

BUDGET 2019-20 – SAVINGS OPTIONS

1. EXECUTIVE SUMMARY

- 1.1 This report provides Members with information on savings options identified for 2019-20 and beyond via the work of the Transformation Board during 2018-19.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- a) recommend that Council, as part of the 2019-20 budget process, endorse the management/operational savings identified.
 - b) note the policy options that have been identified with further information on the options to be brought forward to Council as part of the 2019-20 budget papers
 - c) endorse that the Transformation Board continue to pursue the longer term options as noted in paragraph 3.8.

3. DETAIL

- 3.1 The Council at its budget meeting on 22 February 2018, approved a one year budget for 2018-19 and approved indicative budgets for 2019-20 and 2020-21. The indicative budgets noted further savings were required amounting to £4.124m in 2019-20 rising to £10.373m in 2020-21.
- 3.2 The latest budget outlook report outlines that the estimated mid-range funding gap over the three year period 2019-20 to 2021-22 is £23.089m with a gap of £7.229m in 2019-20. After factoring in previous savings decisions or potential options towards balancing the budget this reduces the gap to £13.737m over the three year period with a gap of £3.172m in 2019-20.
- 3.3 In view of future savings requirements, a Transformation Board was established to oversee all the Council's transformational opportunities. The Board is chaired by the Executive Director of Customer Services and membership consists of a number of Senior Managers across the Council as well as Trade Union representation.
- 3.4 At the budget meeting on 22 February 2018, the Council endorsed the proposed Transformation Board activities for 2018-19, this included a review of fleet management, review of procurement and further investigate savings in respect of redesigning both Adult Learning and Youth Work and Instrumental Music Tuition. It also included a reconstructing the Council budget exercise focusing on services that we have a statutory duty to

provide, those where we have a statutory power and those services that are non-statutory. With a limited budget the Council needs to ensure that resources are being directed appropriately.

3.5 Savings options have now been identified as a result of the work led by the Transformation Board. The savings options have been classified into management/operational options where there are no policy implications and will not result in any redundancies and policy options, where there are either policy or staffing implications. All policy options have been categorised into statutory duty, statutory power or non-statutory service and this detail will be provided as part of the budget pack in February. For all options, including the management/operational savings options, it cannot be assumed that they will not have an impact on service delivery, however, the Council has a duty to balance its budget. The savings options identified propose a reduction to the Council's staffing of 55.8FTE within 2019-20 should they all be accepted by Members.

3.6 A summary of the savings identified are noted in the table below with further high level detail contained within Appendix 1 and 2. It should be noted, that officers are working on bringing forward further detail on the policy savings options to the budget meeting in February.

Saving Type	2019-20 £000	2020-21 £000	2021-22 £000
Management/Operational	2,090	1,638	1,398
Policy	1,986	2,507	2,582
Total	4,076	4,145	3,980

3.7 Based on the latest budget outlook, the savings identified for 2019-20 exceed the mid-range gap by £0.904m. The draft Scottish Budget Statement for 2019-20 is due to be delivered on Wednesday 12 December, with individual Council allocations expected to be known week commencing 17 December 2018.

3.8 The Transformation Board have identified a number of longer term options that are worthy of pursuit:

- Employee Terms and Conditions
- Renewables Investments
- Digital Transformation
- Further rationalisation of face to face service provision
- Further office rationalisation.
- Continuation of One Council Property Approach
- Further review of Loans Charges (with the potential that some savings can be identified for 2019-20 and where this is the case they will be brought forward as part of the budget papers in February)
- Review of Fees and Charges
- Sustainable Education as part of the Northern Alliance.

4. CONCLUSION

4.1 The Transformation Board, with the help from individual services, have worked throughout 2018-19 to identify a number of savings options to be considered as part of the 2019-20 budget. Management/operational savings of £2.090m and policy options of £1.986m have been identified for 2019-20 and these savings currently exceed the estimated budget gap.

5. IMPLICATIONS

5.1	Policy –	None.
5.2	Financial -	Savings options identified will reduce the budget gap for 2019-20.
5.3	Legal -	None identified at this stage.
5.4	HR -	HR implications have been identified for each saving option.
5.5	Equalities -	Risks in relation to equalities have been identified where appropriate, however, EqSelAs (Equality and Socio-Economic Impact Assessments) have been carried out as required.
5.6	Risk -	Risks have been identified for each saving option.
5.7	Customer Service -	Impact on service delivery has been identified for each saving option.

Kirsty Flanagan
Head of Strategic Finance
30 November 2018

**Councillor Gary Mulvaney – Policy Lead for Strategic Finance and Capital
Regeneration Projects**

Appendix 1 – List of Management/Operational Savings Options
Appendix 2 – List of Policy Savings Options

Revenue Budget Preparation 2019-20
List of Management/Operational Savings

Appendix 1

Ref	Service	Service Package	Description of Option	2019-20 Budget Reduction £000	2019-20 FTE Reduction	2020-21 Budget Reduction £000	2020-21 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction
	All Services	Auto-enrolment	A provision was created in last years budget for staff being auto-enrolled into the pension scheme. Based on the current superannuation budgets and the staff now within the superannuation scheme, this provision is no longer required.	281	0.0	281	0.0	281	0.0
	All Services	Increase vacancy savings target Council wide	Increase overall council vacancy savings target by £200k. In context, £140 million is spent on staff costs across council.	200	0.0	200	0.0	200	0.0
	All Services	Apprenticeship Levy possiblity of a recurring savings	Review of apprenticeship levy budget identifies budget not required.	80	0.0	80	0.0	80	0.0
	Special Projects	NPDO and Hub Contract Management	It is necessary to budget on an annual basis for the actual costs the Council is contractually obliged to pay in respect of the NPDO and Hub Schools contracts. Prudent contract management can deliver savings against these budgeted costs and it is considered feasible to deliver savings of £100K in 2019/20. There after saving to be determined for one year in advance	100	0.0	TBC	0.0	TBC	0.0
	Customer and Support Services	Council Tax Debt Recovery	New collection activities planned including using nudge theory through use of social media and introduction of SMS text reminders to send payment reminders to residents who are late in paying their council tax, along with additional joint working with sheriff officers targeting accounts with no payment arrangements or earnings arremstments in place, and introduction of Water Direct to increase collections on water only accounts (which benefits both Council and Scottish Water as a proportion of all overall collections is retained by each). Two additional staff are needed to support these activities, and after their costs a net increase in collections of £250k p.a. is anticipated	250	0.0	250	0.0	250	0.0
	Roads and Amenity Services	Piers and Harbours maintenance	Revenue provision for piers and harbours underspend over the last two years - downsize to actual current level of spend	200	0.0	200	0.0	200	0.0
SF01	Strategic Finance	Accounting and Budgeting	Service re-structure	5.0	0.0	5.0	0.0	5.0	0.0
PHRS03	Planning, Housing and Regulatory Services	Animal Health and Welfare	Increasing income and adjusting budget and transportation costs	5.8	0.0	5.8	0.0	5.8	0.0

Revenue Budget Preparation 2019-20
List of Management/Operational Savings

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	Roads and Amenity Services	Review of Fleet Replacement	All non essential expenditure on fleet purchase suspended. Extension of lifecycle of vehicles. Priority replacement to high maintenance vehicles with reliability problems.	562	0.0	210	0.0	-30	0.0
ED01	Education	Removal of contingency budgets	Requirement for budget has reduced year on year - proposed that the remaining balances are removed.	227	0.0	227	0.0	227	0.0
ED03	Education	Primary and Scondary Education	Right sizing of school meal income budget to align with actuals. Reduction in central absence cover budget for non teaching staff.	179	0.0	179	0.0	179	0.0
				2,090	0.0	1,638	0.0	1,398	0.0

Revenue Budget Preparations 2019-20
List of Policy Options

Appendix 2

Ref	Service	Service Package	Description of Option	2019-20 Budget Reduction £000	2019-20 FTE Reduction	2020-21 Budget Reduction £000	2020-21 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction
PHRS04/07/10	Planning, Housing and Regulatory Services	Biodiversity & Local Development Plan Team & GIS	Reduction of 1 post			63	1.0	63	1.0
PHRS12/13	Planning, Housing and Regulatory Services	Homelessness & Housing Strategy	Transfer £100k for staff costs to SHF	100	0.0	100	0.0	100	0.0
PHRS14	Planning, Housing and Regulatory Services	Marine and Coastal Development	Staffing redesign	34.5	1.0	46	1.0	46	1.0
PHRS16	Planning, Housing and Regulatory Services	Trading Standards	Reduction of 0.5 post	11.25	0.5	15	0.5	15	0.5
EDST02	Economic Development and Strategic Transportation	Business Gateway	Reduction of 1.8 posts	23	0.0	23	0.0	98	1.8
EDST03	Economic Development and Strategic Transportation	Economic Growth	Reduction of 1 post	49	1.0	49	1.0	49	1.0
EDST05	Economic Development and Strategic Transportation	Road Safety Unit	Removal of Service	74	1.7	99	1.7	99	1.7
RAS05	Roads and Amenity Services	Grounds/Environment	10% reduction to service	120	6.0	180	6.0	180	6.0
RAS09	Roads and Amenity Services	Roads Management	5% Reduction in staffing costs	47	1.0	47	1.0	47	1.0
RAS11	Roads and Amenity Services	School Crossing Patrollers	Removal of Service	115	12.5	170	12.5	170	12.5
RAS12	Roads and Amenity Services	Street Lighting	5% Reduction in staffing costs	50	0.0	50	0.0	50	0.0
RAS15	Roads and Amenity Services	Environmental Warden Service	Reduction of 5 FTE. The service would focus on the income generation elements, including commercial waste agreements. This would be at the expense of the enforcement of dog fouling, littering, flytipping etc.	140	5.0	140	5.0	140	5.0
	Cross Cutting	Management/Structure Review	Cross cutting bottom up review of current service delivery arrangements to deliver efficiency and management cost reduction.	375	tbc	500	tbc	500	tbc
CSS02	Customer and Support Services	Customer Service Centre and Digital Service Team	Rationalisation of certain customer service points and increased service delivery through digital channels	39.7	1.9	79.4	1.9	79.4	1.9

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CSS03/05	Customer and Support Services	Admin of CT/HB, collection of CT and domestic Water and Sewerage charges and CT/NDR debt recovery Scottish Welfare Fund (SWF), the Welfare Reform Working Group (WRWG) and the Anti-Poverty Strategy,	Centralise Housing Benefit processing and re-structure teams	125	3.6	200	5.6	200	5.6
CSS04	Customer and Support Services	NDR, Sundry Debt, BIDs and MACC billing and collection, and Cash Collection	Increase in income and re-structure team	11	1.0	21	1.0	21	1.0
CSS08/09	All Services	Procurement Savings	Increased focus by Procurement and Commissioning Team on contract and demand management by services. This will require a redesign of the PCT team but will not alter the overall number of FTE. Cashable savings coming from this new approach will be identified and removed from service budgets.	250	0.0	250	0.0	250	0.0
CSS10	Customer and Support Services	Creditor Payments / Payment of Members and staff Expenses	Phased removal of posts due to increased use in electronic systems	16	1.0	35	1.8	35	1.8
ED02	Education	Central/ Management Costs	Removal of vacant posts	49	1.5	49	1.5	49	1.5
ED05	Education	Youth and Adult Learning	Review of Youth and Adult Learning Provision	330	17.1	330	17.1	330	17.1
ED06	Education	Music Instruction	Review of Instrumental Music Provision	27	1.0	61	1.3	61	1.3
				1,986	55.8	2,507	59.9	2,582	59.9