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| <b>Report To:</b>       | <b>The Inverclyde Council</b>  | <b>Date:</b>       | <b>2 March 2023</b>    |
| <b>Report By:</b>       | <b>Interim Director of Finance &amp; Corporate Governance</b>  | <b>Report No:</b>  | <b>FIN/15/23/AP/LA</b> |
| <b>Contact Officer:</b> | <b>Alan Puckrin</b>  | <b>Contact No:</b> | <b>712090</b>          |
| <b>Subject:</b>         | <b>Approval of the 2023/24 Budget, 2023/26 Capital Programme &amp; Approval of the level of Band D Council Tax for 2023/24</b> |                    |                        |

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## **1.0 PURPOSE AND SUMMARY**

- 1.1  For Decision  For Information/Noting
- 1.2 The purpose of this report is to seek formal approval by the Council of the 2023/24 Revenue Budget, 2023/26 Capital Programme and thereafter seek approval of the Band D Council Tax for 2023/24.
- 1.3 The body of the report provides background and includes proposals on a number of matters which will require to be agreed prior to the approval of the 2023/24 Budget and the level of Band D Council Tax for 2023/24.
- 1.4 The report is prepared using the latest information however, the Local Government Finance Order has not been approved by the Scottish Parliament and some other matters pertaining to the 2023/24 Budget are not fully resolved. In the event there are any material changes to the matters included in this report then either an addendum paper or verbal update will be provided to Members.
- 1.5 There are two proposals included in this report The differences centre around a small number of savings and the level of Council Tax increase. Appendix 10 summarises the two proposals and the impact on the level of Band D Council Tax for 2023/24.

## **2.0 RECOMMENDATIONS**

- 2.1 It is recommended that the Council note the latest update regarding the Council's 2023/24 Revenue and Capital Grant settlement from the Scottish Government, the associated conditions and the representations made by the Council seeking an improved settlement and increased flexibility in how resources can be utilised.
- 2.2 It is recommended that the Council notes the anticipated reduction in the previously reported increase in non-domestic rates and, in light of the volatility around inflation and the latest position in respect of the 2023/24 pay award, agree that the Interim Director, Finance & Corporate Resources, manage the 2023/24 inflation allowances as a single budget.

- 2.3 It is recommended that the Council considers the proposals in the report and appendices and thereafter the Council:
1. Approves the adjustment set out in Appendix 3,
  2. Considers the responses to the previously reported Budget Consultation and, has due regard to the overall and individual Equality Impact Assessments relating to the savings set out in Appendix 4 and as referred to in Section 5 of the report,
  3. Approves the savings relating to Early Years 1140 hours grant set out in Appendix 5 and notes that a more detailed report will be presented to the next Education & Communities Committee on this matter,
  4. Approves the Council contribution to the IJB set out in Appendix 6, noting that this requires approval by the IJB on 20 March 2023,
  5. Approves the 2023/26 Capital Programme set out in Appendix 7,
  6. Approves the utilisation of £18.7million of unallocated reserves set out in Appendix 8, noting that reports will be presented to the relevant Committees as set out in the appendix,
  7. Approves the 2023/24 Common Good Budget set out in Appendix 9,
  8. Approves the specific savings and increase in Council Tax required to set a balanced Budget summarised in the two options in Appendix 10.
- 2.4 It is recommended that the Council notes the estimated Revenue Budget funding gap of £18.1 million over 2024/27 set out in Appendix 11 and the remaining 2023/24 Budget risks identified by the Interim Director in Section 5 of the report.
- 2.5 It is recommended that the Council approves the Council Tax Resolution for the level of Band D Council Tax for Inverclyde in 2023/24.

**Alan Puckrin**  
**Interim Director, Finance & Corporate Governance**

### 3.0 BACKGROUND AND CONTEXT

3.1 The Council and Policy & Resources Committee have received regular reports and taken a number of decisions in relation to the 2023/24 Budget since the early summer. This report intends to draw together the progress made to date, the remaining items requiring to be addressed and thereafter the formal approval of the Revenue & Capital Budgets plus the level of the Band D Council Tax for 2023/24.

3.2 The Members Budget Working Group (MBWG) has met on a regular basis since the summer and received reports and updates on respect of many aspects of the Budget. In the same way the Corporate Management Team (CMT) have had regular meetings with the Trades Unions via the Joint Budget Group (JBG) to discuss employee impacts and communications. Both these Groups continue to work well and greatly assist in the Council's Budget development.

### 3.3 2023/24 Revenue Budget Funding Gap

The Council has experienced inflationary pressures over 2022/23 at a level not seen within the lifetime of this Council and these pressures, plus the impact of economic pressures on household income are not expected to significantly reduce over the remainder of 2023.

These have added considerably to the 2023/24 funding gap estimated back in February 2022. A summary of the make up of the overall 2023/24 funding gap is as follows:

|                               |                             |
|-------------------------------|-----------------------------|
| • Pay Inflation               | <b>£3.8 million</b>         |
| • Non-Pay Inflation           | <b>£5.4 million</b>         |
| • Inverclyde Leisure Pressure | <b>£1.7 million</b>         |
| • Other Pressures             | <b>£0.5 million</b>         |
| • 2022/23 net use of Reserves | <b><u>£2.1 million</u></b>  |
| <b>2023/24 Funding Gap</b>    | <b><u>£13.5 million</u></b> |

3.4 The Council have taken decisions to significantly reduce the funding gap and allied to the £0.96million (0.5%) unattributed grant increase in the draft Scottish Government Budget, has reduced the estimated remaining 2023/24 funding gap to £3.83 million as detailed in Appendix 1.

### 3.5 Local Government Draft Grant Settlement

The Deputy First Minister presented the Draft Scottish Budget to the Scottish Parliament on 15 December and within that the settlement for Local Government and Inverclyde Council. Since that date clarifications on a range of items have been provided and the Budget continues its passage through the Parliamentary process with the Local Government Finance Order scheduled to be approved on 2 March.

3.6 Within the Local Government draft settlement, the Scottish Government have set a number of conditions including minimum contributions to Integrated Joint Boards and the need to maintain teacher numbers, pupil teacher ratios and Pupil Support Assistant (PSA) numbers. The teacher/PSA condition was introduced late in the Budget process leading to the revision of available savings options. The full impact of the teacher numbers condition will not be known until after the Budget is approved and officers will factor any implications into the 2024/25 Budget.

3.7 Given the considerable pressures set out in 3.3 above, the MBWG wrote to the Deputy First Minister in December who responded on 24 January. In light of this response, a further letter was sent on 1 February to which a response is awaited. Copies of the 3 letters are attached at Appendix 2.

3.8 The core Capital Grant for 2023/24 is very close to previous estimates of £6.0 million after adjusting for one off funding relating to the 2022/23 Scottish Joint Council (SJC) pay award and capital grant to support the implementation of P6/7 universal free school meals.

### 3.9 Council contribution to the Integrated Joint Board (IJB)

Within the draft Local Government Grant settlement is the requirement to increase the recurring contribution to IJBs by the Council's share of £95million new funding announcements. For Inverclyde that equates to £1.559million or a minimum recurring contribution of £67.081million.

### 3.10 Capital Programme

The 3 year Capital Programme is under considerable pressure due to a combination of inflation, availability of contractors/materials, real terms reductions in Scottish Government Capital Grant and pressures on the Council's Revenue Budget/increased borrowing costs making prudential borrowing less attractive. Proposals for the 2023/26 Capital Programme appear later in the report but during 2022/23 some decisions have been taken to keep the Capital Programme within the approved 5% "headroom" parameters.

### 3.11 Useable Reserves

The level of useable reserves received a significant boost as a result of the 16 February Council approval of the Service Concession accounting flexibility available to Councils in Scotland over 2022/23 and 2023/24. This decision increased useable reserves by almost £15million albeit this increase is not cash backed meaning utilising these reserves will reduce the Council's cashflow and increase treasury costs in future years.

3.12 Various decisions have been taken by the Council and Policy & Resources Committee throughout the year including the write back of £1.46million of earmarked reserves (December 2022 Council) and, allocation of £1.6 million from reserves (December 2022 Council). However, an estimated £18.7million of unallocated reserves remain and proposals to allocate this sum are included later in this report.

## 4.0 PROPOSALS

4.1 Despite agreeing on the vast majority of proposals within this section, the MBWG could not achieve complete consensus however, Appendices 3-9 are supported by the full MBWG.

4.2 Officers have continued to identify adjustments with no impact on service delivery which could reduce the funding gap. Appendix 3 contains a further adjustment totalling £130,000. In addition, the Assessor has advised officers of an error within the draft 2023 Valuation Roll which has reduced the previously reported £1.2 million increase in non-domestic rates by approximately £500,000. It is proposed that, in light of the volatility around inflation and the latest position in respect of the 2023/24 pay award, the Interim Director, Finance & Corporate Resources does not reduce the overall inflation allowance but rather manages the overall 2023/24 inflation allowance as a single budget.

4.3 The proposals supported by the full MBWG in respect of further savings to reduce the 2023/24 savings gap are attached as Appendix 4. The sum saved in 2023/24 is £950,000 and, if approved, will result in the reduction of 31.8 FTE posts within the Council and 7 FTE within Inverclyde Leisure. The proposals also deliver a further £341,000 saving in 2024/25. Members are asked to note that updates regarding a small number of the proposals will be presented to the relevant Committee in March/April.

- 4.4 Appendix 5 presents a list of savings to bring the Early Years 1140hours budget back within allocated grant. The need for the savings is due to a combination of a £320,000 Specific Grant reduction in 2023/24 and the need to contain pay inflation. If agreed, this results in a 14.5 FTE employee reduction, the majority of which relate to vacant posts. Details of the service impact from this saving will be reported to the Education & Communities Committee in March.
- 4.5 It is proposed to allocate £68.156million to the Inverclyde IJB in 2023/24 as detailed in Appendix 6. This includes a £600,000 contribution to the 2022/23 pay award and a time limited allocation of £421,000 relating to the Whole Family Wellbeing Fund. This level of contribution meets a funding condition specified by the Scottish Government but will require approval by the IJB on 20 March 2023.
- 4.6 Appendix 7 details the proposed 2023/26 Capital Programme including proposed adjustments, the allocation of £4.0million from unallocated reserves and one-off reductions to keep the programme within approved parameters.
- 4.7 Appendix 8 summarises the MBWG proposed use of the £18.7million estimated unallocated reserves. Several of these proposals will be followed up with reports to the relevant Committee, and these will be progressed in coming months. A key part of the proposals supports managing current and anticipated budget pressures/uncertainty over the next 2-3 years, covered in more detail in 5.3.
- 4.8 The Council requires to approve the Common Good Budget for the year ahead and this is detailed in Appendix 9. The 2023/24 Common Good budget is showing a small annual surplus (£4,000). Over recent years the Fund balance has recovered to now exceed the recommended minimum balance of £100,000.
- 4.9 Appendix 10 summarises the two proposals relating to the 2023/24 Revenue Budget. Option 10a is supported by most of the MBWG whilst Option 10b is the alternative from the remaining MBWG member. Both options show the level of Council Tax increase required to set a balanced 2023/24 Budget based on a 96.8% collection rate. The Council requires to approve both the percentage increase in Council Tax and the level of Band D Council Tax as part of today's meeting.
- 4.10 Appendix 11 summarises the current estimate of the potential funding gaps facing the Council over 2024/27 based on the proposals in this report and the latest assessment of future inflation and Grant settlements. This assessment clearly illustrates the significant financial challenges ahead for the remainder of this Council term.

## 5.0 IMPLICATIONS

- 5.1 The table below shows whether risks and implications apply if the recommendations are agreed:

| SUBJECT                                      | YES | NO | N/A |
|--|-----|----|-----|
| Financial                                    | x   |    |     |
| Legal/Risk                                   | x   |    |     |
| Human Resources                              | x   |    |     |
| Strategic (LOIP/Corporate Plan)              | x   |    |     |
| Equalities & Fairer Scotland Duty            | x   |    |     |
| Children & Young People's Rights & Wellbeing | x   |    |     |
| Environmental & Sustainability               | x   |    |     |
| Data Protection                              |     |    | x   |

## 5.2 Finance

The information in the report and appendices reflects the latest information at the time of the report's preparation. Any material updates will be intimated to Members either prior to or at the Council meeting. The detailed implications are as set out in the appendices and are summarised in the Finance boxes below.

### One off Costs

| Cost Centre       | Budget Heading | Budget Years | Proposed Spend this Report | Virement From | Other Comments   |
|-------------------|----------------|--------------|----------------------------|---------------|--|
| Capital Programme | Various        | 2023/25      | (£2.720) million           |               | One off reductions per Appendix 7  |
| Useable Reserves  | Various        | 2023/26      | £18.7million               |               | Per Appendix 8   |
| Reserves          | Early Releases | 2023/25      | To be Confirmed            |               | Costs dependant on actual releases. To be reported to a future P&R Committee |

### Annually Recurring Costs/ (Savings)

| Cost Centre       | Budget Heading       | With Effect from     | Annual Net Impact | Virement From (If Applicable) | Other Comments  |
|-------------------|----------------------|----------------------|-------------------|-------------------------------|---|
| Education         | School Meals         | 2023/24              | (£130k)           |                               | Funding not required per Appendix 3   |
| Various           | Savings              | 2023/24              | (£959k)           |                               | <b>Appendix 10a Option - Increases by £346k (24/25) and a further £7k (25/26)</b> |
|                   |                      | <b>Or</b><br>2023/24 | (£1069k)          |                               |   |
| Early Years       | 1140 Hours           | 2023/25              | (£600k)           |                               | Savings required to stay within Specific Grant per Appendix 5                     |
| IJB               | Council Contribution | 2023/24              | £68.156 million   |                               | Per Appendix 6  |
| Capital Programme | Various              | 2023/24              | £723k             |                               | Inflationary uplifts per Appendix 7   |

|             |        |         |                                      |  |   |
|-------------|--------|---------|--------------------------------------|--|---|
| Council Tax | Income | 2023/24 | (£1.749m)<br><br>Or<br><br>(£1.634m) |  | Based on a 5.3% increase<br><br>Based on a 4.95% increase |
|-------------|--------|---------|--------------------------------------|--|---|

### 5.3 Legal/Risk

By approving the Budget and the level of Band D Council Tax, the Council will have met its legal obligations to enable Council Tax for 2023/24 to be levied and collected from 1 April 2023.

#### Budget Risks

It is important that the Council is aware that there are several matters yet to be clarified within 2023/24 which will impact on the 2023/24 Budget. Updates on these matters will be reported to the Policy & Resources Committee throughout the year and are summarised below:

- Pay Awards - At the time of writing the report the Teachers pay award for 2022/23 remains to be resolved and no pay awards for 2023/24 have been agreed. The Scottish Government have indicated that they will provide an extra £33 million funding in 2022/23 for a 1% increase in the teachers' pay offer plus funding in 2023/24 to fund 2.5% of a 5.5% pay offer to all bargaining groups. The Council Budget provides for a 3.0% award which means any increase in the above figures, will result in a 2023/24 budget shortfall and increase the funding gap in future years. The largest teaching union has rejected this latest offer.
- Non-Pay Inflation- Inflation in utility costs, building materials and food costs are highly volatile and are likely to remain so in the medium term due to global economic factors. There is limited recurring flexibility in the 2023/24 inflation allowance but the proposed allocation of a one -off inflation smoothing reserve will assist in managing the overall inflation pressures.
- Interest Rates/Cashflow – Interest rates have significantly increased over the last 12 months impacting upon both investment returns and borrowing costs. The draft Treasury Strategy indicates the Council will require to borrow up to £40million over 2023/26 to maintain cashflow and fund the Capital Programme. Each 1% movement in interest either increases or decreases annual interest costs on this £40million by £400,000.
- Teacher Number Conditions – The detail of the sanctions which could be applied were the Council not to meet the Scottish Government conditions around teacher numbers/ratios and PSAs is not fully clear. The 2023/24 Budget includes no allowance to either increase teacher/PSA numbers to meet this condition or to return any Scottish Government Grant if the conditions were not met.
- Level of Reserves- the Council has received a major one- off non-cash backed increase in reserves due to the changes in accounting for service concessions. As has been previously highlighted, it is important that the Council carefully considers how this increase in reserves can be best used to both support the strategic policy priorities and mitigate the projected medium term financial pressures on the Council.

## 5.4 Human Resources

The proposals in this report will result in the deletion of a minimum of 46.3 FTE Council posts and 7 FTE Inverclyde Leisure posts. The proposals at the December Council resulted in a reduction of 15.5FTE posts meaning an overall reduction of at least 61.8 FTE Council posts as part of the 2023/24 Budget. Through early engagement with employees and discussions via the JBG it is anticipated that this can be achieved via a combination of vacant posts, VER and redeployment.

That said, it is understandable that in the current economic climate fewer employees are volunteering for early release. This is likely to present a significant challenge in achieving employee reductions on a voluntary basis if the funding gap over 2024/27 set out in Appendix 11 manifests itself.

## 5.5 Strategic

All savings proposals for savings, the Capital Programme and use of Reserves were assessed against the Councils stated priorities in order to minimise any negative impacts and optimise impact in areas of investment/growth.

## 5.6 Equalities and Fairer Scotland Duty

Individual EqIAs were completed and shared with Members and can be accessed via the Council website. In a similar manner, and as now required under the Armed Forces Act 2021, in considering this report the Council must also have due regard to the principles of the Armed Forces Covenant. An overall Budget EqIA assessment has been completed and can be accessed via the following link - <https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments>

### (a) Equalities

This report has been considered under the Corporate Equalities Impact Assessment (EqIA) process with the following outcome:

|   |   |
|---|---|
| x | YES – Assessed as relevant and an EqIA is required.   |
|   | 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, assessed as not relevant and no EqIA is required. Provide any other relevant reasons why an EqIA is not necessary/screening statement. |



(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 and can be accessed via the following link.<br><a href="https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments">https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments</a> |
|   | NO – Assessed as not relevant under the Fairer Scotland Duty for the following reasons: Provide reasons why the report has been assessed as not relevant.  |

**5.7 Children and Young People**

Has a Children's Rights and Wellbeing Impact Assessment been carried out?

|   |   |
|---|---|
| x | YES – Assessed as relevant and a CRWIA is required and can be accessed via the following link <a href="https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments">https://www.inverclyde.gov.uk/council-and-government/equality-impact-assessments</a> |
|   | NO – Assessed as not relevant as this report does not involve a new policy, function or strategy or recommends a substantive change to an existing policy, function or strategy which will have an impact on children's rights.   |

**5.8 Environmental/Sustainability**

Summarise any environmental / climate change impacts which relate to this report.

Individual proposals and savings have been assessed for environmental impact as part of their preparation. Specifically, within the budget there is a £3.3 million increased allocation towards the Council's Net Zero Strategy.

Has a Strategic Environmental Assessment been carried out?

|   |   |
|---|---|
|   | YES – assessed as relevant and a Strategic Environmental Assessment is required.  |
| x | NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented. |

## **6.0 CONSULTATION**

- 6.1 The Council undertook an extensive public consultation regarding 60 potential savings plus increases in Council Tax. Over 3600 responses were received, and the results were presented to Members via an all-member briefing. In addition, a separate Inverclyde Leisure public consultation took place by in January receiving over 4200 responses and the outcome of that consultation can be accessed via the following link - [Budget Consultation 2022 - Inverclyde Council](#)

The report is supported by the MBWG whilst the JBG have been consulted on the proposals within this report.

## **7.0 BACKGROUND PAPERS**

- 7.1 Scottish Government Circular 11/2022



## **a) Notes**

Pay Inflation Allowance

Non Pay Inflation Allowance

General Pressures Allowance - P&R November 2022

Inverclyde Leisure Pressure

Net Use of Reserves

Savings Approved - Up to February 2022

Savings Approved - P&R August 2022

Savings Approved - P&R September 2022

Savings Approved - P&R November 2022

Savings Approved - P&R December 2022

Savings Approved - P&R January 2023

Use of Reserves Full Council February 2022

Finance Settlement Circ 11/2022

**Budget 2023/24**

**Councillor Stephen McCabe**  
**Ward 1 – Inverclyde East**  
Municipal Buildings  
Greenock  
PA15 1LX  
**Leader of the Council**

**Councillor Elizabeth Robertson**  
**Ward 4 – Inverclyde North**  
Municipal Buildings  
Greenock  
PA15 1LX

Inverclyde  
council

Appendix 2

**Councillor Tommy McVey**  
**Ward 7 – Inverclyde South**  
Municipal Buildings  
Greenock  
PA15 1LX

**Councillor Graeme Brooks**  
**Ward 4 – Inverclyde North**  
Municipal Buildings  
Greenock  
PA15 1LX

Mr. John Swinney, MSP  
Deputy First Minister  
Scottish Government  
St Andrew's House  
Regent Road  
EDINBURGH  
EH1 3DG

Direct Line: 01475 712727  
Email: member.services@inverclyde.gov.uk  
Our Ref:  
Your Ref:  
Date: 7 December 2022

Dear John,

In Inverclyde we have a unique way of examining the council budget through our Members Budget Working Group.

It is a group bringing together representatives from all political parties and the Independents elected to the Council and it is in that cross-party/independent capacity that we collectively write to you. Looking ahead to later this month when the budget settlement is announced, we want to express to you our concern over the financial sustainability of local government in Scotland.

We are aware that the current economic challenges we face are faced by every area of the public sector and that we are all seeing rising prices, pay demands and increases to energy costs.

While councils, including Inverclyde, have managed to deliver balanced budgets, we are concerned about the sustainability of that in an environment where at best flat cash is the offer.

Flat cash was potentially problematic in March and councils, including ours through the Members Budget Working Group, agreed to allocate one-off reserves to protect services during 2022/23. However, following the announcement in May of flat cash being the planned scenario for the medium term we have been wrestling with the detail of what that could look like by examining cuts to services and increases to charges and council tax.

Flat cash now looks like the start of the decline of Scottish local government.



Councils have shown commitment to delivering national priorities and while we have often pushed back on the mechanics employed such as ring fencing of funding it has been to highlight that local flexibility, removing cuts to core services are the ways we can ensure that we are supporting those priorities most effectively in our area.

The current and ongoing cost of living crisis is a challenge we are all facing but one that puts extra pressure on the range of council services touching the lives of the most vulnerable in our society. These are the very services they rely on in this crisis and that we are in danger of seeing reduced or removed if the financial crisis facing councils is not resolved.

We are concerned to hear that local government statutory finance officers have taken the unprecedented step of writing to you to highlight the pressures of over £1bn highlighted by COSLA and their concern

It may be easy for politicians to push aside the concerns of other politicians and independent leaders in communities, but we would urge you to listen to the collective voices of the 32 Council finance leaders.

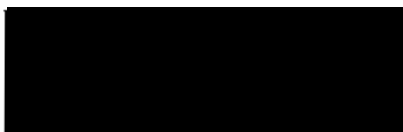
Local government in Scotland and here in Inverclyde is ready to face the cost of living crisis but needs supported fully by the Scottish Government and Scottish Parliament to ensure that our services and finances are sustainable.

Collectively we seek your assurances that the settlement offer for local government provides that long term sustainability for councils including Inverclyde.

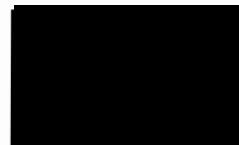
Yours sincerely



Stephen McCabe



Elizabeth Robertson



Tommy McVey



Graeme Brooks

Deputy First Minister and Cabinet Secretary for  
Covid Recovery  
An Leas Phrìomh Mhinistear agus Ath-shlànachadh  
Cobhid  
John Swinney BPA/MSP



Scottish Government  
Riaghaltas na h-Alba  
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T : 0300 244 4000  
E : scottish.ministers@gov.scot

David Ross  
Member.Services@inverclyde.gov.uk

Our Reference: 202200334337  
Your Reference: MR

24 January 2023

Dear Stephen, Elizabeth, Tommy and Graeme,

Thank you for your letter of 7 December 2022 regarding the 2023-24 Scottish Budget settlement for local government. Please accept my apologies for the delay in this reply.

On 15 December I formally set out the Scottish Government's proposed [Budget](#) for 2023-24 in a [statement](#) to Parliament. In the face of the cost-of-living crisis, unprecedented inflation, and the Scottish Government's limited devolved fiscal leavers, our Budget was focussed on three key themes – eradicating child poverty, transitioning the economy to net zero, and the pursuit of sustainable public services.

The draft Budget confirmed the local government finance settlement for 2023-24 and we have published a breakdown of funding per council in the local government finance consultation [circular](#). I have also attached my letter of 15 December 2022 to the COSLA President which provides further insight into the 2023-24 local government finance settlement.

We know that councils, like the Scottish Government and rest of the public sector, are working hard to support people through the cost crisis. In this regard we are hugely grateful to councils for their hard work and we fully appreciate that no part of public life has been immune from taking deeply difficult decisions to live within the current fiscal reality. That is why in the most challenging budget settlement since devolution, we are providing **over £13.2 billion** to local government partners in 2023-24. This represents **an increase of over £570 million** compared to the flat cash position outlined in the Resource Spending Review, or **a real terms increase of 1.3%**. In 2023-24 Inverclyde Council will be provided with £11.4 million, a cash terms increase of 6%.

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh [www.lobbying.scot](http://www.lobbying.scot)

St Andrew's House, Regent Road, Edinburgh EH1 3DG  
[www.gov.scot](http://www.gov.scot)



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We are aware that one of local government's key requests of the Scottish Government is greater fiscal flexibility and revenue raising powers. In 2023-24 local authorities will have a range of revenue raising powers that are not available to other public services including full freedom over council tax rates, newly devolved powers over empty property relief, and plans to develop legislation for a local visitor levy.

It is the responsibility of individual councils to manage their own budgets and to allocate the total financial resources available to them on the basis of local needs and priorities. However, the current fiscal context reinforces the importance of public sector reform, and the need to build upon the Covid Recovery Strategy and Christie commission principles to deliver person-centred public services. That is why we are working with local government to build on the Covid Recovery Strategy and agree an urgent approach to improve delivery of sustainable public services, that is designed around the needs and interests of the people and communities of Scotland.

I hope that these comments are helpful.

*John Swinney*



**JOHN SWINNEY**

Scottish Ministers, special advisers and the Permanent Secretary are covered by the terms of the Lobbying (Scotland) Act 2016. See [www.lobbying.scot](http://www.lobbying.scot)

Tha Ministearanna h-Alba, an luchd-comhairleachaidh sònraichte agus Rùnaire Maireannach fo chumhachan Achd Coiteachaidh (Alba) 2016. Faicibh [www.lobbying.scot](http://www.lobbying.scot)

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**Councillor Stephen McCabe**  
Leader of the Council

**Councillor Elizabeth Robertson**  
Ward 4 – Inverclyde North

**Inverclyde**  
council

**Councillor Tommy McVey**  
Ward 7 – Inverclyde South

**Councillor Graeme Brooks**  
Ward 4 – Inverclyde North

Municipal Buildings  
Greenock  
PA15 1LX

Mr. John Swinney, MSP  
Deputy First Minister  
Scottish Government  
St Andrew's House  
Regent Road  
EDINBURGH  
EH1 3DG

Direct Line: 01475 712020  
Email: member.services@inverclyde.gov.uk  
Our Ref:  
Your Ref: 202200334337  
Date: 1 February 2023

Dear John

Thank you for your reply dated 24 January to our letter dated 7 December regarding the impact of the Scottish Government's funding settlement on the financial sustainability of Inverclyde Council and on the communities it serves.

The four groups represented within the Members' Budget Working Group have considered your response and believe there are elements within it that need to be challenged. We also wish to highlight in clear terms the stark choices faced by the Council prior to the finalisation of the Scottish Budget in the coming weeks.

Firstly, we note the various figures quoted in your letter and have sought clarification from our Chief Financial Officer regarding their source. His advice is that a significant majority of the increases referred to relate to 2022/23 funding rather than funding to meet new pressures in 2023/24. His detailed analysis aligns with that of COSLA, in that there is £72 million net extra non ring-fenced funding for Local Government to meet new inflationary and other pressures in 2023/24.

In practical terms for Inverclyde this equates to £960,000 unattributed extra grant against which we face estimated inflationary pressures of £3.8million (pay), £4.7 million (non-pay), £1.4 million (income reductions linked to Covid/Cost of living) and £1.2 million (NDR Revaluations), a total of £11.1 million in 2023/24 alone. This explains why, despite having already approved £6.7 million of savings for 2023/24, the Council faces a remaining funding gap of £3.8million prior to any increase in Council Tax.

The second issue the Members' Budget Working Group must raise is the contradiction between your statement that "It is the responsibility of individual Councils to manage their own budgets and to allocate the total financial resources available to them on the basis of local needs and priorities", with the recent announcements by the Scottish Government regarding teacher numbers and pupil/teacher ratios. This move, allied to the requirements set out in the Local Government draft settlement regarding guaranteed uplifts for IJBs, over £11million in ring fenced grants plus over £20 million in loans charges, means that savings have to be focussed on an increasingly small but extremely important element of the Council's Budget.



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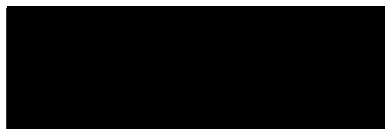
1 February 2023

Mr. John Swinney, MSP

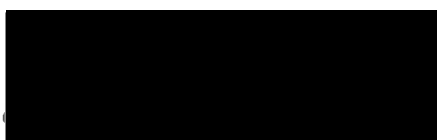
We attach the current savings options from which the remaining funding gap requires to be closed. You will appreciate the real impacts many of these savings will have on our local communities and on the employees who lose their jobs and on their families. Unlike in previous years, we are not seeing significant numbers of staff seeking voluntary severance. This means that it is becoming increasingly difficult to make cuts without resorting to compulsory redundancy.

All we seek is a fair settlement and greater flexibility to manage the resources available to us for the benefit of the people of Inverclyde.

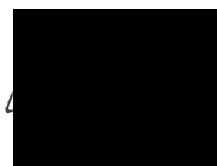
Yours sincerely



Stephen McCabe



Elizabeth Robertson



Tommy McVey



Graeme Brooks

**2023/25 Budget**  
**March 2023 Council- Adjustments**

|  | Savings<br>2023/24<br>£000 | Savings<br>2024/25<br>£000 | Comments  | FTE |
|--|----------------------------|----------------------------|---|-----|
| <b>ERR</b>                                 |                            |                            |   |     |
| 1/   |                            |                            |   |     |
| 2/   |                            |                            |   |     |
| <b>ECOD</b>                                |                            |                            |   |     |
| 1/ Universal Primary 6/7 Free School Meals | 130                        | 130                        | £301,000 funding was included in the 2023/24 settlement for the phased implementation of universal P6/7 FSM. Officers assess that based on the Council's more generous qualifying criteria, current uptake and an August 2023 implementation, £130,000 is not required. An update will be presented to the Education & Communities Committee before the summer recess | 0   |
| 2/   |                            |                            |   |     |
| <b>HSCP</b>                                |                            |                            |   |     |
| 1/   |                            |                            |   |     |
| <b>Corporate</b>                           |                            |                            |   |     |
| 1/   |                            |                            |   |     |
| 2/   |                            |                            |   |     |
| <b>Total</b>                               | 130                        | 130                        |   | 0   |

10/2/23

**2023/25 Budget Process  
MBWG Savings Proposals**

Appendix 4

| Theme                         | Proposed Savings |                  |                  |                  | Total<br>£'000 | FTE |
|-------------------------------|------------------|------------------|------------------|------------------|----------------|-----|
|                               | 2023/24<br>£'000 | 2024/25<br>£'000 | 2025/26<br>£'000 | 2025/26<br>£'000 |                |     |
| People                        | 245              | 92               | 7                | 344              | 8.2            |     |
| Place                         | 519              | 182              | 0                | 701              | 23.6           |     |
| CorporateCharging             | 33               | 17               | 0                | 50               | 0.0            |     |
| Inverclyde Leisure            | 153              | 50               | 0                | 203              | 7              |     |
| <b>Total February Savings</b> | <b>950</b>       | <b>341</b>       | <b>7</b>         | <b>1298</b>      | <b>38.8</b>    |     |

**2023/25 Budget Process**  
**MBWG Savings Proposals**

Theme: People

| Saving Title         | Proposal   | Est Saving 2023/24 £000's | Est Saving 2024/25 £000's | Est Saving 2025/26 £000's | Est Saving Total £000's | Est FTE Impact | <u>Comments</u>                                   |
|----------------------|--|---------------------------|---------------------------|---------------------------|-------------------------|----------------|---|
| Home Link Service    | Partial Removal of Home Link Workers Service   | 49                        | 23                        |                           | 72                      | 1.9            |   |
| Road Safety Officers | 50 % reduction in number of Road Safety Officers   | 26                        | 8                         |                           | 34                      | 1.0            |   |
| CLD Adult Learning   | CLD- Community Development & Adult Learning  | 30                        | 11                        |                           | 41                      | 1.8            | Update to March Education & Communities Committee |
| The Recruit          | Removal of the Recruit programme   | 9                         |                           |                           | 9                       | -              |   |
| Library Service      | Review of Library Services - reconfigure of service  | 91                        | 23                        |                           | 114                     | 2.5            |   |
| Blairmore Nursery    | Review Blairmore Nursery Management Structure (Post Consultation Outcome - Report to January Education & Communities Committee). | 11                        | 6                         |                           | 17                      | -              |   |
| Outdoor Education    | Removal of Outdoor Education grant   | 29                        |                           |                           | 29                      | -              |   |
| Registrars           | Reduction in registrars  |                           | 21                        | 7                         | 28                      | 1.0            |   |
|                      |  |                           |                           |                           | -                       |                |   |
|                      |  |                           |                           |                           |                         |                |   |
|                      | <b>Totals</b>  | <b>245</b>                | <b>92</b>                 | <b>7</b>                  | <b>344</b>              | <b>8.15</b>    |   |

**2023/25 Budget Process  
MBWG Savings Proposals**

Theme: Place

| <b>Saving Title</b>                  | <b>Proposal</b>  | <b>Est Saving 2023/24 £000's</b> | <b>Est Saving 2024/25 £000's</b> | <b>Est Saving 2025/26 £000's</b> | <b>Est Saving Total £000's</b> | <b>Est FTE Impact</b> | <b>Comments</b>  |
|--------------------------------------|--|----------------------------------|----------------------------------|----------------------------------|--------------------------------|-----------------------|--|
| School Cleaning<br>Community Wardens | Reduce School Cleaning saving by 50%   | 78                               | 40                               |                                  | 118                            | 5.6                   |  |
| Grounds/Street Scene<br>Service      | Reduced Community Wardens Delivering Differently saving<br>Reduce Grounds/Street Scene by 10 FTE | 190<br>238                       | 65<br>77                         |                                  | 255<br>315                     | 8.0<br>10.0           | Service impact to be reported to April E&R<br>Committee<br>Service impact to be reported to April E&R<br>Committee |
| Firework Event                       | Stop annual firework event   | 13                               |                                  |                                  | 13                             | -                     |  |
|                                      | <b>Totals</b>  | <b>519</b>                       | <b>182</b>                       | <b>-</b>                         | <b>701</b>                     | <b>23.60</b>          |  |

2023/25 Budget Process  
MBWG Savings Proposals

Theme: Corporate/Charging

| Saving Title               | Proposal                             | Est Saving 2023/24 £000's | Est Saving 2024/25 £000's | Est Saving 2025/26 £000's | Est Saving Total £000's | Est FTE Impact |
|----------------------------|--------------------------------------|---------------------------|---------------------------|---------------------------|-------------------------|----------------|
| School Meal Income Charges | 10% increase in school meal charging | 33                        | 17                        |                           | 50                      |                |
|                            |                                      |                           |                           |                           | -                       |                |
|                            |                                      |                           |                           |                           | -                       |                |
|                            |                                      |                           |                           |                           |                         |                |
|                            | <b>Totals</b>                        | <b>33</b>                 | <b>17</b>                 | <b>-</b>                  | <b>50</b>               | <b>-</b>       |

2023/25 Budget Process  
MBWG Savings Proposals

Theme: Inverclyde Leisure

| Saving Title     | Proposal                                      | Est Saving 2023/24 £000's | Est Saving 2024/25 £000's | Est Saving 2025/26 £000's | Est Saving Total £000's | Est FTE Impact |
|------------------|---|---------------------------|---------------------------|---------------------------|-------------------------|----------------|
| Town Halls       | Staff Town Halls for bookings only            | 67                        | 22                        |                           | 89                      | 3.00           |
| Staffing General | Reduction and restructure following VER Trawl | 86                        | 28                        |                           | 114                     | 4.00           |
|                  |   |                           |                           |                           |                         |                |
| <b>Totals</b>    |   | <b>153</b>                | <b>50</b>                 | <b>-</b>                  | <b>203</b>              | <b>7.00</b>    |



Appendix 5

2023/25 Budget  
Early Years Savings Proposals

| Saving Title                                      | Proposal   | Est Saving 2023/24 £000's | Est Saving 2024/25 £000's | Est Saving 2025/26 £000's | Est Saving Total £000's | Est FTE Impact |
|---|--|---------------------------|---------------------------|---------------------------|-------------------------|----------------|
| Deletion of Vacant Posts                          | Removal of a number of existing vacant posts.  | 200                       | -                         | -                         | 200                     | 5.33           |
| Childminders budget                               | Reduce budget in line with actual spend.   | 40                        | -                         | -                         | 40                      | -              |
| Family Support Workers                            | Remove family support workers from early years establishments.   | 117                       | 39                        | -                         | 156                     | 4.50           |
| Deletion of Principal Teacher post                | Deletion of vacant Principal Teacher post.   | 62                        | -                         | -                         | 62                      | 1.00           |
| Reduction in Provision for Under 2's              | Prioritisation of Under 2 Early Years provision. This saving would see a reduction of two EYECO posts. | 47                        | 23                        | -                         | 70                      | 1.88           |
| Reduction in capacity at Wemyss Bay and Aileymill | Reduce service provided at these two establishments as they currently run under capacity.              | 62                        | -                         | -                         | 62                      | 1.74           |
| Transportation saving                             | Anticipated saving following review of internal transport requirements.                                | 10                        | -                         | -                         | 10                      | -              |
| <b>Totals</b>                                     |  | <b>538</b>                | <b>62</b>                 | <b>-</b>                  | <b>600</b>              | <b>14.45</b>   |

**Contribution to Integrated Joint Board - 2023/24**

|   | £m            | Notes |
|---|---------------|-------|
| <b>Recurring Contribution 2022/23 Approved 24 Feb 2022</b>              | <b>65.522</b> | 1     |
| <b>New Funding Per Finance Order Passported to HSCP</b>                 |               |       |
| Free Personal Nursing Care  | 0.218         |       |
| Living Wage (heldback)  | 1.670         | 2     |
| Removal of Time Limited Funding - Interim Care Funding                  | (0.329)       |       |
| <b>Minimum Contribution 2023/24 (Per Scottish Government Direction)</b> | <b>67.081</b> |       |
| <b>Additional Sums allocated:</b>                                       |               |       |
| Homelessness Support  | 0.031         |       |
| Whole Family Wellbeing Fund   | 0.421         | 3     |
| Contribution to 2022/23 Pay Award                                       | 0.600         | 4     |
| Scottish Disability Administration Funding                              | 0.026         | 5     |
| Approved Management Restructure Reduction                               | (0.003)       |       |
| <b>Proposed IJB Contribution 2023/24</b>                                | <b>68.156</b> | 6     |

**Notes:**

1/ In addition to the recurring allocation of £65.522m, the Council contibuted a one off sum of £0.55m in 2022/23

2/ Estimated share of £100m Living Wage to be confirmed

3/ Funding is time limit to 2026/27

4/ £1.1m passed over to IJB in 2022/23, reduced by £0.5m from 2023/24

5/ Sum payable from 2022/23

6/ Year on year increase of £2.634m (4.0%)

Finance Services 13/02/23

**General Fund Capital Programme - 2023/26****Available Resources**

|   | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>Total<br/>£000</b> |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| Government Capital Support                        | 8,879                   | 6,000                   | 6,000                   | 20,879                |
| Capital Receipts                                  | 355                     | 404                     | 315                     | 1,074                 |
| Capital Grants                                    | 3,425                   | -                       | -                       | 3,425                 |
| Prudential Funded Projects                        | 5,150                   | 9,179                   | 2,748                   | 17,077                |
| Balance B/F From 22/23                            | 12,250                  | -                       | -                       | 12,250                |
| Capital Funded from Current Revenue               | 682                     | 5,780                   | 3,764                   | 10,226                |
| <b>Available Resources</b>                        | <b>30,741</b>           | <b>21,363</b>           | <b>12,827</b>           | <b>64,931</b>         |
| <b>Total Expenditure</b>                          | <b>16,569</b>           | <b>34,420</b>           | <b>16,979</b>           | <b>67,968</b>         |
| <b>(Shortfall)/Under Utilisation of Resources</b> |                         |                         |                         | <b>(3,037)</b>        |
| <b>Approved 5% Overcommitment</b>                 |                         |                         |                         | <b>(3,247)</b>        |
| <b>(Shortfall)/Available Head Room</b>            |                         |                         |                         | <b>210</b>            |

**Notes:****Funding Deficit**

Overprovision within the Capital Programme of 5% against available resources has been approved to allow for increased resources or slippage.

**Government Capital Support**

2023/24 grant per Provisional Settlement, 2024/25 & 2025/26 grant is estimated.

**Inflation Pressures**

Figures include uplifts in general allowances from 2023/24 as follows:

Property £400k per year

RAMP £250k per year

Scheme of Assistance £73k per year

**Indoor Tennis Facility**

Education & Communities Committee agreed on 24/1/23 to cancel this project. Appendices reflect this decision.

## General Fund Capital Programme - 2023/26

## MBWG Proposal

|   | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | Total<br>£000 |
|---|-----------------|-----------------|-----------------|---------------|
| <b><u>Policy &amp; Resources</u></b>          |                 |                 |                 |               |
| <u>Finance</u>                                |                 |                 |                 |               |
| Annual Allocation (ICT)                       | 500             | 635             | 644             | 1,779         |
| Proposed Reserves Allocation                  | -               | 2,000           | 2,000           | 4,000         |
| Cost Pressure Contingency                     | -               | 131             | -               | 131           |
| <b><u>Policy &amp; Resources Total</u></b>    | <b>500</b>      | <b>2,766</b>    | <b>2,644</b>    | <b>5,910</b>  |
| <b><u>Environment &amp; Regeneration</u></b>  |                 |                 |                 |               |
| <u>Roads &amp; Environmental</u>              |                 |                 |                 |               |
| Cycling, Walking & Safer Streets              | 335             | -               | -               | 335           |
| SPT   | 400             | -               | -               | 400           |
| Flooding Strategy - Future Schemes            | 176             | 250             | 350             | 776           |
| Kirn Drive Passing Places                     | 20              | 157             | -               | 177           |
| Former St Ninians School Site                 | -               | 170             | -               | 170           |
| Feasibility Studies                           | 45              | -               | -               | 45            |
| RAMP - Carriageways                           | 1,600           | 1,925           | 1,975           | 5,500         |
| RAMP - Footways                               | 200             | 250             | 250             | 700           |
| RAMP -Structures                              | 100             | 250             | 200             | 550           |
| RAMP - Lighting                               | 150             | 300             | 350             | 800           |
| RAMP - Other Assets                           | 150             | 200             | 200             | 550           |
| RAMP -Staff Costs                             | 330             | 330             | 330             | 990           |
| Cemetery Development                          | -               | 92              | -               | 92            |
| Cremator Replacement                          | 1,180           | 230             | -               | 1,410         |
| Zero Waste Fund                               | 60              | 60              | 60              | 180           |
| Vehicles Replacement Programme                | 929             | 1,629           | 1,279           | 3,837         |
| Play Area Strategy                            | 30              | 70              | -               | 100           |
| Barr's Brae Steps                             | 40              | -               | -               | 40            |
| Nature Restoration Fund                       | 24              | 74              | -               | 98            |
| Park, Cemeteries & Open Spaces AMP            | 172             | 200             | 200             | 572           |
| <b><u>Roads &amp; Environmental Total</u></b> | <b>5,941</b>    | <b>6,187</b>    | <b>5,194</b>    | <b>17,322</b> |

## General Fund Capital Programme - 2023/26

## MBWG Proposal

|   | 2023/24<br>£000 | 2024/25<br>£000 | 2025/26<br>£000 | Total<br>£000 |
|---|-----------------|-----------------|-----------------|---------------|
| <b><u>Regeneration &amp; Planning</u></b>                             |                 |                 |                 |               |
| T&VC - West Blackhall Street  | 1,000           | 2,437           | -               | 3,437         |
| T&VC - Babylon Purchase & Demolition                                  | -               | 119             | -               | 119           |
| T&VC - Other  | 200             | -               | -               | 200           |
| T&VC - Complete on site   | -               | 34              | -               | 34            |
| Comet Replacement   | -               | 541             | -               | 541           |
| Port Glasgow Town Centre Regeneration                                 | -               | 428             | -               | 428           |
| Place Based Funding - 2022/23   | 500             | -               | -               | 500           |
| Scheme of Assistance/Aids & Adaptations                               | 736             | 806             | 806             | 2,348         |
| Clune Park  | 250             | 750             | -               | 1,000         |
| <b><u>Regeneration &amp; Planning Total</u></b>                       | <b>2,686</b>    | <b>5,115</b>    | <b>806</b>      | <b>8,607</b>  |
| <b><u>Property Services</u></b>                                       |                 |                 |                 |               |
| General Provision   | 914             | 4,600           | 2,400           | 7,914         |
| Additional Covid pressure allowance                                   | -               | 100             | -               | 100           |
| Feasibility Studies   | -               | 86              | -               | 86            |
| Greenock Municipal Buildings - Window Replacement                     | 25              | 50              | -               | 75            |
| Greenock Municipal Buildings - Air Handling                           | 20              | 50              | -               | 70            |
| Greenock Cemetery _ Ivy House Replacement                             | 20              | 19              | -               | 39            |
| Waterfront Leisure Centre Lifecycle Works                             | 10              | 10              | -               | 20            |
| Various Garages/Stores Replacement                                    | -               | 109             | -               | 109           |
| Vehicle Maintenance Facility Drying Room Alterations                  | -               | 5               | -               | 5             |
| Sea Walls/Retaining Walls   | 10              | 30              | -               | 40            |
| Customhouse Square - Risk/DDA Works                                   | -               | 3               | -               | 3             |
| Watt Institute - Risk/DDA Works                                       | 100             | 107             | -               | 207           |
| Net Zero  | 500             | 2,030           | 1,100           | 3,630         |
| New Ways of Working   | 25              | 100             | -               | 125           |
| Minor Works   | 16              | 56              | -               | 72            |
| Statutory Duty Works  | 55              | 100             | -               | 155           |
| Pottery Street Depot Resilience Generator                             | -               | 5               | -               | 5             |
| Complete on Site  | -               | 284             | -               | 284           |
| Depot Demolitions   | -               | 51              | -               | 51            |
| Capital Works on Former Tied Houses                                   | -               | 110             | 110             | 220           |
| Kirn Drive Civic Amenity Site   | -               | 235             | -               | 235           |
| <b><u>Property Services Total</u></b>                                 | <b>1,695</b>    | <b>8,140</b>    | <b>3,610</b>    | <b>13,445</b> |
| <b><u>Environment &amp; Regeneration Total</u></b>                    | <b>10,322</b>   | <b>19,442</b>   | <b>9,610</b>    | <b>39,374</b> |
| <b><u>Education, Communities &amp; Organisational Development</u></b> |                 |                 |                 |               |
| <b><u>Inclusive Education, Culture &amp; Communities</u></b>          |                 |                 |                 |               |
| Leisure Pitches AMP - Lifecycle Fund                                  | -               | 50              | 551             | 601           |
| Waterfront Leisure Centre Training Pool Moveable Floor                | 300             | 60              | -               | 360           |
| PG New Community Hub (King George VI Building)                        | 1,000           | 210             | -               | 1,210         |
| Complete on Site  | -               | 5               | -               | 5             |
| <b><u>Inclusive Education, Culture &amp; Communities Total</u></b>    | <b>1,300</b>    | <b>325</b>      | <b>551</b>      | <b>2,176</b>  |

General Fund Capital Programme - 2023/26MBWG Proposal

|  | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>2025/26<br/>£000</b> | <b>Total<br/>£000</b> |
|--|-------------------------|-------------------------|-------------------------|-----------------------|
| <u>Education (SEMP)</u>  |                         |                         |                         |                       |
| Lifecycle Fund   | 1,847                   | 3,500                   | 4,000                   | 9,347                 |
| CO2 Monitors in Schools  | -                       | 72                      | -                       | 72                    |
| Free School Meals  | 50                      | 1,228                   | -                       | 1,278                 |
| Complete on site   | -                       | 346                     | -                       | 346                   |
| <u>Education (Early Learning &amp; Childcare Expansion)</u>          |                         |                         |                         |                       |
| ELC Complete On Site   | -                       | 141                     | -                       | 141                   |
| <u>Education Total</u>   | 1,897                   | 5,287                   | 4,000                   | 11,184                |
| <b>Education, Communities &amp; Organisational Development Total</b> | <b>3,197</b>            | <b>5,612</b>            | <b>4,551</b>            | <b>13,360</b>         |
| <u>Health &amp; Social Care Partnership</u>                          |                         |                         |                         |                       |
| Crosshill Childrens Home Replacement                                 | 50                      | -                       | -                       | 50                    |
| New Learning Disability Facility                                     | 2,500                   | 6,600                   | 174                     | 9,274                 |
| <b>Health &amp; Social Care Partnership Total</b>                    | <b>2,550</b>            | <b>6,600</b>            | <b>174</b>              | <b>9,324</b>          |
| <b>Total Expenditure</b>   | <b>16,569</b>           | <b>34,420</b>           | <b>16,979</b>           | <b>67,968</b>         |

**General Fund Capital Programme - 2023/26****Proposals to Address Funding Gap**

|   | <b>2022/23<br/>£000</b> | <b>2023/24<br/>£000</b> | <b>2024/25<br/>£000</b> | <b>Total<br/>£000</b> |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| <b><u>Proposed reduction/write back of existing projects:</u></b> |                         |                         |                         |                       |
| a Extend fleet purchase by 1 year on one off basis                | (636)                   |                         |                         | (636)                 |
| Reduce previously slipped Scheme of Assistance                    | (223)                   |                         |                         | (223)                 |
| Reduce previously slipped SEMP Lifecycle                          | (1,000)                 |                         |                         | (1,000)               |
| Reduce previously slipped ICT                                     | (171)                   |                         |                         | (171)                 |
| Redcue previoulsy slipped RAMP                                    | (500)                   |                         |                         | (500)                 |
| Redcue previoulsy slipped Parks & Open spaces                     | (150)                   |                         |                         | (150)                 |
| Reduce previously slipped Zero Waste                              | (40)                    |                         |                         | (40)                  |
| <b><u>Proposed Reductions in Core Allocations:</u></b>            |                         |                         |                         |                       |
| None  |                         |                         |                         |                       |
| <b><u>Total Proposed Reductions to Capital Programme</u></b>      | (2,720)                 | -                       | -                       | (2,720)               |

**Notes:**

- a Remove one full year VRP (£0.847m spend/£0.211m receipts)

**Proposed Use of Free Reserves**

**Appendix 8**

| Proposal                             | Proposal  | Proposed Financial Allocation<br>£,000 |
|--------------------------------------|---|--|
| 1. Support to 2023/26 Budgets.       | Increased medium term use of reserves to manage the anticipated real term reductions in resources over 2023/26. Extra support phased £1m 2023/24 (£3m in total), £2m 2024/25, £1m 2025/26                             | 4000                                   |
| 2. Net Zero Action Plan              | Support to fund the approved Net Zero Action Plan over 2023/26. Plan approved by the Environment & Regeneration Committee in December 2022.   | 3300                                   |
| 3. Anti Poverty Initiatives          | Time limited funding to provide support for anti-poverty initiatives over 2023/25. To be added to existing earmarked reserve - Use to be agreed by the Policy & Resources Committee                                   | 800                                    |
| 4. Employability Smoothing Reserve   | Support to smooth the impact of the approved recurring employability saving approved December, 2022.  | 400                                    |
| 5. Digital Modernisation             | Support to fund investment in digital modernisation within the Council to improve both internal service processes/efficiency and access to services for the public - Use to be agreed by Policy & Resources Committee | 1000                                   |
| 6. Inflation Smoothing Reserve       | Allocation to smooth any time limited inflation impacts and to protect core service delivery from unexpected fluctuations in costs  | 3000                                   |
| 7. 2023/26 Capital Programme Funding | Support to meet potential costs increases in existing projects and to maintain existing asset investment in future years- Use to be agreed by the Policy & Resources Committee  | 4000                                   |
| 8. Clune Park Regeneration           | To create a contingency within the Clune Park Regeneration project to fund Compulsory Purchase Order / Purchase costs   | 500                                    |
| 9. Voluntary Severance Reserve       | Increased allocation to the existing VER Reserve in light of the expected reduction in releases over 2023/26 based on the Financial Strategy estimates  | 1700                                   |
|                                      |   | 18700                                  |



**COMMON GOOD FUND**  
**REVENUE BUDGET 2023/24**

|                                   | <b>Budget<br/>2023/24</b> |
|-----------------------------------|---------------------------|
| <b>PROPERTY COSTS</b>             | <b>35,700</b>             |
| Repairs & Maintenance             | 11,000                    |
| Rates                             | 21,200                    |
| Property Insurance                | 3,500                     |
| <b>ADMINISTRATION COSTS</b>       | <b>7,700</b>              |
| Sundries                          | 1,500                     |
| Commercial Rent Management Charge | 2,200                     |
| Recharge for Accountancy          | 4,000                     |
| <b>OTHER EXPENDITURE</b>          | <b>61,500</b>             |
| Christmas Lights Switch On        | 10,500                    |
| Gourock Highland Games            | 29,400                    |
| Armistice Service                 | 8,300                     |
| Comet Festival                    | 13,300                    |
| <b>INCOME</b>                     | <b>(108,900)</b>          |
| Gross Rent                        | (159,200)                 |
| Void Rents                        | 50,800                    |
| Internal Resources Interest       | (500)                     |
| <b><u>NET EXPENDITURE</u></b>     | <b>(4,000)</b>            |

**Projected Fund Balance as at 31st March 2024****£128,000**

Appendix 10a

Majority MBWG Proposal - 2023/24 Budget

|  | <u>£m</u>     |
|--|---------------|
| Funding Gap per Appendix 1                         | 3.83          |
| Increase use of Reserves in 2023/24 to £3.0million | (1.00)        |
| Adjustments per Appendix 3                         | (0.13)        |
| Savings per Appendix 4                             | (0.95)        |
| Charge £10/hr for lets to uniformed organisations  | (0.01)        |
| 5.3% Council Tax Increase                          | <u>(1.74)</u> |
| Balance Remaining                                  | <u>0</u>      |

Finance Services  
February 2023

**Majority MBWG Proposal- 5.3% Council Tax Increase- Impact by Band**

Appendix 10a

| Band | Chargeable Properties* | Band Value          | Multiplier | Annual Increase | Weekly Increase | 2023/24 Council Tax |
|------|------------------------|---------------------|------------|-----------------|-----------------|---------------------|
| A*   |                        |                     | 200/360    | £39.98          | £0.77           | £794.32             |
| A    | 17,487 (46.43%)        | £0 - £27,000        | 240/360    | £47.98          | £0.92           | £953.19             |
| B    | 5,981 (15.88%)         | £27,001 - £35,000   | 280/360    | £55.97          | £1.08           | £1,112.04           |
| C    | 3,667 (9.74%)          | £35,001 - £45,000   | 320/360    | £63.97          | £1.23           | £1,270.91           |
| D    | 3,385 (8.99%)          | £45,001 - £58,000   | 360/360    | £71.96          | £1.38           | £1,429.77           |
| E    | 3,608 (9.58%)          | £58,001 - £80,000   | 473/360    | £94.55          | £1.82           | £1,878.56           |
| F    | 1,903 (5.05%)          | £80,001 - £106,000  | 585/360    | £116.94         | £2.25           | £2,323.38           |
| G    | 1,419 (3.77%)          | £106,001 - £212,000 | 705/360    | £140.93         | £2.71           | £2,799.97           |
| H    | 214 (0.57%)            | £212,0001 +         | 882/360    | £176.31         | £3.39           | £3,502.94           |

Note - Estimated to be 37,664 Chargeable Properties

AP/TB

13/02/2023

Alternative Proposal - 2023/24 Budget

|  | <u>£m</u> |
|--|-----------|
| Funding Gap per Appendix 1                         | 3.83      |
| Increase use of Reserves in 2023/24 to £3.0million | (1.00)    |
| Adjustments per Appendix 3                         | (0.13)    |
| Savings proposed - See <b>Note 1</b>               | (1.07)    |
| 4.95% Council Tax Increase                         | (1.63)    |
| Balance Remaining                                  | <u>0</u>  |

**Note1-** Adjustments to Proposals in Appendix 4

|   | Impact in 2023/24 |            |
|---|-------------------|------------|
|   | £000              | FTE Impact |
| 1/ Remove Council support staff from Auchmountain Halls | 18                | 1.0        |
| 2/ Close Gourock Civic Amenity Site                     | 71                | 2.4        |
| 3/ Leave Crawl Holes permanently open                   | 19                | -          |
| 4/ Reduce Summer Playscheme Sidsidy by 20%              | 11                | -          |
| 2023/24 Savings per Appendix 4                          | 950               |            |
| 2023/24 Savings proposed by Conservative Group          | <u>1069</u>       | <u>3.4</u> |

Finance Services  
February 2023

**Alternative Proposal- 4.95% Council Tax Increase- Impact by Band**

| Band | Chargeable Properties* | Band Value          | Multiplier | Annual Increase | Weekly Increase | 2023/24 Council Tax |
|------|------------------------|---------------------|------------|-----------------|-----------------|---------------------|
| A*   |                        |                     | 200/360    | £37.34          | £0.72           | £791.68             |
| A    | 17,487 (46.43%)        | £0 - £27,000        | 240/360    | £44.80          | £0.86           | £950.01             |
| B    | 5,981 (15.88%)         | £27,001 - £35,000   | 280/360    | £52.28          | £1.01           | £1,108.35           |
| C    | 3,667 (9.74%)          | £35,001 - £45,000   | 320/360    | £59.75          | £1.15           | £1,266.69           |
| D    | 3,385 (8.99%)          | £45,001 - £58,000   | 360/360    | £67.21          | £1.29           | £1,425.02           |
| E    | 3,608 (9.58%)          | £58,001 - £80,000   | 473/360    | £88.31          | £1.70           | £1,872.32           |
| F    | 1,903 (5.05%)          | £80,001 - £106,000  | 585/360    | £109.22         | £2.10           | £2,315.66           |
| G    | 1,419 (3.77%)          | £106,001 - £212,000 | 705/360    | £131.63         | £2.53           | £2,790.67           |
| H    | 214 (0.57%)            | £212,001 +          | 882/360    | £164.67         | £3.17           | £3,491.30           |

Note - Estimated to be 37,664 Chargeable Properties

**2024/27 Budget Gap - Mid-Range Scenario**

|                                   | 2024/25<br>£m | 2025/26<br>£m | 2026/27<br>£m | 2024/27<br>£m |
|-----------------------------------|---------------|---------------|---------------|---------------|
| Block Grant Movement              | 0.0           | 0.0           | 0.0           | 0.0           |
| Continuing Impact of Depopulation | 0.5           | 0.5           | 0.5           | 1.5           |
| Inflation - Pay                   | 3.4           | 3.5           | 2.4           | 9.3           |
| - Non-Pay                         | 1.5           | 1.0           | 1.0           | 3.5           |
| Pressures                         |               |               |               |               |
| - General Pressures               | 0.6           | 0.6           | 0.6           | 1.8           |
| Savings Approved to March 23      | (1.0)         | 0.0           | 0.0           | (1.0)         |
| Reduced Use of Reserves           | 1.0           | 1.0           | 1.0           | 3.0           |
| Funding Gap                       | <u>6.0</u>    | <u>6.6</u>    | <u>5.5</u>    | <u>18.1</u>   |

a/ £3.0m from Reserves used in 2023/24 is reduced by £1.0m/year over 2024/27.

b/ Assumes flat cash on core Scottish Government Grant and a 0.4% Floor over 2024/27

c/ Pay & Non-Pay inflation and Pressures excludes HSCP

d/ Assumes no new Prudential Borrowing above that already contained in the Loans Charges Model.

e/ Includes no Council Tax increase (3% annual increase would raise £1.0 million per year)

f/ The increase in Block Grant excludes hypothecated funding increases as these are ring fenced for specific purposes

| Key Assumptions        | 2024/25<br>% | 2025/26<br>% | 2026/27<br>% |
|------------------------|--------------|--------------|--------------|
| GRG/NDRI Cash Movement | 0.0          | 0.0          | 0.0          |
| Pay Inflation          | 3.0          | 3.0          | 2.0          |