

Everything matters. What matters most?

Budget planning information



November 2016

INTRODUCTION

Argyll and Bute Council must deliver significant change in order to deal with the impact on services of on-going reductions in Scottish Government funding, and to achieve the long term goal of prosperity for Argyll and Bute.

Our funding allocation for 2017/2018 will not be confirmed by the Scottish Government until the middle of December 2016; we must set our budget in February 2017.

Everything we do matters. Drastically falling funding means we must identify what matters most, to communities now and to Argyll and Bute in the longer term.

In the pages that follow we summarise steps we have already taken, to meet the challenge of on-going funding reductions, to match spend to your priorities, and to invest in building a prosperous future for Argyll and Bute.

We explain our approach to budget planning and making best use of whatever level of funding the council is allocated by the Scottish Government.

The challenge we, like all councils, face is significant. It means delivering major change.

I invite you to find out more by reading this guide, and to please give us your views on what matters most to you by replying to our consultation:[website address will be added]

Councillor Dick Walsh
Leader of Argyll and Bute Council



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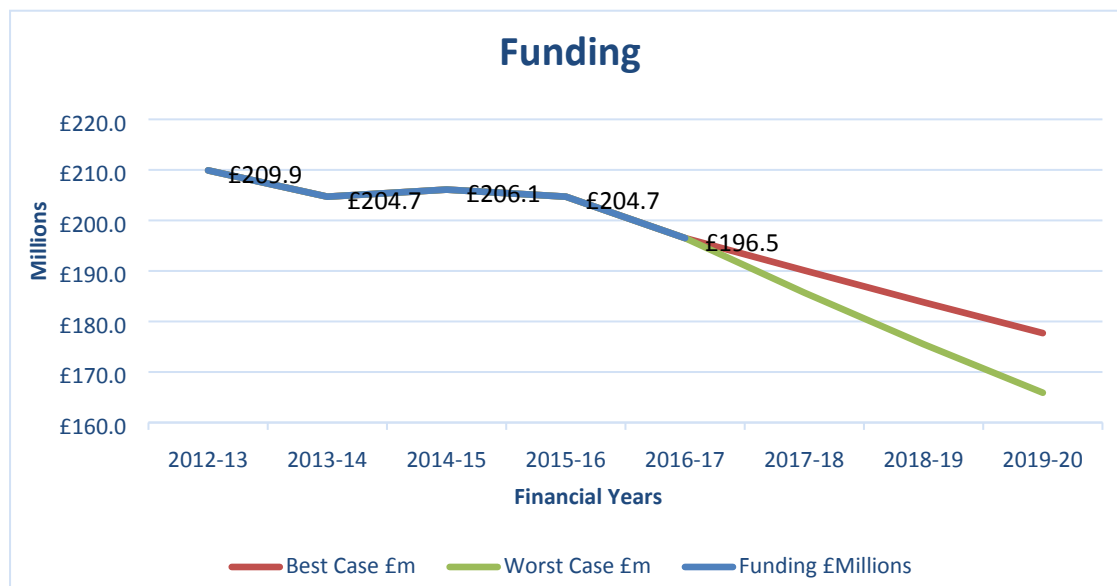
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OUR CHALLENGE : FINANCIAL

80% of our funding is provided by the Scottish Government. This has been falling year on year.



Over recent years the council has already identified millions of pounds of savings.

Last year, with in-put from our communities, we bridged a funding gap of £10 million through efficiencies, transformation and difficult decisions about services we deliver.

We have worked hard to find another £1.4 million of operational savings in 2017/18.

Our Scottish Government funding is expected to continue falling as explained in the Budget Outlook section.

OUR CHALLENGE: DEMAND FOR OUR SERVICES

Our communities are spread across the second largest council area in Scotland and on the highest number of inhabited islands (23) of all Scottish councils.

Our population is growing in age and reducing in number. This increases demand on care services, and increases the risk to funding for all services, as central government funding relates to the size of our population.

OUR CHALLENGE: BUILDING A FUTURE FOR ARGYLL AND BUTE

To attract more people and jobs to the area, at a time when we must make savings, we must also invest in delivering these key outcomes, with our partners, as set out in our Single Outcome Agreement (Local Outcomes Improvement Plan):

1. The economy is diverse and thriving.
2. We have infrastructure that supports sustainable growth.
3. Education, skills and training maximises opportunities for all.
4. Children and young people have the best possible start.
5. People live active, healthier and independent lives.
6. People live in safer and stronger communities.



Meeting such significant challenge means delivering major change.

OUR CHALLENGE: MATCHING SPEND TO PRIORITIES

We have worked hard to match spending to the priorities of our communities now, and of the area into the future. Here is a summary of actions we have taken, in response to recent consultations.

You said this matters	We did
Investing in the future Investing to create jobs	<ul style="list-style-type: none"> • We put in place a £75 million package of measures to develop our economy and attract people and jobs. • We established the Argyll, Lomond and Islands Rural Regeneration Initiative. • We are regenerating and restoring our key towns - Campbeltown, Helensburgh, Oban, Rothesay, Dunoon, Tarbert and Lochgilphead. • We launched the well-received Rural Resettlement Fund for people or businesses moving to the area. • We used voluntary redundancy to create job opportunities as far as possible for employees affected by change and wishing to continue working with the Council
Education services	<ul style="list-style-type: none"> • We spend more funding to education services than to any other area of work.
The road network	<ul style="list-style-type: none"> • Dedicated over £30 million in the past four years to the road network.
A wide range of services is available	<ul style="list-style-type: none"> • We spread savings and efficiencies across a range of our services, for example, removing vacant posts or reducing print and postage costs.

In 2015/2016 we identified over 140 savings options for your consideration.

You said / We did

- Overall citizens agreed/strongly agreed with the majority of savings options we presented to you, covering a wide range of the Council's work
- We accepted in full the savings options with which you most agreed.
- We rejected in full or in part the savings options with which you most disagreed.
- We actioned a range of ideas you provided for innovation and savings, for example: we're reducing print and postage costs, we increased charges for some services to save jobs, our 'Digital First' initiative is developing channels to support service delivery.

BUDGET OUTLOOK 2020

Our budget is made up of revenue and capital funding. Revenue funding pays for the day to day services we deliver. Capital funding pays for the assets we need to develop and deliver services, for example buildings.

REVENUE BUDGET FUNDING

Councils expect to have our revenue grant funding allocation for 2017/2018 announced by the Scottish Government in December 2017.

What are the budget predictions for Argyll and Bute Council?

- Estimates indicate that Argyll and Bute Council will have a funding gap, over the period 2017/2018 to 2019/2020, of between £18.2 million and £39.9 million, with a gap of between £4.0 million and £13.1 million in 2017-18.



NATIONAL REQUIREMENTS

The use councils make of their funding is sometimes shaped or directed by national requirements. For example, in 2016-17, the Scottish Government set three main requirements (below) for councils to meet in order to secure funding which, in the case of Argyll and Bute Council, amounted to £6.872 million.

- Freeze council tax
- Maintain the pupil teacher ratio at the same level as 2015 and secure places for all probationer teachers who need one.
- Integration Fund to be used to support the transformation of health and social care services, manage growth in demand and increase payment to the Living Wage for all social care workers from 1 October 2016.

ADDITIONAL COST IMPACTS ON OUR BUDGET

Costs in delivering services can increase significantly for example on account of

- Inflation, for example on fuel, landfill tax, contract payments
- Employee contractual changes
- Complying with guidance and legislation, for example the Living Wage, the Carer's Act, Children and Young Person's Act, apprenticeship levy

CAPITAL BUDGET DEMANDS

We also receive capital grant funding from the Scottish Government. We work hard to deliver the maximum benefit from this. Our approach is based on three key elements:

- **Asset sustainability:** this is about maintaining or investing in our buildings so that they continue to be fit for purpose.
- **Service development:** this is about investing in assets to help improve service delivery. Projects in this category are typically under £1,000,000 in capital costs.
- **Strategic change:** this is about investing in our assets to support fundamental service development, for example bringing a range of services together in one new building. Projects in this category would typically be at least £1,000,000 in capital costs.

BUDGET IMPLICATIONS

Scottish Government capital grant funding is expected to continue at current levels approximately.

However in order to achieve significant change we may need to increase financial borrowing which will have an impact on the revenue budget.

PLANNING TO MEET THE BUDGET CHALLENGE

Argyll and Bute Council is using a range of approaches to make our resources stretch and meet community expectation as far as possible.

Here are just some examples of actions we are taking.

Transforming how we work	Investing for income
<ul style="list-style-type: none"> • We are progressing development of a charitable Trust that brings together council owned community halls, libraries, swimming pools and fitness facilities, and will secure 125 jobs (FTE) • In line with the national initiative, our adult and children social care services are managed and delivered by the Argyll and Bute Health and Social Care Partnership. • We explored ideas put forward by our communities, on transformation and savings, and where possible, put those into action. 	<ul style="list-style-type: none"> • We created an Asset Management and Investment Fund to generate income. • By investing in the Scottish Government's HUB initiative, focused on delivering schools major capital projects, we will secure a rate of return in the region of around 10% annually – more than is available via ordinary investments. • Careful investment also secured a consistently higher rate of return than average, generating an additional £0.2 million for the Council.
Value for money - efficiencies	Empowering communities
<ul style="list-style-type: none"> • We have identified millions of pounds of savings year on year over the past 6 years and continue to deliver a wide range of services. • We have identified an additional £1.4 million of operational savings for 2017/2018. (*) • Through effective financial planning we delivered £1 million of savings in loan charges during 2015-16. 	<ul style="list-style-type: none"> • Agreed to develop a participatory budgeting scheme for Area Committees. • Allocated £300,000 funding for Christmas lights across the area, to be managed by Area Committees and long term funding to be identified. • Working to support the introduction of the Community Empowerment (Scotland) Act.

(*) Operational savings include for example:

- Making savings of £400,000 across the Council in utility costs (gas and heating oils) through a corporate approach to managing these costs.
- Increasing vacancy savings (i.e. reducing employee costs by keeping vacated posts empty for longer)
- Reducing the corporate training budget by 15%

SIGNIFICANT CHALLENGE MEANS MAJOR CHANGE

The information set out in this document highlights just how difficult it is going to be to balance demand for services, investment in the future and continually reducing Scottish Government funding.

Please do take the chance to tell us what matters most to you by answering our consultation – www.argyll-bute.gov.uk/planningourfuture

Thank you for taking time to give us your views.

Councillor Dick Walsh
Leader of Argyll and Bute Council

