

**Councillor Stephen McCabe**  
**Ward 1 – Inverclyde East**  
Municipal Buildings  
Greenock  
PA15 1LX

**Inverclyde**  
council

**Leader of the Council**

Mr. Derek MacKay, MSP  
Cabinet Secretary for Finance & the Constitution  
Scottish Government  
St. Andrew's House  
Regent Road  
EDINBURGH  
EH1 3DG

Direct Line: 01475 712727  
Email: stephen.mccabe@inverclyde.gov.uk  
Our Ref: SMcC/sc  
Your Ref:  
Date: 24 October 2017

Dear Derek

I am writing to you in both your capacity as the Cabinet Secretary for Finance & the Constitution and constituency MSP for Inverclyde in relation to the financial situation which Inverclyde Council potentially faces, and to extend my request for a meeting where we would be able to discuss the impact on your constituents in the event that Local Government does not receive a favourable settlement on 14 December 2017.

I would initially say that I am very aware that a significant factor in the level of funding allocated to Local Government in Scotland is the continued austerity from the UK Government and its impact on the resources allocated to the Scottish Government. Inverclyde Council has recognised this issue in a recent motion passed by the Council and thereafter in a letter sent to both the Chancellor of the Exchequer and the Secretary of State for Scotland inviting them to visit Inverclyde and to see first-hand the ongoing impact of their austerity policies. It will be interesting to see on 22 November whether the Chancellor of the Exchequer has taken any cognisance of the increasing view that continuing austerity is extremely damaging for individuals, communities and the overall economy.

However, I also recognise that the Scottish Government makes choices in respect of how it allocates the funding received from Westminster and has the facility to increase tax income to invest in public services. Given that Inverclyde Council receives approximately 85% of its annual funding from the Scottish Government then, unsurprisingly, it is the Scottish Government whom I hold accountable for the quantum of resources allocated to Inverclyde. This reliance on the Local Government Grant allocation is accentuated by the continued capping of Council Tax levels at 3%, which limits any overall budget increase to 0.45%. Given the significant reductions in funding over the last 2 years this leaves the Council only one option, to cut costs and services.

Over the 2 year period 2016-2018, Inverclyde Council has suffered a cash cut of £11m (6.5%) in its unhypothecated General Revenue Grant/Non Domestic Rates Income. Whilst extra resources were allocated to the Council for specific initiatives such as the Pupil Equity Fund, the rules around the utilisation of these sums are such that these provide additionality to certain services leaving the rest of the Council's budget to absorb the reduction in funding. The change in the Council Tax bands from April 2017 off-set this grant cut by approximately £1.2m but this still meant a 5% cash cut over the 2 year period. Once inflation and demand pressures are paid for then the Council has implemented an unprecedented level of savings over the last 2 years in order to balance the budget.

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24 October 2017

Mr. Derek MacKay, MSP

I attach a table prepared by officers, which clearly demonstrates how the significant budget challenges faced by Inverclyde Council have arisen in a very short space of time. The table also includes officers' latest estimates for the next 2 years based on the latest information received from the Fraser of Allander Institute and their assessment of what will happen to the core Local Government settlement unless something changes as part of your budget announcement on 14 December.

During my 10 year tenure as Council Leader I have recognised good financial management as one of my key responsibilities and do not view that this Council has been in any way reckless with its expenditure whilst at the same time delivering considerable savings and efficiencies. In fact, over the period since 2008 recurring savings of £48m have been approved, including over £18m classed as efficiencies. After budget reductions of this nature, it is clear the Council has limited options remaining if the funding scenario outlined by my officers comes to fruition.

You will be aware that for the last 3 years the Council has operated a cross-party Members Budget Working Group, which has been recognised by Audit Scotland as being an exemplar of joint working. Over recent months the Members Budget Working Group has considered a large number of savings proposals developed by officers, and you will be aware the Council unanimously agreed to issue a number of these options for public consultation early in 2018. I have attached the list of savings for public consultation and a second list of reviews which are due to be considered by Committee but which will also impact on the public and the workforce.

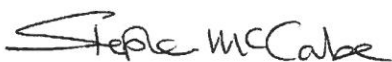
You will notice from the list, over and above the potential significant local impact, that even if the savings were taken in their entirety they are not sufficient to close the estimated 2 year funding gap even after the maximum increase in Council Tax.

My purpose for writing, therefore, is not to seek to abdicate the Council's responsibilities to approve a balanced budget for 2018/20, but rather to highlight the very real impact the savings being considered will have on your constituents and the wider population of Inverclyde, and to ask for local government to get a fair settlement after 2 years where its funding has reduced significantly.

The recent Best Value Audit for Inverclyde Council confirmed the Council has a good reputation for financial management and medium-term financial planning, and there is no doubt that this has helped manage austerity in recent years. However, continued funding reductions at a time of increasing demand pressure mean the Council is having to face service delivery decisions which would have been unthinkable even a few years ago.

I would welcome the opportunity to discuss the contents of this letter and the detail of the potential savings with you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Stephen McCabe', written in a cursive style.

Stephen McCabe  
Leader of the Council

### Inverclyde Council - The Developing Funding Gap

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	Total £m
Unhypothecated Grant Reduction (Note 1)	6.1	4.9	4.6	2.8	18.4
Increase in Council Tax Base (Note 2)	(0.2)	(2.1)	(0.2)	-	(2.5)
Pay Inflation/Living Wage etc	1.3	1.7	2.4	1.8	7.2
Teachers Pensions Increase	0.3	-	-	-	0.3
National Insurance Increase	1.8	-	-	-	1.8
Apprenticeship Levy	-	0.4	-	-	0.4
Auto enrolment	0.1	0.2	0.6	-	0.9
Non-Pay Inflation (Note 3)	0.4	0.5	1.0	1.0	2.9
General Pressures (Note 3)	0.2	0.2	1.0	0.5	1.9
Adjustments agreed September 2017	-	-	(0.9)	(0.3)	(1.2)
Savings Approved	(10.0)	(4.7)	(1.0)	(0.3)	(16.0)
Use of Reserves	-	(1.1)	-	-	(1.1)
<b>Annual Funding Gap</b>	<b>0.0</b>	<b>0.0</b>	<b>7.5</b>	<b>5.5</b>	<b>13.0</b>

#### Notes

1/ Assumes the £130 million agreed as part of the 2017/18 Budget is baselined with 2018/20 figures based on Fraser of Allander projections.

2/ Includes £1.2 million due to Band E-H changes in 2017/18.

3/ Excludes any HSCP Inflation and Pressures funded by the Social Care Fund given to the IJB by Health.

AP/CM  
24/10/17



# REVENUE BUDGET 2018/20

## List of Savings proposed for Consultation

Ref	Directorate	Service	Saving Description	2018/19 £'000	2019/20 £'000	FTE
<b>Promoting Population, Economic Regeneration and Employability:</b>						
ECOD/ODHR/34/2018	Education, Communities & ODHR	ODHR	Reduction in support from Council for local events.	40	40	0.5
ECOD/INC/15/2018	Education, Communities & ODHR	Inclusive Education, Culture & Corp Policy	Reduction to opening hours within Museum and carry out service review of staffing.	70	70	2.5
ER&R/RPS/04/2018	Environment, Regeneration & Resources	Regeneration & Planning	15% reduction in employability contracts with external providers.	398	398	1.0
ER&R/RPS/05/2018	Environment, Regeneration & Resources	Regeneration & Planning	Reduction in annual funding to Riverside Inverclyde and reduction in economic regeneration funding.	209	209	0.0
ER&R/ECS/15/2018	Environment, Regeneration & Resources	Environment & Commercial Services	Increase daily parking charges from £1 to £2 and introduce new parking charges in currently free car parks	84	180	0.0
<b>Subtotal</b>				<b>801</b>	<b>897</b>	<b>4.0</b>
<b>Successful Communities:</b>						
ECOD/SAF/01/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Closure of public space CCTV system.	188	188	6.5
ECOD/SAF/02/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	50% reduction in the community warden service.	357	357	14.0
ECOD/SAF/03/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Reduction to Grants to Voluntary Organisations budget of £114k (47%).	129	129	0.0
ECOD/SAF/05/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Transfer of Whinhill Golf Club to a third party. Saving as a result of efficiencies or income generation.	0	20	0.0
ECOD/SAF/06/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Closure of a number of underused community facilities and the removal of a number of Primary Schools from community letting.	194	194	6.0
ECOD/SAF/06b/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Remove funding from Youth Connections and dispose of redundant property	120	120	0.0
ECOD/SAF/07/2018	Education, Communities & ODHR	Safer & Inclusive Communities.	Removal of the under 19 sports subsidy.	160	160	0.0



ER&R/ECS/13/2018	Environment, Regeneration & Resources	Environment & Commercial Services	Increase commercial waste charges, withdrawal of kerbside glass recycling and move to 3 weekly Residual Waste uplift.	289	289	9.0
ER&R/ECS/14/2018	Environment, Regeneration & Resources	Environment & Commercial Services	Increase to burial and cremation charges.	210	210	0.0
ER&R/ECS/16/2018	Environment, Regeneration & Resources	Environment & Commercial Services	Reduction in Roads, Winter & Verge Maintenance	212	212	2.0
ER&R/ECS/19/2018	Environment, Regeneration & Resources	Environment & Commercial Services	Reduction to front line street sweeper and clean up operatives.	379	379	16.0

<b>Subtotal</b>				<b>1,090</b>	<b>1,090</b>	<b>27.0</b>
<b>Delivering Excellent Services:</b>						
HSCP/PHIC/19/2018	HSCP	Health Inequalities	Redesign of Advice Services Team resulting in a reduction to staffing. Use Anti-Poverty Reserve to smooth impact of saving over a 3 year period.	210	210	6.0
ER&R/FIN/08/2018	Environment, Regeneration & Resources	Finance	Reduction of posts within Benefits Service.	137	168	5.5
ER7R/FIN/10/2018	Environment, Regeneration & Resources	Finance	Increase Registrar's non-statutory charges by 10%	5	5	0.0
ER&R/FIN/11/2018	Environment, Regeneration & Resources	Finance	Closure of Port Glasgow Customer Service Desk and reduce resources at Greenock Customer Service Centre.	120	120	5.0
<b>Subtotal</b>				<b>472</b>	<b>503</b>	<b>16.5</b>
<b>Council Tax:</b>						
	Corporate	Finance	3% increase in Council Tax, 2018/19 & 2019/20	860	1,750	0.0
<b>Subtotal</b>				<b>860</b>	<b>1,750</b>	<b>0.0</b>
<b>Overall Total</b>				<b>6,532</b>	<b>8,034</b>	<b>126.0</b>



**2018/20 Budget**  
**Saving Proposed to be considered by Service Committee**

Delivering Differently Programme		18/19 £000	19/20 £000	Est FTE
HSCP	- Housing Wardens Service	93	93	0
	- Long Term Care Placements	528	528	0
	- Learning Disabilities	139	500	8.5
	- Mental Health & Addictions - Redesign	162	162	0
ECOD	- ASN Service Review	245	367	7.2
	- Safer Communities Restructure	189	189	4
	- PPP Unitary Charge	100	100	0
	- Leisure Strategy AMP	87	87	0
ERR	- Regeneration & Planning Restructure	192	192	4
	- Roads Service Review	103	103	0.6
Chief Exec	- Management Restructure	450	450	9.0
<b>Totals</b>		<b>2288</b>	<b>2771</b>	<b>33.3</b>
Other Savings (by Committee)		18/19 £000	19/20 £000	Est FTE
HSCP	- Sundry minor proposals	69	69	0
E&C	- Sundry minor proposals	17	17	0
P&R	- NDR Discretionary Relief Policy	26	26	0
	- Unallocated Welfare Reforms Funding	266	266	0
<b>Totals if all approved</b>		<b>2666</b>	<b>3149</b>	<b>33.3</b>