

**MINUTE**  
**of**  
**CABINET**

**Minute of virtual meeting held at 10.00am on 18 November 2021.**

**Present:**

Councillor Tony Buchanan (Leader)  
Councillor Caroline Bamforth

Councillor Alan Lafferty  
Councillor Colm Merrick

Councillor Buchanan, Leader, in the Chair

**Attending:**

Caroline Innes, Deputy Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Mark Ratter, Director of Education; Graham Smith, Communications Manager; Sharon McIntyre, Committee Services Officer and Liona Allison, Assistant Committee Services Officer.

**Apologies:**

Councillors Betty Cunningham and Danny Devlin.

**DECLARATIONS OF INTEREST**

**1806.** There were no declarations of interest intimated.

**JOINT CONSULTATIVE COMMITTEE (FIRST TIER) – MINUTE OF MEETING OF 16 SEPTEMBER 2021**

**1807.** The Cabinet considered the Minute of the meeting of the Joint Consultative Committee (First Tier) held on 16 September 2021.

Councillor Buchanan commented on the Minute, noting that the Education Department Health and Safety Report for 2020-21 had since been circulated and that a further pay offer had been made by the SJC (Scottish Joint Committee) to the Trades Unions and was currently under consideration. UNITE and GMB had accepted the offer and the UNISON ballot was due to close on the 29 November 2021. A further update could be provided in due course.

The Cabinet noted the Minute.

## UPDATE ON FINANCIAL PLANNING

**1808.** The Cabinet considered a report by the Head of Accountancy (Chief Financial Officer) providing an update on the revenue budget position for the current year and the financial outlook for 2022-23 and beyond.

The Head of Accountancy (Chief Financial Officer), outlined that COVID continued to impact across the Council. A small overspend of £0.175m was forecast for 2021-22, consisting of £1.464m of COVID pressures offset by £1.289m of operational underspends.

In setting the 2021-22 budget, the forecast General Reserve balance at 31 March 2022 was £5.615m (2.2% of budget). However as a result of close control of expenditure in 2020-21, an improved year-end position was delivered and the forecast General Reserve balance at 31 March 2022 had been revised to £7.857m (3% of budget).

It was highlighted that the Modernisation Fund balance at 31 March 2021 was £5.771 million and it would require to be carefully monitored due to the heightened need for increased digital services across the Council as a result of the pandemic. Funding would also require to be allocated to the Get To Zero initiatives.

It was reported that the UK budget and Spending Review announced on 27 October 2021 was more favourable than expected. The London School of Economics outlined that this could be a possible 2.5% real terms increase for Scotland, however this settlement required to cover COVID and new initiatives, and not solely core spending pressures.

The Scottish Government's budget was scheduled to be announced on 9 December, with detailed Council figures expected to be made public shortly before Christmas. The Scottish settlement would address 2022-23 only and a Scottish Government Spending Review covering subsequent years would take place in the spring, in view of which it was recommended that the Council set a single year budget until this long-term information became available. Indicative figures for departmental planning purposes would continue to be produced as part of the Council's Outcome Delivery Plan and 6-year projections would continue to be incorporated into the annual refresh of the Council's long-term Financial Planning document.

Assuming a flat cash grant settlement, together with a 3% Council Tax increase, typical non-pay spending pressures, and the HSCP and Trust also managing their 2022-23 budgets on a flat cash basis, an initial forecast shortfall of £7.337m had been estimated to remain for the service budgets controlled by the Council. This estimate did not include COVID pressures as it was expected that these would be covered by COVID grants and/or fiscal flexibilities next year.

Given the level of uncertainty around the 2022-23 financial position and any ongoing financial support for COVID related pressures, it was expected that a flexible approach to addressing the shortfall would again be needed. This would require to take cognisance of the emerging picture on pay and other spending pressures, the new NI levy, COVID funding support and fiscal flexibilities, and consider a range of possible options. Options could include use of reserves, application of fiscal flexibilities, consideration of a Council Tax increase above the modelled 3% level (should this be permitted in the settlement) and the application of departmental savings.

From 2022-23 the outlook continued to be challenging. The Council had already been made aware of the significant rise in loan charge repayments in the coming years due to the ambitious Capital Plan.

Councillor Buchanan noted that the UK budget and Spending Review was based on pre-COVID figures and it was understood to represent an eight percent reduction in revenue and a ten percent reduction in capital expenditure for the Scottish Government when these were taken into account.

Councillor Bamforth enquired about the possible use of fiscal flexibilities, and the Council's plans should these not be available. In response the Head of Accountancy (Chief Financial Officer) advised that the COVID fiscal flexibilities were available for two years ending March 2022 and advised that the Council had not used these yet. The options available to local authorities were to take a loan charge payment holiday, annex capital receipts or recalculate the debt on PPP (Public-Private Partnerships) and PFI (Private Finance Initiative) schemes. Advice was sought by local authorities although discussions were ongoing with Scottish Government regarding the technical complexities of these options and the calculation of debt. In the meantime, the Council was therefore making enquiries with COSLA if capital receipts of £2 million could be rolled forward for another year. If not this would be put into the capital reserve.

Councillor Buchanan noted the recent COSLA campaign for fair settlements for local authorities to enable them to continue to effectively serve their communities.

Having heard from the Head of Accountancy (Chief Financial Officer), the Cabinet:-

- (a) noted the financial position for 2021-22;
- (b) noted that the existing COVID grants and fiscal flexibilities currently appeared to be sufficient to cover 2021-22 forecast COVID pressures;
- (c) noted the challenging financial position for 2022-23 and that the position will be clarified as more information becomes available; and
- (d) agreed that the Council should prepare a detailed budget for the single year 2022-23 only in the coming months.

CHAIR

1700