

**BUDGET APPROACH**

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**1. INTRODUCTION**

- 1.1 The purpose of this report is to update the Policy and Resources Committee on the budget approach already commenced by officers to assist in identifying options to help close the gap and provide a high level draft budget timetable for 2023-24.

**2. RECOMMENDATIONS**

- 2.1 It is recommended that the Policy and Resources Committee consider the 2023-24 budget approach.

**3. BUDGET OUTLOOK**

- 3.1 The budget outlook position is continually monitored with an update reported to each Policy and Resources Committee. The latest budget outlook which is included within today's agenda advises that in the mid-range scenario, the budget gap estimated over the five year period 2023-24 to 2027-28 is £33.011m with a gap of £7.284m in 2023-24.
- 3.2 Officers have already looked at some areas where there will be savings or additional income that could be built into the budget next year to reduce the budget gap. These emerging savings options amount to £5.240m and have already been built into the budget outlook. The most significant being the savings in respect of the service concession flexibility and a potential saving in Education due to the forecast pupil numbers over the next 5 years. The cost of the pay award in 2022-23 added £2.112m to the gap with a further £2.234m added to the pay award assumption in 2023-24.

**4. 2023-24 BUDGET APPROACH**

- 4.1 Officers have already commenced work on a budget approach for 2023-24 and there are two main aspects to this work:
- A review of services considering whether it's a duty, power or non-statutory service.
  - A service redesign exercise assuming 75% of existing budget.

***Duty, Power or Non-Statutory Review***

- 4.2 A number of years ago, templates were populated with information as to the legislative basis for the provision of service i.e. statutory duty, statutory power or a non-statutory service. The Executive Leadership Team (ELT) agreed that it would be beneficial to revisit and update the information contained in these

templates as they did provide good evidence that could assist the Budget Working Group and full Council in any future decisions they need to take on the budget.

- 4.3 A new template has been created based on lessons learned from the previous template to make it much clearer on what elements of a service fall into which legislative category. Financial Services have produced a list of service activities based on the controllable budget and the templates will align to this list. The list of activities is attached in Appendix 1 for Members information.
- 4.4 In 2022-23 only 27% of our budget is controllable and the service activity appendix shows where this budget is being spent. In order to balance the budget, a number of the activities would need to significantly reduce or stop altogether. You will see that this is a challenging task as many of the activities provide much needed services for our communities.
- 4.5 The templates have now been completed by all services and an ELT group will be reviewing over the month of September. It has been agreed that we will review the information provided in relation to discretionary activities first and consider if any of these could be materially reduced or stopped. As required we would then move on to Powers then Duties and again consider if any of these activities can be challenged/materially reduced/delivered in a different way.

### ***Service Redesign***

- 4.6 An additional template, at Head of Service level, has been completed by all Services outlining what the service would look like if it had to be redesigned with 75% of the current funding. The templates should provide sufficient clarity that outlines what the service would be doing, what they wouldn't be doing and what would be getting done differently.
- 4.7 As with the duty, powers templates, the ELT group will be reviewing these over the month of September. It is the group's intention to go through and identify (a) any specific options which could be used to reduce the budget gap in 2023-24 and (b) see what the group can come up with in terms of (i) picking out the genuine redesign proposals in the submissions and (ii) as a group coming up with any further ideas on service redesign which will deliver savings in the longer term.
- 4.8 The ELT group will meet on a weekly basis in September and report progress initially to ELT for discussion and then onto Budget Working Group. It is hoped to have a set of proposals in October.

## **5 Budget Timetable**

- 5.1 A high level budget timetable has been produced and is included in Appendix 2. The timetable includes the following:
- Late October – once a set of proposals has been produced by the ELT group.

- 8<sup>th</sup> December Policy and Resources Committee – a report on the budget proposals identified to date.
- 15<sup>th</sup> December – estimated date for the Scottish Government budget announcement.

Should further working groups be necessary these can be scheduled as required. A Members Seminar has been scheduled for the end of January prior to the budget pack being published.

## **6. CONCLUSION**

- 6.1 Officers continue to monitor the budget outlook position regularly and update and report to Members any changes. The Council is facing a significantly challenging budget gap which will likely require some services to be stopped in order to balance the budget.
- 6.2 A budget approach has been developed by ELT alongside a budget timetable and a set of proposals will be brought forward to a future budget working group and Policy and Resources Committee for consideration.

## **7. IMPLICATIONS**

- 7.1 Policy – sets out that budget approach that will inform policy decisions.
- 7.2 Financial – Sets out the budget position as reported in the budget outlook.
- 7.3 Legal – None directly from this report but the Council will need to balance the budget.
- 7.4 HR – None directly from this report but there is a strong link between HR and budgets.
- 7.5 Fairer Scotland Duty – See below
- 7.5.1 - Equalities – None directly from this report but any proposals to address the estimated budget gap will need to consider equality issues.
- 7.5.2 - Socio Economic Duty - None directly from this report but any proposals to address the estimated budget gap will need to consider socio economic issues.
- 7.5.3 - Islands Duty - None directly from this report but any proposals to address the estimated budget gap will need to consider any island specific issues.
- 7.6 Climate Change – The Council is committed to addressing climate change and reviews how Services are delivering this on an ongoing basis within the available budget resources.
- 7.7 Risk - None directly from this report but any proposals to address the estimated budget gap will need to consider risk.
- 7.8 Customer Service - None directly from this report but any proposals to address the estimated budget gap will need to consider customer service.

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**15 September 2022**

**Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney**

**APPENDICES:**

Appendix 1 – Budget Activities 2022-23 (Controllable)

Appendix 2 – 2023-24 Draft Budget Timetable

For further information contact Anne Blue, Head of Financial Services  
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## APPENDIX 1

### Budget Activities 2022-23 Controllable Budget Only

Department	Head of Service	Activity Area	£
Chief Executive's Unit	Chief Executive	Central/Management Costs	326,856
Chief Executive's Unit	Chief Executive	Community Planning and Development	512,703
Chief Executive's Unit	Chief Executive	Social Enterprise	54,352
Chief Executive's Unit	Head of Financial Services	Accounting and Budgeting	1,967,445
Chief Executive's Unit	Head of Financial Services	Internal Audit	251,911
Chief Executive's Unit	Head of Financial Services	Payroll and Pensions	281,720
Chief Executive's Unit	Head of Financial Services	Revenues and Benefits	1,346,769
Executive Director (Douglas Hendry)	Executive Director (Douglas Hendry)	Central/Management Costs	324,055
Executive Director (Douglas Hendry)	Head of Commercial Services	Catering & Cleaning	8,443,970
Executive Director (Douglas Hendry)	Head of Commercial Services	Central/Management Costs	152,427
Executive Director (Douglas Hendry)	Head of Commercial Services	Estates and Property Development	249,389
Executive Director (Douglas Hendry)	Head of Commercial Services	Property Services	499,886
Executive Director (Douglas Hendry)	Head of Commercial Services	Property Services - Investment Properties	-140,839
Executive Director (Douglas Hendry)	Head of Commercial Services	Shared Services & Partnerships	1,004,936
Executive Director (Douglas Hendry)	Head of Education	Additional Support Needs	5,155,520
Executive Director (Douglas Hendry)	Head of Education	Central/Management Costs	364,667
Executive Director (Douglas Hendry)	Head of Education	Curriculum (2-18years)	651,381
Executive Director (Douglas Hendry)	Head of Education	Early Learning and Childcare	1,507,469
Executive Director (Douglas Hendry)	Head of Education	Early Learning and Childcare (ELC) Settings	4,111,735
Executive Director (Douglas Hendry)	Head of Education	Education Non-Schools	423,115
Executive Director (Douglas Hendry)	Head of Education	Life Long Learning and Support	1,207,017
Executive Director (Douglas Hendry)	Head of Education	Performance, Improvement and Collaboration	202,862
Executive Director (Douglas Hendry)	Head of Education	Primary Schools	3,037,325
Executive Director (Douglas Hendry)	Head of Education	Secondary Schools	2,497,038
Executive Director (Douglas Hendry)	Head of Education	Special Schools/Learning Centres	400,387
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Central/Management Costs	258,106
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Civil Contingencies	104,726
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Elections	31,903
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Facilitating School Improvement	275,674
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Governance	823,617
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Governance, Risk and Safety	558,369
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Legal Services	676,992
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Procurement, Commissioning and Contracts	1,131,646
Executive Director (Douglas Hendry)	Head of Legal & Regulatory Support	Trading Standards and Advice Services	598,106
Executive Director (Kirsty Flanagan)	Executive Director (Kirsty Flanagan)	Central/Management Costs	405,208
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Central/Management Costs	307,623
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Corporate Communications	306,041
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Customer Service Centre	1,334,052
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	HR	676,263
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	ICT	4,018,279
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Organisational Development	1,469,587
Executive Director (Kirsty Flanagan)	Head of Customer Support Services	Registration Services	77,792
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Airports	1,135,797
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Building Standards	-108,156
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Central/Management Costs	574,790
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Development Management	731,036
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Economic Growth	665,703
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Environmental Health and Animal Health	1,284,338
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Housing	2,588,686
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Projects, Renewables and Regeneration	588,062
Executive Director (Kirsty Flanagan)	Head of Development & Economic Growth	Strategic Transportation	218,668
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Amenity	2,957,572
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Central/Management Costs	2,596,664
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Depots	-723,970
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Ferries	-165,392
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Fleet	-868,480
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Infrastructure Design	347,241
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Parking	-803,941
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Piers & Harbours	-5,909,245
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Public Conveniences	384,063
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Roads & Infrastructure	6,334,658
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	School and Public Transport	8,670,277
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Transport Team and Pool Cars	205,069
Executive Director (Kirsty Flanagan)	Head of Roads & Infrastructure Services	Waste	2,958,694
Other Operating Income and Expenditure	Elected Members	Elected Members	1,172,062
			<b>72,722,273</b>

## APPENDIX 2

### 2023-24 DRAFT BUDGET TIMETABLE

Date	Event	Purpose
7 Sep 2022	Budget Working Group	Introductory meeting to set out approach, updated budget gap, and provide initial indication of any emerging options.
Month of September	ELT Group working through Duty, Powers & Non-Statutory Templates and 75% Service Redesign Templates	To identify savings options for 2023/24 and possible future years.
Early October 2022	ELT	Review saving options identified by ELT group.
13 October 2022	P&R Committee	Updated Budget Outlook 2023/24 to 2027/28
Late October 2022	Budget Working Group	Update on emerging saving options.
8 December 2022	P&R Committee	Updated Budget Outlook 2023/24 to 2027/28.  Report on budget proposals identified to date.
Estimated 15 December 2022	SG Budget Announcement	
Week beginning 19 December 2022	Budget Working Group	Update following SG Budget Announcement.
Week beginning 16 January 2023	Budget Working Group	Update on proposals to balance the budget.
End of January 2023	Elected Members Seminar	Budget 2023/24 Update
9 February 2023	Budget Pack published	Budget pack included in release of P&R papers. <b>Including:</b> Individual EqSEIA's; EqSEIA covering budget as a whole
16 February 2023	P&R Committee	Consider budget proposals and make recommendations to Council.
? February 2023	EJCC	Budget 2023/24 Update
23 February 2023	Council	Set Budget
By 30/06/23	Services	Proposed date of redundancies for any proposals that have been agreed by Council