
Report To:	Policy & Resources Committee	Date:	17 September 2019
Report By:	Chief Financial Officer	Report No:	FIN75/19/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2020/23 Revenue Budget Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee regarding the 2020/23 Revenue Budget and seek approval for some initial adjustments in order to reduce the 3 year funding gap.

2.0 SUMMARY

- 2.1 The Committee has previously agreed to receive cyclical updates in respect of the 2020/23 Revenue Budget over coming months.
- 2.2 As previously reported, the estimated funding gap for the period 1 April 2020 to 31 March 2023 is approximately £19million which would reduce to £16million were the Council to agree to an annual 3% Council Tax increase for each of the 3 years. At the previous Committee, Members were also advised that the Corporate Management Team had been working on savings options which would thereafter be discussed at both the Joint Budget Group with Trades Unions and the Members' Budget Working Group over coming months. The intention is that sufficient options are developed to give Members an element of choice as to how to balance the 3 year Revenue Budget. These proposals are summarised in Appendix 1.
- 2.3 Over recent weeks the Corporate Management Team has been progressing developing the detail of savings proposals and completing the detailed savings sheets plus preparation of equality impact assessments where appropriate. In addition, discussions have continued to take place with the Trades Unions about potential areas for voluntary severance trawls.
- 2.4 A separate report on the agenda covers the proposals for consultation but it is intended that any consultation will be completed by the end of this calendar year to allow Members to consider the results prior to taking decisions regarding the majority of savings in the new year.
- 2.5 Appendix 2 contains a list of initial adjustments for which Committee approval is sought. These adjustments are largely informed by the previous years' out turn information and a review of the main contingencies built into the 3 year base budget. It can be seen that these adjustments total £3.2million and, if agreed, would reduce the 3 year funding gap prior to any increase in Council Tax to £15.8million. The Committee should also note that if the proposals are agreed then the savings options remaining in Appendix1 will reduce to £16million.
- 2.6 It would be the intention of officers to bring further proposals which do not have a material impact on service delivery to future meetings of the Committee.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes the ongoing activity and current position of the 2020/23 Revenue Budget.
- 3.2 It is recommended that the Committee approves the proposed budget adjustments contained in Appendix 2 on the basis that none of these adjustments will impact on the current level of service with only vacant posts being deleted.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 In line with the approach for the last 2 years' Revenue Budget an update report is presented to the Policy & Resources Committee each cycle outlining progress in respect of the Revenue Budget and seeking decisions as appropriate.
- 4.2 The current estimated 3 year funding gap is approximately £19million prior to any increase in Council Tax. It should be noted that the funding gap would reduce to approximately £16million were a 3% Council Tax increase agreed for each of the next 3 financial years.

5.0 CURRENT POSITION

- 5.1 The Members' Budget Working Group has met on one occasion since the 6 August Policy & Resources Committee meeting whilst the Joint Budget Group has met on 2 occasions.
- 5.2 Officers have undertaken significant activity regarding the further development of savings options for Members to consider. This activity has centred on completing detailed savings sheets and progressing equality impact assessments where appropriate. In line with previous years the detailed savings sheets will be shared with Members once they have been finalised and the equality impact assessments will also be available for Members and the public once complete.
- 5.3 Appendix 1 contains a summary position of the savings developed to date and from this it can be seen that the current estimated value in total of the savings developed is £19.2million. There are a small number of savings proposals where figures have not yet been finalised and these will be added to the savings options once quantified.
- 5.4 Within the savings listed in Appendix 1 there are a number of adjustments which it is recommended that the Committee approves in order to start reducing the 3 year funding gap. These adjustments, which will have no impact on the current level of service delivery are detailed in Appendix 2 and have been discussed with the Trades Unions in the Joint Budget Group and the Members' Budget Working Group.
- 5.5 On the basis that the adjustments listed in Appendix 2 are agreed then the 3 year funding gap reduces to £15.8million with the individual financial years funding shortfalls as detailed in Appendix 3.
- 5.6 Officers will continue to refine the detailed savings sheets and engage with the Trades Unions and Members Budget Working Group over coming months to ensure that the savings proposals are achievable and robust whilst accurately reflecting any impact on the public, partners and service delivery.

6.0 OTHER ISSUES

- 6.1 At its last meeting the Committee agreed the approach to voluntary severance as part of this budget and officers are finalising proposals to carry out a number of voluntary severance trawls in areas which are expected to be affected by the savings proposals. These trawls will provide useful management information which will assist Members, Trades Unions and officers in the consideration of savings.
- 6.2 The Committee is asked to note that no employee will be released as a result of these trawls until a saving is approved by Members.
- 6.3 There is a report elsewhere on the agenda regarding the proposed approach to public consultation for the 2020/23 Revenue Budget. For the purpose of this report it is important to note that it is intended that the consultation is concluded at the end of this calendar year to allow sufficient time for analysis and reporting back to Members in order that this information can be factored in to any decisions made.

7.0 IMPLICATIONS

7.1 Finance

There are several key unknowns which have to be estimated as part of the 3 year budget and figures will be amended as information is received. At the same time the CMT will seek approval for proposals to reduce the funding gap at each meeting of the Committee.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments
Various	Various	2020/21	(3277)		As listed in App 2.

7.2 Legal

There are no legal implications arising directly from this report.

7.3 Human Resources

There will be many HR implications arising from the budget and these will require detailed discussion at the Joint Budget Group with the Trades Unions and communication with all employees and especially those directly affected by any proposals. The current proposals will only affect vacant posts.

7.4 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.

7.5 Repopulation

There are no proposals in this report which will impact on the Council's repopulation agenda.

8.0 CONSULTATIONS

8.1 The contents of this report have been discussed with the Trades Unions via the Joint Budget Group and the Members' Budget Working Group which supports the report's recommendations.

9.0 LIST OF BACKGROUND PAPERS – None.

Savings Options over Categories

Category	ECOD		ERR		HSCP		Corporate		Total
	£000	FTE	£000	FTE	£000	FTE	£000	FTE	£000
1/ Adjustments	140	6.3	343	1	354	1.9	2850	0	3687
2/ Increased Charging	145	0	183	0	186	0	0	0	514
3/ New Charging	52	0	5	0	93	0	0	0	150
4/ Spend to Save	0	0	0	0	0	0	0	0	0
5/ Digital	10	0	4	0	40	1	0	0	54
6/ Partnerships	0	0	201	4.5	0	0	0	0	201
7/ Service Delivery Models	573	17.6	225	3.5	1236	47.8	0	0	2034
8/ Workforce	0	0	0	0	0	0	275	0	275
9/ Service Reduction	3588	85.4	3631	83.9	3258	19.5	0	0	10477
10/ Stop Services	874	7.5	794	17.7	170	4	0	0	1838
Totals	5382	116.7	5386	110.60	5337	74.2	3125	0	19230

Finance - August 2019

**2020/23 Budget
Adjustments as at 17.9.19**

	Savings 2020/21 £000	Savings 2021/22 £000	Savings 2022/23 £000	Comments	FTE
ERR					
1/ Reduce Council contribution to Government Funded SWF & DHP budgets	60	60	60	Based on the last few years it is proposed to reduce the supplementary Council funding for Scottish Welfare Fund and Discretionary Housing Payments from £140,000 to £80,000	
2/ Realign Roads Lighting Budget	20	20	20	Based on the 2018/19 out turn it is proposed to realign the roads lighting budget	
3/ Roads operational efficiencies	20	20	20	Various efficiencies identified as part of the new depot	
4/ Procurement savings/efficiencies	36	36	36	Savings identified from reduced tenders and more efficient use of printers/copiers	
5/ Increase Planning Income budget	60	60	60	Based on previous years out-turn. Smoothing earmarked reserve will remain to address and "fallow" years	
6/ Adjust City Deal Funding Model	0	40	80	Reduce on going revenue allowance on basis of using the City Deal earmarked Reserve for capital spend	
7/ Clyde Muirshiel Park	22	22	22	Reflects saving already approved by the CMPA in June,2019	
ECOD					
1/ Delete unused Arts Inclusion Budget	10	10	10	Art activities centrally funded in schools.	
2/ Delete 1.22 Early Years Auxiliary Posts	14	23	23	Posts existed due to split Kelly street campus which no longer exists. Posts are vacant.	1.22
3/ Realign Occupational Health Budget	5	5	5	Budget adjusted to reflect prior years out turns	
4/ Remove over budgetting - Active Schools	26	26	26	Error in 2019/20 budget	
HSCP					
1/ Remove early Council funding for Carers Act.	8	8	8		
2/ Saving arising from minor restructure in Childrens & Families	7	7	7	No net impact on employee numbers	
3/ Remove unused budgets in Childrens & Families	33	33	33	Various budgets which are not being spent	
4/ Reduction in administration due to Franks Law	17	17	17	The ending of charges for U65 for Personal Care results in a reduced administration requirement. Post is vacant.	0.4
Corporate					
1/ Top slice all budgets by between £10 -£1000	100	100	100	Negligible impact	
2/ Increase the Council Tax Income Budget	250	250	250	Based on the 2018/19 out-turn and reflects increase in the Council Tax base and increased Empty Property levy income	
3/ Reduce pay inflation allowance from 2020/21	250	250	250	2020/21 payward and impact now confirmed for all pay groups	
4/ Increase internal Resource Interest income.	250	250	250	Based on 2018/19 out turn and projected bank base rates	

**2020/23 Budget
Adjustments as at 17.9.19**

	Savings	Savings	Savings		
5/ Reduce pressures allowance over 2020/23	800	1200	1600	Based on last 4 years call on the Pressures contingency and 2018/19 underspends	
6/ Increase turn over target	400	400	400	Based on regular over recovery against turnover targets	
Total	2388	2837	3277		1.62

AP/CM
Sept, 2019

2020/23 Revenue Budget
Funding Gap 17.9.19

	2020/21 £000	2021/22 £000	2022/23 £000
	<hr/>	<hr/>	<hr/>
Cumulative Funding Gap per Financial Strategy	6700	12900	19100
Proposals per Appendix 2	(2388)	(2837)	(3277)
New 3 Year Funding Gap	<hr/> 4312	<hr/> 10063	<hr/> 15823

Figures are before any Council Tax increase.

AP/LA
Sept, 2019