

EAST RENFREWSHIRE COUNCIL26 February 2025Report by Head of Finance (Chief Financial Officer)REVENUE ESTIMATES 2025/26**PURPOSE OF REPORT**

1. To submit for approval outline revenue estimates of income and expenditure as the basis for the Council Tax declaration for 2025/26.

RECOMMENDATIONS

2. It is recommended that the Council:

- (i) notes that the revenue estimates for 2025/26 (Annex A) have been prepared with the budget gap of £7.066m, closed on the basis of a 8% Council Tax increase, the utilisation of £0.385m of resources made available through Service Concession Flexibilities agreed by the Scottish Government and savings proposals of £1.235m (Annex B);
- (ii) notes that £0.844m of the listed 2025/26 savings have already been agreed by Council;
- (iii) notes that a 1% change to the level of Council Tax set would produce an adjustment of £0.681m to the level of income available;
- (iv) notes that the budget gaps for 2026/27 and 2027/28 have been estimated at £5.019m and £5.001m respectively, with a cumulative budget gap of £10.020m over this two year period, on the basis of an assumed 3% Council Tax increase each year but before application of any new savings or drawdown from general reserves in these years;
- (v) notes the estimated funding gaps of £0.332m, £5.187m and £5.216m also faced by the Integration Joint Board (IJB) in respect of social care in 2025/26, 2026/27 and 2027/28, with a cumulative budget gap of £10.735 over this three year period;
- (vi) notes that where a funding gap is closed through the use of recurring measures, this will reduce the funding gap in the following and subsequent years;
- (vii) agrees that the management of the Council's finances and services will continue to be undertaken on a longer term basis;
- (viii) agrees the Council Tax Band D level of £1,528.44 for 2025/26;
- (ix) agrees the utilisation of reserves and the savings to be implemented for 2025/26; and

- (x) agrees that, where possible, savings for implementation in 2026/27 which require significant preparatory work should be brought back for approval later in the year to permit this to be undertaken timeously.

REVENUE BUDGET PROCESS

3. In approving the revenue estimates in recent years, the Council has recognised that the future financial position was likely to remain difficult in terms of spending pressures, demand for services and level of government grant. Accordingly, whilst the settlement for 2025/26 is better than expected, the Council has adopted a medium-term financial planning approach which assumes a real terms reduction in available budgets in future years.

4. Recognising these ongoing financial pressures, the Council has developed a Medium Term Financial Strategy for 2025 - 2030, also on today's agenda. However, as a result of the Scottish Government settlement, announced in December 2024, again detailing figures for only one year, the revenue budgets to be considered today will cover 2025/26 only. It is hoped that detailed multi-year budget setting can resume in the near future, but this will rely on the outcome of the UK Government multi-year spending review, scheduled to conclude in June 2025, and the publication of the Scottish Government's Medium Term Financial Strategy and Scottish Spending Review, which will follow on from this. In keeping with the medium-term financial approach, however, departmental modelling of the Council's financial position will continue internally for the years 2026/27 to 2029/30, in support of the 'Place to Grow' vision, which was approved in September 2024, and the three-year delivery plan that will be developed across spring 2025 to deliver this.

5. In summer 2022, savings proposals to address forecast funding shortfalls for the next three financial years were identified. These proposals were subjected to extensive consultation and active engagement with the Council's communities, service users, trade unions, employees and partners in autumn 2022, with consultees being invited to provide their views on the budget savings proposals set out. Feedback from that engagement exercise informed the development of the savings measures proposed covering the financial years 2023/24 to 2025/26. The savings proposals included within this report were included as part of this engagement exercise, however it is recognised that further savings will have to be identified for 2026/27 and beyond, and further engagement will require to be undertaken in relation to new savings proposals.

6. As a part of the process for constructing the budget proposals for the next financial year, departments compiled detailed budget information on the cost of services to be provided in 2025/26. In practice this presents the cost of maintaining existing service levels taking account of:

- the impact of inflationary pressures including pay awards;
- Scottish Government initiatives;
- the cost of Council decisions and legal commitments;
- revenue implications of the Capital Programme;
- increased demand for services from growing population; and
- the impact on service demand as a result of the housing emergency, declared by the Council in September 2024.

7. The budget timetable observes the necessity to set Council Tax and issue bills to residents prior to the start of the new financial year.

8. The budget process has involved consultation with Trades Unions both at departmental and corporate levels, and formally through the Joint Consultative Committee. This consultation will continue.

SCOTTISH GOVERNMENT GRANT FUNDING 2025/26

9. Aggregate External Finance (AEF) is the mainstream grant support for the Council. It is determined by the Scottish Government and comprises: -

- General Resource Grant
- Specific Grants
- Income from Non Domestic Rates

10. In recent years, there has been additional grant support announced by Scottish Government in-year to fund additional policy requirements, particularly in relation to funding staff pay awards where these have been higher than budgeted for by the Council. This means that the grant announced by the date of that year's budget meeting has been lower than the total grant awarded by the end of the financial year.

11. The 2025/26 draft local government settlement figures were announced on 12 December 2024. The Council's settlement appears more favourable than forecast, due to the increase in the overall allocation of funding to local government, the increasing population in East Renfrewshire and a change to the Floor mechanism. However, much of the additional local government settlement comes with policy commitments which require additional expenditure to deliver them.

12. At the UK Autumn Budget and Spending Review on 30 October 2024, the Chancellor increased the rate and starting point at which employers pay National Insurance (NI) Contributions of employee pay from April 2025. An initial estimate of the direct cost to the public sector in Scotland is around £500m in 2025/26, with any knock-on additional costs from providers of commissioned services over and above this. Funding for this change has not been included in the Scottish Government Resource Block Grant for 2025/26. HM Treasury have confirmed that an exercise will be undertaken to calculate the direct cost for the public sector and further funding will be provided at the UK Main Estimate in spring 2025. As per guidance from Scottish Government, a planning assumption has been made that the Council will receive funding to the equivalent of around 60%, subject to local distribution, of the direct cost for Council and IJB staff, totalling £2.758m, and the remainder of the cost of the increase of £1.395m is a budgetary pressure for the Council and the IJB. The potential indirect cost increase from commissioned services and goods that the Council buys is a risk which will need to be managed within the overall budget.

13. For comparative purposes, budgeted grant levels are shown below in Table 1. The figures in the first column reflect the 2024/25 grant announced by the date of that year's budget meeting, the second column shows the anticipated final grant for 2024/25 and the third column reflects the 2025/26 grant confirmed for the Council to date.

Table 1 – Comparative Budgeted Grant Levels 2024/25 – 2025/26

	AEF 2024/25 as at Feb 2024 £m	AEF 2024/25 as at Dec 2024 £m	AEF 2025/26 as at Feb 2025 £m
General Revenue Funding	221.637	234.467	252.436*
Funding for Council Tax Freeze	3.148	3.148	Nil**
Specific Grants	2.162	2.161	2.167
LEIP Funding	0.887	0.887	0.788
Non Domestic Rates	15.891	15.941	15.871
Total	243.725	256.604	271.262

*Assumes funding of £2.758m for the increase in Employers' NI Contributions.

**The funding for the 2024/25 Council Tax freeze is now baselined in the General Revenue Funding.

14. The total grant has increased by £14.658m between 2024/25 (as at December 2024) and February 2025. This includes increased funding of £0.957m to maintain teacher numbers at 2023 levels, additional funding of 0.535m to fund the 2025/26 implication from the 2024/25 teachers' pay award, assumed funding of £2.758m to fund the increase in the Employers' National Insurance Contributions, additional funding for the payment of the Real Living Wage in early learning and childcare and social care, increasing the level of Free Personal Care, new Additional Support for Learning funding and increased Discretionary Housing Benefit funding, plus other increases for other policy initiatives. The increase also includes the Council's share of the £289.300m of General Revenue Grant to support local priorities, which totals £5.525m, of which it is proposed that £1.199m is passed through to the IJB. The remainder of the increase, reflects East Renfrewshire's growing share of the overall Scottish population, particularly in relation to children.

15. The Specific Grant figure includes £1.489m ring fenced Pupil Equity Funding to support educational attainment. This is a similar level to 2024/25 and must be distributed to head teachers for them to determine utilisation. As such the expenditure cannot be directed by the Council. A further £0.616m of the specific grants is in relation to Criminal Justice and will be passed to the IJB. The remaining £0.062m relates to Gaelic education.

16. The 2025/26 Scottish budget is due to be passed by the end of February 2025, however no significant changes which would impact on the Council's budget gap are anticipated by that point. With the UK Spring Statement scheduled for 26 March 2025, there may be further changes in the Scottish Government's funding position, including the pass through of funding to offset the additional direct costs of the Employers' NI contributions, but at present the impact of these on local government is uncertain and further funding in relation to Employers' NI contributions is not expected.

17. As a part of the grant settlement for 2025/26, the Scottish Government expects that councils will restore teacher numbers to 2023 levels in 2025/26 and that learning hours will not be reduced in the 2025/26 academic year. In addition, that Scottish Government and Local Government will 'develop a meaningful offer for the Scottish Negotiating Committee for Teachers (SNCT) to consider, of a phased reduction in class contact time, within the scope of 2023 levels of teacher numbers, beginning in the 2025-26 school year.' The budget proposals submitted for Council consideration assume delivery against these requirements

in 2025/26, albeit teacher numbers are subject to the allocation of probationer teachers which have yet to be confirmed

18. In previous local government settlements, there has been a requirement to maintain Council contributions to the IJB at least at a flat cash level before new funding commitments. The Council's contribution to the IJB in 2025/26 will be in excess of flat cash, by passing on funding in support of the increased 2024/25 pay award, the proportionate share of the additional General Revenue Grant, noted above, and funding to support around 60% of the additional direct costs associated with the increase in Employers' NI contributions, subject to local distribution. In addition to this, all funding in relation to delivery of policy initiatives has been passed through.

NON DOMESTIC RATES INCOME

19. Non-domestic rates income is paid into a central pool which is then distributed as part of AEF. The amount paid to Councils from the pool is fixed for each year with any surplus or shortfall in the overall pool being adjusted in the following year's rate poundage or AEF settlement. The forecast for NDRI draws on Councils' estimates of the amounts they will contribute to the pool. Included in the calculation are: gross income; expected losses from appeals; in-year cost of transitional relief; mandatory and other reliefs; write-offs and provisions for bad debts.

EXTENDED PRODUCER RESPONSIBILITY INCOME

20. The Council has received funding of £2.313m from the UK Government in relation to Extended Producer Responsibility for 2025/26. This is in relation to a new policy approach which aims to ensure that producers pay the full net costs of managing and recycling the packaging waste they produce through a system of fees. As Councils are responsible for waste collection and disposal, this payment is intended to assist with these costs in relation to packaging waste. There are no additional costs in relation to the first year of payment, however there will be adjustments or new responsibilities in relation to this payment in future years.

FINANCIAL OUTLOOK

21. The Council's agreed financial policy states that "*the Council will make spending decisions based on an assessment of medium to long-term needs and consequences and will seek to avoid taking a short-term outlook in its policy making, service planning and budget setting decisions.*" As multi-year Scottish Government settlements are not available, it is proposed to agree budget plans for 2025/26 only at today's meeting. Council officers will, however, continue to model departmental figures for 2026/27 and beyond, and continue to update longer-term figures (as set out in the Medium Term Financial Strategy 2025 – 2030 paper on today's agenda) for longer-term financial planning purposes. The Council will also continue to adopt a multi-year approach to elements of budget setting wherever possible, in particular taking a longer-term view of reserves to determine where these can be used to smooth the transition through particularly difficult budget challenges. The Council anticipates moving to full multi-year budgets in the coming years once multi-year planning figures have been announced by the UK and Scottish Governments.

22. Taking account of the 2025/26 settlement announcement, income from the UK Government in relation to Extended Producer Responsibility, updated expenditure forecasts, the contribution to the IJB and an expectation of some Council Tax buoyancy from new housebuilding, a total budget shortfall of £7.066m has been confirmed for the coming year.

23. Looking further ahead to the medium-term, given that Scottish Government core funding accounted for around 76% of the Council's overall funding in 2024/25, the level of increase the Council receives in this funding each year has the largest impact on the scale of the funding gap that the Council will face. A 1% increase in total Scottish Government funding from 2024/25 to 2025/26 equates to £2.566m, however Council Tax would need to be increased by 3.8% to deliver the same level of additional funding for Council services.

24. Given the ongoing national economic uncertainty, but taking into consideration that the population of East Renfrewshire continues to grow, an annual 0.5% increase in Scottish Government core funding has been assumed for modelling purposes for the subsequent years, although no indicative forecasts have been provided by the Scottish Government. This produces ongoing shortfalls for the next five years. After balancing the budget for 2025/26, including using a small amount of reserves, mid-range budget shortfalls of £5.019m and £5.001m are forecast for 2026/27 and 2027/28, with a cumulative budget gap of £10.020m over this two-year period. These are on the basis of modelling a Council Tax increase of 3% in each of these years respectively. It should be noted that where a funding gap is closed through the use of recurring measures, this will reduce the funding gap in the following and subsequent years.

25. There is a significant degree of risk within the assumptions in this planning scenario, and small changes in any one year can have a significant impact on the budget gap, both in-year and in future years, particularly changes to year-on-year increases to Scottish Government core funding.

26. It is important that the Council continues to manage this scenario in line with its longer-term financial management strategy.

COUNCIL TAX

27. The 2025/26 settlement does not include restrictions on Council Tax levels. The Council's published forecasts in the 2024/25 Revenues Estimates had been based on a 6% assumed Council Tax increase in 2025/26. Given the freeze applied to Council Tax in 2024/25, this means there is a lower Council Tax base than would otherwise have been the case. In addition, given the significant savings implemented across the last decade and the remaining budget gap facing the Council post the settlement, raising Council Tax by 6% would require difficult reductions in services to be imposed or significant use of reserves, which will increase the scale of the budget gap in future years.

28. The revenue estimates have therefore been prepared on the basis of an 8% Council Tax increase being set, rather than the 6% assumed in earlier plans. This would increase income by a further £1.362m per year and reduce the budget gap to £1.620m.

RESERVES AND SAVINGS PROPOSALS

29. Budgets are closely monitored throughout the year, and taking the latest 2024/25 forecast of the anticipated outturn into consideration, the balance on this reserve is expected to be £7.645m as at 31 March 2025. As set out in paragraph 43, this equates to 2.3% of the

2024/25 net revenue budget, slightly above the Council's minimum policy of around 2%, so there is limited scope for utilisation of this reserve.

30. As a result of the Scottish Government's permitting Councils a new fiscal flexibility in 2022/23 in relation to accounting for debt on PFI/PPP style service concession projects over a longer period, the Council enjoyed a one-off benefit of £14.812m as at 31 March 2023. In closing the 2022/23 accounts, this sum was used to set up a new earmarked reserve, Service Concessions Flexibility Reserve, and it was agreed that this reserve should be utilised to mitigate the impact of the expected challenging settlements in future years and to help transition into the significant savings required. In 2023/24, £7.528 was drawn down from this reserve to support the budget and £5.000m was drawn down to support the 2024/25 budget. There is £2.284m remaining in the reserve from this original one-off benefit.

31. Accordingly, a further £0.385m of the outstanding 2025/26 savings requirement would therefore be deferred on a short-term basis by a drawdown from the Service Concessions Reserve. The budget shortfall for 2025/26 can thus be reduced to £1.235m. The final £1.899m of the remaining one-off fiscal flexibility resource would then be utilised to assist with future budget pressures, which remain significant in future years.

32. The application of this fiscal flexibility also produced a recurring revenue benefit of £2.700m for the next 9 years, up to 2031/32. This recurring benefit was taken into account when setting the 2023/24 budget and so has already been recognised in the base position for 2025/26.

33. The IJB has its own separate scheduled budget plans and will determine its own detailed savings. There are estimated funding gaps of £0.332m, £5.187m and £5.216m faced by the IJB in respect of social care in 2025/26, 2026/27 and 2027/28 respectively, with a cumulative budget gap of £10.735 over this three-year period. As with the Council's forecast, there is a degree of risk associated with these forecast, particularly around the impact of changes to Scottish Government policy or the final position in relation to the national care home contract negotiation.

34. East Renfrewshire Culture and Leisure Trust (ERCLT) also sets out its own scheduled budget plans and will determine its own detailed savings.

35. The Council's contribution to the IJB and ERCLT are set out in Annex A. After adjusting for these contributions, the Council's remaining departmental budgets stand at some £265.200m and the budget shortfall figures in paragraphs 22 to 32 above relate only to these budgets.

36. Annex B sets out details of £1.235m of Council departmental savings recommended to close the remaining gap. These proposals include the decisions already taken by Council as part of setting the 2024/25 budget and in October 2024, as well as taking account of the results of the Council's extensive public consultation undertaken in autumn 2022, together with representations from Trades Unions.

37. Annex B does not include any savings proposals in relation to teacher numbers. As such, the approach will support the Council to seek to maintain overall teacher numbers at 2023 levels, in line with Scottish Government policy.

38. The Council recognises that many savings, especially those involving service reductions or restructuring, require long lead in times with officers having to undertake substantial work in advance to ensure that the savings can be implemented from the start of the relevant year. It is therefore proposed that, wherever possible, some savings proposals for 2026/27 are brought to Council for decision during 2025 to permit the maximum benefit to

be delivered the following year. This approach has been extremely helpful in setting budgets in previous years.

39. Annex D of the report considered by Council on 1 March 2023 [Council Budget Report 1 March 2023](#), when setting the revenue budget for 2023/24, contained details of potential savings options for 2025/26 which had been identified as part of the three year budget consultation in autumn 2022. Although some of these savings are included in Annex B to today's report as recommendations to be applied in 2025/26, many others would have a fundamental impact on service delivery and will therefore require further review. Accordingly, use of the Service Concession Flexibility reserves is proposed in 2025/26 to reduce the impact on services. As the review of some of these remaining proposals may well confirm that they are considered unacceptable, the Council will need to develop detailed, robust and sustainable plans for closing the gap between expenditure demands and available resources subsequent to 2025/26. The approach to developing these plans is set out in the Medium Term Financial Strategy 2025 – 2030.

NET EXPENDITURE

40. The revenue estimates for 2025/26 reflect net expenditure of £348.127m, as follows:-

	BUDGET 2025/26 £m
Education	196.433
Contribution to Leisure Trust	5.953
Contribution to IJB	79.028
Environment	31.125
Business Operations & Partnerships – Non Support	14.189
Chief Executive's Non Support	0.244
Joint Boards	2.430
Contingency - Welfare	0.130
Capital Financing Costs	11.088
Other	9.561
	350.181

41. This total is supported by £73.521m of Council Tax, £0.385m of service concession reserves and £2.700m of recurring service concession benefit, in addition to the £271.262m of funding from Scottish Government and payment of £2.313m from UK Government in relation to Extended Producer Responsibility out earlier.

COUNCIL TAX COLLECTION

42. On the basis of past performance the Council Tax collection rate for 2025/26 has been assumed at 98%.

RESERVES AND BALANCES

General Fund

43. Setting aside earmarked reserves, the balance on the Unearmarked General Reserve as at 31 March 2024 stood at £7.302m, with £0.777m of that allocated to balance the

2024/25 budget. Recognising the latest reported projections of in year underspends and interest earned, it is projected that the closing balance on this reserve will be £7.645m. This equates to 2.3% of the 2024/25 net revenue budget, and 2.2% of the 2025/26 net revenue budget. This is slightly above the Council's minimum policy of around 2%. There are no plans to draw on this reserve during 2025/26.

Modernisation Fund

44. This earmarked funding has been identified to enable the upfront investment required for the Council's transformation activities. The balance as at 31 March 2024 was £6.762m and it is anticipated that net spend of £0.909m will be utilised during 2024/25, this being supported by robust business cases. Movements in the reserve are currently estimated as:

		£m
Estimated Balance	01/04/25	5.853
Interest Receivable	2025/26	0.234
Expenditure	2025/26	(1.401)
Closing Balance	31/3/26	<u>4.686</u>

Insurance Fund

45. The Fund has been established to provide for insurance voluntary excess costs and there are no plans to use this fund during 2025/26. Movements in the fund are estimated as follows:

		£m
Estimated Balance	01/04/25	2.145
Interest Receivable	2025/26	0.086
Expenditure	2025/26	0
Closing Balance	31/3/26	<u>2.231</u>

Equalisation Fund

46. The Fund has been established to equalise future PFI/PPP payments. It is anticipated that in closing this year's accounts no contribution will be made to the reserve. It is not proposed to utilise this Fund during 2025/26. Movements in the fund are estimated to be as follows:

		£m
Estimated Balance	01/4/25	3.398
Interest Receivable	2025/26	0.136
Expenditure	2025/26	0
Closing Balance	31/3/26	<u>3.534</u>

Repairs and Renewals Fund

47. The Fund is established to assist with repairs and renewals to roads, properties and other infrastructure. A decision was taken to restore this fund at the end of 2023/24. An element of the funds in this reserve are already committed (£1.717m) and the unallocated

balance at 31 March 2025 is expected to be £2.153m. No contribution to this reserve is anticipated in closing the 2024/25 accounts, however this fund is expected to be utilised to meet dilapidations costs during 2025/26, and £0.300m will be available as a contingency to be drawn down if next year's winter is more adverse than "average".

		£m
Estimated Balance	01/04/25	3.870
Interest Receivable	2025/26	0.155
Expenditure	2025/26	<u>(1.900)</u>
Closing Balance	31/3/26	<u>2.125</u>

Investment in the Future Fund

48. The Council benefitted from a substantial short term reduction in employer's pension contributions in 2024/25, equating to around £6.400m, and will further benefit from the same short term reduction in 2025/26. A new reserve was created as part of the 2024/25 budget to hold these funds and this fund is fully committed to fund various initiatives and projects over the next 5 financial years, as approved by Cabinet. As agreed previously, the reserve will be topped up with the saving associated with this reduction for 2025/26. The 2025/26 element is currently included in the 'Other' budget figure in paragraph 40 above. The IJB, ERCLT and the Housing Revenue Account (HRA) will also benefit from short-term reductions in their employers' pension contributions in 2025/26.

		£m
Estimated Balance	01/04/25	2.923
Interest Receivable	2025/26	0.117
Contributions	2025/26	6.415
Expenditure	2025/26	<u>(3.216)</u>
Closing Balance	31/3/26	<u>6.239</u>

Capital Reserve

49. It is anticipated that in closing this year's financial accounts, a contribution of £1.024m will be made to this reserve in order to support the Council's ambitious capital plans in the years ahead. On this basis, there will be an anticipated closing balance of £15.835m as at 31 March 2025, of which £8.806m relates to Housing and £7.029m relates to the General Fund. This reserve will also assist in supporting capital investment in 2025/26, and it will be utilised in accordance with the Council's Housing and General Fund Capital Plans. The closing balance at 31 March 2026 is estimated to be £9.968m, of which £2.659m relates to the Housing and £7.309m relates to the General Fund.

Devolved School Management Reserve

50. In recent years Head Teachers have been permitted to set aside an element of school underspends at financial year end to assist schools in meeting future financial challenges and in managing budgets which span more than one financial year. Utilisation of this fund is at the discretion of Head Teachers and the balance on this fund at 31 March 2026 is estimated to be £1.865m.

Service Concessions Flexibility

51. This earmarked reserve holds one-off gains arising from the Council realigning PFI/PPP debt to the life of these assets, rather than to the term of the PFI/PPP contracts. The estimated balance at 31 March 2025 is £2.490m, with further gains of £3.159m accruing during 2025/26. It is planned to utilise £3.085m of this in setting the 2025/26 budget. The remainder of this balance (£2.564m) will be available to assist in setting future budgets.

Other Reserves & Funds

52. The Council has various other earmarked reserves including the Workforce Restructuring Fund, Unspent Grants, Whitelee Wind Farm, Feasibility Fund, Commuted Sums, Get to Zero Fund, Employee Wellbeing & Development Fund and Community Capacity Building Fund. These funds will mostly continue to be operated by senior management in response to service needs. In the case of Whitelee, however, bids from local groups will continue to be considered and determined by a panel consisting of elected members and a representative of Voluntary Action East Renfrewshire.

EQUALITY IMPACT ASSESSMENT

53. Section 149 of the Equality Act 2010 (the public sector general equality duty), requires the Council, in the exercise of its functions, to have due regard to the need to:

- eliminate unlawful discrimination, harassment and victimisation and other conduct that is prohibited by the Equality Act 2010;
- advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and
- foster good relations between people who share a protected characteristic and those who do not.

54. The Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 requires the Council, when proposing a new policy or practice, or revising an existing one, to:

- assess the impact of applying its proposals or changes against the three needs of the general equality duty, listed above;
- consider relevant evidence relating to different equality groups (including any evidence received from individuals from those groups);
- take account of the results of any assessment in respect of that policy or practice;
- publish, within a reasonable period, the results of any assessment where the Council decides to apply the policy or practice in question; and
- make arrangements to review and where necessary revise any policy or practice that the Council applies in the exercise of its functions.

55. The Fairer Scotland Duty places a legal responsibility on the Council to actively consider (“pay due regard” to) how they can reduce inequalities of outcome caused by socio-economic disadvantage when making strategic decisions. Socio-economic disadvantage can be described as:

- Low/no wealth
- Low income
- Area deprivation
- Socio-economic background
- Material deprivation

The inequalities that people can face as a result of socio-economic disadvantage include:

- Poorer skills and attainment
- Lower healthy life expectancy
- Lower quality, less secure and lower paid work
- Greater chance of being a victim of crime
- Less chance of being treated with dignity and respect

56. United Nations Convention on the Rights of the Child (Scotland) Act 2024 places a legal duty on public authorities to respect and protect children's rights in the work they do. There are a range of elements that the Council must consider in supporting these rights including:

- Ensuring that children and young people have a voice in decisions that affect them – both directly and indirectly; and
- Undertaking assessments of how well the Council is protecting children, including children's rights and wellbeing impact assessments and considering how budget planning supports better outcomes for children and young people.

57. Recognising these statutory duties, the Council has undertaken an Equality, Fairness and Rights impact assessment on each of the budget savings measures, and has also considered where there is an accumulative impact across these savings. Where appropriate, consultation and engagement is undertaken with relevant groups prior to implementing any savings measures assessed as possibly having an impact in equality terms with a view to minimising this impact.

COUNCIL TAX 2025/26

58. The outline revenue estimates in Annex A are based on a Band D Council Tax level of £1,528.44 being set for 2025/26. This Council Tax level represents an 8% increase in Council Tax when compared to the current year's level.

RECOMMENDATIONS

59. It is recommended that the Council:

- (i) notes that the revenue estimates for 2025/26 (Annex A) have been prepared with the budget gap of £7.066m, closed on the basis of a 8% Council Tax increase, the utilisation of £0.385m of resources made available through Service Concession Flexibilities agreed by the Scottish Government and savings proposals of £1.235m (Annex B);
- (ii) notes that £0.844m of the listed 2025/26 savings have already been agreed by Council;

- (iii) notes that a 1% change to the level of Council Tax set would produce an adjustment of £0.681m to the level of income available;
- (iv) notes that the budget gaps for 2026/27 and 2027/28 have been estimated at £5.019m and £5.001m respectively, with a cumulative budget gap of £10.020m over this two year period, on the basis of an assumed 3% Council Tax increase each year but before application of any new savings or drawdown from general reserves in these years;
- (v) notes the estimated funding gaps of £0.332m, £5.187m and £5.216m also faced by the IJB in respect of social care in 2025/26, 2026/27 and 2027/28, with a cumulative budget gap of £10.735 over this three year period;
- (vi) notes that where a funding gap is closed through the use of recurring measures, this will reduce the funding gap in the following and subsequent years;
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- (x) agrees that, where possible, savings for implementation in 2026/27 which require significant preparatory work should be brought back for approval later in the year to permit this to be undertaken timeously.

Further information is available from K Stanners, Head of Finance, phone 0141 577 3035.

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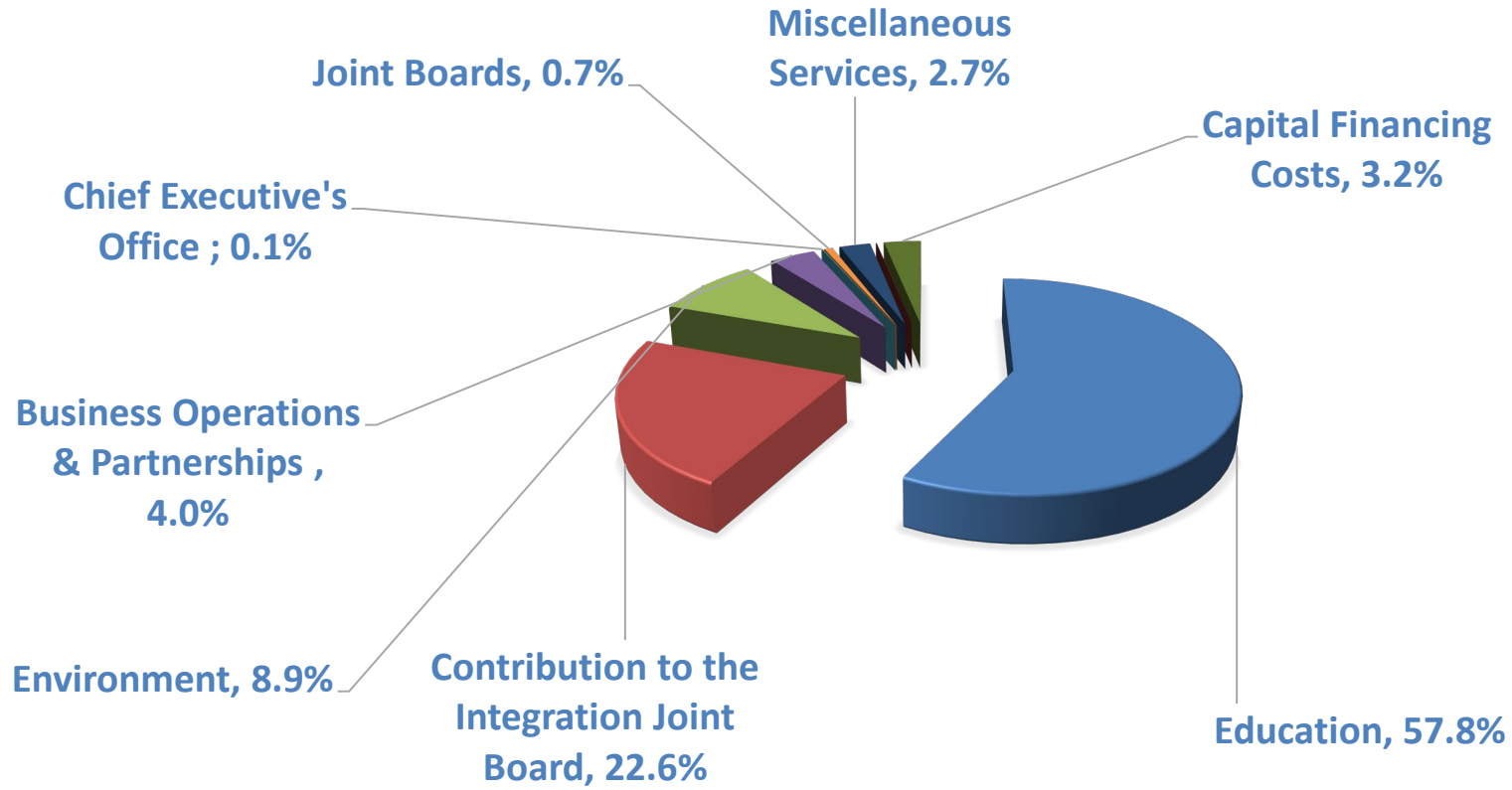
CALCULATION OF COUNCIL TAX BAND 'D'

2024/25 £'000		2025/26 £'000
319,877	Net Expenditure	350,181
-	Contribution to Balances / Special Funds	-
319,877		350,181
(243,725)	Aggregate External Finance (including other grants)	(273,575)
(8,477)	Contribution from Reserves	(3,085)
67,675	Amount to be met from Council Tax	73,521
48,795	Number of Band 'D' Equivalents	49,084
976	Less Provision for Non Payment	982
47,819	Effective Tax Base	48,102
£1,415.22	Council Tax Band D	£1,528.44

COUNCIL TAX CHARGES 2025/26

<u>Valuation Band</u>	<u>Fraction of Band D</u>	<u>Upper Value £</u>	<u>Council Tax £</u>
A	240/360	27,000	1,018.96
B	280/360	35,000	1,188.78
C	320/360	45,000	1,358.61
D	1.00	58,000	1,528.44
E	473/360	80,000	2,008.20
F	585/360	106,000	2,483.71
G	705/360	212,000	2,993.19
H	882/360	over 212,000	3,744.67

2025/26 GENERAL FUND REVENUE BUDGET BY SERVICE



REVENUE ESTIMATES SUMMARY 2025/26

NET EXPENDITURE	2024/25	2025/26
	Approved Budget	Approved Budget
	£'000	£'000
Education	189,004	202,386
Contribution to Integration Joint Board (including Ring Fenced Grant)	69,480	79,028
Environment	28,892	31,125
Business Operations & Partnerships	12,445	14,189
Chief Executive's Office - Non Support	288	244
Joint Boards	2,430	2,430
Miscellaneous Services	7,683	9,561
Contingency - Welfare	130	130
Capital Financing Costs	9,525	11,088
Additional Expenditure / (Savings) to be identified	-	-
	319,877	350,181
Contribution to Assist in Maintaining Reserves.		
	319,877	350,181
FINANCED BY:-		
Revenue Support Grant and Non Domestic Rates	237,528	268,307
Ring Fenced Grants	2,162	2,167
Scottish Government Funding for Council Tax Freeze	3,148	-
Other Grants	887	3,101
Recurring Service Concessions	2,700	2,700
Contribution from Service Concession Reserve	5,000	385
Contribution from Unallocated General Reserve	777	-
Contribution from Capital Reserve	-	-
Council Tax	67,675	73,521
	319,877	350,181

E D U C A T I O N

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
Pre Five Education	19,830	21,124
Schools:- Primary	58,449	62,499
Secondary	73,441	78,628
Other	3,832	3,805
Special Education	10,353	12,355
Psychological Services	1,020	1,104
Transport (Excl Special)	1,428	1,531
Clothing	301	301
Administration & Support Services	9,037	9,736
Cleaning and Janitorial Services	2,021	2,078
Catering Services	-	-
School Crossing Patrollers	-	-
Culture and Leisure Services	9,292	9,225
	<u>189,004</u>	<u>202,386</u>

EDUCATION

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	134,919	145,547
Property Costs	17,331	17,637
Transport Costs	2,910	3,063
Supplies & Services	30,906	32,353
Third Party Payments	11,347	12,298
Transfer Payments	1,139	1,139
Support Services	6,768	7,613
Total Expenditure	205,320	219,650
<u>Income</u>		
Ring Fenced Government Grant	1,546	1,551
Other Government Grant	2,612	2,637
Recharge Income (Internal)	10,907	11,421
Fees Charges etc	2,394	2,782
Other Income	403	424
Total Income	17,862	18,815
NET EXPENDITURE FOR COUNCIL TAX	187,458	200,835
<u>Adjustments</u>		
Ring Fenced Government Grant	1,546	1,551
NET EXPENDITURE	189,004	202,386

CONTRIBUTION TO INTEGRATION JOINT BOARD**DEPARTMENTAL SUMMARY**

	Budget 2024/25 £'000	Budget 2025/26 £'000
Ring Fenced Government Grant	616	616
Council Contribution to Integration Joint Board	68,864	78,412
	<u>69,480</u>	<u>79,028</u>

HEALTH & SOCIAL CARE PARTNERSHIP

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	28,382	30,437
Property Costs	1,003	992
Transport Costs	319	265
Supplies & Services	2,441	2,292
Third Party Payments	52,472	61,817
Transfer Payments	76	55
Support Services	2,616	2,820
Total Expenditure	87,309	98,678
<u>Income</u>		
Additional IJB Grant	5,571	5,556
Ring Fenced Government Grant	616	616
Other Government Grant	157	250
Recharge Income (Internal)	205	205
Fees, Charges etc.	1,478	3,199
Other Income	10,418	10,440
Total Income	18,445	20,266
Net Expenditure for Council Tax	68,864	78,412
<u>Adjustments</u>		
Ring Fenced Government Grant	616	616
Funding from Integrated Joint Board (Note 1)	69,480	79,028
Net Expenditure	-	-

Note 1: The HSCP's budget is indicative only and will be directed and amended by the Integration Joint Board on an ongoing basis

ENVIRONMENT

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
Directorate	1,751	1,939
Environment Accommodation	-	-
Energy Management	242	191
Environment - Non Operational Properties	97	97
Planning & Building Control	1,315	1,433
Economic Development	948	1,007
Roads	9,665	9,819
Roads Contracting Unit	-	-
Neighbourhood Services	-	-
Parks Services	2,178	1,908
Prevention Services	1,173	1,226
Waste Management	6,597	6,708
Cleansing	2,563	2,764
Vehicles Services	-	-
Other Housing	2,363	4,033
Office Accommodation	-	-
	<u>28,892</u>	<u>31,125</u>

ENVIRONMENT

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	16,660	17,430
Property Costs	4,627	4,980
Transport Costs	3,876	3,998
Supplies & Services	20,949	21,506
Third Party Payments	785	801
Transfer Payments	1,453	3,161
Support Services	2,561	2,870
Total Expenditure	50,911	54,746
<u>Income</u>		
Ring-Fenced Grant	-	-
Other Government Grant	545	546
Recharge Income (Internal)	14,335	14,845 *
Fees Charges etc.	5,456	6,545
Other Income	1,683	1,685
Total Income	22,019	23,621
Net Expenditure	28,892	31,125

* Includes a £190k (2024/25 £182k) contribution from the Whitelee Windfarm Fund

BUSINESS OPERATIONS & PARTNERSHIPS

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
Directorate	-	-
Community Safety	1,434	1,641
Democratic Representation & Management, Elections and Members Expenses	898	1,163
Democratic Services	561	577
Money Advice and Rights	1,053	1,151
Registrars	115	96
Customer First - Non Support	220	451
Community Planning	348	362
Communities	943	1,159
Council Tax & Non Domestic Rates	5,318	5,080
Revenues - Benefits & Discretionary Payments	989	1,254
Housing Benefits	566	1,255
Risk and Compliance	-	-
Revenues - Admin	-	-
Communities, Revenues and Change	-	-
	<u>12,445</u>	<u>14,189</u>

BUSINESS OPERATIONS & PARTNERSHIPS

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	6,010	6,403
Property Costs	76	157
Transport Costs	73	75
Supplies & Services	2,348	2,776
Third Party Payments	313	358
Transfer Payments	16,756	18,477
Support Services	1,833	1,945
Total Expenditure	<u>27,409</u>	<u>30,191</u>
<u>Income</u>	-	-
Ring Fenced Government Grant	-	-
Other Government Grant	11,270	12,134
Recharge Income (Internal)	2,847	2,931
Fees Charges etc.	445	528
Other Income	402	409
Total Income	<u>14,964</u>	<u>16,002</u>
Net Expenditure	<u>12,445</u>	<u>14,189</u>
<u>Adjustments</u>		
Ring Fenced Government Grant	-	-
Net Expenditure	<u><u>12,445</u></u>	<u><u>14,189</u></u>

CHIEF EXECUTIVE'S - NON SUPPORT SERVICES**DEPARTMENTAL SUMMARY**

	Budget 2024/25 £'000	Budget 2025/26 £'000
Accountancy	(364)	(340)
Civic Licensing	52	(3)
Licensing Board	10	7
Corporate Management	590	580
	<u>288</u>	<u>244</u>

CHIEF EXECUTIVE'S - NONSUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	26	-
Property Costs	-	-
Transport Costs	3	3
Supplies & Services	598	573
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	645	652
Total Expenditure	1,272	1,228
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	700	700
Fees Charges etc	284	284
Other Income	-	-
Total Income	984	984
Net Expenditure	288	244

J O I N T B O A R D S

	Budget 2024/25 £'000	Budget 2025/26 £'000
Passenger Transport	1,832	1,832
Valuation	598	598
	<u>2,430</u>	<u>2,430</u>

MISCELLANEOUS SERVICES

	Budget 2024/25 £'000	Budget 2025/26 £'000
Restructuring etc. costs	412	684
Miscellaneous	32	43
Superannuation Additional Allowances	1,039	1,461
Other Operational Costs	352	650
Non Domestic Rates - Devolved Empty & Other	308	308
Pension Windfall	6,340	6,415
Corporate Budget Management	(800)	-
	<u>7,683</u>	<u>9,561</u>

SUPPORT SERVICES

SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
Chief Executive's Office	434	495
Accountancy	1,397	1,481
Legal	491	525
Procurement	304	329
Internal Audit	286	309
Strategy Support and Insight	603	612
Digital Transformation	595	1,092
Communications and Printing	525	540
Human Resources and Payroll	1,929	2,048
Customer First	65	69
Revenues - Account Receivable & Payable and Insurance	606	683
Digital Services	6,619	6,849
Property and Technical	1,516	1,871
	<u>15,370</u>	<u>16,903</u>

ALLOCATION:-

Education (including ERCLT)	6,768	7,613
Health & Social Care Partnership	2,616	2,820
Business Operations & Partnerships	1,833	1,945
Chief Executives - Non Support	645	652
Environment	2,561	2,870
Joint Boards	-	-
Miscellaneous	32	43
Housing Revenue Account	915	960
	<u>15,370</u>	<u>16,903</u>

ENVIRONMENT - SUPPORT

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	2,423	2,690
Property Costs	28	28
Transport Costs	18	18
Supplies & Services	258	316
Third Party Payments	-	-
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	<u>2,727</u>	<u>3,052</u>
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	1,211	1,181
Fees Charges etc	-	-
Other Income	-	-
Total Income	<u>1,211</u>	<u>1,181</u>
Net Expenditure	<u><u>1,516</u></u>	<u><u>1,871</u></u>

BUSINESS OPERATIONS & PARTNERSHIPS - SUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	7,170	7,770
Property Costs	1	1
Transport Costs	20	21
Supplies & Services	5,587	5,595
Third Party Payments	26	30
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	12,804	13,417
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Government Grant	-	-
Recharge Income (Internal)	1,851	1,513 *
Fees Charges etc.	11	11
Other Income	-	-
Total Income	1,862	1,524
Net Expenditure	10,942	11,893

* Includes a £838k (2024/25 £1,178k) contribution from the Modernisation fund

CHIEF EXECUTIVE'S - SUPPORT SERVICES

DEPARTMENTAL SUMMARY

	Budget 2024/25 £'000	Budget 2025/26 £'000
<u>Expenditure</u>		
Staff Costs	3,152	3,300
Property Costs	-	-
Transport Costs	-	-
Supplies & Services	242	248
Third Party Payments	81	81
Transfer Payments	-	-
Support Services	-	-
Total Expenditure	3,475	3,629
<u>Income</u>		
Ring Fenced Government Grant	-	-
Other Govt Grant	-	-
Recharge Income (Internal)	479	406
Fees Charges etc	38	38
Other Income	46	46
Total Income	563	490
Net Expenditure	2,912	3,139

Description of Saving	Pre-agreed 13 December 2023	Pre-agreed 23 October 2024	Further Proposals 26 February 2025	2025/26 Total
	£m	£m	£m	£m
EDUCATION				
Reduction other staff groups (excluding teachers) in ELC and school	0.074			0.074
Reduction in centrally based business support and budget teams	0.054			0.054
Reduction in janitorial support	0.082			0.082
Reduction in Cleaning (ELC and Schools)	0.208			0.208
Reduction in centrally based support posts			0.191	0.191
Reduction in ERCLT management fee			0.200	0.200
	0.418	0	0.391	0.809
ENVIRONMENT				
Reduction in School Crossing Patrol Service	0.070			0.070
Reduction in frequency of brown bin collections to fortnightly		0.356		0.356
	0.070	0.356	0	0.426
TOTAL SAVINGS PROPOSALS 2025/26	0.488	0.356	0.391	1.235