

Date: 27 February 2025

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Lynsey Brown
Head of Legal, Democratic, Digital & Customer Services

1.	Apologies and Declarations of Interest	Page
NEW BUSINESS		P
2.	2025/26 Revenue Budget, 2025/28 Capital Programme and approval of the Band D Council Tax for 2025/26 Report by Chief Financial Officer	

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Report To:	Inverclyde Council	Date:	6 March 2025
Report By:	Chief Financial Officer	Report No:	FIN/15/25/AP
Contact Officer:	Alan Puckrin	Contact No:	01475 712090
Subject:	2025/26 Revenue Budget, 2025/28 Capital Programme and approval of the Band D Council Tax for 2025/26		

1.0 PURPOSE AND SUMMARY

- 1.1 ☒ For Decision ☐ For Information/Noting
- 1.2 The purpose of this report is to provide the Council with the latest position of the 2025/26 Revenue Budget and 2025/28 Capital Programme prior to the Council to approving the level of Band D Council tax for 2025/26.
- 1.3 In February 2024 the Council took decisions to provisionally balance the 2025/26 Revenue Budget. At that time, it was noted that the 2025/26 Revenue Budget and 2025/26 Band D Council tax would need to be approved in February/March 2025.
- 1.4 The 2025/26 Local Government settlement was better than forecast and, as set out in appendix 1, included a like for like grant increase of £4.37 million compared to 2024/25. This represents the largest increase in non-attributable funding for councils for many years.
- 1.5 However, approximately 70% of this funding is required to fund increased costs to the Council relating to the increase in employers' national insurance and to fund the deferral of the planned reduction in teachers, given the potential penalties if 2023 teacher census numbers are not achieved in September 2025.
- 1.6 The Members Budget Working Group (MBWG) has met on a regular basis to consider various papers and proposals whilst there have been Budget updates to the Council and Policy & Resources Committee over recent months. Throughout this time the CMT have met with the Trades Unions via the Joint Budget Group (JBG).
- 1.7 Appendix 2 identifies 3 savings/adjustments totalling £700,000 which have arisen since the 23 January Council report whilst appendix 3 shows the proposed 2025/26 contribution by the Council to the Integrated Joint Board (IJB). If approved this would represent a 6.8% increase in contribution to the IJB compared to 2024/25.
- 1.8 Appendix 4 shows the latest position of the 2025/26 Revenue Budget on the basis appendices 2 and 3 are agreed. This shows a £1.07million surplus after a 7% Council tax increase and the use of £2.84 million time- limited reserves. The advice from the Chief Financial Officer throughout this budget process has been for the Council to use the improved revenue position to significantly reduce its unsustainable use of time- limited reserves to balance the Budget.

- 1.9 The level of available unallocated reserves for one-off projects/initiatives hinges on the decisions around Council tax, savings and the use of reserves to balance the Revenue Budget. There is however a request to create two specific new earmarked reserves in paragraph 3.22.
- 1.10 Appendix 5 shows the position of the 2025/28 Capital Programme. The only specific proposal relating to the capital programme is to allocate a further £1.0 million to the Capital Programme Contingency funded by the improved Capital Grant received in 2025/26 and subsequent revision of future capital grant levels. The significant and growing pressure on the capital programme and the need for the Council to have a fundamental review of its asset base and funding priorities however remains.
- 1.11 The report outlines the need for the Council to reverse the 8.2% 2024/25 Council Tax increase prior to determining the level of Council tax increase in 2025/26. The report also highlights that approximately 9000 (24%) of households will be protected from any Council tax increase due to receipt of Council Tax Reduction (CTR), whilst a further 2,200 properties receive full exemption.
- 1.12 Appendix 9 highlights the significant medium term financial challenges faced by the Council based on the assumptions by the Chief Financial Officer which in turn are based on UK and Scottish economic forecasts. A significant contributor in the estimated funding gap is the need for the Council to factor in budget pressures within the IJB, something which had not been required for several years due to the level of reserves held by the IJB post covid.
- 1.13 The relevant equality impact assessments and the wider Fairer Scotland Duty assessment have been completed and can be accessed via a link in the body of the report.
- 1.14 Following approval of the Band D Council Tax, it is intended that Council tax bills for 2025/26 will be issued week commencing 17 March on a prioritised basis.

2.0 RECOMMENDATIONS

- 2.1 It is recommended that the Council note the latest position of the 2025/26 Revenue Budget and 2025/28 Capital Programme and, after considering the updates provided in this report and the appendices, including the Fairer Scotland Duty assessment and equality impact assessments, approve:
1. The savings/budget adjustments in appendix 2,
 2. The retention of a £2.5million allowance to meet the estimated cost pressures for the Council arising from the increases in employers' national insurance contributions,
 3. The 2025/26 Council contribution to the IJB shown in appendix 3,
 4. The deferral of the previously approved IJB contribution of £0.5million towards the cost of Historic Child Abuse claims, pending a review of reserves by the IJB over 2025/26,
 5. The creation of earmarked reserves for Probationer Teachers Income (£415,000) and Waste Recycling (£1.988million)
 6. The 2025/28 Capital Programme in appendix 5 including a £1.0million increase in the Capital Contingency and the earmarking of the sums detailed in paragraph 3.24
 7. The 2025/26 Common Good Budget in appendix 8.
- 2.2 It is recommended that the Council note the remaining material risks around the 2025/26 Budget and that officers will monitor and report on developments to the Policy & Resources Committee throughout 2025/26.
- 2.3 It is recommended that the Council note the estimated funding gap over 2026/28 of £16.6 million, before any Council Tax increases, and the advice from the Chief Financial Officer to consider this when determining the use of time-limited reserves to balance the 2025/26 Revenue Budget.

- 2.4 It is recommended that the Council approves the reversal of the 8.2% increase in Band D Council tax approved on 29 February 2024, resulting in a Band D Council Tax of £1429.77 before any approved 2025/26 increase.
- 2.5 After taking all the above into account the Council approves a balanced 2025/26 Revenue Budget including the use of any unallocated reserves and the level of increase to be applied to Band D Council tax in 2025/26.
- 2.6 It is recommended that the Council approves the Council Tax Resolution for the level of Band D Council tax for 2025/26.

Alan Puckrin
Chief Financial Officer

3.0 BACKGROUND AND CONTEXT

- 3.1 Last February the Council approved a 2024/26 Budget on the basis that the 2025/26 Budget and Council tax level would require to be formally approved in February/March 2025. Since that time the Policy & Resources Committee and Council have received updates regarding most aspects of the 2025/26 Budget and have taken several decisions.
- 3.2 As a result of the decisions taken at the 23 January Council, it was projected that the Council had a £0.42million surplus on the 2025/26 Revenue Budget based on a provisionally agreed 7% increase in Council Tax and after using £2.84million of Reserves. The following paragraphs provide an update on subsequent developments and how this has impacted on the figures advised to the 23 January Council.
- 3.3 This report seeks approval for a number of recommendations to progress the 2025/26 Budget to a common point. Thereafter, it will require specific Budget Proposals from elected members to finalise the Revenue and Capital Budgets and set the level of Band D Council Tax for 2025/26.
- 3.4 **2025/26 Local Government Settlement**
The 23 January Council considered the Draft Budget settlement for Inverclyde Council, and this showed a year on year cash increase of £3.2 million after adjusting for ring fenced/earmarked funding and funding relating to 2024/25.
- 3.5 The first reading of the Budget Bill took place in the Scottish Parliament on 4 February and on the same day updated grant figures were issued to Councils. This has resulted in a revised year on year grant increase of £4.37million including £520,000 used to offset the previously planned Teachers Workstream saving. Appendix 1 provides the detail of the calculation. After netting off the £520,000 teachers offset, the increase from the figures reported on 23 January is £650,000.
- 3.6 The Budget Bill was approved by the Scottish Parliament on 25 February and contained no further substantive changes or increased funding.
- 3.7 **Employers National Insurance (eNIC)**
The 23 January Council noted the assumption that the Council would need to contribute £2.5 million towards the estimated £5.0 million increased cost of the increase in eNIC from April 2025. The estimated costs included a £3.6million for directly employed workers and £1.4 million for increased contracts/commissioning costs.
- 3.8 As part of the Stage 1 reading of the Budget Bill, the Cabinet Secretary announced £144 million for councils to meet an estimated 60% of the costs of directly employed workers. At the time of writing the report the Council's share of the £144 million is not known. Based on the anticipated distribution method, the Chief Financial Officer is estimating a share of around £2.2 million which equates to 61% of the estimated costs for directly employed workers. This would leave the Council having to find £1.4 million for the direct workforce cost pressure.
- 3.9 Having reviewed the allowance for contract/commissioning pressures, it is recommended that this allowance, for which there is currently no extra funding from the Scottish Government, is reduced to £1.1 million thus retaining the £2.5 million overall eNIC allowance reported to the 23 January Council. Payments for contract/commissioning cost increases will only be paid out where there is a requirement within the contract documentation or where there is specific funding from the Scottish Government designated for this purpose.
- 3.10 This significant cost pressure will be closely monitored over 2025/26 with regular updates as part of Revenue Budget reports to the Policy & Resources Committee.

3.11 Savings/Adjustments

A small number of new savings/adjustments have been identified since the January Council meeting, and these have been considered by the Members Budget Working Group which supports their inclusion in this report.

- 3.12 If approved these savings/adjustments increase the 2025/26 surplus by £700,000. The proposals are set out in appendix 2.

3.13 Contribution to the Integrated Joint Board- 2025/26

Each year as part of the Budget process the Council approves its contribution to the IJB for the next financial year. Thereafter, the IJB meets later in March to approve its Budget and confirm the Council's contribution.

- 3.14 As can be seen in appendix 1 there are several ring fenced/earmarked sums to be passported to the IJB in 2025/26. In addition, it is proposed that the Council approves the following sums be included in the 2025/26 contribution:

- Share of recurring Government contribution towards the 24/25 Pay Award - £409k
- Fund direct Social Care employees estimated eNIC increase costs - £1.1 million
- Children's Services Budget Pressure, initial contribution- £0.7million

- 3.15 The Children's Services Budget pressure was the subject of a detailed All Member Briefing on 18 February where elected members were advised that the full cost, after envisaged service delivery changes, are estimated to be around £2.0 million and as such, future years Council Budgets contain a specific allowance for the balance of this pressure.

- 3.16 On the basis that the proposals in appendix 3 are agreed and the held back Criminal Justice grant matches 2024/25, then the Council contribution to the IJB in 2025/26 would be £78.661 million, a £4.947million (6.8%) increase on the approved 2024/25 contribution.

- 3.17 As part of the 2024/25 Budget the Council requested that the IJB make a £0.5million contribution to the costs being incurred by the Council relating to Historic Child Abuse claim settlements. The IJB Chief Officer has requested that transfer of this sum to the Council be deferred to ensure that the IJB can fully fund its Children's Services budget pressure in 2025/26. This deferral would also allow time for the IJB to carry out a full review of its earmarked reserves with a view to the £0.5 million transfer being made in 2026/27.

3.18 Updated 2025/26 Revenue Budget

Based on the updates above then appendix 4 shows the latest position of the 2025/26 Budget after continuing the previously agreed assumptions of a 7% increase in Council tax (on 2023/24 Council Tax levels) and after using £2.84 million of reserves. From this there is a current surplus of £1.07 million.

- 3.19 The advice from the Chief Financial Officer throughout this budget process has been for the Council to reduce its use of reserves to balance the recurring Revenue Budget in 2025/26 and this advice has been echoed by the Accounts Commission in its recent bulletin which was circulated to the MBWG and SNP Group Leader and Depute Leader.

3.20 Reserves

As part of the approval of the Budget it is usual for elected members to consider how to utilise any free reserves. Based on the decisions taken up to and including the 23 January Council there was an estimated £1.2 million of reserves available to be allocated as part of this Budget. Following the inflation review which generated £500,000 adjustments included in appendix 2, the level of reserves available for allocation at the time of writing the report is now £1.7 million.

3.21 With the increase in the 2025/26 Budget surplus shown in appendix 4 and on the basis that the Council supports the advice from the Chief Financial Officer in 3.19, then this could free up further reserves. The amount freed up would depend on the level of Council Tax ultimately approved by the Council.

3.22 In addition to the availability of reserves for the Council to allocate, there are two specific requests to create new earmarked reserves as follows:

Probationer Teacher Income – Appendix 2 includes a £200,000 saving proposal based on estimated levels of Government Grant income relating to probationer teachers. The level of income can fluctuate and it is proposed to utilise the 2024/25 surplus grant of £415,000 to create a smoothing reserve to optimise the longevity of this saving.

Waste Recycling – The Council has received notification from the UK Government of a £1.988 million grant to be paid in 2025/26 relating to the Extended Packaging Responsibilities for Producers (pEPR). This grant has been paid to all Scottish Councils and discussions are on going led by Cosla as to any specific new obligations for councils and whether this funding is one off or recurring. In the interim, officers would propose that the sum is placed in a waste recycling earmarked reserve. The Director of Environment & Regeneration will report during 2025 outlining proposals to utilise the funding once there is greater clarity on whether this funding is recurring and any obligations.

3.23 **2025/28 Capital Programme**

Last year the Council approved a 4 year Capital Programme to extend it to the end of the current Council ie 2027/28. This year the Capital Programme has been prepared on the basis of 3 years, ie 2025/28.

3.24 The confirmed 2025/26 Capital Grant shows an increase of just under 10% in the general capital grant plus some grants it is proposed to earmark as follows:

- Play Area Strategy - £314,000
- Nature Restoration Fund £157,000
- Climate Emergency Funding £487,000
- Coastal Change £77,000
- Cycling Walking Safer Routes - £341,000

3.25 Appendix 5 summarises the 2025/28 Capital Programme which is within the 5% over allocation of projects against projected resources limit even after the recommendation from officers that £1.0million be added to the 2025/28 Capital Programme contingency. The Council could also allocate some of the available reserves to further support the capital programme.

3.26 Whilst the 2025/28 Capital Programme is in balance, the concern remains over longer term affordability given the annual £3 million gap between basic investment needs and the level of Capital Grant. Depending on elected member decisions, the current Asset Management workstream will potentially reduce some of the “upstream pressures”, but it will not address this annual shortfall which will manifest itself in further pressure on the revenue budget post 2027/28.

3.27 **Council Tax**

Approval of the level of Council Tax must be informed by the overall Budget position and available resources in order that the Council can demonstrate it has set a balanced budget for the year ahead. The Council requires to issue Council Tax bills for 2025/26 by mid-March due to the first direct debit date of 1 April 2025. The current 2024/26 Budget is based on a 7.0% increase in Council Tax in 2025/26. Appendix 6 shows the current levels of Council tax being paid by Council Tax payers in 2025/26 whilst appendix 7 shows the annual and weekly impact of the currently planned 7.0% Council Tax increase in 2025/26.

- 3.28 As part of the agreed funding package from the Scottish Government for 2024/25, the Council needs to reverse the 8.2% Council tax increase approved on 29 February 2024 prior to considering the level of any increase in Council Tax in 2025/26. This will require a specific decision from the Council.
- 3.29 Households in receipt of Council Tax Reduction (CTR) will not be impacted by any increase in Council tax as the amount paid is linked to the financial circumstances of liable parties, not the level of Council tax. Approximately 24% (9000) of chargeable properties receive CTR.
- 3.30 In late January, Scottish Water announced a 9.9% increase in Domestic Water & Sewerage charges in 2025/26. The Band D Water & Sewerage Charge in 2024/25 is £546 and elected members will be aware that only a limited number of households do not have to pay any charge.
- 3.31 **Common Good Budget**
Appendix 8 contains the proposed 2025/26 Common Good Budget. The balance on the Common Good Fund is now above the £100,000 minimum recommended level. The proposed budget includes the £40,000 allocated towards the Port Glasgow 250 celebrations as agreed by the Policy & Resources Committee in August 2024.
- 3.32 **2025/28 Budget Outlook**
It is good practice for the Council to consider the medium term budget position at the same time as approving the Budget and Council tax for the year ahead. Appendix 9 shows a balanced 2025/26 budget on the basis that the recommendations in this report are approved and the previously supported 7% increase in Council tax is agreed. The appendix shows the significant financial challenges ahead if the assumptions for 2026/28 come to fruition.
- 3.33 The revenue settlement in 2025/26 showed a welcome improvement on recent years settlements but Inflation and Pressures in the 2025/26 column in appendix 9 total £9.1 million compared to the £4.37 million estimated year on year increase in grant. This gap can only be closed on a sustainable basis by increasing recurring income/Council tax or by cutting costs.
- 3.34 A significant contributor to the financial pressures facing the Council is the return, after several years, of financial pressures from the IJB. Over 2026/28 these contribute an estimated £5.3 million to the estimated £16.6 million funding gap.
- 3.35 2025/26 was a relatively quiet year in relation to developing and consulting on savings but based on the estimated funding gaps over the remaining life of this Council, a significant amount of work will be required over this summer to develop and consult upon enough saving/income generation proposals to address future funding gaps.

4.0 PROPOSALS

- 4.1 Section 3 of the report and the associated appendices brings the Council fully up to date on the position of the 2025/26 Revenue Budget and 2025/28 Capital Programme.
- 4.2 On the basis that the recommendations in the report are agreed, there is a shortfall of £4.22 million in the 2025/26 Budget prior to any increase in Council Tax, (from 2023/24 levels), or the use of any reserves.
- 4.3 As regards the 2025/28 Capital Programme then, on the basis the recommendations are agreed, the programme is within parameters and the Capital Programme Contingency will have been increased by £1.0 million.

- 4.4 Paragraph 3.20 above advises of £1.7 million in reserves being available for allocation as part of this budget. Clearly, the level of available reserves will depend on any other proposals made by elected members and the level of Band D Council tax ultimately agreed.
- 4.5 Appendix 9 summarises in stark terms the estimated funding gap over the remainder of this Council's term. The level of increase in the Council's Grant funding in 2025/26 is not expected to be mirrored over 2026/28 based on economic forecasts and the reported underlying pressures, outwith Local Government, on the Scottish Government's finances. It is important that when arriving at decisions on the 2025/26 Revenue Budget, elected members consider the estimated position over 2026/28.

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

The report reflects the position of the 2025/26 Budget up to the Stage 3 reading of the Budget Bill in the Scottish Parliament. In the event there are any subsequent changes/updates, these will be shared with all elected members at the earliest opportunity.

The Finance boxes below are prepared based on the report's recommendations.

The need for elected members to consider the significant future funding gap over 2026/28 when determining the level of Council Tax in 2025/26 is set out in both section 3 and section 4 above.

One off Costs

Cost Centre	Budget Heading	Budget Years	Proposed Spend this Report	Virement From	Other Comments
Capital Programme	Contingency	2025/28	£1.0m		Programme within 5% headroom limit.
Reserves	Unallocated	2025/26	£1.7m		Per paragraph 3.20
Education	Earmarked Reserves	2024/25	£415k		Smoothing Reserve linked to increased income target
Environmental Services		2025/26	£1.988m		To meet waste cost pressures, report to go to E&R Committee.

Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Teachers	Probationer Income	2025/26	(£200k)		Supported by a new earmarked reserve.
Inflation Contingency	Non- Pay		(£200k)		
Workstreams	Energy		(£300k)		
IJB	Contribution		£78.661m		Per appendix 3 plus an assumed £1.299million held-back Criminal Justice grant
Council tax	Income		£2.87m		
					Reversal of 2024/25 8.2% increase

5.3 Legal/Risk

The Council need to set a balanced budget for 2025/26 and approve the level of Band D Council Tax for 2025/26. In considering the proposals in this report and subsequent elected member proposals, consideration has been given to the requirements of the Fairer Scotland Duty and Equalities Act. Section 5.6 contains a link to both.

There remain some material risks around the 2025/26 Budget, specifically around the 2025/26 pay award plus elements of non-pay inflation, however this is usual, and officers will keep elected members updated on progress and any implications via regular Revenue Budget reports to Policy & Resources Committee throughout 2025/26.

5.4 Human Resources

There are no proposals within this report which will impact on employee numbers or terms & conditions. However, decisions already taken since April 2024 relating to Budget/Workstream savings since April 2024 have resulted in a 19 FTE reduction in posts.

5.5 Strategic

The impact of levels of funding on service delivery and the Council's strategic priorities is identified as the number one risk facing the Council in the Corporate Risk Register and addressing this will require clear direction from elected members on policy priorities and stringent financial management/governance by the CMT and budget holders.

5.6 Equalities, Fairer Scotland Duty & Children/Young People

Individual EqlAs have been prepared for any savings being proposed and shared with Elected Members. The EqlAs can be accessed via the link below. In a similar manner, as required under the Armed Forces Act 2021, in considering this report the Council must also have due regard to the principles of the Armed Forces Covenant. An overall Budget EqlA assessment has also been completed.

The overall Budget has been assessed as part of the Fairer Scotland Duty, which requires an assessment on how the proposals reduce inequalities of outcome caused by socio-economic disadvantage, and a UNCRC assessment of the impact on the rights of children.

All links to the above can be accessed via the following link: [Equality Impact Assessments - Inverclyde Council Budget 2025/26](#)

6.0 CONSULTATION

6.1 The Members Budget Working Group and Joint Budget Group have been consulted with throughout the budget process and regarding the contents of this report.

7.0 BACKGROUND PAPERS

7.1 None

Appendix 12025/26 Settlement Assessment - As at 18.2.25

	£m	£m
2025/26 Grant Settlement - Updated 5.2.25		227.031
2024/25 Grant Settlement 2/24 (29 Feb 2024)		212.046
Increase in Grant Funding between Circulars		14.985

New 2024/25 Funding Distributed since Feb 2024

No One left Behind (£2.5m)	0.063	
Council Tax Freeze £210m	2.844	
Childrens Services Pay (£19.86m)	0.313	
Teachers Pay (1.8.24-31.3.25)	0.415	
Teachers Hold-back now released (£145.5m)	2.120	
Teachers Pensions	1.267	
LG Pay (Adjusted for £3.0m capital funding)	1.203	
Support for Ukrainians	0.106	
School Milk	0.013	
Temporary Accommodation	0.015	
<u>Items not distributed yet in 2025/26 but in Circular 2/24</u>		
CJ Specific Grant	-1.299	
		7.060
Year on Year Increase in GRG		7.925

Directed/Committed new Requirements in 2025/26Chief Executive

£5.4m	Discretionary Housing Payments	0.064	
			0.064

HSCP

£10m	FPNC Inflation 25/26	0.145	
£15m	Baselined CYP Mental Health Services	0.186	
£125m	Living Wage- Adult Care Sector	2.102	
£6.1m	Whole Family Wellbeing Fund uplift	0.098	
			2.531

E&R

0.000

E&C

£14m	Teachers Pay (1.4.25-31.7.25)	0.191	
£15m	UFSM P6-7	0.245	
	Movement in Gaelic specific grant	0.005	
£9.7m	Real Living Wage- Early Years	0.135	
£28.0m	Additional Support for Learning	0.384	
			0.960

Total Directed Funding changes

3.555

Net like for like Funding Increase

£ 4.370

Notes

1. This is compared to a £1.2m cash cut in the December Finance Strategy .
2. £155m withheld including CJ £86m, Probationers £38m, DHP £17m, Social Care RLW £13m.
3. The Floor was set at 0.75%. The Council contributed £1.756m to the Floor.
4. Est share of £144m Nat Ins is £2.2m but not included above. Cost estimated is £4.5-5.0 million
5. Council to implement SLARC recommendations (Councillor pay) from increased funding. Cost around £0.2 million

AP

18.2.25

**2025/26 Budget
6 March Council- Savings/Adjustments**

	Savings 2025/26 £000	Savings 2026/27 £000	Comments	FTE
E&R				
1/				
ECOD				
1/				
Increase Probationer Grant Income Budget	200	0	Proposal based on previous 4 years surplus and on the assumption that a £415,000 earmarked reserve will be created to smooth out future years' grant levels.	
2/				
HSCP				
1/				
Corporate				
1/				
Non-Pay Inflation contingency	200	0	Based on a detailed review of current allocations and estimated future calls. Will be monitored throughout 2025/26.	
2/				
Increase Energy Workstream saving	300	0	Based on latest estimated utility costs in 2025/26 and on the basis that almost all gas/electricity has been bought for 2025/26.	
3/				
Total	700	0		0

18/2/25

Contribution to Integrated Joint Board - 2025/26

	£m	Notes
Recurring Contribution 2024/25 Approved 29 Feb 2024	73.714	
New Funding Per Finance Order Passported to HSCP		
<u>2024/25 Funding</u>		
Childrens Social Care Living Wage £33m (£19.682m only)	0.280	
Support for Ukrainians	0.106	
Temporary Accommodation £2m	0.015	
<u>2025/26 Funding</u>		
Childrens Social Care Living Wage £33m (balance)	0	1
FPNC £10m	0.145	
CYP Mental Health Services £15m	0.186	
Living Wage Adult Social Care £125m	2.102	
Whole Family Wellbeing Fund £6.1m	0.098	
Criminal Justice Specific Grant- To be distributed	(1.299)	7
Contribution based on 2025/26 SG settlement	75.347	
Additional Sums allocated/(Removed):		
<u>2024/25 Adjustments</u>		
Share of 2024/25 Pay Award	0.409	2
Mobile Data and Handsets Procurement Saving (£24,700)	(0.025)	3
<u>2025/26 Adjustments</u>		
SWAN Saving (Year 2 full saving £10,800 over 2 years)	(0.006)	4
Share of Procurement Post Grade 10	(0.032)	5
Funding to Legal Services for Information Governance Roles	(0.131)	6
Fund estimated cost of Employers NI increase	1.100	
Children's Services Pressure- Initial contribution	0.700	
Proposed IJB Contribution 2025/26	77.362	

Notes:

- 1/ £19.682m distributed in 24/25 with balance heldback for later distribution
- 2/ Share of £77.5m 2024/25 requires approval by the Council.
- 3/ Procurement workstream saving for mobile handsets and data 2025/26
- 4/ SWAN saving over 2024/26. £5,400 each year.
- 5/ Agreed funding between HSCP & Procurement to part fund a post in Procurement.
- 6/ Agreed funding to support Information Governance Roles with Legal Services.
- 7/ CJ specific grant holdback, will be allocated once paid by Scottish Government.

Year on year increase of £4.947m (6.8%) excluding CJ specific grant holdback.

In March 2024, the IJB agreed to passport a one off sum of £0.5m from the 2 year employers pension saving to the Council to assist with the Child Abuse Redress Scheme for 2025/26. It is proposed this contribution is deferred pending a review of IJB reserves during 2025/26.

Finance Services 18/02/25

Appendix 4

2025/26 Budget - Summary Position

	7% Council Tax £000
Surplus - 23/1/25	(420)
Add Back - 7% Council Tax	2450
- Use of Reserves	2840
Funding Gap 23/1/25	4870
<u>Impact of 6/3/25 Updates</u>	
Improved Grant Settlement- Appendix 1	(650)
Probationer Teacher Saving- Appendix 2	(200)
Increase Energy Workstream- Appendix 2	(300)
Non-Pay Inflation reduction- Appendix 2	(200)
Childrens Services Pressure- Appendix 3	700
Funding Gap 18/2/25	4220
Increased Council Tax Income	(2450)
Reserves Required	(1770)
	<u>0</u>

AP/LA

18/02/2025

General Fund Capital Programme - 2025/28Available Resources

	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
Government Capital Support	7,339	6,350	6,350	20,039
Capital Receipts	315	315	315	945
Capital Grants	341	300	300	941
Prudential Funded Projects	7,796	4,174	2,714	14,684
Balance B/F From 24/25	12,244	-	-	12,244
Capital Funded from Current Revenue	4,531	4,864	4,433	13,828
Available Resources	32,566	16,003	14,112	62,681
Total Expenditure	23,262	25,290	16,019	64,571
(Shortfall)/Under Utilisation of Resources				(1,890)
Approved 5% Overcommitment (Estimate)				(3,134)
(Shortfall)/Available Head Room				1,244
Proposed increase to Medium Term Capital Contingency	-	1,000	-	1,000
(Shortfall)/Available Head Room after savings proposals				244

Notes:Funding Deficit

Overprovision within the Capital Programme of 5% against available resources has been approved to allow for increased resources or slippage.

Government Capital Support

2025/26 grant confirmed per December 2024 settlement, future years grants are estimates at this stage based on recent funding allocations and future forecasts.

MBWG Recommendation

Increase Medium Term Capital Contingency by £1m from available Overcommitment

General Fund Capital Programme - 2025/28

Project Detail

	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<u>Policy & Resources</u>				
<u>Finance</u>				
Annual Allocation (ICT)	585	534	534	1,653
Medium Term Capital Contingency	890	361	-	1,251
Asset Management Strategy	-	1,750	2,000	3,750
<u>Policy & Resources Total</u>	1,475	2,645	2,534	6,654
<u>Environment & Regeneration</u>				
<u>Regeneration</u>				
Port Glasgow Town Centre Regeneration	200	300	-	500
T&VC - West Blackhall Street	19	350	-	369
T&VC - Other	100	1,000	-	1,100
Comet Replacement	300	200	-	500
Place Based Funding	170	-	-	170
Scheme of Assistance	806	856	806	2,468
Clune Park Regeneration	422	66	-	488
<u>Environmental</u>				
Zero Waste Fund	45	45	45	135
Vehicles Replacement Programme	1,580	1,529	1,529	4,638
Play Area Strategy	358	-	-	358
Nature Restoration Fund	157	150	150	457
Park, Cemeteries & Open Spaces AMP	94	200	200	494
<u>Roads & Environmental Total</u>	4,251	4,696	2,730	11,677

General Fund Capital Programme - 2025/28

Project Detail

	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<u>Property</u>				
General Provision	1,801	3,400	2,400	7,601
Additional Covid pressure allowance - General	-	43	-	43
Feasibility Studies	15	21	-	36
Waterfront Leisure Centre Lifecycle Works	383	-	-	383
Sea Walls/Retaining Walls	15	-	-	15
Coastal Change Adaptions	50	294	75	419
Watt Institute - Risk/DDA Works	190	16	-	206
Depot Demolitions - Balance	50	6	-	56
Kirn Drive Civic Amenity Site	-	154	-	154
Greenock Town Hall Roofing, Ventilation & Windows	282	225	-	507
Estate Condition Surveys	150	-	-	150
Net Zero	1,000	1,325	-	2,325
Climate Emergency Funding	487	-	-	487
Vehicle Replacement Programme - Ultra Low Emission Vehicles	112	100	-	212
Minor Works	196	-	-	196
Statutory Duty Works	200	-	-	200
Capital Works on Former Tied Houses	-	200	-	200
Complete on Site Allocation	-	474	-	474
<u>Roads</u>				
Cycling, Walking & Safer Routes (CWSR)	341	300	300	941
Flooding Strategy - Future Schemes	-	296	-	296
Kirn Drive Passing Places	57	100	-	157
Inverkip - City Deal Council Contribution	200	100	-	300
Dunrod Road	500	800	-	1,300
Carriageways	1,600	3,015	2,860	7,475
Footways	170	90	-	260
Structures	175	100	-	275
Lighting	175	50	-	225
Other Assets	100	72	-	172
Staff Costs	330	-	-	330
<u>Property Services Total</u>	8,579	11,181	5,635	25,395
Environment & Regeneration Total	12,830	15,877	8,365	37,072

General Fund Capital Programme - 2025/28

Project Detail

	2025/26 £000	2026/27 £000	2027/28 £000	Total £000
<u>Education, Communities & Organisational Development</u>				
<u>Inclusive Education, Culture & Communities</u>				
Leisure Pitches AMP - Lifecycle Fund	150	401	120	671
PG New Community Hub (King George VI Building)	155	-	-	155
<u>Inclusive Education, Culture & Communities Total</u>	305	401	120	826
<u>Education (SEMP)</u>				
Lifecycle Fund	2,200	4,434	5,000	11,634
Complete on site	-	233	-	233
<u>Education Total</u>	2,200	4,667	5,000	11,867
Education, Communities & Organisational Development Total	2,505	5,068	5,120	12,693
<u>Health & Social Care Partnership</u>				
New Learning Disability Facility	6,452	1,500	-	7,952
Swift Upgrade	-	200	-	200
Health & Social Care Partnership Total	6,452	1,700	-	8,152
Total Expenditure	23,262	25,290	16,019	64,571

Appendix 6

Band	Chargeable Properties*	CTR Recipients Jan 2025	Band Value	Multiplier	2024/25 Council Tax (0%)	2024/25 Council Tax (8.2%)
A*		9		200/360	£794.32	£859.45
A	17,469(46.44%)	5843	£0 - £27,000	240/360	£953.18	£1,031.34
B	5,980 (15.90%)	1,734	£27,001 - £35,000	280/360	£1,112.04	£1,203.23
C	3,655 (9.72%)	838	£35,001 - £45,000	320/360	£1,270.91	£1,375.12
D	3,380 (8.99%)	348	£45,001 - £58,000	360/360	£1,429.77	£1,547.01
E	3,604(9.58%)	142	£58,001 - £80,000	473/360	£1,878.56	£2,032.60
F	1,893 (5.03%)	54	£80,001 - £106,000	585/360	£2,323.38	£2,513.89
G	1,416 (3.76%)	16	£106,001 - £212,000	705/360	£2,799.97	£3,029.56
H	217 (0.58%)	0	£212,001 +	882/360	£3,502.94	£3,790.17

8984

Note - Estimated to be 37,614 Chargeable Properties. This excludes 2,237 exempt properties which gives a total of 39,851 properties in Inverclyde.

18/02/2025

Appendix 7

Band	Chargeable Properties*	Multiplier	2024/25 Council Tax (based on freeze)	2025/26 Council Tax (7%)	Annual Increase	Weekly Increase
A*		200/360	£794.32	£849.92	£55.60	£1.07
A	17,469(46.44%)	240/360	£953.18	£1,019.90	£66.72	£1.28
B	5,980 (15.90%)	280/360	£1,112.04	£1,189.89	£77.84	£1.50
C	3,655 (9.72%)	320/360	£1,270.91	£1,359.87	£88.96	£1.71
D	3,380 (8.99%)	360/360	£1,429.77	£1,529.85	£100.08	£1.92
E	3,604(9.58%)	473/360	£1,878.56	£2,010.06	£131.50	£2.53
F	1,893 (5.03%)	585/360	£2,323.38	£2,486.01	£162.64	£3.13
G	1,416 (3.76%)	705/360	£2,799.97	£2,995.96	£196.00	£3.77
H	217 (0.58%)	882/360	£3,502.94	£3,748.14	£245.21	£4.72

Note - Estimated to be 37,614 Chargeable Properties. This excludes 2,237 exempt properties which gives a total of 39,851 properties in Inverclyde.

18/02/2025

COMMON GOOD FUND
REVENUE BUDGET 2025/26

Appendix 8

	Budget 2024/25	Adjustment 2025/26	Budget 2025/26
PROPERTY COSTS	65,200	A 0	65,200
Repairs & Maintenance	17,500	0	17,500
Rates	23,200	0	23,200
Property Insurance	3,500	0	3,500
Property Costs	21,000	0	21,000
ADMINISTRATION COSTS	7,700	0	7,700
Sundries	1,500	0	1,500
Commercial Rent Management Charge	2,200	0	2,200
Recharge for Accountancy	4,000	0	4,000
OTHER EXPENDITURE	109,500	0	109,500
Christmas Lights Switch On	10,500	0	10,500
Christmas Decorations	44,000	0	44,000
Gourock Highland Games	29,400	0	29,400
Armistice Service	8,300	0	8,300
Comet Festival	13,300	0	13,300
Events	4,000	0	4,000
INCOME	(183,700)	B (2,500)	(186,200)
Gross Rent	(234,200)	0	(234,200)
Void Rents	54,000	0	54,000
Internal Resources Interest	(3,500)	(2,500)	(6,000)
<u>NET EXPENDITURE</u>	(1,300)	(2,500)	(3,800)

Projected Fund Balance as at 31st March 2025

£170,140

Expenditure on Port Glasgow Burgh 250th Anniversary approved by Policy and Resources Committee on 13th August 2024

(40,000)

Projected Fund Balance as at 31st March 2026

£133,940

Notes:

A Income

Internal Resources Interest increased to reflect 2024/25 projection

(2,500)

(2,500)

B Occupancy assumptions:

Projected Income (& Rates) assumes full occupancy with the exception of:

- 10 Bay St (assumed 50% occupancy on short term charity leases)
- 12 Bay Street (vacant, currently under offer)
- 8 John Wood St (vacant, assumes no let during year)
- 10 John Wood St (vacant, assumes no let during year)
- 17 John Wood St (vacant, assumes being let towards end of year)
- Unit 5 Earnhill Place (assumed to become vacant during year)

C Recommended Fund Level

The recommended minimum overall fund level is £100,000.

Total Adjustments

(2,500)

2025/28 Budget Gap - Prior to 6 March 2025 Council

		2025/26 £m	2026/27 £m	2027/28 £m	2025/28 £m
Block Grant (Increase) -Post Floor	a/	(4.37)	0.0	0.0	(4.37)
Inflation - Pay (Non-Social Care)	b/	3.6	3.9	4.1	11.6
- Pay (Social Care)	b/	0.0	1.2	1.2	2.4
- Non-Pay (Inc Social Care)	b/	0.7	1.0	1.0	2.7
Pressures - General Pressures	c/	1.4	1.0	1.0	3.4
-Children's Services	d/	0.7	0.8	0.5	2.0
- Prudential Borrowing	e/	0.1	0.1	0.1	0.3
- ERS NI contribution	f/	2.5	0.0	0.0	2.5
Savings -Workstreams	g/	(2.04)	(0.17)	(0.10)	(2.31)
-Other	g/	(1.00)	(0.03)	0.0	(1.0)
Council Tax - 7% increase 2025/26	h/	(2.45)	0.0	0.0	(2.45)
(Increased)/Reduced Use of Reserves	i/	0.86	0.25	0.75	1.86
Funding Gap		-	8.05	8.55	16.60

a/ The movement in Block Grant excludes hypothecated funding increases as these are ring fenced for specific purposes and is after the application of the Floor. Includes £520k teacher workstream substitution

b/ Pay & Non-Pay inflation in 25/26 excludes HSCP. Pay inflation based on an allowance of 3% for 2025/28.

c/ Includes £1.2m January Council, & £0.2m for SLARC in 2025/26 & £0.5m for HSCP pressures from 2026/27.

d/ 26/28 figures subject to further report

e/ Assumes no new Prudential Borrowing above that already contained in the Loans Charges Model.

f/ Reflects allowance for Council contribution to eNIC increase

g/ Reflects workstreams & savings approved up to 6.3.25 Council Budget report

h/ No Council Tax increase factored in post 25/26

i/ £1.77m from Reserves used in 2025/26 is negated over 2026/29.