

### SHAPING OUR FUTURE



# INTRODUCTION

Welcome to our third Budget Briefing which is part of our engagement exercise with local residents over the significant funding challenges faced by East Renfrewshire Council and all councils.

We want to hear your views on our spending plans for the next three years (2023-2026) at a time when every council across the UK is having to make very difficult decisions as a result of funding pressures.

Here in East Renfrewshire, we announced last month that we could face a funding shortfall of more than £30m in the next three years. Without an increase of funding of over £30m, we will not be able to deliver the same levels of service we are currently providing.

This is due to an expected reduction in real terms in the money we receive from government which funds the vast majority of the vital frontline services we provide. We do also of course receive money from what local residents pay in council tax but this only represents about 18% of our total funding.

The funding challenge faced by all councils has been made a lot worse by rising inflation and energy costs which is hitting everyone.

East Renfrewshire Council is a well-run organisation which has been praised by Audit Scotland, the independent watchdog which keeps a check on public bodies. In the Audit Scotland Annual Audit Report for 2020/21 they said "the Council continues to perform strongly in comparison to other councils".

We have had to make savings of £80m since 2015-16 due to ongoing funding pressures. More than £25m of those savings have been delivered by becoming more efficient and modernising the way we do things. The Council has also found new sources of income to pay for the vital services which people rely on so much.

Having already made so many efficiencies in previous years, it has become more and more difficult to find further efficiency savings every year. Whilst we will continue with our ambitious transformation programmes, these will not be able to deliver the scale of savings required. Many of our proposed savings will unfortunately involve service cuts.

This Briefing contains information on the savings options we have to consider because of our estimated funding shortfall of £30m over the next three years. We do not want to make any cuts but are having to consider such difficult decisions because of the scale of the challenge.

We are legally required to balance our books and have no option but to consider significant changes to the services we deliver and how we deliver them to try to close the estimated £30m funding gap. Despite the very uncertain times we live in, we must plan ahead and have options available to us to meet a range of possible scenarios. We will do everything in our power to reduce the impact of service reductions and to delay them as long as possible.

## Our Assumptions

In preparing our estimates, we have had to make a number of assumptions:

### We have assumed

- our revenue grant from the Scottish Government will be flat cash for the next three years. This is in line with the announcement made by the Scottish Government in May.
- Council Tax will increase by at least 3% each year. Councillors can make larger or smaller increases to Council Tax at our Council meeting in March.
- pay increases will be no more than 2% per annum for the next three years.
- inflationary pressures will peak during 2022-23 and that inflation will continue at a lower level over the next three years.

## How you can have your say

We genuinely want to know what you think of the savings options outlined in this document and welcome your feedback on any further steps you think we can take to lessen the impact of these options, or if you believe we can make our savings in a different way. We have included a range of options totalling about £40m, higher than the figure we think we will need to close our estimated £30m funding gap.

If you haven't seen them already, we strongly recommend you read our first Budget Briefing published last month, which outlined the size of our funding challenge, and our second Budget Briefing which contains detailed information on our current spending. You can find these documents here:

### **Budget Briefing, October 2022**

### **Budget Briefing 2, October 2022**

All our budget engagement information can be found **on our website**. This includes a link to Citizen Space, an online portal where we urge you to share your views. You will also find our Budget Simulator tool which can give you further insight into the budget setting process and gives you the chance to see if you can balance the Budget and what impact your decisions would have on residents and services.

Alternatively, you can email us your comments to [communications@eastrenfrewshire.gov.uk](mailto:communications@eastrenfrewshire.gov.uk) or write to us at Budget Feedback, Corporate Communications, Council HQ, Eastwood Park, Rouken Glen Road, Giffnock, East Renfrewshire, G46 6UG.

Councillors will consider your feedback before setting the Council's Budget on March 1, 2023.

# WAYS OF CLOSING THE FUNDING GAP

There are a number of ways of closing our budget gap and in previous years we have used a combination of all of the measures below to balance the books. All councils have faced funding pressures for a number of years and have had to make substantial savings. In East Renfrewshire, we've had to make £80m of savings since 2015-16.

## **Improve efficiency**

We have delivered more than £25m of savings since 2015-16 via a wide-ranging efficiency drive, which has included a digital transformation programme offering customers more online services.

## **Income**

Councils can look to generate more income by increasing fees and charges for our services. The single biggest source of income which councillors have control over is council tax. In East Renfrewshire, every 1% increase in council tax generates around £600,000 of income to the Council, money that can be used to keep vital services going. If Council Tax was increased in line with inflation, the additional income would allow some of the more difficult savings to be removed. A rise of 10% in year 1, 5% in both years 2 and 3 would raise a further £6.6m.

Finding new income streams is also an option and in recent years East Renfrewshire has introduced charges for collecting garden waste and rented out Rouken Glen Park for large-scale events. Proposals are being progressed to lease land at Greenhags for a solar farm, with income being generated from the lease, and the introduction of parking charges in Council car parks is also an option.

## **Reserves**

In this financial year, we plan to use about £5m of our reserves to delay savings, which would have been required this year. Given the very difficult financial situation we are facing this year due to high inflation, utility and pay increases, we will have to work very hard to stay within this year's budget. We are likely to use all £5m of the reserves earmarked for this year. We may have to use even more reserves but if not, there may be a small level of reserve of about £1m, which we can use in a future year to delay savings. This will not reduce our overall budget gap but it may allow us to phase in savings, particularly next year when the impact of inflation is expected to be at its highest.

## **Fiscal Flexibilities**

Given the very difficult financial situation, Cosla, the council umbrella body, and the Scottish Government have been working together to see what can be done to use funding more flexibly. One of these flexibilities will allow us to account for debt on PFI/PPP schemes over a longer period. Detailed work is underway to quantify this but the change in rules could mean a £2m annual saving for East Renfrewshire Council which will be put towards reducing our budget gap. We also hope the flexibility will bring us a one-off benefit of £5m. This money could be used to support our capital investment, be put into reserves or could be used to reduce savings over the next few years. This would help smooth the level of savings we require and help us manage into savings better.

## **Reducing levels of service**

This involves cutting the levels of service we provide to local residents and is always a last resort. This has been done in recent years to ensure we keep to our Budget and it becomes more and more difficult to have to further reduce services every year. Now the Council has to consider stopping some services altogether or drastically reducing the services we offer.

## SAVINGS OPTIONS

As a result of ongoing reductions in real terms of funding for local government – coupled with rising inflation and energy bills – the Council will have to make very difficult decisions about what levels of service it can continue to provide over the next three years. Our directors have drawn up lists of savings options which we outline on the following pages. Not all of these savings will have to be taken but it's likely many of them will. The Directors have found this task incredibly difficult, but know that we must have a balanced budget.

We are sharing these options with the public to highlight the scale of the challenges we face. We have also shared this information with staff and their unions. If all of these savings have to be taken, up to 550 jobs could be at risk over 3 years. There will be consultation with staff who will be directly affected by savings in the financial year 2023/24 in the run-up to councillors setting our Budget on March 1, 2023.

# EDUCATION – TOTAL EXPENDITURE **£157.6m**

## **Option: Reduction in Devolved School Management Budgets involving teachers**

This option involves our 24 primary schools (13 of which have nursery classes), seven secondary schools, 10 family centres and our specialist provision for children with additional support needs. Every year the Council devolves much of its £157m education funding to Head Teachers and Heads of Centres so they can decide at a local level what to spend it on. Most of their spending goes on staffing, particularly teachers in primary and secondary schools. We use a range of formulas to determine what funding each school will receive. Some of these formulas are set by legislation but others are at the discretion of the Council. We use these formulas and consequential funding to target areas that we think are important to helping all our children and young people achieve.

For this saving, we could reduce funding for staff to work with the lowest-performing 20% of pupils, remove funding for reduced maths and English class sizes in secondary schools, reduce pupil support teachers, reduce funding to help schools address equity and support pupil needs, reduce absence cover funding, remove the additional teachers provided to assist recovery from the Covid-19 pandemic and review management structures in all schools. Staffing and management structures in early learning and childcare centres could also be reviewed and we could consider reducing the length of the pupil week in primary schools to 22.5 hours (current provision is 25 hours).

**Estimated saving: £13.6m**

## **Option: Reduction in Devolved School Management Budgets involving other staff groups and budgets**

These options relate to a reduction in the funding provided to early learning and childcare, primary, secondary and special schools through the Devolved School Management Scheme for other staff groups and other budgets. It could remove funding for Easter schools and outdoor education, school-based librarian staff, multi-media school technicians and bi-lingual support workers. Pupil support assistants, school-based business and budget support staff as well as some trips, activities and clubs in the special sector could also be impacted. Classroom supplies budgets could be reduced along with a reduction in the funding devolved to schools and early learning and childcare establishments to support improvement.

**Estimated saving: £1.4m**

The proposed savings from the two options above relating to these devolved budgets will have a very serious negative impact on the quality of learning and teaching, attainment, achievement, wellbeing, pupil support, equity and would increase the pupil to teacher ratio. It will also severely impact career opportunities for teachers, particularly newly-qualified teachers. The reduction in early learning and childcare and school-based support staff would impact on both the workload of school management and other departmental and council services.

## **Option: Reduction in centrally-based education staff and budgets**

These options involve a reduction in the staff that support our early learning and childcare centres and schools to deliver national and local education priorities, ensure we meet our statutory duty to secure improvement in the quality of education and raise standards. They provide specialist leadership, curriculum and performance support, building the capacity of school staff, leading to improved experiences and outcomes for all learners.

We could reduce our staffing in Quality Improvement, Educational Psychology, Adult Learning, the Education Leadership Team, business and budget support teams and our early years team. In addition, we could also reduce our janitorial, catering and cleaning service.

This option will have a very serious negative impact on the quality of learning and teaching, attainment, achievement and wellbeing. It will also lead to a reduction in the range of school meals and a reduction in cleaning standards and janitorial support across the estate.

The reduction in support staff would impact on both the workload of school management and other services across the council.

A reduction in the centrally based funding/budgets which are used to support schools and services to deliver the national agenda and realise the department's vision is another option.

We could reduce funding for hospital tuition, speech and language therapy and remove funding for campus police officers. We could remove the funding we give to support talented children attending the junior conservatoire.

We could end the enhanced early access to funded early learning and childcare to align with the national legislation. This would mean some children could have to wait a few extra months before starting nursery and parents would have to pay for any early learning and childcare accessed before this legislative start date.

**Estimated saving: £3.3m**

## **Option: Further savings**

Identifying further savings would be extremely challenging, however, we could continue to seek even more efficiencies, such as through property costs by reducing energy use. However, in addition, further cuts would need to be found from central education budgets and Devolved School Management budgets.

**Estimated saving: £1.5m**

## **Option: Increase Income**

To generate additional income we could increase the price of school meals by 20p.

**Estimated income: £0.1m**

# ENVIRONMENT – TOTAL EXPENDITURE **£31.6m**

## **Option: Service reductions across waste and parks operations**

We could change the current 3-weekly waste collection and disposal service to 4-weekly and move to a fortnightly food and garden waste collection, reducing the number of staff and vehicles we require. We could also close our household recycling site at Barrhead.

We could significantly reduce grass cutting in our parks and open spaces and close all grass football pitches and associated pavilions. We could increase burial charges but these are already amongst the highest in Scotland.

We could reduce the levels of service provided by trading standards and environmental health and reduce our customer relations service which deals with enquiries from residents.

**Estimated saving: £1.8m**

## **Option: Reduce roads budget**

We could reduce the budgets for roads and pavement repairs and the routine maintenance of roads. This would increase the time to fix issues such as non-emergency potholes. We could also reduce the budget for winter maintenance, which would decrease the number of roads and pavements gritted in winter.

We could reduce the budget for replacing energy efficient street lighting, school crossing patrollers budget and our festive winter lighting programme.

**Estimated saving: £2.1m**

## **Option: Reduce services in housing and economic development**

Our mixed tenure housing scheme carries out maintenance in blocks of flats where there is a mix of privately-owned homes and council flats. Whilst highly valued by many residents, the scheme is non-statutory and could be stopped. There is an option to close Connor Road, our supported accommodation project for young people, as although highly-valued it is non-statutory and could be stopped. We could also stop providing private sector small repairs grants.

We could reduce our support for town centre regeneration and other support for local businesses.

**Estimated saving: £1.5m**

## **Option: Review office accommodation**

Over the last few years we have looked to reduce the number of buildings we operate out of. With changes in the way everyone is working we could have the opportunity to reduce the number of office buildings we have. Work is underway to identify which office building we should close.

We could also reduce the office repairs budget.

**Estimated saving: £0.5m**

## **Option: Reduction of services in planning and building standards**

This will result in a significant reduction of service to applicants, agents and members of the public including objectors to planning applications. Building warrant and planning applications could take longer and capacity will be reduced to investigate breaches of planning laws.

**Estimated saving: £0.4m**

## **Option: Management Restructuring**

If all of these savings have to be taken, the work of the Environment team will be much more limited than at present with only statutory activity undertaken. Management and development activity could be reduced with a major restructuring exercise undertaken. A further £0.1m of efficiencies could also be identified over the 3 year period.

**Estimated saving: £0.6m**

## **Option: Increase Income**

We could increase charges for the collection of garden waste by around £20 and supply and collect an additional brown bin if requested. This would increase income by nearly £1m.

An option to lease land at Greenhags to Engenera Renewables Group for 35 years has already been approved, and subject to the firm securing necessary consents, including planning permission, this would provide annual income for the Council of around £200,000.

The introduction of charging for parking, including in Council car parks and a residential parking permit scheme, could generate £350,000 per year. Much planning and capital investment for ticketing would be required, so this option is suggested for introduction in 2025/26.

**Estimated income: £1.5m**

# BUSINESS OPERATIONS & PARTNERSHIPS – TOTAL EXPENDITURE **£24.3m**

## **Option: Reduction to service delivery in Customer First, Revenues and Benefits and support for council committees and elected members**

Reduction to services which deal with the public, leading to increased customer wait times for complaints, phone calls and queries. An appointment-only service would also be introduced at Barrhead Customer Services, in line with the service currently in place in Eastwood, and the ability to pay in cash would be restricted. These changes would also increase the time it takes to process benefits and Scottish Welfare Fund applications from residents. Our Council Tax collection rates will be impacted and it will also take longer for us to pay the Council's invoices, which could lead to some suppliers stopping their service until payment is received. The support available to run Council meetings and committees would also be reduced as would support for elected members and civic events. There would also be a reduction in our contribution to the Citizens Advice Bureau.

Estimated saving: £1m

## **Option: Reductions in Community Safety and Community Learning and Development Services**

This option would lead to slower response times for anti-social behaviour, mediating in disputes and a reduction in providing diversionary activities for young people and would limit our successful operational partnership working with the Police. The Council's Community Learning and Development service currently delivers youth work and other community development initiatives. There would be less scope to deliver these activities and there would no longer be a single point of contact for enforcement, community safety and out of hours' services and there may be reductions in CCTV coverage. Our support for external organisations would also be impacted.

Estimated savings: £0.4m

## **Option: Management Restructuring**

If all of these savings have to be taken, the work of the Business Operations & Partnerships team will be much more limited than at present, with only statutory activity undertaken. Management and development activity could be reduced with a major restructuring exercise undertaken.

Estimated savings £0.6m

## **Option: Increase Income**

Increasing the non-statutory registration fees charged for marriages and civil partnerships will generate an additional £5,000 in 2023/24. In addition, an increased charge to cover the administrative cost of the Duke of Edinburgh Award Scheme will also be taken forward. Another option being considered to increase income is to implement a 'Water Direct' scheme. Water and sewerage charges are included within residents' annual Council Tax bills and collected on behalf of Scottish Water, although these charges are not set by the Council. This option would see the Council liaise with the Department of Work and Pensions to take contributions for water and sewerage charges direct from benefits at source, where someone in receipt of Council Tax Reduction is failing to pay these charges. Many other councils have already implemented Water Direct.

Estimated Income: £0.1m

## SUPPORT SERVICES – TOTAL EXPENDITURE **£14.1m**

### **Option: Service reduction in all support services of 21%**

Support Services includes Accountancy, Legal, Audit, Procurement, Property, Health and Safety, ICT, HR, Communications, Strategy and Performance Reporting. Cost savings of 25% to 30% have already been achieved over the last 10 years by more efficient ways of working so the scope for further efficiencies is limited. Further cuts will lead to a significant reduction in governance controls (financial, legal and audit) and will push workload to other parts of the organisation, onto already-busy service managers or school staff. Statutory reporting deadlines could be missed and the reputation of the Council will suffer. There will also be a severe impact to our ability to train and develop our staff, which may impact recruitment and retention of key skillsets across the Council.

These options would also undermine the Council's digital transformation ambitions hampering future modernisation and efficiency initiatives. It would also put at risk the maintenance, upgrading and development of some of the Council's core ICT systems, such as finance/procurement, HR/payroll; payments; and website/customer platforms.

**Estimated saving: £2.7m**

### **Option: Rationalisation of Digital contracts**

With ICT contracts worth more than £3m, we are always considering how to get best value from all our external suppliers. Over the next three years, a number of ICT contracts will come to an end or will no longer be required, giving us the opportunity to achieve savings. As part of our digital transformation in recent years a number of processes have changed, which will allow existing contracts to be amended or ended. We can also now utilise newer technology which has already been purchased to deliver a process which previously required a separate external contract.

**Estimated Savings: £0.3m**

## OTHER BUDGET AREAS – TOTAL EXPENDITURE **£96.3m**

Local government funding is complex and we don't have discretion over all of our funding.

There are three budgets where the council does not have complete freedom on how funding is used.

### **East Renfrewshire Health and Social Care Partnership**

Our Health and Social Care Partnership (HSCP) has its own Board, the Integration Joint Board, and its members will decide on the savings they have to make. In previous years, the Scottish Government has made a condition of our funding that Councils provide flat cash funding to the HSCP. We have assumed that this will be the case for the next three financial years. The HSCP will have the same financial pressures as the Council but also has increased demand for their services because of Covid. The HSCP estimates it will have to make savings of over £18m over the next three years and will consult separately on their savings plans.

### **East Renfrewshire Culture and Leisure Trust**

The East Renfrewshire Culture and Leisure Trust is a charity, which has its own Board. The Trust is mainly funded by the income it generates and by a management fee of £5.45m provided by the Council. We have assumed we will provide flat cash funding to the Trust and its

Board will decide how to fill their funding gap. The Trust estimates it will have to make savings of £2m over the next three years, it will do this partly through reviewing prices and commercial activity to accelerate recovery and increase income where feasible.

In addition, the Leisure Trust in conjunction with the Council could make changes to services that are provided, which could result in savings for both organisations. The Leisure Trust, with the agreement of the Council, could make changes to the libraries, community halls and leisure centres it operates. Temporary or permanent closure of some facilities could be considered and the Trust will provide more information on specific options. The Council and Trust could also review non-fully-funded sports and physical activity programmes, which the Trust delivers on behalf of the Council.

### **Housing Revenue Account**

Our budget for council housing is ring-fenced by law and is called our Housing Revenue Account (HRA). We must account for the HRA separately from the rest of the Council accounts. They must finance their expenditure from their own income such as rents. Any funding gaps will have to be met by rent rises or by savings and our Housing team will consult separately with tenants about rent levels.