

Department of Corporate and Community Services

Deputy Chief Executive: Caroline Innes BSc (Hons)

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Date: 5 November 2021

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TO: Councillors T Buchanan (Chair); C Bamforth; B Cunningham; D Devlin; A Lafferty (Vice Chair); and C Merrick.

CABINET

A meeting of the Cabinet will be held on **Thursday, 18 November 2021 at 10.00am.**

The agenda of business is as shown below.

Please note this is a virtual meeting.

Caroline Innes

C INNES

DEPUTY CHIEF EXECUTIVE

AGENDA

1. **Report apologies for absence.**
2. **Declarations of Interest.**
3. **Joint Consultative Committee (First Tier) – Minute of Meeting of 16 September 2021 (copy attached, pages 3 - 6).**
4. **Update on Financial Planning - Report by Head of Accountancy (Chief Financial Officer) (copy attached, pages 7 - 44).**

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For information on how to access the virtual meeting please email sharon.mcintyre@eastrenfrewshire.gov.uk

A recording of the meeting will also be available following the meeting on the Council's YouTube Channel <https://www.youtube.com/user/eastrenfrewshire/videos>

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MINUTE

of

JOINT CONSULTATIVE COMMITTEE (FIRST TIER)**Minute of Virtual Meeting held at 2.00pm on 16 September 2021.****Present:**

Councillor Tony Buchanan
Councillor Caroline Bamforth

Councillor Gordon Wallace

Union Representatives:

Ms Karen Catlow (UNISON)
Mr John Guidi (SSTA)
Mr David James (UNISON)

Mr Steven Larkin (UNISON)
Mr James O'Connell (UNITE)
Mr Des Morris (EIS)

Councillor Buchanan in the Chair

Attending:

Caroline Innes, Deputy Chief Executive; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Sharon Dick, Head of HR and Corporate Services; Tracy Morton, Education Senior Manager; Jim Murray, Strategy Manager; Linda Hutchison, Senior Committee Services Officer; and Liona Allison, Committee Services Assistant.

Apologies:

Ms Lisa Kennedy (EIS) and Mr Joe Lynch (UNISON).

MINUTE OF PREVIOUS MEETING

1. The committee considered and approved the Minute of the meeting held on 11 February 2021.

PAY CLAIMS - LOCAL GOVERNMENT EMPLOYEES AND TEACHERS

2. Councillor Buchanan referred to numerous discussions involving COSLA that had been taken forward thus far on the pay claims for both local government employees and teachers, and related action being taken by the Trade Unions which were progressing ballots on industrial action on the offers made.

Mr Larkin acknowledged that discussions on pay were taking place at a national level, but considered it important to raise issues locally also. Having highlighted that the initial offer made to local government employees by COSLA had been rejected and that the subsequent offer had not been a substantial improvement, he confirmed that a ballot on industrial action was in progress which he anticipated would be in favour of action being taken, emphasising

the wish to avoid that. He sought Councillor Buchanan's support to ask COSLA to make an improved offer. Referring to a COSLA briefing on the current offer which had been circulated by management to all employees on 15 September, he expressed the view that the content had been neither as comprehensive nor accurate as it might have been, such as on the exact current status of discussions. He added that although headline information had been provided, the briefing had not commented on other aspects of the claim, such as on seeking a reduction to the working day without detriment in terms of pay. He reported that some local authorities were starting to pay Scottish Social Services Council (SSSC) fees for professional staff, but that this was not the case locally.

Mr O'Connell echoed these comments, and confirmed that UNITE was balloting its members and expected the outcome to be in favour of industrial action, expressing disappointment regarding the offer and the current position, especially in the context of some other public sector employees being offered more. He cited examples of other local authorities that were paying SSSC rates and regarded it possible for the Council to do so also.

Mr Morris reported that negotiations on teachers' pay were not at the same stage, clarifying that a pay claim had been submitted in mid-December, in response to which an offer had been made in mid-March. It had been rejected on three grounds which included that the offer was considered to be a cut in real terms and a differentiated approach which offered a 2% rise for 25% of teachers and 1% to the remaining 75%. A very recent offer to increase pay by 1.25% was not regarded as an acceptable improvement or a real increase, taking account of inflation. He referred to the wish to reach a negotiated settlement, confirming that teachers were seeking a better offer and a period of stability.

Councillor Buchanan supported a negotiated settlement being reached and industrial action being avoided if possible which could be detrimental for everyone. He explained that some feedback on the position had been provided at the most recent COSLA Leaders meeting, with a fuller update expected at the forthcoming one, confirming that at present he did not have information on the current position. He reported that the lack of additional funds to meet pay claims had been raised with the Scottish Government, a response from which was awaited, highlighting the cost implications of each half percent pay rise, the potential impact on jobs, and that details of the Council's next budget settlement were awaited.

Regarding aspects of the claims other than pay, Councillor Buchanan acknowledged the pressure being placed on local authorities and others to reduce the working week, but commented on the impact of this if pay remained the same. He confirmed that political parties did consider such issues and held a range of views, stating that the Council would look at professional fees and consider if anything was possible.

In conclusion, Councillor Buchanan emphasised his support for all the work carried out by officers, some of whom worked above and beyond what could reasonably be expected of them both in response to the pandemic and otherwise, which he knew was appreciated by communities also. He stated that the Council would continue to work with others and COSLA on the offer, including on the issue of professional fees.

The position was noted.

EAST RENFREWSHIRE COUNCIL CORPORATE HEALTH AND SAFETY REPORT 2019-2021

3. The committee considered the draft East Renfrewshire Council Corporate Health and Safety Report covering both 2019/20 and 2020/21.

Whilst highlighting key aspects of the report, the Strategy Manager referred to good progress made during the first year covered by the report across all departments in terms of objectives and targeting areas where further compliance was needed to meet health and safety requirements. However, he also referred to the need for resources to be redirected during 2020/21 due to the impact of COVID-19. He explained that, although the Corporate Health and Safety Unit (CHSU) had continued to deliver on some key performance indicators, much less progress had been made than planned that year, with health and safety compliance having actually been set back in some areas requiring a focus to be placed on these moving forward. He itemised various key priorities for 2021/22 which included identifying, prioritising and delivering training for employees where legislative requirements were no longer being met; launching and operating the new health and safety management system; and ensuring that the backlog of occupational health screening requirements was addressed.

Having emphasised that the CHSU team had been a critical resource throughout the pandemic, taking immediate action for example to complete COVID risk assessments for all council buildings and service areas to identify the safest ways to continue to deliver services, the Strategy Manager highlighted that the team continued to be in high demand for help and advice on how to deliver services safely in new ways to support the public, such as at the humanitarian hub and vaccination and test centres. Thereafter he summarised how the report had been structured, referring for example to the various sections within it on progress and future plans, what had gone well and less well, and the focus for the future for each department.

Having confirmed that the report remained to be finalised and discussed by the Corporate Management Team, Councillor Buchanan thanked all those involved in promoting health and safety for carrying out all of the additional work that had been required on COVID-19 related issues, highlighting that the situation was a continually changing one and related work implications.

In response to Mr Morris and Councillor Wallace, the Education Senior Manager confirmed that due to an oversight the Education Department Health and Safety Report for 2020/21 had not been submitted to the Committee as intended, apologising for this and assuring those present that it would be submitted to the next meeting. Councillor Wallace stated that he had not supported the decision made to remove consideration of the report from the Education Committee, emphasising the importance of the Joint Consultative Committee (First Tier) seeing the report as soon as possible. In response, Councillor Buchanan considered there to be no reason why the report could not be circulated to the membership of the Committee prior to it being formally considered at the next meeting.

In response to Mr O'Connell, the Strategy Manager provided further clarification on how areas of non-compliance on health and safety regulations and guidance were being addressed, during which he referred to the service plans developed and ongoing discussions on addressing the backlog of work. He reiterated that there was a lot of demand on those involved in progressing health and safety issues, which included dealing with matters linked to employees returning to their work base. He emphasised that compliance with requirements was considered to be of the utmost importance, confirming that through time the outstanding issues to be taken forward would be completed.

The committee noted:-

- (a) that the Education Department Health and Safety Report 2020/21 would be circulated to the membership of the committee and submitted to the next meeting for formal consideration; and

- (b) otherwise, that the draft East Renfrewshire Council Corporate Health and Safety Report for 2019/20 and 2020/21 would be submitted to the Corporate Management Team and finalised.

COUNCIL HEALTH AND SAFETY COMMITTEE

- 4. The committee considered and noted the Minutes of the meetings of the Council's Health and Safety Committee held on 23 February, 25 May and 31 August 2021.

DATE OF NEXT MEETING

- 5. It was noted that the next meeting of the committee was scheduled to take place on Thursday, 10 February 2022.

EAST RENFREWSHIRE COUNCILCABINET18 November 2021Report by Head of Accountancy (Chief Financial Officer)UPDATE ON FINANCIAL PLANNING**PURPOSE OF REPORT**

1. This report updates Cabinet on the revenue budget position for the current year and the financial outlook for 2022/23 and beyond.

RECOMMENDATION

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

BACKGROUND

3. Whilst many services are starting to recover from the disruption caused by the pandemic over the last 18 months, COVID continues to impact across the Council.

4. Various Government grants were made available to Councils for use in addressing COVID pressures in 2020/21 and 2021/22, together with the ability to apply fiscal flexibilities over the same two years.

5. The latest Cabinet report forecasts a small overspend of £0.175m for 2021/22. This is made up of £1.464m of COVID pressures offset by £1.289m of operational underspends. The current COVID funding available to the Council should be ample to cover the COVID pressures identified for the year.

6. Although it is expected that any COVID grant sums unused at 31 March 2022 can be carried forward to help meet ongoing pandemic pressures in the next financial year, there has been no indication yet as to whether fiscal flexibility permissions or further COVID grant funding will be extended into 2022/23. As various COVID pressures are expected to continue into 2022/23, COSLA are monitoring the position and lobbying for continuation of financial support next year.

7. The next UK budget and Spending Review will be announced on 27 October 2021. Following this, the Scottish Government's budget is scheduled to be announced on 9 December, with detailed Council figures expected to be made public shortly before Christmas. The Scottish settlement will address 2022/23 only and a Scottish Government Spending Review covering subsequent years will take place in the spring.

8. In view of the confirmation of a further single year settlement for 2022/23 with longer term planning information not available until after the Scottish Spending Review in spring 2022, it is recommended that the Council again prepare only a detailed single year budget for 2022/23, rather than embark on a full new 3 year budget exercise. Indicative figures for departmental planning purposes will, however, continue to be produced as part of the Council's Outcome Delivery Plan and 6 year projections will continue to be incorporated into the annual refresh of our long term Financial Planning document.

KEY RESERVES FORECASTS

9. In setting the budget for 2021/22 Members noted that the forecast General Reserve balance at 31 March 2022 was £5.615m (2.2% of budget). As a result of close control of expenditure in 2020/21 an improved year end position was delivered and the forecast General Reserve balance at 31 March 2022 has been revised to £7.857m (3% of budget). This will assist the Council in addressing future budget challenges. The recommended target range for this reserve is 2% to 4%.

10. Should the forecast operational underspend in the current year be maintained, this would also be available to bolster reserves at 31 March 2022 and assist budget planning.

11. The Modernisation Fund balance at 31 March 2021 is £5.771m, with typical annual drawdown of around £1m each year to support ongoing transformation projects. The balance on the fund has been reducing for many years. The impact of the pandemic has particularly heightened the need for increased digital services across the Council and the balance in the fund will have to be carefully monitored.

FUNDING POSITION 2022/23 AND BEYOND

12. In advance of the settlement announcement in December, work on the Council's 2022/23 budget has been progressing. **Assuming a flat cash grant settlement, together with a 3% Council Tax increase, typical non-pay spending pressures, and the HSCP and Trust also managing their 2022/23 budgets on a flat cash basis, an initial forecast shortfall of £7.337m was estimated to remain for the service budgets controlled by the Council.** This estimate does not include COVID pressures as it is expected that these will be covered by COVID grants and/or fiscal flexibilities next year.

13. An alternative scenario assuming a 1% cash reduction in the grant settlement would require savings of £9.518m for Council controlled services.

14. These shortfall figures will change significantly as more detailed information on the 2022/23 settlement and spending pressures becomes available and is factored in. This will continue to be closely monitored in the next few months. Should the grant settlement position worsen and/or the level of pay award increase, the budget shortfall would further increase.

15. Given the level of uncertainty around the 2022/23 financial position and any ongoing financial support for COVID related pressures, it is expected that a flexible approach to addressing the shortfall will again be needed, taking cognisance of the emerging picture on pay and other spending pressures, the new NI levy, COVID funding support and fiscal flexibilities and considering a range of options:-

- (a) Utilisation of reserves, recognising whilst this cannot be regarded as an ongoing solution, there is still some potential to use reserves in the next financial year;
- (b) Application of fiscal flexibilities. The flexibilities which are not restricted to addressing COVID related pressures may be useful in addressing the future budget challenges, however the final guidance on how such flexibilities might be applied has not yet been issued. This option may therefore be more suitable for use in subsequent years;
- (c) Consideration of a Council Tax increase above the modelled 3% level, if this is permitted in the settlement (a 1% increase generates roughly £0.6m);
- (d) The application of departmental savings. Directors of Council services have been asked to identify potential savings to address the majority of the shortfall. HSCP and ERCLT have been advised to plan to operate on a flat cash position (i.e. to identify savings to cover their operational pressures), or in the case of a worse scenario to work to a 1% reduction.

16. Last year officers produced updated information on How We Spend Our Money, to help stakeholders understand the Council's spending patterns and the scope for savings. As the past 18 months have been far from typical, Appendix 1 contains the previous graphical illustration of the Council's normal spending patterns to assist elected members assess the scope for action.

17. The graphs are based on the planned expenditure for 2020/21 as approved by Council in February 2020 and do not reflect the impact of COVID-19 on spending plans.

18. From 2022/23 the outlook continues to be challenging. The Council has already been made aware of the significant rise in loan charge repayments in the coming years due to our ambitious Capital Plan. This position may be exacerbated in future with current price rises and shortages affecting capital projects and the potential impact of the current national review of capital accounting arrangements.

19. The Council's capital plans and loan charge position are currently being updated and will be submitted for approval in February 2022.

CONCLUSIONS

20. Finalisation of the 2020/21 accounts (subject to audit) has improved the scope for the use of reserves to help address the budget challenges ahead. Any operational underspend in the current year could also assist.

21. Although the pandemic has brought significant additional financial burdens, it is expected that COVID grant funding and the previously announced fiscal flexibilities should be sufficient to cover these in 2021/22. The position for 2022/23 and beyond is less certain but will be clarified in the coming months.

22. Preparation of the Council's 2022/23 budget is underway. The Council's grant settlement should be known by Christmas but there are many spending pressures which cannot yet be finalised. Given the continuing uncertainty in relation to the financial outlook, a single year budget should be set for 2022/23 and a flexible approach adopted to closing next year's budget shortfall.

23. The outlook for 2022/23 and beyond remains challenging, however the potential introduction of multi-year settlements in future will help with longer term planning.

RECOMMENDATIONS

24. Cabinet is asked to:

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

Margaret McCrossan
Head of Accountancy (Chief Financial Officer)
12 October 2021

East Renfrewshire Council

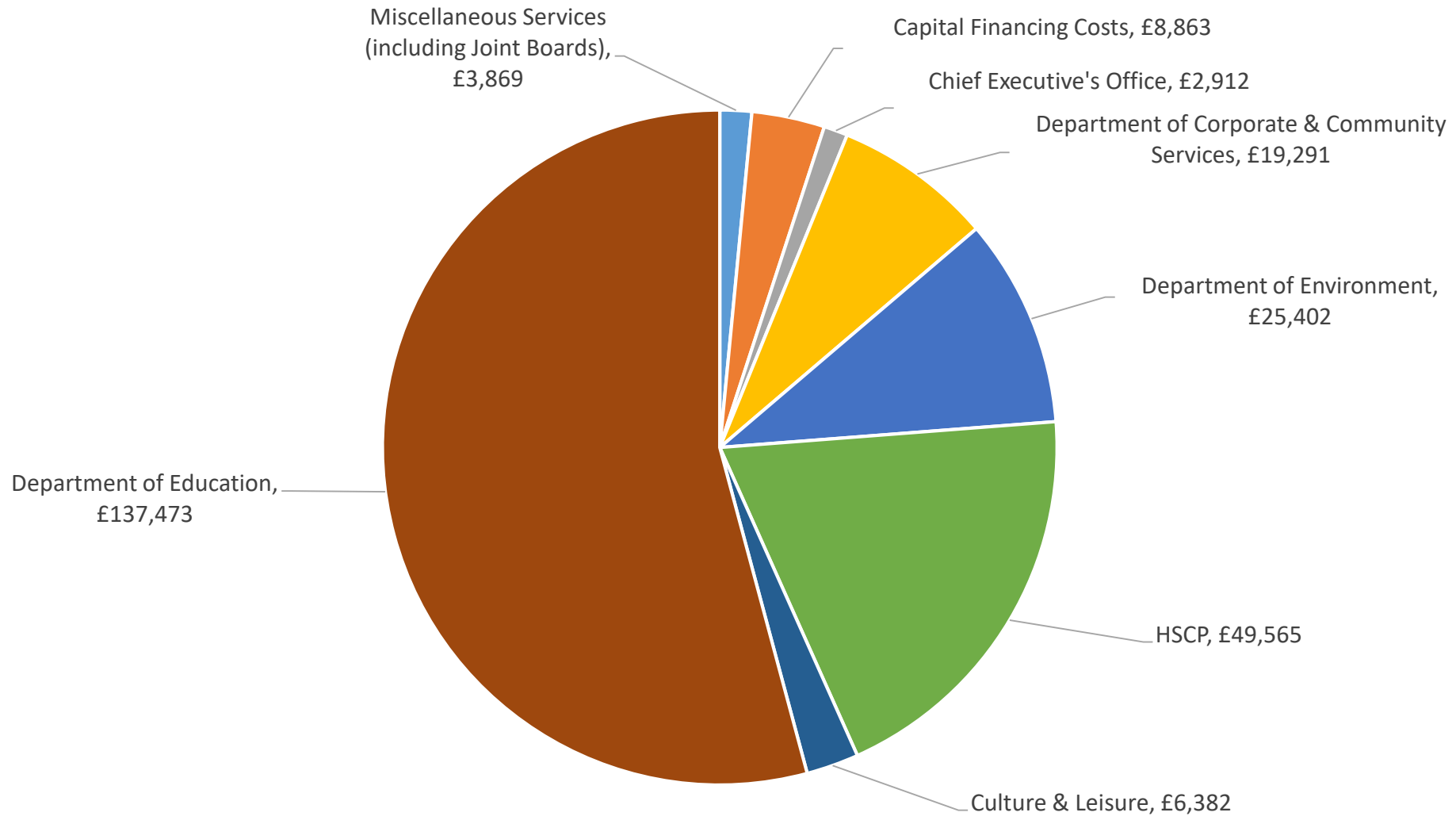
28th October 2020

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How we spend money

- In 2014 we prepared a brochure for residents on how we spend our money
- The pie charts which follow are an updated version of the figures in the brochure, based on our planned net expenditure for 20/21 (pre Covid-19)
- The first pie chart breaks down the spend by department
- The following charts break down departmental spend
- Because of the size and complexity of the education spend an appendix is included which breaks down education spend in more detail
- Appendix 2 contains additional HSCP information
- This information provides background for council to support decision making for budget setting for 21/22

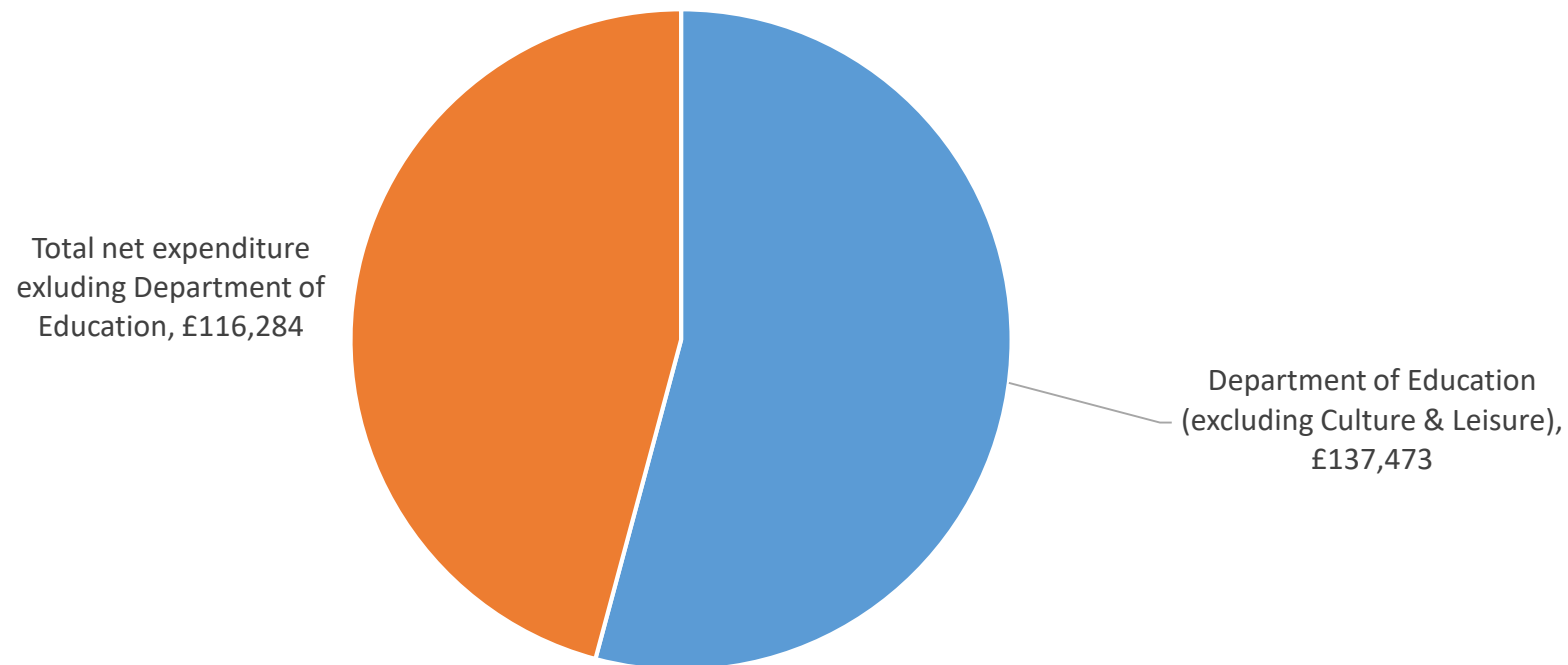
East Renfrewshire Council Total Net Expenditure 2020/2021 (£k)



Total East Renfrewshire Council Net Expenditure 2020/2021 (£k) - £253,757

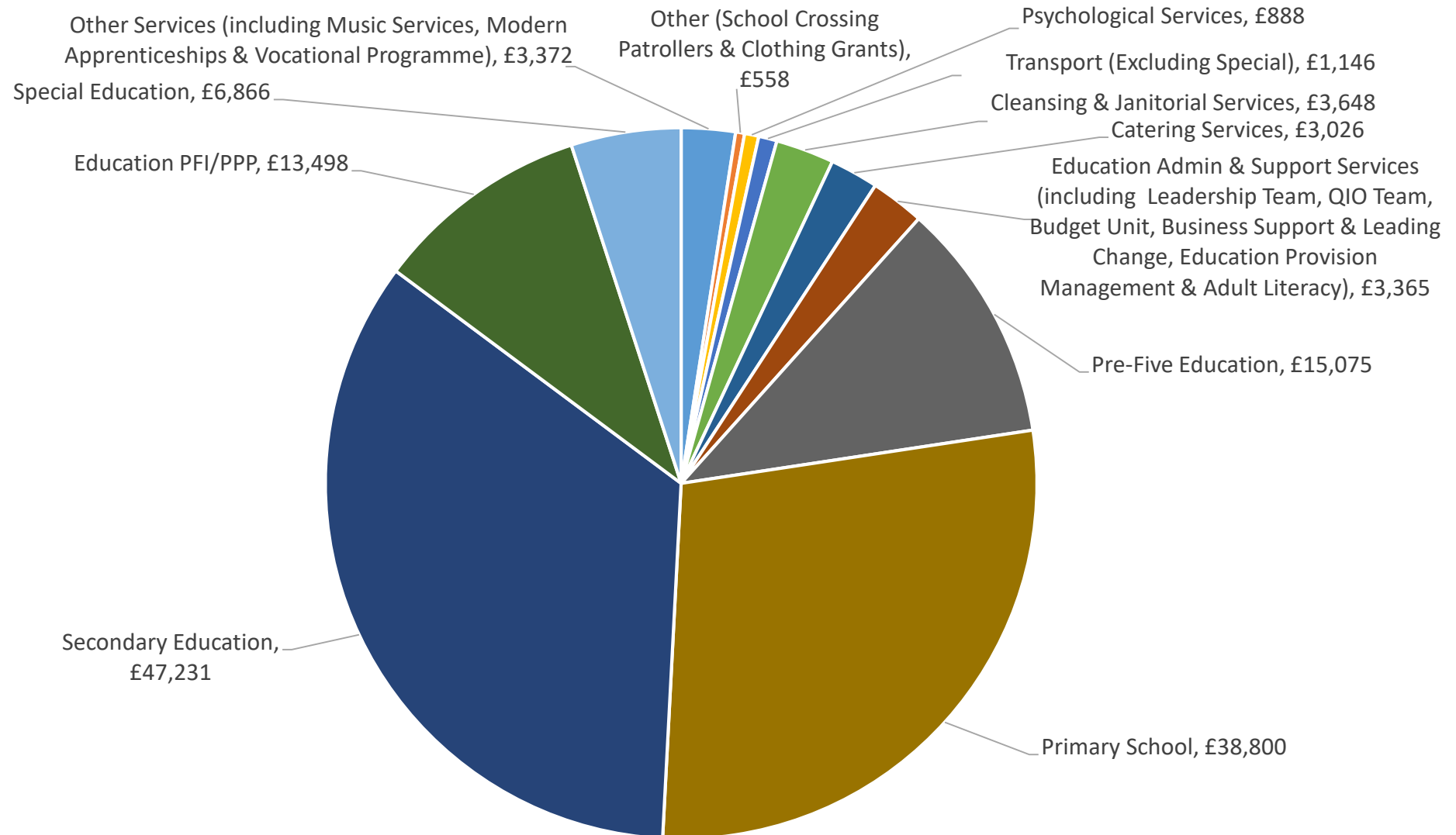
Education and Culture and Leisure

Department of Education (Excluding Culture & Leisure) Net Expenditure vs Total Net Expenditure excluding Education (£k)

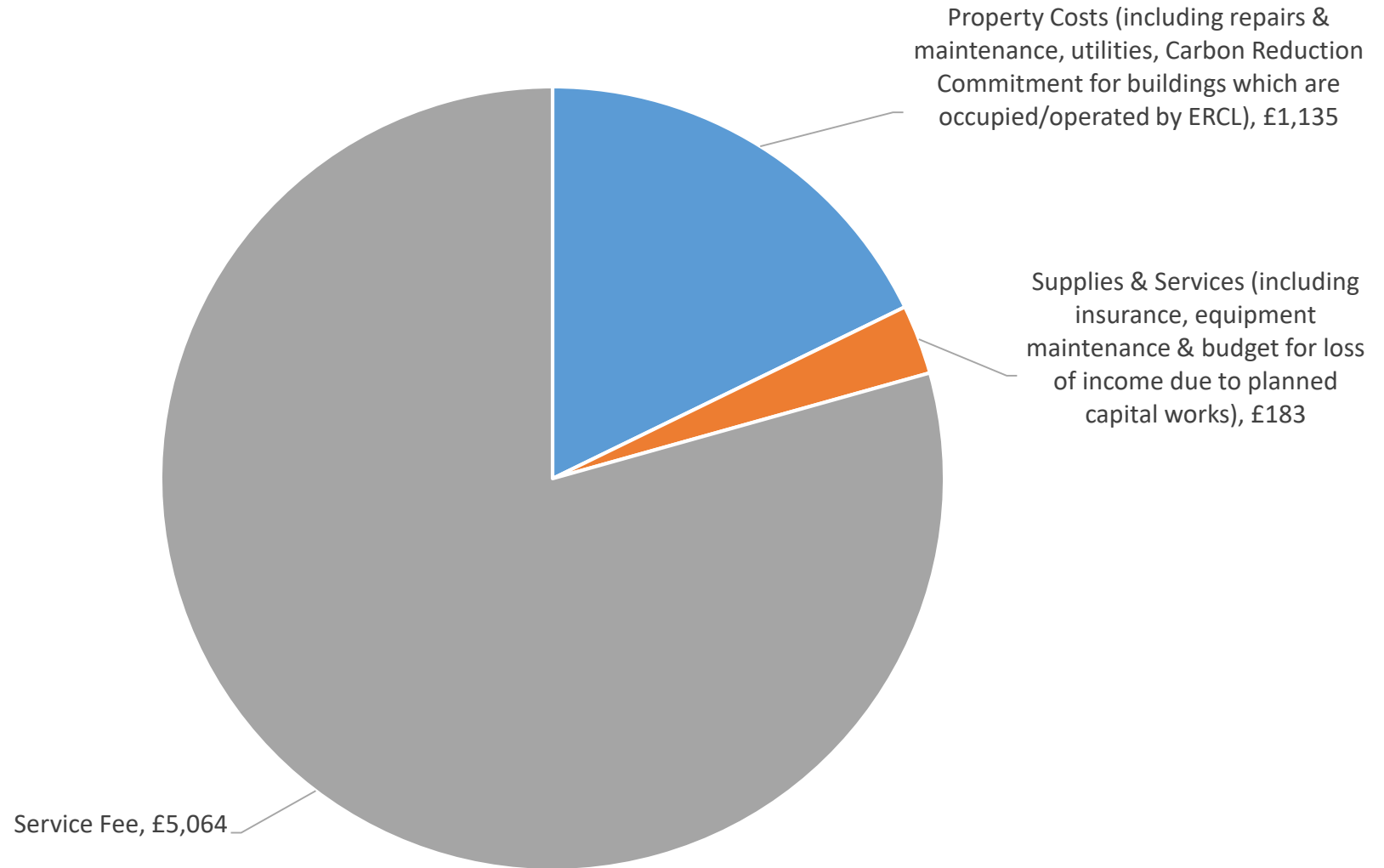


Department of Education	
Total Net Expenditure (£k)	£137,473 (54.2%)
Total FTE	1,969.9

Department of Education (Excluding Culture & Leisure) Net Expenditure 2020/2021 (£k)

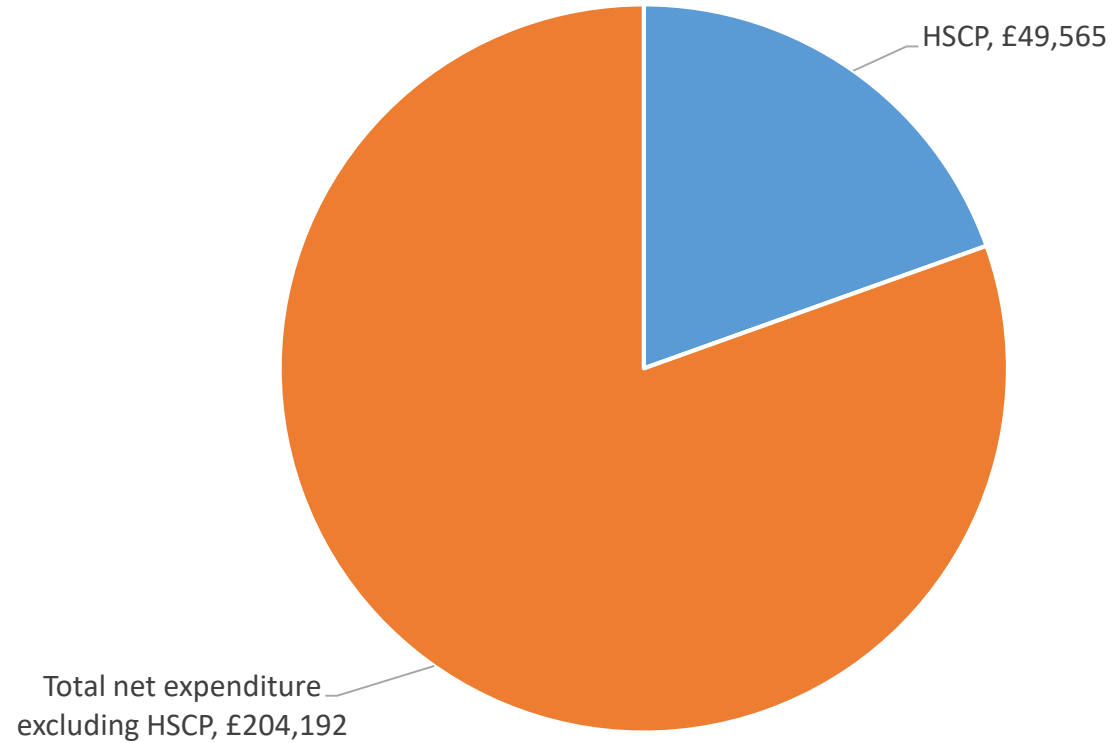


East Renfrewshire Council – Culture and Leisure Net Expenditure 2020/2021 (£ 6.382k, 2.5%)



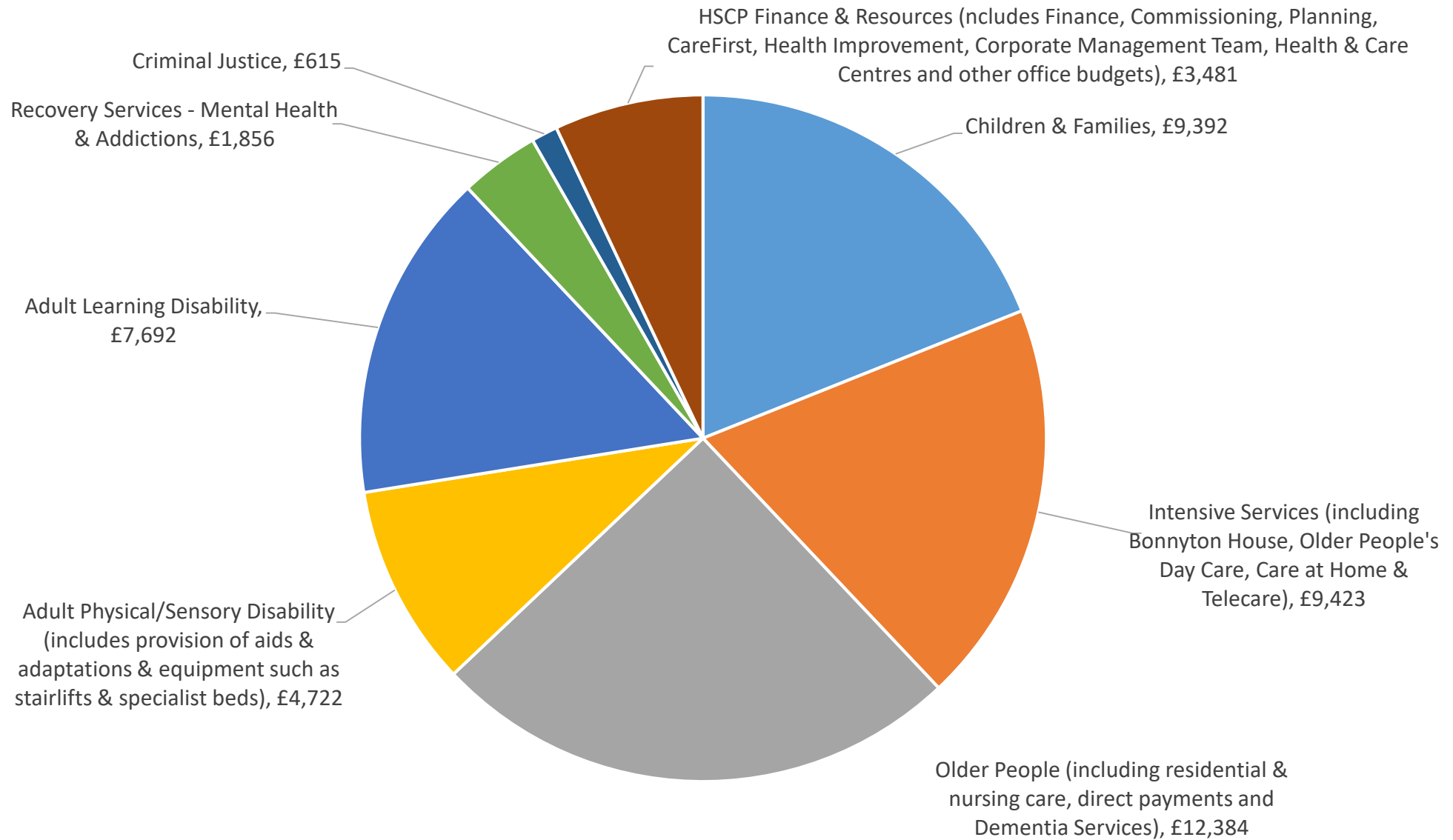
IJB contribution/HSCP

HSCP Net Expenditure vs Total Net Expenditure excluding HSCP (£k)



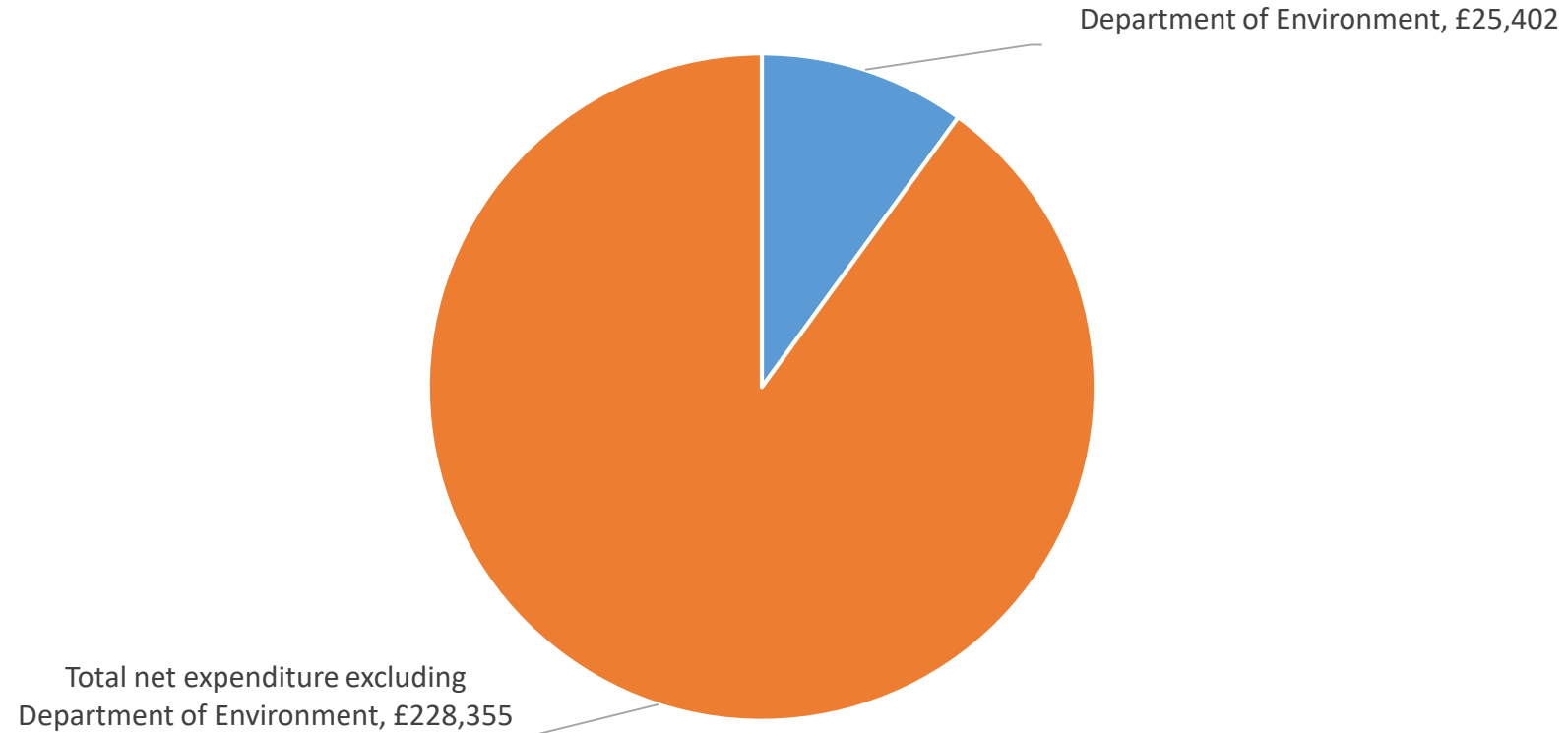
HSCP	
Total Net Expenditure (£k)	£49,565 (19.5%)
Total FTE	582.1

HSCP Net Expenditure 2020/2021 (€49,565k)



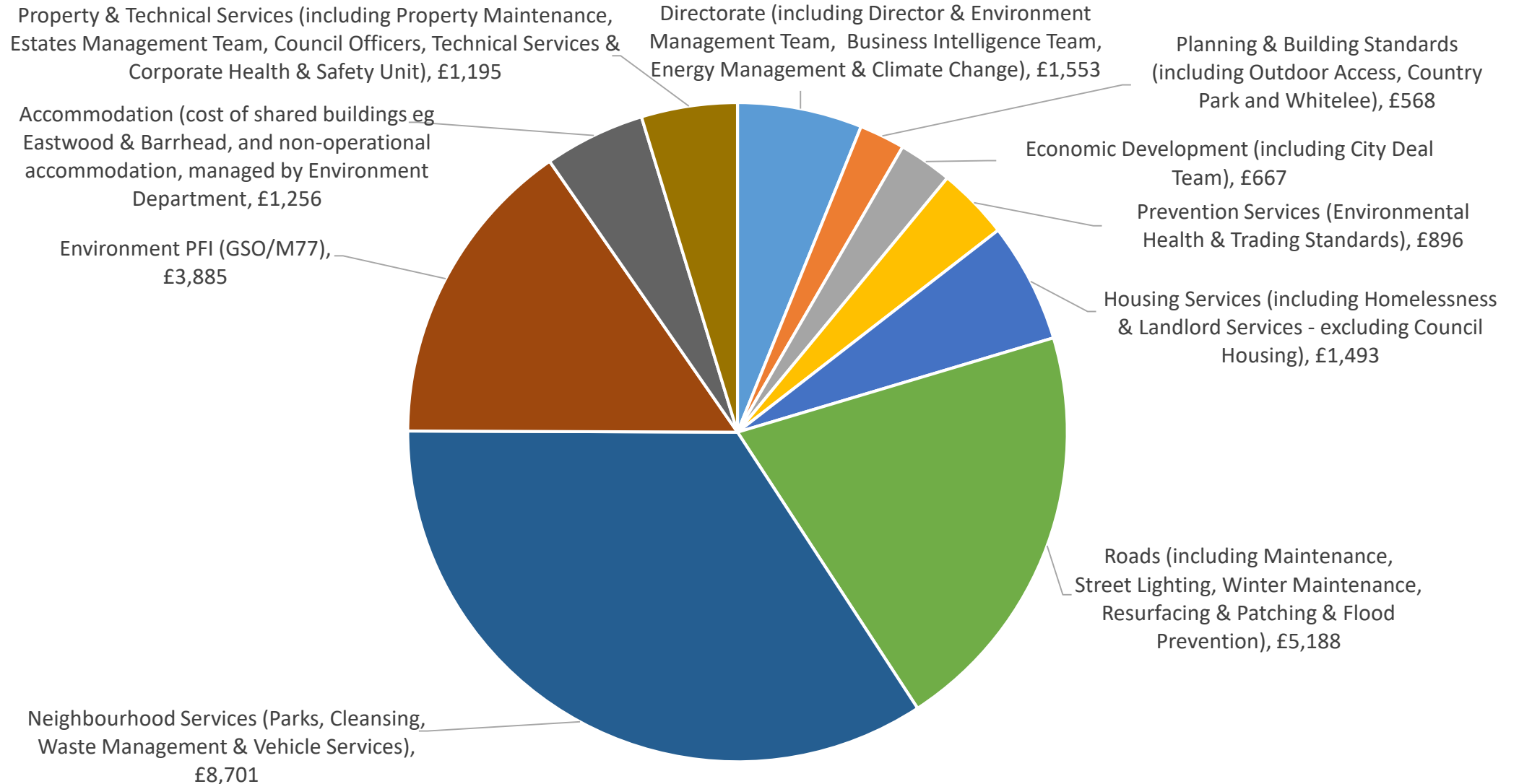
Environment

Department of Environment Net Expenditure vs Total Net Expenditure (£k)²³

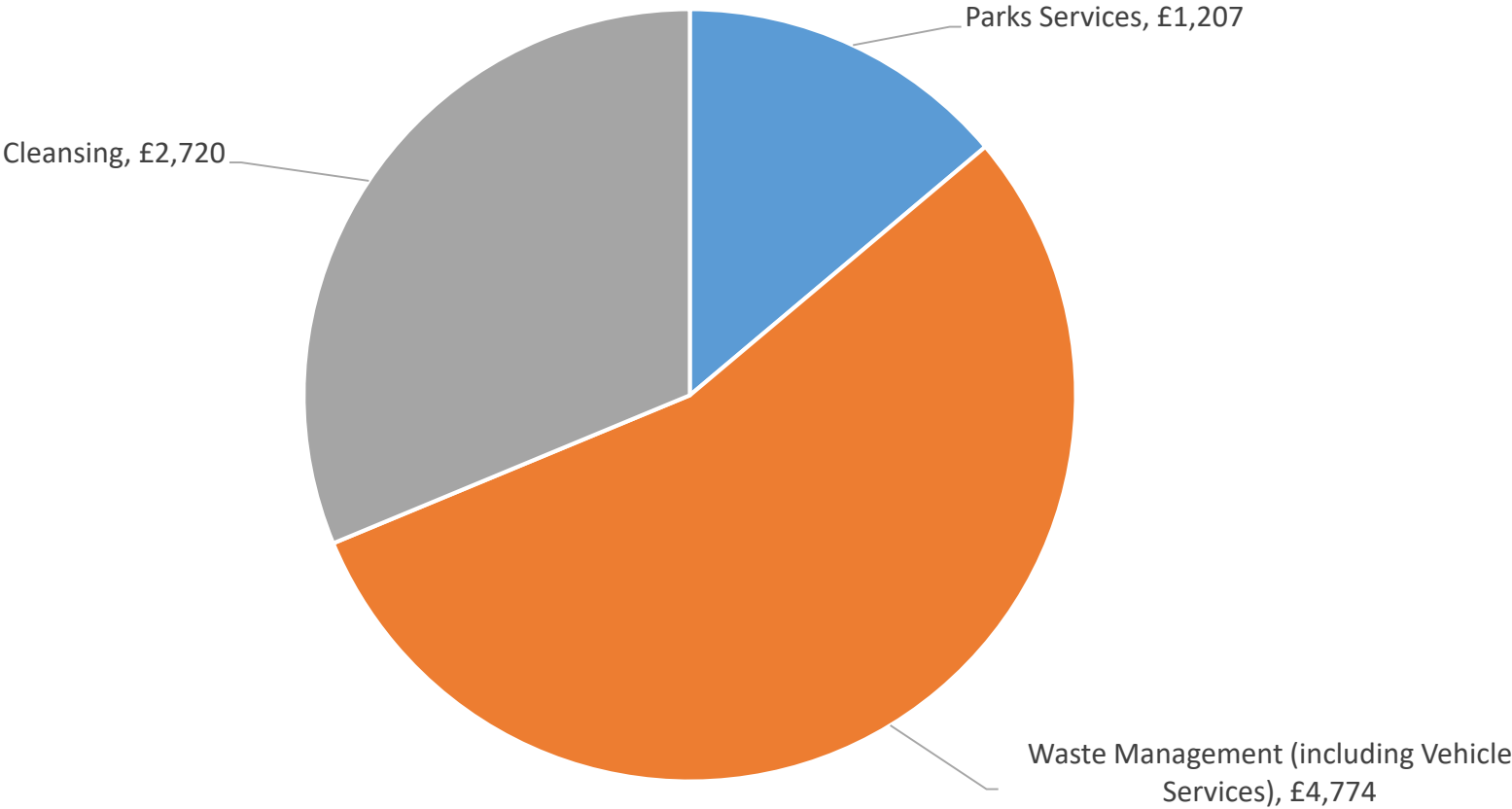


Department of Environment	
Total Net Expenditure (£k)	£25,402 (10%)
Total FTE	392.8

Department of Environment Net Expenditure 2020/2021 (£25,402k)

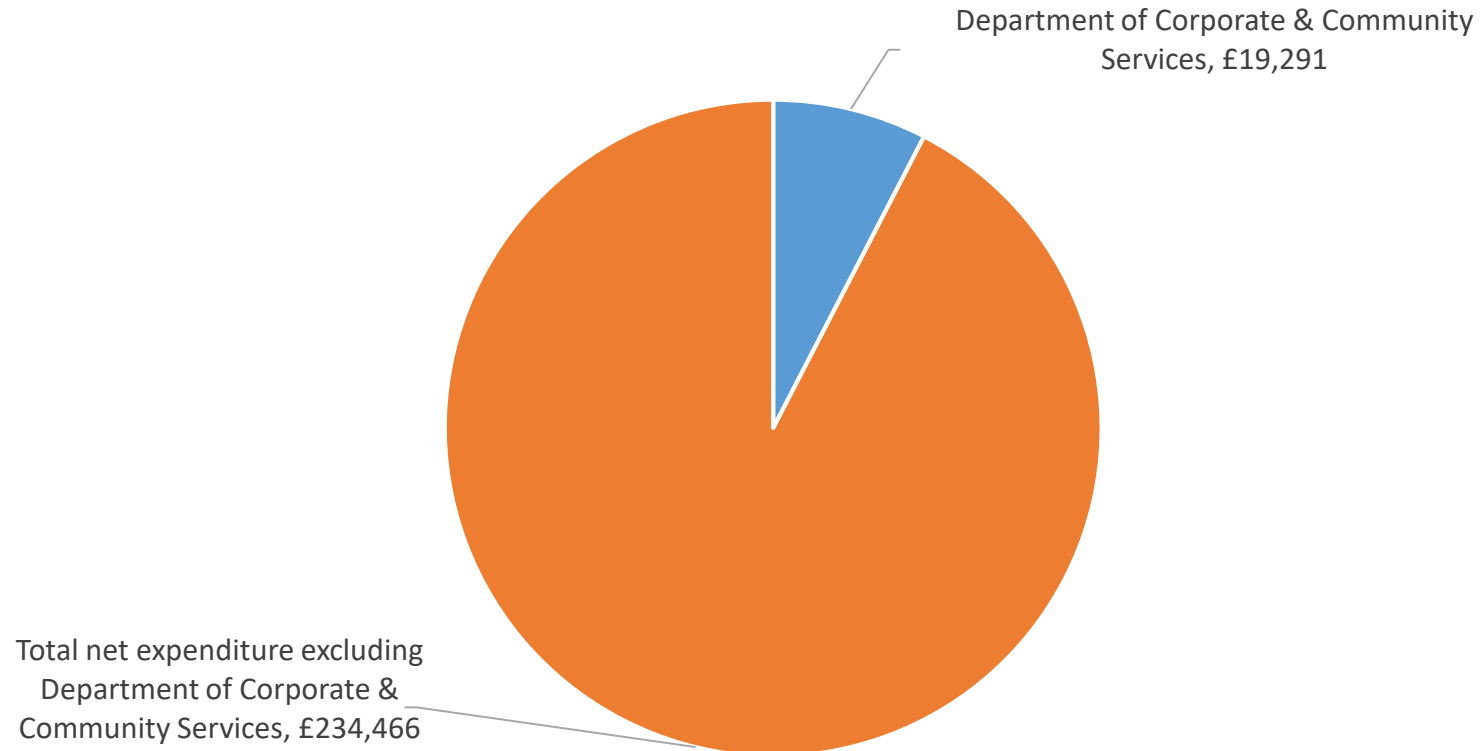


Neighbourhood Services Net²⁵ Expenditure 2020/2021 (£k)



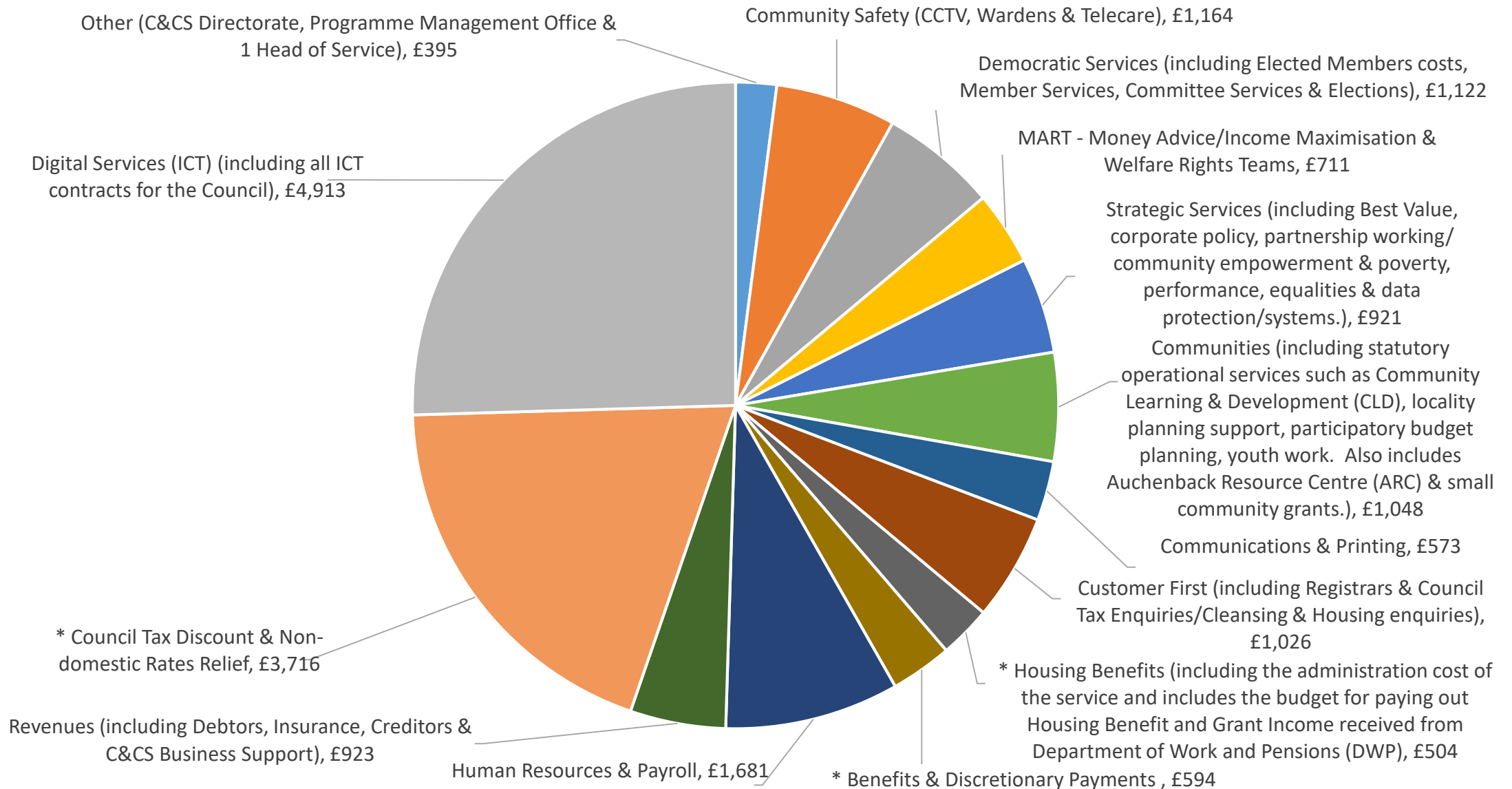
Corporate and Community

Department of Corporate & Community Services Net Expenditure vs Total Net Expenditure excluding C&CS (£k)



Department of Corporate & Community Services	
Total Net Expenditure (£k)	£19,290 (7.6%)
Total FTE	308

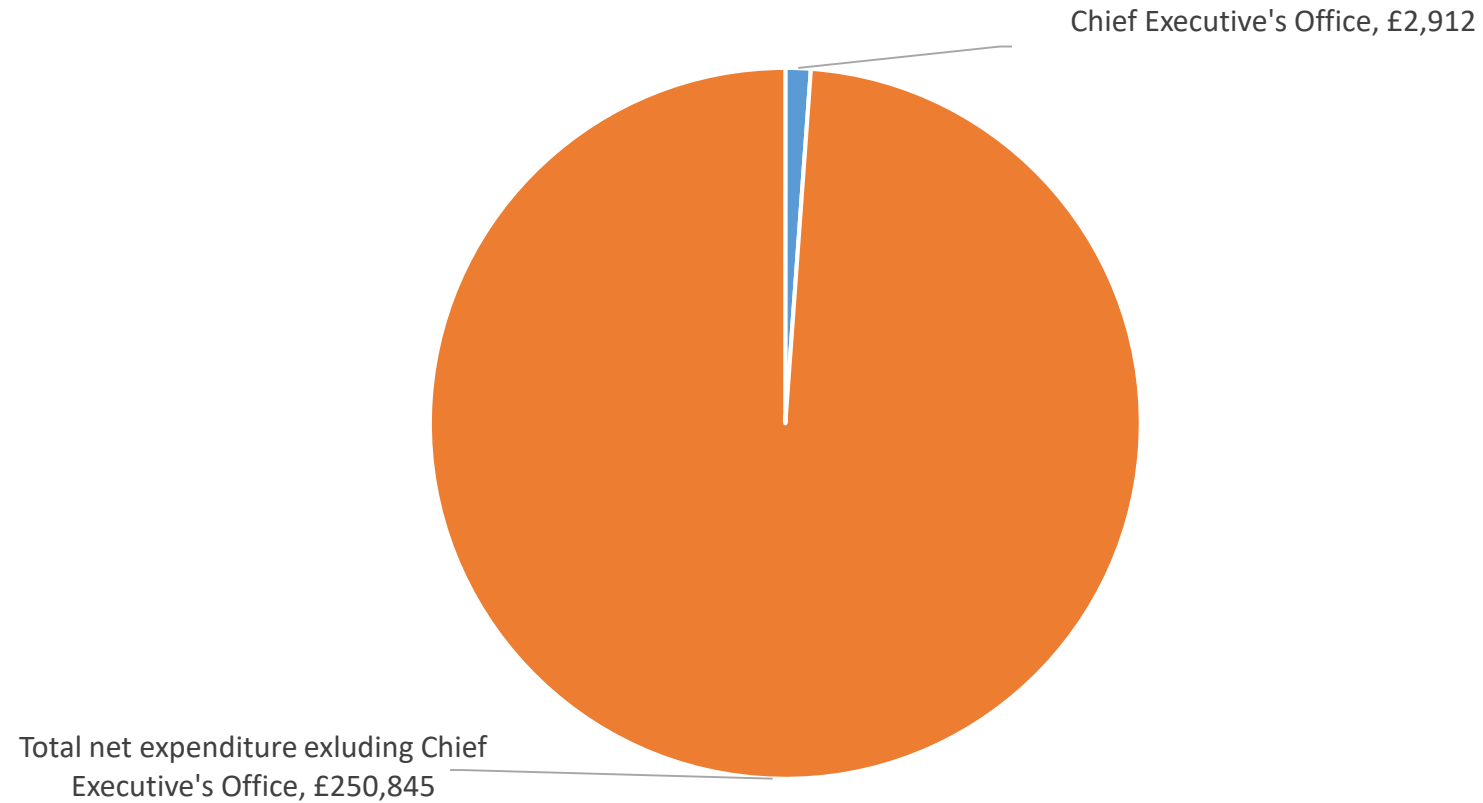
Department of Corporate & Community Services Net Expenditure 2020/2021 (£19,291k)



* Unable to influence

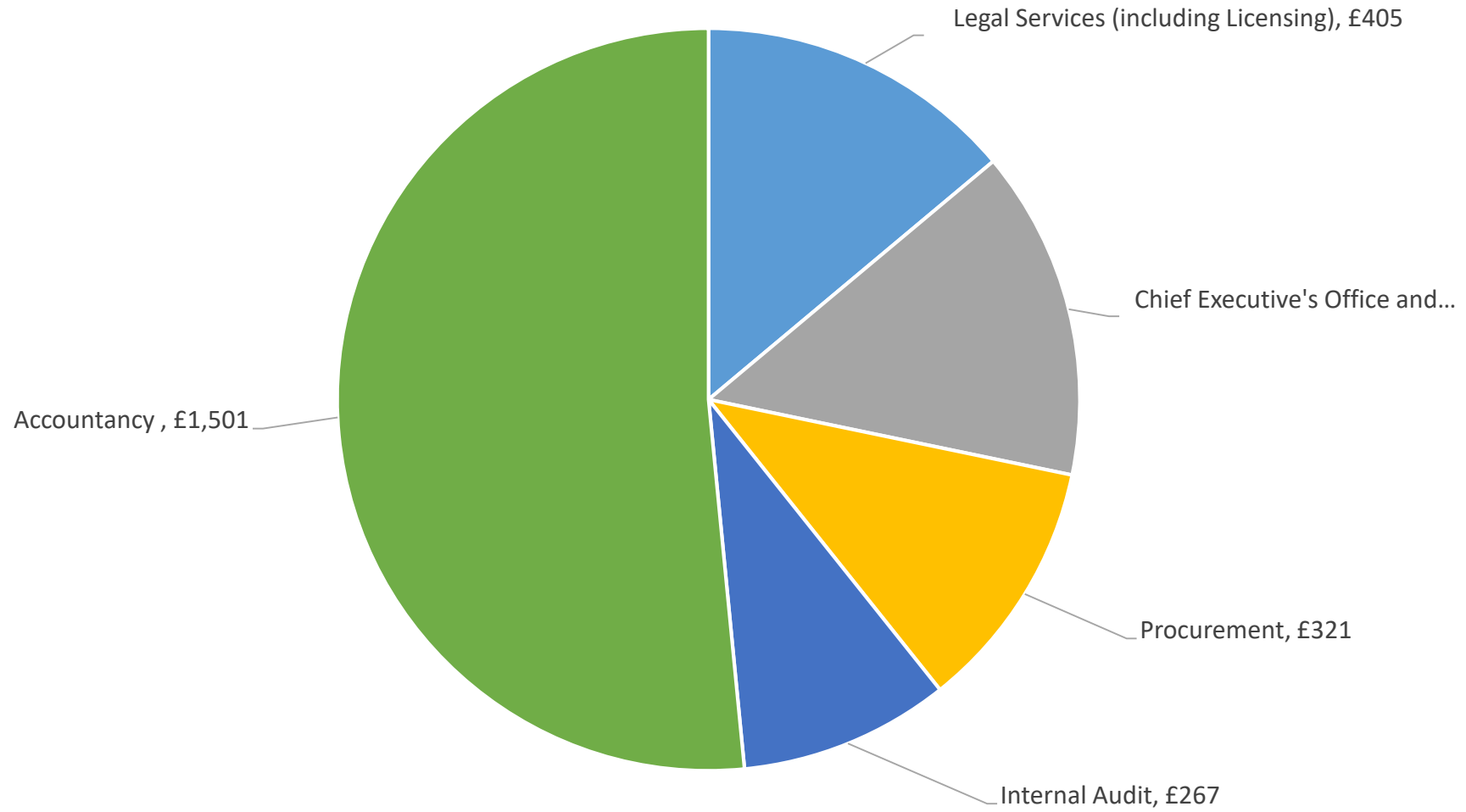
Chief Executive's Office and Miscellaneous Services

Chief Executive's Office Net Expenditure vs Total Net Expenditure excluding CEO (£k)



Chief Executive's Office	
Total Net Expenditure (£k)	£2,912 (1.1%)
Total FTE	53.2

Chief Executive's Office Net Expenditure 2020/2021 (£2,912k)

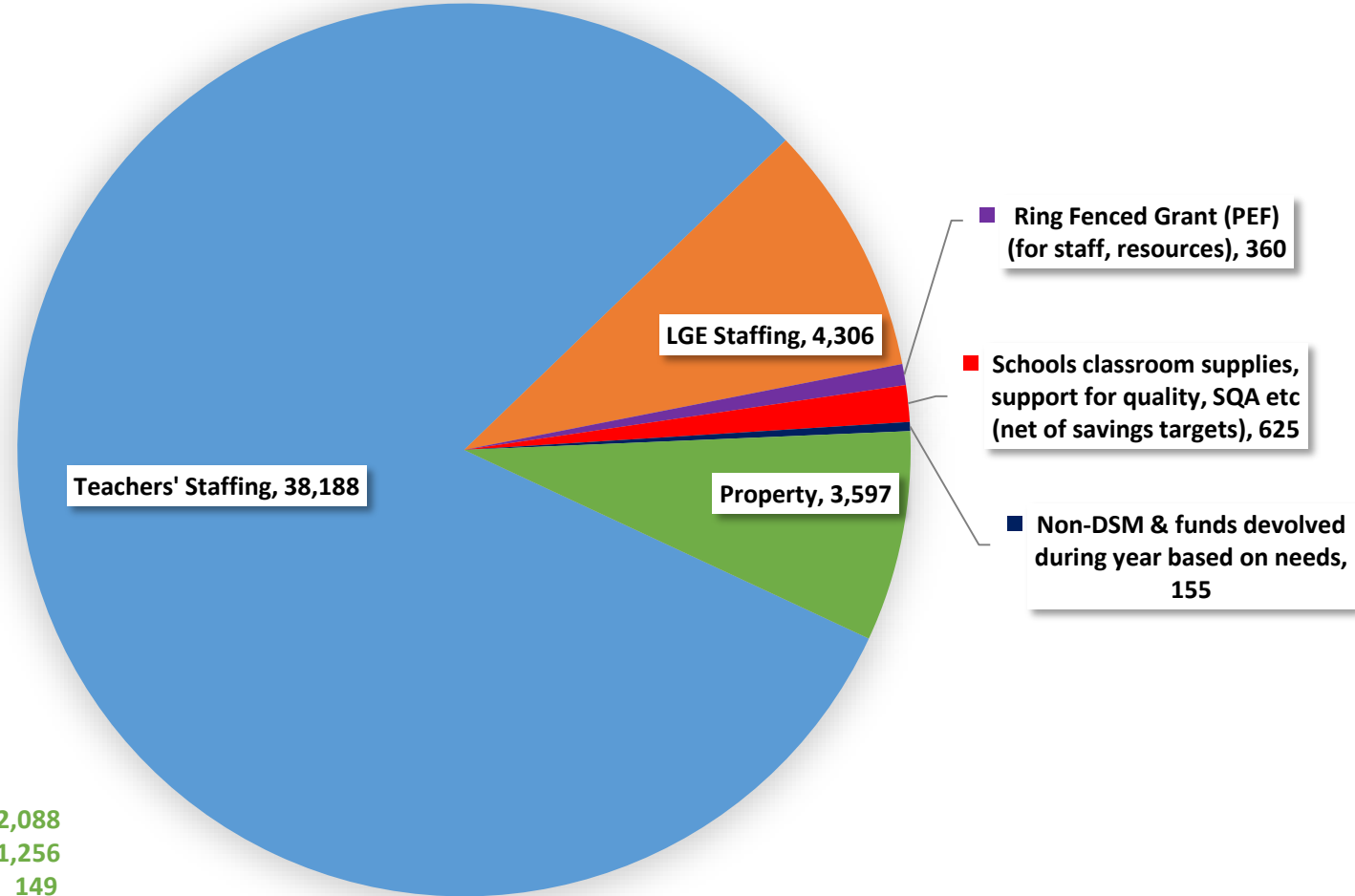


Miscellaneous services £3,869K (1.5%)

- Joint boards £2,352K
- Welfare contingency £200K
- Superannuation costs £1,036K
- Restructuring costs £343K
- Miscellaneous £360K
- Late grant unapplied £597k
- Adjustment for Central Support recharged to HRA (£1,019k)

Appendix 1 – Education details

Secondary Schools: Revised Net Expenditure 2020/21 £47,231
(£'000)

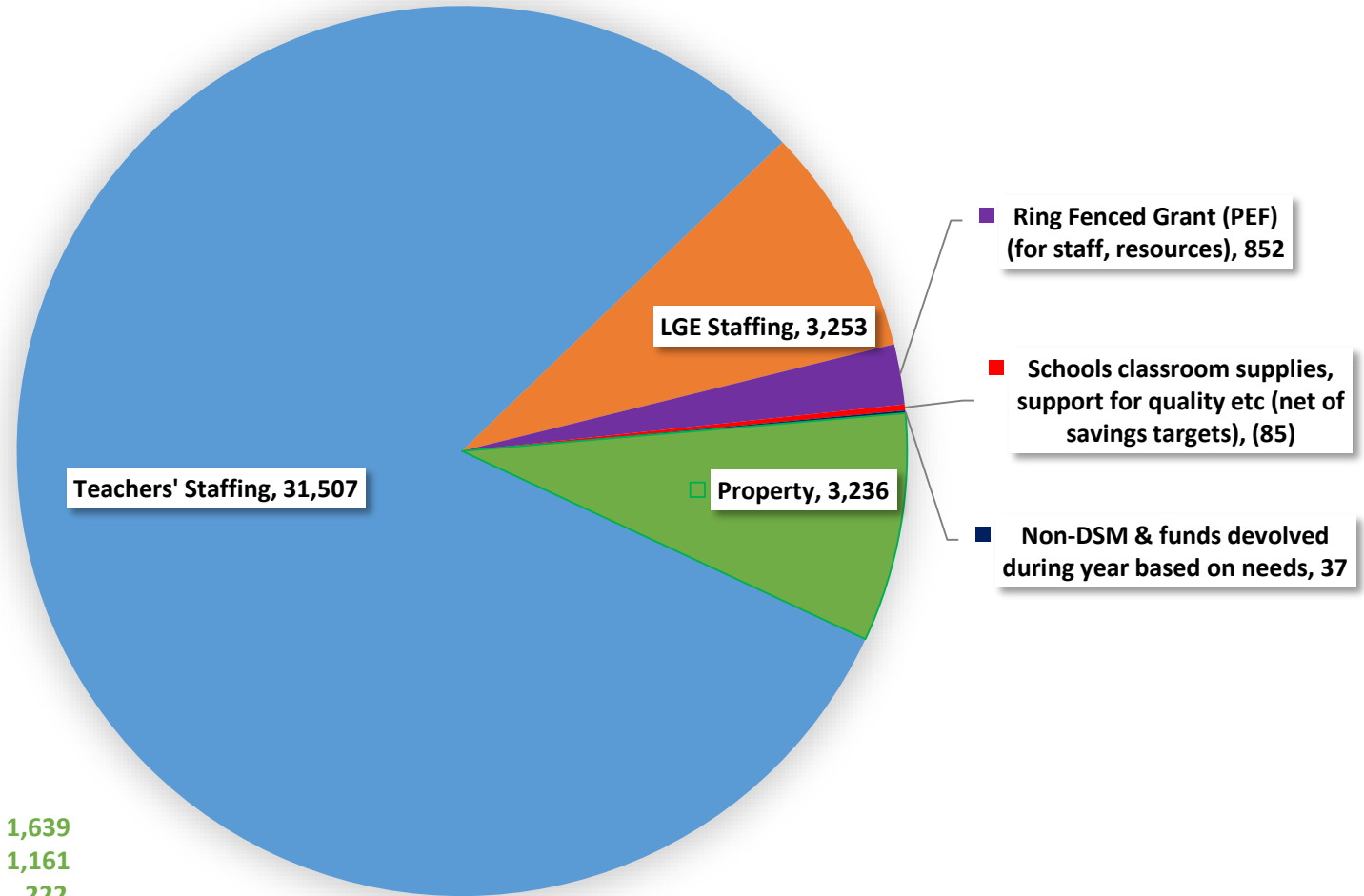


Property:

Rates	2,088
Utilities & Carbon Reduction	1,256
Grounds Maintenance & Waste	149
Repairs and maint (managed by PATS) & CEEF. (Net of cont repairs & renewals)	104
Subtotal	3,597

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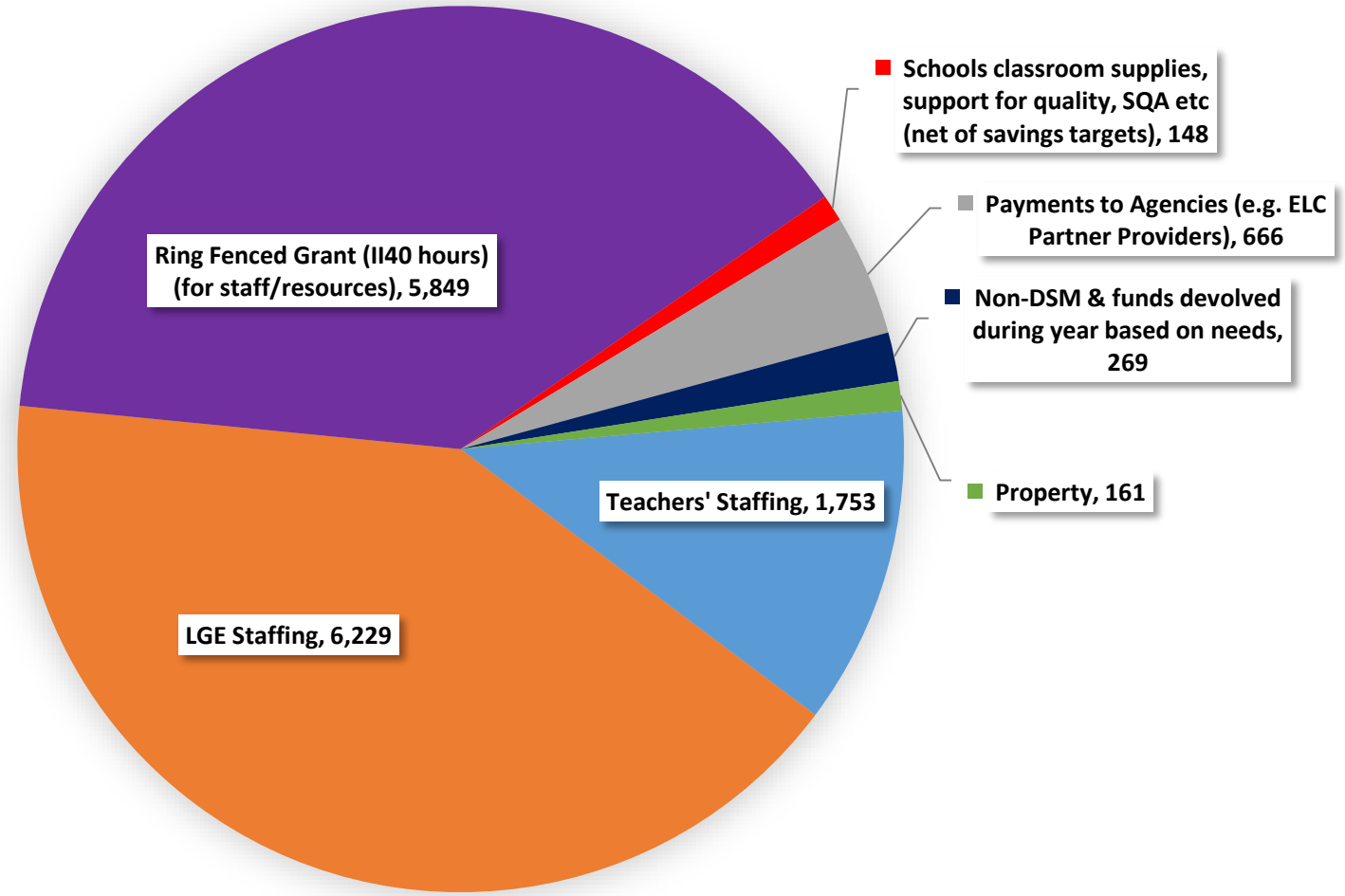
Primary Schools: Revised Net Expenditure 2020/21 £38,800 (£'000)



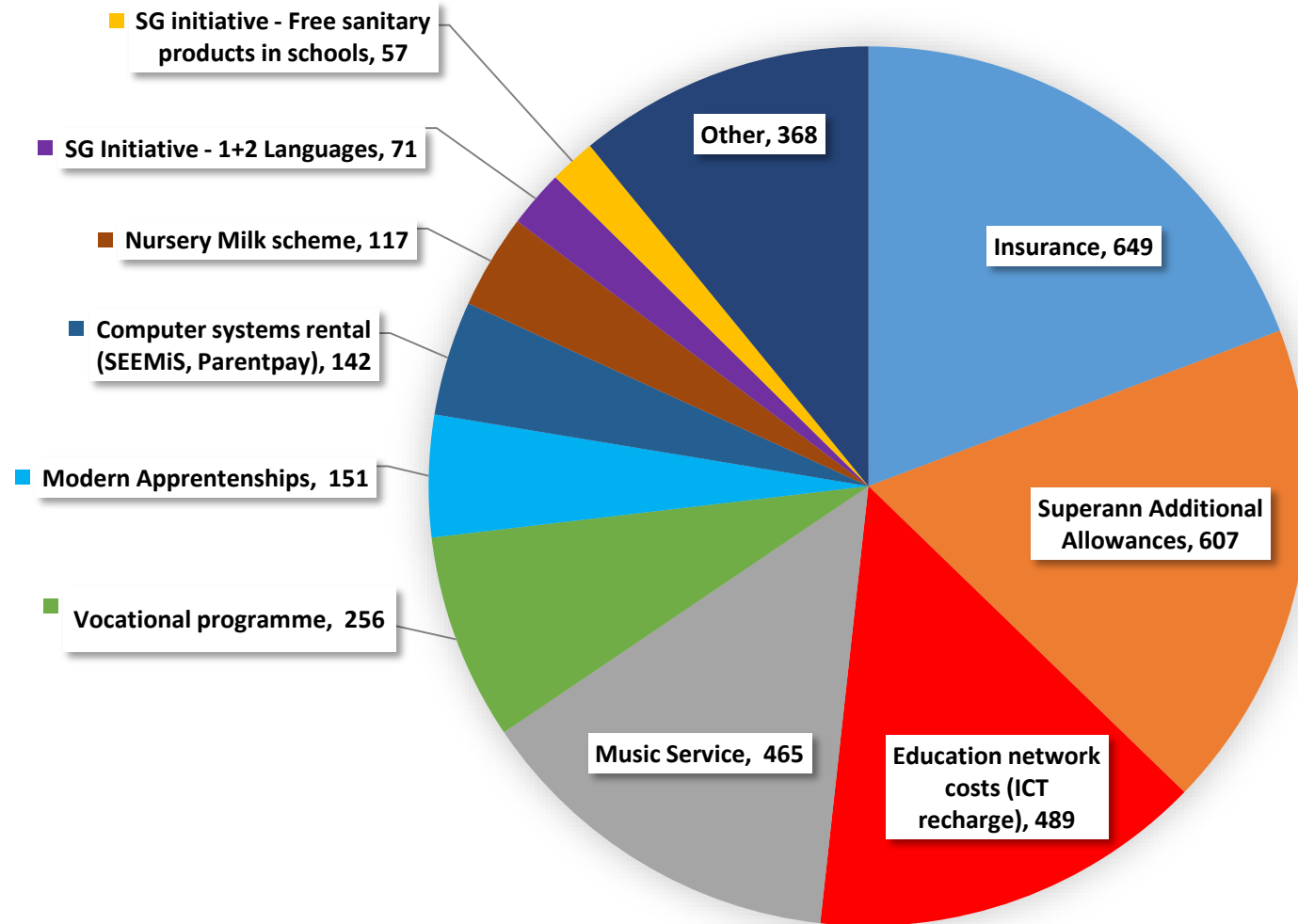
Property:

Rates	1,639
Utilities & Carbon Reduction	1,161
Grounds Maintenance & Waste	222
Repairs and maint (managed by PATS) & CEEF. (Net of cont repairs & renewals)	214
Subtotal	3,236

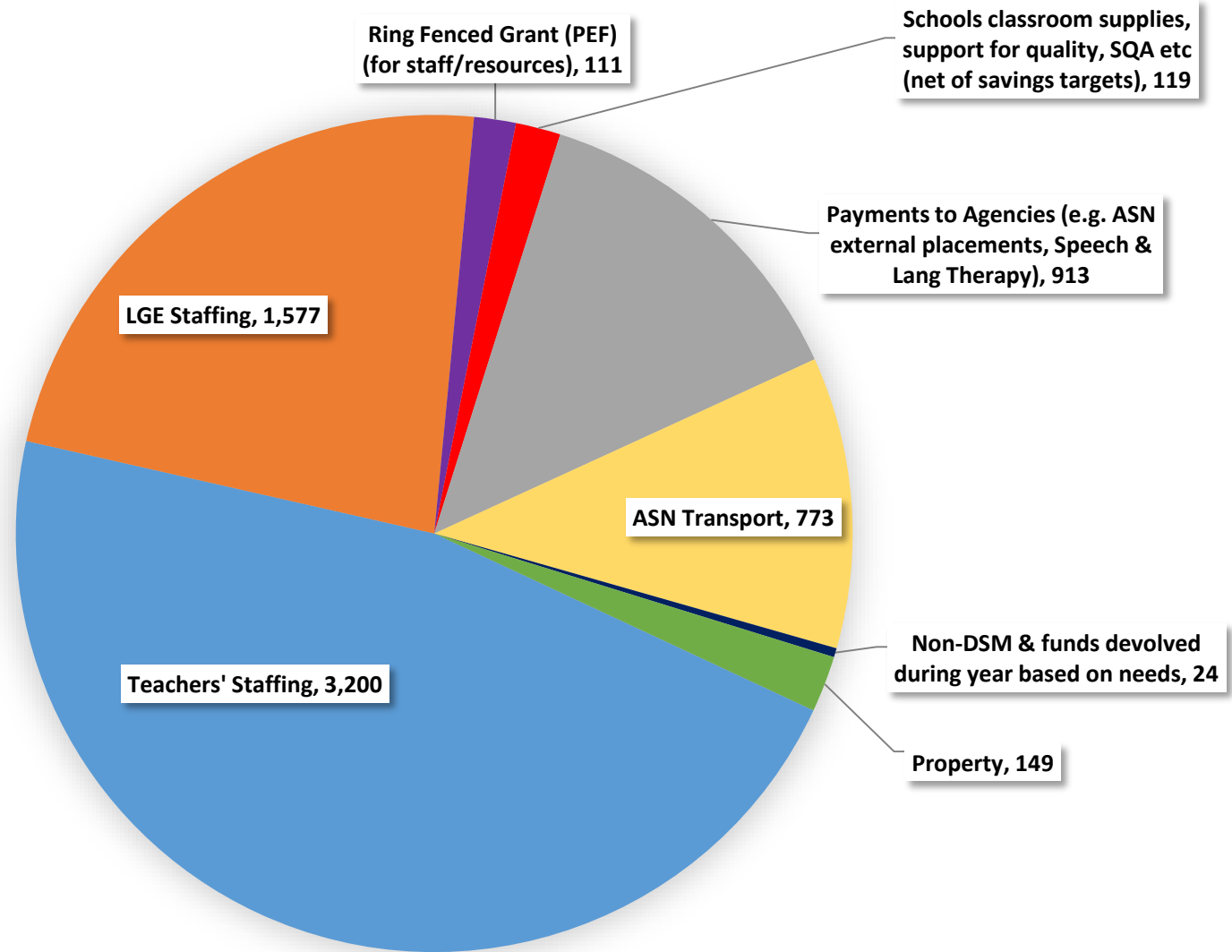
Early Learning & Childcare: Revised Net Expenditure 2020/21 £15,075 (£'000)



Other: Revised Net Expenditure 2020/21 £3,372 (£'000)

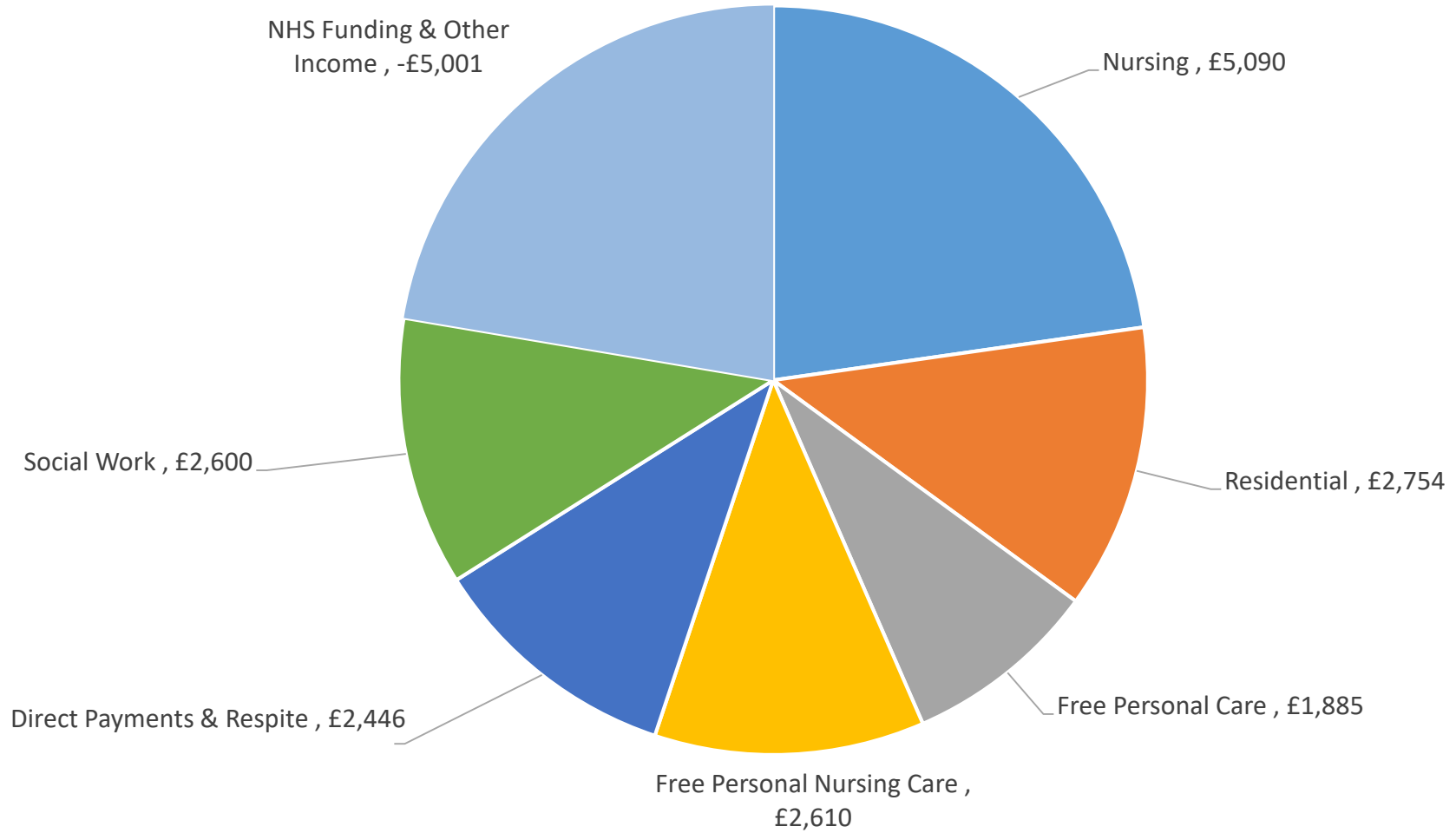


Special Education: Revised Net Expenditure 2020/21 £6,866 (£'000)

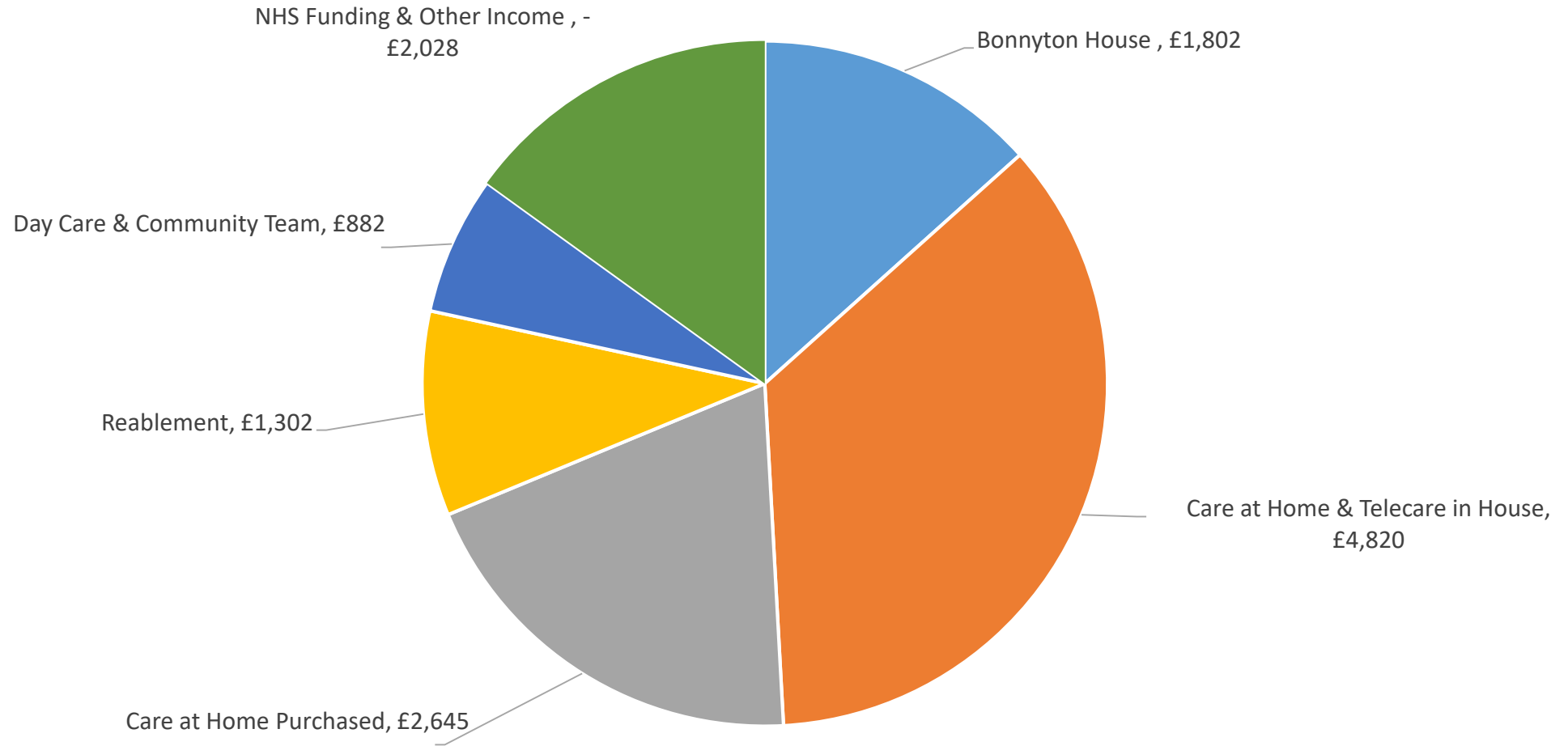


Appendix 2 – HSCP details

Older People Expenditure £12,384 (£k)

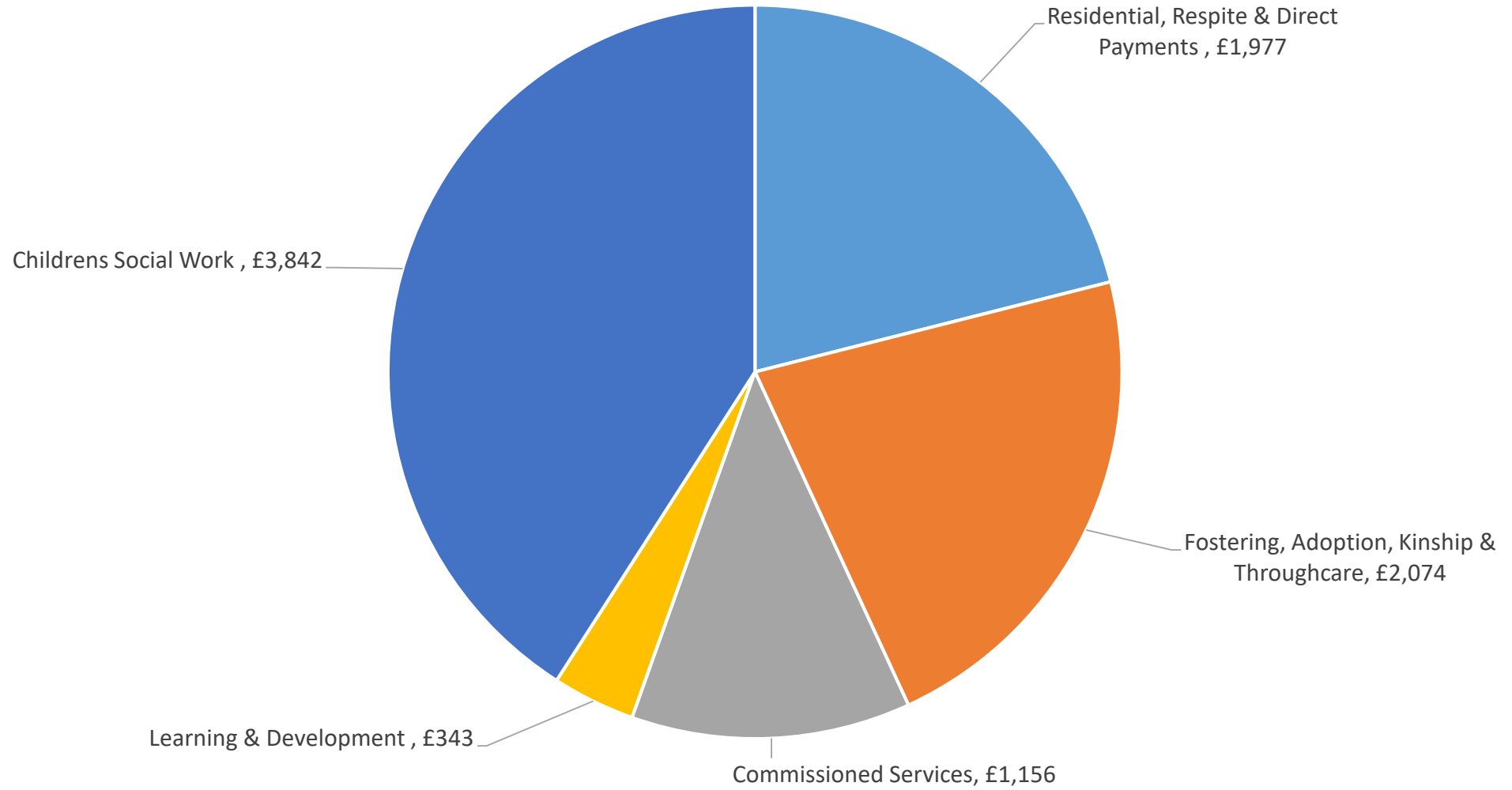


Intensive Services Expenditure £9,423 (£k)



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Children & Families and Public Protection £9,392 (£k)



East Renfrewshire Council

28th October 2020

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