

BUDGET OUTLOOK 2025-26 TO 2029-30

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2025-26 to 2029-30 taking into consideration the budget decisions at the Council Budget meetings on 22 February and 15 April 2024. This is the first outlook of the financial year and rolls forward previous estimates as well as updating some estimates and also extends the budget outlook out to 2029-30. The assumptions will continue to be updated and refined as the year progresses
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding have been updated since those reported on 22 February 2024 and range between flat cash (best case) and 1% reduction (worst case) with a mid-range of 0.5% reduction. This assumption is based on the settlement over the last few years and with the most recent year 2024-25 being a 0.5% reduction. Although the spending review published in May 2022 had indicated that the total budget for Local Government would remain flat cash until 2027-28, our Council relies on the floor mechanism to protect our funding and the floor was set at 0.5% below the annual change in 2024-25 and is likely to continue at this level.
- 1.4 There are no changes to my previous assumptions around the growth in Council Tax. The Council tax base has been assumed to grow by 0.25% in the worst case scenario, 0.5% in the mid-range scenario and 0.75% in the best case.
- 1.5 The starting point for the 2025-26 budget is the approved budget for 2024-25 as agreed at Council on 22 February 2024 with the following updates:
- Reversal of one-off cost pressures from 2024-25 (£0.130m).
 - Reversal of one-off savings from 2024-25 (£1.694m).
- 1.6 Assumptions in respect of employee costs for Council services are as follows:
- The SJC and Chief Officers pay awards for 2024-25 have still to be agreed and may have an impact on the base budget if the pay award is higher than the 3% allowed for in the budget. The Teachers pay award for 2024-25 has already been agreed up to 31 July 2024 as part of a previous 28 month deal however any increase beyond that date is still in the negotiation stage.
 - For future years, the mid-range scenario remains at 2% but a risk remains that it could be higher and this will be closely monitored.

- Increments are estimated between £0.329m and £0.605m with mid-range £0.605m.
- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios with a contingency of £0.250m built into the mid-range. A further general inflationary increase has been built into the worst case scenario.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
 - ASN Support
 - SEEMiS Group – Education Management System
 - Maintenance/Repair of School Estate
 - Local Government Election
 - Impact of BMW Ban
 - Local Development Plan
 - Increase to borrowing costs as a result of investment agreed at February 2024.
 - Civica Revenue and Benefits Management System
 - Bus Transport Contracts
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range of £0.500m per year (best case scenario £0.250m per year and worst case scenario £1m per year).
- 1.10 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget in February 2024 an indicative flat cash allocation for 2025-26 was agreed. The indicative allocation for 2026-27 increases by £3.053m to account for the cessation of the one-off saving in relation to the Strathclyde Pension Fund.
- 1.11 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustments, non-pay inflation, cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £45.463m with a gap of £12.145m in 2025-26.
- 1.12 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 3% and 9% (6% mid-range).
 - Proposed increase to Council Tax (5% increase in 2025-26 in the mid and worst case scenarios rising to 7% in the best case scenario, with a 5% increase in all scenarios in future years).
 - Policy savings already agreed by Council in February 2024.
 - Management/Operational savings already agreed by Council February

2024.

- 1.13 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26.
- 1.14 The budget gap in the best case scenario over the five years is £11.050m with a gap of £4.249m in 2025-26 and in the worst case scenario, the budget gap over the five years is £88.383m with a gap of £22.182m in 2025-26. A summary of all three scenarios is included within Appendix 1.
- 1.15 It is recommended that the Policy and Resources Committee:
 - a) Consider the current estimated budget outlook position for the period 2025-26 to 2029-30.
 - b) Note the minor changes to fees and charges and refer onto Council for endorsement.

BUDGET OUTLOOK 2025-26 TO 2029-30

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2025-26 to 2029-30 taking into consideration the budget decisions at the Council Budget meeting on 22 February and 15 April 2024. This is the first outlook of the financial year and rolls forward previous estimates as well as updating some estimates and also extends the budget outlook out to 2029-30. The assumptions will continue to be updated and refined as the year progresses.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

- 3.1 It is recommended that the Policy and Resources Committee:
- a) Consider the current estimated budget outlook position for the period 2025-26 to 2028-29.
 - b) Note the minor changes to fees and charges and refer onto Council for endorsement.

4. DETAIL**4.1 Funding****Scottish Government Finance Settlement**

- 4.1.1 The estimate of the level of Scottish Government funding is one of the key assumptions within the budget outlook. When the budget for 2024-25 was set, I had indicated that it may be prudent to assume a funding reduction for future years, however, suggested waiting until the outcome of the UK budget consequential was known. There was additional consequential of £62.7m, our share being £1.1m. This brought the funding reduction for our Council in 2024-25 to around a 0.5% reduction. It would be prudent to assume a 0.5% reduction in future years within the mid-range scenario. Although the spending review published in May 2022 had indicated that the total budget for Local Government would remain flat cash until 2027-28, our Council relies on the floor mechanism to protect our funding and the floor was set at 0.5% below the annual change in 2024-25 and it is likely to continue at that level. The funding assumption has been set between a 1% reduction (worst case) and flat cash (best case) with a mid-range reduction of 0.5%. This will be closely monitored

and updated during the year as required. The Scottish Government is due to publish its medium term financial strategy in May 2024 and this may provide more insight as to the likely future year estimates.

- 4.1.2 The table below summarises the mid-range scenario estimates based on a 0.5% settlement reduction each year.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Estimated SG Funding	244,657	243,434	242,217	241,006	239,801

Council Tax

- 4.1.3 The Council Tax base for 2024-25 was set at £63.278m which reflected no inflationary increase as agreed by the Council on 15 April 2024.
- 4.1.4 On 15 April 2024 it was reported to Council that an adjustment to the level of Council Tax received relating to the double charge on second homes would be prudent given the number of representations made in relation to this. As such anticipated Council Tax income was reduced by £0.261m within the budget outlook. This adjustment is included within the base figure of £63.278m.
- 4.1.5 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that there will be a 0.5% growth in the mid-range scenario for all years from 2025-26 (0.75% in best case and 0.25% in worst case).
- 4.1.6 As reported previously, as part of the 2023-24 budget setting process a business process review was undertaken of the Revenues and Benefits Service where one of the outcomes was anticipated increased Council Tax recoveries equating to £0.200m in 2025-26 which have been built into the budget outlook. This is a reduction of £0.149m from 2024-25 as recoveries are expected to be higher in the first two years of inception dropping down to an almost steady state from 2025-26 onwards.
- 4.1.7 Within this report, I will present the budget gap, prior to any Member based decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2024-25.

General Fund

- 4.1.8 As reported in the budget pack in February 2024, reduced employer contribution rates payable to Strathclyde Pension Fund will result in one-off savings in 2024-25 and 2025-26. It was agreed that the saving in each of these years be transferred to the General Fund, with some being used to fund capital expenditure. £9.928m of savings will be transferred to reserves in 2025-26 in relation to this, this amount relates to the saving for the Council and the HSCP.
- 4.1.9 It was also agreed at the budget meeting in February 2024 that £2m of the pension fund gain would be released each year for a period of 3 years (2024-25

through to 2026-27) in order to help bridge the budget gap.

- 4.1.10 The table below summarises the estimated total funding in the mid-range scenario.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Estimated SG Funding	244,657	243,434	242,217	241,006	239,801
Transfer to Reserves in relation to Strathclyde Pension Fund	(9,928)	0	0	0	0
Released Strathclyde Pension Fund Gain	2,000	2,000	0	0	0
Council Tax Base	63,278	63,278	63,278	63,278	63,278
Council Tax Growth	315	631	949	1,268	1,589
Adjustment to additional Council Tax recoveries (para 4.1.6)	(149)	(147)	(145)	(143)	(143)
Total Estimated Funding	300,173	309,196	306,299	305,409	304,525

4.2 Base Budget

- 4.2.1 The 2024-25 budget approved by Council on 22 February was £301.885m. An amendment in respect of re-running the Council Tax annual billing amounting to £0.080m was agreed on 15 April 2024 resulting in a revised base budget of £301.965m.

- 4.2.2 For future years, there are adjustments required to the base budget from decisions by Council on 22 February 2024 and other adjustments as noted in the table below:

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Base Budget 2024-25	301,965	301,965	301,965	301,965	301,965
Adjust for one-off 2024-25 cost pressures	(130)	(130)	(130)	(130)	(130)
Adjust for one-off 2024-25 Management/Operational savings	1,694	1,694	1,694	1,694	1,694
Revised Base Budget	303,529	303,529	303,529	303,529	303,529

4.3 Employee Cost Changes

Pay Award

- 4.3.1 The SJC pay award for 2024-25 has still to be agreed and this may have an impact on the base budget if the pay award is greater than the 3% allowed for in the budget. The Teachers pay award has been agreed up to 31 July 2024 as part of a previous 28 month deal and any increase beyond that date has still to be negotiated.

- 4.3.2 For future years, the previous assumption of a 2% increase remains unchanged. The best case scenario also remains at a 2% increase (on the basis that the increase is not likely to be less than this) and the worst case scenario assumes a 5% increase. The pay assumption is very difficult to predict but there is an expectation as general inflation reduces that pay inflation will also reduce, however, there remains a risk that the pay award could be higher and this will be monitored and updated throughout the year if more information becomes available. Every 1% over and above what is budgeted would add an additional pressure of circa £1.7m.
- 4.3.3 On 4 April 2024 a Scottish Statutory Instrument was passed regarding increasing councillors pay with effect from 1 April 2024, the detail of which was presented to Council on 25 April. The financial impact of this is an increase of £0.033m which has been adjusted for within the budget outlook.

Increments

- 4.3.4 The cost of employee increments for 2024-25 was £0.605m. There remains a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade.
- 4.3.5 In terms of future years, the best case is assumed to be half of the previous year cost, for mid-range and worst case, assumes equal to the cost in 2024-25.

Strathclyde Pension Fund

- 4.3.6 As detailed in the budget pack presented to Council in February 2024, the employer contribution rate paid to the Strathclyde Pension Fund will fall from 19.3% to 6.5% in 2024-25 and 2025-26 and rise to a sustainable long-term rate of 17.5% in the 2026-27. The reduction in the first 2 years equates to reduced costs of £6.875m per annum relating to Council employees (excluding HSCP). From 2026-27 the costs will rise again to 17.5% therefore this increase is required to be built into projections from 2026-27 onwards.

Teacher Numbers

- 4.3.7 As part of the 2023-24 Local Government Finance Settlement the Scottish Government held back £45.5m on the condition that Council's maintained teacher numbers at the 2022 census level. The December 2023 census showed a reduction in teacher numbers of 160. Ultimately, Scottish Government released the £45.5m to all local authorities, regardless of whether they maintained teacher numbers. Scottish Government has, for 2024-25, removed £145.5m from the General Revenue Grant and has instead issued this as a specific grant, conditional on maintaining teacher numbers at the level set out in each Council's grant letter. For Argyll and Bute Council this is £2.1m and there is an expectation that we will maintain 848 teachers, this was the figure returned in the 2023 census and 13 teachers more than in the base budget. To maintain a figure of 848 teachers would result in a cost pressure of £0.880m.

Discussions are continuing between COSLA and the Scottish Government and at this stage the additional cost has not been added into the budget outlook but there remains a risk that if we do not maintain the teacher numbers in our grant letter then some or all of the specific grant could be withheld.

- 4.3.8 The table below summarises the employee cost movements in the mid-range scenario for Council services. The employee cost increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Pay Award	3,448	6,651	9,918	13,250	16,649
Pay Award – Elected Members	33	33	33	33	33
Increments	605	1,210	1,815	2,420	3,025
Increase in costs after one-off reduction in Strathclyde Pension Fund rate ceases	0	6,875	6,875	6,875	6,875
Total Employee Cost Changes	4,086	14,769	18,641	22,578	26,582

4.4 Non-Pay Inflation

- 4.4.1 The Council only include non-pay inflation within the budget where it is deemed to be unavoidable or inescapable. In terms of the budget outlook, unavoidable/inescapable non-pay inflation is built into the best case and mid-range scenarios with a general inflation allowance over and above this built into the worst case.
- 4.4.2 Officers continue to review areas of non-pay inflation on an ongoing basis. The principle of only budgeting for unavoidable/inescapable remains, however, it has to be noted that in this current financial climate, some budgets with no inflation allowed for are now stretched beyond the point of containing the cost within budget and therefore the budget will now buy less than what it used to be able to buy (so in effect, we will see some cuts as a result).
- 4.4.3 When creating a budget outlook for future years, there is a risk that inflation assumptions could change during the year. Due to the current inflation uncertainty, it would be prudent to include a contingency for other inflation increases not included in the calculations. A contingency allowance of £0.500m is included within the worst case scenario and a £0.250m allowance included within the mid-range scenario each year. No contingency is included within the best case scenario. This contingency will either be required, reduced or removed to reflect changing circumstances before the 2025-26 budget is set.
- 4.4.4 The table below summarises the non-pay inflation in the mid-range scenario for Council services with more detail available in Appendix 2. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership

are summarised within paragraph 4.6.3.

Inflation Category	2025-26 Previous estimates (Feb 2024) £000	2025-26 Updated estimates £000	Increase/ (Decrease) £000
Utilities - Electricity, Gas, Oil, Water	330	192	(138)
Street Lighting Electricity	39	25	(14)
Vehicle Fuel	38	35	(3)
Central Repairs - Outside Contractors	112	83	(29)
Waste PPP/Landfill Tax	388	206	(182)
NPDO/HUB Schools	581	424	(157)
Community Pool Subsidies	71	34	(37)
Residential Schools	35	36	1
Pre-Primary Partner Providers	124	227	103
ICT	97	203	106
Catering Purchases and Milk	205	123	(82)
Insurance	60	93	33
Bitumen – Roads	17	16	(1)
Contribution to Joint Boards	43	43	0
Annual External Audit Fee	11	10	(1)
Public Transport	0	220	220
School Transport	0	153	153
Contingency for unidentified/ insufficient inflation estimate	250	250	0
Total	2,401	2,373	(28)

4.4.5 The most significant movement in non-pay inflation since last reported in February 2024 are as follows:

- Reduction in utility costs based on the latest utility pricing information available (£0.152m including Street Lighting).
- Reduction in Waste PPP and HUB Schools contracts due to reduced Retail Price Index (RPI) (£0.339m).
- Increase in Pre-Primary Partner Uplift due to assumed 2025-26 uplift rate which has been based on the 2024-25 rate linked to the Real Living Wage (£0.103m). This will be confirmed in November 2024.
- Increase in ICT costs of 10% based on pattern over previous years (£0.106m).
- New inflationary increases added for Public and School Transport contracts due to ongoing increases in contract prices linked to increases in fuel, insurance, maintenance and salaries (£0.373m).

4.4.6 The cumulative inflation for years 2026-27 to 2029-30 is noted in the table below and is based on future years estimates of inflation at this point in time, however, due to the volatility of inflation recently it is very difficult to predict and the estimates will be kept under close review.

	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Unavoidable/Inescapable	4,467	6,644	8,907	11,263
Total Non-Pay Inflation	4,467	6,644	8,907	11,263

4.5 Cost and Demand Pressures

4.5.1 For a number of years, services have worked on the basis of having to contain any cost and demand pressures within current resources where possible, however, there are a number of cost and demand pressures already identified for Council services which were reported as part of the budget in February 2024. Since the budget meeting on 22 February 2024 the following changes have been made to the cost and demand pressures:

- New – Maintenance/Repair of the school estate – demand on the Education central repairs budget has continued to increase due to the amount of statutory maintenance work and emergency repairs which no longer allows for any planned maintenance which will have an impact on the cost of emergency repairs in the future (£0.360m).
- New – Bus Transport Contracts – significant increase in new contract prices due to increased cost of fuel, insurance, maintenance and salaries (£0.500m).
- Amendment – Compliance with BMW ban – reduction in cost pressure as a result of positive discussions with the Scottish Government which may result in a contribution towards the pressure faced by the Council (£0.462m).

4.5.2 As with inflation, when creating a budget outlook beyond one year, there is a risk that unknown cost and demand pressures will emerge that have not been included within the outlook. It is suggested that a £0.250m general allowance for this is included within the best case scenario, £0.500m within the mid-range scenario and a £1m allowance included within the worst case scenario each year.

4.5.3 The cost pressures are detailed in appendix 3 and are summarised in the table below and will be subject to review during the financial year.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
ASN Support	202	410	624	624	624
SEEMiS Membership Fees	0	7	7	7	7
Maintenance/Repair of School Estate	360	360	360	360	360
Election costs	0	0	350	0	0
Compliance with BMW Ban	462	925	925	925	925
Local Development Plan	0	50	0	0	0
Increase to borrowing costs as a result of investment agreed at February 2024.	282	282	282	282	282
Civica Revenue and	0	0	63	63	63

Benefits System					
Bus Transport Contracts	500	500	500	500	500
Allowance for pressures in future years	500	1,000	1,500	2,000	2,500
Total Cost and Demand Pressures	2,346	3,614	4,731	4,921	5,461

4.5.4 The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

4.6 Health and Social Care Partnership

4.6.1 The Council, at the budget meeting on 24 February 2024, agreed a base allocation to the HSCP of £78.611m for 2024-25 as well as an indicative flat cash allocation for 2025-26. The indicative allocation for 2026-27 onwards increases by £3.053m to account for the cessation of the one-off employer contribution rate saving relating to the Strathclyde Pension Fund.

4.6.2 In the budget outlook, I have assumed flat cash allocations across all scenarios, with the exception of the Strathclyde Pension Fund adjustment. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.

4.6.3 Social Work services have already identified a number of cost and demand pressures and these are summarised below and included within Appendix 4 for information purposes. It is expected that the HSCP absorb their cost and demand pressures from their funding allocation. Note that these only extend to three years rather than the five years within this Council budget outlook.

	2025-26 £000	2026-27 £000	2027-28 £000
Pay Inflation	1,049	2,301	3,590
Pay Increments	172	344	516
Non-Pay Inflation	970	1,987	3,057
Care Services for Older People	923	1,396	1,876
Care Services for Younger Adults	730	1,211	1,702
Adult Services - Supported Living	99	150	202
Continuing Care for Looked After Children	250	500	750
Unknown Cost and Demand Pressures	500	1,000	1,500
Total Cost Increase estimates for Social Work	4,693	8,889	13,193

4.7 Live Argyll

4.7.1 In the budget outlook, I have assumed allocations to Live Argyll on the same basis as the Scottish Government funding assumptions which range from a 1% reduction (best case) and flat cash (worst case) with a mid-range reduction of 0.5%. This is only an assumption and it will be a matter for Council to consider as part of the budget process next year.

The indicative allocation for 2026-27 onwards also increases by £0.118m to account for the cessation of the one-off employer contribution rate saving relating to the Strathclyde Pension Fund.

4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures is summarised in the table below. This is the budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Base Budget	303,529	303,529	303,529	303,529	303,529
Employee Cost Changes	4,086	14,769	18,641	22,578	26,582
Non-Pay Inflation	2,373	4,467	6,644	8,907	11,263
Cost and Demand Pressures	2,346	3,614	4,731	4,921	5,461
Adjustment to HSCP Payment re SPF gain	0	3,053	3,053	3,053	3,053
Adjustment to Live Argyll Payment	(16)	102	101	101	100
Total Estimated Expenditure	312,318	329,534	336,699	343,089	349,988
Estimated Funding	300,173	309,196	306,299	305,409	304,525
Estimated Budget Surplus / (Gap) Cumulative	(12,145)	(20,338)	(30,400)	(37,680)	(45,463)

4.9 Measures to Balance the Budget

4.9.1 In 2024-25 a general inflationary increase of 6% was applied to fees and charges. For the budget outlook a range of between 3% (worst case) and 9% (best case) with a mid-range of 6% has been included. There is no general inflationary increase of 6% applied to Piers and Harbours to ensure that any income generated is not in excess of expenditure. Since the budget was set in February 2024 there have been some further amendments required to the fees and charges schedule and these are detailed within Appendix 5. Note that in terms of income generated the changes are minimal therefore no adjustment has been made to the projected income from fees and charges at this stage but this will be monitored closely during 2024-25 and updated if required.

4.9.2 Some of the policy options were agreed at the Council meeting on 22 February 2024 that impacted on 2025-26 and beyond. These are now factored into the budget outlook, reducing the budget gap.

4.9.3 In terms of Council Tax, a 5% increase had been assumed in the mid and worst case scenarios and a 7% increase in the best case scenario for 2025-26 on the basis that the majority of Councils increased their Council Tax by at least 5% in

2023-24 prior to the freeze in 2024-25. From 2026-27 a 5% increase has been assumed in all scenarios. In light of the significant budget gap, this is an area that Members will require to give due consideration to as part of the budget setting for 2025-26 and beyond.

4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Fees and Charges Increase	385	771	1,156	1,541	1,927
Council Tax Increase	3,162	6,514	10,049	13,778	17,709
Previously agreed Policy Savings	248	724	1,360	1,829	1,943
Previously agreed Management/Operational Savings	35	35	35	35	35
Total Measures to Balance the Budget	3,830	8,044	12,600	17,183	21,614

4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

4.10.1 The table below summarises the estimated budget gap in the mid-range scenario.

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(12,145)	(20,338)	(30,400)	(37,680)	(45,463)
Savings Measures	3,830	8,044	12,600	17,183	21,614
Estimated Budget Surplus / (Gap) Cumulative	(8,315)	(12,294)	(17,800)	(20,497)	(23,849)
Estimated Budget Surplus / (Gap) In Year	(8,315)	(3,979)	(5,506)	(2,696)	(3,352)

4.10.2 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26.

4.10.3 The budget gap in the best case scenario over the five years is £11.050m with a gap of £4.249m in 2025-26 and in the worst case scenario, the budget gap over the five years is £88.383m with a gap of £22.182m in 2024-25. A summary of all three scenarios is included within Appendix 1.

4.10.4 The changes from the previous anticipated outlook reported to the Council on 15 April 2024 are summarised in the table below:

	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000
Previously reported budget surplus / (gap) Cumulative based on 7% Council Tax increase in 2025-26	(4,734)	(10,217)	(16,004)	(19,129)
Small adjustment to rolled forward Council Tax figures	(62)	19	100	195
Small adjustment to Council Tax Growth figures	19	37	57	76
Base Budget Correction from previous year	(8)	(8)	(8)	(8)
Update SG funding assumption to 0.5% reduction in mid-range	(1,229)	(2,452)	(3,669)	(4,880)
Full year impact of Teachers Pay Award	(314)	(320)	(326)	(333)
Elected Members Pay Award	(33)	(33)	(33)	(33)
Non Pay Inflation Adjustment	28	187	370	579
New Cost Pressure – Maintenance/Repair of School Estate	(360)	(360)	(360)	(360)
New Cost Pressure – Bus Transport Contracts	(500)	(500)	(500)	(500)
Adjustment to Cost Pressure relating to compliance with BMW ban	146	1,508	1,508	1,508
Reduce Live Argyll Management Fee by 0.5% in line with SG funding assumptions	16	16	17	17
Update Council Tax assumptions: - 2025-26 from 7% to 5% - 2026-27 onwards from 3% to 5% - Adjustment re ctax on 2 nd homes	(1,282)	(169)	1,052	2,375
Rounding	(2)	(2)	(4)	(4)
Revised Budget Surplus / (Gap) Cumulative	(8,315)	(12,294)	(17,800)	(20,497)

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £23.849m with a gap of £8.315m in 2025-26. Council officers are continuing to explore savings options during 2024-25 and these will be presented to Members at a future date.
- 5.2 This is a very challenging budget outlook position and the level of Scottish Government grant and the pay award are two assumptions that could alter the figures significantly. These will be kept under close review and the budget outlook updated as and when further information becomes available.

6. IMPLICATIONS

6.1	Policy -	Sets out the budget outlook that provides the financial envelope for policy decisions.
6.2	Financial -	Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
6.3	Legal -	None directly from this report but Council will need to balance the budget.
6.4	HR -	None directly from this report but there is a strong link between HR and budgets.
6.5	Fairer Scotland Duty -	See below
6.5.1	Equalities	None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.
6.5.2	Socio Economic Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.
6.5.3	Islands Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.
6.6	Climate Change	The Council is committed to addressing climate change and reviews how Services are delivering this on an ongoing basis within the available budget resources.
6.7	Risk -	None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
6.8	Customer Service –	None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.
6.9	The Rights of the Child (UNCRC) -	None

Kirsty Flanagan
Executive Director/Section 95 Officer
30 April 2024

Policy Lead for Finance and Commercial Services: Councillor Ross Moreland

APPENDICES:

- Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
- Appendix 2 – Non Pay Inflation
- Appendix 3 – Cost and Demand Pressures (Council Services)
- Appendix 4 – Cost and Demand Pressures (Social Work)
- Appendix 5 – Fees and Charges Update

For further information contact Anne Blue, Head of Financial Services
 anne.blue@argyll-bute.gov.uk

**BUDGET OUTLOOK 2025-26 to 2029-30
POLICY AND RESOURCES COMMITTEE - 9 MAY 2024**

APPENDIX 1

	Best Case Scenario					Mid-Range Scenario					Worst Case Scenario				
	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Base Budget	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965
Base Budget Adjustments	1,454	1,454	1,454	1,454	1,454	1,564	1,564	1,564	1,564	1,564	1,556	1,556	1,556	1,556	1,556
Revised Base Budget	303,419	303,419	303,419	303,419	303,419	303,529	303,529	303,529	303,529	303,529	303,521	303,521	303,521	303,521	303,521
Pay Award	3,448	6,651	9,918	13,250	16,649	3,448	6,651	9,918	13,250	16,649	11,414	22,873	34,905	47,539	60,805
Pay Award - Elected Members	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Pay Increments	329	658	986	1,315	1,643	605	1,210	1,815	2,420	3,025	605	1,210	1,815	2,420	3,025
Adjustment to Employee Base	0	6,875	6,875	6,875	6,875	0	6,875	6,875	6,875	6,875	0	6,875	6,875	6,875	6,875
Total Employee Cost Changes (Council Services)	3,810	14,217	17,812	21,473	25,200	4,086	14,769	18,641	22,578	26,582	12,052	30,991	43,628	56,867	70,738
Non-Pay Inflation - Council Services	1,815	3,583	5,414	7,311	9,277	2,373	4,467	6,644	8,907	11,263	4,530	8,553	12,683	16,924	21,282
Housing Benefits Admin Grant	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
ASN Support	202	410	624	624	624	202	410	624	624	624	202	410	624	624	624
SEEMIS Membership Fees	0	7	7	7	7	0	7	7	7	7	0	7	7	7	7
Maintenance/Repair of School Estate	360	360	360	360	360	360	360	360	360	360	360	360	360	360	360
Election Costs	0	0	327	0	0	0	0	350	0	0	0	0	370	0	0
Compliance with BMW Ban	462	925	925	925	925	462	925	925	925	925	2,116	925	925	925	925
Planning (Local Development Plan)	0	50	0	0	0	0	50	0	0	0	0	50	0	0	0
Borrowing to pay for weather incident costs	282	282	282	282	282	282	282	282	282	282	282	282	282	282	282
Civica Revenue and Benefits System	0	0	37	37	37	0	0	63	63	63	0	0	137	137	137
Bus Transport Contracts	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Allowance for Cost and Demand Pressures Future Years	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500	1,000	2,000	3,000	4,000	5,000
Total Cost and Demand Pressures	2,096	3,114	3,932	3,895	4,185	2,346	3,614	4,731	4,921	5,461	4,500	4,614	6,325	6,995	8,035
Adjustment to Health and Social Care Partnership Payment	0	3,053	3,053	3,053	3,053	0	3,053	3,053	3,053	3,053	0	3,053	3,053	3,053	3,053
Adjustment to Live Argyll Management Fee	(33)	86	85	84	83	(16)	102	101	101	100	0	118	118	118	118
Total Estimated Expenditure PRIOR to measures to balance the budget	311,107	327,471	333,715	339,234	345,217	312,318	329,534	336,699	343,089	349,988	324,603	350,850	369,328	387,478	406,747
Scottish Government Grant	245,886	245,886	245,886	245,886	245,886	244,657	243,434	242,217	241,006	239,801	243,427	240,993	238,583	236,197	233,835
Transfers to/from Reserves - Strathclyde Pension Fund	(7,928)	2,000	0	0	0	(7,928)	2,000	0	0	0	(7,928)	2,000	0	0	0
Council Tax	63,601	64,079	64,560	65,045	65,531	63,444	63,762	64,082	64,403	64,724	63,292	63,454	63,617	63,781	63,940
Total Funding	301,559	311,965	310,446	310,931	311,417	300,173	309,196	306,299	305,409	304,525	298,791	306,447	302,200	299,978	297,775
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(9,548)	(15,506)	(23,269)	(28,303)	(33,800)	(12,145)	(20,338)	(30,400)	(37,680)	(45,463)	(25,812)	(44,403)	(67,128)	(87,500)	(108,972)
Measures to Balance the Budget:															
Fees and Charges	578	578	578	1,156	1,156	385	771	1,156	1,541	1,927	193	385	578	771	963
Council Tax Increase above SG Funding	4,438	7,854	11,465	15,280	19,310	3,162	6,498	10,017	13,728	17,640	3,154	6,474	9,968	13,644	17,512
Council Tax Increase (Growth element)	0	89	157	229	306	0	16	32	50	69	0	32	65	100	136
Management/Operational Savings agreed Feb 2023	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Policy Savings Agreed Feb 2023	248	724	1,360	1,829	1,943	248	724	1,360	1,829	1,943	248	724	1,360	1,829	1,943
Total Measures to Balance the Budget	5,299	9,280	13,595	18,529	22,750	3,830	8,044	12,600	17,183	21,614	3,630	7,650	12,006	16,379	20,589
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	(4,249)	(6,226)	(9,674)	(9,775)	(11,050)	(8,315)	(12,294)	(17,800)	(20,497)	(23,849)	(22,182)	(36,753)	(55,122)	(71,121)	(88,383)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	(4,249)	(1,977)	(3,448)	(101)	(1,276)	(8,315)	(3,979)	(5,506)	(2,696)	(3,352)	(22,182)	(14,570)	(18,369)	(15,999)	(17,261)

NON-PAY INFLATION (COUNCIL)

Appendix 2

Service	Category	Basis of Inflation	Inflation Percentage	Mid Range 2025/26
Council Wide	Electricity	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	133,340
Council Wide	Gas	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	23,897
Council Wide	Heating Oils	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	11,703
Council Wide	Solid Fuel	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	8,418
Council Wide	Water Charges	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	16,311
Council Wide	Vehicle Fuel	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	34,958
Council Wide	Central Repairs - Outside Contractors	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	82,757
Council Wide	Insurances	Mid-point set at 5% for 2024/25 per input from Legal Services on contract notices. Reduced to 3% in subsequent years to reflect BOE inflation forecast with 0.5% tolerance for best and worst case.	5.00%	93,128
Council Wide	Contribution to Joint Boards	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	43,485
Council Wide	Contingency for unidentified/insufficient inflation estimate	£250k built in to mid-range and £500k built in to worst case scenario		250,000
Council Wide Total				697,997
Education	Pre-Primary Partner Provider Uplift	Estimate for the increase in the Real Living Wage, with a tolerance of 0.5% for best and worst case.To be updated when new RLW figure is announced in November 2024.	5.00%	226,603
Education	External School Placements	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	35,688
Commercial Services	Catering Purchases	Estimate based on ONS Food and Non-Alcoholic Beverages Inflation figure and trend at January 2024 for 2025/26 then drop to 4% for 2026/27 then to 2.8% onwards with 0.5% tolerance for best and worst case.	5.00%	122,907
Legal & Regulatory Support	Leisure SLA-MAKI/Islay Pools	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	7,807
Legal & Regulatory Support	Leisure SLA-Atlantis	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	26,492
Legal & Regulatory Support	NPDO-Variable Element	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	340,385
Legal & Regulatory Support	NPDO-Utilities Rebate	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	(12,877)
Legal & Regulatory Support	NPDO-Electricity	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	18,986
Legal & Regulatory Support	NPDO-Gas	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	7,695
Legal & Regulatory Support	NPDO-Heating Oil	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	3,017
Legal & Regulatory Support	NPDO-LPG	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	2,626
Legal & Regulatory Support	NPDO-Water	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	11,284
Legal & Regulatory Support	HUB-Variable Element	Based on estimate for RPI at 2025 Q1 tracking the Bank of England forecast for CPI at February 2024, with 0.5% tolerance for best and worst case.	3.90%	53,274
Executive Director Douglas Hendry - Total				843,887
Customer and Support Services	ICT	Estimate added at 10% to reflect input from ICT on increasing costs.	10.00%	202,549
Financial Services	Annual External Audit Fee	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	9,882
Roads and Infrastructure	Public Transport	Reflects a 3% uplift for annual inflation set within the terms of the contracts between the Council and the service providers.	3.00%	219,821
Roads and Infrastructure	School Transport	Reflects a 3% uplift for annual inflation set within the terms of the contracts between the Council and the service providers.	3.00%	152,562
Roads and Infrastructure	Waste PPP-Private Contractor Inflation	Based on 85% of an estimate for RPIX Rate at 2025 Q1 tracking the Bank of England CPI forecast for CPI at February 2024, with a 0.5% tolerance for best and worst case.	2.00%	149,861
Roads and Infrastructure	Waste PPP-Central Government Inflation	Based on Landfill Tax increase between 23/24 and proposed 24/25 rate with a 0.5% tolerance for best and worst case.	1.57%	55,237
Roads and Infrastructure	Roads - Bitumen for Road Surfacing	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	16,218
Roads and Infrastructure	Electricity - Street Lighting	Based on the February 2024 Bank of England Monetary Policy Committee CPI Forecast for 2025 Q1, with a 0.5% tolerance for best and worst case.	2.80%	24,554
Executive Director Kirsty Flanagan - Total				830,684
Total Non-Pay Inflation in the Mid Range				2,372,568

COUNCIL COST AND DEMAND PRESSURES 2025-26 to 2029-30

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Executive Director - Kirsty Flanagan	Financial Services	The Council's contract with Civica for the Revenue and Benefits Management System ends in August 2024, this is the system that allows us to bill and collect Council Tax and administer Housing Benefit on behalf of the UK government under statute. In addition the contract for the corporate Electronic Document Management system currently used by Revenue and Benefits services, Social Care, Human Resources and Creditors will end in September 2024. The Council has been engaged in discussions with the supplier of both systems, Civica for around a year to negotiate a reasonable way forward before Civica press ahead with plans to migrate their systems to the Cloud and remove its support and development of its existing on premise solutions. The outcome of these discussions is an extension to the contracts for current on premise solutions for three further years to August/September 2027 with full support, however with increases in annual recurring support and maintenance charges and licensing costs. Beyond that three year period we expect significant increases in charges as the supplier moves the systems to the Cloud. The cost pressure for 2027-28 onwards will be added when more information becomes available.	0	0	37	37	37	0	0	63	63	63	0	0	137	137	137
Executive Director - Kirsty Flanagan	Roads & Infrastructure Services	Bus Transport contracts have seen a significant increase in new contract prices due to increased costs for fuel, insurance, maintenance, regulatory compliance and driver wages. 2 new contracts have seen a combined annual increase of £500k in Islay and Helensburgh. Work ongoing on whether savings could be made by reducing services or providing services in a different manner.	500	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	250	500	750	1,000	1,250	500	1,000	1,500	2,000	2,500	1,000	2,000	3,000	4,000	5,000
TOTAL			2,096	3,114	3,932	3,895	4,185	2,346	3,614	4,731	4,921	5,461	4,500	4,614	6,325	6,995	8,035

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2025-26 £000	2026-27 £000	2027-28 £000	2025-26 £000	2026-27 £000	2027-28 £000	2025-26 £000	2026-27 £000	2027-28 £000
All Social Work	Estimated Pay inflation reflecting a best case 2%, a mid-range of 3% for 2024/25 then 2% for 2025/26 and 2026/27 and a worst case of 5%. Adjusted for the impact of the reduction in the employer's pension contribution rate to 6.5% in 2024/25 and 2025/26 and to 17.5% in 2026/27.	699	1,526	2,369	1,049	2,301	3,590	1,748	3,583	5,802
All Social Work	Estimated Pay increments, best case is that 50% of the incremental changes based on 2023/24 are absorbed and in the mid-range and worst case, the increase is in line with the increase in 2023/24.	86	172	258	172	344	516	172	344	516
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	768	1,564	2,397	878	1,800	2,772	987	2,035	3,154
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	77	156	236	92	187	285	108	219	334
Adult Care	Older People Demand Growth: The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case assumes a 0% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	0	0	0	923	1,396	1,876	1,860	2,836	3,844
Adult Care	Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	202	406	613	609	1,027	1,454	1,020	1,660	2,321
Adult Care	Younger Adults Demand Growth - Physical Disability: There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	60	91	122	121	184	248	183	279	378
Adult Care	Mental Health Budget Adjustment - The Mental Health Supported Living and Residential budgets are carrying a recurring unbudgeted commitment. To address this situation, it is proposed to continue to realign the budget over 2024-25 and 2025-26 whilst also reviewing cases and redesigning services. The adjustment will be reviewed annually to reflect spending reductions delivered as well as any changes to funding and practice resulting from the implementation of the Independent Review of Adult Social Care.	50	75	100	99	150	202	150	229	310
Children and Families	Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario is that the expected additional demand can be funded from within existing resources as a result of planned improvements to the service delivery model (eg shift away from high cost external residential care to local foster and kinship care), the mid case reflects that additional demand in 24/25 be funded from existing resource with £250k per annum thereafter and the worst case reflects £250k per annum.	0	0	0	250	500	750	250	500	750
All Social Work	Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum.	250	500	750	500	1,000	1,500	750	1,500	2,250
TOTAL UNFUNDED COST AND DEMAND PRESSURES		2,192	4,490	6,845	4,693	8,889	13,193	7,228	13,185	19,659

APPENDIX 5 - Fees and Charges 2024-25

The 2024-25 fees and charges were agreed as part of the 2024-25 budget setting process at the Council meeting on 22nd February 2024.

Since that meeting, some updates have been made to the fees and charges and these are as follows:

- Explosives / Fireworks License and Registration – these fees are set by the UK Government and the uplifts were published on 7th March 2024. As such, the charges have now been inflated in line with the regulations and present increases between 4% and 5%.
- Petroleum Storage Certificates – these fees are set by the UK Government and the uplifts were published on 7th March 2024. As such, the charges have now been inflated in line with the regulations and present increases between 4% and 5%.
- Photocopying / Printing – a review of the VAT treatment of all fees and charges has highlighted an error that is required to be corrected. This has not resulted in any change to the gross fee charged to service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.
- Jura Ferry Commercial Vehicle / Coaches Out of Hours Service – a review of the VAT treatment of all fees and charges has highlighted an error that is required to be corrected. This has not resulted in any change to the gross fee charged to service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.
- Cuan Ferry Commercial Vehicle Out of Hours Services – this was a new charge which was previously amalgamated with the general Out of Hours services for Easdale and Lismore ferries. Given that the Cuan Ferry can transport vehicles as well as individual passengers, it needs to be included as a separate charge because a different VAT treatment is applicable. Again, this has not resulted in any change to the gross fee charged to the service users but has reduced the Council's net receipt from these charges due to the inclusion of 20% VAT. These charges will be reviewed and right-sized in 2025-26 as a result of this change.

The updated fees and charges schedule, including the above noted amendments, have already been published on the Argyll and Bute Council website.