

Notice of Meeting and Agenda Council

Date	Time	Venue
Thursday, 29 February 2024	09:30	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

MARK CONAGHAN
Head of Corporate Governance

Membership

Provost Lorraine Cameron (Convener): Councillor Iain Nicolson (Leader): Councillor Cathy McEwan (Depute Convener): Councillor Jacqueline Cameron (Depute Leader):

Councillor Jennifer Adam: Councillor Fiona Airlie-Nicolson: Councillor Alison Ann-Dowling: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Graeme Clark: Councillor Carolann Davidson: Councillor Eddie Devine: Councillor Andy Doig: Councillor Audrey Doig: Councillor Chris Gilmour: Councillor Edward Grady: Councillor Gillian Graham: Councillor Neill Graham: Councillor John Gray: Councillor Anne Hannigan: Councillor John Hood: Councillor Lisa-Marie Hughes: Councillor Robert Innes: Councillor Alec Leishman: Councillor Bruce MacFarlane: Councillor James MacLaren: Councillor Kenny MacLaren: Councillor Mags MacLaren: Councillor Colin McCulloch: Councillor Janis McDonald: Councillor David McGonigle: Councillor Jamie McGuire: Councillor Marie McGurk: Councillor Iain McMillan: Councillor John McNaughtan: Councillor Kevin Montgomery: Councillor Sam Mullin: Councillor Will Mylet: Councillor Jim Paterson: Councillor Emma Rodden: Councillor John Shaw: Councillor Ben Smith: Councillor Andy Steel:

Addendum to Report: Item 3 Revenue Budget and Council Tax 2024/25

Items of business

3(a) Revenue Budget and Council Tax 2024/25 Addendum - 1 - 4 Settlement Update

Report by Director of Finance & Resources



To: Council

On: 29 February 2024

Report by: Director of Finance & Resources

**Heading: Revenue Budget and Council Tax 2024/25 Addendum -
Settlement Update**

1. SUMMARY

- 1.1. This report is provided as an addendum to Agenda Item 3, Revenue Budget and Council Tax 2024/25, and following the issuing of a letter by the Deputy First Minister and Cabinet Secretary for Finance on 21 February 2024 on the local government settlement.
- 1.2. The letter indicates additional funding for the 2024/25 Local Government finance settlement of £62.7m. It should be noted that this is contingent upon expected announcements in the UK Spring budget on 6 March 2024, and on agreement to freeze council tax at current levels.
- 1.3. This addendum report outlines the detail of the letter and implications for the Council's 2024/25 Revenue Budget and Council Tax position.

2. RECOMMENDATIONS

It is recommended that Members:-

- 2.1 Note the letter from the Deputy First Minister and Cabinet Secretary for Finance related to the Local Government finance settlement offer, as detailed in the body of the report;
- 2.2 Note that the additional funding is contingent upon the UK Spring Budget and conditional upon the freezing of Council Tax in 2024/25;

- 2.3 Note that no figures have been released indicating the impact for individual councils; and
- 2.4 Agree to direct any additional revenue funding coming to Renfrewshire Council as a result of this announcement to reduce the recurring deficit as outlined in section 11 of the Revenue Budget and Council Tax report at Item 3 on this agenda.

3. 2024/25 Revenue Grant Update

- 3.1 As outlined in the Revenue Budget and Council Tax 2024/25 report at Agenda Item 3, the Deputy First Minister and Cabinet Secretary for Finance announced the provisional local government finance settlement on 21 December 2023. Subsequent to the finance circular being issued, the local government finance order was laid before Parliament on 7 February, which provided an update to the settlement figures previously advised. The revised revenue grant allocation for Renfrewshire Council is therefore confirmed at £422.373 million, rising to £427.174 million assuming the specific revenue grant in relation to teacher numbers is secured.
- 3.2 The letter from the Deputy First Minister and Cabinet Secretary for Finance indicates that funding of £62.7m will be added to the local government settlement for 2024/25 as general revenue funding.
- 3.3 All of the £62.7m, which derives from £45m expected Barnett consequentials plus a further £17.7m, is contingent on the UK Spring Budget which will be announced on 6 March. The Scottish Government is not yet in a position to commit to whether this funding would be recurring and baselined. There is, therefore, likely to be no indication of how the funding may be distributed to councils until likely some time well after 6 March.
- 3.4 The Scottish Government previously announced their intention to provide compensatory funding to those councils who agree to freeze Council Tax at 2023/24 levels. An initial sum of £144m nationally has been earmarked within the Scottish Budget for this purpose, marginally increased to £147m over the period since the draft budget was published. Renfrewshire's share of this funding, assuming the Council agrees to freeze Council Tax, will be £4.897 million; broadly equivalent to a 4.4% council tax increase. It is estimated that the Renfrewshire share of the £62.7 million would be in the region of £2 million, however this will depend on the distribution methodology agreed.
- 3.5 The letter from the Deputy First Minister and Cabinet Secretary for Finance states that the additional £62.7 million funding is conditional upon the freezing of Council Tax, in the same way as the existing £147 million offered.
- 3.6 Agenda Item 3, the Revenue Budget and Council Tax 2024/25 report, indicates a deficit for 2024/25 of £9.284 million. This is before any decision on Council Tax and therefore excludes the potential £4.897 million compensatory funding. The 2024/25 position contributes to a significant budget deficit of up to £45-50 million forecast over the following three years. It is recommended, therefore, that any additional funding flowing to Renfrewshire Council from this announcement should be directed to reducing the budget deficit and not be directed towards any new areas of spend.

Implications of this Report

1. **Financial** – The report provides an update on the Council's 2024/25 grant settlement to complement the full information provided in the Revenue Budget and Council Tax 2024/25 report at Agenda Item 3.
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.
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** - 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** - the Council continues to be faced with significant financial risk in setting its 2024/25 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

List of Background Papers

(a) Background Papers - Revenue Budget and Council Tax 2024/25 report at Agenda Item 3

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