
**PROCEDURE TO BE FOLLOWED AT THE MEETING
OF RENFREWSHIRE COUNCIL
TO BE HELD ON 2 MARCH 2023
DURING CONSIDERATION OF ITEM 3 CONCERNING
REVENUE ESTIMATES AND COUNCIL TAX
FOR THE FINANCIAL YEAR 2023/24**

The purpose of this note is to give Members advance notice of the procedure which Provost Cameron has agreed should be followed at the Meeting of the Council on 2 March 2023.

1. The Convener of the Finance, Resources & Customer Services Policy Board (the Convener) will make his budget statement for financial year 2023/24 and move as appropriate. He will then speak to the principal points of his proposals. The motion will require to be seconded.
2. The Leader of the Council will second the motion and may address the meeting then or reserve the right to speak at a later stage of the debate.
3. For the purposes of the subsequent discussion and voting, the Convener's proposals will be taken as one motion.
4. An opportunity will then be given to the Leaders of the opposition groups and any other Members to move, and to have duly seconded, comprehensive amendments to the motion (i.e. taking together proposals for resource allocations, budget proposals, revenue estimates and the level of the council tax for the financial year 2023/24).
5. The motion and any amendments will require to be produced in writing and a copy given to each of the Members present prior to being spoken to at the meeting. Provost Cameron may then adjourn the meeting for 20 minutes to allow Members to consider the terms of the motion by the administration and any amendments by the opposition groups or other Members. Corporate Meeting Rooms have been arranged for the adjournment as follows: Administration – Corporate Meeting Room 2, Labour - Corporate Meeting Room 1, Conservative – Corporate Meeting Room 3. The other Members will be able to remain in the Chambers.
6. There shall be no formal restriction upon the length of time given to the Convener and the Leaders of the opposition groups and any other Members to move their respective budget statements and speak in support of the principal points of their proposals. However, Provost Cameron shall have the power to require any person speaking to limit their speech in order to facilitate the conduct of the meeting.
7. Provost Cameron will then invite other Members to take part in the debate including Conveners of the Policy Boards who may wish to take the opportunity to respond concerning the services for which they have responsibility.
8. The debate will conclude with Provost Cameron giving the Convener the opportunity to reply.
9. A vote or votes will then be taken in accordance with the provisions of standing orders.

To: Council

On: 2 March 2023

Report by: Director of Finance & Resources

Heading: Revenue Budget and Council Tax 2023/24

1. SUMMARY

- 1.1 This report provides Members with an overview of the Council's anticipated financial position on the General Fund revenue budget and sets out the information required for the Council to set its budget and Council Tax for 2023/24. Members are expected to bring forward proposals to secure a balanced budget, and to assist in this, Directors have been providing details of the financial, service and equality implications of any changes to current service levels, as requested by Members.
- 1.2 Members will be aware that as a direct consequence of the COVID19 pandemic and subsequent extremely high levels of inflation and cost growth, the Council is experiencing a hugely challenging and complex set of circumstances. It is recognised that moving into 2023/24 and beyond, the financial environment that local government in Scotland is facing will remain heavily constrained, with substantial risks even in the short term in relation to both cost growth and income loss. Longer lasting legacy impacts on service costs, service demands and income streams are anticipated; as well as a lasting impact on transformation plans.
- 1.3 Members will be required to take these circumstances into account when setting the 2023/24 budget, recognising that the Council's immediate and medium-term challenges have shifted significantly. As outlined in more detail in the report, the Council's medium-term outlook remains subject to considerable risk. Additionally, as reported to Members throughout the year and subject to decisions taken by Council, there will be a need for the budget position in 2023/24 to rely heavily on the use of ringfenced reserves to address the forecast budget deficit. This solution must be viewed as temporary, and the Council must act in the near term to contain spend within available resource on a recurring basis.

- 1.4 The economic outlook remains subdued, with the recession now forecast to possibly be shallower than had initially been feared. Inflation rates have begun to fall, but remain over 10%. The year ahead is unfortunately unlikely to see much improved prospects over that experienced in 2022; but the degree of uncertainty remains high depending on several factors such as the war in Ukraine, the outcome of wage settlements, government support for households towards energy bills and government spending and taxation decisions.
- 1.5 The Scottish Budget was announced on 15 December, again for one financial year only. Resource is prioritised to the NHS and the Scottish Government priorities of eradicating child poverty, supporting the transition to net zero and ensuring sustainable public services.
- 1.6 The local government settlement benefits from a headline cash increase of £570 million; however when the transfer of new responsibilities and other specific funding allocation are removed, COSLA has calculated that the actual like-for-like increase on the core recurring budget is £71 million. Additional funding to support the agreement of the local government pay offer for 2023/24 and in relation to the teachers' pay offer for 2022/23 and 2023/24 has been announced over the course of the Parliamentary approval process for the Scottish Government Budget, however the distribution of this funding has not at this point been agreed. This additional funding is not reflected in the position outlined within this report, however, neither is the corresponding expenditure. On this basis, the underlying financial position outlined in the report remains valid.
- 1.7 The key elements of the Council's revenue settlement are set out as follows: -
- (i) Circular 11/2022 confirmed Scottish Government revenue grant funding in 2023/24 for the Council of £389.764 million.
 - (ii) After adjusting for new responsibilities, areas of growing responsibility and other conditional aspects of the settlement, this provides a like for like comparison to 2022/23 where the Council's underlying core grant has increased by £0.239 million (0.1%) – broadly in line with the flat-cash position the Council had assumed.
- 1.8 The Scottish Government has opted not to announce a Public Sector Pay Policy for 2023/24 at this point given the ongoing negotiation of the 2022/23 pay award in a number of areas across the public sector. Despite a falling forecast, the high levels of inflation currently being experienced will present a challenging environment in which to reach agreement on pay levels.
- 1.9 The medium-term outlook for the Council looks increasingly bleak. There are now permanent cost and service impacts from the pandemic (particularly in relation to children's social care); however, pay and revenue grant will continue to be the two biggest determinants of the Council's financial outlook. Members have previously been advised that the Scottish Government block grant is likely to incorporate only very moderate increases over the remainder of the spending review period to 2025/26. This provides no confidence that the local government settlement in future years will reflect a sufficient degree of increase to address core budget pressures.

- 1.10 The Council has consistently and correctly taken a medium-term view of its financial position, agreeing transformation and savings measures that have ensured the Council positively addressed the forecast medium-term budget deficit, whilst supporting temporary investment in priority areas. There has however been significant disruption to the Council's transformation programme arising from COVID19 which has left the Council in a position where the pipeline of savings has fallen behind the pace at which the Council's budget deficit will emerge. It is increasingly apparent that transformation and efficiency saving activity alone will not address the scale of financial pressures the Council is facing over the medium term.
- 1.11 Applying a scenario-based approach, varying the major influencing elements of the projections under a range of scenarios for the three-year period beyond 2023/24, derives a forecast budget deficit range of broadly £40 - 45 million over this period (before any decisions on the level of Council Tax or any other mitigating action). This forecast outlook is based on relatively tight grant and pay assumptions informed by the current financial settlement and the Government's Medium Term Financial Strategy, as well as likely affordability constraints in relation to future pay awards. Factoring in an assumption of 5% increase each year in Council Tax levels would reduce this range to £25 - 30 million, essentially meaning the Council will need to target cost reductions and savings averaging at a minimum of £10 million each year to remain in financial balance.
- 1.12 For 2023/24, budget assumptions have been updated as appropriate, including most notably the confirmed grant available to the Council and associated conditions, the impact of new statutory obligations, the likely impact of increasing demographic and demand pressures and expected Council Tax yield levels for 2023/24. After taking account of the cumulative impact of each of these issues, there is a recurring budget deficit for 2023/24 of £7.573 million, after the application of up to £11 million of ringfenced balances, and subject to any further decisions taken by Members.
- 1.13 Given the scale and unprecedented nature of the financial sustainability challenge that lies ahead for the Council, in setting the 2023/24 budget, it is strongly recommended that any commitments by Members that would result in additional recurring expenditure that would have the effect of increasing the projected medium-term deficit in future years should be supported by offsetting sustainable savings or increased resources arising from an increase in Council Tax. Finally, Members are encouraged to take a holistic view of the Council's total resources, covering both capital and revenue. In coming to final budget decisions, Members' attention is drawn to unallocated capital resources available to the Council of £0.300 million, as detailed at Item 3 of this agenda.

2. RECOMMENDATIONS

Members are asked to:-

- 2.1 Submit for approval proposals for any savings, investments, and service changes as part of delivering a balanced budget for 2023/24, and in doing so: -
- to consider the equality impact of any proposed service changes as referred to at paragraph 8.3

- to assess whether adequate provision is being made in the 2023/24 budget to deliver against the specified commitments linked to the Council's grant settlement for 2023/24, as detailed at paragraph 4.2

- 2.2 Approve the provisions for inflationary pressures, as recommended at section 5.
- 2.3 Approve the revenue estimates for all services for 2023/24 subject to adjustment for the allocation of specific grants, inflationary allowances and any proposals for service changes approved by Council.
- 2.4 Approve the financial measures outlined in section 5, including the release of additional resources made available in 2023/24, to Renfrewshire Health and Social Care Partnership
- 2.5 Approve the proposals in relation to reserve balances as recommended in section 12
- 2.6 Submit for approval the Council Tax banding levels A to H inclusive to apply for 2023/24.

3. FINANCIAL OUTLOOK UPDATE

- 3.1 Successive reports to the Council over the course of 2022 have highlighted the increasingly challenging financial and economic environment the Council is facing, predominantly linked to rapidly increasing costs and high levels of inflation. While volatility in financial markets experienced in the wake of the UK Government "mini-budget" have subsided, there remain challenges for both Scottish and UK economies, with an economic recession still forecast over the course of 2023, albeit possibly to a level shallower than previous forecasts.
- 3.2 Inflation remains high, and the Bank of England has again in February raised the bank rate to a 15-year high of 4% in an effort to tackle this. Inflation rates have begun to fall, but remain over 10%, with higher energy prices being the main reason, although constrained supplies of imported goods and a tight domestic labour market are also factors. Forecasts generally imply that inflation will fall further over the course of 2023, with the Bank of England suggesting CPI will fall to around 4% by the end of the year; however, the ongoing uncertainty with regards energy prices and wage inflation will materially affect these forecasts.
- 3.3 The high levels of inflation have created a cost of living crisis for households, with many struggling to fund rapidly increasing energy and food costs within an environment of constrained wage growth in many sectors. Demands for increased wage growth have led to industrial relations issues and strikes in many areas, but most predominantly in the public sector.
- 3.4 The year ahead is unfortunately unlikely to see much improved prospects over that experienced in 2022; but the degree of uncertainty remains high depending on several factors such as the war in Ukraine, the outcome of wage settlements, government support for households towards energy bills, and government spending and taxation decisions.
- 3.5 In terms of the public finances, and more particularly those in Scotland, previous reports to Council have outlined the pressure the Scottish Government budget is under with increasing service demands in the NHS and the transfer of social security benefits under the

administration of the Scottish Government bringing additional costs. Therefore, significant medium-term uncertainty remains for the Council in relation to future government grant prospects and the Council will be required to continue to plan for a range of potential scenarios, predominantly reflecting downside risks.

- 3.6 The Institute for Fiscal Studies recently published an analysis of the Scottish Government finance position, and the local government grant settlement within this. The main findings suggest that over the medium-term, funding projections by the Scottish Government appear improved for the next four years compared to what was expected at the time of the Resource Spending Review in May 2022. However, the outlook remains difficult, with funding for day-to-day non-benefit spending set to be almost 2% lower in 2027/28 than in 2022/23. This implies that, "...if health spending were increased by 2.9% a year in real terms each year between 2023–24 and 2027–28 (the increase planned for 2023–24 and roughly in line with estimates of what might be needed in the long term) and spending on the net zero, energy and transport portfolio were increased by 4% a year (slightly less than planned, on average, in the Resource Spending Review), the amount available for all other service areas [including local government] would fall by around 6% between 2023–24 and 2024–25, and by 13% by 2027–28."
- 3.7 The Council's medium term financial outlook continues to be based on an assumed "flat-cash" revenue settlement over the medium term, and there is currently no clear information or projection to suggest that this assumption should be revised. However, as outlined in previous reports, it is the spend side of the equation which is increasing dramatically in the short term and which is the principal driver for the extremely challenging financial outlook. Incorporating an affordable level of pay increase over the period 2024/25 to 2026/27, and a reduced level of inflation on supplies and services costs suggests that the Council is facing a £40-45 million funding gap over this period, before any decisions on council tax. Assuming a 5% council tax increase in each of these years would reduce the funding gap to £25-30 million, essentially meaning that the Council will need to target cost reductions and savings averaging at a minimum of £10 million each year to remain in financial balance.
- 3.8 Given the long period since 2010 of securing very significant transformation, efficiency and corporate financing savings totalling in the region of £170 million, the Council will be unable to generate further recurring transformation and efficiency savings at this scale without impacting on service delivery or quality. Additionally, over the last decade, nationally set directives as part of grant settlements as well as local priorities, has protected spend in key areas such as Education and Social Care - which constitute around two thirds of the Council's budget. This has resulted in the other non-protected service budgets - which account for the remaining one-third of total spend and cover service areas such as Environment & Infrastructure, Economic Development & Employability, Community Services and Customer & Corporate Support functions - being required to carry the burden of delivering cost reduction and savings over this long term period. Securing further savings at scale from these service areas will be exceptionally challenging for the organisation. While transformation and the opportunity for increased efficiency will continue to be key priorities, it is likely that material service reductions and spending cuts will be a necessary requirement if the Council is to remain financially sustainable. As outlined later in this report, the Scottish Government has in 2023/24 continued to set conditions which will require each council across Scotland to protect spending on teaching and other school staff as well as social care spending – with financial sanctions applying where conditions have not been met. Should such conditional

grant arrangements continue over the medium term, this will increasingly reduce the flexibility for the Council to manage the delivery of the required cost reductions and focus disproportionately financial savings from the non-protected areas of spend. Should such circumstances emerge over the medium term this will inevitably result in a requirement for significant service reductions having to be secured from these areas of service.

4. GRANT SETTLEMENT

4.1 On 15 December 2022, the Scottish Government published its draft budget for 2023/24, which was subject to parliamentary approval over the course of February 2023. On 20 December, the draft local government finance settlement was published, as set out in the Local Government Finance Circular 11/2022, which provided details of the provisional revenue and capital funding allocations for 2023/24 for local government across Scotland. The Circular was amended and reissued on 10 January 2023 to reflect corrections highlighted through engagement with councils and COSLA.

4.2 Circular 11/2022 confirmed Scottish Government revenue grant funding in 2023/24 for the Council of £389.764 million. The Deputy First Minister outlined associated issues in a letter to all Council Leaders that set out specific commitments to be read in conjunction with the detail of the financial settlement that make up the provisional funding allocation and which constitute: -

a) The continued prioritisation of financial support for social care. Included within the local government settlement, the Government has provided an additional £95 million nationally to support health and social care as delegated to Integration Joint Boards broken down as follows:

- £100m to support ongoing adult social care pay
- £15m to uplift free personal nursing care rates
- £20m of interim care money provided on a non-recurring basis in 2021/22 is removed

The government confirmed that taken together, the total additional funding of £95 million is to be additional to each Council's 2022/23 recurrent spending delegated to Integration Authorities and not be substitutional i.e. these allocations must be passed to the HSCP for these delegated services. This position is explained further in section 5 below.

b) With regards non-domestic rates, 1 April 2023 marks the next revaluation date, the first under the three-yearly cycle as introduced by the Barclay reforms. The Deputy First Minister outlined his view that the system of valuation appeals by public bodies offers little value for money and will therefore introduce a process whereby any financial incentive to appeal is removed. Where a property occupied by a public body is subject to a successful proposal or appeal, the financial benefit from the reduction in rateable value will result in a downward re-determination of revenue allocations at a subsequent fiscal event.

c) The Deputy First Minister also agreed or committed to further discussion on a number of issues:

- Councils will have full flexibility to set a Council Tax rate that is appropriate to their area
 - A commitment to align budgets to maximise impact on outcomes
 - A commitment to remove barriers which hinder flexibility in funding
 - A commitment to seek to remove unnecessary reporting
 - An approach aimed at building trust and relationships through a partnership agreement that will underpin the New Deal for local government.
- 4.3 The Council's settlement figure includes a number of adjustments for new spending burdens, responsibilities, and conditional funding totalling £24.372 million, linked primarily to the move to devolve Empty Property Relief to local government; a direct pass-through of funding to Integration Joint Boards; and the baselining of funding for the 2022/23 pay award. There is also a range of differences in the planned timing of distribution of resources linked to discretionary housing payments and funding for the Living Wage.
- 4.4 After adjusting for these areas of new burdens funding, new responsibilities, conditional funding and timing differences in the distribution of funding, the Council's 2023/24 core grant figure as set out in the provisional local government finance settlement has, on a like-for-like basis, increased by 0.1% from 2022/23, broadly in line with the like-for-like increase nationally. The Council's share of the overall local government revenue funding settlement has increased marginally from 3.21% to 3.27%.
- 4.5 The total revenue grant funding therefore available to the Council is set out in Table 1 below:

Table 1 – Grant Settlement 2023/24

Summary of Revenue Estimate 2023/24	2023/24	
	£000	£000
Estimated Funding		
Specific Grants	25,693	389,764
Non Domestic Rate Income	131,323	
Revenue Support Grant (including CT replacement)	232,748	
Total Government Grant (per FC 11/2022)		

- 4.6 At the time of writing, the Budget Bill had just been approved by the Scottish Parliament. During the course of the approval process, additional funding was announced related specifically to pay awards for teaching staff in 2022/23 and 2023/24; and non-teaching staff in 2023/24. Funding nationally of £100 million to support non-teaching staff and £123 million in 2023/24 for teaching staff was announced, with an additional £33 million in 2022/23 for the teacher pay offer. The distribution of these amounts to individual councils remains to be confirmed. Given neither this additional income, nor the corresponding costs of any uplifted pay offer have been included within the financial position outlined in the remainder of this report, the assumptions and position as outlined remain valid. However, there is a risk that the funding provided and the eventual pay settlement agreed do not equal each other. A future report to Council will provide a reconciliation of the final grant position.

- 4.7 The Scottish Government opted not to publish its Public Sector Pay Policy for 2023/24 alongside the 2023/24 Budget, outlining the reason as being the desire to approach pay negotiations differently for 2023/24, the imperative for reform and the need to ensure the sustainability of public sector pay and workforce arrangements. Members will be aware that pay negotiations for teachers and chief officers remains ongoing for 2022/23. In addition, an initial pay claim from the local government pay group for 2023/24 includes a headline 12% pay uplift. A revised pay offer to teachers covering the 2022/23 and 2023/24 financial years has been made by COSLA, but subsequently rejected by the EIS. Negotiation remains ongoing. The revised offer was based on additional funding being provided to local government in both 2022/23 and 2023/24 as outlined above. There is therefore the possibility that both additional cost and income may transpire in the short term which may impact the Council's financial outlook.
- 4.8 Over the course of the Parliamentary approval process, the Cabinet Secretary for Education has announced a range of measures related to the maintenance of teacher numbers and pupil support staff, probationer placements and hours in the school week which introduce new conditions into the local government settlement. Should these conditions fail to be met, £233.5 million of funding is at risk nationally, of which the amount at risk in Renfrewshire would be £6.454 million.

5. SPENDING AND DEMAND PRESSURES

- 5.1 An analysis has been enclosed with this report detailing, for each service, the proposed budget changes between 2022/23 and 2023/24. The budget has been adjusted to reflect: -
- (i) the continuing costs of the current level of service, excluding any additional exceptional costs which may be incurred during 2022/23 in the continuing recovery from the COVID19 pandemic;
 - (ii) the financial impact of any decisions already taken by the Council or its Policy Boards, as well as required adjustments to budgets to reflect specific aspects included within the financial settlement.
- 5.2 Demographic, socio-economic and - significantly - inflationary factors continue to play a major role in driving core spending pressures for the Council, with practically all areas of the Council affected either in terms of income loss or increased cost pressures. As has been reported to Council over the course of 2022, very high levels of inflation have been experienced, resulting in a projected overspend position in 2022/23 which is outlined in further detail in section 12 below. Economic forecasts suggest that the level of inflation will reduce over the course of 2023, however the price increases which have been incurred are very unlikely to be reversed – simply the pace of increases in prices will slow.
- 5.3 There are particular price pressures, notably in relation to gas, electricity and road fuel for which a provision has been incorporated into the base budget for 2023/24, however there remains significant risk as to whether the level of provision (reflecting broadly a 13% increase over 2022/23) will be sufficient; depending on a range of global factors, most notably the war

in Ukraine. In setting previous budgets, the Council decided not to apply any general inflationary uplift to non-pay budgets. Given the very significant financial challenges facing the Council, in particular over the medium term and in line with historic practice, general non-pay inflation is not provided for in the 2023/24 budget.

- 5.4 2023/24 is a revaluation year for non-domestic rates purposes, and draft valuations available from the Assessor suggest that an increased rates liability in the order of £0.7 million will require to be provided for from 1 April. As outlined at paragraph 4.2 above, there is now limited prospects of reducing this cost owing to the revised appeals arrangements introduced by the Scottish Government.
- 5.5 Over the course of the pandemic, the level of income from on and off street parking (and associated fine income) has reduced very substantially. In 2021/22 an under recovery of £1m was incurred, with a similar amount being forecast for 2022/23. In addition, the Council has agreed to pilot different charging regimes and free periods in an effort to support increased town centre footfall. Assuming no change to the current position income losses will continue to accrue. It is therefore proposed that while a wider review of parking is undertaken the Council should incorporate in to the 2023/24 budget position an anticipated £1 million draw from ringfenced reserves to cover this shortfall. The impact on reserves balances is explored in section 12 below.
- 5.6 The recommended 2023/24 base budget position detailed in Table 3 includes a provision for pay inflation that reflects what is affordable for the Council, recognising that there is also an element of unfunded pay award from 2022/23 which also requires to be addressed. At the time of writing, the teachers' settlement for 2022/23 still remains to be agreed, as does the chief officer pay award for 2022/23. Should these be settled at a level which is above that agreed for SJC employees, this may increase the projected overspend outlined in this report further and add to the deficit position outlined in this report for 2023/24 should the additional funding provided by the Scottish Government for this issue prove insufficient. In this event, the financial impact will be reported as part of the financial monitoring arrangements along with any required action during 2023/24, as well as the recurring financial adjustment required moving into 2024/25.
- 5.7 In agreeing the 2022/23 pay award, the Scottish Government provided additional funding to local government, being a combination of revenue and capital funding. In total, the Council received £8.617 million to support the additional costs of the pay settlement over the level of provision which was made in setting the 2022/23 budget – this amount is now baselined within the 2023/24 grant settlement. Councils do not generally receive funding in relation to pay awards therefore the position in relation to this funding is unusual. In recent years, the Council and HSCP have operated under a financial planning assumption that pay award costs will be funded within the total resource available to the HSCP, with no general pay inflation funding being provided by the Council. However, given the specific funding received and now baselined in 2023/24 in relation to the 2022/23 pay award, and following discussion with the HSCP Chief Financial Officer, it is proposed that a proportion of this funding will be provided to the HSCP on a recurring basis. This sum (£1.054 million) will be provided to the HSCP in addition to the funding provided within the settlement (outlined at paragraph 5.11 below) which the Scottish Government has mandated be passed to the HSCP.

- 5.8 The Financial Regulations require charges for services to be reviewed at least annually. The overview of the Council's spending in Table 3 makes provision of £0.266 million for an inflation adjustment to charges at 5%.

Adult Social Care

- 5.9 In relation to adult social care, the HSCP over the course of 2022/23 has, as in the preceding two years, been highly focused on responding to, and recovery from, the demands of the pandemic. Significant resources have been provided by the Scottish Government to help offset associated costs; including large amounts of funding provided late in the 2021/22 financial year which has been carried forward into 2022/23. The Scottish Government has put in place a mechanism to recover a proportion of these funds where they have not been specifically committed. It is estimated that a sum in excess of £14million will be reclaimed by the Scottish Government from the Renfrewshire HSCP through application of the above mechanism.
- 5.10 In terms of core Adult Services budget, the HSCP has reported an underspend throughout the course of 2022/23; with a year-end forecast underspend of £0.7m being reported. It is expected that this year-end core underspend will be added to existing unallocated balances of £5.8 million, which the HSCP will carry forward and have available to support future change and transformation, as well as addressing pressures in future years.
- 5.11 As outlined above, there are specific conditions within the local government settlement which mandate the pass-through of funds related to social care to Integration Authorities. In 2023/24 there is a total of £95 million within the settlement nationally which requires to be passed through:

Table 2

Funding	National funding £m	Renfrewshire allocation £m
Living Wage	100	(tbc)
Personal & Nursing Care	15	0.276
Interim Care (22/23 one-off funding)	(20)	(0.664)
Total	95	(0.388)

- 5.12 The exact distribution of the Living Wage £100m remains to be confirmed, however it is estimated that Renfrewshire HSCP will receive approximately £3.3 million of this funding. As outlined at paragraph 5.5 above, it is proposed that the funding secured from the Scottish Government in relation to the 2022/23 pay award (and which is baselined within the 2023/24 settlement) will be passed to the IJB on a proportionate basis. The HSCP share is £1.054 million; which when added to the estimated £2.9 million in the table above will result in approximately £4 million of funding being passed to the IJB, fully complying with Scottish Government direction.
- 5.13 A budget transfer of £1.476 million with the HSCP will be reflected in the 2023/24 base budget for services provided by the Council which directly support the delivery of HSCP Adult Social Care services across Renfrewshire (soft FM costs, day centre transport costs, property costs

and financial/charging administration support teams). This adjustment reflects both cost increases associated with these services that have been absorbed previously by the Council since the HSCP was established as well as adjustments to service provision which have been requested by and agreed with the HSCP and funded through interim annual funding transfer arrangements. This adjustment regularises and formally re-bases the interaction between the Council and HSCP budgets, ensuring that adult social care resources that have been transferred to the HSCP since inception and as part the Scottish Government's arrangements are appropriately meeting the cost increases associated with all service functions relevant to the delivery of Adult Social Care, as well as regularising funding arrangements associated with increased service provision put in place at the request of the HSCP. It is planned that in future years, these costs will be updated annually to reflect inflationary cost pressures and any service level changes requested by the HSCP.

Children's Services

- 5.14 Funding in relation to teacher numbers has been included within the grant allocation from the Scottish Government and this resource, along with education-specific reserve balances, will be utilised flexibly to address cost and other service pressures over the medium term. The scale, shape and extent of education cost pressures – not least of which being the teachers' pay award - is likely to continue to develop over the longer term with potentially permanent changes in the costs of education delivery being possible, but at this stage being very difficult to estimate. As in recent years therefore, non-recurring resources will continue to be deployed to address such costs, and therefore no provision in this respect has been made within the core service budgets, with the exception of those relating to contractual inflation.
- 5.15 In terms of future risks to the education financial position, there is an emerging issue in relation to the increased costs of pupil transport that will require close monitoring. While no provision has been incorporated into the proposed base budget, it is expected that increasing costs will emerge in the near future as both fleet and fuel costs are incorporated into new school transport contracts.
- 5.16 In addition, the Cabinet Secretary for Education recently announced a Scottish Government intention to take steps to ensure that current numbers of teacher and pupil support staff are maintained, to ensure there is no reduction in the number of pupil learning hours; and to ensure places remain available for all probationer teachers who need them through the teacher induction scheme. Should the conditions on teacher and pupil support staff numbers and probationers not be achieved, the Scottish Government will recover or withhold relevant monies allocated to individual authorities for these purposes. Nationally the funding at risk is £233.5 million, of which the proportion for Renfrewshire is £6.454 million. This intervention represents a very significant risk to the education budget, and to the immediate financial stability of the Council should the Council not meet the conditions outlined. It is not currently clear exactly by what mechanism, or by what amount any deduction would be enacted.
- 5.17 Members should note that no provision has been included within the proposed base budget in relation to a permanent solution to the capacity concerns at Dargavel Primary School – this reflects the position that, while additional costs can be anticipated, the proposed solution has not yet been fully established, therefore there is no basis on which to incorporate a

funding solution. Future updates to the medium to longer term financial plan will seek to incorporate these costs as they become clear.

- 5.18 Successive reports to Council and relevant policy boards over the course of 2022/23 have highlighted the very significant cost and service pressures being experienced in children's social care, particularly in relation to external placements. It is forecast that an overspend in the order of £4-5 million will be incurred by the service in 2022/23; with no reasonable expectation that spend at this level will reduce as we move into 2023/24. However, within the financial constraints facing the Council, it is not possible to build into base budgets an increase on this scale. It is therefore proposed that a phased approach to increasing budgets is taken, which will also give the opportunity to monitor demand and spend for an extended period in order to judge the longer term pattern and therefore be more definitive around what a new baseline level of spend may be. An increased provision of £2 million has been included within the proposed base budget; with an expectation that potentially up to a further £3 million (based on actual spend in 2022/23) may be required to be funded from ringfenced balances in 2023/24. The impact on reserves is outlined in section 12 below.
- 5.19 Table 3 below summarises the recommended base budget adjustments to reflect the pressures facing the Council in 2022/23.

Table 3 - Summary of Recommended Base Budget Adjustments 2023/24

	2023/24	
	£000	£000
Impact of previous Council and Board Decisions		
Removal of Local Government elections funding	(500)	
Right for Renfrewshire Savings	(4,731)	
Financial Sustainability Workstreams	(3,580)	
Total Reductions		(8,811)
Add Unavoidable Pressures:		
Financial Settlement adjustments Health and Social Care	(388)	
HSCP share of 22/23 pay funding	1,054	
Financial Settlement adjustments New Burdens	4,106	
Financial Settlement adjustments Other	196	
Pay/staff related	467	
Contract Payment Adjustments	6,926	
Requisition Adjustments	885	
Other Unavoidable Pressures	1,427	14,673
Long term debt budget		780
Net Increase in Provision for inflationary pressures		16,943
Net Base Budget (Reduction)/Increase		23,584

6. FINANCING COSTS AND LONG-TERM BORROWING

- 6.1 The provision for financing costs includes both debt charges payable as a result of the Council's capital investment programme and the interest gained on temporary investment of

cash. The Council has previously agreed to a number of corporate financing adjustments in order to both address the anticipated costs of the pandemic and the longer term financial outlook for the Council – including agreement to revise the Council’s accounting for service concession arrangements – most notably the schools PPP contract. The implementation of these revised accounting arrangements will provide both ongoing support to the Council’s revenue budgets over the medium term in the order of £1.4 million per annum, and a one off retrospective gain which is proposed will be incorporated into the Council’s long term debt management provision in order to fund the longer term costs of the revised accounting arrangements. The ongoing revenue saving has been incorporated into the proposed base budget as outlined in Table 3 above.

- 6.2 As previously reported to Council, the pausing of the Right for Renfrewshire programme during the pandemic has impacted on the level of planned savings over recent years, with the result that the Council has required to use longer term capital financing flexibilities to bridge the savings gap over the medium term. This approach will result in higher borrowing costs in the longer term, and this will require to be met through appropriate base budget adjustments in the coming years and the release of long-term flexibility resources. In setting the 2022/23 budget, Members agreed to adjust the base budget by £7.5 million, in the knowledge that this position would require to be unwound over the medium to longer term. The proposed base budget for 2023/24 incorporates the commencement of the re-building of the loans charges budget, with a provision of £0.8 million being included. Provision on this scale will require to be made over the medium to longer term in order to rebuild the core loans charges budget; with non-recurring support in the interim being provided through a draw on ringfenced debt and capital support funds – potentially up to £7 million, but reducing year-on-year. The actual position will be influenced predominantly by the progress of capital investments, with any rephasing of spend on capital projects in effect deferring the requirement to draw from balances. Updates on this position will be reflected in future reports to Council.

7. SAVINGS

- 7.1 Reports to Council over the course of 2022 have outlined the recommencement of service transformation activity alongside the development of a range of financial sustainability workstreams which aim to achieve a range of savings over the medium term.
- 7.2 The Council’s main transformation programme – branded Right for Renfrewshire (RFR) most recently – is the main route for the Council to transform services and release efficiencies, thereby supporting the delivery of recurring savings over the medium term. Members will be aware that, at the onset of the coronavirus pandemic, a decision was taken to formally pause the programme, recognising the capacity of the Council required to be fully diverted to support the emergency response. As has been outlined in previous financial update reports, the longer term impact of this decision is that the Council’s pipeline of associated savings has fallen behind the level required to support overall financial sustainability.
- 7.3 Where management capacity has allowed, service reviews have taken place in discrete areas of the Council – Finance and ICT services have been reviewed utilising the RFR approach and recurring savings have been generated. In addition, reviews of the Operations

and Infrastructure service within Environment and Infrastructure have also commenced with a view to savings being generated over the course of 2022/23 to 2024/25. Remaining areas of the Council where reviews will be undertaken include Legal and Democratic services, Events and Communications, Policy and Commissioning and People and Organisational Development. Based on work undertaken by services to date, and that for which specific plans are being developed over the next 12 – 18 months, it is estimated that £8 million of savings could be deliverable against the £15 million target, of which £4.731 million can be confidently incorporated into the 2023/24 base budget.

7.4 In relation to the financial sustainability workstreams, work has progressed over recent months with regards many of these; however it is apparent that the ambition with regards the scale of savings (£20 million target) is not going to be achievable within the 3-year period under consideration now that further investigation has been undertaken. Nonetheless, many of the workstreams have indicated potential to deliver savings in the longer term, or in some cases, while not delivering significant savings in their own right, the work is important to undertake as it is a critical enabler in the delivery of other service changes or savings. For example, development and improvement of the Council's web presence through the Digital Experience project will take some investment in the short to medium term, however this is a key enabler in increasing digital ways of working and digital customer services, which will generate efficiencies in the longer term. Work to date would suggest that £3.580 million of savings can be confidently incorporated into the 2023/24 base budget (incorporating the inflationary uplift in fees and charges as outlined at 5.8 above). As outlined above there remains a considerable amount of development required for some proposals and there is scope for further achievement of savings, in particular from a much more critical examination of the Council's property holdings – not just in terms of current operating costs but importantly having an eye to future very significant lifecycle maintenance and component replacement requirements

7.5 Taken together, the above savings total of £8.311 million will, when added to the reversal of one-off spend associated with administering the local government elections in 2022, provide £8.811 million of recurring support to the 2023/24 revenue budget position.

8. **EXPENDITURE OVERVIEW**

8.1 The Council approved spending for 2022/23 of £466.342 million. This excluded the commitment of non-recurring grant income of £3.982 million. It is estimated that £500.170 million (as detailed in Table 4) is needed to fund the costs of maintaining present service levels, provide for new responsibilities and conditional funding commitments provided as part of the financial settlement, new cost burdens and addressing known pressures and demands in 2023/24. To note, this **excludes** the proposed use of ringfenced reserve balances to address the parking income under-recovery and children's social care costs outlined in section 5.

Table 4 – Estimated Spending Need 2023/24

Summary of Revenue Estimate 2023/24	2023/24	
	£000	£000
Estimated Funding		
Estimated Spending need 2022/23		466,287
22/23 Budget Motion recurring commitments	55	
Plus late settlement changes (FC 1/2022):		
Health and Social Care	7,513	
Free School Meals	2,244	
Other	4,109	13,921
Base Budget per Update to Council June 2022		480,208
Less non-recurring settlement adjustments		(3,622)
Revised Closing Base Budget 2022/23		476,586
Budget reductions per Table 3	(8,811)	
Unavoidable budget increases per Table 3	14,673	
Long term Debt budget provision	780	6,642
Base Budget 2023/24		483,228
Inflationary cost provision 23/24		16,943
Total Estimated Spending Need 23/24		500,170

- 8.2 As is well recognised by Members and as highlighted throughout this report, significant cost pressures are anticipated to persist beyond 2023/24 for the Council. Members will continue to be updated with regards the medium term financial position, but they should be aware that in setting the 2023/24 budget any commitments to additional recurring expenditure will increase the projected deficit in future years, unless they are offset by recurring savings or increases in Council Tax or other income. Similarly, any decision taken now to address the future year budget deficits provides greater certainty for service planning and the workforce, and also supports the future financial stability of the Council.
- 8.3 Where the Council is making decisions in relation to its spending priorities, it is obliged to comply with the public sector equality duty set out in the Equalities Act 2010. This means that the Council must have due regard to the need to:
- Eliminate unlawful discrimination, harassment and victimisation and other prohibited conduct;
 - Advance equality of opportunity between people who share a relevant characteristic and those who do not; and
 - Foster good relations between people who share a protected characteristic and those who do not.
- 8.4 To meet this requirement, where necessary the Council must assess the impact of applying a new policy or decision against these three needs and at the point where a decision is made,

elected members must have sufficient information available to them to assess that impact. Members, in considering their budget proposals prior to presentation at the Council meeting, are therefore encouraged to seek advice from Directors on the equality implications of each proposal.

9. COUNCIL TAX

- 9.1 The Council's level of Council Tax (Band D) for 2022/23 is £1,354.88 and is £7.91 (0.6%) above the Scottish average. It is estimated that in 2023/24 each £1 of Council Tax will yield £75,529 gross (£62,238 net of adjustment for Council Tax Reduction), higher than 2022/23. The increase in the yield reflects anticipated growth in the Council Tax base in the context of some recovery from the pandemic being experienced in housing construction.
- 9.2 A maximum net gross yield of £102.3 million can be anticipated from the forecast Council Tax base and present Council Tax levels. Within the context of the current service resources, specific collection initiatives continue to be implemented to support the collection of Council Tax, including the recovery of arrears for prior years. It is anticipated that £0.500 million will be collected next year from prior years.
- 9.3 Members are required to determine the level of Council Tax for Bands A to H inclusive, which should apply for 2023/24.

10. RESOURCE ALLOCATIONS

- 10.1 Appendix 1 attached summarises the provisional resource allocation for each service. The resource allocations will be subject to amendment to reflect the Council's views on budget proposals, inflationary pressures and the allocation of central support costs, specific grants and capital charges.

11. BUDGET OVERVIEW – 2023/24

- 11.1 The overview budget position for the Council for 2023/24, prior to any changes in service levels or Council Tax levels, is outlined in Table 5 below. This overview position confirms a recurring budget deficit position, after the planned use of ringfenced reserves to fund spend or income loss outlined earlier in the report. As members are aware, the use of ringfenced reserves can only ever be a temporary solution to the financial position and should only be agreed while substantive measures are taken to move the Council's finances back to recurring financial balance. The £7.573 million projected deficit position outlined in table 5 is AFTER the application of up to £11 million of reserve balances explained in section 12.

Table 5 – Budget Overview 2023/24

Summary of Revenue Estimate 2023/24	2023/24	
	£000	£000
Estimated Funding		
Total Government Grant (per FC 11/2022)		389,764
Council Tax Income		102,333
Council Tax / Community Charge Arrears Recovery		500
Total Income		492,598
Estimated Spending Need		500,170
Estimated In-Year Surplus/(Deficit)		(7,573)

12. **PROBABLE OUTTURN 2022/23, BALANCES AND RESERVES**

- 12.1 Appendix 1 to this report details an overview of the Probable Outturn for 2022/23. The Council's general fund balances as at 1 April 2022 were £104.667 million and, as outlined in Table 7 below, the significant majority of this was earmarked for specific purposes. This balance also reflects the previously agreed increase in unallocated balances to a minimum of £10 million, reflecting the heightened financial risk environment over the course of the pandemic and subsequent cost of living crisis and associated extremely high levels of inflation. As reported to Members over the course of 2022/23, a year-end overspend position in the order of £11 million is projected for the Council, with an expectation that COVID and inflation-specific balances would require to be utilised to fund the overspend. At the time of writing, significant risks remain for the 2022/23 outturn position – predominantly in relation to the teachers' pay settlement. The projected outturn reflected in this report is based on an assumed position that the teachers' pay award will be settled around the same level as the local government workforce. If a higher level of award is agreed, and no compensatory funding is received from the Scottish Government to fund this, then the outturn deficit position will increase.
- 12.2 The financial outlook report to Council in December 2022 outlined that the projected 2022/23 overspend would be funded by drawing from a number of balances:

Table 6

Ringfenced reserve	Opening balance £m	Potential drawdown £m
COVID Construction recovery	10	4
COVID Education recovery	6.3	2-3
COVID General recovery	9.1	4-5
Inflation mitigation	5	2-4

It should be noted the estimates above are subject to change as the 2022/23 year-end position is finalised. It should also be noted that the £4m drawdown from the Construction Recovery fund relates to the 2022/23 pay award funding provided by the Scottish

Government as capital resource, and which Council agreed in September would be switched from this reserve, i.e. this drawdown is not related to funding the projected revenue overspend. The use of these balances should therefore negate any requirement to draw on unallocated balances over that agreed in setting the 2022/23 budget.

- 12.3 It is proposed that on closing the 2022/23 financial year, the funds in table 6 above are amalgamated into a single Financial Sustainability ringfenced reserve which will be utilised to provide temporary support to the Council's revenue budget over the 2023/24 financial year, and potentially (depending on member budget decisions) the year thereafter. As highlighted in paragraphs 5.5 and 5.18 above, it is recommended that up to £4 million of this Financial Sustainability reserve be earmarked in setting the 2023/24 base budget to address the anticipated parking income under-recovery and unmet children's social care costs.
- 12.4 It is further proposed – linked to the revised service concession accounting arrangements outlined at section 6 above - that the retrospective gain outlined be consolidated with the existing PPP replacement fund into a long term debt management reserve which will be utilised over the medium term to flexibly support the anticipated budget gap in loans fund interest repayments and the cessation of loans charges support while the base budget is rebuilt as outlined at section 6 above. Officers will continue to revise capital spending and borrowing forecasts, and utilise existing budget and accounting mechanisms flexibly in order to minimise the potential draw on this fund in 2023/24; however a draw of up to £7 million may be required. Combined with the £4 million anticipated draw described in paragraph 12.3, this results in a potential use of up to £11 million of ringfenced balances being used to support the 2023/24 revenue budget. That is, the £7.573 million projected deficit position outlined in table 5 is AFTER the application of up to £11 million of reserve balances.
- 12.5 It remains important that the Council maintains sufficient unallocated reserves to provide an appropriate degree of financial protection and immediate financial resilience moving forward, and that the level of unallocated reserves held is guided by the risk profile faced by the Council.
- 12.6 It is recognised that the financial risk profile for the Council has increased significantly over the past 2 years and in this context the Council previously approved to maintain unallocated balances at a minimum £10 million. The actual outturn on unallocated balances in 2021/22 of £10.788 million represented 2.3% of the Council's budgeted net expenditure. In setting the 2022/23 budget, £450,000 was committed from unallocated balances for specific purposes, resulting in an estimated 2022/23 closing balance of £10.3 million - a level that remains both prudent and appropriate for the Council's circumstances. As always, the Accounts Commission will continue to closely monitor the Council's position in respect to unallocated reserves as part of its wider assessment of the Council's financial stability and resilience.
- 12.7 Table 7 below summarises the forecast movement and year-end position of General Fund balances, including those earmarked for agreed purposes and estimated future liabilities. It should be noted this forecast is subject to significant volatility given the potential additional grant income and pay costs which may be incurred in 2022/23.

Table 7 – General Fund Balances 2022/23

Summary of Usable Reserves 2022/23	Balances at 1/4/2022	Forecast Movement	Forecast Closing Position at 31/03/2023
General Fund Balances	£000	£000	£000
Alcohol and Drugs Commission	1,854	(750)	1,104
British Sign Language	1	-	1
City Deal	1,750	(577)	1,173
Climate Change Fund	611	(339)	272
Community Empowerment Fund	339	(38)	301
COVID-19 Education Recovery Fund	6,328	(6,328)	-
COVID-19 General Recovery Fund	9,161	(9,161)	-
COVID-19 Recovery Construction Fund	10,000	(10,000)	-
Extraordinary Inflation	4,990	(4,990)	-
Financial Sustainability Fund	-	14,227	14,227
Loan Charges Flexibility Fund	-	40,271	40,271
PPP Reserve	12,670	(12,670)	-
Civil Contingencies surplus	-	50	50
Culture Bid Legacy	3,566	(1,126)	2,440
Development Contribution - Paisley Town Centre	1,057	-	1,057
Digital Infrastructure	2,389	(383)	2,006
Discretionary Business Grants	392	-	392
Early Years Strategy	1,900	-	1,900
Employability	9,481	(1,523)	7,958
Environment & Infrastructure	1,015	(500)	515
Family Wellbeing Fund	-	988	988
Leisure: Inclusive Play Facility	50	(35)	15
Local Heat and Energy Efficiency	-	75	75
Memorial Headstone Safety	625	(511)	114
Paisley Town Centre Heritage Strategy	1,254	(1,125)	129
Private Sector Housing Grant	2,207	(157)	2,050
Public Wi Fi Project	33	(33)	-
Pupil Equity Funding	1,259	-	1,259
School Music Participation	285	(125)	160
Service Modernisation and Reform Fund	11,008	(2,306)	8,702
Service Year End Flexibility	5,291	(1,476)	3,815
Fairer Renfrewshire Programme	-	3,786	3,786
Social Renewal Plan	1,795	(1,041)	754
Tackling Poverty	1,402	(972)	430
Villages Improvement Fund	133	(133)	-
Welfare Reform	1,033	(400)	633
Unallocated General Fund Balances	10,787	(460)	10,327
Total General Fund Balances	104,666	2,238	106,904

- 12.8 As previously reported to Council in its consideration of the annual accounts, and as detailed in Table 8 below, other specific reserves continue to be maintained.

Table 8 – Specific Reserves 2022/23

Summary of Usable Reserves 2022/23	Balances at 1/4/2022	Forecast Movement	Forecast Closing Position at 31/03/2023
Specific Reserves	£000	£000	£000
Insurance Fund	2,653	-	2,653
Reservoir Repair Fund	321	-	321
Education Capital Items Fund	2,269	(124)	2,145
Investment Programme Capital Fund	90,456	(2,500)	87,956
Total Specific Reserves	95,699	(2,624)	93,075

- 12.9 The Insurance Fund covers the main classes of insurance and is earmarked for insurance purposes such as the cost of insurance excesses and premiums.
- 12.10 The Reservoir Repairs Fund represents funding received from a developer for repairs in perpetuity in relation to the Thornly Dam.
- 12.11 The Education Capital Items fund is earmarked for specific schools for the planned purchases of a capital nature such as computers and information communication technology equipment.
- 12.12 The Investment Capital Fund is used to hold planned contributions to the delivery of the ongoing capital investment programmes, as well as resources that support the long-term debt smoothing strategy. These debt smoothing resources are utilised to manage both the debt levels linked with the capital investment programme and the associated debt servicing costs i.e. principal repayments, charged to the revenue account each year.

13. BUDGETARY CONTROL

- 13.1 Directors are expected to manage their approved budgets on a bottom line basis in accordance with the Financial Regulations. If an overspend emerges during the year on any approved budget line the Director is expected to take corrective action, seeking Policy Board approval for any policy changes involved in such actions. Members should also be aware that, given the reliance on non-recurring reserves to produce a balanced budget, any further decisions taken by the Council or Policy Boards to increase spend over the course of the year must give consideration to how this spend will be funded.

14. FURTHER ACTION

- 14.1 Members wishing clarification of the details of this report or the enclosed Revenue Estimates pack should contact the Director of Finance & Resources or the Chief Executive or any Director in relation to their specific service responsibilities.

- 14.2 Members wishing advice on budget proposals should contact the appropriate service Director.

Implications of the Report

1. **Financial** - The report and enclosures provide the background information on the 2023/24 revenue budget, identifying a recurring deficit position in year, with a significant budget deficit of up to £40-45 million forecast over the following three years. As detailed in the report, if the Council does not comply with the specified set of commitments linked to the financial settlement offer as part of agreeing the 2023/24 budget, it would be anticipated that the grant settlement will be subject to review by the Scottish Government, albeit detail on the specific action that would be taken by the Government has not been confirmed.
2. **HR & Organisational Development** - implications will be subject to any budget proposals agreed.
3. **Community/Council Planning** – implications will be subject to any budget proposal agreed. Members should however keep in mind that over the medium term the Council is anticipated to have to continue to increasingly make key choices to direct resources to support the delivery of those outcomes of greatest priority as defined in the Council Plan.
4. **Legal** – the Council is legally required to set a balanced budget.
5. **Property/Assets** - implications will be subject to any budget proposals agreed.
6. **Information Technology** - implications will be subject to any budget proposals agreed.
7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report, however the final implications will be determined by the budget proposals agreed. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored.
8. **Health & Safety** - none
9. **Procurement** – none
10. **Risk** - As outlined in the report, the Council continues to be faced with extreme financial risk in setting its 2023/24 budget in the context of inflationary costs, service demands and potential funding claw backs. The financial outlook over the medium term remains loaded with downside risks, principally in relation to factors out with the

Council's direct control. In addition, the scope of service change required and scale of cost reduction necessary to align Council spending with available resources over the medium term brings with it additional risk for the Council. In recognition of this it is critical that the Council's financial resilience is maintained and that decisions taken by the Council pay due regard to the medium-term financial outlook.

11. **Privacy Impact** - implications will be subject to any budget proposals agreed.
12. **Cosla Policy Position** – implications will be subject to any budget proposals agreed.
13. **Climate Risk** – implications will be subject to any budget proposals agreed.

Author: Alastair MacArthur, Director of Finance & Resources

RENFREWSHIRE COUNCIL
PROVISIONAL RESOURCE ALLOCATION STATEMENT
(subject to amendment for any budget proposals approved by Council)

Net Expenditure	2022/23			2023/24
	Approved Estimates £000	Revised Estimates £000	Probable Outturn £000	Estimates £000
Children's Services	222,413	226,403	231,672	230,826
Adult Services	86,011	93,598	92,577	92,788
Environment and Infrastructure	44,864	47,165	50,013	44,388
Miscellaneous Services	28,369	29,266	29,266	33,225
Finance and Resources	34,620	38,986	39,339	40,892
Communities and Housing Services	10,041	9,195	9,155	9,965
Chief Executive Services	10,783	11,719	11,696	10,743
Leisure Services	11,734	11,734	12,592	12,419
Loans Fund	3,627	3,697	3,697	3,077
SPT	3,248	3,168	3,168	3,248
Renfrewshire Valuation Joint Board	1,657	1,657	1,657	1,657
Net Expenditure	457,367	476,588	484,832	483,228

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
ADULT SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

93,597,835

Adjustment to Current Year Estimates

Settlement Adjustments:

Removal of Interim Care (non-recurring)

(664,000)

Free Personal and Nursing care

276,000

(388,000)

Unavoidable Pressures:

Full year impact of 2022/23 pay settlement

1,054,000

1,054,000

Transfers (to) / from other Services:

HSCP support costs to Miscellaneous

(1,476,000)

(1,476,000)

2023/24 Estimates (before Council decisions)

92,787,835

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
CHIEF EXECUTIVE SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

11,719,088

Adjustment to Current Year Estimates

Unavoidable Pressures:

iDox Software Upgrade (Planning)

19,000

Climate Ready Clyde subscription

11,000

Inflationary increase in Scotland Excel requisition

3,900

33,900

Proposed Savings:

Right for Renfrewshire Tranche 2

(860,000)

Financial Sustainability Workstreams

(150,000)

(1,010,000)

2023/24 Estimates (before Council decisions)

10,742,988

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
LEISURE SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

11,733,799

Adjustment to Current Year Estimates

Unavoidable Pressures:

Net Inflationary increase - OneRen requisition

685,300

685,300

Proposed Savings:

-

2023/24 Estimates (before Council decisions)

12,419,099

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
CHILDREN'S SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

226,403,088

Adjustment to Current Year Estimates

Settlement Adjustments:

Funding for teachers	(110,000)
Early Learning Childcare	(675,000)
1+2 Languages	(40,000)
Free school meal expansion	(44,000)
Pupil Equity Fund	378,000
School Clothing Grants	30,000
Whole Family Wellbeing (New burden)	985,580
Removal of Core Curriculum Charges	24,000
Removal of Fees for Music Tuition	137,000

685,580

Unavoidable Pressures:

Annual Contractual PPP Contract Indexation Adjustment	1,737,000
External secure care / residential placements	2,000,000

3,737,000

2023/24 Estimates (before Council decisions)

230,825,668

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
COMMUNITIES AND HOUSING SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

9,194,722

Adjustment to Current Year Estimates

Settlement Adjustments:

Preventing Homelessness

451,000

451,000

Unavoidable Pressures:

Inflationary increase in payment to Glasgow Scientific Services

11,100

11,100

Transfers (to) / from other Services:

Regulatory Services / Public Protection from Miscellaneous

307,728

307,728

2023/24 Estimates (before Council decisions)

9,964,550

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
ENVIRONMENT AND INFRASTRUCTURE

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

47,164,912

Adjustment to Current Year Estimates

Settlement Adjustments:

Local Energy Strategy (New Burden)

75,000

75,000

Unavoidable Pressures:

Waste collection and disposal service

120,000

Streetlighting - Electricity Price Increase

100,200

Bitumen price inflation

116,300

Road Salt price inflation

45,000

Soft FM staff for Kirklandneuk PS

17,200

Soft FM food labelling (Natasha's law)

4,000

402,700

Transfers (to) / from other Services:

-

-

Proposed Savings:

Right for Renfrewshire Tranche 2

(2,711,000)

Financial Sustainability Workstreams

(544,000)

(3,255,000)

2023/24 Estimates (before Council decisions)

44,387,612

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
STRATHCLYDE PASSENGER TRANSPORT

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

3,167,698

Adjustment to Current Year Estimates

Transfers (to) / from other Services:

Inflationary increase in SPT requisition

80,000

80,000

2023/24 Estimates (before Council decisions)

3,247,698

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
FINANCE AND RESOURCES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

38,985,694

Adjustment to Current Year Estimates

Settlement Adjustments:

Empty Property Relief (New burden)

3,045,600

Scottish Disability Assistance

45,000

3,090,600

Unavoidable Pressures:

Business Services and recruitment staffing

231,900

Digital First and Customer Services staffing

130,100

Cyber Security systems and staffing

103,100

ICT contract renewals and inflation

159,700

External audit fees increase

46,300

Elected Member pension costs

24,600

Support for National Young Person Bus Travel Scheme

15,900

711,600

Transfers (to) / from other Services:

Insurance premium uplifts November 2022 from Miscellaneous

184,295

184,295

Proposed Savings:

Right for Renfrewshire Tranche 2

(960,000)

Financial Sustainability Workstreams

(1,120,000)

(2,080,000)

2023/24 Estimates (before Council decisions)

40,892,189

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
RENFREWSHIRE VALUATION JOINT BOARD

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

1,657,150

Adjustment to Current Year Estimates

Unavoidable Pressures:

Increase in requisition to RVJB

-

-

2023/24 Estimates (before Council decisions)

1,657,150

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
MISCELLANEOUS SERVICES

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

29,265,563

Adjustment to Current Year Estimates

Unavoidable Pressures:

Utility and contract cost inflation	2,740,000
Non-Domestic Rates impact of 2023 revaluation	733,000
Fuel inflation provision	400,000
Royal National Mod 2023 (non-recurring)	300,000
	<hr/>

4,173,000

Transfers (to) / from other Services:

Regulatory to Communities and Housing	(307,728)
Requisition increase to SPT	(80,000)
HSCP direct support cost	1,476,000
Insurance premium uplifts to Finance and Resources	(184,295)
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903,977

Proposed Savings / Prior Year Decisions:

Removal of one-off cost for Local Elections	(500,000)
Unwind of temporary Council Tax Reduction support	(250,000)
Financial Sustainability Workstreams	(366,000)
	<hr/>

(1,116,000)

2023/24 Estimates (before Council decisions)

33,226,540

RENFREWSHIRE COUNCIL
SUMMARY OF 2023/24 REVENUE ESTIMATES
LOANS FUND

PAPER 1

Analysis of Change between 2022/23 and 2023/24

£

2022/23 Estimates

3,696,610

Adjustment to Current Year Estimates

Strategic Investments:

Loan Charges Sustainability Fund (formerly PPP reserve)

280,000

Financial flexibilities application - capital and debt management

500,000

Proposed Savings:

780,000

Financial Sustainability Workstreams

(1,400,000)

(1,400,000)

2023/24 Estimates (before Council decisions)

3,076,610