
Report To:	Policy & Resources Committee	Date:	19 September 2023
Report By:	Chief Financial Officer	Report No:	FIN/55/23/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 update Committee on developments in respect of the 2024/26 Budget and to seek approval for the first savings/adjustments plus the creation of a Savings Workstream programme.

1.3 A significant amount of work has been undertaken by the CMT over the last 2 months relating to the 2024/26 Budget including:

- Identification of new service specific savings.
- Proposed creation of a Savings Workstream programme.
- Identification of potential Revenue Budget pressures.
- Identification of potential Capital Budget pressures supported by an all-member workshop on property assets.
- Consideration as to how the 2024/27 Capital Programme can be balanced.
- The timing of the 2024/26 Budget Consultation

These items have been discussed within the Members Budget Working Group (MBWG) and decisions in respect of each will be reported to the Council / Committee at the appropriate time.

1.4 The CMT have continued to meet with the Trades Unions via the Joint Budget Group (JBG) and have advised the JBG that currently there is no need to commence any VER trawls.

2.0 RECOMMENDATIONS

2.1 It is recommended that Committee note the work being progressed relating to the 2024/26 Budget.

2.2 It is recommended that Committee support the creation of a Savings Workstream programme and approve the 2024/26 target of £2.5 million for the programme detailed in Appendix 1 noting that progress on delivery will be reported to Committee on a regular basis.

2.3 It is recommended that Committee approve the initial savings/adjustments set out in Appendix 2

2.4 It is recommended that Committee note the latest 2024/26 Revenue Budget funding gap of £9.65 million in Appendix 3 on the basis that the above recommendations are approved.

2.5 It is recommended that the Committee agree that the consultation in respect of the 2024/26 Budget takes place in January 2024.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

3.1 On 15 August the Committee approved the approach to the next budget. This included:

- Agreement to develop a 2024/26 Revenue Budget and 2024/27 Capital Programme
- Assumption within the Budget Consultation of a £5.0million increase in Council tax income by 2025/26
- Delegated authority to the Chief Executive to undertake VER trawls to inform the development of savings proposals.
- Noted that an update on the Budget Consultation timing would be included in the September Committee update.

3.2 New Savings/Approach to Savings

The August Policy & Resources Committee noted that the CMT were developing £3.0million of new savings to be added to the remaining savings options from the March 2023 Budget. The CMT considered the proposals at a Budget CMT on 9 August. Within the CMT's new savings proposals there were several which are viewed as being adjustments or "soft" savings such as the deletion of vacant posts.

3.3 As part of the CMT review of the proposed new savings, the CMT considered a proposal from the Chief Financial Officer to create a Savings Workstream programme which would largely focus on corporate cost reductions and income generation targets. Savings Workstreams were last used over the 2009/14 period delivering approximately £7.0 million savings.

3.4 Saving workstreams largely relate to a corporate aspect of the budget with targets based on an amalgam of adjustments/efficiencies and direct savings. This approach lends itself to multi-year budgets where not every saving can be tied down in absolute detail before a decision is taken to factor into the approved budget. Due to this there are clearly risks and both elected members and the CMT need to understand the risks as well as the benefits of such an approach when setting savings targets.

3.5 Budget Pressures

Work is also on going in identifying and quantifying any recurring budget pressures. This work is informed by analysis of previous years out-turn as well as projections in the current year. Reports are being considered by the CMT and will thereafter be considered by the MBWG. It would be intended to seek decisions at the next meeting of the Committee.

3.6 Capital Programme

Committee has been advised on a regular basis via the Capital Strategy as well as Budget updates of the increasing pressures on the capital programme whether this is via increases in inflation or the condition/ maintenance requirements of a number of the key Council assets. To this is added the aspiration to achieve net zero within the Council estate. Reports elsewhere in the agenda identify two requests for increased funding and several more requests are expected in coming months.

3.7 An all-member workshop took place on 17 August regarding some of the potential decisions which elected members face around the number of assets held by the Council. Feedback will be factored into the officer development of proposals.

3.8 Budget Consultation

The August report indicated that due to several factors which are expected to be far clearer by December, a later Budget Consultation was likely to be the best approach. Section 4 contains proposals in this regard.

4.0 PROPOSALS

- 4.1 Appendix 1 provides a summary of the six Savings Workstreams proposed by the CMT including annual and cumulative savings targets. If agreed by Committee, the overall 2024/26 funding gap would be reduced by £2.5million. Committee will receive regular updates on progress.
- 4.2 Appendix 2 details several adjustments/softer savings which if approved will reduce the funding gap by a further £421,000. There are no direct employee implications from the proposals although two vacant posts would be deleted.
- 4.3 On the basis that Appendices 1 & 2 are approved, Appendix 3 shows that the 2024/26 funding gap would reduce to £9.65million albeit there remain a large number of material matters to be resolved. These include, the pay awards for 2023/24 and beyond, continued non-pay inflation uncertainty, the Local Government grant settlement and the impact of decisions around the Verity House agreement.
- 4.4 The MBWG will initially receive reports relating to the 2024/27 Capital Programme with a view that reports will be presented to the Committee/Council at the appropriate time.
- 4.5 On the basis that a few of the material items relating to the budget are expected to be clearer by December and on the basis that the Council will receive an update on the Budget Settlement with related proposals in December, it is proposed that the overall Budget Consultation takes place during January with results analysed and reported to elected members in February.

5.0 IMPLICATIONS

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

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

5.2 Finance

One off Costs

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

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Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Workstreams	Various	By 2025/26	(£2.500m)		Phased £1.32m 24/25 and £1.18m 25/26
Various	Various	2024/25	(£0.421m)		Per Appendix 2

5.3 Legal/Risk

Where appropriate consultations will be carried out as part of the savings workstream delivery.

Risks will exist (both upside and downside) on the delivery of some of the workstream targets, but regular monitoring/reporting will provide officers and members early warning of any issues

5.4 Human Resources

The proposals in Appendix 2 will result in the deletion of 2 FTE vacant posts. The estimated employee impact of the Savings Workstreams in Appendix 1 is 6 FTE by 2025/26.

5.5 Strategic

The workstreams around asset management, energy reduction and digital modernisation could impact on strategic priorities Progress will be reported to the MBWG and thereafter Committee.

5.6 Environmental/Sustainability

Summarise any environmental / climate change impacts which relate to this report.

No SEA is required but reductions to the asset footprint and energy usage will have a positive impact on the Council's carbon footprint.

Has a Strategic Environmental Assessment been carried out?

	YES – assessed as relevant and a Strategic Environmental Assessment is required.
X	NO – This report does not propose or seek approval for a plan, policy, programme, strategy or document which is like to have significant environmental effects, if implemented.

6.0 CONSULTATION

6.1 The proposals in this report are supported by the CMT and MBWG and have been discussed with the JBG.

7.0 BACKGROUND PAPERS

7.1 None.

2024/26 Budget Process

Appendix 1

Theme: Workstreams

Saving Title	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
Income Generation	General Uplift over 2024/26, Other above inflation charges and commercial income	300	400	0	700	0.0
Procurement	Residual Waste, Agency Workers, Scotland Excel opportunities	550	50	0	600	0.0
Energy	Energy efficiencies and tariff reductions	400	100	0	500	0.0
Asset Management	Property savings relating to reductions to the office, leisure, community and other operational buildings estate	50	350	0	400	Note 1
Management Restructure Ph3	Reductions in Team Leader and above posts. FTE is maximum net reduction.	0	200	0	200	3.0
Digital & Customer Services	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
Totals		1,320	1,180	0	2,500	6.0

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

2024/26 Budget
September Policy & Resources Committee- Savings/Adjustments

E&R	Savings 2024/25 £000	Savings 2025/26 £000	Comments	FTE
1/ Recharge to Area Based Schemes Grant	35	0	The Council receives over £1million Grant for Area Based Schemes support. Proposal is to allocate a further £35k in officer costs to the grant to fairly reflect time spent.	0
2/ Delete vacant clerical post	30	0	Vacant post in Protective Services , no impact on service delivery.	1
3/ Delete Environmental & Licensing Standards Posts	44	0	Post is vacant and has been covered by remaining team members with no impact on service delivery.	1
ECOD				
1/ Fund existing music tuition post from increased music instruction funding from the Scottish Government	19	0	No impact on service delivery.	0
2/				
HSCP				
1/				
Corporate				
1/ Increase Turnover Target	100	0	The turnover target was significantly overachieved in 2022/23 and a one off £100k increase in turnover was agreed for 23/24. It is proposed to make this permanent .	0
2/ Internal Resources Interest	149	0	The IRI target was increased by £300k as part of the budget due to increases in interest rates. Following review, officers recommend a further increase of £149k bringing the budget to £650,000.	0
3/ Prior Years Council tax	44	0	As part of the 23/24 Budget the target for the collection of prior years Council tax was reduced in light of the economic down turn. The reduction in collection has not been as great as anticipated therefore it is proposed to increase the target by £44k to £330k from 2024/25	0
4/				
5/				
Total	421	0		2

28/08/23

Appendix 3

2024/26 Estimated Funding Gap

	2024/25 <u>£000</u>	2025/26 <u>£000</u>	
Gap per June 2023 Financial Strategy	5983	6593	
Sept P&R Committee Decisions:			
Savings Workstreams	-1320	-1180	Appendix 1
Savings/Adjustments	-421	0	Appendix 2
Balance Remaining Post 19.9.23	<u>4242</u>	<u>5413</u>	
Council Tax increase(£350k/1%)	tbc	tbc	Note 1
Remaining Savings Options	tbc	tbc	

Notes

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

AP- 28.8.23