

## **CONTINUING TO DELIVER DESPITE FUNDING CHALLENGES**

Thank you Provost, and a very warm welcome to everyone joining us here in person this morning and to those watching our live webcast.

I am today presenting our administration's Budget for the year ahead which will continue to deliver for the people of East Renfrewshire despite the very real funding challenges facing the council.

When a new First Minister – just months into the job – went out of his way last year to sign the Verity House agreement which was hailed as a historic new partnership with Scottish councils, it is fair to say that most of us involved in local government had hoped it would be backed up by sufficient levels of funding.

Unfortunately, the Scottish Budget in late December swiftly dispelled that notion. Cosla, the umbrella body for councils, calculated at that time that the harsh reality for local government in Scotland was a cash cut of more than £62million to revenue funding, which we use for vital day-to-day services. The Budget also saw a cash cut of almost £55million to capital funding which councils use to build new schools, roads and leisure centres.

On top of that we were not being fully compensated for the Scottish Government's decision to freeze council tax - with Cosla calculating this would cost councils £156million nationally.

Late last week the Scottish Government announced there may be some additional funding available for councils but this won't be clear until after next month's UK Budget.

Once we are clear on what additional funding we will receive – and it may be up to around £1.1million - we will look to see what

support we can provide to our Health and Social Care Partnership and other council services to help deliver savings in future years.

Whatever the final position is, there will still have to be cuts here in East Renfrewshire. These cuts will harm important services - including our efforts to help residents who continue to feel the effects of the Cost of Living Crisis. And as poverty campaigners have pointed out, a council tax freeze does not help those most in need.

We remain determined to focus on the areas which you have told us matter the most to you; education, improving local roads, protecting green spaces and caring for vulnerable people.

But how we deliver these services will have to change and – like all councils – we will have to make more difficult decisions about the levels of service we provide.

## **SCOTTISH GOVERNMENT GRANT SETTLEMENT 2024/2025**

The vast majority of the council's funding comes from the Scottish Government in our annual grant settlement. The money we raise from what residents pay in council tax only accounts for 17.4% - less than one fifth of our total funding.

Of course, this year the Scottish Government has decided council tax should be frozen and I shall outline the impact of that decision on our finances later.

For 2024/25, our grant settlement from the Scottish Government is £239.7million. On the face of it, that looks like a relatively healthy increase of £16.6million on last year but most of that money - £12.6million - was to fund part of the pay rises for our employees which were agreed at a national level for 2023/24, with the council having to find the rest from its own

resources. Other parts of the increase were grants for specific areas which we have no say in how to spend.

What we are left with is a net cash increase of £2.5million from last year, or 1% of our settlement, but once inflation of 4% is taken into account, this is the equivalent of a real-terms cut. The reality is that here in East Renfrewshire we would have needed £6.4million more than we are to receive just to stand still and deliver services at their current level.

As a result of the real-terms cut to our Scottish Government grant, more council services will be hit. Finding these savings becomes more and more difficult as years of underfunding has forced us to to make cuts of £48million to services since 2015/16.

## **THE SCALE OF OUR SAVINGS CHALLENGE**

As outlined in the Revenue Estimates report, the council is facing a budget shortfall of £12million for the year ahead, a gap that must be filled if we are to balance the books.

There are a number of ways we can usually do this; by raising more income through Council Tax – not an option this year due to the Council Tax freeze; by using any remaining reserves, or by cutting services.

## **THE IMPACT OF THE COUNCIL TAX FREEZE**

Following its decision to freeze council tax, the Scottish Government said councils would be compensated by the equivalent of a 5% council tax rise.

In reality, Cosla has pointed out this compensation falls £156million short of a fully funded freeze and here in East

Renfrewshire, we will receive the equivalent of a 4.66% increase in council tax.

Previously, residents had told us they would be prepared to pay a little bit more in council tax to protect the services that mattered the most to them.

A council tax freeze ignores local democracy, puts extra pressure on the council's finances and has robbed local politicians of the ability to take decisions based on local circumstances.

It is therefore with some reluctance that I can today confirm council tax will be frozen in East Renfrewshire in 2024/25. Our council tax bands will remain the same this year and will continue to be around the Scottish average.

However, residents will receive bigger bills from April as we are legally required to collect water charges on behalf of Scottish Water. Scottish Water has announced an 8.8% increase in its annual charge which has been approved by the Scottish Government.

For someone in a Band D property, this increase by Scottish Water, which is outwith our control, will mean an increase in water charges of £44.10 for the year ahead.

## **SAVINGS IN 2024/2025**

The compensation we have received for freezing council tax amounts to almost £3.2million and will reduce our budget shortfall to £8.8million for the year ahead.

We will be able to further close the gap by using our reserves. Last year these reserves were boosted by a change in how councils can spread the debt charges on major infrastructure projects such as new schools. We took the financially prudent

decision not to spend all this money then as it was clear councils would continue to face tough financial challenges.

As a result, we are able to commit £5million of those reserves to help further reduce this year's budget gap to £3.8million.

To further close the budget gap, the council will have to make £3.1million of savings. The majority of these savings for 2024/25 were unanimously agreed by councillors in December. A reminder of these savings can be found in Annexe B of today's Revenue Estimates report.

In addition to the £2.2million worth of savings detailed and already agreed, today's report sets out a further £900,000 of proposed savings by officers. We do not want to make any savings but have to implement these measures because of significant underfunding of local government over many years.

Even by making these painful savings, we will still fall short of closing our Budget Gap, so to close it completely, we will take £700,000 from our general reserves fund. Using reserves in this way is not a long-term solution to the real-terms cut to our funding.

These ongoing financial challenges also have a knock-on impact for the vital frontline work of the East Renfrewshire Health and Social Care Partnership which I am particularly concerned about. As a result of increased demands for its services, the council has had to support the HSCP in a variety of ways with an additional £6million during the current financial year.

The Integration Joint Board, which governs the HSCP, is yet to receive confirmation of its funding for 2024/25 from its other partner, NHS Greater Glasgow and Clyde. As we know, Health Boards are facing their own revenue savings challenges, as well as a freeze on all new capital spend for the next two years.

There are clearly challenging times ahead. People in East Renfrewshire will see more changes to health and social care services.

The very difficult decision the IJB took last November to move to providing substantial and critical social care only will continue to impact in the coming year, and further equally difficult decisions will need to be taken to reduce costs.

This will mean the reduction, or even cessation, of some services as the HSCP will focus on maintaining statutory duties.

HSCP staff are working with our community partners to mitigate these changes as far as possible. There is a focus on volunteers and families building support networks to help people maintain their independence and wellbeing, where non-statutory services are no longer available. This will allow the HSCP to continue to provide care and support to those with the greatest needs.

While this paints a difficult picture, it is one that is mirrored across the country. As well as increasing costs, the demand for services and the levels of people's complex needs have never been higher.

Our budget contribution of £69.5million to health and social care services in East Renfrewshire for the coming year will allow the IJB to plan its spending when it sets its budget at the end of March. And we will continue to work with the IJB and HSCP to offer all available support to ensure the best outcomes possible for our communities.

The council also makes a significant financial contribution to the work of our Culture and Leisure Trust which runs leisure centres and libraries across East Renfrewshire. In the coming this year, this will amount to just over £6million.

While many parts of the country are seeing cuts to such services, no closures are planned here and the council has committed £56million to build a new leisure centre, theatre and

library in Eastwood Park, with work due to start next year. The provision of leisure services remains a key preventative priority in our drive to support the health and well-being of our residents.

## **TOUGHER SAVINGS CHALLENGES IN FUTURE YEARS**

By using reserves and making savings, we will balance the books for the year ahead but the financial picture in future years remains extremely challenging.

We must plan ahead to meet those challenges and the reason we are not proposing a series of new savings today is because we acted early to take difficult decisions which required time to be properly implemented.

To reiterate what I said earlier, we do not want to make savings which impact services but such measures are necessary unless we receive increased funding from the Scottish Government.

Ahead of last year's Budget I warned the council was facing a funding shortfall of more than £30million over the next three years. We closed last year's gap through a combination of savings, increasing council tax and using reserves, and will close this year's despite not having the freedom to increase council tax.

However, the next two years look very tough. Our estimated budget gap for 2025/26 is £15.2million. Even if we base our financial model on a 6% council tax rise for 2025/26 and use the remainder of temporary debt reserve as we previously agreed, there will still be a shortfall of £8.3million.

As things stand, further difficult decisions are inevitable and we expect to engage with stakeholders later this year so early decisions can again be taken and savings properly planned. If we were to close that £15.2million Budget Gap by increasing

council tax alone, it would require a 22% increase in council tax in 2025/26.

Such a large increase would clearly not be acceptable, so we must take alternative measures. For 2024/25, our reserves were boosted by a short-term reduction in employer's pension contributions which will give us an extra £6.3million.

Given that future years look equally challenging, I am today proposing that this money is placed in a new fund so councillors on the all-party Budget Strategy Group can work with officers to develop proposals on how best to invest in future council projects.

Taking such decisions for the medium and long term has been a hallmark of this council's sound financial planning for many years and is a sensible approach given the continuing pressures on local government funding.

The Budget Strategy Group meets regularly and I thank the SNP and Conservative groups for taking part in this year's discussions to understand the financial challenges faced by the council.

## **CONTINUING TO INVEST IN OUR COMMUNITIES**

While the financial picture remains bleak, we remain determined to plan for a better future for all our residents and continue to deliver amongst the best services in Scotland.

East Renfrewshire continues to have a growing population, with many people attracted here to bring up their families because of the quality of our schools, parks and leisure facilities.

We have been able to continue to build new schools and other amenities by using money from our capital budget which is separate from the money we spend on day-to-day services from our revenue budget.



Our savings must come from these day-to-day services and we are not allowed to move money from the long-term to the day-to-day budget to help.

There are also pots of government funding to help pay for specific projects but our bids for that money are not always successful. It was very disappointing to learn in late October that our application to such a fund to help build new schools to replace Carolside and Cross Arthurlie primaries had been unsuccessful, which means those projects can't proceed as planned.

Despite that disappointment, there is much that the council has delivered in the last year and which we will continue to deliver.

## **EARLY YEARS AND VULNERABLE YOUNG PEOPLE**

Our pre-school services continue to grow, with our first-ever nursery class at St John's Primary taking youngsters from this August and a family centre being created at the Calderwood Lodge and St Clare's joint campus.

For children who require some additional support, new classrooms opened at Carolside Primary last August and two new classrooms are due to open at Isobel Mair School next month.

## **LEARNING, LIFE AND WORK**

Within the next few weeks, the council's single biggest education project in seven years will see the opening of the Neilston Learning Campus which will provide excellent new facilities for staff and pupils at Neilston and St Thomas's primaries and the Madras Family Centre.

We have also committed almost £8million to build more classrooms at Maidenhill Primary and Mearns Castle High School as part of work to ensure our young people have high-quality facilities to support their learning.

East Renfrewshire pupils delivered another year of record-breaking exam results, reinforcing our status as having the best council-run schools in Scotland. We had our best-ever council-wide performance at S4 and many of our schools improved on already impressive attainment figures for Highers and Advanced Highers.

Almost 400 young people benefited from the more than 50 vocational courses we offer and a record 98.5% of our pupils went on to higher and further education, work or training.

These consistently-strong performances are a testament to the hard work of our pupils, staff and the support of parents and carers, and has been reflected in a number of exceptionally positive inspection reports on our schools by Education Scotland.

## **ECONOMY AND ENVIRONMENT**

Our Get to Zero climate action plan was published last week and outlines the path to net zero carbon emissions by 2045. The cost of meeting this ambitious target is substantial and it's not clear how it will be funded, but it's important to have a long-term plan, and we are already taking action.

In September, we approved a new fleet purchasing policy which will see all our vans and cars become electric by 2030 and we have just completed a project to plant 10,000 trees across a dozen locations.

Our green spaces are important to us and we have delivered on plans to make them more attractive to visitors. Cowan Park's historic gate lodge has been transformed into a new

social enterprise hub run by a local charity and includes a café and toilets.

Work started last month on our City Deal project to create an impressive waterfront promenade alongside Balgray Reservoir which will make it safer and easier to visit the Dams to Darnley Country Park.

Another City Deal project will see work begin on the new Balgray station later this year – a key transport link for people living in the many new homes nearby.

In Maidenhill, more council houses will be handed over to tenants as a result of the agreements we reach with private developers – 50 later this year and another 50 next year.

A project to transform the Levern Water in the heart of Barrhead has created a more natural river channel to better absorb flooding and encourage more fish and wildlife.

The condition of local residential roads remains a priority and this financial year we have resurfaced 38 roads and 13 pavements as part of an ongoing capital investment programme.

Over five years, £15million has been spent on this work - and that is on top of our existing roads maintenance programme. In 2024/25 we'll start spending even more money - £3.5million every year for the next five years – on dozens of more resurfacing projects.

## **SAFER, SUPPORTIVE COMMUNITIES**

Spending on projects to help local people hit by the Cost of Living Crisis passed the £7.5million mark during the year, with targeted support for low income families and those facing financial difficulties or homelessness.

This included winter support payments for families struggling to pay their bills, more money for the Citizen's Advice Bureau and funding for the Dignity Food Network.

Helping those most in need in our communities has been a key priority of this administration and some of this money was also given to our HSCP to deliver health and social care.

Our Community Learning and Development team was praised by inspectors who noted young people had described the council's support as "life-changing".

## **OLDER PEOPLE AND PEOPLE WITH LONG-TERM CONDITIONS**

Inspectors also praised the work of staff in our adult support and protection services who they said had helped keep people at risk of harm safe.

The HSCP's occupational therapist and physios received 3,000 referrals and delivered rehabilitation services, support, and help with aids and home adaptations.

The HSCP also strengthened its connections with Voluntary Action East Renfrewshire and other community partners. Our Talking Points service supported more than 1,000 older people over the last year, giving advice on their wellbeing, isolation, finances and social care.

## **THE VITAL IMPORTANCE OF OUR STAFF**

Staff right across the council and HSCP go above and beyond to deliver our vital services and I thank them for their continued

efforts and for proudly demonstrating the council's values of Ambition, Kindness and Trust.

Trade union partners spoke to councilors during our Budget discussions and I thank them for their valuable input.

Although we have managed to reduce the size of the Budget shortfall, we have still had to find £3.1million in savings to close the gap for the year ahead. This means we have to look at cutting services and jobs.

We estimate fewer than 60 Full-Time Equivalent posts may be affected by savings in the year ahead and many of these posts are currently vacant. I can repeat the assurance I made last year that there will be no compulsory redundancies linked to these savings.

The long-term financial challenges facing all councils remains significant and more vital services will be at risk of cuts unless our funding is increased.

## **CONCLUSION**

This council has once again had to make difficult decisions to deliver on our legal obligation to balance the books.

We have seen a real-terms cut to our funding and the council tax freeze has removed our control over the single most important way in which we can raise income and protect services here in East Renfrewshire.

All councils must be given back that flexibility so we can respond to what local people are telling us are their priorities.

Despite these challenges, we continue to prioritise the delivery of services which matter the most to our residents and our financial prudence over many years has served us well, allowing us to sensibly use reserves when we need to.

We continue to show ambition – in building new schools and leisure centres, in delivering new council houses, in spending extra money on resurfacing local roads and in protecting our much-loved green spaces.

This is made possible by the efforts of our staff – who show dedication and kindness on a daily basis - and by the co-operation of all councillors working in partnership to secure the trust of all of our communities.

Improving the lives of everyone in East Renfrewshire is the goal which drives all the efforts of this administration.

Despite the very real financial headwinds pushing against us, we remain determined - with the support of our Council officers - to navigate and steer a course to a better future for us all.

Thank you.

I now formally move the motion which I outlined before the beginning of my speech.