



**Clackmannanshire
Council**

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Comhairle Siorrachd
Chlach Mhanann

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

Special Meeting of Clackmannanshire Council

Thursday 9 March 2023 at 9.30 am

Venue: Council Chamber, Kilncraigs, Alloa, FK10 1EB



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.

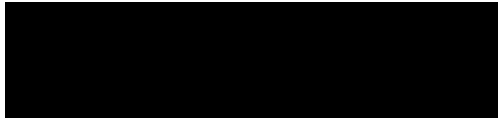
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1 March 2022

A SPECIAL MEETING of the CLACKMANNANSHIRE COUNCIL will be held in the COUNCIL CHAMBER, KILNCRAIGS, ALLOA, on THURSDAY 9 MARCH 2023 at 9.30 AM



**NIKKI BRIDLE
Chief Executive**

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Clackmannanshire Council – Councillors and Wards

Councillors

Wards

Councillor	Phil Fairlie	1	Clackmannanshire West	SNP
Councillor	Darren Lee	1	Clackmannanshire West	CONSERVATIVE
Councillor	Graham Lindsay	1	Clackmannanshire West	SNP
Councillor	Mark McLuckie	1	Clackmannanshire West	LABOUR
Councillor	Donald Balsillie	2	Clackmannanshire North	SNP
Councillor	Martha Benny	2	Clackmannanshire North	CONSERVATIVE
Councillor	William Keogh	2	Clackmannanshire North	LABOUR
Councillor	Fiona Law	2	Clackmannanshire North	SNP
Councillor	Wendy Hamilton	3	Clackmannanshire Central	SNP
Councillor	Janine Rennie	3	Clackmannanshire Central	LABOUR
Councillor	Jane McTaggart	3	Clackmannanshire Central	SNP
Councillor	Kenneth Earle	4	Clackmannanshire South	LABOUR
Councillor	Ellen Forson	4	Clackmannanshire South	SNP
Councillor	Craig Holden	4	Clackmannanshire South	IND
Councillor	Bryan Quinn	4	Clackmannanshire South	SCOTTISH GREEN
Councillor	Scott Harrison	5	Clackmannanshire East	SNP
Councillor	Kathleen Martin	5	Clackmannanshire East	LABOUR
Councillor	Denis Coyne	5	Clackmannanshire East	CONSERVATIVE

Report to Clackmannanshire Council

Date of Meeting: 9 March 2023

Subject: Treasury Management Strategy 2023/24 and Service Concession Arrangements

Report by: Chief Finance Officer

1.0 Purpose

1.1 The purpose of this report is to present the Council's Treasury Management Strategy Statement for 2023/24 and Prudential Indicators for 2023/24 to 2025/26.

1.2 CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, including 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.”

1.1. The report also presents for approval the new statutory guidance for accounting for the repayment of debt on Service Concessions Arrangements which relates to the Councils Public Private Partnership (PPP) Contracts.

2.0 Recommendations

2.1 It is recommended that Council:

2.1.1 agrees the adoption of the revised accounting arrangements under Local Government Circular 10/2022 for the recalculation of debt repayments arising from the Council’s service concession contracts aligned to the useful economic life of the assets under the contracts (section 7);

2.1.2 notes the information contained in this report including the revenue implications of adopting the revised accounting arrangements for Service Concessions.

2.1.3 approves the Treasury Management Strategy Statement for 2023/24 and Prudential Indicators for the years 2023/24 to 2025/26, attached as Appendix A, in compliance with the Prudential Code requirements.

2.1.4 notes the continuation of the Borrowing Strategy to support additional capital investment (paragraph 5.6)

2.1.5 notes the investment portfolio position as at 31st January 2023 (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 undertaken 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 2023/24 on the agenda for approval at this meeting and the Housing Revenue Account (HRA) Budget 2023/24 previously approved by Council at its meeting on the 16 February 2023.

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 policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy (contained within this report) - The first and most important report is forward looking and 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 is a progress report and 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 is a reflective review and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates set out within the strategy.

Quarterly reports – In addition to the three reports detailed above, from 2023/24 quarterly reporting is also required. It is intended that this additional reporting will be incorporated into the regular financial monitoring update reports presented to the Audit and Scrutiny Committee throughout the year.

5.0 General Services Capital Programme

5.1 In its budget for 2021/22, Council approved a new 20 year capital investment rolling programme 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 and allows investment to support wellbeing and economic performance and recovery. This programme has been reviewed and has been updated to cover the period up to 2042/43. Detail of the capital programme is provided within the General Fund Revenue and Capital Budget 2023/24 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.

5.3 Table 1 indicates that over the period to 2042/43, there is a total of £239.155m available for capital investment without increasing borrowing. The Council’s proposed programme for the period 2023/24 – 2042/43 totals £235.612m, £3.543m below the Gross Programme Limit. This means that the Council’s overall level of borrowing is expected to decrease by this amount by the end of the 20 year programme.

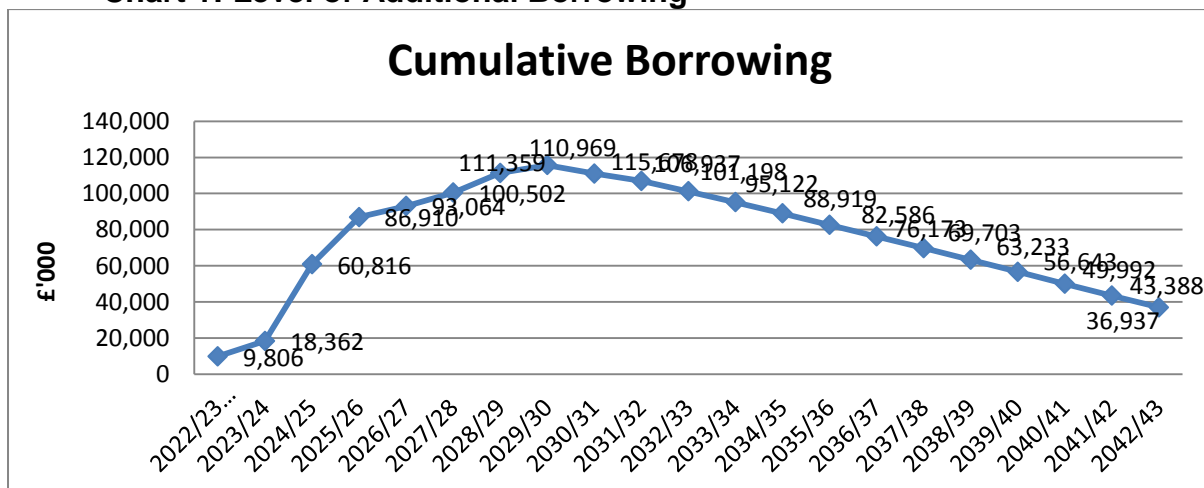
Table 1: General Services Capital Funding 2023/24-2042/43

	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Gross Programme Limit									
Income	(7,647)	(7,585)	(6,913)	(6,607)	(11,851)	(25,621)	(21,755)	(21,755)	(109,734)
Loans Fund Principal Repayments	(1,557)	(1,456)	(1,823)	(1,553)	(2,067)	(24,861)	(32,079)	(33,351)	(98,747)
External Borrowing Principal Repayments	(412)	(412)	(2,308)	(412)	(2,100)	(3,530)	(9,000)	(12,500)	(30,674)

	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Gross Programme Limit	(9,616)	(9,453)	(11,044)	(8,572)	(16,018)	(54,012)	(62,834)	(67,606)	(239,155)
Proposed Planned Expenditure	17,760	51,495	34,830	14,314	21,356	51,178	22,339	22,340	235,612
Amount of Planned Expenditure (below)/above Gross Programme Limit	8,144	42,042	23,786	5,742	5,338	(2,834)	(40,495)	(45,266)	(3,543)

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, 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 1: Level of Additional 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 previous strategy, approved in 2012, has delivered significant reductions in external debt of £39m, bringing the ratio of cost of borrowing to 2.90% forecast at March 2023 which is below the latest reported Scottish average of 6.24% (2021). 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 2 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 2042/43. Increasing rates to 3032/33 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 2: Ratio of cost of borrowing

	2022/23	2023/24	2024/25	2025/26	2026/27	2032/33	2037/38	2042/43
	£000	£000	£000	£000	£000	£000	£000	£000
Loan Charges/ Cost of Borrowing	3,928	5,588	6,638	7,678	7,556	12,856	12,944	12,702
General Revenue Funding	135,300	136,066	136,856	137,669	138,506	144,086	149,554	155,894
Ratio of Cost of Borrowing	2.90%	4.11%	4.85%	5.58%	5.46%	8.92%	8.66%	8.15%

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 2025/26 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 2021 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 continued 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 incorporating a new investment strategy 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 Service Concessions - Public Private Partnerships

7.1 Public Private Partnerships (PPP) contracts are agreements to receive services where responsibility for making assets available to provide the services is delivered by the PPP operator. As the Council is deemed to control the services provided and as ownership of the assets passes to the Council at the end of the contract periods for no additional charge, assets are recorded on the Councils Balance Sheet.

7.2 The Council has one PPP arrangement in place covering the three secondary schools: Alva Academy, Alloa Academy and Lornshill Academy. This is a 30 year contractual arrangement for the schools to be operated by Clackmannanshire Schools Education Partnership Ltd.

7.3 The contract specifies minimum standards for the provision of the serviced accommodation to be provided by the contractor, with reductions from the fee payable being made if the schools, or rooms, are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the schools and maintain them in a minimum acceptable condition and to procure and maintain the plant needed to operate the schools. The contract also specifies the number of days and times that the schools are open which includes an element of leisure provision in the evenings and weekends.

7.4 At the end of the contract the schools will be transferred to the Council for nil consideration.

7.5 The Council makes an agreed payment each year, referred to as the unitary charge, which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. For 2021/22 the unitary charge paid to the operator amounted to £8.570m.

7.6 For accounting purposes the unitary charge is split into 3 elements: Service Costs, Capital Repayment and Finance Costs. The Capital Repayment reduces the long-term debt liability on the Balance Sheet each year so that at the end of the contract period the notional debt outstanding is reduced to nil and the assets transferred to Council ownership. At 31 March 2022, the long term liability (notional debt) outstanding for the contract was £36.672m.

7.7 The Local Government Finance circular 10/2022 sets out the accounting requirements and options for recognising the capital repayment of principal element of these arrangements. The guidance sets out 3 options in relation to the recognition of the capital repayments component:

1. applying the Accounting Code with reversal of statutory adjustments;
2. continuing to adopt the existing guidance as originally set out, and

3. permits Scottish Councils to apply flexibility to the accounting treatment for Service Concession Arrangements (SCAs) in place before 1st April 2022.

The new statutory guidance applies for the financial year 2022/23 or 2023/24 and permits retrospective application as an option.

- 7.8 The updated guidance relates to the treatment of the Capital Repayment element of the unitary charge, affording flexibility to spread this cost over the life of the asset as opposed to the contract period.
- 7.9 The Council is required to adopt one of these options when accounting for Service Concession arrangements. It is proposed to adopt Option 3 from the financial year 2023/24 as this is consistent with our current treatment of repayments of loans fund advances over the asset life. Section 4 of this report outlines the financial implications of adopting this option.

Service Concessions Statutory Guidance

- 7.10 This report considers the impact for the Council of changing the statutory accounting for Service Concession Arrangements (SCAs) as set out in the Local Government Finance Circular 10/2022, principally section 2.2 which states: SCAs only – this section permits an additional flexibility for SCAs recognised within an authority's Annual Accounts prior to April 2022.
- 7.11 Option 3 of the new guidance permits the Council to account for the capital repayment element over the expected useful life of the asset as opposed to the current duration which is aligned to the contract period. Effectively, the revised Service Concession arrangements better match the debt costs of the PPP assets with the expected asset lives, therefore charging the cost of the debt over a longer period.
- 7.12 In practice, this means extending the current repayment term from 30 years to 50 years. The total cost remains the same but is spread over a greater number of years, therefore reducing the annual cost, and generating a retrospective benefit or refund of charges already made.
- 7.13 The cash payment to the contractor for the unitary charge will remain the same, the Council will continue to pay the contractor over the 30-year period. The changes are to the accounting arrangements within the Council's General Fund and Balance sheet.
- 7.14 The Council is also permitted to apply this guidance and changes to accounting treatment retrospectively. This means the accounting for the asset over the asset life can be applied to the previous years. This effectively created an overpayment in the accounts as the charge to the revenue account has been higher than it would have been if the payments had been made over the 50-year asset lives rather than the 30-year contract period.
- 7.15 Changing the Council's accounting treatment in line with the new flexibility does not release a cash benefit as the contractor is not providing a refund but realises an accounting benefit because the accounting adjustments will result in an increase to General Fund balances.
- 7.16 Applying the useful life of the asset as the capital repayment period is consistent with the Council's Loans Fund Policy, whereby loans fund principal repayments are spread over the useful life of the assets. This is permissible per Local Authority (Capital Finance and Accounting) (Scotland) Regulations

introduced in 2016. The Council updated its Loans Fund policy in 2020 and as such reprofiled the principal repayments over a longer period of time.

- 7.17 The Council's Treasury advisers, LINK Group have undertaken work on behalf of the Council which indicates that applying the revised accounting treatment and rescheduling of the current payment structure over the asset life will provide benefits both as a retrospective catch-up benefit and ongoing reduced charges to General Fund in the near to medium term.
- 7.18 Using a 50-year asset life the Council will produce a benefit by increasing General Fund balances, referred to as the catch-up benefit of £12.5m, with annual savings of approximately £1m for the next 15 years to 2038/39, and a cost thereafter from year 2039/40 to 2059/56.
- 7.18 The following table sets out the current repayments charged to revenue account, the total cost being £50.4m over 30 years (column 1). The revised repayment demonstrates that the total cost remains at £50.4m but as this is now spread over a longer period time (the asset life) the annual cost is reduced in years 1 to 29 which results in a cost reduction (column 3).

Table 3 Repayment Profiles for Service Concessions

	Principal Repayments based on		(Reduction)/ Cost £'000
	Current Position	50 year annuity	
	Current Repayment £'000	Revised Repayment £'000	
Pre 2023/24 Yrs 1-13	14,944	2,407	(12,537)
2023/24	1,440	290	(1,150)
Yrs 15-18	6,404	1,384	(5,020)
Yrs 19-23	10,382	2,363	(8,019)
Yrs 24-29	17,209	4,150	(13,059)
Yrs 30-50	-	39,785	39,785
TOTAL	50,379	50,379	-

- 7.19 The revised repayments are calculated using the annuity method which means that the principal repayments are lower in the early years and increase over the repayment period. This appropriately reflects the consumption of the asset over the useful life as maintenance costs tend to increase in later years. The annuity method is also a fairer charge as it better reflects the time value of money, reflecting the real value of the charge when it falls due. Over the full life of service concession arrangements, the total repayment remains the same, however if the time value of money is taken into account, the reprofiled charges would result in an overall reduction.
- 7.20 It should also be noted that spreading the costs over 50 years will create a charge to the revenue account from year 30 onwards that would not otherwise have been the case. However, at the end of the 30 year contract period, the unitary charge will no longer be paid to the contractor. Whilst there will be ongoing revenue costs to run the building which will require funding there will

also be capacity within the unitary charge budget to cover the 20 year period of lengthening ongoing costs of borrowing (years 30 to 50).

- 7.21 As noted in paragraph 7.15 this is not a cash benefit, but an accounting benefit. The use of the benefits to support any subsequent decisions related to the revenue budget strategy will require to be managed through the Council's Treasury Management approach and the existing cash flow management arrangements.
- 7.22 In determining whether to apply the flexibility to the accounting policy for SCAs, the Council needs to ensure it maintains a prudent approach and that any changes are sustainable in terms of the Council's revenue budget.
- 7.23 When determining a prudent approach for SCAs, consideration should be given to the financial implications in the context of the financial planning for the Council's Long/Medium Term financial plans, considering the funding needs of the Council now and in the future.
- 7.24 Prudence is being demonstrated by spreading the capital repayment costs across the life of the assets, meaning the costs are now commensurate with the benefits of using the assets. Further, there will not be a financial burden on the Council as its anticipated there will be sufficient budget from the unitary charge to cover the costs of lengthening the repayment period. This is further enhanced by ensuring that additional borrowing costs are not incurred, and this will be managed through the Treasury Management Strategy.

Summary

- 7.25 Revised Scottish Government guidance permits a change to the accounting for Service Concession Arrangements i.e., a change to the period over which the capital repayment elements and how these are reflected in the accounts.
- 7.26 It is proposed that option 3 of the guidance is adopted. This results in extending the repayment term to be the same as the asset life, releasing catch-up benefits and reducing in-year charges.
- 7.27 The application of the revised guidance will generate a retrospective benefit of £12.5m and average annual benefits of £1m per annum in the near term. Extending the term of repayment results in additional costs to the General Fund from years 30 to 50 and it is anticipated these will be funded from existing budgets.
- 7.28 Adopting this option is considered to be prudent, affordable and sustainable by the Section 95 Officer.

8.0 Treasury Management Strategy for 2023/24

8.1 The strategy for 2023/24 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

8.2 These elements cover the requirements of the Local Government in Scotland Act 2003, the CIPFA Prudential Code and CIPFA Treasury Management Code (2021 editions), the Local Government Investment Regulations (Scotland) 2010 and the Local Authority (Capital and Financing and Accounting) (Scotland) Regulations 2016.

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

Training and Advice Services

8.4 The CIPFA Treasury Management 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 Group, 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 2023/24 as the new Administrative cycle beds in.

8.5 A new Scottish Treasury Management Toolkit, developed by the Scottish Treasury Management Forum in partnership with CIPFA. This is a series of on-line learning modules developed to assist officers and members to have a minimum level of knowledge and understanding of treasury practices. These will be made available to officers and members during 2023/24.

8.6 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. A formal record of the training received by officers central to the Treasury function and members is required to be maintained.

8.7 The Council uses Link Group 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.

8.8 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 Group were retained as the Council's external treasury management advisors until 31 July 2025.

9.0 Conclusion

9.1 The Treasury Management Strategy for 2023/24 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 2023/24.

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 – 2023/24 Treasury Management Strategy Statement & Annual Investment Strategy (including prudential indicators)

Appendix B – Investment Portfolio as at 31 January 2023

Appendix C – Repayment Profiles for Service Concessions

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 the Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021

The Prudential Code for Capital Finance in Local Authorities 2021

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

Housing Revenue Account Budget 2023/24 and Capital Programme 2023/24

Author(s)

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Lindsay Sim	Chief Finance Officer	2022

Approved by

NAME	DESIGNATION	SIGNATURE
Lindsay Sim	Chief Finance Officer	
Nikki Bridle	Chief Executive	

2023/24 TREASURY MANAGEMENT STRATEGY STATEMENT & ANNUAL INVESTMENT STRATEGY (including Prudential Indicators)

The suggested strategy for 2023/24 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 Group.

The strategy for 2023/24 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 2021/22 are as follows:

Table 1: Gross Capital Expenditure

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	10,660	15,359	17,760	51,495	34,830
Housing Revenue Account	5,755	10,282	15,261	14,650	15,650
Total	16,415	25,641	33,021	66,145	50,480

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 2023/24 on the agenda for approval at this meeting and the HRA Capital Programme 2023/24 approved at Council on 16th February 2023.

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 and is reviewed annually to ensure it reflects current priorities.

During 2022/23, the GF Capital Programme was reviewed and revised to reflect a rolling programme of 20 years up to 2042/43. 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 £33.021m for 2023/24 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. 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:

	31/03/22	31/03/23	31/03/24	31/03/25	31/03/26
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund Services	122,650	131,156	138,210	178,965	203,369
Housing Revenue Account	22,147	21,763	27,440	37,022	47,957
Total	144,797	152,919	165,650	215,987	251,326

The combined GF and HRA CFR is estimated to increase over the period to £251.326m by the end of March 2026.

The overall CFR at March 2026 is an increase of £98.407m on the projected level at March 2023. This increase reflects the proposed additional capital investment as set out in the GF and HRA Capital Plans. In the short term, borrowing can be met internally through cash balances, however, the increased level of capital investment in future years will require additional external borrowing to be undertaken in the medium to long term. Before any external borrowing is undertaken, 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.

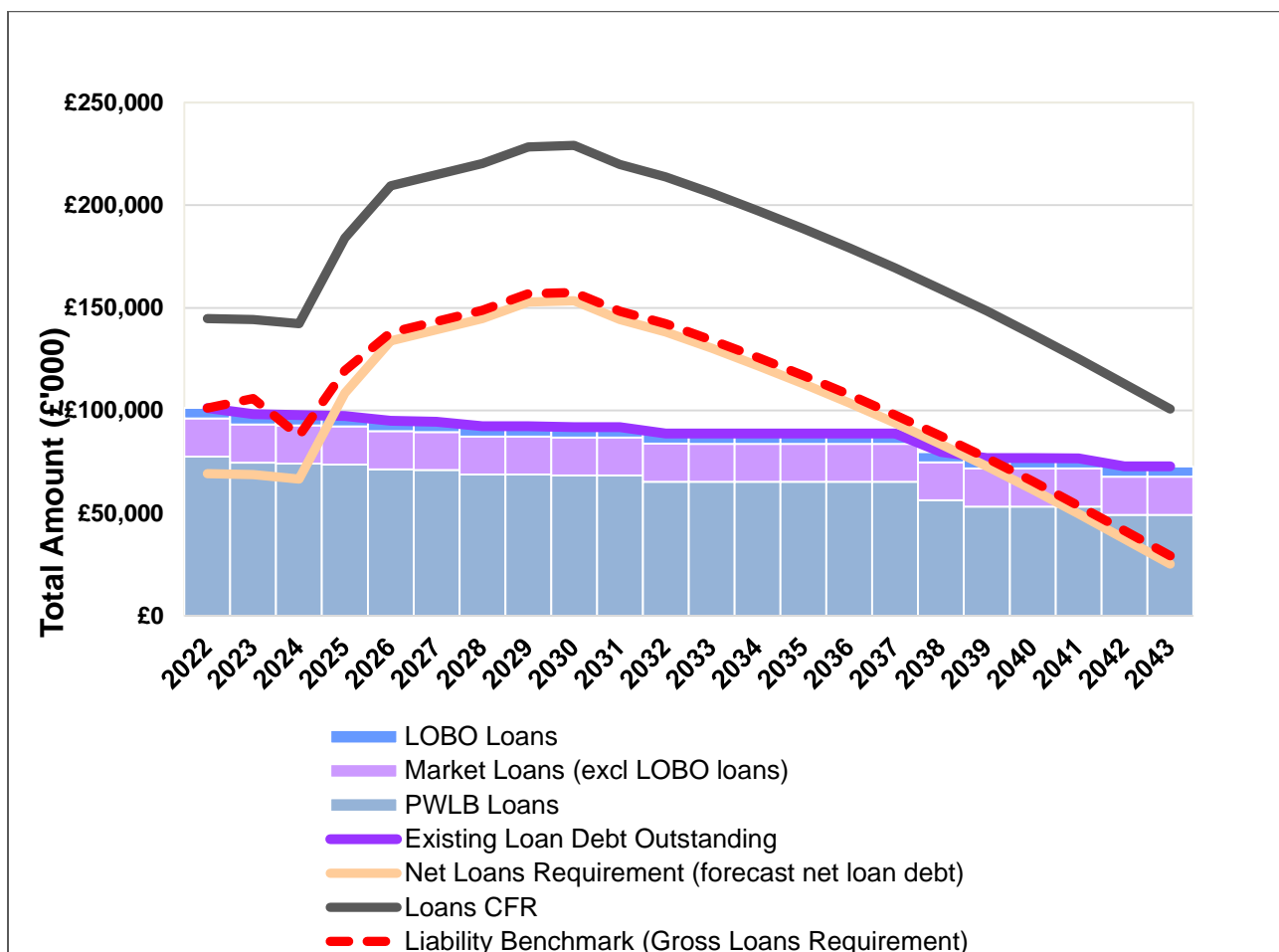
1.3 Liability Benchmark

The Liability Benchmark is a new prudential indicator for 2023/24 introduced in the 2021 Code. As a minimum, the Council is required to estimate and measure the Liability Benchmark for the forthcoming financial year and the following two financial years. The chart below estimates the Liability Benchmark to 2042/43 in line with the GF Capital Programme. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

There are four components to the Liability Benchmark are:

- a) **Existing loan debt outstanding:** the Council's existing loans that are outstanding at the end of each financial year.
- b) **Loans CFR:** this is calculated in accordance with the loans CFR definition in the Prudential Code and projected into the future based on approved prudential borrowing, and planned Loans Fund advances and Loans Fund principal repayments.
- c) **Net loans requirement:** this shows the Council's gross loan debt less treasury management investments at the last financial year-end, projected into the future and based on its approved prudential borrowing, planned Loans Fund principal repayments and any other major cash flows forecast.
- d) **Liability Benchmark (or gross loans requirement):** this equals net loans requirement plus short-term liquidity allowance.

Chart 1 Liability Benchmark



The Liability Benchmark shows that over the short term the Council is not anticipated to undertake any external borrowing but over the medium to long-term it is anticipated that the Council will need to borrow in order to ensure it holds sufficient funds to finance its capital and revenue spending plans.

1.4 Statutory Repayment of loans fund advances

1.4.1 Policy on Statutory Repayment of Loans Fund Advances

The 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 2023/24.

1.4.2 Loans fund principal repayment holiday

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

1.5 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.

1.5.1 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

	2021/22	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000	£000
	Actual	Projection	Estimate	Estimate	Estimate
General Fund	3.74%	2.90%	4.11%	4.85%	5.58%
Housing Revenue Account	7.32%	7.85%	8.13%	9.94%	11.08%

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 steadily increase from 2023/24. The ratios ranging between 2.90% and 5.58% are lower than the latest reported Scottish Average of 6.24% (2020/21). This is mainly due to the 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. This also reflects the reduced borrowing required to fund the capital programme over the last few years in line with the strategy to minimise new borrowing. 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.

Grant funding is assumed to remain steady over the next few years therefore 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 2023/24 and Capital Programme 2023/24 approved at Council on 16 February 2023. 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 2025/26 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 2023/24 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 2023 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	2021/22 Actual £000	2022/23 Projection £000	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Cumulative Debt at 1 April	101,319	101,247	98,228	97,742	141,166
Expected change in Debt	(72)	(3,019)	(486)	43,424	25,598
Other long-term liabilities (OLTL) at 1 April	37,845	36,672	35,435	33,995	32,357
Expected change in OLTL	(1,173)	(1,237)	(1,440)	(1,638)	(1,690)
Actual gross debt at 31 March	137,919	133,663	131,737	173,523	197,431
Capital Financing Requirement	144,797	152,919	165,650	215,987	251,326
Under/(over) borrowing	6,878	19,256	33,913	42,464	53,895

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 to 2024/25 in order to ensure sufficient cash is available to meet the capital investment within those years.

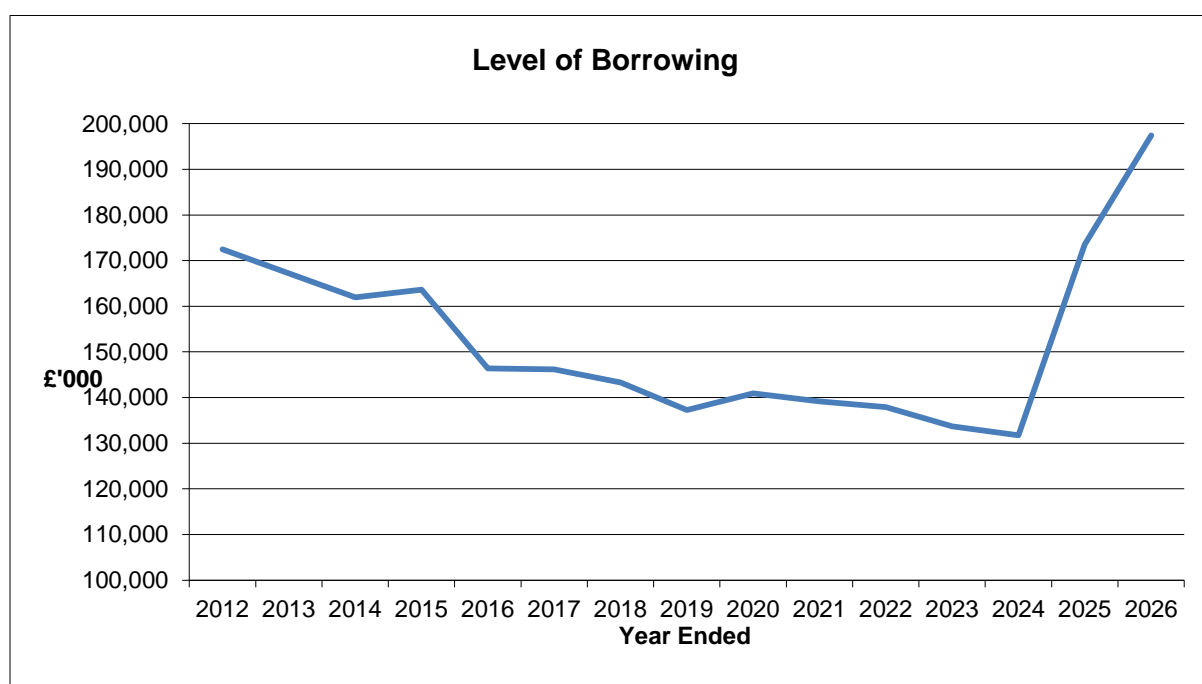
The expected change in debt also reflects PWLB loan repayments of £3.1m scheduled in the next three years to March 2026 which offset new external borrowing to fund capital investment. The new borrowing and the repayment profiles of debt maturity mean there are variations in annual change in debt year on year.

The steady reduction in other long term liabilities reflects the annual repayments towards 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 £38.8m to March 2023 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 2: Level of Borrowing



The increase in borrowing from 2023/24 reflects the Councils planned investment led strategy as set out in the proposed 20 year capital plan with expenditure front loaded over the next 10 years. In the following 10 years expenditure is planned to reduce which will reduce the level of borrowing. This is set out in chart 1 in the main body of this report.

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

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Borrowing	118,000	118,000	167,000	188,000
Other long term liabilities including PFI	39,000	39,000	38,000	37,000
Total	157,000	157,000	205,000	225,000

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 in 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.

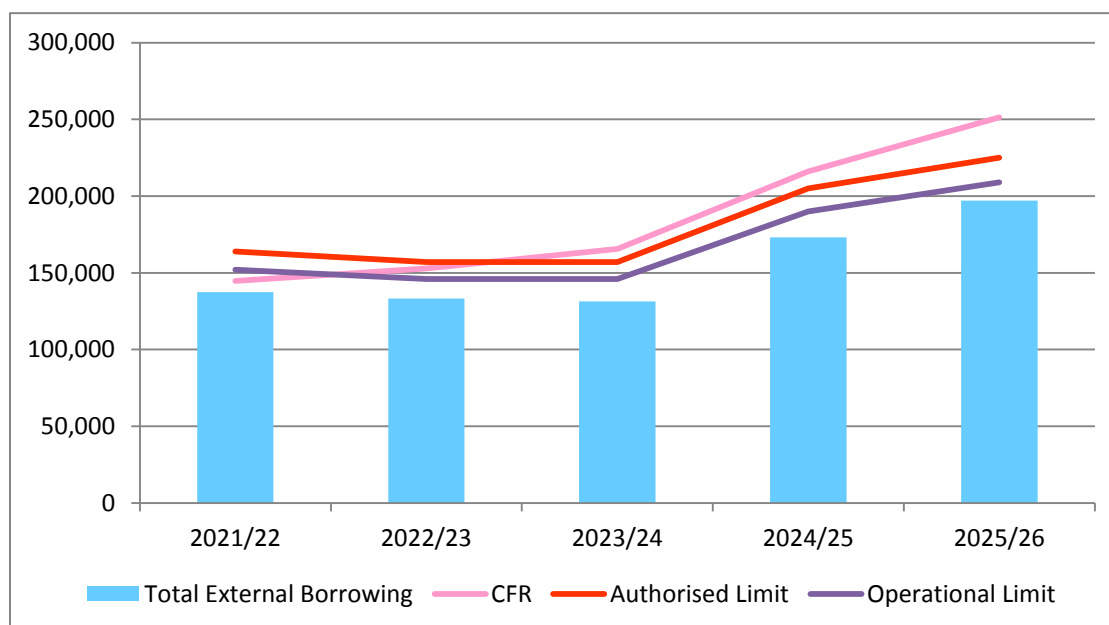
Table 6: Operational Boundary for external debt

	2022/23	2023/24	2024/25	2025/26
	£000	£000	£000	£000
Borrowing	110,000	110,000	155,000	175,000
Other long term liabilities	36,000	36,000	35,000	34,000
Total	146,000	146,000	190,000	209,000

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 3: 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 Group 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 2023	4.25	4.00	4.60	4.30
June 2023	4.50	4.00	4.60	4.30
Sept 2023	4.50	3.90	4.40	4.20
Dec 2023	4.25	3.80	4.30	4.10
March 2024	4.00	3.70	4.20	3.90
June 2024	3.75	3.60	4.10	3.80
Sept 2024	3.25	3.50	3.90	3.60
Dec 2024	3.00	3.40	3.80	3.60
March 2025	2.75	3.30	3.70	3.40
June 2025	2.75	3.20	3.60	3.30
Sept 2025	2.50	3.10	3.50	3.20
Dec 2025	2.50	3.10	3.40	3.20
March 2026	2.50	3.10	3.40	3.10

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%. The bank rate increase during 2022 and at its latest meeting on 1 February 2023, the MPC increased the Bank Rate again by 0.50% to 4.0%.

Inflation rose sharply in 2022 reaching a peak of 11.1% in October 2022 and falling slightly to 10.1 in Jan 2023. The forecast for Bank Rate now includes a further two increases of 0.25% in March and June 2023 and then is forecast to reduce to 4.0% in March 2024.

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 22/23 and are expected to improve further during 2023/24 as the MPC progressively increases the Bank Rate,
- Borrowing interest rates fell to historically low rates during 21/22 as a result of the Covid-19 crisis and the quantitative easing operations of the Bank of England. Borrowing interest rates have risen steadily in 22/23 and are expected to fall over the next three years.

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 borrowing and is historically been low compared to other options. 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 2023/24 on the agenda for approval at this meeting and the Housing Revenue Account Budget 2023/24 and Capital Programme 2023/24 approved at Council on 16 February 2023.

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

	2023/24 Estimate £000	2024/25 Estimate £000	2025/26 Estimate £000
Net New External Borrowing Requirement	16,271	54,060	39,529
Repayment of Maturing Debt	(3,540)	(3,723)	(4,190)
Total Borrowing Requirement / Movement on CFR	12,731	50,337	35,339

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

	2023/24	2023/24	2024/25
Interest rate exposures			
	Upper	Upper	Upper
Limits on fixed interest rates based on			
• Debt	100%	100%	100%
• Investments	75%	75%	75%
Limits on variable interest rates based on			
• Debt	25%	25%	25%
• Investments	100%	100%	100%
Maturity structure of fixed interest rate borrowing 2023/24			
	Lower	Upper	
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%	
Maturity structure of variable interest rate borrowing 2023/24			
	Lower	Upper	
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.

The Treasury Management Code requires all investments and investment income to be attributed to one of the following three purposes: -

Treasury management

Arising from the organisation's cash flows or treasury risk management activity, this type of investment represents balances which are only held until the cash is required for use. Treasury investments may also arise from other treasury risk management activity which seeks to prudently manage the risks, costs or income relating to existing or forecast debt or treasury investments.

Service delivery

Investments held primarily and directly for the delivery of public services including housing, regeneration and local infrastructure. Returns on this category of investment which are funded by borrowing are permitted only in cases where the

income is “either related to the financial viability of the project in question or otherwise incidental to the primary purpose”. The Council holds an investment of £500 (at cost) in CSBP Clackmannanshire Investments Ltd. It is anticipated that this will be repaid in 2023/24.

Commercial return

Investments held primarily for financial return with no treasury management or direct service provision purpose. Risks on such investments should be proportionate to an authority’s financial capacity – i.e., that ‘plausible losses’ could be absorbed in budgets or reserves without unmanageable detriment to local services. An authority must not borrow to invest primarily for financial return. The Council holds investment and commercial properties for the purpose of generating rental income. All properties are located within Clackmannanshire.

The Council does not intend to invest for service delivery or commercial return purposes during 2023/24.

Treasury management investment opportunities 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 2023, the Council held cash balances of £40.0m, of which £33.0m was immediately available and £4m held in short term deposits of 12 months or less as detailed in Appendix B.

During 2023/24 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) and the CIPFA Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes 2021 (“the CIPFA TM Code”). 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 Group 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 place 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 Group. 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 Group 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 Environmental, Social and Governance (ESG) Policy

Environmental, Social and Governance (ESG) considerations are increasingly a factor in global investors' decision making and the TM code requires the Council to set out its policy relating to ESG considerations in investment decision. The Council will not knowingly invest directly in organisations whose activities are inconsistent with the Council's vision set out on the Corporate Plan and its commitment to Wellbeing Economy and Community Wealth Building. It should be noted that the Council's investment priorities continue to be security first, liquidity second and then return. The framework for evaluating ESG investment opportunities is still being developed by financial organisations and the Council will monitor developments in this area.

5.4 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).

5.5 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:

- 2022/23 4.00%
- 2023/24 4.00%
- 2024/25 2.75%
- 2025/26 2.50%

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:

- 2022/23 0.75%
- 2023/24 2.00%
- 2024/25 1.25%
- 2025/26 1.00%

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: -

Maximum principal sums invested > 365 days			
£m	2023/24	2023/24	2024/25
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 (non-distributing). The Council also invests in two money market funds and one ultra short dated bond fund 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 2023

Short Term Investments – Counterparty	Principal (£000)	Interest Rate	Type
Bank of Scotland plc	4,000	3.72% Fixed	182 day fixed term
Aberdeen Standard Money Market Fund	6,000	3.50% Net Average Monthly Yield for January	Instant access
Aberdeen Standard Ultra Short Dated Bond Fund	13,000	3.68% Net Average Monthly Yield for January	Instant access
Blackrock Money Market Fund	9,000	3.22% Net Average Monthly Yield for January	Instant access
Blackrock Ultra Short Dated Bond Fund	5,000	3.69% Net Average Monthly Yield for January	Instant access
CSBP Clackmannanshire Investments Ltd	1		
Total Short Term Investments	37,001		

Cash and Cash Equivalents – Counterparty	Principal (£000)	Interest Rate
Royal Bank of Scotland plc	2,888	0.01% (balances above £1m)
Bank of Scotland plc	99	1.65% as at 31 st Jan 2023
Other Accounts	32	-
Total Cash and Cash Equivalents	3,019	

TOTAL INVESTMENTS	40,020
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Repayment Profiles for Service Concessions

Years	(Benefit)/Cost per	Current Repayment £000	Revised Repayment £000	(Reduction)/ Cost £'000
1-13	Prior Years (Benefit)	14,944	2,407	(12,537)
14	2023/24	1,440	290	(1,150)
15	2024/25	1,638	311	(1,327)
16	2025/26	1,690	333	(1,357)
17	2026/27	1,649	357	(1,292)
18	2027/28	1,427	383	(1,044)
19	2028/29	1,407	410	(997)
20	2029/30	1,795	439	(1,356)
21	2030/31	2,131	470	(1,661)
22	2031/32	2,400	504	(1,896)
23	2032/33	2,649	540	(2,109)
24	2033/34	2,821	578	(2,243)
25	2034/35	2,935	619	(2,316)
26	2035/36	3,057	663	(2,394)
27	2036/37	2,966	711	(2,255)
28	2037/38	2,746	761	(1,985)
29	2038/39	2,684	818	(1,866)
30	2039/40		874	874
31	2040/41		936	936
32	2041/42		1,003	1,003
33	2042/43		1,074	1,074
34	2043/44		1,151	1,151
35	2044/45		1,233	1,233
36	2045/46		1,321	1,321
37	2046/47		1,415	1,415
38	2047/48		1,516	1,516
39	2048/49		1,624	1,624
40	2049/50		1,739	1,739
41	2050/51		1,863	1,863
42	2051/52		1,996	1,996
43	2052/53		2,138	2,138
44	2053/54		2,291	2,291
45	2054/55		2,454	2,454
46	2055/56		2,629	2,629
47	2056/57		2,816	2,816
48	2057/58		3,017	3,017
49	2058/59		3,232	3,232
50	2059/60		3,463	3,463
	TOTAL	50,379	50,379	-

Report to: Clackmannanshire Council

Date of Meeting: 9 March 2023

Subject: General Services Revenue and Capital Budget 2023/24

Report by: Administration

1.0 Purpose

- 1.1. The purpose of this report is to present the General Services Budget for 2023/24. This report builds on the regular update reports and briefings presented to Council and the Audit and Scrutiny Committee throughout the year, including those covering the Be the Future Transformation Programme and implementation of the Target Operating Model (TOM).

2.0 Recommendations

It is recommended that Council agrees:

- 2.1. To set minimum reserves at 2% of net budgeted expenditure for 2023/24 and future years to reflect the challenging economic position for local government (paragraph 5.8)
- 2.2. The General Services Revenue and Capital Budget for 2023/24 as set out in Appendix A, including:
- 2.2.1 The proposals for demand pressures (Appendix B) including the proposed increase in rates and allowances for Foster Carers and an increase in Personal Assistant rates paid to providers (paragraph 5.3);
 - 2.2.2 The Policy and Redesign savings set out in Appendix D, including the reversal of the previous saving approved in 2022/23 to withdraw funding provision to APEX (paragraphs 5.4-5.5);
 - 2.2.3 The 2023/24 Income and Charging Strategy (Appendix E);
 - 2.2.4 The utilisation of £3.441m of General Reserves in setting the proposed General Revenue budget (paragraph 5.10);
 - 2.2.5 The utilisation of £1.203m Capital receipts to offset loans fund principal repayments (paragraph 5.10);

- 2.2.6 The utilisation of £1.150m from the in year benefit derived from service concessions (paragraph 5.10) subject to the approval of the Treasury Management Report also on the agenda for this meeting;
 - 2.2.7 A net resource transfer of £25.269m for the Clackmannanshire & Stirling Health and Social Care Partnership for 2023/24 (paragraph 6.3);
 - 2.2.8 The revised General Services Capital Programme incorporating project resource in Appendix A and section 7;
 - 2.2.9 The increase in the level of Council Tax for 2023/24 by 5% resulting in Band D Council tax of £1,410.96 (paragraph 4.6).
- 2.3. That the remaining uncommitted element of the Transformation Fund £0.646m, and the unallocated £0.518m from the Discovery Fund and Flexible Resourcing Fund, totalling £1.164m is delegated to the Chief Executive with reporting arrangements to the Be the Future Board (paragraph 5.19).

It is recommended that Council notes:

- 2.4. The challenging context within which this Budget is presented including the unprecedented inflationary pressures (Appendix A);
- 2.5. The summary of recent budget engagement activity detailed in section 3;
- 2.6. The anticipated level of uncommitted reserves of £6.485m by 31 March 2023, prior to setting the 2023/24 budget (paragraph 5.9);
- 2.7. The balance of £3.044m in uncommitted General Services Revenue reserves, after setting the budget, equating to 2% (paragraph 5.9);
- 2.8. The three year cumulative indicative gap of £21.967m up to 2026/27 and a funding gap of £11.561m in 2024/25 following setting this budget (Exhibit 4),
- 2.9. The expected ending of the financial flexibilities to use capital receipts for Transformation and the statutory redundancy element of voluntary severance (paragraph 5.14);
- 2.10. The transfer of £1.168m from General Fund Capital to Housing Revenue Account (HRA) to fund capital expenditure and the corresponding receipt of £1.168m from the HRA revenue surplus to the General Fund Revenue account in 2022/23 and 2023/24 (paragraph 7.6).

3.0 Budget engagement process

- 3.1 The budget engagement process for 2023/24 comprises four phases, the first two to be completed pre-budget. The first phase, which received 284 responses on Citizen Space, took place in late 2022. This phase sought resident's views on a broader scope of issues, including: what they like about living in Clackmannanshire; what could be improved; what issues are of most immediate concern personally; and, perceptions of the Council's agreed priorities and outcomes.

- 3.2 The highest response rates received in respect of what residents like about Clackmannanshire are in respect of: the quality of parks and green spaces; quality of schools and education; its people and communities and its transport links. Conversely, the areas highlighted as priorities for improvement were transport links; culture and leisure; quality of schools and education and, parks and green spaces, seemingly reflecting a divergence in the views held by respondents.
- 3.3 The issues of most concern raised by residents were: the cost of living crisis; anti-social behaviour; education and schools and leisure and sport. Approximately 75% of respondents said that the Council's current priorities and outcomes were the right ones to focus on. More information on the results of phase 1 of the budget engagement can be found on Citizen Space.
- 3.4 The second phase of engagement, which was more specifically focussed around officer policy savings proposals, ran from 25 January to 19 February 2023. This phase received 433 responses on Citizen Space and included direct engagement with a number of stakeholders seeking to understand potential impacts and mitigations in the context of an accompanying draft Equality and Fairer Scotland Impact Assessment.
- 3.5 Responses were classified by themes, alongside potential impacts and mitigations, to facilitate the development of the Equality and Fairer Scotland Impact Assessment.

The broad themes were as follows:

- Review of Community Access Points/Libraries;
- Review of Early Learning and Childcare Centre provision;
- Extending the primary school lunch break;
- Review of home to school transport;
- Review of the delivery of secondary education;
- Council Tax rate;
- Fees and Charges;
- Voluntary and Third Sector, and
- Waste and Transition to Net Zero.

Responses from Stages 1 and 2, as well as evidence gathered for Equality and Fairer Scotland Impact Assessments have influenced the proposals in this budget paper, including highlighting areas for potential further dialogue where proposals have not been included in this Budget setting process.

- 3.6 One petition on the officer proposals relating to the review of Early Learning and Childcare Centre provision was received and heard at a Special Council Meeting in advance of this Budget meeting.
- 3.7 Councillors have been provided with a budget engagement pack and associated briefing in advance of this meeting providing fuller information.

Staff & Trade Union Consultation

- 3.8 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 Union representatives, most recently, ahead of this Budget setting meeting.
- 3.9 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. Throughout the budget process, staff have also been encouraged to contact senior managers to discuss proposals if they require further information. Again this year, a post budget cascade and video message will also be prepared, led by the Chief Executive, Chief Finance Officer and Strategic Directors.

4.0 Budget 2023/24

- 4.1 Finance Circular 11/2022 (Appendix F) setting out the Draft Local Government Settlement for 2023/24 was issued on the 20 December 2022 with a revised version being issued on 10 January 2023. The funding assumed for the 2023/24 General Services Revenue Budget is as follows:

Exhibit 1: General Services Funding 2023/24

	£m
General Revenue Grant	91.989
Ring fenced Revenue Grants	7.926
Non-Domestic Rates Income	17.764
Total Grant Funding	117.679
Estimated share of unallocated funds	1.997
Revised Total Grant Funding	119.676
Council Tax Income	25.547
Total Revenue Funding	145.223

Source: Finance Circular 11/2022

- 4.2 The £120m additional funding that was made available to Local Authorities as one-off funding for 2022/23 has now been baselined for 2023/24 and included in the General Revenue Grant total shown above.
- 4.3 Included in the total revenue funding are estimated shares of unallocated funds totalling £1.997m. This includes:
- redeterminations for Teachers Induction Scheme;
 - Discretionary Housing Payments (DHP);
 - Teachers Pay funding relating to 2021/22 which has yet to be allocated, and

- the top up for Criminal Justice which is paid outwith the settlement.

This takes the total grant funding to £119.676m which is an increase from 2022/23 in the Council's funding before Council Tax of £6.683m.

- 4.4 Additional funding of £100m to deliver a £10.90 per hour minimum pay settlement for Adult Social Care workers in commissioned services has also been announced in the draft settlement. However, this funding has not yet been allocated to Councils and is not, therefore, included in the figures in the above table.
- 4.5 Additional funding has also been announced as a contribution towards a revised offer for teachers pay. As these negotiations are still ongoing, this funding has not yet been allocated to Councils and is, therefore not included in the figures above.
- 4.6 This net funding position reflects an increase of 5% in the level of Council Tax. For Clackmannanshire Council residents, this results in a Band D Council Tax of £1,410.96 for 2023/24 which is an increase of £67.19 on 2022/23. Full details of the Council Tax Band Charges are set out within Appendix A.
- 4.7 Total Government Grant Funding set out above is subject to approval of the Local Government Finance Order. This was laid before Scottish Parliament on 22 February 2023 and at the time of writing this report, is expected to be approved by 1 March 2023.

Rollover Revenue Budget

- 4.8 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, the assumptions on the gap have remained relatively stable during the year.
- 4.9 The table below sets out the changes in the assumptions:

Exhibit 2: Movement in Indicative Gap during the year

	2023/24 £000
Indicative Gap	11,311
Reduction in Demand Pressures below £3m	(522)
Settlement & rollover budget adjustments	(692)
Increase in Council Tax assumption from 3% to 5%	(489)
Revised Gap	9,608

- 4.10 The main assumptions included within the gap shown above in Exhibit 2 and the gap for future years set out in Exhibit 4 below are:

- 5% increase in the level of Council Tax for 2023/24 and 3% increase thereafter in future years;
- Pay inflation equivalent to 2% for 2023/24 and 2% inflation 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 the outcome of negotiations. Any increase above this is assumed to be met from additional funding.
- Demand pressures covering contract inflation of £2.478m in 2023/24 as shown in Appendix B. Demand pressures have been estimated at £2.500m from 2024 onwards. Based on the current level of contract inflation, this amount is only expected to offset contract inflation and any general inflation should be offset through additional savings;
- There has been a slight increase in General Fund grant in financial year 2023/24 mostly to support additional and existing priorities. Flat cash is assumed for all future years;
- Share of the additional social care funding of £120m received in 2022/23 has been baselined, and
- As an accredited employer we will implement the Real Living Wage of £10.90 from 1 April 2023. The current Scottish Government Local Authority Living Wage rate is £10.85 (1 April 2022). Any increases to the Scottish Government rate arising from agreed pay negotiations will be implemented accordingly.

5.0 General Services Revenue Budget

- 5.1. The 2022/23 General Services Revenue Budget is summarised within Appendix A. The budget proposes expenditure of £152.184m against income of £152.184m, providing a balanced position.
- 5.2. 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. For 2023/24, due to the high level of inflation, only bids for Contractual inflation were considered. After a stringent review of bids put forward, the 2023/24 proposed pressures total £2.478m and these are set out in Appendix B for approval as part of this Budget.
- 5.3. Included within the list of demand pressures is the proposal to increase the rates and allowances paid to Foster Carers and an increase in the Personal Assistant Rates to providers. This uplift is to recognise increases in wage inflation and equates to a combined annual cost of £151,505.
- 5.4. The 2023/24 budget proposes savings of £3.814m. These comprise:
 - £3.032m Management Efficiencies (Appendix C), and

- £0.782m Policy and Redesign savings requiring Council approval (Appendix D).
- 5.5. Council is also asked to approve the part reversal of the management efficiency saving included in the 2022/23 Revenue Budget; *PEMGT9 - Withdraw support to APEX and CAB*. This saving was a two year saving to conclude in 2023/24 with full withdrawal of funding amounting to £35,000. After a review of the services provided by APEX to the Council, these services are still required and funding will continue to APEX in the 2022/23 and 2023/24 financial years. This reversal equates to £8,750 of the £14,000 saving approved in 2022/23. Funding to continue these services provided by APEX is included within the proposed budget for 2023/24.
- 5.6. Exhibit 3 below shows the movement in budgets across each of the portfolio areas. The movement is made up of combined savings, demand pressures and additional growth which includes pay inflation and additional funding for specific priorities:

Exhibit 3: General Services Revenue Budget 2023/24: Movement in Service areas and Proposed Budget for 2023/24.

Service	Current Budget 2022/23 £000	Total Savings 2023/24 £000	Savings As % of 2022/23 Budget	Demand Pressures £000	Growth & Additional Funding £000	Proposed Budget 2023/24 £000
People	73,329	(2,018)	2.75%	553	4,562	76,426
Place	31,914	(1,255)	3.93%	1,458	1,651	33,768
Partnership & Performance	10,126	(526)	5.19%	414	1,247	11,261
Other Services	29,394	(15)	0.05%	53	1,297	30,729
TOTAL	144,763	(3,814)	2.63%	2,478	8,757	152,184

- 5.7. The revised Income and Charging Policy and respective list of fees and charges for 2023/24 are set out in Appendix E. It is proposed that where the Council has the discretion to set charges, that these are increased by 5% for the financial year 2023/24. Some charges have increased at a different rate, usually this is where these are set nationally or by an external organisation and these exceptions are also noted in the Income and Charging Policy.

Balances and Reserves

General Reserves

- 5.8. The Council's current Finance Strategy is to retain uncommitted non HRA reserves at a minimum of 2.4% 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 continued 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 2.4% to 2% on a permanent basis.
- 5.9. Current uncommitted reserves are estimated to be £6.485m by 31 March 2023. In the proposed budget for 2023/24 net expenditure is £152.184m. On this basis, minimum uncommitted reserves at 2% equates to £3.044m, leaving uncommitted reserves above minimum of £3.441m.
- 5.10. After taking account of the planned savings of £3.814m detailed in Appendices C and D, there is a residual budget gap of £5.794m. It is therefore, recommended that the Council approves the following to close the gap:
- utilises the £3.441m from uncommitted general reserves above the minimum level;
 - uses £1.203m Capital Receipts to offset the loans fund principal repayments, which includes the release of £0.268m capital receipts held in the capital grants unapplied account previously transferred to support Transformation, and
 - uses the in year benefit of the Service Concessions £1.150m, subject to approval of the adoption of the revised guidance for accounting for service concessions (separate paper on this Council agenda).
- 5.11. On 20 December 2022, Local Government Finance Circular 11/2022 was issued setting out the draft local government settlement for 2023/24 (Appendix F). The final settlement was laid before Parliament on 24 February 2023 and is expected to be approved by 1 March 2023. This budget has sought to make adequate provision for meeting the assumptions set out in the Finance Circular.
- 5.12. Subject to the approval of this budget, the net expenditure, funding and resulting indicative funding gap for 2024/25 and beyond is set out in Exhibit 12 below. Council will note that the gap has increased by £7.152m for 2024/25 due to one off cash savings, non recurring additional revenue grant and utilisation of uncommitted revenue reserves which have been committed to support the 2023/24 Budget:

Exhibit 4: General Services Budget 2023/24-2026/27 Indicative funding gap

	2023/24	2024/25	2025/26	2026/27
	£000	£000	£000	£000
Net Expenditure	152,184	160,045	166,588	172,019
Net Funding	(152,184)	(148,484)	(149,304)	(150,052)
Annual indicative Funding Gap	-	11,561	5,723	4,683
Cumulative indicative Funding Gap	-	11,561	17,284	21,967

5.13. The table above shows that the indicative funding gap after the setting of the 2023/24 budget as proposed in this paper is £11.561m for 2024/25 and a cumulative gap of £21.967m by 2026/27. This is based on current assumptions at this time and will be updated through the Budget Strategy updates to Council throughout the year.

Earmarked Reserves and Financial Flexibilities

5.14. In previous years, financial flexibilities awarded by the Scottish Government have been used to support the budget. These flexibilities are due to end as at 31 March 2023 and as such have not been used in the proposed budget for 2023/24. Those flexibilities included:

- 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.

5.15. The flexibility to use capital receipts to create the capital element of the Transformation Fund and the Employment fund have contributed to supporting the revenue budget over the past few years. As these flexibilities are due to end at 31 March 2023, any unused capital receipts earmarked for this purpose will be returned to the general capital receipts reserve at the year end and utilised in line with current guidance.

5.16. The revenue element of the Employment Fund has been maintained at £0.853m. It is considered prudent to retain the Employment Fund Reserve as the Council continues with the implementation of the Target Operating Model as part of the plan to deliver a more sustainable cost base for the future.

5.17. In addition to the flexibilities outlined at paragraph 5.14, a further flexibility was granted in 2022/23 relating to the accounting treatment for Service Concessions (Circular 10/2022). It is proposed that the in year benefit for 2023/24 after adopting this guidance is used to support the revenue budget

for 2023/24 as noted in paragraph 5.10 above. Further detail is set out in the Treasury Management Report also on the agenda for this Council meeting.

- 5.18. The revenue element of the Transformation fund has also been retained to support ongoing transformation activity. The current balance on the Revenue element is £1.841m with all forecasted spend in 2022/23 being met from the capital element as noted above. Of the £1.841m, £1.195m has been previously committed, however £0.518m of the £0.600m previously committed for the Discovery Fund and the Flexible Resourcing Fund as part of the 2022/23 Revenue Budget, has not been allocated.
- 5.19. It is therefore proposed that the remaining uncommitted amount of the Transformation fund of £0.646m and the unallocated £0.518m from the Discovery and Flexible Resourcing Funds, amounting to £1.164m, is delegated to the Chief Executive and subsequently reported to the Be the Future Board and will be used to support ongoing transformation activity.

6.0 Health and Social Care Integration

- 6.1. The draft local government settlement for 2023/24 set out a net additional £95m to support social care and integration. This included: an additional £100m to deliver a £10.90 per hour minimum wage for adult social care workers in line with the Real Living Wage Foundation rate, and an additional £15m uplift for Free Personal Nursing Care rates. This was offset by the £20m non-recurring interim care money for 2022/23.
- 6.2. The letter from the Deputy First Minister, dated 15 December 2022 that accompanied the draft local government settlement set out that the funding to Integration Authorities should be additional to each Council's 2022/23 recurring Integrated Joint Board (IJB) budgets. Therefore, Local Authority social care budgets allocated to Integration Authorities must be at least £95m greater than 2022/23 recurring budgets.
- 6.3. In light of this requirement the proposed resource transfer to the Clackmannanshire and Stirling IJB is £25.269m. This reflects an increase of £0.138m on the budgeted contribution for 2022/23. The £100m referenced in paragraph 6.1 above has not yet been allocated but will be passported to the IJB and increase the budgeted contribution in line with the requirement set out by the Deputy First Minister as noted above. The budgeted contribution of £25.269m is proposed on the basis 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.
- 6.4. Appendix G sets out the Business case received from the IJB's Chief Finance Officer which was presented to the IJB's Finance and Performance Committee in December 2022 and summarised in the Council's Budget Briefings prior to this Budget setting process.
- 6.5. It should also be noted that in addition to the budgeted revenue contribution, continued provision has also been made in this Budget for investment in the replacement social care system and the MECS Analogue to Digital project.

- 6.6. In setting the IJB Budget in March 2023, 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.

7.0 General Services Capital Programme 2023/24

- 7.1. The indicative Capital Programme for 2023/24 is set out in Appendix A, providing detail of the major projects within the planned £236m Capital Investment Programme over the period 2023/24 to 2042/43.
- 7.2. 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 2023/24 assumptions have been reviewed wherever possible to reflect additional costs related to inflation for materials and time, as a result of labour market pressures.
- 7.3. As these projects move through the various stages, appropriate governance will, as usual, be sought through Council to ensure that projects remain financially viable reflecting current affordability. Routine monitoring of the Capital Plan through the Audit and Scrutiny Committee also provides further opportunities for elected members to scrutinise the delivery of planned activity.
- 7.4. Additionally, in setting out the plans within the capital programme, consideration is given to fulfilling the COSLA commitment where at least 1% of the Local Authority budget would be subject to Participatory Budgeting which for Clackmannanshire would equate to approximately £1.4m.

General Services Capital Grant 2023/24

- 7.5. The General Capital Grant allocated to Clackmannanshire Council in 2023/24 is £4.351m. This is augmented by additional specific grant income streams totalling £3.296m, resulting in total grant income of £7.647m being available in 2023/24. The £3.296m includes specific capital grant funding for Active Travel (£1.500m), Free School Meal Expansion (£0.754m), Clackmannan Regeneration (£0.568m) and (£0.118m) for Play Parks.
- 7.6. As part of the funding for the 2022/23 pay award, the Scottish Government provided £1.168m of additional capital funding in 2022/23 and 2023/24 in order to fund the pay award. The flexibility was also granted to transfer this funding to the HRA to fund capital expenditure. This was met with a corresponding transfer of £1.168m from HRA revenue surplus to the general fund. There is no detriment to the HRA from this transfer and this was included in the HRA Revenue and Capital Budget 2023/24 approved by Council on 16 February 2023.

Capital Strategy

- 7.7. 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 in 2012, there has been a reduction of £39m in the Council's level of debt. 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 2023 is estimated to be 2.9% compared to the Scottish Average of 6.24%. This placed the Council in a stronger position from which to now invest and stimulate local economic recovery on which the capital plan is based.

- 7.8. A summary of the borrowing position is set out in Exhibit 5 below. The Treasury Management Report, also on the agenda for this meeting sets out the effect of this strategy in more detail.

Exhibit 5: General Services Capital Funding 2023/24-2042/43

	2023/24	2024/25	2025/26	2026/27	2027/28	2028-33	2033-38	2038-43	Total
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Total Gross Programme Limit	(9,616)	(9,453)	(11,044)	(8,572)	(16,018)	(54,012)	(62,834)	(67,606)	(239,155)
Proposed Planned Expenditure	17,760	51,495	34,830	14,314	21,356	51,178	22,339	22,340	235,612
Amount of Planned Expenditure (below)/above Gross Programme Limit	8,144	42,042	23,786	5,742	5,338	(2,834)	(40,495)	(45,266)	(3,543)

- 7.9. The table above shows that if the current level of debt was to be maintained, the new borrowing requirement should be restricted to under £239m 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.

- 7.10. The gross expenditure over the 20 year proposed programme is £236m which results in net additional borrowing of £3m below the programme level of £239m 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 5.

- 7.11. 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, towards the end of the 20 year programme, Investment reduces below the programme limit which reduces the overall level of borrowing.

- 7.12. 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. It is also anticipated that Clackmannanshire's first Investment Strategy will be submitted to Council in the near future.

7.13. When setting its Capital programme the Council needs to ensure that it is affordable. One of the measures to do this is the ratio of Costs of Borrowing to net revenues stream which is set out in the table below.

Exhibit 6: Ratio of financing costs to net revenue stream

	2022/23	2023/24	2024/25	2025/26	2026/27	2032/33	2037/38	2042/43
	£000	£000	£000	£000	£000	£000	£000	£000
Loan Charges/ Cost of Borrowing	3,928	5,588	6,638	7,678	7,556	12,856	12,944	12,702
General Revenue Funding	135,300	136,066	136,856	137,669	138,506	144,086	149,554	155,894
Ratio of Cost of Borrowing	2.90%	4.11%	4.85%	5.58%	5.46%	8.92%	8.66%	8.15%

7.14. The table shows that over the initial years, revenue costs associated with borrowing including the interest costs and loans fund advances are rising as a percentage of the revenue income from grant and council tax. However, costs start to reduce towards the end of the programme. The ratio increases from 4.11% in 2023/24 steadily over the life of the capital plan as borrowing costs increase and funding remains fairly stable. The ratio then starts to reduce at the end of the 20 year period. Further detail on the cost of borrowing is contained within the Treasury Management Report also on the agenda for this meeting.

8.0 Sustainability Implications

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

9.0 Resource Implications

9.1. *Financial Details*

9.2. 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

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

9.4. *Staffing*

10.0 Exempt Reports

10.1. 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 X

17.0 Appendices

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

Appendix A Budget Leaflet including the General Services Revenue Budget 2023/24, the General Services Capital Programme 2023/24 to 2042/43 and the Capital Project Resourcing Requirement,

Appendix B Demand Pressures

Appendix C Management Efficiency Savings

Appendix D Policy and Redesign Savings

Appendix E Income and Charging Strategy and Register of Charges

Appendix F Local Government Settlement Letter 11/2022

Appendix G HSCP Business Case



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	
Nikki Bridle	Chief Executive	
Lindsay Sim	Chief Finance Officer (S95)	
Elizabeth Hutcheon	Management Accounting Team Leader	

Approved By:

NAME	DESIGNATION	Signature
Lindsay Sim	Chief Finance Officer (S95)	
Nikki Bridle	Chief Executive	

Administration Group

Proposed General Services
Revenue & Capital Budget
2023/24



**Clackmannanshire
Council**

www.clacks.gov.uk

Comhairle Siorrachd
Chlach Mhanann

Council Administration

Roles and responsibilities



Cllr Ellen Forson
Council Leader
Partnership, Third Sector
and Digital Strategy



Cllr Graham Lindsay
Depute Council Leader
Education



Cllr Phil Fairlie
Convener



Cllr Donald Balsillie
Provost
Depute Convener



Cllr Jane McTaggart
Depute Provost
Housing and Property



Cllr Wendy Hamilton
Health and Social Care



Cllr Fiona Law
Environment and
Net Zero



Cllr Scott Harrison
Sport, Leisure and
Active Living

Foreword

Clackmannanshire Council, like every public, private and third sector organisation, is facing huge challenges including the effects of inflation, wage increases, escalating energy costs and economic headwinds. In dealing with these challenges – just like every household in Clackmannanshire, Councillors are faced with difficult decisions in setting our local budget.

Our energy costs alone have increased by £877,000. Add on top of that an increased wage bill and materials and orders increasing with inflation and you've got a perfect storm.

The Council has a legal obligation to balance its budget. There is no provision to borrow money to pay for our everyday services and running costs. Council tax only funds 18% of the council's budget. It does not cover the cost of all the services, staff and buildings. Every 1% increase in council tax, provides £244,270 and in order to plug the £10 million gap, council tax would have to increase by 40% - this was not something we were willing to consider. However, to minimise the council tax increase to the proposed 5%, we need to reduce costs elsewhere. That ultimately means changing the services we provide and reducing overheads. These are not easy decisions to make as we know this will have impacts on local people and communities.

We are making decisions which protect areas such as education, social work and health & social care which most people will understand. But that equates to roughly two-thirds of the council's budget and ultimately means bigger reductions to services delivered by the remaining third of the budget. We are also mindful of the challenges faced by our communities which is why prioritising the tackling of poverty and other social inequalities continues to be our top priority.

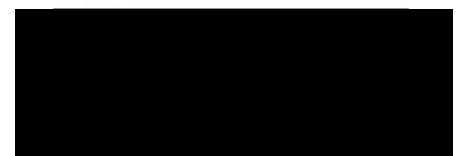
Our proposed capital programme will see £236 million invested in the area over the next 20 years. It is an ambitious plan which Clackmannanshire quite rightly deserves – it will deliver a new wellbeing hub, improvements to our schools, significant economic regeneration and will play a key role in our journey towards net zero.

The outlook for future years is also challenging. This is why the new target operating model agreed in August last year, which places the needs of residents, communities and businesses at the heart of Council decision-making and resilience and financial sustainability over the coming years, remains front and centre of the proposals we have tabled. This will involve transforming and modernising the way the Council operates. It will include being innovative, for example by the increased use of digital technology and further collaboration with partners across the public and third sectors, as well as finding new partners to work with to continue to attract more investment opportunities for the area.

We have not taken any decisions lightly, and in developing our budget for this year, we have listened closely to the feedback provided through the budget consultation process and have tried to strike the right balance between affordability, sustainability and delivering the services that local people want and need, within the funding that we have available.



Cllr Ellen Forson
Council Leader



Proposed General Revenue Budget 2023 / 24

Directorate	Current Budget 2022/23 £'000's	Proposed Budget 2023/24 £'000's	Indicative Budget 2024/25 £'000's	Indicative Budget 2025/26 £'000's	Indicative Budget 2026/27 £'000's
People					
Strategic Director	(19)	(239)	(157)	(157)	(157)
Care & Protection	16,175	17,092	17,188	17,188	17,188
Education & Learning	55,293	57,860	58,321	58,321	58,321
Support & Wellbeing	1,880	1,713	2,013	2,013	2,013
	73,329	76,426	77,365	77,365	77,365
Place					
Strategic Director	214	(238)	(238)	(238)	(238)
Development	1,774	1,753	1,939	1,939	1,939
Environment	9,041	9,665	9,665	9,665	9,665
Property	21,000	22,299	22,393	22,393	22,393
Housing	(115)	289	289	289	289
	31,914	33,768	34,048	34,048	34,048
Partnership & Performance					
Strategic Director	89	57	57	57	57
Finance & Revenues	3,517	4,268	4,268	4,268	4,268
HR & Workforce Development	1,675	1,777	1,777	1,777	1,777
Legal & Governance	1,464	1,539	1,539	1,539	1,539
Partnership & Transformation	3,381	3,620	3,744	3,744	3,744
	10,126	11,261	11,385	11,385	11,385
Other Services					
Corporate Services	(1,153)	(988)	4,480	9,983	15,536
Corporate Centrally Held	986	504	504	504	504
Allocated to non general fund	(1,305)	(1,305)	(1,305)	(1,305)	(1,305)
Misc Services - Non Distributed Costs	1,100	1,100	1,100	1,100	1,100
Central Scotland Valuation Joint Board	453	462	462	462	462
Health & Social Care Partnership	25,131	25,269	25,269	25,269	25,269
Interest on Revenue Balances	(91)	(205)	(205)	(205)	(205)
Loans Fund Contribution	4,073	5,792	6,842	7,882	7,760
Contribution to Bad Debt Provision	200	100	100	100	100
	29,394	30,729	37,247	43,790	49,221
Total Expenditure	144,763	152,184	160,045	166,588	172,019
Sources of Funding					
General Revenue Funding	(89,498)	(91,989)	(93,157)	(93,157)	(93,157)
Ringfenced Funding	(8,045)	(7,926)	(7,926)	(7,926)	(7,926)
Funding still to be allocated	(785)	(1,997)	(1,997)	(1,997)	(1,997)
Non Domestic Rates	(18,065)	(17,764)	(17,764)	(17,764)	(17,764)
Council Tax	(24,427)	(25,547)	(26,313)	(27,103)	(27,916)
Contribution from Reserves	(3,943)	(6,961)	(1,327)	(1,357)	(1,292)
Total Funding	(144,763)	(152,184)	(148,484)	(149,304)	(150,052)
Indicative Budget Gap	-	-	11,561	17,284	21,967

Capital Programme 2023/24 to 2042/43

Project	2023/24	2024/25	2025/26	2026/27	2027/28	Total 2028-33 £'000	Total 2033-38 £'000	Total 2038-43 £'000	Total
Wellbeing Hub - full passivhaus	3,300	30,800	19,250	1,650		0	0	0	55,000
Lochies	1,195	11,155	7,172	398		0	0	0	19,920
Social Care System MVP	80	700	20			0	0	0	800
Work Smarter	500	400				0	0	0	900
Innovation Hub Delivery			695			-	0	0	695
City Deal (RPMO)	100	100	100	100	100	400	0	0	900
City Region Deal	61	2,970	2,306	1,656	1,000	-	0	0	7,993
Renewable Energy Projects	50					-	0	-	50
Alloa Town Centre Upgrade						400	0	-	400
Alloa Town Centre Upgrade extension						400	0	-	400
Active Travel Route - Alloa-Alva-Menstrie	1,600	400				-	0	-	2,000
Forthbank Road Operational Facilities	20					-	0	-	20
Flood Protection	86	86	86	86	86	430	430	430	1,720
Bowmar Community Hub	9					-	0	-	9
Building energy management system	8					-	0	-	8
Clackmannan Regeneration	1,192					-	0	-	1,192
Clackmannan Town Hall Roof & Wall	64					-	0	-	64
Village and Small Town - Menstrie						120	0	-	120
Village and Small Town - Tillicoultry				110	440	-	0	-	550
Clackmannan Community Access Point	93					-	0	-	93
Learning Estate - Banchory Primary School	16					-	0	-	16
Learning Estate Contingencies	444					-	0	-	444
Learning Estate - Tullibody South Campus	10					-	0	-	10
Learning Estate - Free School Meals infrastructure	754					-	0	-	754
Learning Estate Development Driven (minimum requirements)			500	4,984	13,860	22,786	0	-	42,130
Learning Estate Indicative Future Investment Requirements (Options appraisals, condition and suitability)	365	225	225	200	200	1,700	0	-	2,915
Social services adaptations	68	120	75	75	75	375	375	375	1,538
Analogue to Digital	278					-	0	-	278
National play park and open space improvements	118	164	256			-	0	-	538
Park, Play Area & Open Space Improvements	25	25	25	25	25	125	125	125	500
Cycle Routes	100	100	55			-	0	-	255
Gartmorn Dam Country Park	13	20				-	0	-	33
Wellbeing Hub - Demolition of ALB	9					-	0	-	9
Digital Transformation - Future Ways of Working	100	50	50			-	0	-	200
Digital Learning Strategy	250	250	250	250	250	1,250	1,250	1,250	5,000
IT Infrastructure (Council)	90	90	90	90	90	450	450	450	1,800
ICT Replacement (Secondary Schools)	125	125	125	125	125	625	625	625	2,500
ICT Upgrade (Primary Schools)	90	90	90	90	90	450	450	450	1,800
CRB system (School)		40				-	0	-	40
Fitness Suite Equipment	12	12	12	12	12	60	60	60	240
Alva Primary School Bridge	35					-	0	-	35
Asbestos Removal (Schools)	8	12	10	10	10	50	50	50	200
Learning Estate DDA	14	20	17	17	17	85	85	85	340
Cleaning Equipment Upgrade (Schools and Council)	10	10	10			-	0	-	30
Bridge Improvements	75	75	75	75	75	375	375	375	1,500
Street Lighting Replacement	160	160	160	259	259	1,298	1,304	1,305	4,905
Carriageways - Road Improvements	1,800	1,800	1,800	2,500	2,500	12,500	11,050	11,050	45,000
Cemetery Walls	400	100	100	200	200	200	0	0	1,200
Kilncraigs Stone Preservation	120	30				-	0	0	150
Purchase of Former Police Station	315					-	0	0	315
Car Park Works						589	0	0	589
Kilncraigs roof	900					-	0	0	900
Vehicle Replacement	400	400	400	800	1,800	5,800	5,000	5,000	19,600
Wheeled Bins	30	30	30	30	30	150	150	150	600
Gross Total Approved Programme (Revised)	15,492	50,559	33,984	13,742	21,244	50,618	21,779	21,780	229,198

Capital Programme 2023/24 to 2042/43 continued

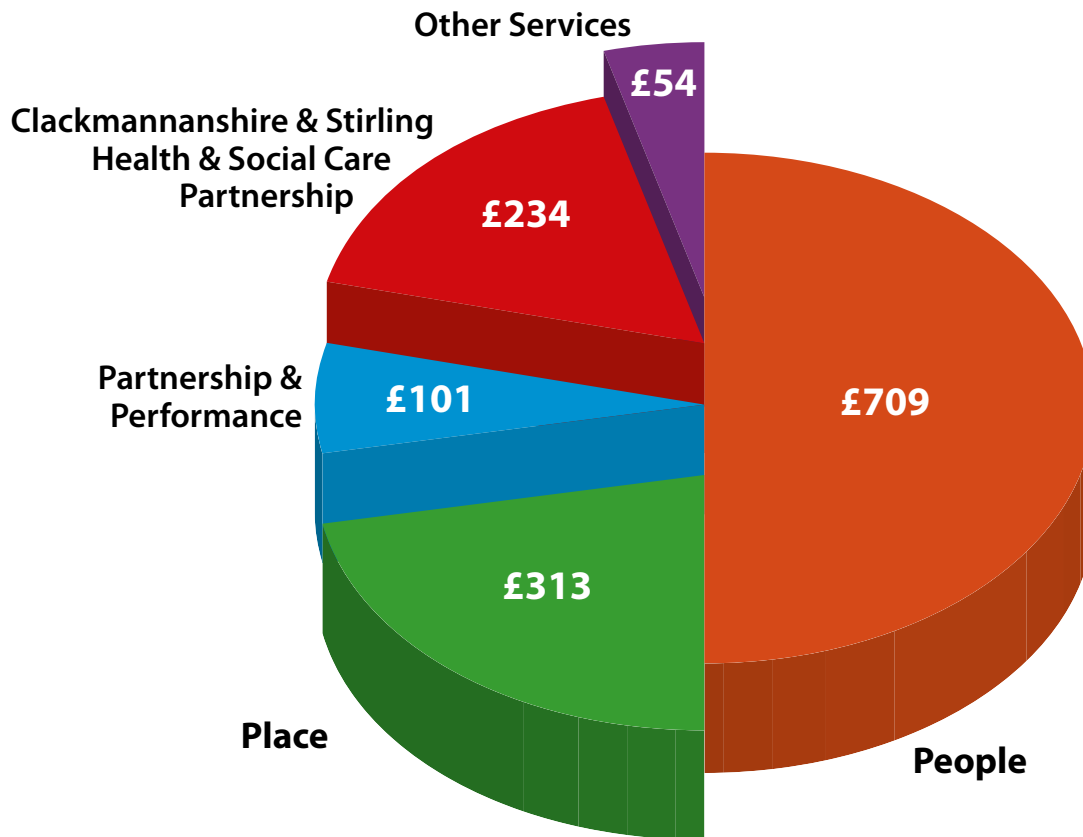
Project	2023/24	2024/25	2025/26	2026/27	2027/28	Total 2028-33 £'000	Total 2033-38 £'000	Total 2038-43 £'000	Total
Replacement of Land Welfare facilities	46					0	0	0	46
Local Care Provision (Woodside) H&S Compliance	16	24				0	0	0	40
Remedial works at The Whins and Ludgate House		78				0	0	0	78
Clackmannanshire War Memorials & Monuments				30		0	0	0	30
Clackmannan Tolbooth	280					0	0	0	280
Alva Cemetery Extension			130	430		0	0	0	560
Contribution to Shared Cost of Works at Polmaise Waste Transfer Station	77					0	0	0	77
ICT Resourcing	174					-	0	0	174
Capital Project Resourcing	1,675	834	716	112	112	560	560	560	5,129
Gross Total New Bids	2,268	936	846	572	112	560	560	560	6,414
General Capital Grant	-4,351	-4,351	-4,351	-4,351	-4,351	-21,755	-21,755	-21,755	-87,020
National Playparks and open space improvements (indicative figures)	-118	-164	-256	0	0	0	0	0	-538
City Deal Grant	-61	-2,970	-2,306	-1,656	-1,000	0	0	0	-7,993
Free School Meals infrastructure	-754					0	0	0	-754
Developer contributions - Learning Estate Development Driven - route map v4	-295	0	0	-600	-6,500	-3,866	0	0	-11,261
Clackmannan regeneration	-568	0	0	0	0	0	0	0	-568
Sustran grant - active travel route - Menstrie to Alva	-1,400	0	0	0	0	0	0	0	-1,400
Cycle routes	-100	-100	0	0	0	0	0	0	-200
Gross Total Income Anticipated	-7,647	-7,585	-6,913	-6,607	-11,851	-25,621	-21,755	-21,755	-109,734
GROSS TOTAL CAPITAL PROGRAMME	17,760	51,495	34,830	14,314	21,356	51,178	22,339	22,340	235,612
NET EXPENDITURE	10,113	43,910	27,917	7,707	9,505	25,557	584	585	125,878

Capital Resourcing

The Capital Plan includes provision for the following resources to prioritise delivery of key Capital Plan projects in support of the Council's strategy of investment-led recovery

Programme or Project	Total FTE	No Bought in Days	Capital Cost 2023/24	Capital Cost 2024/25	Capital Cost 2025/26
City Region Deal	1	776	£468,887	£56,117	£56,117
Roads and Fleet	1	0	£56,117	£56,117	£56,117
Learning Estate	1.5	48	£104,689	£85,406	£85,406
Wellbeing Hub & Lochies	4	48	£312,951	£307,090	£264,291
Assets and Property	1	0	£37,411	£56,117	£56,117
Working Smarter - including internet of things and automation	2	336	£278,716	£0	£0
Future Ways of Working - including Microsoft 365	2	73	£93,528	£74,822	£0
Transformation Zones	1	0	£28,058	£0	£0
Climate Change	0.5	0	£19,208	£0	£0
Capital Programme Support	4.5	217	£379,491	£339,491	£339,491
	18.5	1,498	£1,779,056	£975,159	£801,421

How your council tax is spent



Council Tax Charges 2023/24

Valuation Band	Council Tax £
BAND A - DISABLED	£783.87
BAND A - up to £27,000	£940.64
BAND B - £27,001 to £35,000	£1,097.41
BAND C - £35,001 to £45,000	£1,254.19
BAND D - £45,001 to £58,000	£1,410.96
BAND E - £58,001 to £80,000	£1,853.84
BAND F - £80,001 to £106,000	£2,292.81
BAND G - £106,001 to £212,000	£2,763.13
BAND H - over £212,000	£3,456.85

Based on a Band D property for 2023/24. The total figure does not include water and sewerage charges.

Investment Proposals - Policy

Investing in Education

Education is a key investment priority and investing in our early learning and schools remains one of our top priorities. Our investment covers:

- Investment in closing the poverty-related attainment gap
- Maintaining teacher and learning assistant numbers
- Expansion of free school meals for P6 and P7
- A swimming programme for P5s



£58.764m

New Lochies School

A new Lochies school will deliver an inspiring school environment for our children with severe and complex needs.

- Benefitting from sharing the facilities of the new Wellbeing Hub
- Contributing to net zero ambitions
- Incredible outdoor space
- Closer links to Alloa Academy EASN and local primaries

£19.92m

Investment Proposals - Policy

Free child care for primary school children

One of the main barriers for families on low incomes is before and after school child care. This is essential for some families to sustain secure and stable employment.

With the support of Scottish Government funding, we can now provide:

- Eligible families with access to free child care for school age children
- Tackle child poverty
- Support more families with wellbeing and into employment.



£428,000

The Promise – investing in local foster carers



We are committed within The Promise to ensure that children and young people can stay within their local communities, attend their local school and maintain relationships with families and friends. Foster Carers are integral to supporting this key commitment and an increase in uplift of payment will support them.

£91,000

Investment Proposals - Policy

The Promise - Local Care Provision



Our children and young people, who are unable to stay within their own families, deserve to have the highest quality of accommodation. Through an exciting new partnership with the Vardy Foundation, we are investing in new residential accommodation. This will allow us to:

- Keep our children and young people in their own community
- Provide levels of support at different age ranges
- Provide love, support and care
- Plan for their future through move on accommodation close by so that they can maintain their trusted relationships at points of transition.

Mental health supports for young people

The mental health needs for children and young people have increased significantly post-pandemic. As a result, additional mental health supports and services have been developed:

- An Educational Psychology Service to all schools with targeted areas of work including care experienced and refugee populations. The work of the service is driven by a trauma-informed approach known as Readiness For Learning (R4L).
- Digital and face-to-face services including:
 - Counselling in Schools service for all children and young people aged 10-18
 - Creative Therapeutic Interventions - music and art therapy for children aged 5-9 years
 - Wellbeing Worker service for Through Care After Care
 - Digital services covering the age range of 5-26
 - Text-based crisis intervention service
- Community-based assessment pathway for ASD and the development of trauma-informed approaches across the Council workforce.

£490,000

Investment Proposals - Policy

Family Wellbeing Partnership

The Family Wellbeing Partnership is a partnership between Clackmannanshire Council, the Hunter Foundation and Scottish Government, tackling poverty and supporting wellbeing. It is already informing the next steps of the Be the Future Transformation Programme and the Target Operating Model.

By focusing services on what individuals and communities really value and need, it takes a more person centred, holistic approach, where services and agencies work more closely together to reduce barriers to access and focus on community based solutions.

- Whole family wellbeing and support
- STRIVE (Safeguarding through rapid intervention) with Police Scotland and other partners
- Early Years and School Age Childcare
- Local Employment action plan with the Wellbeing Economy Alliance
- Building activities around the schools to support young people and their families
- Reviewing funding arrangements to maximise grant and other funding sources

Transforming Health and Social Care

The Clackmannanshire and Stirling Health and Social Care Partnership will approve an ambitious 10 year Strategic Commissioning Plan in March 2023 after a wide and comprehensive period of engagement.

The plan and supporting Transforming Care Programme will focus on the following agreed priorities which are aligned to the National Health and Wellbeing Outcomes and many of the Councils wider priorities such as the Wellbeing Hub and Community Wealth Building.

- Prevention, early intervention and harm reduction
- Independent living through choice and control
- Care closer to home
- Supporting empowered people and communities
- Reducing loneliness & isolation

£25.269m

Investment in Local Assets

Clackmannanshire Wellbeing Hub



We are committed to a new state of the art wellbeing hub for the people of Clackmannanshire.

- Providing brand new facilities for sport, leisure and wellbeing
- Links to a wider network of activity across the county
- Energy efficient and contributing to the Council's net zero commitments.

£55.884m

City Region Deal

We are working with Deal partners and the Scottish and UK Governments to bring forward significant infrastructure projects which will deliver new jobs and skills development/training opportunities to the people of Clackmannanshire. These include:



- Scotland's International Environment Centre, phase 1 of which is based in Forth Valley College Alloa campus and is already attracting additional leveraged funding and business activity
- Alloa Innovation Hub, based in the town centre and accessible to all. Incorporating SIEC phase 2 and the Intergenerational Living Innovation Hub to develop new technologies in the fields of environment and ageing and dementia studies.
- Alloa Digital Hub, providing access to digital technology, business advice and skills/training
- Active Travel, linking Alloa and the Hillfoots to the University of Stirling.
- Culture, Heritage and Tourism projects – to grow the area as a destination, attracting visitors to stay longer and spend more.
- Japanese Garden- infrastructure improvements and increased training and job opportunities.

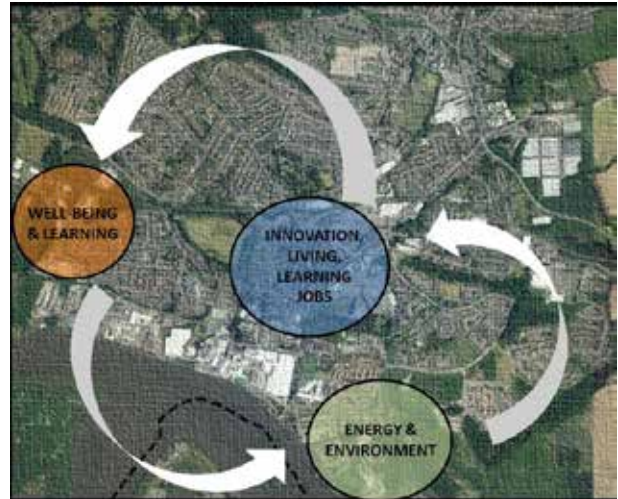
£9.588m

Investment in Local Assets

Transformation Zones/ Alloa Town Centre Regeneration

Our place-based integration approach co-ordinates activity and maximises the benefits of a range of investment opportunities in Clackmannanshire.

- Making best use of capacity, services, investment and infrastructure to improve community life and economic resilience.
- Linking the Wellbeing Hub, Innovation Hub and Forthbank energy and food production initiatives.
- Developing a town centre masterplan and inward investment prospectus
- Building strategic land capacity



£828,000

Improving local transport

We are working with the Forth Valley Connectivity Commission, together with Clacks Alliance partners and local community groups to explore new models of public transport that are more responsive to people's needs, whether that be access to training or employment or social and leisure activities.

We also plan to extend Clackmannanshire's Active Travel routes with the construction of a new route between Alva and Menstrie. This will be a lit route that will follow the old railway line.



£2.0m

Investment in Local Assets

Investment in Net Zero

We will continue to move our fleet to electric and hydrogen vehicles.

We are investing in biodiversity, with our pollinator strategy and the creation of biodiversity corridors along our active travel routes.

We will continue to engage with our local communities to help develop Clackmannanshire's path to net zero.

Following our successful bid to the Scottish Government's Vacant and Derelict Land Improvement Fund, together with partners we will be developing a £500,000 energy and community food growing project at Forthbank.

- Community Wealth Building via sustainable food growth
- Clackmannanshire Living Lab - Renewably powered agriculture – embracing innovative climate smart technology for local food production
- Physical infrastructure to support small scale modular food growing exploring a range of methods including vertical growing
- A community learning, growing and energy production facility delivering a wide range of green jobs, skills, inward investment and high quality careers in the area
- Partnership working between Council, University of Stirling, local community, third sector groups and local SMEs

£519,000

Play park improvements

We will invest in inclusive playparks in consultation and partnership with our local communities

- Consult with communities to find what people want to see in their play parks
- Support communities who want to take on ownership of their play parks with design and support to access funding

£1.038m



Investment in Local Assets

Clackmannan Regeneration

Together with Kingdom Housing, we are developing 5 new affordable homes and 3 small commercial units in the former gap site in Main Street, Clackmannan. Benefits are:

- The removal of a derelict site
- Meeting local housing need
- The creation of opportunities for small business development and community wealth building.



£1.192m

Community Wealth Building/Community Asset Transfers

We want a Clackmannanshire economy that is built on the wellbeing of all our communities, businesses and natural environment, underpinned by growth that benefits all our residents, environmental sustainability, and resilience in a changing world.

That is why through our Community Wealth Building programme we:

- have and will continue to invest in progressive procurement programmes that have improved the Council's expenditure with local business from 14% to more than 25% in the last 4 years, with over 40% of the Council's spending made within Forth Valley's economy
- continue to work with communities to support the transfer of assets to support local management of facilities of importance to those who use them. Recent examples of successful transfers include the Tullibody Civic Centre and The Hive in Dollar
- have established a Community Anchor Partnership between our largest businesses and the public and third sectors
- are working with Clackmannanshire Credit Union to strengthen its role as a community financial anchor
- are supporting women entrepreneurs and business leaders through our Emerge Women programme, in partnership with Ceteris

Investment in Local Assets

Digital Transformation

Our communities increasingly expect services to be easy to access in ways that better fit with modern lifestyles. That's why we are investing in a digital future with technologies that will make services more efficient, safe and accessible around the clock, including:

- The use of the internet of things to enable technologies that can remotely improve health and wellbeing, from carbon dioxide levels in schools to whether a vulnerable person needs assistance.
- Increased use of modern applications and technologies, including robotics to improve customer service.
- Personal digital devices for every learner so that our young people from P1 to S6 have the skills for a digital world.

£7.179m

Asset Management

We will review all of our land and property assets to ensure that we maximise their effective utilisation. We will explore how we can make cost savings as well as reducing our carbon emissions. Our assets include:

- Operational buildings such as offices
- Community buildings
- Commercial portfolio – shops, offices and workshops
- Strategic sites

Tackling poverty and inequality, and safeguarding frontline services

Protecting Third Sector organisations

Transforming services for the future

Revenue Budget
£152.184m

20 year Capital Investment
£236m

Health and Social Care Partnership investment of
£25.269m

Council Tax 5% Increase equates to Band D
£1410.96

Learning Estate Investment of
£45.515m

General Reserve of 2% (£3.044m) of Council expenditure

Transformation Investment Fund £1m

£46.12m Investment in Roads

Commitment to Scottish Living Wage



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Comhairle Siorrachd
Chlach Mhanann

Demand Pressures - Contract Inflation

Demand Pressure Reference	Directorate	Department	Name of Pressure	2023/24 £	Year 2 - 2024/25 Estimated Amount £
PREP&P5	Partnership & Performance	Finance & Revenues	Scotland Excel Requisition Increase	1,417	-
PREP&P6	Partnership & Performance	Finance & Revenues	Audit Scotland Annual Fee	22,400	-
PREP&P12	Partnership & Performance	HR & Workforce dev	Cost of processing PVG checks	15,000	-
PREP&P4	Partnership & Performance	HR & Workforce dev	Apprenticeship Levy - annual inflationary increase	29,679	-
PREP&P3	Partnership & Performance	Corporate	Annual Insurance Premium Increase	62,920	-
PREP&P9	Partnership & Performance	Corporate	Inflationary increase on requisition to Valuation Joint Board 2%	9,060	-
PREP&P2	Partnership & Performance	Partnership & Transform	IT Contract inflation	17,000	-
PREP&P10	Partnership & Performance	Partnership & Transform	M365 Licenses	18,700	75,000
PREP&P11	Partnership & Performance	Partnership & Performance	Additional Staff Resource to support project and governance activity	308,667	114,000
PREPEO01	People	Various	Contract Inflation - other Local Authorities	14,119	
PREPEO02	People	Additional Support Needs	External Residential Placement	67,500	
PREPEO03	People	Childrens Svs	Corporate Parenting-External Foster Care Provision	91,000	
PREPEO04	People	Childrens Svs	Growth in Kinship Care	41,500	
PREPEO08	People	Childrens Svs	Personal Assistant Rates & SDS Payments	60,505	
PREPEO05	People	Childrens Svs	Out of Area Education	40,250	
PREPEO07	People	Childrens Svs	Children Commissioned Services - Payments to Vol Orgs	152,772	
PREPEO06	People	Childrens Svs	School Bus Contracts inflationary uplift	66,000	
PREPL07	Place	Secondary PPP	PPP Annual Contract Inflation	936,673	
PREPL01	Place	Property	Non Domestic Rates - Revaluation	444,242	
PREPL02	Place	Environment	Landfill Tax Increases	28,800	
PREPL03	Place	Environment	Recycling Improvements - software licences	10,000	
PREPL04	Place	Environment	Waste Treatment processing charge increase	40,000	

TOTAL	2,478,204	189,000
People	533,646	0
Place	1,459,715	0
Partnership & Performance	484,843	189,000
TOTAL	2,478,204	189,000

Management Efficiencies

Saving Reference	Directorate	Department	Description	THEME	2023/24	2024/25	2025/26	2026/27	2027/28	Total	Cash /Permanent
P&PMGT1	Partnership & Performance	Corporate	Hybrid Working - Reduction in Mileage	Workforce	15,000					15,000	Cash
P&PMGT8	Partnership & Performance	Partnership & Transformation	Capitalisation of ICT and Digital posts supporting capital plan implementation	Workforce	124,200					124,200	Cash
P&PMGT12	Partnership & Performance	Finance & Revenues	Increase in Water Agency Fee	Income	40,681					40,681	Permanent
P&PMGT13	Partnership & Performance	All	Voluntary Severance	Workforce	328,179	144,589				472,768	Permanent
PEMGT16	People	Education & Learning	CLD	CLD Redesign	38,133					38,133	Permanent
PEMGT02	People	Education & Learning	Review of Devolved School Management	Education Redesign	400,000					400,000	Cash
PEMGT11	People	Education & Learning	Primary Schools Efficiency (Falling Rolls)	Education Redesign	57,175					57,175	Permanent
PEMGT04	People	Education & Learning	Capitalisation of Project Manager for Digital Technology within People for Digital Rollout	Workforce	50,155					50,155	Cash
PEMGT05	People	Education & Learning	ELC Centre Support	Workforce	10,481					10,481	Cash
PEMGT13	People	Care & Protection	Review of supported accommodation (further saving 23/24)	Child Care Redesign	63,000					63,000	Cash
PEMGT14	People	Care & Protection	Reduction in external foster places (further saving 2023/24)	Child Care Redesign	33,000					33,000	Cash
PEMGT01	People	Care & Protection	Reduction in hours, various posts	Justice & Children's Redesign	27,600					27,600	Permanent
PEMGT12	People	Care & Protection	Youth Justice Mileage	Workforce	3,971					3,971	Permanent

Management Efficiencies

Saving Reference	Directorate	Department	Description	THEME	2023/24	2024/25	2025/26	2026/27	2027/28	Total	Cash /Permanent
PEMGT19	People	Care & Protection	CAB 2nd yr of 2022/23 saving	Justice Redesign	16,500					16,500	Permanent
PEORED03	People	Care & Protection	Children Services Redesign	Staff Redesign	119,621					119,621	Permanent
PEORED02	People	Care & Protection	Review of Residential Placements	Commissioned Services	98,500					98,500	Permanent
PEMGT15	People	Support & Wellbeing	Leisure Bowl management fee	Leisure Redesign	300,000					300,000	Cash
PEMGT06a&b	People	Strategic Director	External Recharge to Regional Improvement Collaborative	Workforce	81,640					81,640	Cash
PEMGT20	People	All	Voluntary Severance	Workforce	222,620	32,060				254,680	Permanent
PLMGT13	Place	Property	Change in PAT Testing policy	Contracts/Subscriptions	45,000				-45,000	0	Permanent
PLMGT15	Place	Property	Schools PPP management fee	Contracts/Subscriptions	80,000					80,000	Cash
PLMGT14	Place	Property	Deletion of vacant posts	Workforce	77,420					77,420	Permanent
PLMGT14a	Place	Property	Delay filling maintenance officer post	Workforce	14,340					14,340	Cash
PLMGT20	Place	All	Voluntary Severance	Workforce	462,080	115,040				577,120	Permanent
PLMGT1	Place	Development	Trading Standards	Workforce	50,000					50,000	Cash
PLMGT2	Place	Development	GIS	Contracts/Subscriptions	39,900					39,900	Permanent

Management Efficiencies

Saving Reference	Directorate	Department	Description	THEME	2023/24	2024/25	2025/26	2026/27	2027/28	Total	Cash /Permanent
PLMGT3a	Place	Development	Legacy Developer Contributions	Alternative Funding	136,000					136,000	Cash
PLMGT10	Place	Housing	HRA post reallocation	Workforce	20,880					20,880	Permanent
PLMGT11	Place	Housing	Reallocation of operational costs	Workforce	44,214					44,214	Permanent
PLMGT12	Place	Housing	Reallocation of strategic housing costs	Workforce	5,530					5,530	Permanent
PLMGT8	Place	Environment	Fleet - Removal of vacant posts	Workforce	21,000					21,000	Permanent
PLMGT18	Place	Environment	Reduction in overtime within Waste service	Workforce	5,000					5,000	Permanent
				TOTAL	3,031,820	291,689	0	0	-45,000	3,278,509	

Partnership & Performance	508,060	144,589	-	-	-	652,649
People	1,522,396	32,060	-	-	-	1,554,456
Place	1,001,364	115,040	-	-	45,000	1,071,404
Total	3,031,820	291,689	-	-	45,000	3,278,509
Cash	1,357,816					
Permanent	1,674,004					
Total	3,031,820					

Savings proposals
Budget setting 2023/24

Policy & Redesign

Saving Reference	Directorate	Department	Description	THEME	2023/24	2024/25	Total
PEOPOL1	People	Education & Learning	Review of Early Learning and Childcare provision	Education Redesign	483,333	290,000	773,333
PEOPOL9	People	Education & Learning	Review of Secondary School Support Services	Education Redesign	13,015	7,810	20,825
P&PRED01	Partnership & Performance	Various	Review of Community Access Points	Customer Services	18,000		18,000
P&PPOL3	Partnership & Performance	HR & Workforce Dev	Reduction in Training Budget	Workforce	15,000		15,000
PLPOL03	Place	Environment	Increase Charge for Brown Bin Permits	Increase to Fees and Charges	75,000		75,000
PLPOL10B	Place	Environment	New Charge to Developers for new communal bins	Increase to Fees and Charges	3,000		3,000
PLPOL04	Place	Environment	Roads Income - Increase Fees and Charges	Increase to Fees and Charges	5,000		5,000
PLPOL05	Place	Environment	Increase Burial Charges	Increase to Fees and Charges	10,000		10,000
PLPOL09	Place	Environment	Transition to Net Zero *(see appendix E - Electric Vehicle Charging Policy)	Energy & Waste	160,000		160,000
					782,348	297,810	1,080,158

Partnership & Performance	33,000	-	33,000
People	496,348	297,810	794,158
Place	253,000	-	253,000
Total	782,348	297,810	1,080,158



Clackmannanshire Council

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Charging Policy

This policy sets out Clackmannanshire's policy regarding fees and charges for services for the 2023/24 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 1st April 2023 to 31st March 2024.

Income and Charging 2023/24

Rationale for changes in 2023/24

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 2023/24

Fees and charges have increased for 2023/24 by an inflationary increase of 5%. The exception to this is where fees and charges are set by statute or set outwith control of the Council or where the Council, on review of the Principles set out in this strategy, feels charges should be set differently.

Exceptions

Environmental Health

The shelter for stray dogs is run by Stirling Council. The charge has been increased by a proposed 5%. 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 5%. This will be confirmed once Stirling Council agree their budget.

Housing

The rent charge has increased by 3% (agreed as per report to Council 16th February 2023).

The rent charge for temporary accommodation and support remains at the same level as 2022/23.

There has been no increase to the weekly rent for the travelling persons site as this is currently closed.

Council Tax

Council tax has increased by 5%.

Licencing

We have also introduced that Council officers may waive the fee on application by a constituted Community group for a Public Entertainment Licence for the purposes of a community gala for residents of Clackmannanshire to a maximum of one instance per annum per Community Council area and subject to officers being satisfied that the event meets the definition of a community gala. This community empowerment initiative will be

on a trial basis from 1 April 2023 to 31 March 2025, subject to satisfactory review to be conducted in consultation with the Joint Community Council Forum before the end of December 2023.

We have introduced a new charge of £450 (occupancy 4 or under) and £550 (occupancy 5 or above) for short term let licences. This licence ensures that all short term lets meet a set of statutory standards. This licence is a new statutory requirement introduced during 2022/23.

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 the Environment Service areas will continue to be made on a commercial basis, taking account of affordability and level of demand. These changes are set out below:

- We have increased the annual charge for the collection of domestic garden waste from £38 to £45,
- We have increased the charge for bulky uplifts from £42 to £50. The number of items has also decreased from 8 to 5,
- We have changed the charging structure of the West End Park Pavilion from an hourly charge to a charge on application based on expected usage. This is to ensure full cost recovery on all hires as each hire entails bespoke use of the Pavilion,
- We have introduced a new charge of £500 for the provision of communal bins to new flatted properties applicable to developers,
- We have introduced the following new charges and increased existing non-statutory charges for Roads as set out below:
 - new charge of £65 for traffic lights,
 - new charge of £200 for the switch off of traffic lights / pedestrian crossings,
 - new charge of £70 for initial access protection marking and £45 for remarking,
 - increased the charge for a roads permit/ inspection from £312 to £625,
 - increased the charge for minor roads works consent from £38 to £45,

- increased the charges for road occupation permits. Up to 3 days has increased from £43 to £70, up to 1 week has increased from £60 to £115 and up to 1 month has increased from £91 to £180,
- increased the charge for road closures. Emergency closures have increased from £304 to £675, non emergency road closures 1 to 5 days has increased from £304 to £675 and non emergency road closures more than 5 days has increased from £604 to £675,
- increased the charge for roads adoption plans from £45 to £55.

All charges will continue to be reviewed as part of the annual review of fees and charges aligned to the budget setting process.

Electric Vehicle Charging Policy

The Transition to Net Zero saving within Appendix D, includes an element related to the full cost recovery of Electric Vehicle Charging. Further detail of the charging strategy will come forward to Council in the early part of 2023/24. On this basis the saving assumes a part year implementation.

Register of Charges 2023/24

Adult Care

Day Care	2023/24
Day Care	70.10+
Care at Home (formerly Domestic Care)	£14.40
Equipment	No Charge
Minor adaptations	No Charge
Mobile Emergency Care Service - per week	£4.30

Personal Care	2023/24
Nursing Care	Assessed
Residential Care	Assessed
Local Authority Residential Care	Assessed
Respite Care	Assessed

+ 5 hours @ £14.02 per hour

Education

	2023/24
Primary Milk (per carton)	£0.15
School Meals - Traditional Lunch - Child	£2.20
Breakfast (per serving)	£1.40
Replacement School Bus Pass	

April 2020 - July 2020 Early Years and Out of School Care

Out of School Care	2023/24
Kidzone Out of School Care (term time) per hour	£4.40
Kidzone Out of School Care (term time) (per minibus journey)	£2.40
Kidzone Out of School Care Holidays (per day)	£39.90
Kidzone Out of School Care Holidays (per half day)	£20.10
Note: 10% discount for a sibling	

September 2020 onwards Early Years

Early Years and Out of School Care	2023/24
0 - 2 year olds session (4 hours 30 minutes)	£26.40
2 - 3 year olds (per hour)	£5.90
3 - 5 year olds (per hour)	£5.90

Note: 10% discount for a sibling

Sports Development

		2023/24
Sports Development (Gymnastics, Football, Athletics, Tennis, Table Tennis, Trampolining, Basketball) - 9 weeks		£46.00
School Holiday Sports Camp per day		£23.00
School Holiday Sports Camp per week		£93.00
Sports Development - Swimming - 6 Weeks		£48.00
Leisure Activities Programme		2023/24
Zone 60s	Dumyat Community Centre	£5.30
Circuit Class	Alva Academy	£5.30
Mature Movers	Ludgate House	£5.30
OTAGO	Sauchie Hall	£2.70
Social Badminton	Alva Academy	£5.30
Chi Kung	Sauchie Hall	£5.30
Yoga	Alloa Academy	£5.30
Lower Limbs	Cochrane Hall, Alva	£2.70
Adult ASN Class	Sauchie Hall	£2.70
Sporty Seniors	Dollar Civic Centre (Hive)	£2.70
Over 60's	Tullibody Civic Centre	£2.70
Zumba	Alloa Academy	£5.30
Lower Limbs Class	Bowmar Centre	£2.70
Fitter Folks	Lornshill Academy	£5.30
Kettlecise	Alva Academy	£5.30
Gentle Yoga	Lornshill Academy	£5.30
Seasonal Yoga	Lornshill Academy	£5.30
Female Only Class	Alloa Academy	£5.30
Toning Class	Tillicoultry Primary	£5.30
Fitness Suite Session		£3.20
Fitness Suite Session - Concession		£2.10

*Concession price of £2.60 for over 60

Library

	2023/24
B & W photocopying and computer prints - A4	£0.30
Colour photocopying and computer prints - A4	£0.50
B & W photocopying - A3	£0.40
Colour photocopying - A3	£1.20
Microfilm pintout - A4 B & W and colour	£0.50
Laminating A4	£1.20
Laminating A3	£1.50
Fax - All incoming faxes (per sheet)	£1.30
Fax - Sending UK Fax - all pages	£1.70
Fax - Sending European Fax - all pages	£2.30
Fax - Sending Fax to rest of the world - all pages	£3.70
Lost and damaged items	100% of original or replacement cost
Lost Tickets	£0.50
Request Service - in stock	FREE
Request Service - ILL/Music Scores etc.	Full Cost Recovery
Talking Book (single issue)	£1.70
Withdrawn stock sales	£1.00 maximum

Firpark Ski Centre

	Duration	2023/24
Block Lessons - Standard snowboard instruction - Adult	1 hour x 6 weeks	£130.00
Block Lessons - Standard snowboard instruction - Child	1 hour x 6 weeks	£65.50
Block Lessons - Penguin Club	1 hour x 6 weeks	£91.50
Block Lessons - Instructor - Adult	1.5 hours x 6 weeks	£153.00
Block Lessons - Instructor - Child	1.5 hours x 6 weeks	£77.00
Block Lessons - Instructor Adult	1 hour x 6 weeks	£90.00
Block Lessons - Instructor Child	1 hour x 6 weeks	£52.00
Group - Skiing / Snowboarding party with Firpark instructor 8 or 12, Mon-Fr 4-10pm , all day Sat/Sun	Per Hour	£105.00
Group - Skiing / Snowboarding party with Firpark instructor 8 or 12, Mon-Fri 9-4pm	Per Hour	£88.50
Group - Skiing / Snowboarding party with own instructor 8 or 12, Mon-Fr 4-10pm , all day Sat/Sun	Per Hour	£81.00
Group - Skiing / Snowboarding party with own instructor 8 or 12, Mon-Fri 9-4pm	Per Hour	£63.50
Group - Tubing including room use	1 hour up to max of 15 attendees	£111.00
Group - Tubing including room use	1 hour up to max of 30 attendees	£176.50
Personal Tuition- 1 Client	Per Hour	£43.00
Personal Tuition- 1 Client	Per 1/2 Hour	£21.50
Personal Tuition- 2 Client	Per Hour	£56.00
Personal Tuition- 2 Client	Per 1/2 Hour	£28.00
Personal Tuition- 3 Client	Per Hour	£69.00
Personal Tuition- 3 Client	Per 1/2 Hour	£34.50
Personal Tuition- 4 Client	Per Hour	£82.50
Personal Tuition- 4 Client	Per 1/2 Hour	£45.00
External schools using Firpark instructor- max 15	Per Hour/ min charge £21.2	£6.00
External schools using own instructor- max 15	Per Hour / person	£5.50
Recreational Skiing/Snowboarding - Adult	Per Hour / person	£10.50
Recreational Skiing/Snowboarding - Child	Per Hour / person	£5.50
After school club- max 25	Per Hour / person	£4.70
Introduction to Race Training (Thursdays)	1 Hour/Per Person	£5.70
Ski School Skiing - Adult	4 days x 2 hours per day	£119.50
Ski School Skiing - Child	8 hours	£68.50
Ski School Snowboarding - Adult	8 hours	£173.50
Ski School Snowboarding - Child	8 hours	£87.00
Ski School - Penguin Club	4 days x 1 hour per day	£60.00

Housing

Housing (Rent)	2023/24
Accommodation Letting House 1 Apartment Rent	£82.59
Accommodation Letting House 2 Apartment Rent	£84.62
Accommodation Letting House 3 Apartment Rent	£86.74
Accommodation Letting House 4 Apartment Rent	£88.55
Accommodation Letting House 5 Apartment Rent	£90.79
Accommodation Letting House 6 Apartment Rent	£93.06
Accommodation Letting Flat 1 Apartment Rent	£81.03
Accommodation Letting Flat 2 Apartment Rent	£83.03
Accommodation Letting Flat 3 Apartment Rent	£85.13
Accommodation Letting Flat 4 Apartment Rent	£87.04
Accommodation Letting Flat 5 Apartment Rent	£89.25
Lock Up Garage Rent (Council Tenant Charge)	£8.24
Lock Up Garage Rent (Non Council Tenant Charge)	£9.90
Garage Pitch Site - annual charge	£93.62
Garage Pitch Site with VAT - annual charge	£112.34
Travelling Site (16 pitches at Westhaugh, Alva) Pitch plus vehicle parking - per week	£93.82
Rent Charge for Temporary Accommodation and Support (per Week)	£480.00

Miscellaneous

Repair of damage caused by tenant, resident or visitor is charged on full cost recovery basis

Miscellaneous	2023/24
Registration as a private landlord	£66
Each Property	£15
Registration - Late Application Fee	£132

Landlords can receive a 10% discount if they register on-line at www.landlordregistrationscotland.gov.uk

Archive Services

	2023/24
basic search free for 15mins, £16.00 per 30 mins thereafter	
Archive Photos 5 x 7½.	£7.00
Archive Photos 9 x 6	£9.60
Archive Photos 12 x 8.	£14.30
Provision of digital image (per item)	£1.10
Provision of digital image (per day)	£5.30
B & W photocopying and computer prints - A4	£0.30
Colour photocopying and computer prints - A4	£0.50
B & W photocopying - A3	£0.40
Colour photocopying - A3	£1.20
Microfilm pintout - A4 B & W and colour	£0.50

Registration Fees

Marriage or Civil Partnership Notice Forms (Legal preliminaries per person).	2023/24
Legal preliminaries to marriage or civil partnership per person	£45.00
Search of Registration Records - Particular Search	£5.00
Search of Registration Records - General Search	£15.00
Civil Marriage or Civil Partnership Fee	£55.00
Extract (Certificate) of Birth, Death, Marriage or Civil Partnership (within a month of registration)	£10.00
Extract (Certificate) of Birth, Death, Marriage or Civil Partnership (after a month of registration)	£15.00
Scotland's People Search Facility (per day)	£15.00
Prints of Historical Registration Records	£0.50
Ceremony Fees (Midweek ceremony - Registration Office max 4 people)	£155.00
Ceremony Fees (maximum fees - Midweek ceremony - Registration Office)	£225.00
Ceremony Fees (maximum fees - Midweek ceremony - External Venue)	£400.00
Ceremony Fees (maximum fees - Saturday - All Venues)	£400.00
Ceremony Fees (maximum fees - Late Saturday or Sunday and public holidays - All Venues)	£500.00

Democracy

Administration	2023/24
Freedom of Information Charges (FOI)	Variable full cost recovery

Burial Grounds

Burial Grounds	2023/24
Duplicate Certificate of Right of Burial	£86.00
Exhumation Fee	Total cost recovery
Interment - Child (Up to 18 years)	No Charge
Interment - Stillborn Baby	No Charge
Interment of Cremation Remains	£267.00
Interment - Adult	£960.00
Interment - each additional foot beyond 6 feet	£139.00
Monuments and Memorials - concrete foundation required	£399.00
	no charge for children and young people under 18
Monuments and Memorials - Locate and excavate for foundations	£227.00
	no charge for children and young people under 18
Monuments and Memorials - where no excavation required	£86.00
	no charge for children and young people under 18
Purchase of Right of Burial Cremation Lair	£538.00
Purchase of Right of Burial for Coffin Lair (Including Lair Certificate)	£991.00
Search Fee - search of Burial Ground Records (per occasion)	See Registrars Section
Transfer Certificate of Right of Burial	£86.00
Maintenance Cost on Purchase of Right of Burial Coffin Lair	£296.00
	no charge for children and young people under 18
Maintenance Cost on Purchase of Right of Burial Cremation Lair	£162.00
	no charge for children and young people under 18

Leisure

Leisure - Indoor Sports Facilities		2023/24
Games Hall: Full Hall Standard	Per Hour	£42.00
Games Hall: Full Hall Concession	Per Hour	£31.00
Badminton/Single Court Standard	Per Hour	£11.00
Badminton/Single Court Concession	Per Hour	£8.00
Gymnasium Standard	Per Hour	£18.50
Gymnasium Concession	Per Hour	£12.50
Dance Studio Standard	Per Hour	£18.50
Dance Studio Concession	Per Hour	£12.50
Fitness Suite Standard	Per Session	£3.50
Fitness Suite Standard Concession	Per Session	£2.20
Fitness Suite Membership Standard	Monthly Direct Debit	£11.00
Fitness Suite Membership Concession	Monthly Direct Debit	£9.00
Fitness Suite Monthly Membership - Standard	Monthly Payment by Cash/ Credit Card	£14.00
Fitness Suite Monthly Membership - Concession	Monthly Payment by Cash/Credit Card	£11.00
Fitness Suite Annual Membership - Standard	One Off Annual Payment	£111.00
Fitness Suite Annual Membership - Concession	One Off Annual Payment	£88.50
Leisure - Outdoor Sports Facilities		
Artificial Grass: Match Rate (Football Partnership) Standard	Match Duration	£53.50
Artificial Grass: Match Rate (Football Partnership) Concession	Match Duration	£26.50
Artificial Grass: Match rate (non football partnership)		£99.50
Artificial Grass: Match rate (non football partnership) - Concession		£50.00
Artificial Grass: Full pitch Standard	Per Hour	£73.00
Artificial Grass: Full pitch Concession	Per Hour	£36.50
Artificial Grass: Football 7's Standard	Per Hour	£48.50
Artificial Grass: Football 7's Concession	Per Hour	£24.50
All Weather: Football 5's per court Standard	Per Hour	£35.50
All Weather: Football 5's per court Concession	Per Hour	£17.50
All Weather: Full pitch Standard	Per hour	£51.00
All Weather: Full pitch Concession	Per Hour	£25.50
All Weather: Tennis per court Standard	Per Hour	£6.50
All Weather: Tennis per court Concession	Per Hour	£4.50
Tennis Season Ticket - Standard	Per Person	£44.50
Tennis Season Ticket - Concession	Per Person	£27.50
Running Track: Exclusive Use (Lornshill Only) Standard	Per Hour	£50.00
Running Track: Exclusive Use (Lornshill Only) Concession	Per Hour	£25.00
Running Track: Session Per Person (Lornshill Only) Standard		£3.50
Running Track: Session Per Person (Lornshill Only) Concession		£2.20
Grass Rugby Pitch: Match (Lornshill & Alva) Standard	Match Duration	£50.00
Grass Rugby Pitch: Match (Lornshill & Alva) Concession	Match Duration	£24.00
Grass Rugby Pitch: Training (Lornshill & Alva) Standard	Per Hour	£25.00
Grass Rugby Pitch: Training (Lornshill & Alva) Concession	Per Hour	£12.00
Leisure - Grass Football Pitches		
Football Match with Pavillion - Standard	Match Duration	£52.00
Football Match with Pavillion - Concession	Match Duration	£25.00
Football Match no Pavillion - Standard	Match Duration	£29.70
Football Match no Pavillion Concession	Match Duration	£14.00
Football Training - Standard	Per Hour	£16.00
Football Training - Concession	Per Hour	£8.50

Leisure - Park Events		
Parks West End Park & Cochrane Park - Commercial	Per Operational Day	£348.00
	Per Day non operational (max 2 days)	£113.00
Parks West End Park & Cochrane Park - Non Commercial*	Per Day operational day	£169.50
	Per Day non operational (max 2 days)	£56.50
Parks All Other Parks - Commercial		£174.00
	Per Day non operational (max 2 days)	£84.50
Parks All Other Parks - Non-Commercial*	Per Day operational day	£84.50
	Per Day non operational (max 2 days)	£40.00
* For recognised Community Groups only		
Partial hire of park grounds	Per Day	Price on application
Bond West End Park & Cochrane Park- Commercial	Deposit	£1,741.00
Bond All Other Parks (Commercial Activities)- Standard	Deposit	£870.00
Bond All Parks (non-commercial activities*, maximum 400 people)- Concession	Deposit	£406.00
Bond partial hire of park grounds		Price on application
West End Park Pavilion - for event hire per hour		Price on application
* For recognised Community Groups only		
Leisure - Conference & Meeting Facilities		
Classroom Hire - Standard	Per Hour	£15.50
Classroom Hire - Concession	Per Hour	£12.50
Meeting Space - Standard (Bowmar / Ben Cleuch Centre)	Per Hour	£24.00
Meeting Space - Concession (Bowmar / Ben Cleuch Centre)	Per Hour	£18.00
Event Space - Standard (Sauchie Hall / Alloa Town Hall)	Per Hour	£36.50
Event Space - Concession (Sauchie Hall / Alloa Town Hall)	Per Hour	£30.00
Alloa Town Hall Meeting Rooms		£22.80
Alloa Town Hall Meeting Rooms		£17.30
Main Hall Bowmar		£22.80
Main Hall Bowmar		£17.30
Leisure - Weddings & Celebrations		
Alloa Town Hall -Full Day Exclusive Use (15 hours)	Per Day	£603.00
Alloa Town Hall - Weekend Package	Per Weekend	£892.50
Alloa Town Hall - Evening Package (9 hours)	Per Day	£420.50
Sauchie Hall - Full Day Package (up to 15hrs)	Per Day	£409.50
Sauchie Hall - Evening Day Package (up to 9 hrs)	Per Day	£282.00
Leisure - Concerts, Shows & Events		
Alloa Town Hall (Full Day Exclusive Use - 15 hours)	Per Day	£774.50
Alloa Town Hall - Standard Rate (multi day)		Price on application
Other Facilities		See rate per venue
Other Facilities - Multi Day		See rate per venue

Building Standards

Cost of Project (£)	2023/24
0,000 - 5,000	£150
5,001 - 5,500	£169
5,501 - 6,000	£188
6,001 - 6,500	£207
6,501 - 7,000	£226
7,001 - 7,500	£245
7,501 - 8,000	£264
8,001 - 8,500	£283
8,501 - 9,000	£302
9,001 - 9,500	£321
9,501 - 10,000	£340
10,001 - 11,000	£359
11,001 - 12,000	£378
12,001 - 13,000	£397
13,001 - 14,000	£416
14,001 - 15,000	£435
15,001 - 16,000	£454
16,001 - 17,000	£473
17,001 - 18,000	£492
18,001 - 19,000	£511
19,001 - 20,000	£530
20,001 - 30,000	£593
30,001 - 40,000	£656
40,001 - 50,000	£719
50,001 - 60,000	£782
60,001 - 70,000	£845
70,001 - 80,000	£908
80,001 - 90,000	£971
90,001 - 100,000	£1,034
100,001 - 120,000	£1,137
120,001 - 140,000	£1,240
140,001 - 160,000	£1,343
160,001 - 180,000	£1,446
180,001 - 200,000	£1,549
200,001 - 220,000	£1,652
220,001 - 240,000	£1,755
240,001 - 260,000	£1,858
260,001 - 280,000	£1,961
280,001 - 300,000	£2,064
300,001 - 320,000	£2,167
320,001 - 340,000	£2,270
340,001 - 360,000	£2,373
360,001 - 380,000	£2,476
380,001 - 400,000	£2,579
400,001 - 420,000	£2,682
420,001 - 440,000	£2,785
440,001 - 460,000	£2,888
460,001 - 480,000	£2,991
480,001 - 500,000	£3,094
500,001 - 550,000	£3,272
550,001 - 600,000	£3,450
600,001 - 650,000	£3,628
650,001 - 700,000	£3,806
700,001 - 750,000	£3,984
750,001 - 800,000	£4,162
800,001 - 850,000	£4,340
850,001 - 900,000	£4,518
900,001 - 950,000	£4,696
950,001 - 1,000,000	£4,874
Addition charge for each subsequent £100,000 (or part thereof)	£253

Building Standards - Non-Statutory Charges	2023/24
Confirmation of Completion	£268
Property Inspection	£536
Further Site Visits	£123
N.B. The Council reserves the right to increase the above fees subject to the increased complexity of the project involved.	

Building Standards Copy Document Fee Table	2023/24
Copy of a document - less than 5 years of age	£50
Copy of a document - more than 5 years of age	£62
Set of documents - less than 5 years of age	£68
Set of documents - more than 5 years of age	£82
View plans	£40

Building Warrant Amendment Fees	2023/24
Additional work with no increased costs/costs less than £5,000	£100
Additional work with costs greater than £5,000	Per fee table
Amendment for Demolition or Conversion only	£100
Application for Conversion Warrant only	£100
Application for Demolition Warrant only	£150

Completion Certificate Submission Where No Building Warrant Granted	2023/24
Construction of Building/Provision of Services ... (i.e. BW)	300% of fee from table
Conversion only	£125
Demolition only	£125
Where Work Has Started	
Building Warrant	200% of fee from table
Demolition Warrant	£150

Certifiers of Design	2023/24
Each certificate covering a defined trade or installation	£0
Each certificate covering the construction of the entire building	£0
Maximum discount	£1

Certifiers of Construction	2023/24
Each certificate covering a defined trade or installation	£0
Each certificate covering the construction of the entire building	£0
Maximum discount	£0

Development Planning

Local Plan	2023/24
Adopted Local Development Plan and Maps	£34.40
Supplementary Guidance:	£0.00
SG1 Developer Contributions	£3.70
SG2 Onshore Wind Energy	£3.70
SG3 Placemaking	£3.70
SG4 Water	£3.70
SG5 Affordable Housing	£3.70
SG6 Green Infrastructure	£3.70
SG7 Energy Efficiency and Low Carbon Development	£3.70
SG8 Woodlands and Forestry	£3.70
SG10 Domestic Developments	£3.70
Future Supplementary Guidance	£3.70
Local Development Plan Action Programme	£11.90

Development Management

Planning	2023/24
Application to Display Advertisement	£300
Copies of Decision Notices	£21
Copies of Approved Plans	£21
Certificate of Lawfulness for a Proposed Use or Development (Min)	£300
Certificate of Lawfulness for a Proposed Use or Development (Max)	£150,000
Certificate of Lawfulness for an Existing Use or Development (Min)	£300
Certificate of Lawfulness for an Existing Use or Development (Max)	£150,000
Application for Demolition Consent	£100
Application for Planning Permission (Max)	£150,000
Application for Planning Permission (Min)	£300
Application for a High Hedge	£400
Planning Permission in Principle (Max)	£75,000
Planning Permission in Principle (Min)	£600
Notification of Agricultural or Forestry Building	£100
Advertising of Application	£127

Environmental Health

Animal Welfare	2023/24
Stray Dog Charges (collection on day 1)	51.50
Stray Dog Charges (collection on day 2) 15/16 +£11; 16/17 +£11	73.60
Stray Dog Charges (collection on day 3) 15/16 +£8; 16/17 +£9	94.70
Stray Dog Charges (collection on day 4) 15/16 +£6; 16/17 +£6	117.00
Stray Dog Charges (collection on day 5) 15/16 +£6; 16/17 +£6	138.00
Stray Dog Charges (collection on day 6) 15/16 +£5; 16/17 +£5	160.20
Stray Dog Charges (collection on day 7) 15/16 +£5; 16/17 +£5	182.60
Purchase of dog	174.40
Callout Fee for collecting animals on behalf of another service/agency	94.60
Pest Control	2023/24
Council Tenants - All pests	Free
Charities and Housing Associations - Rats and Mice	61.50
Charities and Housing Associations - All other pests	88.20
Housing Associations Fleas	155.60
Housing Associations Bed Bugs	155.60
Charities and Housing Associations - Void houses	111.40
Housing Associations Ants and Wasps (First visit)	81.30
Visits for advice	88.20
* Included as part of rent payment	
Housing & Land	2023/24
Contaminated Land Report	£182
Application for Licence for House in Multiple Occupation (Licence valid for 3 years):	
(fewer than 10 occupants) Licence Granted or Refused	£613
(more than 10 occupants) Licence Granted or Refused	£757
Requests for professional statements of fact	£81
Abandoned vehicles	Full cost
Food Export Certificates	2023/24
Standard Certificate for a single product (one week turnaround)	£19
Standard Certificate listing multiple products (one week turnaround)	£39
Premium Service - certificate produced and dispatched within 24 hours	£54
Water	2023/24
Regulation 2 Supplies	Full cost
Type B Private Water Supply	
Sample Taking	£70
Analysis	£48
Risk Assessment Preparatory Work	£70
Risk Assessment	£50
Review of Risk Assessment	£50
Lead in Water Sampling	£70
Swimming Pool Water Sampling	£50

Licensing

Civic	2023/24
Indoor Sports Licence	£250.00
Knife dealer's licence	£416.00
Late Hours Catering Licence	£250.00
Market Operator	£455.00
Metal Dealer	£203.00
Public Entertainment - Fun Fair	£250.00
Public Entertainment (3 years)	£250.00
Public Entertainment (Temporary)	£126.00
Second Hand Dealer's Licence	£203.00
Skin Piercing and Tattooing (Grant) (1 Year)	£416.00
Skin Piercing and Tattooing Renewal (3 Years)	£209.00
Street Trader's Licence	£279.00
Street Trader's Licence (Temporary)	£87.00
Street Trader's Licence (Variation)	£203.00
Substitution of Vehicles (per vehicle)	£40.00
Taxi booking office licence (3 years)	£416.00
Taxi Operator Licence	£179.00
Private Hire Operator Licence	£179.00
Taxi/Private Hire Driver Licence (1 year)	£179.00
Taxi/Private Hire Driver Licence (3 years)	£407.00
Public Entertainment Licence	£175.00
Public Entertainment Licence - Community Gala	£0.00
Window Cleaner's Licence (1 year)	£119.00
Window Cleaner's Licence (3 years)	£299.00
Cinema Licence	£177.00
Itinerant metal dealer	£203.00
Short Term Lets	
Secondary Letting - (Occupancy 4 or under)	£450.00
Secondary Letting - (Occupancy 5 or above)	£550.00
Home Letting or Home Sharing (both) (Occupancy 4 or under)	£275.00
Home Letting or Home Sharing (both) (Occupancy 5 or above)	£350.00
Renewal Secondary Letting (Occupancy 4 or above)	£400.00
Renewal Secondary Letting - (Occupancy 5 or above)	£500.00
Renewal Home Letting or Home Sharing (both) (Occupancy 4 or under)	£225.00
Renewal Home Letting or Home Sharing (both) (Occupancy 5 or above)	£450.00
Variation application for Secondary Letting, Home Letting or Home Sharing (both) (Occupancy 4 or under)	£75.00
Variation application for Secondary Letting, Home Letting or Home Sharing (both) (Occupancy 5 or more)	£75.00

Other Licences	2023/24
Performing Animals	£98.00
Replacement Taxi ID Badge	£12.00
Duplicate Licences	£12.00
Certified True Copies	£12.00
Animal Boarding Establishment	£101.00
Breeding of Dogs/Cats/Rabbits - New Application/Renewal	£155.00
Breeding of Dogs/Cats/Rabbits - Variation of Licence	£130.00
Animal Welfare Establishments - New Application/Renewal	£155.00
Animal Welfare Establishments - Variation of Licence	£130.00
Rehoming Activities - New Application/Renewal	£155.00
Rehoming Activities - Variation of Licence	£130.00
Game Dealer's Licence	£105.00
Sale of Pet Animals - New Application/Renewal	£155.00
Sale of Pet Animals - Variation of Licence	£130.00
Riding Establishment	£127.00
Venison Dealer's Licence	£85.00
Dangerous Wild Animals	£117.00

Alcohol	2023/24
Confirmation Premises Licence Fee Rateable Value of Premises £1 - £11,500	£600
Confirmation Premises Licence Fee Rateable Value of Premises £11,501 - £35,000	£900
Confirmation Premises Licence Fee Rateable Value of Premises £35,001 - £70,000	£1,100
Confirmation Premises Licence Fee Rateable Value of Premises £70,001 - £140,000	£1,500
Confirmation Premises Licence Fee Rateable Value of Premises Over £140,000.00	£1,800
Application Fee Rateable Value of Premises £0	£200
Application Fee Rateable Value of Premises £1 - £11,500	£800
Application Fee Rateable Value of Premises £11,501 - £35,000	£1,100
Application Fee Rateable Value of Premises £35,001 - £70,000	£1,300
Application Fee Rateable Value of Premises £70,000 - £140,000	£1,700
Application Fee Rateable Value of Premises Over £140,000	£2,000
Annual Fee (September) Rateable Value of Premises £0	£180
Annual Fee (September) Rateable Value of Premises £1 - £11,500	£220
Annual Fee (September) Rateable Value of Premises £11,501 - £35,000	£280
Annual Fee (September) Rateable Value of Premises £35,001 - £70,000	£500

Vehicle Testing	2023/24
Taxi / Private Hire Replacement Plate	£18.00
Taxi Meter Check & Seal	£18.00
External Client Labour Charge	£40.60
Taxi / Private Hire Inspection and Hire Test Charges	£58.00
Taxi / Private Hire Inspection Retest	£40.60

Alcohol	2023/24
Annual Fee (September) Rateable Value of Premises £70,001 - £140,000	£700
Annual Fee (September) Rateable Value of Premises Over £140,000	£900
Personal Licence	£50
Personal Licence Renewal	£50
Personal Licence Variation	£20
Liquor Licensing - Occasional Licence	£10
Liquor Licensing - Extended Hours Licence	£10
Liquor Licensing - Provisional Premises Licence	£200
Liquor Licensing - Replacement Personal Licence	£20
Liquor Licensing - Replacement Premises Licence (certified copy)	£50
Liquor Licensing- Substitution Premises Manager With Minor Variation	£31
Liquor Licensing - Minor Variation	£20
Liquor Licensing - Variation of Conditions, Operating Plan, Layout Plan	£150
Liquor Licensing - Transfer Application By Licence Holder Including Variation Application	£150
Liquor Licensing - Transfer Application By Licence Holder	£120
Liquor Licensing - Transfer Application Other Than By Licence Holder Including Variation Application	£150
Liquor Licensing - Transfer Application Other Than By Licence Holder	£120
Liquor Licensing - Temporary Premises Licence	£150

Gambling Act 2005	2023/24
Non Commercial Society Grant (1 year)	£40
Non Commercial Society Renewal (1 year)	£20
Annual Fee - Betting Premises (Other)	£400
Gaming Machine Automatic Entitlement	£50
Variations (Bingo)	£1,200
Variations (Betting Office)	£1,050
Transfer (Bingo & Betting Office)	£840
Annual Fee - Adult Gaming Centre	£700
Annual Fee - Bingo Premises	£700
Annual Fee - Betting Office	£400
Transfer - Adult Gaming	£840
Variation - Adult Gaming	£700

Roads

Roads	2023/24
New Roads and Street works Act 1980 Sample/Defect Inspections	£36.00
New Roads and Street works Act 1980 Section 109 Permit/Inspection on Non Statutory Undertakers	£625.00
Roads (Scotland) Act - Minor Road works Consent - Footway Crossing	£45.00
Roads (Scotland) Act - Minor Road works Consent - Section 56	£135.00
Roads (Scotland) Act - Skip Permit	£28.00
Roads (Scotland) Act - Road Occupation Permits - Up to 3 days	£70.00
Roads (Scotland) Act - Road Occupation Permits - Up to 1 week	£115.00
Roads (Scotland) Act - Road Occupation Permits - Up to 1 month	£180.00
Roads (Scotland) Act - Road Closures - Emergency	£675.00
Road Closures - Non-Emergency (1 to 5 days)	£675.00
Road Closures - Non-Emergency (More than 5 days)	£675.00
Taxi card Aborted Journeys	£2.00
Blue Badge (Issue or Replacement)	£20.00
Residents Parking Permits - Per Annum	£23.00
Traffic Light Charges	£65.00
Traffic Signal / Pedestrian Crossing Turn Off	£200.00
Roads Adoption Plans	£55.00
Access Protection Marking - Initial	£70.00
Access Protection Marking - Remarking	£45.00

Waste

Waste	2023/24
Commercial Waste - 1 Collection per week, Bin Size 240 (0% VAT)	£355
Commercial Waste - 1 Collection per week, Bin Size 360 (0% VAT)	£533
Commercial Waste - 1 Collection per week, Bin Size 660 (0% VAT)	£980
Commercial Waste - 1 Collection per week, Bin Size 1100 (0% VAT)	£1,633
Commercial Waste Bulky Uplift - individually priced subject to inspection (minimum standard collection charge of £39.00 plus standard disposal charge of £57.00)	Cost on enquiry
Commercial Food Waste Service - 1 collection per week, Bin Size 140 (0% VAT)	£156
Commercial Recycling Waste - 1 Collection per week, Bin Size 240 (0% VAT)	£268
Commercial Recycling Waste - 1 Collection per week, Bin Size 360 (0% VAT)	£403
Commercial Recycling Waste - 1 Collection per week, Bin Size 660 (0% VAT)	£738
Commercial Recycling Waste - 1 Collection per week, Bin Size 1100 (0% VAT)	£1,231
Small Trader Tipping Ticket for Forth bank (inc. 20% VAT) - one per visit per vehicle size 3.5 tonnes gross vehicle weight i.e. (e.g. Transit Size).	£64
Bulky Uplift - Household Waste (0% VAT)	£47
Garden Waste Permit (fee per bin & max of 2 bins)	£45
Sacks/Labels are available in multiples of 10 (0% VAT)	£38
Replacement wheeled bins (residents - per bin)	£11
Provision of bins for new properties (developers - per property)	£63
Provision of communal bins for flatted properties	£500

Trading Standards

Trading Standards	2023/24
Special Weighing & Measuring Equipment, per hour.	£145.30
Weights -weights exceeding 5kg or not exceeding 500mg, 2cm.	£17.70
Weights -other weights.	£17.70
Measures -linear measures not exceeding 3 metres for each scale.	£17.70
Measures -capacity measures without divisions not exceeding 1 litre.	£17.70
Liquid capacity measures for making up/checking average quantity packages.	£53.00
Templets -(a) per scale -first item.	£88.50
Templets -(b) second and subsequent items.	£35.30
Weighing Instruments -instruments calibrated to weigh only in metric or imperial units, non EC not exceeding 1 tonne.	£109.20
Weighing Instruments -instruments calibrated to weigh only in metric or imperial units, non EC exceeding 1 tonne up to 10 tonnes.	£181.70
Weighing Instruments -instruments calibrated to weigh only in metric or imperial units, non EC exceeding 10 tonnes.	£363.30
Measuring Instruments for Intoxicating Liquor -not exceeding 150ml.	£35.30
Measuring Instruments for Intoxicating Liquor -other.	£44.00
Measuring Instruments for Liquid Fuel and Lubricants -container type (un-subdivided).	£136.10
Measuring Instruments for Liquid Fuel and Lubricants -single/multi outlet (nozzles) -first nozzle tested per site.	£199.30
Measuring Instruments for Liquid Fuel and Lubricants -each additional nozzle tested.	£144.50
Measuring Instruments for Liquid Fuel and Lubricants -additional costs involved in testing ancillary equipment which requires additional testing on-site, such as credit card acceptors.	£145.30
Measuring Instruments for Liquid Fuel and Lubricants -testing of peripheral electronic equipment on a separate visit (per site).	£145.30
Measuring Instruments for credit card acceptor (per unit, regardless of the number of slots/nozzles/ pumps).	£145.30
Road Tanker Fuel Measuring Instrument (above 100 litres) -Meter measuring systems -(a) wet hose with 2 testing liquids.	£417.80
Road Tanker Fuel Measuring Instrument (above 100 litres) - Dipstick measuring system - (a) up to 7,600 litres (for calibration of each compartment and production of chart).	£291.10
Road Tanker Fuel Measuring Instrument (above 100 litres) - Dipstick measuring system - (a) for any compartment over 7,600 litres -basic fee, plus additional costs at the rate of (b), (c) or (d). (see figures below)	£145.30
Road Tanker Fuel Measuring Instrument (above 100 litres) - Dipstick measuring system - (b) initial dipstick.	£44.00
Road Tanker Fuel Measuring Instrument (above 100 litres) - Dipstick measuring system - (c) spare dipstick.	£44.00
Road Tanker Fuel Measuring Instrument (above 100 litres) - Dipstick measuring system - (d) replacement of dipstick (including examination of compartment).	£88.50
Road Tanker Fuel Measuring Instrument (above 100 litres) - Certificate of Errors - for supplying a certificate containing the results of errors found on testing.	£70.60
Poisons Act - Registration	£47.80
Poisons Act - Change in details of registration	£26.50
Weighing & Measuring - Specialist Testing Services - non-trade equipment.	£169.80
Weighing & Measuring - Specialist Testing Services - Special attendance charges (out-with normal hours).	£170.60



Email: Bill.Stitt@gov.scot

Local Government Finance Circular No. 11/2022

Chief Executives and Directors of Finance of
Scottish Local Authorities

Chief Executive, Convention of Scottish Local
Authorities (COSLA)

Our ref: A42066772
20 December 2022

Dear Chief Executive/Director of Finance

1. LOCAL GOVERNMENT FINANCE SETTLEMENT 2023-24 **2. NON-DOMESTIC RATES**

1. This Local Government Finance Circular provides details of the provisional total revenue and capital funding allocations for 2023-24, as well as the latest information on current known redeterminations for 2022-23. This Circular also provides details on a range of Non-Domestic Rates measures, including the proposed 2023-24 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 2023 being presented to the Scottish Parliament. This is currently scheduled for February 2023.
3. We expect local authorities to inform COSLA, and for COSLA in turn to inform the Scottish Government by no later than 27 January 2023, 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 2023.
4. The Deputy First Minister wrote to the COSLA President, copied to all Council Leaders on 15 December 2022, 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 £13.2 billion and includes:

- £260 million to support the local government pay deal and also delivers additional funding to ensure that payment of SSSC fees for the Local Government workforce which will continue to be made on a recurring basis;
 - £72.5 million increase to the General Revenue Grant;
 - £105 million to give effect to the devolution of Non-Domestic Rates Empty Property Relief;
 - Maintained key in-year transfers worth over £1 billion and added a further net £102 million of resource to protect key shared priorities particularly around education and social care;
 - £50 million capital to help with the expansion of the Free School Meals policy;
 - Additional funding of £100 million to deliver a £10.90 minimum pay settlement for adult social care workers in commissioned services; and
 - Consolidation of £30.5 million for the homelessness prevention fund.
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: 2023-24”, which was published on 15 December 2022, provides provisional 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 2022-23 and 2023-24 Budgets and between the 2023-24 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: 2023-24 and changes in 2022-23;
 Part B: Local Government Finance Settlement – Capital: 2022-24;
 Part C: Non-Domestic Rates for 2023-24.

The various Annexes included in this Circular are as follows:

- Annex A: All Scotland Aggregated Funding Totals 2022-24;
 Annex B: Individual Revenue Allocations for 2023-24;
 Annex C: Revised Individual Revenue Allocations for 2022-23;
 Annex D: Explanatory Notes on the Revenue Distribution;
 Annex E: Estimates of Ring-Fenced Grant Revenue Funding for 2023-24;
 Annex F: Floor calculation for 2023-24;
 Annex G: Redeterminations of Individual Revenue funding for 2022-23;
 Annex H: 2008-24 Changes Column;
 Annex I: General Capital Grant and Specific Capital Grants 2023-24;
 Annex J: General Capital Grant – Flood Allocations Per Local Authority 2023-24;
 Annex K: Updated General Capital Grant 2022-23; and
 Annex L: Total Local Government Funding Settlement 2023-24

Part A: Local Government Finance Settlement - Revenue: 2023-24 and changes in 2022-23

9. This Finance Circular sets out the provisional distribution of revenue funding allocations for 2023-24. **Annex A** of this Circular sets out the all-Scotland aggregate totals for 2022-24.
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 Grant Funding, Non-Domestic Rate Income and Ring-Fenced Revenue Grants) for each council for 2023-24 and 2022-23. 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 2023-24.
12. The calculation and effects of the main floor adjustment for 2023-24, which provided councils with a minimum increase in the funding used in the calculation of the main floor of 1.95%, 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 2023-24. 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. As all 32 local authorities now exceed 85% of the Scottish average, no additional funding has been provided.
14. This Local Government Finance Circular provides details of current known 2022-23 redeterminations at **Annex G** for the General Revenue Grant.
15. **Annex H** summarises the column within the settlement titled 2008-24 Changes Column.

Part B: Local Government Finance Settlement – Capital Grants 2022-24

16. In 2023-24 the Local Government Settlement provides capital grants totalling £826.6 million. This is made up of General Capital Grant totalling £687.5 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 2023-24. 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** provides a breakdown of the updated 2022-23 General Capital Grant allocations by local authority.
20. **Annex L** summarises the Local Government Finance Settlement for 2023-24

Part C: Non-Domestic Rates for 2023-24

21. The Distributable Amount of Non-Domestic Rates Income for 2023-24 has been provisionally set at £3,047 million. This figure uses the latest forecast of net income from non-domestic rates in 2023-24 and also draws on council estimates of the amounts they will contribute to the Non-Domestic Rating Account (the 'Pool') in 2022-23. 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 2023-24 has been based on the amount each Council estimates that it will collect (based on the 2022-23 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.

22. The 2023-24 Non-Domestic Basic Property Rate ('poundage') is provisionally set at 49.8 pence, the same rate as last year. Two additional rates are levied on properties with a rateable value over £51,000 (51.1 pence – the Intermediate Property Rate) and £100,000 (52.4 pence – the Higher Property rate), up from £95,000 in 2022-23.

23. The Scottish Budget 2023-24 announced the following changes to existing reliefs:

- The Small Business Bonus Scheme will be reformed: 100% relief will be available for properties with a rateable value of up to £12,000 and the upper rateable value for individual properties to qualify for SBBS relief will be extended from £18,000 to £20,000. To improve the design of the scheme, we are tapering SBBS relief for properties with a rateable value between £12,001 and £20,000: relief will taper from 100% to 25% for properties with rateable values between £12,001 to £15,000; and from 25% to 0% for properties with rateable values between £15,001 to £20,000. The cumulative rateable value threshold will remain at £35,000. Car parks, car spaces, advertisements and betting shops will be excluded from eligibility for SBBS from 1 April 2023.
- Business Growth Accelerator relief: properties receiving improvements relief for 2022-23 can continue to receive the same percentage of relief for the duration of the award in 2023-24.
- Eligibility for Fresh Start relief will be expanded by raising the rateable value threshold to which properties qualify from £95,000 to £100,000. In addition, properties receiving Fresh Start relief for 2022-23 can continue to receive it for the duration of the award in 2023-24, irrespective of their rateable value.
- Enterprise Areas relief will be extended for one year to 31 March 2024.

24. The Scottish Budget 2023-24 also introduces the following transitional reliefs for the 2023 revaluation:

- A Revaluation Transitional Relief to protect those most affected by revaluation with bills capped as per the table below.

Year-on-year Scottish Transitional Relief caps (%)

Rateable Value	2023-24	2024-25	2025-26
Small (up to £20,000)	12.5	25	37.5
Medium (£20,001 to £100,000)	25	50	75
Large (Over £100,000)	37.5	75	112.5

- A Small Business Transitional Relief: those losing or seeing a reduction in these reliefs (including due to the eligibility changes introduced for Small Business Bonus Scheme relief) on 1 April 2023 the maximum increase in the rates liability relative to 31 March

2023 will be capped at £600 in 2023-24, rising to £1,200 in 2024-25 and £1,800 in 2025-26.

25. The following reliefs will be maintained: charitable rates relief, day nursery relief (no longer time-limited), disabled rates relief, district heating 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.
26. Empty Property Relief will be devolved to local authorities on 1 April 2023 covering all relief and rates exemptions for fully unoccupied properties including listed buildings, properties where the owner is in administration, etc. Partly unoccupied properties that the council requests be apportioned by the assessor will be liable for rates on the occupied portion only. Councils may offer their own local reliefs under the Community Empowerment (Scotland) Act 2015 including to empty properties.
27. NDR reliefs, like other subsidy or support measures, may be subject to the Subsidy Control Act 2022.
28. We will also lay legislation to help local authorities better tackle known avoidance tactics.
29. In addition, a non-domestic rating exemption will be introduced for prescribed plant and machinery used in onsite renewable energy generation and storage from 1 April 2023 until 31 March 2035.
30. Information on the Business Rates Incentivisation Scheme (BRIS) will be set out later.

Enquiries relating to this Circular

31. 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:

Sarah Watters Sarah@cosla.gov.uk

Any other queries should be addressed to the following:

Local Government Revenue Settlement and BRIS. Bill Stitt Bill.Stitt@gov.scot

Local Government Finance Settlement. (Capital) Craig Inglis Craig.Inglis@gov.scot

Non-Domestic Rates. Anouk Berthier Anouk.Berthier@gov.scot

32. 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

Wm Stitt

Bill Stitt

Team Leader, Local Government & Analytical Services Division

	2022-23	2023-24
	£ million	£ million
Revenue Funding		
General Resource Grant	8696.139	8579.458
Non Domestic Rate Income	2766.000	3047.000
Specific Revenue Grants	784.983	776.059
Total Revenue	12,247.122	12,402.517
<i>less</i> Redress Top-Slice	5.000	6.000
Net Total Revenue	12,242.122	12,396.517
<i>less</i> Teachers' Induction Scheme	0.000	37.600
<i>less</i> Discretionary Housing Payments	13.620	85.900
<i>less</i> Gaelic	0.103	0.103
<i>less</i> Pupil Equity Fund	10.000	0.000
<i>less</i> Support for Ferries	1.000	0.000
<i>less</i> Customer First Top-up	0.010	1.410
<i>less</i> Removal of Curriculum Charges	0.679	0.000
<i>less</i> Removal of Music Tuition Charges	2.091	0.000
<i>less</i> Educational Psychology Trainees	0.000	0.450
<i>less</i> HMRC Hidden Economy	0.173	0.000
<i>less</i> Real Living Wage	0.000	100.000
<i>Total Undistributed Revenue Funding</i>	<i>27.676</i>	<i>225.463</i>
Distributable Revenue Funding	12,214.446	12,171.054
Capital Funding		
General Capital Grant	672.239	687.537
Specific Capital Grants	123.777	123.777
Distributed to SPT	15.327	15.327
Total Capital	811.343	826.641
Total Funding	13,058.465	13,229.158

2022-23 RECONCILIATION FROM FINANCE CIRCULAR 1/2022

General Resource Grant Circular 1/2022	8,449.650
In Year Additions - Annex G	307.723
<i>less</i> Teachers' Induction Scheme	37.600
<i>less</i> Discretionary Housing Payments	13.620
<i>less</i> Customer First Top-up	1.410
<i>less</i> SCP Bridging Payments	21.957
<i>less</i> Educational Psychology Trainees	0.450
<i>less</i> Removal of Curriculum Charges	0.679
<i>less</i> Removal of Music Tuition Charges	2.091
<i>less</i> Redress Top-Slice	5.000
Revised General Resource Grant	8,674.566
Total Distributable Revenue	12,214.446

General Capital Grant Circular 1/2022	545.537
Nature Restoration Fund	5.000
Additional Nature Restoration Bid Fund	1.103
Local Government Pay Deal	120.600
Revised General Capital Grant	672.240

£million	Expenditure				Funding							
	1	2	3	4	5	6	7	8	9	10	11	13
	Updated Service Provision	2008-24 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	484.016	33.019	17.159	-6.736	527.458	95.314	27.246	257.797	147.101	432.144	0.000	432.144
Aberdeenshire	597.536	41.835	18.202	-8.701	648.871	114.087	33.017	134.839	366.928	534.784	0.000	534.784
Angus	271.331	19.011	10.974	-3.612	297.704	44.703	14.463	27.934	210.605	253.001	0.000	253.001
Argyll & Bute	229.951	16.127	8.761	16.240	271.079	40.185	11.619	37.645	181.629	230.894	0.000	230.894
Clackmannanshire	125.904	8.813	4.442	-1.836	137.323	19.629	7.928	17.764	92.002	117.694	0.000	117.694
Dumfries & Galloway	370.907	25.995	14.599	-0.149	411.351	59.890	19.186	60.313	271.962	351.461	0.000	351.461
Dundee City	369.653	25.998	5.558	4.068	405.277	48.212	22.991	73.704	260.370	357.065	0.000	357.065
East Ayrshire	306.160	21.459	8.566	-4.575	331.609	43.225	20.020	30.467	237.897	288.384	0.000	288.384
East Dunbartonshire	263.354	18.540	3.821	-3.750	281.966	51.245	12.240	24.099	194.382	230.721	0.000	230.721
East Lothian	249.973	17.534	3.556	-3.522	267.540	48.507	13.793	58.108	147.132	219.033	0.000	219.033
East Renfrewshire	242.622	17.070	8.876	-3.595	264.972	44.416	10.565	15.695	194.296	220.556	0.000	220.556
Edinburgh, City of	1,057.001	73.306	22.576	15.119	1,168.002	227.839	56.559	377.317	506.286	940.163	0.000	940.163
Eilean Siar	86.216	6.044	6.577	19.099	117.936	9.666	4.169	9.106	94.995	108.270	0.000	108.270
Falkirk	370.221	25.906	18.096	-5.426	408.797	59.793	22.327	75.322	251.354	349.004	0.000	349.004
Fife	877.144	61.357	29.302	-12.577	955.226	141.862	52.828	172.108	588.428	813.364	0.000	813.364
Glasgow City	1,562.296	107.928	35.496	31.368	1,737.087	218.382	100.560	358.472	1,059.673	1,518.705	0.000	1,518.705
Highland	585.954	41.067	29.155	-1.273	654.903	99.495	32.431	156.979	365.998	555.408	0.000	555.408
Inverclyde	201.569	14.135	9.627	1.633	226.965	27.800	11.221	21.333	166.610	199.165	0.000	199.165
Midlothian	223.071	15.651	6.224	-3.136	241.810	38.646	15.249	35.215	152.700	203.164	0.000	203.164
Moray	218.054	15.299	7.904	-3.302	237.955	35.071	11.943	55.314	135.627	202.884	0.000	202.884
North Ayrshire	347.498	24.253	5.529	8.119	385.399	50.363	19.495	43.955	271.586	335.036	0.000	335.036
North Lanarkshire	831.255	58.234	9.510	-12.164	886.835	118.152	50.598	121.640	596.445	768.683	0.000	768.683
Orkney Islands	87.144	6.120	5.387	-1.313	97.338	8.272	16.114	11.473	61.479	89.066	0.000	89.066
Perth & Kinross	353.459	24.805	11.459	-5.091	384.631	67.366	17.725	60.754	238.787	317.265	0.000	317.265
Renfrewshire	430.897	30.125	7.430	-6.156	462.296	72.532	25.693	131.323	232.748	389.764	0.000	389.764
Scottish Borders	277.284	19.415	11.915	-2.159	306.454	48.689	14.106	37.818	205.841	257.765	0.000	257.765
Shetland Islands	94.848	6.656	5.666	3.920	111.090	8.333	20.633	24.302	57.822	102.757	0.000	102.757
South Ayrshire	277.864	19.442	8.610	-4.086	301.830	48.347	14.263	47.708	191.512	253.483	0.000	253.483
South Lanarkshire	765.815	53.769	9.593	-4.046	825.131	128.345	45.087	341.536	310.163	696.786	0.000	696.786
Stirling	224.405	15.672	10.478	-2.601	247.954	39.797	11.784	45.636	150.737	208.157	0.000	208.157
West Dunbartonshire	234.152	16.418	3.459	6.662	260.692	33.680	14.353	93.396	119.262	227.012	0.000	227.012
West Lothian	431.147	30.065	11.914	-6.420	466.706	67.290	25.749	87.928	285.739	399.416	0.000	399.416
Scotland	13,048.700	911.066	370.421	0.000	14,330.187	2,159.133	775.956	3,047.000	8,348.099	12,171.054	0.000	12,171.054

REVISED INDIVIDUAL REVENUE ALLOCATIONS 2022-23

ANNEX C

	Funding												£150 Cost of Living Support	10% £150 Cost of Living Award
	Expenditure													
	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	£m	£m	£m
Aberdeen City	483.895	18.816	17.891	-6.589	514.014	93.626	28.831	268.557	122.999	420.388	0.000	420.388	10.396	0.974
Aberdeenshire	612.395	23.971	18.838	-8.607	646.598	113.278	33.562	138.786	360.972	533.320	0.000	533.320	8.902	1.126
Angus	280.129	10.891	11.249	-3.376	298.893	44.383	15.010	26.160	213.341	254.510	0.000	254.510	5.678	0.692
Argyll & Bute	238.109	9.332	9.037	15.850	272.328	39.931	12.186	33.179	187.032	232.397	0.000	232.397	4.016	0.386
Clackmannanshire	130.649	5.053	4.595	-1.828	138.468	19.572	8.045	18.065	92.786	118.896	0.000	118.896	2.455	0.308
Dumfries & Galloway	385.686	14.950	15.126	-3.287	412.475	59.603	18.545	51.388	282.939	352.872	0.000	352.872	7.293	0.796
Dundee City	387.506	14.994	5.762	3.124	411.386	47.795	23.184	35.496	304.911	363.591	0.000	363.591	7.831	0.962
East Ayrshire	315.048	12.192	9.710	-4.582	332.368	42.949	18.810	23.226	247.383	289.419	0.000	289.419	6.300	0.752
East Dunbartonshire	274.246	10.674	3.961	-3.700	285.181	51.034	12.364	17.675	204.108	234.147	0.000	234.147	3.036	0.365
East Lothian	257.166	9.982	3.684	-3.451	267.381	47.700	13.605	28.686	177.390	219.681	0.000	219.681	4.339	0.497
East Renfrewshire	250.614	9.681	9.020	-3.271	266.044	43.756	9.951	9.574	202.763	222.288	0.000	222.288	2.452	0.273
Edinburgh, City of	1,075.582	41.960	23.165	9.231	1,149.938	224.483	56.739	249.861	618.855	925.455	10.116	935.571	20.294	2.085
Eilean Siar	92.088	3.520	6.824	17.984	120.415	9.602	4.346	8.149	98.319	110.813	0.000	110.813	1.551	0.168
Falkirk	384.769	14.853	19.163	-5.415	413.370	59.717	23.131	80.433	250.089	353.653	0.000	353.653	7.667	0.934
Fife	908.691	35.166	30.245	-13.035	961.067	141.061	52.847	179.675	587.484	820.006	0.000	820.006	17.390	2.218
Glasgow City	1,593.483	61.583	36.258	42.849	1,734.172	217.525	100.324	296.203	1,120.120	1,516.647	0.000	1,516.647	32.958	3.813
Highland	605.068	23.612	30.254	-2.212	656.722	98.460	32.673	141.565	384.023	558.262	0.000	558.262	11.075	1.167
Inverclyde	208.787	8.076	9.993	2.258	229.114	27.699	11.315	15.906	174.194	201.415	0.000	201.415	4.126	0.452
Midlothian	229.776	8.948	6.337	-3.088	241.973	37.780	14.835	24.895	164.463	204.193	0.000	204.193	4.073	0.493
Moray	224.632	8.683	8.194	-3.253	238.256	34.745	12.020	54.575	136.916	203.511	0.000	203.511	4.490	0.560
North Ayrshire	360.750	13.950	5.730	8.084	388.514	50.154	20.057	37.745	280.558	338.360	0.000	338.360	7.019	0.910
North Lanarkshire	862.493	33.418	9.853	-12.171	893.593	117.725	49.382	111.737	614.749	775.868	0.000	775.868	16.995	1.951
Orkney Islands	88.193	3.510	5.605	-1.330	95.978	8.243	15.527	12.954	59.253	87.735	0.000	87.735	1.160	0.128
Perth & Kinross	360.728	14.074	11.853	-4.793	381.862	66.803	17.194	46.141	251.723	315.059	0.000	315.059	6.140	0.702
Renfrewshire	446.600	17.310	7.705	-6.131	465.484	71.555	25.589	108.076	260.263	393.929	0.000	393.929	8.747	0.951
Scottish Borders	288.416	11.220	12.405	-3.539	308.502	48.476	15.017	35.294	209.715	260.026	0.000	260.026	5.406	0.519
Shetland Islands	96.767	3.861	5.943	4.690	111.261	8.300	20.722	35.322	46.918	102.961	0.000	102.961	1.179	0.118
South Ayrshire	287.052	11.085	8.904	-4.041	303.000	48.255	13.887	30.913	209.946	254.745	0.000	254.745	4.958	0.559
South Lanarkshire	788.685	30.614	9.939	-1.429	827.809	126.650	43.109	422.591	235.459	701.159	0.000	701.159	15.218	1.985
Stirling	232.397	9.060	10.795	-3.309	248.944	39.162	12.665	35.942	161.175	209.782	0.000	209.782	3.063	0.373
West Dunbartonshire	245.324	9.504	3.601	4.739	263.168	33.568	13.817	107.740	108.043	229.600	0.000	229.600	5.039	0.568
West Lothian	443.097	17.118	12.292	-6.375	466.133	66.492	24.590	79.491	295.560	399.641	0.000	399.641	8.289	1.043
Scotland	13,438.821	521.659	383.931	0.000	14,344.411	2,140.082	773.879	2,766.000	8,664.450	12,204.329	10.116	12,214.446	249.534	28.828

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 - 2024 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 2022-23 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 2023-24.

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	Criminal Justice Social Work	Early Learning and Childcare Expansion	Support for Ferries	Outwith Settlement Justice Social Work Offender Services top-up
	£m	£m	£m	£m	£m	£m
Aberdeen City	0.092	3.256	3.956	19.941	0.000	1.002
Aberdeenshire	0.000	3.232	2.818	26.968	0.000	0.714
Angus	0.004	2.304	1.630	10.524	0.000	0.413
Argyll & Bute	0.360	1.364	0.986	7.610	1.300	0.250
Clackmannanshire	0.002	1.659	1.114	5.153	0.000	0.282
Dumfries & Galloway	0.000	3.266	2.523	13.397	0.000	0.639
Dundee City	0.000	5.095	3.545	14.350	0.000	0.898
East Ayrshire	0.144	3.800	2.111	13.964	0.000	0.535
East Dunbartonshire	0.068	1.723	0.792	9.657	0.000	0.201
East Lothian	0.007	1.786	1.069	10.931	0.000	0.271
East Renfrewshire	0.022	1.485	0.616	8.442	0.000	0.156
Edinburgh, City of	0.320	7.850	7.984	40.405	0.000	2.023
Eilean Siar	0.965	0.340	0.294	2.570	0.000	0.075
Falkirk	0.014	3.953	2.686	15.675	0.000	0.680
Fife	0.012	10.441	6.108	36.267	0.000	1.547
Glasgow City	0.560	23.154	15.482	61.364	0.000	3.922
Highland	0.910	4.262	3.238	23.124	0.897	0.820
Inverclyde	0.065	2.579	1.299	7.278	0.000	0.329
Midlothian	0.007	2.418	1.252	11.572	0.000	0.317
Moray	0.000	1.481	1.293	9.169	0.000	0.328
North Ayrshire	0.090	4.162	2.657	12.585	0.000	0.673
North Lanarkshire	0.260	9.659	5.353	35.325	0.000	1.356
Orkney Islands	0.000	0.249	0.235	2.227	13.402	0.060
Perth & Kinross	0.102	1.870	1.834	13.919	0.000	0.465
Renfrewshire	0.015	4.652	2.588	18.439	0.000	0.656
Scottish Borders	0.001	1.919	1.257	10.929	0.000	0.318
Shetland Islands	0.000	0.254	0.252	2.631	17.496	0.064
South Ayrshire	0.015	2.609	1.731	9.907	0.000	0.438
South Lanarkshire	0.170	8.928	4.414	31.575	0.000	1.118
Stirling	0.114	1.450	1.239	8.981	0.000	0.314
West Dunbartonshire	0.029	3.373	1.634	9.318	0.000	0.414
West Lothian	0.007	5.426	2.459	17.857	0.000	0.623
Scotland	4.355	130.000	86.450	522.056	33.095	21.899

Notes: These figures represent the best estimates used in the calculation of the 2023-24 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 2023-24 are still being prepared by the Scottish Government. The figures refer to local authority PEF allocations in the 2022-23 financial year.

The distribution of the Inter-Island Ferries has also necessarily used estimated figures.

Local Authority	Grant Without Floor	Change Without Floor	Floor Change	Grant With Floor	Change With Floor
	£m	%	£m	£m	%
Aberdeen City	342.220	5.52%	-6.736	335.484	3.44%
Moray	167.730	5.24%	-3.302	164.428	3.17%
Orkney Islands	66.701	5.13%	-1.313	65.388	3.06%
East Lothian	178.931	4.98%	-3.522	175.409	2.91%
Aberdeenshire	442.051	4.86%	-8.701	433.349	2.80%
Perth & Kinross	258.639	4.85%	-5.091	253.548	2.78%
West Lothian	326.140	4.77%	-6.420	319.721	2.70%
East Renfrewshire	182.647	4.68%	-3.595	179.051	2.62%
Clackmannanshire	93.280	4.54%	-1.836	91.444	2.48%
Midlothian	159.315	4.48%	-3.136	156.179	2.43%
Falkirk	275.673	4.45%	-5.426	270.247	2.39%
North Lanarkshire	617.959	4.33%	-12.164	605.795	2.27%
South Ayrshire	207.602	4.27%	-4.086	203.516	2.21%
East Ayrshire	232.444	4.14%	-4.575	227.869	2.09%
Renfrewshire	312.741	4.05%	-6.156	306.585	2.00%
East Dunbartonshire	190.496	4.00%	-3.750	186.746	1.95%
Angus	206.023	3.77%	-3.612	202.411	1.95%
Argyll & Bute	173.485	-6.78%	16.240	189.724	1.95%
Dumfries & Galloway	285.548	2.00%	-0.149	285.399	1.95%
Dundee City	279.003	0.48%	4.068	283.071	1.95%
Edinburgh (City of)	723.763	-0.14%	15.119	738.882	1.95%
Eilean Siar	76.218	-18.48%	19.099	95.317	1.95%
Fife	663.600	3.92%	-12.577	651.023	1.95%
Glasgow City	1,163.608	-0.73%	31.368	1,194.975	1.95%
Highland	454.072	2.23%	-1.273	452.799	1.95%
Inverclyde	157.874	0.90%	1.633	159.507	1.95%
North Ayrshire	260.268	-1.14%	8.119	268.387	1.95%
Scottish Borders	211.937	3.00%	-2.159	209.778	1.95%
Shetland Islands	71.809	-3.33%	3.920	75.729	1.95%
South Lanarkshire	560.640	2.69%	-4.046	556.594	1.95%
Stirling	168.819	3.54%	-2.601	166.219	1.95%
West Dunbartonshire	170.174	-1.89%	6.662	176.836	1.95%
	9,681.408	2.20%	0.000	9,681.408	2.20%

The annual change in the Grant for Floor Funding was 2.20% and as a result of the floor being set at -0.25% below this annual change the minimum increase in the Grant for floor was set at 1.95%

REDETERMINATIONS OF INDIVIDUAL REVENUE FUNDING 2022-23 – GENERAL

ANNEX G

GENERAL FUNDING	2022 Summer Programme	Teacher Pay Award 21-22	Adult Disability Payment	Whole Family Wellbeing Fund	2022 Local Heat and Energy Efficiency Strategies resourcing	*Scottish Child Payment Bridging Payments	Green Growth Accelerator Resource Funding	Additional Funding for Local Government Pay Deal	Customer First	Discretionary Housing Payments Benefit Cap	Discretionary Housing Payments Benefit Cap ADMIN
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	0.279	1.067	0.089	1.025	0.075	0.955	0.026	5.050	0.000	0.086	0.017
Aberdeenshire	0.355	1.667	0.080	1.464	0.075	0.954	0.026	6.433	0.000	0.089	0.013
Angus	0.211	0.716	0.071	0.657	0.075	0.523	0.026	2.923	0.000	0.040	0.009
Argyll & Bute	0.135	0.528	0.045	0.439	0.075	0.276	0.026	2.504	0.000	0.018	0.007
Clackmannanshire	0.110	0.339	0.036	0.337	0.075	0.442	0.026	1.356	0.000	0.028	0.005
Dumfries & Galloway	0.329	0.868	0.098	0.917	0.075	0.770	0.026	4.012	0.000	0.039	0.014
Dundee City	0.294	0.859	0.125	0.894	0.075	1.086	0.026	4.024	0.000	0.079	0.020
East Ayrshire	0.279	0.772	0.089	0.832	0.075	0.791	0.026	3.272	0.000	0.037	0.016
East Dunbartonshire	0.105	0.854	0.045	0.471	0.075	0.505	0.026	2.865	0.000	0.028	0.005
East Lothian	0.162	0.627	0.054	0.579	0.075	0.433	0.026	2.679	0.000	0.046	0.007
East Renfrewshire	0.118	0.836	0.036	0.492	0.075	0.303	0.026	2.598	0.000	0.023	0.004
Edinburgh, City of	0.576	2.220	0.250	2.199	0.075	1.785	0.026	11.261	0.000	0.344	0.046
Eilean Siar	0.046	0.195	0.018	0.161	0.075	0.056	0.026	0.945	0.000	0.003	0.001
Falkirk	0.286	1.010	0.107	0.923	0.075	0.966	0.026	3.986	0.000	0.033	0.014
Fife	0.740	2.245	0.223	2.289	0.075	2.306	0.026	9.438	0.000	0.133	0.037
Glasgow City	1.665	3.439	0.535	4.666	0.075	5.009	0.026	16.527	0.000	0.420	0.077
Highland	0.465	1.444	0.134	1.420	0.075	0.868	0.026	6.337	0.000	0.050	0.017
Inverclyde	0.131	0.488	0.071	0.423	0.075	0.503	0.026	2.167	0.000	0.029	0.010
Midlothian	0.162	0.630	0.064	0.535	0.075	0.449	0.026	2.401	0.000	0.043	0.007
Moray	0.173	0.585	0.045	0.546	0.075	0.290	0.026	2.330	0.000	0.024	0.006
North Ayrshire	0.324	0.890	0.098	0.959	0.075	1.005	0.026	3.744	0.000	0.057	0.019
North Lanarkshire	0.766	2.291	0.276	2.351	0.075	2.153	0.026	8.968	1.400	0.113	0.035
Orkney	0.041	0.158	0.009	0.132	0.075	0.050	0.026	0.942	0.000	0.003	0.001
Perth & Kinross	0.242	0.863	0.071	0.805	0.075	0.458	0.026	3.777	0.000	0.032	0.010
Renfrewshire	0.292	1.092	0.125	0.988	0.075	0.904	0.026	4.646	0.000	0.040	0.017
Scottish Borders	0.208	0.654	0.062	0.668	0.075	0.454	0.026	3.011	0.000	0.034	0.009
Shetland	0.049	0.204	0.009	0.158	0.075	0.060	0.026	1.036	0.000	0.004	0.001
South Ayrshire	0.189	0.704	0.071	0.604	0.075	0.589	0.026	2.975	0.000	0.028	0.012
South Lanarkshire	0.577	2.135	0.223	1.827	0.075	1.980	0.026	8.216	0.000	0.077	0.030
Stirling	0.139	0.587	0.045	0.495	0.075	0.338	0.026	2.432	0.000	0.013	0.006
West Dunbartonshire	0.198	0.591	0.071	0.604	0.075	0.734	0.026	2.551	0.000	0.036	0.011
West Lothian	0.354	1.241	0.134	1.140	0.075	1.139	0.026	4.594	0.000	0.051	0.017
Scotland	10.000	32.800	3.409	32.000	2.400	29.134	0.832	140.000	1.400	2.080	0.500

GENERAL FUNDING	Educational Psychologists	Improvement Service	Easter Study Support Provision	Council Tax Reduction (CTR) data extract funding	Teachers Induction Scheme (TIS)	Dundee to Stansted	River Annan Bridges	Self Isolation Assistance Service	Total	10% £150 Cost of Living Award
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	0.012	0.000	0.099	0.030	1.770	0.000	0.000	0.025	10.605	0.974
Aberdeenshire	0.013	0.000	0.093	0.008	0.745	0.000	0.000	0.030	12.045	1.126
Angus	0.017	0.000	0.070	0.008	0.130	0.000	0.000	0.017	5.493	0.692
Argyll & Bute	0.011	0.000	0.042	0.009	0.109	0.000	0.000	0.012	4.236	0.386
Clackmannanshire	0.016	0.000	0.049	0.008	0.453	0.000	0.000	0.008	3.288	0.308
Dumfries & Galloway	0.011	0.000	0.091	0.009	1.037	0.000	0.033	0.024	8.353	0.796
Dundee City	0.018	0.000	0.162	0.009	0.219	1.246	0.000	0.025	9.161	0.962
East Ayrshire	0.018	0.000	0.112	0.009	1.053	0.000	0.000	0.020	7.401	0.752
East Dunbartonshire	0.017	0.000	0.053	0.009	1.357	0.000	0.000	0.011	6.426	0.365
East Lothian	0.008	0.000	0.051	0.029	1.545	0.000	0.000	0.013	6.334	0.497
East Renfrewshire	0.017	0.000	0.043	0.009	3.353	0.000	0.000	0.009	7.942	0.273
Edinburgh, City of	0.036	0.000	0.232	0.008	1.098	0.000	0.000	0.053	20.209	2.085
Eilean Siar	0.000	0.000	0.009	0.029	2.625	0.000	0.000	0.005	4.194	0.168
Falkirk	0.008	0.000	0.117	0.008	2.697	0.000	0.000	0.021	10.277	0.934
Fife	0.035	0.000	0.315	0.009	3.172	0.000	0.000	0.055	21.098	2.218
Glasgow City	0.069	0.000	0.707	0.029	5.612	0.000	0.000	0.108	38.964	3.813
Highland	0.004	0.000	0.128	0.009	0.494	0.000	0.000	0.033	11.504	1.167
Inverclyde	0.017	0.000	0.076	0.009	0.777	0.000	0.000	0.013	4.815	0.452
Midlothian	0.016	0.000	0.070	0.008	0.672	0.000	0.000	0.011	5.169	0.493
Moray	0.001	0.000	0.044	0.008	1.878	0.000	0.000	0.012	6.043	0.560
North Ayrshire	0.023	0.000	0.137	0.009	0.941	0.000	0.000	0.023	8.330	0.910
North Lanarkshire	0.036	0.049	0.290	0.008	2.709	0.000	0.000	0.049	21.595	1.951
Orkney	0.000	0.000	0.008	0.009	0.053	0.000	0.000	0.003	1.511	0.128
Perth & Kinross	0.011	0.000	0.054	0.009	0.301	0.000	0.000	0.019	6.753	0.702
Renfrewshire	0.027	0.000	0.139	0.009	2.520	0.000	0.000	0.026	10.926	0.951
Scottish Borders	0.001	0.000	0.057	0.009	0.746	0.000	0.000	0.016	6.030	0.519
Shetland	0.000	0.000	0.007	0.008	0.051	0.000	0.000	0.003	1.691	0.118
South Ayrshire	0.015	0.000	0.076	0.009	1.712	0.000	0.000	0.017	7.102	0.559
South Lanarkshire	0.041	0.000	0.263	0.009	1.875	0.000	0.000	0.047	17.401	1.985
Stirling	0.017	0.000	0.045	0.029	1.226	0.000	0.000	0.011	5.484	0.373
West Dunbartonshire	0.008	0.000	0.101	0.009	0.474	0.000	0.000	0.015	5.504	0.568
West Lothian	0.018	0.000	0.160	0.008	2.856	0.000	0.000	0.025	11.838	1.043
Scotland	0.542	0.049	3.900	0.379	46.260	1.246	0.033	0.759	307.723	28.828

*Final funding is subject to full reconciliation.

Local Authority	2023-24 GAE	Percentage	2008-24	2008-23	Movement in
	£m	£m	£m	£m	£m
Aberdeen City	359.876	3.64	33.019	18.816	14.202
Aberdeenshire	479.171	4.85	41.835	23.971	17.864
Angus	213.447	2.16	19.011	10.891	8.120
Argyll & Bute	171.493	1.74	16.127	9.332	6.795
Clackmannanshire	92.191	0.93	8.813	5.053	3.761
Dumfries & Galloway	286.061	2.89	25.995	14.950	11.045
Dundee City	270.828	2.74	25.998	14.994	11.004
East Ayrshire	230.133	2.33	21.459	12.192	9.267
East Dunbartonshire	203.740	2.06	18.540	10.674	7.867
East Lothian	196.123	1.98	17.534	9.982	7.552
East Renfrewshire	192.013	1.94	17.070	9.681	7.388
Edinburgh, City of	790.007	7.99	73.306	41.960	31.346
Eilean Siar	70.984	0.72	6.044	3.520	2.524
Falkirk	285.792	2.89	25.906	14.853	11.053
Fife	675.315	6.83	61.357	35.166	26.190
Glasgow City	1116.622	11.30	107.928	61.583	46.345
Highland	453.816	4.59	41.067	23.612	17.455
Inverclyde	146.785	1.49	14.135	8.076	6.059
Midlothian	174.642	1.77	15.651	8.948	6.703
Moray	172.764	1.75	15.299	8.683	6.617
North Ayrshire	253.669	2.57	24.253	13.950	10.303
North Lanarkshire	628.811	6.36	58.234	33.418	24.816
Orkney	61.404	0.62	6.120	3.510	2.610
Perth & Kinross	274.851	2.78	24.805	14.074	10.731
Renfrewshire	323.850	3.28	30.125	17.310	12.815
Scottish Borders	217.151	2.20	19.415	11.220	8.194
Shetland	66.111	0.67	6.656	3.861	2.795
South Ayrshire	209.254	2.12	19.442	11.085	8.357
South Lanarkshire	590.275	5.97	53.769	30.614	23.155
Stirling	172.287	1.74	15.672	9.060	6.612
West Dunbartonshire	167.678	1.70	16.418	9.504	6.914
West Lothian	334.332	3.38	30.065	17.118	12.947
Scotland	9881.475	100.000	911.066	521.659	389.407

2023-24 £m	Capital Settlement 2023-24			Specific grants to be paid in 2023-24				
	General Capital Grant	Specific Grants	Total Capital Grants	Strathclyde Partnership	Vacant and Derelict Land	T MDF	Cycling Walking &	Total
Aberdeen City	25.241	0.993	26.234	0.000	0.000	0.000	0.993	0.993
Aberdeenshire	27.765	1.147	28.912	0.000	0.000	0.000	1.147	1.147
Angus	14.587	0.507	15.094	0.000	0.000	0.000	0.507	0.507
Argyll & Bute	19.456	0.376	19.832	0.000	0.000	0.000	0.376	0.376
Clackmannanshire	6.272	0.225	6.497	0.000	0.000	0.000	0.225	0.225
Dumfries & Galloway	26.187	0.650	26.837	0.000	0.000	0.000	0.650	0.650
Dundee City	18.220	0.645	18.865	0.000	0.000	0.000	0.645	0.645
East Ayrshire	12.831	0.533	13.364	0.000	0.000	0.000	0.533	0.533
East Dunbartonshire	11.446	0.476	11.922	0.000	0.000	0.000	0.476	0.476
East Lothian	8.410	0.478	8.888	0.000	0.000	0.000	0.478	0.478
East Renfrewshire	9.370	0.422	9.792	0.000	0.000	0.000	0.422	0.422
Edinburgh, City of	52.571	30.249	82.820	0.000	0.000	27.950	2.299	30.249
Eilean Siar	8.677	0.116	8.793	0.000	0.000	0.000	0.116	0.116
Falkirk	11.191	0.702	11.893	0.000	0.000	0.000	0.702	0.702
Fife	40.776	3.257	44.033	0.000	1.621	0.000	1.636	3.257
Glasgow City	71.538	69.018	140.556	0.000	1.950	64.295	2.773	69.018
Highland	32.743	1.039	33.782	0.000	0.000	0.000	1.039	1.039
Inverclyde	8.879	0.335	9.214	0.000	0.000	0.000	0.335	0.335
Midlothian	10.723	0.413	11.136	0.000	0.000	0.000	0.413	0.413
Moray	11.864	0.421	12.285	0.000	0.000	0.000	0.421	0.421
North Ayrshire	35.704	2.092	37.796	0.000	1.506	0.000	0.586	2.092
North Lanarkshire	36.383	3.332	39.715	0.000	1.841	0.000	1.491	3.332
Orkney Islands	6.529	0.098	6.627	0.000	0.000	0.000	0.098	0.098
Perth & Kinross	23.369	0.672	24.041	0.000	0.000	0.000	0.672	0.672
Renfrewshire	18.383	0.786	19.169	0.000	0.000	0.000	0.786	0.786
Scottish Borders	23.476	0.507	23.983	0.000	0.000	0.000	0.507	0.507
Shetland Islands	6.865	0.100	6.965	0.000	0.000	0.000	0.100	0.100
South Ayrshire	12.761	0.491	13.252	0.000	0.000	0.000	0.491	0.491
South Lanarkshire	33.388	2.096	35.484	0.000	0.687	0.000	1.409	2.096
Stirling	8.834	0.408	9.242	0.000	0.000	0.000	0.408	0.408
West Dunbartonshire	15.547	0.383	15.930	0.000	0.000	0.000	0.383	0.383
West Lothian	18.551	0.810	19.361	0.000	0.000	0.000	0.810	0.810
Undistributed	19.000	0.000	19.000	0.000	0.000	0.000	0.000	0.000
Councils Total	687.537	123.777	811.314	0.000	7.605	92.245	23.927	123.777
Strathclyde Partnership for Transport		15.327	15.327	15.327	0.000	0.000	0.000	15.327
Grand Total	687.537	139.104	826.641	15.327	7.605	92.245	23.927	139.104

Council	Flood Scheme	Total 2023-24
		£m
Aberdeenshire Council	Stonehaven	-4.685
Aberdeenshire Council	Huntly	0.000
Angus Council	Arbroath	0.518
Argyll & Bute Council	Campbeltown	5.424
Comhairle nan Eilean Siar	South Fords	0.864
Dumfries & Galloway Council	Dumfries/ River Nith/ Whitesands FPS	2.538
Dumfries & Galloway Council	Stranraer work item 4 &6	0.224
Dumfries & Galloway Council	Langholm	0.392
Dumfries & Galloway Council	Newton Stewart/ River Cree	1.229
Dundee City Council	Broughty Ferry	-0.004
Dundee City Council	Dundee	0.000
East Ayrshire Council	New Cumnock	0.129
East Dunbartonshire Council	Park Burn	-0.002
East Lothian Council	Musselburgh	-3.885
East Lothian Council	Haddington	0.088
Falkirk Council	Grangemouth FPS	-4.713
Fife Council	Kinness Burn	1.152
Glasgow City Council	White Cart Water Phase 3	0.000
Glasgow City Council	Camlachie Burn	0.000
Highland Council	Smithton and Culloden	0.082
Highland Council	Caol and Lochyside	-0.790
Highland Council	Drumnadrochit	-0.445
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	19.980
North Ayrshire Council	Upper Gamock FPS	0.000
North Ayrshire Council	Mill Burn Millport	0.544
Orkney Islands Council	Kirkwall	0.000
Perth & Kinross Council	Comrie	1.776
Perth & Kinross Council	Milnathort	1.272
Perth & Kinross Council	South Kinross	1.076
Perth & Kinross Council	Scone	0.142
Scottish Borders Council	Hawick	7.847
Stirling Council	Bridge of Allan	-0.490
Stirling Council	Stirling	-0.628
Stirling Council	Callander	-1.248
West Dunbartonshire Council	Gruggies Burn	5.186
	Total	33.600

2022-23 General Capital Grant	Circular 1/2022	Nature Restoration Fund	Additional Nature Restoration Bid Fund	Local Government Pay Deal	Free School Meals	Flooding	2022-23 Total
	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	18.638	0.135	0.000	4.350	0.897	0.642	24.662
Aberdeenshire	27.885	0.213	0.000	5.542	1.893	0.125	35.658
Angus	11.093	0.150	0.350	2.518	0.702	0.132	14.945
Argyll & Bute	16.716	0.238	0.000	2.157	0.807	0.078	19.996
Clackmannanshire	4.355	0.091	0.000	1.168	0.284	0.055	5.953
Dumfries & Galloway	14.179	0.257	0.000	3.456	1.108	0.114	19.114
Dundee City	13.845	0.086	0.183	3.466	0.635	0.067	18.282
East Ayrshire	9.764	0.102	0.000	2.818	0.650	0.074	13.408
East Dunbartonshire	7.553	0.132	0.000	2.468	0.604	0.168	10.925
East Lothian	9.776	0.110	0.000	2.308	0.581	8.155	20.930
East Renfrewshire	6.474	0.061	0.000	2.238	0.538	0.066	9.377
Edinburgh, City of	40.626	0.161	0.000	9.700	1.821	0.163	52.471
Eilean Siar	8.866	0.124	0.000	0.814	0.240	0.028	10.072
Falkirk	16.005	0.179	0.000	3.434	0.813	0.100	20.531
Fife	25.308	0.378	0.000	8.130	2.059	0.238	36.113
Glasgow City	50.794	0.132	0.000	14.237	2.627	0.603	68.393
Highland	36.726	0.328	0.000	5.459	1.918	0.142	44.573
Inverclyde	6.417	0.160	0.000	1.867	0.350	0.030	8.824
Midlothian	7.318	0.103	0.000	2.069	0.534	0.049	10.073
Moray	8.797	0.124	0.000	2.007	0.598	0.032	11.558
North Ayrshire	13.428	0.190	0.000	3.225	0.738	8.760	26.341
North Lanarkshire	23.681	0.274	0.000	7.726	1.905	0.059	33.645
Orkney	5.234	0.054	0.000	0.811	0.245	0.017	6.361
Perth & Kinross	12.016	0.176	0.000	3.254	0.913	0.100	16.459
Renfrewshire	12.229	0.102	0.350	4.002	0.876	0.248	17.807
Scottish Borders	20.781	0.161	0.106	2.594	0.740	0.186	24.568
Shetland	5.814	0.079	0.000	0.893	0.314	0.002	7.102
South Ayrshire	8.811	0.096	0.114	2.563	0.602	0.043	12.229
South Lanarkshire	22.720	0.188	0.000	7.077	1.887	0.202	32.074
Stirling	10.886	0.114	0.000	2.095	0.531	0.081	13.707
West Dunbartonshire	6.061	0.126	0.000	2.197	0.496	0.166	9.046
West Lothian	11.740	0.176	0.000	3.957	1.094	0.075	17.042
Scotland	494.536	5.000	1.103	120.600	30.000	21.000	672.239

TOTAL LOCAL GOVERNMENT FUNDING SETTLEMENT 2023-24

ANNEX L

Local Authority	Ring-Fenced Grants	Non Domestic Rates	General Revenue Funding	Total 2023-24 Revenue	General Capital Grant	Specific Grant	Total 2023-24 Capital	2023-24 Local Government Finance Settlement
	£m	£m	£m	£m	£m	£m	£m	£m
Aberdeen City	27.246	257.797	147.101	432.144	25.241	0.993	26.234	458.378
Aberdeenshire	33.017	134.839	366.928	534.784	27.765	1.147	28.912	563.696
Angus	14.463	27.934	210.605	253.001	14.587	0.507	15.094	268.095
Argyll & Bute	11.619	37.645	181.629	230.894	19.456	0.376	19.832	250.726
Clackmannanshire	7.928	17.764	92.002	117.694	6.272	0.225	6.497	124.191
Dumfries & Galloway	19.186	60.313	271.962	351.461	26.187	0.650	26.837	378.298
Dundee City	22.991	73.704	260.370	357.065	18.220	0.645	18.865	375.930
East Ayrshire	20.020	30.467	237.897	288.384	12.831	0.533	13.364	301.748
East Dunbartonshire	12.240	24.099	194.382	230.721	11.446	0.476	11.922	242.643
East Lothian	13.793	58.108	147.132	219.033	8.410	0.478	8.888	227.921
East Renfrewshire	10.565	15.695	194.296	220.556	9.370	0.422	9.792	230.348
Edinburgh, City of	56.559	377.317	506.286	940.163	52.571	30.249	82.820	1,022.983
Eilean Siar	4.169	9.106	94.995	108.270	8.677	0.116	8.793	117.063
Falkirk	22.327	75.322	251.354	349.004	11.191	0.702	11.893	360.897
Fife	52.828	172.108	588.428	813.364	40.776	3.257	44.033	857.397
Glasgow City	100.560	358.472	1,059.673	1,518.705	71.538	69.018	140.556	1,659.261
Highland	32.431	156.979	365.998	555.408	32.743	1.039	33.782	589.190
Inverclyde	11.221	21.333	166.610	199.165	8.879	0.335	9.214	208.379
Midlothian	15.249	35.215	152.700	203.164	10.723	0.413	11.136	214.300
Moray	11.943	55.314	135.627	202.884	11.864	0.421	12.285	215.169
North Ayrshire	19.495	43.955	271.586	335.036	35.704	2.092	37.796	372.832
North Lanarkshire	50.598	121.640	596.445	768.683	36.383	3.332	39.715	808.398
Orkney	16.114	11.473	61.479	89.066	6.529	0.098	6.627	95.693
Perth & Kinross	17.725	60.754	238.787	317.265	23.369	0.672	24.041	341.306
Renfrewshire	25.693	131.323	232.748	389.764	18.383	0.786	19.169	408.933
Scottish Borders	14.106	37.818	205.841	257.765	23.476	0.507	23.983	281.748
Shetland	20.633	24.302	57.822	102.757	6.865	0.100	6.965	109.722
South Ayrshire	14.263	47.708	191.512	253.483	12.761	0.491	13.252	266.735
South Lanarkshire	45.087	341.536	310.163	696.786	33.388	2.096	35.484	732.270
Stirling	11.784	45.636	150.737	208.157	8.834	0.408	9.242	217.399
West Dunbartonshire	14.353	93.396	119.262	227.012	15.547	0.383	15.930	242.942
West Lothian	25.749	87.928	285.739	399.416	18.551	0.810	19.361	418.777
Undistributed	0.103	0.000	225.360	225.463	19.000	0.000	19.000	244.463
Redress Top Slice	0.000	0.000	6.000	6.000	0.000	0.000	0.000	6.000
Strathclyde Passenger Transport	0.000	0.000	0.000	0.000	0.000	15.327	15.327	15.327
Scotland	776.059	3,047.000	8,579.459	12,402.517	687.537	139.104	826.641	13,229.158

Clackmannanshire & Stirling Integration Joint Board: Finance and Performance Committee

21 December 2022

Agenda Item 10

2023/24 IJB Draft Business Case

For Approval

Paper Approved for Submission by	Annemargaret Black, Chief Officer
Paper presented by	Ewan Murray, Chief Finance Officer
Author(s)	Ewan Murray, Chief Finance Officer
Exempt Report	No

Purpose of Report:	To present the Finance and Performance Committee with an update on 2023/24 Revenue Budget Development and satisfy the requirements of the Integration Scheme with regard to an IJB Business Case
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Recommendations:	<p>The Finance and Performance Committee is asked to:</p> <ol style="list-style-type: none"> 1) Consider the 2023/24 Budget update and IJB Business Case 2) Note the level of complexity and uncertainty affecting budget considerations. 3) Approve the 2023/24 IJB Business Case contained within this paper for submission to the constituent authorities to satisfy the requirements of the Integration Scheme 4) Note the next steps and further budget development work required prior to the IJB considering the 2023/24 Revenue Budget for approval. 5) Note that key points from the Scottish Draft Budget on 15 December will be covered within the accompanying presentation to committee.
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1. Background

- 1.1. The preparation of a business case to determine future funding requirements to deliver the Strategic Plan is a requirement of the Integration Scheme. The requirements and methodology to be used based on best information currently available are set out at Section 8.3 of the Scheme.
- 1.2. The 2023/24 IJB Business Case set out in this paper reflects the most up to information available at the time of writing and will be further updated to reflect the impacts of the Scottish Draft Budget presented on 15 December 2022. The accompanying presentation to the Committee will cover key points from the Scottish Draft Budget.
- 1.3. The IJB should also view the business case in the context of
 - The exceptional levels of demand facing the health and social care system at this time
 - The ongoing impacts of Covid.
 - Challenges in staff recruitment and retention
 - Significantly increasing inflationary pressures
 - The reliance on Covid funding in the 3 previous financial years
 - Resultant potential for volatility in financial projections
 - The general economic outlook as updated through Financial Reports to the IJB and Finance and Performance Committee during the year.

2. Economic Outlook

- 2.1. There are increasingly challenging outlooks for both the UK and Scottish economies (and indeed the global economy) with increasing public debt, increasing interest rates, low economic growth, Russia's invasion of Ukraine and associated geopolitical issues and, of course, ongoing high inflation.
- 2.2. The UK Autumn Statement was published on 17 November 2022 with along with updated economic projections from the Office of Budget Responsibility.
- 2.3. The UK budget included additional spend in relation to Health, Education and Social Care which will come with additional consequential funding (£1.5bn over the next 2 fiscal years) to the Scottish Budget as devolved responsibilities. However there are also tax adjustments to the Scottish Budget primarily as a result of the reduction of the threshold for the additional tax rate.
- 2.4. It is for the Scottish Government to make choices on spending and tax and these will be set out in the Scottish Draft Budget on 15 December 2022 and be subject to the parliamentary scrutiny process thereafter. This will be accompanied by updated forecasts on the Scottish Economy from the Scottish Fiscal Commission. It is understood this will be a 1 year budget.
- 2.5. Increasing public debt, higher interest rates, high inflation and low economic growth set and increasingly challenging outlook for both UK and Scottish Economies and therefore public expenditure. The UK Autumn Statement detailed a planned Scotland DEL (Departmental Expenditure Limit) of £36.5bn in 2023/24 and £36.9m in 2024/25 which compared against a 2022/23 DEL of £35.3m illustrates that fiscal tightening will continue into the medium term.
- 2.6. This means it is paramount to focus on financial sustainability and minimise carrying forward recurrent deficits into future financial years. The challenges of doing so should not be underestimated particularly with current and projected inflationary pressures including on public sector pay.

3. IJB Business Case

Methodology

- 3.1. The Integration Scheme sets out the methodology to be used in calculating the budget requirements to deliver the Strategic Plan for the forthcoming financial year. This methodology, is, itself drawn from national financial planning guidance for Integration Authorities.

The methodology requires assessment of:

- Demand pressures from demographic change and Transitions from Children's Services (usually on a 3 year average basis to smooth any year to year peaks or troughs)
- Inflation (Pay, National Care Home Contract, General and Contract including impact of changes in Scottish Living Wage)

- Changes in Legislation with Financial Consequences
- Delivery of Strategic Priorities & National Outcomes
- Assessment of Savings and Efficiencies
- Consideration of Reserves

Strategic Commissioning Plan 2023/2033 – Needs Led Resource Bound

- 3.2. The IJB agreed to extend the lifecycle of the existing Strategic Plan to 2022/23, therefore its lifecycle ends on 31 March 2023. 2023/24 will be the first year of the 2023/2033 Strategic Commissioning Plan (SCP) however given the outlook set out above this expectations must be tempered and recognise the resource constraints, financial and otherwise. The term 'Needs Led Resource Bound' has been used throughout the development process of the SCP and it is critical to manage expectations through these processes.
- 3.3. Members should however keep the Strategic Commissioning Plan, enabling activities and Strategies and initiatives to deliver change in mind with regard to budget considerations.

Core Assumptions

- 3.4. In developing the business case due regard has been taken of the Scottish Governments approach in prior years of setting minimum payments from Local Authorities and NHS Boards to Integration Authorities (IAs) through the Scottish Budget and passthrough of resources to IAs for items such as Scottish Living Wage increases and other issues including demand pressures.
- 3.5. Give the budgetary context set out in is section 2 of this report the core assumptions used in this paper are.

Payments from NHS Boards to IAs – 2% uplift

Payments from Local Authorities to IAs – Flat cash / 0% uplift

Passthrough of Resources to IAs - £2.359m for impact of uplift in Scottish Living Wage only. £10.50 to £10.90=40p or 3.8% increase. (Estimate scaled from 22/23 SLW funding for increase from £10.02 to £10.50=48p or 4.79% increase).

- 3.6. The Scottish Living Wage from September 2022 has increased from £10.50 to £10.90 from September 2022 (+3.8%) and employers are expected to implement this by May 2023.

- 3.7. Key Assumptions used in preparing this business case are as follows

Pay Costs: Per extant Public Sector Pay policy 2% - sensitivity at 5% will also be modelled given inflation and this approach has been agreed by IJB Chief Finance Officer section to allow a national picture to be consolidated.

Contract Inflation: Residential Care incl. National Care Home Contract – 6.14% (reflecting the increase in pay for commissioned social care staff to minimum of £10.90 per hour and projected CPI inflation for 2023 of 7.4%)

Care at Home, Direct Payments, Respite Care – 4.31%
 (reflecting the increase in pay for commissioned social care staff to minimum of £10.90 per hour and projected CPI inflation for 2023 of 7.4%)
 Prescribing Cost and Volumes: 5.5%
 Social Care Demand Increase – Residential 3% Care at Home 5%
 Covid-19 consequentials – Zero assumed.

Assessment of Resource Requirements to Deliver Strategic Plan

- 3.8. As detailed in recent IJB Finance Reports it is extremely difficult to predict how service demand will go over both the near and medium to longer term. Whilst some demand fell during the early part of the pandemic this increased demand for service increased significantly during 2021/22 and these demand trends amplified in 2022/23 to date combined with significant impacts of inflationary pressures. The reasons for this are multi-factorial and complex.
- 3.9. The Health and Social Care system is therefore under more strain than it ever has been.
- 3.10. The demand for social care services has been acutely affected. Evidence shows pre pandemic demand increases at around 4% per annum whereas increased demand during 2021/22 and 2022/23 to date includes areas where demand has increased by significantly more than this. Some this is increase is a mix of both general demand increase and shifts from residential care to care closer to home and/or at home e.g. in Learning Disabilities. Therefore the picture is more complex than raw increases in numbers.
- 3.11. We are, however, observing significant general increases in Care at Home. For example in Clackmannanshire locality Care at Home weekly hours for the Older People Care Group has increased by 12.2% from October 2021 to October 2022.
- 3.12. Additionally whilst we can observe increased costs associated with long term care in care homes overall care home resident numbers are below 2019 levels but a greater proportion of these are publicly funded.
- 3.13. Whilst it is, perhaps, unlikely that demand can continue to increase at current rates the pandemic has changed many patterns of service demand and delivery meaning a return to pre pandemic trends may also be unlikely. Despite this, service delivery priorities, guided by the Strategic Plan priorities have remained Community/Home First. The full effect of the implementing the IJB Business Cases for Rapid Response Service and Rural Care at Home will also deliver greater activity during 2023/24 financial year.
- 3.14. Therefore, the core assumption on general demand increases for commissioned care 2023/24 is around 4% with 3% growth in residential care in the Clackmannanshire Locality, 0% growth in residential care in Stirling localities and 4.7% growth in Care at Home reflecting strategic priorities.

Baseline Financial Position into Financial Year 2023/24

- 3.15. The financial report to this Committee details a projected overspend on the Integrated Budget of £0.429m based on financial performance to end of October (Month 7). Taking into account the full year effect of the Rapid Response and Rural Business Cases a baseline recurrent financial pressure in the region of £1.7m is assumed though cost and volume increases in Family Health Services prescribing risks increasing this further.

Estimated 23/24 Net Financial Gap on Integrated Budget

- 3.16. Using the assumptions stated above the estimated financial gap before savings and efficiency programmes and other mitigation actions is £6.9m. This is summarised in the table below.

Integrated Budget

Adult Social Care	£'000
Pay Inflation	651
Contract Inflation	4,217
Demographic Pressures	2,131
Income & Resource Transfer	-616
Total Adult Social Care	6,383
Operational And Universal Health Services	
Prescribing	1,170
Other Pressures	6
Total Operational and Universal Health Services	1,175
Total Integrated Budget Net Additional Pressures	7,559
Plus Estimated Recurrent Deficit from 22/23	1,700
Est Financial Gap on Integrated Budget	9,259
Less: Assumed SG Funding for SLW Uplift	2,359
Net Estimated Financial Gap on Integrated Budget	6,900

2023/24 Net Financial Gap on Set Aside Budget for Large Hospital Services

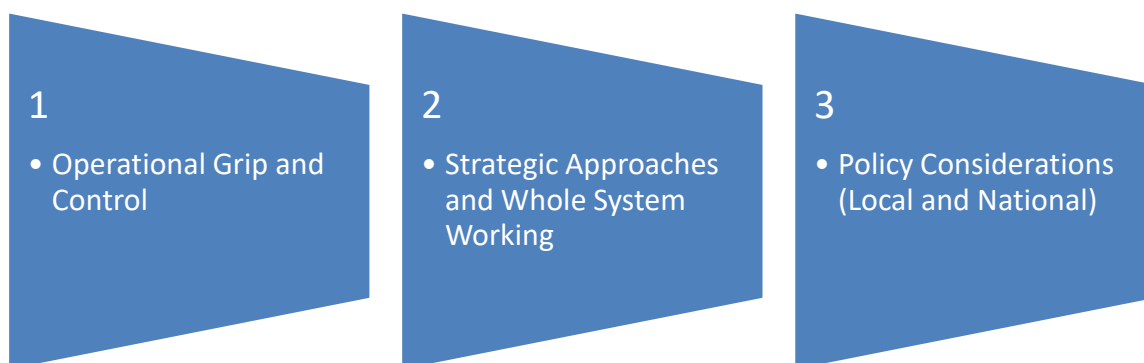
- 3.17. Based on the assumption that the service and financial pressures currently being observed are essentially recurrent and based on the core assumptions set out above the estimated financial gap on the Set Aside budget is summarised in the table below.

Set Aside Budget for Large Hospital Services

Estimated Recurrent Deficit from 22/23	3,720
Drugs	<u>106</u>
Net Estimated Financial Gap on Set Aside Budget	<u>3,826</u>

2023/24 Net Financial Gap on Strategic Plan Budget

- 3.18. Taking the Integrated Budget and Set Aside Budget together to give the total financial resource for delivery of the Strategic Plan gives a total net estimated financial gap of **£10.726m**.
- 3.19. The issues surrounding the IJBs budget planning are, in many ways, more complex and uncertain than ever. This increases the financial risk profile across the short and medium term for the IJB. To set balanced revenue budget the IJB can only deploy resources at its disposal.
- 3.20. Based on the assumptions set out earlier in this paper the baseline financial gap into financial year 2023/24 is estimated at £9.562m before any potential funding for the uplift in the Scottish Living Wage (SLW). On the basis of SLW funding provided by Scottish Government in 2023/24 funding of £2.359m could be anticipated. This would bring the net estimated financial gap for 2023/24 before consideration of savings and efficiencies and other mitigation of £7.203m
- 3.21. It will be extremely challenging to close this financial gap given past experience and ongoing demand on services. There is a need to agree clear priorities, consider disinvestment option as well as work with partners, peers and Scottish Government on financially sustainable policy approaches.
- 3.22. To this end we suggest viewing options across 3 thematics or domains would be useful as follows.



3.23. Significant further work is required to further plans to meet this gap whilst aligning to the Strategic Plan and Transformation Programme priorities.

These will focus on:

- Review of unachieved 22/23 savings
- Furthering progress on the Transforming Care Programme including Outcomes Based Assessment, Self Directed Support, Technology Enabled Care and New Models of Care including those with Housing Support
- Reimagining care closer to home including Intermediate Care and Reablement
- Reducing reliance on temporary workforce.
- Value management and cost improvement including financial Grip and Control Actions
- Medicines optimisation including actions to reduce variation and waste.
- Review activity and reduction of waste
- Reducing delays and occupied bed days through effective whole system working.
- Reviews of value from commissioning budgets linked to Strategic Priorities, Evidence of Good Outcomes and developing commissioning consortium approaches.
- Whole system working approaches including progression of set aside arrangements, Unscheduled Care Collaborative including High Impact Gains and Discharge without Delay (DWD)
- Prioritisation and disinvestment options
- Strategic Commissioning and procurement arrangements including value of continuing with the Scotland Excel (SXL) Care and Support Framework
- Review of Staff Suggestions to improve efficiency and reduce costs
- Policy options – local and national including a local contributions

This list is not necessarily exhaustive.

3.24. To give some context to the gap the IJB has generally been able to generate between £2m and £4m of savings per annum since its inception. Savings delivery has become more challenging year on year though and the impact of the significant restraint in public expenditure since the financial crisis of 2008 also requires to be acknowledged.

Sensitivity Analysis of Pay Inflation Assumption

- 3.25. As detailed above a consistent presentation of sensitivity has been agreed by IJB Chief Finance Officers to demonstrate the financial impact of pay inflation being at 5% for 2023/24.
- 3.26. Given pay accounts for the majority of the partnerships expenditure this would have a material effect on the financial gaps estimated within this paper.
- 3.27. We estimate that pay inflation at 5% would add an additional £2.504m of costs to the partnership. The overall impact of this is detailed in the table below.

	Estimated Gap Pay @ 2% £'000	Estimated Gap Pay @ 5% £'000	Increase in Financial Gap £'000
Integrated Budget	6,900	8,645	1,745
Set Aside Budget for Large Hospital Services	3,826	4,586	760
Strategic Plan Budget	10,726	13,231	2,505

Next Steps

- 3.28. In order that the IJB can be presented with a balanced 2023/24 Revenue Budget for approval at it's the March meeting and subject to approval of this paper the next steps required will be.
- 3.29. The Chief Officer and Chief Finance Officer will write formally to the constituent authorities with this business case and further constituent authority level detail to further inform budget considerations.
- 3.30. Further work will be completed in respect of plans to close the financial gap and on the business cases to support the priority investments detailed and updates will be presented to the IJB meeting on 1 February and the Finance and Performance Committee on 1 March. Any further updates and clarity on allocations will also be incorporated into this update.
- 3.31. Per the terms of the integration scheme the constituent authorities are required to formally notify the IJB of the intended payments and set aside budget to the IJB by 28 February.
- 3.32. The implications of the steps above will then be drawn together to inform the 2022/23 Revenue Budget to be presented to the IJB for approval at its March meeting.
- 3.33. The IJB will be asked to approve a budget on the basis of the resources at its disposal aligned to the priorities of the Strategic Commissioning Plan.

4. IJB Budget Strategy and Medium Term Financial Plan (MTFP)

4.1. The IJB approved an updated budget strategy at its September 2021 meeting following consideration and recommendation by the Finance and Performance Committee. The key strands of the extant budget strategy are:

- Achieve financial breakeven on the core revenue budget year on year without requiring offsets from Transformation Funding
- Invest available Transformation Funding to support service transformation and modernisation
- Establish and maintain a general or contingency reserve of a minimum of 0.75% of budgeted expenditure with an aim to hold 1% and target total reserves of 2.5% per the extant prudential reserves strategy.
- Specific allocations for key Scottish Government policy commitments are fully expended on these policy priorities subject to approval of implementation plans and updates by the IJB.

Although the financial context set out in this paper is very challenging

4.2. It is intended to further update the IJBs Medium Term Financial Plan in March 2022 along with the 2023/24 Revenue Budget. This update will align to the high level Scottish Government expenditure plans set out in the Resource Spending Review in May 2022. Given Scottish Government will publish a single year budget in December 2022 the MTFP update will be relatively high level setting out the estimated financial gap for the coming 5 years. A fuller review and refresh of the MTFP will be undertaken in due course when Scottish Government prepare and publish an updated Medium Term Financial Framework for Health and Social Care and taking account of emergent policy approach to the creation of a national care service (NCS).

5. Transformation Funding

5.1 The IJB agreed a Transformation Funding programme for 2022/23 in March 2022 and further considerations in relation to some of these commitments in November 2022.

5.2 As part of budget setting considerations there will require to be further decisions in relation to investment of Transformation Funding.

6. Reserves

- 6.1 The IJBs opening reserves balances at 1 April 2022 totalled £28.248 with £3.323m being general or contingency reserves the balance being reserves earmarked for specific purposes. These reserves levels were exceptional particularly as a result of £12.999m of Covid earmarked reserves which will be exhausted or reclaimed by Scottish Government in year.
- 6.2 As detailed in finance reports to the IJB and Committee, and subject to Scottish Government reclaiming excess Covid funding, total reserves at 31 March 2023 are currently forecast to be in the region of £7m.
- 6.3 Given an increasing risk profile there may be reasonable justification in further reviewing the reserves policy, particularly with regard to contingency reserves. It is normal practice to do this alongside the annual revenue budget.

7. Capital

- 7.1 As set out in section 8.11 of the Integration Scheme responsibility for Capital and Asset Management are retained by the constituent authorities however paragraph 8.11.3 sets out the process for identifying any capital investment required to support the Strategic Plan through business cases.
- 7.2 To date there have been few cases for capital support however there are four potential areas of capital requirements to support service modernisation and transformation in the coming year.

These are:

- Modernising Community Equipment service provision
- Fleet replacement and additional vehicles particularly with regard to reablement and rapid response services

These matters will continue to be discussed through the capital planning arrangements within the constituent authorities.

8. Risk

- 8.1. Financial resilience is a strategic risk reflected in the IJB's Strategic Risk Register (SRR). As is usual practice, the financial resilience element of the SRR is reviewed and updated reflecting the risk statement within the IJB Revenue Budget which will be presented to the Board in March 2023.
- 8.2. Given the exceptional, in comparison to longer term pre-Covid trends, level of service demand observed during 2022/23 an obvious risk to the budget is that demand is materially different to planning assumptions. Holding a prudent level of reserves assists in mitigating this risk to a degree, at least in the short term.
- 8.3. General inflation levels and inflationary pressures associated with the social care provider market and prices of other goods and services should also be regarded as a key risk. A notable 'side-effect' of supply side pressures in the social care provider market for care at home is more care is being procured at higher average rates than previously.
- 8.4. A further significant wave of Covid-19 and or a new strain would also pose both service and financial risks.
- 8.5. Taking the financial and service contexts together, though the greatest risk is that insufficient resources are available to deliver adequate health and social care at or close to home and this has a material adverse impact on the performance of the whole Health and Social Care system in Forth Valley which already has very significant challenges.

This could potentially include:

- Inability to fulfil statutory functions
- Increased delays to discharge
- Provider failure and/or inadequate business continuity arrangements

9. Conclusions

- 9.1. The financial landscape for the IJB and the public sector generally is significantly more challenging than we have seen to date both in terms of resource and predicting supply, demand, prices and overall costs.
- 9.2. The financial and economic outlook, whilst challenging in 2023/24, appears likely to be more difficult 2024/25 and potentially beyond.
- 9.3. Therefore it is paramount that the transforming care programme is progressed and unmet need is minimised to seek to minimise the need for ongoing and likely more expensive supports in the medium to longer term.
- 9.4. However given the IJB, from previous years financial performance, can reasonably be expected to deliver £2 to £4m of savings and efficiencies per annum the level of financial gap forecast cannot reasonably be expected to

bridged through transformation alone. It requires ever more difficult decisions on priorities, investment and disinvestment along with national and local policy approaches to assist in reducing expenditure and reducing future expenditure burdens.

- 9.5. There would clearly be impacts on the partnerships performance of delivering services within the anticipated financial envelope and this will require to be fully assessed as plans develop in the coming weeks and months.

Fit with Strategic Priorities:	
Care Closer to Home	<input checked="" type="checkbox"/>
Primary Care Transformation	<input checked="" type="checkbox"/>
Caring, Connected Communities	<input checked="" type="checkbox"/>
Mental Health	<input checked="" type="checkbox"/>
Supporting people living with Dementia	<input checked="" type="checkbox"/>
Alcohol and Drugs	<input checked="" type="checkbox"/>
Enabling Activities	
Technology Enabled Care	<input checked="" type="checkbox"/>
Workforce Planning and Development	<input checked="" type="checkbox"/>
Housing and Adaptations	<input checked="" type="checkbox"/>
Infrastructure	<input checked="" type="checkbox"/>
Implications	
Finance:	Financial Implications are detailed within the body of the report.
Other Resources:	As detailed within the body of the report.
Legal:	N/A
Risk & mitigation:	Financial Resilience is a risk reflected in the IJBs Strategic Risk Register.
Equality and Human Rights:	The content of this report does not require a EQIA
Data Protection:	The content of this report does not require a DPIA
Fairer Duty Scotland	<p>Fairer Scotland Duty places a legal responsibility on public bodies in Scotland to actively consider ('pay due regard' to) how they can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions.</p> <p>The Interim Guidance for public bodies can be found at: http://www.gov.scot/Publications/2018/03/6918/2</p> <p>Please select the appropriate statement below:</p> <p>This paper does not require a Fairer Duty assessment.</p>