
Report To:	Inverclyde Council	Date:	1 February 2024
Report By:	Chief Financial Officer	Report No:	FIN/08/24/AP/LA
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 The purpose of this report is to provide an update on the development of the Council's Budget following the announcement by the Scottish Government of the Draft Settlement for Local Government and analysis of the Inverclyde specific figures. The report also raises the significant risks around the deliverability of the planned two-year Budget Strategy and makes recommendations in that regard.

1.3 The draft settlement is lower than had been assumed and included a like for like £2.0 million reduction in funding within revenue and £0.3million reduction in capital. In addition, there are several conditions around how large elements of the funding are to be used plus the estimated £1.76 million Council Tax Freeze Grant is conditional on the Council agreeing to freeze Council Tax in 2024/25.

1.4 The Members Budget Working Group (MBWG) have been reviewing savings options and have identified a reduced list of options totalling £2.875 million. This is barely sufficient to balance the estimated funding gap over 2024/26 even after the use of a significant amount from Reserves. The sustainability of the current two-year Budget Strategy is therefore in question.

1.5 The report raises the option to consider increasing Council Tax in 2024/25 and not accepting the Council Tax Freeze Grant as an alternative to the potentially significant savings requiring to be agreed over 2024/26. Any Council Tax increase in 2024/25 would have financial implications for the Council as well as many households in Inverclyde. However, this may be preferable to elected members if it limits reductions to Council services. If this is an option worthy of further consideration it is recommended by the CMT that a further public consultation is undertaken.

1.6 Appendix 10 shows the impact on the level of savings required over the 2024/26 period based on the options which the Chief Financial Officer believes are realistically open to the Council whilst appendix 11 is a draft of the proposed public consultation. The MBWG were unable to unanimously agree the content of the public consultation and as such the proposals in this report are supported by only 3 Groups on the MBWG.

1.7 There are a number of other updates contained in the report and appendices with decisions sought including the request for a special Council meeting be held late February/early March to approve the Budget and 2024/25 Band D Council Tax.

- 1.8 In the interim the remaining members of the MBWG will continue to meet whilst the CMT will continue to engage with the Trades Unions via the JBG. Additionally, the Chief Executive will progress targeted VER trawls with appendix 12 of this report seeking approval for a time limited enhancement to the current Voluntary Severance Scheme.
- 1.9 The Council undertook a general Budget Consultation between 8 December and 5 January and the results of that consultation are attached as appendix 13 for Council to review.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Council note the contents of this report and the significant financial pressures which continue to face the Council.
- 2.2 It is recommended that the Council note that the 2024/25 draft Budget Settlement for the Council is approximately £1.5 million lower than factored into the Budget Strategy and that this has increased the 2024/26 funding gap to £4.464 million after an assumed 7.0% increase in Council Tax income in 2025/26.
- 2.3 It is recommended that the Council note that the estimated grant were it to freeze Council Tax in 2024/25 is £1.76 million. This equates to a 5.0% increase in Council Tax as opposed to the 7.0% increase included as a planning assumption in the Budget Strategy.
- 2.4 It is recommended that the Council note the updated position on Budget pressures as set out in appendix 2 and thereafter approves the savings/adjustments totalling £680,000 in appendix 5.
- 2.5 It is recommended that the Council agree that the previously approved increase in daily parking charges from £2/day to £3/day from 1 April 2024, no longer be implemented.
- 2.6 It is recommended that the updated Savings Workstream position be noted and the Council agree that a decision regarding the £310,000 contingency in 2025/26 be taken at a future date.
- 2.7 It is recommended that the Council approve that the savings options in appendix 4 are subject to further public consultation whilst noting that any decisions will be taken on these savings at the proposed Budget Setting meeting of the Council.
- 2.8 It is recommended that the Council note that several matters remain to be decided in relation to the Council contribution to the IJB in 2024/25 and that a decision on the level of contribution will be taken at the proposed Budget Setting meeting of the Council.
- 2.9 It is recommended that the Council approve the earmarked reserve write-backs set out in appendix 6(1) and the indicative allocation of the Budget Delivery earmarked reserve shown in appendix 6(2).
- 2.10 It is recommended that the Council note the estimated £4.615million shortfall in resources in the draft 2024/28 Capital Programme shown in appendix 7 and approve the transfer of £215,000 expenditure from the Education Lifecycle Budget to the Universal Free School meals capital grant, thus reducing the 2024/28 funding shortfall to £4.4 million.
- 2.11 It is recommended that the Council notes that the MBWG recommend allocating £4.4 million from reserves to bring the capital programme back into balance. A final decision on this will be taken at the proposed Budget Setting meeting of the Council.

- 2.12 It is recommended that the Council note from appendix 8 that there remains a funding gap of £2.464million after the use of a further £6.74million from Reserves over 2024/28 and after assuming a 7.0% increase in Council Tax income in 2025/26 and delivery of £2.68 million from savings workstreams over 2024/26.
- 2.13 It is recommended that the Council note the potential use of projected Free Reserves in appendix 9 and that final decisions on the allocation of available reserves will be taken at the proposed Budget Setting meeting of the Council.
- 2.14 It is recommended that, in light of the estimated remaining funding gap, the level of savings remaining for further consultation and the limited availability of allocated reserves, the Council note the advice from the Chief Financial Officer regarding the likelihood of the Council being able to approve a sustainable two year Revenue Budget based on the Council freezing Council Tax in 2024/25.
- 2.15 It is recommended that the Council considers the contents of appendix 10 and thereafter approves the draft public consultation document in appendix 11.
- 2.16 It is recommended that the Council agrees to temporarily enhance the Council's Voluntary Severance Scheme all in accordance with appendix 12 for any future VER trawls which result in savings which contribute to balancing the Budget over both 2024/25 and 2025/26 noting that the cost will be contained in the existing VER earmarked reserve.
- 2.17 It is recommended that the Council notes the public consultation feedback set out in appendix 13.
- 2.18 It is recommended that the Council agree to delegate authority to the Chief Executive, in consultation with the Provost and Leader of the Council, to fix the date for a special Council meeting to take place late February 2024 or early March to set the Revenue Budget, Capital Programme and 2024/25 Band D Council Tax.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 The Council and Policy & Resources Committee have considered several reports regarding the progression of the 2024/26 Revenue Budget and associated Capital Programme since August 2023. During this time the MBWG have met on 12 occasions whilst the Corporate Management Team (CMT) have also had frequent meetings with the Trades Unions at the Joint Budget Group (JBG).
- 3.2 The Budget Strategy approved in the late summer was based around a two-year Revenue Budget, a flat cash Scottish Government Grant settlement and an increased Council Tax planning assumption of 7% per year (£2.5million). In each report the remaining two-year funding gap has been advised as follows:
- June 2023 Finance Strategy - £12.576m – Starting Position
 - September 2023- £4.655m – Net of planned Council Tax increase/ Savings Workstreams
 - November 2023- £3.635m - Net of actuarial employers pension reduction
 - December 2023- £2.916m- Before the Scottish Government Draft Settlement

3.3 Scottish Government Draft Budget Settlement

The draft Budget Settlement for 2024/25 was announced on the 19 December with the detailed Finance Circular issued on 21 December. A briefing on the impact of the settlement on the Council was shared with the MBWG and JBG on 22 December. At the time of preparing this report, little new information has been received and the Finance Order is due to be laid before Parliament on 7 February and debated on 28 February.

- 3.4 The settlement for Inverclyde Council is around £1.5 million lower than was assumed at the time of approving the Budget Strategy and on a comparable basis leaves the Council with just under £2.0 million less funding than 2023/24. Appendix 1 shows how this has been calculated. The main contributing factors to the poorer settlement are an assessed £62 million overall like for like reduction in funding for local government and a less generous “Floor”, which means those Councils which do less well out of the settlement, like Inverclyde, received less protection than in recent years.
- 3.5 The extent of the poorer than expected settlement has a significant impact on the level of savings required in 2024/25 and, in light of the announced Council Tax Freeze, makes sustainably balancing a two-year 2024/26 Revenue Budget much more challenging than expected when the Budget Strategy was agreed.
- 3.6 Whilst there have been some large transfers of extra funding into the local government settlement in 2024/25 these are all to fund existing commitments or new/enhanced Scottish Government policies and therefore cannot be used to fund existing service provision. It should be noted that the settlement includes no allowance for the announced increase in Teacher superannuation contributions from April 2024. Cosla estimate this will cost around £90 million and have advised that the allocation of funding for this is assumed to take place after the UK Government Spring Budget.
- 3.7 The Capital Grant settlement also had a like for like funding reduction with the Council grant being reduced by around 5% (£284,000). At a time of inflationary pressures on capital projects this increases the gap between available resources and investment needs and will require elected members to fundamentally review the medium term sustainability of the Capital Programme.

3.8 Within the Grant Settlement letter there are several conditions associated with the funding. The conditions include:

- Extra funding for Free Personal & Nursing Care and Care Sector Pay, (£241 million nationally) to be transferred to IJBs and must be additional to existing IJB budgets.
- Baselineing of £564million education funding is conditional upon the establishment of the new Joint Assurance Board
- To receive payment of the £144 million Council Tax Freeze grant (£1.76million estimated by officers for Inverclyde), the Council must freeze Council Tax in 2024/25
- Further detail is awaited on the maintenance of teacher numbers and any conditions around £145.5million associated funding.

3.9 The 2023/24 Budget settlement held back monies from all councils pending the outcome of the 2023 Teacher Census. For Inverclyde the sum held back by the Scottish Government is £655,000. The Council census return showed a 9 FTE reduction in teachers compared to 2022 which is fully due to cash and real terms reductions in ring fenced funding, much of which had been allocated for teachers. All financial reports to date have assumed that this held back funding will be paid to the Council in full.

3.10 Applying the lower than anticipated 2024/25 settlement to the last reported funding gap of £2.916 million has resulted in an increased funding gap of £4.404million over 2024/26 which is after assuming a £5.0million increase in Council Tax income over the two-year period.

3.11 Budget Pressures Update

In November, the Policy & Resources Committee agreed in principle to the allocation of some the Budget pressures allocation and took a £200,000 saving from the contingency leaving £800,000 available over 2024/26. An updated position of the Budget Pressures allocation is contained in appendix 2 and leaves an unallocated contingency of £180,000.

3.12 Within the Parking Income pressure is an assumption that the Council will not implement the previously approved increase in the daily charge of £2 to £3 from 1 April 2024. A recommendation to formally approve this is included in the report. In addition, it should be noted that a specific report seeking a decision on a potential move to a 35 hour week has been submitted to the February Policy & Resources Committee.

3.13 Savings Workstreams Update

The Council approved the creation of a £2.5 million savings workstream programme in September and increased the programme by £180,000 in December. With targets set against specific workstreams the focus is now on achieving (or exceeding) these targets. An update is attached at appendix 3 and it can be seen that good progress is being made.

3.14 There is currently a shortfall against the 2024/25 target but an overall potential over recovery of £310,000 over 2024/26. It should be noted that it is envisaged that the 4 areas where no savings have yet been confirmed; Asset Management, Management Restructure, Digital & Customer Services and CLD Review, could be challenging to deliver in full.

3.15 Savings Update

All elected members were issued with a pack of savings options and associated EqlAs developed by the CMT in October. Since that time the MBWG have reviewed the options and provided feedback both through their own party groupings and now as a Group.

3.16 Appendix 4 lists those savings options which the MBWG agreed should be subject to further consultation with directly impacted groups and a wider public consultation. The options total £2.875 million by the end of 2025/26 and in total would require a reduction of 70 FTE Council posts if all savings were approved.

3.17 This report includes other savings/adjustments for approval and appendix 5 contains proposals totalling £680,000 which are supported by the MBWG.

3.18 **IJB contribution**

There are several matters still being discussed between the Chief Executive, Chief Officer and two Chief Financial Officers which require to be finalised before the Council and IJB approve their budgets. The matters are:

- Whether the Council should pass over in full the estimated share of the extra recurring Scottish Government funding relating to the 2023/24 pay award (Estimated to be £494,000)
- Whether to reduce the Council contribution to the IJB to reflect the reduction in employer superannuation contributions following the triennial actuarial review (Estimated to be £460,000 recurring plus a £5.72million one off sum over 2024/26)
- Whether to apply a share of the Council's share of the £62 million funding reduction to the IJB (Estimated to be £280,000)

3.19 Taking the prudent view, the current reported funding gap has assumed that the first two sums will be passed over and the last matter is not applied. A decision on these issues will be sought as part of the Budget Setting meeting of the Council.

3.20 **Reserves**

The Council has benefited from a healthy level of reserves for many years. Specifically in the last 2 years there have been two large one off contributions to reserves totalling over £23 million. These have related to the Service Concession accounting change in 2022/23 and the estimated saving arising from the time limited 11% reduction in employers' superannuation contributions. These major additions to reserves have greatly assisted in managing the significant financial pressures being faced by the Council but will not provide a long term solution.

3.21 Each year the CMT and then the MBWG review existing earmarked reserves to identify any potential write backs. Appendix 6 (1) lists 4 proposed write backs totalling £256,000.

3.22 As part of the 2023/24 Budget the Council approved the creation of a £3.0million reserve to be used to manage the volatility in the Revenue Budget caused by post-Covid pressures plus increases in inflation and interest rates. Appendix 6 (2) shows the proposed allocation of this reserve.

3.23 Finally, appendix 6 (3) shows that it is projected that there are £13.65million of reserves available for allocation in the medium term.

3.24 **Capital**

The MBWG reviewed the draft Capital Programme and based on maintaining current core allocations and factoring in the reduced Capital Grant funding, there is an estimated £4.615million funding shortfall in the 2024/28 Capital Programme. The MBWG recommend that the Council agrees to transfer £215,000 Education Lifecycle expenditure to the Universal Free School Meals capital grant and thereafter reduce the Lifecycle budget accordingly. If agreed, this would reduce the 2024/28 funding shortfall to £4.4 million.

3.25 Based on the above being approved, the draft programme is attached at Appendix 7. This position emphasises the need for the Council to have a root and branch review of the funding of its assets as the current annual funding shortfall is unsustainable in the medium term.

4.0 SUMMARY POSITION- 2024/26 REVENUE BUDGET

4.1 Appendix 8 shows the latest position of the 2024/26 Budget on the basis that the recommendations pertaining to appendices 2,3 and 5 are agreed. From this, after one-off use in 2024/25 in £740,000 from reserves to address the shortfall between the planned £2.5 million increase in Council Tax income and the estimated Council Tax Freeze grant, there is a 2024/26 funding gap of £4.464 million. The savings options recommended for public consultation by the MBWG fall well short of this sum meaning that without other significant interventions, the Council will be unable to produce a balanced 2024/26 Budget.

4.2 One option is to further increase the use of reserves. This will not remove the need for levels of savings in the medium term to be significantly greater than all the savings in appendix 4. In simple terms the use of one-off measures to balance the Budget simply defers the financial challenges rather than addresses them.

4.3 However, after considering the limited time available to elected members to achieve agreement on deliverable recurring savings after the unexpectedly poor settlement for 2024/25, the MBWG recommend the use of an extra £6.0 million from reserves over 2024/28 to initially increase and thereafter gradually phase out the use of reserves to balance the Revenue Budget. This proposal would reduce the 2024/26 funding gap by £2.0 million.

4.4 Allocating this extra £6.0million, in addition to allocating reserves to address the £4.4 million shortfall in the 2024/28 Capital Programme in Appendix 7 and allocating £2.0 million for unavoidable unfunded matters identified by the Corporate Management Team, would effectively fully utilise all the projected Free Reserves. This is illustrated in Appendix 9.

4.5 On the basis that the use of £6.0million extra reserves to support the Revenue Budget was agreed then, to balance the 2024/26 Budget based on current figures, elected members would ultimately require to approve £2.46 million of savings from the options in Appendix 4.

4.6 After allowing for further adjustments/expected decisions to close the funding gap, this sum could reduce to around £2.0 million but it will still be extremely challenging for an acceptable savings package of this scale to be collectively agreed by the MBWG and thereafter the Council.

4.7 In light of this, the Chief Financial Officer must raise his concerns over the ability of the Council to sustainably deliver the two year Revenue Budget Strategy whilst accepting the estimated Council Tax Freeze grant.

5.0 SUGGESTED OPTIONS

5.1 Appendix 8 shows that, after the use of the extra £6.0million of Reserves plus the one-off use of £740,000 from Reserves in 2024/25 to bridge the shortfall between the planned extra £2.5 million from Council Tax and the estimated Council Tax Freeze Grant, there is a 2024/25 funding gap of £928,000 in 2024/25. After allowing for further potential reductions in the gap for items such as the 2nd Homes Council Tax Policy change then the remaining funding gap to be closed is estimated to be £0.7million. This could be addressed by approving £0.7 million from the 2024/25 column of appendix 4 or the Council deciding to increase Council Tax in 2024/25 or a combination of the two.

- 5.2 Officers appreciate that any decision to reject the Council Tax Freeze Grant and increase Council Tax in 2024/25 is one of acute political sensitivity but given the Council's limited financial options and the relatively low level of Council Tax Freeze Grant, this is one which officers believe requires to be considered by the Council.
- 5.3 The estimated Council Tax Freeze Grant of £1.76 million equates to a 5.0% increase in Council Tax. This grant would be foregone were the Council to decide to increase Council Tax in 2024/25. For such a decision to make sense, the increase in Council Tax would need to be materially above the 5.0% funded by the grant and more than likely be above the 7.0% Council Tax planning assumption.
- 5.4 Based on the remaining estimated funding gap of £0.7 million in 2024/25, then a 9.0% increase in Council Tax in 2024/25 would effectively address the estimated remaining 2024/25 funding gap whilst also freeing up £0.74 million from reserves being used to top up the shortfall in Council Tax Freeze grant in 2024/25. Additionally, it would reduce the required savings in 2025/26 by £910,000. This is illustrated in appendix 10b.
- 5.5 If elected members agree that this is a matter which should not be discounted at this time, then it is recommended that increasing Council Tax income in 2024/25 and reducing the savings requirement in 2024/25 and 2025/26 should form part of the public consultation raised in 3.16 above. This would need to clearly set out the financial implications by Council Tax Band and also the service implications of the potential alternative savings. A draft public consultation is attached in appendix 11.
- 5.6 Clearly, it is hoped that much of the remaining funding gap can be closed via an improved Grant Settlement and that the options raised above are not required. but the final decision on the 2024/25 Scottish Budget is scheduled to take place on 28 February. The proposed special Council Budget meeting to approve the Budget and Band D Council Tax is proposed therefore to be after this date but no later than early March.

6.0 MEMBERS BUDGET WORKING GROUP

- 6.1 When considering the detail of this report, it was not possible to achieve consensus within the MBWG regarding the options to be included in the Budget Consultation and as such the proposals in this report are supported by 3 Groups on the MBWG.

7.0 IMPLICATIONS

- 7.1 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

7.2 Finance

There are several significant financial implications set out in the report and appendices. Some of the matters will only be finally decided when the Budget is approved in coming weeks.

Appendix 6(3) demonstrates that all projected Free Reserves will be required to reduce projected funding gaps in the Revenue/Capital Budgets and therefore, any remaining funding gaps must be closed on a sustainable, recurring basis via either increased income or cost reductions.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Reserves	General Fund	2024/25	(£256k)		Write Backs in appendix 6 (1)
		2024/28	£6.74 million		Proposed use of reserves to support the Revenue Budget over 2024/28
Capital Programme		2023/24	(£215k)		Reduction in Education Lifecycle Capital Budget
Reserves	Budget Delivery	2023/26	£3.0million		Use of reserve set out in appendix 6 (2)

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Various	Various	2024/25	(£680k)		Per appendix 5
Roads	Parking Income		£80k		Non-implementation of the planned daily charge increase to £3 from 1.4.24. Funded from the Pressures Contingency.

7.3 Legal/Risk

The Council needs to approve a budget and set the level of Band D Council Tax for the 2024/25 year as a minimum legal requirement. The report outlines the remaining significant challenges for the Council to deliver its approved strategy of delivering a two-year year Revenue Budget. As a result, the Chief Financial Officer recommends the Council considers reverting to a single year budget unless the Council is willing to contemplate increasing Council Tax by at least 7.0% in 2024/25 or approving savings from appendix 4 totalling £2.0 million.

There remain some large budget risks around both the 2024/25 and 2025/26 Budgets specifically around pay awards / inflation and potential conditions attached to the 2025/26 Settlement. This latter matter includes potential limitations on Council Tax increases in 2025/26 and continued restrictions on reductions in teacher numbers both of which currently form part of the 2024/25 settlement.

Therefore, were the Council to consider setting a two year Budget on the basis of freezing Council Tax in 2024/25 whilst having a double figure percentage increase in Council Tax in 2025/26 then, based on all bar two of the last sixteen years, there is a high chance that this may not be allowed by the Scottish Government. This could leave a significant shortfall in the 2025/26 Budget and limited time/reserves to address what could be a significant gap. As a result, the Chief Financial Officer does not recommend including this high risk option within the Budget Consultation in appendix 11 unless savings totalling an extra £1.3 million are set out as a fall back.

7.4 Human Resources

Many of the options within the savings consultation have employee implications and most of these areas have been subject to VER trawls on more than one occasion in recent years. As such, CMT would recommend offering an improved release package for the 2024/26 Budget only, in order to maximise interest. It is proposed to have a temporary enhancement to the Voluntary Severance Scheme per appendix 12.

This approach is supported by the JBG and MBWG.

7.5 Strategic

The need to be clear on medium term levels of funding from both the Revenue and Capital Budgets is a fundamental requirement to allow officers to work towards delivering the strategic priorities set out in the Corporate Plan.

7.6 Equalities, Fairer Scotland Duty & Children/Young People

Individual EqIAs have been prepared for all savings options and these will be further refined for those savings subject to further consultation.

The overall Budget will be corporately assessed as part of the Fairer Scotland Duty and reported as part of the final Budget report.

8.0 CONSULTATION

8.1 The Council undertook a general Budget Consultation between 8 December and 5 January and the results of that consultation are attached as appendix 13 for Council to review.

The MBWG have been consulted on the report and those party groupings which continue to attend the MBWG, support all the recommendations. The JBG support the proposed enhancements to the VS Scheme.

9.0 BACKGROUND PAPERS

9.1 Local Government Finance Circular 8/2023.

Appendix 12024/25 Settlement Assessment - As at 11.1.24

		<u>£m</u>	<u>£m</u>
2024/25 Grant Settlement 8/23 -Issued 22.12.23			208.601
2023/24 Grant Settlement 3/23 (March 2023)			<u>202.592</u>
	Increase in Grant Funding		<u>6.009</u>
 <u>Directed/Committed new Requirements</u>			
<u>General</u>			
£17.2m	2023/24 SJC Pay Award- One Off	0.266	
£369.6m	SJC Pay Award recurring	5.717	
			<u>5.983</u>
 <u>HSCP</u>			
£11.5m	FPNC Inflation 24/25	0.167	
£16.m	Kinship & Foster Care	0.238	
£0.17m	SDS	0.004	
£230m	£12/hr Living Wage- Care Sector	tbc	
(£3.7m)	Mental Health Recovery -Stopped	(0.052)	
			<u>0.357</u>
 <u>E&R</u>			
			<u>0.000</u>
 <u>E&C</u>			
£209m	Teachers Pay	2.992	
£6m	UFSM P6-7	0.060	
	Movement in Gaelic specific grant	(0.005)	
	Movement PEF specific grant	0.006	
			<u>3.053</u>
 <u>Sums in 3/2023 not distributed in 8/2023</u>			
£70.7m	Discretionary Housing Payment	(1.324)	
£3.5m	Scottish Disability Allowance	<u>(0.072)</u>	(1.396)
	Total Directed Funding changes		<u>7.997</u>
	Net like for like Funding Reduction	£	<u><u>-1.988</u></u>

Classification : Official

Notes

1. This is compared to a £0.5m cash cut in the Budget Strategy for 2024/25.
2. 3/2023 includes £0.655m presently withheld pending teacher numbers clarification.
3. The Floor was set at minus 0.5%. The Council (with 13 others) is at the maximum reduction.

AP

11.1.24

Appendix 2

Pressures Proposals - 2024/26 Budget

Pressure	24/25 £000	25/26 £000	Total £000	
Housing Benefits Subsidy	50	3	53	
37/35 Hour Working Week	50	150	200	Note 1
HR Services Review	113	-	113	
Parking Income	254	0	254	Note 2
	467	153	620	
Current Budget Allocation	450	350	800	

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 includes £80k to reverse decision to increase charges to £3/day from 1.4.24
Balance of £174k is to reduce the current income shortfall. Detailed report to E&R Committee in March.
3. Proposed to rephase budget and take £180k balance as a saving

AP/LA
11/1/24

2024/26 Budget Process

Appendix 3

Theme: Workstreams

Saving Title	CMT Lead Officer	Proposal	Est Saving 2024/25 £000's	Est Saving 2025/26 £000's	Est Saving 2026/27 £000's	Est Saving Total £000's	Est FTE Impact	Progress update as at 11.1.24
Income Generation	A Puckrin	General Uplift over 2024/26, Other above inflation charges and commercial income	250	450	0	700	0.0	5 % per year general fee uplift for 2024/25 & 2025/26 approved by December 2023 Council and generates around £250k/year. Target remaining £200k.
Procurement	S Jamieson	Residual Waste, SWAN, Agency Workers, Scotland Excel opportunities	720	40	0	760	0.0	Waste saving £670k from 1.1.24.SWAN spend to save of £90k (requires £365k investment). Exceeded target.
Energy	A Puckrin	Energy efficiencies and tariff reductions	150	500	0	650	0.0	Utility saving of £100k (24/25), £500k (25/26) after £1.1million one off use of Budget Delivery Reserve. Further £50k saving due to reduced diesel costs. Exceeded target
Asset Management	S Jamieson	Property savings relating to reductions to the office, leisure, community and other operational buildings estate	50	350	0	400	Note 1	Initial saving will relate to Hector McNeil House demolition. All closures will be reported to Committee for approval
Management Restructure Ph3	L Long	Reductions in Team Leader and above posts. FTE is maximum net reduction.	0	200	0	200	3.0	Report due December 2024/January 2025
Digital & Customer Services	I Strachan	Efficiencies arising from Digital Modernisation processes and a review of customer interfaces with the Council. FTE reduction represents the maximum to meet the target	20	80	0	100	3.0	There are risks with this target linked to on going maintenance costs of new systems/applications and plus small size of many teams in the Council.
Community Learning & Development- Delivering Differently Review	R Binks	Policy & Resources Committee approved that a review of CLD be added to Delivering Differently in August 2023. The review will encompass the full service and the savings target equates to an approximate 11% reduction in budget	40	140	0	180	tbc	The review will identify options and highlight the impacts which will be reported to the Education & Communities Committee via the MBWG by the autumn of 2024
Over achievement Contingecy	A Puckrin	Balance to achieve £2.68 million original target	0	-310	0	-310	0.0	Keep under review and decide whether to use to reduce workstream targets or reduce wider savings requirement
Totals			1,230	1,450	0	2,680	6.0	

Original Targets 1,360 1,320 0 2,680

Note 1- Asset Management Target is net of any reinvestment in either capital or recurring spend in remaining buildings.

Note 2- CMT recommend the inclusion of a teachers workstream if reductions are permitted by the Scottish Government. The target would be based on a 29FTE reduction (3.8%) which would save approximately £1.80 million

Appendix 4**Savings for 2024/26 Budget Consultation**

	<u>24/25</u>	<u>25/26</u>	<u>Total</u>	<u>FTE</u>	<u>Notes</u>
	<u>£000</u>	<u>£000</u>	<u>£000</u>		
<u>Policy & Resources</u>					
Reduce CSC Opening Hours	11	4	15	0.5	Vacant Post
Sub-Total	11	4	15	0.5	
<u>Environment & Regeneration</u>					
Reduction in Employability Services	0	100	100	0.0	
Cease Community Wardens	448	172	620	17.0	Progress VER Trawl
Cease CCTV Service	0	218	218	5.7	Progress VER Trawl
Close Gourrock Civic Amenity Site	59	19	78	2.4	Progress VER Trawl
Delete Seasonal Grounds Services Budget	0	465	465	16.5	No VER- Scalable
Reduce Grounds Maintenance Service	334	111	445	9.0	Progress VER Trawl
Sub-Total	841	1085	1926	50.6	
<u>Education & Communities</u>					
Cease Home Link Workers Service	127	64	191	4.4	Progress VER Trawl
Cut Community Organisations Grants by 66%	97	97	194	0.0	Scalable
Reduce Cleaning Hours in Schools	87	43	130	5.6	Progress VER Trawl
Remove Admin support -Auchmountain Halls	19	7	26	1.0	Progress VER Trawl
Cease P4 Free Swimming Lessons	23	0	23	0.0	
Children start nursery after 3rd Birthday	0	56	56	0.0	
Cease transport to Bluebird/Glenbrae Centres	14	41	55	2.0	Progress VER Trawl
Reduction in school Music Instructors	108	63	171	3.0	Progress VER Trawl
25% reduction in Library opening hours	0	88	88	3.0	Progress VER Trawl
Sub Total	475	459	934	19.0	
Overall Totals	1327	1548	2875	70.1	

2024/26 Budget
1st February Council- Savings/Adjustments

E&R	Savings 2024/25 £000	Savings 2025/26 £000	Comments	FTE
1/				
2/				
3/				
ECOD				
1/				
2/				
3/				
HSCP				
1/				
Corporate				
1/				
Reduce 2024/26 Corporate Pressures allowance to £620k	-17	197	See Appendix 2. Decision due at February P&R regarding potential move to a 35 hour week. Estimated non-Social Work cost is £200,000	0
2/				
Reduce the 2024/25 non-pay inflation allowance	500	0	Reduction can be delivered following reductions in inflation rates in the medium term.	0
3/				
Total	483	197		0

Proposed Write Backs - Existing Earmarked Reserves

	<u>£000</u>	<u>Reasoning</u>
a. 1140 Hours	63	Remaining unallocated balance
b. Gourock Amphitheatre	10	Remaining unallocated balance
c. Covid Recovery Grants	150	Supported by MBWG 9/1/24 & report to E&R Cttee on the use of the balance of £192k
d. OD & HR Temp Employees	<u>33</u>	Projected balance post planned end date
	<u>256</u>	

AP/LA
11/1/24

Appendix 6 (2)

<u>Budget Delivery Reserve</u>		
	<u>£000</u>	<u>Status</u>
1 ASN Transport Budget Pressure	600	Approved November P&R
2 HR Review - One off Costs	120	Approved November P&R
3 2024/25 Utility Costs	1100	Delivers £500k workstream saving
4 IL Smoothing Funding	200	Note 1
5 CCTV one -off costs	80	Approved November P&R
6 Winter Gritting	150	Note 2
7 Workstream delivery costs	750	Note 3
	<u>3000</u>	

Note 1

This sum would be repaid during 2024/25 from the IL Actuarial one-off saving.

Note 2

Allocation pending an on-going review of current procedures/practices.

Note 3

Specifically to assist with spend to save projects linked to Workstreams including new SWAN contract

AP/LA

11/1/24

Appendix 6 (3)

Projected Available Reserves
2024/26 Budget

	<u>£million</u>	
Projected unallocated reserves 31.3.24	3.5	Feb P&R
MBWG proposed write backs	0.25	Appendix 6 (1)
IL smoothing reserve - not needed	0.4	Nov P&R
One-off Actuarial Review saving 2024/26	9.0	Nov P&R
Net extra surplus IRI 2024/27	0.5	Note
Estimated available sum	<u>13.65</u>	

Note

As part of the December Finance Strategy. It was agreed to allocate £3.0m from an estimated £3.5m increase in Internal Resources Interest to deliver a £500k annual saving from 2025/26.

AP/LA
11/1/24

General Fund Capital Programme - 2024/28**Available Resources**

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Government Capital Support	5,935	5,750	5,750	5,750	23,185
Capital Receipts	315	315	315	315	1,260
Capital Grants	1,114	-	-	-	1,114
Prudential Funded Projects	9,124	2,574	2,464	2,464	16,626
Balance B/F From 23/24	13,568	-	-	-	13,568
Capital Funded from Current Revenue	5,850	3,333	233	233	9,649
Available Resources	35,906	11,972	8,762	8,762	65,402
Total Expenditure	33,798	17,221	11,134	11,134	73,287
(Shortfall)/Under Utilisation of Resources					(7,885)
Approved 5% Overcommitment (Estimate)					(3,270)
(Shortfall)/Available Head Room					(4,615)
Proposed Reductions (Universal Free School Meal Capital)	(215)	-	-	-	(215)
(Shortfall)/Available Head Room after savings proposals					(4,400)

Notes:**Funding Deficit**

Overprovision within the Capital Programme of 5% against available resources has been approved to allow for increased resources or slippage. The £3.272m overcommitment highlighted here is based on current resources over the 4 year period, going forward this may reduce as the overall funding reduces.

Government Capital Support

2024/25 grant confirmed per December 2023 settlement, future years grants are estimates at this stage based on recent funding allocations and future forecasts.

General Fund Capital Programme - 2024/28

MBWG Proposal

	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<u>Policy & Resources</u>					
<u>Finance</u>					
Annual Allocation (ICT)	576	585	534	534	2,229
Medium Term Capital Support	1,750	2,000	-	-	3,750
<u>Policy & Resources Total</u>	2,326	2,585	534	534	5,979
<u>Environment & Regeneration</u>					
<u>Regeneration</u>					
Port Glasgow Town Centre Regeneration	428	-	-	-	428
T&VC - West Blackhall Street	2,437	-	-	-	2,437
T&VC - Other	566	-	-	-	566
T&VC - Complete on site	34	-	-	-	34
Comet Replacement	520	-	-	-	520
Scheme of Assistance	806	806	806	806	3,224
Clune Park Regeneration	750	-	-	-	750
<u>Environmental</u>					
Cemetery Development	92	-	-	-	92
Cremator Replacement	230	-	-	-	230
Zero Waste Fund	45	45	45	45	180
Vehicles Replacement Programme	1,629	1,279	1,279	1,279	5,466
Play Area Strategy	70	-	-	-	70
Nature Restoration Fund	74	-	-	-	74
Park, Cemeteries & Open Spaces AMP	200	200	200	200	800
Former St Ninians School Site	160	-	-	-	160
<u>Roads & Environmental Total</u>	8,041	2,330	2,330	2,330	15,031
<u>Property</u>					
General Provision	4,521	2,400	2,400	2,400	11,721
Additional Covid pressure allowance - General	43	-	-	-	43
Feasibility Studies	86	-	-	-	86
Greenock Municipal Buildings - Window Replacement	33	-	-	-	33
Greenock Municipal Buildings - Air Handling	50	-	-	-	50
Various Garages/Stores Replacement	109	-	-	-	109
Sea Walls/Retaining Walls	30	-	-	-	30
Coastal Change Adaptions	220	-	-	-	220
Watt Institute - Risk/DDA Works	107	-	-	-	107
New Ways of Working	60	-	-	-	60
Depot Demolitions - Balance	51	-	-	-	51
Kirk Drive Civic Amenity Site	234	-	-	-	234
Whinhill Golf Club - External Fabric Works	5	-	-	-	5
Net Zero	1,909	951	-	-	2,860
Vehicle Replacement Programme - Ultra Low Emission Vehicles	121	149	-	-	270
Minor Works	6	-	-	-	6
Statutory Duty Works	100	-	-	-	100
Capital Works on Former Tied Houses	98	110	-	-	208
Complete on Site Allocation	386	-	-	-	386
<u>Roads</u>					
Cycling, Walking & Safer Streets	345	-	-	-	345
Flooding Strategy - Future Schemes	250	350	-	-	600
Kirk Drive Passing Places	157	-	-	-	157
Carriageways	1,825	1,801	2,750	2,750	9,126
Footways	250	250	-	-	500
Structures	250	200	-	-	450
Lighting	250	300	-	-	550

Other Assets	175	175	-	-	350
Staff Costs	330	330	-	-	660
<u>Property Services Total</u>	12,001	7,016	5,150	5,150	29,317
Environment & Regeneration Total	20,042	9,346	7,480	7,480	44,348
<u>Education, Communities & Organisational Development</u>					
<u>Inclusive Education, Culture & Communities</u>					
Leisure Pitches AMP - Lifecycle Fund	50	289	120	120	579
Waterfront Leisure Centre Training Pool Moveable Floor	60	-	-	-	60
PG New Community Hub (King George VI Building)	210	-	-	-	210
Parklea Branching Out	250	-	-	-	250
<u>Inclusive Education, Culture & Communities Total</u>	570	289	120	120	1,099
<u>Education (SEMP)</u>					
Lifecycle Fund	3,795	5,001	3,000	3,000	14,796
CO2 Monitors in Schools	61	-	-	-	61
Complete on site	404	-	-	-	404
<u>Education Total</u>	4,260	5,001	3,000	3,000	15,261
Education, Communities & Organisational Development Total	4,830	5,290	3,120	3,120	16,360
<u>Health & Social Care Partnership</u>					
New Learning Disability Facility	6,600	-	-	-	6,600
Health & Social Care Partnership Total	6,600	-	-	-	6,600
Total Expenditure	33,798	17,221	11,134	11,134	73,287

2024/26 Estimated Funding Gap- 1 February Council

	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
December Council Decisions:		
Council Tax contribution	-2500	-2500 Note 1
Increase workstreams	-40	-140
Savings/Adjustments	-39	-500
Balance Remaining Post Council 7.12.23	<u>793</u>	<u>2123</u>
Lower Grant Settlement	1488	0 Appendix 1 less £500k
Amend workstream phasing	130	-130 Appendix 3
Savings/Adjustments	-483	-197 Appendix 5
Reverse Freeze Grant Top Up	0	740 Note 3
Post Settlement inc est Freeze Grant	<u>1928</u>	<u>2536</u>
Increased use of reserves	-1000	-1000 Note2
Balance After Post Increased Reserves	<u>928</u>	<u>1536</u>

Notes

1. Based on Council planning assumption of £5.0million (14%) increase in Council tax over 2024/26

2. Assumes £6.0m increased use of reserves over 2024/28

3. Recurring shortfall between planning assumption and Freeze Grant needs to be addressed in 25/26

AP- 18.1.24

Use of Available Reserves

	<u>£m</u>	
Balance available per Appendix 6 (3)	13.65	
Less: Increased support to the Revenue Budget	6.00	Note 1
Increased support to the 2024/28 Capital Programme	4.40	
One-off use of Reserves in 24/25	0.74	Note 2
CMT Proposals=		
Allocation to VER Reserve for future released	1.20	Note 3
Allocation for elections 2024/27	0.30	
Allocation towards Historic Child Abuse settlements	0.5	Note 4
Remaining balance	<u>0.51</u>	

Note 1

Increases support to the Revenue Budget from £2.0m (24/25), £1.0m (25/26) to £3.0m (24/25), £3.0m (25/26), £2.0m (26/27), £1.0m (27/28).

Note 2

One off funding in 2024/25 to bridge current gap between £2.5m Council Tax increase assumption and Council Tax Freeze Grant.

Note 3

Current unallocated balance is £1.75m but based on future savings needs this will be insufficient in the medium term.

Note 4

Assumes £0.5m will also come from the IJB from their share of the one off £5.7million Pension Actuarial Review saving.

AP/LA

18/1/24

2024/26 Estimated Funding Gap- Scenario 1 - Accept Council Tax Freeze Grant

	2024/25 <u>£000</u>	2025/26 <u>£000</u>
Gap per June 2023 Financial Strategy	5983	6593
Decisions Taken and/or Sought on 1.2.24:		
Savings Workstreams	-1360	-1320
Savings/Adjustments	-1330	-650
Council Tax assumptions	-1760	-2500 Note 1
Lower Grant Settlement	1488	0 Appendix 1 less £500k
Amend workstream phasing	130	-130 Appendix 3
Savings/Adjustments	-483	-197 Appendix 5
Council Tax Freeze Top Up	-740	740 Note 3
Increased use of reserves	-1000	-1000 Note 2
	<u>928</u>	<u>1536 Appendix 8</u>
Allowance for future adjustments	-228	-236
Savings Needed from Appendix 4	<u><u>700</u></u>	<u><u>1300</u></u> Para 4.6 of Report

Notes

1. Based on accepting the Council tax Freeze Grant and a planning assumption of £2.5million (7%) increase in Council tax in 2025/26

2. Assumes £6.0m increased use of reserves over 2024/28

3. Recurring shortfall between planning assumption and Freeze Grant needs to be addressed in 25/26

AP- 18.1.24

2024/26 Estimated Funding Gap- Scenario 2- Increase Council Tax by 9.0%

	2024/25 <u>£000</u>	2025/26 <u>£000</u>
Gap per June 2023 Financial Strategy	5983	6593
Decisions Taken and/or Sought on 1.2.24:		
Savings Workstreams	-1360	-1320
Savings/Adjustments	-1330	-650
Council Tax assumptions	-1760	-2500 Note 1
Lower Grant Settlement	1488	0 Appendix 1 less £500k
Amend workstream phasing	130	-130 Appendix 3
Savings/Adjustments	-483	-197 Appendix 5
Council Tax Freeze Top Up	-740	740 Note 3
Increased use of reserves	-1000	-1000 Note 2
	<u>928</u>	<u>1536 Appendix 8</u>
Allowance for future adjustments	-228	-236
	<u>700</u>	<u>1300 Para 4.6 of Report</u>
Reverse Council Tax Freeze Assumptions	2500	-740
9.0% increase in Council Tax	-3150	-170 Note 4
Savings Needed from Appendix 4	<u>50</u>	<u>390</u>

Notes

1. Based on accepting the Council tax Freeze Grant and a planning assumption of £2.5million (7%) increase in Council tax in 2025/26

2. Assumes £6.0m increased use of reserves over 2024/28

3. Recurring shortfall between planning assumption and Freeze Grant needs to be addressed in 25/26

4. 2025/26 figure based on each 1% increase raising £380k

AP- 23.1.24

BUDGET CONSULTATION – PHASE 2

1.0 BACKGROUND AND CONTEXT

- 1.1 Effective public engagement on the Council Budget 2024/26 savings proposals is required so that Officers and Elected Members understand public perceptions of local priorities as well as the potential impact of savings decisions.
- 1.2 Research was undertaken on the range of mechanisms that the Council might use to support this public engagement, as well as on the approaches of other local authority areas. The Inverclyde Council agreed on 7 December 2023 that the following would be undertaken:
- An online Smart Survey;
 - Followed by targeted engagement in relation to equality groups with support from an external partner, and
 - Targeted engagement appropriate to individual proposals.
- 1.3 The Smart Survey was open from 8 December 2023 to 5 January 2024. The results of this engagement are available at Appendix 13.
- 1.4 Since the December 2023 survey was launched the budget savings proposals have been refined and the national position in relation to the Council Tax has developed. More specific proposals can now be consulted upon. It is proposed that a further online Smart Survey takes place, alongside the targeted engagement. This will be over a short timeline to allow analysis to be considered by the next meeting of the Inverclyde Council and to be incorporated into Equality Impact Assessments. It is proposed that the materials in Appendix 1 form the basis of this engagement.

2.0 PROPOSALS

- 2.1 It is recommended that the Inverclyde Council agree approves the draft public consultation document in Appendix 1.

4.0 IMPLICATIONS

- 4.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

4.2 Finance

None

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

4.3 Legal/Risk

Providing effective mechanisms for the public to comment on proposals assists the Council in fulfilling its statutory requirements in relation to equalities.

4.4 Human Resources

None

4.5 Strategic

Public consultation on the Council Budget relates to the Council Plan outcome “high quality and innovative services are provided, giving value for money”.

5.0 CONSULTATION

5.1 None

6.0 BACKGROUND PAPERS

6.1 None

Appendix 1

Inverclyde Council Budget Consultation

Like other local authorities across Scotland, Inverclyde Council is facing significant budget challenges due to constrained funding and increasing costs. This will mean that the Council will need to make difficult decisions about the services we deliver over the next two years. We recognise the important role that local people, our communities and partners have to play in shaping local services. We therefore invite you to take part in this phase of our budget consultation, to help us understand what is important to you.

Thank you for the feedback on the survey which took place in December, where we asked local people to tell us in general terms which Council services are most important to them and about Council Tax rates. You can find out more about the results of this survey at *insert link to report*

Inverclyde Council had approved a 2 year Budget Strategy which included a number of assumptions including raising a further £5.0 million from Council Tax over 2024/26. Since the consultation was launched, the Council have received a lower Scottish Government grant settlement compared to that assumed and confirmation of proposals for a national Council Tax freeze. Taking into account what this means for the Inverclyde Council budget, alongside considering the consultation feedback the Council is considering a number of options. We would like your feedback on these.

We are projecting a funding gap of £0.7million for 2024/25 and £1.3million in 2025/26 based on freezing Council Tax in 2024/25 and increasing Council Tax by 7% in 2025/26, so some difficult decisions lie ahead to help meet our legal obligation to deliver a balanced budget each year. You can find more detail within the report to Inverclyde Council on the Council website at *insert link*.

Using your personal information

Privacy Notice

The Consultation and Research Privacy Notice details how Inverclyde Council processes your personal information and guards your privacy. A hard copy of the Privacy Notice is available for you to read before completing the survey and is also available at *insert link*

The Consultation and Research Privacy Notice provides details on what Inverclyde Council will do with the information you provide in relation to this consultation. Before submitting your response to the Council Budget Consultation 2023 survey, please make sure you sign and date the form below. This provides the Council with your consent to process your information for the purposes outlined in the Privacy Notice.

Name:

Date:

BALANCING THE COUNCIL BUDGET

There is a requirement to balance the Council Budget. This can be done by increasing the income the Council receives via Council Tax and reducing how much the Council spends via budget savings.

Initially we will ask you to indicate which of the 4 overall approaches to balancing the Council Budget is preferred. We will then ask you, based on your response, which areas we should make savings in.

Option 1

If we set a one year budget and implement the Council Tax freeze in 2024/25 we will need to take £700k of savings in 2024/25. This will leave a funding gap of £1.3million to be addressed in 2025/26 after a 7% increase in Council Tax.

Option 2

If we set a one year budget and increase Council Tax by 9% in 2024/25 we will need to take £50k of savings in 2024/25. This will leave a funding gap of £390k in 2025/26 after a 7% increase in Council Tax.

Option 3

If we set a two year budget and implement the Council Tax freeze in 2024/25 we will need to take £2m of savings over 2024/25 and 2025/26 after increasing Council tax by 7% in 2025/26.

Option 4

If we set a two year budget and increase Council Tax by 9% in 2024/25 we will need to take £440k of savings over 2024/25 and 2025/26 after increasing Council Tax by 7% in 2025/26.

Please see below for more information on what a Council Tax increase of 9% would mean across the bands.

Band	Chargeable Properties*	Band Value	Multiplier	Annual Increase	Weekly Increase	2024/25 Council Tax
A*			200/360	£71.49	£1.37	£865.81
A	17,379 (46.16%)	£0 - £27,000	240/360	£85.79	£1.65	£1,038.97
B	5,992 (15.91%)	£27,001 - £35,000	280/360	£100.09	£1.92	£1,212.13
C	3,697 (9.82%)	£35,001 - £45,000	320/360	£114.39	£2.20	£1,385.29
D	3,441 (9.14%)	£45,001 - £58,000	360/360	£128.68	£2.47	£1,558.45
E	3,613 (9.60%)	£58,001 - £80,000	473/360	£169.08	£3.25	£2,047.63
F	1,898 (5.04%)	£80,001 - £106,000	585/360	£209.11	£4.02	£2,532.49
G	1,418 (3.77%)	£106,001 - £212,000	705/360	£252.01	£4.85	£3,051.97
H	214 (0.57%)	£212,001 +	882/360	£315.27	£6.06	£3,818.21

The following areas have been proposed as budget savings:

1. Reducing the opening hours of the Inverclyde Council Customer Service Centre, Council Reception and Registrars Service.

This saving would reduce the opening hours by 100 mins per week. The current hours are Mon – Thu 08:40 – 16:30 and Fri 08:40 – 15:30. The proposed hours are Mon – Thu 09:00 – 16:30 Fri 09:00 – 15:30

This will save £15 000.

2. Reducing employability services

This saving would reduce the support given to our community to access employment and training opportunities.

This will save £100 000.

3. Stopping the Community Warden Service

This saving would mean the withdrawal of the wardens service and would impact on the ability to deal with anti-social behaviour within the local authority area.

This would save £620 000.

4. Stop the CCTV Service

This saving would stop the provision of public space CCTV provision and would impact on the ability to deal with anti-social behaviour within the local authority area.

This would save £218 000.

5. Close Gourock Civic Amenity Site

This saving would mean that users would need to take their recyclates to Pottery Street or neighbourhood recycling points.

This would save £78 000.

6. Delete the Seasonal Grounds Services Budget

This saving would stop the additional service capacity provided during the growing season. Withdrawal of this provision will result in a significant adverse impact on the appearance of public open space within Inverclyde.

This would save £465 000.

7. Reduce the Grounds Maintenance Service

This saving would reduce employee capacity by 18% and the council's ability to maintain our greenspace all year round, as well as providing gritting to pavements and supporting major events such as flooding.

This would save £445 000.

8. Removal of Home Link Worker Service

This saving would reduce family support work provided by schools.

This would save £191 000.

9. Reduction in Community Grants

This saving would reduce the amount of grants available to community organisations to £97 000.

This would save £194 000.

10. Reduce Cleaning Hours in all Educational Establishments

This saving would reduce the amount of cleaning. All toilets, sanitary areas and home economic surfaces, will still be cleaned every day. All other areas will be cleaned 2/3 times per week, not 4 times per week as at present.

This would save £385 000.

11. Stop Free Swimming Lessons for Primary 4 Pupils

This saving would stop the provision of swimming lessons that are currently provided for all P4 pupils in Inverclyde primary schools.

This would save £23 000.

12. Children Start Nursery Term After 3rd Birthday

This saving would mean a change from the current free nursery provision of starting in the month after their 3rd birthday to the term after their 3rd birthday.

This would save £56 000.

13. Stop Free Transport to Bluebird Family Centre and Glenbrae Childrens Centre

This saving would stop the provision of free transport for children to these centres.

This would save £55 000.

14. Reduction in School Instrumental Music Instruction

This saving would reduce the amount of musical instrument instruction available to school pupils.

This would save £171 000.

15. Reduction in Library Opening Hours

This saving would reduce opening hours by 25%, proportionate across all branch libraries.

This would save £88 000.

16. Remove administrative support at Auchmountain Halls

This saving would remove the Council provided administrative support provided for the Inverclyde Leisure provision at Auchmountain Halls, Clune Park and Southwest Community Hub.

This would save £26 000

Question 1

Please indicate which of the four options is preferred (one option)

Option 1

Set a one year budget, implement the Council Tax freeze in 2024/25 and take £700k of savings in 2024/25 leaving a funding gap of £1.3million to be addressed in 2025/26 after a 7% increase in Council Tax.

Option 2

Set a one year budget, increase Council Tax by 9% in 2024/25 and take £50k of savings in 2024/25 leaving a funding gap of £390k in 2025/26 after a 7% increase in Council Tax.

Option 3

Set a two year budget, implement the Council Tax freeze in 2024/25 and take £2m of savings over 2024/25 and 2025/26 after increasing Council tax by 7% in 2025/26.

Option 4

Set a two year budget, increase Council Tax by 9% in 2024/25 and take £440k of savings over 2024/25 and 2025/26 after increasing Council Tax by 7% in 2025/26.

Question 2

Please rank the following savings options, where 1 is the option you support the most and 16 is the savings option you support the least.

Replicate list of savings options

Question 3

Please add any other comments on the options being considered or the proposed budget savings.

DEMOGRAPHIC QUESTIONS

The following section will ask some questions regarding respondent demographics.

These questions are optional. Inverclyde Council is gathering this information to better understand the differing impacts that decisions might have.

Which age bracket do you fall under?

- Under 16
- 16-24
- 25-34
- 35-44
- 45-54
- 55-64
- 65 or over

What is your gender?

- Male
- Female
- Prefer not to say
- Other (please specify):

Which best describes your ethnicity?

- English / Welsh / Scottish / Northern Irish / British Irish
- White and Black Caribbean
- White and Black African
- White and Asian
- Indian
- Pakistani
- Bangladeshi
- Chinese
- African
- Caribbean
- Arab
- Prefer not to say.
- Other (please specify):

Do you consider yourself to have a disability?

- Yes, limited a lot.
- Yes, limited a little.
- No disability.
- Prefer not to say.

Other (please specify):

What area do you live in?

- Greenock
- Port Glasgow
- Inverkip
- Gourock
- Wemyss Bay
- Kilmacolm
- Quarriers Village
- Outwith Inverclyde

APPENDIX 12

PROPOSED TEMPORARY ENHANCEMENTS TO THE VOLUNTARY SEVERANCE SCHEME

1.0 BACKGROUND AND CONTEXT

- 1.1 As part of the discussions on setting the Council Budget the CMT, Elected Members and trade unions have been considering the potential impact on employees. There are increasing challenges in attracting interest in voluntary severance and the consequent delivery of savings in some areas which significant budget savings are being proposed.
- 1.2 The current approach to reducing employee costs includes redeployment and voluntary severance. The Redeployment Policy provides that redeployment may be necessary as a result of displacement due to budget savings. In determining the suitability of any offer of alternative employment, cognisance will be taken of the following factors: pay; status; location; working environment; hours of work; job description; person specification. Protection in terms of conditions of service and 1 year's salary protection will apply.
- 1.3 The provisions of the Voluntary Severance Policy set out how employees indicate that they may be willing to leave their post voluntarily in return for a severance package. This will normally be either a redundancy payment, and/or access to pension, depending on the employees age and pension membership duration.
- 1.4 A range of options to best support employees who are impacted by budget savings and maximise interest in VER trawls have been considered. This has included research on the approaches in other local authorities.

PROPOSALS

- 2.1 The following have been identified as recommendations on the basis that the costs of implementation are reasonable compared with the benefits to the individual employees as well as helping the Council to balance its budget. These are proposed only in relation to Council employees displaced as a result of the 2024-26 Council Budget process, including workstreams. It does not apply to employees who have already accepted an offer and have a termination date pending. The changes in policy do not apply to any other employees and will revert following this budget process. Release dates may be in 2024 or 2025. Some employees may, in the interim period, be in a supernumerary position, requiring them to carry out reasonable alternative duties during that period commensurate with their grade.

TEMPORARY EXTENSION OF REDEPLOYMENT PERIOD FROM 12 WEEKS TO 6 MONTHS

- 2.2 Where staff are displaced as a result of a budget saving the custom is for employees to be placed on the Redeployment Register for a maximum of 12 weeks. If no suitable alternative employment is found within that period then the employee's dismissal will take effect and the contract of employment will be terminated at the end of the redeployment and notice period.
- 2.3 This period could be extended to six months. This would allow longer for the employee to try alternative roles and undertake training. The budget to support these employee costs would need to be identified, whether that is from the employing Service or from a central fund. This would apply to both temporary and permanent employees.

TEMPORARY EXTENSION IN LENGTH OF PAY PROTECTION FROM ONE TO TWO YEARS

- 2.4 While the Council attempts to redeploy displaced employees into an alternative post on the same grade the Council has a salary protection policy that currently protects the salary of permanent employees redeployed into a post which is graded lower than the employees previous salary as a result of organisational change. Any pay protection is on a cash conserved basis for one year.
- 2.5 This period could be extended to two years. This may make a lower grade post more attractive for the displaced employee, and so help delivery of the savings proposal by voluntary means. The budget to support these employee costs would need to be identified, whether that is from the employing Service or from a central fund. This would apply to permanent employees only.

TEMPORARY ENHANCEMENT TO VOLUNTARY SEVERANCE SCHEME

- 2.6 The current Voluntary Severance Scheme sets out provisions in relation to redundancy payments and added years towards the employee's pension. Enhancements to these arrangements could be introduced in order to secure greater interest in voluntary severance. The table below outlines the current provisions in relation to severance agreements (excluding teachers) along with proposed enhancements in bold text.

Group 1	Weekly Pay Used to Calculated Redundancy Payment	Redundancy Table Used	Access to a Pension	Added Years in Redundancy
Under 50 years of age Non members and members of pension scheme OR Over 50 years of age non members of pension scheme OR Over 50 years of age < 2 years membership of pension scheme	Average weekly	Up to 66 weeks PROPOSAL Up to 90 weeks	N/A	N/A
Group 2	Weekly Pay Used to Calculated Redundancy Payment	Redundancy Table Used	Access to a Pension	Added Years in Redundancy
Over 55 years of age > 2 years membership of pension scheme OR	Average weekly	Up to 30 week table	Yes	Up to 3 added years

Over 50 years of age > 2 years membership of pension scheme at 6 April 2006				PROPOSAL Up to 6 added years
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2.7 As can be seen in the table above the proposed changes are an increase in the weeks for redundancy payments (from 66 to 90) and in the added years for pension entitlement (from up to 3 added years to 6 added years). All releases will require the usual value for money calculation to determine whether the costs of releasing the employee can be recovered within a period of 3 years.

COMPARISON TO OTHER AREAS

2.8 There has been consultation with other local authority areas in terms of their related provisions. There is significant variation, especially in relation to the voluntary severance arrangements, from no added years of pensionable service to ten years. The majority have a lower number of added years to the Inverclyde Council proposed increase to 6 years.

IMPACT ON OTHER ARRANGEMENTS

2.9 The impacts on both Inverclyde Leisure and the Health and Social Care Partnership should also be considered. A consistent approach would need to be taken with Council employees within the HSCP. The approach of Inverclyde Leisure tends to be to mirror our arrangements so any potential implications for them in terms of proposed budget savings should be raised.

3.0 PROPOSALS

3.1 It is recommended that the Council agrees to the following for actions relating to the 2024/26 Budget:

- Extend the redeployment period from 12 weeks to 6 months;
- Extend the period of pay protection for redeployed employees to 2 years, and
- Enhancements to the voluntary severance scheme as detailed in para 2.6.

4.0 IMPLICATIONS

4.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

4.2 Finance

The CMT believe the proposals strike a balance between continuing to deliver value for money in the achievement of savings with a recognition that the delivery of savings is becoming more

difficult in the context of the strong desire on all sides to avoid compulsory redundancies. Costs will be contained in the existing earmarked reserve.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Reserves	Earmarked Reserves	2024/26	£tbc		Contain within existing reserve

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
N/A					

4.3 **Legal/Risk**

There are no legal/risk implications arising from this paper.

4.4 **Human Resources**

The human resource implications are detailed in the body of the paper.

4.5 **Strategic**

The matters referred to in this report are of relevance to the following Council Plan 2023/28 Theme:

Theme 3: Performance

- High quality and innovative services are provided, giving value for money
- Our employees are supported and developed.

4.6 **Equalities, Fairer Scotland Duty & Children/Young People’s Rights & Wellbeing**

An equality impact assessment will be undertaken and there will be analysis of the employees who may benefit under the proposed changes in terms of gender in order that any disproportionate impacts can be minimised.

5.0 **CONSULTATION**

5.1 Trade Unions via the Joint Budget Group and MBWG have been consulted on this proposal and agree with the action proposed.

APPENDIX 13

BUDGET CONSULTATION

1.0 BACKGROUND AND CONTEXT

- 1.1 Effective public engagement on the Council Budget 2024/26 savings proposals is required so that Officers and Elected Members understand public perceptions of local priorities as well as the potential impact of savings decisions.
- 1.2 Research was undertaken on the range of mechanisms that the Council might use to support this public engagement, as well as on the approaches of other local authority areas. The Inverclyde Council agreed on 7 December 2023 that the following would be undertaken:
- An online Smart Survey;
 - Followed by targeted engagement in relation to equality groups with support from an external partner, and
 - Targeted engagement appropriate to individual proposals.
- 1.3 The Smart Survey was open from 8 December 2023 to 5 January 2024. It was promoted via the Communication and Engagement Groups, Citizen's Panel members and more widely through Council corporate communication channels. Hard copies of the surveys were available for completion via libraries.
- 1.4 A total of 785 people fully responded to the 2023 Budget Consultation. This compares to 802 and 1373 respondents who took part in similar surveys in 2019 and 2018 respectively.

DEMOGRAPHIC QUESTIONS

- 2.1 So that we can best respond to the needs of different local residents, a set of demographic questions was incorporated into the Budget Consultation 2023. It should be noted, however, that not everyone who participated in the Consultation chose to answer the demographic questions.

Gender

	2023 %	2019 %	2018 %
Female	52	56	48
Male	45	43	51
Other	1	1	1
Prefer not to say	3	-	-

Age

	2023 %	2019 %	2018 %
Under 16 years	0.13	4	13
16-24 years	4	5	10
25-34 years	13	16	12
35-44 years	24	23	21
45-54 years	25	22	21
55-64 years	22	19	15
65 or over	11	-	-

65-74	-	8	7
Over 75s	-	2	1

Ethnicity

	2023 %
English/Welsh/Scottish/ Northern Irish/ British	95
Irish	0.52
White and Black Caribbean	0.13
White and Black African	0
White and Asian	0
Indian	0
Pakistani	0.13
Bangladeshi	0
Chinese	0
African	0
Caribbean	0
Arab	0
Prefer not to say	3
Other	1

Disability

Do you consider yourself to have a disability?	2023 %
Yes, limited a lot	3
Yes, limited a little	11
No disability	78
Prefer not to say	6
Other	2

Geographical Area

	2023 %	2019 %	2018 %
Greenock	46	56	59
Port Glasgow	13	18	13
Inverkip	7	-	-
Gourock	23	18	18
Wemyss Bay	5	6	4
Kilmacolm	3	3	7
Quarrier's Village	0.26	-	-
Outwith Inverclyde	2	-	-

RESULTS: RANKING QUESTIONS

- 2.2 The Consultation asked respondents to rank Council services in order of importance. The services were grouped into four themes Environment, Schools and Early Years, Community and People. There was also an opportunity to add comments about what impact any savings in the areas listed would have on the respondent.
- 2.3 Respondents were asked to rank Council environmental services in order of importance from 1-5.

	Overall Ranking	Total Score
Roads maintenance	1	3370
Waste Services	2	2783
Parks and grounds maintenance	3	2285
Burial grounds services	4	1572
Public Toilets	5	1480

2.4 In relation to comment on these services common themes included the importance of road maintenance to respondents, the value of reliable and convenient waste services across Inverclyde, and respondents feeling all services were of equal value.

2.5 Respondents were asked to rank Council Schools and Early Years services in order of importance from 1-5.

	Overall Ranking	Total Score
Teachers	1	3898
School clothing grants and free school meals	2	2941
School transport and crossing patrols	3	2884
Family and additional support services	4	2808
Cleaning levels in schools	5	2647

2.6 Comments received in relation to these services included all of the listed services being deemed essential and interconnected, various savings suggestions including removal of school uniforms and reevaluating school transport provisions. The need for improved support for ASN children was also flagged by several respondents.

2.7 When asked about the importance of Council community services, the responses were:

	Overall Ranking	Total Score
Support for community organisations	1	2085
Community centres	2	1959
Library services	3	1877
Community learning and development	4	1599

2.8 Respondents commented on the importance of libraries and community centres to Inverclyde, highlighting the essential services and social opportunities they offer. Other themes included dissatisfaction with the way community grants currently operate, and suggestions for managing libraries which do not see high numbers of visitors.

2.9 When asked about the importance of Council people-related services, the responses were:

	Overall Ranking	Total Score

Employability services	1	2030
Council Customer Services	2	1844
Free swimming and swimming lessons for children	3	1813
Community safety services	4	1813

- 2.10 Common themes from respondents' free text comments include concerns for safety at the prospect of cutting both CCTV and Community Warden services. However, other respondents voiced support for cutting the Community Warden scheme, with many questioning their presence and availability. Some respondents were supportive of cuts to free swimming for under 16s while others flagged the importance of swimming lessons for encouraging water safety.

COUNCIL TAX

- 2.11 Questions on Council Tax increases were also included. When asked whether there should be an increase in Council Tax in Inverclyde, the responses were:

	2023 %	2019 %	2018 %
Yes	69	58	66
No	31	42	34

- 2.12 The next question asked respondents to share their thoughts towards a 7% increase in Council Tax:

	2023 %
Too high	73
Too low	3
About right	24

- 2.13 The next question asked how much respondents thought Council Tax should be increased by:

	2023 %
0%	25
1-3%	42
4-6%	19
7-9%	12
10-15%	2

NEXT STEPS

- 2.14 The consultation will be distributed to Officers responsible for the budget savings equality impact assessments in order that they can take this into account within the assessments.

3.0 PROPOSALS

- 3.1 It is recommended that the Inverclyde Council note the results of the consultation and takes them into account when setting the Council Budget.

4.0 IMPLICATIONS

- 4.1 The table below shows whether risks and implications apply if the recommendation(s) is(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

4.2 Finance

None

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments

4.3 Legal/Risk

Providing effective mechanisms for the public to comment on proposals assists the Council in fulfilling its statutory requirements in relation to equalities.

4.4 Human Resources

None

4.5 Strategic

Public consultation on the Council Budget relates to the Council Plan outcome "high quality and innovative services are provided, giving value for money".

5.0 CONSULTATION

5.1 The content of this report is sourced from the SmartSurvey consultation exercise carried out digitally and others completed in person at Inverclyde Libraries between 8 December 2023 to 5 January 2024.