
Report To:	Inverclyde Council	Date:	2 March 2023
Report By:	Head of Legal & Democratic Services	Report No:	LS/030/23
Contact Officer:	Iain Strachan	Contact No:	01475 712147
Subject:	Addendum to Approval of the 2023/24 Budget, 2023/26 Capital Programme & Approval of the Level of Band D Council Tax for 2023/24		

1.0 PURPOSE AND CONSIDERATIONS

- 1.1 For Decision For Information/Noting
- 1.2 The purpose of this report is to provide the Council with additional budgetary information which the Interim Director of Finance & Corporate Governance received from the Scottish Government.

2.0 RECOMMENDATION

- 2.1 The Council is asked to consider this additional information.

Iain Strachan
Head of Legal & Democratic Services

Briefing Note To: Inverclyde Council

Briefing Note By: Interim Director of Finance & Corporate Governance

Date: 2 March 2023

Subject: Updates to 2 March Council Budget Report

Purpose of the Note

The purpose of this note is to provide an update to the Council following the approval of the Scottish Government Local Government Finance (Scotland) Order 2023 on 1 March and highlight any material impacts on the Budget paper being considered by the Council today.

Revenue Grant Support

1. Overall, there is an increase in Revenue Grant of £2.772 million from the figures advised in the Draft Settlement on 20 December. A reconciliation of the increase is as follows:

£000

1670	Social Care Providers- Living Wage (est)
1387	Discretionary Housing Payments (80% of overall award- est)
476	2021/22 Teachers Pay contribution
(655)	Funding withheld pending teacher numbers/ratio confirmation
(3)	Reduction in 1140hours Specific Grant
<u>(103)</u>	<u>Reduction in support from the Floor</u>
<u>2772</u>	

2. The final two figures ie the reduction in the 1140 hours Grant & Floor has created a £106,000 deficit in the proposals presented to the Council today. In light of this latest information, it is strongly recommended that this deficit is addressed as part of the overall 2023/24 Budget decision.

3. Given the extremely late notification of this change it would be the Interim Director's recommendation that rather than either increase savings or Council Tax, the Council fund the deficit by a reduction in the non-pay inflation allowance. This would be possible due to reductions in the scale of the Non-Domestic Rates increase as outlined in the main report. An alternative would be to increase the use of reserves, but this does not address the deficit in a sustainable way.

4. A material addition to the final Local Government settlement is £223million as a contribution towards the still to be negotiated 2023/24 pay award for Council employees. As things stand the Council's share of this funding is not known as the distribution has yet to be agreed by ColSA Leaders. Therefore, this is not included in the above figures.

Capital Grant Support

5. There are 2 substantive changes to the capital grant figures reported in the Budget report presented to Council today.

Universal P6/7 Free School Meals - The previous circular allocated £928,000 to Inverclyde as its share of £80 million to progress capital works associated with the provision of universal FSM within Primary schools. This figure has now been excluded from the latest capital grant figures whilst discussions take place regarding how this sum will be distributed. The effect of this is to remove £928,000 from the 2023/26 Capital Programme resources and projects shown in Appendix 7. Overall, the Programme remains within approved parameters.

Coastal Change Adaptations - £2.4million was added to the overall Capital Grant settlement to allow investigations and projects to be progressed relating to Coastal works. The Council's share is £150,000 and this will be added to the 2023/26 Capital Programme.

Conclusions

6. The proximity of the Scottish Parliament approval of the Finance Order and the Council's Budget Meeting has resulted in last minute variations to the information provided in the issued Council Budget report. These changes are outlined above. Having considered these matters the Members Budget Working Group support the following being added to the recommendations included in the main report:

1. It is recommended that the Council note the changes to the figures included in the Council Budget report and appendices arising from the approval of the Local Government Finance (Scotland) Order 2023 on 1 March.
2. It is recommended that the Council agree to address the resultant £106,000 funding gap in the 2023/24 Revenue Budget by reducing the 2023/24 non-pay inflation allowance
3. It is recommended that the Council note the removal of £928,000 set aside for capital works to facilitate the Universal Provision of Free School Meals from the 2023/26 Capital Programme and remit it to the Corporate Director Education, Communities and OD to report to the Education & Communities Committee on the implications of the expansion of Universal Free School meals to P6/7 pupils from August 2023.