

2022/23 BUDGET APPROACH

1. EXECUTIVE SUMMARY

- 1.1 This report provides information on the proposed 2022/23 revenue budget approach including the identification of savings to balance the 2022/23 budget.
- 1.2 The latest budget outlook report identifies that the estimated mid-range budget gap for 2022/23 after measures to balance the budget is £2.489m.
- 1.3 The approach to bringing forward proposals to balance the 2022/23 budget involves:
- continuation of the themed based reviews which commenced as part of the 2021/22 budget approach,
 - a new theme to assess the potential benefits that could be delivered through a shared service approach with the Health and Social Care Partnership (HSCP) to catering and cleaning.
- 1.4 Further discussions will be held between the Chief Executive, the two Executive Directors and Head of Services to discuss whether there are further areas within services which may benefit from a Business Process Review to identify further efficiencies. These discussions will also consider whether the 2022/23 budget approach should include the setting of an efficiency savings target.
- 1.5 It is also proposed to continue the cross party Budget Working Group which was established as part of the 2021/22 budget approach to provide scrutiny on the identification of savings options and provide for early engagement with services users and stakeholders to help inform and develop savings options within the financial envelope.

2022/23 BUDGET APPROACH**2. INTRODUCTION**

- 2.1 This report provides information on the proposed 2022/23 revenue budget approach including the identification of savings to balance the 2022/23 budget.

3. RECOMMENDATIONS

- 3.1 The Council is asked to:

- a) Agree to the overall 2022/23 budget approach including the continuation of themed reviews and establishing a new theme in relation to a shared service approach to catering and cleaning.
- b) Agree to the establishment of a cross party budget working group with a composition of six administration Members, three opposition Members, and two Trade Union representatives.
- c) Seek nominations for the budget working group.
- d) Approve the draft budget timetable as outlined in Appendix 1.

4. DETAIL***Estimated Budget Gap***

- 4.1 The budget outlook report has been updated reflecting the most up to date assumptions and the in-year budget gap within the mid-range scenario over the next 5 years is noted below. The table provides information on the budget gap prior to any measures to balance the budget, measures to balance the budget (which include previously agreed savings and estimated increase to fees and charges and Council tax) and the remaining estimated budget gap.

Year	Original Estimated Budget Gap £,000	Measures to Balance the Budget £000	Revised Estimated Budget Gap £000
2022/23	4,504	2,015	2,489
2023/24	7,031	2,151	4,880
2024/25	7,254	2,076	5,178
2025/26	8,459	2,150	6,309
2026/27	6,389	2,227	4,162
Total Estimated Gap over 5 years	33,637	10,619	23,018

4.2 In 2021/22 the intention had been for the budget process to look at service redesign over a planned three year period however the COVID pandemic meant a number of staff had to focus on the immediate response and then on the Council's approach to recovery. It was also hoped there would have been a multi-year settlement in 2020/21, however, this did not happen mainly as a result of the exit from EU deliberations and a General Election being called. As a result of the above, the 2021/22 budget process predominantly focused on balancing the 2021/22 budget however it did lay foundations for the 2022/23 budget process and for future years.

4.3 There is a commitment on the part of the Council to move toward developing multiyear savings proposals to facilitate longer term planning however this continues to be difficult when there is uncertainty over future years funding due to single year settlements. This is recognised in Audit Scotland's Local Government in Scotland Overview 2021 (published May 2021) which states that:

“The timing and nature of funding for local government is creating pressure and uncertainty for councils beyond the current financial year. Funding is being provided incrementally and the lack of certainty regarding future budgets makes effective short- and medium-term planning very difficult for councils.”

2022/23 Budget Approach

4.4 The 2021/22 budget approach identified specific themes which officers led on to identify saving options. As per paragraph 4.2 not only did these themes identify 2021/22 saving options they also laid the foundations for future year savings and identified options which required further development and consultation. It is therefore proposed the themes listed below are continued as part of the 2022/23 budget. For each theme the remit will be to further develop savings options already identified and determine whether there are further options which should be considered.

- Digital by Default - through greater digital working.
- Amenity Services – through service transformation.
- Fleet - through reviewing fleet management processes.
- Property – through managing the Council's property portfolio.
- Transportation – through progressing the action plan developed in response to the Argyll and Bute Transport Consultancy carried out in 2020.
- Modernising Education – through transforming the delivery of education
- Energy – through reducing the Council's utility costs.

4.5 In addition to continuing these established themes the SMT is recommending a further theme to assess the potential benefits that could be delivered through a shared service approach with the HSCP to catering and cleaning. This was an initiative which was explored in 2019 at the direction of the Council's Transformation Board but has been on hold due to the need to respond to the COVID pandemic.

- 4.6 Further to these themed reviews the Chief Executive and the two Executive Directors will be arranging meetings with each Head of Service to discuss whether there are areas within their service, not already subject to a themed review, which may benefit from a Business Process Review to identify further efficiencies. These discussions will also consider whether the 2022/23 budget approach should include the setting of an efficiency savings target to those services which are not subject to a themed review.
- 4.7 Consistent with the 2021/22 budget approach each themed review will undertake engagement and consultation with service users and key stakeholders in order to inform the identification and development of saving options. The nature of this engagement will be tailored to ensure it is theme/service specific.

Budget Working Group (BWG)

- 4.8 As part of the 2021/22 budget process a cross party BWG with trade union representation was established with six Members from the administration, three Members from the opposition, and two Trade Union representatives. The BWG did not have any decision making authority but could 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 by providing a degree of scrutiny over options and engaging with theme leads as options were being developed.
- 4.9 Feedback on the role and value of the BWG obtained from the BWG members and officers involved in identifying savings during 2021/22 was very positive and, consequently it is recommended that a similar group be established to support the 2022/23 Budget Approach with the same composition as the 2021/22 BWG.

Timescales

- 4.10 Appendix 1 to this paper sets out the draft budget timetable with some key dates highlighted in the table below. It should however be noted that these timescales are indicative and assumes that the Scottish Government will announce its draft budget in December 2021. Members will be aware that whilst it is normal for the draft budget be announced in December for the past two years this has been delayed with the announcements made on 6 February 2020 and 28 January 2021 in the last two years.

Date	Event	Purpose
24 Jun 2021	Council	Approval of Budget Process
12 Aug 2021	Policy & Resources Committee	Updated Budget Outlook
Sept / Oct	Budget Working Group	Update on Themes being review and potential options emerging.
Sept / Oct	Engagement with services users and key	Engagement will be different for each themed review. This

	stakeholders	engagement is to help inform identification of savings options
14 Oct 2021	Policy & Resources Committee	Updated Budget Outlook 2022/23 to 2026/27. Update report on themed reviews. First tranche of savings options brought forward (where available)
After 14 Oct 2021	Trade Union Consultation	Consultation on posts that are at risk of redundancy identified in first tranche of saving options.
Nov 2021	Budget Working Group	Update on Themes being review and potential options emerging.
9 Dec 2021	Policy & Resources Committee	Updated Budget Outlook 2022/23 to 2026/27. Full list of budget saving options brought forward.
After 9 Dec 2021	Trade Union Consultation	Further consultation on posts that are at risk of redundancy
16 Dec 2021 (TBC)	SG Draft Budget Announcement	
Jan 2022	Budget Working Group	Discuss 2022/23 budget proposals.
10 Feb 2022	Budget Pack goes public	Budget pack included in release of P&R papers.
17 Feb 2022	Policy & Resources Committee	Consider budget proposals and make recommendations to Council.
24 Feb 2022	Council	Set Budget

5. CONCLUSION

- 5.1 The latest budget outlook report identifies that the estimated mid-range budget gap for 2022/23 after measures to balance the budget is £2.489m. This report provides information on the proposed approach to the revenue budget process and identification of savings to balance the budget for 2022/23.
- 5.2 It is proposed that a cross party BWG is established to provide scrutiny on the identification of savings options with early engagement with services users and stakeholders to help inform and develop savings options within the financial envelope.

6. IMPLICATIONS

- 6.1 Policy – None at this stage
- 6.2 Financial – identifies an approach to identifying options to balance the budget in 2022/23.
- 6.3 Legal - None at this stage
- 6.4 HR - None at this stage
- 6.5 Fairer Scotland Duty - None at this stage – any proposals will be fully assessed as required.
 - 6.5.1 Equalities – None at this stage
 - 6.5.2 Socio-Economic Duty – None at this stage
 - 6.5.3 Islands Duty - None at this stage
- 6.6 Risk – The approach reduces the risk that the Council will be unable to set a balanced budget in 2022/23.
- 6.7 Customer Service - None at this stage

Appendix 1 – 2022/23 Budget Process Indicative Timetable

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24 June 2021

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

Appendix 1 - 2022/23 Budget Process Indicative Timetable

Date	Event	Purpose
24 Jun 2021	Council	Approval of 2022/23 Budget Process
By end of July	Chief Executive and Exec Directors to have engaged with all Heads of Service	Identify and further BPRs and discuss efficiency targets
12 Aug 2021	Policy & Resources Committee	Updated Budget Outlook 2022/23 to 2026/27
Sept / Oct	Budget Working Group	Update on Themes being review and potential options emerging.
Sept / Oct	Engagement with services users and key stakeholders	Engagement will be different for each themed review. This engagement is to help inform identification of savings options.
Oct 2021	Members Seminar	Advise Members on progress with the budget and the savings options being considered.
14 Oct 2021	Policy & Resources Committee	Updated Budget Outlook 2022/23 to 2026/27. Update report on themed reviews. First tranche of savings options brought forward (where available). .
After 14 Oct 2021	Trade Union Consultation	Consultation on posts that are at risk of redundancy identified in first tranche of saving options.
End Oct 2021 (TBC)	UK Government Autumn Statement	Provides an update on the UK Govt's economic plans.
Nov 2021	Budget Working Group	Update on Themes being review and potential options emerging.
Dec 2021	Budget Working Group	Update on budget announcement and further information on 22/23 budget proposals.
Dec 2021	Members Seminar	Update on budget announcement and further information on 22/23 budget proposals
9 Dec 2021	Policy & Resources Committee	Updated Budget Outlook 2022/23 to 2026/27 - this will include an update on employee costs following salary template exercise. Full list of budget saving options brought forward.
After 9 Dec 2021	Trade Union Consultation	Further consultation on posts that are at risk of redundancy

16 Dec 2021 (TBC)	Scottish Government Draft Budget Announcement and Finance Circular published with provisional settlement detail	
Jan 2022	Budget Working Group	Discuss proposals for 2022/23 budget.
25 Jan 2022	Members Seminar	Update members on budget proposals
3 Feb 2022	Budget Pack Finalised	
10 Feb 2022	Budget Pack goes public	Budget pack included in release of P&R papers.
17 Feb 2022	Policy & Resources Committee	Consider budget proposals and make recommendations to Council.
24 Feb 2022	Council	Set Budget