
Report To:	Policy & Resources Committee	Date:	21 November 2023
Report By:	Chief Financial Officer	Report No:	FIN/66/23/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	2024/26 Budget Update		

1.0 PURPOSE AND SUMMARY

1.1 For Decision For Information/Noting

1.2 This report provides updates on several matters in relation to the 2024/26 Revenue Budget and 2024/27 Capital Programme and seeks a number of decisions from Committee.

1.3 The report provides updates in respect of:

- Confirmation of the date for the Draft Scottish Budget for 2024/25
- The Council Tax Freeze in 2024/25 announced by the First Minister
- The financial impact of the Pension Fund Actuarial Review on the Council and Inverclyde Leisure
- Development of Budget pressures for 2024/26
- The development of savings proposals
- Proposed reductions in the 2024/27 Capital Programme
- Review of earmarked reserves

1.4 The Council Tax Freeze announcement by the First Minister makes the 21 December Finance circular detail pivotal in clarifying the level of funding gap faced by the Council and will also inevitably impact upon the Council's previously agreed Budget planning assumptions. Whilst the MBWG will continue to review potential savings options, the 2024/27 Capital Programme and the use of Reserves with a view to making recommendations to the Full Council, such decisions will now take place in early 2024 with the resultant impact upon the consultation process and final decision-making timescales.

1.5 The proposals in the report and appendices, if approved, will reduce the funding gap over 2024/26 by a further £1,020,000 with the latest estimated funding gap position shown in Appendix 5.

2.0 RECOMMENDATIONS

2.1 It is recommended that the Committee notes the latest 2024/26 Budget update and specifically the impact of the Council Tax Freeze announcement and the date of the Scottish Government Draft 2024/25 Budget announcement on the Council's anticipated decision-making timescales.

2.2 It is recommended that the Committee approves the proposed 2024/26 Budget Pressures in Appendix 2 including the proposal to provide a one-off sum of £600,000 from the Inflation

Smoothing Reserve for the ASN transport pressure whilst the current Delivering Differently review is being progressed.

- 2.3 It is recommended that the Committee approves the proposed reductions to the capital programme in Appendix 3 and notes the decision to progress with the peatland restoration project whilst grant condition discussions are on-going.
- 2.4 It is recommended that the Committee agrees the proposed approach in respect of the savings which will be experienced by Inverclyde Leisure due to the recent actuarial review as set out in 4.2 and 4.3.
- 2.5 It is recommended that the Committee approves the savings and adjustments in Appendix 4 and notes the illustrative 2024/26 Revenue Budget funding gap in Appendix 5.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 Several decisions have already been taken in respect of the forthcoming budget. These include:

- Development of a 2024/26 Revenue Budget and 2024/27 Capital Budget.
- A planning assumption that Council Tax income will increase by £5.0 million by 2025/26.
- Delegated authority granted to the Chief Executive to progress voluntary severance trawls where these will help inform the development of savings proposals.
- The creation of a Workstream programme with an estimated savings target of £2.5 million over 2024/26.
- Approval of initial savings/adjustments at the September meeting.
- The Budget Consultation will commence in January 2024.

3.2 Based on the above the Committee was advised in September that the estimated funding gap over 2024/26 was £9.65 million.

3.3 Since the previous meeting there has been considerable activity and further clarity on several matters as set out in the following paragraphs.

3.4 Scottish Government Draft Budget date & Council Tax Freeze announcements

The Deputy First Minister (DFM) has confirmed that it is intended to present the Draft 2024/25 Budget to the Scottish Parliament on 19 December, the lateness of the date being attributed to the date announced for the UK Government Autumn Statement of 22 November. The Finance Circular, which provides the detail of the settlement for individual Councils will not then be issued until 21 December, the day before the Christmas/New Year break for the Council, Cosla and large parts of the Scottish Government.

3.5 Given the critical importance of the Scottish Government Grant settlement and any associated conditions in determining the Council's funding gap, the main impact on the Council of the announced date is that it will not be feasible for the Council to consider the impact of the Draft Budget in any detail before the Christmas/New Year break. As such consideration is being given as to the timing of finalisation of the Consultation package and the Budget setting date.

3.6 On 17 October, the First Minister announced there would be a Council Tax Freeze for 2024/25. Cosla had not been made aware in advance of this announcement and raised strong concerns over the nature of the announcement, the impact this potentially had on council budget plans/delivery of local services and the Verity House agreement. Meetings took place over subsequent days between Group Leaders and the First Minister/DFM and a letter from the DFM dated 19 October is attached at Appendix 1.

3.7 Negotiations are now taking place between Cosla and the Scottish Government seeking to clarify how Council's can be compensated for the income lost due to the Council Tax Freeze, the future of the Verity House Agreement and how council service delivery can be protected. These matters will require to be clarified no later than the 19 December and will delay the Council's own Budget decision making processes.

3.8 Verity House Agreement

Officers have committed to report developments in respect of the Scottish Government's New Deal with Local Government, also known as the Verity House Agreement, which was entered into between the Scottish Government and Cosla on 30 June 2023.

3.9 At the time of preparing this report, whilst there have been many discussions and meetings on a wide range of factors, there have been no substantive agreements in relation to the level of funding or flexibility of funding for councils. The negotiations mentioned in 3.7 above now take on a critical importance in delivering the commitments in the Verity House Agreement.

3.10 **Triennial Actuarial Review of the Strathclyde Pension Fund**

In advance of the last meeting of the Committee, all elected members received a briefing note explaining the outcome and potential implications for the Council of the triennial actuarial review of the Strathclyde Pension Fund. In summary, there is proposed to be a 12.8% reduction from current rates in employer's contributions for each of 2024/25 and 2025/26 followed thereafter an on-going 1.8% reduction. The proposed long -term rate now being 17.5%.

3.11 These rates also apply to Council employees within the HSCP and all pensionable employees in Inverclyde Leisure (IL) whose membership of the Strathclyde Pension Fund is sponsored by the Council. Following discussions with the Chief Executive of IL, proposals are included later in the report regarding the treatment of the time limited and on-going savings in pension contributions. Discussions in respect of the HSCP savings are on-going.

3.12 **2024/26 Budget Pressures**

The 2024/26 Budget contains a £1.2 million allowance for Budget pressures split £600,000 per year. £200,000 was allocated towards funding £3.0 million of prudential borrowing as part of the June 2023 Finance Strategy, leaving £1.0million for other pressures. In line with previous budget processes, the CMT carried out a review of potential budget pressures and identified 5 pressures. A short pro-forma for each is contained in Appendix 2 along with a summary.

3.13 After the inclusion of a £134,000 contingency for pressures (unavoidable or policy led), which may emerge prior to approving the 2024/26 Budget, a £200,000 sum remains unallocated.

3.14 Subject to Committee agreement to the pressure sums identified, reports will be presented to the relevant Committee in coming months where appropriate to allow the financial impact to be finalised and included in the March 2024 Budget.

3.15 **Savings**

The last meeting of the Committee approved the creation of 6 savings workstreams with a savings target of £2.5 million over 2024/26. Regular updates will be provided to Committee as savings are achieved or decisions are required.

3.16 The CMT developed a package of potential saving options, the majority of which were options carried over from the 2023/24 Budget development. Detailed savings sheets/EquIAs are being finalised and should be circulated to all elected members in advance of the Committee meeting. The Members Budget Working Group (MBWG) will review the proposals with the CMT whilst discussions are on-going with Trades Unions via the Joint Budget Group (JBG).

3.17 It is planned that subject to agreement by the Full Council, some of these savings will form part of the Budget proposal to go out for Public Consultation early in 2024.

3.18 Medium Term Capital Programme

The MBWG have been considering an update in respect of the medium-term capital programme covering 2024/29. A programme of this duration clearly indicates the growing pressure on capital resources and the need for early action to both increase resources and manage demand. The indicative shortfall over the 5 year period is around £5 million and therefore initial proposals are included in section 4 of the report to reduce this estimated shortfall. The MBWG will continue to consider further proposals whilst considering the use of reserves, more prudential borrowing and the impact of potential revenue savings.

3.19 Earmarked Reserves

A review of earmarked reserves is taking place with an update recently reported to the CMT. The expected large one- off saving arising from the reduction in employers pension fund contributions will be factored into this exercise and reported to elected members in coming months.

3.20 The actuarial review of the pension fund is estimated to generate a one-off sum of £9.0million for the Council (excluding HSCP Council employees) over 2024/26. Consideration of the use of this one -off sum will be factored into proposals for the use of reserves. A specific proposal in respect of the Inflation Smoothing Reserve is included in Section 4.

4.0 PROPOSALS

- 4.1 Based on the announced Council Tax Freeze and the delayed date for the Draft Scottish Budget, a special Council meeting later in January is being considered with a proposed date to be included in a report to the December Council meeting.
- 4.2 IL are estimated to save £45,000 on a recurring basis from 2024/25 because of the actuarial review of employer's pension contributions. It is proposed that the Council should apply an equal reduction in the Council's Management Fee from 1 April 2024.
- 4.3 Related to this it is proposed that IL retains the estimated time limited pension contribution saving of £550,000 but in return the Council removes the £400,000 IL Budget smoothing reserve approved as part of the 2023/24 Budget. This will be added back into the unallocated reserves.
- 4.4 It is proposed that the Committee allocates up to £800,000 to the Budget pressures identified in Appendix 2 and notes that more detailed reports in respect of the HR Review, Parking Income and the potential move to a 35 hour week will be presented to the relevant Committee prior to March 2024. In respect of the ASN Transport pressure, it is proposed that a one-off sum of £600,000 is allocated to cover the period until the Delivering Differently review is completed and reported to the Education & Communities Committee.
- 4.5 It is proposed that the following reductions to two core allocations in the Capital Programme are implemented from 2024/25:
 - 10% (£59,000) reduction in the ICT allocation
 - 25% (£15,000) reduction in the Zero Waste Fund allocation
 - The estimated Peatland Action Fund grant of £768,000 is used to replace Council Net Zero funding.
- 4.6 Appendix 3 gives greater detail of the assessed impact of the first two proposals.

Due to time pressures, officers have decided to progress the peatland restoration project whilst discussions around full compliance with the Fairwork First grant condition is being agreed. There is a small risk that agreement may not be possible and in this eventuality, officers will report back to the relevant Committee via the MBWG.

- 4.7 As part of the 2023/24 Budget and after considering the volatile economic situation, £3.0million was allocated for an Inflation Smoothing earmarked reserve. It is proposed that the use of this reserve be expanded to address other one-off costs associated with the delivery and development of the 2024/26 Budget such as the £600,000 ASN transport pressure in 4.4 above.
- 4.8 Finally, Appendix 4 lists further adjustments/savings which do not impact on front line service delivery, whilst Appendix 5 shows the estimated 2024/26 funding gap assuming all proposals are agreed. It should be noted though that until the Finance circular is received/reviewed, and any associated funding conditions quantified, this funding gap is an estimate only.

5.0 IMPLICATIONS

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

SUBJECT	YES	NO
Financial	X	
Legal/Risk	X	
Human Resources		X
Strategic (Partnership Plan/Council Plan)	X	
Equalities, Fairer Scotland Duty & Children/Young People's Rights & Wellbeing		X
Environmental & Sustainability		X
Data Protection		X

5.2 Finance

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Earmarked Reserves	Inflation Smoothing	2023/25	£600,000		To fund ASN Transport pressure pending review
	Unallocated Reserves	2024/26	(£9,400,000)		Estimated one off saving due to Actuarial review
Capital Programme	Net Zero	2024/26	(£768,000)		Reduction in Council Net Zero costs due to the successful PAF bid

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
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Various	Various	2024/25	£800,000		Budget Pressures per Appendix 1 including £134k contingency
Capital Programme	Various	2024/25	(£74,000)		Reductions in capital allocations per 4.5 above
Various	Various	2024/26	(£1,020,000)		Recurring revenue savings per Appendix 4

5.3 Legal/Risk

Whilst the First Minister has announced a Council Tax Freeze for 2024/25, there is no legislation which can stop the Council approving an increase if it decides to do so. What is not clear however are any financial sanctions which would be imposed on the Council if it took this course of action.

The risk around progressing the peatland restoration project whilst discussions around the grant conditions is highlighted in the report. In the event the grant is not received, officers will advise Members via a report to MBWG and then to the appropriate Committee.

There remain several key aspects of the 2024/26 Budget which remain to be confirmed and when these are clearer, they will be reported to elected members. Until these matters are clarified, uncertainty remains around the estimated funding gap.

5.4 Human Resources

There are no HR implications arising from the proposals in this report.

5.5 Strategic

The proposals in this report have been informed by the Council's strategic priorities.

6.0 CONSULTATION

6.1 This report has been agreed by the MBWG and discussed with the JBG.

7.0 BACKGROUND PAPERS

7.1 None.

Deputy First Minister and Cabinet Secretary for Finance
Shona Robison MSP



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Councillor Shona Morrison, COSLA President
Councillor Steven Heddle, COSLA Vice President
Councillor Katie Hagmann, COSLA Resources
Spokesperson

By email: [REDACTED]

Copy to: [REDACTED]

[REDACTED]

19 October 2023

Dear Shona, Steven and Katie

Thank you for our frank discussion on Wednesday following the First Minister's announcement of our intention to deliver a Council Tax Freeze for 2024-25 in recognition of the impact of the current cost of living crisis on households. I acknowledge the concerns and questions that you raised as part of that call and on behalf of Council Leaders, and know you and Group Leaders have now had the opportunity to discuss those directly with the First Minister earlier today.

In our discussions you raised your concerns about the principle of the decision itself, the impact of this decision on the Verity House Agreement including how it was announced, and thirdly how we intend to implement and fund the freeze.

In taking forward this decision we are recognising the prolonged impact of rising prices on all households across Scotland. Raising taxes is a decision that no tax authority, national or local, takes lightly. In the context of more than 20 months of an inflationary crisis - and given the acknowledged regressiveness of Council Tax and the potential impact on vulnerable households, notably those in Bands A to D – this step enables us to do what we can with one of the very few levers we have to offer support.

As the First Minister and I have both confirmed, we give our assurance that Councils will be fully funded for the foregone Council Tax revenue associated with the freeze. We have not stated any figure publicly and that is because we recognise that we must come to agreement with COSLA about the appropriate quantum of funding. My offer, subject to the views of COSLA Leaders tomorrow, is that our officials should work intensively together, considering the range of factors and information we each hold and find a way to recognise the importance of Council Tax income for Scotland's Councils. They should seek to come to an agreed recommendation, or if necessary options, which we can then further discuss and reach political agreement on.

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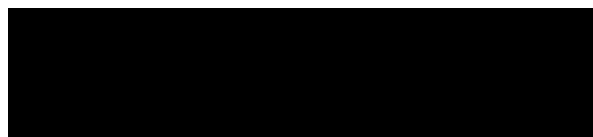
With regards to the Verity House Agreement, as I said in our meeting I remain wholly committed to the Verity House Agreement. Alongside each of you and every Council Leader, I have personally invested in the reset in the relationship between us that this represents. I was heartened to hear the acknowledgement in parliament recently by you, Steven, of the significant improvement in our relationships and the depth of discussion we are having over recent months. It is essential to good government in Scotland and delivering outcomes for people and communities that that trajectory of improvement continues.

I believe that the Verity House Agreement offers wide reaching benefits for both local and national government, and that taking forward the next steps set out in the Agreement – including the completion of a fiscal framework and the review of ringfencing – is of vital importance. I listened carefully during our conversation and acknowledge that there is a feeling that the agreement has been undermined. The First Minister and I have heard clearly the concerns and anger expressed about this announcement, partnership is always most important in difficult times and I hope that we can maintain our shared commitment to the Verity House Agreement, learn from this week, and move forward in the spirit of cooperation.

The First Minister committed to examining how the reconsideration process for the European Charter of Local Self-Government Incorporation Bill can be expedited. We will take that forward, including with the Member in charge of the Bill Mark Ruskell MSP, and communicate how we can do that as soon as possible. We will also consider carefully the other areas suggested where more could be done in the coming weeks and months to rebuild trust.

We remain fully committed to joint working, and to principles of the Verity House Agreement for the benefit of public services and our communities. I believe that it is imperative that we continue the collaborative work we have begun to deliver meaningful longer-term reforms to the Council Tax system. Local Government is a key voice in any local tax reform discussion, and the Joint Working Group on Sources of Local Government and Council Tax Reform remains a critical priority to me, and to the First Minister.

I look forward to our next conversation, and opportunity for continued partnership working.



SHONA ROBISON

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Pressures Proposals - 2024/26 Budget

<u>Pressure</u>	<u>24/25 £000</u>	<u>25/26 £000</u>	<u>Total £000</u>	
Housing Benefits Subsidy	50	3	53	
37/35 Hour Working Week	50	150	200	Note 1
HR Services Review	113	-	113	
Parking Income	190	110	300	Note 2
	<u>403</u>	<u>263</u>	<u>666</u>	

Notes

1. CMT assessed cost (ex-HSCP). Report to come to Policy & Resources Committee (Feb 2024) via MBWG, firming up figures and highlighting any service delivery implications.
2. Allowance is the most expensive of options being finalised by the CMT. Report to go to January Environment & Regeneration Committee via the MBWG.
3. In addition there is a one off pressure for ASN Transport funded from the Inflation Smoothing Reserve pending the review agreed as part of Delivering Differently.
4. Proposed to retain a £134k contingency to any new pressures (unavoidable or policy led) between now and March 2024.

AP/LA
16/10/23

Pressure Template 2024/26 Revenue Budget

Service:

Appendix2 (2)

Pressure Area:

Budget Area	2021/22 Outturn £000	2022/23 Outturn £000	2023/24 Projected £000	Reason for Pressure What has Changed Implications if Not Funded	2024/25 Pressure £000	2025/26 Pressure £000
Housing Benefit Subsidy: Supported Exempt Accommodation-Haven	TBC	£79	£95	<p>Housing Benefit on Supported Exempt Accommodation not owned by the Council is not fully covered by Housing Benefit Subsidy. Requests to increase rents by organisations are assessed by the Revenues & Benefits Manager with a right for the organisation to appeal to the Scottish Tribunal Service.</p> <p>A rent increase of 49% applied by The Haven from 1st December 2023 will increase the Housing Benefit subsidy shortfall by £50k from 2024/25 and assuming a rent increase of 5% from 1st April 2025, by a further £2.5k in 2025/26. Officers assessment is that the increase can be justified and as such £53k is sought from the Pressures Allowance as part of the 2024/26 Budget.</p>	£ 50	£ 3

Notes:

1/ Outturn figures should be gross (expenditure prior to use of Earmarked Reserves)

Pressure Template 2024/26 Revenue Budget

Service: Corporate

Appendix 2 (3)

Pressure Area:

Budget Area	2021/22 Outturn £000	2022/23 Outturn £000	2023/24 Projected £000	Reason for Pressure What has Changed Implications if Not Funded	2024/25 Pressure £000	2025/26 Pressure £000
37/35 Hour Working Week	134494	142593	150302	A proposal to reduce the standard working week is part of the wider Recruitment & Retention initiative. A working group has been establishing the impact of reducing the working week from 37 hours to 35 hours. There is an anticipated cost associated with the change which has been initially reviewed by the CMT who have agreed that, excluding the HSCP, an allowance of £200,000 should be sufficient to fund the additional costs associated with the move to 35 hours. In addition there will be some minor changes to some aspects of service delivery and these would be reported in advance of a final decision. The phasing of the pressure assumes a 1 January 2025 implementation date.	50	150

Pressure Template 2024/26 Revenue Budget

Service: Culture, Communities and Educational Resources

Appendix 2 (4)

Pressure Area: ASN Transport

Budget Area	2021/22 Outturn £000	2022/23 Outturn £000	2023/24 Projected £000	Reason for Pressure What has Changed Implications if Not Funded	2023/25 Pressure £000																														
ASN Transport	502	646	805	<p>Additional Support Needs Transport is demand-led and is provided through our agency agreement with SPT. There is a range of provision from specially adapted buses through to taxi provision and is used for Craigmarnoch School and also to transport ASN pupils in a mainstream setting. We also provide transport for some pupils who are in a placement outwith Inverclyde. In line with mainstream transport providers, costs have increased significantly in the past few years caused by increased fuel costs and the availability of drivers for both buses and taxis. Need and demand is also increasing with many pupils requiring bespoke transport arrangements in the short and longer term. In recognition of this budget pressure, the service is currently undertaking a review of ASN transport provision to look at different ways of providing transport in order to reduce costs. This review however is unlikely to be concluded before the end of 2024/25. Pending the review a one off sum of £600k is requested from the Inflation Smoothing earmarked reserve to meet the pressure until any changes can be implemented. Any recurring pressure would thereafter be addressed from 2026.</p> <p>Pupil numbers have been fairly consistent over the past 3 years. (see below):</p> <table border="1"> <thead> <tr> <th><u>Year</u></th> <th><u>Budget</u></th> <th><u>Spend</u></th> <th><u>Over</u></th> <th><u>Pupils</u></th> <th><u>Cost per pupil</u></th> </tr> </thead> <tbody> <tr> <td>23/24</td> <td>476,500</td> <td>805,480</td> <td>328,980</td> <td>336</td> <td>2,397</td> </tr> <tr> <td>22/23</td> <td>351,500</td> <td>646,003</td> <td>294,503</td> <td>352</td> <td>1,835</td> </tr> <tr> <td>21/22</td> <td>351,500</td> <td>501,759</td> <td>150,259</td> <td>336</td> <td>1,493</td> </tr> <tr> <td>20/21</td> <td>351,500</td> <td>412,912</td> <td>61,412</td> <td>335</td> <td>1,232</td> </tr> </tbody> </table> <p>Note that in 2021/22 the core budget was supplemented by £124k smoothing EMR and in 2022/23 £120k ASN Review EMR. The above spend includes the spend through EMR.</p>	<u>Year</u>	<u>Budget</u>	<u>Spend</u>	<u>Over</u>	<u>Pupils</u>	<u>Cost per pupil</u>	23/24	476,500	805,480	328,980	336	2,397	22/23	351,500	646,003	294,503	352	1,835	21/22	351,500	501,759	150,259	336	1,493	20/21	351,500	412,912	61,412	335	1,232	600
<u>Year</u>	<u>Budget</u>	<u>Spend</u>	<u>Over</u>	<u>Pupils</u>	<u>Cost per pupil</u>																														
23/24	476,500	805,480	328,980	336	2,397																														
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20/21	351,500	412,912	61,412	335	1,232																														

Pressure Template 2024/26 Revenue Budget

Service: OD, Policy and Communications

Pressure Area:

Budget Area	2021/22 Outturn £000	2022/23 Outturn £000	2023/24 Projected £000	Reason for Pressure What has Changed Implications if Not Funded	2024/25 Pressure £000	2025/26 Pressure £000
Human Resources Service Review	1396	1441	1544	<p>The external review of Human Resources and Organisational Development Team identified that in comparison to other local authorities the Service has reduced capacity. A number of temporary staffing arrangements are also in place. This has lead to (1) backlogs (2) lack of development of new more efficient processes and systems (3) challenges with recruitment and retention of employees within HR and OD. The CMT support a net increase of 2.8 FTE in the size of the core team and this forms the basis of the pressure request.</p> <p>Funding will be used to support the consolidation of temporary arrangements, filling of vacant posts and establishment of additional posts. If not funded the current challenges will continue.</p>	113	0

Notes:

1/ Outturn figures should be gross (expenditure prior to use of Earmarked Reserves)

Pressure Template 2024/26 Revenue Budget

Service: Roads Parking

Pressure Area:

Budget Area	2021/22 Outturn £000	2022/23 Outturn £000	2023/24 Projected £000	Reason for Pressure What has Changed Implications if Not Funded	2024/25 Pressure £000	2025/26 Pressure £000
Roads Parking Income	On Budget	35 Under Budget	164 Under Budget	<p>There has been a decrease in income due to less activity following the reintroduction of charging post to Covid-19 pandemic. This is down to a combination of factors such as home working/cost of living pressures and changes made to the parking charging arrangements in Gourock and Port Glasgow</p> <p>The prior year figures and projected 2023/24 are after the use of earmarked reserves while parking charges was suspended (2021/22 & 2022/23). Charges were re-introduced in October 2022.</p> <p>A report will be presented to Members on the basis of a number of options including stopping charges altogether. The pressure is based on the most expensive and assumes implementation from October 2024. The pressure also assumes the non-implementation of the planned increase in the charge from £2 to £3 /day from April 2024</p>	190	110

**2024/26 Budget
November Policy & Resources Committee- Savings/Adjustments**

	Savings 2024/25 £000	Savings 2025/26 £000	Comments	FTE
E&R				
1/				
2/				
3/				
ECOD				
1/				
2/				
HSCP				
1/				
Corporate				
1/ Pension Fund- Actuarial Reduction	800	0	Following the triennial actuarial review of Strathclyde Pension Fund it is proposed that the new long term contribution rate reduce by 1.8% to 17.5%. This will save an estimated £800,000 per year of which £45,000 is estimated to relate to Inverclyde Leisure.	0
2/ Release part of the Pressures Allowance	50	150	Per report elsewhere on the agenda, it is proposed to release £200,000 from the 2024/26 Pressures Allowance. This currently leaves a £134,000 unallocated contingency for future pressures over the 2024/26 period.	0
3/ Increased turnover linked to change in AVC options for employees	20	0	A recent legislative change allows part of an employees AVC contributions to be deducted prior to the calculation of employee / employer NI contributions. After intermediary fees this results in a small saving which it is proposed is added to the turnover target.	0
4/				
Total	870	150		0

2/10/23

2024/26 Estimated Funding Gap

	2024/25 <u>£000</u>	2025/26 <u>£000</u>
Gap per June 2023 Financial Strategy	5983	6593
Sept P&R Committee Decisions:		
Savings Workstreams	-1320	-1180
Savings/Adjustments	-421	0
Nov P&R Committee Decisions:		
Savings Adjustments	-870	-150
Balance Remaining Post 21.11.23	<u>3372</u>	<u>5263</u>

Appendix 4

Council Tax increase(£350k/1%)	Nil	tbc	Note 1
Remaining Savings Options	tbc	tbc	

Notes

1. Committee have agreed to a planning assumption of a £5.0million increase in Ctax income by 2025/26
2. The value and phasing of remaining savings is being finalised by CMT

AP- 24.10.23