
Report To:	Policy & Resources Committee	Date:	6 August 2019
Report By:	Chief Financial Officer	Report No:	FIN/65/19/AP/LA
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Subject:	2020/23 Budget Update		

1.0 PURPOSE

- 1.1 The purpose of this report is to update the Committee in respect of progress regarding the 2020/23 Budget and to seek approval of the report's recommendations.

2.0 SUMMARY

- 2.1 The Chief Financial Officer has previously advised Members that the Council is facing an estimated funding gap of approximately £19million over the period 2020/23 prior to any increase in Council Tax based on the latest information contained in the Financial Strategy and Scottish Government Medium Term Financial Strategy.
- 2.2 The Corporate Management Team has been developing potential savings options throughout May and June and these proposals continue to be refined and worked upon. In addition, the Members' Budget Working Group has reconvened with a meeting at the end of June and a further meeting on 23 July 2019.
- 2.3 There are a number of savings proposals which currently cut across areas of planned investment in the approved 2019/23 Capital Programme. It is the recommendation of the Corporate Management Team that it would not be appropriate to incur major capital investment on any assets the nature of which could be changed as part of the savings proposals until Members confirm the 2020/23 Revenue Budget. A list of the areas of planned Capital Investment where it is proposed to defer any significant capital spend is included as Appendix 1.
- 2.4 Subject to the outcome of the audit of the 2018/19 Accounts, the Council has approximately £1.4million available in free reserves at 31 March 2019. It is proposed that, in order to assist officers progress areas which could generate future revenue savings, a spend to save earmarked reserve is created and the use of this is delegated to the Corporate Management Team. It is proposed that the size of this earmarked reserve is £0.5million, thus leaving £0.9million of unallocated free reserves the use of which should be considered as part of the overall Revenue Budget.
- 2.5 It is inevitable that in generating a significant volume of savings that there will be areas where there will need to be reductions in the size of teams/services. To inform the consideration of these savings by Elected Members it is proposed that targeted trawls are carried out in certain areas of the Council. A separate report on the agenda from the Head of Organisational Development, Policy & Communications covers this and other aspects of voluntary severance in more detail.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee note the actions currently being taken by the Corporate Management Team in respect of identifying savings for future consideration by Elected Members.

- 3.2 It is recommended that the Committee approves to the deferral of any significant capital expenditure on the assets identified in Appendix 1.
- 3.3 It is recommended that the Committee approves the allocation of £0.5million from available free reserves to create a spend to save earmarked reserve and agrees that the use of this reserve be delegated to the Corporate Management Team.
- 3.4 It is recommended that the Committee notes that progress on the 2020/23 Budget will be reported to each cycle of the Policy & Resources Committee.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council recently approved the Financial Strategy which indicated that the Council faced a funding gap of approximately £19million over the next 3 financial years based on the mid-range scenario. If 3% Council Tax was agreed for each of the 3 years then this funding gap would reduce to approximately £16million.
- 4.2 In March 2019 the Council agreed that it would progress a 3 year revenue budget covering 2020/23 in tandem with the intention of the Scottish Government to issue 3 year revenue budget figures in December 2019. This intention remains the case albeit is subject to developments at Westminster and, in particular, Brexit.

5.0 CURRENT POSITION

- 5.1 The Corporate Management Team has been developing savings options over May and June at Directorate level. Each Directorate was given a target to develop between £5 to £6million worth of options and an initial review of these options took place by the Corporate Management Team on 26 June. In addition the Chief Financial Officer and the Head of Organisational Development, Policy & Communications examined potential corporate savings which were also considered by the Corporate Management Team.
- 5.2 Whilst work is ongoing to refine the savings proposals, the Committee is advised that the current value of the savings generated is between £18 and £20million and more detail will be reported to Members in due course.
- 5.3 The Members' Budget Working Group reconvened on 27 June with a subsequent meeting on 23 July 2019. The MBWG will continue to meet throughout the development of the 2020/23 Budget and will be integral in the development of budget proposals for the Council to consider.
- 5.4 It is clear that given the volume of savings there will be an impact on the Council workforce with some areas potentially seeing quite significant reductions if savings are approved. To inform this process a paper elsewhere on the agenda advises that it is proposed to have targeted trawls to help inform decision making around the savings and to aid discussions with the Trades Unions via the Joint Budget Group.

6.0 PROPOSALS

- 6.1 There are some areas in the approved 2019/23 Capital Programme which will be impacted by savings proposals in the 2020/23 Budget. It is therefore proposed that no significant capital expenditure is undertaken on these assets pending decisions by Members in respect of the 2020/23 Budget. Appendix 1 identifies the assets identified by the Corporate Management Team where no significant capital expenditure should be incurred meantime.
- 6.2 Subject to the outcome of the audit of the 2018/19 Accounts, the Council has approximately £1.37million available in free reserves at 31 March 2019. It is proposed that in order to assist officers progress areas which could generate future revenue savings that a spend to save earmarked reserve is created and the use of this is delegated to the Corporate Management Team. It is proposed that the size of this earmarked reserve is £0.5million thus leaving £0.87million of unallocated free reserves the use of which should be considered as part of the overall Revenue Budget.

7.0 IMPLICATIONS

7.1 Finance

There are no further financial implications other than those outlined in the report.

Financial Implications:

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report £000	Virement From	Other Comments
Earmarked Reserves	Spend to Save Projects	2019/21	500		Funded from Free Reserves

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact £000	Virement From (If Applicable)	Other Comments

7.2 Legal

There are no specific legal implications arising from this report.

7.3 Human Resources

A separate report on the agenda will cover how the potential HR implications arising from the budget will be addressed.

7.4 Equalities

Has an Equality Impact Assessment been carried out?

Yes See attached appendix

No This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy. Therefore, no Equality Impact Assessment is required.

7.5 Repopulation

There are no repopulation implications arising from the budget at this time.

8.0 CONSULTATIONS

8.1 The proposals within this report have been discussed with Trades Unions via the Joint Budget Group and also considered by the Members' Budget Working Group who support the recommendations.

9.0 LIST OF BACKGROUND PAPERS

9.1 None.

Proposed Deferral of Major Investment

Asset

Depots - Materials Recycling Facility
- Kirn Drive
- Devol Depot

Offices – All Offices outwith GMB, Hector McNeil House and Princes Street House

Community, Leisure & Library Facilities – All except The Waterfront, existing IL projects plus Grieve Road and Inverkip Community Facilities.

Vehicles – Selected areas based on savings being developed.

AP/LA
6/6/19