

## FC68. REVENUE BUDGET

Council considered a report by the Chief Executive and Director of Corporate and Housing Services providing an overview of the Chancellor of the Exchequer's spending review and its impact on for the Scottish Government's Local Government Finance Settlement together with a summary of progress with the budget preparations.

Council had agreed a provisional draft budget for 2016/17 on 11 February 2015 (ref FC69) and this had been the subject of a further report on 7 October 2015 (ref FC50) at which the necessary consultation and workflows to prepare for a 2 year budget were agreed.

The Chancellor had announced the outcome of his Spending Review on 25 November 2015 and it was now expected that the Scottish Government would present its budget on 16 December 2015, with Councils being notified of their respective revenue and capital grants on the same day. It was anticipated that Scotland would receive a 5% real terms cut in revenue resource budgets.

The Scottish Government had announced that there will be a one year settlement for 2016/17 with a longer term settlement to be provided in the autumn of 2016. As a consequence there could be a spreading of the degree of cuts which Councils will face between 2016 and 2019, with 2017/18 anticipated to be the worst. While the allocation for 2016/17 was not yet known it was estimated that a 1% variation from the projected settlement would equate to £280,000 and there could be a need to draw significantly on draft 2017/18 savings options to balance the 2016/17 budget.

While the benefit of moving to a 2 or 3 year budget was recognised, the report reflected on factors that now made such a move questionable for 2016/17 and 2017/18. Consequently a one year budget was proposed.

The report also detailed the current position of the provisional budget for 2016/17 with particular regard to the proposed £1.5m savings arising from changes to terms and conditions. A proposal had been put to the Trades Unions, with the main change a reduction in the standard working week from 37 to 36 hours. The Unions had sought a number of commitments from Council in return for an agreement to recommend the change to their members and the Chief Finance Officer updated Council on the detail of what was being sought.

Council had, following the meeting on 7 October 2015, undertaken a public engagement exercise on the budget proposals. The report provided an analysis of the responses.

Councillor C Martin, seconded by Councillor Nimmo, moved the following motion:-

*In line with recommendations 7.1 and 7.2 of the report, I propose that Council agrees to note the outcome of the Spending Review and the progress on budget preparation.*

*With regards to recommendation 7.3 of the report, I propose that Council produce a one year budget.*

*In relation to recommendation 7.4, and as a result of the verbal update provided by officers, I propose that subject to there being no significant further adverse changes to the Council's revenue budget over the*

*period of the current budget strategy, the Council responds to the agreements that the Unions wish to seek from the Council in return for an agreement on the changes, by agreeing to the following:*

- if the financial position of the Council were to improve, a commitment is provided to re-visit those changes to terms and conditions which would be implemented, if the Trade Union ballot on the current proposal were successful and enabled a collective agreement;*
- a commitment be provided that the Council will not seek to achieve any further Council wide changes to terms and conditions during the period up to and including the 2017/18 budget. This commitment would be made on the basis of corporately discussed terms and conditions only, and would still allow for changes at a local level within specific employee groups, such as those currently being discussed at the various Improvement Groups;*
- the Council will provide a commitment that until March 2017, the Council will deal with job reductions through voluntary methods using a range of options such as vacancy management, redeployment, voluntary severance and any other voluntary method which can help achieve the identified savings. The Council commits not to resort to compulsory redundancies before March 2017, except in circumstances where employees whose posts are “at risk” of redundancy, are being inflexible in considering options for redeployment, severance or other voluntary changes to their contracts of employment. In such circumstances the Council would consult with the recognised Trade Unions before taking any action.*

*It is proposed that Council agree to these points to help secure the £1.5m of savings, subject to the Trade Unions conducting a ballot, and successful outcome to this being achieved, leading to a collective agreement containing the changes to terms and conditions, and the points above, being reached between the Council and its workforce.*

Council then adjourned at 10.50 a.m. to allow members of the Opposition to consider the terms of the motion and reconvened at 11.05 a.m. with all members present as per the sederunt.

## **Decision**

### **Council agreed:-**

- (1) to note the outcome of the Spending Review and the progress on budget preparation;**
- (2) that a one year budget be set; and**
- (3) that subject to there being no significant further adverse changes to the Council’s revenue budget over the period of the current budget strategy, Council responds to the agreements that the Unions wish to seek from the Council in return for an agreement on the changes, to the following:**
  - if the financial position of the Council were to improve, a commitment is provided to re-visit those changes to terms and conditions which**

would be implemented, if the Trade Union ballot on the current proposal were successful and enabled a collective agreement;

- a commitment be provided that the Council will not seek to achieve any further Council wide changes to terms and conditions during the period up to and including the 2017/18 budget. This commitment would be made on the basis of corporately discussed terms and conditions only, and would still allow for changes at a local level within specific employee groups, such as those currently being discussed at the various Improvement Groups, and
- the Council will provide a commitment that until March 2017, the Council will deal with job reductions through voluntary methods using a range of options such as vacancy management, redeployment, voluntary severance and any other voluntary method which can help achieve the identified savings. The Council commits not to resort to compulsory redundancies before March 2017, except in circumstances where employees whose posts are “at risk” of redundancy, are being inflexible in considering options for redeployment, severance or other voluntary changes to their contracts of employment. In such circumstances the Council would consult with the recognised Trade Unions before taking any action.