

INTRODUCTORY REPORT AND RECOMMENDATIONS FOR BUDGET PAPERS

1. EXECUTIVE SUMMARY

- 1.1 This report introduces the full package of papers included in the budget packs in relation to the revenue and capital budget.

REVENUE PACK

Revenue Budget Overview

- 1.2 This report summarises the overall revenue budget position covering funding, expenditure and savings. It also sets out the assumptions and proposals around non-pay inflation and the cost and demand pressures for inclusion in the revenue budget.
- 1.3 The Local Government Finance Circular 11/2022, published on 20 December 2022, provides detail of the provisional total revenue and capital funding allocations for 2023-

that we have been directed to pass over to the Health and Social Care Partnership. The revised payment amounts to £76.253m.

- 1.8 There are a number of measures to balance the budget that have previously been agreed at the Council's budget meetings in 2021 and 2022 which have a net effect of reducing the 2023-24 budget gap by £0.151m.
- 1.9 There are a number of other measures to balance the budget that are for Council approval, summarised as follows:
 - General inflationary increase of 6% to fees and charges resulting in £0.838m of additional income.
 - A 3% reduction to the 2022-23 Live Argyll Management fee that was deferred a year amounting to £0.122m.
 - A 3% reduction to the 2023-24 Live Argyll Management fee amounting to £0.119m.
 - New management/operational savings amounting to £2.962m.
 - New policy options savings amounting to £6.464m.
- 1.10 The assumption throughout the year in respect of Council Tax was an approval of an increase equivalent to 3%. The setting of Council Tax should happen on the same day as the Council sets its revenue budget as once all proposals are considered, the Council Tax represents the balance required to balance the budget. In order to balance the budget based on the proposals included within this report, the Council will need to raise Council Tax by a further 1.33% to 4.33%. This balances the 2023-

- 1.15 It is proposed that rather than reflecting the repayment of the capital investment in building the schools over the 25 and 30 years of the PPP contracts, the Council now account for this over a 60 year period. This better reflects the asset life of the schools.
- 1.16 The principal repayments from the start of the contract period up to and including 2022-23 total £38.144m. Based on the proposed 60 year annuity repayment the principal repayments would have been £2.106m by 31 March 2023. This creates a one-off retrospective benefit to be transferred to reserves of £36.038m. Due to the extension of the repayment period, there is also a revenue saving each year until the end of the contract period. The revenue saving for 2023-24 is included within the policy savings in the revenue budget overview report.
- 1.17 This accounting change requires approval by full Council. The approach is considered to be affordable, sustainable and prudent by the Section 95 Officer.
- 1.18 The Council agreed to use the service concessions flexibility in preference to the principal repayment holiday, but as the principal repayment holiday has already been accounted for as part of the current year budget, £5.4m of the one-off retrospective benefit will require to be used to replace the principal repayment holiday.
- 1.19 The Council needs to consider carefully how to use the remaining service concessions one-off retrospective benefit. The Council should consider directing some to the capital pressures that are facing the Council, in addition to investing in options/projects that will provide the opportunity to create a revenue saving in the future.

Fees and Charges

- 1.20 This report sets out proposals for increases in fees and charges and the resulting impact on income included in the revenue budget.
- 1.21 The general increase to fees and charges is proposed at 6% for 2023-24 and is expected to generate additional income of £0.838m.
- 1.22 The changes proposed to the Social Work fees and charges are noted within the report and have been the subject of a report to the Integrated Joint Board on 26 January 2022.
- 1.23 The proposed 5% additional increase over and above the general inflationary increase on piers and harbours is estimated to generate additional income of £0.419m which is ring fenced to fund asset improvements.

Financial Risks Analysis 2023-24

- 1.24 This report set out the risks identified as part eTjETeWt in p (eTjETeT4 453.6 55.201

1.25 There are 6 Council wide revenue risks identified for 2023-24 currently amounting to £5.621m. One of these risks have been classified as like1 (i)562.9 MC / 7 reWTi621.

those reserves and the General Fund of the Council would not be impacted. As a result of this, the overspend is effectively removed from the forecast outturn position.

1.32 The table below summarises the position of the unallocated General Fund balance.

Heading	Detail	£000	£000
Unallocated General Fund as at 31 March 2022	This is the balance that is unallocated over and above the 2% contingency which amounts to £5.256m		1,841
Allocation to General Fund for 2022-23 budget	Per Budget Motion at Council on 24 February 2022		2,482
Earmarked Balances no longer required	Amounts previously earmarked that can be released back to general fund		553
Transfer of contingency to maintain 2% level			(428)
Forecast Outturn for 2021-22 as at 31 December 2022			3,408
Social Work outturn adjustment			253
Estimated Unallocated General Fund Balance as at 31 March 2023	58 351.48 192T		8,109

1.36 In addition to the £9.771m general capital grant there is ring fenced funding of £5.424m for Campbeltown Flood Protection Scheme, £0.376m

2.1 It is recommended that the Council:

- a) Approve the revenue estimates for 2023-24 and that consequently the local tax requirement estimated at £58.901m is funded from Council Tax.
Approve the following rates and charges for the year, 2023-24:
 - a. Council Tax to be paid in respect of a chargeable dwelling in Band “D” of £1,469.76 representing a 4.33% increase.
 - b. Council Tax to be paid in respect of a chargeable dwelling in each of the other valuation bands in accordance with Section 74(1) of the Local Government Finance Act 1992 as amended.
 - c. Business Rates as determined by Scottish Ministers.
- b) Approve the revenue budget for 2023-24 as set out in the revenue budget overview report.
- c) Approve a base allocation to the Health and Social Care Partnership of £76.253m for 2023-24. Approve indicative base allocations for 2024-25 and 2025-26 to be £76.253m. The level of future years funding is subject to the

1. Approve the proposals for the fees and charges inflationary increase of 6% and approve the charges that are over and above inflation. Note that this would generate additional income of £0.838m in total.
2. Approve no increase to school meal charges in 2023-24 as detailed in section 3.5.2 of the Fees and Charges report.
3. Approve the changes proposed to the Social Work fees and charges.
4. Approve all other charges as noted within the Fees and Charges Schedule.

- i) Note the financial risks analysis.
- j) Approve the contingency level for the General Fund balance at a level of 2% of net expenditure, equivalent to £5.684m and note the report on reserves and balances.
- k) Approve the allocation of £0.100m from the unallocated General Fund balance for the HSCP,
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