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12 January 2023

NOTICE OF MEETING

A Special meeting of the **POLICY AND RESOURCES COMMITTEE** will be held **BY MICROSOFT TEAMS** on **THURSDAY, 19 JANUARY 2023** at **9:00 AM**, which you are requested to attend.

Douglas Hendry
Executive Director

BUSINESS

- 1. APOLOGIES FOR ABSENCE**
- 2. DECLARATIONS OF INTEREST (IF ANY)**
- 3.**

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ARGYLL AND BUTE COUNCIL

POLICY AND RESOURCES COMMITTEE

FINANCIAL SERVICES

19 JANUARY 2023

BUDGET SAVINGS 2023-24

1. INTRODUCTION

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2023-24 and beyond.

2. RECOMMENDATION

- 2.1 Members are asked to:
- a) Agree that the new policy savings options (as outlined in Appendix 1) will be presented to the next meeting of the Policy and Resources Committee where the budget pack will be considered.
 - b) Note that the Head of Customer Support Services will take forward a statutory consultation process with the Trade Unions for those savings options that could have a direct impact on jobs.
 - c) Note that officers will continue to monitor the budget outlook position and report any changes to Members as part of the budget pack.

3. DETAIL

Budget Outlook Position

- 3.1 The budget outlook reported to December Policy and Resources Committee detailed that the estimated mid-range funding gap over the five year period 2023-24 to 2027-28 is £32.156m with a gap of £3.234m in 2023-24. This included the following:

Previously agreed savings from prior years.

An assumption that fees and charges will be increased by 6%.

The 2022-23 deferred reduction to the Live Argyll Management fee as agreed at the budget setting meeting in February 2022.

An estimated Council Tax increase of 3%.

New Management/Operational Savings of £2.322m in 2023-24.

New policy saving relating to reduced teacher numbers totalling £0.700m.

New service concession re-profiling saving totalling £4.803m.

3.2

advised that following the revaluation exercise, there is an estimated additional cost pressure of £1.164m for our Council.

3.3 The provisional Local government Finance Settlement for 2023-24 was published on 20 December 2022. Following analysis of the settlement, I wrote out to all Members on 22 December 2022 to advise that there is a positive movement in the budget outlook amounting to £2.095m. The main reason for this positive movement was that the funding assumption in the budget outlook was based on a 1% reduction in Scottish Government Grant and in reality, allowing for new policy commitments, the settlement is fairly close to flat cash. The funding does not therefore cover any inflationary increases hence the requirement to identify savings options to bridge the budget gap.

3.4 A revised provisional Local Government Finance Settlement circular was issued on 10 January 2023 and the funding for Argyll and Bute Council is £1.650m less than the settlement published on 20 December. The reason for this change is:

Funding for the Real Living Wage that has to be passed across to the HSCP has been removed by Scottish Government and moved into the undistributed part of the settlement presumably to be distributed at a later stage. Our share was £1.842m and we can also remove the amount that we had accounted for passing over to the HSCP (no bottom line impact).

Net increase as a result of changes to the floor calculation, SINA and changes column of £0.192m (positive bottom line impact).

3.5 The revised budget outlook with the changes as noted in the previous two paragraphs is now a gap of £2.111m as summarised in the table below.

	£000
2023-24 Budget Gap as reported to P&R on 8 December	(3,234)
NDR Increase following revaluation exercise	(1,164)
Positive movement following provisional Local Government Finance Settlement published 20 December 2022	2,095
Further positive movement in Local Government Finance Settlement as at 10 January 2023	192
2023-24 Revised Budget Gap	(2,111)

2023-24 Budget Approach

3.6 It was agreed at the Policy and Resources Committee on 16 June 2022 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.

3.7 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 is to assist in the savings identification

Savings Options	£000	£000
<i>Management Operational Savings</i>		
Management/operational as reported to P&R on 8 December	2,322	
New Management/Operational Saving Loans Fund	685	
<i>Total Management/Operational Savings</i>		<i>3,007</i>
<i>New Policy Savings options</i>		
Reduced teacher numbers as reported to P&R on 8 December	700	
Service Concession re-profiling saving as reported to P&R on 8 December	4,803	

Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney

APPENDICES:

Appendix 1 2023-24 New Policy Savings Options

Appendix 2 Revenue and Benefits BPR Spend to Save Options

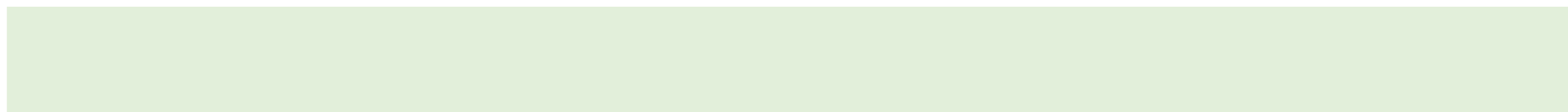
Appendix 3 Council Tax increases

For further information contact Anne Blue, Head of Financial Services
anne.blue@argyll-bute.gov.uk

Service Area

Saving

Detail



1		Investment	2 New Staff LGE6, Proactive debt recopvery for all debt including social care	-56	-2.0	-2	-56	-2.0	-2	0	0.0	0
	Debt Recovery/ Sundry Debt	Saving	Much improved cashflow. Reduction in BDP and the amount of debt written off.	150	0.0	0	150	0.0	0	150	0.0	0
2		Investment	Make permanent an LGE7 post in Debt Reocvoery Team ofcussed on the recovery of HB overpayments Additional HB	-37	-1.0	-1	-37	-1.0	-1	-37	-1.0	-1
		Saving	Overpayment collection income	100	0.0	0	80	0.0	0	60	0.0	0
			Cyclical reviews of 21 Council Tax discounts and exemptions.									
		Saving	Additional Council Tax income on the balance sheet, over and above growth	280	0.0	0	280	0.0	0	140	0.0	0
3	Council Tax Reviews	Saving	Civil penalty income levied on back of reviews	50	0.0	0	40	0.0	0	30	0.0	0
		Investment	2 Modern Apprentices	-24	-2.0	-2	-56	-2.0	-2	-56	-2.0	-2
				-117	-5.0	-5	-149	-5.0	-5	-93	-3.0	-3
				580	0.0	0	550	0.0	0	380	0.0	0

APPENDIX 3 - Council Tax Inflation Uplift Estimated Impact

Band	COUNCIL TAX CHARGE ONLY							IMPACT INCLUDING WATER AND SEWERAGE IF INCREASE BY THE SAME %						
	2022/23 Charge excl Water and Sewerage Charges	Annual Charge if Increased by 3%	YOY Increase at 3% £	Weekly Increase at 3% £	Annual Charge if Increased by 5%	YOY Increase at 5% £	Weekly Increase at 5% £	2022/23 Charge Incl Water and Sewerage	Annual Charge if Increased by 3%	YOY Increase at 3% £	Weekly Increase at 3% £	Annual Charge if Increased by 5%	YOY Increase at 5% £	Weekly Increase at 5% £
A	£939.17	£967.35	£28.18	£0.54	£986.13	£46.96	£0.90	£1,258.13	£1,295.87	£37.74	£0.72	£1,321.04	£62.91	£1.21
B	£1,095.70	£1,128.57	£32.87	£0.63	£1,150.49	£54.79	£1.05	£1,467.82	£1,511.85	£44.03	£0.84	£1,541.21	£73.39	£1.41
C	£1,252.23	£1,289.80	£37.57	£0.72	£1,314.84	£62.61	£1.20	£1,677.51	£1,727.84	£50.33	£0.97	£1,761.39	£83.88	£1.61
D	£1,408.76	£1,451.02	£42.26	£0.81	£1,479.20	£70.44	£1.35	£1,887.20	£1,943.82	£56.62	£1.09	£1,981.56	£94.36	£1.81
E	£1,850.95	£1,906.48	£55.53	£1.07	£1,943.50	£92.55	£1.78	£2,435.71	£2,508.78	£73.07	£1.40	£2,557.50	£121.79	£2.34
F	£2,289.24	£2,357.92	£68.68	£1.32	£2,403.70	£114.46	£2.20	£2,980.32	£3,069.73	£89.41	£1.71	£3,129.34	£149.02	£2.86
G	£2,758.82	£2,841.58	£82.76	£1.59	£2,896.76	£137.94	£2.65	£3,556.22	£3,662.91	£106.69	£2.05	£3,734.03	£177.81	£3.41
H	£3,451.46	£3,555.00	£103.54	£1.99	£3,624.03	£172.57	£3.31	£4,408.34	£4,540.59	£132.25	£2.54	£4,628.76	£220.42	£4.23

Note: Water and sewerage charges set by Scottish Water therefore estimates at this stage.