
BUDGET OUTLOOK 2022-23 TO 2026-27

1. EXECUTIVE SUMMARY

- 1.1 This report summarises the budget outlook covering the period 2022-23 to 2026-27 taking into consideration the budget decisions taken at the Council Budget meeting held on 25 February 2021. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2026-27. The assumptions will be updated and refined as the year progresses.
- 1.2 The estimates within the report are based on the mid-range scenario with best and worst case scenarios noted in Appendix 1.
- 1.3 The assumptions in respect of future years Scottish Government funding remain unchanged from those reported to full Council on 25 February 2021. Those being a prudent estimate of a reduction in funding of 1.0% in the mid-range scenario (based on an average of the last four years settlements with a slight adjustment to reflect the uncertainty about the medium to longer term impact of COVID and the UK's exit from the EU on future funding levels) with the best case and worst case variable being +/- 0.5% from the mid-range.
- 1.4 The Council tax base has been assumed to grow by 0.1% in the worst case scenario, 0.25% in the mid-range scenario and 0.4% in the best case.
- 1.5 The starting point for the 2022-23 budget is the approved budget for 2021-22 as agreed at Council on 25 February 2021 with the following updates:
- Adjust for borrowing costs to fund the capital plan of £0.070m
 - Remove the one-off 2020-21 COVID cost pressure of £5.101m
 - Adjust for the one-off 2021-22 gain from the loans fund principal repayment holiday of £5.400m
 - Adjust for the repayment of the loans fund principal repayment holiday
 - Adjust for the one-off removal of 2021-22 charges for festive parking of £0.020m
 - Remove the one-off 2021-22 recycling services costs of £0.206m
 - Remove the one-off 2021-22 ledger upgrade project costs of £0.050m
 - Remove the one-off 2021-22 planning act costs of £0.060m
- 1.6 The assumptions in respect of employee costs for Council services are as follows:
- Pay award for 2022-23 to 2026-27 of between 1% and 3%, with mid-range of 2%.
 - Increments between £0.317m and £0.634m with mid-range £0.634m.

- 1.7 For non-pay inflation, only unavoidable/inescapable inflation has been built in for the best case and mid-range scenarios. A further general inflationary increase has been built into the worst case scenario.
- 1.8 There are a number of cost and demand pressures for Council services built into each scenario:
- Universal Credit – HB Admin grant
 - ASN Support
 - SEEMIS Membership Fees
 - Local Government Election
 - New HR System Project Team
 - Waste
 - Impact of BMW Ban
 - Local Development Plan
 - House Loans
 - Loss of Parking Income
 - Increased Bandwidth in Schools
 - Apprenticeship Levy
- 1.9 In addition to the identified cost and demand pressures an allowance for unidentified cost and demand pressures has been included in mid-range and worst case scenarios of between £0.250m and £0.500m per year.
- 1.10 There will be a political decision to be made as to the future allocation to the Health and Social Care Partnership. As part of the budget agreed in February 2021, indicative allocations for 2022-23 – 2024-25 were agreed on the basis of a flat cash allocation. In the budget outlook I have assumed flat cash allocations across all three scenarios.
- 1.11 At this stage no assumptions have been made around the Live Argyll management fee. This will be subject to an annual review through the budget setting process with options brought forward for Member's consideration.
- 1.12 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand pressures and not factoring in any previous savings decisions or future potential options is an estimated gap over the five year period of £33.637m with a gap of £4.504m in 2022-23.
- 1.13 The measures to balance the budget over the next five years are as follows:
- Proposed increase to fees and charges of between 1% and 3% (3% mid-range).
 - Management/operational savings agreed by Council in February 2021.
 - Policy savings already agreed by Council in February 2021.
 - Proposed increase to Council Tax (3% in all scenarios).
- 1.14 In the mid-range scenario, the budget gap estimated over the five year period

2022-23 to 2026-27 is £23.018m with a gap of £2.490m in 2022-23.

- 1.15 In contrast, the budget gap in the best case scenario over the five years is £5.725m with a surplus of £1.703m in 2022-23 and in the worst case scenario, the budget gap over the five years is £43.177m with a gap of £6.341m in 2022-23. A summary of all three scenarios is included within Appendix 1.
- 1.16 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2022-23 to 2026-27.
- 1.17 The report also provides Committee members with an update on 2021-22 funding to reflect the Local Government Finance Circular No. 5/2021 issued on 18 March 2021 and asks the Policy and Resources Committee to approve the additional £0.712m of one off 2021-22 general revenue grant funding be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.

BUDGET OUTLOOK 2022-23 TO 2026-27

2. INTRODUCTION

- 2.1 This report summarises the budget outlook covering the period 2022-23 to 2026-27 taking into consideration the budget decisions taken at the Council Budget meeting held on 25 February 2021. This is the first outlook of the financial year and is predominantly a roll forward of assumptions used as part of the budget process and extends the budget outlook to 2026-2027.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.
- 2.3 The report also provides Committee members with an update on 2021-22 funding to reflect the Local Government Finance Circular No. 5/2021 issued on 18 March 2021.

3. RECOMMENDATIONS

- 3.1 Consider the current estimated budget outlook position for the period 2022-23 to 2026-27.
- 3.2 Approve the additional £0.712m of one off 2021-22 general revenue grant funding be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.

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

- 4.1.1 The Scottish Government had given 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 COVID pandemic that it has been 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.

- 4.1.2 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%.
- 4.1.3 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 pandemic. It cannot, therefore be assumed, that the more favourable settlements will continue into future years.
- 4.1.4 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.
- 4.1.5 The table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
% Change to Funding	-1.0%	-1.0%	-1.0%	-1.0%	-1.0%
Estimated SG Funding Reduction	(2,010)	(1,990)	(1,970)	(1,951)	(1,931)
Estimated SG Funding	199,033	197,043	195,073	193,122	191,191

- 4.1.6 In addition to the Scottish Government Grant funding noted above I have built in £0.554m of specific grant funding for ferries in each of the five years as there is an assumption that this financial support, first provided in 2020-21 (£0.454m) and increased to £0.554m in 2021-22, for internal ferries continues however this has not been formally agreed by the Scottish Government.

Council Tax

- 4.1.7 The Council Tax budget for 2021-22 was set at £52.859m which reflects the Council Tax freeze agreed by the Council on 23 February 2021 and an assumption there will be no increase in the Council Tax base due to the impact of COVID.

4.1.8 In terms of future growth in the Council tax base it has been assumed that it will grow by 0.1% in the worst case scenario, 0.25% in the mid-range scenario and 0.4% in the best case.

4.1.9 In 2021-22 the Council's settlement included £1.762m of funding to compensate for agreeing a Council Tax freeze. In the two years prior to this councils have had discretion to increase Council Tax by a maximum of 3% in real terms each year. This equated to 4.79% in cash terms in 2019-20 and 4.84% in 2020-21. Within this report, I will present the budget gap, prior to any decisions and therefore at this stage in the report, the Council tax base is assumed to remain at the same level as 2021-22.

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

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Estimated SG Funding	199,033	197,043	195,073	193,122	191,191
Specific Ferries Grant	554	554	554	554	554
Council Tax Base	52,859	52,859	52,859	52,859	52,859
Council Tax Growth	132	264	397	530	663
Total Estimated Funding	252,578	250,720	248,883	247,065	245,267

4.2 Base Budget

4.2.1 The 2021-22 budget approved by Council on 23 February 2021 was £251.314m.

4.2.2 There are adjustments required to the base budget from decisions by Council on 23 February 2021 and other adjustments are noted as follows:

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Base Budget 2021-22	251,314	251,314	251,314	251,314	251,314
23 Feb 2021 Budget					
Additional borrowing costs to fund capital plan	70	70	70	70	70
Remove 2021-22 COVID cost pressure	(5,101)	(5,101)	(5,101)	(5,101)	(5,101)
One off 2021-22 gain from principal repayment holiday	5,400	5,400	5,400	5,400	5,400
Adjust for repayment of loans fund principal repayment holiday	162	170	179	188	198
Remove funding for 2021-22 festive parking	(20)	(20)	(20)	(20)	(20)
Other Adjustments					
Remove one off 2021-22 providing recycling	(206)	(206)	(206)	(206)	(206)

services costs					
Remove one off 2021-22 Ledger Upgrade Project costs	(50)	(50)	(50)	(50)	(50)
Remove one off 2021-22 Planning Act costs	(60)	(60)	(60)	(60)	(60)
Revised Base Budget	251,509	251,517	251,526	251,535	251,545

4.3 Employee Cost Changes

Pay Award

4.3.1 When the Council agreed the 2021-22 Budget on 23 February 2021 the 2021-22 Scottish Public Sector Pay Policy had been announced. Whilst that isn't the agreed policy for teachers and local government employees it provided a reasonable basis to make assumptions for budget purposes and it supported a 2% award budget assumption in 2021-22.

COSLA's policy and aspiration remains to achieve parity of pay awards across the Local Government workforce and, as such, have adopted a position that the 2021-22 Local Government Pay offer should align, as far as possible, with the Scottish Public Sector Pay Policy. The 2021-22 Policy was revised in March 2021, after Stage 2 of the Budget Process, and its key features are:

- A flat rate payment of £800 for all employees earning up to £25,000
- A 2% uplift for those earning £25,000 to £40,000
- A 1% rise for those earning up to £80,000 with a cap of £800.

Officers have revisited the salary template to assess the impact of this policy and it creates a 2021-22 cost pressure for the Council of £0.311m. It should be noted that this policy is not agreed yet and COSLA are engaging with the Scottish Government regarding its affordability. In the meantime we are recognising this issue as a financial risk to the Council and will report back to Committee on any developments in relation to it.

4.3.2 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%.

Increments

4.3.3 The cost of employee increments for 2021-22 was £0.634m. There remains a fairly regular turnover of staff within posts and when this happens the cost of increments can, in some cases, be absorbed by the budget provision for the previous post holder, who may have been at the top of the spinal column point for the grade. This is shown in adjustments to the employee base budget.

4.3.4 In terms of the budget outlook it has been assumed that for future years, the best case is assumed to be half of the previous year cost, for mid-range and worst case, assumes equal to the cost in 2021-22.

4.3.4 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. In the budget papers considered by Council on 23 February 2021 I advised these costs had been further refined to reflect the updated salary templates the pay award assumption. The majority of these costs/savings have been built into the budget base however there are some adjustments required in future years to reflect the profiling of the associated costs and savings.

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

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Pay Award	2,921	5,901	8,940	12,040	15,202
Increments	634	1,268	1,902	2,536	3,170
Living wage consolidation and modernising the employment deal	(42)	(32)	(49)	(42)	(42)
Total Employee Cost Changes	3,513	7,137	10,793	14,534	18,330

4.4 Non-Pay Inflation

4.4.1 Over the last few years, the Council have only included non-pay inflation within the budget where it was deemed to be unavoidable or inescapable.

4.4.2 In terms of the budget outlook, only unavoidable/inescapable non-pay inflation has been built into the best case and mid-range scenarios. This is based on the non-pay inflation estimate for 2021-22. A general inflationary increase of £0.750m per annum has been built into the worst case scenario. The non-pay inflation estimates will be reviewed during 2021-22 and updated throughout the year.

4.4.3 The table below summarises the non-pay inflation increases in the mid-range scenario for Council services. The non-pay inflation increases relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Unavoidable/Inescapable	1,164	2,328	3,492	4,656	5,820
Total Non-Pay Inflation	1,164	2,328	3,492	4,656	5,820

4.5 Cost and Demand Pressures

4.5.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, there are a number of cost and demand pressures already identified for Council services

which were reported as part of the budget in February 2021. Since the budget meeting on 23 February 2021 the following changes have been made to the cost and demand pressures:

- New – SEEMIS Membership Fees
- New – May 2022 Local Government Election Costs
- New – Rightsizing House Loans Budget
- New – Rightsizing Apprentice Levy Budget
- New – Cost of achieving compliance with Biodegradable Municipal Waste Ban
- New – Loss of car parking income from Arrochar car park
- New – Cost of increased bandwidth for schools for digital transformation
- Amended – Increased Additional Support Needs Demand

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

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

4.5.4

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Universal Credit – HB Admin Grant	40	80	120	160	200
ASN Support	122	247	375	506	506
SEEMIS Membership	0	5	7	10	10
Local Government Election	300	0	0	0	0
New HR System Project Team	0	200	0	0	0
Loss of Parking Income	15	15	15	15	15
HALCRO Bandwidth Costs	19	19	19	19	19
Waste Model	91	98	116	169	0*
Cost of BMW Ban	0	0	400	1,600	1,150
Local Development Plan	0	50	0	50	0
House Loans	19	19	19	19	19
Apprenticeship Levy	40	40	40	40	40
Allowance for pressures in future years	250	500	750	1,000	1,250
Total Cost and Demand Pressures	896	1,273	1,861	3,588	3,209

*The Waste Model Cost Pressure is zero in 2026-27 as that is when the Council's current Waste PPP contract expires.

4.5.5 The cost and demand pressures relating to Social Work within the Health and Social Care Partnership are summarised within paragraph 4.6.3.

4.6 Health and Social Care Partnership

- 4.6.1 The Council, at the budget meeting on 25 February 2021, agreed a base allocation to the HSCP of £62.211m for 2021-22 as well as indicative flat cash allocations for 2022-23 and 2023-24.
- 4.6.2 In the budget outlook, I have assumed flat cash allocations across all scenarios. These are only assumptions and it will be a matter for Council to consider as part of the budget process next year.
- 4.6.3 Social Work services have already identified a number of cost pressures and these are summarised below and included within Appendix 3 for information purposes. Note that these only extend to three years rather than the five years within this Council budget outlook. Extending the outlook to five years is a decision for the HSCP to take and their Chief Financial Officer is currently of the view that a three year planning window is appropriate.

	2022-23 £000	2023-24 £000	2024-25 £000
Pay Inflation	685	1,384	2,097
Pay Increments	87	174	261
Non-Pay Inflation	1,334	2,708	4,124
Care Services for Older People (Growth)	386	778	1,176
Care Services for Younger Adults	398	804	1,219
Continuing Care for Looked After Children	250	500	750
Unknown Cost and Demand Pressures	500	1,000	1,500
Total Cost Increase estimates for Social Work	3,640	7,348	11,127

4.7 Live Argyll

- 4.7.1 The management fee for Live Argyll was agreed between October 2017 and 31 March 2021 on that basis that, during this time, the Trust would be able to grow its income streams and over time the percentage of the Trust expenditure represented by the management fee would reduce.
- 4.7.2 At the budget meeting on 25 February 2021, Council approved a 10% reduction in the management fee resulting in a 2021-22 fee of £3.419m. The management fee has only been agreed for a one year period.
- 4.7.3 At this stage no assumptions have been made around the payment to Live Argyll. This will be subject to an annual review through the budget setting process with options brought forward for Member's consideration.

4.8 Estimated Budget Gap PRIOR to Measures to Balance the Budget

- 4.8.1 The budget gap in the mid-range scenario after allowing for the current base commitments, employee adjustment, non-pay inflation and cost and demand

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

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Base Budget	251,509	251,517	251,526	251,535	251,545
Employee Cost Changes	3,513	7,137	10,793	14,534	18,330
Non-Pay Inflation	1,164	2,328	3,492	4,656	5,820
Cost and Demand Pressures	896	1,273	1,861	3,588	3,209
Increase/(Decrease) to HSCP allocation	0	0	0	0	0
Total Estimated Expenditure	257,082	262,255	267, 672	274,313	278,904
Estimated Funding	252,578	250,720	248,883	247,065	245,267
Estimated Budget Surplus / (Gap) Cumulative	(4,504)	(11,535)	(18,789)	(27,248)	(33,637)

4.9 Measures to Balance the Budget

- 4.9.1 In previous years, a general inflationary increase of 3% has been applied to fees and charges. For the budget outlook it has been assumed a similar increase within the best case and mid-range scenario and a smaller 1% increase in the worst case scenario.
- 4.9.2 A number of policy options were agreed at the Council meeting on 25 February 2021. These are now factored into the budget outlook, reducing the budget gap.
- 4.9.3 In the two years prior to this councils have had discretion to increase Council Tax by a maximum of 3% in real terms each year. This equated to 4.79% in cash terms in 2019-20 and 4.84% in 2020-21. In 2021-22 Councils were provided with compensatory funding in return for agreeing a Council Tax freeze. For the budget outlook, I have assumed a 3% Council Tax increase in the best case, mid-range and worst case scenarios.
- 4.9.4 The table below summarises the proposed measures to balance the budget in the mid-range scenario.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Fees and Charges Increase	344	698	1,063	1,439	1,826
Management/Operational Savings February 2021	(250)	(230)	(230)	(230)	(230)
Policy Savings February 2021	331	459	459	459	459
Council Tax Increase	1,590	3,239	4,950	6,724	8,564

Total Savings	2,015	4,166	6,242	8,392	10,619
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4.10 Estimated Budget Gap AFTER Measures to Balance the Budget

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

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Estimated Budget Gap Prior to Measures to Balance Budget	(4,504)	(11,535)	(18,789)	(27,248)	(33,637)
Savings Measures	2,015	4,166	6,242	8,392	10,619
Estimated Budget Surplus / (Gap) Cumulative	(2,489)	(7,369)	(12,547)	(18,856)	(23,018)
Estimated Budget Surplus / (Gap) In Year	(2,489)	(4,880)	(5,178)	(6,309)	(4,162)

4.10.2 In the mid-range scenario, the budget gap estimated over the five year period 2022-23 to 2026-27 is £23.018m with a gap of £2.489m in 2022-23.

4.10.3 In contrast, the budget gap in the best case scenario over the five years is £5.725m with a surplus of £1.703m in 2022-23 and in the worst case scenario, the budget gap over the five years is £43.177m with a gap of £6.341m in 2022-23. A summary of all three scenarios is included within Appendix 1.

4.10.4 The changes from the previous anticipated outlook to 2025-26 (as noted at the budget meeting on 25 February 2021) are summarised in the table below. Note that the budget meeting report was not extended to 2026-27 which is why the table below only extends to 2025-26.

	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000
Previously reported budget surplus / (gap) Cumulative	(2,013)	(7,103)	(11,794)	(16,812)
Increase to Additional Support Needs C&D Pressure	(49)	(100)	(151)	(206)
New C&D Pressure - SEEMIS	0	(5)	(7)	(10)
New C&D Pressure – Election	(300)	0	0	0
New C&D Pressure – Housing Loans	(19)	(19)	(19)	(19)
New C&D Pressure – Apprenticeship Levy	(40)	(40)	(40)	(40)
New C&D Pressure – Parking Income	(15)	(15)	(15)	(15)
New C&D Pressure – School Bandwidth	(19)	(19)	(19)	(19)

New C&D Pressure – Cost Impact of BMW Ban	0	0	(400)	(1,600)
Change to Live Argyll Mgt fee Assumption	(35)	(68)	(102)	(135)
Revised Budget Surplus / (Gap) Cumulative	(2,489)	(7,369)	(12,547)	(18,856)

4.11 2021-22 Revenue Funding Update

- 4.11.1 On 18 March 2021 the Scottish Government issued Local Government Finance Circular No. 5/2021 which provided an update on the 2021-22 revenue figures detailed in Local Government Finance Circular No. 1/2021. The paragraphs below highlight the main announcements of interest to the Council.
- 4.11.2 The £90m of funding to compensate councils for choosing to freeze council tax in 2021-22 (Argyll and Bute Council share - £1.762m) will be baselined in the Local Government settlement. I had made this assumption in the funding figures included in the budget outlook so this has no effect on our projected budget gap in 2022-23 to 2026-27,
- 4.11.3 An additional £40m of general revenue grant (Argyll and Bute Council share - £0.712m). Although this is not confirmed the assumption is that this is non-recurring funding and it is an officer recommendation that these one-off monies be added to the Council's Recovery and Renewal Fund with proposals on how to use it to be brought forward by officers in due course.
- 4.11.4 The Council's share of the additional £275m of non-recurring COVID funding announced on 16 February was confirmed as being £5.399m. This is £0.476m more than the estimated allocation reported in the Budget Pack presented to Full Council on 25 February 2021. That estimate was based on an assumption that it would be distributed based on GAE + SINA however an element of it was distributed based on the Council's lost income submission which resulted in a more favourable settlement. This is being provided as 2020-21 funding but the Scottish Government is allowing it to be carried forward into 2021-22. As agreed by Council on 25 February 2021 this funding will be added to the Council's Recovery and Renewal Fund.

5. CONCLUSION

- 5.1 In the mid-range scenario, the budget gap estimated over the five year period 2022-23 to 2026-27 is £23.018m with a gap of £2.490m in 2021-22. Council officers are continuing to further develop savings options identified during the 2020-21 service redesign which require further development and consultation. These will be presented to members at a future date to help balance the budget in future years.

6. IMPLICATIONS

- 6.1 Policy - Sets out the budget outlook that provides the financial envelope for policy decisions.

6.2	Financial -	Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigate against future budget gaps.
6.3	Legal -	None directly from this report but Council will need to balance the budget.
6.4	HR -	None directly from this report but there is a strong link between HR and budgets.
6.5	Fairer Scotland Duty -	See below
6.5.1	Equalities	None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.
6.5.2	Socio Economic Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.
6.5.3	Islands Duty	None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.
6.6	Risk -	None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
6.7	Customer Service -	None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

Kirsty Flanagan
Executive Director/Section 95 Officer
19 April 2021

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

APPENDICES:

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios

Appendix 2 – Cost and Demand Pressures (Council Services)

Appendix 3 – Cost and Demand Pressures (Social Work)