

- **Learning, Life and Work-** East Renfrewshire residents are healthy and active and have the skills for learning, life and work
- **Environment & Economy** - East Renfrewshire is a thriving, attractive and sustainable place for residents and businesses
- **Safer, Supportive Communities-** East Renfrewshire residents are safe and live in supportive communities
- **Older People & People with Long Term Conditions** - Older people and people with long term conditions in East Renfrewshire are valued; their voices are heard and they enjoy full and positive lives.

128. Fairer East Ren, our Local Outcomes Improvement Plan, is part of our Community Plan which is focused on tackling inequality and closing the gap between communities of place and interest. Fairer East Ren is the main way our Community Planning partners work together to reduce the embedded inequalities in East Renfrewshire, many of which have been exacerbated by the cost-of-living challenges. The Council co-ordinates a partnership response to the crisis through regular operational meetings and has utilised Covid Reserves funding to target responses to alleviate pressures caused by the pandemic and ongoing cost-of-living crisis.

129. We are required to annually publish a Local Child Poverty Action Report in partnership with the HSCP and other partners. This is linked to Fairer East Ren and focuses resources on three key areas of taking action to increase income from employment, maximising benefits and to reduce the costs of living for families –with the long-term impacts of the pandemic still being felt across our communities addressing all three objectives continues to be a priority.

130. Four Locality Planning areas have been identified in East Renfrewshire. These communities experience poorer outcomes than other areas across the authority. Post-pandemic there has been a refreshed approach to locality planning with local people being supported to co-produce and take ownership of their own locality plans in partnership with Council services and other agencies.

131. Throughout 2023, events were held with residents from Auchenback, ADD2 (Arthurlie, Dunterlie & Dovecothall) and Neilston to identify their priorities going forward, and to create realistic plans with short and longer term goals. Thornliebank Together have taken an active role in engaging with residents with ongoing support from the Council.

132. In April 2023, we published progress being made with our Mainstreaming Equality and Human Rights Report 2021-2025, taking the opportunity to engage with communities

and refocus areas of activity including developing a community-led equalities forum. We have fully embedded the United Nations Convention on the Rights of the Child (Scotland) Act 2024 requirements of assessing the rights of children and young people into our Equality, Fairness and Rights impact assessment (EFRIA) process to ensure that along with fulfilling our Fairer Scotland and Equalities and Human Rights duties we are including UNCRC rights.

133. The Council's current strategy and plans are based on our overall Community Plan and articulate the role of the East Renfrewshire Council family (the Council, the HSCP and the ERCLT) in delivering the Community Plan. The Council is currently refreshing the "Vision for the Future" strategy which will sit at the top of our strategic planning framework becoming the over-arching long term strategic vision and plan for the Council and Community Planning Partnership. The approach for Vision for the Future was approved by Council in [June 2023](#), with a progress update provided in [December 2023](#). This followed a series of partner and stakeholder consultation and engagement events with community representatives, CPP partners, elected members and Council staff.

134. The three pillars for Vision for the Future have been agreed; Flourishing Families and Individuals, Vibrant Communities and Places and Living Well. The Vision will provide a strategic framework that will inform planning on capital investment, land use, transport, communities and budget planning. The plan will also align to Local Development Planning and wider City Region work, ensuring that we can deliver on themes of environment/climate change and regenerating local areas.

135. The 2024/2025 period will see a cementing of our 15 year Vision for the Future and updated associate plans including the Councils Outcome Delivery Plan and Local Outcome Improvement Plan, alongside a review of the current CPP governance structures.

136. As part of this visioning process, the Council has also reviewed its five capabilities to three in recognition that our transformation programme combines the themes of data, modernisation of how we work and digital under one heading of digital change. The three capabilities of Empowering Communities, Prevention and Digital Change will help drive the activities and outcomes that come through Vision for the Future.

137. These capabilities will continue to shape service improvements and efficiencies for the Council, focussing on customer experience, our business systems and processes and capitalising on the use of Office 365 capabilities to enhance the productivity of our workforce. We aim to be excellent in each of these capabilities and then use them to redesign our services to make them more effective and more efficient.

DIGITAL TRANSFORMATION

138. Savings plans for future years will be developed by the Corporate Management Team on the basis of the Scottish and UK budgets and will be reviewed to take account of any multi-year settlement information subsequently published. Whilst it is recognised that it will become progressively more difficult to identify efficiencies in future, the Council will continue to seek efficiencies through reviews and transformation initiatives wherever possible.

139. East Renfrewshire Council has a policy of always taking a prudent approach to the calculation of savings. Savings are only included in formal budgets once we have a high degree of confidence that they can be achieved (and in many cases are already in place through work in previous years).

140. Whilst significant savings have already been achieved, the very difficult financial circumstances facing councils are expected to continue for the foreseeable future so the scale of change will need to be maintained. In June 2023, Cabinet considered an update on our Digital Transformation Programme.

141. It was noted that the key aspects of the programme that will lead to budget savings are:

- Continuing to implement our Digital Transformation Strategy, with a focus on customer experience, streamlined end to end systems and processes and greater use of Microsoft365 capabilities for productivity
- An increased focus on user engagement in service design and more community empowerment to provide services which put customers at the heart of provision, improving services and potentially lowering costs
- Improving the sharing and management of data across the organisation

142. It continues to be necessary for us to regularly prioritise this work to ensure a focus on benefit realisation and to rigorously manage the limited resources we have to support projects.

143. Projects are funded through a Digital transformation budget, which will need reviewed year on year as part of the budget process. The funding comes from:

- a regular drawdown from modernisation fund (£1m plus any underspend from previous years);
- recharges to Capital;
- a small number of revenue-funded posts including Programme Management Office;

- drawdown from HRA, IJB and ERCLT reserves as required;
- departmental revenue budget “top slicing”, which may be required in future years as Modernisation Fund resources deplete.

144. A report to Council in March 2023 highlighted the Strategic Impact of the Financial Settlement. It was noted that, “savings had been taken from the budgets which would normally provide the future investment to develop services. Training budgets, community engagement and digital development budgets have all been reduced and in future years if we need to take the draft savings, they will be decimated, putting efficiencies, services and delivery of Best Value duties at risk”.

145. The modernisation reserve was created in 2014 to fund change projects across the Council. In the early days the fund was topped up annually from underspend at year end. However in recent years, there has been little opportunity to top up so the fund has been declining in value. The budget process for 2025/26 will need to address this issue or the Council will be unable to resource digital transformation beyond that period.

PARTNERSHIP WORKING

146. The Council has already benefitted from joint working with other bodies in providing services and has delivered savings through the early adoption of integrated management of health and social care services in 2006, the establishment of the Integration Joint Board in June 2015 and through initiatives such as sharing Renfrewshire Council’s Non Domestic Rates system and participation in the Clyde Valley Waste project. Joint working with our partners in the Glasgow City Region area now also extends beyond economic development and regeneration projects into education, transport and other initiatives.

147. The Council has also facilitated partnership working approaches in response to major challenges including Covid and the Cost-of-Living crisis ensuring resources and expertise are shared across multiple agencies to have maximum impact.

SERVICE REDUCTIONS

148. Given the likely continuing constraints in cash terms on the Local Government budget over the foreseeable future and the increase in demand for services, it is clear that that the transformation programme cannot deliver the full scale of budget savings required. In future a reduction in service levels will be required to ensure a balanced budget. The strategy for service reductions will be heavily influenced by the policy and manifesto commitments of the administration of the Council. The present policy can be summarised as follows:

- Service cuts will only be taken once all possible efficiency savings have been taken, with an expectation that officers will deliver an ambitious programme of savings based on the 5 capabilities.
- Services will be maintained at statutory levels
- Council departments will do all they can within overall budget constraints to meet any conditions of Scottish Government grant (e.g. teacher numbers, IJB funding)
- Outcomes for our most vulnerable residents will be protected where possible
- Staff will be treated fairly and compulsory redundancies avoided where possible

149. The Council also ensures that it engages with key stakeholders and carries out all appropriate impact assessments when considering any new savings options.

150. To date, even where there have been significant changes to service provision the outcomes achieved for residents have, in the main and excluding the impact of COVID, been protected and the trend was for key performance measures to increase. However if future budget cuts are as high as predicted, this will not continue and a more radical programme of future service cuts will be required.

INCOME GENERATION

Council Tax

151. In 2024/25 the Scottish Government is offering additional grant support to Councils who implement a Council Tax freeze. The £3.148m grant on offer equates to a 4.66% Council Tax increase, however this would not increase the Council Tax base, so would produce a smaller return from future Council Tax increases than if bills were increased by the same amount in 2024/25. A 1% Council Tax increase in 2024/25 would provide additional income of around £0.676m for the Council. It is unknown whether future grant settlements will impose freezes or caps on increases.

Charging For Services

152. Each year the Council reviews charging for services. In general an inflationary rise is applied but market conditions are also taken into account, especially when there is alternative provision available to residents. During 2015 Sports and Leisure services were transferred to a Culture and Leisure Trust, allowing the management team to take a more commercial approach, to access additional sources of funding whilst still working as a charity for the residents of East Renfrewshire. Other sources of income generation will also be explored by the Council for future years, including new income generation and commercialisation opportunities. The opportunity for the Health & Social Care Partnership to generate income from charging may be limited going forward as one of the recommendations in the recent Independent Review of Adult Care Services is to abolish charging for non-residential care. Likewise, scope for income generation in Education has

also reduced due to the abolition of charging for instrumental music tuition, in addition to the move towards universal free school meals in primary schools.

USE OF RESERVES

153. In recent years, Audit Scotland have noted that the level of usable reserves was relatively high in many Scottish Councils by the end of the year. This was largely due to substantial COVID grant allocations paid to Councils in March 2021 to cover COVID pressures in the coming years, however these COVID funds will have been fully spent or committed by 31 March 2024 and other balances in most Councils are now also reducing. Forecast levels of this Council's usable reserves, including graphical illustrations of trends, are considered as part of the Revenue Estimates report later on this agenda.

154. The Council's Reserves Policy sets out how its reserves will be governed. The policy has recently been updated and a report is included on today's agenda. Due to the Council's prudent long term approach to financial planning, a range of reserves has been built up over a number of years to assist with expected and unexpected pressures. Should a budget gap remain after the application of savings measures and income generation the Council may consider the short term measure of drawing down on some of these reserves.

155. The Local Authority Accounting Panel (LAAP) Bulletin 99 on Reserves and Balances provides guidance to Chief Financial Officers in the area of using reserves to fund recurrent expenditure as follows:

"It is not normally prudent for reserves to be deployed to finance recurrent expenditure. CIPFA has commented that Councils should be particularly wary about using one off reserves to deal with shortfalls in current funding. Where such action is taken, this should be made explicit, and an explanation given as to how such expenditure will be funded in the medium to long term. Advice should be given on the adequacy of reserves over the lifetime of the medium term financial plan, and should also take account of the expected need for reserves in the longer term"

156. It is important that members understand that any use of Reserves is a short term, one off measure and is only justifiable to address non-recurring pressures or on the basis that there will be a fundamental review of Council budgets over the next year.

157. The Council forecasts holding routine unallocated General Reserves of £10.745m (3.43%) as at 31 March 2024. The Council's normal aim is ideally to hold 4% of our revenue budget as a general reserve. Auditors broadly consider reserves of between 2 and 4% to be prudent. Should it be decided to meet any of the gap from reserves in 2024/25, these would have to apply only to one off items or the savings would simply be deferred to future years. Should members wish to utilise reserves to help balance the budget in the short term, it is recommended that this should be done with a view to transitioning to a more sustainable

financial basis in future years, with reserves used as far as possible only to cover one off or short term spending pressures or where recurrent savings are expected to be identified in the near future or for the following year.

158. During 2022, the Scottish Government offered Councils a new fiscal flexibility in relation to PFI/PPP type service concessions. Such service contracts usually run for 25 or 30 years although the assets delivered (such as schools or roads) will last much longer. The new flexibility allows Councils to account for the debt element of these contracts over the life of the assets concerned – typically 50 years, rather than the 25-30 year contract periods. Applying this approach to our historic PFI/PPP schemes produced a one-off financial benefit of £14.8m at 31 March 2023. This sum was added to our General Reserve and will be utilised in full by 2025/26 to transition into the forecast service reductions required as a result of the flat cash settlements set out in the Scottish Government’s May 2022 Spending Review.

159. The Council also expects to benefit from a substantial short term reduction in employer’s pension contributions in 2024/25 and 2025/26, equating to around £6.340m in each of these years. It is proposed that a new reserve should be established to hold these funds, with officers working with the Budget Strategy Group to develop proposals as to how they can be best utilised to invest for the future. Proposals can then be brought to members for decision. Similarly, the IJB, East Renfrewshire Culture & Leisure Trust (ERCLT) and the Housing Revenue Account (HRA) will also benefit from short term reductions in their employers’ pension contributions.

Future Workplan

160. Accountancy staff have been reviewing financial pressures and funding levels for the coming year and outline budget proposals for 2024/25 are contained later on today’s agenda for approval. Work will continue in updating budget scenarios for the period to 2030 with a view to continuing with multi-year budget planning in future.

161. The timescales for submission of the Council’s financial plans are listed below:

Plan	Approval
Financial Plan 2024/2030	Council, February 2024
Capital Investment Strategy	Council, February 2024
10 year Capital Plan 2024/2034	Council, February 2024
Reserves Policy	Council, February 2024
Revenue Budget 2024/25	Council, February 2024

ODP 2024/25 (including 3 year draft budget figures)	Council, June 2024
Financial Plan 2025/2031	Council, February 2025
3 Year Revenue Budget 2025/28 (subject to multi-year government data availability)	Council, February 2025

CONCLUSIONS

162. In view of the significant financial and demand pressures facing the Council over the current and next six years it is essential that financial plans are updated regularly for consideration by the Council. This is in line with the Council's agreed financial policy of basing decisions on an assessment of medium to long term needs and consequences.

RECOMMENDATIONS

163. It is recommended that the Council: -

- (i) notes the continuing budget pressures anticipated in the next 6 years and the mitigating actions proposed; and
- (ii) approves the draft Outline Revenue Financial Plan 2024 – 2030

Further information is available from M. McCrossan, Head of Accountancy, telephone 0141 577 3035.

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