | <u>48,708</u> |                              |

2/ 2019/20 Contribution, current position

|                                   | £000          | Comments                                  |
|-----------------------------------|---------------|---|
| 2019/20 Base Budget               | 47,206        | Before 18/19 Pay Award                    |
| add: FPC Under 65 (£30 million)   | 429           | Confirmed 22/2/19                         |
| Carers Act (£10 million)          | 172           |   |
| 3% Pay Award                      | 805           | To be agreed by TUs                       |
| Non-Pay Inflation Allowance       | 800           | Estimate based on 18/19                   |
| Unallocated balance               | 254           | Balance of £1.859 million                 |
|                                   | <u>49,666</u> |   |
| add: Share of Pay & Grading Costs | 200           | Estimate - to be confirmed                |
|                                   | <u>49,866</u> |   |
| less: 3% Charges increase         | (20)          | Approved 5/2/19 P&R Committee             |
| Feb P&R Adjustment                | (19)          | Allocate current costs to Under 65 monies |
| 2019/20 savings                   | (249)         | (Note c)                                  |
| Advice Services EMR Funding       | 88            |   |
|                                   | <u>49,666</u> |   |

Note - £49.666 million represents an increase of:

- a) 3.14% on 2018/19 Budget
- b) 5.69% increase on 2018/19 Recurring Budget (£46.994m)
- c) Maximum savings that Members are considering.

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**2019/20 Council Contribution to the IJB - Updated 1/3/19**

1/ Minimum contribution per Government conditions

|  | £000          | Comments                     |
|--|---------------|------------------------------|
| 2018/19 Budget                         | 48,154        | Before 2018/19 Pay Award     |
| less: Savings Agreed March 2018        | (973)         | Not recurring spend in 18/19 |
| Savings Agreed November 2018           | (187)         | Not recurring spend in 18/19 |
| add: 3.5% Pay Award                    | 847           |                              |
| add: Share of £148 million             | 2460          |                              |
| less: 2.2% of Adult Social Care Budget | (746)         |                              |
| 2019/20 minimum contribution           | <u>49,555</u> |                              |

2/ 2019/20 Contribution, current position

|                                   | £000          | Comments   |
|-----------------------------------|---------------|--|
| 2019/20 Base Budget               | 48,053        | Before 18/19 Pay Award                           |
| add: FPC Under 65 (£30 million)   | 429           | Confirmed 22/2/19                                |
| Carers Act (£10 million)          | 172           |  |
| 3% Pay Award                      | 791           | Confirmed 1/3/19                                 |
| Non-Pay Inflation Allowance       | 800           | Estimate based on 18/19                          |
| Unallocated balance               | 268           | Balance of £1.859 million                        |
|                                   | <u>50,513</u> |  |
| add: Homelessness Temp Accom      | 104           | Management costs no longer eligible for Benefits |
| add: Share of Pay & Grading Costs | 200           | Estimate - to be confirmed                       |
|                                   | 50,817        |  |
| less: 3% Charges increase         | (20)          | Approved 5/2/19 P&R Committee                    |
| Feb P&R Adjustment                | (19)          | Allocate current costs to Under 65 monies        |
| 2019/20 savings                   | (249)         |  |
| Advice Services EMR Funding       | 88            |  |
|                                   | <u>50,617</u> |  |

Note 1 - £50.617 million represents an increase of:

- a) 3.3% on 2018/19 Budget (£49.001m)
- b) 5.8% increase on 2018/19 Recurring Budget (£47.841m)

Note 2 - 2019/20 contribution on a like for like basis is £50.016m an increase from £49.001m of 2.1%

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## BUDGET CONSULTATION IDEAS

| Idea  | Directorate       | CMT comment  | Governance and reporting route   |
|---|-------------------|--|--|
| Explore the use of shared services  | Cross-directorate | The council has already taken steps to share services across roads and transportation with West Dunbartonshire Council. The joint head of service is progressing the business case for the wider sharing of environmental services. Discussions are also on going on further opportunities for sharing services across other areas of the council and, potentially, encouraging other partner councils to be involved. | Part of the 'delivering differently' programme and updates reported to the council six monthly.                                      |
| Reduce or freeze senior management staff costs  | Cross-directorate | The council has reduced senior managers by over 50% in recent years and a further reduction in resources saving £650k was agreed in February 2018. Inverclyde already has fewer senior managers than most other councils and benchmarking has shown levels of pay are lower potentially leading to recruitment and retention issues arising from this suggestion.  | Delivery of the current restructure is part of the 'delivering differently' programme.   |
| Reduce or freeze elected Members payments.  | Cross-directorate | The allowance for elected members is not an amount decided by the council but is set out nationally by the Government.   | N/A  |
| Reduce the number of senior and middle managers.  | Cross-directorate | The council has, in recent years, reduced its senior management levels including a comprehensive management review carried out in 2017/18.   | Delivery of the current restructure is part of the 'delivering differently' programme.   |
| Attract more companies into Inverclyde to create jobs for local people.                                 | ERR               | The council has in place a joint operating plan for economic development and has plans in place (agreed by environment and regeneration committee and currently being reviewed by the RI board) for the delivery of long term economic development and regeneration for Inverclyde.  | Progress monitored through the environment, regeneration and resources (ER&R) CDIP which is reported to committee every second cycle |
| Delete the community warden service   | ECOD              | A budget proposal to delete the service was developed but not supported by members. A proposal to reduce the service by 25% is being considered as part of the 2019/20 budget.   | Decision due 21.3.19 council   |
| Discontinue the fireworks display events  | ECOD              | A current budget saving proposal to reduce expenditure on events is being examined by MBWG around events.  | Decision due 21.3.19 council   |
| Stop supplying catering for senior management meetings  | Cross-Directorate | Annual expenditure on catering for internal meetings is very low but the CMT will examine this area to identify and reduce unnecessary costs.  | Report to come back to CMT during 2019.  |
| Start using the council's reserves.   | ERR               | The council, as part of its normal budget process, reviews reserves, including earmarked reserves as part of the normal budget setting process. Reserves reduced by £6million last year with a further reduction projected in 2018/19  | Decision due 21.3.19 council and monitored via the financial strategy  |
| Amalgamate Port Glasgow and St Steven's High Schools with the aim of saving costs on senior management, | ECOD              | Amalgamation of schools would require a significant level of public consultation and engagement and require, to be successfully delivered, a clear educational outcome beyond any budget saving.   | N/A  |

| Idea  | Directorate | CMT comment  | Governance and reporting route   |
|---|-------------|--|--|
| administration and teaching staff.                                |             |  |  |
| Benchmark home care charging policy with other local authorities  | HSCP        | Council charges for services are regularly reviewed and benchmarked as part of the budget setting each year. Levels of social care charging under review by the Scottish Government  | Next reviewed as part of the 2020/21 budget  |
| Charge for parking in the pay and display car parks on Saturdays. | ERR         | The council has reviewed a range of options in recent years around parking charges. The option of weekend parking charges in car parks was initially implemented but withdrawn due to business and public concerns.  | N/A  |
| Only provide school buses for those who need them.                | ECOD        | School bus travel in Inverclyde is currently being reviewed by the service.  | Part of the 'delivering differently' programme plus reports to the education and communities committee |
| Sell the older buildings as they cost a lot of money to maintain. | ERR         | The council's office accommodation has already been reduced in recent years with surplus assets sold or demolished. A review of the council's office estate is currently being undertaken by property services to examine the use of accommodation in the Greenock town centre 'campus'. The council is often, for older and historic buildings such as the Greenock Municipal Buildings, the custodian of a piece of the area's heritage which goes beyond the need for office accommodation. | Part of the ER&R CDIP and change Programme.  |

**4 Year Budget Strategy - Use Reserves**

|   | 19/20<br>£m | 20/21<br>£m | 21/22<br>£m | 22/23<br>£m | Notes/Assumptions   |
|---|-------------|-------------|-------------|-------------|---|
| Grant Cut                               | 2.9         | 3.9         | 4.9         | 5.9         | Assumes Flat Cash for Scotland for 2020/23 or £1million cash reduction for Inverclyde due to depopulation                                     |
| Inflation - Pay                         | 4.4         | 8.0         | 11.0        | 14.0        | Allows for 3% in 2020/21 and 2.5% thereafter  |
| - Non Pay                               | 0.5         | 2.0         | 3.5         | 5.0         | Assumes Council will fund Social Care Non-Pay inflation pressures from 2020/21 per Financial Strategy   |
| Pressures                               | 0.5         | 1.5         | 2.5         | 3.5         | 2019/20 includes £0.35m for Teachers superannuation increase & Per Financial Strategy , £1m / year from 2020/21                               |
| Other -                                 | 0.0         | 0.0         | 0.0         | 0.0         |   |
| Cumulative Gap                          | 8.3         | 15.4        | 21.9        | 28.4        |   |
| <u>Less: Recurring Savings</u>          |             |             |             |             |   |
| FYE of Savings agreed March 2018        | (2.1)       | (2.2)       | (2.2)       | (2.2)       |   |
| Adjustments/Savings to Feb 2019 Council | (2.4)       | (2.4)       | (2.4)       | (2.4)       | Pressures and Inflation adjustments netted off above and Loans Charges reduction shown below  |
| Fees & Charges/LTE Council Tax          | (0.2)       | (0.3)       | (0.5)       | (0.6)       | Assume 3% annual Fees & Charges uplift for 2019/23  |
| Loans Charges Reduction                 | (0.3)       | (0.6)       | (0.9)       | (1.2)       | Based on November 2018 Finance Strategy projections   |
| Cumulative Reductions/Savings           | -5.0        | -5.5        | -6.0        | -6.4        |   |
| Net Recurring Gap                       | 3.3         | 9.9         | 15.9        | 22.0        | Therefore savings/ increase in Council Tax required averages out at £5.5 m/year for 2019/23 or £6.2million / year for 2020/23                 |
| Council Tax                             | (1.4)       | (2.3)       | (3.2)       | (4.1)       | 4.79% increase in 2019/20 and assumes 3% thereafter   |
| Cumulative New Savings                  | (1.1)       | (1.9)       | (7.2)       | (12.5)      | Assumes that in March 2019 only sufficient savings to balance the 2019/20 budget will be agreed   |
| Reserves to smooth savings over 2019/23 | (0.8)       | (0.4)       | (0.2)       | (0.1)       | 2019/20 allowance of £0.8million assumes free reserves will cashflow the full year savings. Total Reserves needed over 2020/23 is £0.7million |
| New Savings Needed                      | 0.0         | 5.3         | 5.3         | 5.3         |   |

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