

BUDGET OUTLOOK 2021-22 TO 2025-26

1. EXECUTIVE SUMMARY

- 1.1 This report provides an update to the budget outlook 2021-22 to 2025-26, reported to the Policy and Resources Committee on 15 October 2020. The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.2 The assumptions in respect of future years Scottish Government funding remain unchanged from those reported on 15 October 2020. Those being a prudent estimate of a reduction in funding of 1.2% in the mid-range scenario (based on an average of the last three years settlements) with the best case and worst case variable being +/- 0.5% from the mid-range.
- 1.3 The Scottish Government have confirmed that the Scottish Government budget will be announced on the 28 January 2021. It has not yet been confirmed whether individual council settlements will be provided on the same date.
- 1.4 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that the Council tax base will grow by 0.1% in the worst case scenario, 0.25% in the mid-range scenario and 0.4% in the best case.
- 1.5 There is one change to the base budget since the report on 15 October 2020. The base budget adjustment of £0.166m of budget for Counselling in Schools has been increased by £0.020m which ensures the full allocation of Scottish Government funding to be used for this purpose and not for other areas of service delivery. This scheme is funded until 2022-23 and indications are that it may go beyond then.
- 1.6 The employee cost assumptions have been updated as Financial Services have concluded their salary template exercise costing the establishment for 2021-22. There is an overall decrease of £0.396m on previous estimates resulting mainly from a reduction in projected school rolls reducing the teacher FTE entitlement within schools, and reductions in spinal points due to posts being vacated or recruited at a lower point in the scale and staff opting out of the pension scheme.
- 1.7 There has been a £0.054m increase to non-pay inflation since the October meeting of the Committee. This is to recognise increasing costs of street lighting electricity.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario. Changes to these pressures since the report on 15 October 2020 are:

- New – Increased cost of providing recycling and glass collection services across Argyll and Bute
- New – Expected increase in insurance premiums

1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range 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 reduced by 50% for 2021-22.

There is also an unquantified cost pressure associated with the January 2025 ban of biodegradable municipal waste and the 2022 Deposit Return Scheme.

1.10 In addition there is a quantified 2021-22 COVID specific cost pressure of £4.330m which is based on a range of estimations and assumptions. On the basis that financial flexibilities are to be made available to help the Council deal with future COVID related costs, and the assumption that there would be future national funding made available if the financial implications of COVID continue into 2021-22, the estimated 2021-22 COVID cost pressure has not been added to the 2021-22 budget gap at the current time. Therefore there is currently no requirement for savings options to be identified to specifically address the financial impact of COVID in 2021-22.

1.11 There is a political decision to be made as to the future allocation to the Health and Social Care Partnership (HSCP). As part of the budget agreed in February 2020, indicative allocations for 2021-22 and 2022-23 were agreed on the basis of a flat cash allocation. This indicative position has been included as the mid-range and worst case scenario with a 2% reduction to the adult social care portion of the HSCP budget in the best case scenario.

1.12 For Live Argyll, I have assumed the management fee will reduce by 1.9% in the best case scenario, in the mid-range scenario reduce by 1% and worst case would remain at a flat rate equal to the 2020-21 payment. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year. Live Argyll have been asked to suggest proposals to deliver a management fee saving in the range of 5% to 15%. These proposals will be brought back to Members as part of the 2021-22 budget setting process.

1.13 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 five year period of £41.242M with a gap of £6.311m in 2021-22.

1.14 The measures to balance the budget over the next five years are as follows:

- inflationary increase on fees and charges of between 1% (worst case) and 5% (best case) with a mid-range of 3%
- previously agreed management/operational and policy savings options

- proposed increase to Council Tax (4.84% in best case, 3% in both mid-range and worst case scenario).

1.15 In the mid-range scenario, the budget gap estimated over the five year period 2021-22 to 2025-26 is £30.829M with a gap of £4.311m in 2021-22.

1.16 In contrast, the budget gap in the best case scenario over the five years is £10.005m with a gap of £0.626m in 2021-22 and in the worst case scenario, the budget gap over the five years is £45.104m with a gap of £6.154m in 2021-22. A summary of all three scenarios is included within Appendix 1.

1.17 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2021-22 to 2025-26.

BUDGET OUTLOOK 2021-22 TO 2025-26

2. INTRODUCTION

- 2.1 This report provides an update to the budget outlook 2021-22 to 2025-26, reported to the Policy and Resources Committee on 15 October 2020.
- 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:
1. Consider the current estimated budget outlook position for the period 2021-22 to 2025-26.
 2. Note that the Scottish Government budget will be announced on 28 January 2021. Once officers are aware of the Council's settlement a briefing note will be issued to Members to advise on the impact of the settlement on the Council's estimated budget gap

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

- 4.1.1 The Scottish Government have confirmed that the Scottish Government budget will be announced on the 28 January 2021. It has not yet been confirmed whether individual council settlements will be provided on the same date. A draft estimated timetable for the budget process is noted below.

Date	Event	Purpose/Agenda
10 December 2020	Policy and Resources Committee	Updated Budget Outlook and 2021/22 savings proposals
18 December 2020	Budget Working Group	To provide update on proposals for 2021/22 budget.
After 10 December 2020	Trade Union Consultation	Consultation on posts that are at risk of redundancy – consultation to last 45 days

28 January 2021	Budget Working Group	To provide update on proposals for 2021/22 budget.
28 January 2021	Scottish Government Draft Budget Announcement and Finance Circular published with provisional settlement detail	
After 28 January 2021	Briefing for Members	Briefing on impact of Local Government settlement on budget gap.
11 February 2021	Budget Pack goes public	Budget pack included in release of P&R Papers
18 February 2021	P&R Committee	Consider budget proposals and make recommendation to Council.
25 February 2021	Council	Set Budget.

- 4.1.2 There are no changes to my previous assumptions around the level of future Scottish Government funding. I consider a prudent assumption still to be within the range of a reduction of between 0.7% (best case) and 1.7% (worst case) with a mid-range of 1.2%.

The ongoing uncertainty over the impact of COVID-19 on future years funding means this is an assumption that needs to be kept under close review and I will continue to engage with other Directors of Finance and COSLA as to their view of future years funding and update the report throughout the year as necessary.

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

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
% Change to Funding	-1.2%	-1.2%	-1.2%	-1.2%	-1.2%
Estimated SG Funding Reduction	(2,370)	(2,342)	(2,314)	(2,286)	(2,258)
Estimated SG Funding	195,149	192,807	190,493	188,207	185,949

Council Tax

- 4.1.4 There are no changes to my previous assumptions around the growth in Council Tax. It has been assumed that for the best case scenario this would be 0.4%, 0.1% for the worst case 0.25% for the mid-range. The Council tax increase is included within paragraph 4.9.3 of this report.

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

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Estimated SG Funding	195,149	192,807	190,493	188,207	185,949
Earmarked Reserves for Teachers Pensions (as previously agreed)	112	0	0	0	0
Council Tax Base	52,859	52,859	52,859	52,859	52,859
Council Tax Growth	132	264	397	530	663
Total Estimated Funding	248,252	245,930	243,749	241,956	239,471

4.2 Base Budget

- 4.2.1 The starting point for the base budget for 2021-22 is the 2020-21 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 is one change to the base budget since the last Budget Outlook report on 15 October 2020. This is to increase the budget for Counselling in Schools by £0.020m to ensure the full allocation of Scottish Government funding to be used for this purpose and not for other areas of service delivery. This scheme is funded until 2022-23 and indications are that it may go beyond then. There was previously an adjustment of £0.166m for this so it has been increased to £0.186m.

The adjustments required to the base budget are as follows:

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Base Budget 2020-21	247,860	247,860	247,860	247,860	247,860
27 Feb 2020 Budget					
Technology to support remote learning	(400)	(400)	(400)	(400)	(400)
Community engagement for shared transport	(50)	(50)	(50)	(50)	(50)
Roads – climate change mitigation and maintenance	(500)	(500)	(500)	(500)	(500)
Green transport – cycle paths and footpaths	(400)	(400)	(400)	(400)	(400)
Re-profiling gain from loans fund	600	600	600	600	600
Other Adjustments					
21 Feb 2019 Budget - Local Plan Enquiry Cost	(22)	(22)	(22)	(22)	(22)
Planning fees – one off cost pressure in 2020/21	(60)	(60)	(60)	(60)	(60)
Consolidation of living wage project costs – one off cost in 2020/21	(50)	(50)	(50)	(50)	(50)

One off fleet savings in 2020/21	278	278	278	278	278
Counselling in Schools	186	186	186	186	186
Revised Base Budget	247,442	247,442	247,442	247,442	247,442

4.3 Employee Cost Changes

Pay Award

- 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
- 4.3.2 Financial Services have populated salary templates with details of the staff establishment for 2020-21 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.
- 4.3.3 In terms of the level of employee budgets for 2021-22, the expectation would be that the budget would reflect the 2020-21 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2021-22 there is an overall decrease in the employee budget base of £0.379m for Council Services (excluding Social Work) and this mainly relates to a reduction in projected school rolls reducing the teacher FTE entitlement within schools, and reductions in spinal points due to posts being vacated or recruited at a lower point in the scale and staff opting out of the pension scheme.
- 4.3.4 The cost of the pay inflation and increments are compared to the original estimate included within the budget outlook and the table below summarises a £0.396m decrease to the budget gap within the mid-range scenario. The pay award costs are more than originally anticipated by £0.067m however the pay increment costs are £0.103m less than originally anticipated.
- 4.3.5 The table below summarises the change to the budget gap within the mid-range scenario.

Category	Budget Outlook	Draft 2021-22 Budget	Increase / (Decrease) to Budget Gap
	£000	£000	£000
Pay Award (includes base pay award, National Insurance & Superannuation as a result of pay award)	4,047	4,114	67
Increments	737	634	(103)

Living Wage Consolidation	503	522	19
Change to Employee Base	0	(379)	(379)
Total	5,287	4,891	(396)

- 4.3.6 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 4.6.2.

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Pay Award	4,114	8,284	12,579	17,003	21,560
Living Wage Consolidation	522	538	554	570	588
Increments	634	1,268	1,902	2,536	3,170
Change to employee base	(379)	(379)	(379)	(379)	(379)
Net costs/savings relating to modernising employment deal	73	21	22	(5)	(8)
Total Employee Cost Changes	4,964	9,732	14,678	19,725	24,931

4.4 Non-Pay Inflation

- 4.4.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2021-22 was carried out during September by finance staff in consultation with services and this was reported in the budget outlook brought to Committee on 15 October 2020. There has been a £0.054m increase to non-pay inflation since the October meeting of the Committee. This is required as the cost of street lighting electricity is increasing at a higher rate than the rate of inflation used when the provision reported in October was calculated. This increase results in a revised total estimated cost of non-pay inflation of £1.070m.
- 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 4.6.2.

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, however, there are a number of cost and demand pressures already identified for Council services (and reported as part of the budget in February 2020). Since the report to Policy and

Resources Committee on 15 October 2020 two cost and demand pressures have been added.

- 4.5.2
- New – Increased cost of providing recycling and glass collection services across Argyll and Bute
 - New – Expected increase in insurance premiums

4.5.3 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 2021-22 as some new cost pressures have already been identified for next year.

4.5.4 The cost pressures are detailed in appendix 2 and are summarised in the table below and will be subject to review during the financial year.

4.5.5

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
Asbestos Management Plan	48	48	48	48	48
Office Enterprise Agreement	20	20	20	22	22
Maintenance of schools estate	225	225	225	225	225
ASN Support	72	145	219	294	370
Skype for Education	25	25	25	25	25
Waste	0	91	98	116	169
Recycling and Glass Collection Services	134	134	134	134	134
Local Development Plan	0	0	50	0	50
New HR System Project Team	0	0	200	0	0
Oracle/EBS Upgrade / Replacement Software Support	86	86	86	86	86
Oracle/EBS Upgrade / Replacement Project Team	100	0	0	0	0
Food and Drink Standards in Schools	65	65	65	65	65
Implementation of planning act	60	0	0	0	0
Small Quantities Charge for Export Health Certificates	30	30	30	30	30
Increase in Insurance Premiums	95	95	95	95	95

Allowance for pressures in future years	125	375	625	875	1,125
Total Cost and Demand Pressures	1,125	1,419	2,040	2,175	2,644

2021-22 COVID Cost Pressure

- 4.5.6 In the Budget Outlook report brought to the Policy and Resources Committee on 15 October 2020 I advised that it was likely that there will be a number of COVID specific cost pressures that will continue into financial year 2021-22, however, at that stage, these additional pressures had not been built into the financial outlook. Officers have now carried out an exercise to estimate these likely cost pressures. The estimates were broadly based on the financial pressure COVID created for the Council during 2020-21, and an assumption that the restrictions in place as at October 2020, and their financial impact, continued for the duration of the financial year 2021-22.

In total it is estimated that the net financial impact of COVID on the Council's revenue position will be £4.330m which breaks down as:

- Lost Income – £3.570m
- Impact on 2021-22 Savings - £0.300m
- Other Costs - £0.460m

However it should be noted that these figures are based on high level estimates and some very broad assumptions about what the impact of COVID might be in 2021-22. Consequently we have also included a general allowance of £0.250m in our estimates for any unidentified or unforeseen pressures.

More detail of this is included in Appendix 3 to this report.

- 4.5.7 The Treasury has confirmed that Councils can plan on the basis that the following financial flexibilities are options they can consider to help address the financial impact of COVID.

Capital Receipts Received - Dispensation for both 2020-21 and 2021-22 to allow Councils to place capital receipts in the Capital Grants and Receipts Unapplied Account and use them to finance COVID expenditure. We estimate this would be about £0.725m for the Council in 2020-21 and £0.365m in 2021-22 however this is not an attractive option as we have already budgeted for higher figures than this to support our capital programme (figures have reduced considerably due to COVID) so these funds are needed to fund our capital programme.

Credit arrangements - At present Councils are required by statutory guidance to charge the debt element of service concession arrangements to their accounts over the contract period. A change to the accounting treatment will allow the debt to be repaid over the life of the asset rather than the contract period. Councils will have the flexibility to apply this change in either 2020-21 or

2021-22 with this approach applying to all credit arrangements going forward. This is a need for greater clarity over how this would work and what financial flexibility it might create and we are waiting for further guidance on it.

Loans Fund Principal Repayment Holiday – This gives us the options of a loans fund repayment holiday which will permit us to defer loans fund repayments due to be repaid in either 2020-21 or 2021-22 (but not both).

- 4.5.8 Furthermore there is a reasonable assumption that, if the financial impact of COVID on the Council's revenue position continues in 2021-22 on a material scale, then further funding will need to be provided by central government in a similar manner as it has been made available in 2020-21.
- 4.5.9 On the basis that financial flexibilities are to be made available to help the Council deal with future COVID related costs, and the assumption that there would be future funding made available if the financial implications of COVID continue into 2021-22, the estimated 2021-22 COVID cost pressure has not been added to the 2021-22 budget gap at the current time. Therefore there is currently no requirement for savings options to be identified to specifically address the financial impact of COVID in 2021-22.

Unquantified Cost Pressures

- 4.5.10 There is still a cost pressure relating to the ban of biodegradable municipal waste which is not quantified at this stage. The Biodegradable Municipal Waste ban comes into force across Scotland in 2025. The preferred approach of Argyll and Bute Council is a transition from landfill as the primary disposal method for residual waste in order to comply with the ban. However, to achieve landfill ban compliance it represents a significant and ongoing cost challenge to the Council. Officers have studied a number of options that have the potential to be compliant solutions. A cost model has been developed by officers to enable discussion and seek support from partners such as the Scottish Government. The cost model looks at all of the options open to the Council but due to an ever changing market and policy environment, there are still a number of variables, uncertainties and assumptions which are built in to the model. The model shows that the likely range of recurring revenue costs could be in the region of £0.800m to £3.500m (falling to £1.500m after the end of the Waste PPP in 2026).
- 4.5.11 The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.2.

4.6 Health and Social Care Partnership

- 4.6.1 There are no changes to the previous assumption on the payment to the HSCP. In order to reflect different scenarios within the budget outlook, I have assumed flat cash allocations in the mid-range and worst case scenarios and a 2% reduction to the adult social care portion of the HSCP budget in the best case scenario. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.

- 4.6.2 Social Work services have already identified a number of cost pressures and these are summarised below and included within Appendix 4 for information purposes. Note that these only extend to three years rather than the five years within this Council budget outlook. Extending the outlook to five years is a decision for the HSCP to take and their Chief Financial Officer is currently of the view that a five year planning window is not appropriate at the current time due to the uncertainty caused by COVID.

	2021-22 £000	2022-23 £000	2023-24 £000
Pay Inflation	980	1,989	3,028
Pay Increments	87	174	261
Impact of Living Wage Consolidation	122	122	122
Change to Employee Base	(127)	(127)	(127)
Non-Pay Inflation	1,640	3,223	4,859
Care Services for Older People (Growth)	371	748	1,131
Care Services for Younger Adults (Growth – excludes Physical Disability)	308	622	943
Physical Disability Demand (Based budget adjustment and growth)	454	518	583
Continuing Care for Looked After Children	350	600	850
Unknown Cost and Demand Pressures	0	500	1,000
Total Cost Increase Estimates for Social Work	4,185	8,369	12,650

4.7 Live Argyll

- 4.7.1 There are no changes to the previous assumption on the future payments to Live Argyll which are a reduction to the management fee of 1.9% in the best case scenario, 1% in the mid-range scenario and a flat cash position in the worst case scenario.
- 4.7.2 At the budget meeting on 27 February 2020, Council approved the management fee for 2020-21 and instructed officers to engage with Live Argyll with a view to exploring a reduction in the management fee. Live Argyll have been asked to suggest proposals to deliver a management fee saving in the range of 5% to 15%. These proposals will be brought back to Members as part of the 2021-22 budget setting process.

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.

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Revised Base Budget	247,442	247,442	247,442	247,442	247,442
Employee Cost Changes	4,964	9,732	14,678	19,725	24,931
Non-Pay Inflation	1,070	2,273	3,476	4,679	5,882
Cost and Demand Pressures	1,125	1,419	2,040	2,175	2,644
Increase/(Decrease) to HSCP allocation	0	0	0	0	0
Increase/(Decrease) to Live Argyll payment	(38)	(76)	(113)	(150)	(186)
Total Estimated Expenditure	254,563	260,790	267,523	273,871	280,713
Estimated Funding	248,252	245,930	243,749	241,596	239,471
Estimated Budget Surplus / (Gap) Cumulative	(6,311)	(14,860)	(23,774)	(32,275)	(41,242)

4.9 Measures to Balance the Budget

- 4.9.1 There is one change to previous assumptions on measures to balance the budget. The previous budget outlook reported on 15 October 2020 included a £0.318m increase in income from fees and charges in 2021/22 in the mid-range (based on a standard inflationary increase of 3%). Further work has been done to refine this figure, in particular to reflect those fees which are not inflated by the standard amount and those which are set by others. This has resulted in a small increase in projected income from fees and charges of £0.016m to £0.334m.

In addition to fees and charged the other measures to balance the budget include income from Council Tax and previously agreed management/operational and policy savings options.

- 4.9.2 As part of the work carried out by Financial Services in consultation with services to identify and monitor the financial impact of COVID-19 on the Council in 2020-21 they identified savings options which may not be delivered in 2020-21. Further consideration has been given to savings which may not be delivered in 2021-22. These 2021-22 savings are still included in the measures to balance the budget at paragraph 4.9.4 but are also accounted for in the 2021-22 COVID Cost Pressure detailed at paragraph 4.5.6.
- 4.9.3 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 2020-21 by 3% in real terms which the Scottish Government confirmed as 4.84% in cash terms. 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 a 3% increase in the worst case scenario and mid-range scenario and a 4.84% increase in the best case scenario.

- 4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario. Note there is a small increase of £0.012m in the 'Management/Operational Savings February 2020' figure from, the figure reported to Policy and Resources Committee in October 2020. This is due the identification of a £0.0012m saving option which was classified as a one-off saving in 2020-21 when it should have been classified as a recurring saving.

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Fees and Charges Increase	334	678	1,032	1,397	1,773
Management/Operational Savings February 2019	(240)	(240)	(240)	(240)	(240)
Management/Operational Savings February 2020	54	54	54	54	54
Policy Savings February 2019	75	75	75	75	75
Policy Savings February 2020	187	187	187	187	187
Council Tax Increase	1,590	3,239	4,950	6,724	8,564
Total Savings	2,000	3,993	6,058	8,197	10,413

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.

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(6,311)	(14,860)	(23,774)	(32,275)	(41,242)
Savings Measures	2,000	3,993	6,058	8,197	10,413
Estimated Budget Surplus / (Gap) Cumulative	(4,311)	(10,867)	(17,716)	(24,078)	(30,829)
Estimated Budget Surplus / (Gap) In Year	(4,311)	(6,556)	(6,849)	(6,363)	(6,750)

- 4.10.2 In the mid-range scenario, the budget gap estimated over the five year period 2021-22 to 2025-26 is £30.829m with a gap of £4.311m in 2021-22.
- 4.10.3 In contrast, the budget gap in the best case scenario over the five years is £10.005m with a gap of £0.626m in 2021-22 and in the worst case scenario, the

budget gap over the five years is £45.104m with a gap of £6.154m in 2021-22. A summary of all three scenarios is included within Appendix 1.

- 4.10.4 The changes from the previous budget outlook reported to the Policy and Resources Committee on 15 October 2020 are summarised in the table below

	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Previously reported budget surplus / (gap) Cumulative	(4,557)	(11,175)	(18,087)	(24,513)	(31,327)
Budget adjustment - counselling in schools	(20)	(20)	(20)	(20)	(20)
Pay Inflation	(67)	(69)	(71)	(73)	(75)
Pay Increments	103	206	309	412	515
Living Wage Consolidation	(19)	(20)	(20)	(20)	(22)
Employee Base Adjustment	379	379	379	379	379
Increase in non-pay inflation for street lighting electricity	(54)	(108)	(162)	(216)	(270)
C&D Pressure – Additional costs arising from providing recycling services and glass collection across Argyll and Bute	(134)	(134)	(134)	(134)	(134)
C&D Pressure – Insurance Premiums	(95)	(95)	(95)	(95)	(95)
Reduced 2021-22 Allowance for Unknown C&D Pressures	125	125	125	125	125
Updated fees and charges	16	32	48	65	83
Revising previous saving option to make it recurring rather than a one-off	12	12	12	12	12
Revised Budget Surplus / (Gap) Cumulative	(4,311)	(10,867)	(17,716)	(24,078)	(30,829)

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2021-22 to 2025-26 is £30.829m with a gap of £4.311m in 2021-22. Council officers are currently working on developing savings options that will bring forward proposals for balancing the budget in future years.

6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.
- 6.2 Financial - Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.

6.3	Legal -	None directly from this report but Council will need to balance the budget.
6.4	HR -	None directly from this report but there is a strong link between HR and budgets.
6.5	Fairer Scotland Duty -	See below
6.5.1	Equalities	None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.
6.5.2	Socio Economic Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.
6.5.3	Islands Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.
6.6	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
S95 Officer
23 November 2020

Policy Lead for Financial Services and Major Projects: Councillor Gary Mulvaney

APPENDICES:

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios
Appendix 2 – Cost and Demand Pressures (Council Services)
Appendix 3 – Council COVID-19 Financial Pressures
Appendix 4 – Cost and Demand Pressures (Social Work)

BUDGET OUTLOOK 2021-22 to 2025-26
POLICY AND RESOURCES COMMITTEE - 10 DECEMBER 2020

APPENDIX 1

	Best Case Scenario					Mid-Range Scenario					Worst Case Scenario				
	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2021-22 £000	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Base Budget	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860	247,860
Base Budget Adjustments	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)	(418)
Revised Base Budget	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442	247,442
Pay Award	4,114	7,867	11,722	15,681	19,747	4,114	8,284	12,579	17,003	21,560	4,114	8,979	14,015	19,227	24,621
Pay Increments	634	951	1,268	1,585	1,902	634	1,268	1,902	2,536	3,170	634	1,268	1,902	2,536	3,170
Living Wage Consolidation	522	536	551	565	581	522	538	554	570	588	522	540	559	579	599
Additional costs/savings to modernising employment deal															
	73	21	22	(5)	(8)	73	21	22	(5)	(8)	73	21	22	(5)	(8)
Change to employee base	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)	(379)
Total Employee Cost Changes (Council Services)	4,964	8,996	13,184	17,447	21,843	4,964	9,732	14,678	19,725	24,931	4,964	10,429	16,119	21,958	28,003
Non-Pay Inflation - Council Services	1,070	2,273	3,476	4,679	5,882	1,070	2,273	3,476	4,679	5,882	1,070	3,023	4,976	6,929	8,882
Previously Agreed - HB Admin Grant	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
Asbestos Management Plan	28	28	28	28	28	48	48	48	48	48	68	68	68	68	68
Microsoft Office Enterprise Agreement	20	20	20	22	22	20	20	20	22	22	20	20	20	22	22
Maintenance of school estate	200	200	200	200	200	225	225	225	225	225	250	250	250	250	250
ASN Support	0	0	0	0	0	72	145	219	294	370	144	292	444	601	763
Skype for Education	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Waste	0	91	98	116	169	0	91	98	116	169	0	91	98	116	169
Additional costs arising from providing recycling services and glass collection across Argyll and Bute	134	134	134	134	134	134	134	134	134	134	146	146	146	146	146
Planning (Local Development Plan)	0	0	50	0	50	0	0	50	0	50	0	0	50	0	50
Software support for a new HR system & Backfill for project team.	0	0	150	0	0	0	0	200	0	0	0	0	250	0	0
Oracle EBS Upgrade/Replacement Project Team	50	0	0	0	0	100	0	0	0	0	200	0	0	0	0
Oracle EBS Upgrade/Replacement Software Support	35	35	36	37	38	86	86	86	86	86	99	99	99	99	99
Food and drink standards in schools	32	32	32	32	32	65	65	65	65	65	98	98	98	98	98
Implementation of planning act	30	0	0	0	0	60	0	0	0	0	125	0	0	0	0
Introduction of Small Quantities Charge for Export Health Certificates	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Increase in insurance premiums	48	48	48	48	48	95	95	95	95	95	142	142	142	142	142
Allowance for Cost and Demand Pressures Future Years	0	0	0	0	0	125	375	625	875	1,125	250	750	1,250	1,750	2,250
Total Cost and Demand Pressures	672	723	971	832	976	1,125	1,419	2,040	2,175	2,644	1,637	2,091	3,090	3,507	4,312
Adjustment to Health and Social Care Partnership Payment	(930)	(1,842)	(2,735)	(3,611)	(3,539)	0	0	0	0	0	0	0	0	0	0
Adjustment to Live Argyll Management Fee	(72)	(143)	(212)	(280)	(347)	(38)	(76)	(113)	(150)	(186)	0	0	0	0	0
Total Estimated Expenditure PRIOR to measures to balance the budget	253,146	257,449	262,126	266,509	272,257	254,563	260,790	267,523	273,871	280,713	255,113	262,985	271,627	279,836	288,639
Scottish Government Grant	196,136	194,763	193,400	192,046	190,702	195,149	192,807	190,493	188,207	185,949	194,161	190,860	187,615	184,426	181,291
Additional Ferry Money	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Earmarked Reserves for Teachers Pensions	112	0	0	0	0	112	0	0	0	0	112	0	0	0	0
Council Tax	53,070	53,282	53,495	53,709	53,924	52,991	53,123	53,256	53,389	53,522	52,912	52,965	53,018	53,071	53,124
Total Funding	249,318	248,045	246,895	245,755	244,626	248,252	245,930	243,749	241,596	239,471	247,185	243,825	240,633	237,497	234,415
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(3,828)	(9,404)	(15,231)	(20,754)	(27,631)	(6,311)	(14,860)	(23,774)	(32,275)	(41,242)	(7,928)	(19,160)	(30,994)	(42,339)	(54,224)

Measures to Balance the Budget:															
Fees and Charges	557	1,142	1,756	2,400	3,077	334	678	1,032	1,397	1,773	111	223	337	452	568
Management/Operational Savings Identified February 2020															
	54	54	54	54	54	54	54	54	54	54	54	54	54	54	54
Policy Savings Options agreed February 2019	75	75	75	75	75	75	75	75	75	75	75	75	75	75	75
Policy Savings Options agreed February 2020	187	187	187	187	187	187	187	187	187	187	187	187	187	187	187
Management/Operational Savings Identified February 2019															
	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)	(240)
	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax Increase	2,569	5,282	8,147	11,172	14,364	1,590	3,235	4,938	6,700	8,523	1,587	3,225	4,915	6,659	8,459
Council Tax Increase (Growth element)	0	10	31	64	109	0	4	12	24	41	0	2	5	10	17
Total Measures to Balance the Budget	3,202	6,510	10,010	13,712	17,626	2,000	3,993	6,058	8,197	10,413	1,774	3,526	5,333	7,197	9,120
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	(626)	(2,894)	(5,221)	(7,042)	(10,005)	(4,311)	(10,867)	(17,716)	(24,078)	(30,829)	(6,154)	(15,634)	(25,661)	(35,142)	(45,104)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	(626)	(2,268)	(2,326)	(1,822)	(2,962)	(4,311)	(6,556)	(6,849)	(6,363)	(6,750)	(6,154)	(9,480)	(10,027)	(9,481)	(9,962)

Appendix 2 - COUNCIL COST AND DEMAND PRESSURES 2021-22 to 2025-26

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,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.	40	80	120	160	200	40	80	120	160	200	40	80	120	160	200
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.	28	28	28	28	28	48	48	48	48	48	68	68	68	68	68
Executive Director - Douglas Hendry	Education	Microsoft are changing the terms of their Office Enterprise Agreement for Education from October 2020 and a new licence agreement will be required to replace the current licence. This requires devices be moved to Office 365. The cost of this will increase from £44.92 to £55.94 per licence, costing an additional £20k per annum.	20	20	20	22	22	20	20	20	22	22	20	20	20	22	22
Executive Director - Douglas Hendry	Education	There is an ongoing need for the Council to manage the maintenance/repair of Schools estate through the education central repairs budget. The demand on this budget has continued to increase due to the amount of statutory maintenance work and emergency repairs which no longer allows for any planned maintenance to be carried out. The cost of planned maintenance has fallen on the service which cannot be sustained. Failure to carry out planned maintenance will impact significantly on the cost of emergency repairs in the future.	200	200	200	200	200	225	225	225	225	225	250	250	250	250	250
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. It is anticipated that growth continues over the next 5 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	0	0	72	145	219	294	370	144	292	444	601	763
Executive Director - Douglas Hendry	Commercial Services	Significant changes to Food and Drink in Schools standards causing a negative impact on Secondary School income.	32	32	32	32	32	65	65	65	65	65	98	98	98	98	98

Appendix 2 - COUNCIL COST AND DEMAND PRESSURES 2021-22 to 2025-26

APPENDIX 2

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2021-22 £000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000
Executive Director - Douglas Hendry	Legal and Regulatory Services	Insurance costs are expected to increase upon renewal in April 2021. This is something other local authorities have experienced as the insurance market hardens and insurers look to recoup their losses due to COVID related claims.	48	48	48	48	48	95	95	95	95	95	142	142	142	142	142
Executive Director - Kirsty Flanagan	ICT	Further extend the roll out SKYPE for Business to Education - Cost of two senior engineers necessary for both implementation and ongoing support for an additional 70+sites and 1800 staff accounts.	25	25	25	25	25	25	25	25	25	25	25	25	25	25	25
Executive Director - Kirsty Flanagan	Financial Services	Oracle EBS Upgrade/Replacement - Additional revenue costs of software support for Financial system. The range reflects a simple upgrade to a move to an Cloud based solution	35	35	36	37	38	86	86	86	86	86	99	99	99	99	99
Executive Director - Kirsty Flanagan	Financial Services	Oracle EBS Upgrade/Replacement Backfilling project team resource during replacement Financial system planning, testing & implementation.	50					100					200				
Executive Director - Kirsty Flanagan	HR	Costs for a project team for a new HR system & Backfill. This is a total new system build unlike the financial system.			150					200					250		
Executive Director - Kirsty Flanagan	Waste	Additional costs derived from the current waste model. Note that the treatment of waste going forward has not been fully costed due to uncertainty as to how the council will deal with the Bio Municipal Waste ban and the Deposit Return Scheme. Pressure has increased due to an updated waste model.		91	98	116	169		91	98	116	169		91	98	116	169
Executive Director - Kirsty Flanagan	Waste	Additional costs arising from providing recycling services and glass collection across Argyll and Bute	134	134	134	134	134	134	134	134	134	134	146	146	146	146	146
Executive Director - Kirsty Flanagan	Planning	Local development plan will require to be done under the new Planning legislation which is a revised process from the current one and will have a 10 year life. The new process has 2 stages where there is likely to be a cost pressure - a gate check followed by an examination some time later.			50		50			50		50			50		50
Executive Director - Kirsty Flanagan	Planning	Implementation of the Planning Act and Planning Fees will not be until at least after the Parliamentary Elections in May 2021 and therefore there will be a delay in achieving the savings target of £125k set as a Management operational saving TB06-8 Uncertainty around when proposed fee increase may happen and a risk it could not be implemented at all.	30	0	0	0	0	60	0	0	0	0	125	0	0	0	0
Executive Director - Kirsty Flanagan	Environmental Health	Introduction of Small Quantities Charge for Export Health Certificates creating a possible loss of income	30	30	30	30	30	30	30	30	30	30	30	30	30	30	30
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	0	125	375	625	875	1,125	250	750	1,250	1750	2250
TOTAL			672	723	971	832	976	1,125	1,419	2,040	2,175	2,644	1,637	2,091	3,090	3,507	4,312

Appendix 3 - COUNCIL COVID-19 FINANCIAL PRESSURES 2021-22

Service	Description	Rationale / Assumptions	2021-22 £000
LOST INCOME			
Registrars	Restricted registrar services and fees not increased	2020/21 Q3/Q4 income levels remain same in 2021/22 plus fees not increased as this has been delayed nationally	180
Waste	Reduced commercial waste and recycle income	Estimate of last 6 months lost income in 2020/21	720
Parking	Reduced parking fines and charges	30% of 2019/20 actuals (£1,158k) not being received.	350
Piers & Harbours	Reduced berthing and passenger dues and fish landings	Average of 80% of anticipated 2021/22 income not received based on August/Sept 2020 actuals vs budget	1,380
Development Control	Reduced planning fees and pre-application advice	25% of 2019/20 actuals (£1,244) not being received.	310
Legal & Regulatory Support	Reduced licencing fees	40% reduced level of Licenced Premises fees and reduction in Civic Gov fees in April 21	200
Commercial Services	Reduced events and income from Kilmory Canteen and HLCC Café	Full loss of events income, 70% reduction of income from Kilmory Canteen and 75% reduction from HLCC Café	170
Education	Reduced school meal income	Reduction of 27% in secondary schools and 13% in primary schools based on current reduced uptake of school meals	260
		TOTAL LOST INCOME	3,570
IMPACT ON SAVING OPTIONS			
Roads	Depot rationalisation program has stalled due to COVID	Savings won't be achieved in 2021/22	100
Roads	Traffic Regulation Order/New Roads and Street Works / charging for services	Savings won't be achieved in 2021/22	100
Building Control	Building warrants	Savings won't be achieved in 2021/22	100
		TOTAL IMPACT ON SAVING OPTIONS	300
OTHER COSTS			
Commercial Services	Reduced catering purchases within schools	Reduction of 27% in secondary schools and 13% in primary schools based on current reduced uptake of school meals	(210)
Council Wide	Additional PPE	Estimation of additional PPE costs across a range of services	80
Pupil Transport	Additional cleaning of home to school transport vehicles	One hour per driver per day to clean vehicles plus consumables	140
Council Wide	Net of identified pressures under £100k	Various	200
Council Wide	General allowance for unidentified pressures		250
		TOTAL OTHER COSTS	460
		GRANT TOTAL	4,330

SOCIAL WORK COST AND DEMAND PRESSURES - 2021/22 to 2023-24
Appendix 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2021-22 £000	2022-23 £000	2023-24 £000	2021-22 £000	2022-23 £000	2023-24 £000	2021-22 £000	2022-23 £000	2023-24 £000
All Social Work	Estimated Pay inflation reflecting a best case of 2.7%, mid range of 3% and worst case of 3.5%.	882	1,788	2,718	980	1,989	3,028	1,143	2,326	3,550
All Social Work	Estimated Pay increments, best case absorbed in current staff changes, mid-range, half of 2019-20 cost and worst case same as 2019-20 cost.	87	131	174	87	174	261	87	174	261
All Social Work	Estimated impact of the revision to the Council's pay and grading structure which has been adjusted to consolidate the Scottish Living Wage.	122	122	122	122	122	122	122	122	122
All Social Work	Change to employee base budget, for example due to staff turnover with new staff employed on lower points on their grade than the staff they have replaced.	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)	(127)
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	1,277	2,553	3,865	1,512	3,039	4,617	1,804	3,646	5,562
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	128	184	242	128	184	242	128	184	242
Adult Care	Older People Demand Growth: The number of older people is increasing and older people are living longer with significant health and support needs and significant expectations of the support they are entitled to receive. Demand pressure estimates 3% growth in homecare and care home placements, this increase is supported by the growth in clients and care requirements over a number of years although in some areas the service capacity is being fully utilised and service expansion is proving difficult. The best case assumes a 0% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 1.5% growth and the worst case reflects 3% growth.	0	0	0	371	748	1,131	742	1,507	2,296
Adult Care	Younger Adults Demand Growth (Excluding Physical Disability): There has been continuing increase in demand for care and support services for profoundly disabled younger adults (ie under 65) whose parents have historically provided care but are no longer able to. The best case assumes a 1% increase in spending reflecting the limited service capacity in the area, the mid-range reflects 2% growth and the worst case reflects 3% growth.	154	309	466	308	622	943	462	938	1,429
Adult Care	Physical Disability Service Growth: The Physical Disability budget is experiencing significant increases in demand from existing as well as new service users and the budget is not currently sufficient to meet the resultant costs. The best case scenario reflects an increase in the base budget of £200k in 2021/22 and 1% for growth per annum, the mid range reflects an increase in the base budget of £400k in 2021/22 and 2% for growth per annum and the worst case reflects an increase in the base budget of £600k in 2021/22 and 3% for growth per annum.	227	257	287	454	518	583	682	785	891

SOCIAL WORK COST AND DEMAND PRESSURES - 2021/22 to 2023-24
Appendix 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2021-22 £000	2022-23 £000	2023-24 £000	2021-22 £000	2022-23 £000	2023-24 £000	2021-22 £000	2022-23 £000	2023-24 £000
Children and Families	Continuing Care demand for Looked After young people who are cared for by the HSCP. The best case scenario provides £50k for investment in a core and cluster service model to provide an alternative to expensive external placements and assumes that demand can be contained within the remaining funding allocation as those young people turning 21 during 2021/22 are transitioned to Throughcare support which is typically at a lower cost. However, more children and young people may come into the system pushing costs up, reflected in the mid range at £100k for investment and £250k for growth per annum and worst case at £150k for investment and £500k for growth per annum.	50	50	50	350	600	850	650	1,150	1,650
All Social Work	Allowance for unknown cost and demand pressures which could arise. The best case assumes unknown pressures totalling £250k per annum, the mid range £500k per annum and the worst case £750k per annum.	0	250	500	0	500	1,000	0	750	1,500
TOTAL UNFUNDED COST AND DEMAND PRESSURES		2,800	5,517	8,297	4,185	8,369	12,650	5,693	11,455	17,376