Renfrewshire Council

To: Council

On: 14 December 2023

Report by: Director of Finance & Resources

Heading: General Fund Financial Update

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1. Summary

1.1 Successive financial update reports to the Council have highlighted the ongoing and increasingly challenging financial and economic environment the Council is facing. The recent UK Government Autumn Statement provides no cause for optimism in terms of an improved outlook for investment in public services, while the economic environment remains challenged with sustained weak growth and productivity and continuing high levels of inflation. This results in a financial and economic environment characterised by increasing levels of risk; placing the Council's financial sustainability under continued pressure. This follows more than a decade of financial challenge which has reduced the Council's financial resilience and ability to respond to these ongoing and sustained financial challenges.

1.2 Previous financial updates to Council outlined the requirement for the Council to develop and deliver savings which would address major financial sustainability risks, and this requirement has not abated.

1.3 The report provides an update on the current and forecast target level of savings; an update with regards the current year financial position and an early indication of the potential position for 24/25 and subsequent years over the medium term. Key issues in terms of the requirement to

sensibly and prudently use reserve balances to support the Council's medium term position are outlined; along with key risks to this position.

1.4 The report also provides an update to challenges to the existing capital programme as have been previously advised to Council.

2. Recommendations

2.1 Note the economic outlook provided in the report;

2.2 Note the update provided in relation to the current financial year, the medium term and the continued requirement to deploy reserve balances in a controlled and managed fashion to maintain financial stability;

2.3 Note the update provided in section 7 in relation to the net forecast financial position, the importance of Council understanding that the use of reserve balances to support the Council's financial position is a short-term tool only, and agree the principles outlined in relation to the planned use of reserves; and

2.4 Note the capital update in section 8 and agree the recommended adjustments to the capital plan.

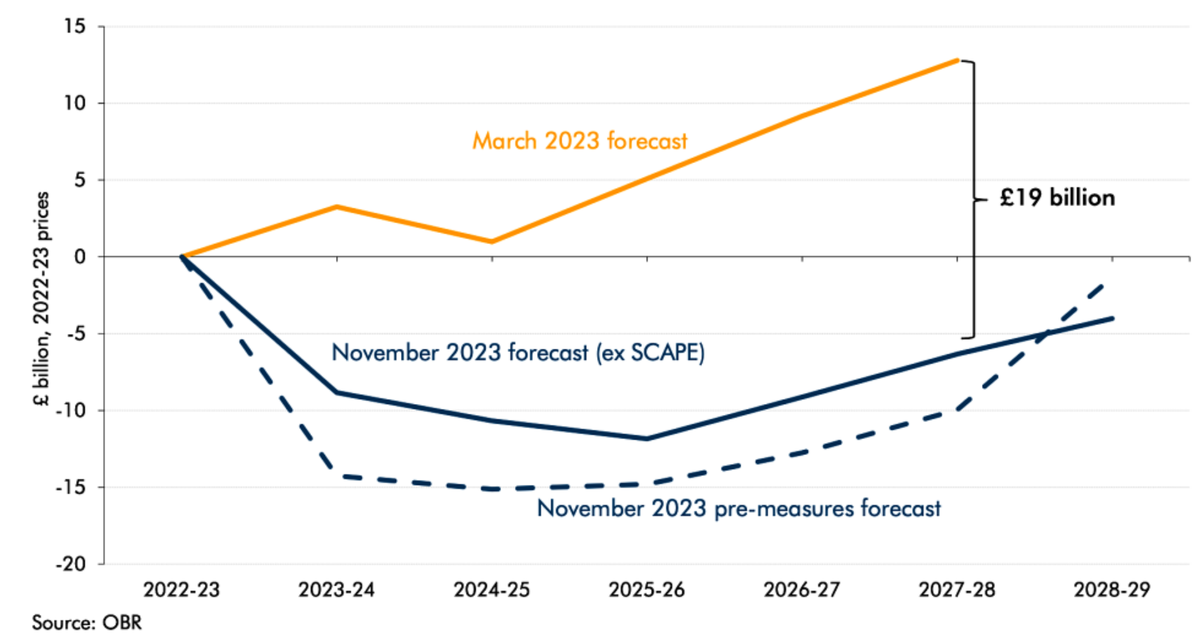
3. Economic outlook

3.1 The main event which provides context for the current and future economic outlook was the UK Government Autumn Statement which was published on 22 November, accompanied by economic and fiscal forecast updates from the Office of Budget Responsibility (OBR).

3.2 The main policy objectives set out by the Chancellor in the Autumn Statement was to attempt to raise the future economic growth rate, without impacting on the already high inflation rate. To this end the Chancellor announced a host of supply side initiatives. However, the OBR, while accepting that these would be positive, estimated the scale of the combined impact of all this as minimal: an increase of 0.3% on GDP after 5 years. Furthermore, other non-Autumn Statement related changes to forecasts meant that economic output and productivity growth forecasts to 2028 actually fell, from an annual rate of 1.2% to 1% in the case of the latter.

3.3 In terms of public finances, higher than anticipated tax revenues allowed the Chancellor some spending leeway but this was curtailed by rising debt interest payments. In the end, he largely used the financial headroom to fund tax cuts, e.g. on Employees (and self-employed) National Insurance, rather than reduce borrowing (and debt) or increasing public spending. As a result, the prospects for public service spending continue to deteriorate significantly. This is because they were already constrained but now, in real terms (i.e. after adjusting for inflation), they are even worse, due to 'higher for longer' inflation than was previously forecast. Chart 1 shows the impact of this in terms of revenue/DEL (day-to-day) spending.

Chart 1: change in real total RDEL spending from 2022-23



3.4 The Chancellor's objective in terms of public spending can be summed up in his own words during his Statement: "…we will ensure that over time the growth in public spending is lower than the growth in the economy …". With economic growth forecasts over the next five years projected to be circa 1% per annum, this would suggest very flat growth in public spending.

3.5 In terms of the economic outlook, the combined announcements from the Treasury and OBR may be summarised as follows:

- The Economy (GDP): while growth has been faster than expected this year, in future years it is lower, despite a raft of measures to improve it. While these policies may have a positive impact, other changes to the OBR's forecast mean that both future productivity and (real terms) GDP growth have declined compared to the forecast the OBR made in March;

- Inflation (CPI): peaked at 10.7% in the 4th quarter of 2022 (over 13% for RPI) and has fallen in the second half of 2023, although not as sharply as expected back in March. Furthermore the negative inflation forecast for 2025 is no longer, although CPI is still forecast to dip below the 2% target post 2024. Different inflation measures - CPI, RPI, GDP deflator - can still vary considerably, for example, between 2.3% (GDP deflator) and 5.1% (RPI) in 2024, meaning that it remains difficult to be definitive about real, rather than cash, terms changes in the OBR forecasts;
- Interest rates: peaks at 5.4% and average about 1 percentage point higher than forecast in March;
- Unemployment rate: rises to 4.6% in 2024 before starting to slowly fall;
- Living standards: are set to decline in 2024 in real terms, but not for as long, and not as much as before.
- Interestingly, the OBR forecasts also assume council tax in England will increase by around 5% per year out to 2028/29.

3.6 The Chancellor did announce welcome increases in LHA rates and benefits; and the reduction in NIC contributions for employees and the self-employed will apply in Scotland equally as elsewhere in the UK, benefiting those in Scotland earning the median wage by £415 per year.

3.7 Turning to the Scottish Budget, there will be additional funding for the Scottish Government through the Barnett formula of £545 million, approximately £233m in this financial year and £281m in the next. The main measures generating consequentials are:

- the funding of the pay award for the NHS in England in 2023-24, which generates £235m;
- 75% relief on business rates in England for the retail, hospitality and leisure sectors in 2024-25, up to a £110,000 cash cap, which generates £232m;
- freezing the small business multiplier in England in 2024-25, which generates £32m.

While the Scottish Government is free to spend this money where it likes, it is likely that the NHS related consequentials will be ring-fenced for the NHS in Scotland.

3.8 In terms of the Scottish Government financial position, Audit Scotland recently highlighted that “the delivery of public services in their current form is not affordable, with inflationary pressures and public sector pay settlements having a significant impact”. The report went on to say that “The Scottish Government must work with partners to develop a programme of public service reform, including workforce redesign, which balances the short-term financial pressures with the need for longer-term change, recognising that this may require financial investment”. This clear indication of pressure on the Scottish Government Budget position over the medium term will likely impact on the local government settlement, and is reflected in the Council’s medium-term financial assumptions, outlined in further detail below. The difficulties for the Scottish Government were recently confirmed by the Finance Secretary, who confirmed that the public sector workforce would have to reduce due to tight budgets and inflation-driven pay deals.

3.9 The Council’s financial strategy remains fluid and is continually updated to reflect emerging new pressures or changing levels of existing pressure. This position underlines the necessity for the Council to take steps to address underlying financial sustainability through the development and implementation at pace of savings measures which meet the targets set out later in this report.

4 2023/24 Financial Position

4.1 Members are aware the recent very high levels of inflation experienced in the economy have driven cost increases which are impacting on families and household finances, as well as the Council and associated bodies, community organisations and businesses. While the outlook for inflation has eased – the CPI rate is currently 4.6%, down from a peak of 11% in 2022 – the Bank of England suggest that inflation will remain above its 2% target for some time. The welcome reduction in inflation is good news for both households and council finances, however the legacy of the very high rates recently experienced is still being felt, with many staple purchases such as food continuing to be the subject of high and increasing prices. And of course lower inflation does not mean a reduction in cost – simply that the rate of increase in costs in slowing.

4.2 As has been previously reported, the Council continues to face cost pressures in other areas – energy costs, food, transportation and diesel costs. Vehicle parts costs are increasingly an issue, while building and construction cost pressures remain an ongoing concern.

4.3 In addition to cost increases, and as has been reported regularly throughout the year, the council is also experiencing higher demand for some services – most pressingly in children and families' social care. Despite intensive social work support, there continues to be significant need to accommodate children and young adults in kinship care, foster care or residential accommodation. For some children, this entails highly-intensive care packages which are increasingly expensive. This position has been building over the past 2-3 years with an overspend being incurred in 2021/22 and 2022/23. In setting the budget for 2023/24, increased provision of £2m in the base budget was made, however it was acknowledged at that point that the costs expected were likely to be significantly in excess of this amount, and indeed that has transpired; with the service forecasting an overspend of £2 – 3m in residential care. In addition, the Scottish Government has agreed national maintenance allowance rates for foster and kinship carers which is backdated to 1 April 2023. The national rates are higher that the rates paid by the Council, resulting in an in-year financial pressure of £0.5m. As members are aware, increased social care funding has in recent years been passed in full to the HSCP as a specific condition of the local government settlement. This position is not sustainable moving forward, nor is the continuation of such restrictive conditions appropriate under the Verity House Agreement.

4.4 There remain other Covid-related pressures, with parking income still well below pre-pandemic levels, and very high school transport costs being incurred with no prospect of these reducing.

4.5 The Council Overview finance report to the recent Finance, Resources and Customer Services Policy Board outlined a 2023/24 projected overspend (excluding the overspend projected in adult social care) of £7.8 million. This projection is exclusive of a number of other risks to the 2023/24 financial position:

- The 2023/24 pay award has been agreed for those employees on local government and craft terms & conditions. The agreement reached for these groups is broadly a combination of a core pay increase of 5.5% with further consolidated elements to support the lowest paid in the workforce, who will receive an increase in the hourly rate of £1.04. Council agreed a provision for pay awards based on a 3% increase. While additional Scottish Government funding has been provided to support the pay settlement, the amount allocated will be insufficient to meet the expected total cost, requiring the Council to fund the differential (estimated at £0.5 – 1m) and to build this deficit in to future base budgets. It is likely in-year financial support will also be required by OneRen in relation the 23/24 pay award.

- There are a range of other cost pressures the Council is facing in relation to reduced parking income, increased streetlighting maintenance costs, higher levels of overtime due to increased annual leave and public holidays in 2023 and significant pressure in relation to property maintenance. While these cost pressures are incorporated into the forecast outturn figure above, there is a risk that other pressures may emerge over the winter period.
- The projection does not include any variance relating to the collection of Council Tax. Current forecasts suggest collection rates are holding up in line with budget, however it is recognised that the cost-of-living crisis may yet impact on households over the winter period which could have significant effect on yield.

4.6 The sum of these pressures could result in the Council delivering a £8-9 million gross revenue overspend by the end of the 2023/24 financial year. Directors and management teams are closely monitoring their costs, restricting spend to essential spend only and are aiming to mitigate increases where possible. As anticipated by Council in setting the 23/24 budget, it is certain the Council will require to utilise reserve balances to fund the projected overspend and support a break-even position at year end. In March 2023 Council agreed to the utilisation of up to £11.6 million of reserve balances to address anticipated service pressures and to fund the position on loan charges. It is anticipated the forecast outturn position reflected above will be broadly in line with this budgeted position.

4.7 Council agreed in March 2023 to consolidate a number of Covid-19 related balances into a single financial sustainability fund which would be utilised over the medium term to support the Council's budget position while recurring spend levels is brought back in line with income. This fund will continue to be the main source of support to the Council's financial position as is outlined below.

4.8 Members will note that the deployment of reserves to achieve a break-even financial position is not sustainable and reinforces the need for the Council to address its projected core structural funding deficit over this period as soon as possible. Given the ongoing highly constrained financial risk environment, maintaining unallocated reserves at their current level is recommended.

5 Medium Term Revenue Outlook

5.1 Previous reports to Council have outlined a medium-term forecast which – based on the Council's central planning assumption – results in a financial gap in the range of £45m-£50m over the three-year period 2024/25 to 2026/27. This forecast is prior to any decision on council tax. Assuming a 5% uplift in council tax in each year, the cumulative gap would reduce to a range of £30m-£35m. The table below extends this timeframe out to 2027/28 for the central scenario:

Table 1

Summary medium term forecast

	24/25 £m	25/26 £m	26/27 £m	27/28 £m
Opening base budget gap	6	5.3	6.0	9.2
New pressures:				
Pay (3%/3%/2.5%/2.5%)	8.4	8.0	8.0	8.5
Non-pay	5.9	7.0	7.5	8.0
Borrowing	0.5	0.5	4.5	0.5
Asset maintenance		2.0	2.0	
Gross pressures	**20.8**	**22.8**	**28.0**	**26.2**
Savings:				
Right for Renfrewshire	-1.5			
Property	-0.5	-0.3		
Fees & Charges	-0.8	-0.3	-0.3	-0.4
Council Tax base increase	-2.0	-1.5	-1.5	-1.0
Corporate and service savings	-4.7	-1.5		
To be identified		*-8.0*	*-8.0*	*-8.0*
	11.3	11.2	18.2	16.8
Increase in SG revenue grant	0.0	0.0	-4.0	-4.0
Budget gap prior to CT decision	11.3	11.2	14.2	12.8
CT increase (6%/5%/4.5%/4%)	-6.0	-5.2	-5.0	-4.8
Recurring budget gap	**5.3**	**6.0**	**9.2**	**8.0**
Use of reserves	-5.3	-6	-9	-8

5.2 The above position is based on a range of assumptions which are outlined in further detail below; however it should also be noted at this point the figures in the table above can only be estimates based on information currently available, and will be subject to change.

5.3 Revenue Grant

The central assumption is for a flat cash allocation out to 2026/27, with a slight increase of around 1% per annum in the years following. The current spending review period is to 2024/25 and it is anticipated, based on the Autumn Statement position outlined above and the measures contained within that which will impact on 2025/26, that it would be 2026/27 before any substantive change could be made in terms of the outlook for public spending, either at a UK or Scotland level. Given the current continuing high rates of inflation this will obviously constrain the Council given it represents a real terms cut to funding. While the Scottish Government is projected to receive an additional £0.5 billion from the UK Government over the current and next financial years as outlined above, given the demands on the Scottish Government and the impact of inflation, there is little to suggest any improvement in the flat cash position for local government over the short to medium term. This position will be clarified (for 2024/25 at least) when the Scottish Government publishes its Draft Budget on 19 December 2023.

5.4 Council tax

Each year an assessment is made with regards movement in the council tax base i.e. the number and banding of domestic properties for which a council tax liability may arise. Based on forecast house build completions it is estimated that a slightly higher increase in the base could be confidently built into the forecast position in the short term, with increases easing back to their historic average in the later years of the forecast. Risk remains however with regards actual yield as the cost of living crisis continues.

For 2024/25, the position is highly uncertain given the First Minister’s announcement of a council tax freeze, and subsequent assurances that this freeze would be fully funded to councils by the Scottish Government. Obviously, it is for each council to make their own decision on council tax levels, and each will have been basing their financial assumptions on their local own circumstances. It will be critical for the Council to ensure that the Scottish Government compensatory funding received is clearly in addition to the core settlement; and that it is at a level which meets Council expectations of full funding.

5.5 Pay inflation

As outlined above, the pay award for 2023/24 has very recently been settled. Despite additional funding from the Scottish Government, there will remain an unfunded gap in 2023/24 which will carry forward into future years and which must be addressed in base budgets moving forward. The pay assumptions for future years are outlined in the table above; however given levels of inflation remain relatively high (and are forecast to remain higher for longer), there may again be pressure on these assumed levels of increase. However, the provisions set out represent the ceiling of what is affordable.

5.6 Non-pay inflation

The Council has a long standing principle of no general inflationary pressures being funded, with an expectation that Directors and their management teams will seek ongoing efficiencies in order to meet general inflationary pressures. However, where a pressure is "unavoidable", and there is no scope for the Director to realistically mitigate these costs, then provision will be made within the Council's base budget. Given continuing high levels of inflation, the unavoidable pressure is unsurprisingly higher as we move in to 2024/25. The estimate for 2024/25 included in the table above is based on detailed returns from services which have been assessed and only the most pressing issues and costs are proposed to be funded. Pressures totalling in excess of £15 million have been outlined by services, however only a proportion of these are proposed to be funded.

5.7 Long-term debt

Members will recall that the 2022/23 revenue budget included use of longer term capital financing flexibilities totalling £7.5 million, which it was acknowledged would result in higher costs in the longer term but were required in order to manage through the medium term; with appropriate base budget adjustments being made in future years. In addition, provision for borrowing costs related to the new Dargavel primary school and extension to Park Mains HS has been included.

5.8 Lifecycle maintenance

Members will be aware of the significant pressure on property and infrastructure budgets, which owing to financial pressures have not been increased in several years. In order to mitigate both the backlog of maintenance issues and the increase in costs of construction materials and repairs, additional funding has been built into the forecast position over the medium term.

5.9 The above assumptions and anticipated costs represent only those for existing services. There may of course be other issues which arise which have not been anticipated; or the assumed levels above may prove to be inadequate. There is also no provision within the above summary for further investment in Council priorities e.g. climate change, social renewal and Fairer Renfrewshire etc, over that which has already been set aside.

5.10 There are two key emerging risks for 2024/25 which members should be aware of:

- The Council has been notified of an increase in employer contributions towards teacher pensions from 23% to 26% on 1 April 2024. The additional cost of this increase for the Council is estimated at £2.6 million, which should be funded through Barnett consequentials to the Scottish Government, which should then flow to local government. This assumption is not confirmed at present; and remains a further risk to the position as outlined in table 1.
- As reported to the recent Leadership Board, there are increasing pressures in relation to migration and asylum provision, particularly related to UK Home Office decisions being streamlined to tackle the volume of asylum seekers nationally. The significant potential increase in homeless presentations linked to the asylum population in Renfrewshire and more widely across the West of Scotland, is anticipated to create additional financial pressures for Council services. Projections are currently being developed and will be reported as they become available.

6 Savings and Financial Sustainability Workstreams

6.1 Table 1 above outlines that, excluding the increase in the council tax base, savings of £9.3 million are anticipated in 2024/25. These savings have been achieved across a range of agreed workstreams including the Right for Renfrewshire transformation programme and other financial sustainability workstreams including a review of property costs with savings being achieved through for example exiting from leased properties such as Abbey House.

6.2 Corporate and service savings are also included, the main component of which is the recurring saving which is possible through the long-term reduction in employer pension contributions for local government employees as advised to Council in September.

6.3 As previously reported to Council, progress with the financial sustainability workstreams has highlighted the challenges involved in driving out significant savings that do not impact on service delivery. Some workstreams will also take longer to deliver savings, 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, supported by the trialling of automated technology, will take some investment in the short to medium term. It will however be a key enabler in increasing digital ways of working and digital customer services, which are expected to generate efficiencies in the longer term as well as improvements to service provision.

6.4 In addition, improving the purchase to pay (P2P) processes employed by the Council will ultimately allow for improved visibility and consistency over what the council purchases. There has been significant effort by the procurement team, working in conjunction with managers across the council, to try and generate price savings through improved contract management and tender specification; however in an environment of high inflation, generating price and therefore cost reduction is very difficult. The main route therefore to reducing spend is by reducing the volume and scope of what the council purchases. Improved P2P processes is a key enabler in securing better data on which to base future purchasing decisions.

6.5 The medium-term outlook reflected in Table 1 above highlights the very challenging financial position the Council faces; and suggests that as a minimum a further savings target of £8m per annum be set each year from 2025/26 and that this requirement be kept under careful review as the outlook continues to develop. Savings at this level will be difficult to meet given these will be coming on the back of over a decade of savings being required on a similar if not larger scale. However, setting a target at this level is viewed as the minimum required if the Council is to return itself to a position of recurring financial balance where there is no longer a reliance on reserves and financial sustainability is secured. Proposals for delivery of savings at this scale will again require to be developed by officers in addition to delivery of savings under existing workstreams. Key for members to recognise is that, even after delivery of £8m of savings year-on-year from 2025/26, there remains a £8m forecast recurring financial gap at the end of 2027/28. Assuming the targeted level of savings is achieved, over the period from 2021/22, savings in the order of £50 million will have been delivered, simply to enable the Council in effect to stand still financially.

6.6 An area of significant spend within the Council relates to Children's Services (the service makes up around 50% of the Council total net revenue budget); however, it is acknowledged that the current pressures being faced by elements of this service and wider obligations in terms of specific funding streams will make the delivery of recurring savings particularly challenging. Nonetheless, it is not possible to deliver savings on the scale targeted without some of this saving coming from Children's Services and officers will be required to explore and identify saving opportunities from all areas of service.

6.7 This work will continue over the coming months with update reports to be provided to Council and Policy Boards as appropriate; including consideration at Council budget setting. Development of further proposals and delivery of those which have been developed must remain a key Council priority and will be one which will place increasingly significant demands on already stretched management capacity.

7 Medium Term Financial Position and Reserves

7.1 It is apparent from Table 1 that there remains a considerable gap over the medium term, which will require to be addressed as Council considers most immediately the 2024/25 budget. As has been outlined in previous reports, there is a timing disconnect between the speed at which the financial gap is expected to emerge and the ability of the Council to generate and secure recurring savings to sustainably close it. The need for the Council to make spending and service prioritisation decisions at a greater scale and pace than over recent years in order to fully commit to the delivery of sustainable savings over the medium term has been consistently highlighted in each recently published financial outlook report. This will require the current lower level of real terms resources and spending capacity at the Council's disposal to be focused on those areas of greatest need and priority. These decisions will inevitably be challenging for the Council; and must be balanced with the requirement to continue to deliver core services. In this context, what is clear is that with the Council's financial spend predominantly driven by the cost of its workforce, to secure savings at the scale envisaged the organisation's workforce will consequently be smaller in scale by 2027/28 than it is at present.

7.2 The planned use of reserves as a support to the Council's medium-term financial position has been outlined in previous reports as likely to be required; and the analysis in Table 1 clearly demonstrates this requirement. The application of reserves is a legitimate tool in managing shorter term financial challenges and securing immediate financial stability while sustainable savings are generated to match financial pressures, but it cannot ever be more than a short-term measure. In summary, the financial sustainability reserve will be the prime source of support to the Council's financial position over the medium term, and as is outlined in the forecast position above, the Council will require to deploy around £30 million of this reserve balance over 2023/24 to 2027/28.

7.3 While there remain uncertainties in much of the analyses above, it may be helpful to reiterate previously agreed principles in terms of the planned use of specific reserves which could be deployed to support the Council's medium-term financial position:

- There should be no planned use of unallocated reserves, which are held as a risk contingency. Unallocated reserves should be maintained at a minimum of £10 million (2.3% of net running costs) over the medium term;
- The Council commits to the planned use of the financial sustainability reserve (including the non-recurring benefit anticipated in 2024/25 and 2025/26 from the reduced level of employer pension contributions as advised to Council in September) to support the medium-term financial position, and in the interim, develops and implements plans to address the underlying structural financial gap in a sustainable manner.

7.4 An updated revenue outlook will be provided to future Council meetings including the annual budget setting meeting, incorporating the confirmed level of Scottish Government revenue support in 2024/25, any revised financial assumptions and any variation in the requirement to utilise ring-fenced reserve balances from that outlined in Table 1.

8 General Fund Capital Programme

8.1 The Council has an ambitious capital programme, incorporating the delivery of significant investment in cultural venues and wider infrastructure linked to City Deal projects and Levelling Up Funding; as well as major improvement and expansion projects in the school estate.

8.2 Recognising the significant financial risks to the capital programme over the period of the pandemic, Council previously agreed to set aside £10m of funding to address both increased costs and the risks of contractor claims for delays incurred over the pandemic. Council subsequently agreed to utilise £4m of this funding in order to enable a capital funding switch related to the 22/23 pay award; with the remaining balance being subsumed into the financial sustainability reserve.

8.3 As projects proceed and conclude, a number of contractual claims are now emerging as was predicted, while additional costs are also emerging in relation to unanticipated works required. There are particular risks inherent in the refurbishment and redevelopment of historic buildings such as Paisley Town Hall, Arts Centre and the Museum. Some of these were anticipated and financially planned for as part of contingency budgets to an extent, however in many instances the scale of such risks have been greater than anticipated and indeed some have only emerged as intrusive works were undertaken.

8.4 It is likely that costs will be incurred in excess of agreed budgets within the existing capital plan. Where budgets are expected to be exceeded, appropriate approval will be sought to adjust the capital plan to reflect these costs and will result in an additional draw from the Investment Capital Fund. There is an immediate issue in terms of the contractual closedown on the Paisley Town Hall refurbishment, where extensive claims for additional works and prolongation are being worked through with the contractor. Based on current expert assessment and advice, it is estimated that the project may require additional resources of £2.1 million. It is recommended therefore that provision is made from the Investment Capital fund to meet this expected cost.

8.5 Members should be aware further costs are likely to emerge in relation to other capital investment projects, and further updates will be provided as these costs are clarified, however there are known pressures on planned projects which it is proposed would be addressed through the reallocation of existing resource within the agreed capital plan as outlined below.

8.6 Council has agreed investment projects at the OnX Linwood in outdoor facilities, including refurbishing the running track and hockey pitch; as well as a further investment in outdoor play facilities. Indicative costs for these projects suggest the current provisions will be insufficient; requiring the reallocation of funding to meet the additional costs. This is also the case with the proposed investment at St James playing fields, where despite the project being redesigned; a retender exercise has confirmed costs are still in excess of the available budget. It is therefore proposed to reallocate the funding set aside for outdoor play at the OnX to meet these additional costs as follows - £0.754 million reallocated from External Sports OnX Linwood (with the remaining £0.600 million balance being fully committed to the refurbishment of the existing hockey pitch at the OnX Linwood); £0.600 million to St James Playing Fields redevelopment (total budget therefore being £3.500 million); and £0.154 million to OnX running track (total budget therefore being £0.354 million, excluding a contribution from Kilbarchan Amateur Athletics Club).

Implications of the Report

1. **Financial** - the report highlights the scale of the short and medium term financial challenge facing the Council. The development and implementation of financial sustainability workstreams as outlined in the report are critical to ultimately supporting the Council secure a financially sustainable position.

2. **HR & Organisational Development** - the medium term financial position and associated plans require to align with workforce and service plans to ensure the size and composition of the Council workforce remains appropriate and affordable.

3. **Community/Council Planning –** the Council requires to remain financially sustainable in order to deliver on its priorities as outlined in the Council and Community Plans; and these revised Plans will in turn require to inform the financial strategy.

4. **Legal** – none arising directly from this report.

5. **Property/Assets** - the report outlines the ongoing strategic review of property which will aim to ensure the Council's asset base remain effective and efficient.

6. **Information Technology** - the report outlines the need to ensure the Council Digital strategy supports ongoing financial sustainability; with any digital developments being underpinned by a robust business case.

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. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** - none arising directly from this report.

9. **Procurement** – the report outlines the need for improved procurement processes in order to support the Council's ongoing financial sustainability.

10. **Risk** - as outlined in the report, the Council's financial risk exposure over the medium term remains high. The report outlines increasing financial risks as well as a range of key measures to be implemented as part of the medium-term financial planning arrangements to protect the Council's immediate financial stability and resilience but also continue to progress toward medium term financial sustainability.

11. **Privacy Impact** – none arising directly from this report.

12. **Cosla Policy Position** – none arising directly from this report.

13. **Climate Risk** – none arising directly from this report.

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