

REVENUE BUDGET OVERVIEW 2021-22 to 2025-26

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the position with regard to the key issues surrounding the revenue budget estimates and setting of council tax for 2021-22. It also provides budget estimates for 2022-23 and 2025-26; within the report the mid-range estimates are noted, with the best case and worse case estimates included in Appendix 1.
- 1.2 The Local Government Finance Circular 1/2021, published on 1 February 2021, provides detail of the provisional total revenue and capital funding allocations for 2021-22.
- 1.3 The Scottish Budget announcement is followed by the Budget Bill Stage 1 debate in Parliament which, in recent years has resulted in the Cabinet Secretary advising of a package of further measures covering local taxation and local government finance. Stage 1 of the parliamentary process is taking place on 25 February 2021, the same day as the Council are setting their budget so at the time of writing the budget papers we are unaware of any possible additional measures. Therefore funding figures in this report are based on the 1 February 2021 announcement with no assumptions made about any possible additional funding.
- 1.4 If you compare the settlement of £201.043m to the cash funding in 2020-2021 the funding increase is £3.845m or 1.95%. If you take into account the funding that has been allocated this year for specific additional responsibilities that require us to incur more cost as well as accounting for the indicators still to be distributed the funding increase is £0.774m or 0.39%.
- 1.5 The Council Tax budget for 2020-21 was set at £52.859m. This included a 4.5% increase and a 0.25% growth in the Council Tax base. This is the starting position for 2021-22. In terms of the growth in the council tax base, as reported to the Business Continuity Committee on 14 May 2020, the previous assumption was that the base would grow by 0.25% in the mid-range scenario, 0.1% in the worst case and 0.4% in the best case. Due to the impact of COVID-19 I have considered it prudent to change this assumption and have adjusted this to reflect 0% growth across all three scenarios. This reduction is just in 2021-22. For future years I am assuming the 0.1%, 0.25% and 0.4% growth across the scenarios. This assumption will be kept under review during 2021-22 to see if there is a longer term impact of COVID-19 on the Council tax base.

- 1.6 The 2021-22 settlement includes an additional £90 million available to compensate councils who choose to freeze their council tax at 2020-21 levels. The Council's allocation of this is £1.762m. An assumption has been made in this report that the Council will freeze council tax at 2020-21 rates.
- 1.7 The budget for 2020-21 has been rolled forward into 2021-22 and the main changes to the 2021-22 base budget are summarised below:
- Remove one-off funding agreed at the Council meeting of 27 February 2020 to:
 - Invest £0.400m in technology to support remote learning
 - Invest £0.500m in climate change mitigation and maintenance
 - Invest £0.400m in green transportation, in particular cycle paths and footpaths
 - Invest £0.050m in community engagement on shared transportation
 - Support investment using £0.600m gain from the reprofiling of the loans fund
 - Adjust for the £0.022m profiling of the local plan enquiry cost pressure agreed at the 21 February 2019 budget meeting
 - Adjust for a one off 2020-21 planning fee cost pressure of £0.060m
 - Adjust for a one off 2020-21 living wage project cost pressure of £0.050m
 - Adjust for one off fleet savings in 2020-21 of £0.278m
 - Increase the Counselling in Schools budget by £0.186m to ensure full Scottish government allocation is used for this purpose
 - Reflect £1.421m of funding commitments set out in the 2021-22 settlement
- 1.8 The employee cost increases for 2021-21 amount to £3.770m and this includes pay inflation, increments, employee base changes, the consolidation of the living wage and the additional costs and savings relating to modernising the Council's employment deal.
- 1.9 Only unavoidable/inescapable inflation has been included within 2021-22 and this amounts to £1.031m. This includes utilities, catering purchases, contract inflation, and landfill tax.
- 1.10 There are a number of cost and demand pressures for 2021-22, amounting to £1.172m summarised as follows:
- Housing Benefit Administration Grant £0.040m
 - Asbestos Management Plan £0.048m
 - Office Enterprise Agreement £0.020m
 - Maintenance of the School Estate £0.225m
 - ASN Support £0.072m
 - Skype for Education £0.025m
 - Cost of Glass Collection £0.074m
 - Cost of Recycling £0.282m

- Oracle Software £0.086m
- Oracle Replacement Project £0.50m
- Food and Drink Standards £0.065m
- Implementation of the Planning Act £0.060m
- Small Quantities Charge £0.030m
- Insurance Premiums £0.095m

- 1.11 There is a further cost pressure which needs to be included within the budget gap table to reflect the use of the loans funds principal repayment holiday flexibility. This amounts to £0.162m in 2022-23 increasing by approximately £0.009m per annum.
- 1.12 The Local Government Finance Circular 1/2021 advises of additional funding of £72.6m that is allocated for Health and Social Care and Mental Health services. Argyll and Bute's share of this amounts to £1.385m. This amount plus £0.013m for Community Justice Transitional Funding require to be passed over to the HSCP. There is a request from the HSCP for an additional £0.236m of funding to be passed over to them to reflect a proportionate share of the Council's 0.39% increase in the 2021-22 settlement. This request has been built into the budget, however, it is an issue for Council to agree.
- 1.13 The management fee for Live Argyll has been reduced by £0.370m to reflect a 10% reduction which Live Argyll have been asked to develop a series of proposals to deliver.
- 1.14 Argyll and the Isles Tourism Co-operative are seeking an additional investment from the Council of £0.03m per annum for a three year period (2012-22 to 2022-23) for core costs allow AITC to secure programme funding through HIE and deliver sustainable funding through their direct membership scheme and allow AITC to lead and assist the recovery process for tourism across the Council area.
- 1.15 The budget gap prior to any measures to balance the budget is a deficit of £0.164m in 2021-22.
- 1.16 There are a number of measures to balance the budget that have previously been agreed at the Council's budget meetings in 2019 and 2020 which have a net effect of reducing the 2021-22 budget gap by £0.076m.
- 1.17 There are a number of other measures to balance the budget that are for Council approval, summarised as follows:
- General inflationary increase to fees and charges resulting in £0.334m of additional income.
 - New management/operational savings amounting to £2.141m.
 - New policy savings options amounting to £0.693m.

- 1.18 If Members agreed to all the proposals noted within this report there would be a balanced budget in 2021-22 with a surplus of £3.080m prior to prior to considering the impact of COVID.
- 1.19 The capital plan summary report within the budget pack advises the Council of a significant funding gap within the current capital plan and it is recommended the surplus on the revenue is used towards the gap, which would save projects from having to be reduced/removed from the current capital plan or reduce the level of borrowing required to fund the budget gap.
- 1.20 The budget gap over the period 2022-23 to 2025-26 across each scenario is summarised in the table below.

| Budget Gap | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Total £000 |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Best Case | (1,445)* | (1,778) | (1,412) | (1,678) | (6,312) |
| Mid-Range | (4,918)* | (5,090) | (4,661) | (5,018) | (19,687) |
| Worst Case | (9,019)* | (9,098) | (8,646) | (9,125) | (35,888) |

*dependant on how the 2021-22 surplus is used.

- 1.21 The balanced Council budget for 2021-22 is prior to considering how COVID-19 may impact on expenditure and income next year and beyond.
- 1.22 The UK and Scottish Government has announced three financial flexibilities that councils can consider exercising to fund COVID specific cost pressures. The preference would be to use the credit arrangements flexibility, however, there are ongoing discussions with the Scottish Government regarding the repayment methodology associated with this option. Should the issue be resolved enabling Council's to change this credit arrangement using an annuity repayment method, then this is a flexibility that we should exercise. In the meantime it is recommended that Members agree to the use of the loans fund principal repayment holiday flexibility which would free up £5.4m of budget to be directed towards COVID pressures. In using this flexibility, the repayment holiday would require to be repaid over the next 20 years and this repayment has been built into the budget outlook from 2022-23.
- 1.23 The Scottish Government have allocated a further £259 million of non-recurring COVID-19 funding for 2021-22. The distribution of this funding, is not confirmed yet but it is expected, as with other COVID general revenue funding, that this will be distributed based on GAE and SINA which would result in Argyll and Bute receiving £4.609m additional funding.
- 1.24 It is estimated that the net financial impact of COVID-19 on the Council's revenue position in 2021-22 will be £5.101m with an additional estimated pressures on the Council's capital budget of £2.0m due to increases in contract costs. It also needs to be recognised that the financial impact of

COVID may extend beyond 2021-22 and it would be prudent to create a provision of at least £2.0m in respect of this.

- 1.25 The table below summarises the position in relation to COVID. As can be seen there is net funding of £0.908m which Members may wish to give consideration as to how this could be used in relation to the recovery from COVID.

| | £,000 | £,000 |
|--|--------------|----------------|
| 2021-22 Revenue Cost Pressure | (5,101) | |
| 2021-22 Capital Cost Pressure | (2,000) | |
| Provision for COVID Cost Pressures Beyond 2021-22 | (2,000) | |
| Total COVID Cost Pressure | | (9,101) |
| Estimated Council Share of £259m Non-Recurring COVID Funding | 4,609 | |
| Principal Repayment Holiday | 5,400 | |
| Available COVID Funding | | 10,009 |
| | | |
| Net Position | | 908 |

- 1.26 In view of the future savings requirements officers will continue to further develop savings options which have been identified through the service redesign work carried out during 2020-21 and which require further refinement and community engagement.
- 1.27 The Council's medium to long term financial strategy will be updated to reflect the 2021-22 budget decisions and the 2021-22 revenue and capital budget settlement and it will be presented to the Policy and Resources Committee on 13 May 2021 for approval.
- 1.28 One funding request has been received from an organisation where funding has previously been provided. The Council is asked to consider the funding requests as outlined within Appendix 9. The recommendation within the appendix has already been built into the budget figures.

REVENUE BUDGET OVERVIEW 2021-22 to 2025-26

2. INTRODUCTION

- 2.1 This report summarises the position with regard to the key issues surrounding the revenue budget estimates and setting of council tax for 2021-22. It also provides budget estimates for 2022-23 to 2025-26; within the report the mid-range estimates are noted, with the best case and worse case estimates included in Appendix 1.
- 2.2 Regular reports on the budget outlook 2021-22 to 2025-26 have been presented to Members throughout the year. Reports were presented to the Business Continuity Committee on 14 May 2020 and 13 August 2020 and to the Policy and Resources Committee on 15 October 2020 and 10 December 2020 in addition to further updates at Members Seminars held on 25 January 2021 and 3 February 2021.

3. DETAIL**3.1 Funding****Finance Settlement**

- 3.1.1 The Scottish Budget was announced by the Cabinet Secretary for Finance on 28 January 2021, this was in advance of the full UK Budget which is not being announced until 3 March 2021. The budget announcement was for one year only.
- 3.1.2 The Local Government Finance Circular 1/2021, published on 1 February 2021, provides detail of the provisional total revenue and capital funding allocations for 2021-22. The provisional total funding allocations form the basis for the annual consultation between the Scottish Government and COSLA ahead of the Local Government Finance (Scotland) Order 2021 currently scheduled to be presented to the Scottish Parliament in March 2021.
- 3.1.3 The Circular outlines that the Scottish Government will work in partnership with local government to implement the budget and the joint priorities in return for the full funding package worth £11.60 billion which includes:

- £59 million revenue to support the final tranche of increased funding for the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours;
- £90 million to compensate councils who choose to freeze council tax levels;
- In addition to the £100 million available in 2020-21, a further £72.6 million to be transferred from the health portfolio to the Local Authorities in-year for investment in health and social care and mental health services that are delegated to Integration Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. This brings the total transferred from the health portfolio to support health and social care integration to £883.6 million in 2021-22. The additional £72.6 million for local government comprises a contribution to continued delivery of the real Living Wage (£34 million), uprating of free personal and nursing care payments (£10.1 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£28.5 million);
- The ongoing £88 million to maintain the pupil:teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme:
- Continued provision in support of Teachers Pay (£156 million) and Pensions (£97 million);
- An additional £7.7 million support for inter-island ferries bringing the total to £19.2 million
- £5.3 million for Barclay implementation costs; and
- £10 million additional capital funding for Flood Risk schemes.

In addition local government will be allocated a further £259 million of non-recurring COVID-19 funding for 2021-22. The distribution of this funding, which will be provided as general revenue grant, will be discussed and agreed with COSLA. It is expected that our share of this funding will be £4.609m.

Scottish Government Funding for Argyll and Bute Council

3.1.4 The funding excluding ring-fenced grants for 2020-21 noted within the February 2020 budget pack was £195.364m. Stage 1 of the Parliamentary Process in 2020-21 resulted in additional funding of £1.701m. The funding excluding ring-fenced grants for 2021-22, as advised in the provisional settlement, is £201.043m. This doesn't include the non-recurring COVID funding.

3.1.5 The table below represents the changes between 2020-21 and 2021-22.

| | |
|---|----------------|
| Funding Budget 2020-21 as per budget pack | 195,364 |
| Stage 1 Budget 2020-21 Additional Funding | 1,701 |
| Revised Funding 2020-21 | 197,065 |
| Teacher Induction Scheme | 112 |

| | |
|---|----------------|
| EU Brexit Funding | 25 |
| Minor Distribution Updates | (4) |
| Updated Funding 2020-21 (FC 1/2021) | 197,198 |
| Updating of Indicators (this relates to the updating of the various funding indicators used to determine overall grant – they are updated based on a range of factors, but mainly population) | (1,196) |
| Increase to the Core Budget | 2,498 |
| Assumed Council Tax Contribution | (26) |
| Loans Charges Support | (276) |
| Change to the floor | (177) |
| Indicators Removed/Reduced Monies | (49) |
| Indicators Still to be Distributed | (190) |
| Settlement Commitments – HSCP | 1,398 |
| Settlement Commitments – Council | 1,863 |
| Provisional Settlement 2021-22 (FC 1/2021) | 201,043 |

3.1.6 If you compare the settlement of £201.043m to the cash funding in 2020-2021 the funding increase is £3.845m or 1.95%. If you take into account the funding that has been allocated this year for specific additional responsibilities that require us to incur more cost as well as accounting for the indicators still to be distributed the funding increase is £0.774m or 0.39%.

3.1.7 The settlement also included a ring fenced grant of £0.554m to cover the net expenditure to the Council of providing ferry services.

3.1.8 The last four years has seen additional funding announced for Local Government following the provisional settlement, usually at Stage 1 of the parliamentary process. Stage 1 will take place on 25 February 2021, Stage 2 on 8 March 2021 and Stage 3 on 9 March 2021. The additional revenue funding over the last four years is noted in the table below.

| Year | Argyll and Bute Council Share £000 |
|----------------|---|
| 2017-18 | 2,361 |
| 2018-19 | 2,884 |
| 2019-20 | 1,626 |
| 2020-21 | 1,701 |
| Average | 2,143 |

3.1.9 The Scottish Government had gave a commitment to provide a three year settlement from 2020-21 but both 2020-21 and 2021-22 have been one year settlements. It is accepted that due to the uncertainties surrounding the EU Exit and the UK General Election last year and the COVID-19 pandemic this year that it has been extremely difficult for the Scottish Government to honour that commitment but it is hoped that a three year settlement will be announced next year as this would

provide much more certainty to allow Council's to agree a medium term budget.

- 3.1.10 In considering the assumption related to future years funding, I have reflected on the past four years, taking into consideration the settlement commitments.
- 2018-19 funding reduction of 1.5%
 - 2019-20 funding reduction of 1.6%
 - 2020-21 funding reduction of 0.3% (after accounting for additional funds awarded at Stage 1 of the budget process and £0.454m of additional ferry funding)
 - 2021-22 funding increase of 0.39%.
- 3.1.11 It can be seen that the settlements in 2020-21 and 2021-22 have been much more favourable than in previous years and it is hoped that this is due to the Scottish Government recognising the pressures being faced by local government. It is extremely difficult to estimate future years funding and it is likely that the Chancellor will have to increase taxes or cut spending in the future in order to pay for the significant borrowing that has been taken out in the response to the COVID-19 pandemic. It cannot, therefore be assumed, that the more favourable settlements will continue into future years.
- 3.1.12 I would have considered a prudent estimate within the mid-range scenario to be the average of the last four years settlements which is a reduction of 0.75%. However due to the uncertainty about the medium to longer term impact of COVID and the UK's Exit from the EU on the national economy and future funding, I would consider it prudent to increase this to an assumed reduction in the mid-range of 1.0% with the best case and worst case variable at +/- 0.5% from the mid-range. This is an area that will be kept under close review and I will 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.

Council Tax

- 3.1.13 The Council Tax budget for 2020-21 was set at £52.859m. This included a 4.5% increase and a 0.25% growth in the council tax base. This is the starting position for 2021-22.
- 3.1.14 In terms of the growth in the council tax base, throughout the year a growth of 0.25% has been assumed within the mid-range scenario (0.1% in worst case and 0.4% in best case). Due to the impact of COVID-19 the growth during 2020-21 has been minimal and as a result, I consider it prudent to not account for Council Tax growth in 2021-22. From 2022-23, the growth assumption will be applied to the budget outlook using the range 0.1% to 0.4% with 0.25% as the mid-range.
- 3.1.15 As per paragraph 3.1.3, the 2021-22 settlement includes an additional £90 million available to compensate councils who choose to freeze

their council tax at 2020-21 levels. The Council's allocation of this is £1.762m and this has been included in the provisional settlement figure at paragraph 3.1.5. The assumed 3% increase in Council Tax reported to the Business Continuity Committee and Policy and Resources Committee during the year would generate additional funds to the Council of £1.586m in 2021-22 which is £0.176m less than the Council's allocation of £1.762m provided in the settlement. The Council does have the option to increase Council Tax by a higher amount than 3% however this would only generate the marginal difference between 3% and the higher set rate whilst passing the entire increase onto Argyll and Bute's ratepayers. Therefore the budget position presented in this report assumes an acceptance of the £1.762m funding and approval of a Council tax freeze in 2021-22. This of course is a matter for Members to agree.

3.1.16 For future years I have assumed a 3% increase in Council Tax in the best case, mid-range and worst case scenarios.

3.1.17 The estimated council tax income (excluding future year Council Tax increases) over the next five years is noted in the table below.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|---|-----------------------------------|--|--|--|--|
| Council tax base 2020-21 | 52,859 | 52,859 | 52,859 | 52,859 | 52,859 |
| Growth at 0% in 2021-22 and 0.25% in future years | 0 | 132 | 264 | 397 | 530 |
| Total Council Tax Income | 52,859 | 52,991 | 53,123 | 53,256 | 53,389 |

UK Government Funding for Teachers Pensions

3.1.18 Reports to Policy and Resources Committee in 2019-20 outlined the change in teachers pensions anticipated income and expenditure and also the delay in the implementing the new employer contribution rate within 2019. Due to the delay a surplus was created in 2019-20 and it was approved that this be used to help reduce the cost in future years. £0.112m was planned to be used in 2021-22. This is the last year that this adjustment will be made as the earmarked fund is no fully utilised.

Total Funding

3.1.19 The table below summarises the total estimated funding over the next five years within the mid-range scenario.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|--|-----------------------------------|--|--|--|--|
| Scottish Government funding | 201,043 | 199,033 | 197,043 | 195,073 | 193,122 |
| Specific Ferry grant Funding | 554 | 554 | 554 | 554 | 554 |
| Council Tax income | 52,859 | 52,991 | 53,123 | 53,256 | 53,389 |
| Earmarked reserves for Teacher's Pension | 112 | 0 | 0 | 0 | 0 |
| Total Funding | 254,568 | 252,578 | 250,720 | 248,883 | 247,065 |

3.2 Base Budget

3.2.1 As with previous years the base budget for 2021-22 is the current year's approved budget adjusted for any:

- one-off items included within 2020-21 that aren't carried forward into 2021-22;
- previously agreed items for future years; and
- funding adjustments since the 2020-21 budget was agreed.

3.2.2 The split of the base budget across services and other central commitments will be based on a snapshot of the copy budget for 2020-21 as this is the most up to date budget provision reflecting any coding improvements and virements up until this time.

3.2.3 The base budget for 2020-21 was £247.860m. The changes to the base budget are noted in the following paragraphs.

3.2.4 At the Council meeting on 27 February 2020 it was agreed to:

- Invest £0.400m in technology to support remote learning
- Invest £0.500m in climate change mitigation and maintenance
- Invest £0.400m in green transportation, in particular cycle paths and footpaths
- Invest £0.050m in community engagement on shared transportation
- Support investment using £0.600m gain from the reprofiling of the loans fund.

3.2.5 Other base adjustments are:

- 21 February 2019 budget meeting agreed a reduction in the cost pressure associated with the local plan enquiry – the profiling of this cost pressure results in a £0.022m reduction in the 2021-22 base budget
- Planning fees – a one-off cost pressure of £0.060m in 2020-21
- Consolidation of living wage project – one-off cost pressure of £0.050m in 2020-21
- Adding back £0.278m of one-off fleet savings from 2020-21 which are not recurring
- Counselling in Schools budget increased by £0.186m to ensure full Scottish government allocation is used for this purpose.

3.2.6 Although the majority of the funding from the Scottish Government is not ring fenced, there are individual elements of money that are provided as part of the settlement with the expectation that they are used to deliver the service intended. The base budget needs to be adjusted to reflect the additional costs for delivering on these funding commitments and the budget increase is limited to the funding.

| | Increase £000 |
|--|--------------------------|
| Carer Services and Respite Care | 1,132 |
| Personal and Nursing Care for Older People | 253 |
| Community Justice CPP Transitional Funding | 13 |
| Scottish Assessors Association Barclay | 24 |
| Environmental Health Officers | 61 |
| Safer Communities | 16 |
| Discretionary Housing Payments | (78) |
| Total Increases | 1,421 |

3.2.7 The revised base budget over the next five years is summarised in the table below.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|---|-----------------------------------|--|--|--|--|
| Base Budget 2020-21 | 247,860 | 247,860 | 247,860 | 247,860 | 247,860 |
| Technology to support remote learning | (400) | (400) | (400) | (400) | (400) |
| Community engagement for shared transport | (50) | (50) | (50) | (50) | (50) |
| Roads – climate change | (500) | (500) | (500) | (500) | (500) |

| | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|
| mitigation and maintenance | | | | | |
| Green transport – cycle paths and footpaths | (400) | (400) | (400) | (400) | (400) |
| 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) |
| Reprofiling gain from loans fund | 600 | 600 | 600 | 600 | 600 |
| One-off fleet savings in 2020/21 | 278 | 278 | 278 | 278 | 278 |
| Counselling in Schools budget increased | 186 | 186 | 186 | 186 | 186 |
| Funding Commitments | 1,421 | 1,421 | 1,421 | 1,421 | 1,421 |
| Revised Base Budget | 248,863 | 248,863 | 248,863 | 248,863 | 248,863 |

3.3 Employee Costs

3.3.1 Financial Services have populated salary templates with details of the current establishment 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.

3.3.2 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 £0.279m (excluding Social Work). This is a small amount and is mainly linked to a reduction in school rolls reducing the teacher FTE entitlement within schools. This is offset by

some other increases relating to new entrants into the superannuation scheme.

- 3.3.3 The 2021-22 pay award has not been agreed yet and therefore an estimate will require to be built into the budget. After the UK Spending Review announcement indicating a public sector pay freeze in England, I revised my pay assumption in the mid-range from 3% to 2% (this was in line with many other Director of Finance colleagues). As part of the Scottish Budget announcement, the Cabinet Secretary for Finance announced the Scottish Pay Policy and whilst this isn't the agreed policy for teachers and local government employees it is a reasonable gauge for budget purposes. The policy will see those earning up to £25,000 receive a pay increase of at least 3%, through a guaranteed cash underpin of £750 and those earning more than £25,000 will be guaranteed a 1% increase, capped at £800 above £80,000. This policy amounts to around the 2% estimate already accounted for within the budget outlook. In terms of assumptions for future years I have assumed there will be pay awards within a range of 1% (best case) and 3.0% (worst case) with a mid-range of 2%.
- 3.3.4 The cost of employee increments for 2021-22 equates to £0.634m. Every year it is assumed that most employees will be on the top of the scale and therefore there should be no further incremental cost, however, there is still a turnover on the employee base and as a result, staff may leave who are on the top point of the grade, with a new/transferred employee commencing on the bottom point of the grade. This gives rise to an incremental cost which can be partly offset by a decrease to the employee base. For 2021-22 the increment is based on the actual calculated cost. For future years the cost of employee increments is based on 50% of the 2021-22 increment in the best case scenario and 100% of the 2021-22 increment in the mid-range and worst case scenario.
- 3.3.5 At the Business Continuity Committee on 13 August 2020 I reported the financial impact of modernising the LGE pay grade and employment deal from 1 April 2021 onwards. These costs were further refined to reflect the work to populate the salary templates (refer to para 3.3.1) and the revised pay award assumption (refer to para 3.3.3). This resulted in a small decrease in the living wage consolidation impact from the £0.503m reported on 13 August 2020 to a revised impact of £0.478m. The additional costs and savings relating to the modernising the employment deal have not changed from the £0.073m (for 2021-22) that I reported on 13 August 2020.
- 3.3.6 The changes to the employee budgets estimated over the next five years for Council services are summarised in the table below. The employee cost increases relating to the Health and Social Care Partnership are summarised within paragraph 3.6.10.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|--|-----------------------------------|--|--|--|--|
| Change to employee base | (279) | (279) | (279) | (279) | (279) |
| Pay Award | 2,864 | 5,785 | 8,765 | 11,804 | 14,904 |
| Increments | 634 | 1,268 | 1,902 | 2,536 | 3,170 |
| Living Wage Consolidation | 478 | 488 | 497 | 507 | 517 |
| Additional costs/savings relating to modernising employment deal | 73 | 21 | 22 | (5) | (8) |
| Total Employee Increases | 3,770 | 7,283 | 10,907 | 14,563 | 18,304 |

3.4 Non-Pay Inflation

3.4.1 The position remains that only unavoidable/inescapable inflation has been included for 2021-22, this is with a view to only including a provision in the budget for an inflationary increase where it is absolutely required. The inflationary increases for 2021-22 for Council Services are noted below with further detail provided in Appendix 2. The total of £1.031m is a minor reduction of £0.039m on the £1.070m reported to the Policy and Resources Committee on 10 December 2020. This is due to a small reduction in estimated inflation for catering and milk.

| Service | Inflation Category | Amount |
|------------------------------|--|---------------|
| Council Wide | Utilities – Electricity, Gas, Oil and Solid Fuel | 37 |
| Council Wide | Vehicle Fuel | 24 |
| Education | Residential Schools | 30 |
| Education | Pre-Primary Partner Uplift | 126 |
| Commercial Services | Catering and Milk | 194 |
| Commercial Services | School and Public Transport | 50 |
| Legal and Regulatory Support | Community Pools | 20 |
| Legal and Regulatory Support | NPDO | 210 |
| Legal and Regulatory Support | Hub Schools | 51 |
| Customer Support Services | ICT | 74 |

| | | |
|----------------------------|-----------------------------|--------------|
| Roads and Amenity Services | Landfill Tax | 59 |
| Roads and Amenity Services | Waste PPP Contract | 93 |
| Roads and Amenity Services | Street Lighting Electricity | 63 |
| Total | | 1,031 |

3.4.2 In terms of the budget outlook for 2022-23 to 2025-26, the same level of unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios with the exception of non-domestic rates (NDR) as no NDR inflation has been built into 2021-22 as NDR budgets have been subject to savings review. The 2022-23 NDR inflation is based on the base 2020-21 budget minus 2021/22 savings target then inflated by 3%. A 1% general inflation has also been built into the worst case scenario.

3.4.3 The overall additional budget requirement for non-pay inflation estimated over the next three years is summarised in the table below. Further detail is provided in Appendix 2. The estimated inflationary increases relating to the Health and Social Care Partnership are summarised within paragraph 3.6.10.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|---|-----------------------------------|--|--|--|--|
| Unavoidable/ inescapable Non-Pay Inflation | 1,031 | 2,195 | 3,359 | 4,523 | 5,687 |

3.5 Cost and Demand Pressures

3.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources where possible. The estimated cost and demand pressures identified for Council services are noted in the table below, with further detail provided in Appendix 3. An allowance for unidentified cost and demand pressures has been included from 2022-23 onwards at £0.250m per annum within the mid-range scenario and £0.500m per annum within the worst case scenario. The cost and demand pressures relating to the Health and Social Care Partnership are summarised within paragraph 3.6.10.

| | Draft 2021- 22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 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 Model | 0 | 91 | 98 | 116 | 169 |
| Glass Collection Services | 74 | 74 | 74 | 74 | 74 |
| Recycling Services (see Appendix 9) | 282 | 76 | 76 | 76 | 76 |
| Local Development Plan | 0 | 0 | 50 | 0 | 50 |
| New HR System Project Team | 0 | 0 | 200 | 0 | 0 |
| Oracle/EBS Upgrade Software Support | 86 | 86 | 86 | 86 | 86 |
| Oracle/EBS Upgrade Project Team | 50 | 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 |
| Repay loans fund principal repayment holiday (see para 3.5.2) | 0 | 162 | 170 | 169 | 188 |
| Allowance for pressures in future years | 0 | 250 | 500 | 750 | 1,000 |
| Total Cost and Demand Pressures | 1,172 | 1,472 | 2,101 | 2,245 | 2,723 |

3.5.2 The cost pressure relating to the loans funds principal repayment reflects the revenue impact of the financial flexibility that is outlined within paragraph 3.14.5.

3.6 Health and Social Care Partnership (HSCP)

3.6.1 The Council agreed an allocation to the HSCP of £60.577m for 2020-21 at its meeting on 27 February 2020 and noted that the level of future years funding is subject to the level of Scottish Government funding and the Council's overall financial position in future years. The Council also agreed that that in the event of the HSCP underspending in 2020-21 or any future years, the Council will seek earlier repayment of outstanding debts.

3.6.2 The Local Government Finance Circular 1/2021 advises of additional funding of £72.6m that is allocated for Health and Social Care and Mental Health services.

3.6.3 The breakdown of the additional £72.6m is:

- £34m Contribution to continued delivery of the real Living Wage - A&B Share - £0.616m
- £10.1m Uprating of free personal and nursing care payments – A&B Share - £0.253m
- £28.5m Implementation of the Carer's Act – A&B Share - £0.516m

These amounts require to be passed over to the HSCP.

3.6.4 A further settlement commitment for of £0.013m for Community Justice Transitional Funding requires to be passed over to the HSCP.

3.6.5 The Chief Financial Officer of the IJB has submitted a formal request in relation to the HSCP budget for 2021-22; there are two parts to the request:

- An additional £0.236m of funding to be passed over to them to reflect a proportionate share of the Council's 0.39% increase in the 2021-22 settlement.
- The deferral of £1m of the £1.2m that is due to be repaid to the Council in respect of previous years overspends. Since this request the HSCP have been advised that the undelivered savings in 2020-21 will be funded and therefore this changes this request (see paragraphs 3.6.7 and 3.6.8)

3.6.6 The request for a share of the Council's 0.39% increase is a reasonable request and whilst I have built this request into the budget, it is a matter for Council to agree.

3.6.7 The forecast outturn position for the HSCP at the end of December is an estimated overspend of £1.662m for 2020-21 (£1.879m overspend for Social Work and £0.217m underspend Health). This forecast outturn position assumed that the undelivered savings as a result of COVID would not be funded, however, they are now being funded and this changes the position to a forecast underspend of £1.078m across the partnership (£0.347m underspend for Social Work and £0.731m underspend for Health).

3.6.8 The Council would wish to seek an earlier repayment of outstanding debt, and therefore, if circa £1m is paid early, this removes the need for a deferral of the £1m in 2021-22 (as noted in paragraph 3.6.5) as it will already have been paid.

3.6.9 In the event that the Council agree to the additional funding request from the HSCP set out in paragraph 3.6.5 the payments to the HSCP over the period 2021-22 to 2025-26, would be as summarised in the table below.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 | Mid- Range 2025-26 |
|--|-----------------------------------|--|--|-----------------------------------|-----------------------------------|
| Baseline funding 2020-21 | 60,577 | 60,577 | 60,577 | 60,577 | 60,577 |
| HSCP Funding as per Finance Circular (Share of £72.6m) | 1,385 | 1,385 | 1,385 | 1,385 | 1,385 |
| Community Justice Transitional Funding | 13 | 13 | 13 | 13 | 13 |
| 0.39% Funding Increase | 236 | 236 | 236 | 236 | 236 |
| Payment to HSCP | 62,211 | 62,211 | 62,211 | 62,211 | 62,211 |
| Less 2017-18, 2018-19 and 2019-20 overspend planned pay-back previously agreed | (1,200) | (1,255) | (1,327) | (1,165) | 0 |

| | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|
| £1m pay-back received early in 2020-21 | 1,000 | | | | |
| Net Payment to HSCP | 62,011 | 60,956 | 60,884 | 61,046 | 62,211 |

3.6.10 Members should note that the payment assumes that the HSCP will absorb any inflationary and cost and demand pressures. The latest estimated inflation and cost and demand pressures for Social Work have been discussed with the HSCP Chief Financial Officer. The mid-range estimates are summarised in the table below with further detail contained within Appendix 4. These pressures are not included within the Council's budget gap but are included within this report for information. Note that these only extend to three years rather than the five years that the Council's budget outlook extends to. 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

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | Mid- Range 2023-24 £000 |
|---|-----------------------------------|--|--|
| Pay Inflation | 672 | 1,357 | 2,056 |
| Pay Increments | 87 | 174 | 261 |
| Pay Base Adjustment | (2) | (2) | (2) |
| Non-Pay Inflation | 1,399 | 2,679 | 3,995 |
| Non-Pay Inflation on NHS posts recharged to Social Work | 125 | 180 | 237 |
| Older People Demand Growth | 380 | 766 | 1,158 |
| Younger Adults Demand Growth | 326 | 659 | 999 |
| Physical Disability Service Growth | 455 | 520 | 586 |
| Continuing Care for Looked After Young people | 350 | 600 | 850 |
| Extension of Carers Act | 516 | 516 | 516 |
| Unknown Cost and Demand Pressures | 0 | 500 | 1,000 |
| Total Social Work Pressures | 4,308 | 7,949 | 11,656 |

3.7 Payment to Live Argyll

3.7.1 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 of 10% (£0.370m).

3.7.2 The budget outlook reports presented throughout 2020-21 to Committee reflected an assumption that the Live Argyll management fee would reduce by 1% in the mid-range scenario. As the 10% management fee saving proposal supersedes these assumptions I have replaced the assumed 2021-22 1% reduction with the potential 10% reduction.

3.7.3 Live Argyll are considering a range of options to deliver that 10% reduction including reviewing operating hours in halls and performance venues, reviewing the library operating model and adopting technology to deliver efficiencies in operational practices. Our understanding is that the Live Argyll Board have accepted the proposed reduction in management fee and are confident that they can adapt their services to deliver it. It is for Council to agree the reduction in the management fee however it is the responsibility of the Live Argyll Board to consider and approve the options to deliver the reduction.

3.7.4 From 2022-23 onwards I have built in assumptions of an annual reduction to the Live Argyll management fee of 2% in the best case scenario, 1% in the mid-range scenario and a flat cash position in the worst case scenario.

3.8 Argyll and the Islands Isles Tourism Co-operative (AITC)

3.8.1 AITC are seeking an additional investment from the Council of £0.030m per annum for a three year period (2021-22 to 2023-24) to support core costs. AITC say these core costs are a catalyst which will allow them to secure programme funding through HIE and deliver sustainable funding through their direct membership scheme which was launched last year and that this core funding will specifically allow them to lead and assist the recovery process for tourism across the Council area. This additional investment has been included within the budget, however, it is a matter for Council to agree.

3.9 Budget Gap PRIOR to Measures to Balance the Budget

3.9.1 The budget gap prior to factoring in any previous savings decisions or potential options towards balancing the budget is summarised in the table below.

| | Draft 2021-22 £000 | Mid- Range 2022-23 £000 | *Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|-----------------------------|-----------------------------------|--|---|--|--|
| Base Budget | 248,863 | 248,863 | 248,863 | 248,863 | 248,863 |
| Employee Cost Changes | 3,770 | 7,283 | 10,907 | 14,563 | 18,304 |
| Non-Pay Inflation | 1,031 | 2,195 | 3,359 | 4,523 | 5,687 |

| | | | | | |
|--|----------------|----------------|-----------------|-----------------|-----------------|
| Cost and Demand Pressures | 1,172 | 1,472 | 2,101 | 2,245 | 2,723 |
| Increase/ (Decrease) to HSCP Allocation | 236 | 236 | 236 | 236 | 236 |
| Increase/ (Decrease) to Live Argyll Management Fee | (370) | (404) | (438) | (472) | (505) |
| AITC Request | 30 | 30 | 30 | 0 | 0 |
| Total Net Expenditure | 254,732 | 259,675 | 265,058 | 269,958 | 275,308 |
| Total Funding | 254,568 | 252,578 | 250,720 | 248,883 | 247,065 |
| Budget Surplus / (Gap) Cumulative | (164) | (7,097) | (14,338) | (21,075) | (28,243) |

3.10 Measures to Balance the Budget – Previously Agreed

3.10.1 There are a number of measures to balance the budget which have been previously agreed by Council and these are summarised in the table below.

| | Draft 2021- 22 £000 | Mid- Range 2022- 23 £000 | Mid- Range 2023- 24 £000 | Mid- Range 2024- 25 £000 | Mid- Range 2025-26 £000 |
|--|--|---|---|---|--|
| Management/ Operational Savings Agreed February 2020 | 54 | 54 | 54 | 54 | 54 |
| Management/ Operational Savings Agreed February 2019 | (240) | (240) | (240) | (240) | (240) |
| Policy Savings Agreed February 2019 | 75 | 75 | 75 | 75 | 75 |
| Policy Savings Agreed February 2020 | 187 | 187 | 187 | 187 | 187 |

| | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|
| Total Measures to Balance the Budget | 76 | 76 | 76 | 76 | 76 |
|---|-----------|-----------|-----------|-----------|-----------|

3.11 Measures to Balance the Budget – For Council Approval

3.11.1 There is a separate report included in the budget pack which relates to fees and charges together with the detailed schedule of charges for 2021-22. The general increase to fees and charges is proposed at 3% for 2021-22, this was the increase applied in 2020-21. The general inflationary increase would give additional income of £0.334m. In terms of the outlook for 2022-23 to 2025-26, fees and charges have been estimated at a 3% increase in the best case and mid-range scenario and a 1% increase in the worst case scenario.

3.11.2 A report to the Business Continuity Committee on 13 August 2020 set out the approach to the 2021-22 revenue budget process and identification of savings to balance the 2021-22 budget. It was agreed that a cross party Budget Working Group (BWG) be established comprising six elected members from the administration, three elected members from the opposition and two Trade Union representatives. The BWG's role was to engage with officers and provide a sounding board to assist in the development and identification of savings options. It does not have any decision making authority but can report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose was to assist in the savings identification process and provide a degree of scrutiny over options as they are being developed.

3.11.3 New savings options were identified by officers and presented to the BWG at meetings held on 30 September 2020, 2 November 2020 and 24 November 2020. The BWG agreed a suite of options which were presented to the Policy and Resources Committee on 10 December 2020 which would deliver £3.440m in savings in 2021-22, £3.732m in 2022-23 and £4.008m in savings in future years. The BWG met again on 18 December 2020 and 3 February 2021 which has resulted in the savings options being further refined as follows:

| Option | Change | 2021-22 Impact (£,000) |
|---|--|-------------------------------|
| ED6 – Pupil Support Assistants | Option removed by Budget Working Group | (209) |
| DBD01 – Staff travel and subsistence | Saving reduced from £336k to £256k to reflect updated cost projections | (80) |
| DBD02 – Printing stationary and postage | Saving reduced from £56k to £51k to reflect updated cost projections | (5) |

| | | |
|--|--|--------------|
| DEG10 - income private water supplies and charge for provision of shellfish movement documents | Option to introduce a new charge for shellfish movement delayed until 2022-23 | (5) |
| R&I16 - Electric Vehicle Charing Fee | New saving option | 16 |
| R&I17 – Public Transport Fare Scale Increase | New saving option | 76 |
| PROP01 – Rationalisation of Council’s Property Estate | Correct arithmetic error | (68) |
| LEI001 – Live Argyll Management Fee | The reduction in the Live Argyll management fee is factored into the budget at section 3.7 of this report. The difference of £38k between the £332k here and £370k at section 3.7 is because there was already an assumption of a £38k reduction in the budget outlook. The net effect of this is therefore nil. | (332) |
| | Total Changes | (607) |

The options have been classified as either:

- Management / Operational – meaning they do not result in either redundancies or any change in policy and can be implemented without Council approval
- Policy – meaning they require Council approval due to having staff or policy implications.

The management/operational savings are set out in Appendix 5 and the proposed policy saving are set out in Appendix 6.

3.11.4 The number of FTEs affected by potential redundancy required the Council to undertake a statutory 45 day consultation. This has been concluded in accordance with the Council’s redundancy policy and procedures seeking to avoid compulsory redundancy wherever possible.

3.11.5 A summary of the savings identified are noted in the table below.

| Saving Type | 2021-22 £000 | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Management /Operational | 2,141 | 1,891 | 1,911 | 1,911 | 1,911 |
| Policy | 693 | 1,024 | 1,152 | 1,152 | 1,152 |
| Total | 2,834 | 2,915 | 3,063 | 3,063 | 3,063 |

3.11.6 As per paragraphs 3.1.15 - 3.1.16 there is an assumption of an approval of a Council tax freeze in 2021-22 and a 3% increase in Council Tax in the best case, mid-range and worst case scenarios in the years beyond 2021-22. This of course is a matter for Members to agree.

3.11.7 It was the intention that the 2021-22 budget process would commence earlier in 2020 than it did and would look at service redesign over a planned three year period. The need for the Council officers to respond to the immediate impact of the COVID pandemic and the ongoing focus on the recovery meant it was necessary to place greater focus on balancing the 2021-22 budget however the work carried out by officers also lay foundations for the budget process in future years. In particular the service redesign work has identified a number of options which are to be further developed by officers during 2021-22 with a need for community engagement to help inform that development. These options, once refined will be presented as saving options to the Council at a future date.

3.12 Budget Gap AFTER Measures to Balance the Budget

3.12.1 The budget gap after applying all the measures to balance the budget is summarised within the table below.

| | Draft 2021-22 £000 | Mid- Range 2022- 23 £000 | Mid- Range 2023-24 £000 | Mid- Range 2024-25 £000 | Mid- Range 2025-26 £000 |
|--|-----------------------------------|---|--|--|--|
| Estimated Budget Gap Prior to Measures to Balance Budget | (164) | (7,097) | (14,338) | (21,075) | (28,243) |
| Previously Approved Savings Measures | 76 | 76 | 76 | 76 | 76 |
| Fees and Charges 3% Increase | 334 | 678 | 1,032 | 1,397 | 1,773 |

| | | | | | |
|--|--------------|----------------|----------------|-----------------|-----------------|
| Council Tax Increase | 0 | 1,590 | 3,239 | 4,950 | 6,724 |
| New Management/ Operational Savings | 2,141 | 1,891 | 1,911 | 1,911 | 1,911 |
| New Policy Savings | 693 | 1,024 | 1,152 | 1,152 | 1,152 |
| Budget Surplus / (Gap) Cumulative | 3,080 | (1,838) | (6,928) | (11,589) | (16,607) |
| Budget Surplus / (Gap) In Year (prior to COVID Pressures) | 3,080 | (4,918) | (5,090) | (4,661) | (5,018) |

- 3.12.2 The table above demonstrates that if Members agreed to all the proposals already noted within this report there will be a balanced 2021-22 budget with a surplus of £3.080m, prior to considering the impact of COVID. This is a welcome position and has arisen due to a better than anticipated financial settlement including additional funding for local government core budgets. Whilst there are a number of savings options built into these figures that could be reversed, many of them are management/operational in nature that officers will be implementing through the normal course of business and will assist with the continued challenging position in future years.
- 3.12.3 The capital plan summary report within the budget pack advises the Council that there is a significant funding gap within the current capital plan and it is recommended the surplus on the revenue is used towards the gap, which would save projects from having to be reduced/removed from the current capital plan or reduce the level of borrowing required to fund the budget gap.
- 3.12.4 By way of further explanation on the budget surplus/(gap) estimate noted in paragraph 3.12.1, the budget gap in 2022-23 is £1.838m if Council use the 2021-22 surplus in a one-off manner. If Council use the surplus in 2021-22 in a recurring way, the expenditure in 2021-2022-23 will rise by the amount of the recurring expenditure and therefore the gap could potentially increase to £4.918m.
- 3.12.5 Appendix 7 provides a summary of the draft budget for 2021-22 at service level.

3.13 Balancing Future Years Budget

- 3.13.1 The budget surplus / (gap) in the period 2022-23 to 2025-26 across each scenario is summarised in the table below. Note these estimates do not include the impact of COVID

| Budget Gap | 2022-23 £000 | 2023-24 £000 | 2024-25 £000 | 2025-26 £000 | Total £000 |
|-------------------|-------------------------|-------------------------|-------------------------|-------------------------|-----------------------|
| Best Case | (1,445)* | (1,778) | (1,412) | (1,678) | (6,312) |
| Mid-Range | (4,918)* | (5,090) | (4,661) | (5,018) | (19,687) |
| Worst Case | (9,019)* | (9,098) | (8,646) | (9,125) | (35,888) |

*dependant on how the 2021-22 surplus is used.

3.14 IMPACT OF COVID

3.14.1 Presented above, is a balanced Council budget for 2021-22 prior to considering how COVID-19 may impact on expenditure and income next year and beyond.

COVID Funding

3.14.2 The UK and Scottish Governments have agreed three financial flexibilities that councils can consider exercising to help fund COVID specific cost pressures.

Use of Capital Receipts - Dispensation to allow councils to apply their 2020-21 and 2021-22 capital receipts to finance COVID expenditure.

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.

Loans Fund Principal Repayment Holiday – This provides the flexibility of a loans fund repayment holiday which permits councils to defer loans fund repayments due to be repaid in either 2020-21 or 2021-22 (but not both).

3.14.3 Use of the capital receipts is not an attractive option as the level of capital receipts at circa £1m is not sufficient to cover all our COVID estimated pressures and as we already budget for capital receipts as part of our capital plan, we would need to take borrowing to replace this funding which would create a recurring loans fund revenue pressure.

3.14.4 The preference would be to use the credit arrangements flexibility, however, there are ongoing discussions with the Scottish Government regarding the repayment methodology associated with this option. Should the issue be resolved enabling Council's to change this credit arrangement using an annuity repayment method, then this is a flexibility that we should exercise. Not only would this give the Council a one-off benefit to fund COVID related issues, it would also repay the debt over the asset life rather than over the contract period which is a

more prudent approach, similar to the approach to repayments that were taken as part of the loans fund review last year. Whilst lengthening the period of repayment it would also provide a saving each year over the life of the contract.

3.14.5 In the absence of being able to exercise the credit arrangements financial flexibility, it is recommended that Members agree to the use of the loans fund principal repayment holiday flexibility which would free up £5.4m of budget to be directed towards COVID pressures. In using this flexibility, the repayment holiday would require to be repaid over the next 20 years and this repayment has been built into the budget outlook from 2022-23. Should the credit arrangements on an annuity basis be agreed post budget, it is recommended that the use of the principal repayment holiday flexibility is replaced with the credit arrangements flexibility and a further report will be brought back to Council in this instance.

3.14.6 As noted in paragraph 3.13, the Scottish Government have allocated a further £259 million of non-recurring COVID-19 funding for 2021-22. The distribution of this funding, which will be provided as general revenue grant, will be discussed and agreed with COSLA. It is expected, as with other COVID general revenue funding, that this will be distributed based on GAE and SINA and this would result in Argyll and Bute receiving £4.609m additional funding.

Additional Expenditure/Reduced Income as a result of COVID

3.14.7 Officers have continued to update the estimates for the impact of COVID-19 on expenditure and income in 2021-22. In the Budget Outlook report brought to the Policy and Resources Committee on 10 December, a cost pressure of £4.330m was estimated, based on the information available and, most significantly, the COVID related restrictions at that time. Since those estimations were finalised Argyll and Bute, with the exception of island communities, has been moved into tier 4 which results in more severe restrictions. Consequently there has been a need to revisit these estimations.

3.14.8 In total it is now estimated that the net financial impact of COVID-19 on the Council's revenue position in 2021-22 will be £5.101m. It should be noted that these figures are based on high level estimates and broad assumptions about what the impact of COVID might be in 2021-22. Further detail on the estimates is provided in Appendix 8.

3.14.9 In addition to this estimated 2021-22 revenue pressure COVID has created pressures on the Council's capital budget due to increases in contract costs. These are currently estimated to be in the region of £2.0m but could be more.

3.14.10 It also needs to be recognised that the financial impact of COVID may extend beyond 2021-22 and it would be prudent to create a provision in respect of this. It is very difficult to calculate a level of provision as there

are so many unknowns, but it is recommended that a minimum of £2m be set aside.

- 3.14.11 The table below summarises the position in relation to COVID. As can be seen in the table there is net funding of £0.908m which Members may wish to give consideration as to how this could be used in relation to the recovery from COVID.

| | £,000 | £,000 |
|--|--------------|----------------|
| 2021-22 Revenue Cost Pressure | (5,101) | |
| 2021-22 Capital Cost Pressure | (2,000) | |
| Provision for COVID Cost Pressures Beyond 2021-22 | (2,000) | |
| Total COVID Cost Pressure | | (9,101) |
| Estimated Council Share of £259m Non-Recurring COVID Funding | 4,609 | |
| Principal Repayment Holiday | 5,400 | |
| Available COVID Funding | | 10,009 |
| | | |
| Net Position | | 908 |

- 3.14.12 As mentioned in paragraph 3.13.4 above, should the credit arrangements on an annuity basis be agreed by Scottish Government, it is recommended that the use of the principal repayment holiday flexibility is replaced with the credit arrangements flexibility with a further report being brought back to Council. This would give further scope for the Council to invest in recovery and renewal and it may also be prudent to set aside a provision for increases in the cost capital projects as a result of COVID which has already been experienced in the current year.

3.15 Medium to Long Term Financial Strategy

- 3.15.1 The Council has a medium to long term financial strategy which is used to help ensure the challenges the Council faces are addressed in the most effective way. The Strategy has been updated to provide financial estimates for the period 2021-22 to 2026-27 in detail and also to consider longer term issues beyond that five year window that the Council needs to be sighted on. It is based on a set of assumptions and provides a range of potential scenarios and the financial implications. Once the 2021-22 budget has been agreed officers will update the current version of the strategy to reflect the decisions made and the 2021-22 revenue and capital budget settlement and the updated version will be presented to the Policy and Resources Committee on 13 May 2021 for approval.

4. CONCLUSION

- 4.1 This report summarises the position with regard to the key issues surrounding the revenue budget and setting of council tax for 2021-22.

It also provides estimates of the budget outlook for the period 2022-23 to 2025-26.

- 4.2 If Members agreed to all the proposals already noted within this report, this would produce a balanced budget in 2021-212 with a surplus of £3.080m. It is recommended this surplus is used to help address a significant funding gap within the current capital plan to save projects from having to be reduced/removed from the current capital plan or reduce the level of borrowing required to fund the budget gap.
- 4.3. There remains a significant budget gap in future years and officers will continue to explore options to generate future savings through service redesign.
- 4.4 The Council has an estimated 2021-22 (and beyond) COVID cost pressure of £9.101m. Estimated COVID funding of £4.609m will be made available by the Scottish Government in 2021-22 and the Council can exercise the loans fund principal repayment holiday flexibility which would free up £5.4m of funds. This leaves a balance of £0.908m that members may wish to consider how best to utilise in relation to COVID recovery.
- 4.5 The Council are asked to consider a third party funding request which is detailed in an exempt Appendix 9. The recommendation within the appendix has already been built into the budget figures.

5. IMPLICATIONS

- 5.1 Policy – There are policy implications associated with the new saving options and also previously agreed savings options which impact 2021-22 and beyond.
- 5.2 Financial – The report outlines the budget position over 2021-22 to 2025-26.
- 5.3 Legal – Any legal implications have and will be considered when developing the savings options.
- 5.4 HR – Any HR implications have and will be considered when developing savings options.
- 5.5 Fairer Scotland Duty – See below
 - 5.5.1 Equalities – Equality and Socio-Economic Impact Assessments have been carried out where appropriate for savings options already agreed or developed.
 - 5.5.2 Socio Economic Duty – Equality and Socio-Economic Impact Assessments have been carried out where appropriate for savings options already agreed or developed.

- 5.5.3 Islands Duty - Equality and Socio-Economic Impact Assessments have been carried out where appropriate for savings options already agreed or developed. This includes consideration of Islands Duties.
- 5.6 Risk – There is a separate report assessing financial risks and there is also an overall assessment of risk included within the separate report on Reserves and Balances.
- 5.7 Customer Service – There may be some customer service implications arising from the new savings options. Future customer service implications will be considered when developing savings options.

Kirsty Flanagan
S95 Officer
8 February 2021

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

APPENDICES:

- Appendix 1 – 2021-22 – 2025-26 Budget Outlook Scenarios
- Appendix 2 – Non-Pay Inflation Estimates 2021-22
- Appendix 3 - Cost and Demand Pressures 2021-22 to 2025-26
- Appendix 4 – Health and Social Care Partnership Cost Pressures
- Appendix 5 – New Management/Operational Savings
- Appendix 6 – New Policy Options Savings Summary and Templates
- Appendix 7 – Service Summary of Budget Position
- Appendix 8 – Estimated 2021-22 Council COVID-19 Financial Pressure
- Appendix 9 – Funding Requests (Exempt Paper)

| | DRAFT | Best Case Scenario | | | | Mid-Range Scenario | | | | Worst Case Scenario | | | |
|---|----------------|--------------------|----------------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|---------------------|-----------------|-----------------|-----------------|
| | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2022-23 | 2023-24 | 2024-25 | 2025-26 |
| | £,000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Introduction of Small Quantities Charge for Export Health Certificates | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 | 30 |
| Increase in insurance premiums | 95 | 48 | 48 | 48 | 48 | 95 | 95 | 95 | 95 | 142 | 142 | 142 | 142 |
| Repay loans fund principal repayment holiday | 0 | 162 | 170 | 179 | 188 | 162 | 170 | 179 | 188 | 162 | 170 | 179 | 188 |
| Allowance for Cost and Demand Pressures Future Years | 0 | 0 | 0 | 0 | 0 | 250 | 500 | 750 | 1,000 | 500 | 1,000 | 1,500 | 2,000 |
| Total Cost and Demand Pressures | 1,172 | 901 | 1,157 | 1,027 | 1,180 | 1,472 | 2,101 | 2,245 | 2,723 | 2,007 | 3,014 | 3,440 | 4,254 |
| Adjustment to Health and Social Care Partnership Payment | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 | 236 |
| Adjustment to Live Argyll Management Fee | (370) | (438) | (505) | (571) | (635) | (404) | (438) | (472) | (505) | (370) | (370) | (370) | (370) |
| AITC Funding Request | 30 | 30 | 30 | 0 | 0 | 30 | 30 | 0 | 0 | 30 | 30 | 0 | 0 |
| Total Estimated Expenditure PRIOR to measures to balance the budget | 254,732 | 257,288 | 260,439 | 263,161 | 266,238 | 259,675 | 265,058 | 269,958 | 275,308 | 262,459 | 270,545 | 278,127 | 286,290 |
| Scottish Government Grant | 201,043 | 200,038 | 199,038 | 198,043 | 197,053 | 199,033 | 197,043 | 195,073 | 193,122 | 198,027 | 195,057 | 192,131 | 189,249 |
| Specific Grant for Ferries | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 | 554 |
| Earmarked Reserves for Teachers Pensions | 112 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Council Tax | 52,859 | 53,070 | 53,282 | 53,495 | 53,709 | 52,991 | 53,123 | 53,256 | 53,389 | 52,912 | 52,965 | 53,018 | 53,071 |
| Total Funding | 254,568 | 253,662 | 252,874 | 252,092 | 251,316 | 252,578 | 250,720 | 248,883 | 247,065 | 251,493 | 248,576 | 245,703 | 242,874 |
| Budget Surplus / (Gap) PRIOR to measures to balance the budget | (164) | (3,626) | (7,565) | (11,069) | (14,922) | (7,097) | (14,338) | (21,075) | (28,243) | (10,966) | (21,969) | (32,424) | (43,416) |
| Measures to Balance the Budget: | | | | | | | | | | | | | |
| Fees and Charges | 334 | 678 | 1,032 | 1,397 | 1,773 | 678 | 1,032 | 1,397 | 1,773 | 449 | 565 | 682 | 800 |
| Management/Operational Savings Identified February 2020 | 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 |
| Policy Savings Options agreed February 2020 | 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) |
| Management/Operational Savings reported December 2020 | 2,141 | 1,891 | 1,911 | 1,911 | 1,911 | 1,891 | 1,911 | 1,911 | 1,911 | 1,891 | 1,911 | 1,911 | 1,911 |
| Policy savings reported December 2020 | 693 | 1,024 | 1,152 | 1,152 | 1,152 | 1,024 | 1,152 | 1,152 | 1,152 | 1,024 | 1,152 | 1,152 | 1,152 |
| Council Tax Increase | 0 | 1,592 | 3,245 | 4,960 | 6,739 | 1,590 | 3,235 | 4,938 | 6,700 | 1,587 | 3,225 | 4,915 | 6,659 |
| Council Tax Increase (Growth element) | 0 | 0 | 6 | 19 | 39 | 0 | 4 | 12 | 24 | 0 | 2 | 5 | 10 |
| Total Measures to Balance the Budget | 3,244 | 5,261 | 7,422 | 9,515 | 11,690 | 5,259 | 7,410 | 9,486 | 11,636 | 5,027 | 6,931 | 8,741 | 10,608 |
| Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget | 3,080 | 1,635 | (143) | (1,554) | (3,232) | (1,838) | (6,928) | (11,589) | (16,607) | (5,939) | (15,038) | (23,683) | (32,808) |
| Budget Surplus / (Gap) In Year AFTER measures to balance the budget | 3,080 | (1,445) | (1,778) | (1,412) | (1,678) | (4,918) | (5,091) | (4,661) | (5,018) | (9,019) | (9,098) | (8,646) | (9,125) |

NON-PAY INFLATION (COUNCIL)

Appendix 2

| Service | Inflation Category | Basis of Inflation | 2021-22 Inflation % | Base Budget 2021-22 £ | Inflation 2021-22 £000 |
|---|---|--|---------------------|-----------------------|------------------------|
| Council Wide | Utilities - Electricity | Procurement Scotland have contracts in place and have agreed tariffs in line with current hence nil inflation assumed. | 0.00% | 2,291,320 | 0 |
| Council Wide | Utilities - Gas | Procurement Scotland have contracts in place and have agreed tariffs in line with current hence nil inflation assumed. | 0.00% | 463,023 | 0 |
| Council Wide | Utilities - Oil | This is a volatile area and it is difficult to predict the inflation. Figures based on Utility prices | 5.00% | 573,489 | 29 |
| Council Wide | Utilities - Solid Fuel | This is a volatile area and it is difficult to predict the inflation. Figures based on utility prices. Budget to be realigned from oil hence high inflation percentage to reflect actual sum required. Actual inflation estimated @ 3% | 45.00% | 18,217 | 8 |
| Council Wide | Vehicle Fuel | Based on RPIX at July 2020 | 1.86% | 1,312,944 | 24 |
| Council Wide Total | | | | | 61 |
| Education | Pre-Primary Partner Provider Uplift | Inflationary increase agreed as per service choices. Budget will incrementally increase over the 2020-21 year as we fully phase in 1140 hours | 3.00% | 4,197,431 | 126 |
| Education | Residential Schools | Scotland Excel negotiated contracts - no indications of uplift as yet so used SLW | 3.00% | 1,009,355 | 30 |
| Commercial Services | Catering Purchases and Milk | 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% | 1,936,490 | 194 |
| Legal and Regulatory Support | Community Pool Subsidies | For Atlantis Leisure element - Annual increases to payments is based on RPI (@ Sept) for preceeding year. September 2020 RPI not available yet so inflated by same amount as 2020/21 at current time. | 3.00% | 679,337 | 20 |
| Legal and Regulatory Support | NPDO Schools | Actual inflation required is 2.12%. This rate has been reduced to reflect the ongoing base budget reduction of £120k to meet savings requirement. | 1.35% | 15,584,483 | 210 |
| 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% | 5,227,067 | 51 |
| Executive Director - Douglas Hendry - Total | | | | | 631 |
| Head of Customer Support Services | ICT | Inflationary increases re renewals for support and maintenance of hardware and software | 15.00% | 496,415 | 74 |
| Fleet | 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 |
| Roads and Infrastructure | Landfill Tax | Based on RPIX movement in year as at July 2020 | 1.86% | 3,184,651 | 59 |
| Roads and Infrastructure | Waste PPP Contract | 85% of RPIX as at July 2020 | 1.58% | 5,861,050 | 93 |
| Roads and Infrastructure | Street Lighting Electricity | Based on RPIX movement in year as at July 2020. Requires to be inflated in line with funding model for LED replacement | 1.86% | 486,412 | 63 |
| Executive Director - Kirsty Flanagan - Total | | | | | 339 |
| | | | | | 1,031 |

Appendix 3 - COUNCIL COST AND DEMAND PRESSURES 2021-22 to 2025-26

APPENDIX 3

| 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 |

Appendix 3 - COUNCIL COST AND DEMAND PRESSURES 2021-22 to 2025-26

APPENDIX 3

| 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 | 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 |
| 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 - 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 Backfilling project team resource during replacement Financial system planning, testing & implementation. | 50 | | | | | 50 | | | | | 50 | | | | |
| 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 glass collection across Argyll and Bute | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 | 74 |
| Executive Director - Kirsty Flanagan | Waste | Additional costs arising from providing recycling services across Argyll and Bute | 282 | 76 | 76 | 76 | 76 | 282 | 76 | 76 | 76 | 76 | 282 | 76 | 76 | 76 | 76 |
| 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 | | 250 | 500 | 750 | 1,000 | 500 | 1,000 | 1,500 | 1500 | 2000 |
| TOTAL | | | 894 | 739 | 987 | 848 | 992 | 1,172 | 1,310 | 1,931 | 2,066 | 2,535 | 1,947 | 2,345 | 3,344 | 3,261 | 4,066 |

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 1%, mid range of 2% and worst case of 3%. | 336 | 675 | 1,017 | 672 | 1,357 | 2,056 | 1,008 | 2,046 | 3,115 |
| 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 | 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. | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) | (2) |
| All Social Work | Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case. | 931 | 1,846 | 2,782 | 1,399 | 2,679 | 3,995 | 1,663 | 3,354 | 5,110 |
| All Social Work | Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work. | 125 | 180 | 237 | 125 | 180 | 237 | 125 | 180 | 237 |
| 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 | 380 | 766 | 1,158 | 761 | 1,545 | 2,354 |
| 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. | 163 | 328 | 494 | 326 | 659 | 999 | 489 | 993 | 1,513 |

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 |
| 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. | 228 | 258 | 288 | 455 | 520 | 586 | 683 | 787 | 895 |
| 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 | Extension of Carers Act | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 | 516 |
| 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 | | 2,434 | 4,232 | 6,056 | 4,308 | 7,949 | 11,656 | 5,980 | 11,493 | 17,149 |

NEW MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 5

| Savings Ref | Service | Savings Option | 2021-22 | | | 2022-23 | | | 2023-24 | | |
|-------------|---|--|----------------|-----|---------|----------------|-----|---------|----------------|-----|---------|
| | | | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count |
| CP1 | Community Planning | Saving to be taken from the budget which supports the team to undertake new and innovative projects such as Participatory Budgeting. In future the funding for this will be sought externally | 11.0 | 0.0 | 0.0 | 11.0 | 0.0 | 0.0 | 11.0 | 0.0 | 0.0 |
| CS01 | Commercial Services | Reduce budget for management of asbestos | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| CS02 | Commercial Services - One Council Property Approach | Recharge of disposal fees to capital receipts income at 2% of gross receipt. | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| CS03 | Commercial Services - One Council Property Approach | Estates Team led NDR savings from rating appeals successful to date & in future financial year, increased occupancy levels and disposal of surplus assets (excluding NPDO & Hub Schools). | 50.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 |
| CS04 | Commercial Services - One Council Property Approach | Increased rental income from commercial portfolio including rent reviews, new leases and licences. | 10.0 | 0.0 | 0.0 | 10.0 | 0.0 | 0.0 | 10.0 | 0.0 | 0.0 |
| CS05 | Commercial Services | Major Project Team programme/project managing the development of commercial property portfolio which result in: a Capital Receipt; or Capital Receipt plus reduction in Revenue Expenditure; or Revenue Generation (i.e. Lorn House & Killarow House for Holiday Lets) | 5.0 | 0.0 | 0.0 | 10.0 | 0.0 | 0.0 | 10.0 | 0.0 | 0.0 |
| CSS01 | Customer Support Services - Budget Consultation | Removal of budget consultation budget - unused recent years | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| CSS03 | Customer Support Services - Printroom | Remove budget following restructure of print room staffing | 16.7 | 0.0 | 0.0 | 16.7 | 0.0 | 0.0 | 16.7 | 0.0 | 0.0 |
| CSS05 | Customer Support Services | Reduce Pathfinder North contingency budget set aside for schools upgrade - aligned to schools transformation activity | 40.0 | 0.0 | 0.0 | 40.0 | 0.0 | 0.0 | 40.0 | 0.0 | 0.0 |
| DBD01 | Council Wide | Staff travel and subsistence savings through more digital working | 256.4 | 0.0 | 0.0 | 256.4 | 0.0 | 0.0 | 256.4 | 0.0 | 0.0 |
| DBD02 | Council Wide | Reduced costs of printing, stationery and postage | 50.9 | 0.0 | 0.0 | 50.9 | 0.0 | 0.0 | 50.9 | 0.0 | 0.0 |
| DEG01 | Development and Economic Growth - Economic Growth Team | Reduce funding available to be used towards things like feasibility studies, consultants, match funding small scale projects. | 13.3 | 0.0 | 0.0 | 13.3 | 0.0 | 0.0 | 13.3 | 0.0 | 0.0 |
| DEG03 | Development and Economic Growth - Strategic Transportation | Reduce Strategic Transportation budget by £4,224 and withdraw involvement with Argyll Timber Transport Forum allowing Roads Dept. to lead. | 4.2 | 0.0 | 0.0 | 4.2 | 0.0 | 0.0 | 4.2 | 0.0 | 0.0 |
| DEG04 | Development and Economic Growth - Transformational Projects | Reduce Events and Festivals budget and team admin/support costs - budget not required above Council's allocation. | 3.2 | 0.0 | 0.0 | 3.2 | 0.0 | 0.0 | 3.2 | 0.0 | 0.0 |
| DEG05 | Development and Economic Growth | Reduce payments to other bodies (Project & Regen) and reduce budget for feasibility studies promotional campaigns etc. | 21.2 | 0.0 | 0.0 | 21.2 | 0.0 | 0.0 | 21.2 | 0.0 | 0.0 |
| DEG06 | Development and Economic Growth - Housing | DEG Homeless HQ: Acc Code Homeless this has been underspent in previous years. | 49.6 | 0.0 | 0.0 | 49.6 | 0.0 | 0.0 | 49.6 | 0.0 | 0.0 |

NEW MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 5

| Savings Ref | Service | Savings Option | 2021-22 | | | 2022-23 | | | 2023-24 | | |
|-------------|---|---|----------------|-----|---------|----------------|-----|---------|----------------|-----|---------|
| | | | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count |
| DEG08 | Development and Economic Growth - Regulatory Services | Discontinue use of the Argus monitoring system in Argyll and Bute which monitors background radionuclide levels at various locations | 3.0 | 0.0 | 0.0 | 3.0 | 0.0 | 0.0 | 3.0 | 0.0 | 0.0 |
| DEG09 | Development and Economic Growth - Regulatory Services | Reduce Regulatory Services environmental and food monitoring programmes and the costs of Glasgow Scientific Services Service Level Agreement | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| ED1 | Education | Reduction in conference fees and payment to other bodies budget lines under HOS - Education | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| ED2 | Education | Reduce Northern Alliance Budget to recognise efficiencies | 20.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 |
| ED3 | Education | Remove Primary Cluster Budgets - Cluster budgets were used as staff cover budgets for APTC support staff. Secondary cover budgets already removed as part of previous savings programme. This will bring Education in line with other services. | 67.0 | 0.0 | 0.0 | 67.0 | 0.0 | 0.0 | 67.0 | 0.0 | 0.0 |
| ED4 | Education | Reduce classroom assistant budget to align with updated school entitlement resulting from changes in school rolls and remove remaining cover and APTC budgets from schools which are not currently operational. | 24.0 | 0.0 | 0.0 | 24.0 | 0.0 | 0.0 | 24.0 | 0.0 | 0.0 |
| FLEET01 | Roads and Infrastructure - Fleet | Delays in procurement of fleet vehicles has resulted in the re-profiling of prudential borrowing which gives rise to a one-off saving in 2021-22 of £0.280m | 280.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| FSS02 | Financial Services - Accounting and Budgeting | Restructuring within Accounting & Budgeting has changed staff requirement allowing for the change of an LGE11 post to an LGE9 post. | 2.5 | 0.0 | 0.0 | 2.5 | 0.0 | 0.0 | 2.5 | 0.0 | 0.0 |
| FSS05 | Financial Services | Reduce budgets for telephone, overtime, conferences, and sundries | 23.8 | 0.0 | 0.0 | 23.8 | 0.0 | 0.0 | 23.8 | 0.0 | 0.0 |
| FSS06 | Financial Services - Internal Audit | Remove £6,457 of internal audit budget which has been used to support the department via required use of agency staff when seconding IA team members to assist in wider Financial Services activity. | 6.5 | 0.0 | 0.0 | 6.5 | 0.0 | 0.0 | 6.5 | 0.0 | 0.0 |
| FSS07 | Financial Services - Revenues & Benefits | Income generation from performing financial assessments for HSCP | 23.3 | 0.0 | 0.0 | 28.5 | 0.0 | 0.0 | 28.5 | 0.0 | 0.0 |
| FSS08 | Financial Services - Revenues & Benefits | Income received from DWP for the administration of the Verify Earnings and Pension service is currently unbudgeted. Funding for 2020/2021 £18,290 | 18.3 | 0.0 | 0.0 | 18.3 | 0.0 | 0.0 | 18.3 | 0.0 | 0.0 |
| LF1 | Council Wide | Savings generated from review of loans fund | 500 | 0 | 0 | 500 | 0 | 0 | 500 | 0 | 0 |
| LRS01 | Legal and Regulatory | Review of mobiles & telephony, advertising and support hire of facilities and removal of electoral registration budget | 6.1 | 0.0 | 0.0 | 6.1 | 0.0 | 0.0 | 6.1 | 0.0 | 0.0 |
| LRS02 | Legal and Regulatory | Review of Consultant requirements | 16.4 | 0.0 | 0.0 | 16.4 | 0.0 | 0.0 | 16.4 | 0.0 | 0.0 |
| LRS03 | Legal and Regulatory | Review of Children's Panel requirements | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |

NEW MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 5

| Savings Ref | Service | Savings Option | 2021-22 | | | 2022-23 | | | 2023-24 | | |
|---------------|--|--|----------------|------------|------------|----------------|------------|------------|----------------|------------|------------|
| | | | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count |
| NPD01 | Education | Removal of budget for repayment for Solar Panels within NPDO schools as now repaid in full. | 42.1 | 0 | 0 | 42.1 | 0 | 0 | 42.1 | 0 | 0 |
| NPD02 | Education | Removal of budget for repayment for Biomass plant within NPDO school as now repaid in full. | 60.5 | 0 | 0 | 60.5 | 0 | 0 | 60.5 | 0 | 0 |
| NPD03 | Education | Realignment of NPDO budget for utilities | 20 | 0 | 0 | 20 | 0 | 0 | 20 | 0 | 0 |
| NPD04 | Education | Realignment of NPDO budget for NDR | 55 | 0 | 0 | 55 | 0 | 0 | 55 | 0 | 0 |
| NPD05 | Education | Realignment of Hub DBFM schools for NDR | 35 | 0 | 0 | 35 | 0 | 0 | 35 | 0 | 0 |
| R&I06 | Roads and Infrastructure - Design Team | Capitalise staff cost for externally funded delivery of projects | 20.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 |
| R&I07 | Roads and Infrastructure | Top slice capital grants and schemes to provide a commuted sum for ongoing maintenance. Ensure that all designs are sustainable in terms of their material choice, maintainability and whole life cost - CDM approach to ensure new assets can be sustainable | 0.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| R&I08 | Roads and Infrastructure | Resourcing at concept for delivery of projects. We would capitalise the development/start up costs of a project or programme of works instead of using revenue to fund the reports, surveys, licensing, impact studies needed to create the full business cases as part of the total cost. | 100.0 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 | 100.0 | 0.0 | 0.0 |
| R&I10 | Roads and Infrastructure - Operations | Hired vehicles - reduction of vehicles | 50.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 | 50.0 | 0.0 | 0.0 |
| R&I11 | Roads and Infrastructure | Property maintenance - property lifecycle cost and property management | 25.0 | 0.0 | 0.0 | 25.0 | 0.0 | 0.0 | 25.0 | 0.0 | 0.0 |
| R&I12 | Roads and Infrastructure - Operations | Depot sharing - 5G contracts/trunk road | 5.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 40.0 | 0.0 | 0.0 |
| UTIL01 | Council Wide | Budget rightsizing; water efficiency works; authorised electrical capacity review; utility housekeeping/minor energy efficiency works | 25 | 0 | 0 | 25 | 0 | 0 | 25 | 0 | 0 |
| VAC1 | Council Wide | Increase vacancy savings target by 15% | 151 | 0 | 0 | 151 | 0 | 0 | 151 | 0 | 0 |
| Totals | | | 2141.0 | 0.0 | 0.0 | 1891.2 | 0.0 | 0.0 | 1911.2 | 0.0 | 0.0 |

NEW POLICY SAVINGS

APPENDIX 6

| Savings Ref | Service | Savings Option | 2021-22 | | | 2022-23 | | | 2023-24 | | |
|-------------|--|--|----------------|------|---------|----------------|------|---------|----------------|------|---------|
| | | | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count |
| CSS02 | Customer Support Services | Voluntary Redundancy of a LGE6 in anticipation in volume and as an efficiency resulting for more online transactions and activity | 28.8 | 1.0 | 1.0 | 28.8 | 1.0 | 1.0 | 28.8 | 1.0 | 1.0 |
| CSS04 | Customer Support Services - Printroom | Removal of vacant Clerical Assistant LGE3 in Printroom in response to reduction in print volumes | 22.2 | 1.0 | 1.0 | 22.2 | 1.0 | 1.0 | 22.2 | 1.0 | 1.0 |
| DBD03 | Elected Members | Elected Members Travel and Subsistence | 38.4 | 0.0 | 0.0 | 38.4 | 0.0 | 0.0 | 38.4 | 0.0 | 0.0 |
| DEG02 | Development and Economic Growth - Strategic Transportation | Reduction to overtime budget in the provision of fire cover at the airports for weather delayed flights. Arrangements are in place that staff no longer remain at the airport and there is a cut-off period. | 22.0 | 0.0 | 0.0 | 22.0 | 0.0 | 0.0 | 22.0 | 0.0 | 0.0 |
| DEG07 | Development and Economic Growth - Development Management | Additional income through fees and charges for s64 Non-Material Amendment Submissions, non e-planning application submissions and property history searches | 11.0 | 0.0 | 0.0 | 20.0 | 0.0 | 0.0 | 28.0 | 0.0 | 0.0 |
| DEG10 | Development and Economic Growth - Regulatory Services | Maximise income through additional private water supplies income from risk assessments of supplies and introducing a new charge for the provision of shellfish movement documents | 12.5 | 0.0 | 0.0 | 17.5 | 0.0 | 0.0 | 17.5 | 0.0 | 0.0 |
| ED5 | Education | Review and reduce Clerical Support Entitlement using updated school rolls. | 76.0 | 5.7 | 0.0 | 121.0 | 5.7 | 0.0 | 121.0 | 5.7 | 0.0 |
| FSS01 | Financial Services - Accounting and Budgeting | Removal of 0.5 LGE post which was being filled by a temporary member of staff. Post no longer required due to more efficient digital working. Small portion of salary saving invested in software | 12.0 | 0.5 | 1.0 | 12.0 | 0.5 | 1.0 | 12.0 | 0.5 | 1.0 |
| FSS03 | Financial Services - Accounting and Budgeting | Staff changes in creditors with a part time retirement (0.6FTE) replaced by a full time appointment (1FTE) at a lower grade plus one officer reducing weekly hours by one day (0.2FTE). Overall increase of 0.2 FTE. Also removal of small overtime budget and summer student budget | 3.1 | -0.2 | 0.0 | 3.1 | -0.2 | 0.0 | 3.1 | -0.2 | 0.0 |
| FSS04 | Financial Services - Accounting and Budgeting | One officer reducing to a four day week | 6.0 | 0.2 | 0.0 | 6.0 | 0.2 | 0.0 | 6.0 | 0.2 | 0.0 |
| LR04 | Legal and Regulatory | Review of Trading Standards - restructure ensuring ongoing capability to deliver service and deliver feed regulations across Argyll & Bute/west Dunbartonshire for Food Standards Scotland. | 36.4 | 1.0 | 0.0 | 36.4 | 1.0 | 0.0 | 36.4 | 1.0 | 0.0 |
| PROP01 | Commercial Services | Rationalisation of the Council's property estate over a three year programme to identify properties which can either be disposed of or used to generate commercial income | 86.6 | 2.5 | 11.0 | 294.2 | 4.0 | 17.0 | 413.8 | 4.0 | 17.0 |
| R&I01 | Roads and Infrastructure - Operations | Stop nursery growing service | 10.0 | 1.0 | 1.0 | 10.0 | 1.0 | 1.0 | 10.0 | 1.0 | 1.0 |

NEW POLICY SAVINGS

APPENDIX 6

| Savings Ref | Service | Savings Option | 2021-22 | | | 2022-23 | | | 2023-24 | | |
|--------------|--|--|----------------|-------------|-------------|----------------|-------------|-------------|----------------|-------------|-------------|
| | | | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count | Saving (£,000) | FTE | H/Count |
| R&I02 | Roads and Infrastructure - Operations | Stop provision of plant beds/ transfer to community/BID groups at no cost to the council or grass over beds to reduce maintenance | 30.0 | 1.0 | 1.0 | 30.0 | 1.0 | 1.0 | 30.0 | 1.0 | 1.0 |
| R&I03 | Roads and Infrastructure - Network and Standards | Administrative support - rationalise across service | 20.0 | 2.0 | 2.0 | 50.0 | 2.0 | 2.0 | 50.0 | 2.0 | 2.0 |
| R&I04 | Roads and Infrastructure - Network and Standards | Fees and charges - commercial waste, TTROs, permits/licenses. Access to debt recovery systems will assist. One post created as a spend to save | 10.0 | -1.0 | -1.0 | 25.0 | -1.0 | -1.0 | 25.0 | -1.0 | -1.0 |
| R&I05 | Roads and Infrastructure - Design Team | Design service fees - bringing in line with industry standards and reduce cost of consultancy. Two posts created as a spend to save | 30.0 | -2.0 | -2.0 | 50.0 | -2.0 | -2.0 | 50.0 | -2.0 | -2.0 |
| R&I09 | Roads and Infrastructure - Operations | Road inspections find and fix - reduce reactive work by proactivity. Moving to AI technology as technology develops | 40.0 | 1.0 | 1.0 | 40.0 | 1.0 | 1.0 | 40.0 | 1.0 | 1.0 |
| R&I13 | Roads and Infrastructure - Operations | Reduce specification for grass cutting, where possible scope out grounds currently serviced considering alternatives such as sheep grazing | 100.0 | 4.0 | 4.0 | 100.0 | 4.0 | 4.0 | 100.0 | 4.0 | 4.0 |
| R&I14 | Roads and Infrastructure - Marine and operations | Fuel and utility sales from our properties plus admin charge | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 | 5.0 | 0.0 | 0.0 |
| R&I15 | Roads and Infrastructure | Emergency services support and fuel provision from our fuel supplies | 0.5 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 | 0.5 | 0.0 | 0.0 |
| R&I16 | Roads and Infrastructure | Introduce new fees for electric vehicle charging | 16.0 | 0.0 | 0.0 | 16.0 | 0.0 | 0.0 | 16.0 | 0.0 | 0.0 |
| R&I17 | Roads and Infrastructure | Public transport fare scale increase | 76.0 | 0.0 | 0.0 | 76.0 | 0.0 | 0.0 | 76.0 | 0.0 | 0.0 |
| Total | | | 692.5 | 17.7 | 20.0 | 1024.1 | 19.2 | 26.0 | 1151.7 | 19.2 | 26.0 |

APPENDIX 7
SERVICE SUMMARY OF BUDGET POSITION 2021-22

| Department | Service | 2020-21 Budget | Other Base Budget Adjustments | Settlement Commitments | Updated Base Budget | Employee Budget Changes | Non-Pay Inflation - Inescapable | Cost and Demand Pressures | Live Argyll Management Fee Adjustment | Measures to Balance the Budget | Adjustment to HSCP Allocation | Social Work Pressures Absorbed by HSCP | AITC Funding Request | 2021-22 Draft Budget |
|--|--|----------------|-------------------------------|------------------------|---------------------|-------------------------|---------------------------------|---------------------------|---------------------------------------|--------------------------------|-------------------------------|--|----------------------|----------------------|
| | | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Council Departments: | | | | | | | | | | | | | | |
| Chief Executive's Unit | Chief Executive | 880 | 0 | 0 | 880 | 19 | 0 | 0 | 0 | (21) | 0 | 0 | 0 | 878 |
| Chief Executive's Unit | Head of Financial Services | 4,213 | 0 | (78) | 4,135 | 175 | 2 | 176 | 0 | (156) | 0 | 0 | 0 | 4,332 |
| Executive Director (Douglas Hendry) | Executive Director (Douglas Hendry) | (13) | 0 | 0 | (13) | 8 | 0 | 0 | 0 | (53) | 0 | 0 | 0 | (58) |
| Executive Director (Douglas Hendry) | Head of Commercial Services | 8,803 | 0 | 0 | 8,803 | 357 | 207 | 113 | (370) | (151) | 0 | 0 | 0 | 8,959 |
| Executive Director (Douglas Hendry) | Head of Education | 85,153 | (214) | 0 | 84,939 | 2,194 | 187 | 317 | 0 | (454) | 0 | 0 | 0 | 87,183 |
| Executive Director (Douglas Hendry) | Head of Legal and Regulatory Support | 18,931 | 0 | 16 | 18,947 | 116 | 263 | 0 | 0 | (229) | 0 | 0 | 0 | 19,097 |
| Executive Director (Kirsty Flanagan) | Executive Director (Kirsty Flanagan) | (293) | 0 | 0 | (293) | (30) | 0 | 0 | 0 | (91) | 0 | 0 | 0 | (414) |
| Executive Director (Kirsty Flanagan) | Head of Customer Support Services | 8,061 | (50) | 0 | 8,011 | 275 | 71 | 25 | 0 | (232) | 0 | 0 | 0 | 8,150 |
| Executive Director (Kirsty Flanagan) | Head of Development and Economic Growth | 7,704 | (82) | 61 | 7,683 | 145 | 0 | 90 | 0 | (321) | 0 | 0 | 30 | 7,627 |
| Executive Director (Kirsty Flanagan) | Head of Roads and Infrastructure Services | 29,416 | (950) | 0 | 28,466 | 433 | 289 | 356 | 0 | (1,239) | 0 | 0 | 0 | 28,305 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non Departmental: | | | | | | | | | | | | | | |
| Joint Boards | Joint Boards | 1,472 | 0 | 24 | 1,496 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,496 |
| Other Operating Income & Expenditure | Elected Members | 1,170 | 0 | 0 | 1,170 | 16 | 0 | 0 | 0 | (38) | 0 | 0 | 0 | 1,148 |
| Other Operating Income & Expenditure | Sundry Services | 637 | 0 | 0 | 637 | 63 | 12 | 0 | 0 | 67 | 0 | 0 | 0 | 779 |
| Other Operating Income & Expenditure | Unfunded Pensions | 1,554 | 0 | 0 | 1,554 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,554 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Non Controllable Costs: | | | | | | | | | | | | | | |
| Insurances | | 1,101 | 0 | 0 | 1,101 | 0 | 0 | 95 | 0 | 0 | 0 | 0 | 0 | 1,196 |
| Non Domestic Rates | | 4,729 | 0 | 0 | 4,729 | 0 | 0 | 0 | 0 | (140) | 0 | 0 | 0 | 4,589 |
| Apprenticeship Levy (Council) | | 465 | 0 | 0 | 465 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 465 |
| Capital Charges (loans charges) | | 13,295 | 878 | 0 | 14,173 | 0 | 0 | 0 | 0 | (185) | 0 | 0 | 0 | 13,988 |
| COUNCIL TOTALS | | 187,278 | (418) | 23 | 186,883 | 3,771 | 1,031 | 1,172 | (370) | (3,243) | 0 | 0 | 30 | 189,274 |
| Health and Social Care Partnership: | | | | | | | | | | | | | | |
| Integration Services | Chief Officer | 1,811 | 0 | 1,398 | 3,209 | 9 | 0 | 0 | 0 | 0 | 236 | (757) | 0 | 2,697 |
| Integration Services | Adult Care | 44,070 | 0 | 0 | 44,070 | 513 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 44,583 |
| Integration Services | Children & Families | 14,267 | 0 | 0 | 14,267 | 229 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 14,496 |
| Integration Services | Head of Strategic Planning and Performance | 435 | 0 | 0 | 435 | 7 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 442 |
| SOCIAL WORK TOTAL | | 60,583 | 0 | 1,398 | 61,981 | 758 | 0 | 0 | 0 | 0 | 236 | (757) | 0 | 62,218 |
| Rounding | | (1) | | | (1) | (1) | | | | (2) | | | | (4) |
| TOTAL | | 247,860 | (418) | 1,421 | 248,863 | 4,528 | 1,031 | 1,172 | (370) | (3,245) | 236 | (757) | 30 | 251,488 |
| Funding: | | | | | | | | | | | | | | |
| Scottish Government Funding | | | | | | | | | | | | | | 201,043 |
| Council Tax Income | | | | | | | | | | | | | | 52,859 |
| Specific Grant for Ferries | | | | | | | | | | | | | | 554 |
| General Fund Reserves | | | | | | | | | | | | | | 112 |
| OVERALL FUNDING SURPLUS / (GAP) | | | | | | | | | | | | | | 3,080 |

Appendix 8 - ESTIMATED 2021-22 COUNCIL COVID-19 FINANCIAL PRESSURE

| 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 | Based on loss of income in Q1 of 80% | 248 |
| Ferries | Reduction in income from ferry fares | Based on loss of income in 2020/21 April to June and assumes normal income levels return from July - March | 132 |
| Piers & Harbours | Reduced berthing and passenger dues and fish landings | Based on average of 80% income being received which is based on Aug/Sept 2020 income levels and adjusted for Q1 which is expected to have lower income levels due to lockdown restrictions | 2,016 |
| Development Control | Reduced planning fees and pre-application advice | 25% of 2019/20 actuals (£1,244) not being received. | 310 |
| Commercial Services | Reduced events and income from Kilmory Canteen and HLCC Café | Full loss of income from April to June. From July to March full loss of events income, 70% reduction of income from Kilmory Canteen and 75% reduction from HLCC Café | 185 |
| 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 | 4,051 |
| 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) |
| Amenity Services | Increased cost to open all public conveniences with enhanced cleaning | Additional staffing costs and cleaning materials to allow opening of all 58 PC's with an enhanced cleaning regime | 338 |
| Council Wide | Additional PPE | Estimation of additional PPE costs across a range of services | 120 |
| Pupil Transport | Additional cleaning of home to school transport vehicles | One hour per driver per day to clean vehicles plus consumables | 179 |
| Council Wide | Net of identified pressures under £100k | Various | 323 |
| | | TOTAL OTHER COSTS | 750 |
| | | GRAND TOTAL | 5,101 |