

WEST DUNBARTONSHIRE COUNCIL

Report by Chief Officer - Resources

Council: 9 March 2022

**Subject: General Services Budget Setting 2022/23 and 2023/24 –
2024/25 Budget Estimates**

1. PURPOSE

- 1.1 This report summarises the key issues relating to the revenue budget estimates and setting of council tax for 2022/23. It also provides budget estimates for 2023/24 to 2024/25; within the report the mid-range estimates are noted, with the best case and worse case estimates summarised at paragraph 4.14.1.
- 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 2022/23 through approval of options to close the 2022/23 budget gap.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- a) Note the updated position regarding projections for the revenue budget in 2021/22 as identified at paragraph 4.1.1.
 - b) Note the projected reserves position of the Council as identified at 4.1.2.
 - c) Note the projected outturn position for capital for 2021/22 as detailed in Appendix 3 including information in relation to the re-profiling of a number of projects and resources into future years.
 - d) Approve the application of £0.700m of available capital receipts to fund transformational spend in financial years 2022/23, and a reprofiling of the £0.526m of capital receipts originally approved by Council on 22 March 2021 across the three transformational projects as detailed in paragraph 4.12.3 and Appendix 1.
 - e) Approve the options to be used to set the General Services revenue budget for 2022/23 and assist with future projected budget gaps.
 - f) Approve the proposed updated capital plan from 2022/23 as detailed in Appendix 4 including the recommendation at paragraph 4.16.18 in relation to the West Bridgend Community Centre.

g) Approve the 2022/23 West Dunbartonshire Leisure Trust management fee of £4,161,077 (paragraph 4.17.1).

h) Approve the growth bids as identified at paragraph 4.18.

3. BACKGROUND

3.1 The Local Government Finance Circular 9/2021, published on 20 December 2021, detailed the provisional total revenue and capital funding allocations for 2022/23. 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 £2.186m, a small £0.026m increase on the estimated £2.160m allocation reported to Council on 9 February 2022. This increase is due to the £120 million being distributed on the basis of total Grant Aided Expenditure (GAE), Special Islands Needs Allowance (SINA), Former Ring-Fenced Grants, and Redeterminations which is in line with the revised distribution methodology, as agreed as part of the 2021 Settlement and Distribution Group work plan. This replaces the former general distribution being based on GAE plus SINA.

3.2 A report to Council on 9 February 2022, taking account of the provisional general revenue grant and the additional £120m of funding, reported an estimated 2022/23 budget gap of £5.509m and provided a range of options for Member consideration to close that gap. These were a mixture of one off and recurring options. This position has been updated to reflect changes since 9 February. The revised position is set out in the remainder of this report.

4. MAIN ISSUES

4.1 Budgetary Control Projection for 2021/22 and Review of Reserves

4.1.1 As at period 10 officers are projecting a year-end adverse position of £3.117m. Of this it is estimated that the projected impact of COVID was £3.174m which will be fully funded by Scottish Government COVID funds carried forward from 2020/21. This leaves an underlying favourable variance of £0.057m. 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 2022/23 draft budget (reflecting this report) the Prudential Reserve level has been calculated as £3.123m. Projected levels of reserves held by the end of 2021/22 are set out in Exhibit 1.

Exhibit 1 – Summary of Projected Unearmarked Reserves

	£,000	£,000
Unearmarked reserves as at 31/03/21		3,337
Changes		

Budgetary Control Projection 2021/22	57	
Projected Unearmarked reserves as at 31/03/22		3,394
Prudential Target for 2022/23		3,123
Projected Free Unearmarked Reserves		271

4.2 Scottish Government Settlement to Councils 2022/23

4.2.1 A single year Scottish Budget was announced by the Cabinet Secretary for Finance and the Economy on 9 December 2021.

4.2.2 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 scheduled to be presented to the Scottish Parliament in early March 2022.

4.2.3 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 deliver 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.

4.2.4 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.

4.2.5 2022/23 Scottish Government Funding for West Dunbartonshire Council

4.2.6 Officers have analysed the Scottish Government settlement to confirm the Council's total revenue budget including areas of funding for passporting to the HSCP and additional funding for specific areas of expenditure within Education. This is summarised in Exhibit 2.

Exhibit 2 – Summary of 2022/23 Funding

	£,000
General Recurring Funding	192,718
General One Off Funding (Para 3.1)	2,186
Funding to Passport to HSCP	8,875
Funding for Specific Education Purposes	4,101
Final 2022/23 Budget	207,880

4.3 Future Years Scottish Government Funding

- 4.3.1 In terms of my assumptions on future year Scottish Government 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. This is a 2.4% real terms increase over the period of the Spending Review however, as illustrated in Exhibit 3, this increase is front loaded, with a 7.7% real terms increase in 2022/23 followed by small percentage real term reductions in the following two years.

Exhibit 3: Scotland Block Grant from Treasury 2021-2025

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

- 4.3.2 Whilst Exhibit 3 highlights a 10.6% cash increase in 2022/23 compared to 2021/22, the Council's general revenue grant in 2022/23 was virtually flat cash. As a flat cash allocation has occurred in the year where the Scotland Block Grant has increased significantly, and future year cash increases are far lower it is almost certain there will be reductions to Local Government funding in future years. There was an assumption built into the Council's Long Term Financial Strategy reported to Council in October 2021 of a 0.25% reduction (best case) and 1.5% reduction (worst case) with a mid-range of a 0.5% reduction. I now consider this to be optimistic and I have adjusted that assumption to be a reduction of:

- 0.5% in the best case scenario
- 1.0% in the mid-range scenario
- 1.5% in the worst case.

This assumption will be kept under review and there should be greater clarity over future funding levels as a result of the Resource Spending

Review which expected in May 2022.

4.4 Council Tax

- 4.4.1 The estimated council tax income (including an assumed 3% future year Council Tax increase and growths in the Council Tax base) over the next three years is noted in Exhibit 4.

Exhibit 4: Estimated Council Tax Income 2022/23-2024/25

	2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
Total Council Tax Income	38,126	39,449	40,803

4.5 Total Funding

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

Exhibit 5: Estimated funding 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
General Funding	192,718	190,791	188,883
One Off 2022/23 Funding	2,186	0	0
Funding to Passport to HSCP	8,875	8,539	8,539
Funding for Specific Education Purposes	4,101	4,101	4,101
Council Tax income	38,126	39,449	40,803
Total Funding	246,006	242,879	242,326

4.6 Base Budget

- 4.6.1 The base budget for 2022/23 is the revised net 2021/22 revenue budget (£238.932m) adjusted to remove £6.460m of specific 2021/22 COVID expenditure. This gives a base budget of £232.472m.
- 4.6.2 The changes to the base budget are noted in the following paragraphs.
- 4.6.3 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. These new commitments, or changes to previous commitments are set out in Exhibit 6.

Exhibit 6: Funding Commitments

		Mid-Range	Mid-Range
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	Draft 2022/23 £000	2023/24 £000	2024/25 £000
HSCP			
Winter Planning Care	2,086	2,086	2,086
Living Wage	2,074	2,074	2,074
Carer's Act	351	351	351
Free Personal and Nursing Care	146	146	146
Interim Care Funding (non-recurring)	336	0	0
Mental Health Recovery and Renewal	57	57	57
Implementation of National Trauma Training Programme	50	50	50
Scottish Disability Assistance	61	61	61
Support pay and sustainability of social care services	3,346	3,346	3,346
Additional Funding to Assist Social Care Sector	368	368	368
EDUCATION			
Curriculum Charges	36	36	36
Instrumental Music Tuition	30	30	30
Clothing Grants	234	234	234
Additional Teachers 2021/22	1,154	1,154	1,154
Additional Teachers 2022/23	1,477	1,477	1,477
Free School Meals	684	684	684
Free School Meals Holiday Payments	486	486	486
Total Increases	12,976	12,640	12,640

4.6.4 The costs for residential care for children under 16 (or those in full time education beyond that age) are currently shared on a 50/50 basis between the Council and the HSCP. This is because the overall care package has an elements of both education and residential costs. In 2022/23 there has been a need to increase the education costs for this by £0.725m from £2.5m in 2021/22 to £3.225m in 2022/23 due to an increased number of children in residential placements. There is an assumption that this increase is as a consequence of the impact of COVID on families. Consequently it has been determined that the education budget for residential costs should kept at the 2021/22 level of £2.5m and any additionality should be funded by the Children & Families budgets that sit with the HSCP potentially funded by the reserves as they relate to the previous funding transferred to the HSCP by West Dunbartonshire Council.

4.6.5 Other adjustments to the base are:

- Remove £0.104m of revenue funding provided to the Independent Resource Centre (IRC) who have announced they are closing on 31 March 2022.
- Add £0.030m of one off consultancy costs in 2022/23 as per Council

- decision on 9 February 2022 to progress a Water Safety Policy.
- Annual £0.300m target to deliver procurement savings 2022/23 target already built into the base).
 - Annual £0.300m to deliver recurring variance savings (2022/23 target already built into the base).
 - Service efficiencies totalling £0.247m in 2022/23 rising to £0.357m in future years.
 - Adjust for £0.500m one off saving in 2021/22 to use capital receipts to fund transformation.
 - Adjustment for recharged income of circa £0.387m per year.
 - Adjust for prior year savings which have a further impact in 2022/23.
 - Adjust for the impact of previous Cultural Committee decisions relating to the use of Clydebanks Town Hall.
 - Adjust for £0.074m one off transfer to change fund agreed in 2021/22.
 - Adjust for £0.200m property saving in 2021/22 for sharing Aurora House with NHS.
 - Adjust for 2022/23 being the final year of the 'Ending Loneliness' grant fund.

4.6.6 The revised base budget is shown in Exhibit 7.

Exhibit 7: Revised Base Budget

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
Base Budget	232,472	232,472	232,472
Funding Commitments	12,976	12,640	12,640
Adjust for the one off 2022/23 increase in residential costs to be funded from HSCP COVID funds	(725)	0	0
IRC Funding	(104)	(104)	(104)
Water Safety Policy	30	0	0
Service efficiencies	(247)	(357)	(357)
Annual procurement savings target	0	(300)	(600)
Annual recurring savings target	0	(300)	(600)
Adjust for one off use of capital receipts in 2021/22	500	500	500
Recharged income	(387)	(763)	(1,129)
Profiling prior year savings	(155)	(202)	(202)
Clydebanks Town Hall	106	29	29
Change Fund	(74)	(74)	(74)
Aurora Shared Premise	(200)	(200)	(200)
Ending Loneliness	0	(10)	(10)
Revised Base Budget	244,192	243,331	242,365

4.7 Employee Costs

- 4.7.1 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 pay awards, incremental progression, changes to the employee base and a built in assumption of 4% savings being generated through turnover.
- 4.7.2 The 2022/23 pay award has not been agreed yet and therefore an estimate of 2% has been built into the budget. This is consistent with the assumption in the Council's Long Term Financial Strategy. In terms of assumptions for future years I have assumed there will be pay awards within a range of 1.5% (best case), 2.0% (mid-range) and 2.5% (worst case). As the 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 2022/23.
- 4.7.3 In 2022/23 there is an increase to the employer National Insurance Contributions imposed by the UK Government which creates a recurring cost pressure of £0.959m.
- 4.7.4 Exhibit 8 summarises the estimated changes to the employee budgets over the next three 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.

Exhibit 8: Estimated Employee Costs 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
Change to employee base	189	222	137
Pay award	3,341	6,559	9,457
Increments	706	1,427	2,492
National Insurance Increase (not funded)	959	966	985
Turnover Saving Assumption	(2,615)	(2,671)	(2,715)
Total Employee Increases	2,580	6,503	10,356

4.8 Non-Pay Inflation

- 4.8.1 Inflation has been included in the 2022/23 budget estimates and in future year estimates where it is considered necessary to ensure budgets are adjusted to reflect expected increases in costs. Also built in as a 4% increase in Council fees and charges as assumed in the Council's Long Term Financial Strategy.
- 4.8.2 The overall additional budget requirement for non-pay inflation estimated

over the next three years is summarised in Exhibit 9.

Exhibit 9: Non Pay Inflation - 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
Electricity	315	367	435
Gas	421	483	685
Street Lighting Electricity	50	107	168
Non-Domestic Rates	78	101	123
ICT	165	195	227
Landfill Tax	118	130	130
ASN Support – Residential Care	137	274	411
Audit Fee	7	12	17
PPI Unitary Payment	495	634	811
Sales and Fees Income (4% Increase)	(304)	(620)	(948)
West Dunbartonshire Leisure Trust Mgt Fee	163	363	563
Total	1,645	2,046	2,622

- 4.8.3 In terms of future years inflation, the same level of non-pay inflation has been built into the best case and mid-range scenarios with an additional £0.500m general inflation built into the worst case scenario.

4.9 Cost Burdens

- 4.9.1 Services operate on the basis of having to contain any cost burdens within current resources wherever possible however it is not always possible to absorb these burdens within current budgets and it is therefore necessary to ensure budgets are adjusted where necessary. The estimated burdens for Council services are noted in Exhibit 10. An allowance for unidentified burdens has been included from 2023/24 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 10: Burdens - 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
SEEMIS Membership Fees	3	4	6
Municipal Bank Costs	43	43	43
2022/23 Election	150	0	0
2022/23 Community Council Elections	45	0	0
Increases in Insurance	150	150	150

Costs			
Set aside provision for potential historic abuse cases	150	300	300
Apprenticeship Levy	11	22	33
Increase in Pension costs	70	70	70
Shared Service Income Reduction	32	32	32
Increase in loan charges costs due to interest rate increases	475	1,532	1,431
Potential increase in waste costs due to current provider losing a tribunal relating to an underpayment of landfill tax. Provider is currently appealing the decision.	500	1,000	1,000
General provision in future years	0	1,000	2,000
Totals	1,629	4,153	5,065

- 4.9.2 In addition to the cost burdens in exhibit 10 there are some specific cost burdens in 2022/23 which are a direct consequence of COVID. These were detailed in the Budget Update report taken to Council on 9 February 2022 and summarised in Exhibit 11. Note that the impact of the increase in NI contributions (as detailed in section 4.7 'Employee Costs' of this report) is also considered to be a COVID consequence in 2022/23. It has not been included in this table to as to avoid double counting it.

Exhibit 11: Specific COVID Cost Burdens - 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
Taxi costs for Education service	247	0	0
Vehicles	77	0	0
Additional Support Needs – Residential and Day Care	552	552	552
Reduction in Waste Income	102	51	0
Cleaning	40	30	20
Totals	1,018	633	572

4.10 West Dunbartonshire Health and Social Care Partnership (HSCP)

- 4.10.1 The Council agreed an allocation to the HSCP of £72.428m for 2021/22 at its meeting on 22 March 2021. The most recent report on the 2022/23

budget to the HSCP Board on 21 February 2022 identified a budget gap of £0.416m for social care after applying £0.344m of reserves. This includes an 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 9/2021 plus a further £22m of funding announced by the Scottish Government to assist efforts in the adult social care sector (in particular £4.8m for Care Home and Care at Home Oversight Funding and £17.2m for additional workforce capacity within Adult Social Work). These funding commitments are detailed in Exhibit 6 at paragraph 4.6.3.

- 4.10.2 In terms of the level of future years funding to the HSCP this is subject to the level of Scottish Government funding made available and the Council's overall financial position in future years. The working assumption is that an allocation on the basis of 'flat cash' plus the appropriate share of the Health & Social Care funding commitments will continue in future years.
- 4.10.3 Exhibit 12 sets out the net payment to the HSCP over the next three years based on the assumptions noted above.

Exhibit 12: HSCP Payment - 2022/23-2024/25

	Draft 2022/23 £000	Mid-Range 2023/24 £000	Mid-Range 2024/25 £000
2021/22 Baseline	72,428	72,428	72,428
2022/23 Funding Commitments	8,875	8,539	8,539
HSCP Requisition	81,303	80,967	80,967

- 4.10.4 The HSCP requisition has already been built into the base budget.
- 4.10.5 The delegated net budget to the HSCP includes income levied from both residential and non-residential charging for social care services. The responsibility for raising charges lies with the relevant service area and the collection of debt is governed by the Council's Corporate Debt Policy. If a service user, or their carer, has difficulty in making payment, then advice will be offered by the HSCP and the Corporate Debt Team to make reasonable adjustments to support repayment. However, there are occasions when debts are not fully repaid and may be written-off in line with the policy. To date the Council has absorbed all bad debt related to social care charges as the vast proportion of the debt pre-dates the establishment of the HSCP Board in July 2015. However, during 2021/22 it has been identified that debt to the value of £80,719 relates to charges levied after July 2015 and as such will be offset against HSCP income. Going forward the HSCP Board will be asked to agree the creation of a bad debt provision to align against any future bad debt. The value of this provision will be set out in the HSCP's 2021/22 draft unaudited annual accounts.

4.10.6 As per paragraph 4.6.4 the 50/50 split of costs for children's residential care is because the overall care package has an element of both education and residential costs. This 50/50 split was agreed by officers a number of years ago. The majority of residential care invoices from external care providers do not identify the split of costs between the educational and the residential elements so it is not easy to accurately determine whether a 50/50 share is an accurate reflection of actual costs incurred. The 2022/23 Educational budget for this service is £2.500m after adjusting for the £0.725m referenced at paragraph 4.6.4. A benchmarking exercise was undertaken to assess how a number of other Scottish councils split the children's residential service costs. Responses received identified a variety of local agreements ranging from a similar 50/50 split to a council who have an 80/20 split with the HSCP having the larger share. The general rationale within Councils who allocate more than 50% to the HSCP is that it better reflects the cost of service delivery. By way of illustration, based on the revised £2.500m 2022/23 education budget (i.e. a total budget of £5.000m shared 50/50) a change to a 60/40 split, would reallocate £0.500m of revenue costs to the HSCP on a recurring basis. Within this budget report the expenditure figures reported are based on the existing 50/50 split however members may wish to consider a different apportionment as part of their budget considerations.

4.10.7 As per paragraph 4.10.2 the working assumption is that the allocation to the HSCP is on the basis of 'flat cash' plus the appropriate share of the Health & Social Care funding commitments. However a letter from the Cabinet Secretary for Finance to the COSLA Leader (copied to all Council Leaders) on 9 December 2021 advises that '*The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2021/22 recurring budgets for adult social care services that are delegated.*' There therefore is flexibility for the Council to adjust the HSCP allocation by amending the Children & Families element. The HSCP's 2021/22 expenditure is split broadly as:

- Adult Social Work - £52.0m
- Children & Families - £20.2m
- Other - £2.9m

Each 1% reduction on the Children & Families element would reduce the overall allocation by £0.202m. This is a matter for members to consider when setting the budget.

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 13.

Exhibit 13: Estimated Budget Gap Prior to Measures to Balance Budget

Para		Draft 2022/23 £000	Mid- Range 2023/24	Mid- Range 2024/25

			£000	£000
4.6.6	Revised Base Budget	244,192	243,331	242,365
4.7.4	Employee Cost Changes	2,580	6,503	10,356
4.8.2	Non-Pay Inflation	1,645	2,046	2,622
4.9.1	Burdens	1,629	4,153	5,065
4.9.2	COVID Burdens	1,018	633	572
	Total Expenditure	251,064	256,666	260,980
4.5.1	Total Funding	(246,006)	(242,879)	(242,326)
	Budget (Surplus) / Gap Cumulative	5,058	13,787	18,654

- 4.12.2 Exhibit 13 shows a 2022/23 budget gap prior to measures to balance the budget of £5.058m. This is a decrease of £0.451m on the £5.509m gap reported to Council on 9 February 2022. The reasons for this movement are summarised below.

	£,000
2022/23 Estimated Budget Gap (February 2022)	5,509
Remove IRC Funding	(104)
Add costs for Water Safety Policy Consultants	30
Increase estimates for future gas costs	140
Increase in loan charge cost due to interest rate increase	234
Adjust for revised share of £120m one off funding	(26)
Adjust for any additional 2022/23 residential placement costs to be funded by the HSCP	(725)
Revised Estimated 2022/23 Budget Gap	5,058

4.12 Measures to Balance the Budget for Council Approval

- 4.12.1 There are a range of options to assist Members to balance the 2022/23 budget. These options are set out in the following paragraphs and can be categorised as either:

- Application of COVID Funding
- Application of Financial Flexibilities
- Setting of Council Tax
- Saving Options
- Use of Reserves
- Setting of Fees and Charges

- 4.12.2 **Application of COVID Funding** - Officers have completed a review to identify costs within the 2022/23 revenue budget estimates which are directly attributable to COVID. These estimates are subject to change prior to the end of the 2021/22 year and, further during 2022/23 as the impact of COVID changes over time. However current estimates have confirmed that £1.977m of 2022/23 costs can be attributed to COVID. This can be funded from the £3.007m of general COVID funding that it is projected will be carried forward into 2022/23. The £1.977m is summarised in Exhibit 14.

Exhibit 14: Proposed use of COVID Funding in 2022/23

Cost	Justification for Using COVID Funds	£000
2022/23 Impact of NI Uplift	<p>When announcing the 1.25% uplift the UK Government stated in the policy objective that <i>it would be irresponsible to meet the increase in spending on Health and Social Care through higher borrowing, particularly in the context of record borrowing and debt to fund the economic response to COVID.</i></p> <p>Therefore it is deemed a reasonable assumption that the 2022/23 uplift is attributable to COVID. However it should be noted that the uplift will become a permanent levy beyond 2022/23 so use of any carried forward COVID funding may not be appropriate in future years.</p>	959
Taxi costs for Education service	COVID is continuing to create a pressure on taxi costs due to additional taxi hire being required due to social distancing and increased cost of taxi hire due to a reduction in availability of taxis. It has been assumed these burdens will continue into 2022/23.	247
Vehicles	Additional vehicle hire continues to be required due to social distancing. It has been assumed these burdens will continue into 2022/23.	77
Additional Support Needs	During COVID the number of placements for children requiring specialist support has increased with limited alternatives available. Increased demand with limited spaces available has caused an increased in costs. It has been assumed these burdens will continue into 2022/23.	552
Reduction in Waste Income	Due to a number of businesses and premises closing throughout COVID, commercial waste income has reduced. It will take time for the service to build income back up to pre-COVID levels.	102

Cleaning	Additional 2022/23 building cleaning costs as a consequence of COVID	40
Total		1,977

- 4.12.3 **Application of Financial Flexibilities** - The Scottish Government has agreed to extend the flexibility to allow capital receipts to fund transformational projects in 2022/23 (pending confirmation from the UK Government). Officers have reviewed the 2022/23 revenue estimates to identify revenue expenditure that can be appropriately classified as targeted at delivering transformation. This has identified £0.700m which can be funded through capital receipts in 2022/23. It is anticipated this would be achievable based upon the estimated capital receipts due in 2022/23, taking account of other commitments (i.e. loan charge payments) which have been set against these receipts. For further details refer to Appendix 1. Appendix 1 also updates Council on the estimated spend against the £526,444 which was approved by Council in March 2021. It shows that the full £526,444 is projected to be spent however the allocation of it across the three projects is different from that approved by Council on 23 March 2021. Council, is asked to approve the re-allocation of the 2021/22 expenditure and the new 2022/23 expenditure.
- 4.12.4 **Setting of Council Tax** - As per the Council's Long Term Financial Strategy 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. There is scope however for Council to agree a Council Tax increase at a different level. Each 1% increase in Council Tax would generate approximately £0.370m in income.
- 4.12.5 **Saving Options** - Officers have also identified a range of saving options for member consideration. These were reported to Council on 9 February 2022. The majority of the options can be taken or rejected in isolation of other options however there are a small number which are 'either/or' options which means there is a higher or lower value associated with them. The total value of the 'higher value' options is a recurring saving of £3.113m in 2022/23 rising to £4.395m in future years. These options are set out in Appendix 2.
- 4.12.6 **Use of Reserves** - The Council has a number of reserves and it is possible for Council to use these funds where no committed spend has been set. Exhibit 15 sets out that as much as £1.034m of reserves could be released to help balance the 2022/23 budget. It should be noted this option is one-off in nature and once these reserves are exhausted they would not be available for the purpose for which they were originally set aside.

Exhibit 15: Potential Use of Reserves in 2022/23

Reserve	Consideration	£000
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IRC Reserve	The Council created a provision to sustain IRC services in the medium term whilst they sought solutions to longer term funding. The IRC has taken a decision to close meaning the remaining balance on this reserve can be released.	63
Shared Services	This was established as a £240k reserve in 2019/20. Only £14,000 has been used since then.	226
Resources – Spend to Save	There has been no spend against this reserve since it was established in 2019/20.	150
Brexit	Residual balance in the reserve. It isn't anticipated it will be required.	41
Food Share	This was a contingency balance which was to be kept in place until September 2022 however if Food Share was to require it in 2022/23 this could be made available from general COVID Funds.	49
Community Empowerment Steering Group	Residual balance. 2022/23 anticipated spend on this area can be contained within existing budget.	30
Unearmarked Balance in the Change Fund	Funds which have not been earmarked for any specific purpose. Use of them would mean there are no remaining monies in the change fund for any new initiatives.	138
Free Reserves over and above Prudential Target	This is the amount that Council free reserves would exceed the prudential target if the 2022/23 position is a break even.	214
Projected outturn	Current projected favourable 2021/22 revenue outturn as at Period 10 is £0.057m. This increases by the agreed HSCP Bad Debt Reimbursement (Ref Para 4.10.7) of £0.81m and reduced by £0.015m due to the 9 February 2022 Council decision to fund graffiti removal. This leaves an estimated favourable outturn of £0.123m at the year end.	123

Total		1,034
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- 4.12.7 **Setting of Fees and Charges** - The Long Term Financial Strategy currently assumes an increase in fees and charges of 4%. As at January 2022 the Retail Price Index is 7.8% and the Consumer Price Index is 5.5% which would indicate there is an option to increase fees and charges by a higher percentage. Each 1% increase in the Council's fees and charges would generate approximately £0.075m in income.

4.13 **Budget Gap After Measures to Balance Budget**

- 4.13.1 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		Draft 2022/23 £000	Mid- Range 2023/24 £000	Mid- Range 2024/25 £000
4.11.1	Estimated Budget Gap/(Surplus) Prior to Measures to Balance Budget	5,058	13,787	18,654
4.12.2	Application of COVID Funding	(1,977)	(0)	(0)
4.12.3	Application of Financial Flexibilities	(700)	(0)	(0)
4.12.5	Saving Options	(3,113)	(4,395)	(4,395)
4.12.6	Use of Earmarked Reserves	(1,034)	(0)	(0)
4.12.7	Additional 1% Increase in Fees & Charges	(75)	(75)	(75)
	Budget Gap / (Surplus) Cumulative	(1,841)	9,317	14,184

- 4.13.2 Exhibit 16 demonstrates that if Members agreed to all the proposals already noted within this report there will be a balanced 2022/23 budget with a surplus of £1.841m. 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 a number of the saving options are one-off in nature and, therefore, only delay the need to identify longer term recurring savings. This is illustrated by the projected budget gaps in 2023/24 and 2024/25 in Exhibit 17.

4.14 Balancing Future Years Budget

- 4.14.1 The estimated cumulative budget (surplus) / gap in the period 2023/24 to 2024/25, assuming all 2022/23 saving options are approved, across each scenario is summarised in Exhibit 17.

Exhibit 17: Future Year Estimated Budget Gaps

Budget Gap	2023/24 £000	2024/25 £000
Best Case	7,268	10,083
Mid-Range	9,317	14,184
Worst Case	12,116	19,785

4.15 Summary of Available COVID Funds

- 4.15.1 Throughout 2021/22 officers have monitored the financial impact of COVID on the Council's revenue position and reported on this through the usual budget control reports taken to Committees and full Council. As per paragraph 4.12.2 officers have also identified an estimated £1.977m of 2022/23 costs which can be attributed to COVID.
- 4.15.2 Exhibit 18 summarises the estimated general COVID funds which will still be available in 2022/23. Note that these figures are subject to change as the estimated 2021/22 COVID spend is based on the position as at period 10.

Exhibit 18: Summary of Available General COVID Funds

	£,000	£,000
2020/21 COVID Funding Carried Forward	1,973	
2021/22 COVID Funding	4,488	
Total Available COVID Funding in 2021/22		6,461
2021/22 COVID Spend To Date	(280)	
2021/22 Estimated Additional COVID Spend (as at P10)	(3,174)	
Total Estimated COVID Funding to Carry Forward into 2022/23		3,007
Committed 2022/23 COVID Expenditure	(81)	
Estimated 2022/23 COVID Expenditure	(1,977)	
Estimated Available COVID Funding at 31/03/23		949

- 4.15.3 In February 2022 the Scottish Government announced an £80m Local Authority COVID Economic Recovery (LACER) Fund. Distribution of the

fund is still to be confirmed but it is estimated the Council's share will be £1.458m. The fund is to be provided via General Revenue Grant and Scottish Government expectations are that it will be fully utilised during 2022/23. The Scottish Government has proposed the following principles of spend to guide how the fund should be used by local authorities – the expenditure must meet one or more of the following:

- Interventions that support local economic recovery and contribute to businesses being able to move from surviving the period of trading restrictions towards recovery, growth, adaptation and building resilience.
- Projects that can rebuild consumer confidence and stimulate demand and economic activity in their specific contexts.
- To support the low-income households that are disproportionately impacted by the pandemic and the current cost of living crisis, to become more economically active.

This funding has not been included in the general COVID funding table in Exhibit 19 as the proposed principles means it is not considered to be general COVID funding with no restrictions on use.

4.16 Capital Plan Update

- 4.16.1 An update of the Council's 10 year capital plan was approved by Council on 22 March 2021. Officers have reviewed the plan to update it recognising progress made on projects, any project re-phasing and anticipated funding.
- 4.16.2 The updated Capital Plan has some changes to projects from the previous plan, the main ones being in relation to determining more accurate phasings for significant projects such as, Gruggies Burn, depot rationalisation, district heating network expansion and regeneration fund. Appendix 3 summarises the rephasings to reflect the in-year variances.
- 4.16.3 In addition 20 new projects, with a total project life cost of £5.649m are proposed for inclusion in the plan from 2022/23. The result of this update is shown as Appendix 4 (spend) and Appendix 5 (resources) to this report. The loan charges linked to the capital plan reflect the values within the draft budget book and the effect of new projects are shown below in paragraph 4.16.9. Appendix 6 provides information linking the capital plan to the Council's Asset Management Plans.

West Bridgend Community Centre

- 4.16.4 One existing capital project where there has been a material change in the projected life costs is the one to build a new West Bridgend Community Centre. On 22 February 2017 Council agreed to fund the demolition of West Bridgend Community Centre with a view that a Community Asset Transfer Application with a detailed business plan would be submitted by a community group for future use. The capital budget allocation at that time was £0.675m.

- 4.16.5 On 4 February 2018 an application was submitted by West Bridgend Community Hall Development Association, including a detailed business case, to sustain a suitable new build community facility to be built on the site of the former West Bridgend Community Centre. The old centre was demolished in 2018 and the 16 May 2019 Infrastructure, Regeneration and Economic Development Committee approved a report proposing a detailed design phase for a new community hall on the same site be progressed. The report confirmed the project could be delivered within the £0.675m budget.
- 4.16.6 Between 2019 and 2020 progress was made including the appointment of architects, engagement with the community group, and the creation of initial designs. Over this period it became apparent that the original capital budget of £0.675m was insufficient as it did not provide for a range of activities that would be required to construct a site of this nature. A value engineering exercise was carried out in early 2020 which sought to minimise the additional costs to deliver the proposed design. Post the completion of this exercise it is still estimated that total capital funding of £2.3m is required to complete this project, a £1.7m increase on the original budget. This is included in the revised capital plan at Appendix 4 with the capital expenditure profiled in 2022/23 and 2023/24. The Community Group have tried to seek additional funding streams but, to date, have been unsuccessful.
- 4.16.7 Taking into account all of the above, the options for the Council are summarised as follows:
- Option 1 – Approve additional £1.7m capital expenditure phased over 2022/23 and 2023/24 (as per draft capital programme in appendix 4) and assist the Community Group to again try to secure additional funding.
 - Option 2 – Retain the current budget of £0.675m and assist the Community Group to again try to secure additional funding.
 - Option 3 - Review the business case with the Community Group and, in turn, review the design to deliver community asset transfer at reduced cost more in line with current budget provision.
 - Option 4 – Fund the additional capital requirement from the existing reoccurring Building Upgrades budget. This will impact on future projects in the current programme such as pavilions, community centre condition survey works which will require to be re-phased into future years.
- 4.16.8 In considering the options listed above, and acknowledging that this project has already been approved by Elected Members, it is recommended that Option 1 is approved meaning the project continues, with Council approval to allocate additional funding over the two year period 2022/23-2023/24 and further work is undertaken in conjunction with the group to source grant funding in 2022/23 to assist with minimising additional costs to the Council.
- 4.16.9 Included in Appendix 4, are 20 new projects identified during the budget

preparation process which have been agreed by the Senior Leadership Team to be recommended for approval by Council, as summarised in Exhibit 19. If approved these projects will generate a charge to the revenue budget of £0.344m in 2023/24 which will increase in future years based on the profile of the capital spend. This revenue impact is a combination of £0.290m of loan charges to reflect the revenue impact of borrowing plus additional net annual running costs/savings of £0.054m generated by the capital project. Note that these costs are not included in the estimated 2023/24 revenue budget gaps reported at paragraph 4.14.1 as these projects are still subject to approval.

Exhibit 19: Recommended New Capital Projects for Council Approval

		Capital Costs (£,000)		2023/24 Revenue Costs (£,000)	
Ref	Project Name	2022/23 (£,000)	Project Life (£,000)	Loan Charges	Other Revenue Impact
1	Agresso Upgrade	0	30	0	0
2	IFRS 16 Database	5	5	1	16
3	Re-imagine Antonine Wall	10	30	1	0
4	Community Alarm Upgrade	154	924	19	81
5	Replacement of CareFirst	280	1,400	35	0
6	Electric Vehicle Charging Points	50	50	6	0
7	Roads Plant	40	80	5	(20)
8	Footway Resurfacing (RAMP)	350	350	20	0
9	East End Park Resurfacing	30	200	2	0
10	Cemetery Extension, North Dalnotter	0	250	0	0
11	Balloch Mountain Bike Track	10	210	1	0
12	Play Area Upgrade Programme	100	500	8	0
13	Water Safety	30	30	7	0

14	Traffic Signal Upgrades	300	300	38	0
15	Vehicle Replacement Strategy	1,000	1,000	125	0
16	Lighting upgrades to LED in schools and Corporate buildings	50	50	6	(7)
17	Water Automatic Meter Readers	20	20	3	(5)
18	Replace Obsolete oil fired Boiler at HUB CEC.	110	110	8	(8)
19	Electricity Automatic Meter Readers	10	10	1	(3)
20	Changing Places Toilet Provision	100	100	6	0
	Totals	2,649	5,649	290	54

4.16.10 As a result of the above the capital funding requirement has been adjusted for re-phasing and the anticipated approval of the new bids in Exhibit 19. This will be reflected in the Council's Treasury Management Strategy which will be presented to full Council on 23 March 2022.

4.16.11 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 planning process, capital reporting and the ten year capital plan in 2022/23.

4.17 West Dunbartonshire Leisure Trust Management Fee

4.17.1 At the 23 February 2022, Corporate Services Committee a report was approved in relation to the West Dunbartonshire Leisure Trust (WDLT) 2022/23 Business Plan. The plan was approved with a budget gap of £0.742m with the WDLT planning on a one-off use of reserves to bridge that gap on the basis that it expects their financial position to improve over 2022/23. The Corporate Services Committee agreed that the draft WDLT management fee of £4,161,077 set out in the report should be included in this Council report to ensure it is considered as part of the 2022/23 revenue budget setting process. It is recommended that Council approve that management fee which has been calculated as set out in Exhibit 20.

Exhibit 20: WDLT Draft 2022/23 Management Fee

	£
2021/22 WDLT Management Fee (Base)	4,140,311
Employee Cost Uplift	125,567
Utilities Uplift	66,689
Increased Fee for additional services linked to the transfer of Dalmonach Community Centre	28,510
One off WDLT Saving	(200,000)
Draft 2022/23 Management Fee	4,161,077

4.18 Growth Bids

- 4.18.1 In addition to the revenue figures detailed above there are three growth bids which have been submitted by services for member consideration when considering the 2022/23 revenue budget. If approved these would have a recurring revenue impact as summarised in Exhibit 21 which would increase the budget gap needing to be bridged.

Exhibit 21: 2022/23 Growth Bids

Service	Description	Recurring Annual Cost (£,000)
Democratic and Registration Services	Additional part time grade 6 officer to help with additional resource requirement for hybrid meetings, audio-casting and additional Council and working groups. There would be scope to use COVID Funds for this in 2022/23.	30
Environmental Health	Additional resource to help the Council meet the expanded Food Law intervention requirements brought about by the introduction of the 'Interventions Food Law Code of Practice (Scotland) 2019.' Request is for two additional grade 8 officers.	101
Modern Apprentices	Funding to extend Modern Apprenticeship Scheme beyond current funding agreement. Proposal is to extend for four years at £250,000 per annum.	250
	Total	381

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).

6. FINANCIAL AND PROCUREMENT IMPLICATIONS

- 6.1 The Financial implications arising from the budget process are detailed in the report and appendices. There are no direct procurement implications arising from this report.

7. RISK ANALYSIS

- 7.1 Some of the capital plan projects have an assumption of match-funding and grant funding from SG 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 require to consider the financial affordability of continuing with the projects.
- 7.2 COVID continues to present risks to how the Council and its community operate in 2022/23 and beyond. In relation to the financial impact of COVID the assumption is that estimated costs in 2022/23 will be covered by the carried forward general COVID funds of £3.007m.

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 Trades Unions and a copy of the saving options was provided in advance of their publication as part of the Council budget update paper taken to Council on 9 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 5 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.

Laurence Slavin
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Date: 9 March 2022

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Appendices

Appendix 1 – Transformational projects to be funded/part funded through capital receipts in 2022/23

Appendix 2 – Saving Options

Appendix 3 – Capital Plan – 2021/22 – Forecast Outturn

Appendix 4 – Capital Plan – 2022/23 – Proposed Spend

Appendix 5 – Capital Plan – 2022/23 – Proposed Resources

Appendix 6 – Capital Plan – 2022/23 – Links to Asset Management Plans

Background Papers

Long Term Finance Strategy Report – 27 October 2021

Elected Members' Bulletin - 22 December 2021

Budget Update Report to Council - 9 February 2022