
Report To:	Inverclyde Council	Date:	2 December 2021
Report By:	Interim Director of Finance & Corporate Governance	Report No:	FIN/75/21/AP/LA
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	2022/23 Budget Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to seek a number of decisions from Members in order to progress the development of the 2022/23 Revenue Budget and to seek decisions in relation to recently announced Winter Hardship Support Funding from the Scottish Government.

2.0 SUMMARY

- 2.1 Following approval of a number of matters by the Policy & Resources Committee on 16 November the estimated 2022/23 Funding gap prior to any increase in Council Tax is estimated to be £2.8million. The Scottish Government will announce the Scottish Budget settlement on 9 December 2021 with the detailed Local Government Settlement expected 17 December.
- 2.2 A list of savings options was produced by the CMT and reviewed within the MBWG. Following review the remaining savings options would deliver around £2.0million of savings in 2022/23. As has previously been the case it is proposed to issue all Elected Members with the detailed savings options prior to the Christmas Break.
- 2.3 It is proposed that officers progress Voluntary Severance Trawls in those savings areas where it is assessed that Voluntary Early Release (VER) would assist in the achievement of the saving. Appendix 1 outlines the associated timescales.
- 2.4 As part of the review of the savings a number of savings with limited/ no impact on service delivery are proposed to be approved at this time to allow the MBWG to focus on those savings which will have a larger impact on service delivery. These savings are shown in Appendix 2.
- 2.5 It would be good practice to undertake some further consultation on any savings areas proposed for the 2022/23 budget setting process. The proposal is to hold events with the new locality communication and engagement groups.
- 2.6 It is expected that the consultation would be largely qualitative and, depending on the range and nature of the savings proposals to be consulted on, the consultation process can either be around general areas or specific savings and it is intended that they will be held on line.
- 2.7 On 29 October the Scottish Government announced a £41 million Winter Support Fund to support low income households. This included £25 million in flexible funding to local authorities to support wellbeing and respond to financial insecurity. The amount each Council will receive has yet to be formally announced but Inverclyde would anticipate receiving £350,000. Section 7.3 of the report lists proposals developed by the officer Anti-Poverty Group for consideration by Members.
- 2.8 Section 8 of the report contains a funding request for the New Ways of Working Project approved in principle by the Policy & Resources Committee as part of the Delivering Differently Programme. An initial savings target of £60,000 has been set by the CMT.

- 2.9 On 17 November 2020 the Policy & Resources Committee agreed the 'Employability Interventions Inverclyde Jobs Recovery Plan'. Funding of £2.4m was allocated to allow employee releases under the workforce refresh programme, subject to a net cost of release being less than £40,000 after a 3 year period. The voluntary severance exercises have resulted in just over 50 employees being signed up for release over the financial period 21/23, at an expected cost of £850,000. Given the proposal to carry out a number VER trawls as part of the 2022/23 Budget, it is recommended that the remaining £1.55m of the £2.4m allocated is returned to the General Fund Reserve for consideration as part of the overall Budget.
- 2.10 It is proposed that a further one off sum of £300,000 be allocated to meet the increased demands for building cleaning and hygiene materials beyond the current allowance in the Organisational Recovery Plan.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Council note the latest update relating to the development of the 2022/23 Revenue Budget.
- 3.2 It is recommended that the Council approve that the Chief Executive progresses Voluntary Severance Trawls where appropriate to support the 2022/23 Budget savings exercise and note the timescales set out in Appendix 1.
- 3.3 It is recommended that the Council agree to the savings included in Appendix 2.
- 3.4 It is recommended that the Council approve the approach to Budget Consultation for the 2022/23 Budget covered in Section 6 of the report.
- 3.5 It is recommended that the Council approve the proposals totalling £400,000 for the use of the Winter Hardship Support Funding and agree that in the event the funding provided by the Scottish Government is less than that approved by the Council, the balance comes from the Anti-Poverty earmarked reserve.
- 3.6 It is recommended that the Council approve the New Ways of Working project and the associated funding as set out in Section 8 of the report.
- 3.7 It is recommended that up to £300,000 is allocated from the Covid Fund contingency to meet any time limited continued demands for extra cleaning and hygiene materials throughout the Council estate
- 3.8 It is recommended that the Council agree that the remaining unused sum of approximately £1.55million from the Jobs Refresh project be returned to the General Fund Reserves for inclusion in the overall 2022/23 Budget proposals

Alan Puckrin
Interim Director of Finance & Corporate Governance

4.0 BACKGROUND

- 4.1 Regular updates are presented to Members either at the Policy & Resources Committee or Full Council as part of the development of the Annual Budget. This report seeks Member approval on a number of Budget related matters.
- 4.2 Following approval of a number of matters by the Policy & Resources Committee on 16 November the estimated 2022/23 Funding gap prior to any increase in Council Tax is estimated to be £2.8million.
- 4.3 The Scottish Government will announce the Scottish Budget settlement on 9 December, 2021 with the detailed Local Government Settlement expected 17 December. Until these announcements are made, officers are providing Members with best professional estimates of the Budget position and updates will be given to Members as soon as matters become clearer.
- 4.4 The Scottish Government announced in November that £25million would be paid to Local Government to provide Winter Hardship Support. At the time of writing the report the Council's share of this sum is not known.

5.0 2022/23 BUDGET UPDATE

- 5.1 The pay award for 2021/22 has not been agreed. An improved offer was made to Trades Unions late October funded by a combination of £30million one off funding from the Scottish Government and £18.5million from Councils. The recurring pay offer already exceeds the allowance set aside by the Council by around £0.2million whilst the latest offer will also require that the Council fund approximately £0.3million from Reserves. A formal response is awaited from the Trades Unions and Members will be updated if there are any developments by the actual Council meeting.
- 5.2 A list of savings options was produced by the CMT and reviewed within the MBWG. Following review, the list of savings options would deliver around £2.0million of savings in 2022/23. As has previously been the case it is proposed to issue all Elected Members with the detailed savings options prior to the Christmas Break.
- 5.3 In order to inform the consideration of the savings options by both the MBWG but also the JBG it is proposed that officers progress Voluntary Severance Trawls in those areas covered by savings proposals and where it is assessed that Voluntary Early Release (VER) would assist in the achievement of the saving. Appendix 1 outlines the associated timescales.
- 5.4 As part of the review of the savings a number of savings with limited/ no impact on service delivery are proposed to be approved at this time to allow the MBWG to focus on those savings which will have a larger impact on service delivery. These savings are shown in Appendix 2. If approved then these proposals will reduce the estimated 2022/23 funding gap by £132,000.
- 5.5 The next stage in the 2022/23 Budget process will be for the MBWG to review Reserves, the 2022/25 draft Capital Programme and to start the detailed review of savings options early in 2022. Updates will continue to be provided to both the Council and Policy & Resources Committee in February and March.
- 5.6 A decision remains to be taken as to whether the Council Tax and Budget decisions will be taken on different days as has been the case in recent years. This will be part of the report to the February Council meeting.

6.0 BUDGET CONSULTATION PROPOSALS

- 6.1 The Council has previously held a number of budget consultations and the most recent, held in 2019, informed budget decisions for the Period 2020 - 2023. Although the 2019 consultation gave comprehensive quantitative and qualitative feedback on previous savings areas, it would be good practice to undertake some further consultation on any savings areas proposed for the 2022/23 budget setting process. This is because COVID-19 may have readdressed priorities in the community and because not all savings being proposed for the 2022/23 budget may have been considered previously.
- 6.2 The proposal is to hold events with the new locality communication and engagement groups. The dates of the meetings would be advertised for each locality and members of the local community encouraged to submit their views which will be collated.
- 6.3 It is expected that the consultation would be largely qualitative and, depending on the range and nature of the savings proposals to be consulted on, the consultation process can either be around general areas or specific savings. The questions asked through the groups will also be made available online and also through paper copies at local libraries. At this stage it is anticipated that the events will held online.

7.0 WINTER HARDSHIP SUPPORT FUNDING

- 7.1 On 29 October the Scottish Government announced a £41million Winter Support Fund to support low income households. This included £25million in flexible funding to local authorities to support wellbeing and respond to financial insecurity. The amount each Council will receive has yet to be formally announced but Inverclyde would anticipate receiving around £350,000.
- 7.2 Officers are acutely aware of the pressures on household finances as a result of cost increases around fuel and food plus the impact on many Universal Credit recipients due to the withdrawal of the £20/week supplement introduced early on in the COVID-19 pandemic. Whilst the Government support will not be paid to Councils until late March it is important that support is delivered as soon as possible.
- 7.3 The Officer Anti Poverty Group have considered the most effective ways that support can be provided within existing processes and schemes and would propose allocating up to £400,000 on the following:
 - Increased funding to iHeat to increase the level of support and numbers supported via the Elderly Heating Project (£100,000)
 - 20% increase in the level of Crisis grant awards for the remainder of 2021/22 plus allowance for increase in demand experienced in the last 2 months (£40,000)
 - Funding to meet the significant increase in Community Care Grants administered via the Scottish Welfare Fund. Support helps individuals with costs of essential goods when moving into new tenancies/homes and reduces the risk of homelessness (£110,000)
 - Increased funding to Starter Packs to provide essential support to individuals /families settling into a new home (£10,000)
 - Increase the Winter Child Payment Bridging Payment by £20 to £180/eligible child (£70,000)
 - Pay £100 to approximately 700 individuals not covered by earlier scheme to make £100 payments to Council Tax Reduction recipients with no children within their household (£70,000)
- 7.4 In the event that the funding received is not enough to meet the cost of these proposals then it is proposed that any shortfall is met from the Anti-Poverty earmarked reserve. A fuller update on progress on these proposals will be provided to the February Policy & Resources Committee.

8.0 NEW WAYS OF WORKING PROPOSAL

- 8.1 The Policy & Resources Committee agreed in principle to officers progressing a review of the use of the Greenock Campus offices and the associated use of technology as a result of the planned move to greater hybrid working by a large part of the office based workforce.
- 8.2 In summary it is planned to create a small multi-disciplinary team for an initial 18 month period to progress potential efficiencies in the use of office space linked to the implementation of hybrid working, greater use of ICT and further developments in electronic document records management (EDRM). This represents the first phase which if successful may lead to further phases.
- 8.3 Whilst detailed costings will be developed over coming months a sum of £150,000 is proposed to be allocated for employee costs including a dedicated Manager and an allowance of a similar sum for the development and back-scanning associated with EDRM. Costs associated with property modifications and ICT would be contained in existing capital allocations. It is proposed to meet the estimated £300,000 sum from an existing earmarked reserve allocated for the transition to the Cloud.
- 8.4 A high level saving target of £60,000/ year by 2023/24 has been set by the CMT but it is anticipated that this figure may increase as the project develops. This saving forms part of the proposals contained in Appendix 2.

9.0 OTHER ISSUES

- 9.1 On 17 November 2020 the Policy & Resources Committee considered the report 'Employability Interventions Inverclyde Jobs Recovery Plan' and agreed to give officers authority to commence a voluntary severance trawl relating to the workforce refresh programme in advance of the Council's decision on allocating funds on 3 December 2020. Funding of £2.4million was allocated to allow employee releases under the workforce refresh programme, subject to a net cost of release being less than £40,000 after a 3 year period.
- 9.2 The voluntary severance exercises have resulted in just over 50 employees being signed up for release over the financial period 21/23, at an expected cost of £850,000. Job vacancies, which have arisen as part of the Council's workforce refresh programme, are being advertised locally utilising the 'Inverclyde works' branding on related social media platforms including the Council's recruitment webpage and building strong links with our local employability partners.
- 9.3 Given the current budget situation and the proposal to carry out a number VER trawls, it is recommended that no further voluntary severance trawls are undertaken in relation to the workforce refresh programme and that the remaining £1.55million of the £2.4million allocated is returned to the General Fund Reserve for consideration as part of the overall Budget. It is intended that a full update on the workforce refresh programme will be provided as part of the annual progress report on the People and Organisational Development Strategy 2020-2023 whilst an update on the various employability schemes approved at the same time is provided to the next Environment & Regeneration Committee.
- 9.4 As part of the consideration of recurring Budget Pressures it was agreed that a further one off sum be allocated to meet the increased demands for building cleaning and hygiene materials. It is too early to say whether this requirement is permanent and as a result the MBWG agreed to support a £300,000 allocation from the Covid Fund to continue this extra support beyond June 2022.

10.0 IMPLICATIONS

10.1 Finance

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
General Fund Reserves	Free Reserves	2021/22	(£1.55million)		Balance of Jobs Refresh Scheme funding
Covid Fund	Contingency	2022/23	£300,000		To support increased level of hygiene/cleaning in Council premises
New Ways of Working	Earmarked Reserve	2021/23	Up to £300,000	Cloud EMR	Funding from the Cloud EMR to fund Phase 1 of the new Ways of Working Project
Anti Poverty	Various	2021/22	£400,000		Projects in 7.3 funded from one off SG Grant/ Anti -Poverty Funding

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if Applicable)	Other Comments
Various	Various	2022/23	(£132,000)		Savings proposed in Appendix 2.Increases to £162,000 by 2023/24

10.2 Legal

There are no legal implications arising from this report.

10.3 Human Resources

Consultation regarding the savings and VER trawls has taken place via the Joint Budget Group. Groups of employees potentially impacted by any trawls have been spoken to prior to the Council meeting.

10.4 Equalities

Equalities

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

An overall EIA will be carried out as part of the overall budget whilst EIAs on specific budget proposals are accessed via the following link.

<https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments/equality-impact-assessments-2021>

X	YES (see link)
	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

This will form part of the overall assessment of the proposed Budget early in 2022.

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?

	YES – This report involves data processing which may result in a high risk to the rights and freedoms of individuals.
x	NO

10.5 **Repopulation**

The impact on the repopulation agenda is a core consideration of the Budget process.

11.0 **CONSULTATIONS**

11.1 The proposals in this report are supported by the Members Budget Working Group and have been discussed with the Trades Unions via the Joint Budget Group.

12.0 **BACKGROUND PAPERS**

12.1 None

December
Outline of Proposed Timetable

<u>Date</u>	<u>Action</u>	<u>Who By</u>
DECEMBER		
By 8 th	Issue of trawl letter and pro forma to identified employees.	OD & HR
16 th	Closing date for employee to return pro forma.	OD & HR
By 20 th	Analysis of returns and acknowledgement letters issued.	OD & HR
By 24 th	Report outcome of voluntary severance trawl exercise to Corporate Management Team and Joint Budget Group.	OD & HR
JANUARY		
By 14 th	Provisional figures requested from Strathclyde Pension Fund Organisation (SPFO).	OD & HR
FEBRUARY		
w/c 21 st (earlier if received by SPFO sooner)	Provisional figures to employees asking if they wish to proceed (subject to final budget decisions and value for money criteria being achieved).	OD & HR
MARCH		
11 th (earlier if received by SPFO sooner)	Closing date for employees confirming if they wish to be released.	OD & HR
By end of March	Report outcome of voluntary severance trawl exercise to Corporate Management Team and Joint Budget Group.	OD & HR
By end of March	Formal notice issued to employees.	OD & HR
JUNE		
By end of June	Employees leave employment.	OD & HR

2022/23 Budget
Savings Proposals- December 2021 Council

ERR	Savings 2022/23 £000	Savings 2023/24 £000	Comments	FTE
1/ Reduce Roads Verge cutting frequency from fortnightly to 3 weekly	7	7		0
2/				
3/				
ECOD				
1/ Do not reopen out of school provision at Glenbrae Childrens Centre	45	45	Provision has been closed during Covid and posts vacant	1.5
2/ Reduction in Primary School cover due to creation of 14 permanent teaching posts funded by new Scottish Government funding	50	50	Further £150k from this budget already agreed to fund Whiteboard/Digital Screens refresh programme	0
3/				
HSCP				
1/				
2/				
3/				
Corporate				
1/ Provisional saving target for New Ways of Working project	30	60	Initial target which will be firmed up as the project proceeds	0
Total	132	162		1.5

19/11/21