
Report To:	Policy & Resources Executive Sub-Committee	Date:	3 October 2019
Report By:	Chief Financial Officer	Report No:	FIN/92/19/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Period Covered by the Budget		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek the Sub-Committee's approval to amend the current Budget Strategy in relation to period covered by the Revenue Budget and the implications for the planned communication with employees plus publication of savings proposals.

2.0 SUMMARY

- 2.1 The Council and the Policy & Resources Committee have supported the Corporate Management Team's recommendation that the forthcoming budget should cover the period 2020/23 i.e. 3 year period. The arguments for a budget period covering more than one year are well rehearsed and were reinforced by the Scottish Government earlier indicating its intention to make a 3 year funding announcement in December 2019.
- 2.2 There is unprecedented uncertainty and turbulence at a UK political level with all indications being that there could be a general election in the near future and as such the reliability of any financial information provided at a UK level must now be questioned. This is certainly the view of the Scottish Government who recently indicated that it is highly unlikely that they will be in a position to produce robust 3 year budget figures for Local Government in December, 2019.
- 2.3 Work is well advanced in preparing detailed savings sheets which along with adjustments has the potential to deliver savings of £19 million over the 3 year period. It was approved at the Policy & Resources Committee on 17 September that the budget consultation period would commence on 21 October and will include a large number of the savings covering the 3 year period. Many of these savings will potentially raise significant concerns within the local community and the workforce
- 2.4 In addition those employees potentially impacted by the 3 year saving proposals are due to be spoken to week commencing 7 October prior to all Elected Members receiving detailed savings sheets on 11 October. It can be seen therefore that the time is fast approaching when a significant number of people and organisations could be informed that their funding/post could be cut over the next 3 year period.
- 2.5 Having discussed the matter in detail, the view of the Corporate Management Team is that, given the almost certain lack of firm Government grant figures for the period post 2020/21, it is not tenable to expect Elected Members to take decisions to fully close the estimated 3 year funding gap. The recommendation of the Corporate Management Team is that the Council should agree to plan for a shorter budget period and take a decision on this matter prior to speaking to employees and commencing the Public Consultation.
- 2.6 The matter was considered by the Members' Budget Working Group on 26 September which agreed to support an amendment to the current Strategy whereby the Council agrees to set a firm 2020/21 Revenue Budget in February/March, 2020 but continues with the 3 year Budget Strategy which takes the current Council to the next Local Government Elections. A revised timescale for the period to the launch of the Public Consultation is contained in Appendix 1.

- 2.7 In the event that Members agree to support the proposal to reduce the budget period from the 3 year period originally planned then it is important that the Council continues to view the budget beyond the one year horizon and to approve as many savings as possible given the continuing pressure on Council budgets arising from core funding reductions and demographic/inflationary pressures. It would therefore be proposed that in addition to setting a firm 2020/21 Budget in February/March, 2020 the Council should also develop indicative Budgets for 2021/23.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Sub-Committee considers the contents of this report and approves the proposal to amend the current Budget Strategy and the revised timescales in Appendix 1.
- 3.2 It is recommended that the Sub-Committee notes the new timescales for considering the savings proposals as set out in Appendix 2.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council and the Policy & Resources Committee have supported the Corporate Management Team's recommendation that the forthcoming budget should cover the period 2020/23 i.e. 3 year period. The arguments for a budget period covering more than one year are well rehearsed and were reinforced by the Scottish Government earlier indicating its intention to make a 3 year funding announcement in December 2019.
- 4.2 There is unprecedented uncertainty and turbulence at a UK political level with all indications being that there could be a general election in the near future and as such the reliability of any financial information provided at a UK level must now be questioned. This is certainly the view of the Scottish Government who have recently indicated that it is highly unlikely that they will be able to produce robust 3 year budget figures for Local Government in December 2019. Advice from officials in Cosla is to expect a one year announcement in December with, at best, indicative high level figures for years 2 and 3.
- 4.3 Work is well advanced in preparing detailed savings sheets which along with adjustments has the potential to deliver savings of £19 million over the 3 year period. It was approved at the Policy & Resources Committee on 17 September that the budget consultation period would commence on 21 October and will include a large number of the savings covering the 3 year period. Many of these savings will potentially raise significant concerns within the local community and the workforce.

5.0 AMENDING THE BUDGET PERIOD

- 5.1 As things stand plans are that during the week commencing 7 October all potentially impacted employees would be spoken to by their Manager prior to all Elected Members receiving detailed savings sheets on 11 October and Public Consultation commencing on 21 October.
- 5.2 It can be seen from the above that timescales are extremely tight and following further discussions at the CMT and thereafter discussions at the MBWG on 26 September, that it is no longer realistic to take firm decisions in March 2020 to balance a 3 year budget. It is proposed therefore that the Council should agree to plan for a shorter budget period and take this decision prior to speaking to employees and commencing the Public Consultation. A revised timescale for the period to the launch of the Public Consultation is attached at Appendix 1.
- 5.3 In the event that Members support the proposal to reduce the budget period from the 3 year period originally planned then it is important that the Council continues to view the budget beyond the one year horizon and to approve as many savings as possible given the continuing pressure on Council budgets arising from core funding reductions and demographic/inflationary pressures. It would therefore be proposed that the revised Budget Strategy would be to set a firm 2020/21 Budget in February/March, 2020 but also develop indicative Budgets for 2021/23.
- 5.4 The recommended approach therefore would be that the Council would work towards a firm 1 year (2020/21) budget, and would aim to do so with no use of reserves in 2020/21. As many of the approved savings will not be in place for April 2020, this would allow the full year effect of any savings to assist close the funding gap in 2021/22. In addition it would be recommended that Members agree as many of the less contentious proposals to close the estimated funding gap as far as possible in 2021/23. All proposals would initially be the subject of further reports to the MBWG.
- 5.5 It can be seen from the timetable in Appendix 1 that based on the proposals in this report the previously approved timetable for speaking to employees and commencing the Public Consultation will slip a week but with fewer savings being developed in detail and fewer employees having to be spoken to. A revised savings timescale is shown in Appendix 2.

6.0 IMPLICATIONS

6.1 Finance

There are no financial implications at this point in time arising from the report.

Financial Implications:

One off Costs

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

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

6.2 Legal

There are no direct legal implications arising from this report.

6.3 Human Resources

By reducing the period covered by the budget there will be fewer posts impacted by decisions however it is important that the current close working and consultation via the JBG and direct communications with all employees continues.

6.4 Equalities

Equalities

- (a) Has an Equality Impact Assessment been carried out?

	YES (see attached appendix)
X	NO – This report does not introduce a new policy, function or strategy or recommend a substantive change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required

- (b) Fairer Scotland Duty

If this report affects or proposes any major strategic decision:-

Has there been active consideration of how this report's recommendations reduce inequalities of outcome?

	YES – A written statement showing how this report's recommendations reduce inequalities of outcome caused by socio-economic disadvantage has been completed.
X	NO

- (c) Data Protection

Has a Data Protection Impact Assessment been carried out?

X

YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.

NO

6.5 Repopulation

There are no implications.

7.0 CONSULTATIONS

7.1 The proposal has been discussed with the Trades Unions at the JBG on 26 September and was endorsed by the MBWG on the same day.

8.0 BACKGROUND PAPERS

8.1 None

Appendix 1

Proposed Timeline to Simulator Launch

	Action	Who?
<u>October</u>		
3 rd	P&R Sub-Committee.	Members
3 rd	CMT review revised savings list and amended detailed sheet.	CMT
3 rd	Chief Executive to issue Council Wide Communication.	Aubrey/Steven
7 th	Scheduled MBWG – Confirm Options.	MBWG
10 th	JBG – Review detailed sheets/VER areas.	JBG
21 st – 23 rd	Potentially affected employees briefed.	ECMT
24 th	All Members Briefing on detailed proposals.	Alan/CMT
24 th	Shop Stewards Briefing.	CMT/Steven
25 th – 28 th	3 rd Sector organisations contacted.	CMT
Week Commencing 28 th	Simulator Launched.	Steven

AP/LA
26/9/19

Savings – Proposed Timeline

Timeframe	Action Required
3 rd October	CMT revise savings list and detailed sheets
7 th October	MBWG agree any savings that are to be dropped
10 th October	Review detailed sheets with TU's. Finalise VER areas
24 th October	Proposed All Members Briefing where detailed savings sheets are handed out
Week Commencing 28 th October	Public consultation commences
By 4 th November	CMT to attend political groups to answer questions on detailed savings sheets
4 November - December	MBWG review savings proposals
19 th November	Policy & Resources Committee meeting
30 th November	Public Consultation closes
16 th December	Expected date of Local Government funding announcement
18 th December	All Members Briefing on settlement and public consultation
Post New Year	Decisions

AP/LA
26/9/19