
Report To:	Policy & Resources Committee	Date:	19 November 2019
Report By:	Chief Financial Officer	Report No:	FIN/100/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 provide the Committee with an update in respect of the 2020/23 Revenue Budget and to seek Committee approval for a number of matters.

2.0 SUMMARY

- 2.1 At a Policy & Resources Sub-Committee on 3 October 2019 it was agreed to amend the previously approved 3 year Budget Strategy to one where the intention is to set a firm one year budget for 2020/21 whilst preparing indicative budgets for the 2 years 2021/23.
- 2.2 The latest position is that the Scottish Government had planned to present a budget to the Scottish Parliament on 12 December 2019. This budget is expected to be for a one year period only. It is currently planned that an All Member Briefing on the initial analysis of the Scottish Government Budget settlement plus feedback on the planned Budget Consultation will be delivered to Members on 18 December 2019. The recent decision to hold a General Election on 12 December will mean that there will be no Scottish Government announcement on that day. Cosla are in contact with the Scottish Government regarding a new timescale and any update will be provided at the Committee.
- 2.3 Following the Policy & Resources Sub-Committee decision to move to a firm one year budget the Corporate Management Team reduced the number of savings options it had been developing. These options have now been shared with all Elected Members via an All Member Briefing on 24 October. A summary of the options along with the potential employee impacts is included as Appendix 1.
- 2.4 As approved at the last Policy & Resources Committee, Officers will continue to present proposals to reduce the funding gap to Committee, each reporting cycle, on the basis that the proposals have no or minimal impact on service delivery. Appendix 2 contains proposals which if agreed would reduce the funding gap in 2020/21 by £1.947 million and the funding gap by £2.407 million by 2022/23. It can be seen that these proposals would result in a reduction of 17.5 FTE posts across the Council. The proposals have been discussed with the Trades Unions through the Joint Budget Group and are supported by the Members' Budget Working Group.
- 2.5 Were the Committee to approve the proposals in Appendix 2 then Appendix 3 contains a summary position of the 2020/23 Revenue Budget prior to any increase in Council Tax. From this it can be seen that based on the savings options currently developed by the Corporate Management Team there is a reasonable degree of flexibility over which savings Members would need to take to deliver a legally balanced budget based on the latest estimated grant figures assumed by the Chief Financial Officer.
- 2.6 The Committee will be aware that the Public Consultation on the Revenue Budget is currently ongoing and is due to end on 30 November 2019. In addition to the Public Consultation via the Budget Simulator, consultation is also being progressed with the Trades Unions, the Business Community and those organisations and groups which would be impacted by the potential savings.

- 2.7 Twice in the last 3 years the Council has agreed to dislocate the approval of the Revenue Budget from the setting of Council Tax. This approach has been taken due to the late allocation of extra funding to Local Government by the Scottish Government as part of the budget debate. By separating the 2 decisions it allows the Council to issue Council Tax bills within the statutory timescale whilst ensuring that the approved Budget is based on the latest available information. It is proposed that a similar approach is adopted for the 2020/21 Revenue Budget and on this basis that the Council Tax is approved on 20 February 2020 with the 2020/21 Revenue Budget approved 3 weeks later on 12 March 2020.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee notes that the Scottish Government will announce a new date for the 2020/21 Budget.
- 3.2 It is recommended that the Committee notes that the savings options prepared by the Corporate Management Team included in Appendix 1.
- 3.3 It is recommended that the Committee approves the proposals contained in Appendix 2 to further reduce the 2020/23 Funding Gap.
- 3.4 It is recommended that the Committee notes the overall estimated 2020/23 Budget position as outlined in Appendix 3.
- 3.5 It is recommended that the Committee agrees to the separation of the Council Tax setting decision and the budget setting day as has been the case in previous years, and subject to the approval of the Provost, that the 2020/21 Revenue Budget be approved at a special meeting of the Inverclyde Council on 12 March 2020.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council had been working towards the approval of a 3 year Revenue Budget in early 2020. Given the unprecedented political uncertainty at UK level it became clear that the Scottish Government would not be in a position to issue Councils with 3 year Grant figures in December, 2019.
- 4.2 At a Policy & Resources Sub-Committee on 3 October 2019 it was agreed to amend the previously approved 3 year Budget Strategy to one where the intention is to set a firm one year budget for 2020/21 whilst preparing indicative budgets for the 2 years 2021/23

5.0 CURRENT POSITION - SAVINGS OPTIONS & CONSULTATION

- 5.1 Following the Policy & Resources Sub-Committee decision to move to a firm one year budget the Corporate Management Team reduced the number of savings options it had been developing. These options have now been shared with all Elected Members via an All Member Briefing on 24 October. A summary of the options along with the potential employee impacts is included as Appendix 1.
- 5.2 The latest position is that the Scottish Government had planned to present a budget to the Scottish Parliament on 12 December 2019. This budget is expected to be for a one year period only. It is currently planned that an All Member Briefing on the initial analysis of the Scottish Government Budget settlement plus feedback on the planned Budget Consultation will be delivered to Members on 18 December 2019. The recent decision to hold a General Election on 12 December will mean that there will be no Scottish Government announcement on that day. Cosla are in contact with the Scottish Government regarding a new timescale and any update will be provided at the Committee.
- 5.3 The Committee will be aware that the Public Consultation on the Revenue Budget is currently ongoing and is due to end on 30 November 2019. In addition to the Public Consultation via the Budget Simulator, consultation is also being progressed with the Trades Unions, the Business Community and those organisations and groups which would be impacted by the potential savings.
- 5.4 Officers will continue to present proposals to reduce the funding gap to Committee, each reporting cycle, on the basis that the proposals have no or minimal impact on service delivery. Appendix 2 contains proposals which if agreed would reduce the funding gap in 2020/21 by £1.947 million and the funding gap by £2.407 million by 2022/23. It can be seen that these proposals would result in a reduction of 17.5 FTE posts across the Council. The proposals have been discussed with the Trades Unions through the Joint Budget Group and are supported by the Members' Budget Working Group.
- 5.5 Were the Committee to approve the proposals in Appendix 2 then Appendix 3 contains a summary position of the 2020/23 Revenue Budget prior to any increase in Council Tax. From this it can be seen that based on the savings options currently developed by the Corporate Management Team there is a reasonable degree of flexibility over which savings Members would need to take to deliver a legally balanced budget based on the latest estimated grant figures assumed by the Chief Financial Officer.

6.0 BUDGET SETTING TIMESCALE

- 6.1 Twice in the last 3 years the Council has agreed to dislocate the approval of the Revenue Budget from the setting of Council Tax. This approach has been taken due to the late allocation of extra funding to Local Government by the Scottish Government as part of the budget debate.
- 6.2 Separating the 2 decisions allows the Council to issue Council Tax bills within the statutory timescale whilst ensuring that the approved Budget is based on the latest available information. It is proposed that a similar approach is adopted for the 2020/21 Revenue

Budget and on this basis that the Council Tax is approved at the standing Council meeting on 20 February 2020 with the 2020/21 Revenue Budget approved 3 weeks later at a special Council meeting on 12 March 2020.

7.0 IMPLICATIONS

7.1 Finance

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 £000	Virement From (If Applicable)	Other Comments
Various	Various	20/21	1947		As detailed in Appendix 2 the annual saving increases to £2.407m by 22/23

7.2 Legal

There are some governance factors which need to be considered at the time of approving the Council Tax if the budget is not being agreed at the same time however these have been successfully demonstrated by officers previously.

7.3 Human Resources

Consultation with employees and the Trades Unions is ongoing regarding all the savings proposals contained in this report.

7.4 Equalities

Equalities

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

The proposals in Appendix 2 have no impact on equalities .

	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 – Not applicable

(c) Data Protection

Has a Data Protection Impact Assessment been carried out?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
X	NO- Not applicable

7.5 **Repopulation**

The proposals in this report have no impact on the Repopulation agenda.

8.0 CONSULTATIONS

8.1 This report and the recommendations are supported by the Members’ Budget Working Group.

9.0 BACKGROUND PAPERS

9.1 None

3 Year Budget Position
04 November 2019

	<u>2020/21</u> £000	<u>2021/22</u> £000	<u>2022/23</u> £000	
Cumulative Gap per Financial Strategy	6700	12,900	19100	
Proposals agreed Sept P&R	(2388)	(2837)	(3277)	
School Transport Pressure	52	70	70	
Savings Proposed Nov P&R	(1947)	(2258)	(2407)	
Cumulative Funding Gap	<u>2417</u>	<u>7875</u>	<u>13,486</u>	Note 1
<u>CMT Saving Proposals</u>				<u>FTE</u>
Corporate (1)	(25)	(50)	(50)	-
ECOD (26)	(1517)	(2327)	(2394)	50.2
ERR (15)	(1372)	(1813)	(1838)	43.0
HSCP (12)	(868)	(1066)	(1088)	21.5
Total	<u>(3782)</u>	<u>(5256)</u>	<u>(5370)</u>	<u>114.7</u>

Notes

- 1/ Funding gap is before any increase in Council Tax. A 3% increase would raise an extra £0.95 million per year.
- 2/ Directorate targets for savings were based on an initial £1.75 million target in 2020/21 less savings/adjustments approved at the September P&R Committee and those proposed at the November P&R Committee. Targets were:

	<u>£000</u>
ECOD	1510
ERR	1359
HSCP	859

AP/CM
04/11/19