

REVENUE BUDGET OVERVIEW 2022-23 to 2026-27

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 2022-23. It also provides budget estimates for 2023-24 to 2026-27; 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 9/2021, published on 20 December 2021, provides detail of the provisional total revenue and capital funding allocations for 2022-23. The Council's provisional General Revenue Grant is £207.515m (there is also £12.186m of Revenue Specific Grants).
- 1.3 The Scottish Budget announcement was followed by the Budget Bill Stage 1 debate in Parliament which took place on 27 January 2022 and resulted in further additional one off funding of £120m being allocated to Local Authorities. Our share of this funding is estimated to be £2.146m.
- 1.4 The Council Tax budget for 2021-22 was set at £52.859m. In terms of the growth in the council tax base, throughout the year a growth of 0.25% was assumed within the mid-range scenario (0.1% in worst case and 0.4% in best case). However an assessment was carried out in December 2021 and the growth has been much better than estimated and it is considered that 1.5% could be assumed for 2022-23 with the growth in future years dropped back down to between 0.25% and 0.75% (mid-range 0.50%) pending a further assessment during 2022-23. The 1.5% growth in 2022-23 amounts to an estimated increase of £0.793m.
- 1.5 The budget for 2021-22 has been rolled forward into 2022-23 and the main changes to the 2022-23 base budget are summarised below:
- Remove one-off items agreed at the Council meeting of 25 February 2021 to:
 - Invest £5.101m for 2021-22 COVID specific in year cost pressures
 - Invest £0.020m in festive parking
 - Support investment using £5.400m one off gain from the loans fund principal repayment holiday
 - One off borrowing costs to fund the capital plan £0.070m
 - Remove one-off cost pressures input in 2021-22:
 - £0.050m from the Oracle EBS Upgrade/Replacement Project Team
 - £0.060m from the Implementation of the Planning Act

- £0.206m from providing recycling services across Argyll and Bute
 - Recognition of the 2021-22 pay award being agreed at a higher cost than the original estimate by £0.536m.
 - Removal of DHP (£0.566m) budget pending the distribution for 2022-23 being announced.
 - Account for Ferries specific grant funding (£1.269m).
 - Reflect £6.895m of funding commitments set out in the 2022-23 settlement.

- 1.6 The employee cost increases for 2022-23 amount to £5.841m and this includes pay inflation, increments, employee base changes, increased national insurance rate, the consolidation of the living wage and the additional costs and savings relating to modernising the Council's employment deal.

- 1.7 Only unavoidable/inescapable inflation has been included within 2022-23 and this amounts to £2.158m. This includes utilities, catering purchases, contract inflation, and landfill tax.

- 1.8 There are a number of cost and demand pressures for 2022-23, amounting to £0.962m summarised as follows:
 - Housing Benefit Administration Grant £0.040m
 - Waste Model £0.091m
 - Implementation of HR System £0.050m
 - Loss of car parking income £0.015m
 - Cost in increased bandwidth in schools £0.026m
 - Election costs £0.350m
 - House Loans budget resizing £0.019m
 - Removal of 10p milk charge £0.022m
 - Reversal of procurement saving £0.250m
 - Cashless catering £0.035m
 - Apprenticeship Levy £0.064m

- 1.9 The Local Government Finance Circular 9/2021 advises of additional funding of £553.9m that is allocated for Health and Social Care and Mental Health services. £200m of this relates to Additional Investment to support health and social care which has not yet been distributed. Argyll and Bute's share of the distributed funding amounts to £6.640m. This amount plus £0.050m for Implementation of National Trauma Training and £0.66m for Mental Health Recovery and Renewal require to be passed over to the HSCP. There is a further £0.044m for Scottish Disability Assistance for which half (£0.022m) will be passed to the HSCP and half retained by the Education Service.

- 1.10 The budget gap prior to any measures to balance the budget is a deficit of £2.221m in 2022-23.

- 1.11 There are a number of measures to balance the budget that have previously been agreed at the Council's budget meetings in 2019, 2020 and 2021 which have a net effect of reducing the 2022-23 budget gap by £0.081m.
- 1.12 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 £0.390m of additional income.
 - A 3% reduction to the Live Argyll Management fee amounting to £0.122m.
 - New management/operational savings amounting to £2.442m.
 - New policy savings options amounting to £0.360m.
- 1.13 If Members agree to all the proposals noted within this report there would be a balanced budget in 2022-23 with a surplus of £2.784m.
- 1.14 The budget gap over the period 2023-24 to 2026-27 across each scenario is summarised in the table below.

Budget Gap	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	Total £000
Best Case	(4,275)*	(2,606)	(3,370)	(2,120)	(12,371)
Mid-Range	(7,593)*	(6,137)	(7,255)	(5,070)	(26,055)
Worst Case	(10,805)*	(10,612)	(12,900)	(7,654)	(41,971)

*assuming 2022-23 surplus is used for one-off purposes.

- 1.15 By way of further explanation on the budget surplus/(gap) estimate noted in paragraph 3.10.1, the budget gap in 2023-24 is £7.593m if Council use the 2021-22 surplus in a one-off manner. If Council use the surplus in 2022-23 in a recurring way, the expenditure in 2023-24 will rise by the amount of the recurring expenditure and therefore the gap could potentially increase to £10.377m. It is therefore strongly recommended that Members use this revenue surplus in 2022-23 for one-off purposes.
- 1.16 The Council are asked to consider three third party funding requests summarised within Appendix 8. Members are asked to give consideration to these requests and how they would be funded.

REVENUE BUDGET OVERVIEW 2022-23 to 2026-27

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 2022-23. It also provides budget estimates for 2023-24 to 2026-27; 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 2023-24 to 2026-27 have been presented to Members throughout the year. Reports were presented to the Policy and Resources Committee on 13 May 2021, 12 August 2021, 14 October 2021 and 9 December 2021.

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

- 3.1.1 The Scottish Budget was announced by the Cabinet Secretary for Finance and the Economy on 9 December 2021. The budget announcement was for one year only.
- 3.1.2 The Local Government Finance Circular 9/2021, published on 20 December 2021, provides detail of the provisional total revenue and capital funding allocations for 2022-23. 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 2022 currently scheduled to be presented to the Scottish Parliament in late February 2022.
- 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 £12.5 billion which includes:
- £174.5m for continued delivery of the real Living Wage within Health and Social Care.
 - £15m for uprating of free personal and nursing care payments.
 - £20.4m for implementation of the Carers Act.
 - Additional investment of £124m to provide care at home.
 - £20m to support Interim Care.

- An additional £200m to support investment in health and social care.
- £145m for additional teachers and support staff
- Maintained funding for 100 day commitments including the removal of curriculum and music tuition charges and expanded School Clothing Grant.
- An additional £64m revenue that was not identified on the face of the budget as well as the £30m of capital funding already identified to facilitate the expansion of free school meals.

3.1.4 The Scottish Budget announcement was followed by the Budget Bill Stage 1 debate in Parliament which took place on 27 January 2022 and resulted in further additional one-off funding of £120m being allocated to Local Authorities who may allocate the funding as they see fit.

Scottish Government Funding for Argyll and Bute Council

3.1.5 The funding excluding ring-fenced grants for 2021-22 noted within the February 2021 budget pack was £201.043m. The funding for 2022-23, excluding ring-fenced grants for 2022-23 is £209.661m, this includes the additional funding announced at Stage 1 of the Parliamentary Process.

3.1.6 The table below represents the changes between 2021-22 and 2022-23:

	£000	£000
Funding Budget 2021-22 as per budget pack		201,043
<i>SG Policy Commitments – Health and Social Care</i>		
Living Wage - Health and Social Care	553	
National Trauma Training	50	
Scottish Disability Assistance	15	
Mental Health Recovery and Renewal	50	
Care at Home Winter Planning	1,129	
Interim Care Winter Planning	728	
Social Care Workforce Uplift	783	
		3,308
<i>SG Policy Commitments – Council:</i>		
Increase Teacher Numbers and Pupil Support Asst	794	
School Clothing Grant	79	
		873
<i>Funding in 2021-22 not distributed in 2022-23 yet:</i>		
Summer of Play	232	
Phase 1 Free School Meals	425	
Phase 2 Free School Meals Holiday Support	205	
Removal of Fees for Instrumental Instruction	60	

Removal of Core Curriculum Charges	58	
Scottish Child Bridging Payments	249	
Teacher Induction Scheme	273	
		1,502
<i>Other:</i>		
Unaccompanied Asylum Seeking Children (one-off)	11	
Additional GRG Funding (one-off)	712	
Free Child Burials*	4	
Funding for Pressures*	534	
		1,261
Updated Funding 2021-22 (FC 9/2021)		207,987
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)		(2,577)
Increase to Core Budget		1,478
Assumed Council Tax Contribution		(481)
Loans Charges Support		(276)
Change to the floor		628
Support for Ferries – now paid as part of Specific Grant		(715)
Indicators Removed/Reduced Monies		(790)
Indicators Still to be Distributed		(2,095)
SG Policy Commitments – Health and Social Care		3,492
SG Policy Commitments – Council		865
Rounding		(1)
Provisional Settlement 2022-23 (FC 9/2021)		207,515
Additional Funding Stage 1 2022-23		2,146
Updated Provisional Settlement 2022-23 after Stage 1		209,661

- 3.1.7 If you compare the settlement of £209.661m to the finalised cash funding in 2021-22 the funding has increased by £1.674m. However, this is not realistic like-for-like comparison as there was part year funding for SG Policy Commitments in 2021-22 and also some of the additional funding distributed in 2021-22 hasn't yet been distributed in 2022-23.
- 3.1.8 The best like for like comparison is to compare the 2022-23 settlement of £209.661m to the settlement noted in the budget pack last year of £201.043m and adjust for the SG Policy Commitments, any additional funding in 2021-22 that is recurring (noted in the above table with an asterix *), assume Discretionary Housing Payments (DHP) funding paid in 2021-22 will be paid again in 2022-23, remove the support for ferries

GAE from the 2021-22 funding as this is now being paid as a specific grant and adjust for the UK Government National Insurance increase.

	£000	£000
2022-23 Settlement	209,661	
SG Policy Commitments – Health and Social Care	(6,800)	
SG Policy Commitments – Council	(1,738)	
National Insurance Increase	(850)	
DHP Funding Assumed	566	
2022-23 Settlement for comparison		200,839
2021-22 Settlement as part of budget pack	201,043	
Additional Recurring Funding	538	
Remove Support for ferries	(715)	
2021-22 Settlement for comparison		200,866
Decrease		27
Decrease %		0.01%

It should be noted that there are many ways to show the difference between the years and it will be reported differently in documents and publications. The comparison noted above is the best like-for-like comparison.

3.1.9 The support for ferries was previously paid as both a GAE allocation and a specific grant. It was agreed during 2021-22 that from 2022-23 onwards the support for ferries would all be rolled up into one-specific grant. This change has been adjusted for in the base budget section of the report.

3.1.10 In considering the assumption related to future years funding, I have considered the UK Spending Review published in October 2021. The Scottish Parliament Information Centre (SPICE) analysis of the UK Budget highlighted that the total (unadjusted) Scottish block grant will increase from £36.7 billion (excluding COVID funding) in 2021-22 to £41.8 billion by 2024-25. However, as the Table below shows, this is very much front loaded, with a big real terms increase next year (+7.7%), followed by two years of the Scottish Budget declining, slightly, in real terms.

Year	Cash Terms		Real Terms	
	£billion	% change	£billion	% change
2021-22	36.7		36.7	
2022-23	40.6	10.6	39.5	7.7
2023-24	41.2	1.5	39.3	-0.7
2024-25	41.8	1.5	39.1	0.4

While the Treasury published 'Block Grant' figures are notoriously difficult to translate into Scottish Budget terms, as a significant number of other factors are involved, and it is also not known how the Scottish

Government will allocate their block grant to priorities, it still provides some guidance as to future funding prospects.

3.1.11 Although the table above demonstrates a 10.6% cash increase in 2022-23 compared to 2021-22, our general revenue grant was virtually flat cash. It can be seen that the future years cash increase is much less than 2022-23 and therefore it is almost certain that there will be a reduction to Local Government. It is unclear what that level of reduction will be and my previous assumption was between a 0.5% reduction (best case) and 1.5% (worst case) with a mid-range reduction of 1.0%. I do consider that this is now optimistic and the range should be changed to between a 1% reduction and 2% reduction, or even more. However, at this stage, I will leave the future years funding assumption as is, as greater clarity should emerge as a result of the Resource Spending Review, expected in May 2022. I will review the assumptions and update the budget outlook as necessary during 2022-23.

Council Tax

3.1.12 The Council Tax budget for 2021-22 was set at £52.859m. There was a Council tax freeze in 2021-22 and due to the impact of COVID-19 during 2020-21 it was considered prudent not to account for any Council Tax Growth in 2021-22. This is the starting position for 2022-23.

3.1.13 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). However, an assessment was carried out in December 2021 and the growth in 2021-22 has been much better than estimated and it is considered that 1.5% could be assumed for 2022-23, with the growth in future years dropped back down to between 0.25% and 0.75% (mid-range 0.50%) pending a further assessment during 2022-23. The 1.5% growth in 2022-23 amounts to an estimated increase of £0.793m.

3.1.14 There is an assumption of an approval of a 3% increase in Council tax in 2022-23 and a 3% increase in Council Tax in the best case, mid-range and worst case scenarios in the years beyond 2022-23. This increase is dealt with in Section 3.9 of the report and is a matter for Members to agree.

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

	Draft 2022-22 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Council tax base 2021-22	52,859	52,859	52,859	52,859	52,859
Growth at 1.5% in	793	1,061	1,331	1,602	1,874

2022-23 and 0.50% thereafter					
Total Council Tax Income	53,652	53,920	54,190	54,461	54,733

Additional Funding for Teachers Pay Settlement 2021-22

- 3.1.16 The 2021-22 settlement for Teachers has not been agreed yet. The original offer was deemed to be affordable for Local Government, however, following a revised ask from the Teachers Unions, which had the same cost as the original offer in 2021-22 but with a higher recurring increase in 2022-23, the Cabinet Secretary for Education and Skills wrote to COSLA on 9 December 2021 to confirm that “the Scottish Government is prepared to make a financial contribution towards the recurring costs in 2022-23 associated with the proposed revised pay offer to teachers for 2021-22”. The letter further stated “While it is not possible to confirm the exact level of this additional financial support until we are clear on the offer that will be tabled, I can confirm that this will be within the parameters of the options that have been discussed between my officials in the Learning Directorate and COSLA officials. Once a revised offer is agreed we will collectively agree the Scottish Government’s contribution. However, I can confirm at this time that this funding will be in addition to the Local Government settlement for 2022-23, and will be funded in-year directly from the Education and Skills portfolio budget.”
- 3.1.17 The additional recurring cost has been calculated at £0.370m and it has been assumed that Scottish Government will fully fund this. Should full funding not be received, or the distribution not be sufficient to cover the cost, this will be reported as part of the budget monitoring in 2022-23.

Total Funding

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

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Scottish Government funding	209,661	205,440	203,386	201,352	199,338
Council Tax income	53,652	53,920	54,190	54,461	54,733
Additional Funding for Teachers	370	370	370	370	370

Pay Settlement					
Total Funding	263,683	259,730	257,946	256,183	254,441

3.2 Base Budget

3.2.1 As with previous years the base budget for 2022-23 is the current year's approved budget adjusted for any:

- one-off items included within 2021-22 that aren't carried forward into 2022-23;
- previously agreed items for future years; and
- funding adjustments since the 2021-22 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 2021-22 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 2021-22 was £251.314m. The changes to the base budget are noted in the following paragraphs.

3.2.4 At the Council meeting on 25 February 2021 it was agreed to:

- Invest £5.101m for 2021-22 COVID specific in year cost pressures
- Invest £0.020m in festive parking
- Support investment using £5.400m one off gain from the loans fund principal repayment holiday
- One-off borrowing costs to fund the capital plan £0.070m.

3.2.5 Other base adjustments are:

- Oracle EBS upgrade/replacement project team – one-off cost pressure of £0.050m in 2021-22
- Planning fees – a one-off cost pressure of £0.060m in 2021-22
- Recycling services across Argyll and Bute – one-off cost pressure of £0.206m in 2021-22
- Recognition of the 2021-22 pay award being agreed at a higher cost than the original estimate by £0.536m.
- Removal of DHP (£0.566m) budget pending the distribution for 2022-23 being announced, see paragraph 3.2.7.
- Account for Ferries specific grant funding (£1.269m), see paragraph 3.2.8.

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/policy 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. The funding commitments for additional teachers has been built into the employee section of the report.

	Increase £000
Winter Planning Care (HSCP)	2,268
Carer's Act and Living Wage (HSCP)	3,610
Free Personal and Nursing Care (HSCP)	396
Interim Care Funding (HSCP)	366
Mental Health Recovery and Renewal (HSCP)	66
Implementation of National Trauma Training Programme (HSCP)	50
Scottish Disability Assistance (HSCP)	44
School Clothing Grant	84
Access to Sanitary Products	11
Total Increases	6,895

3.2.7 The funding for Discretionary Housing Payments has not yet been distributed and will be advised later in the year. The DHP budget has been removed from the base pending confirmation of the funding for 2022-23. Once the funding is known, the budget will be added back in equal to the level of funding.

3.2.8 In previous years the support for ferries was paid as both GAE allocation and a specific grant but is now entirely received through specific grant funding. The total specific grant funding has now been allocated to the ferries service.

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

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Base Budget 2021-22	251,314	251,314	251,314	251,314	251,314
2021-22 COVID cost pressures	(5,101)	(5,101)	(5,101)	(5,101)	(5,101)
Festive Parking	(20)	(20)	(20)	(20)	(20)
Loans fund principal repayment holiday	5,400	5,400	5,400	5,400	5,400
Borrowing costs to fund capital plan	70	70	70	70	70
Oracle Project Team – one off cost	(50)	(50)	(50)	(50)	(50)

pressure in 2021-22					
Planning fees – one off cost pressure in 2021-22	(60)	(60)	(60)	(60)	(60)
Recycling Services – one off cost pressure in 2021-22	(206)	(206)	(206)	(206)	(206)
Adjustment to 2021-22 Pay Costs	536	536	536	536	536
Re-profiling repayment of loans fund principal repayment holiday	0	162	170	179	188
Removal of DHP Budget pending funding	(566)	(566)	(566)	(566)	(566)
Allocate specific grant funding	(1,269)	(1,269)	(1,269)	(1,269)	(1,269)
Funding Commitments	6,895	6,895	6,895	6,895	6,895
Revised Base Budget	256,943	257,105	257,113	257,122	257,131

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 2022-23, the expectation would be that the budget would reflect the 2021-22 budget plus any increase due to incremental progression, inflation and any other unavoidable employee cost increases less previously approved employee budget savings. For 2022-23 there is an overall increase in the employee budget base of £0.309m (excluding Social Work). This is mainly linked to an increase in school rolls increasing the teacher FTE entitlement within schools.

- 3.3.3 The 2022-23 pay award has not been agreed yet and therefore an estimate will require to be built into the budget. 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%. It is acknowledged that because the pay award is not yet agreed that it could differ from estimate so a financial risk has been recognised within the Financial Risks Analysis Report.
- 3.3.4 The cost of employee increments for 2022-23 equates to £0.690m. 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 2022-23 the increment is based on the actual calculated cost. For future years the cost of employee increments is based on 50% of the 2022-23 increment in the best case scenario and 100% of the 2022-23 increment in the mid-range and worst case scenario.
- 3.3.5 At the Business Continuity Committee on 13 August 2020 the financial impact of modernising the LGE pay grade and employment deal from 1 April 2021 onwards was reported. The majority of costs were incorporated into the salary templates for 2021-22 financial year but the review of the LGE14 grade was still outstanding. That review has now been completed and reflected within the salary templates creating an extra cost of £0.103m. The additional costs and savings relating to the modernising the employment deal included the removal of essential user allowance and the introduction of long service awards and an employee benefit scheme. These changes have also been reflected against the appropriate budget lines and result in a £0.066m saving for 2022-23.
- 3.3.6 The salary budgets have been inflated by £1.116m in relation to additional teacher numbers being included in relation to the “100 Day Promise”. This pledge from the Scottish Government granted funds for up to 16 new teachers and 8 additional support staff in schools.
- 3.3.7 In 2022-23 there is an increase to the employer National Insurance Contributions imposed by the UK Government which creates a pressure of £0.850m.
- 3.3.8 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 3.6.6.

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Change to employee base	309	309	309	309	309
Pay Award	2,839	5,817	8,855	11,953	15,113
Increments	690	1,380	2,070	2,760	3,450
Review of the LGE14 Grade	103	103	103	103	103
Additional costs/savings relating to modernising employment deal	(66)	(66)	(66)	(53)	(68)
Additional Teacher Costs	1,116	1,138	1,161	1,184	1,208
National Insurance Increase (not specifically funded)	850	850	850	850	850
Total Employee Increases	5,841	9,531	13,282	17,106	20,965

3.4 Non-Pay Inflation

3.4.1 The position remains that only unavoidable/inescapable inflation has been included for 2022-23, 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 2022-23 for Council Services are noted below with further detail provided in Appendix 2. The total of £2.158m is an increase of £0.418m on the £1.740m reported to the Policy and Resources Committee on 9 December 2021. This is due an increase in RPI impacting the inflation on contracts for NPDO/DBFM Schools (£0.118m), Waste PPP (£0.139m) and Community Pools (£0.019m) and also the removal of some areas relating to the HSCP which were included in error (£0.063m). Furthermore, in light of recent publicity around utility prices a high level review has been undertaken which has resulted in an increase to non-pay inflation on utilities of £0.205m. Note that the estimated inflation on utilities within this report has been reduced as a result of an anticipated underspend within utilities in 2021-22 of £0.330m, on the basis that members will agree to earmark this underspend to offset increases within 2022-23.

Service	Inflation Category	Amount
Council Wide	Utilities – Electricity, Gas, Oil and Solid Fuel	245
Council Wide	Vehicle Fuel	62
Education	Residential Schools	84
Education	Pre-Primary Partner Uplift	86
Commercial Services	Catering and Milk	310
Commercial Services	Central Repairs – Outside Contractor	57
Legal and Regulatory Support	Community Pools	53
Legal and Regulatory Support	NPDO	569
Legal and Regulatory Support	Hub Schools	82
Customer Support Services	ICT	123
Roads and Amenity Services	Landfill Tax	64
Roads and Amenity Services	Waste PPP Contract	391
Roads and Amenity Services	Street Lighting Electricity	32
Total		2,158

3.4.2 In terms of the budget outlook for 2023-24 to 2026-27, the same level of unavoidable / inescapable non-pay inflation has been built into the best case and mid-range scenarios with the exception of a 1% general inflation which has been built into the worst case scenario. This position will be reviewed when the first budget outlook is reported to the Policy and Resources Committee in May 2022 as, based on the latest inflation increases on utilities, it is likely that the estimate for future years will require to be increased. A more detailed review of utilities will be undertaken to inform this position. The inflation in 2022-23 accounts for forward contracts already locking in the rate.

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 3.6.6.

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Unavoidable/ inescapable Non-Pay Inflation	2,158	4,316	6,474	8,632	10,790

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 2023-24 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 3.6.6.

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Universal Credit HB Admin Grant	40	80	120	160	200
SEEMIS Membership Fees	0	5	7	10	10
ASN Support	0	0	75	206	206
Waste Model	91	98	116	169	0
Compliance with BMW Ban	0	0	400	1,600	1,150
Planning – Local Development Plan	0	50	0	50	0
Software Support – HR System	50	150	0	0	0
Loss of Parking Income	15	15	15	15	15
Increased bandwidth in schools	26	26	26	26	26

Election Costs	350	0	0	0	0
House Loans	19	19	19	19	19
Budget Resizing					
Removal of 10p charge for milk	22	22	22	22	22
Reversal of procurement saving	250	250	250	250	250
Cashless Catering	35	35	35	35	35
Apprenticeship Levy	64	65	66	67	68
Sustainable Rate for Partner Providers	0	342	327	327	327
Allowance for pressures in future years	0	250	500	750	1,000
Total Cost and Demand Pressures	962	1,407	1,978	3,706	3,328

3.6 Health and Social Care Partnership (HSCP)

3.6.1 The Council agreed an allocation to the HSCP of £62.211m for 2021-22 at its meeting on 25 February 2021 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 any future year, the Council will seek earlier repayment of outstanding debts.

3.6.2 There was one change to the base budget during the year due to the transfer of an administration post from within the Council to Social Work as the post was solely focussed on Social Work tasks. There was no bottom line impact of this change as both the actuals and budget are affected. The payment to the HSCP will increase by £0.016m in respect of this and the expenditure budget within the partnership will also increase.

3.6.3 The Local Government Finance Circular 9/2021 advises of additional funding for Health and Social Care and Mental Health Services as noted below:

- £174.5m for continued deliver of the real Living Wage within Health and Social Care and £20.4m for implementation of the Carers Act – ABC Share £3.610m.
- £15m for uprating of free personal and nursing care payments – ABC £0.396m.

- Additional investment of £124m to provide care at home – ABC Share £2.268m.
- £20m to support Interim Care – ABC Share £0.366m.
- An additional £200m to support investment in health and social care – not distributed yet.

3.6.4 In addition, there are other allocations that have to be passed over to the Health and Social Care Partnership for the following:

- Implementation of National Trauma Training Programme - £0.050m
- Scottish Disability Assistance - £0.022m
- Mental Health Recovery and Renewal - £0.066m.

3.6.5 The revised payment to the Health and Social Care Partnership is noted below. In line with the current repayment schedule, the HSCP is making budgetary provision in future years for the repayment of debt it owes to the Council in respect of historic overspending and this is adjusted for below.

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Baseline funding 2021-22	62,211	62,211	62,211	62,211	62,211
Adjustments to base budget	16	16	16	16	16
HSCP Funding as per Finance Circular (paras 3.62 and 3.63)	6,778	6,778	6,778	6,778	6,778
Payment to HSCP	69,005	69,005	69,005	69,005	69,005
Less 2017-18, 2018-19 and 2019-20 overspend planned pay-back previously agreed	(900)	(900)	(759)	0	0
Net Payment to HSCP	68,105	68,105	68,246	69,005	69,005

3.6.6 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 which shows the gross pressure adjusted to reflect the latest estimate for new funding expected from the Scottish Government to fund the new initiatives listed. Further detail is 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 and the related volatilities in service demand and capacity.

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000
Pay Inflation	780	1,576	2,388
Pay Increments	87	174	261
Increase in Employer's NIC	191	386	585
Other Pay Base Adjustments	2,449	2,551	2,655
Non-Pay Inflation	2,771	5,249	7,839
Non-Pay Inflation on NHS posts recharged to Social Work	72	146	224
Social Work Emergency Standby Redesign	25	51	78
Older People Demand Growth	396	799	1,208
Younger Adults Demand Growth	350	707	1,072
Physical Disability Service Growth	70	141	214
Phased budget Realignments to reflect service costs and address historical overspends	800	1,558	2,316
Continuing Care for Looked After Young people	250	500	750
Extension of Carers Act	378	378	378
New Scottish Government Initiatives	4,615	4,031	3,927
Gross Social Work Pressures	13,234	18,247	23,895
Less Estimated Additional Funding from Scottish Government	(11,106)	(10,624)	(10,624)
Net Social Work Pressures	2,128	7,623	13,271

3.7 Budget Gap PRIOR to Measures to Balance the Budget

3.7.1 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 2022-23 £000	Mid- Range 2023-24 £000	*Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Base Budget	256,943	257,105	257,113	257,122	257,131
Employee Cost Changes	5,841	9,531	13,282	17,106	20,965
Non-Pay Inflation	2,158	4,316	6,474	8,632	10,790
Cost and Demand Pressures	962	1,407	1,978	3,706	3,328
Total Net Expenditure	265,904	272,359	278,847	286,566	292,214
Total Funding	263,683	259,730	257,946	256,183	254,441
Budget Surplus / (Gap) Cumulative	(2,221)	(12,629)	(20,901)	(30,383)	(37,773)

3.8 Measures to Balance the Budget – Previously Agreed

3.8.1 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 2022- 23 £000	Mid- Range 2023- 24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Management/ Operational Savings Agreed February 2021	(250)	(230)	(230)	(230)	(230)
Policy Savings Agreed February 2021	331	459	459	459	459
Total Measures to Balance the Budget	81	229	229	229	229

3.9 Measures to Balance the Budget – For Council Approval

3.9.1 There is a separate report included in the budget pack which relates to fees and charges together with the detailed schedule of charges for 2022-23. The general increase to fees and charges is proposed at 3% for 2022-23, this was the increase applied in 2021-22. The general inflationary increase would give additional income of £0.390m. In terms of the outlook for 2023-24 to 2026-27, 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.

3.9.2 The budget outlook reports presented throughout 2021-22 included no assumptions in relation to the Live Argyll management fee on the basis that it would be reviewed as part of the budget setting process.

As part of the 2022-23 budget setting process Live Argyll were asked to consider proposals based on a reduction to the management fee of between 1% and 5%. The Budget Working Group agreed that a 3% reduction equating to £0.122m should be put forward for consideration as part of the budget process. It is for Council to agree the reduction in the management fee and the responsibility of the Live Argyll Board to consider and approve the options to deliver their service within their overall quantum of funding. No further reductions have been built into future years at this stage.

3.9.3 A report to Council on 24 June 2021 set out the approach to the 2022-23 revenue budget process and identification of savings to balance the 2022-23 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.

3.9.4 New savings options were identified by officers and presented to the BWG at meetings held on 21 September 2021 and 2 November 2021, 16 December 2021 and 20 January 2022. The BWG agreed a suite of options which were presented to the Policy and Resources Committee on 9 December 2021 which would deliver £2.522m in savings in 2022-23, £0.551m in 2023-24 and £0.546m in savings in future years. The BWG met again on 16 December 2021 and 20 January 2022 which has resulted in the savings options being further refined as follows:

Option	Change	2022-23 Impact £000
RI04 – Burials and Cremations	New saving option	80

FS01 – Loans Fund Savings 2021-22 c/fwd	New saving option	200
	Total Changes	280

- 3.9.5 The savings 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 savings are set out in Appendix 6.

- 3.9.6 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.

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

Saving Type	2022-23 £000	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000
Management /Operational	2,442	268	260	260	260
Policy	360	363	366	366	366
Total	2,802	631	626	626	626

- 3.9.8 As per paragraph 3.1.14 there is an assumption of an approval of a 3% increase in Council tax in 2022-23 and a 3% increase in Council Tax in the best case, mid-range and worst case scenarios in the years beyond 2022-23.

3.10 Budget Gap AFTER Measures to Balance the Budget

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

	Draft 2022-23 £000	Mid- Range 2023-24 £000	Mid- Range 2024-25 £000	Mid- Range 2025-26 £000	Mid- Range 2026-27 £000
Estimated Budget Gap Prior to	(2,221)	(12,629)	(20,901)	(30,383)	(37,773)

Measures to Balance Budget					
Previously Approved Savings Measures	81	229	229	229	229
Fees and Charges 3% Increase	390	746	1,112	1,489	1,878
Live Argyll Management Fee 3% Decrease	122	122	122	122	122
Council Tax Increase	1,610	3,308	5,082	6,932	8,863
New Management/ Operational Savings	2,442	268	260	260	260
New Policy Savings	360	363	366	366	366
Budget Surplus / (Gap) Cumulative	2,784	(7,593)	(13,730)	(20,985)	(26,055)
Budget Surplus / (Gap) In Year	2,784	(10,377)	(6,137)	(7,255)	(5,070)

- 3.10.2 The table above demonstrates that if Members agree to all the proposals already noted within this report there will be a balanced 2022-23 budget with a surplus of £2.784m. This positive position is a result of proposals which had already been brought forward to balance the budget prior to the additional funding announcement at Stage 1 of the Parliamentary process. 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.
- 3.10.3 By way of further explanation on the budget surplus/(gap) estimate noted in paragraph 3.10.1, the budget gap in 2023-24 is £7.593m if Council use the 2021-22 surplus in a one-off manner. If Council use the surplus in 2022-23 in a recurring way, the expenditure in 2023-24 will rise by the amount of the recurring expenditure and therefore the gap could potentially increase to £10.377m. It is therefore strongly recommended that Members use this revenue surplus in 2022-23 for one-off purposes.
- 3.10.4 Appendix 7 provides a summary of the draft budget for 2022-23 at service level.

3.11 Balancing Future Years Budget

3.11.1 The budget surplus / (gap) in the period 2023-24 to 2026-27 across each scenario is summarised in the table below.

Budget Gap	2023-24 £000	2024-25 £000	2025-26 £000	2026-27 £000	Total £000
Best Case	(4,275)*	(2,606)	(3,370)	(2,120)	(12,371)
Mid-Range	(7,593)*	(6,137)	(7,255)	(5,070)	(26,055)
Worst Case	(10,805)*	(10,612)	(12,900)	(7,654)	(41,971)

*assuming 2022-23 surplus is used for one-off purposes.

3.12 Impact of COVID-19

3.12.1 Presented above, is a balanced Council budget for 2022-23 prior to considering how COVID-19 may impact on expenditure and income next year and beyond. There is a separate report in the budget pack that deals with the COVID-19 expenditure and funding.

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 2022-23. It also provides estimates of the budget outlook for the period 2023-24 to 2026-27.

4.2 If Members agree to all the proposals already noted within this report, this would produce a balanced budget in 2022-23 with a surplus of £2.784m. It is strongly recommended that Members use this surplus in 2022-23 for one-off purposes.

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 are asked to consider three third party funding requests summarised within Appendix 8. Members are asked to give consideration to these requests and how they would be funded. The options open to Members are that they could be funded:

- From the surplus revenue budget position in 2022-23
- From the unallocated General Fund
- From the Staycation Marketing earmarked reserves set aside as part of the budget in 2021-22.

5. IMPLICATIONS

5.1 Policy – There are policy implications associated with the new saving options and also previously agreed savings options which impact 2022-23 and beyond.

- 5.2 Financial – The report outlines the budget position over 2022-23 to 2026-27.
- 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 Climate Change – The Council is committed to addressing climate change and reviews of how Services are delivered is ongoing within the available budget resources.
- 5.7 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.
- 5.8 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
10 February 2022

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

APPENDICES:

- Appendix 1 – 2022-23 – 2026-27 Budget Outlook Scenarios
- Appendix 2 – Non-Pay Inflation Estimates 2022-23
- Appendix 3 - Cost and Demand Pressures 2022-23 to 2026-27
- 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 – Funding Requests

	DRAFT	Best Case Scenario				Mid-Range Scenario				Worst Case Scenario			
	2022-23	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27	2023-24	2024-25	2025-26	2026-27
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Base Budget	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314	251,314
Base Budget Adjustments	(1,266)	(1,104)	(1,096)	(1,087)	(1,078)	(1,104)	(1,096)	(1,087)	(1,078)	(1,104)	(1,096)	(1,087)	(1,078)
Settlement Commitments:													
Winter Planning Care (£124.0m)	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268	2,268
Carer's Act and Living Wage (£194.9m)	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610	3,610
Free Personal and Nursing Care (£15.0m)	396	396	396	396	396	396	396	396	396	396	396	396	396
Interim Care Funding (£20.0m)	366	366	366	366	366	366	366	366	366	366	366	366	366
Mental Health Recovery and Renewal (£3.710m)	66	66	66	66	66	66	66	66	66	66	66	66	66
Implementation of National Trauma Training Programme (£1.6m)	50	50	50	50	50	50	50	50	50	50	50	50	50
Scottish Disability Assistance (£3.216m)	44	44	44	44	44	44	44	44	44	44	44	44	44
School Clothing Grant (£5.8m)	84	84	84	84	84	84	84	84	84	84	84	84	84
Access to Sanitary Products	11	11	11	11	11	11	11	11	11	11	11	11	11
Revised Base Budget	256,943	257,105	257,113	257,122	257,131	257,105	257,113	257,122	257,131	257,105	257,113	257,122	257,131
Pay Award	2,839	4,328	5,832	7,351	8,885	5,817	8,855	11,953	15,113	7,306	11,907	16,646	21,527
Pay Increments	690	1,035	1,380	1,725	2,070	1,380	2,070	2,760	3,450	1,380	2,070	2,760	3,450
Living Wage Consolidation	0	0	0	0	0	0	0	0	0	0	0	0	0
Additional costs/savings to modernising employment deal	(66)	(66)	(66)	(53)	(68)	(66)	(66)	(53)	(68)	(66)	(66)	(53)	(68)
Review of the LGE14 Grade	103	103	103	103	103	103	103	103	103	103	103	103	103
Additional Teacher Costs	1,116	1,138	1,161	1,184	1,208	1,138	1,161	1,184	1,208	1,138	1,161	1,184	1,208
Change to employee base	309	309	309	309	309	309	309	309	309	309	309	309	309
National Insurance Increase - not specifically funded	850	850	850	850	850	850	850	850	850	850	850	850	850
Total Employee Cost Changes (Council Services)	5,841	7,697	9,569	11,469	13,357	9,531	13,282	17,106	20,965	11,020	16,334	21,799	27,379
Non-Pay Inflation - Council Services	2,158	4,316	6,474	8,632	10,790	4,316	6,474	8,632	10,790	4,316	7,224	10,132	13,040
Previously Agreed - HB Admin Grant	40	80	120	160	200	80	120	160	200	80	120	160	200
SEEMIS Membership Fees	0	5	7	10	10	5	7	10	10	5	7	10	10
ASN Support	0	0	0	198	198	0	75	206	206	0	145	444	444
Waste	91	98	116	169	0	98	116	169	0	98	116	169	0
Compliance with BMW Ban	0	0	200	800	800	0	400	1,600	1,150	0	875	3,500	1,500
Planning (Local Development Plan)	0	50	0	50	0	50	0	50	0	50	0	50	0
Software support for a new HR system & Backfill for project team.	50	100	0	0	0	150	0	0	0	200	0	0	0
Loss of parking income	15	15	15	15	15	15	15	15	15	15	15	15	15
School bandwidth costs	26	26	26	26	26	26	26	26	26	26	26	26	26
Election costs	350	0	0	0	0	0	0	0	0	0	0	0	0
House Loans	19	19	19	19	19	19	19	19	19	19	19	19	19
Removal of milk charge in schools	22	22	22	22	22	22	22	22	22	22	22	22	22
Reversal of procurement saving option	250	250	250	250	250	250	250	250	250	250	250	250	250
Cashless Catering	35	35	35	35	35	35	35	35	35	35	35	35	35
Apprenticeship Levy	64	60	61	62	63	65	66	67	68	71	73	75	77
Temporary Homeless Accommodation	0	0	0	0	0	0	0	0	0	0	0	0	0
Sustainable Rate for Partner Providers	0	342	327	327	327	342	327	327	327	342	327	327	327
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	962	1,102	1,198	2,143	1,965	1,407	1,978	3,706	3,328	1,713	3,030	6,602	4,925
Total Estimated Expenditure PRIOR to measures to balance the budget	265,904	270,220	274,354	279,366	283,243	272,359	278,847	286,566	292,214	274,154	283,701	295,655	302,475
Scottish Government Grant	209,661	206,477	205,445	204,418	203,396	205,440	203,386	201,352	199,338	204,402	201,336	198,316	195,341
Specific Grant for Ferries	0	0	0	0	0	0	0	0	0	0	0	0	0
Specific Funding for Additional Teachers	370	370	370	370	370	370	370	370	370	370	370	370	370
Discretionary Housing Grant	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Tax	53,652	54,054	54,459	54,867	55,279	53,920	54,190	54,461	54,733	53,786	53,920	54,055	54,190
Total Funding	263,683	260,901	260,274	259,655	259,045	259,730	257,946	256,183	254,441	258,558	255,626	252,741	249,901
Budget Surplus / (Gap) PRIOR to measures to balance the budget	(2,221)	(9,319)	(14,080)	(19,711)	(24,198)	(12,629)	(20,901)	(30,383)	(37,773)	(15,596)	(28,075)	(42,914)	(52,574)
Measures to Balance the Budget:													
Fees and Charges	390	746	1,112	1,489	1,878	746	1,112	1,489	1,878	509	629	750	872
Live Argyll - 3% decrease to management fee	122	122	122	122	122	122	122	122	122	122	122	122	122
Management/Operational Savings reported December 2020	(250)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)	(230)
Policy savings reported December 2020	331	459	459	459	459	459	459	459	459	459	459	459	459
Management/Operational Savings reported December 2021	2,442	268	260	260	260	268	260	260	260	268	260	260	260
Policy savings reported December 2021	360	363	366	366	366	363	366	366	366	363	366	366	366
Council Tax Increase	1,610	3,304	5,073	6,919	8,845	3,300	5,057	6,882	8,779	3,296	5,040	6,845	8,712
Council Tax Increase (Growth element)	0	12	37	75	127	8	25	50	84	4	12	25	42
Total Measures to Balance the Budget	5,005	5,044	7,199	9,460	11,827	5,036	7,171	9,398	11,718	4,791	6,658	8,597	10,603
Budget Surplus / (Gap) Cumulative AFTER measures to balance the budget	2,784	(4,275)	(6,881)	(10,251)	(12,371)	(7,593)	(13,730)	(20,985)	(26,055)	(10,805)	(21,417)	(34,317)	(41,971)
Budget Surplus / (Gap) In Year AFTER measures to balance the budget	2,784	(7,059)	(2,606)	(3,370)	(2,120)	(10,377)	(6,137)	(7,255)	(5,070)	(13,589)	(10,612)	(12,900)	(7,654)

NON-PAY INFLATION (COUNCIL)

Appendix 2

Service	Inflation Category	Basis of Inflation	2022-23 Inflation %	Base Budget 2022-23	Inflation 2022-23 £000
Council Wide	Utilities - Electricity	This is a volatile area and inflation is difficult to predict. Figures based on latest forecasts however this will be monitored throughout the year.	8.00%	2,306	180
Council Wide	Utilities - Gas	This is a volatile area and inflation is difficult to predict. Latest indications from Scottish Procurement suggest that inflation could be in excess of 100% for some business'. Estimations show that the Council's position could be in the region of 75%. This percentage increase has been applied during calculations however an underspend of £330k is anticipated across utilities for 2021/22 which is proposed to be earmarked and offset this increase in 2022/23 which has reduced the figure/notional percentage accordingly. This will be monitored throughout the year.	5.00%	471	24
Council Wide	Utilities - Oil	This is a volatile area and inflation is difficult to predict. Figures based on latest forecasts however this will be monitored throughout the year.	10.00%	243	24
Council Wide	Utilities - Solid Fuel	Inflation figure provided by Energy Watch	8.00%	213	17
Council Wide	Utilities - Water	Advise from Council's energy team is that no inflation expected in 2022-23	0.00%	541	0
Council Wide	Non Domestic Rates	No NDR inflation in 2022/23 as NDR budgets is subject to a saving review. There was no inflation in NDR in 2021/22 either (for the same reason) however £133k was added to the budget outlook as there was an expectation that that there would be 2022/23 inflation.	0.00%	4,589	0
Council Wide	Vehicle Fuel	Based on RPIX at Sept 2021 which has increased from 1.86% in July 2020 (which the 2021/22 inflation was based on) to 4.97%. RPIX is seen as a better measure of underlying inflation than RPI as RPI is affected directly by Bank of England changes in interest rate which means it is focused more on the cost of living than the underlying rate of inflation.	4.97%	1,255	62
Council Wide	Central Repairs - Outside Contractors	Reflect increases in material costs in construction industry. There was no inflation in 2021-22 as a cost pressure was processed to right size the budget at that point.	3.00%	1,892	57
Council Wide Total					364
Education	Pre-Primary Partner Provider Uplift	Inflation increase to cover the cost of the Scottish Living Wage	2.50%	3,448	86
Education	Residential Schools	Inflation based on the average of the uplifts in 2021/22	8.00%	1,048	84
Commercial Services	Catering Purchases and Milk	15% increase predicted as a result of price volatility and confirmation from the Council's Commercial Manager that food prices remain high in some commodities. This is 5% higher than in 2021/22 hence the material increase.	15.00%	2,066	310
Legal and Regulatory Support	Community Pool Subsidies	Based on RPI for December 2021	7.55%	700	53
Legal and Regulatory Support	NPDO Schools	Inflation based on RPI estimate for Feb 22 per NPDO contract indexed element equates to 3.63%. This is 2.28% higher than in 2021/22 hence the material increase.	3.63%	15,672	569

Service	Inflation Category	Basis of Inflation	2022-23 Inflation %	Base Budget 2022-23	Inflation 2022-23 £000
Legal and Regulatory Support	Hub Schools	Inflation based on RPI estimate for Feb 22 per Hub DBFM contract indexed element equates to 1.56%. This is 0.58% higher than in 2021/22 .	1.56%	5,248	82
Executive Director - Douglas Hendry - Total					1,184
Head of Customer Support Services	ICT	Inflationary increase based on renewals for support and maintenance of hardware and software	15.00%	820	123
Fleet	School and Public Transport Contract Fuel Uplifts	No inflation necessary in 2022/23 as there are no plans to uplift fuel budgets due to the fact providers were paid in full for pupil transport contracts during lockdown so should have sufficient funds to absorb fuel increases.	0.00%	0	0
Roads and Infrastructure	Landfill Tax	The Autumn budget has applied a landfill tax increase England and Northern Ireland of 1.97% (from £96.70 to £98.60). Historically the Scottish Government has applied the same increase.	1.97%	3,243	64
Roads and Infrastructure	Waste PPP Contract	85% of RPIX as at December 2021. This is 4.98% higher than in 2021/22 hence the material increase.	6.56%	5,954	391
Roads and Infrastructure	Street Lighting Electricity	Based on RPI- Electricity at September 2021 which is 5.80%.	5.80%	550	32
Executive Director - Kirsty Flanagan - Total					610
					2,158

Appendix 3 - COUNCIL COST AND DEMAND PRESSURES 2022-23 to 2026-27

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,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 marginally since implementation of 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. 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	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	198	198	0	0	75	206	206	0	0	145	444	444
Executive Director - Douglas Hendry	Education	The SEEMIS group, provider of the Council's Education Management Information System, recently reviewed their long term financial plan and refreshed it to cover the period 2021/22 to 2025/26. As a result of this exercise there were implications on Membership fees with a cost pressure on the Education service arising from financial year 2023/24. Indicative membership fees were provided for financial years 2021/22 to 2022/23 and these have been factored in accordingly.	0	5	7	10	10	0	5	7	10	10	0	5	7	10	10
Executive Director - Douglas Hendry	Education	Removal of 10p charge for milk in Primary Schools from August 2021. Council agreed to remove this charge from August 2021 to promote the implementation of the Healthy Eating in Schools Regulations and the roll out of free school meal to all Primary pupils by August 2022.	22	22	22	22	22	22	22	22	22	22	22	22	22	22	22
Executive Director - Douglas Hendry	Education	The existing cashless catering solution in 9 x secondary schools requires upgrading or replacing as a result of hardware obsolescence and software reaching end of life and contract end in Jan 2022. This solution is a red risk on the ICT GAMP and is no longer PSN or Cyberessentials Plus compliant. Local authorities across the UK have rapidly transformed their cashless catering and payment solutions during the pandemic to reflect the trends for online payments, pre-order self service, and deliver a safer, more efficient service. These trends are reflected in the supplier marketplace with new solutions now available for online self service payments and school meal selection with market leaders providing end to end solutions handling all school fund types in one integrated income management solution. This will reduce cash handling and allow school catering to prepare meals to order.	35	35	35	35	35	35	35	35	35	35	35	35	35	35	35
Executive Director - Douglas Hendry	Education	The Council has had a requirement to deliver 1140 hours of Early Learning and Childcare from August 2021. The Council has been notified that the ring fenced funding will be reduced by £1.124m from 2022-23. Also, as part of the 1140 expansion programme, the Scottish Government 'Funding Follows the Child' guidance, requires local authorities to set a rate locally that is paid to funded providers in the private and third sectors, including childminders, to deliver the funded entitlement that allows them to deliver a high quality ELC experience for all children. This rate should be sustainable and reflect national policy priorities, including funding to enable payment of the real Living Wage to all childcare workers delivering the funded entitlement and have a margin for re-investment built in. The service has worked hard to mitigate the effects of this and has reduced expenditure as far as possible. However there remains a funding gap, the service are able to cover the over spend for 2022-23 from carry forwards so the cost pressure is requested from 2023-24 onwards. The service will continually review their plans looking for efficiencies where possible.	0	342	327	327	327	0	342	327	327	327	0	342	327	327	327

Appendix 3 - COUNCIL COST AND DEMAND PRESSURES 2022-23 to 2026-27

APPENDIX 3

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000	2022-23 £000	2023-24 £,000	2024-25 £,000	2025-26 £,000	2026-27 £,000
Executive Director - Douglas Hendry	Legal and Regulatory Services	Estimated cost (to be borne by the Council) of carrying out local Government elections in May 2022 (and in financial year 2022/23). Operating approx. 100 polling stations and carrying out poll and count for 11 Multi member wards – requiring 11 separate counts	350	0	0	0	0	350	0	0	0	0	350	0	0	0	0
Executive Director - Douglas Hendry	Procurement	In February 2019 the Council agreed a £250k procurement policy saving to be delivered through an increased focus on contract and demand management. This saving was dependent on the number and type of contracts being tendered for which have the potential to achieve revenue savings through the procurement process. It has proved harder to achieve than was first anticipated and this saving has been removed. As this saving had already been built into future budgets a cost pressure is required to reverse it.	250	250	250	250	250	250	250	250	250	250	250	250	250	250	250
Executive Director - Kirsty Flanagan	HR	Costs for a project team for a new HR system & Backfill. This is a total new system build.	50	100	0	0	0	50	150	0	0	0	50	200	0	0	0
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	0	91	98	116	169	0	91	98	116	169	0
Executive Director - Kirsty Flanagan	Waste	Achieving compliance with ban on biodegradable municipal waste in 2025. This is the estimated revenue costs from potential scenarios, remaining in or coming out of the current waste PPP contract. Coming out of the Waste PPP contract would create an additional one-off cost. There are also capital cost implications that are not included within these estimates. Due to the complexity of the model, estimates are subject to change.	0	0	200	800	800	0	400	1,600	1,150	0	0	875	3,500	1,500	
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.	0	50	0	50	0	0	50	0	50	0	0	50	0	50	0
Executive Director - Kirsty Flanagan	Housing	Rightsize budget for House Loans which is a historic budget which has simply been rolled forward year on year	19	19	19	19	19	19	19	19	19	19	19	19	19	19	19
Executive Director - Kirsty Flanagan	Parking	Loss in income at Glen Loin Car park, Arrochar due to end of lease and responsibility for car park returning to owners, Luss Estates	15	15	15	15	15	15	15	15	15	15	15	15	15	15	15
Executive Director - Kirsty Flanagan	IT	Increased bandwidth for schools to allow digital transformation to support the move to online learning	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26
Executive Director - Kirsty Flanagan	Housing	Temporary Accommodation for the homeless has had a history of demand led overspending. The budget is in need of rightsizing. Costs include property maintenance, maintenance and replacement of furniture, property rental costs less benefit payments and the cost of voids which would include Council Tax and utilities and loss of benefit payments.	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Council Wide	Council Wide	Rightsize budget for Apprenticeship Levy which is a historic budget which has simply rolled forward year on year. Apprenticeship Levy is charged at a rate of 0.5% of an employer's payroll but the budget has not been increased in line with salary budget increases	59	60	61	62	63	64	65	66	67	68	69	71	73	75	77
Council Wide	Council Wide	General provision for unidentified Cost and Demand Pressures	0	0	0	0	0	250	500	750	1,000	0	500	1,000	1,500	2,000	
TOTAL			957	1,102	1,198	2,143	1,965	962	1,407	1,978	3,706	3,328	967	1,713	3,030	6,602	4,925

SOCIAL WORK COST AND DEMAND PRESSURES - 2022-23 to 2024-25

APPENDIX 4

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000
All Social Work	Estimated Pay inflation reflecting a best case of 1%, mid range of 2% and worst case of 3%.	434	872	1,314	780	1,576	2,388	1,133	2,300	3,502
All Social Work	Estimated Pay increments, best case absorbed in current staff changes, mid-range, half of 2020-21 cost and worst case same as 2020-21 cost.	44	87	131	87	174	261	87	174	261
All Social Work	Estimated impact of the 1.25% increase in Employer's National Insurance Contributions which come into effect from 01 April 2022.	191	384	579	191	386	585	191	388	591
Adult Care	Estimated impact of the regrading of Social Work Assistant and Community Care Assistant roles in Adult Care from SLGE8 to SLGE9 following a grading revaluation completed in 2021.	100	201	303	100	202	306	100	203	309
Adult Care	Estimated full year equivalent cost of the increase in the minimum care worker pay rate to £10.02 per hour from December 2021.	2,349	2,349	2,349	2,349	2,349	2,349	2,349	2,349	2,349
All Social Work	Non-pay inflation, best and worst case based on unavoidable/inescapable inflation and worst case.	2,433	4,546	6,740	2,771	5,249	7,839	3,180	5,957	8,953
All Social Work	Non-pay inflation impact of payroll inflation on NHS posts which are recharged to Social Work.	72	146	224	72	146	224	72	146	224
All Social Work	Social Work Emergency Standby (SWES): A review of the social work emergency standby staffing arrangements and pay rates is underway in consultation with social work staff and trade union representatives. It is highly likely that there will be changes to the number of staff on call each shift and the shift allowance paid to staff who cover the standby rota. All three scenarios assume a move to the SWES SJC rate with the best case reflecting 4 staff on call per shift, the mid range 5 staff on call per shift and the worst case 8 staff on call per shift. Pay inflation has been included at 2% per annum in all three scenarios based on the mid-range pay inflation assumption above.	5	10	15	25	51	78	85	172	261
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	396	799	1,208	793	1,610	2,453
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.	175	352	531	350	707	1,072	525	1,066	1,624

Service	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
		2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000	2022-23 £000	2023-24 £000	2024-25 £000
Adult Services	Investment in interim care home placements in line with funding provided by the Scottish Government for 2022/23 only.	366	0	0	366	0	0	366	0	0
Adult Services	Investment in mental health recovery and renewal activity in line with new Scottish Government funding.	66	0	0	66	0	0	66	0	0
Children and Families	Investment in activity to support families to prepare and submit claims for the new Child Disability Payment. The total funding is £44k which is split 50/50 between Children and Families and Education.	22	22	22	22	22	22	22	22	22
Children and Families	Investment in Trauma Training in line with Scottish Government funding provided for 2022/23.	50	0	0	50	0	0	50	0	0
Adult Services	Investment in assessment and care management capacity funded from new funding provided by the Scottish Government.	628	527	425	628	526	422	628	525	419
Adult Services	Investment in adult social care in line with the estimated allocation to Argyll and Bute from the £200m national allocation. Investment balance adjusted to meet the estimated impact of the increase in the Scottish Living Wage, National Care Home Contract and Employer's National Insurance Contributions.	1,530	1,530	1,530	1,215	1,215	1,215	899	899	899
All Social Work	Inflationary increase in recharges from the Council for Internal Refuse, Cleaning and Fleet	42	42	42	42	42	42	42	42	42
TOTAL COST AND DEMAND PRESSURES		11,946	15,300	19,231	13,234	18,247	23,895	14,597	21,228	28,653
LESS ESTIMATED ADDITIONAL SCOTTISH GOVERNMENT FUNDING		11,106	10,624	10,624	11,106	10,624	10,624	11,106	10,624	10,624
TOTAL UNFUNDED COST AND DEMAND PRESSURES		840	4,676	8,607	2,128	7,623	13,271	3,491	10,604	18,029

NEW MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 5

Savings Ref	Service	Savings Option	2022-23			2023-24			2024-25		
			Saving (£,000)	FTE	H/Count	Saving (£,000)	FTE	H/Count	Saving (£,000)	FTE	H/Count
CSS01	HROD	Employee Benefits Savings	30.0	0.0	0.0	30.0	0.0	0.0	30.0	0.0	0.0
CSS02	Customer Engagement Team	Reduce Payments to Other Bodies Funding	15.0	0.0	0.0	15.0	0.0	0.0	15.0	0.0	0.0
CSS04	ICT	BT Shared Switches	52.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DEG02	Economic Growth	Reduction of Discretionary Funds	6.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RI01	Fleet	Fleet Savings	250.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RI02	Traffic and Development	TTROs and Notices	15.0	0.0	0.0	15.0	0.0	0.0	15.0	0.0	0.0
RI03	Roads and Infrastructure	Operational Works - Recovering Additional Revenue Costs through Capital Budgets	120.0	0.0	0.0	120.0	0.0	0.0	120.0	0.0	0.0
CS02	Catering and Cleaning	Removal of budget line – Legal Service	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
CS04	Commercial Services	NDR - One off & Recurring Savings	250.0	0.0	0.0	50.0	0.0	0.0	50.0	0.0	0.0
ED02	Education	Income Generation	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
LRS01	NPDO - Schools Contract	NPDO - One off Historic deductions settlements and Insurance Saving	166.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LRS02	NPDO - Schools Contract	NPDO - One off change in law payment	1000.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
LRS03	Legal and Regulatory Support	Review of administrative arrangements	10.0	0.0	0.0	10.0	0.0	0.0	10.0	0.0	0.0
CP01	Community Planning and Development	Funding support to community groups – online search facility efficiencies	8.0	0.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0
FS01	Treasury Management	Loans Fund	500.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		Totals	2442.0	0.0	0.0	268.0	0.0	0.0	260.0	0.0	0.0

NEW POLICY SAVINGS

APPENDIX 6

Savings Ref	Service	Savings Option	2022-23			2023-24			2024-25		
			Saving (£,000)	FTE	H/Count	Saving (£,000)	FTE	H/Count	Saving (£,000)	FTE	H/Count
CSS03	Customer Engagement Team	Restructure of CSP/Registration Team at Helensburgh Civic Centre	19.0	0.5	1.0	19.0	0.5	1.0	19.0	0.5	1.0
DEG01	Economic Growth	Crown Estate Administration Contribution to Project Delivery	101.0	0.0	0.0	104.0	0.0	0.0	107.0	0.0	0.0
RI04	Burials and Cremeations	Increase fees over and above inflation by 8% for all fees and charges associated with burials and cremations	80	0	0	80	0	0	80	0	0
CS01	Property Services	Climate Change & Resource Efficiency	63.0	0.0	0.0	63.0	0.0	0.0	63.0	0.0	0.0
CS03	Commercial Services	Stretch Targets for One Council Income & Events	20.0	0.0	0.0	20.0	0.0	0.0	20.0	0.0	0.0
ED01	Education Central Team	Removal of Community Learning Development Manager Post	66.5	1.0	1.0	66.5	1.0	1.0	66.5	1.0	1.0
FS02	Revenue and Benefits	Reduction of vacant 0.4FTE Local Tax Assistant role	10.0	0.4	0.0	10.0	0.4	0.0	10.0	0.4	0.0
		Total	359.5	1.9	2.0	362.5	1.9	2.0	365.5	1.9	2.0

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Customer Support Services		Ref: CSS03
Service Delivery Area	Customer Engagement Team	
Saving Type	Policy	
Saving Title	Restructure of CSP/Registration Team at Helensburgh Civic Centre	
Summary of Savings Proposal		
It is proposed to restructure the current establishment at Helensburgh Civic Centre as follows:		
CURRENT	PROPOSED	SAVING
SLGE10 Area Registrar/Supervisor	SLGE9 Service Point Supervisor	Changing an SLG10 post to and SLGE9 will save £6,342 at mid scale
SLGE7 Service Point Officer	SLGE7 Service Point Officer	
SLGE6 Marriage Officer	Move role to Lochgilphead	Overall saving of 0.5 FTE SLGE6 Agent = £13,046 at mid scale.
1x SLGE6 CSC Agents	2.5 SLGE6 CSC Agents	
2x 0.5 SLGE6 CSC Agents		
5 FTE in total	4.5 FTE in total	Total Saving = £19,388
Impact and Risk Associated with Proposed Saving		
<p>The change has been facilitated by the re-opening of Service Points on a morning only basis for walk ins and the recent resignation of the incumbent SLGE10 Area Registrar/Supervisor. If that opening pattern is maintained (and demand indicates it is adequate), there is no longer a need for two LGE10 East/West Supervisors. The Current SLGE12 CSC Operations manager can lead on the reduced Service Point Service and the remaining SLGE10 Area Registrar will be Senior Registrar for all Service Points.</p> <p>There are currently two 0.5 FTE CSC Agents covering half a week each. As the Service Point will only open in the morning this could be covered by one 0.5 FTE CSC Agent working mornings every day.</p> <p>There is a SLGE Marriage Officer Post but it is proposed to move this to Lochgilphead (which has high wedding demand from Crear and a currently vacant SLGE6 post) and to backfill this with an SLGE6 CSP post to provide reception and service point cover.</p>		
Current Status of Developing the Option and Next Steps		
Due to the resignation of the incumbent SLGE10 a temporary arrangement has been in place since August for the SLGE9 and SLGE7 post and is working well. No action has been taken regarding reducing the 0.5 SLGE CSC Agent Post.		

Saving

2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
19	0.5	1	19	0.5	1	19	0.5	1

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Development and Economic Growth			Ref: DEG01					
Service Delivery Area			Economic Growth					
Saving Type			Policy					
Saving Title			Crown Estate Administration Contribution to Project Delivery					
Summary of Savings Proposal								
<p>The Crown Estate income comes directly to the council each year for the purpose of delivering coastal community projects that are designed to support economic activity, community or environmental projects, or contribute to dealing with the impacts of climate change. This fund requires substantial input from regeneration staff and as such it is considered appropriate that a portion of the staff costs involved in delivering the projects associated with this fund.</p>								
Impact and Risk Associated with Proposed Saving								
<p>The main impact will be less funding being available to spend on capital projects through the Crown Estates Fund together with a restriction on what Economic Growth Officers can spend their time on in the delivery of future projects.</p>								
Current Status of Developing the Option and Next Steps								
<p>This could be implemented for the next financial year.</p>								
Saving								
2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
101	0	0	104	0	0	107	0	0

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Roads and Infrastructure Services		Saving Ref: RI04			
Service Delivery Area	Operations				
Saving Type	Policy				
Saving Title	Burials and Cremations				
Summary of Savings Proposal					
Increase fees over and above inflation by 8% for all fees and charges associated with burials and cremations.					
Impact and Risk Associated with Proposed Saving					
Public reaction to increased charges.					
Current Status of Developing the Option and Next Steps					
A benchmarking exercise has been carried out using data published by Scottish Government including the cost of lairs and coffin interment for all 32 Scottish authorities. In addition, cremation fees have also been benchmarked across Scotland where facilities are available. Please note that some of these locations are privately operated rather than operated by a local authority.					
The full benchmarking exercise is appended to this template with a summary of information listed below.					
*Please note, we do not know whether other authorities will apply any increases to these charges.					
	ABC current charge	Average charge	Lowest charge	Highest charge	ABC current ranking (lowest to highest)
Purchase of lair	£1,011	£942.83	£540	£1,470	22 nd
Coffin Interment	£857	£827.09	£425	£1,284	19 th
Cremation	£812	£786.06	£660.24	£1,100*	8 th out of 21
* based on average costs, some additional charges for weekend cremations as per attached spreadsheet					

Saving

2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
80	0	0	80	0	0	80	0	0

Scottish Bereavement Services Charges - 2021-22

	EXCLUSIVE RIGHT OF BURIAL (£)	COFFIN INTERMEN T (£)	CREMATION (£)	Comments
Aberdeen City	875	680	704	
Aberdeenshire	1150	996	Currently no information	Baldarroch (Private) 01330 844 042
Angus	711	460.3	1100	Parkgrove (Private) 01241 828 959 £1100 Mon to Fri, Saturday £1617
Argyll and Bute	1011	857	812	
City of Edinburgh	1470	1284	834	
City of Glasgow	1309	980		
Clackmannanshire	896	867	N/A	No crematorium in the county, closest are located in Stirling, Falkirk or Dunfermline
Dumfries and Galloway	910	602	885	Roucan Loch Crematorium (Private) 01387 266 749 £885 Mon to Friday
Dundee City	1424	595	1070	Dundee Crematorium (Private) Unattended £499, Committal only £675, Early morning 09:30 £910 and from 10:30 - 17:30 every half hour £1,070
East Ayrshire	637	665	981	Holmsford Bridge (Private) 01294 214 720 £981
East Dunbartonshire	1321	1088	N/A	No Crematorium closest are Clydebank and Glasgow
East Lothian	865.2	813.7	N/A	No Crematorium
East Renfrewshire	960.4	1073.37	N/A	No Crematorium the nearest is Linn Crematorium in Glasgow
Falkirk	836	745	821	
Fife	782	753	792	
Glasgow	1380	1030	685	Craigton (Private) £729. Glasgow Crematorium (Maryhill) £650
Highland	851	959	959	
Inverclyde	1019.55	946.3	743.5	
Midlothian	866	827	Currently no information	await call back
Moray	824.16	949.62	Currently no information	Moray Crematorium (Private) 01542 850 488 - await call back
North Ayrshire	859	806	958	Clyde Coast and Garnock Valley (Private) £958 standard, Saturday £1425, sunrise unattended £395, 20 minute service (20 attendees) £525 09:30 or 4pm
North Lanarkshire	1017	989	887	Holytown (Private) £887

Orkney Islands	661	605	N/A	No crematorium
Perth and Kinross	907	946	788	
Renfrewshire	574.05	598.2	890	Woodside (Private) £890, Direct £325
Scottish Borders	1133.6	810	Currently no information	Borders Crematorium (Private) 01896 823 357
Shetland Islands	607	565.5	N/A	No Crematorium
South Ayrshire	850	850	882	
South Lanarkshire	1233.69	900.46	660.24	
Stirling	893	1160	895	Stirlingshire Crematorium (Private) £895
West Dunbartonshire	1030	790	752	
West Lothian	709.65	677.36	950	West Lothian Crematorium (Private) £950
Western Isles	540	425	N/A	No Crematorium
Scottish Averages	942.83	827.09	859.46	

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Commercial Services			Saving Ref: CS01					
Service Delivery Area			Property Services					
Saving Type			Policy					
Saving Title			Property Theme - Climate Change & Resource Efficiency					
<p>Summary of Savings Proposal</p> <p><u>Revenue</u></p> <p>A – Physical works to Buildings</p> <p>The carbon emissions from using Council buildings equates to around 1/3rd of the overall Carbon Footprint of the Council. In 2021 around £1.25m Capital was invested via Non Domestic Energy Efficiency Framework (NDEEF) Projects across around 15 buildings which aim to reduce utilities consumption/reliance on fossil fuels and make buildings more energy efficient. NDEEF works are currently on site and forecast that by 1st April 2022 utilities bills will be reducing by £125,000. This savings proposal is that £60,000 is taken as a saving and £65,000 is re-invested into creating the next round of NDEEF Projects. Additional NDEEF Projects are currently being developed and with Government Grant / Funding streams in climate change increasing there may be other routes to develop proposals. Additional capital and revenue investment in climate change and resource efficiency has the potential to both reduce annual utilities cost and assist the Council to meet its carbon reduction requirements by 2045.</p> <p>B- Building Users Behaviours – Staff, Pupils, Customer</p> <p>Communications campaign about requesting building users to be efficient with lights, water & heat. £3,000 saving from utilities forecast.</p>								
<p>Impact and Risk Associated with Proposed Saving</p> <p>Contribute towards reducing Council’s carbon footprint and reduction in annual utilities.</p> <p>Risks can be in securing capital investment, forecast rate of returns / utilities savings (& future costs of energy) and user behaviour although the next round of NDEEF, should result in lower utilities consumption.</p>								
<p>Current Status of Developing the Option and Next Steps</p> <p>Significantly progressed. Savings from NDEEF Phase1 on track for 1st April 2022. Water Efficiency work outcomes by October. Require investment for NDEEF Phase2 and further work required on Building User Behaviours and lead department (Comms)</p>								
Saving								
2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
63	0	X	63	0	0	63	0	0

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Commercial Services			Saving Ref: CS03					
Service Delivery Area			Commercial Services					
Saving Type			Policy					
Saving Title			Stretch Targets for One Council Income & Events					
Summary of Savings Proposal								
<p>ELT Meeting on 30th Aug requested that ‘stretch targets’ be considered for Events and One Council Property.</p> <p>A – Events During the pandemic commercial events such as weddings, external room bookings, festivals, markets and food events largely ceased due to national lockdown. The majority of income from Events currently occurs in Helensburgh due to nature of facilities (Helensburgh Civic Centre Designed for Weddings & Events) and Events Manager who is based there. Events Manager undertaking pathfinder / pilot events in Lochgilphead in 2021 and other forms of events. Uptake of weddings post pandemic has been positive although it is still early in the pandemic recovery to assume this will continue to grow. Forecast £10,000 stretch target.</p> <p>B- One Council – Investment Portfolio During the pandemic some tenants have struggled to pay rent and stay afloat. Opportunities for rent review increases or re-let existing stock are limited but forecast £10,000 stretch target due to known availability of new / or recently vacated commercial space.</p>								
Impact and Risk Associated with Proposed Savings								
Using estate and commercial portfolio to generate income.								
Current Status of Developing the Option and Next Steps								
Require further refinement of forecasting								
Saving								
2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
20	0	0	20	0	0	20	0	0

2022-23 BUDGET PREPARATION – SAVING OPTION

Heads of Education: L Connor/J Crocket			Saving Ref: ED01					
Service Delivery Area			Central Team					
Saving Type			Policy					
Saving Title			Removal of CLD Manager Post					
Summary of Savings Proposal								
<p>Community Learning and Development Service moved to ALEO – Live Argyll – July 2021. All staff moved to Live Argyll with the exception of CLD Manager, who retired. This post has not been replaced.</p>								
Impact and Risk Associated with Proposed Saving								
<p>We will ensure our CLD statutory duties are met in collaboration with Live Argyll and respective roles and responsibilities.</p>								
Current Status of Developing the Option and Next Steps								
<p>This option was reported to the BWG on 21 September and has been agreed in principle. This template proposes that the saving of £66.5K should be regarded as part of the 1.4% savings target for Education.</p>								
Saving								
2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
66.5	1	1	66.5	1	1	66.5	1	1

2022-23 BUDGET PREPARATION – SAVING OPTION

Head of Financial Services			Ref: FS02					
Service Delivery Area			Revenues and Benefits Services					
Saving Type			Policy					
Saving Title			Reduction of vacant 0.4FTE Local Tax Assistant role					
Summary of Savings Proposal								
<p>A 1FTE LGE6 Local Tax Assistant entered into a flexible retirement arrangement in May 2021 whereby she reduced her hours from 35 hours per week to 21 hours per week. In order to meet the shortfall in hours other part-time members of staff have informally worked extra hours up to 14 per week as and when they were required and were available to do the work.</p>								
Impact and Risk Associated with Proposed Saving								
<p>Losing 14 hours per week from the staffing establishment will have an impact in our ability to meet the Council's Customer Service Charter of providing responses to incoming enquiries about Council Tax in 5 working days.</p> <p>The CIPFA Director of Finance Performance Indicators 2020/2021 show the cost of collecting Council Tax per chargeable dwelling. The cost to Argyll and Bute Council in the year was £6.76 per chargeable dwelling and this sits 15th in the range of results from the cheapest local authority being North Ayrshire at £1.58 per chargeable dwelling to the most expensive at £20.17 per chargeable dwelling being Eilean Siar. Should this saving be approved it would reduce our cost of collecting Council Tax per chargeable dwelling by circa £0.21 to £6.55 based on 48,500 properties. This would have no impact on our performance in this benchmarking given the Council in 14th position has a cost of collection of £6.54 per chargeable dwelling. Therefore the saving of £10,000 from the service is a reasonable step for the Council to take when compared with other Council's nationally.</p>								
Current Status of Developing the Option and Next Steps								
<p>The 0.4 FTE 14 hours per week is vacant. Part-time staff that casually work extra hours will be advised that there is no longer funding for those hours from 1 April 2022 and that activity will end.</p>								
Saving								
2022-23			2023-24			2024-25		
£000	FTE	H/Count	Cumulative £000	FTE	H/Count	Cumulative £000	FTE	H/Count
10	0.4	0	10	0.4	0	10	0.4	0

APPENDIX 7
SERVICE SUMMARY OF BUDGET POSITION 2022-23

Department	Service	2021-22 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	Funding Requests	2022-23 Draft Budget	
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Council Departments:															
Chief Executive's Unit	Chief Executive	889	(13)	0	876	26	0	0	0	(8)	0	0	0	894	
Chief Executive's Unit	Head of Financial Services	4,331	(603)	0	3,728	162	20	40	0	(16)	0	0	0	3,934	
Executive Director (Douglas Hendry)	Executive Director (Douglas Hendry)	7	(68)	0	(61)	0	0	0	0	0	0	0	0	(61)	
Executive Director (Douglas Hendry)	Head of Commercial Services	9,038	145	0	9,183	266	436	0	(122)	(243)	0	0	0	9,520	
Executive Director (Douglas Hendry)	Head of Education	87,558	36	117	87,711	4,190	317	57	0	(122)	0	0	0	92,153	
Executive Director (Douglas Hendry)	Head of Legal and Regulatory Support	19,062	(10)	0	19,052	164	659	350	0	(1,176)	0	0	0	19,049	
Executive Director (Kirsty Flanagan)	Executive Director (Kirsty Flanagan)	(274)	(2)	0	(276)	6	0	0	0	0	0	0	0	(270)	
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	8,358	(194)	0	8,164	245	80	76	0	(123)	0	0	0	8,442	
Executive Director (Kirsty Flanagan)	Head of Development and Economic Growth	8,002	(507)	0	7,495	255	16	20	0	(131)	0	0	0	7,655	
Executive Director (Kirsty Flanagan)	Head of Roads and Infrastructure Services	32,437	(5,518)	0	26,919	541	595	106	0	(1,311)	0	0	0	26,850	
Non Departmental:															
Joint Boards	Joint Boards	1,496	0	0	1,496	0	0	0	0	0	0	0	0	1,496	
Other Operating Income & Expenditure	Elected Members	1,147	0	0	1,147	25	0	0	0	0	0	0	0	1,172	
Other Operating Income & Expenditure	Sundry Services	651	0	0	651	(43)	34	250	0	(63)	0	0	0	829	
Other Operating Income & Expenditure	Unfunded Pensions	1,554	0	0	1,554	0	0	0	0	0	0	0	0	1,554	
Non Controllable Costs:															
Insurances		1,192	0	0	1,192	0	0	0	0	0	0	0	0	1,192	
Non Domestic Rates		4,589	0	0	4,589	0	0	0	0	(250)	0	0	0	4,339	
Apprenticeship Levy (Council)		462	0	0	462	0	0	64	0	0	0	0	0	526	
Capital Charges (loans charges)		8,588	5,470	0	14,058	0	0	0	0	168	0	0	0	14,226	
COUNCIL TOTAL		189,087	(1,264)	117	187,940	5,837	2,157	963	(122)	(3,275)	0	0	0	193,500	
Health and Social Care Partnership:															
Integration Services	Chief Officer	(447)	(3)	3,232	2,782	21	0	0	0	0	0	(1,090)	0	1,713	
Integration Services	Adult Care	47,664	121	3,474	51,259	555	0	0	0	0	0	0	0	51,814	
Integration Services	Children & Families	14,568	21	72	14,661	364	0	0	0	0	0	0	0	15,025	
Integration Services	Head of Strategic Planning and Performance	442	(2)	0	440	13	0	0	0	0	0	0	0	453	
SOCIAL WORK TOTAL		62,227	137	6,778	69,142	953	0	0	0	0	0	(1,090)	0	69,005	
Rounding															
4															
TOTAL		251,314	(1,127)	6,895	257,082	6,790	2,157	963	(122)	(3,275)	0	(1,090)	0	262,509	
Funding:															
Scottish Government Funding														209,661	
Council Tax Income														55,262	
Specific Funding for Additional Teachers														370	
OVERALL FUNDING SURPLUS / (GAP)															2,784

FUNDING REQUESTS

1. Introduction

- 1.1 Three funding requests have been received to be considered as part of the Budget as outlined below.

2. CHARTS

- 2.1 CHARTS is requesting £75,000 from Argyll and Bute Council to support ambitious plans to lead the region's culture, heritage and arts sector's economic recovery through the COVID-19 pandemic.

- 2.2. Following the award of the emergency funding from Council in 2021-22 (£67,000) the organisation was able to stabilise, develop its organisational structure and strengthen its operations. Since April 2021 the organisation has increased its membership by 33% to over 600 individuals and organisations, developed new strategic relationships and attracted £150,000 additional investment to cultural activity in Argyll and Bute.

- 2.3 In 2022-23 CHARTS plans to deliver targeted support to members who are working directly with communities; building grassroots collaboratively designed projects and building local area capacity to survive and thrive. This will include continuing to offer skills development programmes and award schemes, alongside creating partnership projects co-designed with their members which highlight regional assets and showcase talents and creativity across the region.

- 2.4 The request is for 1 year of funding at £75,000. Members are asked to give consideration to this request and how it would be funded. Further information from CHARTS organisation is available to Members on request.

3. ARGYLL AND THE ISLES TOURISM CO-OPERATIVE (AITC)

- 3.1 With the AITC core team now in place there is significant scope to undertake sustained marketing activity in 2022-23 building on all previous successes linked to adventure tourism and food and drink, events, festivals and marine tourism.

- 3.2 AITC are seeking a budget of £75,000 to undertake the following in 2022-23

1. Two themed campaigns building on
 - a) Adventure tourism on land and sea (incorporating and building on Pedaddling, Above and Below, GCN and linked to Rural Growth Deal marine infrastructure investment).
 - b) Taste of Place Trails (incorporating and building on the current Trails and Collaborait 'The Pantry' and 'The Drinks Cabinet')

The campaign activity will include

- commissioned license free photography – (15k)
- commissioned themed videos – filming and editing (see below) (£10k)
- themed landing pages and new content on wildaboutargyll.co.uk (£7.5k)
- development of bookable products and experiences API (£10k)
- paid for promotion on social media (£2.5k)
- travel writer and blog activity (£5k)
- paid partnerships with key brands incl VS (£15k)
- PR and media (10k).

2. Develop a themed digital media library for shared use by AITC and its members, the council and VisitScotland.

3.3 Over the period from 2012-2020 AITC drew in funds exceeding £2m which for the partnership represents exceptional return on investment. For example, over the period 2012-2020 Argyll and Bute Council's investment in AITC's operational budget of £420k from 2012-2020 had a ROI of 21.

3.4 The request is for 1 year of funding at £75,000 and it is recommended that this could be drawn down from the previously agreed marketing budget that was established to assist with the recovery of the important tourism sector. Members are asked to give consideration to this request. Further information from AITC is available to Members on request.

4. OUR ISLES AND OCEANS

4.1 Our Isles and Oceans seek to bring together the powerful forces of business and sport to offer an inspiring opportunity for the youth of today. The project will offer applicants the change to learn from experienced professionals and to push themselves outside their comfort zone to equip them for the challenges of today's marketplace.

4.2 Our Isles and Oceans are looking for support from Argyll and Bute Council to deliver two further programmes in Spring and Summer 2022 out of Oban. Total expenditure for the first programme in Summer 2021 was £65,500 (project costs in Argyll and Bute). Media reach was in excess of £500,000 in value. Through negotiation the request is £15,000 from the Council due to Oban BIDS contributing £5,000. This is to support base costs in delivering for 80 young people to train alongside the Clipper Race.

4.3 The Summer 2021 programme was a huge success and there was extensive media coverage from The Sun, The Herald, The Scotsman, The Press and Journal and BBC Alba, amongst many others. Our Isles and Oceans intend on increasing this impact over Spring and Summer 2022. A total of 40 young people had a great experience learning to sail in Argyll waters becoming ambassadors for the programme and Argyll.

4.4 The request is for 1 year of funding at £15,000. Members are asked to give consideration to this request and how it would be funded. Further information from Our Isles and Oceans is available to Members on request.