

Report

Report to:	Executive Committee
Date of Meeting:	10 February 2021
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Revenue Budget 2021/2022 – Update
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide an update on the 2021/2022 Revenue Budget position.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

- (1) that the summary of the budget position detailed in section 4, be noted; and
- (2) that the next steps in the budget setting process (section 5), be noted.

3. Background

3.1. As advised in the previous report to Members (Executive Committee (Special), 13 January 2021), the Council's Executive Committee approved the [Revenue Budget Strategy for 2021/2022](#) at its meeting on 24 June 2020. The Strategy took account of a number of assumptions resulting in an initial budget gap of £52.741 million. The Strategy also identified corporate funding solutions leaving a savings requirement of £20.193 million as at June 2020.

3.2. As a result, it was agreed that officers would commence work on a savings package to the value of £20.000 million.

3.3. The savings requirement of £20.000 million did not include any increase in Council Tax but noted that a 4.84% increase (as per the Government's cap on the increase for 2020/2021), could generate income of £6.810 million.

3.4. Since the 2021/2022 Revenue Budget Strategy was approved in June 2020, further updates have been made to the Strategy assumptions and to identify any further corporate funding solutions that could be taken into account.

3.5. These were summarised in the paper to the Executive Committee (Special) on 13 January 2021. Section 4 provides a summary of the budget position at the time of writing, while section 5 details the next steps in the budget process.

4. Budget Position Summary

4.1. The budget position was summarised for members at the Executive Committee (Special) on 13 January 2021. The current position is shown in this section of the report.

- 4.2. Table 1 shows the movement from the original budget Strategy (June 2020) to the position reported to Executive Committee (Special) in January 2021.

Table 1 – Movement in Budget Strategy / Savings Requirement since June 2020

	£m
Savings Requirement (<i>Executive Committee, June 2020</i>)	20.193
Adjusted for:	
Loan Charges – Reduced Interest Costs due to reduced borrowing (<i>Members Seminar November 2020</i>)	(1.000)
Loan Charges – Reduced External Interest Rates (<i>Executive Committee (Special), January 2021</i>)	(1.500)
Lanarkshire Valuation Joint Board – Requisition Payment (<i>Executive Committee (Special), January 2021</i>)	(0.163)
Balance of Savings Required (before Management and Operational Decisions)	17.530

- 4.3. Table 1 shows the efficiency savings requirement of **£17.530 million**, as advised to members in the Executive Committee (Special) report (13 January 2021).
- 4.4. To assist members in their consideration of the budget and savings options, Table 2 illustrates the overall budget position for 2021/2022, and highlights the options available to bridge the budget gap of £17.530 million.

Table 2: Revised Savings Requirement and Options

	£m
Savings Requirement (<i>Table 1 and section 4.3</i>)	17.530
Less:	
Management and Operational Decisions (<i>see section 4.6</i>)	(5.762)
Balance of Savings Required (<i>see section 4.7</i>)	11.768
Options to Bridge the Budget Gap	
- Savings Options (<i>see section 4.8</i>)	(15.559)
- Potential Increase in Council Tax (<i>see section 5.8</i>)	(6.810)

- 4.5. **Management and Operational Decisions:** Members have been presented with the details of budget reductions arising from management and operational decisions. These are for members' information and not for approval as they are management decisions and are not policy changes requiring member approval. These operational changes have either already taken place or are in the process of taking place, as they will generate an efficiency in the services.
- 4.6. In total, these management and operational decisions benefit the Budget Strategy by £5.762 million.
- 4.7. Taking this into account reduces the savings requirement from £17.530 million to **£11.768 million**. In order to bridge this gap, members have been presented with savings for approval, and also have the option to increase Council Tax.
- 4.8. **Savings Options:** The savings options presented to Members total £15.559 million and will result in a reduction of 207.1 FTE. The options have been provided to Members (Executive Committee (Special) on 13 January 2021), and have been categorised into savings which affect a service that the Council must provide

(statutory, £10.199 million) and those which affect a service area over which the Council has discretion on delivery (non-statutory, £5.360 million).

- 4.9. **Council Tax:** The Budget Strategy presented to date does not include any increase in Council Tax, however, it did note that a 4.84% increase (as per the Government's cap on the increase for 2020/2021), could generate income of £6.810 million. An increase in the Council Tax Band D is available as an option to reduce the budget gap.
- 4.10. Table 2 shows that after taking account of the Managerial and Operational Decisions, the budget gap is reduced to £11.768 million. The options to meet this are an increase in Council Tax and the savings options. If Council Tax was set at an increase of 4.84%, it would reduce the savings required to £4.958 million (£11.768 million less £6.810 million).

5. Next Steps

- 5.1. At the time of writing this report, the Council has not yet received its Government Grant allocation for 2021/2022 – the Scottish Government are due to issue the Local Government Settlement on 28 January 2021. Work will then take place to confirm the Council's Government Grant allocation and to establish the impact on the Council's budget of both the grant and also of any policy intentions. The updated Grant position will form part of the overall Budget, Savings and Council Tax paper to be presented to members of the Council on 24 February 2021. This approval timeframe will allow statutory deadlines to be met.
- 5.2. The timing of the UK and Scottish Governments' Budget Bill process will mean that the final stage reading of the Budget at the Scottish Parliament will not take place until early March.
- 5.3. As a result of the Budget Bill process, there is the possibility that there could be a change to the level of grant allocation received by the Council for 2021/2022. If any further funds are received as part of the Budget Bill process, this will be brought to Members for consideration.

6. Employee Implications

- 6.1. The Management and Operational Decisions will mean a net reduction of 55.5 FTE posts in 2021/2022. The number of employees affected is 64.
- 6.2. In addition, if all of the savings options presented are approved, then this would mean a net reduction of 207.1 FTE, with the number of employees affected being 586.
- 6.3. Of the total 262.6 FTE posts, 70.3 FTE are currently vacant or have been filled on a temporary basis. The balance of 192.3 FTE posts can be managed through a combination of anticipated turnover and redeployment through SWITCH 2.

7. Climate Change, Sustainability and Environmental Implications

- 7.1. As advised previously, an exercise has been undertaken to consider the environmental impact of all of the savings proposed for approval. The majority of savings are assessed as having a neutral impact on climate change.
- 7.2. The remainder are expected to have some impact, both positive and negative, but on the whole, the package of savings is not expected to have a material impact on the Council's approach to tackling climate change. Details of this exercise are available on request.

8. Other Implications

- 8.1. The assumptions on which the savings target is based are defined within the Financial Strategy for the Council as approved by the Executive Committee on 24 June 2020, and updated as detailed in Table 1. The Financial Strategy is a way of managing a number of key risks which directly impact on the funding available to deliver the Council's Objectives.
- 8.2. In relation to individual savings, work has been carried out within Resources to ensure their deliverability. Through this exercise, any risks which may impact on service delivery have been considered.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. Equality Impact Assessments have been undertaken for all relevant savings options presented for Members' approval. These have been made available to Members to assist in the decision-making process. In addition, an assessment has been carried out in line with the Fairer Scotland duty – this has also been made available to Members. For details of work undertaken, please contact the Employee Development and Diversity Manager, Finance and Corporate Resources.
- 9.2. Each of the savings options has also been assessed with regard to any potential impact on the environment (refer section 12).
- 9.3. In terms of consultation, the Trade Unions have been included in discussions on the savings. The public consultation has been split into two phases, with the first part focussing on general budget questions which will ask participants for their views on a variety of themes including community involvement, Council Tax and service priorities. The second part will focus on the specific savings options being presented to Members for their consideration. Members have been provided with the outcome of the first phase, with the second phase to follow once the consultation ends.

Paul Manning

Executive Director (Finance and Corporate Resources)

14 January 2021

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ Executive Committee, 24 June 2020

List of Background Papers

- ◆ None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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