SCOTTISH BORDERS COUNCIL

LONG TERM FINANCIAL STRATEGY (REVENUE)

2024/2025 - 2033/2034

Scottish Borders COUNCIL

EXECUTIVE SUMMARY

The Scottish Borders Council's Long Term Financial Strategy (Revenue) (LTFS) is an important element of the Council's Financial Planning process. It underpins the long term sustainability of the Council and ensures that the financial implications of the economic climate and current service delivery can be properly considered and reflected in future budgets. The primary objective of the strategy is to forecast potential income and expenditure over the longer term to provide an anticipated future revenue position at a strategic level. This allows the Council to plan effectively, helping to ensure it continues to live within its means, balancing anticipated expenditure and planned new developments against the funding we estimate to raise through Government grants, Non-Domestic Rates, Council Tax and fees and charges. The Long Term Financial Strategy (Revenue) is therefore a key tool in helping the Council to deliver its Vision for 2033 as set out in the Council Plan.

The Long Term Financial Strategy (Revenue) expands the Council's financial plans for revenue income and expenditure from the detailed 5 year provisional budget contained within the Financial Plan to a high level 10 year outlook and is aligned with our planned investment in assets and infrastructure as set out in the Council's Capital Investment Strategy and 10 year Capital Investment Plan.

The Council's approach to Financial Planning has enabled the Council to successfully plan the delivery of service changes across financial years through modernising services, investing in new technology and in developing its strategic partnerships to provide longer term benefits. This approach has enabled a planned, holistic approach to service redesign and reducing costs, mitigating the need for reactive cuts to services.

It has become increasingly challenging to deliver savings on a recurrent basis and in order to remain sustainable the Council will need to make significant changes to its operating model, not just through investment in digital technologies, but through a robust review of current services including their delivery modes to ensure that these are relevant to, and provide the best value for, the communities and people that it serves. This will require effective engagement with our partners and communities and a strong focus on our agreed priorities.

The Council intends to continue integrating its approach to people, business, asset and financial planning processes ensuring these are fully aligned to clear priorities set out in the Council Plan. The Council Plan will continue to be developed and defined in a co-productive way fully involving local communities, our community planning partners and the third sector. A refreshed Transformation Programme, which includes a Financial Sustainability Workstream, will support services to enable the change to deliver these aims and ensure the Council remains financially sustainable.

The Long Term Financial Strategy (Revenue) seeks to support the future planning of change by identifying some of the key challenges facing the Council and recognising the opportunities we have to address them; this provides an indication of the scale of change required to remain financially sustainable.

This strategy supports the Council to deliver the following outcomes:

- A forecast balanced budget in each of the 10 years of the Plan, assuming that savings required to balance the plan will be delivered on a recurring basis
- Delivery of savings through transformational change allowing the Council to remain financially sustainable, and
- Borrowing funded through revenue, in line with investment detailed in the Capital Investment Plan

The Council recognises that it must continue to modernise in the face of resource constraints, changing demographics, rising expectations, calls for greater community involvement in decisions over the design and delivery of public services and the ongoing reform of the Scottish Public Sector. With limited resources and increasing pressure on Council services it is clear we need to continue to adapt and change the Council to be more efficient, more responsive to the citizens and communities of the Scottish Borders and more sustainable. We therefore need to adopt a co-productive approach that fully involves communities in decisions over place based and online service redesign from the outset, ensuring an approach that supports and empowers them when a different model of service delivery is proposed. On this basis a new Community Engagement model is being developed.

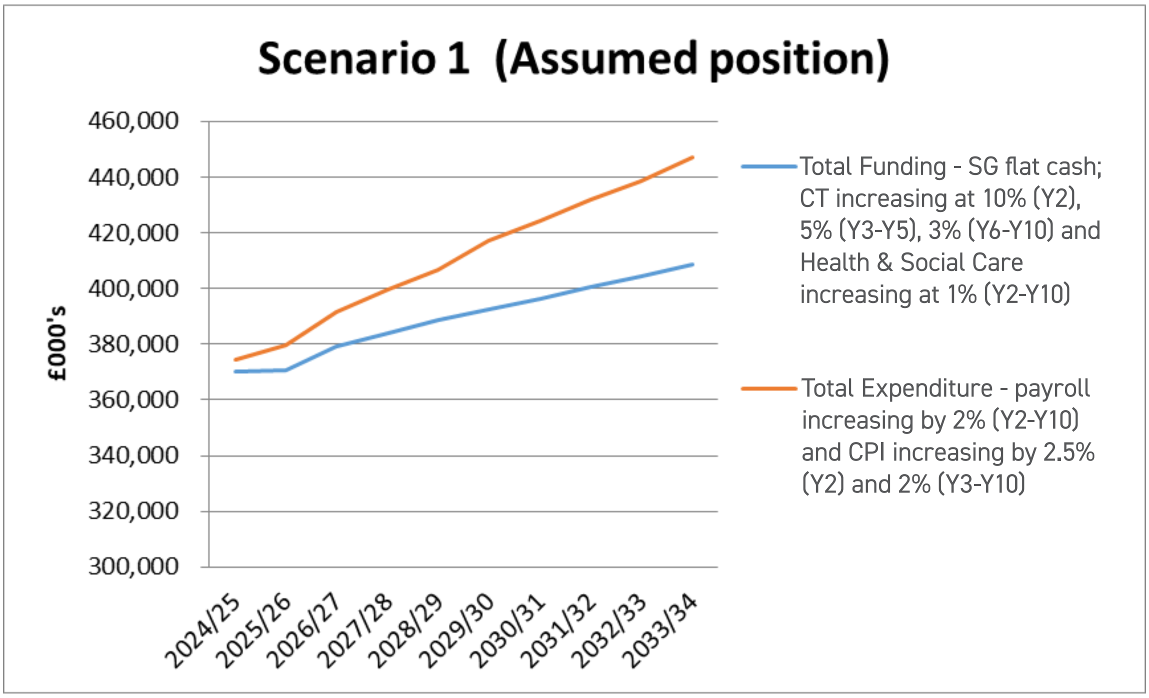
This document will be used to complement the Transformation plan and to guide the Council to inform future decision making and financial planning. Many of the challenging decisions and actions necessary will require clear vision, effective partnership working, good communication and the buy in of communities through initiatives like #yourpart.

The Long Term Financial Strategy (Revenue) supports the Council to ensure it remains financially sustainable over the longer term by living within our means, prioritising those things that are most important, adopting new ways of working, ensuring the Council is operating as efficiently as possible, exploiting new technology, developing further commercial opportunities where possible and engaging effectively with the people of the Scottish Borders to improve their quality of life and their experience of engaging with the Council.

The changes required must be understood in the context of the wider financial position of the Council, our transformation plans, wider public policy, the landscape of public service delivery in Scotland within which we operate and national approaches such as Participatory Budgeting/ Community Choices.

Within this document a number of key assumptions are reviewed to determine the potential requirements of the future and are applied across the 10 year period. 2024/25 represents year one, with 2025/26 – 2028/29 reflected in the Council's published Revenue Financial Plan. This strategy forecasts a further 5 years giving a longer term 10 year view of the revenue budget.

In order to model the effect of variations in the key assumptions, the strategy looks at three scenarios for the 10 year period: 1) the assumed position (where years 1 to 5 reflect the Council's medium term plan and a mid case position is taken for years 6-10), 2) most favourable and 3) least favourable, with the gap between funding and expenditure representing the permanent savings required in each scenario to ensure the Council operates within resources available. The gap position shown takes account of funding assumptions including Council tax increases. The assumed position is illustrated in the graph below, this shows that without intervention an annual budget gap of over £38m would arise by 2033/34. Further details can be found in section 6 of this report.



CONTEXT

The Long Term Financial Strategy (Revenue) is part of a suite of strategic management plans including:

- Council Plan
- Council's Financial & Transformation plans
- Capital Investment Strategy
- Treasury Management Strategy
- Digital Strategy
- Anti-poverty Strategy
- Climate Change route map
- Procurement Strategy
- Community Engagement Strategy

As well as transforming the services the Council provides, and the way in which they are provided, the Council must also ensure that it is sustainable for the future. In order to do this, the Council needs to ensure that it has a sound financial base, robust governance arrangements, efficient processes that are joined up and automated wherever possible, effective transformation plans, strong ICT infrastructure and capabilities, well maintained operational premises, and a well-trained and motivated workforce.

The Long Term Financial Strategy (Revenue) projects forward the approach taken with the medium term financial plan which is developed over a 5 year timescale and aims to identify the financial impact of known, anticipated and potential events and requirements over a 10 year time-frame.

It is recognised that future projections will contain a degree of uncertainty. The Council has therefore reviewed a range of different potential outcomes with a best, worst and mid-range scenario and has assumed that a mid-case scenario is the most likely outcome. This is intended to provide a strategic indicator of the future financial position for the Council.

The level of uncertainty and risk increases as the amount of influence the Council has over events reduces, and the timespan of the projection increases and therefore the assumptions are refreshed on an annual basis. It is crucial, however, that in planning the future model of public service delivery in the Scottish Borders that the Council takes this long-term view, models the range of outcomes which may occur and accepts the inherent uncertainties in future planning. By considering a range of outcomes it is felt that this will give the Council the best chance of optimising its future service delivery model and responding to the changes required.

The key to future sustainability is to develop a range of deliverable options and solutions which can be adapted quickly to reflect changing circumstances. Flexibility and agility are needed when conditions and outcomes are uncertain. In order to do this, the Council must have clear priorities, policies and plans supported by robust data and evidence so that financial resources can be targeted in the most effective way.

The Council is clear that it wants the Scottish Borders to be a place where people have the opportunity to grow and develop into highly skilled, happy and healthy global citizens; an attractive destination for visitors, has a stronger, greener and more inclusive economy which revitalises our town centres ensuring that local businesses and social enterprises thrive. Collaborating with regional partners to maximise digital investment opportunities for Scottish Borders to become a Smart Rural Region thereby providing high-quality, online connectivity for our homes, businesses, and communities.

The Council is clear that it operates within a wider economic context and therefore in realising this vision a number of key issues and risks have to be considered.

KEY INFLUENCES AND RISKS

The Long Term Financial Strategy (Revenue) has considered a number of key macro-economic issues, some of which are outwith the Council's control and those internal issues which the Council has the ability to influence. Both external and internal influences need to be considered with key variables modelled to guide Council decisions about the future. These influences (especially the external factors) pose a risk to the financial sustainability of the Council.

External Influences (outwith the Council's control)

Economic changes such as:

- Interest rate fluctuations
- Level of grant funding from Scottish Government
- National Pay agreements and wider price inflation
- Unemployment levels in the Scottish Borders
- Supply chain issues associated with the wider economy
- Size of working age population
- Impacts on the cost of living

Climate related issues such as:

- Climate change
- Flooding
- Storm damage

Public Health issues including:

- The health and wellbeing of the local population
- Further financial and economic impacts from COVID-19 and potential future pandemics

National Policy Changes

- Policy changes arising from Scottish Government and other organisations
- New Political priorities

Internal Influences (within the Council's control)

- Working to clear corporate priorities as set out in the Council Plan
- Transformational change programme to improve outcomes
- Effective people planning
- Asset management plan to optimise the Council's property estate
- Use of robust performance data to drive improvement
- Use of digital technology and automation to improve services and reduce costs
- The Council's commitment to net zero and resultant actions required to reduce the carbon footprint
- Community engagement, partnership working and co-production of future service delivery models
- Community Empowerment including Participatory Budgeting/Community Choices with a Council commitment that communities will be enabled to make and influence decisions at a local level equating to 1% of the Council's budget
- Optimising the Council's treasury function and ensuring the financing of the capital programme remains affordable to the Council in the longer term
- Council Tax levels

KEY VARIABLES INFLUENCING THE PLAN

For this Long Term Financial Strategy (Revenue), 2024/25 represents year one. The Council's 5 year Financial Plan covers the period to 2028/29 and this longer term strategy projects forward to 2033/34 giving a 10 year strategic view of the revenue budget The following key variables have been considered in preparing the 10 year revenue plan:

- Anticipated levels of funding from Scottish Government
- Council Tax rates and income levels
- Opportunities for increased commercialisation to raise additional income including fees & charges and increased grant funding opportunities
- Assumptions on inflation, including pay increases
- Assumptions on increased demand for services such as in Health & Social Care services
- Loans charges – the revenue cost of borrowing to support investment through the Capital Investment Plan
- National policy decisions which will impact on Local Government in the future such as the National Care Service and Council Tax Reform

- Investment in modernisation of the Council such as:
    - IT investment to improve services, deliver revenue savings and to maintain a secure and reliable operating environment
    - Investment in plant and vehicles to improve service delivery and addressing climate change, minimising use of vehicles where possible and investing in new fuel technologies while phasing out the use of fossil fuel vehicles.
    - Investment in buildings to improve service delivery and energy efficiency
- Savings deliverable from the Transformation Programme including investment in digital technologies, increased automation and a reducing property footprint as well as reviewing the level and delivery model of all services.

This is not an exhaustive list of variables but include the key issues to be considered in providing the Council with a robust approach to ensuring that the Council remains financially and operationally sustainable, and in doing so ensuring that it meets its statutory obligations, its policy aspirations and the needs of local communities.

Anticipated Scottish Government funding levels

Scottish Government funding through Revenue Support Grant (RSG) and Non-Domestic Rates (NDR) accounts for around 80% of the Council's funding. The Scottish Government has historically provided one year funding settlements to Local Authorities which has impacted on the ability to plan over the longer term with certainty. Single year settlements from Scottish Government have required the Council to make assumptions in the revenue plan from years 2-5 and plan on that basis.

For financial year 2024/25 a one year settlement was provided in December 2023.

The policy intent set out in the Scottish Governments' programme for government, the economic climate and the pressures being experienced in the Health Service budget drive a broad expectation that resources for local government services will continue to be constrained for the foreseeable future.

The current assumptions in the mid case scenario are that there will be a flat cash settlement each year in the core Grant Aided Expenditure (GAE) from Scottish Government. Each 1% deviation from this flat cash position accounts for around £2.5m of movement in funding.

Should a future reduction in Government grant materialise, options for bridging the resultant budget gap would be to apply reserves, accelerate savings plans, defer expenditure plans, or revise future assumptions around Council Tax income.

In financial year 2024/25, £10.2m of funding previously ring-fenced by Scottish Government has been baselined as part of their commitment to the Verity House agreement. A multi-year funding settlement from Scottish Government including clarification on the remaining ring-fenced funding remains an aspiration for local government and it is hoped this may be forthcoming in future years. There has been a commitment from Scottish Government to consider multi-year settlements as part of the Verity House Agreement and a forward projection, even if only based on indicative figures, would allow more accurate future forecasting to take place.

Council Tax income levels

Council Tax income accounts for around 20% of Council funding. Current assumptions reflected in the plan assume a Council Tax freeze in 2024/25 funded by Scottish Government; an indicative 10% increase in Council Tax in 2025/26 and a 5% increase in each subsequent year. A range of assumptions regarding a number of variables including new housing, bad debt and discounts and exemptions are also included. In 2025/26, each 1% increase in the Council Tax raises c£0.75m of additional funding for the Council.

The mid case assumption for increases in Council Tax attempts to maintain the Council's spending power in future years in the face of increasing inflation while recognising the demands on household budgets and moves further towards parity with other Local Authorities. In 2023/24, Scottish Borders' Council Tax rates were the 7th lowest in Scotland and the 5th lowest in mainland Scotland.

It is recognised that the Scottish Government is considering a replacement for the Council Tax system. Any change to the current system has the potential to significantly impact on the Council's finances. In the absence of firm plans to reform Council Tax, the longer term model assumes the current system will continue during the 10 year period considered within this document.

Opportunities for increased commercialisation

Increasing commercialisation within the Council continues to be a focus from 2024/25. A benchmarking exercise was undertaken with other Scottish Local Authorities on fees & charges to ensure the Council's policy with respect to charging for services is in line with levels applied elsewhere and equally to determine whether the introduction of charging for new services may be appropriate. The Council income management policy was approved during 2021 and the benchmarking review also ensured that appropriate cost recovery is in place from the charges levied.

Fees & charges have been assumed to increase by an average of 10% in 2024/25 and 5% thereafter. Any additional income opportunities including fees & charges and grant funding opportunities will have a beneficial impact on the Council's financial position over the next 10 years.

Assumptions on inflation

CPI and RPI inflationary increases are assumed for a range of contractual commitments and purchasing of materials. CPI (consumer price index) and RPI (retail price index) assumptions rates reflected in the financial plan are shown below:

2024/25	**CPI**	3.00%
	RPI	5.30%
2025/26	**CPI**	2.50%
	RPI	3.40%
2026/27	**CPI**	2.00%
	RPI	3.00%
2027/28	**CPI**	2.00%
	RPI	3.00%
2028/29	**CPI**	2.00%
	RPI	3.00%

2029/30	**CPI**	2.00%
	RPI	2.50%
2030/31	**CPI**	2.00%
	RPI	2.50%
2031/32	**CPI**	2.00%
	RPI	2.50%
2032/33	**CPI**	2.00%
	RPI	2.50%
2033/34	**CPI**	2.00%
	RPI	2.50%

The UK has continued to experience unprecedented inflationary increases during 2023/24. Shown below in graphical form is the Consumer Prices Index (CPI) trend from May 2014 through to December 2023. Inflationary increases have a negative impact on the Council's budget position as service spending power reduces unless budgets are inflated accordingly.

Assumptions on Pay

Pay agreements for Council staff are negotiated at a national level. Agreement was reached for Scottish Joint Council (SJC) staff, Teachers (SNCT) and Chief Officers for 2023/24. Negotiations are underway on pay agreements for 2024/25. Councils are normally expected to fully fund pay inflation through existing resources although Scottish Government has supported some of the recent increases with additional funding.

Assumptions for increases in pay in the mid case scenario over the 10 year period from 2024/25 reflect an assumed 3% increase in pay in 2024/25 and 2% in each year thereafter, on the grounds of affordability. As future pay agreements are confirmed, these assumptions will be updated in the model. Every 1% increase in the Council's pay bill for SJC, SNCT and Chief Officer staff, costs circa £2.0m.

Assumptions on increased demand for services

The Council operates key services such as Social Work which are subject to increased demographic demand from an ageing local population. This increase has been factored into the financial plan over the 10 year period to ensure that impact of an increased number of clients and increased complexity of care packages is factored in. It is assumed in the mid case scenario these will be funded via the Health & Social Care Integration Joint Board through additional ring-fenced Scottish Government funding for Health & Social Care. Close monitoring is required to ensure that demographic growth investment is in line with increased demand for services.

If investment in this area is insufficient over a number of years this could destabilise the budget while an over-provision of growth would mean the Council would not be effectively allocating resources across the Council in line with need and priority.

Childrens & Families Social Work services have seen an unprecedented demand since the COVID-19 pandemic with a significant increase in the number of children and young people and their families from the Scottish Borders requiring support and additional care. Their needs, which in a growing number of these cases are becoming more complex requiring specialist provision, are currently having to be met outwith the Scottish Borders resulting in significant additional cost to the Council. Work is underway to find solutions based within our communities to provide support and care for these children, young people and their families in a suitable and sustainable way.

Loans charges – borrowing to support investment through the Capital Investment Plan

The Council adopts a strategic approach to its Treasury Management activities and projects the costs of funding its Capital programme through its Treasury Management Strategy. The Council has delivered significant savings in loans charges over the last number of years through the decision to defer borrowing until there is a more favourable interest rate environment. By only borrowing when necessary, the Council has avoided incurring additional interest and continues to seek to minimise the costs of capital financing over the short, medium and long term, however the Council is now in a position that having utilised all cash reserves available it will need to borrow in order to fund Capital investment, as detailed within the Capital Investment Plan.

The Council has created a Treasury Reserve from the underspend in the loan charges budget, largely driven through timing delays in delivering the Capital Investment Plan. This reserve will allow smoothing of borrowing costs over the 10 year period which stops spikes in payments destabilising the overall financial plan. Additional budget requirements are reflected in the 5 year revenue plan and continue for years 6-10 in the 10 year revenue strategy, as detailed in the Treasury Management Strategy, to reflect resources required to fund the current Capital Investment Plan.

National policy decisions which will impact on Local Government

National policy decisions impacting on Local Government such as the National Care Service and Council Tax Reform bring further long term uncertainty to the plan. The Council will also be impacted by the political priorities of both the UK and Scottish Governments. Developments in these national decisions will be followed closely by COSLA and Directors of Finance to ensure implications for Local Government can be reflected in local planning as soon as possible.

Investment in modernisation of the Council

The Council has, over the last number of years, recognised the importance of investment in services to support communities in the best possible way. This investment to modernise the Council will continue, within the resources available, to focus on:

- IT investment to drive automation of processes in order to deliver revenue savings and maintain a secure and reliable operating environment
- Enabling data driven decision making through investment in technology to increase efficiency and improve service delivery
- Investment in hand held technology and support systems to transform the front line delivery of services, reduce the administrative burden and allow professional staff to be focused on key tasks that only they can undertake
- Investment in new, more efficient plant and vehicles to improve service delivery and addressing climate change, replacing ageing, polluting vehicles with modern electric vehicles where possible
- Investment in new buildings and improvement in the fabric and condition of existing buildings to improve service delivery and energy efficiency

Investment in modernising the Council must continue to be weighed against the savings required to fund this modernisation and any ongoing financial impact of the investment.

Savings deliverable from transformational change

The delivery of savings through transformational change remains a cornerstone of the Council's financial sustainability for the future. Since 2013/14 the Council has delivered more than £84m of recurring savings through a medium term planning approach supported by extensive efficiency savings and transformation activity.

It is, however, becoming increasingly challenging to deliver savings on a recurrent basis and in order to remain sustainable the Council will need to make significant changes to its operating model, not just through investment in digital technologies, but through a robust review of current services including their delivery modes to ensure that these are relevant to, and provide the best value for, the communities and people that it serves. This will require effective engagement with our partners and communities and a strong focus on agreed priorities.

Future transformational change will require to focus on investment in digital technologies (building on the current Social Work pathfinder project), increased automation, customer self-service and a reduction in the Council's extensive property footprint. Further information on how the Council will approach changing its services can be found within the Transformation Programme.

CONCLUSION

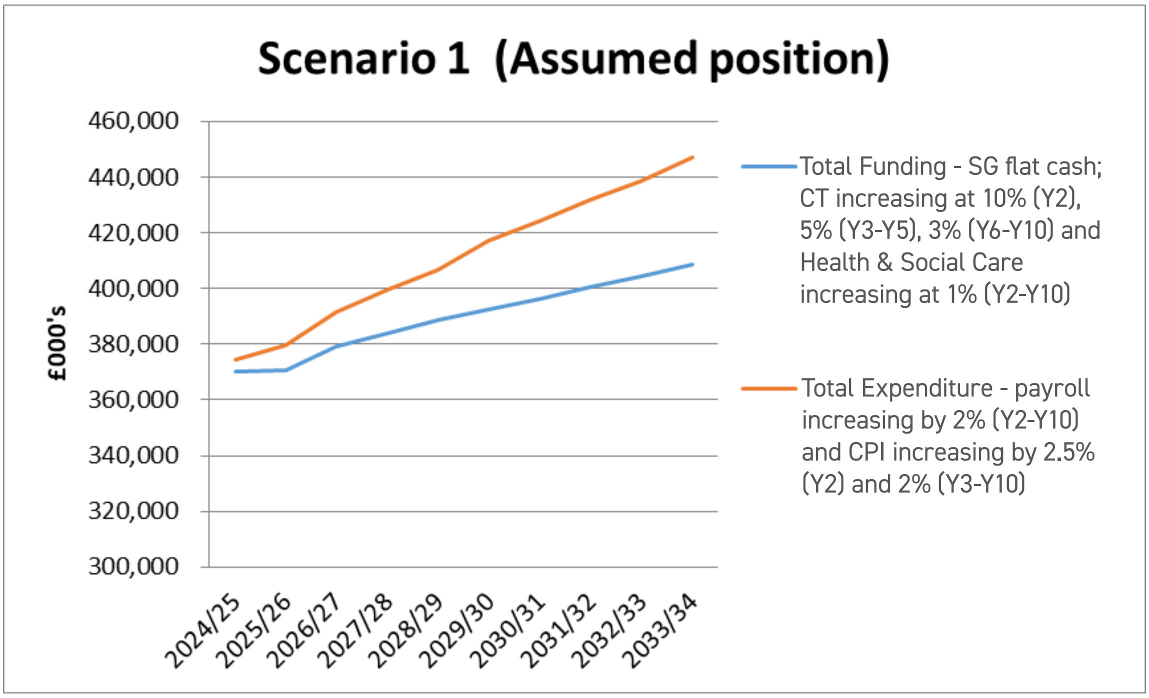
The 3 scenarios which have been created are illustrated in the graphs below. In scenario 2, the most favourable position, a positive financial gap can be seen which indicates additional investment could be accommodated within resources available. The mid case scenario, which we assume to be the most likely case, shows a requirement to make circa £38m of savings over the next 10 years. The least favourable scenario which shows no increase to current funding shows a requirement for savings of over circa £70m in the next 10 years.

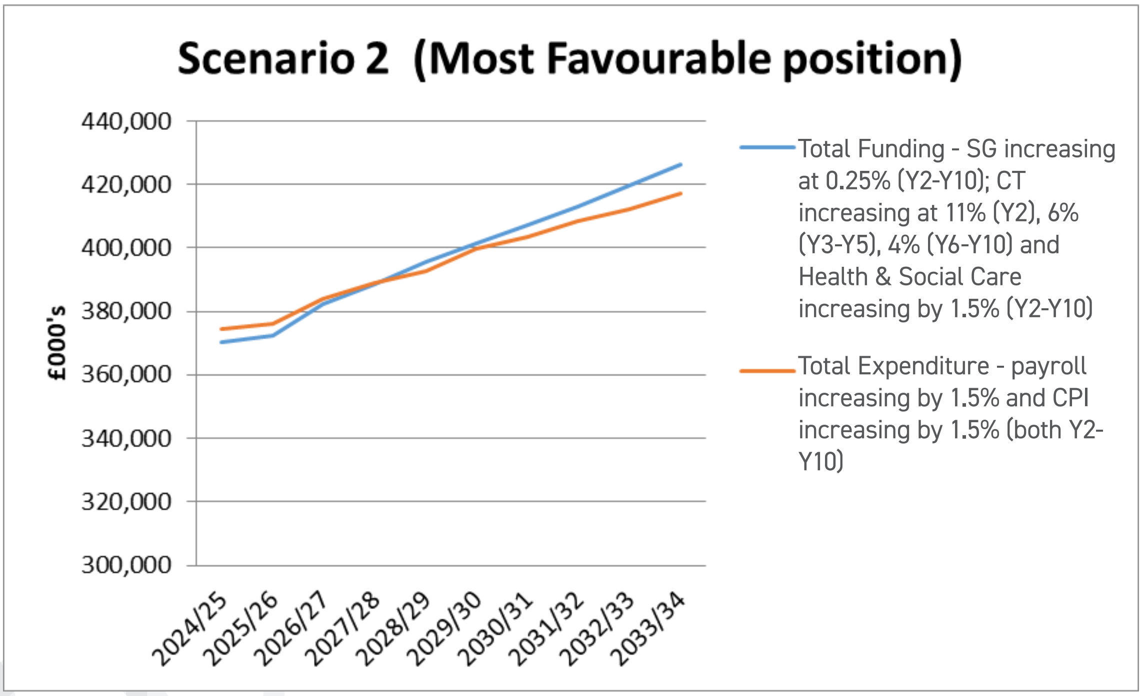
This Long Term Financial Strategy (Revenue) continues to build on previous practice adopted by the Council and takes a 10 year view of the financial and operating environment facing the Council. The plan aligns the 10 year Capital Investment Plan with a 10 year revenue look forward. This longer term approach is recommended as good practice by Audit Scotland and should be seen as one of a range of tools to help the Council plan effectively as it moves forward. The inherent uncertainty of the future operating environment facing the Council is recognised, however, it is felt that by looking forward, anticipating potential issues and examining a range of scenarios the Council will be better placed to respond to future challenges.

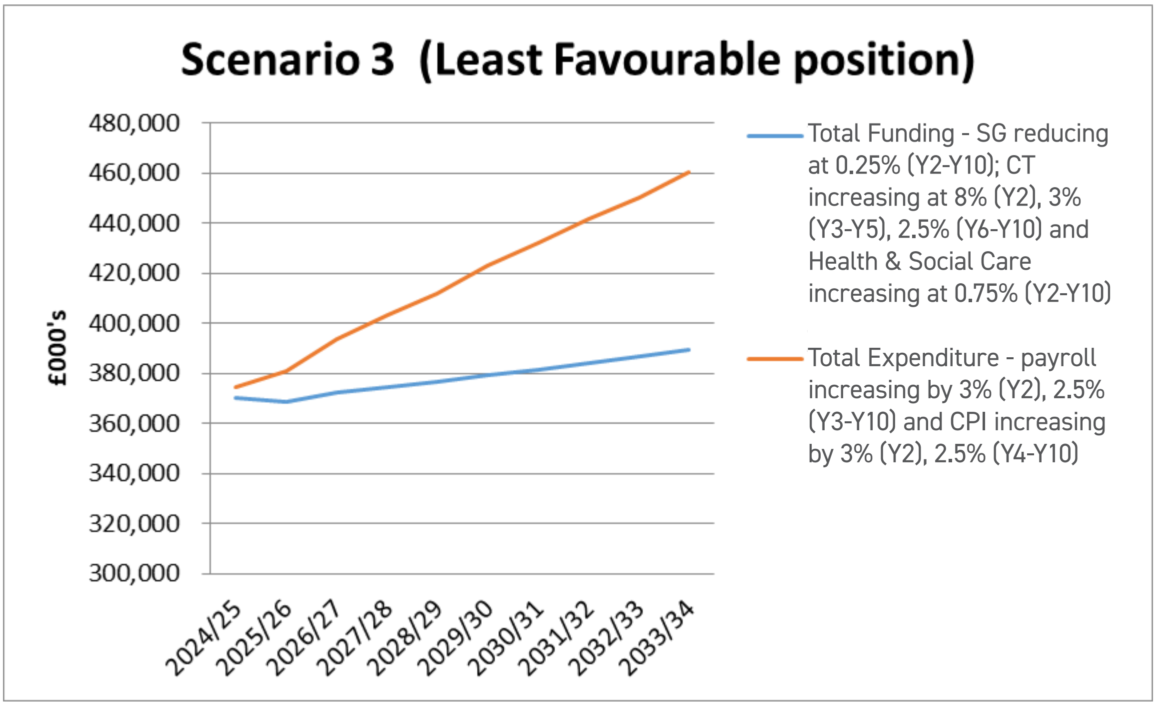
APPENDICES

Appendix 1: Graphical representation of the 3 scenarios

National policy decisions impacting on local government such as the National Care Service bring further long term uncertainty to the plan. Developments in these national decisions will be followed closely by the Convention of Scottish Local Authorities and Directors of Finance to ensure implications for local government can be reflected in local planning as soon as possible.






Scenario 3 (Least Favourable position)
480,000
460,000
440,000
420,000
400,000
380,000
360,000
340,000
320,000
300,000
£000's
2024/25
2025/26
2026/27
2027/28
2028/29
2029/30
2030/31
2031/32
2032/33
2033/34
Total Funding - SG reducing at 0.25% (Y2-Y10); CT increasing at 8% (Y2), 3% (Y3-Y5), 2.5% (Y6-Y10) and Health & Social Care increasing at 0.75% (Y2-Y10)
Total Expenditure - payroll increasing by 3% (Y2), 2.5% (Y3-Y10) and CPI increasing by 3% (Y2), 2.5% (Y4-Y10)

Appendix 2: Detail contained within Scenario1 (assumed position)

Long Term financial Plan 2024/25 to 2033/34 - Mid Case Scenario

	2024/25 £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	2027/28 (Provisional) £'000	2028/29 (Provisional) £'000	2029/30 (Provisional) £'000	2030/31 (Provisional) £'000	2031/32 (Provisional) £'000	2032/33 (Provisional) £'000	2033/34 (Provisional) £'000
Scottish Government Funding	277,616	277,190	279,340	279,340	279,340	279,340	279,340	279,340	279,340	279,340
Health & Social Care Partnership	8,047	8,127	8,209	8,209	8,209	8,291	8,374	8,458	8,542	8,628
Aggregate External Finance from Scottish Government	**285,663**	**285,317**	**287,549**	**287,549**	**287,549**	**287,631**	**287,714**	**287,798**	**287,882**	**287,968**
Funding for new schools through LEIP programme	**0**	**2,435**	**3,873**	**3,364**	**3,065**	**3,065**	**3,065**	**3,065**	**3,065**	**3,065**
Reserves	**1,160**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Service Concessions	**8,411**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Council Tax	**74,935**	**83,017**	**87,788**	**92,826**	**98,151**	**101,798**	**105,576**	**109,488**	**113,541**	**117,739**
Total	**370,169**	**370,769**	**379,210**	**383,739**	**388,765**	**392,494**	**396,355**	**400,351**	**404,488**	**408,772**

	2024/25 £'000	2025/26 (Provisional) £'000	2026/27 (Provisional) £'000	2027/28 (Provisional) £'000	2028/29 (Provisional) £'000	2029/30 (Provisional) £'000	2030/31 (Provisional) £'000	2031/32 (Provisional) £'000	2032/33 (Provisional) £'000	2033/34 (Provisional) £'000
Base Budget	**343,761**	**370,169**	**370,769**	**379,210**	**383,739**	**388,765**	**392,494**	**396,355**	**400,351**	**404,488**
Budget Pressures										
Workforce budget adjustments	18,247	4,353	4,166	4,253	4,335	4,422	4,510	4,600	4,692	4,786
Non-pay and department specific inflation	6,672	1,832	2,597	1,976	1,810	1,901	1,995	2,092	2,193	2,299
Demographic pressures	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029	1,029
Service Specific priorities & National policy changes	4,192	(2,907)	(957)	(798)	(1,167)	(65)	(125)	(183)	(234)	(281)
Loans charges to provide for capital	665	984	4,676	1,809	1,267	2,832	(364)	196	(764)	250
Amendments to Pressures	0	0	0	0	0	0	0	0	0	0
Total Pressures	**30,805**	**5,291**	**11,511**	**8,269**	**7,274**	**10,119**	**7,045**	**7,735**	**6,916**	**8,083**
Savings required to balance the plan	**(4,397)**	**(4,691)**	**(3,070)**	**(3,740)**	**(2,248)**	**(6,390)**	**(3,184)**	**(3,739)**	**(2,778)**	**(3,800)**
Total Net Expenditure	**370,169**	**370,769**	**379,210**	**383,739**	**388,765**	**392,494**	**396,355**	**400,351**	**404,488**	**408,772**
Funding	**370,169**	**370,769**	**379,210**	**383,739**	**388,765**	**392,494**	**396,355**	**400,351**	**404,488**	**408,772**

Appendix 3: Inflationary increases assumed within the scenarios

Long Term Financial Plan 2024/25 to 2033/34 - Mid Case Scenario Assumptions

	2024/25	2025/26 (Provisional)	2026/27 (Provisional)	2027/28 (Provisional)	2028/29 (Provisional)	2029/30 (Provisional)	2030/31 (Provisional)	2031/32 (Provisional)	2032/33 (Provisional)	2033/34 (Provisional)
Scottish Government funding - flat cash		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Social Care Funding from NHS	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Council Tax increase	0.0%	10.0%	5.0%	5.0%	5.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Workforce increases (no agreed pay award nationally)	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
RPI provision	5.3%	3.4%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%
CPI provision	3.0%	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Long Term Financial Plan 2024/25 to 2033/34 - Most Favourable Case Scenario Assumptions

	2024/25	2025/26 (Provisional)	2026/27 (Provisional)	2027/28 (Provisional)	2028/29 (Provisional)	2029/30 (Provisional)	2030/31 (Provisional)	2031/32 (Provisional)	2032/33 (Provisional)	2033/34 (Provisional)
Scottish Government funding - flat cash		0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%
Social Care Funding from NHS	0.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
Council Tax increase	0.0%	11.0%	6.0%	6.0%	6.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Workforce increases (no agreed pay award nationally)	3.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%
RPI provision	5.3%	3.0%	2.0%	2.0%	2.0%	2.5%	2.5%	2.5%	2.5%	2.5%
CPI provision	3.0%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%

Long Term Financial Plan 2024/25 to 2033/34 - Least Favourable Case Scenario Assumptions

	2024/25	2025/26 (Provisional)	2026/27 (Provisional)	2027/28 (Provisional)	2028/29 (Provisional)	2029/30 (Provisional)	2030/31 (Provisional)	2031/32 (Provisional)	2032/33 (Provisional)	2033/34 (Provisional)
Scottish Government funding - flat cash		-0.25%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%	-0.25%
Social Care Funding from NHS	0.0%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%	0.8%
Council Tax increase	0.0%	8.0%	3.0%	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%
Workforce increases (no agreed pay award nationally)	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
RPI provision	5.3%	4.0%	4.0%	4.0%	4.0%	3.0%	3.0%	3.0%	3.0%	3.0%
CPI provision	3.0%	3.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%

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