

WEST DUNBARTONSHIRE COUNCIL**Report by Chief Officer - Resources****Council: 1 March 2023**

**Subject: General Services Budget Setting 2023/24 and 2024/25
– 2027/28 Budget Estimates and Council Tax Setting****1. PURPOSE**

- 1.1 This report summarises the key issues relating to the revenue budget estimates and setting of council tax for 2023/24. It also provides budget estimates for 2024/25 to 2027/28. Note this is the first time the budget estimates have been extended to a five year window. Within the report the mid-range estimates are noted, with the best case and worst case estimates summarised at paragraph 4.15.1.
- 1.2 To provide Members with an update in relation to the capital budget.
- 1.3 To seek Members approval to set the General Services revenue and capital budgets for 2023/24 through approval of options to close the 2023/24 budget gap.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- a) Note the updated position regarding projections for the revenue budget in 2022/23 as identified at paragraph 4.1.1.
 - b) Note the projected reserves position of the Council as at 31/03/2023 as identified at paragraph 4.1.5.
 - c) Agree the revision to the use of the Service Concessionary One-Off Benefit as identified at paragraph 4.1.6.
 - d) Note the projected outturn position for capital for 2022/23 as detailed in Appendix 5 including information in relation to the re-profiling of a number of projects and resources into future years.
 - e) Approve the options to be used to set the General Services revenue budget for 2023/24 and assist with future projected budget gaps including consideration of proposed saving options and use of reserves.
 - f) Note the management adjustments to be used to set the General Services revenue budget for 2023/24 and assist with future projected budget gaps.

- g) Agree the 2023/24 Council Tax rate.
- h) Approve the proposed updated capital plan from 2023/24 as detailed in Appendix 6.
- i) Agree that a report will be brought to a future meeting of the Corporate Services Committee to agree the 2023/24 West Dunbartonshire Leisure Trust management fee.

3. BACKGROUND

- 3.1 The provisional Local Government Finance Settlement for 2023/24 was published on 20 December 2022. Initial analysis of the settlement indicated a small detrimental impact on the Council's budget gap. Council were advised of this as part of a verbal update provided at the Council meeting on 21 December 2022. The main reason for this impact was that the funding assumption previously reported was a flat cash settlement however, after, allowing for new policy commitments, the provisional settlement was marginally worse.
- 3.2 After the publication of the provisional settlement there is a period of review where Directors of Finance across all Scottish Local Authorities can raise queries with the Scottish Government. This year the number of queries exceeded 100 which reflects the complexity of the settlement and the need for it to be closely scrutinised and checked. This included the reinstatement of £32.8m of funding which the Scottish Government had previously provided for the 2021/22 Teacher's Pay Award and had committed to baseline. This was removed from the provisional settlement by the Scottish Government without consultation with COSLA. This reinstatement, and other amendments, improved the overall settlement for the Council to a position which is slightly more favourable than flat cash however is still not a level of funding that reflects inflationary increases. Therefore it still remains a real terms cut to local government funding which requires the Council to identify savings options to bridge the budget gap.
- 3.3 A report to Council on 21 December 2022 reported an estimated 2023/24 budget gap of £21.142m in the mid-range and provided a range of options for Member consideration to close that gap. As a result of decisions by Council to approve a number of these options, in addition to £0.899m of management adjustments, the 2023/24, and future year budget gaps were reduced as set out in Exhibit 1.

Exhibit 1: Mid-Range Budget Gap After 21/12/22 Council Meeting

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
21/12/22 Council Report	21,142	27,925	34,509	41,141	48,074
Saving Options Agreed 21/12/22	(3,019)	(4,042)	(4,184)	(4,184)	(4,184)
Management Adjustments Reported 21/12/22	(899)	(1,167)	(1,356)	(1,356)	(1,356)

Service Concessionary Savings	(2,831)	(3,259)	(3,963)	(4,328)	(4,249)
Updated Cumulative Budget Gap	14,393	19,457	25,006	31,273	38,285

3.4 This position has been further updated to reflect changes since 21 December 2022. The revised position is set out in the remainder of this report.

4. MAIN ISSUES

4.1 Budgetary Control Projection for 2022/23 and Review of Reserves

4.1.1 As at period 9, Officers were projecting a year-end adverse position of £1.472m. However, at its 26 October 2022 meeting, Council agreed to revise the allocation of Residential Care Costs to a 72% HSCP/28% Education split with a proportionate share of the budget being passed to the HSCP. This, when factored into future budgetary control reports, will increase the projected adverse variance by £1.419m to £2.891m. Of this, it is estimated that the projected impact of COVID is £0.748m which will be fully funded by Scottish Government COVID funds carried forward from 2021/22. This leaves an underlying adverse variance of £2.143m. For the purposes of this budget-setting report this is assumed to be the year-end position, however it should be noted this position is subject to change by the year end.

4.1.2 Based on the updated 2023/24 draft budget (reflecting this report) the Prudential Reserve level has been calculated as £5.641m, which reflects 3% of net expenditure. This is a 1% increase to the prudential target (previously 2%) and was agreed by Council at its meeting on 21 December 2022. At the same meeting, Council agreed to fund this increase from the one off benefit generated by the Service Concessionary Financial Flexibility. The amount needed to meet the commitment to increase the prudential target to 3% has increased from the amount reported to Council on 21 December 2022 by £0.392m from £1.750m to £2.142m.

4.1.3 On 21 December Council also agreed the Service Concessionary Financial Flexibility one off benefit would be used to fund the Council's 2022/23 projected overspend which was £1.5m as at the 21 December meeting but has increased by £0.643m to £2.143m as stated in paragraph 4.1.1.

4.1.4 On 21 December Council also agreed to earmark £1 million to provide a further £0.250m cost of living support each year for the next four years with this to be funded from the Council's general reserves including the transfer of the balance of £0.990m from the Service Concessionary one off benefit.

4.1.5 Projected levels of reserves held by the end of 2022/23 are set out in Exhibit 2a.

Exhibit 2a – Summary of Projected Unearmarked Reserves

	£,000
Unearmarked reserves as at 31/03/22	3,503
Changes	
Budgetary Control Projection 2022/23	(2,143)
Allocation of Service Concessionary Financial Flexibility to fund overspend agreed 21 December 2022	1,500
Allocation of further use of Service Concessionary Financial Flexibility to fund increase in overspend since 21 December 2022	643
Allocation of Service Concessionary Financial Flexibility to fund increase in prudential target from 2% to 3% agreed 21 December 2022	2,138
Projected Unearmarked reserves as at 31/03/23	5,641
Prudential Target for 2023/24	(5,641)
Projected Free Unearmarked Reserves	0

4.1.6 Exhibit 2b sets out the revised use of the one off Services Concessionary benefit to reflect the need to:

- provide additional amounts for the projected 2022/23 overspend
- increase the prudential target to 3%
- reduce the voluntary redundancy reserve to counter balance the additional amounts required
- reflect the 21/12/22 Council decision to invest in the Cost of Living Fund.

Exhibit 2b – Revised Use of Service Concessionary One Off Benefit

	Change Required	21/12/22 Use £,000	Changes £,000	Revised Use £,000
One Off Benefit	None	29,630	0	29,630
Voluntary Redundancy & Early Retirement Reserve	Decrease (para 4.1.6)	(15,000)	1,031	(13,969)
Smoothing Fund for Three Year Service Transformation Programme	None	(6,000)	0	(6,000)
Increase Prudential Target to 3%	Increase (para 4.1.2)	(1,750)	(388)	(2,138)
Absorb Estimated 2022/23 Overspend	Increase (para 4.1.3)	(1,500)	(643)	(2,143)
Scottish Government Pay Award Funding Provided as Capital Funds in 2022/23 and 2023/24	None	(4,390)	0	(4,390)
Cost of Living Support	Increase (para 4.1.4)	0	(990)	(990)
Remaining Balance into General Reserves		990	(990)	0

4.2 Scottish Government Settlement to Councils 2023/24

4.2.1 The Scottish Budget was announced by the Deputy First Minister on 15 December 2022 and the Local Government Finance Circular 11/2022 was published on 20 December 2022 (subsequently revised 10 January 2023) providing detail of the provisional total revenue and capital funding allocations for 2023/24 (one year only). 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 2023 to be presented to the Scottish Parliament in February 2023.

4.2.2 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 £13.2 billion which includes:

- £260 million to support the local government pay deal and additional funding to ensure that payment of Scottish Social Services Council fees for the Local Government workforce which will continue to be made on a recurring basis.
- £72.5 million increase to the General Revenue Grant.
- £105 million to give effect to the devolution of Non-Domestic Rates Empty Property Relief.
- Maintained key in-year transfers worth over £1 billion and added a further net £102 million of resource to protect key shared priorities particularly around education and social care.
- £50 million capital to help with the expansion of the Free School Meals policy.
- Additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services
- Consolidation of £30.5 million for the homelessness prevention fund.

2023/24 Scottish Government Funding for West Dunbartonshire Council

4.2.3 Officers have analysed the Scottish Government settlement to confirm the Council's total 2023/24 funding compared to the funding made available in 2022/23 before adjusting for changes in funding which have associated commitments. This is summarised in Exhibit 3.

Exhibit 3 – Summary of 2023/24 Funding vs 2022/23 Funding

	£,000
2022/23 Revenue Support Grant as per Budget Book	209,066
Remove one off Local Authority COVID Economic Recovery (LACER) Funding	(774)
Remove one off interim care funding	(336)
Add additional 2022/23 pay award funding	4,748
Updated 2023/24 Projected Funding	212,704
Impact of Settlement on Income	4,051
2023/24 Revenue Support Grant	216,755

4.3 Future Years Scottish Government Funding

4.3.1 In terms of assumptions on future year Scottish Government funding the spending review published in May 2022 indicated the total budget for Local Government would remain flat cash until 2026/27. Whilst the 2023/24 settlement has resulted in a small cash increase it is still considered prudent to maintain an assumption of flat cash in the best case and mid-range scenario and a 1% reduction in funding in the worst case scenario. This assumption will be kept under review throughout 2023/24.

4.4 Council Tax

4.4.1 As the setting of Council Tax is subject to a political decision no assumptions have been made about any increase in 2023/24 or future years. However a modest growth in the Council Tax base has been assumed over the next five years as set out in Exhibit 4.

Exhibit 4: Estimated Council Tax Income 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Council Tax Income (before any increase)	38,126	38,126	38,126	38,126	38,126
Estimated Council Tax Base Growth	213	477	658	852	1,047
Total Council Tax Income	38,339	38,603	38,784	38,978	39,173

4.5 Total Funding

4.5.1 Exhibit 5 summarises the total estimated funding over the next five years within the mid-range scenario.

Exhibit 5: Estimated funding 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
General Funding	216,755	216,755	216,755	216,755	216,755
Council Tax income	38,339	38,603	38,784	38,978	39,173
Total Funding	255,094	255,358	255,539	255,733	255,928

4.6 Base Budget

4.6.1 The base budget for 2023/24 starts off as the 2022/23 revenue budget of £251.693m and is then adjusted for the changes set out in the following paragraphs.

4.6.2 There are elements of Scottish Government funding 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. These new

commitments, or changes to previous commitments, are set out in Exhibit 6.

Exhibit 6: Funding Commitments

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
HSCP					
Free Personal & Nursing Care	144	144	144	144	144
Share of Real Living Wage Funding	1,686	1,686	1,686	1,686	1,686
Increase in Criminal Justice	3	3	3	3	3
COUNCIL					
Whole Family Wellbeing Fund	602	602	602	602	602
Local Energy Strategy	75	75	75	75	75
Devolution of Empty Property Relief	862	862	862	862	862
Rapid Rehousing Transition Plan	13	13	13	13	13
Reduction in Additional Teachers Funding	(66)	(66)	(66)	(66)	(66)
Reduction in Teachers Induction Scheme	(46)	(46)	(46)	(46)	(46)
1+2 Languages Funding Removed	(34)	(34)	(34)	(34)	(34)
Net Funding Commitments	3,239	3,239	3,239	3,239	3,239

- 4.6.3 There are a number of base budget adjustments required to reflect prior year decisions, one off costs in 2022/23 and/or decisions taken at the 9 March 2022 Council meeting. These are:
- Additional loan charges as consequence of capital growth items agreed by Council on 9 March 2022.
 - Removal of a historic assumption that the HSCP requisition would reduce in line with the assumption on future Council settlements.
 - Adjusting for historic assumption about ongoing recurring and procurement savings – I have assumed no further savings will be made from 2025/26 onwards.
 - Remove one off contribution to cost of living fund
 - Remove one off cost in 2022/23 for COVID related activity
 - Remove one off cost in 2022/23 for hosting election
 - Remove one off cost in 2022/23 for hosting community council elections.
 - Remove one off cost in 2022/23 for foodbank support
 - Remove one off cost in 2022/23 for water safety policy
 - Adjust for the end of a commitment in relation to Clydebank Town Hall and ending loneliness funding
 - Adjust to reflect profiling of previously agreed management adjustments
 - Remove investment in Modern Apprenticeship scheme from

2026/27 onwards.

4.6.4 In addition there is a need to adjust the base budget for decisions taken during 2022/23. These are summarised below.

4.6.5 When Council agreed the 2022/23 Budget on 9 March 2023 members agreed two things in relation to the cost of residential care:

1. Whilst the education budget needed to increase from £2.5m to £3.225m to cover increased costs, Education's budget was capped at £2.5m with a budget assumption that the additional £0.725m was due to COVID and could be funded by the HSCP from either COVID funds or their reserves as they related to previous funding made available to the HSCP by the Council.
2. To move from a 50/50 share of costs to 77.3%/22.7% share

On the grounds that the total budget to be shared was £5m (2x£2.5m) the 2022/23 education budget was then set at 22.7% of the £5m which was £1.135m. Subsequent to that decision:

1. A review was carried out which determined that the split should be 72%/28% rather than the 77.3%/22.7% agreed on 9 March 2022.
2. It was agreed that in moving to the revised 72%/28% split it was appropriate for the corresponding share of the 2022/23 budget to be passed from the Council to the HSCP.

The total current estimated 2022/23 outturn for residential care costs is £7.437m. Applying an estimated 4% uplift to that in each of the next four years will require an uplift to the base education budget as set out in Exhibit 7.

Exhibit 7: Increase to Education Budget for Share of Residential Care Costs

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Projected Total Outturn (inc 4% annual uplift)	7,735	8,044	8,366	8,701	9,049
28% Education Share	2,166	2,252	2,342	2,436	2,534
2022/23 Education Base Budget	1,135	1,135	1,135	1,135	1,135
Base Budget Adjustment Required	1,031	1,117	1,207	1,301	1,399

4.6.6 The following base budget adjustments relate to information reported to Council on 21 December 2022:

- increase of £5.640m to reflect the extent the 2022/23 pay award exceeded the 2% assumption already built into the budget
- decrease of £0.978m due to the reversal of the national insurance contribution increase

- decrease of £0.300m for removal of historical abuse case redress provision
- decrease of £0.159m for savings identified through the annual recurring exercise – this has needed to be reduced by £0.065m as a review undertaken in January identified some double counting between these savings and reported management adjustments
- decrease of £0.276m to reflect an assumption about the impact of the proposed changes to terms and conditions – note this is subject to negotiations.

4.6.7 The revised base budget is shown in Exhibit 8.

Exhibit 8: Revised Base Budget

	Para	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Base Budget	4.6.1	251,693	251,693	251,693	251,693	251,693
Funding commitments	4.6.2	3,239	3,239	3,239	3,239	3,239
Additional loan charges	4.6.3	175	173	170	168	165
HSCP requisition assumption	4.6.3	725	725	0	0	0
Recurring saving and procurement assumption	4.6.3	(600)	(1,200)	(1,200)	(1,200)	(1,200)
One off Cost of Living contribution	4.6.3	(400)	(400)	(400)	(400)	(400)
22/23 COVID costs	4.6.3	(385)	(385)	(385)	(385)	(385)
22/23 election costs	4.6.3	(150)	(150)	(150)	(150)	(150)
22/23 community election costs	4.6.3	(45)	(45)	(45)	(45)	(45)
22/23 foodbank support	4.6.3	(20)	(20)	(20)	(20)	(20)
22/23 water policy	4.6.3	(30)	(30)	(30)	(30)	(30)
Clydebank Town Hall and Ending Loneliness	4.6.3	(87)	(87)	(87)	(87)	(87)
Profile of previous management adjustments	4.6.3	(157)	(157)	(157)	(157)	(157)
Modern apprenticeship scheme	4.6.3	0	0	0	(250)	(250)
Residential care costs	4.6.5	1,031	1,117	1,207	1,301	1,399
22/23 pay award	4.6.6	5,640	5,640	5,640	5,640	5,640
Reverse NI increase	4.6.6	(978)	(978)	(978)	(978)	(978)
Historical abuse redress	4.6.6	(300)	(300)	(300)	(300)	(300)
Annual recurring	4.6.6	(94)	(94)	(94)	(94)	(94)

savings (adjusted)						
Terms and conditions	4.6.6	(276)	(276)	(276)	(276)	(276)
Revised Base Budget		258,981	258,465	257,827	257,669	257,764

4.7 Employee Costs

4.7.1 In terms of 2023/24 employee budgets, the expectation would be that the budget would reflect the 2022/23 budget plus any increase due to pay awards, incremental progression, and a built in assumption of 4% savings being generated through turnover.

4.7.2 The 2023/24 pay award has not been agreed yet and an estimate of 4% has been built into the budget in the mid-range (3% in best case and 5% in worst case). In terms of assumptions for years beyond 2023/24 I have assumed there will be pay awards of 2% in all three scenarios. As the pay 2023/24 pay award is not yet agreed there is a risk that it will differ from this estimate which may create a revenue cost pressure during 2023/24.

4.7.3 Exhibit 9 summarises the estimated changes to the employee budgets over the next five years for Council services. This includes an assumption that savings will be generated through turnover – this is set at 4% of employee costs for the majority of service areas but at a lower percentage for specific areas where it is recognised it is harder to achieve a 4% target. Note though that turnover saving targets are subject to a management adjustment in 2023/24 and future years. This has been built into the measures to balance the budget section of this report so is not included here to avoid a double count.

Exhibit 9: Estimated Employee Costs 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Pay award	6,296	9,570	12,910	16,316	19,791
Increments	755	1,510	2,265	3,020	3,775
Turnover Saving Assumption	(56)	(100)	(144)	(188)	(232)
Total Employee Increases	6,995	10,980	15,031	19,148	23,334

4.8 Non-Pay Inflation

4.8.1 Inflation has been included in the 2023/24 budget estimates and in future year estimates where it is considered necessary to ensure budgets are adjusted to reflect expected increases in costs. In terms of future years, an additional £0.500m annual general inflation has been built into the mid-range scenario (£0.250m in best case and £0.750m in worst case).

4.8.2 The overall additional budget requirement for non-pay inflation estimated over the next five years is summarised in Exhibit 10.

Exhibit 10: Non Pay Inflation - 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
General Provision	0	500	1,000	1,500	2,000
Utilities – Gas	1,484	1,692	1,829	1,972	2,123
Utilities – Electricity	1,147	1,218	1,354	1,497	1,646
Utilities – Street Lighting	57	118	148	180	213
Non-Domestic Rates	23	45	67	89	111
ICT	30	62	94	126	158
Landfill Tax	12	24	36	48	60
Audit Fee	20	24	28	32	36
PPP Unitary Payment	139	316	457	605	760
West Dunbartonshire Leisure Trust Management Fee	200	400	600	800	1,000
Increase in recharged income	(376)	(742)	(1,108)	(1,474)	(1,840)
Total	2,736	3,657	4,505	5,375	6,267

4.9 Cost Pressures

4.9.1 Services operate on the basis of having to contain any cost pressures within current resources wherever possible however that is not always possible and it is necessary to ensure budgets are adjusted where necessary for unavoidable cost increases. The estimated pressures for Council services are noted in Exhibit 11. An allowance for unidentified pressures has been included from 2024/25 onwards at £1.0m per annum within the mid-range scenario, £0.750m in the best case and £1.5m in the worst case.

Exhibit 11: Cost Pressures - 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
SEEMIS Membership Fees	1	3	5	7	9
Apprenticeship Levy	11	22	33	44	55
Impact of bank interest rate increases on loan charges	4,578	6,249	7,967	9,309	10,426
Waste charges due to change in legislation	1,400	1,400	1,400	1,400	1,400
Roads materials	212	212	212	212	212
2027/28 Local Government elections	0	0	0	0	200
Reduction in planning income	255	255	255	255	255
Reduction in licensing income	65	65	65	65	65
IFRS16 Software Costs	16	16	16	16	16
Cost of CCTV Operative Shift Allowance	14	14	14	14	14
Audit Fee increase in excess of inflation assumption	7	12	18	25	33
Website Software	16	16	16	16	16

Organic waste cost increase	63	63	63	63	63
Bus contract renewals	113	113	113	113	113
PPP Uplift in excess of inflation assumption	548	287	98	97	96
Loss of rental income	63	16	16	16	16
Right size office accommodation budget for rates	30	31	31	32	33
Aurora House District Heating Costs	10	10	10	10	10
Cost of Non Domestic Rates Revaluations	357	817	974	1,877	2,067
Net increase in ICT License costs	256	312	367	417	467
Personal Hygiene Costs	10	10	10	10	10
Additional West Dunbartonshire Leisure Trust Fee due to 22/23 Pay Award	333	340	346	353	360
Allowance for Unidentified Pressures	0	1,000	2,000	3,000	4,000
Totals	8,358	11,263	14,029	17,351	19,936

4.10 West Dunbartonshire Health and Social Care Partnership (HSCP)

4.10.1 The Council, at the budget meeting on 9 March 2022, agreed an HSCP requisition of £81.4m (subsequently increased to £81.780m to reflect the final confirmation by the Scottish Government of the allocation of funding commitment). In addition there was £1.631m passed through to the HSCP for Criminal Justice Partnership Funding and £0.063m for Community Justice Transition Funding. This resulted in an overall 2022/23 requisition to the HSCP of £83.474m

During 2022/23 there were adjustments made to that requisition as set out in Exhibit 12:

Exhibit 12: In year adjustments to HSCP 2022/23 requisition

	£,000
Original Requisition	83,474
Adjustments in year	
Share of Residential Care Budget	1,419
Adult Disability Payment (distributed outwith 2022/23 settlement)	71
Transfer from HSCP to Homeless Service for Action for Children and Blue Triangle	(82)
Budget realignment for mobile and ICT licenses	(8)
Budget adjustment for SIP Trunking costs	(3)
Revised 2022/23 HSCP Requisition	84,871

4.10.2 There is an ongoing assumption that the Council's allocation to the

HSCP will be on the basis of 'flat cash' plus the appropriate share of the Health & Social Care funding commitments detailed in Local Government Finance Circular (adjusting for any one off funding not recurring).

- 4.10.3 Exhibit 13 sets out the requisition to the HSCP over the next five years based on the assumptions noted above.

Exhibit 13: HSCP Payment - 2023/24-2027/28

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Revised 2022/23 Requisition	84,871	84,871	84,871	84,871	84,871
Adjust for non-recurring interim care money provided in 2022/23	(336)	(336)	(336)	(336)	(336)
Free Personal & Nursing Care	144	144	144	144	144
Share of Real Living Wage Funding	1,686	1,686	1,686	1,686	1,686
Increase in Criminal Justice	3	3	3	3	3
HSCP Requisition	86,368	86,368	86,368	86,368	86,368

- 4.10.4 The HSCP requisition has already been built into the base budget with the exception of adjusting for the £0.336m of non-recurring interim care money.

4.11 Budget Gap Prior to Measures to Balance Budget

- 4.11.1 The estimated budget gap prior to factoring in any potential options towards balancing the budget is summarised in Exhibit 14.

Exhibit 14: Estimated Budget Gap Prior to Measures to Balance Budget

Para		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
4.6.7	Revised Base Budget	258,981	258,465	257,827	257,669	257,764
4.7.3	Employee Cost Changes	6,995	10,980	15,031	19,148	23,334
4.8.2	Non-Pay Inflation	2,736	3,657	4,505	5,375	6,267
4.9.1	Cost Pressures	8,358	11,263	14,029	17,351	19,936
4.10.4	Adjust for Interim Care	(336)	(336)	(336)	(336)	(336)
	Total Expenditure	276,734	284,029	291,056	299,207	306,965
4.5.1	Total Funding	255,094	255,358	255,539	255,733	255,928
	Budget (Surplus) / Gap Cumulative	21,640	28,671	35,517	43,474	51,037

- 4.11.2 Exhibit 14 shows a 2023/24 budget gap prior to measures to balance the budget of £21.640m.

4.12 Measures to Balance the Budget – Previously Agreed

- 4.12.1 There are a number of measures to balance the budget which were either agreed by, or reported to, Council on 21 December 2022 or via the Council's Long Term Financial Strategy. These are summarised in Exhibit 15.

Exhibit 15: Previously Agreed Measures to Balance Budget

	2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Savings Options	3,019	4,042	4,184	4,184	4,184
Management Adjustments	899	1,167	1,356	1,356	1,356
Service Concessionary Recurring Savings	2,831	3,259	3,963	4,328	4,249
Assumed increase in sales, fees and charges	316	645	987	1,342	1,712
Total Previously Agreed Savings	7,065	9,113	10,490	11,210	11,501

4.13 Measures to Balance the Budget – For Council Approval

- 4.13.1 There are a further range of options to assist Members to balance the 2023/24 budget. These options are set out in the following paragraphs and can be categorised as either:

- Setting of Council Tax
- Saving Options
- Management Adjustments
- Use of Reserves

- 4.13.2 **Setting of Council Tax** - As per paragraph 4.4.1 the assumptions set out in this report make no assumptions about any increase in Council Tax. Each 1% increase in Council Tax would generate approximately £0.383m in income and increase the weekly bill to a Band D taxpayer by £0.26. Appendix 1 sets out an analysis of what rises in Council Tax between 3% and 12% would generate vs the increase in weekly Council Tax bills. This is provided for illustrative purposes.

- 4.13.3 **Saving Options** – In addition to the options considered by Council on 21 December 2022, officers have identified a further range of saving options for member consideration. A number of the saving options submitted for member consideration have multiple options contained within them which means there is a higher or lower value associated with them.

The total value of the 'higher value' saving options is a recurring saving of £10.040m in 2023/24 rising to £11.969m in 2024/25 and £11.994m in future years. These options are summarised in Appendix 2 with full details of each option set out in Appendix 3.

- 4.13.4 **Management Adjustments** – Officers have also identified management adjustments which do not result in either potential redundancies or

changes to policy and can be implemented without political approval. The total value of these management adjustments is a recurring saving of £1.232m in 2023/24 declining slightly to £1.020m in future years. These options are summarised in Appendix 2 with full details of each option set out in appendix 4.

4.13.5 **Use of Reserves** – On 21 December 2022 the Council agreed to earmark £6m from the one-off service concessionary financial flexibility to establish a smoothing fund to support a three year service transformation programme. There is an option to use this fund to help deliver a balanced 2023/24 budget however it should be noted that this is an option which is one-off in nature and use of it does not reduce the cumulative budget gap in future years. It would also not be prudent to use it all in one year as it was established to support transformation over a three year period. For the purposes of illustration it has been assumed that the £6m will be used evenly over the three year period.

4.14 Budget Gap After Measures to Balance Budget

4.14.1 The budget gap after applying all the measures to balance the budget is summarised in Exhibit 16.

Exhibit 16: Budget Gap After Measures to Balance Budget

Para		2023/24 £000	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
4.11.1	Estimated Budget Gap/(Surplus) Prior to Measures to Balance Budget	21,640	28,671	35,517	43,474	51,037
4.12.1	Measures Previously Agreed	(7,065)	(9,113)	(10,490)	(11,210)	(11,501)
	Updated Gap/(Surplus)	14,575	19,558	25,027	32,264	39,536
4.13.3	Saving Options for Approval	(10,040)	(11,969)	(11,994)	(11,994)	(11,994)
4.13.4	Management Adjustments	(1,232)	(1,020)	(1,020)	(1,020)	(1,020)
4.13.5	Use of Reserves/ Smoothing Fund	(2,000)	(2,000)	(2,000)	0	0
	Remaining Cumulative Budget Gap / (Surplus) prior to Considering Council Tax	1,303	4,569	10,013	19,250	26,522

4.14.2 Exhibit 16 demonstrates that if Members agreed to all the proposals noted within this report, and the even distribution of the £6m smoothing fund over the three years, there is a remaining budget gap of £1.303m in 2023/24. Note though this is before the application of any Council Tax

increase. If members agree to the assumptions set in exhibit 16 a rise in Council Tax of 3.4% would be required to deliver a balanced budget.

4.14.3 Members however may wish to balance the budget through a different combination of saving options, use of the smoothing fund and Council Tax increases. However it should be noted that, whilst there are a number of savings options built into these figures that could be reversed, accepting them now will assist with the continued challenging position in future years, especially as use of the smoothing fund is one-off in nature and, therefore, only delays the need to identify longer term recurring savings. This is illustrated by the projected budget gaps in 2024/25 and beyond in Exhibit 17.

4.15 Balancing Future Years Budget

4.15.1 The estimated cumulative budget (surplus) / gap in the period 2024/25 to 2027/28, assuming all 2023/24 saving options are approved and the smoothing fund is allocated evenly across each scenario is summarised in Exhibit 17.

Exhibit 17: Future Year Estimated Cumulative Budget Gaps

Budget Gap	2024/25 £000	2025/26 £000	2026/27 £000	2027/28 £000
Best Case	1,334	5,682	13,383	20,186
Mid-Range	4,569	10,013	19,249	26,522
Worst Case	9,478	17,859	29,959	40,074

4.16 Capital Plan Update

4.16.1 An update of the Council's 10 year capital plan was approved by Council on 9 March 2022. A review of the plan was conducted during 2022/23 with changes to the plan approved at Council on 21 December 2022. Following this review projects have been amended or removed as agreed. Officers have undertaken any necessary reprofiling of the remaining projects and these are included in the appendices to this report.

4.16.2 The updated Capital Plan has some changes to projects from the previous plan, agreed in March 2022 and updated to reflect decisions taken by Council on 21 December 2022. The main change being to the new build Faifley Campus. The original estimated budget for Faifley Campus was £29.5m. However the stage 1 report produced by the appointed contractors and presented to the Learning Estate Project Board on 20 December 2022 has increased this estimate to £35.618m. The reasons for this being ongoing national increases in construction costs and inflation. The scope of the project has not increased and the project team will continue to drive efficiencies throughout the stage 2 process whilst reviewing the original scope. The funding to be provided by the Scottish Government is estimated to remain at the initial offer of £18.416m over 25 years however this will be confirmed at financial close of the project. In the meantime, unless the overall cost can be reduced

through redesigning the project scope or delivering further efficiencies through value engineering, there is an assumption that the Council will need to fund the full difference between the final cost and the Scottish Government funding.

4.16.3 There are four appendices to this report in relation to the capital plan.

- Appendix 5 shows the forecast 2022/23 outturn
- Appendix 6 shows the anticipated spend on projects (revised capital plan)
- Appendix 7 shows the current resources available
- Appendix 8 provides information linking the capital plan to the Council's Asset Management Plans.

The loan charges linked to the capital plan reflect the values within the draft budget book. There are no new projects proposed for 2023/24.

4.16.4 In terms of affordability of the proposed plan it is the view of the Council's Senior Management Team that the plan is affordable, though clearly it will have revenue implications for future years, these will require to be planned for in the normal manner through long term financial strategies and budget planning processes. It is intended to undertake a full review of the Council's capital reporting process in 2023/24.

4.17 West Dunbartonshire Leisure Trust Management Fee

4.17.1 It is normal practice for the Council, as part of the budget setting process, to approve the West Dunbartonshire Leisure Trust Management Fee having consideration been given to the Trust's business plan by the Corporate Services Committee. However there is a savings option which proposes reducing the Trust's 2023/24 management fee and, consequently, it is not possible for the final fee to be included for consideration as part of this overall budget report. Once a decision has been made regarding the savings option, the fee can be confirmed. It should be noted that an indicative sum based on last year's fee of £4.16m has been included within the base budget calculations for 2023/24 with an additional £0.200m for inflationary rises (as per paragraph 4.8.2) and £0.333m for the 2022/23 pay award (as per paragraph 4.9.1). As such it is considered there is sufficient expenditure already built into the budget to cover any agreed management fee. A report will be brought forward to a future meeting of the Corporate Services Committee to agree the revised 2023/24 management fee.

4.18 Growth Bids

4.18.1 Due to the scale of the financial challenges facing the Council in 2023/24 and beyond there was a strict approach taken to officer developed growth bids for this budget. Growth bids would only be considered if they were either cost neutral or 'spend to save' projects. There are no growth bids for member consideration as part of this budget report.

5. PEOPLE IMPLICATIONS

- 5.1 The potential staffing implications are shown within the savings options appended to this report and will be subject to consultation processes where appropriate and managed in accordance with the Council's Switch Policy (Organisational Change). Given the scale of the savings, a voluntary release programme has been underway for several months. While the aim is to secure sufficient numbers of volunteers to allow achievement of agreed savings without delay, any shortfall in this area would necessitate progression to consideration of compulsory redundancy. Discussions with the trades unions have begun on this possibility and appropriate and equality proofed selection criteria will be shared in due course.

6. FINANCIAL AND PROCUREMENT IMPLICATIONS

- 6.1 The Financial implications arising from the budget process are detailed in the report and appendices. The procurement implications arising from this report are those in relation to proposed savings in the procurement team, these are detailed in the appendices.

7. RISK ANALYSIS

- 7.1 Some of the capital plan projects have an assumption of match-funding and grant funding from Scottish Government and other agencies. There is a risk that some or all of these are not received. The business cases for these projects will require to be updated as funding becomes clearer and Members may be required to consider the financial affordability of continuing with the projects. The risk and impact of the saving options are detailed in the appendices.

8. EQUALITIES IMPACT ASSESSMENT (EIA)

- 8.1 All individual savings options have been screened and where relevant, impact assessed.

9. CONSULTATION

- 9.1 The views of all Chief Officers have been requested on this report and feedback incorporated herein. Discussions on the issues herein have been had with the Trade Unions and a summary copy of the saving options was provided to Trade Unions, political group leaders and the workforce in the week commencing 7 February 2022.

10. STRATEGIC ASSESSMENT

- 10.1 Proper budgetary control and sound financial practice are cornerstones of good governance and support Council and officers to pursue the five strategic priorities of the Council's Strategic Plan.

- 10.2 The General Services revenue budget contributes to all categories by providing funding in specific areas to help the Council achieve and develop these priorities.

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Date: 15 February 2023

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Appendices

Appendix 1 – Analysis of Council Tax Increases
Appendix 2 – Summarised Saving Options and Management Adjustments
Appendix 3 – Detailed Saving Options
Appendix 4 – Detailed Management Adjustments
Appendix 5 – Capital Plan – 2022/23 – Forecast Outturn
Appendix 6 – Capital Plan – 2023/24 – Proposed Spend
Appendix 7 – Capital Plan – 2023/24 – Proposed Resources
Appendix 8 – Capital Plan – 2023/24 – Links to Asset Management Plans
Appendix 9 – Equality Impact Assessments

Background Papers

Long Term Finance Strategy Report – 27 October 2021
Financial Update Report to Council - 22 June 2022
Financial Update Report to Council - 21 December 2022