

2020/21 BUDGET UPDATE

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to Council on the level of flexibility the Council has in relation to Health and Social Care Partnership (HSCP) funding, confirms amendments to the revenue and capital funding awarded by the Scottish Government as notified by Finance Circular 2/2020 and notifies of an error in the fees and charges schedule in the budget pack

2020/21 BUDGET UPDATE

2. RECOMMENDATIONS

- 2.1 To note the announced degree of flexibility for levels of HSCP funding which were advised on the 27 February 2020.
- 2.2 To note that the amendments to revenue and capital funding as notified by Finance Circular 2/2020.
- 2.3 To note a correction to the fees and charges on the Council's website.

3. DETAIL**HEALTH AND SOCIAL CARE PARTNERSHIP FUNDING**

- 3.1 The draft Scottish Budget for 2020-21 was announced by the Minister for Public Finance and Digital Economy on 6 February 2020. The Local Government Finance Circular 1/2020 supporting that announcement advised of additional funding of £100m to be allocated for Health and Social Care and Mental Health services. The instruction from the Minister, as part of the budget announcement, was that this £100m should be additional to the HSCP 2019-20 budget and as a result the payment to the HSCP is effectively protected from any reduction to their base budget.
- 3.2 On the basis of this the Council, on 27 February 2020 agreed a 2020-21 flat cash allocation to the HSCP. If not for this instruction the Council may have considered a different funding level, in particular they may have considered a 1% reduction to HSCP funding which was the indicative allocation agreed when the 2019-20 budget was set on 21 February 2019. A 1% funding reduction would have equated to £0.584m.
- 3.3 Baselineing the health and social care element of the Local Government settlement results in a significant part of the settlement being ring fenced. This places additional pressure on non-ring-fenced Council services. Furthermore Argyll and Bute Council have moved all of their social care services into the HSCP meaning baselineing affects this Council more than other councils who have moved less services and are able to still agree funding cuts for those areas which haven't been passed on.
- 3.4 On 28 February 2020 a letter was issued by the Directorate of Health

Finance and Governance (Appendix 1) which stated that there was flexibility in terms of the HSCP funding however this came after the Council had set its 2020-21 budget and officers were unaware this was an area still being considered. In particular the letter stated:

Similar to last year, flexibility will be available to Local Authorities to offset their adult social care allocations to Integration Authorities by up to 2% and a maximum of £50 million in 2020-21 based on local needs.

- 3.5 This would have provided the flexibility for the Council to have adjusted the 2020-2021 adult social care allocation to the HSCP by up to £0.930m (2% of the total 2020-20201 Adult Social Care allocation of £46.511m.
- 3.6 Whilst the confirmation that there was flexibility in terms of 2020-21 HSCP funding was provided too late for it to be considered as part of the 2020-21 budget setting process it is worth highlighting that, in prior years, the Council has had the flexibility to adjust their HSCP payment. For example in 2017-18 this was £1.450m, and 2019-20 this was £1.236m. In 2018-19 there was no flexibility. Members may wish to reflect on this when considering future budget decisions.

LOCAL GOVERNMENT FINANCE CIRCULAR 2/2020

- 3.7 On 10 March 2020 the Scottish Government issued Finance Circular 2/2020 which notified local authorities of the approved Local Government Finance (Scotland) Order 2020. This Circular provides an update on the 2020-21 settlement figures contained in Local Government Finance Circular 1/2020.
- 3.8 The key changes of relevance to Argyll and Bute Council are:
1. Confirmation of the additional revenue funding of £1.701m which was announced on 26 February 2020. This announcement was too late to be included in the Council's budget pack for consideration when the 2020-21 budget was set on 27 February 2020. However an estimate of the additional funding was shared with members prior to the budget meeting to allow them to consider it as part of any budget proposal. Officers correctly estimated the Council allocation to be £1.701m.
 2. Revenue figures for 2020-21 have also been updated to reflect the additional ferries funding of £0.954m as advised in the supplementary paper to the budget pack.
 3. The capital figures for 2020-21 have also been updated and reflect additional specific grant of £0.142m for Cycling Walking and Safer Streets. This will be added to the Council's capital programme. There is also a change to the General Capital Grant which relates to an updated distribution for the Strategic Waste Fund. This has reduced Argyll and Bute's allocation by £0.041m and this will be managed within the existing capital programme.

FEES AND CHARGES SCHEDULE CORRECTION

- 3.9 After the Council agreed the budget on 27 February an error was identified in the fees and charges spreadsheet which affected the calculation of the 3% general uplift for seven charges. The 3% uplift to the 2019/20 fee was applied twice instead of once. This has been corrected and the fees and charges schedule on the website reflects the approved 3% inflationary increase.

4. CONCLUSION

- 4.1 This report provides an update on the level of flexibility the Council has in relation to HSCP funding and confirms amendments to the revenue and capital funding awarded by the Scottish Government as notified by Finance Circular 2/2020.

5. IMPLICATIONS

- 5.1 Policy – None
- 5.2 Financial – None the paper provides information that may inform future funding decisions however it has no financial implications in itself.
- 5.3 Legal – None.
- 5.4 HR – None
- 5.5 Fairer Scotland Duty – See below
- 5.5.1 Equalities – None
- 5.5.2 Socio Economic Duty – None
- 5.5.3 Islands Duty - None
- 5.6 Risk – None
- 5.7 Customer Service – None

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16 March 2020

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APPENDICES:

Appendix 1 – 28 Feb 2020 Letter from Directorate for Health Finance and Governance