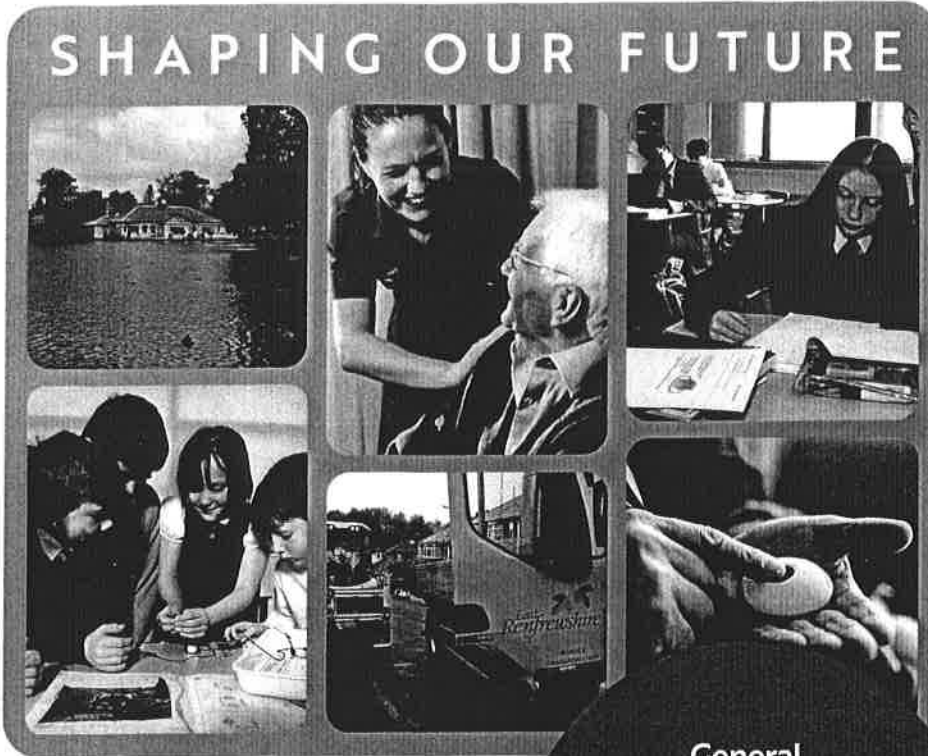


INTRODUCTION

This Budget Briefing outlines the unprecedented funding challenges faced by East Renfrewshire Council over the next three years. The money we receive from government to provide vital frontline services is expected to stay at the same cash level as this year for the next three years and, on top of that, the Council is facing the same challenges as everyone else in terms of inflation and rising energy costs. We could face a funding shortfall of more than £30m between 2023 and 2026 just to deliver the services we provide this year. We've already had to make savings of more than £80m since 2015-16, so have no option but to consider cutting services and jobs and increasing charges including council tax. We are being upfront with local residents about the scale of this challenge and you will have a say as part of a major public engagement exercise which will be launched soon. Councillors will consider your feedback before deciding what savings to make when the Council agrees its Budget in March 2023.



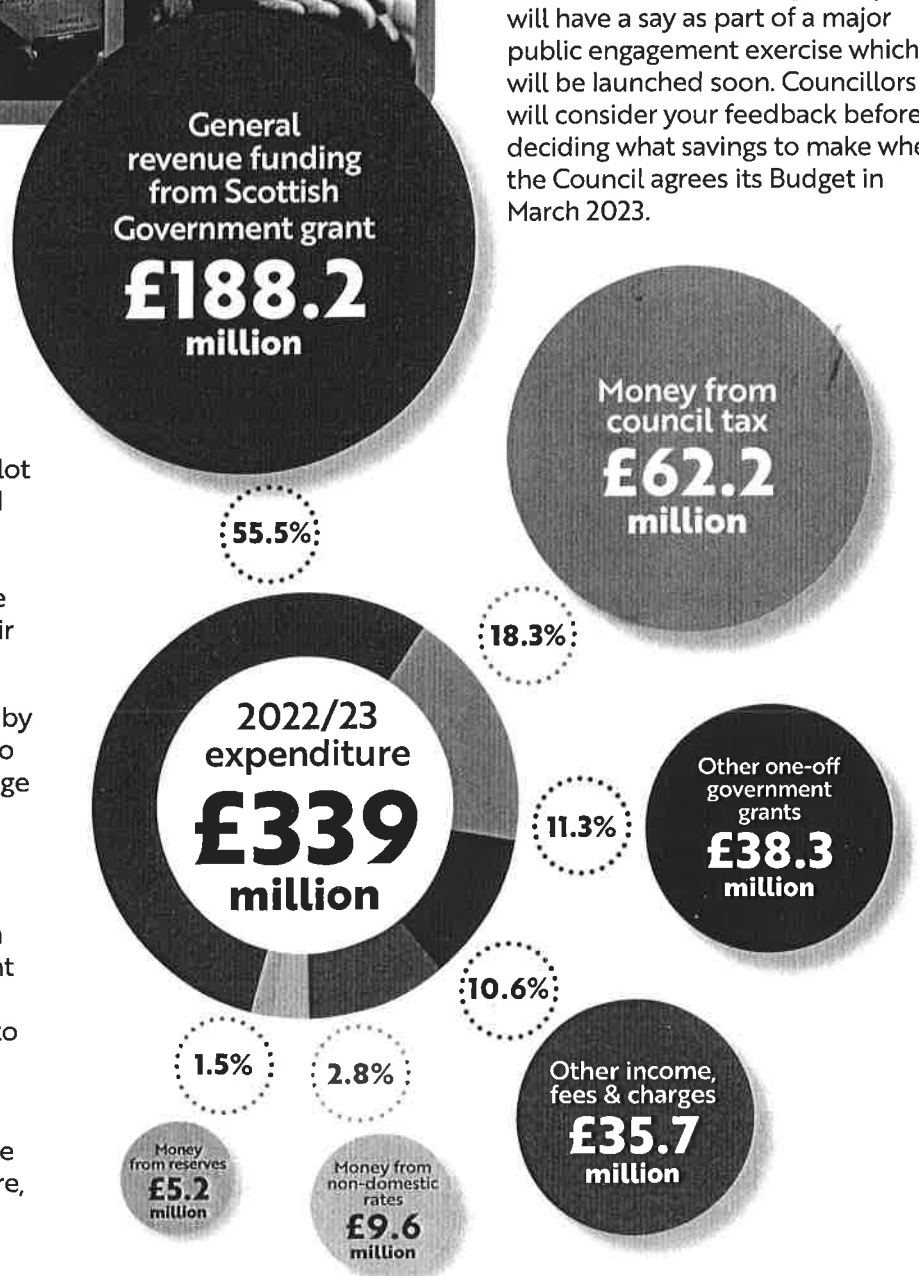
WHERE OUR FUNDING COMES FROM

East Renfrewshire Council spends more than £300m every year. Although this is a lot of money, much of it is already committed to providing essential services such as education for around 17,000 children and young people, early learning and childcare and supporting older people to live in their own homes or in care homes.

We must provide these and other services by law and - while we are of course keen to do so - it leaves us with limited scope to change how we spend the money we receive.

Most of our funding comes directly from the Scottish Government in our annual grant settlement, with just 18% raised from what residents pay in council tax. This grant settlement has not increased in line with inflation for many years and we have had to look for savings every year to balance our budget.

We also receive income from council house rents, from the NHS to help fund social care, as well as money for charges for council services such as planning applications and school meals.



HOW OUR SERVICES ARE FUNDED

People are often rightly concerned about what their council tax is spent on but it is important to remember the money raised from council tax only accounts for about 18% of our total funding.



Council Tax accounts for 18% of our total funding.



WHERE WE CAN AND CAN'T SPEND MONEY

Local Government funding is complex. Some of our money is ring-fenced and can only be used for specific purposes. For example, money raised from council house rents can only be used to cover the costs of providing the housing and not for education.

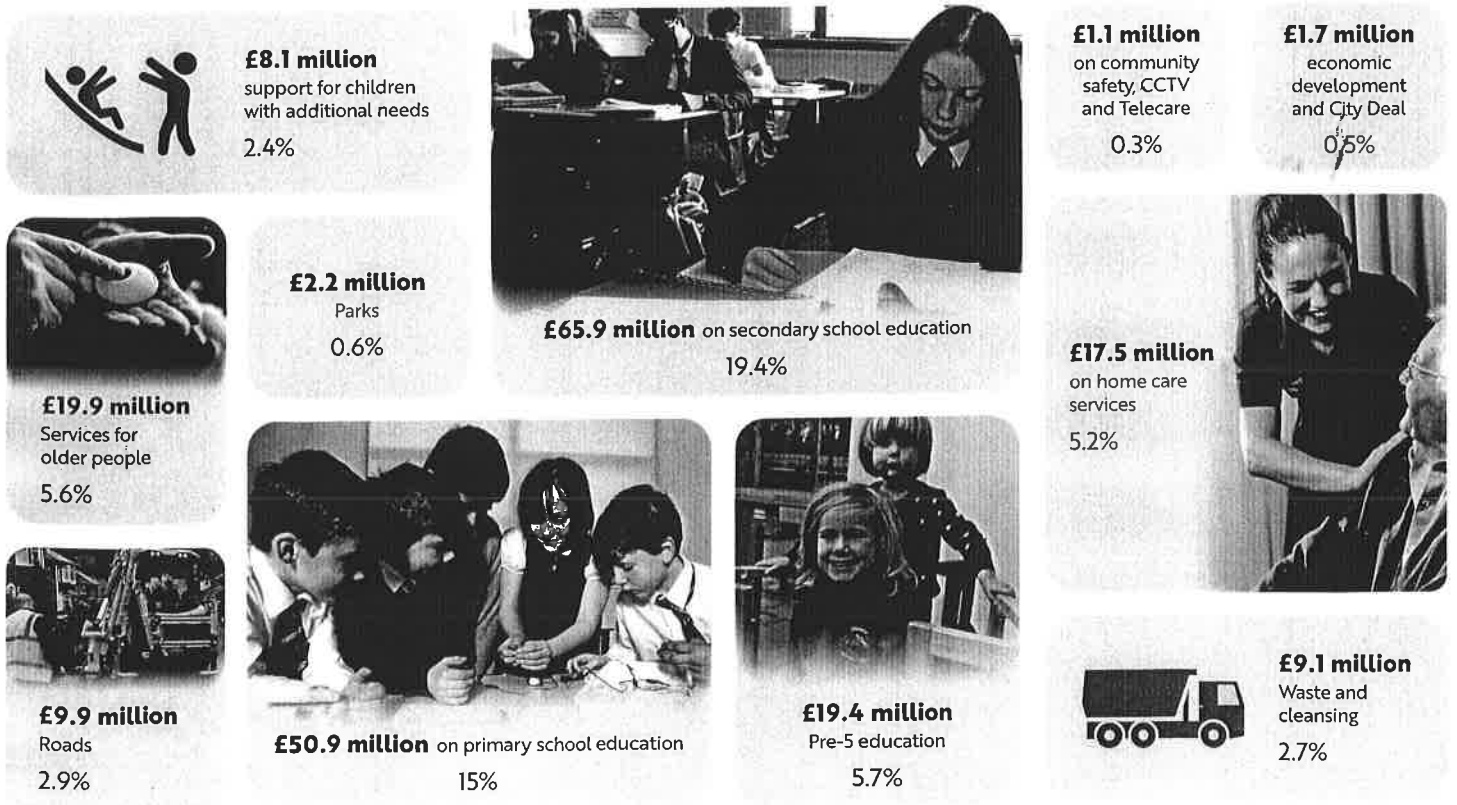
When we bid for funding, such as for City Deal Infrastructure projects, we must spend all the money on those projects or hand it back.

When the Scottish Government gives us new funding for social care it must be passed in its entirety to the Health and Social Care Partnership (HSCP) and not be diverted to pay for other services such as gritting roads.

Often our funding from the Scottish Government comes with conditions. In previous years we have been asked to keep the ratio of teachers to pupils constant, ensure we can deliver an increase in free nursery hours and ensure the HSCP gets no less cash than in previous years.

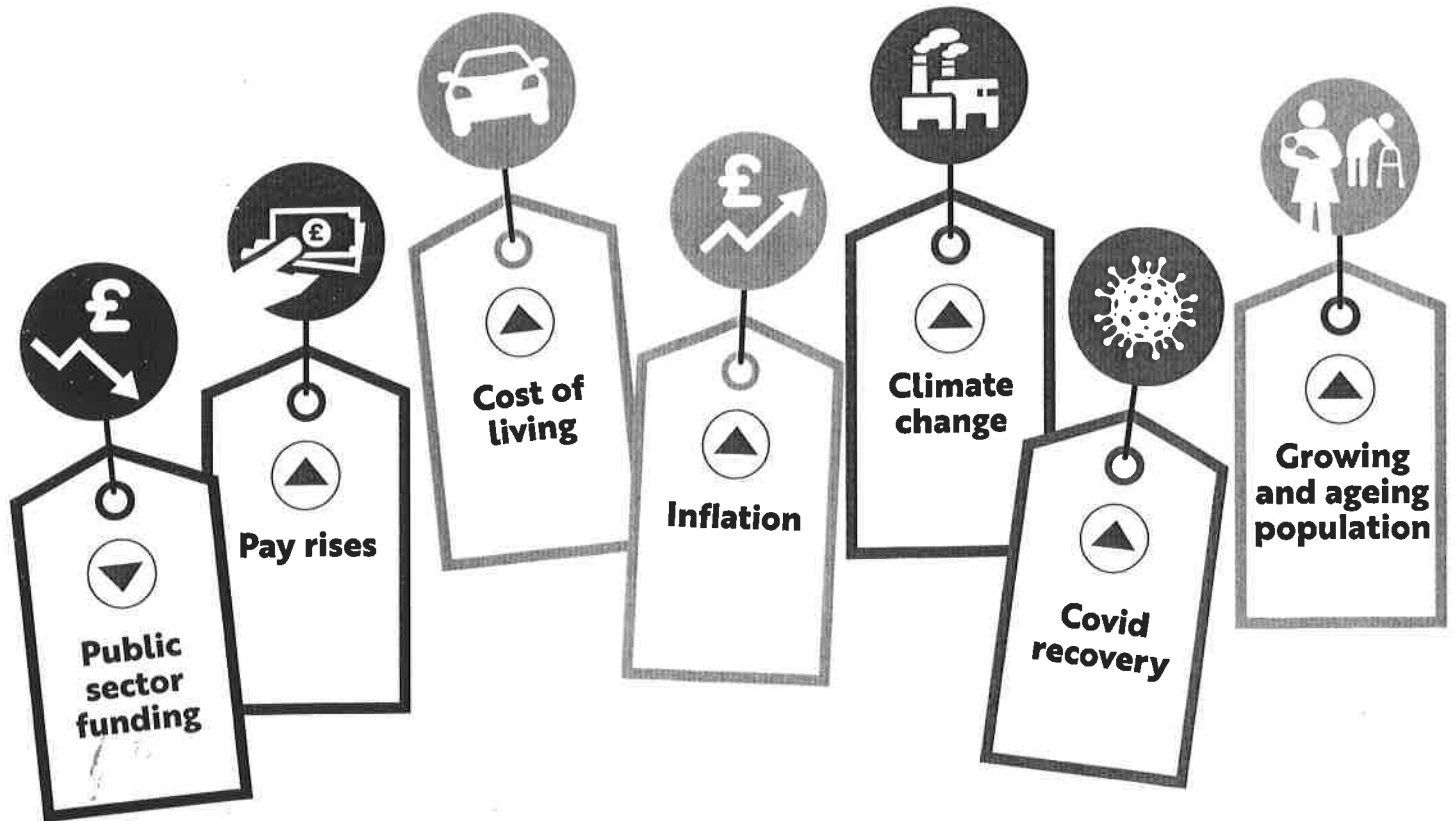
We are, of course, happy to provide such important services but it does mean we have less flexibility on what to spend money on at a local level.

THE MONEY WE SPEND ON VITAL SERVICES INCLUDES:



This table shows some of the Council's main areas of expenditure including how much we spend on our excellent schools and early years centres, improving our parks and roads and looking after our older people. We've also shown what percentage these are of our overall expenditure. These are our spending priorities based on what our residents have told us are the main issues on which we should focus. This is not a complete list of our spending but we do plan to share more information on expenditure as part of a public engagement exercise which will be launched in the coming weeks.

COST PRESSURES



East Renfrewshire is facing a perfect storm of financial challenges including inflation and rises in the cost of energy and raw materials.

Public sector funding: The Scottish Government's Resource Spending Review published in May 2022 outlined the likely funding for councils over the next three years to be broadly flat cash i.e. no allowances for pay increases or inflation. This could lead to an estimated funding gap of £30m for East Renfrewshire Council.

Pay: Pay is negotiated nationally and negotiations have not yet begun for the next three years. With Cost of Living challenges, it is expected that pay claims will be significant.

Inflation: The Council experiences the same inflationary increases as any other business, with the costs of energy, fuel and food all going up at level that outstrips our income.

Cost of Living crisis: More of our residents will be looking to the Council for help as they struggle to make ends meet increasing the demands on our services. It is crucial we are able to support our residents.

Climate Change emergency: The Council is committed to tackling Climate Change but it will require significant levels of funding in the coming years to implement measures to protect the environment for current and future generations.

Covid recovery: Councils have been at the forefront of supporting people during Covid. Over the last few years we have received ring-fenced funding for Covid recovery but the impact of the pandemic will affect our communities for many years to come.

As well as these general pressures, East Renfrewshire faces a range of specific challenges:

We have a growing population and in the next three years, the number of households in East Renfrewshire is predicted to increase by about 800 (2%). While this will bring in additional council tax and Government grants, it will also create additional demands on council services such as schools, refuse collection and road maintenance.

The proportion of children aged 0-14 in our population is the highest in Scotland, while people in East Renfrewshire also enjoy amongst the highest life expectancy rates in Scotland for both men (79.5) and women (84).

These trends will place considerable pressures on education provision and caring services for older people.

HOW WE HAVE MET PAST FUNDING CHALLENGES

£80 million

Savings since 2015/16

INCLUDING

More than £25 million

Modernising
how we work
since 2015/16



£5.2 million

Committed
from our reserves
this year



£9.5 million

From council tax rises



East Renfrewshire Council has had to make savings of more than £80m since 2015-16 and as a result it becomes more difficult every year to have to continue to find new savings.

Around £25m of those savings have been delivered via a wide-ranging efficiency drive. This has included an ongoing digital transformation programme providing more online services to customers and introducing new internal systems for HR and Payroll, Revenues and Benefits and our finance and procurement services which have streamlined our processes and again delivered financial savings. We've also introduced digital technologies for our frontline workers, saving travel time and optimising drivers' routes around East Renfrewshire.

The Council has also made extensive use of its financial reserves – committing to using £5.2m from our reserves in the current financial year - instead of having to make more painful cuts to frontline services. This is the largest amount we have used from our reserves for many years and will reduce the Council's level of reserves to £6.5m.

These reserves represent 2.4% of our net revenue budget and within the 2-4% range which Audit Scotland recommends councils should keep in reserve. Using reserves to avoid painful cuts to services means there will be fewer reserves to use in the future.

HOW WE WILL MEET FUTURE FUNDING CHALLENGES

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.

Our Health and Social Care Partnership has its own Board, the Integration Joint Board and its members will decide on the savings they have to make. We have assumed the Council will provide flat cash funding to the HSCP and this will mean they will have to make significant savings. The HSCP will consult separately on their savings plans.

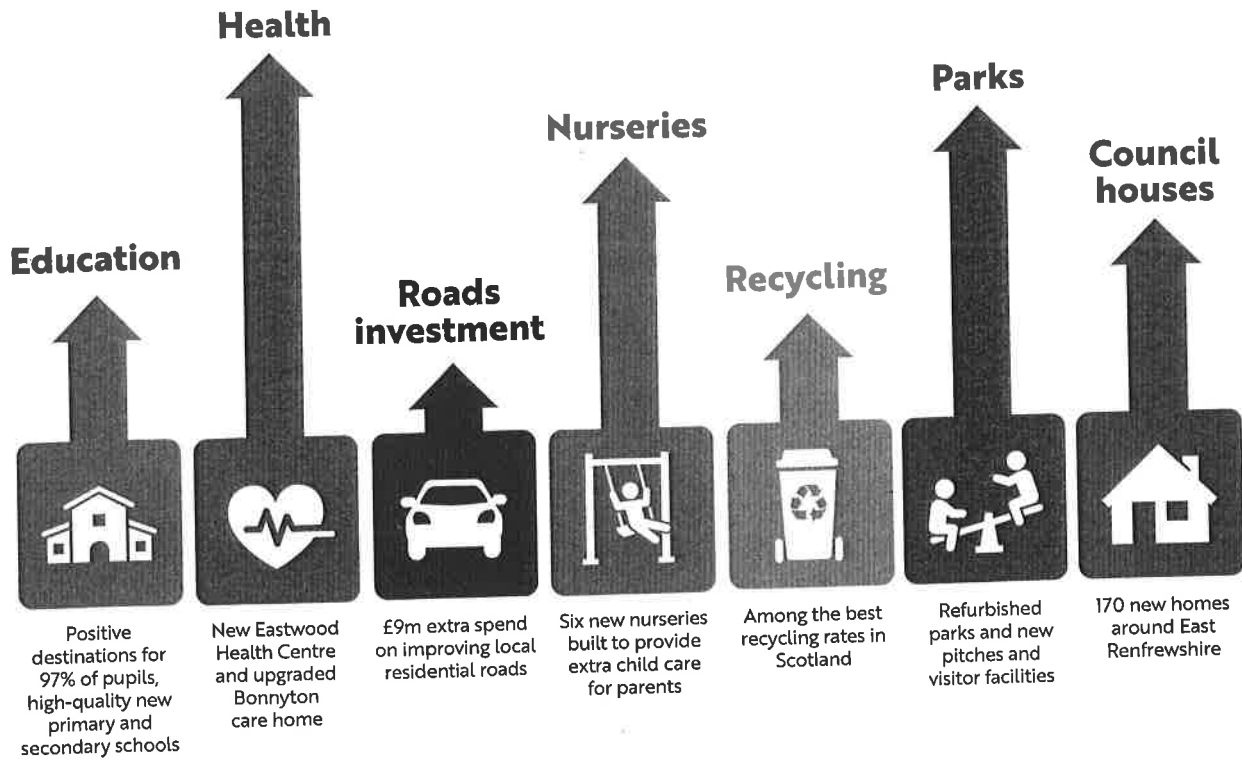
Our Culture and Leisure Trust operate as a charity and also has its own Board. We have assumed we will provide flat cash funding to the Trust and its Board will decide how to fill their funding gap.

Our budget for council housing is ring-fenced by law and any funding gaps can potentially be met by rent rises or by savings.

This leaves a budget gap of about £30m from a total expenditure of £339m which has to be found from all our other services. It is savings in these areas that we will be engaging with our residents and employees on over the coming months.

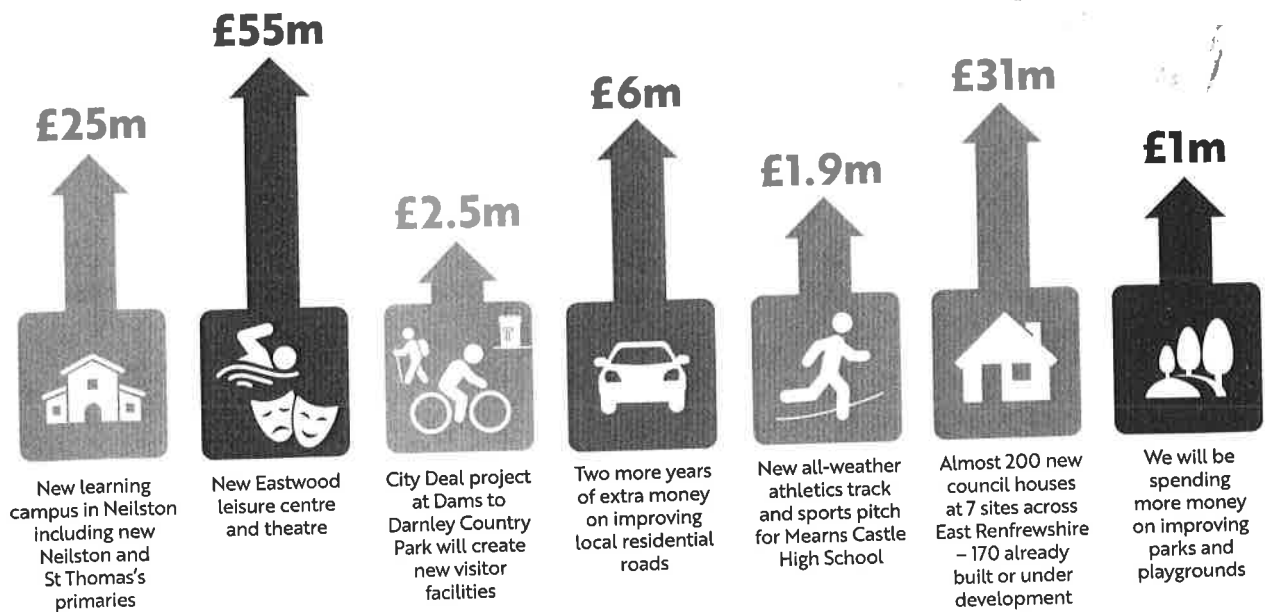


OUR ACHIEVEMENTS SINCE 2015/16



CONTINUED FUTURE INVESTMENT

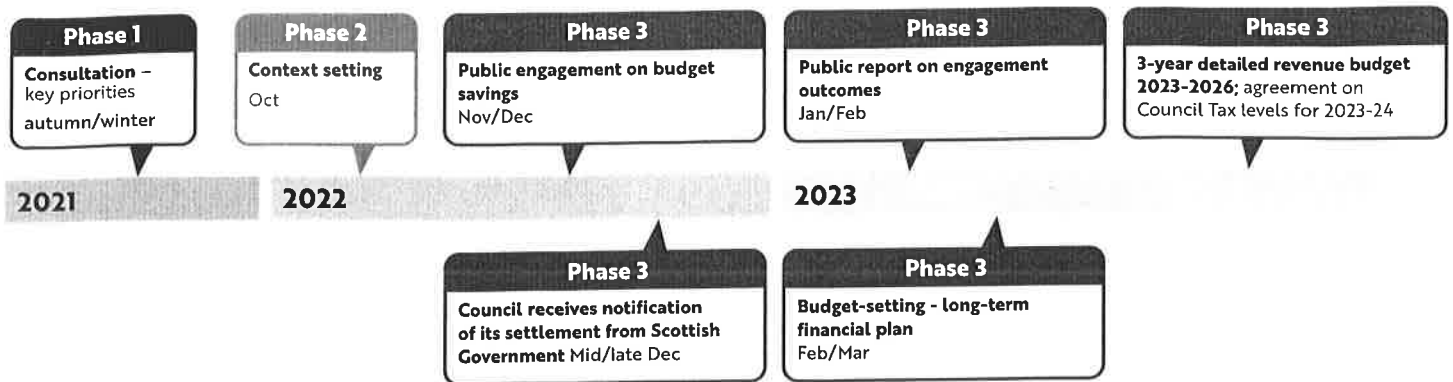
Some of our major capital projects include:



Despite the tough financial climate and difficult savings we have to make, the Council remains committed to significant investment in the services which are most important to local people. Money for long-term projects such as new schools and leisure facilities is funded

through our Capital Budget. This is a different pot of cash from our Revenue Budget which we use to pay for the day-to-day costs of running council services. Any savings we have to make must come from our Revenue Budget.

BUDGET ROADMAP



WHAT YOU'VE TOLD US SO FAR

Through regular surveys of our Citizens Panel we get a sense of how local residents feel about council services and where we should be focusing our attention. Our last Panel survey was in 2021, with 581 responses. 89% were satisfied with East Renfrewshire as a place to live, with 67% satisfied with council services.

The overall ranking by residents of the importance of local services has remained fairly consistent, with Education, libraries, and parks/open spaces amongst the top-rated services for a number of years. Environmental health and recycling also come out strongly.

In last year's survey, 89% of people felt the pandemic had a negative impact on Council services, although 61% rated the Council's response positively.

In autumn 2021, we consulted local residents on our proposals for the 2022/23 budget. There was a mixed understanding of the challenges facing the Council. While there was some understanding of our broader funding challenges, local residents had competing high

priorities for spend with the following all coming out as high priority areas:

- pandemic response and recovery (Education and Health & Social Care),
- tackling climate change,
- operating services under business as usual
- continuing to progress digital transformation
- improving key Council services such as roads.

The top priorities local people cited were: Education; Health & Social Care; Health, Leisure & Wellbeing; Economy; and Roads. These were followed by the Environment, Communities, Transport, Reducing Poverty, Improving Council operations and reducing costs.

There were mixed views on the extent to which the Council should consider implementing higher charges for services; 43.3% of residents said Maybe, 40.5% said Definitely Not and 12.6% said Definitely.

NEXT STEPS

In the next few weeks we plan to launch a major public engagement exercise on our spending plans for the next three years (2023-2026). More information will be provided on how we spend our money and the significant challenges we face in having to bridge the £30m estimated budget gap. You will be given the chance to put yourself in the shoes of the Council in trying to decide what services should be cut to make our savings target. We urge all residents and staff to take part in the engagement and share your views so we know what your priorities are ahead of some very difficult decisions. Councillors will listen to your views before setting the Council's Budget on March 1, 2023.

FURTHER READING

Ahead of our major public engagement exercise, here are some links to council plans which you may find useful:

[How we spend money](#)

[Performance](#)

[Planning for the future](#)

[Covid-19 impact report](#)

[Programmes and plans](#)