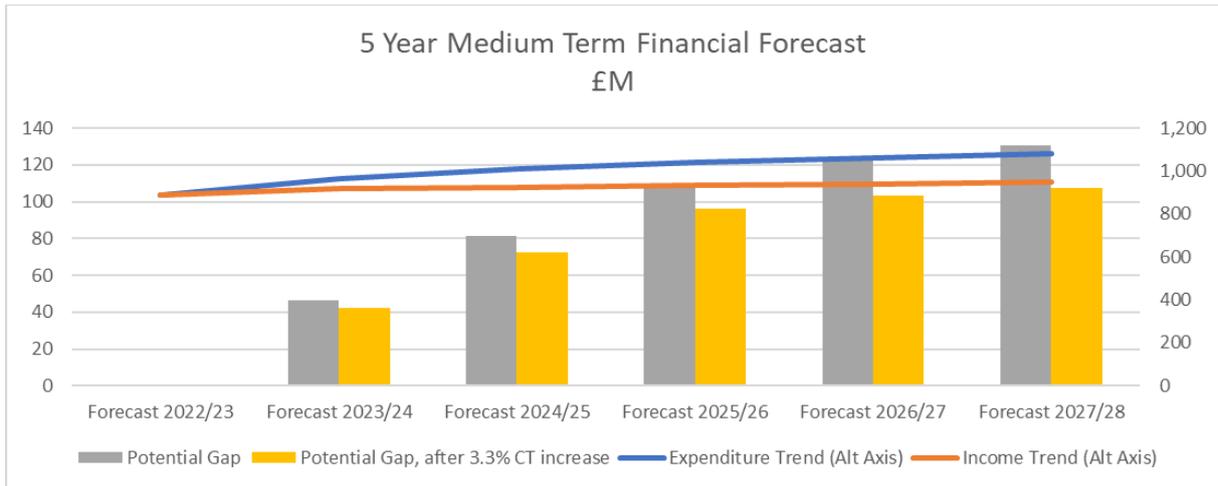


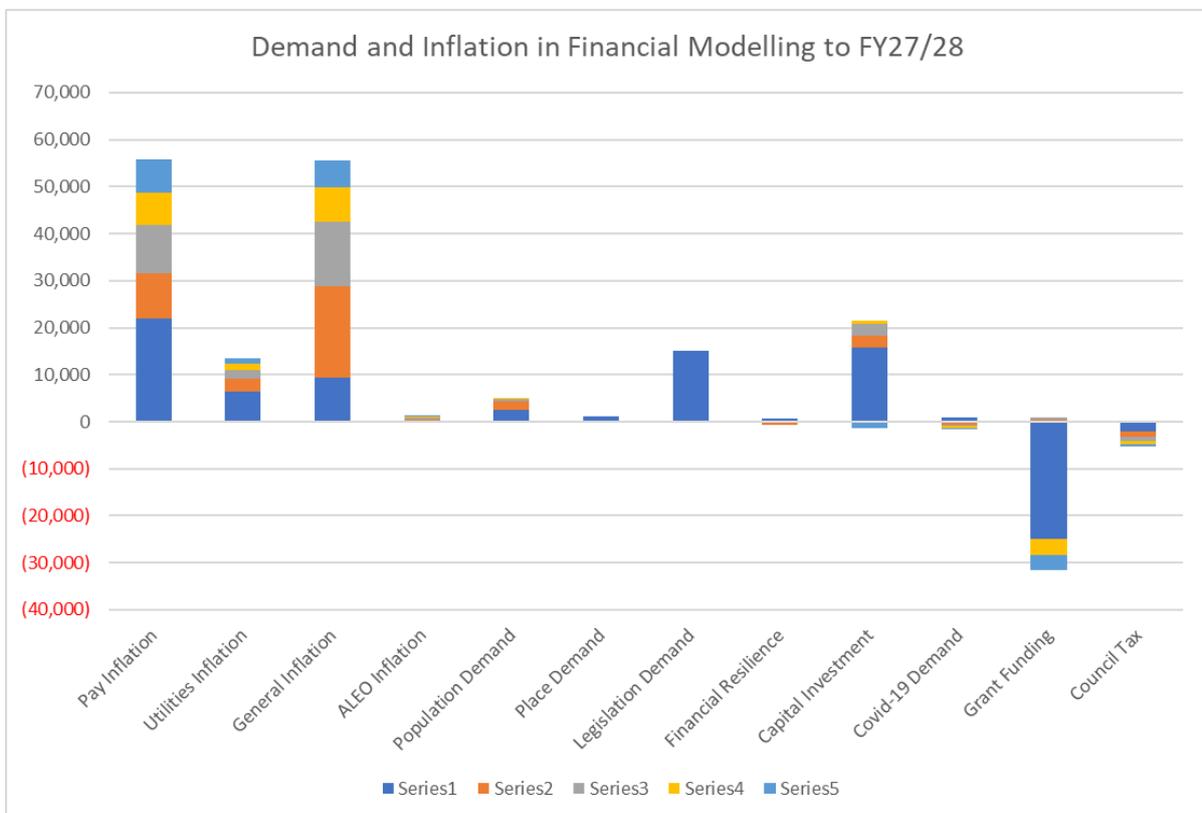
# Building the Budget Service Commissioning and Resource Allocation:

## Building the Budgets and Implications for 2023/24

The commissioning led approach to redesigning our services resulted in a financial model that anticipates a need to offset rising demand and costs within an income level that is predominantly constant. This is demonstrated by the following graphs:



The financial model for 2023/24, including the focus on demand can be expressed as shown in the following graph.



The solution to where that balance should be achieved has been based on the work undertaken to refine our approach to resource allocation. The insight into where and how strategic resource allocation can be further enhanced ties into the engagement by the Community Planning Partnership, having undertaken extensive work as part of refreshing the Local Outcome Improvement Plan in 2021. The insight into financial priority and the views that communities express help to shape future redesign and resource allocations in the Medium Term Financial Strategy.

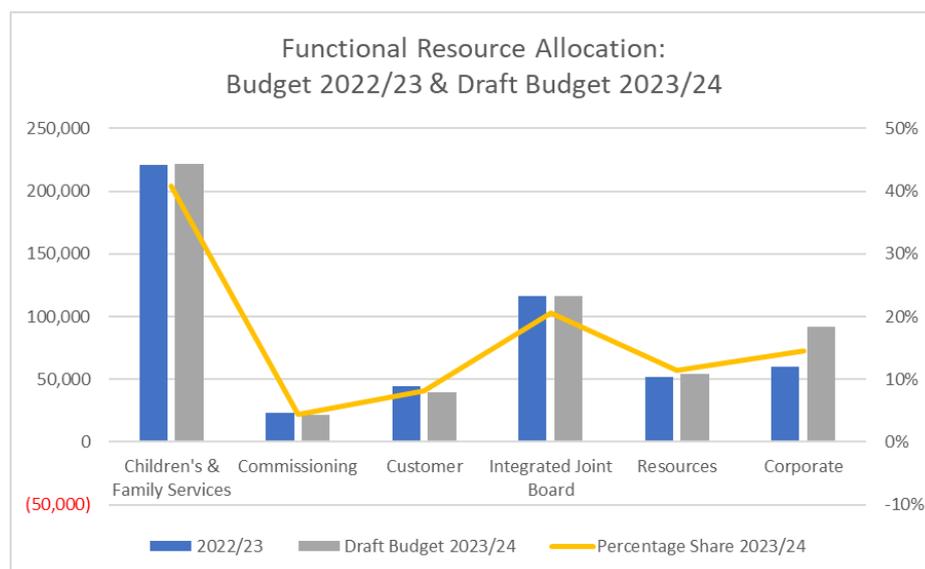
The redesign of services must focus on core elements of the budget, namely Staff, Assets, Spend and Income, the total of which must be met by Scottish Government Grant (including Non-Domestic Rates) and Council Tax income.

**Building the Budget:**

Chief Officers together have been asked to shape the budget based on the various factors that have been identified as part of the commissioning approach. This is expected to address identified demand and to be constrained by the overall financial resources available. Contingencies are included in the overall budget at a corporate level to help to address unknown demand and need.

Ready reckoners have been prepared and will be used to capture the financial impact of service redesign and decisions of the Council. These templates take account of the 2022/23 cost base and will build a new resource allocation for 2023/24. Inevitably there are some elements of the budget that need to reflect the uncertainty that exists, examples include where inflation will impact the Council utilities and pay awards; these are provided for at a corporate level – the lack of agreement on 2022/23 pay awards means significant provision / contingency is held in the Corporate ledgers at present.

The purpose of all of this is to enable Chief Officers to construct a budget that meets the Council’s Commissioning Intentions, set out in the Council Delivery Plan, and their service redesign objectives, while fulfilling the overall requirement for balancing the budget. This helps to empower Chief Officers and supports accountability and responsibility, rather than having adjustments made from the ‘corporate centre’.



Based on the services being recommissioned for 2023/24, indicative budget values are shown in the next table:

### General Fund 2023/24

#### Reconciliation of current year Budget, the 2022 Medium Term Financial Strategy for financial year 2023/24 and the Draft Budget for 2023/24

General Fund	Budget 2022/23 £'000	MTFS Forecast 2023/24 £'000	Draft Budget 2023/24 £'000	Variance Budget Draft 2023/24 v Budget 2022/23 £'000	Variance Budget Draft 2023/24 v MTFS 2023/24 £'000
Children's & Family Services	220,593	231,427	221,730	1,136	(9,698)
Commissioning	22,867	24,567	21,685	(1,182)	(2,882)
Customer	44,114	45,753	39,716	(4,398)	(6,038)
Integrated Joint Board	116,639	116,639	116,639	0	0
Resources	52,093	64,918	54,159	2,067	(10,759)
Corporate	60,166	82,522	91,650	31,483	9,128
<b>Net Expenditure</b>	<b>516,471</b>	<b>565,826</b>	<b>545,578</b>	<b>29,107</b>	<b>(20,248)</b>
Funded By					
General Revenue Grant	(113,158)	(113,028)	(148,915)	(35,757)	(35,887)
NNDR	(268,557)	(268,249)	(257,798)	10,760	10,451
Council Tax	(129,237)	(131,306)	(144,230)	(14,993)	(12,924)
Use of Reserves	(5,519)	0	(4,350)	1,169	(4,350)
<b>Core Funding</b>	<b>(516,471)</b>	<b>(512,582)</b>	<b>(555,292)</b>	<b>(38,821)</b>	<b>(42,710)</b>
<b>Net Impact on General Fund</b>	<b>0</b>	<b>53,243</b>	<b>(9,714)</b>	<b>(9,714)</b>	<b>(62,958)</b>
<b>Impact of Council Tax Increase:</b>					
Council Tax increase by 10% 23/24		(12,924)	0		
<b>Updated Net Impact on General Fund</b>		<b>40,319</b>	<b>(9,714)</b>		
Modelling Adjustments, inc LG Settlement		(6,597)	0		
Impact of Recommissioning in 23/24 - recurring		(42,772)	0		
Impact of Recommissioning in 23/24 - non-recurring		(663)	0		
<b>Updated General Fund Position</b>		<b>(9,713)</b>	<b>(9,714)</b>		
Annual Gap between Income and Expenditure		(9,713)	(9,714)		

Note: values shown are subject to change pending the budget decision. The posting of corporate adjustments have been held until the final budget position is reached.

Recommissioning our services continues to impact on the way in which our services will be delivered, taking account of the continued aim to reduce the total workforce, implementation of the digital programme and switching focus to prioritising our outcomes and legal obligations.

The wide-ranging implications of the redesigned services, which tackle demand and move the Council towards allocating resources for prevention and early intervention, must consider the financial sustainability of services and recognise areas where the Council should decommission.

Our corporate service design approach has included consideration of the following potential elements to ensure consistency and a comprehensive approach to building our services:

- **Staff:** recognising current and reducing staffing levels, identifying the opportunities within the Operating Model to consolidate, amalgamate or shift service areas to better meet the needs of our customers and enable the delivery of our outcomes.
- **Assets:** review the use of operational buildings, the need and suitability of the properties to deliver the services needed, consider the flexibility and alternative options for how we work, taking advantage of digital transformation, mobile and alternative locations.
- **Spend:** review the contract registers, consider duplication of commissioned services, review frameworks that could be used to replace existing contracts or to bring contract spend onto a framework agreement.
- **Fees and Charges:** understand the Service Income Policy and the relationship that the service has with charging, local discretion, national pricing, partial recovery and full cost recovery; consider the sustainability of services that can be charged for and think about the commercial opportunities to raise additional income that covers more than cost. The sustainability of charging to other Council accounts needs to be reviewed.
- **Ring-Fenced Grants:** this funding is not guaranteed, and costs must be contained within funding made available. A review of the recurring nature of this funding should be considered and the implications if it were to stop.
- **Covid-19:** working through the pandemic for the last two years has presented many operational challenges and the Council has required services to adapt and shift to address the circumstances that have been faced. In recent months the restrictions have eased and now move towards being removed from law in March 2022. It does not mean that the virus has disappeared, and it is not the case that all the norms that the Council has experienced for its income and expenditure will return. The experience of the last two years must continue to shape the thinking on service design and this has been included as part of our approach.
- **Net Zero Vision:** increasingly prominent in our work, the Council has set out its vision for contributing to the national targets and making that transition as a city. The design of our services has to factor in how they will contribute to the Council's net zero ambitions.