

BUDGET OUTLOOK 2020-21 TO 2022-23

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019, 15 August 2019 and 17 October 2019. The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.2 There are no changes to my previous assumptions around the level of Scottish Government (SG) funding. I consider a prudent assumption still to be within the range of a reduction of between 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%.
- 1.3 Following the announcement of the General Election on 12 December 2019, the UK Budget announcement due on 6 November 2019 and the Scottish Budget announcement due on 12 December 2019 have been deferred. At this stage it is unclear as to when the Budget announcements will be.
- 1.4 Following a review of Council Tax growth, I have updated the growth assumption, reducing the mid-range scenario to 0.25% and the best case scenario to 0.5%. The worst case remains unchanged at 0.25%.
- 1.5 The estimated funding in respect of Teachers Pensions has been updated to reflect a percentage share of the total quantum of funding and the earmarked reserves draw-down has been updated to reflect the increased estimated cost of the teachers pensions since the previous estimate.
- 1.6 There are no changes to the base budget since the previous report.
- 1.7 The employee cost assumptions have been updated as Financial Services have concluded their salary template exercise costing the establishment for 2020-21. There is an overall increase of £0.437m on previous estimates resulting from an increase in the cost of the pay award and cost of increments being higher than previously estimated offset by a reduction in the employee base due to a reduction in projected school rolls reducing the teacher FTE entitlement within schools. There is an increase in relation to the teachers pension cost, however, this has been offset by an increase to the income/earmarking.
- 1.8 There are no changes to the non-pay inflation since the previous report.
- 1.9 There are a number of cost and demand pressures for Council services built into each scenario. The cost and demand pressures within the mid-range scenario amount to £0.762m in 2020-21 and there are no new cost and demand

pressures reported within this outlook report.

- 1.10 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, however, now that we are more than half way through the year, the general allowance has been removed for 2020-21.
- 1.11 I reported in my previous budget outlook report that there were two known costs pressures that have not been quantified at this stage in relation to the ban on biodegradable municipal waste to landfill, delayed until 2025, and the consolidation of the living wage. There are no further updates in relation to these known cost pressures.
- 1.12 There is one new cost pressure that has not been quantified in relation to the changes to the nutritional requirements for food and drink in schools. All changes have to be implemented by Autumn 2020. There are likely to be cost implications as well as a reduced uptake of school meals.
- 1.13 Officers have been liaising with Rothesay Pavilion Charity who have been reviewing their 5 year business plan. There is a separate report on the Policy and Resources Committee agenda in respect of this and at this stage no cost pressure has been added into the budget outlook as the ask from Rothesay Pavilion Charity will require political approval.
- 1.14 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2019, indicative allocations for 2020-21 and 2021-22 were agreed on the basis of current year funding less 1%. This indicative position has been included as the mid-range scenario with the 1% reflected in 2022-23 also. In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario and assumed a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.15 For Live Argyll, I have assumed the increase in 2020-21 as previously agreed by the Policy and Resources Committee on 17 August 2017. For 2021-22 and 2022-23 I have assumed a reduction equal to the mid-range Scottish Government Funding reduction (2%) within the best case scenario, a 1% reduction within the mid-range scenario and a flat cash basis in the worst case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 1.16 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 and not factoring in any previous savings decisions or future potential options is an estimated gap over the three year period of £28.442m with a gap of £9.510m in 2020-21.

- 1.17 The measures to balance the budget over the next three years are as follows:
- Proposed increase to fees and charges of between 1% and 5% (3% mid-range).
 - Service choices savings in respect of longer term redesign of catering and cleaning service agreed in February 2016 to be delivered by 2021-22.
 - Management/operational savings already agreed in October 2017 and further management/operational savings agreed in February 2019.
 - Policy Savings already agreed February 2018 and further policy savings agreed in February 2019.
 - Proposed increase to Council Tax (4.79% in best case, 3% in mid-range and no increase in worst case scenario).
- 1.18 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £21.285m with a gap of £6.078m in 2020-21.
- 1.19 In contrast, the budget gap in the best case scenario over the three years is £9.839m with a gap of £3.005m in 2020-21 and in the worst case scenario, the budget gap over the three years is £34.934m with a gap of £9.587m in 2020-21. A summary of all three scenarios is included within Appendix 1.
- 1.20 New savings options for 2020-21 were identified by officers and presented to Council on 17 October 2019. Based on the latest budget outlook, the savings identified for 2020-21 do not meet the latest mid-range gap by £1.595m. Officers are currently considering further savings options that could deliver within 2020-21.
- 1.21 A review of the Council's Loans Fund is nearing completion, with assistance from our Treasury Advisors, Link Asset Services. The review followed the change in Regulations that saw a move from a prescriptive basis on how the repayment values are to be calculated (maximum periods permitted for each asset class), to a prudent one with each local authority allowed to determine what is prudent. These changes provide greater flexibility for local authorities to repay the outstanding Loans Fund advances over a difference period, if it can be justified as prudent to do so. The review will provide revenue savings, both recurring and one-off and the outcome of this review will be reported to Members for consideration in advance of the budget meeting.
- 1.22 It is recommended that the Policy and Resources Committee:
- a) Consider the current estimated budget outlook position for the period 2020-21 to 2022-23.
 - b) Note that the UK Government budget and Scottish Government budget have both been deferred. Once there is more certainty on the likely timing of the budget announcements, a briefing note will be issued to Members to advise of any impact on the budget meeting and members seminars.

BUDGET OUTLOOK 2020-21 TO 2022-23

2. INTRODUCTION

- 2.1 This report provides an update to the budget outlook 2020-21 to 2022-23, reported to the Policy and Resources Committee on 16 May 2019, 15 August 2019 and 17 October 2019.
- 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:
- c) Consider the current estimated budget outlook position for the period 2020-21 to 2022-23.
 - d) Note that the UK Government budget and Scottish Government budget have both been deferred. Once there is more certainty on the likely timing of the announcements, a briefing note will be issued to Members to advise of any impact on the budget meeting and members seminars.

4. DETAIL

4.1 Funding

Scottish Government Finance Settlement

- 4.1.1 Mr Mackay, the Cabinet Secretary for Finance, Economy and Fair Work, committed at Stage 1 of the 2019-20 Scottish Budget to bring forward a 3-year Spending Review from 2020. However, it has been stated that this commitment is dependent on a number of factors, including the funding term announced by the UK Government and uncertainties surrounding the exit from the EU. The commitment and associated caveats were reiterated in the Medium Term Financial Strategy (MTFS) which was published by the Scottish Government in late May 2019.
- 4.1.2 The Chancellor of the Exchequer outlined 'Spending Plans' at UK level on the 4th September for a one year period. As this announcement did not include UK tax policies or fiscal forecasts, the level of information fell short of a full UK Budget and short of the information that the Scottish Government needs to enable a

draft Scottish Budget to be announced. The full UK Budget was expected to be announced on 6 November 2019 with the Scottish Budget on 12 December 2019, however, due to the General Election, the UK Budget has been deferred and so too has the Scottish Budget. At this stage it is unclear as to when the Budget announcements will be. A draft estimated timetable for the budget process is noted below, with the Budget announcement dates being very much estimates.

Date	Event	Purpose/Agenda
November/December 2019	Budget Consultation	Seeks views from the public on budget proposals.
Commences 13 November 2019	Trade Union Consultation	Consultation on posts that are at risk of redundancy – consultation to last 45 days.
12 December 2019	General Election	
17 December 2019	P&R Committee	Updated Budget Outlook
After 6 January 2020 (estimated)	UK Budget Announcement	Dependent on the General Election result when this could be. Assume to be into January.
After 20 January 2020 (estimated)	Scottish Government Budget Announcement	Dependent on when UK Budget Announcement is and time to allow for scrutiny.
After 20 January 2020 (estimated)	Finance Circular published with provisional settlement detail	
After 20 January 2020 (estimated)	Briefing for Members	Briefing on impact of Local Government settlement on budget gap.
27 January 2020	Members Seminar	Proposed Date
13 February 2020	Budget Pack goes public	Budget pack included in release of P&R Papers
20 February 2020	P&R Committee	Consider budget proposals and make recommendation to Council.
27 February 2020	Council	Set Budget.

4.1.3 COSLA's budget ask of Scottish Government is that current budgets have a minimum uplift of inflation plus 3% and additionally all new commitments and duties are fully funded by the Scottish Government. It remains to be seen how Scottish Government will respond to this ask. If the Council did receive a 3% increase, the change from the mid-range scenario estimate of a 2% reduction would be approximately £9m. However, the calculation of the settlement isn't that straightforward and there are a number of factors that could impact including:

- A number of Grant Aided Expenditure indicators have been reviewed and new formula proposed which may negatively impact.
- Any increase could be ring-fenced, for example last year, funding had to be

directly passed to IJBs.

- Any reported increase could include the flexibility to increase Council tax above 3%, as was the case last year when Local Authorities were able to increase by 4.79%, however, this would be a matter reserved for Members decision.
- The final settlement is dependent on how Scottish Government calculate the floor mechanism and the level of the floor.

4.1.4 At this stage, I consider it prudent to keep the existing Scottish Government funding assumptions within a range of a reduction of between 1.5% (best case) and 2.5% (worst case) with a mid-range of 2.0%.

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

	2020-21 £000	2021-22 £000	2022-23 £000
% Change to Funding	-2.0%	-2.0%	-2.0%
Estimated SG Funding Reduction	(3,874)	(3,797)	(3,721)
Estimated SG Funding	189,837	186,040	182,319

Council Tax

4.1.6 The growth in Council Tax had previously been assumed to be between the range of 0.25% (worst case) and 0.75% (best case) with a mid-range of 0.5%, this assumed growth has been the same for a number of years. I have reviewed the actual growth since 2015 and this is noted in the table below.

Council Tax Based Return Year	No. of Dwellings on Valuation List	Movement from Previous Year	% Movement
2019	48,134	114	0.24%
2018	48,020	136	0.28%
2017	47,884	104	0.22%
2016	47,780	68	0.14%
2015	47,712	212	0.45%
2014	47,500		

Following this review, I have updated the growth assumption, reducing the mid-range scenario to 0.25% and the best case to 0.5%. The worst case remains unchanged at 0.25%.

4.1.7 There is a current estimated shortfall in the Council Tax budget of £0.146m in 2019-20, which could be linked to an actual lower growth than was built into the budget as noted in the previous paragraph. A review of the overall Council Tax budget will be carried out prior to the budget setting in February 2020 to ensure that the base budget is at the correct level.

4.1.8 The Council Tax increase is included within paragraph 4.9.2 of this report.

UK Government Funding for Teachers Pensions

- 4.1.9 The funding for 2019-20 was confirmed by letter on 6 June 2019. The full year funding is £104m and in 2019-20 our share of this was 1.68% and this was based on the December 2018 teacher numbers. If we receive the same share of the funding in 2020-21, this would amount to £1.747m funding. In the previous budget outlook, I had assumed a lower amount based on estimated actuals, however, on reflection it would be reasonable to assume a percentage share of the total quantum of funding.
- 4.1.10 Within the August budget outlook, I advised that due to the superannuation increase being deferred until 1 September, the cost in 2019-20 was less than budgeted for and Council approved that the surplus budget be earmarked to pay for additional rate increase of 0.6% agreed as part of the deferral, this was to ensure that there was no impact on the budget outlook in future years. Within 2019-20 there was originally a net cost of £0.388m built into the 2019-20 budget. This was updated in the August outlook, with the net cost expected to be £0.451m in 2020-21, £0.063m more than the 2019-20 (this was the earmarking assumed to be required). Following the salary template exercise costing up the salaries for 2020-21, the net cost is now estimated to be £0.506m and this would require to use earmarked reserve funding of £0.118m. The total earmarking amounts to £0.230m so this earmarking would only fund the additional cost in 2020-21 and 2021-22.
- 4.1.11 The estimated funding and earmarking have been built into the outlook.
- 4.1.12 The table below summarises the estimated total funding in the mid-range scenario.

	2020-21 £000	2021-22 £000	2022-23 £000
Estimated SG Funding	189,837	186,040	182,319
Council Tax Base	50,457	50,457	50,457
Council Tax Growth	126	252	379
UK Government Funding for Teachers Pensions	1,747	1,747	1,747
Earmarked Reserve funding brought forward for Teachers Pensions	118	112	0
Total Estimated Funding	242,285	238,608	234,902

4.2 Base Budget

- 4.2.1 The starting point for the base budget for 2020-21 is the 2019-20 approved budget adjusted for any one-off items as well as any other items that have an impact on the base.
- 4.2.2 There are adjustments required to the base budget from previous Council decisions as follows:

	2020-21 £000	2021-22 £000	2022-23 £000
Base Budget 2019-20	243,048	243,048	243,048
Remove budget provision for payment to Argyll and the Isles Tourism Co-operative (AITC) as Council additional funding agreed in February 2017 comes to an end at 31 March 2020.	(30)	(30)	(30)
Increase loans charges budget by £0.100m from 2020-21 to pay for prudential borrowing cost of £2.8m of capital expenditure on roads – agreed 22 February 2018	100	100	100
Remove Mod baseline funding from 2020-21 as additional one-off funding was agreed in 2019-20 and the base budget is no longer required – agreed 21 February 2019	(40)	(40)	(40)
Reduce budget for Events and Festivals to £0.090m from 2020-21 – agreed 21 February 2019	(23)	(23)	(23)
Reduce budget for Supporting Communities Fund to £0.090m from 2020-21 – agreed 21 February 2019	(8)	(8)	(8)
Local Plan Enquiry Cost Pressure of £0.068m agreed for 2019-20 to be reduced to £0.022m in 2020-21 and zero from 2021-22 – agreed 21 February 2019	(46)	(68)	(68)
Total	243,001	242,979	242,979

4.3 Employee Cost Changes

- 4.3.1 The employee cost change assumptions included in the previous budget outlook reports related to the pay award and the cost of increments, as well as the cost pressure for the full year cost of the teachers pension increase.
- 4.3.2 Financial Services have populated salary templates with details of the staff establishment for 2019-20 and where necessary liaised with budget holders to confirm their staff. The templates calculate the next years pay bill, including superannuation and national insurance contributions. The cost of the employees from the template is compared to the previous year and reasons for differences explained.
- 4.3.3 In terms of the level of employee budgets for 2020-21, the expectation would be

that the budget would reflect the 2019-20 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2019-20 there is an overall decrease on the employee budget base of £0.340m for Council Services (excluding Social Work) and this mainly relates to a reduction in projected school rolls reducing the teacher FTE entitlement within schools, offset by some other increases relating to new entrants into the superannuation scheme.

- 4.3.4 The cost of the pay inflation, increments and teachers pensions are compared to the original estimate included within the budget outlook and the table below summarises a £0.437m increase to the budget gap within the mid-range scenario. The pay award costs are more than originally anticipated by £0.358m, part of this is linked to the teachers increased superannuation costs as a result of both the pay award and the increments. The pay increment costs are more than originally anticipated as within the mid-range scenario only 50% of the incremental cost from 2019-20 had been included on the basis that turnover of staff may have resulted in a reduction to the employee base that could have offset some of the incremental provision.

Category	Budget Outlook Mid-Range £000	Draft 2020-21 Budget £000	Increase (Decrease) to Budget Gap £000
Pay Award (includes base pay award, National Insurance & Superannuation as a result of pay award and Living Wage)	3,571	3,929	358
Increments	424	737	313
Teachers Pay Deal Additional Cost	2,366	2,366	0
Teachers Pensions Rate Increase	301	407	106
Change to Employee Base	0	(340)	(340)
Total			437

- 4.3.5 A multi-year pay deal was agreed for all employee groups up until 2020-21. In terms of the assumption on future years pay award, there has been no change to the previous assumption, it is based on a pay award within a range of 2.7% (best case) and 3.5% (worst case) with a mid-range of 3%. The monetary amount for futures years has been updated in line with this years increase.
- 4.3.6 It would also be prudent to change the scenarios for future year increments as over the last few years, the cost of increments have remained relatively static. For the best case scenario it is assumed that the cost of increments will be half this years estimate as any cost over and above this will be absorbed within a base adjustment. For the mid-range and worst case scenario it has been assumed that the increments are equal to the estimate for 2020-21.

Teachers Pensions Increase

4.3.7 The previous estimate of the increased full year cost due to the additional 0.6% increase was £0.301m. Following the salary template exercise the additional cost is calculated at £0.407m. This further increase of £0.106m has been matched within the funding section. The estimated SG funding has been amended by £0.051m using our share of the overall quantum of funding as the estimate and the earmarking has been increased for the remaining £0.055m from £0.063m to £0.118m. The total earmarking amounts to £0.230m so this earmarking would only fund the additional cost in 2020-21 and 2021-22. Overall, in respect of teachers pensions, there is a nil effect on the budget outlook for the pension changes in 2020-21 and a small effect (£0.006m) in 2021-22.

4.3.8 The table below summarises the employee cost increases 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.

	2020-21 £000	2021-22 £000	2022-23 £000
Pay Award	3,929	7,858	11,787
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366
Increments	737	1,474	2,211
Teachers Pensions Increase	407	407	407
Change to employee base	(340)	(340)	(340)
Total Employee Cost Changes	7,099	11,765	16,431

4.4 Non-Pay Inflation

4.4.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2020-21 was carried out during September by finance staff in consultation with services. There has been no changes to the non-pay inflation since this time and the estimated cost of non-pay inflation is £1.325m. The table below summarises the non-pay inflation and further information is contained within Appendix 2.

Service	Inflation	Inflation Required £000
Council Wide	Utilities – Electricity	198
Council Wide	Utilities – Gas	9
Council Wide	Utilities – Oil	11
Council Wide	Utilities – Water	10
Council Wide	Non Domestic Rates	129
Council Wide	Vehicle Fuel	56
Education	Pre-Primary Partner Uplift	0
Commercial Services	Catering Purchases and Milk	177
Commercial Services	School and Public Transport	50

Legal and Regulatory Support	Community Pool Subsidies	20
Legal and Regulatory Support	NPDO Schools Contract	323
Legal and Regulatory Support	HUB Schools Contract	51
Head of Customer and Support Services	ICT	68
Roads and Infrastructure	Landfill Tax	73
Roads and Infrastructure	Waste PPP Contract	135
Roads and Infrastructure	Street Lighting Electricity	15
		1,325

4.4.2 As with the previous estimate, the worst case scenario also includes a 1% general inflation over and above the unavoidable/inescapable inflation amount.

4.4.3 The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

4.5 Cost and Demand Pressures

4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources. A number of future cost and demand pressures were already identified for Council Services as part of the 2019-20 budget and during this year four new cost pressures have been identified in relation to SEEMIS, Third Sector Recycling, Oracle Support Costs and loss of car-parking income. These cost pressures are summarised within the table below. The value of the Third Sector Recycling cost pressure has been updated since the last budget outlook.

	2020-21 £000	2021-22 £000	2022-23 £000
Universal Credit – HB Admin Grant	60	120	180
Asbestos Management Plan	87	135	135
ASN Demand	129	257	386
SEEMIS (Education Management Information System) membership fee	15	16	18
Third Sector Recycling	106	106	106
Oracle support costs	18	18	18
Loss of income off-street parking (reversal of saving option TB08)	347	347	347
Total	762	999	1,190

4.5.2 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 was previously suggested that no allowance be included within the best case scenario, £0.500m general allowance included within the worst case and a £0.250m allowance included within the mid-range scenario each year. As we are more than half way through the financial year, the general allowance has been reduced by 50% in 2020-21 as some new cost pressures have already

been identified for next year.

4.5.3 I reported in my previous budget outlook report that there were two known costs pressures that have not been quantified at this stage.

- The first is in relation to the ban on biodegradable municipal waste to landfill from January 2021. A letter was received from the Cabinet Secretary for Environment, Climate Change and Land Reform on 19 September 2019 to advise that enforcement is delayed until 2025 for both public and private sectors managing waste covered by the ban. The letter further outlines that Scottish Landfill tax will be used as an incentive to ensure the transitional work proceeds at the necessary pace which means that the Landfill Tax is likely to increase which could create a pressure between now and 2025.
- The second unquantified cost pressure is in relation to the consolidation of the living wage and there is no further update at this stage.

4.5.4 There is now a third known cost pressure that has not been quantified at this stage in relation to the changes to the nutritional requirements for food and drink in schools. The Scottish Government reviewed the regulations that govern the food and drinks currently provided in schools and conducted a consultation with the public on proposals in the summer of 2018. The outcome of the consultation and the proposed changes to the current food and drinks standards were published by the Scottish Government in June 2019, with an implementation date of Autumn 2020. The revised standards focus on reducing sugar, reducing red and red processed meat and increasing fibre. Whilst there are some very positive changes as part of the proposals there are likely to be cost implications and it is also anticipated that there will be a reduced uptake of school meals. At this stage the cost implications have not been quantified and it is difficult to determine the level of reduction in uptake that is expected. The cost pressure will be from August 2020. It is unclear at this stage as to whether there will be any funding provided by Scottish Government.

4.5.5 Officers have been liaising with Rothesay Pavilion Charity who have been reviewing their 5 year business plan. There is a separate report on the Policy and Resources Committee agenda in respect of this and at this stage no cost pressure has been added into the budget outlook as the ask from Rothesay Pavilion Charity will require political approval.

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

	2020-21 £000	2021-22 £000	2022-23 £000
Previously Identified Cost and Demand Pressures	762	999	1,190
General Allowance	125	375	625
Total Cost and Demand Pressures	887	1,374	1,815

4.6 Health and Social Care Partnership

- 4.6.1 There are no changes to the previous assumption on the payment to the Health and Social Care Partnership (HSCP). In order to reflect different scenarios within the budget outlook, I have assumed a reduction equal to the mid-range Scottish Government funding reduction (2%) within the best case scenario, assumed a flat cash basis in the worst case scenario and the mid-range scenario is based on a 1% reduction, being the indicative allocation for 2020-21 and 2021-22 agreed as part of the Council budget in March 2019.
- 4.6.2 The HSCP was overspent in both 2017-18 and 2018-19 and £4.282m is outstanding to be repaid to the Council. The forecast outturn for 2019-20 at the end of September is a further overspend of £1.989m (£1.671m related to Social Work Services and £0.318m Health) and it is therefore apparent that the HSCP are struggling to deliver services within current resources. Whilst it is a reasonable approach to pass on a reduction in funding to the HSCP, in line with the Council's reduction in funding from the Scottish Government, consideration will need to be given as to whether the HSCP will be able operate within a reduced budget due to increased demand pressures and the difficulty the HSCP have in delivering substantial cashable savings.
- 4.6.3 Social Work services have already identified a number of cost pressures and these have been reviewed and updated and are summarised below within more information included within Appendix 4. These pressures are not included within the Council's budget gap, they will have to be managed by the Health and Social Care Partnership but are included within this report for information.

	2020-21 £000	2021-22 £000	2022-23 £000
Pay Inflation	936	1,872	2,808
Pay Increments	82	164	246
Pay Base Adjustment	88	88	88
Non-Pay Inflation	1,306	2,673	4,169
Older People Demand Growth	640	980	1,325
Younger Adults Demand Growth	539	817	1,087
National Care Home Contract	326	665	1,017
Social Work Emergency Standby	150	157	164
Greenwood Hostel overnight staffing	50	52	54
Criminal Justice Development funding	50	50	50
NEW – IJB Governance	95	99	103
Unknown Cost and Demand Pressures	250	750	1,250
Total Cost Increase estimates for Social Work	4,512	8,367	12,361

4.7 Live Argyll

- 4.7.1 There are no changes to the previous assumption on the future payments to Live

Argyll. For 2020-21 I have assumed the increase as previously agreed within the financial agreement. This agreement comes to an end at 31 March 2021 and for future years the assumption is the same as the Health and Social Care Partnership, that is:

- Best Case – reduction equal to mid-range Scottish Government funding reduction (2%).
- Mid-Range – 1% reduction
- Worst Case – flat cash.

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.

	2020-21 £000	2021-22 £000	2022-23 £000
Base Budget	243,001	242,979	242,979
Employee Cost Changes	7,099	11,765	16,431
Non-Pay Inflation	1,325	2,650	3,975
Cost and Demand Pressures	887	1,374	1,815
Increase/(Decrease) to HSCP allocation	(588)	(1,170)	(1,746)
Increase/(Decrease) to Live Argyll payment	96	58	21
Total Estimated Expenditure	251,820	257,656	263,475
Estimated Funding	242,285	238,608	234,902
Estimated Budget Surplus / (Gap) Cumulative	(9,535)	(19,048)	(28,573)

4.9 Measures to Balance the Budget

4.9.1 At this stage there are no changes to previous assumptions on measures to balance the budget. The measures include:

- Inflationary increase on fees and charges of between 1% (worst case) and 5% (best case) with a mid-range of 3%.
- Adjustment to previously agreed catering and cleaning saving in connection with shared services. I have assumed full delivery of the previously agreed saving of £0.446m in 2020-21 in the best case scenario and £0.172m of savings in the mid-range and worst case scenario by year 2021-22.
- Previously agreed management/operational and policy savings options.

4.9.2 Councils have had the discretion to increase Council Tax by a maximum of 3% each year since 2017-18. Councils were given the flexibility to increase the Council Tax for 2019-20 by 3% in real terms which the Scottish Government confirmed as 4.79%. It could be assumed that a similar increase would be permitted in future years, however, this has not been confirmed. For the budget

outlook, I have assumed no increase in the worst case scenario, a 3% increase in the mid-range scenario and a 4.79% increase in the best case scenario.

4.9.3 A review of the Council's Loans Fund is nearing completion, with assistance from our Treasury Advisors, Link Asset Services. The review followed the change in Regulations that saw a move from a prescriptive basis on how the repayment values are to be calculated (maximum periods permitted for each asset class), to a prudent one with each local authority allowed to determine what is prudent. These changes provide greater flexibility for local authorities to repay the outstanding Loans Fund advances over a difference period, if it can be justified as prudent to do so. The review will provide revenue savings, both recurring and one-off and the outcome of this review will be reported to Members for consideration in advance of the budget meeting.

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

	2020-21 £000	2021-22 £000	2022-23 £000
Fees and Charges Increase	308	616	924
Catering and Cleaning Service Choices	0	172	172
Management/Operational Savings Agreed October 2017	326	326	326
Management/Operational Savings Agreed February 2019 (as per agreed profile, shown as a negative as there was one off savings in 2019-20)	(452)	(692)	(692)
Policy Savings Agreed February 2018	1,286	1,286	1,286
Policy Savings Agreed February 2019	472	547	547
Council Tax Increase	1,517	3,092	4,725
Total Savings already agreed	3,457	5,347	7,288

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.

	2020-21 £000	2021-22 £000	2022-23 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(9,535)	(19,048)	(28,573)
Savings Measures	3,457	5,347	7,288
Estimated Budget Surplus / (Gap) Cumulative	(6,078)	(13,701)	(21,285)
Estimated Budget Surplus /	(6,078)	(7,623)	(7,584)

(Gap) In Year			
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- 4.10.2 In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £21.285m with a gap of £6.078m in 2020-21.
- 4.10.3 In contrast, the budget gap in the best case scenario over the three years is £9.839m with a gap of £3.005m in 2020-21 and in the worst case scenario, the budget gap over the three years is £34.934m with a gap of £9.587m in 2020-21. A summary of all three scenarios is included within Appendix 1.
- 4.10.4 The changes from the previous budget outlook reported to Policy and Resources Committee on 17 October 2019 are summarised in the table below:

	2020-21 £000	2021-22 £000	2022-23 £000
Previously reported budget surplus / (gap) cumulative	(5,736)	(12,541)	(19,190)
Reduce Council Tax Growth from 0.5% to 0.25% & Impact on Council Tax Increase Estimates	(130)	(273)	(429)
Pay Inflation	(358)	(714)	(1,068)
Pay Increments	(313)	(626)	(939)
Employee Pay Base Adjustment	340	340	340
Teacher Pensions Updated Estimate	0	(6)	(118)
Amendment to Third Sector Recycling Cost Pressure	(6)	(6)	(6)
Remove 2020-21 Allowance for Unknown Cost and Demand Pressures	125	125	125
Revised Budget Surplus / (Gap) Cumulative	(6,078)	(13,701)	(21,285)

4.11 Proposed New Savings

- 4.11.1 New savings options for 2020-21 were identified by officers and presented to Council on 17 October 2019. The savings options were classified into management/operational options where there are no policy implication and will not result in any redundancies and policy options where there are either policy or staffing implications. A summary of the savings identified are noted in the table below.

Saving Type	2020-21 £000	2021-22 £000
Management/Operational	1,371	1,413
Policy – within Council control	2,112	2,531
Policy – outwith Council control	1,000	1,000
Total	4,483	4,944

- 4.11.2 Council endorsed the management/operational savings identified and noted the policy options with further information will be brought forward to the Council as part of the 2020-21 budget papers.
- 4.11.3 Based on the latest budget outlook, the savings identified for 2020-21 do not meet the latest mid-range gap by £1.595m. Officers will continue to identify further savings to bridge the gap.

5. CONCLUSION

- 5.1 This report provides information on the estimated budget gap over the three year period 2020-21 to 2022-23. In the mid-range scenario, the budget gap estimated over the three year period 2020-21 to 2022-23 is £21.285m with a gap of £6.078m in 2020-21.

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 - | None directly from this report but any proposals to address the estimated budget gap will need to consider equality and socio-economic impact. |
| 6.6 | Risk - | None directly from this report but any proposals to address the estimated budget gap will need to consider risk. |
| 6.7 | Customer Service - | None directly from this report but any proposals to address the estimated budget gap will need to consider customer service. |

Kirsty Flanagan
Head of Financial Services
4 December 2019

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

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)

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23	2020-21	2021-22	2022-23
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048	243,048
Base Budget Adjustments	(47)	(69)	(69)	(47)	(69)	(69)	(47)	(69)	(69)
Revised Base Budget	243,001	242,979	242,979	243,001	242,979	242,979	243,001	242,979	242,979
Pay Award	3,929	7,465	11,001	3,929	7,858	11,787	3,929	8,513	13,097
Teachers Pay Deal 2019-20 Additional Cost	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366	2,366
Pay Increments	737	1,106	1,474	737	1,474	2,211	737	1,474	2,211
Change to employee base	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)	(340)
Teachers Pensions Increase	407	407	407	407	407	407	407	407	407
Total Employee Cost Changes (Council Services)	7,099	11,004	14,908	7,099	11,765	16,431	7,099	12,420	17,741
Non-Pay Inflation - Council Services	1,325	2,650	3,975	1,325	2,650	3,975	1,325	3,400	5,475
Previously Agreed - HB Admin Grant	60	120	180	60	120	180	60	120	180
Asbestos Management Plan	67	115	115	87	135	135	107	155	155
ASN Demand	0	0	0	129	257	386	214	428	642
SEEMIS membership fee	15	16	18	15	16	18	15	16	18
Third Sector Recycling	106	106	106	106	106	106	106	106	106
Loss of income off-street parking	347	347	347	347	347	347	347	347	347
Oracle support costs	18	18	18	18	18	18	18	18	18
Allowance for Cost and Demand Pressures Future Years	0	0	0	125	375	625	250	750	1,250
Total Cost and Demand Pressures	613	722	784	887	1,374	1,815	1,117	1,940	2,716
Adjustment to Health and Social Care Partnership Payment	(1,176)	(2,329)	(3,459)	(588)	(1,170)	(1,746)	0	0	0
Adjustment to Live Argyll Management Fee	96	20	(54)	96	58	21	96	96	96
Total Estimated Expenditure PRIOR to measures to balance the budget	250,958	255,046	259,133	251,820	257,656	263,475	252,638	260,835	269,007
Scottish Government Grant	190,805	187,943	185,124	189,837	186,040	182,319	188,868	184,146	179,542
UK Government Funding - Teachers Pensions	1,747	1,747	1,747	1,747	1,747	1,747	1,747	1,747	1,747
Earmarked Reserves for Teachers Pensions	118	112	0	118	112	0	118	112	0
Council Tax	50,709	50,963	51,218	50,583	50,709	50,836	50,583	50,709	50,836
Total Funding	243,379	240,765	238,089	242,285	238,608	234,902	241,316	236,714	232,125
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(7,579)	(14,281)	(21,044)	(9,535)	(19,048)	(28,573)	(11,322)	(24,121)	(36,882)
Measures to Balance the Budget:									
Fees and Charges	513	1,026	1,539	308	616	924	103	206	309
Catering and Cleaning Longer Term Redesign (Service Choices February 2016)	0	446	446	0	172	172	0	172	172
Management/Operational Savings Identified October 2017	326	326	326	326	326	326	326	326	326
Management/Operational Savings Identified February 2019	(452)	(692)	(692)	(452)	(692)	(692)	(452)	(692)	(692)
Policy Savings Options agreed February 2018	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286	1,286
Policy Savings Options agreed February 2019	472	547	547	472	547	547	472	547	547
Council Tax Increase	2,429	5,011	7,753	1,517	3,092	4,725	0	0	0
Total Measures to Balance the Budget	4,574	7,950	11,205	3,457	5,347	7,288	1,735	1,845	1,948
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	(3,005)	(6,331)	(9,839)	(6,078)	(13,701)	(21,285)	(9,587)	(22,276)	(34,934)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	(3,005)	(3,326)	(3,509)	(6,078)	(7,623)	(7,584)	(9,587)	(12,689)	(12,658)

Non-Pay Inflation (Council)

APPENDIX 2

Service	Inflation Category	Basis of Inflation	2020-21 Inflation %	2020-21 Inflation £000
Council Wide	Utilities - Electricity	This is a volatile areas and it is difficult to predict the inflation. Assumed inflation at 9.76% based on Scottish Government price risk index report as at June 2019.	9.76%	198
Council Wide	Utilities - Gas	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	9
Council Wide	Utilities - Oil	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	11
Council Wide	Utilities - Solid Fuel	This is a volatile areas and it is difficult to predict the inflation. Assumed CPI rate of 2% (July 2019) for 2020-21.	2.00%	-
Council Wide	Utilities - Water	Assumed inflation at CPI rate of 2% (July 2019) for 2020-21.	2.00%	10
Council Wide	Non Domestic Rates	Based on current RPI as at end of July 2018	2.80%	129
Council Wode	Vehicle Fuel	Based on advice from Fleet Manager	5.00%	56
Council Wide Total				413
Education	Pre-Primary Partner Provider Uplift	No increase required this year - provision for 1,140 hours is sufficient	0.00%	-
Commercial Services	Catering Purchases and Milk	Estimated 10% increase predicted as a result of price volatility. Estimated 10% is based on national estimates regarding increase in food prices following EU exit.	10.00%	177
Commercial Services	School and Public Transport Contract Fuel Uplifts	Inflation to fuel element of transport contracts based on projected fuel price increases. Only the fuel element of the contracts would be affected by this uplift.		50
Legal and Regulatory Support	Community Pool Subsidies	For Atlantis Leisure subsidy agreement the annual increase is based on RPI at Sept so estimate based on anticipated RPI at Sept 2019 then Sept 2020. MacPool & Islay Pool inflation based on anticipated RPI at March 2020.	3.00%	20
Legal and Regulatory Support	NPDO Schools	NPDO Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, applied to the payments only i.e. account code 44000 as the income is linked to Education FM payment.	2.10%	323

Service	Inflation Category	Basis of Inflation	2020-21 Inflation %	2020-21 Inflation £000
Legal and Regulatory Support	Hub Schools	Hub-DBFM Schools contracts are subject to inflation year on year. Inflation, per the contract pay mechanism, is applied to the payments only i.e. account code 44000 as the grant income is fixed for the term of the contract.	0.98%	51
Executive Director - Douglas Hendry - Total				621
Head of Customer Support Services	ICT	Inflationary increases re renewals for support and maintenance of hardware and software	15.00%	68
Roads and Infrastructure	Landfill Tax	Calculation is based on a formula approach similar to last year.	2.36%	73
Roads and Infrastructure	Waste PPP Contract	85% of RPIX as at end of Q2 2018	2.32%	135
Roads and Infrastructure	Street Lighting Electricity	The business case for the LED project assumed that inflation would be applied to street lighting electricity therefore inflation should be applied at the CPI rate of 2.1% (July 2019) for 2020-21.	2.10%	15
Executive Director - Pippa Milne - Total				291
				1,325

COUNCIL COST AND DEMAND PRESSURES 2020-21 to 2022-23

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
Chief Executive's Unit	Financial Services	Universal Credit "Full" Service went live in Sept 2018, but managed migration has been deferred to 2021 and will not be completed until 2024. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. The Council's caseload has reduced by 14% in the first year of Full Universal Credit but it is hard to predict just how quickly the rest of the working age caseload will migrate from Housing Benefit to Universal Credit between now and 2024. DWP announce funding allocations each December. For 2020/21 we are benefitting from transitional protection. These figures represent our best estimates at this time.	60	120	180	60	120	180	60	120	180
Executive Director - Douglas Hendry	Commercial Services	There is an ongoing need for the Council to manage the activities associated with delivery of the Asbestos Management Plan. An earmarked reserve equivalent to £90k per annum was agreed by the Council in FQ2 2017 which should allow the management arrangements to be funded until the end of FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the best case scenario is that funding of the anticipated staff resource will continue to be required beyond the end of FQ2 2020 with no emergent asbestos related issues. The worst case scenario includes an allowance to deal with non-funded emergent issues associated with the management of asbestos.	67	115	115	87	135	135	107	155	155
Executive Director - Douglas Hendry	Education	The demand for ASN support in Argyll and Bute has continued to grow with a significant increase in, and early identification of children and young people presenting with complex additional support needs, including mental health difficulties. In 2018-19, there was a substantial increase in ASN provision, resulting in an overspend for that financial year. It is anticipated that growth continues over the next 3 years however the extent of this growth is difficult to determine. Scottish Government statistics show that the number of pupils identified with ASN has increased markedly since 2010 and there continue to be year on year increases. These increases are likely due to continued improvements in recording and the introduction of the additional need types 'Child plans' and 'Other' in 2011. Scottish Government statistical datasets show that the percentage of school roll in mainstream schools of pupils with ASN has increased by approximately 3% year on year. Within many authorities, this means increased numbers of children accessing specialist provision.	0	0	0	129	257	386	214	428	642
Executive Director - Douglas Hendry	Education	The SEEMiS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2019/20 to 2023/24. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2020/21. Indicative membership fees were provided for financial years 2021/22 to 2023/24 and these have been factored in accordingly.	15	16	18	15	16	18	15	16	18

COUNCIL COST AND DEMAND PRESSURES 2020-21 to 2022-23

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case			
			2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	
Executive Director - Pippa Milne	Roads and Infrastructure Services	A report was presented to Council on 27 June 2019 in relation to third sector recycling services and additional funding was agreed for KRL and Fyne Futures to continue the kerbside service delivery until March 2020. A report is going to the Policy and Resources Committee on 17th December which will recommend additional funding of £56k for KRL and £50k for Fyne Futures for one calendar year with an option to extend to 2 years. The cost pressure has been included for all three years at this stage.	106	106	106	106	106	106	106	106	106	UPDATED
Executive Director - Pippa Milne	Roads and Infrastructure Services	This relates to saving option TB08 agreed in February 2018. This saving will no longer be pursued following the decision at the Oban, Lorn and the Isles Area Committee on 11 September 2019. The shortfall of £0.347m from 2020-21 onwards will now be reflected within the budget outlook report.	347	347	347	347	347	347	347	347	347	
Executive Director - Pippa Milne	ICT	The support for the Oracle e-business suite (The Council's financial system) was moved to a different supplier in 2018 to assist with revenue budget savings. It now transpires that this different supplier cannot provide the full level of support required. In moving back to Oracle for support, there is an increased cost.	18	18	18	18	18	18	18	18	18	
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	125	375	625	250	750	1,250	UPDATED
TOTAL			613	722	784	887	1,374	1,815	1,117	1,940	2,716	

SOCIAL WORK COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case			
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	
All Social Work	Based on pay deal until 2020-21 and thereafter between 2.7% and 3.5% (mid-range 2%)	936	1,778	2,620	936	1,872	2,808	936	2,028	3,120	UPDATED
All Social Work	Cost of increments - the best case from 2021-22 assumes the incremental cost is absorbed in the base budget changes, the mid-range and worst case is based on the incremental cost in 2020-21 and the best case assumes that only half of this incremental cost will be required in future years as some of the cost will be absorbed in based budget changes.	82	123	164	82	164	246	82	164	246	UPDATED
All Social Work	Change to employee base budget	88	88	88	88	88	88	88	88	88	UPDATED
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	1,090	2,224	3,463	1,306	2,673	4,169	1,523	3,123	4,886	
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 reflects a one-off adjustment to recognise part of the current budget deficit with no growth thereafter, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	311	311	311	640	980	1,325	970	1,659	2,370	
Adult Care	Younger Adults Demand Growth: 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 reflects a one-off adjustment to recognise part of the current budget deficit with no growth thereafter, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	269	269	269	539	817	1,087	808	1,372	1,911	
Adult Services	National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 3% , the mid range reflects an increase of 4% (in-line with the 2019/20 NCHC increase) and the worst case 5%.	244	496	755	326	665	1,017	407	835	1,284	

SOCIAL WORK COST AND DEMAND PRESSURES 2019-20 to 2021-22

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000	2020-21 £000	2021-22 £000	2022-23 £000
All Social Work	Social Work Emergency Standby: A review of the Social Work Emergency Standby service was completed during 2019/20 which included consultation work with staff and information gathering in relation to the approaches used by other local authorities. A new service design has been developed and will be piloted during 2019/20 using non-recurring funding as a test of change. This pressure reflects the estimated cost of fully implementing the outcome of the review on a permanent basis. Adjustment has been made for inflation and pay increments at 3% best case, 4.5% mid range and 6% worst case.	150	155	160	150	157	164	150	159	169
Criminal Justice	Criminal Justice Redesign: The Scottish Government has provided funding for transitional arrangements in relation to changes in the Criminal Justice Service for several years and continues to do so. Until 2019/20, this funding had been routed separately from the Council's general grant and an allowance had been built into the 2019/20 for this funding method, assuming the separate allocation would be added to the budget. Unfortunately, the method changed and the funding was instead allocated as part of the general grant and the funding was not added to the Criminal Justice budget as expected but absorbed into the overall social work budget. The transition work remains ongoing and the Criminal Justice service is continuing to have to pick up these costs. This was covered on a one-off basis from an earmarked reserve in 2019/20 but the additional funding requires to be re-established from 2020/21 onwards to continue to support the redesign of Criminal Justice services.	50	50	50	50	50	50	50	50	50
Integrated Joint Board	Integrated Joint Board Governance: The Integrated Joint Board requires additional governance support from the Council. This has been agreed between Douglas Hendry, Executive Director and Joanna MacDonald, Chief Officer. The cost pressure consists of 2 additional posts plus other support costs. Adjustment has been made for inflation and pay increments on the governance costs at 3% best case, 4.5% mid range and 6% worst case.	95	98	101	95	99	103	95	101	107
All Social Work	Provision for Unknown Cost and Demand Pressures	0	250	500	250	750	1,250	500	1,250	2,000
TOTAL UNFUNDED COST AND DEMAND PRESSURES		3,315	5,842	8,481	4,462	8,315	12,307	5,609	10,829	16,231