1.5 There have been three changes to the base budget since reported to Policy and Resources Committee on 15 August 2024:

The Teachers pay award was originally agreed up to 31 July 2024 as

Management/Operational savings already agreed by Council February 2024.
Release of Earmarked Reserves as agreed by Council in September 2024.

1.13 In the mid-range scenario, the budget gap estimated over the five year period 2025-26 to 2029-30 is £28.565m with a gap of £9.147m in 2025-26.

1.14 The budget gap in the best case scenario over the five years is £15.644m with a gap of £5.075m in 2025-26 and in the worst case scenario, the budget gap over the five years is £93.220m with a gap of £23.017m in 2025-26. A summary of all three scenarios is included within Appendix 1.

1.15 It is recommended that the Policy and Resources Committee consider the current estimated budget outlook position for the period 2025-26 to 2029-30.

0.5% settlement reduction each year.

	2025-26 £000

pressure on the base budget of £0.296m. At the time of writing, the teachers pay award has been agreed but SJC and Chief Officers is still in negotiations.

In 2023-24 a £1.4m contingency was set aside for inflationary pressures, £0.936m of which was allocated to cover increased utility costs for 2024-25 based on projections at that time. However based on actual costs at the end of 2023-24 it is estimated that £0.200m of this can be returned to the General Fund in 2024-25 resulting in a reduction to the base budget.

4.2.3 For future years, there are adjustments required to the base budget from decisions by Council on 22 February 2024 and other adjustments as noted in the table below:

	2025-26 £000	**2026-27 £000**	**2027-28 £000**	**2028-29 £000**	**2029-30 £000**
Base Budget 2024-25	301,965	301,965	301,965	301,965	301,965
Adjust for one-off 2024-25 cost pressures	(130)	(130)	(130)	(130)	(130)
Adjust for one-off 2024-25 Management/ Operational savings	1,694	1,694	1,694	1,694	1,694
Children's Social Care Pay Uplift	63	63	63	63	63

4.3.2 For future years, the previous assumption of a 2% increase remains unchanged. The best case scenario also remains at a 2% increase (on the basis that the increase is not likely to be less than this) and the worst case scenario assumes a 5% increase.

the estimates will be kept under close review.

	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000
Unavoidable/Inescapable	5,444	8,193	11,107	14,203
Total Non-Pay Inflation	**5,444**	**8,193**	**11,107**	**14,203**

4.5 Cost and Demand Pressures

4.5.1 For a number of years, services have worked on the basis of having to contain any cost and demand pressures within current resources where possible, however, there are a number of cost and demand pressures already identified for Counc32 re69 52.224 08.865ETQ-3(y)10( )6CFlooQ108.86 22169 4au1r-3(n)-3

	£000	**27 £000**	**£000**	**29 £000**	**£000**
Universal Credit – HB Admin Grant	40	80	120	160	200
ASN Support	202	410	624	624	624
SEEMiS Membership Fees	0	7	7	7	7
Maintenance/Repair of School Estate	360	360	360	360	360
Election costs	0	0	350	0	0
ICT Equipment for Hybrid Council Meetings	12	12	12	12	12

2025-26	2026-27	2027-28	2028-29	2029-30
£000	£000	£000	£000	£000

2025-26					
Teachers Pay Award 2024-25 – full year impact of 3% increase	(656)	(656)	(656)	(656)	(656)
0.2% increase in 2024-25 Pay Award for all employees (Excl. SW)	(296)	(296)	(296)	(296)	(296)
Release of inflationary contingency in 2024-25 to General Fund	200	200	200	200	200
Council Tax Income on Second Homes in excess of budget	328	328	328	328	328
Adjustment to Non-Pay Inflation	(672)	(455)	(706)	(971)	(1,252)
Amendment to Cost Pressure – Bus Contracts	(167)	(167)	(167)	(167)	(167)
New Cost Pressure - Stadiums Income – Saving no longer fully achievable	(20)	(20)	(20)	(20)	(20)
New Cost Pressure - Loans Charges for Weather Incident as agreed at P&R Committee	(80)	(80)	(80)	(80)	(80)

officers are continuing to explore savings options during 2024-25 and these will be presented to Members at a future date.

5.2 This is a very challenging budget outlook position and the level of Scottish Government grant and the pay award are two assumptions that could alter the figures significantly. These will be kept under close review and the budget outlook updated as and when further information becomes available.

6. IMPLICATIONS

6.1	Policy -	Sets out the budget outlook that provides the financial envelope for policy decisions.
6.2	Financial -	Sets best, worst and mid-range scenarios in respect of the budget outlook. The medium to longer term financial strategy is being updated and the Council are actively continuing to pursue opportunities to mitigated a

Base Budget	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965	301,965
Base Budget Adjustments	2,269	2,269	2,269	2,269	2,269	2,379	2,379	2,379	2,379	2,379	2,371	2,371	2,371	2,371	2,371
Pay Award	3,448	6,651	9,918	13,250	16,649	3,448	6,651	9,918	13,250	16,649	11,414	22,873	34,905	47,539	60,805
Pay Award - Elected Members	33	33	33	33	33	33	33	33	33	33	33	33	33	33	33
Pay Increments	329	658	986	1,315	1,643	605	1,210	1,815	2,420	3,025	605	1,210	1,815	2,420	3,025
Adjustment to Employee Base	0	6,875	6,875	6,875	6,875	0	6,875	6,875	6,875	6,875	0	6,875	6,875	6,875	6,875

Department	Service	Cost/Demand Pressure	Best Case					Mid Range Scenario					Worst Case				
			2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000	2025-26 £000	2026-27 £000	2027-28 £000	2028-29 £000	2029-30 £000

SOCIAL WORK COST AND DEMAND PRESSURES 25 to 2027-28

APPENDIX

Service	Cost/Demand Pressure	2025-26 £000