

County Buildings
Wellington Square
AYR KA7 1DR
Tel. No. 01292 612169

26 February 2026

Dear Councillor

SOUTH AYRSHIRE COUNCIL

You are requested to participate in a meeting of South Ayrshire Council to be held **on Thursday 5 March 2026 at 10.00 a.m.** for the purpose of considering the undernoted business.

This meeting will be held in the County Hall, County Buildings, Ayr on a hybrid basis for Elected Members, will be live-streamed and available to view at <https://south-ayrshire.public-i.tv/>

Yours sincerely

CATRIONA CAVES
Chief Governance Officer

B U S I N E S S

1. Provost.
2. Sederunt and Declarations of Interest.
3. General Services Revenue Budget 2026/27 and Common Good Fund Budget 2026/27 – Submit report by Chief Financial Officer (copy herewith).
4. Housing Revenue Account (HRA) - Revenue Budget 2026/27 and Capital Budget 2026/27 to 2030/31 – Submit joint report by Depute Chief Executive and Director of Housing, Operations and Development and Chief Financial Officer (copy herewith).

For more information on any of the items on this agenda, please telephone Janice McClure, Committee Services on at 01292 612169, at Wellington Square, Ayr or
e-mail: janice.mcclure@south-ayrshire.gov.uk
www.south-ayrshire.gov.uk

Note: *Members are reminded that Section 112 of the Local Government Finance Act 1992 provides that a member of the Council cannot vote on a range of Council Tax issues, including setting or adjusting the rate of Council Tax, if he or she is three months or more in arrears with payment of Community Charge (Poll Tax) or two months or more in arrears with Council Tax.*

If Section 112 applies to any member he or she is also required to disclose that fact as soon as practicable after the commencement of the meeting.

(An email on this matter was sent to all members by the Chief Executive on 29 January 2026).

/Webcasting

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South Ayrshire Council

**Report by Chief Financial Officer
to South Ayrshire Council
of 5 March 2026**

Subject: General Services Revenue Budget 2026/27 and Common Good Fund Budget 2026/27

1. Purpose

- 1.1 The purpose of this report is to advise Members of the issues to be considered in setting the General Services revenue budget for 2026/27 and setting a Common Good Fund budget for 2026/27.

2. Recommendation

2.1 It is recommended that the Council:

- 2.1.1 notes the funding proposal as outlined by the Cabinet Secretary for Finance and Local Government's letter of 13 January 2026 (attached as Appendix 1);
- 2.1.2 notes that the funding levels included within Finance Circular 1/2026 remain provisional until the Finance Order is approved by the Scottish Parliament;
- 2.1.3 notes the anticipated budget gap for 2026/27 of £8.463m, as agreed at Council of 19 February 2026;
- 2.1.4 agrees the following specific budget items to be used to address the budget gap noted in 2.1.3 and balance the 2026/27 budget:
- (i) any additional investment in services that will increase the budget gap noted at 2.1.3;
 - (ii) the savings options to be selected from Appendix 2;
 - (iii) the use of any uncommitted reserves; and
 - (iv) the appropriate Band D Council Tax levy for 2026/27 and associated level of bad debt provision for non-collection of Council Tax.
- 2.1.5 agrees the proposals for Common Good budgets for 2026/27 as provided in Appendix 4.

3. Background

- 3.1 **Budget update** - The Budget update and MTFP report presented to Council on 19 February 2026 focused on providing a final budget gap position for 2026/27, based on a number of contributing factors and also on budget decisions taken at Council throughout 2025. The report identified a final budget gap for 2026/27, prior to the application of savings and Council Tax uplifts, of £8.463m. The report also provided an updated Medium Term Financial Plan that provided a financial outlook for the next five years, highlighting a budget gap ranging from £20.6m to £28.6m, conditional on two Council Tax uplift scenarios.
- 3.2 **Fees & Charges** - Council of 19 February 2026 considered and agreed a report on proposed uplifts to certain Fees & Charges levied across a number of council service areas for 2026/27. Following this agreement it is expected that additional income of £0.603m will be generated in 2026/27. This additional income is already reflected in the updated budget gap position identified in 3.1 above.
- 3.3 **Capital Investment** - Council of 19 February also considered a report on the General Services Capital Investment programme 2026/27 to 2037/38 which sought approval of the proposed capital investment programme for the period noted, along with the associated debt charge implications over the period of the plan. Following this agreement the debt associated debt charges are expected to be £0.779m lower in 2026/27 than previously anticipated. This reduced cost is already reflected in the updated budget gap position identified in 3.1 above.
- 3.4 **Previously agreed savings** - Various significant recurring savings have been agreed during 2025/26 that impact on the 2026/27 budget, either through formal agreement at Council, Cabinet or through delegated authority via the Transformation Board, as follows:

Table 1

Description	Saving amount £m	Source Decision
Removal of uncommitted reserves contribution	3.928	2025/26 Council budget
Waste Management contract reduction	1.800	2025/26 Council budget
Bereavement price increase	0.057	2025/26 Council budget
Redesign of early years provision – full year impact	0.115	2025/26 Council budget
Early repayment discount scheme – full year impact	0.065	2025/26 Council budget
ICT contract reduction – full year impact	0.012	2025/26 Council Budget
Single person CT discount review	0.520	Sept 2026 Transformation Board
Procurement review	0.500	Oct 2026 Transformation Board
Business Support Model	0.222	Jan 2026 Cabinet
Total	7.219	

These savings are already reflected in the budget gap position identified in 3.1 above.

- 3.5 **Members Allowances** - The Local Governance (Scotland) Act 2005 (Remuneration) Regulations 2007 determined the remuneration levels payable to Councillors. Various amendments have been made in accordance with sections 11

and 16(2) of the Local Government Act (Scotland) Act 2004 and Guidance issued by Scottish Government in April 2010.

- 3.6 The Scottish Government has again amended these regulations by virtue of The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2026 with the changes due to come into effect from 1 April 2026. The impact of the changes are already reflected in the budget gap position noted in 3.1 above.
- 3.7 **HSCP contribution** –The Local Government draft settlement for 2026/27 saw a reduction in South Ayrshire core Social Care allocation of £3.6m compared to 2025-26. This reduction has been mitigated due to the effect of the settlement floor calculation adjustment whereby additional funding has been allocated to the Council to smooth the effect of this change. This is prior to any additional funding added to the settlement by the Scottish Government for Social Care issues. In 2025/26 the Council is contributing £107.158m for delegated services to the HSCP. Table 2 below details the planned contribution to the partnership, taking account of the various movements in the 2026/27 Local Government settlement. The impact of the changes are already reflected in the February 19 budget gap position noted in 3.1 above.
- 3.8 In early February 2026 the Scottish Government announced additional 2026/27 funding for the uplift to the Real Living Wage across adult social care, children social care and early learning and childcare. This funding remains unallocated at present however an estimate of the likely amount due to be received has been undertaken to establish an allocation of £0.410m due for 2026/27 to be passported through the HSCP with the remaining allocation of £0.044m being allocated to Education for ELC purposes.. This expected HSCP allocation has been included in Table 2 below and is also reflected in the budget gap position noted in 3.1 above.

Table 2

HSCP contribution 2026-27	£m
Base contribution	107.158
Pension rate increase (previous council commitment)	3.754
Share of SG 2025-26 pay uplift funding	0.345
GAE reductions	(3.576)
Additional contribution to mitigate GAE changes	3.576
New SG directed funding	3.565
Additional RLW funding	0.410
New contribution	115.232
Movement from previous year	8.074
Percentage increase	7.5%

- 3.9 **Scottish Local Government Settlement** - The grant settlement for 2026/27 was announced by the Scottish Government on 13 January 2026 with individual Council revenue and capital allocations provided in Finance Circular 1/2026 and remains provisional until the Finance Order is approved by the Scottish Parliament.
- 3.10 Once again there is no freeze or cap included in the settlement conditions attributed to Council Tax charges, therefore Councils are free to set rates for 2026/27 at a level based on local circumstances.
- 3.11 South Ayrshire Council's estimated Aggregate External Finance (AEF) available funding for 2026/27, is as follows:

Table 3.

<i>General Revenue Grant £m</i>	<i>Non-Domestic Rate income £m</i>	<i>Specific Grants £m</i>	<i>Total AEF Revenue £m</i>	<i>Capital £m</i>
252.896	56.618	4.412	313.926	8.514

3.12 All Scottish Councils are required to set their Council tax levels for 2026/27 by 11 March 2026

3.13 Under statute, Council Members have duties around setting budgets. Failure to set a balanced budget would have serious implications for failure to comply with this statutory duty.

4. Proposals

4.1 It is proposed that Members consider the information contained in this report and present and approve budget proposals designed to address the identified budget gap and set a balanced General Services revenue budget for 2026/27, taking account of the background information as set out in para 3 above and the considerations contained in 4.2 to 4.7 below.

4.2 **Additional investment** - Members may wish to include additional investment in services, beyond those resource pressures previously agreed at Council in November 2026, as part of their considerations. Any additional funding to Services provided through this approach will increase the budget gap noted in 3.1 and will require to be addressed through the options identified in 4.3 below to ensure a balanced budget.

4.3 **Options to address the budget gap for 2026/27** – In order to address the 2026/2027 Budget Gap of £8.463m (section 3.1), there are options available for Members' consideration:

- (i) to approve savings proposals from the package of savings options previously provided in detail to all Members (see 4.4 below) and included in Appendix 2 in a summarised format;
- (ii) to consider the use of uncommitted reserves (see 4.5 below); and
- (iii) to consider the Band D Council Tax level (see 4.6 below).

4.4 Savings Proposals

4.4.1 The savings of £7.219m noted in 3.4 are already reflected in the budget gap position of £8.463m identified in 4.3 above.

4.4.2 Further budget savings of £4.775m (assuming where more than one option is provided for an individual proposal; only option 1 is included at present) have been proposed for Members consideration, as provided in Appendix 2. These proposals are profiled to indicate which year the saving will be achieved if agreed; £3.332m in 2026/27 and £1.443m in 2027/28.

4.4.3 Members should identify which of the proposals they intend to include to

address the identified budget gap for 2026/27.

- 4.4.4 In addition, Members should also consider selecting savings that have a financial impact on 2027/28. As noted in 3.1 above, the recently approved Medium Term Financial Plan indicates a significant budget gap in future years beyond 2026/27 therefore it is considered prudent to agree savings now that will reduce budget gaps in future years.

4.5 Use of uncommitted reserves

- 4.5.1 In 2023 Council agreed, as part of a longer-term budget strategy, to utilise a reducing contribution from general reserves to support annual budgets. Financial year 2026/27 is the final year of this agreement and therefore £2.0m of general reserves is reflected in the updated budget gap position identified in 3.1 above. The funds to enable this contribution has been held in the committed general reserve balance pending draw down.
- 4.5.2 The projected uncommitted balances on the Council's General Reserves at 31 March 2026, as considered by the Cabinet of 20 January 2026, was estimated to be £10.315m, or 3.85 per cent of 2025-26 expenditure after approved draws from the reserve to support 2025-26 in year expenditure.
- 4.5.3 Any use of uncommitted reserves should be considered in the context of them being a key requisite in measuring the overall financial sustainability of the council moving forward. The current improved position addresses the concerns regarding the low level of uncommitted reserves raised by Audit Scotland as part of their 2024/25 Annual Audit Report presented to the Audit and Governance Panel in September 2025. As a minimum this improved position should be maintained at this level with limited further future draws from reserves being approved.

4.6 Council Tax options

- 4.6.1 As previously detailed in the Medium-Term Financial Plan approved by Council in February 2026, each 1% increase in Band D would generate successive amounts of £0.745 million, towards meeting the 2026/2027 budget gap. In arriving at the budget gap of £8.463m in 3.1, no account has been taken of any increase in Council Tax.
- 4.6.2 Table 4 shows the impact of a range of Council Tax increases that could reduce the Budget Gap.

Table 4

Percentage increase	Band D £	Annual Increase £	Monthly increase £	Decrease in budget gap £m
0% (current rate)	1,569.41	-	-	-
1%	1,585.10	15.69	1.31	0.745
8%	1,694.96	125.55	10.46	5.960
10%	1,726.35	156.94	13.08	7.450
12%	1,757.74	188.33	15.69	8.940

- 4.6.3 The Council requires to take a view on the level of non-collection of Council tax in the coming financial year. The level of provision currently

being targeted in 2026/27 is 3 per cent and is already factored in to the figures noted in the above table.

4.7 Revenue Budget summary

4.7.1 The budget allocated to each Directorate, prior to any decision on proposals for additional investment for inclusion in the budget (see 4.2 above), is provided in Appendix 3. The appendix also provides information on how the current allocated budget is being funded, resulting in a remaining budget gap of £8.463m.

4.7.2 The remaining budget gap requires to be addressed through the measures outlined in 4.3 to 4.6 above.

4.8 Common Good Budget Considerations

4.8.1 Revenue and capital budgets for the Ayr, Prestwick, Troon, Maybole and Girvan Common Good funds require to be set for 2026/27.

4.8.2 In May 2025 Council approved alterations to the management of Common Good Funds as from 1 October 2025. These changes have now been implemented and the Common Good budgets contained in Appendix 4 for approval reflect the new arrangements.

5. Legal and Procurement Implications

5.1 The Council is required to set the 2026/27 Council tax level by 11 March 2026.

5.2 There are no procurement implications arising from this report.

6. Financial Implications

6.1 As outlined above.

7. Human Resources Implications

7.1 None directly from this report although the budget proposals brought forward by Members may include staffing changes.

8. Risk

8.1 Risk Implications of Adopting the Recommendations

8.1.1 There are no risks associated with adopting the recommendations within the covering report; however, in developing budget proposals, Members should consider the risk around service demand and inflation rates in general.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 If the terms and conditions of the settlement, as outlined in the Cabinet Secretary for Finance and Local Government letter of 13 January 2026 are not adhered to, then there is a risk that a less favourable offer will be made.

9. Integrated Impact Assessment (incorporating Equalities)

- 9.1 An Integrated Impact Assessment has been carried out on a number of the savings options presented as part of this report, which identify potential positive and/ or negative impacts and/ or areas that require further consideration.
- 9.2 Where appropriate a copy of a fully completed IIA for each savings proposal can be accessed here: [Integrated Impact Assessments](#)

10. Sustainable Development Implications

- 10.1 **Considering Strategic Environmental Assessment (SEA)** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy as defined by the Environment Assessment (Scotland) Act 2005.

11. Options Appraisal

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

- 12.1 The matters referred to in this report assist in the achievement of all of the Council Plan priorities but specifically contribute to the Enabling Priority.

13. Link to Shaping Our Future Council Yes No

- 13.1 Not applicable.

14. Results of Consultation

- 14.1 In early December 2025, a 2026/27 budget consultation was launched and remained open for a period of two months, closing on 30 January 2026. For 2026/27 a new 'Budget Builder' approach was undertaken where members of the public could access an online form and build their own balanced budget. The results of this consultation were presented to Council in February 2026 as part of the 2026-27 Budget Update and Medium-Term Financial Plan report.
- 14.2 Consultation has taken place with Councillor Brian Connolly, Council Leader and Policy Lead for Economy and Strategy, and Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.
- 14.3 Discussions on the financial situation have taken place with the trade unions, and further discussions will take place through the JCC process following approval of the 2026/27 revenue budget.

15. Next Steps for Decision Tracking Purposes

- 15.1 If the recommendations above are approved by Members, the Chief Financial Officer will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the 'Council and Cabinet Decision Log' at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Budget papers published on The Core	6 March 2026	Chief Financial Officer
Approved budgets will be incorporated in 2026/27 financial planning and management process	1 April 2026	Chief Financial Officer

Background Papers **Report to South Ayrshire Council of 6 November 2025 – [2026-27 Budget Strategy and Budget Update](#)**

Report to South Ayrshire Council of 19 February 2026 – [2026-27 Budget update and Medium-Term Financial Plan](#)

Scottish Government Finance Circular 1/2026

The Local Governance (Scotland) Act 2004 (Remuneration) Amendment Regulations 2026

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Date: 23 February 2026

Cabinet Secretary for Finance and Local
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Shona Robison MSP



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Copy to:
Councillor Heddle
Scottish Local Authority Leaders
Scottish Local Authority Chief Executives

13 January 2026

LOCAL GOVERNMENT SETTLEMENT 2026-27

Earlier today I formally set out the Scottish Government's proposed Budget for 2026-27 to the Scottish Parliament. Next year's budget is accompanied by the results of the Scottish Spending Review, providing a forward planning horizon of three years for resource and four for capital.

Focusing on four priorities set out in the Programme for Government, the Budget invests in the wellbeing of our society and seeks to ease the pressure on families and family budgets by continuing and expanding the best cost-of-living support package available anywhere in the UK.

At the very heart of that is a commitment to more effective and more efficient policy delivery. It will mean a smaller, more modern public sector, with smarter use of technology, including digital delivery, making it easier for citizens to access the services they need.

Our ambition is clear – a Scotland where public services work seamlessly for people, modern in their design and delivery, accessible where and when they are needed, flexible in how they respond, and consistently focused on the best outcome. In short,

public services that are centred on the needs of the person, not the needs of the system.

Local Government are central to that ambition. As I outlined to COSLA political group leaders last week, in some areas my statement set out a direction of travel and funding allocation on key themes – such as child poverty - and Local Government will remain key partners in how those propositions are further developed and ultimately delivered, alongside our valued third sector and communities themselves. Examples include our proposals around expanding Breakfast Club provision; enhancing wrap-around childcare; and sporting opportunities for young people, capitalising on Scotland's summer of sport.

Over recent months, the First Minister and I, as well as my officials, have engaged extensively with Local Government and I am proud that we were able to work with you to agree and put into practice the first Fiscal Framework between Scottish Government and Local Government.

The Budget today reflects the evidence gathered throughout that engagement and, further to my budget statement, here are the details of the Local Government Finance Settlement for 2026-27.

The Budget delivers record funding of almost £15.7 billion through the Local Government Settlement. That represents a £650 million uplift since the last Budget publication. As you are aware, additional funding was made available to support the costs of the UK Government's changes to employer National Insurance Contributions through the budget process last year and I have baselined this funding as part of that figure.

Even adjusting for the eNICs funding, the Local Government Settlement overall has increased by £506.9 million – a 3.3% cash increase or a 1.0% increase in real terms. The revenue settlement budget to budget increases by £746 million, including the eNICs funding. Whilst the capital settlement falls by £95.7 million, this is wholly explained by the expiration of time-limited funding and agreed profiling of flood prevention funding to better align with councils' spending requirements.

The settlement includes:

- an additional £253 million of General Revenue Grant to provide a meaningful contribution to the second year of the local government pay deals and to support other local priorities, including Adult Social Care;
- baselines £79.7 million and £30 million that was previously provided in-year from non-recurring sources to support the pay deals;
- allocates a further £17 million to reflect the legacy costs of the first year of the SNCT pay deal;
- baselines a further £773.8 million of funding previously provided as in-year transfers, taking the total funding baselined since the Verity House Agreement was signed to almost £2.3 billion;
- an additional £160 million and £22 million to fund the Real Living Wage uplift for commissioned services across adult social care and early learning and childcare respectively;
- £7 million to support an inflationary uplift in free personal nursing care;
- £0.7 million increase to the School Clothing Grant;
- £3 million to support expansion of Free School Meals;
- enhanced revenue and capital support for inter-island connectivity;
- extended support for the Climate Emergency with a further £20 million of one-off capital funding; and
- Local Authorities will retain all the funding paid to local authorities by PackUK under the Extended Producer Responsibility scheme with no adjustment to the Settlement.

The Settlement also provides councils with full discretion over decisions on council tax, with no freeze and no cap. The Scottish Budget prioritises cost of living measures and, with over a quarter of a billion of additional General Revenue Grant in the Settlement, it should also enable councils to protect family budgets by minimising any proposed increases in council tax.

Having listened carefully to the arguments set out in 'Strong Councils, Strong Communities', I have sought to balance the desire to ringfence additional funding towards social care with the Verity House Agreement commitment to maximise fully

flexible funding. In conclusion, I have allocated as much as possible of the additional revenue funding as General Revenue Grant for Councils to allocate as they see fit.

I do, however, recognise the importance of sustainable adult social care services and as I set out in my statement, the government is committed to working together with local authorities on the delivery and improvement of social care. The Cabinet Secretary for Health and Social Care will be engaging with local government and health and social care partners over the coming weeks on proposals to strengthen our response to complex care and delayed discharge. While there is not a specific allocation within the settlement for this work at this time, we want to develop proposals together to deliver new approaches which could improve our collective endeavour to support people with complex needs who require specialist support and services. If proposals can be collectively developed at pace, I will consider with the Cabinet Secretary for Health and Social Care how these may be supported.

In providing £160 million for the Real Living Wage in Adult Social Care and £22 million for children services, I am acknowledging that employers, including Local Authorities where appropriate, are subject to statutory duties to meet increases in the National Living Wage. I have therefore fully funded the difference between the National Living Wage and the Real Living Wage in those services in recognition of our shared commitment to paying valued care workers at least the Real Living Wage.

Following our engagement work over the autumn, I am confident that Local Government will pass more in total to IJBs than is provided as an in-year transfer by Scottish Government. However, I do acknowledge that partnership working will be even more critical this year to ensure that the technical changes applied to the Adult Social Care GAEs are appropriately reflected locally. Recognising the impact of this exceptional change in distribution and to balance the needs of councils who stand to receive more funding through this change with those seeking to ensure sustainable delivery locally, I have taken the decision to increase the funding floor in 2026-27 to 0.5% below the average change. This is up from the current level of 0.75%.

In addition to the Real Living Wage funding, the budget honours the historic commitments to support local government pay deals. However, in light of the

decision by the Cabinet Secretary for Education & Skills, Jenny Gilruth MSP, to extend the Scottish Attainment Challenge Programme, including Pupil Equity Funding, at current levels into 2026-27, I would offer assurance in line with the original agreement that the £30 million previously re-deployed to support the 2023-24 pay deal will now be refunded in full following the revised timeline for expiration of the scheme, rather than in 2026-27 as originally envisaged. Similarly, the £79 million of capital funding for flood prevention has been reprofiled in full over the course of the Spending Review to align more accurately with the evidence on spending requirements provided through the Joint Scottish Government and COSLA Flood Risk Management Funding working group rather than in a single year.

Having fulfilled our commitments on local government pay deals, the Budget I have set out today is designed to build on the increase in teacher numbers and the improved pupil teacher ratio in 2025, which were the result of most councils making positive choices to invest the additional funding I announced in last year's budget. This uplifted the ring-fenced funding for teacher numbers and provided our councils with extra funding specifically to support additional support needs. I am pleased to maintain that investment this year, allowing councils to maintain and build on those additional teachers in 2026/2027.

The Education and Skills Portfolio budget also includes an additional £1m to support pilot approaches to implement a reduction in class contact time, as a catalyst for deeper professional engagement, improved workload, and better outcomes for every learner. It is the intention of this government that this will lead to wider agreement, including on the use of the 90 minutes, through the SNCT.

The Fiscal Framework between Scottish Government and Local Government agreed in the autumn, is not only the first such arrangement since devolution but it is unique across the UK.

As previously communicated to Directors of Finance, it remains our aspiration to issue council by council allocations today (13 January 2026). My officials have provided officers with a full reconciliation of the funding announcements set out in

the Budget today and briefing sessions are planned for Chief Executives and Directors of Finance over the course of tomorrow.

The £281.4 million of new General Revenue Grant in the settlement compares favourably with the £307 million of resources consequentials accruing from the UK Budget in November and is materially more than the £5.7 million of consequentials accruing from increased expenditure on Local Government in England. Successive budgets since the Verity House Agreement was signed have baselined almost £2.3 billion into the core local government budget. We have delivered powers for a Visitor Levy, made council tax more progressive (focusing to date on second and empty homes), and have now funded for the preliminary work necessary to progress two new high value council tax bands from 01 April 2028 in order to increase local revenues. As the design and legislation for those new bands progresses, this government will continue to work in partnership with COSLA and local authorities on the detail, including design considerations which may arise from the results of the live consultation on council tax reform.

The Spending Review sets out multi-year planning assumptions for local authorities with provisional resource allocations up to 2028-29 and provisional capital allocations available to 2029-30. I fully anticipate that trajectory will change going forward as was the case with the 2022 Spending Review – the original 2026-27 core revenue allocation of £10,716 million is now £13,917 million – and further discussion with local government in future years will inform that.

Alongside the Scottish Budget, I have also published a number of other supporting documents including Portfolio Efficiency and Reform Plans and an integrated pay and workforce policy statement. Whilst these documents have been developed and published by Scottish Government, it is clear that the policy intent set out in each will only be achievable for the public sector as a whole if local government and the Scottish Government work in partnership with one another. I would therefore intend to prioritise these matters through my engagement, and to support the prioritisation of discussion of these matters through engagement with all relevant Cabinet Secretaries and Ministers.

The Budget invests in the wellbeing of our society and following significant joint investment in the engagement process throughout the financial year, the Local Government Settlement now delivers a strong outcome for Councils. I hope this is recognised locally and I look forward to further engagement with COSLA for the remainder of this Parliamentary session.

Yours sincerely,

A handwritten signature in black ink that reads "Shona Robison" with a horizontal line extending to the right.

SHONA ROBISON

BUDGET PROPOSALS - Profile of savings

Ref	Proposal	FTE reduction/ (increase)	Options £	Amount proposed £	Profile	
					2026/27 £	2027/28 £
Sport, Leisure and Golf						
C&T-01	Progress Closure/Transfer Muirhead Activity Centre	1.00		44,000		44,000
	Progress Closure/Transfer Mossblown Activity Centre	1.00		39,000		39,000
	Progress Closure/Transfer Coylton Activity Centre	1.09		35,000		35,000
	Progress Closure/Transfer Northfield Bowling	2.00		113,000		113,000
	Phase out diving and deep-water sessions at the Citadel to focus on higher-demand programmes	-		20,000	10,000	10,000
	Prioritise swimming lessons by adjusting public and club pool access	(2.00)		80,000	40,000	40,000
	Reduce opening hours/staffing at Riverside Sports Arena	10.78		150,000	50,000	100,000
	Discontinue the Senior Golf Concession Scheme to standardise pricing	-		20,000	20,000	
	Remove protected tee times to improve equitable access for all golfers	-		30,000	30,000	
	Remove council delivered golf events to refocus resources on core services	0.50		5,000		5,000
Thriving Communities						
C&T-02	50% reduction in Small Business Grants	-		25,000	25,000	
	50% reduction in Start Up Grants	-		10,000	10,000	
	50% reduction in Ambition to Grow Grants	-		25,000	25,000	
	50% reduction Business Expert Help Grants	-		10,000	10,000	
	Progress Closure/Transfer of Dundonald Community Centre	0.73		38,077		38,077
	Progress Closure/Transfer of Crosshill Community Centre	1.09		46,699		46,699
	Progress Closure/Transfer of Monkton Community Centre	0.81		35,022		35,022
	Progress Closure/Transfer of Colmonell Community Centre	0.80		31,793		31,793
	Progress Closure/Transfer of Ballantrae Community Centre	0.89		39,162		39,162
	Reduce administration budgets	-		4,200	4,200	
	Remove SAFE Taxi Marshall funding	-		13,000	13,000	
	Remove SAFE Police Scotland contribution	-		10,000	10,000	
	Remove 'School as the Hub' resources budget	-		10,000	10,000	
	Reduction in Problem Solving and Communities budget	-		10,000	10,000	
	Reduce Health and Wellbeing service budget	-		2,000	2,000	
	Cancel memberships – Industrial Communities Alliance & Prosper	-		5,333	5,333	
	Progress Closure/Transfer of Prestwick Community Centre	1.76		101,980		101,980
	Destination South Ayrshire					
C&T-03	Increase SLA with Maclaurin Art Gallery to reflect SAC contribution.	-		15,000	15,000	
	Delete existing L9 Heritage Post	1.00		50,000	50,000	
	Progress closure of Ballantrae Library.	0.26		10,760	10,760	
	Progress closure of John Rodie (Mossblown) Library	-		16,182	16,182	

Ref	Proposal	FTE reduction/ (increase)	Options £	Amount proposed £	Profile	
					2026/27 £	2027/28 £
	Progress closure of Symington Library	0.46		21,696	21,696	
	Progress closure of Ayr Heritage Hub.	0.48		34,522	34,522	
	Delete external artist fees budget	-		6,300	6,300	
	Reduction in library services (Subscriptions)	-		4,000	4,000	
	Stop contribution to Biosphere.	-		25,000		25,000
	Sell/ rent vacant unit at Carrick St	-		14,000	14,000	
	Reduce Tourism Development Third Party Payments	-		27,243	27,243	
	Remove Signs and Notices Budget.	-		14,820	14,820	
	Cancel Burns Humanitarian Awards.	-		10,000	10,000	
	Reduce Events Budget by 15%	-		3,650	3,650	
	Withdraw funding from Unified Bowls Event.	-		38,000	38,000	
	Withdrawal from the ground floor Grain Exchange.	2.00		50,000		50,000
ICT Operations						
C&T-04	Service Redesign	6.00		267,000	66,750	200,250
Customer Services and Communications						
C&T-05	Service Redesign	1.00		31,430	31,430	
Corporate Policy, Community Planning and Performance						
CE-01	Deletion of Energy Agency Budget	-		15,000	15,000	
	Deletion of Equalities training budget	-		5,000	5,000	
	Reduce FTE by deleting one L7 post	1.00		41,958	41,958	
	Reduce FTE by deleting one L9 post	1.00		52,296	52,296	
Housing Strategy and Policy						
CE-02	Reduction of Housing support contract budget	-		86,042	86,042	
	Reduce core Housing support budget	-		18,958	18,958	
	Homeless strategy budget reduction	-		11,042	11,042	
	Scheme of Assistant budget reduction	-		12,000	12,000	
Education						
ED-01	Instrumental Music Service - delete 0.5 vacant fte admin post supporting fees & charges (£14,815) and reduce music expansion budget (£50,000)	0.50		64,815	64,815	
ED-02	Removal of Determine To Succeed (DTS) budget	-		36,000	36,000	
ED-03	Reduce DSM Short Term Absence Cover budget	-		171,041	171,041	
ED-04	Reduction in Core Curriculum Funding	-		61,000	61,000	
ED-05	Removal of EY/ASN/GIRFEC Training Budget	-		36,000	36,000	
ED-06	Reduce Registered Capacity of EY Centres	-		462,162	462,162	
ED-07	Reduce Central, Long Term Absence Cover budget	-		196,760	196,760	
ED-08	Reduction of 1fte Education Support Services and reduction of other centrally managed budgets	1.00		80,514	80,514	

Ref	Proposal	FTE reduction/ (increase)	Options £	Amount proposed £	Profile	
					2026/27 £	2027/28 £
ED-09	Reduction in Central Education equipment and systems budget	-		60,000	60,000	
ED-10	Reduction in Central Education Resource Budgets	-		76,260	76,260	
Neighbourhood Services						
HOD-01	Reduce Tree & Woodland management	1.00		37,000	37,000	
HOD-02	Reduction/ Altered Street Cleansing	2.00		60,340	60,340	
HOD-03	Close Dukes Road depot and relocate services	-		46,526	46,526	
HOD-04	Remove Forestry machinery lease arrangement budget - no longer required	-		12,678	12,678	
HOD-05	Reduce/altered grass pitches maintenance - 3 options provided					
	<i>Option 1</i> - reduce maintenance to all non-bookable pitches, except education pitches, from Grade A to C but keep cutting regime the same	-	31,681	31,681	31,681	
	<i>Option 2</i> - maintain all non bookable pitches to Grade C (except schools) and reduce cutting from weekly to fortnightly during the growing season except for education and bookable pitches	-	57,552			
	<i>Option 3</i> - maintain all pitches (bookable and non bookable) to grade C, except schools, and to reduce cutting from weekly to fortnightly during the growing season on all pitches	-	58,230			
HOD-06	Reduce/remove bedding plants budget - 4 options provided					
	<i>Option 1</i> - stop spring bulbs and spring bedding and retain summer hanging baskets, summer bedding and planters	-	11,337	11,337		11,337
	<i>Option 2</i> - stop spring bulbs, spring bedding and summer hanging baskets and retain summer bedding and planters	-	28,662			
	<i>Option 3</i> - stop spring bulbs, spring bedding, summer hanging baskets and all summer bedding retain only planters	-	71,030			
	<i>Option 4</i> - stop all floral bedding displays	-	79,901			
HOD-07	Stop facilitating Events e.g. Gala days, Presfest etc - supply and delivery of stalls, tables, chairs, bins etc	-		20,000	20,000	
HOD-08	Structure redesign	6.00		171,000	171,000	
Facilities Management						
HOD-09	Reduction in School Crossing Patrol Service	2.93		105,103	50,000	55,103
	Reduction in current cleaning provision across all council premises - resulting in a significantly reduced output specification and the introduction of mobile operative cleaning model	17.13		320,914	79,303	241,611
Ayrshire Roads Alliance						
HOD-10	Reduce Grass Cutting of roadside verges outwith 30mph limits	-		38,000	38,000	
HOD-11	Remove non statutory post	1.00		41,541		41,541
HOD-12	Review Winter Gritting route priorities	-		80,000		80,000
HOD-13	Cease ISO accreditation audit	-		4,000		4,000
HOD-14	Removal of Karbontech software contract	-		10,500	10,500	
HOD-15	Reduce routine maintenance budget by not attending P4 road defects (potholes) on unclassified carriageways, footways & footpaths	1.00		78,295	78,295	
HOD-16	Introduce part night switching of lighting in rural areas - 4 switch regimes provided as options					
	<i>Switch regime 1</i> - Off Midnight to 5:00am	-	26,687	26,687		26,687
	<i>Switch regime 2</i> - Off Midnight to 5:30am	-	28,701			
	<i>Switch regime 3</i> - Off Midnight to 6:00am	-	30,491			
	<i>Switch regime 4</i> - Off 10:00pm to 6:00am	-	41,201			

Ref	Proposal	FTE reduction/ (increase)	Options £	Amount proposed £	Profile	
					2026/27 £	2027/28 £
Housing Services						
HOD-17	Transfer of Costs from General Services to HRA. Savings to General Services to reflect the level of activity attributed to HRA functions	-		108,250	108,250	
	Transfer of Costs from General Services to HRA. - Reduced Sheltered Housing support to reflect the level of activity attributed to HRA functions	-		19,900	19,900	
	Elimination of Anti-social behaviour mediation service	-		10,000	10,000	
	Reduction to Scheme of Assistance Grant for owners in mixed tenure stock	-		10,000	10,000	
HR and Employee Services						
HR-02	Service Redesign	8.60		343,095	314,476	28,619
Trading Standards and Environmental Health						
L&R-01	Review of Consumer and Business Advice	2.00		85,000	85,000	
	Reductions in general budget Lines	-		17,988	17,988	
	Delete 0.1 FTE of a Trading Standards Officer Post vacated through flexible working	0.10		5,721	5,721	
		76.91		4,775,272	3,332,391	1,442,881

Appendix 3

Council Budget 2026/27

	Feb Council position £m	Decisions at Feb Council		Revised budget 2026/27 £m
		Fees & Charges £m	Debt Charges £m	
Directorate expenditure				
Chief Executive's	24.311	(0.006)	-	24.305
Communities & Transformation	26.009	(0.392)	-	25.617
Education	167.148	-	-	167.148
Housing, Operation & Development	51.729	(0.205)	-	51.524
HSCP	115.232	-	-	115.232
Miscellaneous Services	16.175	-	(0.779)	15.396
Total Expenditure	400.604	(0.603)	(0.779)	399.222
Funded by				
Scottish.Government.funding				
Grant Aided expenditure	252.896	-	-	252.896
Non-Domestic Rates	56.618	-	-	56.618
Specific Grants	4.412	-	-	4.412
Planned.use.of.reserves	2.000	-	-	2.000
Base.Council.Tax	74.833	-	-	74.833
Total Funding	390.759	-	-	390.759
Remaining Budget Gap	9.845	(0.603)	(0.779)	8.463

Note: The budget position shown in the table above is unbalanced with a budget gap of £8.463m. This gap requires to be addressed through measures brought forward by Members for approval in terms of savings options and Council Tax uplifts for 2026/27..

Appendix 4a – Common Good Fund Revenue budget 2026/27

	Ayr £	Prestwick £	Troon £	Girvan £	Maybole £
Income:					
Rental income	(437,000)	(27,000)	(279)	-	-
Other income	(7,500)	-	-	-	-
Contribution from South Ayrshire Council	-	-	-	(78,230)	-
Interest on balances	(15,000)	(3,000)	(750)	(20)	(25)
Total planned income	(459,500)	(30,000)	(1,029)	(78,250)	(25)
Expenditure:					
Caretaker recharge	21,500	-	-	-	-
Repairs and maintenance	20,000	1,000	279	2,500	-
Grounds maintenance	280,000	51,000	-	75,000	-
Utilities	5,000	-	-	750	-
Non-domestic rates/ council tax/ water	17,000	500	-	-	-
Insurance	10,000	-	-	-	-
Other property costs	2,000	-	-	-	-
Supplies and services	500	-	-	-	-
Other administrative costs	1,000	-	-	-	-
Support Service costs	15,000	-	-	-	-
Grants to voluntary organisations	-	500	-	-	-
Total planned expenditure	372,000	53,000	279	78,250	-
Planned (surplus)/ deficit for the year	(87,500)	23,000	(750)	-	(25)
Projected revenue (surplus)/deficit at 1 April 2026	(123,790)	(238,644)	(40,198)	(9,490)	(1,779)
Projected revenue (surplus)/deficit at 31 March 2027	(211,290)	(215,644)	(40,948)	(9,490)	(1,804)

Income budgets are based on anticipated rental income from properties owned by Ayr and Prestwick Common Good Funds in the context of economic and other market pressures. Expenditure budgets have been adjusted to reflect revised operational arrangements wef 1 October 2025 as approved by Elected Members.

Appendix 4b – Common Good Fund Capital budget 2026/27

	Ayr £	Prestwick £	Troon £	Girvan £	Maybole £
Projected surplus balance at 1 April 2026	(156,650)	(34,699)	-	-	-
Planned expenditure	-	-	-	-	-
Anticipated income	-	-	-	-	-
Projected surplus balance as at 31 March 2027	(156,650)	(34,699)	-	-	-

Any new capital expenditure proposals will be brought forward during the year for Members' approval.

South Ayrshire Council

**Joint Report by Depute Chief Executive and Director of Housing,
Operations and Development and Chief Financial Officer
to South Ayrshire Council
of 5 March 2026**

**Subject: Housing Revenue Account (HRA) – Revenue Budget
2026/27 and Capital Budget 2026/27 to 2030/31**

1. Purpose

1.1 The purpose of this report is to request approval of the proposed Housing Revenue Account (HRA) Revenue Budget for 2026/27 and the proposed 5-year Capital Budget for 2026/27 – 2030/31.

2. Recommendation

2.1 It is recommended that the Council:

2.1.1 notes the decision taken by South Ayrshire Council on 17 January 2024 which approved a 4.5% increase each year for the 3 year period from 2024/25 – 2026/27 for council house rents, and for other rents and charges recovered through the HRA (including:- lock-up rents, garage site rents, garden maintenance charges, communal heating and amenity charges). In accordance with the statutory requirements, tenants have already been notified of their 2026/27 rental charge which will be effective from 2 April 2026;

2.1.2 approves the proposed 2026/27 HRA Revenue Budget outlined in section 4.3 of this report and Appendix 1 and the proposed 5 year capital budget as outlined in section 4.5 of this report and Appendix 2;

2.1.3 notes the requirements as outlined in paragraph 4.4 to review and update the Housing Revenue Account Business Plan and conduct consultation with tenants on options for rent setting proposals for 2027/28 onwards; and

2.1.4 notes that following future tenant consultation during Autumn 2026, a further report will be presented to a future meeting of South Ayrshire Council, outlining rent consultation results and proposals on rent setting for 2027/28 onwards, and to seek a decision on setting rent and other charges to be applied from 1 April 2027.

3. Background

3.1 Following a previous process of consultation with tenants, South Ayrshire Council of 17 January 2024 approved a 4.5% increase each year for the 3 year period from 2024/25 – 2026/27 for council house rents, and for other rents and charges recovered through the HRA (including:- lock-up rents, garage site rents, garden maintenance charges, communal heating and amenity charges).

3.2 Outwith the current 3 yearly rent setting cycle, Council considers and approves the HRA Revenue and Capital Budget on an annual basis. The budgetary position of the HRA revenue and capital budgets are reported to Cabinet throughout the year, in the budget management and capital programme monitoring reports. The figures contained in this report reflect decisions and any budget revisions approved by Cabinet.

4. Detail

4.1 The HRA budget position for the period to 30 November 2025 (period 8) was outlined in the Budget Management – Revenue Budgetary Control 2025/26 report approved by Cabinet on 20 January 2026.

4.2 The audited HRA accumulated surplus brought forward from 2024/25 was £4.464m. A continuation of the previously agreed approach to maintain a £2m minimum uncommitted reserve has been applied. Therefore, based on current period 8 projections it leaves the sum of £1.957m uncommitted. The current commitments will be updated as part of the year end accounts process, to reflect the actual outturn position for 2025/26. Following review of the 2025/26 final outturn position for the HRA, consideration will be given to the allocation of any sums above the minimum uncommitted reserve. Proposals will be submitted to Cabinet for approval as part of the Period 12 budget monitoring report.

4.3 *Proposed 2026/27 HRA Revenue Budget*

4.3.1 The approved 2025/26 and proposed 2026/27 HRA revenue budget are outlined in Appendix 1. The assumed income in the proposed base budget for 2026/27 reflects the previously approved rent increase of 4.5%, which has already been notified to tenants in accordance with statutory requirements) and also includes for the following:

- payroll costs that reflect the agreed Council pay award, increased employer superannuation costs and employer national insurance contributions;
- current bad debt provision at 2% of rents receivable in the year;
- increased property costs including repairs and maintenance costs, compliance activities and insurance payments taking account of revised/increased stock numbers;
- debt charges are based on planned capital investment detailed in section 4.5 and as outlined in Appendix 2;
- housing and lock-up stock numbers, and future planned lock-up demolitions previously approved by Council;

- the base budget has increased, to take account of estimated materials, labour and management costs. Inflationary increase has been applied per annum for all other expenditure for the life of the business plan;
- a level of revenue contribution to help fund the housing capital programme – Capital Funded from Current Revenue (CFCR); and
- the previously approved rent increase of 4.5% up to and including 2026/27 and then an assumed minimum rent increase of 3.0% from 2027/28 and each year thereafter for the life of the HRA business plan.

4.3.2 Any future reprofiling of the revenue budget will be reported through the budget management reports to Cabinet.

4.4 2026/27 is the final year of the previously agreed 3-year setting of rents and other charges within the HRA. During the course of this financial year, Officers will review and update the assumptions within the HRA Business Plan to inform the options and proposals for the next round of consultation with tenants. Consultation will take place during Autumn 2026 on rent setting considerations for 2027/28 onward. A further report outlining consultation results and proposals on rent setting for 2027/28 onwards will be presented to a future meeting of South Ayrshire Council, to seek a decision on setting rent and other charges to be applied from 1 April 2027.

4.5 ***Proposed Housing Capital Budget 2026/27 – 2030/31***

4.5.1 The Housing Capital Programme is presented on a rolling five-year planning cycle to provide greater certainty over future capital investment activity and to allow for better year on year planning and engagement with tenants. The table at Appendix 2 outlines the proposed housing capital investment programme for the period 2026/27 – 2030/31, indicating a proposed cumulative spend of £189.503m over the next five-year period. Progress against the housing capital investment programme is reported to Cabinet periodically throughout the year. Each year an updated budget will be presented to Council as part of the HRA budget setting process.

4.5.2 The proposed housing capital budget for the period 2026/27 – 2030/31 includes for the following:

- reflects the budget and adjustments approved for the Housing Capital Programme 2025/26; Monitoring Report as at 31 December 2025 , as approved by Cabinet on 17 February 2026;
- an internal modernisation cycle of 15/30 years as previously agreed with tenants, with almost 2800 properties to be included in projects for full and partial modernisation work over the course of the next 5 years;
- ongoing financial provision for safety and compliance work for tenant and resident safety (replacing smoke alarms, heat and carbon monoxide detectors, fixed electrical work and dealing with asbestos materials);
- financial provision over the next 5 years to continue the programme of window replacement to renew windows in

remaining properties where existing windows are over 25 years old;

- taking account of the last updated stock condition data, an increased financial provision was previously made to continue the ‘fabric first’ approach to replace roof coverings, upgrade or replace external wall finishes, install external wall insulation or upgrade/replace cavity wall insulation to improve the energy efficiency of properties and support work towards meeting net zero in properties that are recognised as being harder to treat in terms of thermal efficiency;
- proposed expenditure on new build housing recognises the Council’s agreed SHIP, and includes an assumption of 30 new build units each year thereafter for the life of the plan;
- buy-back of properties at a rate of 30 each year from 2025/26 – 2027/28 and 25 each year for 2028/29 – 2029/30, followed by 20 each year thereafter for the life of the plan; and
- the debt affordability level not exceeding 35% as previously agreed with tenants.

4.5.3 Any future reprofiling of the capital budget will be reported through the capital programme monitoring reports to Cabinet.

5. Legal and Procurement Implications

5.1 There are no legal implications arising from this report.

5.2 There are no procurement implications arising from this report. Professional Design Services will liaise with Procurement on any contractual requirements needed for the delivery of the housing capital programme.

6. Financial Implications

6.1 The proposals within this report ensure that the HRA Business Plan is fundable and sustainable over 40 years, taking account of considered risks and the current levels of proposed investment.

7. Human Resources Implications

7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 Adopting the recommendations will confirm the levels of proposed capital spend over the next 5-year period. Given the mixed tenure nature of the housing stock, the delivery of the housing capital programme involves an element of engagement with owners regarding upgrade work and the availability of scheme of assistance grant funding to offer support to owners. There are established procedures in place to manage the owner engagement process, but the engagement process takes time and can impact on the programming and delivery of work. This risk has been identified and assessed in line with the Council’s risk management

process. It will be managed within existing operational activities and reference to the status of mitigations will be available through the Housing, Operations and Development Directorate Risk Register.

8.2 ***Risk Implications of Rejecting the Recommendations***

- 8.2.1 Rejecting the recommendations would have a detrimental impact on the HRA budget and would affect the ability to deliver the housing service and secure the funding required for investment to maintain and improve the Council's housing stock to meet the requirements of the Scottish Housing Quality Standard, improving energy efficiency and undertaking work towards net zero. This would have a negative impact on the achievement or contribution towards Priority 2 of the Council Plan: Live, Work, Learn – (Housing – Everyone can find a good quality home that they can afford, that meets their needs and is in an area where they feel safe and connected.)
- 8.2.2 Rejecting the recommendations would impact on the reputation of the Council, as previous commitments to tenants would not be able to be fulfilled.

9. **Integrated Impact Assessment (incorporating Equalities)**

- 9.1 The budget proposals in this report reflect the previous decision taken by Council on rent setting. An Equalities Impact Assessment (EQIA), (including the Fairer Scotland Duty in respect of any Strategic decision), was carried out on the proposals contained in the report at that time and identified potential positive and negative equality impacts and any required mitigating actions. The previous Equalities Impact Assessment is still relevant and applies, this is available in the previous [report](#). An Integrated Impact Assessment will be carried out as part of the next rent setting process for 2027/28 and beyond and will be included in the next rent setting report to Council.

10. **Sustainable Development Implications**

- 10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. **Options Appraisal**

- 11.1 An options appraisal has not been carried out in relation to the subject matter of this report. However, following updates to the HRA Business Plan, options on rent increases formed the basis of previous consultation with tenants around rent setting.

12. **Link to Council Plan**

- 12.1 The matters referred to in this report contribute to Priority 2 of the Council Plan: Live, Work, Learn – (Housing – Everyone can find a good quality home that they can afford, that meets their needs and is in an area where they feel safe and connected.)

13. **Link to Shaping Our Future Council** Yes No

13.1 Not applicable.

14. Results of Consultation

14.1 There has been no public consultation on the contents of this report. However, as part of the previous rent setting consultation process, consultation took place with the Tenants Monitoring Group. Three meetings were held with the Group on 9 November, 14 November and 17 November 2023. Tenants were provided with a presentation on the HRA Business Plan considerations and assumptions used to inform the options for consultation. The Group was also consulted on the proposed content of the Rent Setting Newsletter and the approach for tenant consultation. Comments and feedback received from the Group influenced the final content of the newsletter and the Council’s consultation approach.

14.2 The rent setting consultation was open to all Council tenants who received a Rent Setting Newsletter and voting form. The consultation period was open from 24 November – 20 December 2023 inclusive. Tenants voted on their preferred option for future rent setting either online or by postal vote, along with providing their feedback on their two preferred ways to contact the Housing Service. A total of 397 valid votes were registered as part of the rent setting consultation and the consultation responses were considered by the meeting of South Ayrshire Council on 17 January 2024 when approving rent setting. The proposed budget outlined in this report is set within the parameters of the previously approved rent increase of 4.5% for the 3-year period 2024/25 – 2026/27.

14.3 Consultation has taken place with Councillor Martin Kilbride, Policy Lead for Housing and Property Services and Councillor Ian Davis, Policy Lead for Finance and Corporate Services, and the contents of this report reflect any feedback provided.

15. Next Steps for Decision Tracking Purposes

15.1 If the recommendations above are approved by Members, the Depute Chief Executive and Director of Housing, Operations and Development and the Chief Financial Officer will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Cabinet in the ‘Council and Cabinet Decision Log’ at each of its meetings until such time as the decision is fully implemented:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
To set up appropriate accounting budgets for 2026/27 to reflect Council decision	1 April 2026	Chief Financial Officer
Implement the previously agreed rent increase of 4.5% for 2026/27 – effective from 2 April 2026	2 April 2026	Service Lead – Housing Services
Review and update the Housing Revenue Account	31 October 2026	Chief Financial Officer

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Business Plan to inform options for consultation with tenants on future rent setting proposals for 2027/28 onwards		Service Lead – Housing Services
Conduct consultation with tenants on options for rent setting proposals for 2027/28 onwards and seek a Council decision on rent setting to be effective from 1 April 2027	4 February 2027	Service Lead – Housing Services

Background Papers **Report to South Ayrshire Council of 6 March 2025 - [Housing Revenue Account \(HRA\) - Revenue Budget 2025/26 and Capital Budget 2025/26 to 2029/30](#)**

Report to South Ayrshire Council of 17 January 2024 - [Setting of Council House Rents and Other Rents and Charges \(2024/25 – 2026/27\) and Proposed Housing Revenue Account \(HRA\) Revenue Budget 2024/25 and Capital Budget \(2024/25 – 2028/29\)](#)

Report to Cabinet of 20 January 2026 – [Budget Management - Revenue Budgetary Control 2025/26 - Position at 30 November 2025](#)

Report to Cabinet of 17 February 2026 - [Housing Capital Programme 2025/26: Monitoring Report as at 31 December 2025](#)

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Date: 5 February 2026

Approved 2025/26 and Proposed 2026/27 HRA Revenue Budget

<i>Approved Budget 2025/26 £m</i>	<i>Subjective Analysis</i>	<i>Proposed Budget 2026/27 £m</i>
5.168	Employee costs	6.045
16.990	Property costs	17.556
0.338	Supplies and services	0.345
0.073	Transport costs	0.074
2.306	Administration costs	2.453
1.899	Support service costs	1.937
0.033	Third party payments	0.034
0.119	Transfer payments	0.128
8.616	Financing costs	9.282
3.225	CFCR	3.570
38.767	Gross Expenditure	41.424
38.767	Income	41.424
0	Net Expenditure	0

Proposed Housing Capital Budget 2026/27 – 2030/31

<i>Activity</i>	<i>2026/27</i>	<i>2027/28</i>	<i>2028/29</i>	<i>2029/30</i>	<i>2030/31</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
Major Component Replacements – Allocated	12.273	3.841	3.841	3.841	3.841
Major Component Replacements – Unallocated	7.550	7.500	7.500	7.500	7.500
Contingencies	0.419	0.269	0.269	0.269	0.269
Demolitions	0.397	0	0	0	0
Structural and Environmental	15.367	6.454	6.454	6.454	6.454
Sheltered Housing Environmental Improvements	0.216	0	0	0	0
Fees	0.230	0.230	0.230	0.230	0.230
Footpaths	0.063	0.050	0.050	0.050	0.050
Window Replacement Programme	6.589	3.939	3.939	3.939	3.939
Environmental Improvements	1.948	0.361	0.361	0.361	0.361
Housing Asset Management System	0.275	0	0	0	0
Buy back properties	2.650	2.400	2.000	2.000	1.600
New builds	17.650	11.500	0	6,900	6.900
<i>Total Expenditure</i>	<i>65.627</i>	<i>36.544</i>	<i>24.644</i>	<i>31.544</i>	<i>31.144</i>

This capital programme would be funded as follows:

<i>Income Source</i>	<i>2026/27</i>	<i>2027/28</i>	<i>2028/29</i>	<i>2029/30</i>	<i>2030/31</i>
	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>	<i>£m</i>
CFCR	3.570	3.550	2.495	2.980	3.004
Borrowing	56.051	31,794	21.149	24.834	24.610
Scottish Government Funding	6.006	1.200	1.000	3.730	3.530
<i>Total Income</i>	<i>65.627</i>	<i>36.544</i>	<i>24.644</i>	<i>31.544</i>	<i>31.144</i>