



**Clackmannanshire  
Council**

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Comhairle Siorrachd  
Chlach Mhanann

Kilncraigs, Greenside Street, Alloa, FK10 1EB (Tel.01259-450000)

# **Special Meeting of Clackmannanshire Council**

**Friday 4 March 2022 at 2.30 pm**

**Via Video Conference (MS Teams)**



## **Clackmannanshire Council**

There are 32 Unitary Councils in Scotland. Clackmannanshire Council is the smallest mainland Council. Eighteen Councillors are elected to represent the views of the residents and businesses in Clackmannanshire. The Council has approved Standing Orders that detail the way the Council operates. Decisions are approved at meetings of the full Council and at Committee Meetings.

The Council is responsible for approving a staffing structure for the proper discharge of its functions, approving new policies or changes in policy, community planning and corporate governance including standards of conduct.

The Council has further responsibility for the approval of budgets for capital and revenue expenditure, it also has power to make, alter or cancel any scheme made under statute and to make, alter or cancel any orders, rules, regulations or bye-laws and to make compulsory purchase orders. The Council also determines the level of Council Tax and approves recommendations relating to strategic economic development.

Members of the public are welcome to attend our Council and Committee meetings to see how decisions are made.

Details of all of our Council and Committee dates and agenda items are published on our website at [www.clacks.gov.uk](http://www.clacks.gov.uk)

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**24 February 2022**

**A SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL will be held via MS TEAMS, on FRIDAY 4 MARCH 2021 at 2.30 PM.**



**NIKKI BRIDLE  
Chief Executive**

**B U S I N E S S**

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1. Apologies	--
2. Declaration of Interests Elected Members are reminded of their obligation to declare any financial or non-financial interest which they may have in any item on this agenda in accordance with the Councillors' Code of Conduct. A Declaration of Interest form should be completed and passed to the Committee Services Officer.	--
3. Treasury Management Strategy Statement 2022/23 - report by Chief Finance Officer (Copy herewith)	05
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## Clackmannanshire Council – Councillors and Wards

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### Councillors

### Wards

Provost	Tina Murphy	1	Clackmannanshire West	SNP
Councillor	Darren Lee	1	Clackmannanshire West	CONS
Councillor	George Matchett, QPM	1	Clackmannanshire West	LAB
Councillor	Les Sharp	1	Clackmannanshire West	SNP
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	Martha Benny	2	Clackmannanshire North	CONS
Councillor	Dave Clark	2	Clackmannanshire North	LAB
Councillor	Helen Lewis	2	Clackmannanshire North	SNP
Councillor	Jane McTaggart	3	Clackmannanshire Central	SNP
Councillor	Derek Stewart	3	Clackmannanshire Central	LAB
Councillor	Mike Watson	3	Clackmannanshire Central	CONS
Councillor	Chris Dixon	4	Clackmannanshire South	IND
Councillor	Kenneth Earle	4	Clackmannanshire South	LAB
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	SNP
Councillor	Graham Lindsay	5	Clackmannanshire East	SNP
Councillor	Kathleen Martin	5	Clackmannanshire East	LAB
Councillor	Denis Coyne	5	Clackmannanshire East	CON

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**Report to Clackmannanshire Council**

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**Date of Meeting: 4 March 2022**

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**Subject: Treasury Management Strategy Statement 2022/23**

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**Report by: Chief Finance Officer**

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**1.0 Purpose**

- 1.1 The purpose of this report is to present the Council's Treasury Management Strategy Statement for 2022/23 and Prudential Indicators for 2022/23 to 2024/25.
- 1.2 CIPFA defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

**2.0 Recommendations**

- 2.1 It is recommended that Council:
- 2.1.1 approves the Treasury Management Strategy Statement for 2022/23 and Prudential Indicators for the years 2022/23 to 2024/25, attached as Appendix A, in compliance with the Prudential Code requirements.
- 2.1.2 notes the continuation of the Borrowing Strategy to support additional capital investment (paragraph 5.6)
- 2.1.3 notes that a loans fund payment holiday is proposed as part of the General Revenue and Capital Budget 2022/23 report also on this agenda
- 2.1.4 notes that as part of the Council's commitment to Wellbeing Economy and Community Wealth Building, future investment decisions will consider ethical investment opportunities. (Appendix A, paragraph 5.1)
- 2.1.5 notes the investment portfolio position as at 31<sup>st</sup> January 2022 (Appendix B).

### **3.0 Background**

- 3.1 The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available to meet spending commitments as they fall due either for day-to-day revenue operations or for larger capital projects. Treasury activities will balance the interest costs of debt and the investment income arising from cash deposits. Surplus monies are invested in low risk counterparties commensurate with the Council's low risk appetite, initially providing adequate liquidity before considering investment return.
- 3.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 3.3 The Prudential Indicators included in Appendix A have been determined based on the budget proposals contained in the Capital Programmes for both the General Fund and the Housing Revenue Account included within the General Services Revenue and Capital Budget 2022/23 on the agenda for approval at this meeting and the Housing Revenue Account (HRA) Budget 2022/23 previously approved by Council at its meeting on the 10 February 2022.

### **4.0 Reporting Requirements**

#### **Treasury Management Reporting**

- 4.1 The Council is required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of polices, estimates and actuals.

**Prudential and treasury indicators and treasury strategy** (this report) - The first and most important report covers:

- the capital plans (including prudential indicators);
- a policy for the statutory repayment of debt (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

**A mid year treasury management report** – This will update members with the progress of the capital position, amending prudential indicators as necessary, and whether the performance of the treasury function is in line with the strategy or whether any policies require revision.

**An annual treasury report** – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

## 5.0 General Services Capital Programme

5.1 In its budget for 2021/22, Council approved a new 20 year capital investment rolling programme was covering the years 2021/22 to 2040/41. This programme set out planned significant capital investment areas across the Council's Be The Future priorities. The programme allows investment to support wellbeing and economic performance and recovery across the four priority themes. During 2021/22 this programme has been reviewed and updated to cover the period to 2041/42. Appendix C summarises the expenditure across the 20 year programme by the four themes. Further detail of the capital programme is also provided within the General Fund Revenue and Capital Budget 2022/23 also on this agenda.

5.2 The table below shows the gross expenditure across the 20 year programme, shown in detail for the first five years and summarised for each of the next five years, and the income expected for each of those years. The Gross Programme Limit represents the level of expenditure that can be incurred before external borrowing increases. This includes the income and repayments to external debt in the year, referred to as the funding envelope under the previous strategy, to minimise external debt. Table 1 indicates that over the period to 2041/42, there is a total of £227.051m available for capital investment without increasing borrowing. The Council's proposed programme (including carry forward from 2021/22) for the period 2022/23 – 2041/42 totals £254.135m, £27.084m above the Gross Programme Limit. This means that the Council's overall level of borrowing is expected to increase by this amount by the end of the 20 year programme.

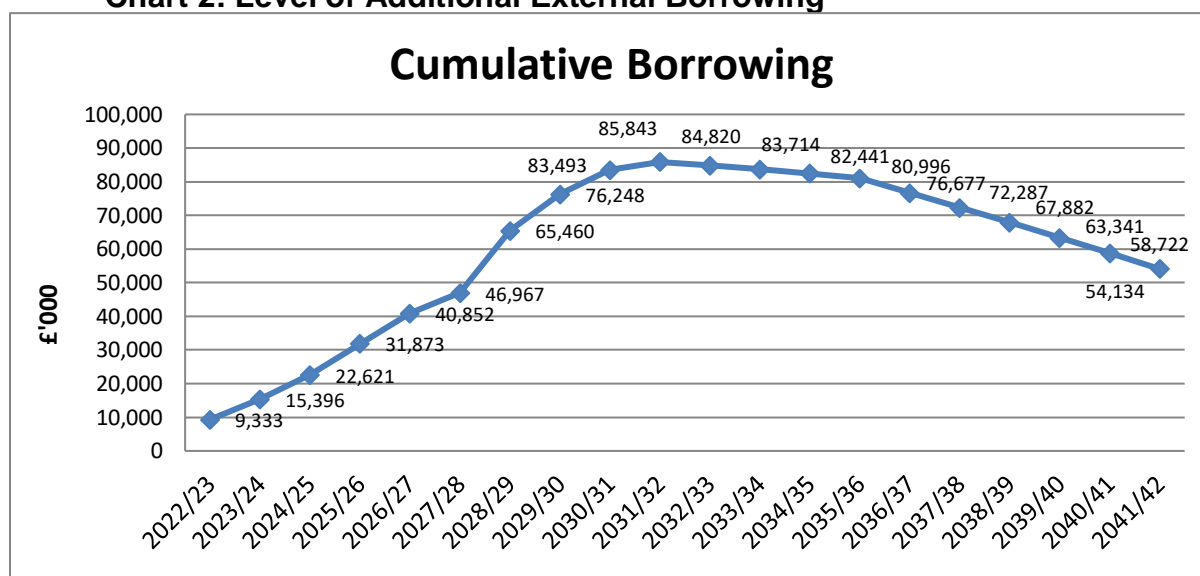
**Table 1: General Services Capital Funding 2022/23-2041/42**

	2022/23	2023/24	2024/25	2025/26	2026/27	2027-32	2032-37	2037-42	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Gross Programme Limit</b>									
Income	(5,553)	(8,829)	(8,662)	(8,649)	(8,809)	(28,085)	(21,545)	(21,545)	<b>(111,677)</b>
Loans Fund Principal Repayments	(0)	(1,557)	(1,456)	(1,823)	(1,552)	(18,759)	(30,400)	(32,778)	<b>(88,325)</b>
External Borrowing Principal Repayments	(2,946)	(412)	(412)	(1,237)	(412)	(5,601)	(29)	(16,000)	<b>(27,049)</b>
<b>Total Gross Programme Limit</b>	<b>(8,499)</b>	<b>(10,798)</b>	<b>(10,530)</b>	<b>(11,709)</b>	<b>(10,773)</b>	<b>(52,445)</b>	<b>(51,974)</b>	<b>(70,323)</b>	<b>(227,051)</b>
Proposed Planned Expenditure (including C/F from 2021/22 approved programme)	14,886	16,448	17,343	19,725	19,340	91,835	42,778	31,780	<b>254,135</b>

	2022/23	2023/24	2024/25	2025/26	2026/27	2027-32	2032-37	2037-42	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Amount of Planned Expenditure (below)/above Gross Programme Limit	6,387	5,650	6,813	8,016	8,566	39,390	(9,195)	(38,543)	27,084

5.3 The profile of investment over the 20 year programme front loads expenditure within the first 10 years of the programme, thereafter reducing expenditure below the available funding envelope to start to reduce the level of external borrowing back towards the current level as shown in chart 2 below. This is in line with the Council's prioritisation of an investment-led recovery strategy in respect of the Covid-19 pandemic, as supported by the Council's Capital Budget. Throughout the programme, opportunities for additional funding sources will be sought to reduce any external borrowing requirement and expedite the reduction in the overall level of external borrowing.

**Chart 2: Level of Additional External Borrowing**



5.4 In order to support the planned investment outlined above, the previous borrowing strategy to minimise external debt was revised as part of the 2021/22 TMSS. Prior to this the previously strategy, approved in 2012, has delivered significant reductions in external debt of £33m, bringing the ratio of cost of borrowing to 3.74% forecast at March 2022 which is below the latest reported Scottish average of 7.20% (2020). The cost of borrowing is based on the loan charge payments on external borrowing compared to the Council's general revenue funding and is therefore an assessment of affordability. This low cost of borrowing allows capital investment to be made whilst still being affordable.

5.5 Table 3 below shows the ratio of the cost of borrowing over the life of the capital programme, detailed for the first five years then shown at the end of each of the further five year periods to 2041/42. Increased rates from 2031/32 reflect the cumulative additional investment over the first ten years which is planned to reduce in future years. The cost of borrowing will be reviewed annually as part of the General Fund Revenue and Capital budget and the



Treasury Management Strategy to ensure costs of borrowing remain affordable over the longer term.

**Table 3: Ratio of cost of borrowing**

	2021/22	2022/23	2023/24	2024/25	2025/26	2031/32	2036/37	2041/42
	£000	£000	£000	£000	£000	£000	£000	£000
Loan Charges/ Cost of Borrowing	4,939	4,052	5,726	5,730	6,366	11,404	12,520	12,466
General Revenue Funding	131,997	129,375	129,375	129,375	130,088	133,653	137,218	140,783
Ratio of Cost of Borrowing	3.74%	3.13%	4.43%	4.43%	4.89%	8.53%	9.12%	8.85%

5.6 As part of the Treasury Management Strategy Statement for 2021/22 approved on 24th March 2021 the Council approved the change in borrowing strategy from the previous strategy to minimise external debt to one that supports growth and investment in line with the 20 year capital programme but looks to reduce external debt over the longer term.

5.7 The Prudential Indicators in Appendix A reflect the revised capital programme over the years to 2024/25 and will be updated annually reflecting any changes in the expenditure or funding levels within the proposed programme. These indicators ensure that the proposed programme is prudent, affordable, and sustainable.

## 6.0 Capital Strategy

6.1 The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, which will provide the following:

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risk is managed, and
- the implications for future financial sustainability.

6.2 The aim of this Capital Strategy is to ensure that Council fully understands the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

6.3 The Capital Strategy will include capital expenditure, investments and liabilities and treasury management in sufficient detail to allow all members to understand how stewardship, value for money, prudence, sustainability and affordability will be secured.

6.4 The work carried out in preparing the 20 year Capital Programme established the foundations for the Council's Capital Strategy and this strategy is outlined in the General Revenue and Capital Budget report also on this agenda. Further work will be undertaken to develop this strategy to provide further

detail on the elements outlined above including a capital implementation plan for significant projects.

## **7.0 Treasury Management Strategy for 2022/23**

7.1 The strategy for 2022/23 covers two main areas:

### **Capital**

- the capital plans and the prudential indicators, and
- the loans fund repayment policy.

### **Treasury Management**

- the current treasury position;
- treasury indicators which limit treasury risk and the activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- statutory repayment of loans fund;
- the investment policy;
- the investment strategy;
- creditworthiness policy;
- country limits and
- policy on use of external service providers

7.2 These elements cover the requirements of the Local Government in Scotland Act 2003, the revised CIPFA Prudential Code and CIPFA Treasury Management Code (2017 editions), the CIPFA Treasury Management Guidance Notes 2018 and the Local Government Investment Regulations (Scotland) 2010 and the Local Authority (Capital and Financing and Accounting) (Scotland) Regulations 2016.

7.3 In December 2021, CIPFA published an updated Treasury Management and Prudential Code. This will be incorporated into the 2023/24 TMSS in line with the requirement for full implementation by 2023/24.

## **8.0 Training and Advice Services**

8.1 The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. Training is provided for members in the form of briefings on specific changes and reports. Link Asset Services, our treasury management advisors, also hold training sessions with members with the last refresher held on the 6 December 2017. Further training will be held during 2022/23 in the new Administrative cycle with a strong focus aligned to the long term capital plan and the move towards growth and investment and the related impact on borrowing activity.

- 8.2 The training needs of treasury management officers are periodically reviewed and training arranged as appropriate. Treasury management officers attend regular meetings with the Council's treasury management advisors, benchmarking meetings with representatives from other Scottish local authorities and specific training events arranged by the Council's treasury management advisors.
- 8.3 The Council uses Link Asset Services as its external treasury management advisors, however it recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon the services of our external service providers.
- 8.4 It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment, and the methods by which their value is assessed, are properly agreed and documented and subjected to regular review. Following a procurement exercise during 2019, Link Asset Services were retained as the Council's external treasury management advisors until 31 July 2025.

## 9.0 Conclusion

- 9.1 The Treasury Management Strategy for 2022/23 builds on and consolidates the Council's existing Investment Strategy and Prudential Borrowing framework.
- 9.2 The strategy supports the delivery of the Council's capital investment plans and reflects the updated 20 year capital investment programme proposed within the General Fund Revenue and Capital Budget for 2022/23.

## 10.0 Sustainability Implications

- 10.1 None.

## 11.0 Resource Implications

### 11.1 *Financial Details*

- 11.2 The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate.

Yes

- 11.3 Finance has been consulted and has agreed the financial implications as set out in the report.

Yes

### 11.4 *Staffing*

- 11.5 None

## 12.0 Exempt Reports

Is this report exempt? Yes  (please detail the reasons for exemption below) No

### 13.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all

Our families; children and young people will have the best possible start in life

Women and girls will be confident and aspirational, and achieve their full potential

Our communities will be resilient and empowered so that they can thrive and flourish

(2) **Council Policies** (Please detail)

Treasury Management Policy Statement and Practices

### 14.0 Equalities Impact

14.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No

### 15.0 Legality

15.1 In adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

### 16.0 Appendices

16.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

Appendix A – 2022/23 Treasury Management Strategy Statement & Annual Investment Strategy (including prudential indicators)

Appendix B – Investment Portfolio as at 31 January 2022

Appendix C – General Fund 20 Year Capital Programme 2022/23

### 17.0 Background Papers

17.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at

which the report is considered)

Yes  (please list the documents below) No

Treasury Management in Public Service; Code of Practice and Cross Sectoral Guidance Notes 2017

The Prudential Code for Capital Finance in Local Authorities 2017

Treasury Management Guidance Notes 2018

The Local Government Investment Regulations (Scotland) 2010

Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016

Financial Strategy June 2012

Interest rate forecasts

Economic background

Treasury management practice 1 - credit and counterparty risk management

Treasury management scheme of delegation



The treasury management role of the section 95 officer

Link Asset Services - Clackmannanshire Council Loans Fund Review

**Author(s)**

<b>NAME</b>	<b>DESIGNATION</b>	<b>TEL NO / EXTENSION</b>
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Lindsay Sim	Chief Finance Officer	2022

**Approved by**

<b>NAME</b>	<b>DESIGNATION</b>	<b>SIGNATURE</b>
Lindsay Sim	Chief Finance Officer	
Nikki Bridle	Chief Executive	



## **2022/23 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY (including Prudential Indicators)**

The suggested strategy for 2022/23 in respect of the following aspects of the treasury management function is based upon the Council's views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Link Asset Services.

The strategy for 2022/23 covers the following areas:

- capital expenditure;
- the loans fund repayment policy;
- the current portfolio position;
- treasury indicators which limit treasury risk and the activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- statutory repayment of loans fund;
- the investment policy;
- creditworthiness policy;
- country limits; and
- the investment strategy.

### **1.0 The Capital Prudential Indicators**

#### **1.1 Capital Expenditure**

The Council's capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans.

The Prudential Code requires the Council to make reasonable estimates of the total capital expenditure that it plans to incur during the forthcoming financial year and the following two financial years. The Code also requires this information to be split between General Fund (GF) Services and Housing Revenue Account (HRA).

To provide a longer term view, the estimates of gross capital expenditure to be incurred for the next three years together with the projection for the current year and actual for 2020/21 are as follows:

**Table 1: Gross Capital Expenditure**

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	13,646	13,447	14,886	16,448	17,343
Housing Revenue Account	4,292	6,311	15,903	11,852	12,702
<b>Total</b>	<b>17,938</b>	<b>19,758</b>	<b>30,789</b>	<b>28,300</b>	<b>30,045</b>

The above figures are shown gross of any income and are consistent with the capital programme proposals for General Services contained within the Revenue and Capital Budget report 2022/23 on the agenda for approval at this meeting and the HRA Capital Programme 2022/23 approved at Council on 10 February 2022.

The General Services Capital Programme approved at Council on 24th March 2021 set out planned significant capital investment areas across the Council's Be The Future priorities over 20 years from 2021/22 to 2040/41. The programme provides investment to support wellbeing and economic performance and recovery across the four priority themes.

During 2021/22, the GF Capital Programme was reviewed and revised to reflect a rolling programme of 20 years to 2041/42. Along with capacity to deliver the programme, the availability of funding continued to be a key consideration in the review of the programme to ensure that any additional borrowing was affordable. As such, the revenue charges associated with the level of expenditure across the years are reflected in the proposed revenue budget.

The capital plans for both the General Fund and the HRA take full account of the requirements of the Prudential Code, ensuring that planned expenditure is prudent and affordable. The planned spending figure of £30.789m for 2022/23 will be kept under review through the capital monitoring process and regularly reported to the appropriate Committees during the year.

## 1.2 Borrowing Need (Capital Financing Requirement)

The calculation of the Capital Financing Requirement (CFR) is intended to reflect the Council's underlying need to borrow for a capital purpose and it is used as a key measure in treasury management decisions for this reason. Capital expenditure that is not financed upfront by the use of capital receipts, capital grants or directly from revenue will increase the CFR of the Council.

The CFR does not increase indefinitely as it is reduced by annual repayments of debt. These repayments are calculated to be broadly commensurate with the period and pattern of benefits of the capital expenditure i.e. reflect the useful life of the asset financed from borrowing.

The CFR also includes the long term liabilities the Council has in respect of the PFI contract for three secondary schools and the finance lease for street lighting infrastructure. Whilst this increases the CFR, the Council is not required to borrow for these schemes.

Estimates of the end of year CFR position for the Council are shown in the table below. The table shows the current and future years together with the actual position for the previous year



**Table 2: Capital Financing Requirement as at:**

	31/03/21	31/03/22	31/03/23	31/03/24	31/03/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	120,666	124,835	132,868	137,428	142,956
Housing Revenue Account	22,451	22,147	26,506	31,806	37,669
<b>Total</b>	<b>143,117</b>	<b>146,982</b>	<b>159,374</b>	<b>169,234</b>	<b>180,625</b>

The combined GF and HRA CFR is estimated to increase over the period to £180.625m by the end of March 2025.

The overall CFR at March 2025 is an increase of £33.643m on the projected level at March 2022. This increase reflects the proposed additional capital investment as set out in the GF and HRA Capital Plans. This increased level of capital investment will require additional external borrowing to be undertaken in the medium term, however alternative sources of funding such as grant funding, capital receipts and internal borrowing will be considered to reduce the requirement for external borrowing over the longer term. The increase in CFR across both the GF and the HRA also reflects the implementation of the revised accounting policies of the Loans Fund which were agreed in March 2020.

### 1.3 Statutory Repayment of loans fund advances

#### 1.3.1 Policy on Statutory Repayment of Loans Fund Advances

Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

A variety of options to account for loans fund advances are permitted within the Local Authority (Capital Finance and Accounting) (Scotland) Regulations 2016, so long as a prudent provision is made each year. A review of the Council's Loans Fund advances by the Council's treasury management advisors, Link Asset Services, was undertaken during 2019/20 and as part of the Treasury Management Strategy Statement 2020/21, Council approved the following policy, applicable from 1 April 2019, on the repayment of loan fund advances by the GF and HRA as follows:

- a) For loans fund advances made before 1 April 2019, the policy will be to use the Asset Life Method annuity method with all loans being repaid over 35 years at annuity rate of 5%.
- b) For loan advances made after 1 April 2019 the policy will be to use the Asset Life Method annuity method with all loans being repaid over 35 years at annuity rate of 5%
- c) For the assets under construction, the repayment of the first loan fund repayment to be deferred until the financial year following the one in which the asset is first available for use or operational.

The adoption of this policy for advances made before 1 April 2019 smoothed the loans fund repayments and reprofiled the revenue requirement to 2029/30. This 10

year timeframe was linked to the investment proposals within the Be the Future Programme which apply to both GF and HRA.

The approach was taken on a prudent basis following discussions with the Council's treasury management advisors and in line with a review by Audit Scotland and Scottish Government.

The policy has been reviewed and no changes to the assumptions used in the policy are proposed for 2022/23.

### 1.3.2 Loans fund principal repayment holiday

As part of the 2022/23 Local Authority draft settlement, a financial flexibility has been offered to Councils relating to the principal repayments of loans fund advances. This allows authorities to take a holiday on their loans fund repayments for 2022/23 and repay this amount over future years. The Council has opted to exercise this flexibility for 2022/23 which results in a reduction in gross expenditure of £0.966m.

## 1.4 Affordability

Prudential Indicators are required to assess the affordability of capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances.

### 1.4.1 Ratio of financing costs to net revenue stream

The Prudential Code requires the Council to make estimates of the ratio of capital financing costs to its net revenue stream.

The indicator is intended to measure the percentage of the Council's total income that it is estimated will be committed towards meeting the costs of borrowing used to fund capital expenditure. For the GF, this is the ratio of financing costs of borrowing against net expenditure financed by government grant and local taxpayers. For the HRA the indicator is the ratio of financing costs to gross rental income.

Estimates of the ratio of financing costs to net revenue stream for the current and future years are:

**Table 3: Ratio of financing costs to net revenue stream**

	2020/21	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund	4.70%	3.74%	3.13%	4.43%	4.43%
Housing Revenue Account	8.80%	7.36%	6.18%	8.60%	8.89%

The above figures show that for the GF, the proportion of the budget allocated to loan charges have reduced in 2022/23 and are estimated to increase in 2024/25. The ratios ranging between 3.74% and 4.43% are lower than the latest reported Scottish Average of 7.20% (2020). This is a positive outcome over this period reflecting ongoing capital investment against a backdrop of reducing levels of government grant funding that have been partly offset with increases in council tax income and reduced principal repayments, following the previous change in accounting policy for the loans fund as outlined in paragraph 1.3 above and the option to exercise the Loans Fund Payment holiday in 2022/23. The increase is mainly due an increase in interest payments on the new external borrowing that is

anticipated to be undertaken to fund the capital programme. The ratios demonstrate that capital financing costs are being controlled through the effective implementation of the Council's borrowing and investment strategy.

Capital investment and funding in the HRA is detailed in the Housing Revenue Account Budget 2022/23 and Capital Programme 2022/23 approved at Council on 10 February 2022. The capital programme is set to maintain the Council's excellent Scottish Housing Quality Standard record and achieve the Council's own investment priorities. In line with the GF, the HRA ratio of capital financing costs to rental income shows an increase over the period to 2024/25 which reflects substantial capital investment and the related interest payments on the forecasted new external borrowing to fund it.

## **2.0 Borrowing**

The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet service activity and investments through the Capital Programme. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury indicators, the current and projected debt positions and the annual investment strategy.

### **2.1 Current Portfolio Position**

Within the Prudential Indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes or speculative purposes.

The Council's treasury portfolio projected position at 31 March 2022 with forward projection are summarised in the table below. The table shows:

- the cumulative level of external debt held by the Council which represents the total amount of borrowing that has been undertaken to fund the capital programme;
- the expected change in debt, which is any repayments of maturing debt less new debt undertaken in the year to fund the in-year capital programme;
- Other Long Term Liabilities which is the total of any Finance Lease or PFI arrangements;
- the expected change in Other Long Term Liabilities which refers to the repayments in the year made against this debt;
- the Capital Financing Requirement which is the cumulative amount of borrowing that the Council required to borrow to fund capital expenditure; and
- the under or over borrowing position which is the difference between the required need to borrow and the actual borrowing undertaken.

The Code requires local authorities to maintain an under-borrowed position in the long term, this means that the total amount borrowed does not exceed the need to borrow. An under-borrowed position can occur where cash balances have been used to fund capital expenditure whereas, an over-borrowed position can occur where

borrowing has been taken in advance of need. This is permissible in the short term to take account of timing of cash flows but the Council must return to an under-borrowed position in future years.

**Table 4: External Debt**

External Debt	2020/21 Actual £000	2021/22 Projection £000	2022/23 Estimate £000	2023/24 Estimate £000	2024/25 Estimate £000
Cumulative Debt at 1 April	101,803	101,319	101,247	98,228	104,461
Expected change in Debt	(484)	(72)	(3,019)	6,233	7,090
Other long-term liabilities (OLTL) at 1 April	39,147	37,845	36,672	35,435	33,995
Expected change in OLTL	(1,302)	(1,173)	(1,237)	(1,440)	(1,638)
<b>Actual gross debt at 31 March</b>	<b>139,164</b>	<b>137,919</b>	<b>133,663</b>	<b>138,456</b>	<b>143,908</b>
Capital Financing Requirement	143,117	146,982	159,374	169,234	180,625
<b>Under/(over) borrowing</b>	<b>3,953</b>	<b>9,063</b>	<b>25,711</b>	<b>30,778</b>	<b>36,717</b>

For all years shown in the above table the Council's CFR is forecast to remain above the Gross Debt maintaining a consistent under-borrowed position going forward, therefore meeting the requirement of the indicator to be in an under-borrowed position over the medium term.

It is anticipated that new external borrowing will need to be undertaken to fund the projects within the capital programme. As a result external debt is forecast to increase from 2022/23 to 2024/25 in order to ensure sufficient cash is available to meet the capital investment within those years.

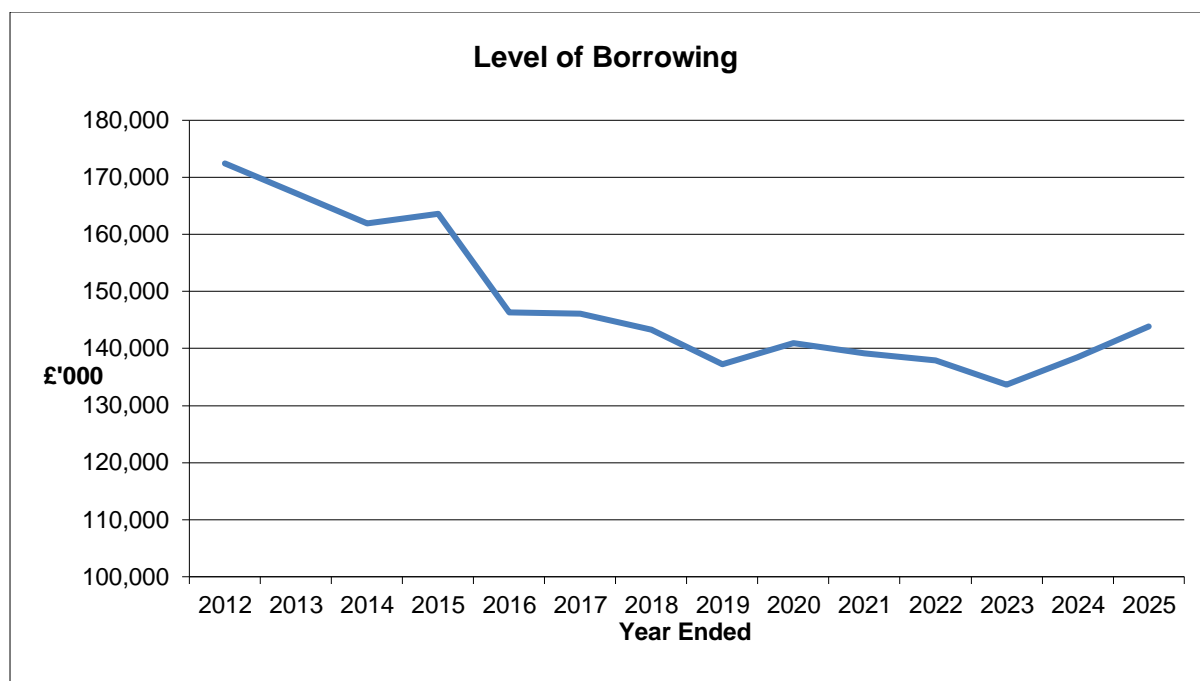
The expected change in debt also reflects PWLB loan repayments of £3.7m scheduled in the next three years to March 2025 which offset new external borrowing to fund capital investment. The new borrowing and the repayment profiles of debt maturity mean there are variations in annual change in debt year on year.

The steady reduction in other long term liabilities reflects the annual repayments of the PFI debt.

The difference between the gross debt and the CFR shows the amount of internal borrowing/utilisation of cash balances to fund capital expenditure that has been undertaken in previous years.

Significant reductions of £34.5m to March 2022 have been achieved since the previous policy to minimise external debt was approved in June 2012. This strategy to minimise long term debt has worked well in reducing long term debt, however, the policy was changed in 2021/22 to reflect the significant investment in key projects over the next few years and the expectation that borrowing may need to increase in the medium term. It is anticipated that once these key projects are complete, borrowing will reduce in line with the strategy. The chart below shows the reduction of external debt made to date and estimates the increase over the next few years.

**Chart 1: Level of Borrowing**



## 2.2 Treasury Indicators: Limits on Borrowing Activity

### 2.2.1 Authorised Limit for External Debt

The authorised limit for external debt is required to separately identify external borrowing (gross of investments) and other long term liabilities such as finance lease obligations. This is a key prudential indicator and is the maximum figure that the Council could borrow at any given point during each financial year.

**Table 5: Authorised limit for external debt**

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Borrowing	124,000	118,000	129,000	134,000
Other long term liabilities including PFI	40,000	39,000	37,000	36,000
<b>Total</b>	<b>164,000</b>	<b>157,000</b>	<b>166,000</b>	<b>170,000</b>

The authorised limit set out above is consistent with approved capital investment plans and Treasury Management policy and practice but allows sufficient headroom for unanticipated cash movements. The limit increases towards 2024/25 in line with increased expenditure on specific capital projects and the related forecasted external borrowing. The limit is reviewed on an annual basis in line with revisions to the approved capital programme.

If the authorised limit is liable to be breached at any time, the Chief Finance Officer (Section 95 Officer) will report to Council with a proposed recommended course of action which could include raising the authorised limit or to take measures to ensure the limit is not breached.

## 2.2.2 Operational Boundary for External Debt

The operational boundary is the limit beyond which the external debt is not normally expected to exceed. This is a key management tool for in-year monitoring and is lower than the Authorised Limit as it is based on an estimate of the most likely level of external borrowing at any point in the year. In comparison, the authorised limit is the maximum allowable level of borrowing.

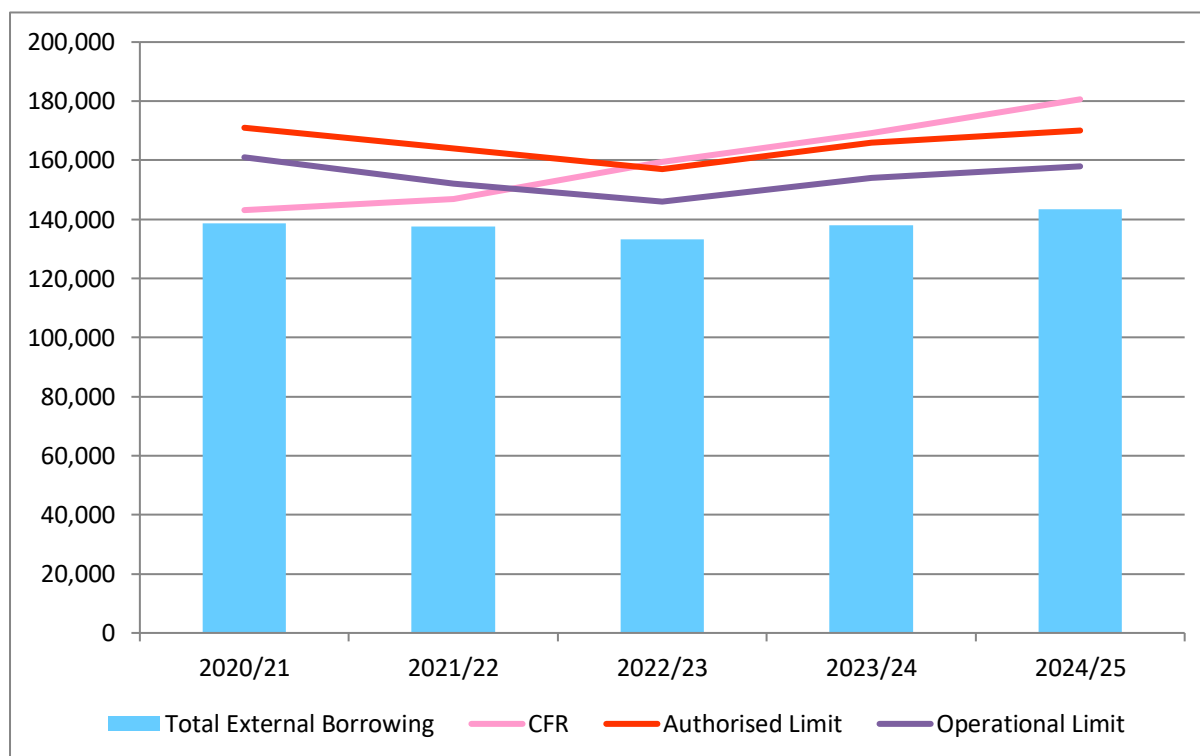
**Table 6: Operational Boundary for external debt**

	2021/22	2022/23	2023/24	2024/25
	£000	£000	£000	£000
Borrowing	115,000	110,000	120,000	125,000
Other long term liabilities	37,000	36,000	34,000	33,000
<b>Total</b>	<b>152,000</b>	<b>146,000</b>	<b>154,000</b>	<b>158,000</b>

This indicator is consistent with the Council's plans for capital expenditure and financing with Treasury Management policy and practice. It is sufficient to facilitate appropriate borrowing during the financial year and will be reviewed on an on-going basis.

The following chart shows the forecasted level of external borrowing, CFR, authorised limit and operational boundary to March 2025.

**Chart 2: Borrowing and Capital Financing Requirement**



The chart above shows that the total external borrowing does not exceed the CFR which shows that the Council is expected to be in an under borrowed position and the external borrowing is not expected to breach the operation limit or the authorised limit.

### 3.0 Prospects for Interest Rates

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives Link's central view.

**Table 7: Forecast Interest Rates**

Quarter Ended	Bank Rate %	PWLB Borrowing Rates % (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2022	0.75	2.20	2.40	2.20
June 2022	1.00	2.30	2.50	2.30
Sept 2022	1.00	2.30	2.50	2.30
Dec 2022	1.25	2.30	2.60	2.40
March 2023	1.25	2.30	2.60	2.40
June 2023	1.25	2.30	2.60	2.40
Sept 2023	1.25	2.30	2.60	2.40
Dec 2023	1.25	2.30	2.60	2.40
March 2024	1.25	2.30	2.60	2.40
June 2024	1.25	2.30	2.60	2.40
Sept 2024	1.25	2.30	2.60	2.40
Dec 2024	1.25	2.30	2.60	2.40
March 2025	1.25	2.30	2.60	2.40

The Covid-19 pandemic had major impact on the UK and world economies in the last two years. In response to this, the Bank of England's Monetary Policy Committee (MPC) took emergency action to cut the Bank Rate to 0.1% in March 2020. This rate was maintained until December 2021 when it was increased to 0.25%. At its latest meeting on 4 February 2022, the MPC increased the Bank Rate again by a further 0.25% to 0.5%.

With inflation rising sharply and expected to reach a peak of 7.25% in April 2022, the forecast for Bank Rate now includes a further three increases of 0.25% in March, May and November 2022 to end at 1.25%.

The forecasts and MPC decisions will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Forecasts for average investment earnings beyond the three-year period will be heavily dependent on economic and political developments.

The current economic outlook and structure of market interest rates and government debt yields have key treasury management implications:

- There is expected to be very little upward movement for gilt yields and PWLB rates over the next three years. However they can be subject to exceptional levels of volatility due to economic recovery from major events such as: Covid-19 pandemic, geopolitical developments, sovereign debt crisis, emerging market developments and sharp changes in investor actions.

- Investment returns have improved in the second half of 2021/22 and are expected to improve further during 2022/23 as the MPC progressively increases the Bank Rate,
- Borrowing interest rates fell to historically low rates as a result of the Covid-19 crisis and the quantitative easing operations of the Bank of England still remain at historically low levels.

#### **4.0 Borrowing Strategy**

Over the medium term the Council is forecasted to maintain an under-borrowed position. This means that the capital borrowing need, the CFR, has been partly funded through cash balances as opposed to external loans. This strategy is prudent as investment returns are low and counterparty risk is relatively high. This strategy has had a positive impact over the last few years reducing overall borrowing and keeping interest charges low.

Against this background and the risks within the economic forecast, the Chief Finance Officer, supported by the Treasury team, will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances:

- *if it was felt that there was a significant risk of a sharp FALL in long and short term rates* (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.
- *if it was felt that there was a significant risk of a much sharper RISE in long and short term rates* than that currently forecast, perhaps arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.

Going forward, this strategy will be reviewed to avoid incurring higher borrowing costs in the future when borrowing is required to finance new capital expenditure and/or to refinance maturing debt. Treasury activity including the undertaking of external borrowing will continue to be reported through the regular reporting cycle of Treasury Management reports to Council.

#### **4.1 Policy on borrowing in advance of need**

The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sum borrowed. Any decision to borrow in advance will be within the approved CFR estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reports.

#### **4.2 Debt Rescheduling**

Rescheduling of current borrowing in the Council's debt portfolio is unlikely to occur as there is a very large difference between premature redemption rates and new borrowing rates, even though the general margin of PWLB rates over gilt yields was reduced by 100 basis points in November 2020.



If short term borrowing rates are cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings taking new debt over the short-term rather than long-term. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy, or
- to enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Council at the earliest meeting following its action.

#### **4.3 Types of Borrowing**

Currently the PWLB Certainty Rate is set at gilts +80 basis points for both HRA and non-HRA borrowing. However, consideration may still need to be given to sourcing funding at cheaper rates. Options available include:

- Local authorities (primarily shorter dated maturities);
- Financial institutions (primarily insurance companies, pension funds and banks), and
- Municipal Bond Agency.

At the time of undertaking any borrowing, a full appraisal will be carried out to identify the most cost effective type of borrowing in line with the Council's risk appetite.

#### **4.4 Borrowing Requirement**

The Council's borrowing requirement shown in the table below is based on the in-year borrowing estimated to be needed to fund the net expenditure in the proposed Revenue and Capital Budget report 2022/23 on the agenda for approval at this meeting and the Housing Revenue Account Budget 2022/23 and Capital Programme 2022/23 approved at Council on 10 February 2022.

The actual timing of any borrowing will be influenced by prevailing interest rates and expectations for future movement on rates.

Under the previous strategy to minimise external debt, repayments towards maturing debt should be higher than any new borrowing being undertaken to fund the capital programme over the longer term. However, as the Council is undertaking a period of capital investment, external debt is expected to rise over the first half of the programme but reduce over the second half as borrowing levels reduce. Fluctuations can also arise in individual years depending on the maturing loans within that year. The table below shows variations in the external borrowing requirement for years to 2024/25.

**Table 8: Total Borrowing Requirement / Movement on CFR**

	<b>2022/23 Estimate £000</b>	<b>2023/24 Estimate £000</b>	<b>2024/25 Estimate £000</b>
Net New External Borrowing Requirement	13,692	13,438	15,150
Repayment of Maturing Debt	(1,300)	(3,578)	(3,759)
<b>Total Borrowing Requirement / Movement on CFR</b>	<b>12,392</b>	<b>9,860</b>	<b>11,391</b>

#### **4.5 Interest Rate Exposure and Maturity Structure of Borrowing**

There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are:

- Upper limits on fixed interest rate exposure - this identifies a maximum limit, expressed as a % of the total debt and investment, of fixed interest rates borrowing and investments;
- Upper limits on variable interest rate exposure - this is similar to the previous indicator and covers a maximum limit on variable interest rates, and
- Maturity structure of borrowing - these gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

**Table 9: Treasury Management Limits**

	2022/23	2023/24	2024/25
<b>Interest rate exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
<b>Limits on fixed interest rates based on</b>			
• Debt	100%	100%	100%
• Investments	75%	75%	75%
<b>Limits on variable interest rates based on</b>			
• Debt	25%	25%	25%
• Investments	75%	75%	75%
<b>Maturity structure of fixed interest rate borrowing 2022/23</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	25%	
12 months to 2 years	0%	25%	
2 years to 5 years	0%	50%	
5 years to 10 years	0%	75%	
10 years and above	0%	100%	
<b>Maturity structure of variable interest rate borrowing 2022/23</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	25%	
12 months to 2 years	0%	25%	
2 years to 5 years	0%	50%	
5 years to 10 years	0%	75%	
10 years and above	0%	100%	

## 5.0 Investment Strategy

### 5.1 Investment Policy

The aim of the investment strategy is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk. The intention of the strategy is to provide security of investment and minimisation of risk

Opportunities for investment arise naturally through Treasury Management activity and in particular the management of cash flows which can result in variations in the amount of cash required during the year. As at 31 January 2022, the Council held cash balances of £39.8m, of which £34.8m was immediately available and £5m held in short term deposits of 12 months or less as detailed in Appendix B.

During 2022/23 the Council will continue to invest surplus cash balances of which the return contributes to reducing the net expenditure of the Council. As part of the Council's commitment to Wellbeing Economy and Community Wealth Building, opportunities to invest ethically will be considered which fit within the remit of our strategy.

The Council's investment policy has regard to the Local Government Investment (Scotland) Regulations 2010 (and accompanying Finance Circular 5/2010), the CIPFA Treasury Management in Public Services Code of Practice and Cross

Sectoral Guidance Notes 2017 (“the CIPFA TM Code”) and the CIPFA Treasury Management Guidance Notes 2018. The Council’s investment priorities will be security first, liquidity second and then return.

In accordance with guidance from the Scottish Government and CIPFA, and in order to minimise the risk to investments, the Council has adopted a prudent approach and defines its risk appetite by the following means:

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties which also enables diversification and thus avoidance of concentration of risk. The key ratings used to monitor counterparties are the Short Term and Long Term ratings;
- The Council’s officers will use ratings and other information provided by Link Asset Services to ensure creditworthiness as detailed below;
- The Council’s officers will also use other information sources which include the financial press, share price and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties;
- Investments will be placed with counterparties from countries with a specified minimum sovereign rating;
- Limits will be set for the amount of principal sums invested for longer than 365 days, and
- All investments will be denominated in sterling.

## **5.2 Creditworthiness Policy**

This Council applies the creditworthiness service provided by Link Asset Services. This service employs a sophisticated modelling approach utilising a wide array of information sources including credit ratings from the three main credit rating agencies - Fitch, Moody’s and Standard and Poor’s.

This approach produces a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Ultra short dated bond funds with a credit score of 1.25
- Light pink 5 years for Ultra short dated bond funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Council will consider the ratings (Fitch or equivalents) in conjunction with other topical market information to support their use.

All credit ratings of counterparties currently used will be monitored quarterly. The Council is alerted to changes to ratings of all three agencies through its use of the Link Asset creditworthiness service.

In the case where an investment is outwith the scope of the ratings agencies the Council will analyse the financial information available for that organisation such as annual accounts to assess the financial viability of the investment and to ensure a minimal level of financial risk. Joint Venture arrangements, contractual agreements and financial guarantees from the Scottish Government are investment areas previously entered into by the Council where this has applied. The Council currently has no investments of this type.

### **5.3 Country Limits**

The Council has determined that it will only use approved counterparties registered to take deposits in the United Kingdom or approved counterparties registered in other countries who have a similar sovereign credit rating as the UK (currently AA).

### **5.4 Investment Returns**

**In-house funds** - Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the variations in cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

**Investment returns expectations** –Bank Rate forecasts for financial year ends (March) are:

- 2021/22 0.75%
- 2022/23 1.25%
- 2023/24 1.25%
- 2024/25 1.25%

Taking account of the current investment returns, the suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next three years are as follows:

- 2021/22 0.10%
- 2022/23 0.75%
- 2023/24 0.75%
- 2024/25 0.75%

**Investment treasury indicator and limit** for the total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit: -

<b>Maximum principal sums invested &gt; 365 days</b>			
<b>£m</b>	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>
Principal sums invested > 365 days	£12m	£12m	£12m

For its cash flow generated balances, the Council will seek to utilise its bank instant access accounts, notice accounts and ultra short dated bonds funds in order to benefit from compounding interest. The Council also invests in money market funds which are distributing which means interest is paid at the end of each month rather than compounded.

### **The Markets in Financial Instruments Directive (MIFID II)**

These regulations govern the relationship financial institutions conducting lending and borrowing transactions will have with local authorities. The effective date of the new regulations was 3 January 2018 and all local authorities are now classified as retail counterparties which determines the types of investments that they can undertake. Local authorities have the ability to apply for Professional status which extends the range of investments that are available but must meet certain qualifying criteria. To date there has been no requirement to apply for Professional Status but this will be considered as part of the on going treasury management reviews.

### **On-lending to Registered Social Landlords (RSL's)**

Under powers granted by the Scottish Government, Scottish Local Authorities can on-lend to Registered Social Landlords in order to assist in the development of affordable housing. Any plans to utilise these powers will be reported for appropriate Council approval.

### **End of Year Investment Report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

## Appendix B

### Investment Portfolio as at 31 January 2022

Borrower	Principal (£000)	Interest Rate	Access	Maturity Date
Bank of Scotland plc	2,500	0.05%	Fixed 1 Year	25/07/2022
Bank of Scotland Plc	2,500	Variable 0.46%	175 Day Call	29/05/2022
Aberdeen Standard Money Market Fund	6,000	Variable	Instant Access	
Aberdeen Standard Short Duration Fund	13,000	Variable	4 working days	
Blackrock Ultra Short Bond Fund	5,000	Variable	1 working day	
Royal Bank of Scotland Plc	7,735	0.1% (balance above £1m)	Instant Access	
Bank of Scotland	3,018	0%	Instant Access	
Other accounts	32			
<b>Total Cash and Cash Equivalents</b>	<b>39,785</b>			

<b>TOTAL INVESTMENTS</b>	<b>39,785</b>
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At the 31 January 2022, the Council does not hold any short-term or long-term investments. Previous investments have all matured or been repaid.

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Sustainable Growth	Innovation Hub Delivery	200	1,164						1,364		1,364	
	City Deal (RPMO)	100	100						200		200	
	Renewable Energy Projects	30							30		30	
	Alloa Town Centre Upgrade	0	200	200					400		400	
	Active Travel - Alloa Town Centre	100							100		100	
	Active Travel Route Railway Station	0	560						560	(400)	160	
	Forthbank Road Operational Facilities	16	4						20		20	
	Flood Protection	57	235	86	86	86	430	430	430	1,840		1,840
	Tillicoultry Flood Protection	0	150	250	300	2,500	2,800			6,000	(4,800)	1,200
	Alva Glen	0	87							87		87
	Parking Management System	0	569	20						589		589
	Building energy management system	32	8							40		40
<b>TOTAL</b>	<b>535</b>	<b>3,077</b>	<b>556</b>	<b>386</b>	<b>2,586</b>	<b>3,230</b>	<b>430</b>	<b>430</b>	<b>11,230</b>	<b>(5,200)</b>	<b>6,030</b>	



Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Investment Grants	60	80	100	100	100	240			680		680
Clackmannan Regeneration	1,275								1,275	(750)	525
Clackmannan Town Hall Roof & Wall	1,067	50							1,117		1,117
Alloa Town Centre Upgrade extension		400							400		400
Village and Small Town - Alva	320								320		320
Village and Small Town - Menstrie		120							120		120
Village and Small Town - Tillicoultry		550							550		550
Clackmannan Community Access Point	93								93		93
School Estate - Tullibody South Campus	50								50		50
Coalsnaughton Primary School	106								106		106
Park Primary	48								48		48
Demolition of St Mungos	250								250		250
<b>Learning Estate</b>											
Development Driven (minimum requirements)		450	4,700	6,965	6,281	14,305			32,701	(11,100)	21,601
<b>Learning Estate</b> Indicative Future Investment Requirements (Options appraisals, condition and suitability)	690	1,150	460	300	3,250	17,750	21,000	10,000	54,600		54,600
<b>Learning Estate</b> Policy Driven		383	1,150	1,917	2,683	34,968			41,102		41,102
<b>TOTAL</b>	<b>3,959</b>	<b>3,183</b>	<b>6,410</b>	<b>9,282</b>	<b>12,314</b>	<b>67,263</b>	<b>21,000</b>	<b>10,000</b>	<b>133,411</b>	<b>(11,850)</b>	<b>121,561</b>

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health and Wellbeing	Social services adaptations	75	75	75	75	75	375	375	375	1,500		1,500
	Analogue to Digital	386	192							578		578
	Park, Play Area & Open Space Improvements	72	25	25	25	25	125	125	125	547		547
	Cycle Routes	222	100	100	55					477	(477)	0
	Gartmorn Dam Country Park	22	33							55		55
	Active Travel Route	0	2,000							2,000	(1,400)	600
	Resourcing	110								110		110
	Wellbeing Hub	2,860	1,450	5,485	5,485					15,280	(2,000)	13,280
<b>TOTAL</b>	<b>3,747</b>	<b>3,875</b>	<b>5,685</b>	<b>5,640</b>	<b>100</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>20,547</b>	<b>(3,877)</b>	<b>16,670</b>	

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Compliance and Operational Resilience	<b>DIGITAL</b>											
	Social services IT system	332	1,668							2,000		2,000
	Digital Transformation	750							750		750	
	Digital Learning Strategy	478	478	478	250	250	1,250	1,250	1,250	5,684		5,684
	Digital Infrastructure (Fibre - Council and Schools)	350								350		350
	IT Equipment (Homeworking)	50								50		50
	IT Infrastructure (Council)	144	90	90	90	90	450	450	450	1,854		1,854
	Interactive Screen Replacement (Secondary Schools)	123								123		123
	ICT Replacement (Secondary Schools)	125	125	125	125	125	625	625	625	2,500		2,500
	ICT Upgrade (Primary Schools)	90	90	90	90	90	450	450	450	1,800		1,800
	ICT Resourcing - Corporate	165								165		165
	ICT Resourcing Digital rollout	50								50		50
	CRB system (School)	40								40		40
	<b>LEARNING ESTATE</b>											
	Fitness Suite Equipment	12	12	12	12	12	60	60	60	240		240
	Alva Primary School Bridge		35							35		35
	Asbestos Removal (Schools)	10	10	10	10	10	50	50	50	200		200
Learning Estate DDA	17	17	17	17	17	85	85	85	340		340	
Cleaning Equipment Upgrade (Schools and Council)	23	10							33		33	

Project		2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Compliance and Operational Resilience	<b>PLACE</b>											
	Bridge Improvements	190	200	122	75	75	375	375	375	1,787		1,787
	Street Lighting Replacement	258	258	258	258	259	1,297	1,303	1,305	5,196		5,196
	Carriageways - Road Improvements	2,151	2,210	2,210	2,210	2,210	11,050	11,050	11,050	44,141		44,141
	Cemetery Walls	257	250	250	250	172				1,179		1,179
	Kilncraigs Stone Preservation	120	30							150		150
	Strategic Estate Enhancements	315								315		315
	Police Intergration	8								8		8
	Vehicle Replacement	563	800	1,000	1,000	1,000	5,000	5,000	5,000	19,363		19,363
	Wheeled Bins	24	30	30	30	30	150	150	150	594		594
<b>TOTAL</b>		<b>6,645</b>	<b>6,313</b>	<b>4,692</b>	<b>4,417</b>	<b>4,340</b>	<b>20,842</b>	<b>20,848</b>	<b>20,850</b>	<b>88,947</b>	<b>0</b>	<b>88,947</b>

<b>GROSS PROGRAMME TOTAL</b>	<b>14,886</b>	<b>16,448</b>	<b>17,343</b>	<b>19,725</b>	<b>19,340</b>	<b>91,835</b>	<b>42,778</b>	<b>31,780</b>	<b>254,135</b>	<b>(20,927)</b>	<b>233,209</b>
<b>INCOME</b>	<b>(5,553)</b>	<b>(8,829)</b>	<b>(8,662)</b>	<b>(8,649)</b>	<b>(8,809)</b>	<b>(28,085)</b>	<b>(21,545)</b>	<b>(21,545)</b>	<b>(111,677)</b>		
<b>NET PROGRAMME TOTAL</b>	<b>9,333</b>	<b>7,619</b>	<b>8,681</b>	<b>11,076</b>	<b>10,531</b>	<b>63,750</b>	<b>21,233</b>	<b>10,235</b>	<b>142,458</b>		

KEY

EXISTING

NEW

REVISED

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**Report to: Clackmannanshire Council**

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**Date of Meeting: 4 March 2022**

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**Subject: General Services Revenue and Capital Budget 2022/23**

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**Report by: Administration**

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## **1.0 Purpose**

- 1.1. The purpose of this report is to present the Administration's General Services Budget for 2022/23. This report builds on the regular update reports and briefings presented to Council and Audit and Service Committees throughout the year, including those covering the Be the Future Transformation Programme.

## **2.0 Recommendations**

**It is recommended that Council agrees:**

- 2.1. To approve the reduction of earmarked reserve to 2.4% to cover general in-year pressures as outlined at paragraph 7.8
- 2.2. The General Services Revenue Budget for 2022/23 (Appendix B), including:
- The proposals for demand pressures (Appendix C)
  - The Policy savings set out in Appendix D
  - The 2022/23 Income and Charging Strategy (Appendix E)
  - Schedule of Funding to Voluntary Organisations (Appendix F)
- 2.3. To release the previously earmarked reserve of £1.200m (paragraph 7.10)
- 2.4. The utilisation of £3.942m of General Reserves in setting the proposed General Revenue budget (paragraph 7.11)
- 2.5. The earmarking of £0.632m Capital Receipts from the Capital Receipts Reserve to increase the Council's Transformation Fund (paragraph 7.21)
- 2.6. The utilisation of the flexibility to take a loans fund repayment holiday in 2022/23, reducing net expenditure by £0.966m (paragraph 7.23)

- 2.7. A net resource transfer of £23.073m for the Health and Social Care Partnership for 2022/23 (paragraph 8.4)
- 2.8. That the additional sum of £0.250m earmarked for HSCP transformation in 2020/21 Budget is returned to the Transformation Fund balance (paragraph 8.5)
- 2.9. The General Services Capital Programme incorporating the revisions as shown by the colour coding in Appendix J
- 2.10. The continued use of capital receipts to fund the permitted element of severance and transformation costs (paragraph 7.22)
- 2.11. Delegation of the Flexible Resourcing Fund of £400k and the Discovery Fund of £200k to the Chief Executive in consultation with the Be the Future Board (paragraphs 4.15 and 4.16)
- 2.12. £0.427m of investment from the Transformation Fund to increase capacity for priority projects (Exhibit 2)
- 2.13. the increase in the level of Council Tax for 2022/23 by 3% resulting in Band D Council tax of £1,343.77 (paragraph 6.4)
- 2.14. Arrangements for administering the allocation of the £150 cost of living award, noting the proposed increase in number of direct debit dates offered (paragraphs 6.5 and 6.6).

**It is recommended that Council notes:**

- 2.15. The challenging context within which this Budget is presented including the unprecedented inflationary pressures (paragraph 7.2)
- 2.16. The significant progress and additional resource secured in implementing Be the Future Priority projects during 2021/22 (Appendix Ai)
- 2.17. the development of a capital implementation plan for 2022/23 (section 9 and in Appendix J)
- 2.18. the summary of recent budget engagement activity detailed in section 5
- 2.19. Anticipated level of uncommitted reserves of £7.333m by 31 March 2022, prior to setting the 2022/23 budget (paragraph 7.10)
- 2.20. That £3.942m of general reserves have been applied in setting the 2022/23 budget (paragraph 7.11)
- 2.21. The balance of £3.991m in uncommitted General Services Revenue reserves, after setting the budget, equating to 2.4% (paragraph 7.11)
- 2.22. To note that a budget strategy for returning reserves to 3% will come forward to Council in the new administrative cycle
- 2.23. The five year cumulative indicative gap of £32.995m up to 2026/27 and a funding gap of £11.311m in 2023/24 following setting this budget (Exhibit 12).

### **3.0 Strategic Context**

- 3.1. This section summarises our strategic planning framework, including our Transformation programme 'Be the Future' which was approved by Council in the 2019/20 budget setting process.
- 3.2. The Council's approved Budget Strategy sets out the planning assumptions and indicative savings figures for a rolling four year period. The Strategy focuses on a framework which aims to:
  - Transform service provision, including more joint working;
  - Reduce expenditure;
  - Maximise income, and
  - Implement other targeted initiatives to deliver high quality services from a sustainable cost base.
- 3.3. This 2022/23 Budget, aims to comply with both the objectives and framework set out within the Council's Financial and Budget Strategies respectively. The proposed Budget is also aligned with the priorities agreed within the Local Outcomes Improvement Plan; and the Be the Future: Corporate and Transformation Plans.
- 3.4. The Corporate Plan and the Local Outcomes Improvement Plan (LOIP) 2018 - 22 established our strategic direction and will be refreshed following the May 2022 Local Government Elections as we move into the new Administrative Cycle.
- 3.5. The 'Be the Future' programme and Corporate Plan are structured around the 3 themes of Sustainable Inclusive Growth; Empowering Families and Communities; and, Health & Well-being. The aims for 2030 are:
  - Improved economic performance with more, better paid jobs and development opportunities for local people;
  - Sustainable health and social care and improved quality of life for residents;
  - Improved choices and chances as a consequence of raising attainment and skills development opportunities;
  - More services designed, developed and delivered in partnership, including with our communities;
  - Greater integration with our partners;
  - Greater resilience and independence within our communities to minimise the impacts of poverty and inequality, and
  - Clear strategies and innovations which place Clackmannanshire in a leading role in meeting climate challenge.

## **4.0 Our Priorities and context**

- 4.1. Since 2020, Council Budgets have been set in the context of the most significant public health emergency that the UK has faced in a generation. In 2021/22, the Council has continued to provide vital support to our residents, communities, businesses and vulnerable service users through its ongoing support of COVID response and mitigation activities.
- 4.2. Additionally, for 2022/23, the Budget is presented against the backdrop of unprecedented financial pressures and impacts for our residents, communities, partners, service users and businesses as a result of the ongoing and potentially recurrent impacts of the pandemic and cost of living pressures, which have reached a 30 year high, and which are predicted to continue to rise.
- 4.3. This Budget aims to minimise the impacts on the delivery of vital services to our residents and communities. This principle underpins all aspects of this Budget, including setting the Council Tax.
- 4.4. The budget presented to Council for approval is, as in the previous two years, focussed on key aspects of Wellbeing and Economic Recovery through prioritisation of investment into People, Place and P&P in line with our Be the Future aims. During 2021/22, significant progress has been made in a number of priority areas, including:

### **Sustainable Inclusive Growth**

- City Region Deal, including Scotland's International Environment Centre and Intergenerational Living Innovation
- Climate Change
- Investment-led recovery from the pandemic
- Transformation Zones
- Regional Economic Strategy

### **Empowering Families and Communities**

- The Promise
- Family Wellbeing Partnership
- STRIVE
- Learning Estate
- Digital Transformation

### **Health and Wellbeing**

- Well-being Hub
- Wellbeing Economy and Community Wealth Building
- Shaping Places for Wellbeing

Further details in respect of key progress, achievements and milestones are set out at Appendix A(i).

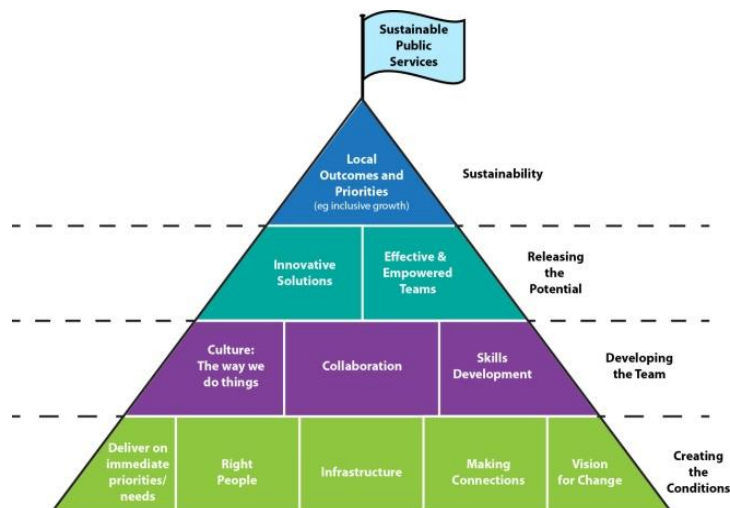
### **Changing the way we do things**

- 4.5. In 2019, the Council agreed its approach to Organisational Service Redesign (Exhibit 1). Over the course of the 12 months after this approval, this



framework and the supporting action plan brought greater integration to the Be the Future Programme. As a result, a core outcome of our Be the Future programme is delivering sustainable public services that empower our communities and families.

### Exhibit 1: Organisational redesign framework



- 4.6. One measure of our service performance is the Local Government Benchmarking Framework (LGBF) data. In the report to Audit Committee in June 2021 (which covers the reporting period 2019/20) the Council's overall average ranking improved substantially, from 27th to 16th place out of the 32 Scottish local authorities. However we know that to achieve sustainability, transformation will need to develop new models of service delivery, different approaches to budgeting and increased use of data to inform service development.
- 4.7. Therefore in 2022/23, there will be an increased focus on accelerating the activity towards the Council's Target Operating Model (TOM). The TOM will help increase our organisational resilience, our ability to move on new opportunities quickly and prepare our workforce for new ways of working.
- 4.8. The Council's approach to redesign will build in the principles and embed the approaches of both the Columba 1400 Values Based Leadership (outlined in Appendices Ai and Ai) and the Scottish Approach to Service Redesign which have been led by the People Directorate in 2021/22. It will also embed the outcomes from the Capacity Analysis and Skills Audit which was commissioned in 2021 as part of the work to shape the Be the Future programme.
- 4.9. The Target Operating Model is also under-pinned by principles of digital transformation, Community Wealth Building and Participatory Budgeting that put collaboration with our communities at the centre of our work. The Council's Workforce Development Plan will be updated in 2022/23 and will also reflect these principles in the forward plan for equipping our staff for the future ways of working. Wider learning from our work on The Promise, the Family Well-being Partnership and the STRIVE projects will be evaluated to inform wider organisational change.

4.10. The Council is already making good progress in doing things differently. Appendix Aii sets out three case studies that support the Council's learning and approach to corporate redesign during the course of the next Administrative cycle. The three case studies provide further information in respect of:

- The Promise and the Family Well-being Partnership;
- STRIVE, and
- Digital transformation.

### Supporting transformation

4.11. On an annual basis, as part of the Budget process, all earmarked funding is reviewed. Following this year's review process, it is proposed to increase the Council's Transformation Fund by £0.632m from capital receipts (paragraph 7.21).

4.12. Exhibit 2 summarises the proposed investments against the Transformation Fund in 2022/23 which are submitted to Council for approval.

### ***Exhibit 2: Transformation Fund balance and commitments 2022/23***

Expenditure type	Description	Amount (£000)
Revenue support	Learning Estate Programme Manager (G10)	34
	Well-being Hub project coordinator (G8)	26
	Transportation project coordinator (G9)	30
	Compliance coordinator (G8)	25
	Digital Transformation Programme Manager (G10)	17
<b>SUBTOTAL</b>		<b>132</b>
Extension of contracts	Business analyst (Finance)	
	Communications officer	
	PMO administrator	
	Strategic Director (Transformation)	
<b>SUBTOTAL</b>		<b>135</b>
Additional resource	Community Wealth Building Transformation Officer (G9) Fixed term March 2023	60
	Social care business analyst and project manager	100
<b>SUBTOTAL</b>		<b>160</b>
<b>TOTAL COMMITMENTS</b>		<b>427</b>
Earmarked funds		
	Discovery Fund	200
	Flexible Resourcing Fund	400
<b>SUBTOTAL</b>		<b>600</b>
<b>TOTAL COMMITMENTS AND EARMARKED FUNDS</b>		<b>1,027*</b>

\* Of the £1,027m earmarked in the Transformation Fund in 2022/23, only £427k is committed. The other monies are attached to the Discovery Fund and the Flexible Resourcing Fund which are earmarked but not committed.

- 4.13. As the Be the Future programme progresses, it is evident that many of the proposals being explored and/or developed are increasingly innovative and complex. This requires the application of potentially new skillsets and expertise and the need to explore options, identify the feasibility of proposals and scope out any revenue implications ahead of committing to projects.
- 4.14. As a consequence it is proposed that two earmarked funds are created within the Transformation Fund, as set out in paragraphs 4.15 and 4.16 below, and that these are delegated to the Chief Executive to administer, in consultation with the Be the Future Board.
- 4.15. A 'Discovery Fund' of £200k for feasibility and options appraisals. Some areas have already been identified and these are summarised in Exhibit 3. Others will be identified in the course of the year. Council is asked to note that:
- Subject to Council approval of this earmarked fund from the Transformation balance that the commitment to The Promise Residential Care feasibility study and options appraisal is an explicit commitment against that fund and work would commence following the Budget meeting.
  - That the £100k funding for The Lens Intrapreneurship Programme will sit alongside the Transformation 'Discovery Fund' and be administered via the Intrapreneurship Investment Events as part of The Lens Programme. This will enable streamlining of activity across both the Discovery Fund and The Lens fund.

**Exhibit 3: 'Discovery Fund' priorities for 2022/23**

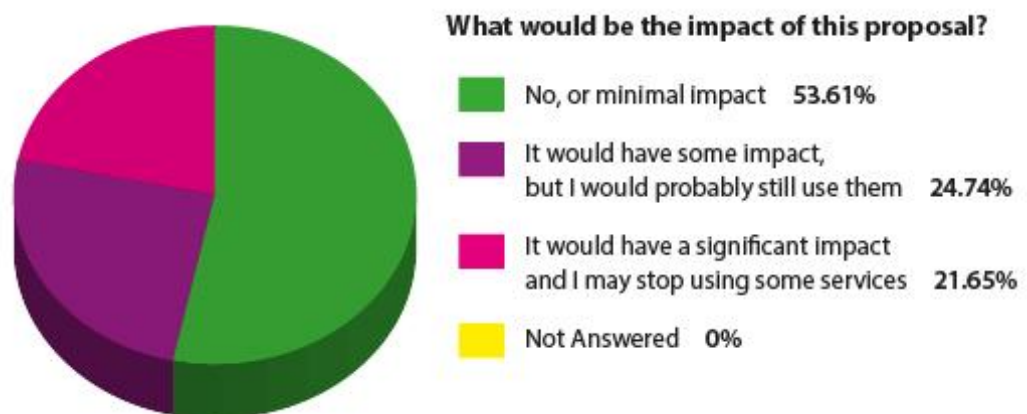
The Promise Local Care Provision	Feasibility study and options appraisal
Catering service review (Free school meals roll-out)	Feasibility study
School cleaning	Feasibility study
STRIVE	Framework for sustainability
Mental Health Transformation	Evaluation and analytical review
Strategic Enhancements	Feasibility study on strategic properties

- 4.16. A 'Flexible Resourcing Fund' of £400k to support proposals that require agile access to expertise to deliver on specific inputs for projects that have been agreed as part of the Be the Future programme. In particular, this could be additional resource to augment legal, procurement, HR. IT and other areas across corporate and support services.
- Subject to Council approval of this earmarked fund, a portion of this fund will be used for additional procurement resource for the Be the Future and Capital programmes.
- 4.17. Structurally the current Transformation team operate to the Strategic Director (Transformation) and sit as a functional team alongside the other Directors' portfolios. In order to strengthen the connection between strategic planning, budget processes and transformation, the Transformation team will move into the Chief Executive Office for 2022/23 but will continue to be led by the Strategic Director (Transformation).

## 5.0 Budget engagement process

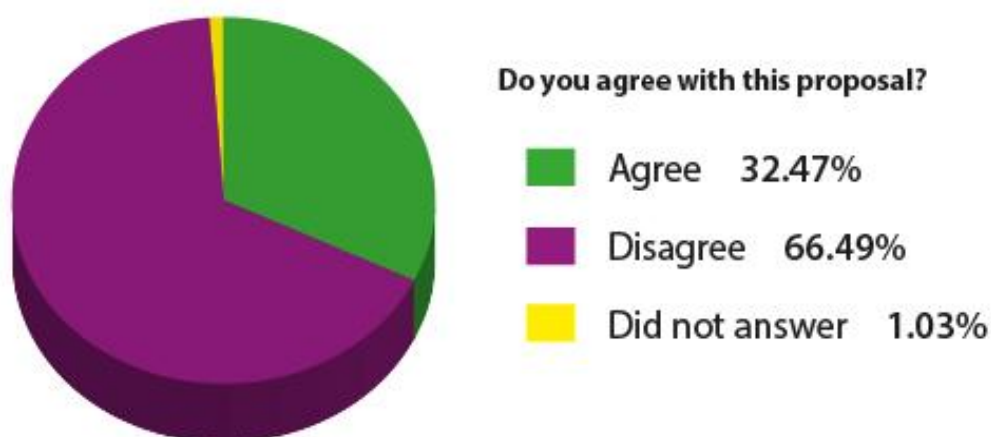
- 5.1. During 2022/23 and following the approval of the Be the Future Programme and the development of the Programme toolkit, consultation is now targeted and embedded with affected stakeholders and communities of interest year round, particularly within the context of policy and transformational proposals. As a consequence, this year's Budget engagement has been streamlined and targeted, taking account of the officer proposals submitted for consideration.
- 5.2. An Equality and Poverty Impact Assessment was completed on policy proposals to increase Council Tax and fees and charges by 5.4% (December 2021 Consumer Price Index) for 2022/23. Feedback was sought to understand impacts on particular protected groups. Feedback was requested on impacts and possible mitigations that the Council should consider. The deadline for feedback was 20 February 2022 by which time, 194 representations had been received reflecting the following:
- Fees and Charges increase – approximately 53% of respondents said that a 5.4% would have no or minimal impact; 25% said it would have some impact but they would probably still use the services; and 22% said that it would have a significant impact, and may stop using the services.

### Exhibit 4 – Consultation Responses to a 5.4% Increase in Fees and Charges



- Council Tax increase – approximately 66% of respondents disagreed that Council Tax should rise by 5.4%, whilst 32% agreed. The reasons for disagreeing are predominantly related to wider rises in the cost of living and the negative impact this is having on families;

## Exhibit 5 – Consultation Responses to a 5.4% Increase in Council Tax



5.3 In recognition of the unprecedented experience and impact of the Covid-19 pandemic and significant rises in inflation impacting on the Council and the community, this Budget makes provision for:

- A fee increase of 5.4% to those fees and charges within the Council's influence over 2021/22 levels, noting that no rise had been applied in 2021/22 due to the Covid-19 pandemic. Further details of the charges for 2022/23 are included in Appendix E.
- Council Tax to be set at an increase of 3% on 2021/22 levels. The average increase for a Band D will be £39.14. This increase is before the application of the £150 Cost of Living Award, which will benefit Council Tax Band A-D properties. This increase seeks to strike a balance between the inflationary cost pressures the Council is facing and recognising the cost of living pressures experienced by our residents.

### Staff & Trade Union Consultation

5.4 Engagement with Trade Union representatives on management efficiencies and policy savings has continued along similar lines to that adopted previously, and is well embedded. As in previous years, trade union representatives received the same information on areas for proposed savings as elected members and briefing sessions have also been held for Trade Unions representatives, most recently, ahead of this Budget setting meeting.

5.5 Prior to this meeting of Council, as usual a pre budget staff cascade was prepared and cascaded by the Chief Executive and Chief Finance Officer. This year, this has been enhanced by the use of video messaging led by the Chief Executive and Strategic Directors. Staff have also been encouraged to contact senior managers to discuss proposals if they require further information. Further cascade and video messages are planned for staff following the Council meeting.

## 6.0 Budget Funding 2022/23

- 6.1. Based on the Finance Circular 9/2021 setting out the Draft Local Government Settlement for 2022/23, issued on the 20 December 2021, the funding assumed for the 2022/23 General Services Revenue Budget is as follows:

### Exhibit 6: General Services Funding 2022/23

	£m
General Revenue Grant	84.110
Additional one off funding – share of £120m	1.162
Ring fenced Revenue Grants	8.045
Non-Domestic Rates Income	18.065
<b>Total Grant Funding</b>	<b>111.382</b>
Estimated share of unallocated funds	1.611
<b>Revised Total Grant Funding</b>	<b>112.993</b>
Council Tax Income	24.427
<b>Total Revenue Funding</b>	<b>137.420</b>

Source: Finance Circular 9/2021

- 6.2. A further £120m was made available for Local Authorities as one-off funding for 2022/23 in addition to the funding within the draft settlement. Our share of this funding equates to £1.162m and this is included in the total grant funding of £111.382m.
- 6.3. Included in the total revenue funding are estimated shares of unallocated funds totalling £1.611m. This includes redeterminations for Teachers Induction, Discretionary Housing Payments (DHP) which are yet to be allocated and the top up for Criminal Justice which is paid outwith the settlement. This takes the total grant funding to £112.993m which is an increase from 2021/22 in the Council's funding before Council Tax of £4.844m.
- 6.4. This net funding position reflects an increase of 3% in the level of Council Tax. For Clackmannanshire Council residents, this results in a Band D Council Tax of £1,343.77 for 2022/23 which is an increase of £39.14 on 2021/22. Full details of the Council Tax Band Charges are set out in Appendix H.
- 6.5. Following the announcement by the Scottish Government as part of the 2022/23 budget, of a Cost of Living Award of £150 and subsequent receipt of guidance, the Council has considered the options to pass this onto qualifying householders. A number of factors have been considered including the resource requirement and the software capability and the ability to deliver the award to householders within the quickest timescale. Due to the timescales involved, the Council will process the award by deducting it from the annual council tax liability, evenly spreading the payment over the year.
- 6.6. The Council has also reviewed the amount of monthly Direct Debit dates offered to householders. Currently there are only two dates, one in the middle

and one at the end of the month. Three additional dates have been added for 2022/23 with dates of 1<sup>st</sup>, 8<sup>th</sup>, 15<sup>th</sup>, 21<sup>st</sup> and 28<sup>th</sup> now being offered, spreading the options evenly throughout the month. It is hoped that this will increase the amount of customers paying by direct debit and also assist customers with their budgeting as the date they receive their income can vary throughout the month.

- 6.7. Total Government Grant Funding set out above is subject to approval of the Local Government Finance Order. This was laid before Scottish Parliament on 24 February 2022 and approved.

### **Rollover Revenue Budget**

- 6.8. Each year, the base budget is reviewed to ensure that any adjustment that is required to meet expected costs and demands is properly considered. Budget Strategy reports submitted to Council during the year provide updates on the budget gap and changes in assumptions to reflect current information. Due to uncertainty around financial pressures of COVID-19 the assumptions on the gap have remained relatively stable during the year.
- 6.9. The table below sets out the changes in the assumptions:

#### **Exhibit 7: Movement in Indicative Gap during the year**

	<b>2022/23 £000</b>
<b>Indicative Gap</b>	<b>5,980</b>
Increase in Demand Pressures above £2.5m	1,991
Settlement & rollover budget adjustments	(63)
Additional Funding – share of £120m	(1,162)
Loans Fund Payment Holiday	(966)
<b>Revised Gap</b>	<b>5,780</b>

- 6.10. Exhibit 8 below details the budget for 2022/23 incorporating the assumptions noted below including the anticipated level of Government Grant and Council Tax Funding. This results in a cumulative budget 'gap' of £28.574m up to March 2027 and £5.780m in 2022/23, after receipt of the funding detailed in Exhibit 7 above.

**Exhibit 8: General Services Budget 2022/23 – 2026/27 Indicative funding gap**

	<b>2022/23</b>	<b>2023/24</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Net expenditure	143,200	148,473	153,792	159,158	164,572
Net Funding	137,420	136,138	136,060	136,013	135,998
Cumulative indicative Funding Gap	5,780	12,335	17,732	23,145	28,574
Indicative Annual Gap	5,780	6,555	5,397	5,413	5,429

6.11. The main assumptions included within Exhibit 8 are:

- 3% increase in the level of Council Tax for 2022/23 and 3% increase thereafter in future years;
- Pay inflation equivalent to approximately 2% for 2022/23 based on the Scottish Public Sector Pay proposal of £775 flat payment for those earning up to £25k, £750 for those earning over £25k up to £40k and £500 for those earning above £40k. Additionally, 2% inflation is assumed each year thereafter;
- The budget for Teachers pay has been assumed at the same level of pay inflation as for Non-teaching staff pending negotiations. Any increase above this is assumed to be met from additional funding.
- Demand pressures covering both contract inflation and general pressures of £4.491m in 2022/23 as shown in Appendix C. Contract inflation and general demand pressures have been estimated at £3.000m from 2023 onwards. Based on the current level of contract inflation, this amount is only expected to offset future years' contract inflation and any general inflation should be offset through additional savings.
- There has been no increase in General Fund grant in financial year 2022/23 and a reduction of 1% is assumed for all future years;
- Share of the additional social care funding of £72.6m in 2021/22 has been baselined along with the share of the additional £554m received in 2022/23.
- Maintenance of the commitment to implement the Scottish Local Government Living Wage of £9.90 per hour from 1 April 2022, (1 April 2021 currently £9.78 per hour).



## 7.0 General Services Revenue Budget

- 7.1. The 2022/23 General Services Revenue Budget is summarised at Appendix B. The budget proposes expenditure of £141.362m against income of £141.362m, providing a balanced position.
- 7.2. Each year demand pressures are advised by services which reflect any increasing demand for mandatory services, new duties and responsibilities, the demographic change affecting the area and specific provisions for inflation. After a stringent review of the total £7.179m bids put forward, the 2022/23 proposed pressures total £4.491m and these are set out in Appendix C for approval as part of this Budget.
- 7.3. This level of demand pressures has been proposed following robust review of bids for growth, with a view to minimising additional spend. As the total proposed is significantly lower than the total bids submitted, these pressure areas will need to be closely monitored throughout the year to ensure financial balance is maintained with a focus on reducing expenditure in these areas. Demand Pressures arising throughout the coming year in respect of COVID-19 related expenditure, will also be monitored closely with costs mitigated against specific COVID-19 earmarked reserves wherever possible. Demand Pressures are also submitted by HSCP and these are considered separately (paragraph 8.2).
- 7.4. The 2022/23 budget proposes savings of £1.838m. These comprise:
- £0.050m policy savings requiring Council approval (Appendix D), and
  - £1.778m management efficiencies (Appendix D).
- 7.5. Exhibit 9 below shows how the combined savings are distributed across service portfolios:

### Exhibit 9: General Services Revenue Budget 2022/23: Distribution of planned savings by service and Proposed Budget for 2022/23.

Service	Current 2021/22 Budget £000	Total Savings 2022/23 £000	Savings as % reduction in service expenditure	Proposed Budget 2022/23 £000
People	79,866	548	0.68%	80,698
Place	18,975	462	2.43%	21,175
Partnership & Performance	11,289	828	7.33%	12,024
<b>TOTAL</b>	<b>110,130</b>	<b>1,838</b>	<b>1.67%</b>	<b>113,897</b>

- 7.6. The revised Income and Charging Policy and respective list of fees and charges for 2022/23 is set out in Appendix E. It is proposed that where the Council has the discretion to set charges, that these are increased by 5.4% in line with inflation for the financial year 2022/23. Some charges have been increased where these are set nationally or by an external organisation and these exceptions are noted in the Income and Charging Policy.
- 7.7. The Budget also includes a schedule of Funding to Voluntary Organisations in 2022/23 (Appendix F).

## **Balances and Reserves**

### **General Reserves**

- 7.8. The Council's approved Finance Strategy is to retain uncommitted non HRA reserves at a minimum of 3% of net expenditure. The Council reviews this level of reserves on an annual basis and can vary this minimum level in times of economic volatility and rising inflation. Due to the significant increases in inflation and rising costs and demands along with no increase in core General Revenue Grant it is recommended that the minimum level of reserves is reduced from 3% to 2.4% on a temporary basis. The intention would be to increase the minimum level back up to 3% over the medium term and a plan to do this will be brought forward to Council through future Budget Strategy Update reports. Council is therefore asked to approve a reduction on the minimum reserve level to 2.4% on which this budget is based.
- 7.9. The uncommitted reserves at the start of 2021/22 were £6.523m, which is £3.358m above the revised 2.4% minimum level. During the year £0.585m was committed for buildings repairs and per the latest forecast, £0.372m of this amount is required in 2021/22. The current outturn for the Council (excluding the Clackmannanshire element of the H&SCP) as at October is forecasting an overspend of £0.018m after the allocation of COVID-19 funding from earmarked reserves. As a result uncommitted reserves are estimated at £6.133m
- 7.10. Following a review of earmarked reserves, Council is requested to release £1.200m previously earmarked reserves to uncommitted reserves. This results in an increase in uncommitted reserves with an anticipated level of £7.333m as at 31 March 2022 (5.2% of 2022/23 budgeted net expenditure).
- 7.11. After taking account of the planned savings of £1.838m detailed in Appendix D, there is a residual budget gap of £3.942m. It is therefore, recommended that the Council approves utilisation of £3.942m from uncommitted general reserves, resulting in a nil residual budget gap. This would reduce the balance on uncommitted general reserves to £3.991m which equates to the 2.4% minimum level.

### **Earmarked Reserves**

- 7.12. The flexibility to use capital receipts to create the capital element of the Transformation Fund and the Employment fund was due to end at 31 March 2022, however, this has been extended until 31 March 2023. The revenue element of the Employment Fund has been maintained as it is considered prudent to retain the Employment Fund Reserve as the Council continues with

the redesign programme and seeks to deliver a more sustainable cost base for the future.

- 7.13. The table below shows the movements and closing balances on the Transformation Fund and the Employment Fund.

**Exhibit 10: Earmarked Reserves**

	<b>Opening Balance April 2021 £m</b>	<b>Movements £m</b>	<b>Closing Balance 31 March 2022 £m</b>
Transformation Fund	2.607	0.632	3.239
- Revenue	1.841	0	1.841
- Capital	0.766	0.632	1.398
£0.632m has been transferred from Capital Receipts			
Employment Fund	1.097	(0.047)	1.050
- Revenue	1.000		1.000
- Capital	0.097	(0.047)	0.050
£0.013m is expected to be utilised in the year and £0.050m has transferred back to capital Receipts			

**Capital Receipts reserve**

- 7.14. The total Capital Receipts Reserve opening balance (both committed and uncommitted) at the start of the year was £1.333m.

- 7.15. The table below shows the movements on the Capital Receipts Reserve.

**Exhibit 11: Capital Receipts Reserve**

<b>Capital Receipts Reserve</b>	<b>£m</b>
<b>Opening Balance 1 April 2021</b>	<b>1.333</b>
Utilised in 2021/22	
- Support 2021/22 Budget	(0.729)
- Fund Statutory Severance costs	(0.013)
- Transfer from Capital Grants Unapplied	0.100
- Additional receipts received in year	0.332
- Expected additional receipts by 31 March 2022	0.300
- Transfer to Transformation Fund	(0.632)
<b>Expected Closing Balance 31 March 2022</b>	<b>0.691</b>

- 7.16. On 20 December 2021, Local Government Finance Circular 9/2021 was issued setting out the draft local government settlement for 2022/23 (Appendix G). The final settlement was laid before Parliament on 24 February 2022 and confirmed the funding position for 2022/23. This budget has sought to make adequate provision for meeting the assumptions set out in the Finance Circular.
- 7.17. Subject to the approval of this budget, the indicative funding gap for 2023/24 and beyond is set out in Exhibit 12 below. Council will note that the gap has increased by £4.757m for 2023/24 due to one off cash savings, non recurring additional revenue grant and utilisation of uncommitted revenue reserves which have been committed to support the 2022/23 Budget:

**Exhibit 12: General Services Budget 2023/24-2027/28 Indicative funding gap**

	2023/24	2024/25	2025/26	2026/27	2027/28
	£000	£000	£000	£000	£000
Net expenditure	147,449	152,768	158,134	163,548	169,010
Net Funding	136,138	136,060	136,013	135,998	136,015
Cumulative indicative Funding Gap	11,311	16,708	22,121	27,550	32,995
Annual indicative Funding Gap	11,311	5,397	5,413	5,429	5,445

**Financial Flexibilities**

- 7.18. Previous member briefings have provided information on the financial flexibility options for Councils to use on an individual basis to address financial pressures associated with the Covid-19 pandemic both in the current year and into the recovery phase.
- 7.19. As part of the 2022/23 draft settlement, the following flexibilities have been introduced or extended:
- use of Capital receipts to fund statutory element of voluntary severance;
  - use of Capital receipts to fund Transformation;
  - use of Capital receipts to offset costs of COVID19, and
  - Loans fund principal repayment holiday.
- 7.20. The Local Government Finance Circular 4/2015 set out financial flexibilities available to Councils' in the use of Capital Receipts for Severance payments and the use of these flexibilities had been approved in previous Council

Budgets. These flexibilities were initially only for a set period of time but have since been extended.

- 7.21. Further financial flexibilities have since been made available to local authorities with regards the use of capital receipts as noted at paragraph 7.19 above. All of these flexibilities have now been extended to March 2023. However, it is important to note that it is limited to only those capital receipts received during the year. This Budget has committed the available £0.632m capital receipts received in 2021/22 against the Transformation Fund. Any further receipts generated in 2022/23 could be used to offset any additional costs of COVID-19 and this will be considered in line with the financial forecasts during the year.
- 7.22. The Council is required to explicitly report and approve the utilisation of capital receipts for this purpose through the Council's Committee reporting structure. External Audit will also be looking at the use of capital receipts to ensure the provisions are being followed. Council is, therefore, asked to reaffirm its approval of this proposed treatment.
- 7.23. To support the budget outlined in this report, the flexibility to take a payment holiday on loans fund payments during the year has been exercised. This reduces revenue expenditure by £0.966m and spreads this cost over future years.
- 7.24. In addition to the flexibilities outlined at paragraph 7.19, discussion is ongoing around the Service Concessions arrangement that was announced as part of the 2021/22 settlement. The Scottish Government, COSLA and Directors of Finance continue to finalise the details of this flexibility supported by Treasury advisors and in discussion with Audit Scotland. It is anticipated that this flexibility will be confirmed during 2022/23.
- 7.25. Work has already taken place to model the financial gains that would arise from utilising this flexibility and the decision to utilise the flexibilities will be based on need, whilst taking account of the necessity for prudence and longer term financial sustainability. This flexibility will be considered further once confirmation has been received on the accounting treatment and the impact on current and future costs can be confirmed.

## **8.0 Health and Social Care Integration**

- 8.1. During 2021/22, two adjustments were made to the HSCP budget including the delegation of several posts to the partnership and the transfer of the delegation of funding to two voluntary organisations back to the Council. The net impact of these transfers is an increase to the baseline budget of £0.035m taking the total 2021/22 budget to £19.910m.
- 8.2. Appendix I summarises the demand pressure bids received in respect of the HSCP and presents 3 scenarios of additional pressures. These range from £11.524m based on a 4% increase, £12.548m based on an 8% increase and £13,951 based on a 12% increase. Of this, the Clackmannanshire element of the pressures range from £1.789m to £2.700m across the three scenarios. This level of pressures would equate to 0.09% and 0.14% growth respectively over the 2021/22 revised budget of £19.910m.
- 8.3. The draft settlement and the letter from the Director of Health Finance and Governance, dated 9 December 2021, set out the requirement that local authority adult social care budgets must be £554m greater than 2021/22 recurring budgets. To date £354m has been allocated to Local Authorities and Clackmannanshire's share of this is £3.163m, which has been included in the proposed transfer figure. Once the residual £200m allocation has been confirmed, the Council's contribution will be increased by the allocated amount.
- 8.4. It is proposed that the Council seeks to continue its track record of supporting the Partnership whilst being mindful of affordability in the wider context of the Council's financial challenges. On this basis it is proposed that the Council allocates the share of the £554m new monies for in-scope services to the Partnership. Applying the allocated amount of £3.163m would result in a resource transfer of £23.073m which equates to growth of 15.9% over the revised sum for 2021/22. Once the remaining £200m of the £554m has been allocated this would also further increase the resource transfer.
- 8.5. It should also be noted that provision has also been made in this Budget for investment in the replacement social care system and the MECS Analogue to Digital project (see capital programme Appendix J). On this basis, Council has been requested to release the £0.250m Transformation Fund for HSCP back to uncommitted Transformation Fund. This Fund is also available to HSCP to submit businesses case bids.
- 8.6. In setting the IJB Budget in March 2022, it is anticipated that the Chief Officer for HSCP and the Chief Finance Officer will set out their proposed approach for managing service delivery within the IJB's available financial resource envelope.

## 9.0 General Services Capital Programme 2022/23

- 9.1. This section of the report sets out the General Services indicative capital programme and associated budget for 2022/23 which is detailed at Appendix J.
- 9.2. The Capital Budget for 2022/23 onwards follows on from the significant work in 2021/22 to develop a 20 year rolling programme, totalling £255m, that marked a significant change in the Council's approach to its capital investment. The key developments in 2021/22 included:
- planned Capital investment of £255m from 2021/22 onwards, compared with the approved £75m in 2020/21;
  - a longer term strategic planning horizon, moving from a rolling 5 year capital plan to a rolling 20 year capital plan;
  - embedding the Be the Future Programme themes and priorities.
- 9.3. This change was made to allow the Council to expedite planned investment to support wellbeing and economic performance, and recovery. The programme frontloads investment in the first ten years of the programme and manages affordability over the longer term. This remains the strategy in the 2022/23 Budget.
- 9.4. As was indicated in 2021/22, over time it is envisaged that the Council's Capital Investment Plan will focus on fewer, larger proposals which are fully integrated and reflective of the Be the Future key priorities. This will allow the Council to:
- better target internal capacity on project development and implementation;
  - maximise the Council's investment in key strategic priority proposals, focussed on improving local outcomes and economic performance;
  - maximise the benefits of spend to save and revenue releasing capital projects;
  - further improve the effectiveness of targeting the Council's Funding Officer capacity on priority Be the Future projects, and
  - ensure sufficient project management capacity is in place for priority projects by ensuring that project management costs are appropriately built into cost estimates for approved capital projects.
- 9.5. The capital programme is a cornerstone in our approach to Investment-led recovery with the aim of increasing capital investment in Clackmannanshire to stimulate both local and regional economic recovery from the Covid-19 pandemic, as well as to advance planned work to positively impact the area's economic performance as detailed in the Local Outcome Improvement Plan (LOIP). Additionally, a central theme of investment remains focused on Wellbeing with an increased focus on 'green' investment to support our journey to Net Zero.

- 9.6. The Budget for 2022/23 builds on the significant work on the Capital Budget in 2021/22. While the focus of last year's Capital Budget was on affordability, in this Budget we have enhanced the approach to look at both affordability and deliverability. To inform this process, work was undertaken to analyse our historic spend on capital projects over a 5 year period. This demonstrated that across all 5 years we had not spent above £15m per annum. This £15m was used as a proxy threshold for challenging ourselves on the deliverability of our programme in 2022/23.
- 9.7. The analysis also indicated that the trend towards larger projects in the Capital Programme outlined in paragraph 9.4 is already underway. Projects such as Well-being Hub, Learning Estate developments and Transformation Zones in our own Capital Programme, combined with the City Region Deal projects such as The Environment Centre and Active Travel are moving into delivery phases. This means that the Programme now embeds an unprecedented scale and complexity of capital projects.
- 9.8. In addition there has been an extension of the Capital Programme around Digital Transformation which includes two major infrastructure projects – Microsoft 365 and the replacement of the Social Care System.
- 9.9. The planned programme, as in previous years, contains estimated costs for those key proposals which require the development of business cases, for instance the delivery of the Wellbeing Hub in Alloa. These estimates are based on current data, industry benchmarks and a range of assumptions. In 2022/23 assumptions have been reviewed wherever possible to reflect additional costs related to inflation for materials and time, as a result of labour market pressures.
- 9.10. Appropriate governance will, as usual, be sought through Council should any adverse financial variations be highlighted. Routine monitoring of the capital plan through the Audit Committee also provide further opportunities for elected members to scrutinise the delivery of planned activity.
- 9.11. Monitoring of planned activity will also be supported by the development of a Capital Programme Implementation Plan and a refocussing of the Capital Operations Group on more rigorous monitoring of progress against this plan.
- 9.12. Additionally, in October 2017, COSLA agreed that from the financial year 2020/21, at least 1% of the Local Authority budget would be subject to Participatory Budgeting (PB) which for Clackmannanshire would equate to £1.280m.
- 9.13. PB intends to transfer to communities the decision and the allocation of specified resources for specified purposes. The Council already involves the public in various ways in decision making on the allocation of budgets for specific Council services and projects. However, the COSLA commitment requires us to formalise this and meet a budgetary target for PB.
- 9.14. In 2019, Council agreed the framework within which services should plan their PB exercises, and progress on PB has continued to be made throughout 2019 to 2021 in meeting the 1% target. To date a significant proportion of such PB investment has been supported through the Council's Capital Budget.



9.15. Over the course of 2022/23, there will be significant further opportunities to work with communities on service design, delivery and prioritisation of budgets as work to deliver Be the Future Programme continues. Key PB projects for 2022/23 include:

- Well-being Hub
- Learning Estate
- Active Travel
- Village and Small Towns Initiative
- Digital Transformation
- The Promise
- Family Wellbeing Partnership projects.

### **Capital Strategy**

9.16. In previous years, the General Services Indicative Capital Programme has been developed in consideration of the financial strategy of minimising new borrowing. Last year's budget marked a departure from this strategy with a revised strategy focusing on supporting capital investment over the 20 year programme. Since the previous strategy was introduced, there has been a reduction of £33m in the Council's level of debt as at March 2021. The Council's borrowing as a proportion of income is now relatively low compared to other Scottish councils. The ratio of the cost of borrowing relative to our income stream as at 31 March 2022 is estimated to be 3.74% compared to the Scottish Average of 7.20%. This has placed the Council in a stronger position from which to now invest and stimulate local economic recovery.

9.17. The Treasury Management Strategy Statement sets out the effect of this strategy in more detail. In terms of the General Services Capital Programme, if the current level of debt was to be maintained, the new borrowing requirement should be restricted to under £227.051m for the duration of the 20 year programme. Any new borrowing above this level in any year will directly impact the revenue costs budgeted for the annual repayment of debt.

9.18. The gross expenditure over the 20 year proposed programme is £254.135m which results in net additional borrowing of £27.084m above the programme level of £227.051m by the end of the 20 year programme. The resulting estimated additional borrowing costs are reflected within the indicative budget gap set out at exhibit 12.

9.19. It is important that medium to longer term levels of borrowing are closely planned and monitored. In particular, given the ambitious plans summarised in the capital programme, it is critical that considerable emphasis is placed on the identification of alternative funding streams including Capital Receipts, specific grant funding and internal borrowing are being considered to reduce any external borrowing requirement to continue to minimise the Council's overall

level of debt. As a consequence, the Funding Officer as well as Strategic Directors will continue to place a priority on identifying and maximising the benefit of such opportunities to identify alternate funding sources.

### General Services Capital Grant 2022/23

9.20. The General Capital Grant allocated to Clackmannanshire Council in 2022/23 is £4.309m, this is augmented by additional specific grant income streams totalling £1.244m, resulting in total grant income of £5.553m being available in 2022/23. The £1.244m includes specific capital grant funding for Clackmannan Regeneration (£0.750m), £0.047m for Play Parks, (£0.225m) for the Cycling, Walking and Safer Streets initiatives and (£0.222) for Cycle route developments.

**Exhibit 13: General Services Capital Funding 2022/23-2041/42**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Income	(5,553)	(8,829)	(8,662)	(8,649)	(8,809)	(28,085)	(21,545)	(21,545)	(111,677)
Gross Programme Limit	(8,499)	(10,798)	(10,530)	(11,709)	(10,773)	(52,445)	(51,974)	(70,323)	(227,051)
Current Revised Proposed Budgets including C/F from 2021/22 approved programme	14,886	16,448	17,343	19,725	19,340	91,835	42,778	31,780	254,135
Balance (Below)/Above Gross Programme Limit	6,387	5,650	6,813	8,016	8,566	39,390	(9,195)	(38,543)	27,084

9.21. As shown in the table above, the indicative spend on the capital programme increases in the initial years, taking investment above the gross programme limit. This is due to significant investments in the Learning Estate and Well-being Hub and lower debt repayments in these years due to the recent change in the loans fund strategy. However, Investment reduces below the programme limit which reduces the overall level of borrowing towards the end of the 20 year programme.

9.22. Exhibit 13 also indicates that over the period to 2041/42, there is a total of £227.051m available for capital investment without increasing borrowing. The Council's proposed programme (including estimated carry forward from 2021/22) for the period 2022/23 – 2041/42 totals £254.135m, £27.084m above this level. This means that the Council's overall level of borrowing is expected to increase by this amount by the end of the 20 year programme, however as noted in paragraph 9.19 above, opportunities to maximise additional funding will be explored in order to reduce the requirement for additional borrowing.

## Summary of Capital Programme

- 9.23. The indicative Capital Programme for 2022/23 is shown in detail at Appendix J, which provides detail of the £254.135m Capital Investment Programme. The 20 year programme to 2041/42 is summarised by Be the Future theme at Exhibit 12, along with an additional category of compliance and operational resilience. This latter category reflects the ongoing costs of maintaining and enhancing our existing asset base. It is notable that it represents £26.407m (almost 30%) of our £87.743m programme in 2022/23-2026/27, and £88.947m (35%) across the total 20 year programme, including for ensuring Health and Safety. It is critical that the strategic review of all asset strategies is completed on a rolling basis starting with the property asset portfolio in 2022/23 to inform future investment priorities.
- 9.24. The Programme highlights the Council's key strategic investment priorities as Learning Estate, including ICT investment in schools; City Region Deal projects, including active travel and Scotland's International Environment Centre and the establishment of a Wel-Being Hub in Alloa. The Council's considerable investment in its digital infrastructure also seeks to facilitate efficient and effective resident and customer interfaces with the Council. Of the capital Budget allocated over the next five years, these priorities account for 56% of the proposed Programme (Learning Estate 28%, Well-being Hub 17%, Digital 8% and CRD 2%).
- 9.25. Exhibit 14 below summarises the proposed Capital programme by the four categories outlined in paragraph 9.23.

**Exhibit 14: General Services Capital Programme by Be the Future Programme themes 2022/23 to 2041/42**

	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	20 Year Total £000
	£000	£000	£000	£000	£000	£000	£000	£000	
Sustainable Growth	535	3,077	556	386	2,586	3,230	430	430	<b>11,230</b>
Empowering Individuals, Families and Communities	3,959	3,183	6,410	9,282	12,314	67,263	21,000	10,000	<b>133,411</b>
Health & Wellbeing	3,747	3,875	5,685	5,640	100	500	500	500	<b>20,547</b>
Compliance & Operational Resilience	6,645	6,313	4,692	4,417	4,340	20,842	20,848	20,850	<b>88,947</b>
<b>EXPENDITURE TOTAL</b>	<b>14,886</b>	<b>16,448</b>	<b>17,343</b>	<b>19,725</b>	<b>19,340</b>	<b>91,835</b>	<b>42,778</b>	<b>31,780</b>	<b>254,135</b>
FUNDING TOTAL	(5,553)	(8,829)	(8,662)	(8,649)	(8,809)	(28,085)	(21,545)	(21,545)	<b>(111,677)</b>
<b>BORROWING</b>	<b>9,333</b>	<b>7,619</b>	<b>8,681</b>	<b>11,076</b>	<b>10,531</b>	<b>63,750</b>	<b>21,233</b>	<b>10,235</b>	<b>142,458</b>

## 10.0 Sustainability Implications

10.1. The Council's budget and its approval will allow services to deliver against sustainable outcomes.

## 11.0 Resource Implications

### 11.1. Financial Details

11.2. The full financial implications of the recommendations are set out in the report. This includes a reference to full life cycle costs where appropriate. Yes

11.3. Finance have been consulted and have agreed the financial implications as set out in the report. Yes

### 11.4. Staffing

## 12.0 Exempt Reports

12.1. Is this report exempt? No

## 13.0 Declarations

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

(1) **Our Priorities** (Please double click on the check box )

Clackmannanshire will be attractive to businesses & people and ensure fair opportunities for all	X
Our families; children and young people will have the best possible start in life	
Women and girls will be confident and aspirational, and achieve their full potential	X
Our communities will be resilient and empowered so that they can thrive and flourish	X

(2) **Council Policies** (Please detail)

## 14.0 Equalities Impact

14.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations?

Yes  No X

## 15.0 Legality

16.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. Yes

## 17.0 Appendices

17.1 Please list any appendices attached to this report. If there are no appendices, please state "none".

- Appendix Ai 'Be the Future' Priorities and Progress
- Appendix Aii Transforming Service Delivery Business Cases
- Appendix B General Services Revenue Budget 2022/23
- Appendix C Demand Pressures
- Appendix D Policy, Management Efficiency and Transformation Savings
- Appendix E Income and Charging Strategy and Register of Charges
- Appendix F Funding to Voluntary Organisations and Participatory Budget 2022/23
- Appendix G Local Government Settlement Letter 9/2021
- Appendix H Council Tax Charges 2022/23 (All Bands)
- Appendix I HSCP Demand Pressures
- Appendix J General Services Capital Programme

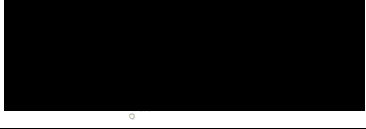
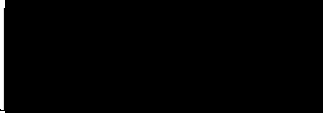
## 18.0 Background Papers

18.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

### Author(s)

NAME	DESIGNATION	
Ellen Forson	Council Leader	
Nikki Bridle	Chief Executive	
Fiona Colligan	Strategic Director (Transformation)	
Lindsay Sim	Chief Finance Officer (S95)	

**Approved By:**

<b>NAME</b>	<b>DESIGNATION</b>	<b>Signature</b>
Lindsay Sim	Chief Finance Officer (S95)	
Nikki Bridle	Chief Executive	





## Appendix A(i): Be the Future Priorities and progress

1.1. As in previous years, the Council has prioritised sustaining and/or increasing momentum and progress on key aspects of the Be the Future Programme (see Exhibit 1). Next year, 2022/23, represents the start of Year 3 of the Be the Future programme, This is a critical point as activity and focus shift to deliver a greater balance in the financial and social benefits and outcomes delivered by the Council's transformation activity and investment.

### ***Exhibit 1: Key progress with Be the Future implementation during 2021/22***

Governance Forum	Key Actions
22 April Council	<ul style="list-style-type: none"> <li>Transformation PMO Team established</li> <li>Plans for the development of the Strategic Roadmap to provide the bridge between the approaches laid out in the 'Be the Future' plan and its full implementation</li> <li>The approach that the Strategic Directors are taking through the Strategic Oversight Group for the Well-being Hub development to try-out new approaches to cross-functional working to deliver transformation</li> </ul>
27 May 2021 People Committee	<ul style="list-style-type: none"> <li>The Committee agreed to maintain its commitment to the transformation change programme of The Promise.</li> </ul>
24 June Council	<ul style="list-style-type: none"> <li>The investment of £120k from the £1.201m uncommitted Transformation Fund balance to fund a new post of Senior Manager (Transformation) for a fixed term contract of 18 months</li> <li>The investment of £54k from the uncommitted Transformation Fund balance of £1.201m to bring all contracts in the Programme Management Office into line</li> <li>The additional discretionary funding of £372,000 from Scottish Government be allocated to improvements and maintenance within West End Park, Alloa, subject to the necessary financial and legal considerations</li> <li>Transformation Zones agreed as next stage in the Be the Future Programme</li> <li>Driving Change in Mental Health and Wellbeing for Children, Young People and their Families – 10 workstreams of activity underway including 3 new digital services - Mind Moose, Together All and Shout and establishment of a Creative Therapeutic Interventions for Children Service (CTIfCS) for those aged 5 - 9 year olds</li> </ul>
19 August Council	<ul style="list-style-type: none"> <li>The activity to identify and accelerate priority projects in the Be the Future programme to support the identification of savings and efficiencies as outlined in the Budget Strategy Update.</li> <li>The work with Scottish Futures Trust (SFT) to develop the rapid scoping assessment and associated 'prospectus' for the Transformation Zones in Alloa, approved at Council in June 2021.</li> <li>People services redesign to support the improvement and recovery of Children's Services and the development of an</li> </ul>

Governance Forum	Key Actions
	integrated People Service progresses with permanent appointments to Chief Education Officer and Chief Social Work Officer roles.
16 September 2021 People Committee	<ul style="list-style-type: none"> <li>The Promise will align with and become embedded within the Be The Future Transformation Programme, particularly in the area of Empowering Families and Communities.</li> </ul>
21 October Council	<ul style="list-style-type: none"> <li>Repurposing the £467k previously approved budget from the Transformation Fund</li> <li>That £203k of the £467; repurposed funds are used to fund the resources and the remaining balance be added to the delegated flexible resourcing fund</li> <li>The repurposing of £300k from the approved 2021/22 Capital Plan to accelerate Scotland's International Environment Centre</li> <li>The principal of spending up to £145,500 at risk for two City Region Deal Skills and inclusion projects relating to Digital and Active travel skills which would be met from uncommitted reserves if funding was not approved</li> <li>Well-being Complex had completed RIBA stage 0 processes and progressing to options appraisal. Significant community and partner engagement completed.</li> <li>Interim pool provision progresses to the design stage</li> </ul>
18 November People Committee	<ul style="list-style-type: none"> <li>Family Wellbeing Partnership is created to improve the wellbeing and capabilities of families and young people in Clackmannanshire in partnership with Columba 1400, Heriot-Watt University and funded by the Scottish Government's Social Innovation Partnership. It embeds commitment to #KeepthePromise</li> <li>Council and its key partners offered the opportunity to their senior leaders and front line staff to attend residential values based leadership opportunity at Columba 1400, funded by the Social Innovation Partnership.</li> </ul>
27 January 2022 People Committee	<ul style="list-style-type: none"> <li>Values Based Leadership experiences provided for senior leaders, frontline workers and key influencers, as part of the Family Wellbeing Partnership.</li> <li>STRIVE continues to operate remotely during COVID-19, supporting those who need it most in Clackmannanshire.</li> <li>A dedicated STRIVE space has been created within the new Alloa Police station, where STRIVE team members and project board members can now work collaboratively.</li> <li>Progress has been made in developing a new Children's Services Plan, designed around The Promise and the five priority areas and themes (A Good Childhood; Whole Family Support; Planning; Supporting the Workforce; Building Capacity).</li> </ul>

## Investment-led recovery

1.2. The Council has already prioritised the aim of improving its economic performance and contribution to the Regional Economy with a particular emphasis on improving the availability of, and access to more, better

paid jobs and tackling inequalities such as the gender pay gap. It is clear that this context and its associated challenges of poverty and inequality have been exacerbated by the pandemic and recent increases in the cost of living.

- 1.3. As a consequence, this Budget sustains a clear focus on investment-led recovery and maximising the impact of the Council's own investment. In the 2020/21 Budget, Council agreed for the first time a 20-year (£255m) rolling capital programme with investment accelerated in the first half of the Programme to stimulate economic recovery. The 2022/23 Budget builds on this baseline with an additional focus on strengthening the alignment across transformation, revenue and capital investment activity.
- 1.4. Improved alignment of the Council's investment in this Budget coincides with the realisation of major projects located in Clackmannanshire, funded from the Stirling and Clackmannanshire City Region Deal. These include:
  - £22m **Environment Centre** based in Alloa which in its first phase will deliver 125 jobs; skills to nearly 9000 individuals including those who are under represented; opportunities to inspire our young people to engage with industry and a future where Clackmannanshire will see the growth of new industry relationships and business.
  - £7.25m from the City Region Deal Clackmannanshire Capital Fund invested to enable the University of Stirling to deliver **Intergenerational Living Innovation** and deploy those innovations across Clackmannanshire to provide new housing, health and social care models.
- 1.5. This firm baseline of Council and external investment is combined with an increased drive to clearly articulate the benefits of our Place-based investment. This approach is aligned with national policy drivers which are increasingly leading to government funding refocussing on the impacts of investment within place-based contexts, rather than funding individual projects or initiatives. This Budget and the underpinning work provides the Council with a singular opportunity to maximise the local benefits we deliver.

The Council's portfolio of activity for investment-led recovery is already well progressed. Key examples of investment led-recovery include:

- **Transformation Zones** were approved at the June 2021 Council meeting as the next step in our Be the Future programme. The first Transformation Zones, working in partnership with Scottish Future Trust, are located in Alloa South and East and encompasses place-based, social, and innovation opportunities to deliver socio-economic benefits, regeneration and community wealth building.

- The selection of Clackmannanshire in July 2021 by the Scottish Government as one of four **Shaping Places for Well-Being** locations in Scotland. This is a 3 year programme of collaborative, data-driven working between partners, drawing on our citizens experience, to bring the place and well-being outcomes that will tackle inequality.
  - £16m investment approved in the 2021/22 Budget into the **Well-being Hub**, which will be located in Alloa and, working with SportScotland, Health and other partners, will create a connected view of health, well-being, social care, sport and leisure across Clackmannanshire. This is combined with £6.3m of investment in developing an **Active Travel** network that connects our towns, villages and schools to promote affordable, low carbon transport options for people.
  - £123m investment into our **Learning Estate** over the next 20 years. This strategic development of the school estate was further augmented with the agreement at the February 2022 Council meeting to the options appraisal for Lochies and Deerpark schools in preparation for a bid to the Phase 3 Scottish Government Learning Estate Investment Programme.
  - In 2021, the Council (through HRA) secured £2.5m of Scottish Government funding to take forward improvements on the **Westhaugh Travellers' site**. In 2022, the Council will work with the residents, in line with the Place standard toolkit and the Governments new Site Design Guide, to shape the design of the infrastructure and living accommodation.
  - As agreed at Council in October 2021, the investment of £0.250m from the capital programme into **Scotland's International Environment Centre** to accelerate Phase 2 in Alloa South as part of the commitment to investment-led recovery through the Transformation Zones.
  - The use of the City Region Deal investment of £2m into **Flexible Skills** to support the complex, system-wide development of skills in order to improve labour market and other outcomes for people within Clackmannanshire.
- 1.6. In the course of developing and implementing these initiatives, the strategic partnerships that have been developed have led to significant levels of investment of partner resources and funding into the Council's transformation and capital programmes. Exhibit 2 outlines highlights from what has been secured in the period 2021/22.

## Exhibit 2: Summary of key investment secured through strategic partnership

Project/activity	Partners	Investment/support from partner
Transformation Zones	Scottish Futures Trust	1 FTE resource to support early scoping work
Shaping Places for Well-Being	The Improvement Service & Scottish Government	1.5 FTE officer for 3 years to work on the programme
Scotland's International Environment Centre	University of Stirling	Resource to lead the development of all business cases, implementation work and operation of centre
Well-Being Complex	SportScotland, Health Promotion Service, NHS Forth Valley	0.5 FTE Management capacity Support 'Team Well-being'
Family Well-Being Partnership	Scottish Government, Hunter Foundation and Columba 1400	£450k investment Project coordinator (Columba) Evaluation and Learning partner ISPHERE £50k investment into The Lens
STRIVE	Police Scotland, Well-Being Scotland, SFRSc, Health (GP lead) Scottish Government	1 FTE Police Officer as part of the project team with other partners inputting to the wider STRIVE team and governance £91k Children Social Work Test of Change
Mental Health & Well-being for children, young people and families	Scottish Government	£164K Counselling in schools: Counselling in Schools Coordinator; Research Assistant; Assistant Ed Psychologist £139K Mental Health Supports: Groups, Interventions £9.5K Young Person's Guarantee and SAC Mental Health Interventions
The Promise Participation Network	The Promise Scotland Implementation Team	Mobilisation team, provision of The Promise Design School Training, Corra Funding (£50k)
The Promise 'Follow the Monday'	McKinlay Consulting Chief Design Officer, Scottish Government	Input to the work with Children and Young People Strategic Group and Alliance
Well-Being Economy and Community Wealth Building	SIPHER, CLES and Scottish Government	As Scottish Government pilots for both we have a range of support.

- 1.7. Additionally, following the appointment of a Funding Officer to the Council, more emphasis has been placed on maximising the value of our grant capture (for the Council and for Third Sector) as shown in Exhibit 3. This work has been enhanced through the establishment of a corporate Investment Group during 2021/22. The Investment Group aims to provide greater cohesion to the Council's approach, facilitating proposals at a scale not previously possible. This group is leading on the development of the proposals for the UK Government's Levelling Up Fund which will focus on the opportunities presented to progress the Transformation Zones.

**Exhibit 3: Grant capture successes 2021/ 22**

<b>Project Name</b>	<b>Funder</b>	<b>Amount Secured</b>
Dumyat Visitor Hub	Visit Scotland	£139,268
Dumyat Visitor Hub	Energy Saving Trust	£22,338
Social Housing Decarbonisation Fund Demonstrator	UK Government (BEIS)	£310,000
Reusing Alva's Toilets*	Nature Scot	£15,000
Improving the Visitor Experience at Gartmorn Dam and the Hillfoots Glens	Better Places Green Recovery Fund 2	£35,083
Various Projects*	Scotland's Towns Partnership	£23,471
Active Travel Hub ebikes*	Keep Scotland Beautiful	£26,036
Organising a series of sports and wellbeing itineraries*	Visit Scotland	£40,000
Refurbishing Alva's Public Toilets*	Forth Valley and Lomond LEADER	£9,746
Addressing Multiple Barriers to Employment: A Pre-Employability Pilot in Clackmannanshire*	UK Government	£575,250
<b>TOTAL GRANT SECURED</b>		<b>£1,197,192</b>

\*Indicates that funding was secured for third sector organisation

**Regional economy**

- 1.8. The Council's work on Community Wealth Building and the Well-being economy is being delivered against a strategic backdrop of emerging national policy focussed on developing regional level approaches. Examples of this include the indicative Regional Spatial Strategy, the Regional Transport Strategy and the ongoing Regional Strategy for Skills.
- 1.9. There has been significant political and managerial investment in collaborating with our neighbouring Councils, Stirling and Falkirk, to secure support for a variety of Forth Valley wide initiatives through the Scottish Government's Regional Recovery and Renewal Fund and a joint bid for Bus Partnership Funding.
- 1.10. With increasing policy focus on Scotland's regional economies, there is now a timely opportunity to build on this work to identify specific areas

of support for our local Economic Recovery and Renewal priorities. Early work on the Regional Economic Development Strategy has identified three priority themes for further work in 2022/23:

- Productive Places and People;
- Regional Inclusive Growth based on a Well-being Economy, and
- Our journey to a Net Zero Forth Valley.

Some of the Council-led elements of this work, embedded within existing Be the Future priorities, are covered in the following sections.

### **Community wealth building and well-being economy**

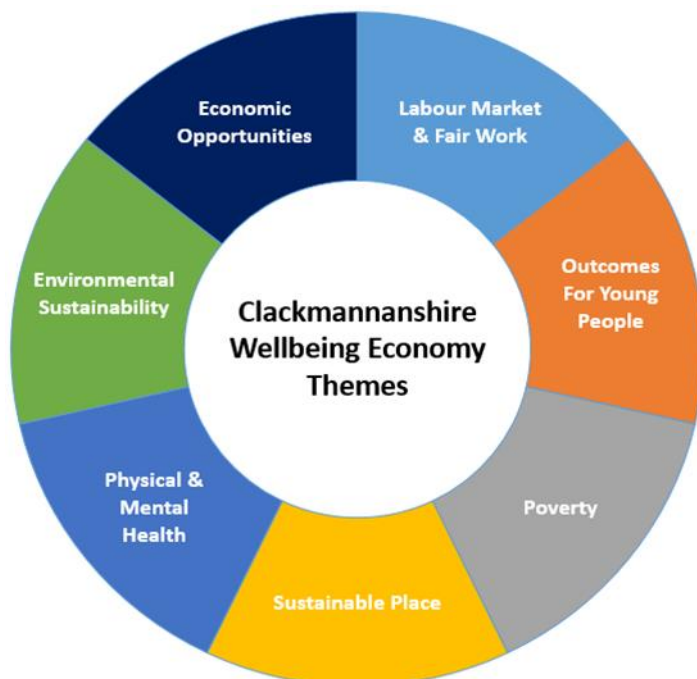
- 1.11. Clackmannanshire Council is in the unique position of being both a Scottish Government Community Wealth Building pilot and a Well-being Economy pilot. With the appointment to Scottish Government of Tom Arthur MSP in May 2021 as a Minister whose portfolio covered Community Wealth Building, this has created an explicit link between Clackmannanshire as a pilot and national policy development.
- 1.12. The Community Wealth Building action plan produced by CLES (the national organisation for local economies) was agreed by both the Council and the Clackmannanshire Alliance Community Planning Partnership (CPP) during 2020/21. This committed Clackmannanshire to be the first area in Scotland to work across all five pillars of the Community Wealth Building model.
- 1.13. Much progress has been made on the action plan in 2021 including:
  - As one of the largest employers in the County, the Council was awarded accreditation as a Real Living Wage Employer. This accreditation also provides leadership to encourage other organisations to follow
  - 4% increase in Council procurement conducted with Clackmannanshire suppliers
  - Community Wealth Building built into the design of Stirling & Clackmannanshire City Region Deal projects.
  - Community benefits wish list developed in partnership with Clackmannanshire Third Sector Interface. This enables companies bidding for Council contracts to identify benefits that will meet the needs of local community and that they can support.
- 1.14. In recognition of the importance of Community Wealth Building as a guiding principle in our transformation programme, this Budget includes:

- a proposal for investment from the Transformation Fund to fund additional resource to support Community Wealth building (Exhibit 8, cover report)
- acceleration of the recommendations in the Council’s action plan on the development of the asset register and the support for the Women in Business programme
- A commitment to use a proportion of the Place Based Investment Fund from Scottish Government in 2022/23 to progress Community Wealth Building actions.

This is in addition to the investment approved for additional capacity to embed Community Wealth Building in the Council’s culture and processes which was approved in the Budget 2021/22.

1.15. Throughout 2021, the Well-being Economy pilot progressed on the six-stage Inclusive Growth Diagnostic Framework. Seven key themes (Exhibit 4) were identified as a focus for Clackmannanshire based on the significant review of data and evidence at a Clackmannanshire level.

**Exhibit 4: Seven themes for Well-being Economy activity in Clackmannanshire**



1.16. In March 2021 the Alliance agreed to undertake a refresh of the Local Outcomes Improvement Plan (LOIP) and develop a Well-being Economy LOIP to align partners’ collective aspirations to deliver improved well-being economy outcomes for Clackmannanshire.



- 1.17. The LOIP will be refreshed in 2022/23 and will set out the joint strategic outcomes and priorities for the Clackmannanshire Alliance for the next 3 years. It will set the strategic direction for Clackmannanshire, underpinned by robust data and informed by a sound evidence base captured through the Well-being Economy project and the Shaping Places for Well-Being programme.

### **Climate Challenge: our journey to net zero**

- 1.18. Climate Change is one of the most serious challenges facing communities here in Clackmannanshire and across the world. Meaningful action at international, national and local level is required in order to safeguard our planet for future generations.
- 1.19. As part of our investment-led recovery, we have a chance to rebuild in a way that delivers a greener, fairer and more equal society. Whilst there are challenges for small councils such as Clackmannanshire to take meaningful, sustainable action, there are also opportunities which build on the close relationship with our communities and businesses together with the significant action that the Council has already taken and is planning to take as can be evidenced by our Capital Plan and City Region Deal investments.
- 1.20. In August 2021 the Council approved a Motion submitted by the Council Leader that committed the Council to develop a comprehensive Climate Change Strategy within the next 12 months which will deliver a framework to ensure that all strategic decisions, budgets and approaches to planning decisions are in line with a shift to net zero greenhouse gas emissions by 2045. There is significant green investment already being made through our 20 year rolling capital programme as shown in Exhibit 5. In addition our progress on the climate challenge following the earlier Council motion includes:
- Work to gather baseline data needed for identifying the required targets for specific emissions reductions. This will identify the key areas of policy for review in order to meet our commitment to Net Zero;
  - Preliminary work to constitute a Community Climate change forum;
  - Working with young people through the Eco Schools programme and Scotland's International Environment Centre Young Pathfinders' programme;
  - In collaboration with environmental charity Keep Scotland Beautiful, development has begun to shape a bespoke Climate Emergency Training programme for Elected Members and senior officers, and

- In November 2021, following COP26, an application was made to the Woodland Trust's Emergency Tree Fund for the establishment of a Forth Climate Forest. This is a ten year programme of tree planting projects for a range of well-being, climate and ecological benefits within the Forth Valley Area. The project will deliver canopy, connectivity and carbon targets.

**Exhibit 5: Green investment through our Capital Programme\***

	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	Total 2027-32	Total 2032-37	Total 2037-42	20 year Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Innovation Hub Delivery	200	1,164							1,364
City Deal (RPMO)	100	100							200
Renewable Energy Projects	30								30
Active Travel Route Railway Station	0	560							560
Flood Protection	57	235	86	86	86	430	430	430	1,840
Tillicoultry Flood Protection	0	150	250	300	2,500	2,800			6,000
Building energy management system	32	8							40
Cycle Routes	222	100	100	55					477
Active Travel Route	0	2,000							2,000
Street Lighting Replacement	258	258	258	258	259	1,297	1,303	1,305	5,196
Vehicle Replacement	563	800	1,000	1,000	1,000	5,000	5,000	5,000	19,363
<b>TOTAL</b>	<b>1,462</b>	<b>5,375</b>	<b>1,694</b>	<b>1,699</b>	<b>3,845</b>	<b>9,527</b>	<b>6,733</b>	<b>6,735</b>	<b>37,070</b>

\* Note: To meet net zero, we will have to consider the carbon impact of ALL our capital projects.

## Appendix A(ii): Transforming service delivery case studies

This Appendix sets out three case studies that illustrate how the Council is doing things differently. The case studies set out details in respect of The Promise and Family Well-being Partnership; STRIVE; and Digital Transformation.

### **Case study: The Promise and the Family Well-being Partnership**

In 2021/22 Clackmannanshire Children and Young People Services Partnership Board endorsed an approach which structured the new Children's Services Plan 2021-24 around the framework of The Promise.

One of the first areas of action for the Council is local support and provision, so that every child or young person can have access to care and support in their local community, and they can maintain safe, loving relationships with their families, friends, and other people who care about them and that are important to them.

While working within the expectation that children and young people remain with their families, there is still a need to ensure that those children and young people who do need to be cared for away from home, can stay within their communities, in a safe and loving environment. To do this we need to invest in increased local housing care provision which reflects the high standards that we want for our children and young people, including local emergency provision and housing pathways to independent living to enable young people leaving care to achieve successful independence.

As part of this commitment the Council has made provision in the Budget 2022/23 to progress the options for a review of Residential child care. Work is already underway and immediately following the approval of this Budget, work will commence to carry out a feasibility study to assess options to enhance local provision within Clackmannanshire. This will improve the quality of care for our children and young people, will deliver financial savings moving forward and ensure that we continue to #KeepThePromise. The views of our care experienced community will inform this work from the outset.

As part of the work on The Promise, the Family Well-being Partnership, which is a long-term partnership between Scottish Government, the Hunter Foundation and the Council, is working to change the way we design our services, putting lived experience and collaboration with communities at the forefront. This partnership has already provided opportunities for both the Council and our communities to come together to think differently about how we create the possibilities for change.

In 2021/22 a wide cross-section of senior leaders, frontline workers, elected members, children, families and local partners participated in Columba 1400 Values Based Leadership (VBL) experience. This creates a shared values based approach to change, building a supported community of change makers and marks a significant extension of the leadership development identified in the organisational values work completed in 2019/20.

In 2022/23 our change makers will build on their VBL experience and begin to share expectations and ideas of what needs to happen to make service provision in Clackmannanshire increasingly well-being and capabilities driven. Supported by The Lens and a £100k fund (£50K from The Hunter Foundation and £50k match funding from the Council) our change makers will begin to identify possibilities and challenges within the current system and where new ways of delivering services can be tested. "Green Shoots" of larger scale transformational change are also being tracked by our Learning Partners in the Programme, sphere.

## **Case study 2: STRIVE – Safeguarding Through Rapid Intervention**

Safeguarding through Rapid Intervention (STRIVE) is a project testing the concept that a multi-agency team delivers better outcomes, faster, for the most vulnerable residents of Clackmannanshire through early intervention and integrated working. STRIVE considers a collaborative and person centred response rather than by individual service. More than 330 vulnerable adults and families in Clackmannanshire have been supported by STRIVE.

This “whole-systems” approach involves a team of multi-service professionals working together from the earliest opportunity to improve the existing system of safeguarding vulnerable individuals. STRIVE is made up of core partners from Clackmannanshire Council Housing Service, Money Advice, Children and Families, Education, Health and Social Care Partnership and Alloa Police Services. There are also a range of partners who support the project.

The sharing of crucial pieces of soft intelligence between trusted partner agencies enables proactive, rapid responses to welfare need for those considered to be on the cusp of statutory intervention. Practitioners are better able to “join the dots” to understand the overall vulnerability of cases and knowledge of existing support and interventions underway: this better informs the most appropriate action, reduces the likelihood and impact of people experiencing repeated crisis and reduces the intensive resource required by a variety of public services.

The STRIVE team was initially established as an 8 week pilot project in February 2020 and has grown from strength to strength since then, with the team continuing to work remotely during the pandemic to support the most vulnerable members of the community. With the added benefit of the new Police Scotland office in Kilncraigs, Alloa, the team can meet in a dedicated space and will use this base once restrictions allow.

Partnership working across different agencies and partners working around STRIVE has strengthened from the outset of the project, with leaders from all organisations committed to embedding STRIVE further in Clackmannanshire and connecting this with wider transformational change and wellbeing projects. This work is being advanced through the Family Wellbeing Partnership with support from Columba 1400, the Hunter Foundation and Scottish Government.

The Council was informed in February 2022 that it has been shortlisted as a finalist in the Best Transformation Team Category in the Public Sector Transformation Awards 2022 for STRIVE.

### **Case study 3: Digital transformation**

Digital transformation is a core enabler within the Be the Future transformation programme. During 2022/23 work will be accelerated to implement our digital programme in line with our existing Digital Strategy and building on the work undertaken in June and September 2020 by iESE. This will be facilitated by £0.75m capital investment in 2022/23.

A core principle is that wherever possible our processes will be automated in order to release skilled staff to take forward the value-added interventions that our citizens and communities need. Automation will be of two kinds.

Through Robotic Process Automation (RPA) and Artificial Intelligence we will automate repetitive production tasks to streamline our business processes. Examples of where this approach can be applied includes customer email triage, finance and revenue processes, data cleansing, data migration, health and safety and auto generating reports.

Through the Internet of Things (IoT), sensors will be deployed to provide access to real time data insights that can be used to redefine services and transform the ways in which communities live and work. Areas that will be considered as part of this include waste management, air quality, social housing solutions, building health and well-being applications and water monitoring capabilities.

As part of the Digital Transformation programme, work will also continue on two major digital implementations in 2022/23.

The technical infrastructure build for Microsoft 365 is nearing completion and the next phase is configuration of the platform based on best practice and business needs. This is the precursor to the transition into the delivery phase assisting the migration of Services Areas onto the new system.

The replacement of the existing Social Care Management system will go into the procurement phase in 2022/23 and with the award of the contract, the supplier and the project team will begin work on the implementation phase. This is a significant transformation project that will encompass Children's Services; Criminal Justice and Adult Social Care and will support the People Redesign and HSCP Transformation programme.

**General Revenue Budget  
2022/23**

APPENDIX B

	<i>2021/22 Approved Budget</i>	<i>Revised before savings/ use of reserves</i>	<i>2022/23 Proposed Budget</i>	<i>2023/24 Indicative Budget</i>	<i>2024/25 Indicative Budget</i>	<i>2025/26 Indicative Budget</i>	<i>2026/27 Indicative Budget</i>	<i>2027/28 Indicative Budget</i>
	<i>£'000</i>							
<b>Service</b>								
Resource & Governance	6,678	7,984	7,890	8,067	8,178	8,291	8,407	8,525
Strategy & Customer Services	3,350	3,612	3,406	3,616	3,685	3,755	3,827	3,901
	10,028	11,596	11,296	11,683	11,863	12,047	12,234	12,425
<b>less allocated to non general fund</b>	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)
	8,723	10,291	9,991	10,378	10,558	10,742	10,929	11,120
Executive Team	571	582	582	592	603	615	626	638
Development & Environmental	15,414	18,060	17,855	18,276	18,554	18,838	19,128	19,423
Education Service	59,912	62,890	62,602	64,320	65,919	67,551	69,215	70,913
Housing & Community Safety	6,199	6,467	6,210	6,516	6,579	6,643	6,709	6,775
Social Services	15,463	16,163	15,937	16,120	16,307	16,499	16,694	16,892
Corporate Services	(785)	(134)	(696)	2,366	5,366	8,366	11,366	14,366
Misc Services - Non Distributed Costs	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100
<b>Services Expenditure</b>	106,596	115,419	113,581	119,668	124,987	130,353	135,767	141,229
Central Scotland Valuation	459	467	467	467	467	467	467	467
Health & Social Care Partnership	19,875	23,073	23,073	23,073	23,073	23,073	23,073	23,073
	126,930	138,959	137,121	143,208	148,527	153,893	159,307	164,769
<b>Add/Deduct</b>								
Interest on Revenue Balances	(91)	(91)	(91)	(91)	(91)	(91)	(91)	(91)
Loans Fund Contribution	4,829	4,132	4,132	4,132	4,132	4,132	4,132	4,132
Contribution to Bad Debt Provision	200	200	200	200	200	200	200	200
	131,868	143,200	141,362	147,449	152,768	158,134	163,548	169,010
<b>Sources of Funding</b>								
General Revenue Funding	(80,274)	(85,272)	(85,272)	(83,257)	(82,424)	(81,600)	(80,784)	(79,976)
Council tax freeze	(829)	0	0	0	0	0	0	0
Ringfenced	(7,444)	(8,045)	(8,045)	(8,045)	(8,045)	(8,045)	(8,045)	(8,045)
General revenue Funding still to be allocated	(807)	(1,611)	(1,611)	(1,611)	(1,611)	(1,611)	(1,611)	(1,611)
NDR	(17,184)	(18,065)	(18,065)	(18,065)	(18,065)	(18,065)	(18,065)	(18,065)
Council Tax	(23,716)	(24,427)	(24,427)	(25,160)	(25,915)	(26,692)	(27,493)	(28,318)
Contribution from Reserves	(885)	0	(2,742)	0	0	0	0	0
Contribution from Uncommitted Reserves	0	0	(1,200)	0	0	0	0	0
	(131,868)	(137,420)	(141,362)	(136,138)	(136,060)	(136,013)	(135,998)	(136,015)
<b>Projected (Surplus)/Shortfall</b>	0	5,780	0	11,311	16,708	22,121	27,550	32,995

## Demand Pressures

Pressure Type: Contract/ General	Directorate	Demand Pressure Reference	Name of Pressure	Amount 2022/23
Contract	Partnership & Performance	PREP&P1	IFRS16 Leases - system license costs	20,000
Contract	Partnership & Performance	PREP&P2	IT Contract inflation	16,281
Contract	Partnership & Performance	PREP&P3	Annual Insurance Premium Increase	198,800
Contract	Partnership & Performance	PREP&P4	Apprenticeship Levy - annual inflationary increase and National Insurance increase	3,500
Contract	Partnership & Performance	PREP&P5	Scotland Excel Requisition Increase	1,375
Contract	Partnership & Performance	PREP&P6	National Insurance Increase	700,000
Contract	Partnership & Performance	PREP&P7	Itrent Contract renewal	28,000
Contract	Partnership & Performance	PREP&P8	Statutory Notice increases	20,000
Contract	People	PREPE1	PPP Contract Inflation	507,000
Contract	People	PREPE2	Contract Inflation - other Local Authorities	14,655
Contract	People	PREPE3	External Residential Placement	84,620
Contract	People	PREPE4	Corporate Parenting-External Foster Care Provision	502,000
Contract	People	PREPE5	Growth in Kinship Care	187,010
Contract	People	PREPE6	Out of Area Education	60,000
General	People	PREPE7	Swimming Lessons	50,000
General	People	PREPE8	Residential Unit	54,000
Contract	Place	PREPL1	Landfill Tax Increases	22,800
Contract	Place	PREPL28	Non Domestic Rates	80,000
Contract	Place	PREPL8	Water and Energy increases	899,115
Contract	Place	PREPL22	Consumable price uplifts	285,000
Contract	Place	PREPL24	Recycling Improvements - software licences	10,000
Contract	Place	PREPL10	Price inflation on property consumables and Compliance Testing services	96,309

Pressure Type: Contract/ General	Directorate	Demand Pressure Reference	Name of Pressure	Amount 2022/23
General	Place	PREPL9	Property - transitional staffing to cover statutory duties	62,591
General	Place	PREPL27	Housing - transitional staffing to cover statutory duties	15,000
General	Place	PREPL10	Buildings Repairs & Maintenance	477,191
General	Place	PREPL26	Additional staffing to meet schools COVID cleaning standards	95,657

**TOTAL 4,490,904**

People 1,459,285  
Place 2,043,663  
Partnership & Performance 987,956

**TOTAL 4,490,904**

Contractual 3,736,465  
General 754,439

**TOTAL 4,490,904**



## Management Efficiency Savings

Directorate	Saving Reference	Description	Cash/ Permanent	2022/23 £
P&P	P&PMGT01	Turnover across services	Permanent	500,000
P&P	P&PMGT02	Hybrid Working - Reduction in Mileage	Cash	20,000
P&P	P&PMGT03	Vacancy Senior Accountancy Asst (12 mths)	Cash	48,000
P&P	P&PMGT04	Cash Handling Consolidation	Permanent	15,000
P&P	P&PMGT05	Housing Benefit of homelessness income	Cash	20,000
P&P	P&PMGT06	Staff Salary Sacrifice Scheme Income	Permanent	1,000
P&P	P&PMGT07	Capitalisation of Digital Transformation posts supporting capital plan implementation	Cash	42,000
P&P	P&PMGT08	Capitalisation of ICT posts supporting capital plan implementation	Cash	123,300
P&P	P&PMGT09	Removal of Research and Information Vacancy	Permanent	30,000
P&P	P&PMGT10	Temporary Reduction in Kilncraigs Reception Resource	Cash	18,450
P&P	P&PMGT11	Reduction to HR Legal budget	Permanent	10,000
People	PEMGT07	Capitalisation of Project Manager for Digital Technology within People for Digital Rollout	Cash	50,155
People	PEMGT1B	ELC Staffing Models and Centre Support	Cash	17,468
People	PEMGT2	Primary Schools Efficiency (Falling Rolls)	Permanent	95,292
People	PEMGT3	External Recharge to Regional Improvement Collaborative	Cash	82,221
People	PEMGT6	PPP Contract Management	Permanent	43,000
People	PEMGT8	Vacant libraries post	Permanent	34,314
People	PEMGT9	Withdraw support for external organisations Apex and CAB	Permanent	14,000
People	PEMGT11	Review SLA with SPS for Glenochil	Permanent	30,000
People	PEMGT12	Align Criminal Justice spend with funding	Permanent	50,000
People	PEMGT13	Residential placements	Permanent	98,500
People	PEMGT15	Reduction in external foster places (further saving 23/24)	Permanent	33,000
Place	PLMGT01	Trading Standards SLA	Cash	40,000
Place	PLMGT02	Economic Development Budget Realignment	Cash	25,000
Place	PLMGT03	Rental Properties	Permanent	45,390

## Management Efficiency Savings

Directorate	Saving Reference	Description	Cash/ Permanent	2022/23 £
Place	PLMGT04	Street Lighting Maintenance	Cash	20,000
Place	PLMGT05	Fleet Diesel	Cash	15,000
Place	PLMGT06	Fleet Tyres	Cash	10,000
Place	PLMGT07	Homelessness Income - increase previous cash saving of £100,000	Cash	200,000
Place	PLMGT10	Reconfiguration of staffing funding from other sources reduced from £80,000.	Cash	45,000
Place	PLMGT14	Rental Income	Permanent	12,000
		<b>TOTAL</b>		<b>1,788,090</b>

P&P	827,750
People	547,950
Place	412,390
<b>Total</b>	<b>1,788,090</b>

Cash	776,594
Permanent	1,011,496
	<b>1,788,090</b>

## Policy Savings

Directorate	Saving Reference	Description	Cash/ Permanent	2022/23 £
Place	PLPOL2	Waste Income - internal charges	Cash	5,000
Place	PLPOL3	Waste Income - Brown Garden Waste Bin Permit Charge	Cash	15,000
Place	PLPOL4	Roads Charges Income	Permanent	12,000
Place	PLPOL5	Land Services Burials income	Cash	10,000
Place	PLPOL7	Waste Income - Increase in bulky waste collection charge	Cash	5,000
Place	PLPOL8	Waste Income - Introduction of charges for bins at new developments	Cash	3,000
				<b>50,000</b>

P&P	-
People	-
Place	50,000
<b>Total</b>	<b>50,000</b>
Cash	38,000
Permanent	12,000
<b>Total</b>	<b>50,000</b>



# Clackmannanshire Council

[www.clacksweb.org.uk](http://www.clacksweb.org.uk)

## Charging Policy

**This policy sets out Clackmannanshire's policy regarding fees and charges for services for the 2022/23 financial year.**

### Introduction

Clackmannanshire Council has a statutory duty to provide certain services to the public. There are no charges for these services except where charges are set by statute. (e.g. planning applications, building control, licensing).

The Council provides other discretionary services, some of which are provided at a cost to the customer.

### Principles

1. The Council must provide services which are defined as a statutory duty.
2. The Council may also choose to provide discretionary services, depending on the identified needs of the population of Clackmannanshire.
3. The Council will agree the charges for each discretionary service provided as part of the budget process each year and these are published annually in the Council's Register of Charges.
4. The Council will benchmark the charges it makes against other Scottish Councils to ensure fees and charges are reasonable and affordable. Where a bench mark doesn't exist a commercial rate may be used to set the rate.
5. Services aim to recover the full cost of providing discretionary services to ensure that all costs are covered by the charges made.
6. The Council consults with the public each year through a Budget Engagement process covering the provision of Services incorporating any changes to fees and charges.

7. The Council can choose to provide services through a third party supplier or provider. Any such arrangement will be procured through the agreed procurement arrangements and in compliance with Councils Contract Standing Orders.
8. The ability of those in receipt of services, to pay proposed rates is taken into account when proposals for increased charges are being considered. Consideration is also given to the competitive environment in which particular services operate.
9. The cost of invoicing and recovering income due is taken into account when considering fees and charges for services. Low volume activity will cost the Council more to process than the income generated. This figure will reduce as more transactions are carried out electronically.
10. The Council encourages customers to pay for services, in advance and electronically or through on-line facilities.
11. Fees are set in advance, for the coming year, however a small number may be subject to mid-year revisions.

### Summary

The Council seeks to ensure best value for all residents of Clackmannanshire.

Statutory services will be provided free of charge to residents of Clackmannanshire, except where statute or legislation requires a charge to be made.

Discretionary services will be provided on a full cost recovery basis subject to financial assessment where appropriate.

Fees and charges are reviewed on an annual basis as part of the budget setting process, but may be subject to changes in-year.

The Register of Charges will be available on the Council's website following approval of the Budget and this will set out the charges for fees and services provided from 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023.

### **Income and Charging 2022/23**

#### Rationale for changes in 2022/23

The annual review of the Council's Income and Charging Policy has taken place as part of the budget challenge process. All aspects of the Council's income and expenditure were taken into account including comparison with other councils, discussion with Services and consideration of service proposals to introduce a service charge or increase charges in some areas.

## Charges for 2022/23

Fees and charges have increased for 2022/23 by an inflationary increase of 5.4%. The exception to this is where fees and charges are set by statute or set outwith control of the Council.

### **Exceptions**

#### Environment Health

The shelter for stray dogs is run by Stirling Council. The charge has been increased by a proposed 3%. This will be confirmed once Stirling Council agree their budget.

#### Trading Standards

This service is provided by Stirling Council. The charge has been increased by a proposed 3%. This will be confirmed once Stirling Council agree their budget.

#### Registrars

Ceremony fees have increased by £30-£35 to cover associated costs.

#### Housing

The rent charge has increased by 3.1%.

The rent charge for temporary accommodation and support remains at the same level as 2021/22.

There has been no increase to the weekly rent for the travelling persons site.

#### Council Tax

Council tax has increased by 3%.

#### Development & Environment

Some fees are set by statute and cannot be increased by the Council. Where this is the case, the Council charges the maximum charge.

Other charges made within Development Services and Environment Services will continue to be made on a commercial basis, taking account of affordability and level of demand.

For 2022/23 we have introduced two new charges:

- £10 for the replacement of wheeled bins, and
- £60 applicable to developers for the provision of bins for new developed properties.

## Appendix F

### Disclosure of Funded Organisations 2022/23

In September 2014, the Council's External Auditor recommended that the Council should disclose annually details of each individual voluntary organisation it funds by direct award including the Council role, the Council contribution and the category of services delivered.

The table below outlines this information for the financial year 2022/23. All funding arrangements are subject to Contract Standing Orders and the Council's Code of Practice for Funding External Bodies and Following the Public Pound.

Directorate	Description	Category	Council Role	Value
People	Action for Children – family centre	Children & Young People	Contract via Direct Award	£146,463
People	Action for Children – functional family therapy	Children & Young People	Contract via Direct Award	£81,551
People	Action for Children – out of hours	Children & Young People	Contract via Direct Award	£90,000
People	Action for Children – Tayavalla	Children & Young People	Contract via Direct Award	£106,807
People	Barnardos - early intervention	Children & Young People	Contract via Direct Award	£40,969
People	Barnardos – substance misuse	Children & Young People	Contract via Direct Award	£65,686
People	Transform Forth Valley	Children & Young People	Direct Award	£8,500
People	C.H.A.S.	Children & Young People	Direct Award	£6,447
People	Central Carers Association	Children & Young People	Contract via Direct Award	£47,084
People	Community House	Children & Young People	Contract via Direct Award	£34,760
People	Homestart	Children & Young People	Contract via Direct Award	£70,002
People	Who Cares?	Children & Young People	Contract via Direct Award	£35,209
People	Apex Scotland	Criminal Justice	Direct Award	£26,500
People	Barnardos -Freagarrach	Children & Young People	Contract via Direct Award	£18,050
People	Citizens Advice Bureau	Criminal Justice	Direct Award	£16,500
People	Play Alloa	Education- Youth Services	Contract via Direct Award	£16,738
People	Clackmannanshire Sports Council	Health & Wellbeing	Contract via Direct Award	£6,202
Partnership and Performance	Support to 3 Community Run Halls: Coalsnaughton, Clackmannan, Devonvale	Community Empowerment	Contract via Direct Award	£12,800
Partnership and Performance	Safe Drive Stay Alive	Community Safety	Contract via Direct Award	£3,000
Partnership and Performance	The Gate Foodbank	Supporting Vulnerable Adults	Contract via Direct Award	£ 4,645
Partnership and Performance	The Gate Soup Pot	Supporting Vulnerable Adults	Contract via Direct Award	£ 2,787
People	Clackmannanshire Women's Aid	Supporting Vulnerable Adults	Direct Award	£161,442
People	Rape Crisis	Supporting Vulnerable Adults	Direct Award	£12,903
<b>Total</b>				<b>£1,015,045</b>



Email: [REDACTED]

## Local Government Finance Circular No. 9/2021

Chief Executives and Directors of Finance of  
Scottish Local Authorities

Chief Executive, Convention of Scottish Local  
Authorities (COSLA)

Our ref: A35612006  
20 December 2021

Dear Chief Executive/Director of Finance

### **1. LOCAL GOVERNMENT FINANCE SETTLEMENT 2022-23** **2. NON-DOMESTIC RATES**

1. This Local Government Finance Circular provides details of the provisional total revenue and capital funding allocations for 2022-23, as well as the latest information on current known redeterminations for 2021-22. This Circular also provides details on a range of Non-Domestic Rates measures, including the proposed 2022-23 poundage and changes to certain reliefs.
2. The provisional total funding allocations form the basis for the annual consultation between the Scottish Government and COSLA ahead of the Local Government Finance (Scotland) Order 2022 being presented to the Scottish Parliament. This is currently scheduled for early February 2022.
3. We expect local authorities to inform COSLA, and for COSLA in turn to inform the Scottish Government by no later than 21 January 2022, if they think there are any discrepancies or changes required to these provisional allocations. Redistribution(s) to address any agreed discrepancies or changes will be undertaken within the total settlement allocations set out in this Circular and not through the provision of any additional resources by the Scottish Government. The allocations are therefore provisional only at this stage, with the final allocations not being confirmed until after the end of the consultation period and the publication of the Local Government Finance Circular which will follow the approval of the Local Government Finance (Scotland) Order 2022.
4. The Cabinet Secretary for Finance and Economy wrote to the COSLA President, copied to all Council Leaders on 9 December 2021, confirming the package of measures that make up the settlement to be provided to local government. This Circular should be read in conjunction with that letter. The terms of this settlement have been discussed with COSLA on behalf of all 32 of its member councils.



5. The Scottish Government will work in partnership with local government to implement the budget and the joint priorities in return for the full funding package worth over £12.5 billion and includes:
- £174.5 million for continued delivery of the real Living Wage within Health and Social Care;
  - £15 million for uprating of free personal and nursing care payments;
  - £20.4 million for implementation of the Carers Act;
  - Additional investment of £124 million to provide care at home;
  - £20 million to support Interim Care;
  - An additional £200 million to support investment in health and social care;
  - £145 million for Additional Teachers and Support Staff;
  - Maintained funding for 100 day commitments including the removal of curriculum and music tuition charges and expanded School Clothing Grant; and
  - An additional £64 million revenue that was not identified on the face of the budget as well as the £30 million of capital funding already identified to facilitate the expansion of Free School Meals.
6. In addition to the funding set out in this Circular it should be noted that there are a number of further revenue and capital funding streams outwith the local government finance settlement for particular policy initiatives which deliver on shared priorities and benefit local government services. Table 5.17 in the Scottish Government's "Budget Document: 2022-23", which was published on 9 December 2021, provides further details of these funding streams.
7. The allocations have been arrived at using the standard agreed needs-based distribution methodology and updated indicators. Any undistributed sums will be allocated in the standard way following consideration by the Settlement and Distribution Group. We have shared a separate note with COSLA providing a full reconciliation of the changes between the 2021-22 and 2022-23 Budgets and between the 2022-23 Budget and the figures in this Circular. We have also provided full details of all the revenue and capital allocations.
8. The various parts and annexes to this Circular, listed below, provide more of the detail behind the calculations.

- Part A: Local Government Finance Settlement – Revenue: 2022-23 and changes in 2021-22;  
 Part B: Local Government Finance Settlement – Capital: 2022-23;  
 Part C: Non-Domestic Rates for 2022-23.

The various Annexes included in this Circular are as follows:

- Annex A: All Scotland Aggregated Funding Totals 2021-23;  
 Annex B: Individual Revenue Allocations for 2022-23;  
 Annex C: Revised Individual Revenue Allocations for 2021-22;  
 Annex D: Explanatory Notes on the Revenue Distribution;  
 Annex E: Estimates of Ring-Fenced Grant Revenue Funding for 2022-23;  
 Annex F: Floor calculation for 2022-23;  
 Annex G: Redeterminations of Individual Revenue funding for 2021-22;  
 Annex H: 2008-23 Changes Column;  
 Annex I: General Capital Grant and Specific Capital Grants 2022-23;  
 Annex J: General Capital Grant – Flood Allocations Per Local Authority 2022-23; and  
 Annex K: Total Local Government Funding Settlement 2022-23.

## **Part A: Local Government Finance Settlement - Revenue: 2022-23 and changes in 2021-22**

9. This Finance Circular sets out the provisional distribution of revenue funding allocations for 2022-23. **Annex A** of this Circular sets out the all-Scotland aggregate totals for 2021-23.
10. **Annexes B and C** set out the distribution of the total revenue funding allocation between councils and the allocation of the different elements (General Revenue Funding, Non-Domestic Rate Income and Ring-Fenced Revenue Grants) for each council for 2022-23 and 2021-22. The basis behind the grant distribution methodology is as recommended in the report from the Settlement and Distribution Group (SDG). The explanatory notes contained in **Annex D** explain the basis behind the calculation of the individual council grant allocations.
11. **Annex E** gives a breakdown of the provisional individual council shares of all the ring-fenced revenue grant allocations for 2022-23.
12. The calculation and effects of the main floor adjustment for 2022-23, which provided councils with a maximum decrease in the funding used in the calculation of the main floor of -0.42%, is set out in **Annex F** of this Circular. The setting of the floor is in line with the revised arrangements agreed following the SDG review of the floor methodology during 2018.
13. This Circular confirms the continuation of the **85% funding floor** for 2022-23. The methodology compares total revenue funding plus local authorities' assumed council tax income and any council whose total support under this method falls below 85% will be topped up to ensure that all councils receive 85% of the Scottish average total revenue support per head.
14. This Local Government Finance Circular provides details of current known 2021-22 redeterminations at **Annex G** for the General Revenue Grant, both core settlement and COVID-19 related. It should be noted that only the core settlement additions have been included in the revised 2021-22 settlement set out in Annex A and Annex C. The COVID-19 related additional funding is a constantly changing position however the redetermination allocations for 2021-22 to be paid as General Revenue Grant as at the end of January will be included in the Local Government Finance (Scotland) Order 2022.
15. **Annex H** summarises the column within the settlement titled 2008-23 Changes Column.

## **Part B: Local Government Finance Settlement – Capital Grants 2022-23**

16. In 2022-23 the Local Government Settlement provides capital grants totalling £679.6 million. This is made up of General Capital Grant totalling £540.5 million and Specific Capital Grants totalling £139.1 million.
17. **Annex I** sets out the provisional distribution of the Settlement for capital per local authority for 2022-23. The methodologies used to calculate these provisional allocations have been agreed with COSLA. Capital grants which remain undistributed are identified as such.
18. The provisional distribution for the General Capital Grant includes allocations for flood schemes. The allocations for these schemes is set out in **Annex J**. Where schemes have slipped and the grant paid in a prior year exceeds the grant due the scheme will show a negative value which will reduce the total General Capital Grant payable to that Council.
19. **Annex K** summarises the Local Government Finance Settlement for 2022-23.

## Part C: Non-Domestic Rates for 2022-23

20. The Distributable Amount of Non-Domestic Rates Income for 2022-23 has been provisionally set at £2,766 million. This figure uses the latest forecast of net income from non-domestic rates in 2022-23 and also draws on council estimates of the amounts they will contribute to the Non-Domestic Rating Account (the 'Pool') in 2021-22. The figure incorporates the Scottish Fiscal Commission's estimate of the contributable amount and includes a calculation of gross income; expected losses from appeals; estimated expenditure on mandatory and other reliefs; write-offs and provision of bad debt together; and estimated changes due to prior year adjustments. The distribution of Non-Domestic Rates Income for 2022-23 has been based on the amount each Council estimates that it will collect (based on the 2021-22 mid-year estimates provided by councils). General Revenue Grant provides the guaranteed balance of funding. This method of allocation provides a clear presentation of the Non-Domestic Rates Income per council and transparency in the make-up of council funding.
21. The 2022-23 Non-Domestic Basic Property Rate ('poundage') is provisionally set at 49.8 pence. Two additional rates are levied on properties with a rateable value over £51,000 (51.1 pence) and £95,000 (52.4 pence) respectively.
22. The Scottish Budget 2022-23 also introduces the following policies:
- 50% Retail, Hospitality and Leisure relief for the first three months of 2022-23, capped at £27,500 per ratepayer
  - Business Growth Accelerator relief will be expanded by making increases in rateable value due to the installation of solar panels a qualifying improvement eligible for relief from 1 April 2022
  - Enterprise Areas relief will be extended for one year to 31 March 2023.
23. The Scottish Budget 2022-23 maintains the following reliefs which are set annually:
- Small Business Bonus Scheme relief, which lifts over 111,000 properties out of rates altogether as at 1 June 2021; and
  - Transitional Relief, which caps annual rates bill increases at 12.5% in real terms for Aberdeen City and Aberdeenshire offices and for all but the very largest hospitality properties across Scotland.
24. The following reliefs will also be maintained: day nursery relief, disabled rates relief, district heating relief, empty property relief, Fresh Start relief, hardship relief, hydro relief, mobile masts relief, new fibre relief, renewable energy relief, renewable heat networks relief, reverse vending machine relief, rural relief, sports club relief and stud farms relief. Charitable rates relief will also be maintained, however from 1 April 2022 mainstream independent schools will no longer be eligible for this relief, as recommended by the independent Barclay Review of Non-Domestic Rates in 2017.
25. The Barclay Review also recommended that: "To counter a known avoidance tactic for second homes, owners or occupiers of self-catering properties must prove an intention let for 140 days in the year and evidence of actual letting for 70 days." This policy will be implemented 1 April 2022, from which point self-catering premises will be required to meet these criteria. Councils will have discretion in the event of exceptional circumstances, which lead to the criteria not being met, to determine that a property can continue to be treated as a self-catering premises.
26. We will lay legislation to help local authorities tackle a known avoidance tactic on empty non-domestic properties. This policy will provide local authorities with the discretion, in prescribed circumstances, to restrict the awarding of 100% empty property rates relief where the occupier

has entered insolvency, compulsorily (by the court) or voluntarily. This will deliver greater fiscal empowerment for councils in advance of the devolution of empty property relief in April 2023.

27. NDR reliefs, like other subsidy or support measures, may be subject to the conditions set out in the EU-UK Trade and Cooperation Agreement, which in certain cases limits sectoral public subsidisation to 325,000 Special Drawing Rights (equivalent to approximately £335,000) over any period of three fiscal years.

28. Councils may also offer their own local reliefs under the Community Empowerment (Scotland) Act 2015.

29. Information on the Business Rates Incentivisation Scheme (BRIS) will be set out later.

### **Enquiries relating to this Circular**

30. It should be noted that figures in this Circular may be marginally different from final allocations due to roundings. Local authorities should note that if they have any substantive specific enquiries relating to this Circular these should, in the first instance, be addressed through COSLA. We have given an undertaking to respond to these queries as quickly as possible.

Contact details for COSLA are:

Mirren Kelly  
[REDACTED]

Any other queries should be addressed to the following:

Local Government Revenue Settlement and BRIS.  
Bill Stitt [REDACTED]

Local Government Finance Settlement (Capital)  
Craig Inglis [REDACTED]

Non-Domestic Rates  
Anouk Berthier [REDACTED]

31. This Circular, along with the supporting tables will be made available through the Local Government section of the Scottish Government website at:

<https://www.gov.scot/publications/local-government-finance-circulars-index/>

Yours faithfully

**Ellen Leaver**

Deputy Director, Local Government & Analytical Services Division

	2021-22 £ million	2022-23 £ million
<b>Revenue Funding</b>		
General Resource Grant	8,558.218	8,307.650
Non Domestic Rate Income	2,090.000	2,766.000
Specific Revenue Grants	776.081	784.983
<b>Total Revenue</b>	<b>11,424.299</b>	<b>11,858.633</b>
<i>less</i> Redress Top-Slice	0.000	5.000
<i>less</i> Teachers' Induction Scheme	0.000	37.600
<i>less</i> Discretionary Housing Payments	35.369	80.200
<i>less</i> Gaelic	0.163	0.103
<i>less</i> Pupil Equity Fund	0.000	10.000
<i>less</i> Customer First Top-up	0.446	1.410
<i>less</i> Support for Ferries	0.000	1.000
<i>less</i> SCP Bridging Payments	0.000	68.200
<i>less</i> New Health and Social Care	0.000	200.000
<i>less</i> Removal of Curriculum Charges	0.000	8.000
<i>less</i> Removal of Music Tuition Charges	0.000	12.000
<i>less</i> Free School Meals Revenue	0.000	42.200
<i>less</i> Free School Meals revenue Holiday Provision	0.000	21.750
<i>less</i> Educational Psychology Trainees	0.000	0.450
<i>Total Undistributed Revenue Funding</i>	35.978	482.913
<b>Distributable Revenue Funding</b>	<b>11,388.321</b>	<b>11,370.720</b>
<b>Capital Funding</b>		
General Capital Grant	509.931	540.537
Specific Capital Grants	123.777	123.777
Distributed to SPT	15.327	15.327
<b>Total Capital</b>	<b>649.035</b>	<b>679.641</b>
<b>Total Funding</b>	<b>12,073.334</b>	<b>12,538.274</b>

<b>2021-22 RECONCILIATION FROM FINANCE CIRCULAR 5/2021</b>	
<b>General Resource Grant Circular</b>	<b>8,177.311</b>
In Year Additions - Annex G - General Total	460.071
Teachers Induction Scheme Distributed	-37.600
Customer First Distributed	-0.964
Funding for Pressures Distributed	-40.000
School Child Burials Distributed	-0.600
<b>Revised General Resource Grant Circular 9/2021</b>	<b>8,558.218</b>
<b>General Capital Grant</b>	<b>489.937</b>
Play Park Renewal	5.000
Nature Restoration Fund	5.000
Aberdeen City Deals	3.000
Co2 Monitors	7.000
Undistributed Local Bridge Maintenance Fund	-0.006
<b>Revised General Capital Grant Circular 9/2021</b>	<b>509.931</b>

£million	Expenditure					Funding						
	1	2	3	4	5	6	7	8	9	10	11	13
	Updated Service Provision	2008-23 Changes	Loan Charges/ PPP/ LPFS	Main Floor	Total Estimated Expenditure	Assumed Council Tax contribution	Total Ring-fenced Grants	Non Domestic Rates	General Revenue Funding	Total	85% floor	Revised Total
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	454.146	18.816	17.891	-6.589	484.264	93.626	28.831	268.557	93.250	390.638	0.000	390.638
Aberdeenshire	578.711	23.971	18.838	-8.607	612.914	113.278	33.562	138.786	327.288	499.636	0.000	499.636
Angus	263.549	10.891	11.249	-3.376	282.313	44.383	15.010	26.160	196.760	237.930	0.000	237.930
Argyll & Bute	225.412	9.332	9.037	15.850	259.632	39.931	12.186	33.179	174.335	219.701	0.000	219.701
Clackmannanshire	121.973	5.053	4.595	-1.828	129.792	19.572	8.045	18.065	84.110	110.220	0.000	110.220
Dumfries & Galloway	361.823	14.950	15.126	-3.287	388.612	59.603	18.545	51.388	259.076	329.009	0.000	329.009
Dundee City	361.878	14.994	5.762	3.124	385.758	47.795	23.184	35.496	279.282	337.963	0.000	337.963
East Ayrshire	294.339	12.192	9.710	-4.582	311.659	42.949	18.810	23.226	226.674	268.710	0.000	268.710
East Dunbartonshire	257.788	10.674	3.961	-3.700	268.722	51.034	12.364	17.675	187.649	217.688	0.000	217.688
East Lothian	241.066	9.982	3.684	-3.451	251.280	47.700	13.605	28.686	161.290	203.580	0.000	203.580
East Renfrewshire	233.795	9.681	9.020	-3.271	249.225	43.756	9.951	9.574	185.944	205.469	0.000	205.469
Edinburgh, City of	1,012.919	41.960	23.165	9.231	1,087.276	224.483	56.739	249.861	556.192	862.793	10.116	872.909
Eilean Siar	85.022	3.520	6.824	17.984	113.349	9.602	4.346	8.149	91.253	103.747	0.000	103.747
Falkirk	358.738	14.853	19.163	-5.415	387.339	59.717	23.131	80.433	224.058	327.622	0.000	327.622
Fife	849.532	35.166	30.245	-13.035	901.908	141.061	52.847	179.675	528.325	760.847	0.000	760.847
Glasgow City	1,484.686	61.583	36.258	42.849	1,625.375	217.525	100.324	296.203	1,011.323	1,407.850	0.000	1,407.850
Highland	570.382	23.612	30.254	-2.212	622.036	98.460	32.673	141.565	349.338	523.576	0.000	523.576
Inverclyde	195.186	8.076	9.993	2.258	215.513	27.699	11.315	15.906	160.593	187.814	0.000	187.814
Midlothian	215.840	8.948	6.337	-3.088	228.037	37.780	14.835	24.895	150.527	190.257	0.000	190.257
Moray	210.060	8.683	8.194	-3.253	223.683	34.745	12.020	54.575	122.343	188.938	0.000	188.938
North Ayrshire	336.897	13.950	5.730	8.084	364.661	50.154	20.057	37.745	256.705	314.507	0.000	314.507
North Lanarkshire	806.019	33.418	9.853	-12.171	837.119	117.725	49.382	111.737	558.274	719.394	0.000	719.394
Orkney Islands	84.366	3.510	5.605	-1.330	92.151	8.243	15.527	12.954	55.426	83.908	0.000	83.908
Perth & Kinross	340.423	14.074	11.853	-4.793	361.557	66.803	17.194	46.141	231.418	294.754	0.000	294.754
Renfrewshire	417.825	17.310	7.705	-6.131	436.710	71.555	25.589	108.076	231.489	365.155	0.000	365.155
Scottish Borders	271.372	11.220	12.405	-3.539	291.459	48.476	15.017	35.294	192.672	242.983	0.000	242.983
Shetland Islands	92.654	3.861	5.943	4.690	107.148	8.300	20.722	35.322	42.804	98.848	0.000	98.848
South Ayrshire	268.116	11.085	8.904	-4.041	284.064	48.255	13.887	30.913	191.009	235.809	0.000	235.809
South Lanarkshire	739.475	30.614	9.939	-1.429	778.599	126.650	43.109	422.591	186.249	651.949	0.000	651.949
Stirling	218.750	9.060	10.795	-3.309	235.297	39.162	12.665	35.942	147.528	196.135	0.000	196.135
West Dunbartonshire	229.206	9.504	3.601	4.739	247.051	33.568	13.817	107.740	91.925	213.483	0.000	213.483
West Lothian	413.150	17.118	12.292	-6.375	436.186	66.492	24.590	79.491	265.613	369.694	0.000	369.694
<b>Scotland</b>	<b>12,595.095</b>	<b>521.659</b>	<b>383.931</b>	<b>0.000</b>	<b>13,500.686</b>	<b>2,140.082</b>	<b>773.879</b>	<b>2,766.000</b>	<b>7,820.724</b>	<b>11,360.604</b>	<b>10.116</b>	<b>11,370.720</b>

REVISED INDIVIDUAL REVENUE ALLOCATIONS 2021-22

ANNEX C

£million	Expenditure					Funding								Non Recurring Covid Funding £m
	1	2	3	4	5	6	7	8	9	10	11	12	13	
	Updated Service Provision £m	2008-22 Changes £m	Loan Charges/ PPP/ LPFS £m	Main Floor £m	Total Estimated Expenditure £m	Assumed Council Tax contribution £m	Total Ring-fenced Grants £m	Non Domestic Rates £m	General Revenue Funding £m	Total £m	85% floor £m	Council Tax Freeze £m	Revised Total £m	
Aberdeen City	447.187	15.667	18.624	-0.354	481.123	93.989	32.243	202.923	151.968	387.134	0.000	4.206	391.340	6.299
Aberdeenshire	571.356	21.301	19.474	-7.332	604.798	111.729	34.455	104.867	353.747	493.069	0.000	4.715	497.785	6.795
Angus	260.700	9.637	11.591	-3.419	278.509	43.972	13.854	19.766	200.916	234.537	0.000	1.727	236.264	3.731
Argyll & Bute	225.587	7.854	9.313	15.222	257.977	39.450	12.302	25.070	181.155	218.527	0.000	1.762	220.289	2.725
Clackmannanshire	121.045	4.088	4.747	-0.594	129.287	19.547	7.444	13.650	88.645	109.740	0.000	0.829	110.569	2.088
Dumfries & Galloway	358.934	12.974	15.653	-2.800	384.760	59.355	16.943	38.830	269.633	325.405	0.000	2.364	327.769	5.398
Dundee City	364.096	12.222	5.967	5.215	387.500	47.379	24.863	26.821	288.437	340.121	0.000	2.123	342.244	6.514
East Ayrshire	292.358	10.120	10.101	-3.872	308.707	42.537	18.747	17.550	229.873	266.170	0.000	1.903	268.074	4.972
East Dunbartonshire	258.023	9.176	4.100	-2.425	268.873	50.689	13.291	13.355	191.538	218.184	0.000	2.153	220.337	3.091
East Lothian	237.598	8.550	3.813	-1.947	248.014	46.349	14.743	21.675	165.246	201.665	0.000	1.948	203.613	3.240
East Renfrewshire	231.999	8.667	9.164	-1.799	248.032	43.195	8.506	7.234	189.097	204.837	0.000	1.802	206.639	2.641
Edinburgh, City of	1,001.090	34.955	23.755	10.499	1,070.299	222.915	61.959	188.796	596.629	847.384	8.409	9.615	865.408	14.520
Eilean Siar	86.541	3.383	7.071	16.347	113.341	9.544	4.497	6.157	93.143	103.797	0.000	0.372	104.169	0.868
Falkirk	359.156	12.761	19.582	-4.157	387.341	59.394	24.798	60.775	242.374	327.947	0.000	2.358	330.305	5.520
Fife	841.792	30.195	31.534	-11.004	892.517	140.079	51.131	135.763	565.544	752.438	0.000	5.829	758.267	13.286
Glasgow City	1,479.101	49.479	90.881	4.170	1,623.631	215.650	94.552	223.812	1,089.617	1,407.981	0.000	9.671	1,417.653	31.049
Highland	568.257	20.526	31.353	-1.010	619.127	97.845	33.620	106.967	380.695	521.282	0.000	4.231	525.513	7.573
Inverclyde	195.521	6.603	10.359	3.047	215.530	27.533	12.454	12.019	163.524	187.997	0.000	1.198	189.195	3.422
Midlothian	212.768	7.449	6.450	-0.001	226.665	36.786	16.548	18.811	154.521	189.879	0.000	1.663	191.542	2.906
Moray	208.057	7.609	8.484	-2.731	221.419	34.539	13.091	41.237	132.552	186.880	0.000	1.482	188.362	2.628
North Ayrshire	336.732	11.468	6.918	8.508	363.626	49.870	20.980	28.520	264.257	313.756	0.000	2.182	315.938	6.182
North Lanarkshire	806.019	28.097	10.197	-10.308	834.005	117.132	51.025	84.429	581.420	716.873	0.000	4.640	721.513	13.884
Orkney Islands	84.688	3.090	5.824	-1.204	92.397	8.146	10.593	9.788	63.870	84.251	0.000	0.319	84.571	0.637
Perth & Kinross	335.551	12.303	12.247	-4.225	355.877	65.922	16.920	34.864	238.171	289.955	0.000	2.817	292.772	4.016
Renfrewshire	416.831	14.284	7.979	-3.013	436.081	70.931	28.742	81.663	254.744	365.150	0.000	3.019	368.169	6.796
Scottish Borders	269.604	9.809	12.894	-3.539	288.768	47.999	15.168	26.668	198.933	240.769	0.000	1.955	242.724	3.679
Shetland Islands	91.616	3.347	7.162	4.984	107.109	8.234	14.307	26.690	57.878	98.875	0.000	0.323	99.198	0.643
South Ayrshire	264.891	9.373	9.199	-3.381	280.081	48.033	13.388	23.358	195.303	232.048	0.000	2.102	234.150	4.045
South Lanarkshire	732.365	26.119	10.285	3.745	772.514	125.178	43.734	319.312	284.289	647.336	0.000	4.882	652.217	12.388
Stirling	217.747	7.703	11.112	-2.572	233.990	38.914	14.233	27.158	153.685	195.076	0.000	1.690	196.765	2.669
West Dunbartonshire	230.836	7.648	3.726	5.350	247.560	33.812	14.097	81.408	118.242	213.748	0.000	1.423	215.171	4.161
West Lothian	410.495	14.854	12.669	-5.401	432.617	65.519	22.689	60.063	284.345	367.098	0.000	2.699	369.797	6.805
<b>Scotland</b>	<b>12,518.540</b>	<b>441.310</b>	<b>452.228</b>	<b>0.000</b>	<b>13,412.078</b>	<b>2,122.166</b>	<b>775.918</b>	<b>2,090.000</b>	<b>8,423.994</b>	<b>11,289.912</b>	<b>8.409</b>	<b>90.000</b>	<b>11,388.321</b>	<b>195.171</b>

The explanation of each of the columns within the tables at Annex B is as follows:

**Column 1** – represents the updated on-going service provision and includes the following combined information: (i) the updated Grant Aided Expenditure (GAE) assessments; (ii) the revised Special Islands Needs Allowance (SINA); (iii) each council's individual share of the on-going revenue grants which have been rolled up into the core local government finance settlement; (iv) each council's share of all the baselined redeterminations since Spending Review 2007; and the previous loan charge adjustment.

**Column 2** – is the new combined total, non-ring-fenced, changes in general provision resulting from Spending Reviews 2007, 2010, 2011, 2013, 2015 and budget revisions for 2016 - 2023 allocated pro-rata to each council's share of TEE as agreed with the Settlement and Distribution Group (SDG).

**Column 3** – represents the updated share of the loan charges support for outstanding debt and the same level of on-going PPP level playing field support. The methodology for calculating Loan Charge Support (LCS) and support for Public Private Partnership (PPP) projects (level playing field projects only (LPFS) is set out on Annex H of Finance Circular 2/2011.

**Column 4** – is the main floor adjustment which has been calculated using the revised methodology agreed following the 2018 review.

**Column 5** – this is the net revenue expenditure recognised by the Scottish Government and represents the sum of columns 1 to 4.

**Column 6** – is the assumption of the amount of Total Estimated Expenditure to be funded from the council tax. Any changes are as a result of buoyancy or projected numbers of properties, as well as the estimated additional council tax income to be collected and retained by each local authority as a result of the changes to bands E to H.

**Column 7** – is each council's estimated share of the on-going Ring-Fenced Grants for Gaelic, Pupil Equity Fund (PEF), Criminal Justice Social Work, Early Learning and Childcare, and Inter-Island Ferries.

**Column 8** – is each council's share of the estimated non-domestic rate income which has been distributed proportionately on the basis of council's 2021-22 mid-year income.

**Column 9** – is the balance of funding provided by means of general revenue funding and is calculated by deducting columns 6, 7 and 8 from the Total Estimated Expenditure in column 5.

**Column 10** – represents the total revenue funding available to each council in 2022-23.

**Column 11** – is the 85% floor adjustment which has been calculated to meet the Scottish Government's commitment to ensure that no Local Authority receives less than 85% of the Scottish average per head in terms of revenue support.

**Column 12** - is the revised total funding including all the changes and the 85% funding floor adjustments.



Local Authority	Gaelic	Pupil Equity Fund (PEF)	Criminal Justice Social Work	Early Learning and Childcare Expansion	ELC Deferral Pilots	Inter-Island Ferries
	£m	£m	£m	£m	£m	£m
Aberdeen City	0.092	3.049	3.953	20.537	1.200	0.000
Aberdeenshire	0.000	2.852	2.817	27.893	0.000	0.000
Angus	0.023	2.141	1.628	10.518	0.700	0.000
Argyll & Bute	0.365	1.304	0.984	7.964	0.300	1.269
Clackmannanshire	0.002	1.498	1.117	5.128	0.300	0.000
Dumfries & Galloway	0.000	2.813	2.521	13.212	0.000	0.000
Dundee City	0.000	4.968	3.551	14.665	0.000	0.000
East Ayrshire	0.144	3.434	2.108	13.124	0.000	0.000
East Dunbartonshire	0.077	1.631	0.791	9.865	0.000	0.000
East Lothian	0.008	1.582	1.068	10.946	0.000	0.000
East Renfrewshire	0.012	1.326	0.614	7.998	0.000	0.000
Edinburgh, City of	0.320	7.121	7.984	41.314	0.000	0.000
Eilean Siar	0.965	0.287	0.294	2.799	0.000	0.000
Falkirk	0.014	3.587	2.684	16.046	0.800	0.000
Fife	0.010	9.684	6.105	35.448	1.600	0.000
Glasgow City	0.560	21.760	15.519	59.685	2.800	0.000
Highland	0.910	3.928	3.239	23.906	0.000	0.690
Inverclyde	0.068	2.349	1.300	7.598	0.000	0.000
Midlothian	0.007	2.166	1.251	11.411	0.000	0.000
Moray	0.003	1.367	1.291	9.359	0.000	0.000
North Ayrshire	0.090	4.212	2.662	13.093	0.000	0.000
North Lanarkshire	0.265	8.930	5.345	34.842	0.000	0.000
Orkney Islands	0.000	0.233	0.235	2.213	0.000	12.847
Perth & Kinross	0.104	1.665	1.831	13.594	0.000	0.000
Renfrewshire	0.016	4.274	2.583	18.716	0.000	0.000
Scottish Borders	0.001	1.763	1.256	11.497	0.500	0.000
Shetland Islands	0.000	0.223	0.252	2.758	0.200	17.289
South Ayrshire	0.015	2.351	1.729	9.792	0.000	0.000
South Lanarkshire	0.170	8.098	4.412	30.428	0.000	0.000
Stirling	0.115	1.390	1.239	9.421	0.500	0.000
West Dunbartonshire	0.015	3.104	1.631	9.067	0.000	0.000
West Lothian	0.008	4.910	2.455	17.217	0.000	0.000
<b>Scotland</b>	<b>4.379</b>	<b>120.000</b>	<b>86.450</b>	<b>522.056</b>	<b>8.900</b>	<b>32.095</b>

Notes: These figures represent the best estimates used in the calculation of the 2022-23 local government finance settlement, including the calculation of the Floors. The actual sums payable will be notified to the relevant Policy Team.

PEF allocations for 2022-23 are still being prepared by the Scottish Government. The figures refer to local authority PEF allocations in the 2021-22 financial year, less the one-off Pupil Premium which will not be repeated in 2022-23.

The distribution of the Inter-Island Ferries has also necessarily used estimated figures and currently excludes £1 million previously paid in respect of Orkney Transport.

Local Authority	Grant Without Floor	Change Without Floor	Floor Change	Grant With Floor	Change With Floor
	£m	%	£m	£m	%
Moray	151.676	2.87%	-3.253	148.423	0.66%
Orkney Islands	61.991	2.59%	-1.330	60.661	0.39%
West Lothian	297.202	2.53%	-6.375	290.827	0.33%
South Ayrshire	188.393	2.52%	-4.041	184.352	0.32%
Fife	607.734	2.48%	-13.035	594.699	0.28%
North Lanarkshire	567.442	2.48%	-12.171	555.271	0.28%
East Ayrshire	213.609	2.47%	-4.582	209.027	0.27%
East Lothian	160.913	2.40%	-3.451	157.462	0.20%
Aberdeenshire	401.261	2.26%	-8.607	392.655	0.06%
Midlothian	143.954	2.21%	-3.088	140.866	0.02%
Aberdeen City	307.182	2.16%	-6.589	300.593	-0.03%
Stirling	154.279	2.13%	-3.309	150.970	-0.06%
Clackmannanshire	85.233	2.08%	-1.828	83.405	-0.11%
East Dunbartonshire	172.518	2.04%	-3.700	168.817	-0.15%
Renfrewshire	285.825	2.03%	-6.131	279.695	-0.16%
Falkirk	252.447	1.94%	-5.415	247.032	-0.25%
Angus	187.652	1.41%	-3.376	184.276	-0.42%
Argyll & Bute	156.808	-9.56%	15.850	172.659	-0.42%
Dumfries & Galloway	260.988	0.85%	-3.287	257.701	-0.42%
Dundee City	257.742	-1.61%	3.124	260.865	-0.42%
East Renfrewshire	165.053	1.59%	-3.271	161.783	-0.42%
Edinburgh (City of)	649.837	-1.81%	9.231	659.068	-0.42%
Eilean Siar	71.332	-20.47%	17.984	89.316	-0.42%
Glasgow City	1,059.501	-4.29%	42.849	1,102.350	-0.42%
Highland	416.878	0.11%	-2.212	414.666	-0.42%
Inverclyde	144.519	-1.95%	2.258	146.777	-0.42%
North Ayrshire	238.224	-3.69%	8.084	246.308	-0.42%
Perth & Kinross	232.646	1.68%	-4.793	227.854	-0.42%
Scottish Borders	193.898	1.43%	-3.539	190.359	-0.42%
Shetland Islands	66.893	-6.94%	4.690	71.583	-0.42%
South Lanarkshire	506.612	-0.14%	-1.429	505.183	-0.42%
West Dunbartonshire	158.153	-3.32%	4.739	162.893	-0.42%
<b>Scotland</b>	<b>8,818.397</b>	<b>-0.17%</b>	<b>0.000</b>	<b>8,818.397</b>	<b>-0.17%</b>

The annual change in the Grant for Floor Funding was -0.17% and as a result of the floor being set at -0.25 below this annual change the maximum decrease in the Grant for floor was set at -0.42%

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2021-22 - GENERAL

ANNEX G

GENERAL FUNDING	Living Wage - Health and Social Care	Additional GRG Funding	Teacher Induction Scheme Amendment - Glasgow Only	Free Child Burials	Summer of Play: Activities for Children & Young People	Phase 1: Universal Free School Meals	Phase 2: Free School Meal Holiday Support	Correction Educational Psychologists	Teacher Induction Scheme - admin costs	School Clothing Grant	Removal of Fees for Instrumental Music Tuition	Removal of Core Curriculum Charges	Additional Funding to Increase Teacher Numbers and Pupil Support Assistants	*Scottish Child Payment Bridging Payments
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	1.132	1.420	0.000	0.011	0.418	0.585	1.043	0.000	-0.005	0.175	0.298	0.135	1.656	0.707
Aberdeenshire	1.250	1.931	0.000	0.016	0.562	0.573	1.653	-0.001	-0.007	0.176	0.351	0.207	2.644	0.674
Angus	0.723	0.873	0.000	0.006	0.335	0.372	0.620	0.000	-0.003	0.118	0.109	0.087	1.102	0.449
Argyll & Bute	0.553	0.712	0.000	0.004	0.232	0.205	0.425	0.000	-0.003	0.079	0.060	0.058	0.794	0.249
Clackmannanshire	0.281	0.371	0.000	0.003	0.162	0.245	0.267	0.000	-0.001	0.064	0.078	0.038	0.468	0.290
Dumfries & Galloway	1.004	1.176	0.000	0.007	0.529	0.529	0.714	0.000	-0.004	0.172	0.089	0.106	1.418	0.641
Dundee City	0.906	1.108	0.000	0.007	0.432	0.885	0.665	0.000	-0.004	0.176	0.087	0.104	1.287	0.973
East Ayrshire	0.728	0.917	0.000	0.007	0.405	0.583	0.619	0.000	-0.003	0.168	0.077	0.092	1.137	0.681
East Dunbartonshire	0.599	0.832	0.000	0.006	0.184	0.290	0.722	0.000	-0.003	0.072	0.142	0.099	1.222	0.460
East Lothian	0.582	0.775	0.000	0.006	0.277	0.294	0.654	0.000	-0.002	0.105	0.160	0.085	1.042	0.351
East Renfrewshire	0.508	0.786	0.000	0.006	0.187	0.231	0.777	0.000	-0.003	0.071	0.227	0.099	1.220	0.283
Edinburgh, City of	2.569	3.168	0.000	0.025	0.846	1.241	2.303	0.000	-0.010	0.346	0.247	0.296	3.628	1.386
Eilean Siar	0.201	0.307	0.000	0.002	0.078	0.063	0.139	0.000	-0.001	0.021	0.028	0.019	0.279	0.051
Falkirk	0.883	1.157	0.000	0.009	0.443	0.717	0.872	0.000	-0.004	0.175	0.104	0.125	1.544	0.821
Fife	2.116	2.737	0.000	0.020	1.160	1.679	1.956	-0.001	-0.010	0.458	0.370	0.286	3.540	1.980
Glasgow City	3.488	4.485	0.087	0.031	2.250	4.068	2.462	-0.001	-0.016	0.968	0.334	0.401	4.925	5.174
Highland	1.350	1.860	0.000	0.013	0.721	0.722	1.255	0.000	-0.006	0.232	0.732	0.176	2.306	0.807
Inverclyde	0.522	0.598	0.000	0.004	0.201	0.532	0.325	0.000	-0.002	0.081	0.047	0.056	0.696	0.459
Midlothian	0.457	0.675	0.000	0.005	0.252	0.295	0.594	0.000	-0.002	0.094	0.110	0.077	0.930	0.361
Moray	0.562	0.690	0.000	0.005	0.256	0.250	0.525	0.000	-0.002	0.090	0.073	0.069	0.870	0.285
North Ayrshire	0.861	1.039	0.000	0.007	0.452	0.704	0.651	0.000	-0.004	0.186	0.097	0.103	1.292	0.868
North Lanarkshire	1.832	2.547	0.000	0.020	1.104	1.577	1.873	0.000	-0.010	0.448	0.234	0.280	3.469	1.858
Orkney	0.139	0.280	0.000	0.001	0.068	0.035	0.120	0.000	-0.001	0.020	0.013	0.016	0.241	0.052
Perth & Kinross	0.924	1.115	0.000	0.008	0.397	0.307	0.775	0.000	-0.003	0.133	0.222	0.104	1.324	0.383
Renfrewshire	1.031	1.295	0.000	0.010	0.436	0.771	0.960	0.000	-0.005	0.178	0.113	0.136	1.672	0.862
Scottish Borders	0.706	0.889	0.000	0.006	0.353	0.333	0.587	0.000	-0.003	0.119	0.079	0.082	1.067	0.399
Shetland	0.119	0.303	0.000	0.002	0.053	0.042	0.150	-0.001	-0.001	0.013	0.051	0.019	0.269	0.053
South Ayrshire	0.753	0.850	0.000	0.005	0.295	0.406	0.556	0.000	-0.003	0.118	0.107	0.081	1.025	0.514
South Lanarkshire	1.821	2.367	0.000	0.017	0.882	1.516	1.716	0.000	-0.009	0.336	0.068	0.257	3.196	1.782
Stirling	0.489	0.698	0.000	0.005	0.213	0.256	0.493	0.000	-0.002	0.080	0.214	0.073	0.937	0.286
West Dunbartonshire	0.527	0.693	0.000	0.006	0.276	0.486	0.479	0.000	-0.003	0.118	0.059	0.071	0.881	0.600
West Lothian	0.884	1.346	0.000	0.011	0.541	0.958	1.050	0.000	-0.005	0.210	0.305	0.156	1.919	1.090
<b>Scotland</b>	<b>30.500</b>	<b>40.000</b>	<b>0.087</b>	<b>0.290</b>	<b>15.000</b>	<b>21.750</b>	<b>28.000</b>	<b>-0.007</b>	<b>-0.140</b>	<b>5.800</b>	<b>5.285</b>	<b>3.993</b>	<b>50.000</b>	<b>25.830</b>

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2021-22 - GENERAL

ANNEX G (Continued)

GENERAL FUNDING	Implementation of National Trauma Training Programme	Unaccompanied Asylum Seeking Children (UASC)	Scottish Disability Assistance	Mental Health Recovery & Renewal	Care at Home Winter Planning	Interim Care Winter Planning	Funding for Pressures	Social Care workforce Uplift	Teacher Induction Scheme	Customer First	Dundee to Stansted	Educational Psychology Trainees	General Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	0.050	0.022	0.031	0.107	2.337	1.507	1.065	2.091	0.583	0.000	0.000	0.000	15.368
Aberdeenshire	0.050	0.044	0.037	0.149	2.632	1.698	1.448	1.633	0.841	0.000	0.000	0.000	18.562
Angus	0.050	0.022	0.024	0.063	1.479	0.954	0.655	0.912	0.374	0.000	0.000	0.014	9.339
Argyll & Bute	0.050	0.011	0.015	0.050	1.129	0.728	0.534	0.783	0.276	0.000	0.000	0.000	6.943
Clackmannanshire	0.050	0.011	0.011	0.025	0.556	0.359	0.278	0.528	0.739	0.000	0.000	0.014	4.837
Dumfries & Galloway	0.050	0.000	0.029	0.088	2.025	1.306	0.882	1.433	0.951	0.000	0.000	0.000	13.144
Dundee City	0.050	0.022	0.040	0.072	1.787	1.153	0.831	1.384	1.613	0.000	0.904	0.014	14.496
East Ayrshire	0.050	0.011	0.022	0.062	1.439	0.929	0.688	0.751	1.786	0.000	0.000	0.014	11.163
East Dunbartonshire	0.050	0.022	0.018	0.051	1.265	0.816	0.624	0.837	4.000	0.000	0.000	0.014	12.323
East Lothian	0.050	0.011	0.018	0.054	1.188	0.767	0.581	0.740	1.137	0.000	0.000	0.014	8.890
East Renfrewshire	0.050	0.022	0.018	0.045	1.089	0.703	0.589	0.741	2.900	0.000	0.000	0.014	10.563
Edinburgh, City of	0.050	0.000	0.029	0.245	5.530	3.567	2.376	4.260	1.426	0.000	0.000	0.029	33.556
Eilean Siar	0.050	0.000	0.010	0.019	0.384	0.248	0.230	0.056	0.382	0.000	0.000	0.000	2.565
Falkirk	0.050	0.022	0.033	0.078	1.758	1.134	0.867	1.243	2.587	0.000	0.000	0.014	14.632
Fife	0.050	0.044	0.083	0.186	4.291	2.768	2.053	2.869	4.291	0.000	0.000	0.029	32.955
Glasgow City	0.050	0.000	0.152	0.314	6.919	4.464	3.364	4.590	6.161	0.000	0.000	0.057	54.728
Highland	0.050	0.033	0.050	0.139	2.730	1.761	1.395	1.827	1.085	0.000	0.000	0.000	19.238
Inverclyde	0.050	0.011	0.020	0.038	1.039	0.670	0.449	0.567	0.946	0.000	0.000	0.014	7.323
Midlothian	0.050	0.011	0.024	0.046	0.934	0.603	0.506	0.751	1.052	0.000	0.000	0.014	7.839
Moray	0.050	0.011	0.015	0.051	1.137	0.734	0.517	0.450	1.565	0.000	0.000	0.000	8.204
North Ayrshire	0.050	0.011	0.028	0.068	1.719	1.109	0.780	0.866	1.158	0.000	0.000	0.014	12.060
North Lanarkshire	0.050	0.033	0.083	0.166	3.597	2.321	1.910	2.213	3.742	0.964	0.000	0.029	30.340
Orkney	0.050	0.000	0.010	0.015	0.271	0.175	0.210	0.112	0.078	0.000	0.000	0.000	1.904
Perth & Kinross	0.050	0.011	0.031	0.083	1.969	1.271	0.836	1.051	0.510	0.000	0.000	0.000	11.501
Renfrewshire	0.050	0.011	0.035	0.086	2.051	1.323	0.971	1.184	3.765	0.000	0.000	0.014	16.950
Scottish Borders	0.050	0.022	0.018	0.066	1.454	0.938	0.667	0.873	0.781	0.000	0.000	0.014	9.500
Shetland	0.050	0.000	0.010	0.015	0.234	0.151	0.227	0.084	0.083	0.000	0.000	0.000	1.926
South Ayrshire	0.050	0.011	0.018	0.057	1.554	1.002	0.637	0.964	1.455	0.000	0.000	0.029	10.484
South Lanarkshire	0.050	0.022	0.083	0.160	3.661	2.362	1.776	2.081	2.220	0.000	0.000	0.043	26.407
Stirling	0.050	0.011	0.013	0.049	1.032	0.666	0.524	0.702	1.276	0.000	0.000	0.014	8.078
West Dunbartonshire	0.050	0.011	0.020	0.044	1.043	0.673	0.520	0.580	0.631	0.000	0.000	0.014	7.780
West Lothian	0.050	0.022	0.044	0.089	1.767	1.140	1.010	1.044	2.825	0.000	0.000	0.014	16.471
<b>Scotland</b>	<b>1.600</b>	<b>0.500</b>	<b>1.072</b>	<b>2.780</b>	<b>62.000</b>	<b>40.000</b>	<b>30.000</b>	<b>40.200</b>	<b>53.219</b>	<b>0.964</b>	<b>0.904</b>	<b>0.444</b>	<b>460.071</b>

\*Partial distribution only. The final distribution will be included in the LG Finance Order.

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2021-22 - COVID

ANNEX G (Continued)

2021-2022	Correction - Additional Free School Meals to cover Dec/Jan holidays	Education Recovery	Family Pandemic Payments	*Low Income Pandemic Payments	*Local Self-Isolation Assistance Service	Tenant Grant Fund	COVID-19 Business Support Administration Grant 2021-22	Co2 monitors	Financial Insecurity Flexible funding	COVID Total	General + COVID 19 TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
<b>COVID 19 FUNDING</b>											
Aberdeen City	-0.166	1.943	0.653	2.179	0.300	0.414	0.157	0.101	0.718	6.299	21.667
Aberdeenshire	-0.224	2.853	0.623	1.790	0.364	0.293	0.213	0.156	0.727	6.795	25.357
Angus	-0.125	1.258	0.415	1.206	0.200	0.164	0.063	0.064	0.485	3.731	13.070
Argyll & Bute	-0.080	0.869	0.230	0.979	0.146	0.098	0.063	0.049	0.371	2.725	9.669
Clackmannanshire	-0.069	0.590	0.268	0.745	0.091	0.145	0.019	0.028	0.271	2.088	6.925
Dumfries & Galloway	-0.194	1.643	0.592	1.914	0.282	0.218	0.103	0.083	0.757	5.398	18.542
Dundee City	-0.288	1.722	0.900	2.472	0.300	0.377	0.063	0.081	0.886	6.514	21.010
East Ayrshire	-0.202	1.423	0.629	1.858	0.237	0.200	0.054	0.069	0.705	4.972	16.135
East Dunbartonshire	-0.093	1.319	0.423	0.795	0.137	0.111	0.047	0.069	0.284	3.091	15.414
East Lothian	-0.098	1.169	0.325	0.978	0.155	0.184	0.051	0.061	0.415	3.240	12.130
East Renfrewshire	-0.074	1.279	0.261	0.634	0.109	0.086	0.042	0.069	0.236	2.641	13.204
Edinburgh, City of	-0.333	4.239	1.282	4.940	0.637	1.578	0.336	0.220	1.622	14.520	48.076
Eilean Siar	-0.024	0.298	0.048	0.292	0.055	0.023	0.019	0.018	0.139	0.868	3.433
Falkirk	-0.212	1.868	0.759	1.794	0.255	0.229	0.065	0.090	0.672	5.520	20.152
Fife	-0.557	4.316	1.829	4.330	0.664	0.647	0.167	0.210	1.680	13.286	46.241
Glasgow City	-1.203	6.982	4.775	12.565	1.292	1.623	0.346	0.321	4.348	31.049	85.778
Highland	-0.255	2.608	0.746	2.428	0.391	0.312	0.183	0.140	1.019	7.573	26.810
Inverclyde	-0.162	0.951	0.427	1.370	0.155	0.098	0.028	0.043	0.512	3.422	10.745
Midlothian	-0.109	1.076	0.333	0.840	0.137	0.166	0.041	0.055	0.368	2.906	10.746
Moray	-0.088	0.981	0.264	0.792	0.146	0.092	0.055	0.052	0.335	2.628	10.832
North Ayrshire	-0.209	1.615	0.802	2.388	0.273	0.314	0.055	0.077	0.867	6.182	18.242
North Lanarkshire	-0.519	4.183	1.717	5.118	0.592	0.592	0.132	0.203	1.866	13.884	44.224
Orkney	-0.017	0.246	0.048	0.190	0.036	0.022	0.023	0.015	0.074	0.637	2.542
Perth & Kinross	-0.118	1.448	0.354	1.233	0.228	0.188	0.100	0.079	0.505	4.016	15.517
Renfrewshire	-0.243	2.041	0.798	2.637	0.309	0.225	0.082	0.099	0.848	6.796	23.746
Scottish Borders	-0.111	1.199	0.369	1.233	0.191	0.184	0.081	0.064	0.470	3.679	13.179
Shetland	-0.021	0.281	0.049	0.165	0.036	0.025	0.024	0.017	0.066	0.643	2.569
South Ayrshire	-0.135	1.204	0.474	1.450	0.200	0.199	0.059	0.060	0.533	4.045	14.529
South Lanarkshire	-0.470	3.897	1.647	4.410	0.564	0.462	0.150	0.187	1.541	12.388	38.795
Stirling	-0.086	1.028	0.264	0.771	0.137	0.111	0.065	0.054	0.325	2.669	10.747
West Dunbartonshire	-0.186	1.111	0.554	1.560	0.182	0.277	0.034	0.053	0.575	4.161	11.940
West Lothian	-0.279	2.360	1.008	2.097	0.300	0.343	0.082	0.113	0.780	6.805	23.276
<b>Scotland</b>	<b>-6.950</b>	<b>60.000</b>	<b>23.867</b>	<b>68.154</b>	<b>9.100</b>	<b>10.000</b>	<b>3.000</b>	<b>3.000</b>	<b>25.000</b>	<b>195.171</b>	<b>655.242</b>

\*Partial distribution only. The final distribution will be included in the LG Finance Order.

Local Authority	2022-23 GAE plus SINA	Percentage Shares	2008-23 Changes	2008-22 Changes	Movement in Changes
	£m	£m	£m	£m	£m
Aberdeen City	347.294	3.62	18.816	15.667	3.149
Aberdeenshire	466.368	4.86	23.971	21.301	2.671
Angus	207.573	2.16	10.891	9.637	1.255
Argyll & Bute	167.313	1.74	9.332	7.854	1.478
Clackmannanshire	89.785	0.94	5.053	4.088	0.964
Dumfries & Galloway	277.990	2.90	14.950	12.974	1.976
Dundee City	265.393	2.77	14.994	12.222	2.772
East Ayrshire	222.421	2.32	12.192	10.120	2.072
East Dunbartonshire	198.890	2.07	10.674	9.176	1.498
East Lothian	189.132	1.97	9.982	8.550	1.432
East Renfrewshire	184.868	1.93	9.681	8.667	1.014
Edinburgh, City of	764.226	7.97	41.960	34.955	7.005
Eilean Siar	69.611	0.73	3.520	3.383	0.137
Falkirk	278.861	2.91	14.853	12.761	2.092
Fife	657.502	6.85	35.166	30.195	4.971
Glasgow City	1077.653	11.24	61.583	49.479	12.104
Highland	442.621	4.61	23.612	20.526	3.086
Inverclyde	143.039	1.49	8.076	6.603	1.473
Midlothian	168.336	1.76	8.948	7.449	1.499
Moray	166.958	1.74	8.683	7.609	1.074
North Ayrshire	248.247	2.59	13.950	11.468	2.481
North Lanarkshire	612.617	6.39	33.418	28.097	5.321
Orkney	59.594	0.62	3.510	3.090	0.420
Perth & Kinross	265.450	2.77	14.074	12.303	1.771
Renfrewshire	315.871	3.29	17.310	14.284	3.026
Scottish Borders	212.488	2.22	11.220	9.809	1.412
Shetland	64.395	0.67	3.861	3.347	0.515
South Ayrshire	202.998	2.12	11.085	9.373	1.712
South Lanarkshire	568.699	5.93	30.614	26.119	4.495
Stirling	168.274	1.75	9.060	7.703	1.357
West Dunbartonshire	164.539	1.72	9.504	7.648	1.856
West Lothian	322.619	3.36	17.118	14.854	2.264
<b>Scotland</b>	<b>9591.627</b>	<b>100.000</b>	<b>521.659</b>	<b>441.310</b>	<b>80.350</b>

2022-23 £m	Capital Settlement 2022-23			Specific grants to be paid in 2022-23				
	General Capital Grant	Specific Grants	Total Capital Grants	Strathclyde Partnership	Vacant and Derelict Land	TMDF	Cycling Walking & Safer Streets	Total
Aberdeen City	18.453	1.003	19.456	0.000	0.000	0.000	1.003	1.003
Aberdeenshire	27.577	1.142	28.719	0.000	0.000	0.000	1.142	1.142
Angus	10.982	0.507	11.489	0.000	0.000	0.000	0.507	0.507
Argyll & Bute	16.478	0.374	16.852	0.000	0.000	0.000	0.374	0.374
Clackmannanshire	4.309	0.225	4.534	0.000	0.000	0.000	0.225	0.225
Dumfries & Galloway	13.874	0.649	14.523	0.000	0.000	0.000	0.649	0.649
Dundee City	13.723	0.651	14.374	0.000	0.000	0.000	0.651	0.651
East Ayrshire	9.653	0.532	10.185	0.000	0.000	0.000	0.532	0.532
East Dunbartonshire	7.453	0.476	7.929	0.000	0.000	0.000	0.476	0.476
East Lothian	9.508	0.472	9.980	0.000	0.000	0.000	0.472	0.472
East Renfrewshire	6.374	0.420	6.794	0.000	0.000	0.000	0.420	0.420
Edinburgh, City of	40.221	30.260	70.481	0.000	0.000	27.950	2.310	30.260
Eilean Siar	8.834	0.116	8.950	0.000	0.000	0.000	0.116	0.116
Falkirk	15.860	0.703	16.563	0.000	0.000	0.000	0.703	0.703
Fife	24.806	3.089	27.895	0.000	1.451	0.000	1.638	3.089
Glasgow City	50.279	69.236	119.515	0.000	2.159	64.295	2.782	69.236
Highland	36.321	1.031	37.352	0.000	0.000	0.000	1.031	1.031
Inverclyde	6.353	0.337	6.690	0.000	0.000	0.000	0.337	0.337
Midlothian	7.221	0.408	7.629	0.000	0.000	0.000	0.408	0.408
Moray	8.543	0.419	8.962	0.000	0.000	0.000	0.419	0.419
North Ayrshire	13.150	1.908	15.058	0.000	1.320	0.000	0.588	1.908
North Lanarkshire	23.362	3.431	26.793	0.000	1.938	0.000	1.493	3.431
Orkney Islands	5.048	0.098	5.146	0.000	0.000	0.000	0.098	0.098
Perth & Kinross	11.872	0.665	12.537	0.000	0.000	0.000	0.665	0.665
Renfrewshire	12.075	0.785	12.860	0.000	0.000	0.000	0.785	0.785
Scottish Borders	20.664	0.504	21.168	0.000	0.000	0.000	0.504	0.504
Shetland Islands	5.623	0.100	5.723	0.000	0.000	0.000	0.100	0.100
South Ayrshire	8.557	0.491	9.048	0.000	0.000	0.000	0.491	0.491
South Lanarkshire	22.424	2.141	24.565	0.000	0.737	0.000	1.404	2.141
Stirling	10.801	0.412	11.213	0.000	0.000	0.000	0.412	0.412
West Dunbartonshire	5.982	0.387	6.369	0.000	0.000	0.000	0.387	0.387
West Lothian	11.556	0.805	12.361	0.000	0.000	0.000	0.805	0.805
Undistributed	52.601	0.000	52.601	0.000	0.000	0.000	0.000	0.000
<b>Councils Total</b>	<b>540.537</b>	<b>123.777</b>	<b>664.314</b>	<b>0.000</b>	<b>7.605</b>	<b>92.245</b>	<b>23.927</b>	<b>123.777</b>
Strathclyde Partnership for Transport		15.327	15.327	15.327	0.000	0.000	0.000	15.327
<b>Grand Total</b>	<b>540.537</b>	<b>139.104</b>	<b>679.641</b>	<b>15.327</b>	<b>7.605</b>	<b>92.245</b>	<b>23.927</b>	<b>139.104</b>

<b>Council</b>	<b>Flood Scheme</b>	<b>Total 2022-23</b>
		<b>£m</b>
Aberdeenshire Council	Stonehaven	4.685
Aberdeenshire Council	Huntly	0.000
Angus Council	Arbroath	0.816
Argyll & Bute Council	Campbeltown	2.472
Comhairle nan Eilean Siar	South Fords	-0.820
Dumfries & Galloway Council	Dumfries/ River Nith/ Whitesands FPS	-1.185
Dumfries & Galloway Council	Stranraer work item 4 &6	0.000
Dumfries & Galloway Council	Langholm	0.048
Dumfries & Galloway Council	Newton Stewart/ River Cree	0.118
Dundee City Council	Broughty Ferry	0.004
Dundee City Council	Dundee	0.000
East Ayrshire Council	New Cumnock	0.720
East Dunbartonshire Council	Park Burn	0.000
East Lothian Council	Musselburgh	1.314
East Lothian Council	Haddington	-0.008
Falkirk Council	Grangemouth FPS	5.518
Fife Council	Kinness Burn	0.000
Glasgow City Council	White Cart Water Phase 3	0.000
Glasgow City Council	Camlachie Burn	0.000
Highland Council	Smithton and Culloden	-0.148
Highland Council	Caol and Lochyside	6.245
Highland Council	Drumnadrochit	1.789
Inverclyde Council	Inverclyde FPS - Glenmosston Burn	-0.024
Inverclyde Council	Inverclyde FPS - Coves Burn	0.000
Inverclyde Council	Inverclyde FPS - Bouverie Burn	0.000
Inverclyde Council	Quarrier's Village	0.000
Moray Council	Newmill	0.000
North Ayrshire Council	Millport Coastal	0.478
North Ayrshire Council	Upper Garnock FPS	1.586
North Ayrshire Council	Mill Burn Millport	0.714
Orkney Islands Council	Kirkwall	0.000
Perth & Kinross Council	Comrie	-0.230
Perth & Kinross Council	Milnathort	-1.246
Perth & Kinross Council	South Kinross	0.159
Perth & Kinross Council	Scone	-0.442
Scottish Borders Council	Hawick	9.555
Stirling Council	Bridge of Allan	0.458
Stirling Council	Stirling	0.658
Stirling Council	Callander	1.365
West Dunbartonshire Council	Gruggies Burn	-1.000
	<b>Total</b>	<b>33.600</b>



Local Authority	Ring-Fenced Grants	Non Domestic Rates	General Revenue Funding	Total 2022-23 Revenue	General Capital Grant	Specific Grant	Total 2022-23 Capital	2022-23 Local Government Finance Settlement
	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	28.831	268.557	93.250	390.638	18.453	1.003	19.456	410.094
Aberdeenshire	33.562	138.786	327.288	499.636	27.577	1.142	28.719	528.355
Angus	15.010	26.160	196.760	237.930	10.982	0.507	11.489	249.419
Argyll & Bute	12.186	33.179	174.335	219.701	16.478	0.374	16.852	236.553
Clackmannanshire	8.045	18.065	84.110	110.220	4.309	0.225	4.534	114.754
Dumfries & Galloway	18.545	51.388	259.076	329.009	13.874	0.649	14.523	343.532
Dundee City	23.184	35.496	279.282	337.963	13.723	0.651	14.374	352.337
East Ayrshire	18.810	23.226	226.674	268.710	9.653	0.532	10.185	278.895
East Dunbartonshire	12.364	17.675	187.649	217.688	7.453	0.476	7.929	225.617
East Lothian	13.605	28.686	161.290	203.580	9.508	0.472	9.980	213.560
East Renfrewshire	9.951	9.574	185.944	205.469	6.374	0.420	6.794	212.263
Edinburgh, City of	56.739	249.861	566.309	872.909	40.221	30.260	70.481	943.390
Eilean Siar	4.346	8.149	91.253	103.747	8.834	0.116	8.950	112.697
Falkirk	23.131	80.433	224.058	327.622	15.860	0.703	16.563	344.185
Fife	52.847	179.675	528.325	760.847	24.806	3.089	27.895	788.742
Glasgow City	100.324	296.203	1,011.323	1,407.850	50.279	69.236	119.515	1,527.365
Highland	32.673	141.565	349.338	523.576	36.321	1.031	37.352	560.928
Inverclyde	11.315	15.906	160.593	187.814	6.353	0.337	6.690	194.504
Midlothian	14.835	24.895	150.527	190.257	7.221	0.408	7.629	197.886
Moray	12.020	54.575	122.343	188.938	8.543	0.419	8.962	197.900
North Ayrshire	20.057	37.745	256.705	314.507	13.150	1.908	15.058	329.565
North Lanarkshire	49.382	111.737	558.274	719.394	23.362	3.431	26.793	746.187
Orkney	15.527	12.954	55.426	83.908	5.048	0.098	5.146	89.054
Perth & Kinross	17.194	46.141	231.418	294.754	11.872	0.665	12.537	307.291
Renfrewshire	25.589	108.076	231.489	365.155	12.075	0.785	12.860	378.015
Scottish Borders	15.017	35.294	192.672	242.983	20.664	0.504	21.168	264.151
Shetland	20.722	35.322	42.804	98.848	5.623	0.100	5.723	104.571
South Ayrshire	13.887	30.913	191.009	235.809	8.557	0.491	9.048	244.857
South Lanarkshire	43.109	422.591	186.249	651.949	22.424	2.141	24.565	676.514
Stirling	12.665	35.942	147.528	196.135	10.801	0.412	11.213	207.348
West Dunbartonshire	13.817	107.740	91.925	213.483	5.982	0.387	6.369	219.852
West Lothian	24.590	79.491	265.613	369.694	11.556	0.805	12.361	382.055
Undistributed	11.103	0.000	476.810	487.913	52.601	0.000	52.601	540.514
Strathclyde Passenger Transport	0.000	0.000	0.000	0.000	0.000	15.327	15.327	15.327
<b>Scotland</b>	<b>784.982</b>	<b>2,766.000</b>	<b>8,307.651</b>	<b>11,858.633</b>	<b>540.537</b>	<b>139.104</b>	<b>679.641</b>	<b>12,538.274</b>

## COUNCIL TAX CHARGES 2022-23

Valuation Band	Council Tax £	Water Charge £	Waste Charge £	Total £
BAND A - DISABLED	746.54	123.00	142.80	<b>1,012.34</b>
BAND A - upto £27,000	895.85	147.60	171.36	<b>1,214.81</b>
BAND B - £27,001 to £35,000	1,045.15	172.20	199.92	<b>1,417.27</b>
BAND C - £35,001 to £45,000	1,194.46	196.80	228.48	<b>1,619.74</b>
<b>BAND D - £45,001 to £58,000</b>	<b>1,343.77</b>	<b>221.40</b>	<b>257.04</b>	<b>1,822.21</b>
BAND E - £58,001 to £80,000	1,765.56	270.60	314.16	<b>2,350.32</b>
BAND F - £80,001 to £106,000	2,183.62	319.80	371.28	<b>2,874.70</b>
BAND G - £106,001 to £212,000	2,631.55	369.00	428.40	<b>3,428.95</b>
BAND H - over £212,000	3,292.23	442.80	514.08	<b>4,249.11</b>

Clackmannanshire Council does not set the charges for Water and Waste. These charges are set by Scottish Water and have increased by 4.2% for 2022-23

## HSCP Demand Pressures

Revenue Budget 2022/23 - Revised Assessment for January IJB Budget Update  
08/12/2021

Scenario 1 - Based on Long Term Pre Covid Trends 4% Demand Growth

Scenario 2 - Midway Scenario 8% Demand Growth

Scenario 3 - 12% Demand Growth

Pressure	Scenario 1 Impact £000	Scenario 2 Impact £000	Scenario 3 Impact £000	Comments
<b>Clackmannanshire</b>				
<b>Pay Award</b>				
Employee Expenditure	218	218	218	Assumed @ 2% plus cost of incremental increases
NI Increase	30	30	30	Estimated NI increase based on Stirling's increase
<b>Contractual Inflation</b>				
Long Term Care	472	472	472	4% for Long Term Care (NCHC)
Care at Home	473	473	473	4.79% for Care at Home
Direct Payments, Daycare, Respite	42	42	42	4.79% for DPs etc
<b>Demographic Demand Pressures</b>				
Care at Home	395	789	1,184	Demographic pressures of new demands entering the system 4%. Based on pre Covid growth trends
Direct Payments, Daycare, Respite	61	122	183	4%
Learning Disability Transitions / Complex Discharges	100	100	100	Initial Assessment subject to further intelligence and analysis. Need detailed pipeline information from Childrens and Lochview
Prisons / Post Prison Discharge Social Care Needs	tba	tba	tba	Emergent Issue being assessed. Some influence of historic child sexual abuse convicts having significant issues post prison release.
<b>Clacks Total Excluding estimate for new Information System</b>	<b>1,789</b>	<b>2,245</b>	<b>2,700</b>	
<b>Stirling</b>				
<b>Employee Costs</b>				Assume 2.0% increase
Increments & Pay Adjustments	59	59	59	Based on historical increases
Superannuation	41	41	41	22.5% to 23%
NI Increase	55	55	55	
Pay Inflation	300	300	300	1.75% assumed
<b>Contractual Inflation</b>				
Long Term Care	614	614	614	4% for Long Term Care (NCHC)
Care at Home	827	518	518	3% for Care at Home
Others (Day Care, DP's, Op 2, Respite)	120	50	50	2% Increase
<b>Demand Pressures</b>				
Transitions & Demographic Growth	947	1,894	2,841	Rough estimate based on populations, historic increases and throughput
LD Transitions	200	200	200	Initial Assessment subject to further intelligence and analysis. Need detailed pipeline information from Childrens and Lochview
<b>Stirling Total</b>	<b>3,162</b>	<b>3,731</b>	<b>4,678</b>	
Recurrent Demand Pressure currently met from Covid consequentials	2,419	2,419	2,419	May need met from LG settlement additionality
Build on Carers Investment Plan Commitments	467	467	467	
Interim Care Assumed Equal to Expenditure	512	512	512	
Estimated Required Investments in Rapid Response Teams & Other Additionality	3,175	3,175	3,175	
<b>Clackmannanshire &amp; Stirling Total</b>	<b>11,524</b>	<b>12,548</b>	<b>13,951</b>	

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total	Total	Total	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	2027-32 £'000	2032-37 £'000	2037-42 £'000	£'000	£'000	£'000	
Sustainable Growth	Innovation Hub Delivery	200	1,164						1,364		1,364	
	City Deal (RPMO)	100	100						200		200	
	Renewable Energy Projects	30							30		30	
	Alloa Town Centre Upgrade	0	200	200					400		400	
	Active Travel - Alloa Town Centre	100							100		100	
	Active Travel Route Railway Station	0	560						560	(400)	160	
	Forthbank Road Operational Facilities	16	4						20		20	
	Flood Protection	57	235	86	86	86	430	430	430	1,840		1,840
	Tillicoultry Flood Protection	0	150	250	300	2,500	2,800			6,000	(4,800)	1,200
	Alva Glen	0	87							87		87
	Parking Management System	0	569	20						589		589
	Building energy management system	32	8							40		40
<b>TOTAL</b>	<b>535</b>	<b>3,077</b>	<b>556</b>	<b>386</b>	<b>2,586</b>	<b>3,230</b>	<b>430</b>	<b>430</b>	<b>11,230</b>	<b>(5,200)</b>	<b>6,030</b>	

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Community Investment Grants	60	80	100	100	100	240			680		680
Clackmannan Regeneration	1,275								1,275	(750)	525
Clackmannan Town Hall Roof & Wall	1,067	50							1,117		1,117
Alloa Town Centre Upgrade extension		400							400		400
Village and Small Town - Alva	320								320		320
Village and Small Town - Menstrie		120							120		120
Village and Small Town - Tillicoultry		550							550		550
Clackmannan Community Access Point	93								93		93
School Estate - Tullibody South Campus	50								50		50
Coalsnaughton Primary School	106								106		106
Park Primary	48								48		48
Demolition of St Mungos	250								250		250
<b>Learning Estate</b>											
Development Driven (minimum requirements)		450	4,700	6,965	6,281	14,305			32,701	(11,100)	21,601
<b>Learning Estate</b> Indicative Future Investment Requirements (Options appraisals, condition and suitability)	690	1,150	460	300	3,250	17,750	21,000	10,000	54,600		54,600
<b>Learning Estate</b> Policy Driven		383	1,150	1,917	2,683	34,968			41,102		41,102
<b>TOTAL</b>	<b>3,959</b>	<b>3,183</b>	<b>6,410</b>	<b>9,282</b>	<b>12,314</b>	<b>67,263</b>	<b>21,000</b>	<b>10,000</b>	<b>133,411</b>	<b>(11,850)</b>	<b>121,561</b>

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Health and Wellbeing	Social services adaptations	75	75	75	75	75	375	375	375	1,500		1,500
	Analogue to Digital	386	192							578		578
	Park, Play Area & Open Space Improvements	72	25	25	25	25	125	125	125	547		547
	Cycle Routes	222	100	100	55					477	(477)	0
	Gartmorn Dam Country Park	22	33							55		55
	Active Travel Route	0	2,000							2,000	(1,400)	600
	Resourcing	110								110		110
	Wellbeing Hub	2,860	1,450	5,485	5,485					15,280	(2,000)	13,280
<b>TOTAL</b>	<b>3,747</b>	<b>3,875</b>	<b>5,685</b>	<b>5,640</b>	<b>100</b>	<b>500</b>	<b>500</b>	<b>500</b>	<b>20,547</b>	<b>(3,877)</b>	<b>16,670</b>	

Project	2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Compliance and Operational Resilience	<b>DIGITAL</b>											
	Social services IT system	332	1,668							2,000		2,000
	Digital Transformation	750								750		750
	Digital Learning Strategy	478	478	478	250	250	1,250	1,250	1,250	5,684		5,684
	Digital Infrastructure (Fibre - Council and Schools)	350								350		350
	IT Equipment (Homeworking)	50								50		50
	IT Infrastructure (Council)	144	90	90	90	90	450	450	450	1,854		1,854
	Interactive Screen Replacement (Secondary Schools)	123								123		123
	ICT Replacement (Secondary Schools)	125	125	125	125	125	625	625	625	2,500		2,500
	ICT Upgrade (Primary Schools)	90	90	90	90	90	450	450	450	1,800		1,800
	ICT Resourcing - Corporate	165								165		165
	ICT Resourcing Digital rollout	50								50		50
	CRB system (School)	40								40		40
	<b>LEARNING ESTATE</b>											
	Fitness Suite Equipment	12	12	12	12	12	60	60	60	240		240
	Alva Primary School Bridge		35							35		35
Asbestos Removal (Schools)	10	10	10	10	10	50	50	50	200		200	
Learning Estate DDA	17	17	17	17	17	85	85	85	340		340	
Cleaning Equipment Upgrade (Schools and Council)	23	10							33		33	

Project		2022/23	2023/24	2024/25	2025/26	2026/27	Total 2027-32	Total 2032-37	Total 2037-42	TOTAL	Funding	Net Spend
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Compliance and Operational Resilience	<b>PLACE</b>											
	Bridge Improvements	190	200	122	75	75	375	375	375	1,787		1,787
	Street Lighting Replacement	258	258	258	258	259	1,297	1,303	1,305	5,196		5,196
	Carriageways - Road Improvements	2,151	2,210	2,210	2,210	2,210	11,050	11,050	11,050	44,141		44,141
	Cemetery Walls	257	250	250	250	172				1,179		1,179
	Kilncraigs Stone Preservation	120	30							150		150
	Strategic Estate Enhancements	315								315		315
	Police Intergration	8								8		8
	Vehicle Replacement	563	800	1,000	1,000	1,000	5,000	5,000	5,000	19,363		19,363
	Wheeled Bins	24	30	30	30	30	150	150	150	594		594
<b>TOTAL</b>	<b>6,645</b>	<b>6,313</b>	<b>4,692</b>	<b>4,417</b>	<b>4,340</b>	<b>20,842</b>	<b>20,848</b>	<b>20,850</b>	<b>88,947</b>	<b>0</b>	<b>88,947</b>	

<b>GROSS PROGRAMME TOTAL</b>	<b>14,886</b>	<b>16,448</b>	<b>17,343</b>	<b>19,725</b>	<b>19,340</b>	<b>91,835</b>	<b>42,778</b>	<b>31,780</b>	<b>254,135</b>	<b>(20,927)</b>	<b>233,209</b>
<b>INCOME</b>	<b>(5,553)</b>	<b>(8,829)</b>	<b>(8,662)</b>	<b>(8,649)</b>	<b>(8,809)</b>	<b>(28,085)</b>	<b>(21,545)</b>	<b>(21,545)</b>	<b>(111,677)</b>		
<b>NET PROGRAMME TOTAL</b>	<b>9,333</b>	<b>7,619</b>	<b>8,681</b>	<b>11,076</b>	<b>10,531</b>	<b>63,750</b>	<b>21,233</b>	<b>10,235</b>	<b>142,458</b>		

KEY

EXISTING

NEW

REVISED