Medium Term Financial Plan 2022-23 to 2024-25

October 2021

THE SOUTH AYRSHIRE WAY

RESPECTFUL • POSITIVE • SUPPORTIVE

South Ayrshire Council

Medium Term Financial Plan 2022-23 to 2024-25

Contents

1. Introduction

1.1 The purpose of the Medium-Term Financial Plan (MTFP) is to provide a clear direction on how the Council will manage its financial resources in the short to medium term to ensure they are deployed effectively to achieve Council Priorities and objectives. It plays a vital part of decision-making and forms the basis of the Council's stewardship over taxpayer's funds. It is an integral part of the Council's financial framework and draws much of its supporting context and evidence from the Long-Term Financial Outlook (LTFO).

1.2 Given the extent of financial challenges ahead, it is essential that the MTFP enables the Council to develop a better understanding of the wider policy and financial environment within which it operates and ensure that it can identify and respond flexibly to opportunities and threats and manage and mitigate risks whilst ensuring that financial resources are contributing to achieving Council objectives and outcomes. The principal objectives of the Financial Plan are:

- Outline the Council's high level financial position over the years 2022-2025 based on the range of assumptions identified in the LTFO.
- Highlight the key influential issues that have been considered in developing the plan.
- Ensure that limited available resources are focused on delivery of the Council's key priorities.
- Provide a financial planning platform for a sustainable revenue budget and capital investment programme which will support the Council's key priorities.
- Ensure that the Council is fully aware of the financial challenges and uncertainties that it faces and is in the strongest possible position to deliver the best possible quality and range of services within available resources.
- Increase both organisational awareness and wider community understanding of the Council's financial position and the challenges it is facing over the medium term in balancing and delivering against its budget.

1.3 The Plan also sets out the approach for the utilisation of reserves, including a clear rationale between holding fund balances for specified purposes and making decisions on the extent to which reserves can be utilised when setting the budget.

1.4 The Plan covers the three-year planning period from 2022-23 to 2024-25.

2. Financial Outlook

2.1 The Council's Long-Term Financial Outlook (LTFO) identifies several key factors affecting the financial position and financial sustainability of the Council over the longer term. The LTFO considers four key contributing factors as shown in Fig 1 below. These key factors are then broken down into various sub-categories and the effect of each on the Councils financial position is then considered further, contributing to the overall financial outlook over the longer term.

Fig 1 – key contributing factors

Local factors	National factors	Income sources	Cost pressures

2.2 It is not intended to replicate, as part of this Medium-Term Financial Plan (MTFP), the information contained in Long Term Financial Outlook 2022 to 2032. Rather the intention is to focus on the first three years of the budget outlook position contained in the LTFO and provide a more detailed analysis of material matters affecting the next three-year budget position.

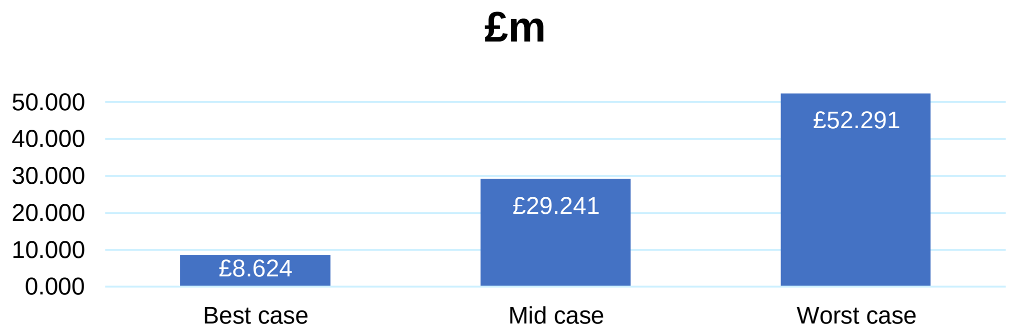
2.3 A scenario-based approach has been taken as there is significant uncertainty in a number of the assumptions contained in the LTFO therefore taking this type of approach allows for a range of possible outcomes driven by changes to various assumptions. A summary of the anticipated position of the Council over the next three years, drawn from the LTFO, is provided in the Fig 2 below. Further work continues to refine the underlying assumptions. Final savings requirements and the affordability of pressures will be determined following the Local Government Financial Settlement due to be announced in December 2021. A more detailed analysis is provided in appendix 1.

Fig 2 – three-year budget gap

	2022/23 £m	2023/24 £m	2024/25 £m
Best Case	(2.395)	(3.453)	(2.776)
Mid Case	(7.971)	(12.215)	(9.055)
Worst Case	(14.930)	(20.219)	(17.142)

2.4 The above table assumes that for each year the budget gap identified is bridged on a permanent basis prior to commencing the following year. The table indicates a range of between £2.4m and £14.9m for 2022-23 and a cumulative 3-year gap as shown in Fig 3 below.

Fig 3 – Cumulative 3-year gap



2.5 The assumptions which the financial projections are built upon are the best information and estimates of the likely future movement in the financial environment as of September 2021.

2.6 **Material Medium Term Matters.** The following matters, drawn from the LTFO, are considered as material financial matters that will impact in a significant way on the Council over the next three years and have been factored into the overall financial position and budget gap as identified in 2.3 above.

2.6.1 ***Local Government Funding*** – The primary source of funding for the Council is Scottish Government funding which, as per the LTFO, provides a combined total of 78% of net revenue funding each year.

2.6.2 The UK Government is due to undertake it's 2022-23 spending review in late October 2021 which will impact on the Scottish Block Grant. The Scottish Block Grant from UK Treasury is based on the Barnett Formula, adjusted to take account of taxation and fiscal powers now devolved to the Scottish Government. This adjustment is captured under the Fiscal Framework between the UK and Scottish Governments.

2.6.3 In recent years there has been significant uncertainty in this area due to the continuing approach by the Scottish Government to provide one year only settlements. This uncertainty has been increased further due to 'eleventh hour' additional revenue funding for Local Government announced as part of deals agreed by the Scottish Government as they sought to secure support for the Scottish budget in the Parliamentary process. The recent agreement between the Scottish Government and the Green Party will likely remove this added uncertainty however with over three quarters of the Council's net revenue funding being received in this way it is simple to see why UK and Scottish Government policies and economic forecasts impact on the level of Council funding.

2.6.4 The allocation of any change in funding made by Scottish Government across the Scottish public sector portfolios is unknown, so for scenario planning the following assumptions have been made in relation to Scottish Local Government Funding allocations.

Fig 4 – Scottish Local Government funding assumptions

Best Case	Mid Case	Worst Case
Year 1 to 3 - 1% increase	Year 1 to 3 - Flat Cash	Year 1 to 3 - 1% reduction

2.6.5 ***Council Tax Income –*** This is the main fiscal lever that local authorities have, setting the Council Tax.

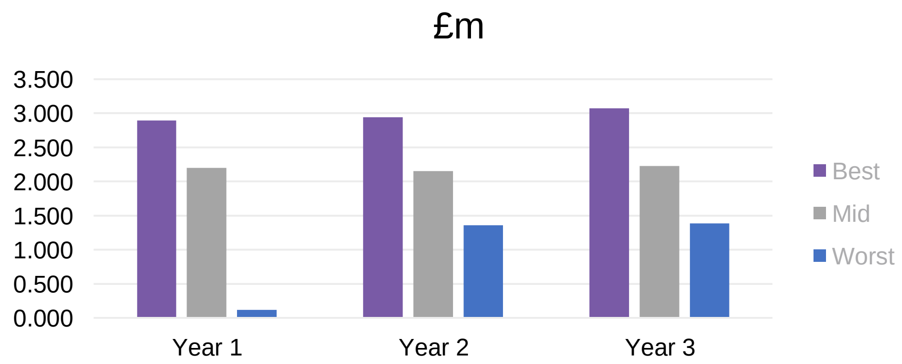
2.6.6 Councils have discretion to increase Council Tax levels however this has been capped or severely limited in recent years through conditions contained in the annual local government settlement. Councils were given the flexibility to increase their Council Tax for 2019-20 and 2020-21 by 3% in real terms, which equated to increases of 4.79% and 4.84% respectively however this was followed with a further freeze on Council Tax increases in 2021-22, funded through additional Council Tax freeze funding.

2.6.7 For each 1% increase in Council Tax rates, the Council is able to raise approximately £0.700m to £0.725m in income. This ability to raise income through Council Tax is important as any increase is mainlined into the base income for the following year and has a compound effect on future years income levels. For scenario planning the following key assumptions have been made in relation to Council Tax increases.

Fig 5 – Council tax increases assumptions.

Best Case	Mid Case	Worst Case
Year 1 to 3 4% increase	Year 1 to 3 3% increase	Year 1 - CT Freeze Year 2 to 3 2% increase

Fig 6 – assumed additional CT sums raised



2.6.8 Fig 6 above shows the different amounts than are raised in each year for each scenario (in year 1 the worst-case scenario includes a council tax freeze). Limiting the value and / or missing the opportunity to increase Council Tax undermines the future value of this funding stream for the council.

2.6.9 ***Fees and Charges*** - The Council also raises income by charging for some of the services it provides. There is a degree of flexibility for the Council as to what level many charges are set at. However, any increases in charges for services need to recognise the relationship between price and demand and the resultant impact on the local economy.

2.6.10 The net budget for 2021-22 included income from external fees and charges (excluding Social Care) of £14.6m. Some elements of this relate to charges that are set at a national level through statutory or regulatory measures such as Planning and Licensing fees however many of the remaining charges such as cremation fees, swimming charges, school meal charges etc are set at a local level by the Council.

2.6.11 One of the most significant financial impacts encountered during the Covid-19 pandemic was the loss of income from external fees and charges due to many of the Councils facilities being closed throughout the pandemic. In recent months income from fees and charges has started to return, however it is unclear as to when there will be a return to previous pre pandemic levels of income. Details of the likely impact of Covid-19 over the medium term for fees and charges and other matters are highlighted later in this section. For scenario planning the following key assumptions have been made in relation to external fees and charges increases.

Fig 7 – Fees and charges

Best Case	Mid Case	Worst Case
Year 1 - no increase Year 2 and 3 - 2.5% increase	Year 1 – no increase Year 2 and 3 - 1.5% increase	Year 1 no increase Year 2 to 3 - 0.5% increase

2.6.12 ***Pay Settlements, National Insurance and Pension Costs*** - Pay-related costs are a major component of the Council's overall expenditure and as determined in the LTFO, represent 48% of Council net spend each year. The Council's financial planning requires to take account of likely future pay settlements and other pay-related costs beyond 2021-22. Whilst indicative provisions have been included in the projections, there is inevitable uncertainty pending conclusion of the 2021-22 national negotiations.

2.6.13 The recent announcement by the UK Government to increase from April 2022, National Insurance rates by 1.25% for both employee and employer, to tackle the NHS backlog and pay for social care changes. This will place additional pressure on Council budgets for 2022-23 and beyond.

2.6.14 Superannuation rates have been modelled in line with the projections issued by Strathclyde Pension Fund. A new triennial valuation was undertaken in March 2020 which set the rates for 2021/22 to 2023/24. For modelling purposes, the current 19.3% rate is assumed to remain in place for the full period of the forecast and for each scenario, but this is subject to change.

Fig 8 – Pay uplift assumptions

Best Case	Mid Case	Worst Case
Year 1 to 3 - 1.5% uplift	Year 1 to 3 - 2% uplift	Year 1 to 3 - 3% uplift

2.6.15 ***Inflation Costs and other Cost Pressures*** – Budgets are not routinely inflated however some of the Council's contracts, such as the Schools PPP contract, have direct links to inflation indices and will require to continue to be funded. Going forward every effort is made to contain inflation pressures within existing budget levels, through procurement processes. In addition, an essential part of the financial modelling process is the identification of increases in service demand over and above current service budgets such as the cost impact of an ageing population, welfare reform changes and the shifting of the balance of care.

2.6.16 Traditionally additional resources of circa £1.5m have been included to allow for limited inflationary factors and other cost pressures/additional investment. For scenario planning the following key assumptions have been made in relation to this.

Fig 9 – Inflation and other cost pressure uplifts

Best Case	Mid Case	Worst Case
Year 1 to 3 based on similar level of increased investment as 2021-22 (£1.5m pa)	Year 1 to 3 33% increase over 2021-22 level to reflect increased inflationary and other cost factor increases (£2m pa)	Year 1 to 3 67% increase over 2021-22 level to reflect increased inflationary and other cost factor increases (£2.5m pa)

2.6.17 ***Health and Social Care Partnership*** - The Integration Scheme sets out the Integrated Joint Board's (IJB) responsibility for financial planning and management of the HSCP's resources. The IJB operates its own Budget Working Group that considers information on anticipated pressures and proposed savings options to inform the allocation of resources delegated to the IJB. Many of the cost pressures experienced by the partnership are similar to those of the Council, such as contract inflation and pay inflation but with the added demographic pressure of an ageing population. The LTFO provides further analysis of the potential shift in resources, away from children's services towards adult services.

2.6.18 In recent years the local government financial settlement has included additional funding for social care with the caveat that the funding should be passported through to the partnership by Councils. As part of the 2021-22 budget the Council made a net contribution to the HSCP of £4.582m (inclusive of Criminal Justice Specific grant funding) reflecting the requirements as set out in the 2021-22 local government finance settlement.

2.6.19 It is unclear of this practice by the Scottish Government of adding and ringfencing funding in this way for social care will continue in future local government settlement therefore, for the purposes of scenario planning the following key assumptions, shown in Fig 10 below, have been made in relation to this alongside other identified cost pressures for the HSCP.

Fig 10 – HSCP cost pressures and SG funding assumptions

Assumption	Best Case	Mid Case	Worst Case
HSCP Council contribution uplift	Year 1 - 3% gross council contribution uplift less Pay & Demographic uplift Year 2 to 3 - 1.5% gross council contribution uplift less pay uplift	Year 1 - 3% gross council contribution uplift less Pay & Demographic uplift Year 2 to 3 - 2% gross council contribution uplift less pay uplift	Year 1 - 3% gross council contribution uplift less Pay & Demographic uplift Year 2 to 3 - 3% gross council contribution uplift less pay uplift
HSCP Pay uplift	Year 1 to 3 - 1.5% uplift	Year 1 to 3 - 2% uplift	Year 1 to 3 - 3% uplift
Demographic Health Changes	Per anticipated demographic changes contained in the LTFO	Per Best case with 50% less reduction in Children's demographic changes	Per Best case with 75% less reduction in Children's element
Scottish Government HSCP additionality funding	Year 1 - 3% increase Year 2 to 3 - 2% increase	Year 1 - 2% increase Year 2 to 3 - 1% increase	Year 1 - 1% increase Year 2 to 3 - flat cash

2.6.20 ***Revenue Implications of Capital Investment Decisions* -** In order to ensure there is a clear linkage between the longer-term capital investment decision making and the associated revenue impact for the Council; the resultant debt charges estimated for the period of the approved capital investment programme require to be incorporated into future financial considerations. The MTFP includes the revenue impact of the current ten Capital Investment plan approved in March 2021.

2.6.21 The MTFP has been adjusted to reflect estimated increased capital project costs associated with the impact of Covid-19 (as described in 2.6.25 below). In addition, the plan has been adjusted to reflect assumptions around potential debt charge increases designed to represent a percentage increase over the overall current capital investment programme required to implement climate change policy requirements, as described in Fig 11 below.

Fig 11 – Capital Investment debt charge implications over current plan

Assumption	Best Case	Mid Case	Worst Case
Covid-19 debt charges impact per October 2021 Leadership Panel report	Estimated impact per October 2021 LP report	Year 1 - 5% increase Year 2 - 3% increase Year 3 - 2% increase	Year 1 - 7.5% increase Year 2 - 5% increase Year 3 – 2.5% increase
Carbon budget debt charge increase	Year 1 - 0% increase Year 2 - 2.5% increase, Year 3 - 5% increase	Year 1 - 2.5% increase Year 2 - 5% increase, Year 3 - 7.5% increase	Year 1 - 5% increase Year 2 to 3 - 7.5% increase

2.6.22 The additional cost implications contained in the above table could be mitigated by reducing the current capital investment programme to accommodate the additional cost implications of Covid-19 and potential Carbon budget capital projects.

2.6.23 ***Covid-19*** – All local authorities were impacted by the lockdown restrictions put in place during the Covid-19 pandemic through additional costs and loss of income. The UK and Scottish Government provided significant funding to support businesses in general, through rates relief and business grants and provided funding to Council's to mitigate the additional costs and loss of income being encountered. This situation continued well into the early part of 2021-22 before restrictions began to be lifted.

2.6.24 As a result of the continuing lockdown restrictions, in March 2021 the Scottish Government announced further general Covid-19 un-ringfenced 2021-22 funding for Local Government of £259m, of which the Council will receive £5.501m.

2.6.25 In anticipation of restrictions continuing in to 2021-22, and with the knowledge of the additional funding due to be received from the Scottish Government the Council agreed, as part of its annual budget, to include a Covid-19 budget for 2021-22. In June 2021 Leadership Panel agreed revisions to this budget based on the latest assumption around the relaxation of restrictions and agreed a programme of recovery activity for 2021-22 to 2022-23, resourced through un-ringfenced funding brought forward from 2020-21 and the new 2021-22 Scottish Government funding.

2.6.26 In October 2020 Leadership Panel agreed revisions to the ten-year capital investment programme to account for cost increases and delays in project completion timescales due to Covid-19. Recent intelligence suggest that the cost impact has materially changed since October 2020 therefore a further review is underway with the intention of presenting a revised Capital Investment plan to Leadership Panel.

2.6.27 At the time of writing this MTFP the revised Capital Investment Programme is not yet available therefore various assumptions have been made around potential cost increases to ensure this factor is captured for medium term planning purposes.

2.6.28 For the purposes of scenario planning the following key assumptions, shown in Fig 12 below, have been made in relation to Covid-19 cost pressures and funding sources.

Fig 12/

Fig 12 – Covid-19 Loss of income/ Cost pressure and funding assumptions

Assumption	Best Case	Mid Case	Worst Case
Fees, Charges & Other loss of income	Year 1 £3.5m loss returning to normal levels by year 2	Year 1 £3.5m loss Year 2 £1.750m loss returning to normal levels by year 3	Year 1 £3.5m loss, Year 2 £1.750m loss, Year 3 £0.875m loss
Reserves contribution for loss of income year 1	Year 1 £3.5m only	Year 1 £3.5m only	Year 1 £3.5m only
Service cost implications	Year 1 £2.3m Year 2 £0.668m returning to normal levels by year 3	Year 1 £2.3m Year 2 £1.150m returning to normal levels by year 3	Year 1 £2.3m Year 2 £1.150m Year 3 £0.575m
Reserves contribution for cost implications	Year 1 £2.3m Year 2 £0.668m	Year 1 £2.3m Year 2 £0.668m	Year 1 £2.3m Year 2 £0.668m
Council Tax Bad Debt Provision	Year 1 £0.250m loss and return to normal levels by year 2	Year 1 & 2 £0.250m loss and return to normal levels by year 3	Year 1 to 3 £0.250m loss and return to normal levels by year 4

2.6.29 At the time of this report many of the lockdown restrictions experienced for much of 2020-21 and part of 2021-22 have been removed however it is unknown if any restrictions will be re-introduced in the future.

2.6.30 ***National Care Services - Feeley Review*** **–** The principal aim of the review was to recommend improvements to adult social care in Scotland, primarily in terms of the outcomes achieved by and with people who use services, their carers and families, and the experience of people who work in adult social care. The review is currently progressing through a period of consultation.

2.6.31 There is no doubt that the proposed changes, if enacted, will represent the biggest change to local government in Scotland since reorganisation in 1996. A new National Care Service undoubtedly represents a significant change to the duties and finances of councils. There are legitimate concerns about risks to councils' capacity if they are no longer legally accountable for significant parts of social care, alongside the risks of fragmentation with other key services.

2.6.32 The exact timeline of any changes to be enacted is unclear however it is expected that any change will take several years to accomplish therefore the impact of the Feeley review has not been factored in the 2022-23 to 2024-25 MTFP at this stage. Future iteration of the plan will undoubtable recognise this issue in due course.

2.7 **Financial Forecast risk.** The assumptions on which the financial projections are built upon are the best estimate of the likely future movement in the financial environment. The actual outcome will no doubt differ from the various scenario however the assumptions will continue to be kept under review and updated as appropriate

3. Useable Reserves Strategy

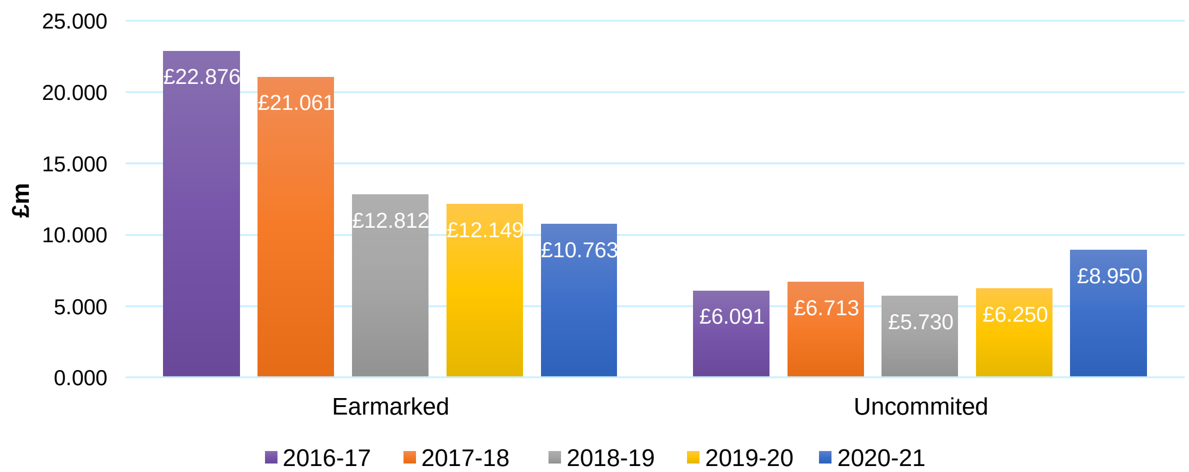
3.1 Local authorities are permitted to establish reserve funds as part of their responsibility for ensuring that sound financial management arrangements are in place. The purposes of reserve funds are as follows:

- As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing;
- As a contingency to mitigate against the impact of unexpected events or emergencies; and
- As a means of building up funds to meet known or anticipated future commitment.

3.2 The Long-Term Financial Outlook contains the strategy for maintaining balances for each of the above purposes. The Council's reserves are classified as either earmarked or uncommitted. The Council's current uncommitted reserves, i.e., those resources set aside to allow the Council to manage any unexpected events, were reported in the 2020-21 Annual accounts as £8.950m, equivalent to 4.38% of General Fund net budgeted expenditure. This compares to the recommended best practice of between 2% and 4% and the Council's Reserves Policy, as contained in the LTFO, that uncommitted reserves are held at a minimum of 2% of General Fund net budgeted expenditure.

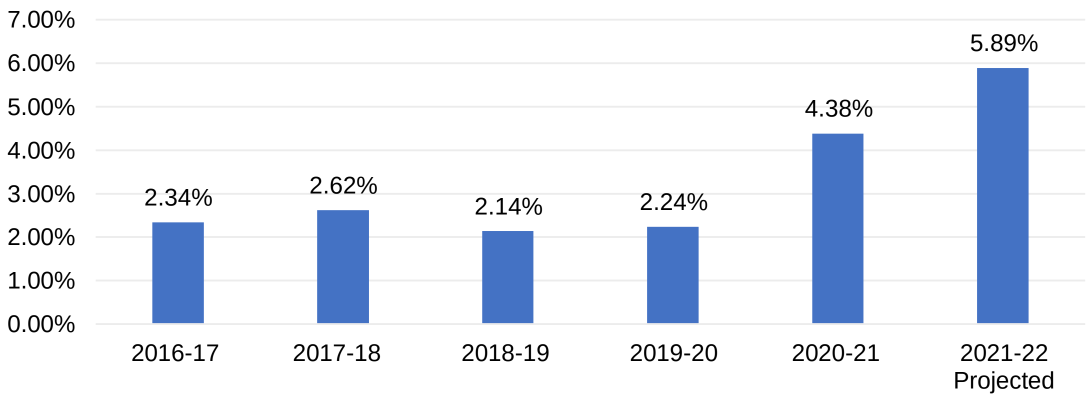
3.3 In addition to the uncommitted reserves, earmarked reserves have been established to meet a range of known commitments. Fig 13 below shows the movement in these Useable reserves over the last five financials years.

Fig 13 - Useable reserves 2016-17 to 2020-21



3.4 The earmarked element of useable reserves has been reducing in recent years whilst the trend of uncommitted element has been increasing in the same period, as shown in Fig 14 below. The latest uncommitted reserve balance for 2021-22 is projected to rise to 5.89% by the end of the financial year continues this trend.

Fig 14 – Uncommitted funds as a percentage of net budgeted expenditure



3.5 This increasing balance of uncommitted funds allows for consideration to utilise the funds in a planned, sustainable way to support the revenue budget over the next three-year period whilst remaining in line with the Council strategy of maintaining a minimum balance of 2% uncommitted revenue reserves. The level of Council reserves requires to be maintained at the right level to ensure the Council's future financial stability.

3.6 Reserves will continue to be reviewed as part of the annual budget setting process to inform the Medium-Term Financial Plan.

4. Budget Strategy 2022-23 to 2024-25

4.1 Whilst acknowledging the likelihood of continued reductions in funding settlements and increasing cost pressures, the Council will continue to strive to achieve its key financial objectives including delivering a robust, sustainable, and balanced budget.

4.2 Single year financial settlements in recent years have limited the Council's ability to plan ahead, which has resulted in an annual approach to developing savings options focussed on closing the annual budget gap.

4.3 The Council has previously taken an incremental approach to budgeting, recognising known cost pressures and incremental movements in funding allocations, to determine an estimated budgeted surplus or deficit. Services have been allocated targets to determine a level of savings or efficiencies required to close the gap to enable the Council to approve a balanced revenue budget.

4.4 This short-term approach has proved successful in that it has resulted in robust budgets and savings plans which have been delivered by the Council. In addition, the closer working between the Administration and Council officers has been facilitated through the establishment of the Administration's Budget Working Group.

4.5 However, recognising the inherent weakness in this short-term approach to budgeting and the increasing difficulty in setting a one-year budget based around short term savings options, a more medium-term budget strategy is required that sets out the key principles to ensure a more robust and strategic approach to financial planning, which will facilitate the preparation of a three-year revenue budget for the period 2022-23 to 2024-25.

4.6 To date a large proportion of previous savings have been taken from non-employee budgets however this is unsustainable going forward as employee costs represent 48% of the Council budget. If future saving proposals impact on staff proportionately to their share of the budget, then there would be a significant impact on staffing levels. Workforce planning should therefore be an integral part of the medium-term revenue budget strategy and be clearly linked to the achievement of council priorities.

4.7 In order to improve upon the current budget setting process, some guiding principles for a revised Medium Term Revenue Budget Strategy have been identified and are outlined below:

4.7.1 Future budgets will be developed to cover a rolling three-year period.

4.7.2 Budgets will be clearly linked to the achievement of Council priorities which may require decisions to reduce or cease spending in non-priority service areas.

4.7.3 Integrating workforce planning will be essential to ensure that future revenue budgets fully consider the overall size and shape of workforce required by the Council to deliver its strategic objectives.

4.7.4 The identification of savings opportunities will remain under continuous consideration rather than being restricted to deliberation as part of the annual budget setting exercise.

4.7.5 Opportunities for service redesign will inevitably flow from the Future Operating Model, reflecting lessons learned during the pandemic, and the associated programme of work will become the new drivers of future years' savings.

4.7.6 Delivering on the enhanced Transformational Change Programme that will deliver services more effectively to meet the new demands and pressures in line with the Council's aims and support the realisation of existing planned savings.

4.7.7 Maximise income generation opportunities available to the Council. This will include the exploration of new opportunities for income generation where possible.

4.7.8 Continue to explore options for the Council to become more entrepreneurial including developing new ways of ensuring services are provided in the most effective way possible. This might include developing new services that can make a 'return' for the Council.

4.7.9 Continuing to constrain cost growth – through effective demand management, continuous review of all expenditure commitments, good financial control by managers and by effective negotiation with suppliers.

4.7.10 Make efforts to shift the focus of spend on prevention and early intervention, which is designed to reduce future demand for council services by stopping problems arising or by addressing them early on.

4.7.11 Maximise the use of the Council's assets, reviewing our existing asset base to ensure that it meets the new Future Operating Model, and work in partnership with other public agencies to make best use of our assets and provide a more joined up service.

4.7.12 Continuing to invest where appropriate in the Capital Investment Programme, ensuring this will support the Council's key priorities, and critically remain affordable based on a clear understanding of both capital and future revenue costs.

4.7.13 Continuing to manage and review the General Services Loans Fund balance ensuring prudence, in order to minimise the future impact of debt charges.

4.7.14 Consideration will continue to be given to the planned, sustainable use of available uncommitted reserves balances.

4.8 Although the Budget Strategy quite properly covers the three-year period until 2024-25, given the uncertainty around the financial planning landscape within which the Council operates, the Strategy will be subject to an annual refresh to ensure that it remains appropriate and relevant and enables the Council to respond to any future financial challenge.

Appendix 1 - Three-Year Indicative Budget Movement

A summary of the anticipated position of the Council over the next three years, based on the multiple assumptions contained in the MTFP and LTFO, is provided for each scenario in the tables below. The table show movements against each heading, either increase in income (-ve) or reduction in income (+ve) and increase in expenditure (+ve)

Best Case

	Movement on:	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**	**Total £m**
Income	Scottish Govt Grant	(4.463)	(3.103)	(2.145)	**(9.711)**
	Council Tax	(2.894)	(2.938)	(3.071)	**(8.903)**
Expenditure	Pressures (Excluding HSCP)	7.370	7.409	5.904	**20.683**
	HSCP Pressures	2.382	2.085	2.088	**6.555**
	Budget gap	**2.395**	**3.453**	**2.776**	**8.624**

Mid Case

	Movement on:	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**	**Total £m**
Income	Scottish Govt Grant	(1.588)	(0.979)	0.000	**(2.567)**
	Council Tax	(2.200)	(1.903)	(2.476)	**(6.579)**
Expenditure	Pressures (Excluding HSCP)	9.377	12.523	8.916	**30.816**
	HSCP Pressures	2.382	2.574	2.615	**7.571**
	Budget gap	**7.971**	**12.215**	**9.055**	**29.241**

Worst Case

	Movement on:	**2022-23 £m**	**2023-24 £m**	**2024-25 £m**	**Total £m**
Income	Scottish Govt Grant	1.190	2.877	2.062	**6.129**
	Council Tax	(0.119)	(1.107)	(1.386)	**(2.612)**
Expenditure	Pressures (Excluding HSCP)	11.477	15.017	12.933	**39.427**
	HSCP Pressures	2.382	3.432	3.533	**9.347**
	Budget gap	**14.930**	**20.219**	**17.142**	**52.291**