

BUDGET OUTLOOK 2018-19 TO 2020-21

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2018-19 to 2020-21. The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range.
- 1.2 The approved budget for 2017-18 has been used as the base budget with the following changes:
- Remove Health and Social Care Partnership 2017-18 cost pressure of £2.137m approved on a one-off basis.
 - Remove one-off funding of £0.200m agreed for refuse collection.
 - Remove one-off cost pressure of £0.056m agreed for Catering and Cleaning.
 - Add back one-off reduction in loans charges of £0.500m for 2017-18 only.
 - Add back one-off reduction to new schools NDR of £0.267m in 2017-18 only.
 - Remove the funding in Education of £0.150m relating to painting the Education establishments agreed for a 4 year period that ends in 2017-18.
 - Reduce the loans charges by a further £1.000m in relation to profile already advised to Council.
 - Reduce the funding to Argyll and the Isles Tourism Co-operative by £0.010m each year in 2018-19 and 2019-20 as agreed by Council and in the best case and the mid-range scenario assume funding ceases at the end of the three year period.
 - Add in a further increase to the base employee cost as a result of the settled pay award for 2017-18 being higher than what was allowed for within the approved budget.
- 1.3 The assumptions in respect of employee costs for Council services are as follows:
- Pay award of between 1% and 2%, with mid-range at 1.5%.
 - Increments between zero and £0.654m with mid-range £0.327m.
 - Auto enrolment into the pension scheme assuming that between 40% and 100% of employees auto-enrolled remain in the scheme, with mid-range 60% (representing the budget in 2017-18).
- 1.4 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios, with a 1% general inflation built into the worst case scenario.
- 1.5 There are a number of cost and demand pressures for Council services already identified as follows and built into each scenario:

- Universal Credit – HB Admin grant
 - Local Plan Enquiry
 - New Schools Unitary Charges
 - Waste PP Financial Model
- 1.6 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.7 Income from fees and charges has been assumed to be between the range of 1% and 5%, with a mid-range of 3%.
- 1.8 Service Choices savings and previously agreed efficiency savings have been built into each scenario.
- 1.9 For Health and Social Care Integration, it has been assumed that we are able to reduce the funding to the Integration authority by the same share as the reduction permitted in 2017-18 and it has further been assumed that the Health and Social Care Partnership will absorb their own inflationary and cost pressure increases. In the worst case scenario, it has been assumed that the Council would contribute £0.500m each year towards the cost pressures.
- 1.10 In respect of the Scottish Government funding, it has been assumed that the reduction will be between 3.5% and 4.5% each year over the next three years, with 4% being the mid-range.
- 1.11 The Council tax base has been assumed to grow by between 0.25% and 0.75%, with a mid-range of 0.50%. In terms of an increase to Council Tax, and in light of the estimated continued reduction in Scottish Government funding together with cost increases in respect of pay, inflation and other pressures, it is assumed that the Council would exercise their right to increase Council Tax by 3% each year, however, this is a matter for the Council to decide.
- 1.12 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £17.414m with a gap of £4.573m in 2018-19.
- 1.13 In contrast, the budget gap in the best case scenario over the three years is £10.200m with a gap of £2.033m in 2018-19 and in the worst case scenario, the budget gap over the three years is £29.101m with a gap of £8.689m in 2018-19.
- 1.14 Officers have been working on drafting a medium to longer term financial strategy that pulls together the actions the Council are pursuing to mitigate against any future funding gaps. The medium to longer term financial strategy will be presented to the Policy and Resources Committee later in the year.
- 1.15 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21.

BUDGET OUTLOOK 2018-19 TO 2020-21

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2018-19 to 2020-21.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Scenario planning is an alternative to conventional forecasting that is better suited to an environment with numerous uncertainties. Conventional forecasting encourages organisations to focus on a narrow range of possibilities centred on a single view about the most likely future outcome. Scenario planning, in contrast, does not attempt to use a series of static assumptions to predict the future. Rather, it generates a dynamic series of plausible outcomes that generates a range of possibilities.
- 2.3 Relatively small variations in assumptions can lead to fairly significant changes in the outcome. The Council are in a period of one year settlements which does not give any degree of certainty into the medium term. The ring fencing of monies limits what we can do and additional policy and legislative implications, not always fully funded, puts financial pressures on Councils.
- 2.4 In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.
- 2.5 Officers have been working on drafting a medium to longer term financial strategy that pulls together the actions the Council are pursuing to mitigate against any future funding gaps. The medium to longer term financial strategy will be presented to the Policy and Resources Committee later in the year.

3. RECOMMENDATIONS

- 3.1 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21.

4. DETAIL**4.1 Base Budget**

- 4.1.1 The 2017-18 budget approved by Council on 23 February 2017 was £235.680m.
- 4.1.2 There were a number of one-off items agreed as part of the 2017-18 budget that

need to be adjusted for and these are noted as follows:

	£000
Remove:	
Health and Social Care Partnership 2017-18 cost pressures approved on a one-off basis	(2,137)
One-off funding agreed for refuse collection etc.	(200)
One-off cost pressure for Catering and Cleaning Management post	(56)
Add Back:	
One-off reduction in loans charges for 2017-18 only	500
One-off reduction to New Schools NDR in 2017-18	267
Reduction to revenue baseline budget	(1,626)

4.1.3 There are also other adjustments to the base budget as follows:

- In February 2014, the Council agreed to increase the Education budget by £0.150m time limited to 4 years to allow for a 4 year programme of painting Education establishments. This funding comes to an end in 2017-18 and this amount will be removed from the base budget.
- As reported in previous years, the loans charges profile is being reduced by £1.000m each year, with the final reduction in 2019-20. The loans charges will be reviewed in detail over the next two months.
- The Council agreed to continue to fund the Argyll and the Isles Tourism Co-operative (AITC) for a further three years, £0.050m in 2017-18, reducing to £0.040m in 2018-19 and reducing to £0.030m in 2019-20. In the best case and the mid-range scenario it has been assumed that the funding will cease beyond 2019-20 and in the worst case scenario it has been assumed that the funding will continue at the 2019-20 level.
- The pay award for 2017-18 has now been agreed for Chief Officials, Craft Workers and employees whose terms and conditions of service come within the framework of the Scottish Joint Council Local Government Employees. The finalised agreements will cost council services, excluding the Health and Social Care Partnership an additional £0.117m. There will also be additional apprenticeship levy of £0.006m as a result of the increase (0.5% of pay).

4.1.4 The table below summarises the base budget in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget 2017-18	235,680	235,680	235,680
One-off adjustments	(1,626)	(1,626)	(1,626)
Education painting – end of 4 year funding	(150)	(150)	(150)
Loans Charges historic debt profile	(1,000)	(2,000)	(2,000)
AITC	(10)	(20)	(50)
Additional Cost of Pay Award	123	123	123
Revised Base Budget	233,017	232,007	231,977

4.2 Employee Cost Changes

Pay Award

- 4.2.1 The pay award for 2017-18 has been agreed for Chief Officials, Craft Workers and employees whose terms and conditions of service come within the framework of the Scottish Joint Council Local Government Employees. The agreement covers the period from 1 April 2017 to 31 March 2018 and provides for a flat rate increase of £350 per annum to be paid to all employees remunerated up to £35,000 per annum (based on a 37 hour working week) and a 1% increase for those employees currently paid above £35,000.
- 4.2.2 The pay award agreed over the previous three years is noted below:
2014-15 – 1%
2015-16 – 1.5%
2016-17 – 1%
- 4.2.3 There are many variables to consider when estimating future pay awards. They are strongly influenced by inflation, economic uncertainty and pay increases in other organisations. There has been increasing pressure from the Trade Unions who have been pushing for the removal of the 1% pay cap on public sector pay. At the beginning of July, Finance secretary Derek MacKay said that the Scottish Government recognised that the time is up for the 1% pay cap and that the Government would take into account inflation in the future pay policy.
- 4.2.4 For the budget outlook it has been assumed that the cost of the pay award could range from between 1% (best case) and 2% (worst case) with the mid-range being 1.5%.

Increments

- 4.2.5 The cost of employee increments over the last four years is noted below.
- 2014-15 £0.792m
 - 2015-16 £0.919m
 - 2016-17 £0.824m
 - 2017-18 £0.780m - £0.654m for Council Services and £0.126m for Social Work Services included within the Health and Social Care Partnership.

- 4.2.6 There is currently still 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.
- 4.2.7 In terms of the budget outlook it has been assumed that for the best case, the cost of increments will be absorbed within any base adjustment, for the worst case, the cost of increments will be the same as 2017-18 and the mid-range is between the two.

Auto Enrolment

- 4.2.8 Auto enrolment will require the Council to automatically enrol all staff into the pension scheme from 1 October 2017. This is underway for new staff and a small number of other qualifying existing staff, however, the majority of existing staff who are not members of the pension scheme do not need to be auto enrolled until 1 October 2017.
- 4.2.9 For local authorities who did not defer auto enrolment for existing staff, the auto enrolment retentions (i.e those staying in once enrolled) has generally been quite high, ranging from around 60%. The budget provided for in 2017-18 assumed that 60% of staff who are auto enrolled remain in the scheme.
- 4.2.10 In terms of the budget outlook, what needs to be included, is the full year equivalent from 2018-19 onwards. For the mid-range scenario the same basis as the 2017-18 approved budget has been assumed (60% remain in scheme). For the best case, this has been reduced to 40% and for the worst case, it is assumed that 100% of existing staff who are auto enrolled remain. There will be certainty as to what is actually required after 1 October 2017.
- 4.2.11 The table below summarises the employee cost increases in the mid-range scenario for Council services. The employee cost increases relating to the Health and Social Care Partnership are summarised within paragraph 4.7.

	2018-19 £000	2019-20 £000	2020-21 £000
Pay Award	1,650	3,325	5,025
Increments	327	654	981
Auto Enrolment	205	205	205
Total Employee Cost Changes	2,182	4,184	6,211

4.3 Non-Pay Inflation

- 4.3.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable. Consideration needs to be given as to whether this is sustainable into the medium/longer term, however, to date services have been able to manage their budgets on this basis.
- 4.3.2 In terms of the budget outlook, only unavoidable/inescapable non-pay inflation

has been built into the best case and mid-range scenarios, with a 1% general inflation built into the worst case scenario.

- 4.3.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to the Health and Social Care Partnership are summarised within paragraph 4.7.

	2018-19 £000	2019-20 £000	2020-21 £000
Unavoidable/Inescapable	600	1,200	1,800
General Inflation	0	0	0
Total Non-Pay Inflation	600	1,200	1,800

4.4 Cost and Demand Pressures

- 4.4.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services (and reported as part of the budget in February 2017) and these are noted in the table below with further detail included within Appendix 2.

	2018-19 £000	2019-20 £000	2020-21 £000
Universal Credit – HB Admin Grant	75	150	150
Local Plan Enquiry	0	90	0
New Schools Unitary Charges	1,206	1,555	1,555
Waste PPP Financial Model	254	560	560
Total	1,535	2,355	2,265

- 4.4.2 When creating a budget outlook beyond one year, there is a risk that new cost and demand pressures will emerge that have not been included within the outlook. It is suggested that no allowance is included within the best case scenario, £0.500m general allowance is included within the worst case and a £0.250m allowance included within the mid-range scenario each year.

- 4.4.3 The table below summarises the cost and demand pressures in the mid-range scenario for Council services. The cost and demand pressures relating to the Health and Social Care Partnership are summarised within paragraph 4.7.

	2018-19 £000	2019-20 £000	2020-21 £000
Previously Identified Cost and Demand Pressures	1,535	2,355	2,265
General Allowance	250	500	750
Total Cost and Demand Pressures	1,785	2,855	3,015

4.5 Income

Fees and Charges

- 4.5.1 Income from fees and charges that can be varied at the discretion of the Council is just under £16m per annum, however, the fees and charges subject to inflation has been around £12m. There has been a general inflationary increase to fees and charges of 3% for a number of years, with the exception of 2016-17 when a 6% increase was applied. The Council will want to consider the service impact and whether the inflation applied to fees and charges could reduce service uptake.
- 4.5.2 For the budget outlook the mid-range scenario has been based on a 3% increase, in line with previous years, the best case a 5% increase and the worst case a 1% increase.

Investing for Income

- 4.5.3 The Council created an Asset Investment Fund in February 2016 to be used to invest to generate a return. The Council also invested £0.491m in the Schools HUB Project which is expected to attract a rate of interest of around 10% per annum. There are also other investment opportunities that are being explored.
- 4.5.4 In terms of the budget outlook, no returns have been included as it is assumed that any returns would be re-invested. The Council may wish to consider, once a regular income stream has been established, whether any of the returns are released to support the ongoing revenue budget.
- 4.5.5 The table below summarises the income increases in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Fees and Charges	(310)	(620)	(930)
Total Fees and Charges	(310)	(620)	(930)

4.6 Savings Already Agreed

- 4.6.1 At the Council meeting on 11 February 2016, Members were asked to make a decision on all Service Choices policy options that were subject to public consultation irrespective of whether the saving was due to be delivered in 2016-17, 2017-18 or beyond. This was to assist in planning beyond 2016-17 and to allow for preparation time particularly in areas where significant redesign of services to deliver longer term savings was proposed. The budget outlook reflects the Service Choices savings approved and the profile of these savings.
- 4.6.2 There were also management/operational savings agreed in February 2016 and also further efficiency savings agreed in October 2016 and these are also reflected within the budget outlook.
- 4.6.3 One of the savings proposals routed via the Council's Innovation Fund was in

relation to a print management solution for the Council and the savings are estimated to be around £0.140m from 2018-19 onwards.

4.6.4 The table below summarises the savings.

	2018-19 £000	2019-20 £000	2020-21 £000
Service Choices Savings	(1,301)	(1,301)	(1,301)
Management/Operational Savings Agreed February 2016	71	71	71
Efficiency Savings Agreed October 2016	(26)	(26)	(26)
Print Management Solution	(140)	(140)	(140)
Total Savings already agreed	(1,396)	(1,396)	(1,396)

4.7 Health and Social Care Partnership

4.7.1 As part of the 2017-18 budget settlement, Local Authorities were advised that they were able to adjust their allocation to the Integration Authorities in 2017-18 by up to their share of £80m below the level of budget agreed with their Integration Authority for 2016-17. Argyll and Bute's share of the £80m was £1.450m. It was assumed that a similar reduction could take place in future years and when the indicative budgets were agreed for 2018-19 and 2019-20 a £1.450m reduction was built in.

4.7.2 In taking the medium term budget outlook out a further year to 2020-21, it has been assumed that this reduction can be applied in 2020-21, sharing the overall Council funding reduction.

4.7.3 The adjustment to the allocation implies that any cost increases (inflation and pressures) for Social Work services will require to be met from the overall allocation of funding within the Health and Social Care Partnership. There are a number of cost increase estimates relating to Social Work and they are summarised for information purposes within the table below. In the worst case scenario, it has been assumed that the Council would contribute £0.500m each year towards the cost pressures.

	2018-19 £000	2019-20 £000	2020-21 £000
Pay Inflation	386	778	1,176
Pay Increments	63	126	189
Non-Pay Inflation	150	300	450
Adult Care Growth	600	1,200	1,800
Younger Adults Growth	300	600	900
Carer's Act Requirements	400	400	400
Total Cost Increase estimates for Social Work	1,899	3,404	4,915

4.8 Funding

Scottish Government Finance Settlement

4.8.1 Indications are that for the medium term, Local Government will still face funding cuts, similar to those over the last few years. The reduction in funding in 2016-17 was 4% and in 2017-18 was 3.2% following the additional funding announced on 2 February 2017. Prior to this announcement, the 2017-18 reduction to funding was 4.4%.

4.8.2 In terms of the budget outlook it has been assumed that for the best case, the reduction will be 3.5%, for the worst case, the reduction will be 4.5% and for the mid-range the reduction will be 4%.

4.8.3 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2018-19 £000	2019-20 £000	2020-21 £000
% Change to Funding	-4.0%	-4.0%	-4.0%
Estimated SG Funding Reduction	(7,616)	(7,311)	(7,019)
Estimated SG Funding	182,781	175,470	168,451

Council Tax

4.8.4 The Council Tax budget for 2017-18 was set at £45.476m. This included a 3% increase, a 0.50% growth in the Council Tax base and also the increase due to the change in the Council Tax multiplier.

4.8.5 In terms of the growth in the Council tax base it has been assumed that for the best case scenario this would be 0.75%, worst case 0.25% and mid-range 0.5%.

4.8.6 Council's now have discretion to increase Council Tax by a maximum of 3% each year. In light of the estimated reduction in the Scottish Government funding together with cost increases in respect of pay, inflation and other pressures, it is assumed that the Council would wish to increase the Council Tax by 3% and this is what has been assumed in each budget outlook scenario. This is, of course, a matter for the Council to decide.

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

	2018-19 £000	2019-20 £000	2020-21 £000
Estimated SG Funding	182,781	175,470	168,451
Council Tax Base	45,476	45,476	45,476
Council Tax Growth	227	462	706
3% Increase to Council Tax	1,371	2,797	4,280
Total Estimated Funding	229,855	224,205	218,913

4.9 Summary of Estimated Budget Gap

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

	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget	233,017	232,007	231,977
Employee Cost Changes	2,182	4,184	6,211
Non-Pay Inflation	600	1,200	1,800
Cost and Demand Pressures	1,785	2,855	3,015
Fees and Charges	(310)	(620)	(930)
Savings Already Agreed	(1,396)	(1,396)	(1,396)
HSCP Payment Adjustment	(1,450)	(2,900)	(4,350)
Total Estimated Expenditure	234,428	235,330	236,327
Total Estimated Funding	229,855	224,205	218,913
Budget Surplus / (Gap) Cumulative	(4,573)	(11,125)	(17,414)
Budget Surplus / (Gap) In Year	(4,573)	(6,552)	(6,289)

4.9.2 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £17.414m with a gap of £4.573m in 2018-19.

4.9.3 In contrast, the budget gap in the best case scenario over the three years is £10.200m with a gap of £2.033m in 2018-19 and in the worst case scenario, the budget gap over the three years is £29.101m with a gap of £8.689m in 2018-19.

4.9.4 When the indicative budgets were agreed at the budget meeting in February 2017 for financial years 2018-19 and 2019-20, the gap noted was £3.559m in 2018-19 rising to £9.330m in 2019-20. The difference to the budget gap noted in paragraph 4.9.1 relates mainly to the inclusion of a general allowance for cost and demand pressures and raising the estimated pay award to 1.5% from 1% within the mid-range scenario.

4.10 Medium to Longer Term Financial Strategy

4.10.1 The Council is committed to transforming the way in which it operates and, alongside the work which it has already implemented, is committed to continuing to seek out opportunities for commercialisation, deliver efficiencies and improve the way in which we operate to be able to deliver high quality services, support the growth of the economy and balance the budget both now and in the future.

4.10.2 Officers have been working on drafting a medium to longer term financial strategy that pulls together the actions the Council are pursuing to mitigate against any future funding gaps. The medium to longer term financial strategy will be presented to the Policy and Resources Committee later in the year.

4.10.3 The Council, at its meeting in February 2017 agreed a set of principles that will support the medium to longer term financial sustainability of the Council and

these are noted below.

- Resources aligned with the Local Outcome Improvement Plan (LOIP)
- Direct provision versus commissioned services (make or buy)
- Digital transformation
- Shared Services
- Commercial activities (via trading accounts)
- Arm's Length External Organisations (ALEOs)
- Commercial sponsorship
- Investment opportunities
- Volunteering for core services
- Fully centralised procurement
- Engaging Trade Unions in full partnership
- Shared and improved asset utilisation
- Management structure
- Work patterns and shift arrangements.

4.10.4 Taking cognisance of the principles as noted above, officers have been exploring opportunities to protect/mitigate against future budget gaps.

4.10.5 A Transformation Board has been established to oversee all the Council's transformational opportunities and the Board is chaired by the Executive Director of Customer Services and membership consists of a number of Senior Managers across the Council as well as Trade Union representation. One of the Board's most significant areas of work to address the medium term position is to challenge services to identify savings, based on four operating principles:

- Business cost reduction
- Service re-design
- Income generation/income maximisation
- Self-funding.

4.10.6 The first phase of this challenge is concerned with the front line services and initial proposals will be drafted by the end of July 2017, considered by the Transformation Board during August and then fed into the budget process for 2018-19. Phase 2, will look at support services and the same four operating principles will apply but the Transformation Board will also be looking to right size the support services to meet the needs of the changing organisation.

4.10.7 Other actions being progressed are the Asset Management and Investment Fund, Rural Deal, Other Economic Development Initiatives, Workforce Planning, Volunteer Framework, Shared Service and Partnership Working opportunities. Further detail on these and other actions will be contained within the Medium to Longer Term Financial Strategy.

5. CONCLUSION

5.1 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £17.414m with a gap of £4.573m in 2018-19. Officers have been exploring opportunities to protect/mitigate against future budget gaps and are working on drafting a medium to longer term financial strategy that will

be presented to the Policy and Resources Committee later in the year.

6. IMPLICATIONS

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| 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 developed 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 | Equalities - | None directly from this report but any proposals to address the forecast budget gap will need to consider equalities. |
| 6.6 | Risk - | None directly from this report but any proposals to address the forecast budget gap will need to consider risk. |
| 6.7 | Customer Service - | None directly from this report but any proposals to address the forecast budget gap will need to consider customer service. |

Policy Lead for Strategic Finance and Capital Regeneration Projects - Councillor Gary Mulvaney

**Kirsty Flanagan
Head of Strategic Finance
7 August 2017**

APPENDICES:

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
Appendix 2 – Cost and Demand Pressures

APPENDIX 1
BUDGET OUTLOOK 2018-19 TO 2020-21

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget	235,680	235,680	235,680	235,680	235,680	235,680	235,680	235,680	235,680
Base Budget Adjustments	(2,663)	(3,673)	(3,703)	(2,663)	(3,673)	(3,703)	(2,663)	(3,673)	(3,673)
Revised Base Budget	233,017	232,007	231,977	233,017	232,007	231,977	233,017	232,007	232,007
Pay Award	1,100	2,211	3,333	1,650	3,325	5,025	2,200	4,444	6,733
Pay Increments	0	0	0	327	654	981	654	1,308	1,962
Auto Enrolment	69	69	69	205	205	205	479	479	479
Total Employee Cost Changes (Council Services)	1,169	2,280	3,402	2,182	4,184	6,211	3,333	6,231	9,174
Non-Pay Inflation - Council Services	600	1,200	1,800	600	1,200	1,800	1,540	3,080	4,620
Universal Credit - HB Admin Grant	75	150	150	75	150	150	75	150	150
Local Plan Enquiry	0	90	0	0	90	0	0	90	0
New Schools Unitary Charges	1,206	1,555	1,555	1,206	1,555	1,555	1,206	1,555	1,555
Waste PPP Financial Model	254	560	560	254	560	560	254	560	560
General A43 Allowance for Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
Total Cost and Demand Pressures	1,535	2,355	2,265	1,785	2,855	3,015	2,035	3,355	3,765
Fees and Charges	(517)	(1,034)	(1,551)	(310)	(620)	(930)	(103)	(206)	(309)
Savings Already Agreed	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)
<i>Social Work Cost Pressures - For Information:</i>									
Pay Award - Social Work Services in HSCP	258	518	781	386	778	1,176	515	1,040	1,576
Pay Increments - Social Work in HSCP	0	0	0	63	126	189	126	252	378
Non-Pay Inflation - Social Work in HSCP	150	300	450	150	300	450	565	1,130	1,695
Adult Care Growth - Social Work in HSCP	600	1,200	1,800	600	1,200	1,800	600	1,200	1,800
Younger Adults Growth - Social Work in HSCP	300	600	900	300	600	900	300	600	900
Carer's Act Requirements - Social Work in HSCP	400	400	400	400	400	400	400	400	400
Fund Health and Social Care Cost Pressures	0	0	0	0	0	0	500	1,000	1,500
Health and Social Care Payment Adjustment	(1,450)	(2,900)	(4,350)	(1,450)	(2,900)	(4,350)	(1,450)	(2,900)	(4,350)
Total Adjustments to Health and Social Care Partnership	(1,450)	(2,900)	(4,350)	(1,450)	(2,900)	(4,350)	(950)	(1,900)	(2,850)
Total Estimated Expenditure	232,958	232,512	232,147	234,428	235,330	236,327	237,476	241,171	245,011
Scottish Government Grant	183,733	177,302	171,096	182,781	175,470	168,451	181,829	173,647	165,833
Council Tax	47,192	48,983	50,851	47,074	48,735	50,462	46,958	48,491	50,077
Total Funding	230,925	226,285	221,947	229,855	224,205	218,913	228,787	222,138	215,910
Budget Surplus / (Gap) Cumulative	(2,033)	(6,227)	(10,200)	(4,573)	(11,125)	(17,414)	(8,689)	(19,033)	(29,101)
Budget Surplus / (Gap) In Year	(2,033)	(4,194)	(3,973)	(4,573)	(6,552)	(6,289)	(8,689)	(10,344)	(10,068)

APPENDIX 2

COST AND DEMAND PRESSURES 2018-19 TO 2020-21

Category	Department	Service	Cost/Demand Pressure	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
				2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Local	Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry	0	90	0	0	90	0	0	90	0
Local	Development and Infrastructure Services	Roads and Amenity	Waste Financial Model - This relates to the financial model that was developed, which forecast overall waste costs until 2039-40. The cost pressure is £254k in 18-19 and £560k in 19-20 and there is no additional cost pressure for 2020-21 this is as a direct result of the contractual arrangements between the Council and Shanks for the delivery of the majority of waste disposal services within Argyll & Bute.	254	560	560	254	560	560	254	560	560
Local	Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools.	1,206	1,555	1,555	1,206	1,555	1,555	1,206	1,555	1,555
Local	Council Wide	Council Wide	General Allowance for Cost and Demand Pressures	0	0	0	250	500	750	500	1,000	1,500
Total Local				1,460	2,205	2,115	1,710	2,705	2,865	1,960	3,205	3,615
National	Customer Services	Customer and Support Services	Universal Credit - HB Admin Grant	75	150	150	75	150	150	75	150	150
Total National				75	150	150	75	150	150	75	150	150
TOTAL OF COUNCIL COST AND DEMAND PRESSURES				1,535	2,355	2,265	1,785	2,855	3,015	2,035	3,355	3,765