
Report To:	Inverclyde Council	Date:	18 March, 2021
Report By:	Interim Service Director Corporate Services and Organisational Recovery	Report No:	FIN/19/21/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2021/23 Revenue Budget and 2021/24 Capital Programme		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek formal approval by the Council of the Revenue Budget, 2021/24 Capital Programme plus a number of other associated matters.

2.0 SUMMARY

- 2.1 The Scottish Government Budget was due to be formally approved on the 10 March. The late approval of the Scottish Budget was partly due to the UK Budget being announced on the 3 March which resulted in some further announcements which will impact on the Council's Revenue, Capital Budgets and Reserves position.
- 2.2 Members have previously agreed the strategy of setting a Revenue Budget for 2021/23 on the basis of no/minimum reductions to front line services and decisions to date have reflected that approach. Members also agreed that Reserves should be used to fund any remaining Budget gap for 2021/22 and up to £4.0million of the 2022/23 Budget gap.
- 2.3 On the 18 February, 2021 the Council approved a Council Tax Freeze for 2021/22 and as a result has accessed the £1.198million Council Tax Freeze Grant. As part of the Budget negotiations it was confirmed on the 9 March that the Grant will be baselined into future years.
- 2.4 In addition as part of the Parliamentary Budget process a number of changes to the 2021/22 Settlement were approved as follows:
1. £130 payment to all Council Tax Reduction recipients
 2. Two further £100 payments to Free School Meal Recipients during 2021/22
 3. Phased implementation of access to Free School Meals to all Primary School pupils by August 2022
 4. Further capital investment for Active Travel (£15million) and Energy Efficiency (£10 million)
 5. £120 million for Community Mental Health services
 6. £60 million for Schools to assist with learning catch up
 7. £20 million for classroom support

Further details are awaited on how the above announcements will be implemented and whether the funding is one off or recurring, therefore the figures in this report and appendices do not include any of these sums. The Members Budget Working Group have asked officers to bring a report back at the earliest opportunity on the implementation of universal free school meals for Primary 5 from August, 2021.

- 2.5 One issue reported to Members during the last few months had been the option to utilise Fiscal Flexibilities. One of these flexibilities is the PPP Service concession review which allows Councils to pay for the capital element of PPP assets over their useful life rather than the contract period. This would generate both a one off saving and a recurring saving. Agreement on this matter between the Scottish Government, Cosla and Directors of Finance has proven challenging and as such this matter does not form part of the proposals for consideration today.

- 2.6 Appendix 1 shows the current 2021/23 Budget position on the basis of the proposals in today's report which are supported by the Members Budget Working Group and is after the adjustments listed in Appendix 2 and the use of Reserves proposed in Appendix 4. Within Appendix 2 is the deferral of 2 savings originally approved for 2021/22 but now recommended to be delivered by 2022/23.
- 2.7 The Scottish Government has included a condition within its Budget Settlement that the Council requires to increase its contribution to the IJB by at least £1.222 million compared to 2020/21. For 2021/22 the minimum contribution is therefore £53.437million. Appendix 3 shows the calculation of the minimum amount the Council requires to contribute to the IJB in 2021/22 and the proposed Council contribution of £53.971million which exceeds the minimum amount by £534,000 (3.36%). This proposal excludes any inflationary sums which the Council may allocate during 2021/22.
- 2.8 The significant reduction in Capital Grant Funding for Local Government in 2020/21 has continued into 2021/22 with a letter from the Scottish Government confirming that this situation could continue until 2026/27. Over 2021/24 this has resulted in an approximate £2.3 million funding shortfall which it is proposed to fund from a £600k reduction in the RAMP allowance from 2023/24 with the balance of £1.7million coming from General Fund Reserves.
- 2.9 Appendix 4 sets out proposals for the use of £18.8million of Reserves from the MBWG. This appendix also compares the current proposals to that reported on 3 December, 2020. Within Appendix 4 is the proposal to create a £4.0million Covid Recovery Fund. This would be allocated following reports back to the Policy & Resources Committee from the 4 approved Recovery Groups namely the Economic, Humanitarian, Education, Culture & Leisure Groups plus the Organisational Recovery Group. The intention is that these proposals would be put the Committee via the MBWG by the summer.
- 2.10 Appendix 4 excludes the proposal set out in more detail in Appendix 5 to credit around 4000 Council Tax Reduction recipients 2021/22 Council Tax accounts with £100 as this is funded from the Scottish Government Financial Insecurity grant. Based on 4000 Council Tax payers benefiting, the one off cost is £400,000.
- 2.11 As part of the Budget the Council is required to approve the Common Good Budget for the year ahead. Appendix 7 details the proposed Budget which shows a small surplus which would bring the Common Good Fund balance above the recommended minimum level of £100,000 for the first time in many years. .
- 2.12 It is important that when considering the 2021/22 Revenue Budget that Members are also aware of the latest projections for the Medium Term. On the basis that all the proposals in this report are approved then Appendix 8 illustrates the estimated remaining funding gap for the period 2021/24 based on an illustrative annual 3.0% Council Tax increase in 2022/23 and 2023/24. On the basis of the assumptions in Appendix 8 then the estimated funding gap by 2023/24 is £9.6million.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council note the latest position of the 2021/23 Revenue Budget advised by the Chief Financial Officer and shown in Appendix 1.
- 3.2 It is recommended that the Council considers the proposals from the Members Budget Working Group and, subject to the Suspension of Standing Orders due to the impact on Budget decisions taken in the last 6 months, the Council:
1. Approves the savings in Appendix 2.
 2. Approves the use of £1.049million Reserves to balance the 2021/22 Revenue Budget and agrees the allocation of £4.0million of Reserves towards to 2022/23 estimated funding gap.
 3. Approves the contribution of £53.971million to the Integrated Joint Board for 2021/22 as set out in Appendix 3 plus the allocation of £700,000 from Reserves to meet

demographic pressures.

4. Notes that further allocations to the IJB during 2021/22 to meet inflationary pressures will be considered by the Policy & Resources Committee once greater clarity on these matters is available.
 5. Approves the use of Reserves set out in Appendix 4.
 6. Approves the proposal set out in Appendix 5 to credit the 2021/22 Council Tax accounts of approximately 4000 Council Tax Reduction recipients with £100 as set out in Appendix 5.
 7. Approves the 2021/24 Capital Programme set out in Appendix 6 and notes that officers will report back to Members over the next 12 months on how to ensure a sustainable level of capital investment in the context of reduced Capital Grant.
 8. Approves the 2021/22 Common Good Budget as shown in Appendix 7.
 9. Notes the latest estimated funding gap for the period 2020/23 in Appendix 8.
- 3.3 It is recommended that after considering all the matters in 3.2 above, the Council approves the 2021/22 Revenue Budget.
- 3.4 It is recommended that the Council note that officers will prepare a report to the relevant Committee outlining the financial and practical implications of advancing the implementation of universal free school meals for Primary 5 to August, 2021.
- 3.5 It is recommended that the Council agree that the Members Budget Working Group continue to meet over the next 12 months with a view to bringing back proposals in respect of the Revenue and Capital Budgets for the Council to consider no later than March, 2022.

Alan Puckrin
Interim Service Director
Corporate Services & Organisational Recovery

4.0 BACKGROUND

- 4.1 Members have received regular reports via the Policy & Resources Committee throughout the development of the Revenue Budget. The Members Budget Working Group has met throughout the evolution of the 2021/23 Revenue Budget and has considered a number of reports from Officers and continued to achieve consensus.
- 4.2 The Corporate Management Team has continued to meet with representatives of the Trades Unions at the Joint Budget Group to discuss savings options, voluntary severance trawls and how to manage the impact on the workforce.

5.0 CURRENT POSITION – SCOTTISH GOVERNMENT SETTLEMENT

- 5.1 The Draft Budget Settlement was announced on the 28 January, 2021 which contained a 0.9% (£94million) year on year cash increase. This resulted in the Council receiving a year on year cash increase of £1.2million compared to the estimate in the Finance Strategy of a £1.0million Grant reduction. The Draft Settlement also contained a £90 million Grant (£1.198 million) which would be paid to Councils if Council Tax was frozen for 2021/22.
- 5.2 Members have previously agreed the strategy of setting a Revenue Budget for 2021/23 on the basis of no/minimum reductions to front line services and decisions to date have reflected that approach. Members also agreed that Reserves should be used to fund any remaining Budget gap for 2021/22 and up to £4.0million of the 2022/23 Budget gap.
- 5.3 On the 16 February the Cabinet Secretary for Finance announced significant further one off funding for Councils to address on-going Covid cost and income reduction pressures. From the non-earmarked sum announced of £275million, the Council is due to receive £3.6million which when added to the Councils share of £369million announced on the 28 January (£4.9 million) means that the proposed 2021/22 Budget includes no unfunded revenue pressures arising from Covid.
- 5.4 On the 18 February, 2021 the Council approved a Council Tax Freeze for 2021/22 and as a result has accessed the £1.198million Council Tax Freeze Grant. As part of the Budget negotiations it was confirmed on the 9 March that the Grant will be baselined into future years.
- 5.5 As part of the Parliamentary Budget process a number of changes to the 2021/22 Settlement were approved as follows:
 1. £130 payment to all Council Tax Reduction recipients
 2. Two further £100 payments to Free School Meal Recipients during 2021/22
 3. Phased implementation of access to Free School Meals to all Primary School pupils by August 2022
 4. Further capital investment for Active Travel (£15million) and Energy Efficiency (£10 million)
 5. £120 million for Community Mental Health services
 6. £60 million for Schools to assist with learning catch up
 7. £20 million for classroom support

Further details are awaited on how the above announcements will be implemented and whether the funding is one off or recurring, therefore the figures in this report and appendices do not include any of these sums.

- 5.6 One issue reported to Members during the last few months had been the option to utilise Fiscal Flexibilities. The intention of these flexibilities was to help generate one off funding boost for Councils to meet Covid costs. Having considered the flexibilities available the one which the Council could have used would have been the PPP Service concession review.

- 5.7 The PPP Service concession review allows Councils to pay for the capital element of PPP assets over their useful life rather than the life of the contract with the service provider. This would generate both a one off saving and a recurring saving. Agreement on this matter between the Scottish Government, Cosla and Directors of Finance has proven challenging and as such this matter does not form part of the proposals for consideration today. However, it is hoped the matter can be resolved and thereafter the Section 95 officer will prepare a report for Members consideration.
- 5.8 The 2021/22 Capital Grant Settlement announced on 28 January showed a continuation of the reduction in Capital Grant announced in 2020/21. The Capital Grant figure announced for Inverclyde was £6.4 million compared to the £6.8 million estimated by Officers. This leaves the Council with an estimated £2.3 million shortfall in capital resources over 2021/24 on the basis that the lower level of Capital Grant continues in the medium term.
- 5.9 The Government settlement also contained 3 conditions with which the Council requires to comply namely a need to maintain the National Pupil Teacher ratio, the need to ensure that places are provided for all probationers who require one and that Council funding for IJBs requires to be £76.2 million greater in 2021/22 than in 2020/21. This latter matter is considered in more detail later in Section 7.

6.0 2021/22 REVENUE BUDGET PROPOSALS

- 6.1 Appendix 1 shows the current 2021/23 Budget position on the basis of the proposals in today's report which are supported by the Members Budget Working Group and is after the adjustments listed in Appendix 2 plus the use of Reserves proposed in Appendix 4. Within Appendix 2 is the deferral of 2 savings originally approved for 2021/22 but now recommended to be delivered by 2022/23.
- 6.2 On the basis of Appendix 1 and 2 the 2021/22 Budget requires £1.049million from Reserves to balance the 2021/22 Budget plus another £4.0million for 2022/23.

7.0 CONTRIBUTION TO THE INTEGRATED JOINT BOARD

- 7.1 As indicated earlier in the report the Scottish Government has included a condition within its Budget Settlement that the Council requires to increase its contribution to the IJB by at least £1.222 million compared to 2020/21 on the basis of the Council passporting the specific funding for Policy priorities. The £1.222million new funding was allocated as follows:

	<u>£000</u>
• Carers Act expansion	488
• Living Wage	582
• FPNC Uplift	152
	<u>1222</u>

- 7.2 For 2021/22 the minimum contribution is therefore £53.437million. Appendix 3 shows the calculation of the minimum amount the Council requires to contribute to the IJB in 2021/22 and the proposed Council contribution of £53.971million which exceeds the minimum amount by £534,000 (3.36%).
- 7.3 The contribution currently excludes any contribution from the Council towards inflationary pressures (pay and non-pay) as these have not yet been agreed. It is proposed that as these matters are clarified during 2021 that officers will seek approval from the Policy & Resources Committee on the sums to be allocated to the IJB.
- 7.4 In addition to the IJB contribution outlined in Appendix 3 the Council has already approved the allocation of £950,000 from reserves to support the funding of current demographic pressures. It is proposed by the MBWG that this sum be reduced by £250,000 to reflect a pro rata contribution from the IJB towards the use of Council Reserves in 2021/22 in lieu of Budget reductions.

8.0 2021/24 CAPITAL PROGRAMME

- 8.1 The significant reduction in Capital Grant Funding for Local Government in 2020/21 has continued into 2021/22 with a letter from the Scottish Government confirming that this situation could continue until 2026/27. The amount of Capital Grant announced for Inverclyde is £6.405 million.
- 8.2 Over 2021/24 this has resulted in an approximate £2.3 million funding shortfall. It is recommended that this shortfall is funded from a £600k reduction in the RAMP allowance from 2023/24 with the balance of £1.7million coming from General Fund Reserves
- 8.3 Appendix 6 details the proposed 2021/24 Capital Programme on the basis of the proposals in this report. In addition it is proposed that as part of next year's Budget officers outline how the current funding gap between required asset investment and current levels of Capital Grant could be addressed.

9.0 USE OF RESERVES

- 9.1 The Council allocated significant Reserves as part of the decisions it took on 3 December, 2020. This included over £7million towards balancing the Revenue Budget and £5.6million towards a Jobs recovery Fund. The increased one off funding from the Scottish Government detailed in 5.3 above has more than cancelled out the loss of the PPP flexibility, there remained around £359,000 to be allocated on the basis that the other proposals in this report are approved. Appendix 4 sets out proposals from the MBWG and compares the current position to that reported on 3 December, 2020.
- 9.2 Within Appendix 4 is the proposal to create a £4.0million Covid Recovery Fund. This would be allocated following reports back to the Policy & Resources Committee from the 4 approved Recovery Groups namely the Economic, Humanitarian, Education, Culture & Leisure Groups plus the Organisational Recovery Group. The intention that these proposals would be put the Committee via the MBWG by the summer.
- 9.3 Appendix 4 excludes the proposal set out in more detail in Appendix 5 to credit around 4000 Council Tax Reduction recipients 2021/22 Council Tax accounts with £100 in recognition that they will have received limited support from UK/Scottish Government and Council to date yet will be facing many of the same pressures. If approved this will cost approximately £400,000 and be funded from the Scottish Government Financial Insecurity grant.

10.0 COMMON GOOD BUDGET 2020/21

- 10.1 As part of the Revenue Budget the Council requires to also approve the Common Good Budget for 2021/22. There remains an outstanding Audit action for the Council to reinstate a £100,000 Fund balance to the Common Good Fund and it is pleasing to see that based on the proposals in Appendix 7 it is projected this will be achieved during 2021/22.

11.0 2021/24 MEDIUM TERM BUDGET POSITION

- 11.1 It is important that when considering the 2021/22 Revenue Budget that Members are also aware of the latest projections for the Medium Term. On the basis that all the proposals in this report are approved then Appendix 8 illustrates the estimated remaining funding gap for the period 2021/24. The estimated funding gap of £9.6million is after an illustrative 3.0% Council Tax increase in both 2022/23 and 2023/24.
- 11.2 It should be noted that the assumptions which underpin these projections are very much in line with the recent Budget settlement and allow for a Flat Cash Scottish Settlement, for an average 2.4% annual pay award for each of the financial years. It is the view of the Chief Financial Officer that these estimates reflect the mid-range scenario. In light of this therefore it is important that opportunities to reduce the funding gap are taken when they arise.

12.0 IMPLICATIONS

12.1 Finance

Financial Implications: The financial implications are detailed in the report and the appendices.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Covid Costs	Financial Insecurity	2021/22	£400,000		Estimated cost of crediting around 4000 Council tax accounts with £100
Various	Reserves	From 21/22	£18.817million		Appendix 4
Roads	RAMP	2023/24	(£0.6million)		Reduction to help balance the Capital Programme

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
IJB	Various	21/22	£53.971 million		Proposed recurring contribution 2021/22

12.2 Legal

As a number of the recommendations in this report change approved decisions taken in respect of the Budget within the last 6 months there will be a requirement to Suspend Standing Orders. The Provost will seek approval for this as part of his introductory remarks.

12.3 Human Resources

The Corporate Management Team have continued to meet the Trades Unions via the Joint Budget Group throughout the development of this budget.

The decisions taken since November 2020 Policy & Resources Committee will result in a reduction of approximately 20 FTE posts but also the creation of over 200 job opportunities via the Jobs Recovery Plan.

12.4 Equalities

Equalities

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

X	YES Individual EIA/FSD assessments have been carried out on the proposals in this report and are available on the Council website
	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?

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

(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

12.5 Repopulation

The reduction in Capital Grant and continued pressure on Revenue Funding will continue to present challenges to stabilise Inverclyde's population. However the proposals regarding the one off use of Reserves and proposals to reduce poverty and deprivation within Inverclyde will help in this key policy area.

13.0 CONSULTATIONS

13.1 The contents of this report are supported by the Members Budget Working Group and have been discussed with the Trades Unions via the Joint Budget Group.

14.0 BACKGROUND PAPERS

14.1 None

REVENUE BUDGET 2021/23

Appendix 1

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

	2020/21 Base Budget	2021/22 Adjustment	2021/22 Previously Approved Savings to Feb 2021	2021/22 Proposed Savings Mar 21	2021/22 Adjustments	Budget 2021/22	2022/23 Adjustment	2022/23 Previously Approved Savings to Feb 2021	2022/23 Proposed Savings Mar 21	Budget 2022/23
OBJECTIVE SUMMARY										
Chief Executive Services	321,510		(1,500)		680	320,690				320,690
Environment, Regeneration & Resources Directorate	33,407,480		(667,790)	90,000	(250,980)	32,578,710		(160,750)	(90,000)	32,327,960
Education, Communities & Organisational Development Directorate	97,398,570	668,000	(710,050)	100,000	42,340	97,498,860		(100,040)	(100,000)	97,298,820
Health & Social Care Partnership Directorate	52,288,820		(198,000)		1,878,960	53,969,780		(86,870)		53,882,910
Directorate Sub-Total	183,416,380	668,000	(1,577,340)	190,000	1,671,000	184,368,040	-	(347,660)	(190,000)	183,830,380
Miscellaneous	4,135,230	5,300,000	(184,660)		(726,000)	8,524,570	4,900,000	(280,340)		13,144,230
Loan Charges	11,236,390	(650,000)	(300,000)			10,286,390		(700,000)	0	9,586,390
Saving Approved yet to be Allocated	(90,000)					(90,000)				(90,000)
Total Expenditure	198,698,000	5,318,000	(2,062,000)	190,000	945,000	203,089,000	4,900,000	(1,328,000)	(190,000)	206,471,000
Financed By:										
General Revenue Grant/ Non Domestic Rates	(166,076,000)	1,000,000			(3,144,000)	(168,220,000)	1,000,000			(167,220,000)
Council Tax	(32,622,000)		(950,000)		950,000	(32,622,000)		(950,000)		(33,572,000)
Council Tax Freeze £90m	0				(1,198,000)	(1,198,000)				(1,198,000)
Contribution from General Fund Reserve	-				(1,049,000)	(1,049,000)	(2,951,000)			(4,000,000)
Net Expenditure	-	a) 6,318,000	(3,012,000)	190,000	(3,496,000)	-	2,949,000	(2,278,000)	(190,000)	481,000

Notes:

a) Anticipated Grant Cut - Per Finance Strategy	1,000,000
Pay Inflation Allowance - Per Finance Strategy & Additional Funding Approved	3,000,000
Non Pay Inflation Allowance - Per Finance Strategy	1,500,000
General Pressures Allowance - Per Finance Strategy	800,000
Savings Approved P&R September 2017 - Loans Charges	(300,000)
Savings Approved P&R September 2019	(49,000)
Savings Approved P&R November 2019	(311,000)
Savings Approved Full Council March 2020	(124,000)
School Transport Pressure - Approved November 2019 (£70k FYE)	<u>18,000</u>
Budget 2021/22	5,534,000
Approved Savings P&R November 2020	(683,000)
Approved Savings P&R December 2020	(1,448,000)
Proposed Savings P&R February 2021	(97,000)
Remove Anticipated Depopulation Cut	(1,000,000)
Remove Council Tax Increase	950,000
Additional GRG Funding	(2,144,000)
Council Tax Freeze Grant Funding	(1,198,000)
Health and Social Care Funding	1,222,000
Environmental Health Officers	27,000
DHP Funding Heldback	(291,000)
Remove Policy Cuts - 1+2 Languages	(8,000)
Remove Policy Cuts - BSL	(5,000)
Approved Savings March 2021	190,000
Contribution from Reserves	<u>(1,049,000)</u>
Revised Budget 2021/22	<u>0</u>
Anticipated Grant Cut - Per Finance Strategy	1,000,000
Pay Inflation Allowance - Per Finance Strategy	3,000,000
Non Pay Inflation Allowance - Per Finance Strategy	1,500,000
General Pressures Allowance - Per Finance Strategy	400,000
Savings Approved P&R September 2017 - Loans Charges	(300,000)
Savings Approved P&R September 2019	(40,000)
Savings Approved P&R November 2019	(149,000)
Approved Savings P&R November 2020	(12,000)
Approved Savings P&R December 2020	(1,770,000)
Proposed Savings P&R February 2021	(37,000)
Reduce Council Tax Increase	30,000
Approved Savings March 2021	(190,000)
Contribution from Reserves	<u>(2,951,000)</u>
Budget 2022/23	<u>481,000</u>

**2021/23 Budget
Savings & Adjustments for March 2021 Council**

ERR	Savings 2021/22 £000	Savings 2022/23 £000	Comments	FTE
1/ Defer Environmental Shared Services Saving	-90	90	Saving deferred for 12 months pending further discussions and reports on the next steps	0 Net
2/				
3/				
ECOD				
1/ Defer Subsidised U16 swimming savings for 12 months	-100	100	Time will allow the proposed process to be assessed and for the estimated costs of the finalised proposals to be confirmed	0
2/				
3/				
HSCP				
1/				
2/				
3/				
Corporate				
1/ Fiscal Flexibilities - PPP Reprofile	0	-400	No longer implement PPP Fiscal Flexibility saving approved 3.12.20	0
2/ Reduction in Loans Charges	0	400	Estimated recurring loans charges saving based on future borrowing levels and interest rates	0
3/				
Total	-190	190		0

AP
2 March, 2021

IJB 2021/22 Contribution Proposal**Appendix 3**

	£m	£m	
Budget Approved 2020/21		52.289	
Community Justice Funding		0.063	
Internal Recharge Virement 2020/21		(0.142)	
<u>Inflation</u>			
Water	0.002		
Gas	0.002		
Electricity	0.001	0.005	
Revised 2020/21 Budget		52.215	
<u>New Funding Finance Order</u>			
Share of £72.6m		1.222	
Minimum Contribution 2021/22		53.437	
<u>2021/22 Adjustments:</u>			
Internal Recharge Virement 2021/22		(0.037)	
<u>Prior Savings Approved :</u>			
LD Unallocated Funding (HSCP4)	(0.033)		
Delete Post in Business Support (HSCP7)	(0.016)		
3% Fees & Charges	(0.021)	(0.070)	
<u>November 2020 P&R</u>			
Corp 3 - Delete Vacant Posts	(0.034)		
<i>Turnover Increase Share</i>	<i>(0.080)</i>		
Facilities impact from saving	(0.031)	(0.145)	
<u>December 2020 P&R</u>			
Pressures: C&F Residential	0.300		
LD Clients	0.350		
Homelessness	0.150	0.800	
<u>Pay Award Allowance</u>			
2021/22 Estimate Uplift			TBC
<u>Non-Pay Inflation</u>			TBC
<u>Proposed Savings - Council Feb 2021</u>			
Debt Advice Fees (FYE £15k)		(0.007)	
Share of Mobile Phone Contract		(0.007)	
Proposed IJB Contribution 2021/22		53.971	3.36%

<u>2021/23 Budget Proposed use of Reserves -18.3.21 Council</u>				<u>3.12.20 Council</u>	
<u>Demands</u>	<u>21/22</u> <u>£000</u>	<u>22/23</u> <u>£000</u>	<u>Total</u> <u>£000</u>	<u>Total</u> <u>£000</u>	<u>Notes/Reason for Change</u>
Covid Recovery Fund	1500	2500	4000	0	Proposed creation of a Covid Recovery Fund
Covid costs contribution	1440	0	1440	2250	Council contribution from Reserves to Covid costs
One off Budget Pressures	450	250	700	950	£950k for HSCP reduced by £250k per IJB Budget proposal
Inverclyde Jobs Recovery Plan	3600	2000	5600	5600	Per Council approval 3.12.20, net of £400k funded from existing Regeneration EMR
Projected 2021/23 Funding Gap	1050	4000	5050	7400	Per Appendix 1 with a £4.0million upper limit on funded deficit in 2022/23
2021/24 Capital Programme shortfall	0	1668	1668	0	Per Appendix 6 net of £600k reduction in 2023/24 RAMP investment
Specific Proposals from MBWG:	359	0	359	0	Reinstate the following from 3.12.20: Barrs Brae steps (£40k), Feasibility Studies £90k), Play Area investment (£229k)
Total Demands	<u>8399</u>	<u>10418</u>	<u>18817</u>	<u>16200</u>	
<u>Funding</u>	<u>21/22</u> <u>£000</u>	<u>22/23</u> <u>£000</u>	<u>Total</u> <u>£000</u>	<u>3.12.20 Council</u> <u>£000</u>	<u>Notes</u>
Projected Free Reserves 31.3.21	1396	0	1396	469	Increased projected surplus based on P10 monitoring
Unallocated Scottish Government COVID funding	4000	0	4000	2000	Reflects announcements to 16.2.21
Revenue Reserves written back	10182	0	10182	5392	Per 3.12.20 Council (£5.392million) & 11.8.20 P&R (£4.790million)
Reduction in Capital Programme	3239	0	3239	3239	Freed up Reserves-Per 3.12.20 Council
Fiscal Flexibilities - PPP One Off	0	0	0	2000	Use of PPP flexibilities not proposed as part of 2021/22 Budget
Fiscal Flexibilities- Prudential Borrowing	0	0	0	3100	No longer needed due to increase in one off SG funding.
Total Funding	<u>18817</u>	<u>0</u>	<u>18817</u>	<u>16200</u>	

Council Tax Credit Proposal

1.0 BACKGROUND

- 1.1 Government and Council Covid financial support to date has been focussed on 2 specific demographics namely households who have children who qualify for free school meals/clothing grants and households which qualify for the Winter Fuel payment. To date it is calculated every pupil who has qualified for Free School Meals / Clothing Grants throughout the Covid period will have received over £500 in direct financial payments by March whilst a household which qualifies for the elderly winter fuel payment could have received up to £450.
- 1.2 As part of the recent Community Listening events a clear message has been the need to provide more support to those who just fall the wrong side of the eligibility criteria line for extra financial support.

2.0 PROPOSAL

- 2.1 The proposal is to review CTR records in April 2021 and exclude those who have been directly financially supported over 2020/21:

- People who are pension age and eligible for the DWP Winter Fuel Payment*.
- Families whose income meets the qualifying criteria for Free School Meals/ School Clothing Grant under Inverclyde Council's expanded criteria**

*The DWP Winter Fuel Payment is payable to those born on or before 5th October 1954

** Families who do not qualify for FSM/SCG have take home earnings of more than £951 per month.

- 2.2 Council Tax Reduction records were analysed in February to find the number of households who would meet the proposed criteria:

Families with school age children who do not qualify for FSM/SCG	27
Families with pre-school children only	341
Single and do not qualify for the Winter Fuel Payment	3218
Couples who do not qualify for the Winter Fuel Payment	317
Total	3903

- 2.3 It is possible to provide financial support to these households via a credit to their 2021/22 Council Tax accounts. This would be separately identified on a reissued Council Tax bill and by making the payment in this way avoids the need for an extensive exercise in obtaining and confirming bank details.
- 2.4 It would be possible to use the Covid Financial Hardship funding to fund this proposal with a £100 one off credit costing around £390,000- £400,000.

3.0 IMPLICATIONS

3.1 Finance

The Council has received £852,000 from the Scottish Government via the £40 million Financial Hardship Fund and the costs would be met from this budget. This budget has also been used to meet any shortfall in the funding received to make Free School Meal and associated payments including the cost of Inverclyde's more generous policy.

3.2 Legal

Section 20 to the 2003 Scotland Act (Power to advance well-being) permits local authorities to give financial assistance to any person to promote or improve the well-being of any persons within the area. <https://www.legislation.gov.uk/asp/2003/1/section/20>

The following was considered in relation to the potential impact on taxation and welfare benefits:

- Tax is payable on earnings, some state benefits, and income from trusts and savings. Unlike the NHS Covid bonus and Self Isolation Support Grants which are taxable, the anti-poverty fund payment is not earnings, an earnings replacement or income from a trust or savings.
- The inclusion of earning in the assessment of Universal Credit entitlement relies on payroll data-feeds from employers to HMRC or self declaration of earnings by individual claimants. There is no requirement to report council tax payments to HMRC or DWP so there is no possibility of interference with UC.
- The payment will be made directly to the recipients' council tax accounts to offset liability and cannot be used for anything else.

General Fund Capital Programme - 2021/24Available Resources

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Government Capital Support	6,405	6,400	6,400	19,205
Capital Receipts	343	275	296	914
Capital Grants	1,480	-	-	1,480
Prudential Funded Projects	1,099	8,092	2,964	12,155
Balance B/F From 20/21	13,325	-	-	13,325
Capital Funded from Current Revenue	9,329	1,129	483	10,941
Available Resources	31,981	15,896	10,143	58,020
Total Expenditure	19,092	29,726	12,020	60,838
(Shortfall)/Under Utilisation of Resources				(2,818)
Approved 5% Overcommitment				(2,901)
Available Overcommitment				83

Notes:Funding Deficit

Overprovision within the Capital Programme of 5% against available resources has been approved. This over provision allows for either increases in resources or cost reductions. In the event neither of these occur then funding from 2024/25 will be required to complete the programme. In addition a further £1.001m of SEMP Lifecycle budget has already been re-phased into 2024/25 and will now require to be funded from future resources.

Government Capital Support

2021/22 grant based on Draft Budget settlement, 2022/23 & 2023/24 grant is estimated.

General Fund Capital Programme - 2021/24Approved Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<u>Environment, Regeneration & Resources (Policy & Resources)</u>				
<u>Finance</u>				
Annual Allocation (ICT)	553	423	363	1,339
<u>Environment, Regeneration & Resources (Policy & Resources) Total</u>	553	434	363	1,350

General Fund Capital Programme - 2021/24

Approved Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<u>Environment & Regeneration</u>				
<u>Roads & Environmental</u>				
Cycling, Walking and Safer Streets	491	-	-	491
Spaces for People	300	-	-	300
Flooding Works	251	400	450	1,101
Kirn Drive Passing Places	15	-	20	35
Drumshantie Road Carpark	70	-	-	70
Former St Ninians School Site	75	-	-	75
RAMP - Carriageways	1,360	2,550	2,400	6,310
RAMP - Footways	300	300	-	600
RAMP - Structures	250	250	-	500
RAMP - Lighting	350	650	-	1,000
RAMP - Other Assets	150	150	-	300
RAMP -Staff Costs	370	370	-	740
Vehicle Replacement Programme	104	977	1,135	2,216
Cemetery Development	500	800	32	1,332
Cremator Replacement	500	1,011	32	1,543
Play Areas/Park Assets	120	30	-	150
Park, Cemeteries & Open Spaces AMP	165	411	200	776
Zero Waste Fund	60	60	60	180
<u>Roads & Environmental Total</u>	6,031	7,959	4,329	18,319
<u>Regeneration & Planning</u>				
Regeneration of Port Glasgow Town Centre	39	571	-	610
Regeneration of Town & Village Centres - West Blackhall Street	-	1,485	-	1,485
Regeneration of Town & Village Centres - Lyle Fountain	117	-	-	117
Regeneration of Town & Village Centres - Other	396	200	-	596
Scheme of Assistance/Aids & Adaptations	706	1,055	733	2,494
Clune Park	30	334	-	364
<u>Regeneration & Planning Total</u>	1,388	3,645	733	5,766

General Fund Capital Programme - 2021/24

Approved Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<u>Legal & Property Services</u>				
General Provision	189	2,400	2,000	4,589
Additional Covid pressure allowance - General	-	1,302	-	1,302
Additional Covid pressure allowance - Health & Safety	-	10	-	10
Feasibility Studies	17	90	-	107
Greenock Municipal Buildings - Window Replacement	35	-	-	35
Greenock Municipal Buildings Carriageway Glazed Roof	18	-	-	18
Greenock Municipal Buildings - Flue replacement	4	-	-	4
Greenock Municipal Buildings - Clyde Square Re-roofing	928	50	-	978
Greenock Municipal Buildings - Victoria/Dalrymple Tower Essential Works	40	-	-	40
Greenock Municipal Buildings - Air Handling	90	5	-	95
Greenock Cemetery _ Ivy House Replacement	370	15	-	385
King George VI Refurbishment	50	-	-	50
Waterfront Leisure Centre Lifecycle Works	218	50	-	268
Boglestone Community Centre Roof	510	20	-	530
Caladh House Residential Care Home - Remedial Works	18	-	-	18
Sea Walls/Retaining Walls	15	85	-	100
Customhouse Square/Watt Institute - Risk/DDA Works	250	40	-	290
Watt Institute - Risk/DDA Works	90	5	-	95
Minor Works	168	345	-	513
Statutory Duty Works	237	184	-	421
Capital Works on Former Tied Houses	-	90	90	180
Complete on Site	-	142	-	142
Depot Demolitions	-	107	-	107
Kirn Drive Civic Amenity Site	40	200	-	240
AMP Complete on site	-	88	-	88
Additional Covid pressure allowance - AMP	-	33	-	33
<u>Legal & Property Services Total</u>	3,287	5,261	2,090	10,638
Environment & Regeneration Total	10,706	16,865	7,152	34,723

General Fund Capital Programme - 2021/24

Approved Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<u>Education, Communities & Organisational Development</u>				
<u>Inclusive Education, Culture & Communities</u>				
Lady Alice Bowling Club Toilets	-	192	-	192
Indoor Sports Facility for Tennis	600	35	-	635
Leisure Pitches AMP - Lifecycle Fund	200	623	370	1,193
Grieve Road Community Centre	18	-	-	18
Wemyss Bay Community Centre Refurbishment	16	-	-	16
Whinhill Golf Club Lifecycle Works	190	10	-	200
Waterfront Leisure Centre Training Pool Moveable Floor	300	15	-	315
Watt Institution Creativity Space	50	5	-	55
Complete on Site	-	37	-	37
<u>Inclusive Education, Culture & Communities Total</u>	1,374	917	370	2,661
<u>Education (SEMP)</u>				
Lifecycle Fund	1,000	2,879	3,500	7,379
Gourock PS Extension	500	23	-	523
Hillend Children's Centre - Refurbishment	621	50	-	671
Kelly Street Site Landscaping (St Mary's PS)	196	10	-	206
Demolish Sacred Heart PS	150	215	-	365
Whiteboard refresh	150	-	-	150
Complete on site	-	407	-	407
<u>Education (Early Learning & Childcare Expansion)</u>				
Refurbishment - Craigmarloch/Gourock YAC	-	-	-	-
New Build - Larkfield CC/Park Farm (Rainbow FC)	1,550	146	-	1,696
Rainbow Family Centre - Extension	868	120	-	988
Wellpark Children's Centre Alterations - CFCR	10	-	-	10
Glenpark Early Learning Centre Outdoor Expansion - CFCR	129	10	-	139
Additional Covid pressure allowance	-	506	-	506
<u>Education Total</u>	5,174	4,366	3,500	13,040
<u>Education, Communities & Organisational Development Total</u>	6,548	5,283	3,870	15,701

General Fund Capital Programme - 2021/24Approved Programme

	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
<u>Health & Social Care Partnership</u>				
Crosshill Childrens Home Replacement	287	20	-	307
New Learning Disability Facility	398	6,292	635	7,325
Swift Upgrade	600	821	-	1,421
Complete on Site	-	11	-	11
Health & Social Care Partnership Total	1,285	7,144	635	9,064
Total Expenditure	19,092	29,726	12,020	60,838

COMMON GOOD FUND
REVENUE BUDGET 2021/22

	Projected 2020/21	Budget 2020/21	Adjustment 2021/22	Budget 2021/22
PROPERTY COSTS	36,000	29,000	0	29,000
Repairs & Maintenance	9,000	9,000		9,000
Rates	26,000	19,000		19,000
Property Insurance	1,000	1,000		1,000
ADMINISTRATION COSTS	12,200	7,700	0	7,700
Sundries	6,000	1,500		1,500
Commercial Rent Management Charge	2,200	2,200		2,200
Recharge for Accountancy	4,000	4,000		4,000
OTHER EXPENDITURE	18,800	61,500	A (100)	61,400
Christmas Lights Switch On	10,500	10,500		10,500
Gourock Highland Games	0	29,400	(9,400)	20,000
Armistice Service	8,300	8,300		8,300
Comet Festival	0	13,300	(3,300)	10,000
Fireworks	0	0	12,600	12,600
INCOME	(144,730)	(121,430)	B 16,430	(105,000)
Gross Rent	(167,850)	(167,850)	9,800	(158,050)
Void Rents	58,370	46,920	6,630	53,550
Internal Resources Interest	(150)	(500)		(500)
Disposal of Land	(35,100)	0		0
NET EXPENDITURE	(77,730)	(23,230)	16,330	(6,900)

Projected Fund Balance as at 31st March 2021 **£95,080**

Projected Fund Balance as at 31st March 2022 **£101,980**

Notes:

A Other Expenditure

Assumption Gourock Highland Games cannot fully take place in May due to Covid restrictions.	(9,400)
Assumption Comet Festival cannot fully take place due to Covid restrictions.	(3,300)
Reinstatement of funding for Fireworks display.	12,600
	<u><u>(100)</u></u>

C Income

Adjustment allows for removal of Port Glasgow Road rent on sale of Property as well as current occupancy levels and a further allowance for additional voids due to Covid (see Note D).	16,430
	<u><u>16,430</u></u>

D Occupancy assumptions:

Projected Income (& Rates) assumes full occupancy with the exception of:

- 10 Bay St (assumed 30% occupancy on short term charity leases)
 - 12 Bay Street (vacant, assumed let during year)
 - 6 John Wood St (vacant, assumes no let during year)
 - 10 John Wood St (vacant, assumes no let during year)
 - 15 John Wood St (vacant, assumes no let during year)
 - 16 John Wood St (vacant, assumes no let during year)
 - 17 John Wood St (vacant, assumes no let during year)
- In addition a further £10,000 allowance for Voids has been included to allow

E Recommended Fund Level

The recommended minimum overall fund level is £100,000.

Total Adjustments

16,330

2021/24 Budget Gap - Mid Range Estimate

	2021/22	2022/23	2023/24	2021/24
	£m	£m	£m	£m
1/ Estimated Block Grant Movement	-1.7	0.0	0.0	-1.7
2/ Continuing cash cut due to Depopulation	0.5	1.0	1.0	2.5
3/ Council Tax Freeze Grant	-1.2	0.0	0.0	-1.2
3/ Inflation - Pay	3.0	3.0	3.0	9.0
- Non-Pay	1.5	1.5	1.5	4.5
4/ Pressures				
- General Pressures	0.8	0.4	0.6	1.8
5/ Savings Approved to March 2020	(0.5)	(0.2)	0.0	(0.7)
Approved Loans Charges Adjustment	(0.3)	(0.3)	0.0	(0.6)
Savings Approved (Nov 2020-March 2021)	(1.0)	(1.1)	0.0	(2.1)
Council Tax Increase (Illustrative)	0.0	(0.9)	(1.0)	(1.9)
6/ Use of Reserves Approved March,2021	(1.1)	(2.9)	4.0	0.0
	<u>0.0</u>	<u>0.5</u>	<u>9.1</u>	<u>9.6</u>

a/ Assumes £1.2million Council Tax Freeze Grant is recurring.

b/ Assumes no new Prudential Borrowing above that already contained in the Loans Charges model.

c/ Illustrative Council Tax increase of 3.0% from 2022/23 shown.

d/ The GRG/NDRI assumption excludes any hypothecated grant increases eg: Early Years as this is ring fenced to deliver new policies rather than fund existing service provision.

	2021/22	2022/23	2023/24
	%	%	%
e/ Key Assumptions			
GRG/NDRI	0.9	0	0
Pay Inflation	2.4	2.4	2.4