

SERVICE CHOICES

1. EXECUTIVE SUMMARY

- 1.1 Service Choices is the approach adopted by the Council to plan for the estimated funding reductions and to align the available resources to Member's priorities. A Project Board was established tasked with producing options for consideration and recommendation to Council with a view to producing a balanced budget.
- 1.2 Progress is being made through the Project Board and feedback from the Member's Workshop on 5 June has been considered. The report to the Policy and Resources Committee on 22 June envisaged that service targets would be brought to the meeting on 20 August. The Project Board have since recommended that all options are progressed to enable headroom for choice.
- 1.3 The Project Board considered the savings options under three categories:
1. Management/Operational – savings options that have no policy or HR implications and can be taken forward as part of normal business, without any further approval.
 2. Policy Options – savings options that would require a decision from Members. Where there were alternative options; those which gained the most support at the Member's workshop were included in this category.
 3. Other Alternative Options – alternative savings options that received lesser support at the Members workshop to those included within the Policy Options category. These would, therefore, progress no further.
- 1.4 It is recommended that:
- Category 1 Management/Operational options where there are no policy or HR implications are noted and will be delivered as part of normal business.
 - Category 2 Policy Options are all progressed through to Stage 3 with further consideration of these options prior to consultation.
 - Category 3 residual Alternative Options are not progressed at this stage. They are alternative options which received less Member support at the Workshop on 5 June.

- 1.5 The Policy and Resources Committee on 22 June agreed that Integrated Health and Social Care should be subject to an integrated approach to developing proposals. The recommendation is to set an indicative target range of savings of 4% to 6% for Social Work Services. This is in line with the average percentage reduction applied across other Council services included within Service Choices and provides a degree of flexibility in developing options, until confirmation of the financial settlement is received.
- 1.6 The Project Board will continue their work on progressing Service Choices and there will be engagement with all Members in a further Member's Workshop planned for 18 September, prior to decisions at October Council on savings options to go out to public consultation.

SERVICE CHOICES

2. INTRODUCTION

- 2.1 Service Choices is the approach adopted by the Council to plan for the estimated funding reductions and to align the available resources to Member's priorities. A Project Board was established tasked with producing options for consideration and recommendation to Council with a view to producing a balanced budget to be approved by Council in February 2016.
- 2.2 This report updates Members on the progress to date with the Service Choices process and outlines the recommendations from the Project Board on the way forward with the Service Choices process over the coming months.

3. RECOMMENDATIONS

- 3.1 Members to note the progress being made on Service Choices through the Project Board, with feedback from the Member's Workshop of 5 June being taken on board and informing actions and work going forward.
- 3.2 The report to the Policy and Resources Committee on 22 June envisaged that service targets would be brought to the meeting on 20 August. The Project Board of the 30 June considered the savings options and now recommend the following which Members are asked to approve:
- Category 1 Management/Operational options where there are no policy or HR implications are noted and will be delivered as part of normal business.
 - Category 2 Policy Options are all progressed through to Stage 3 with further consideration of these options prior to consultation.
 - Category 3 Other Alternative Options are not progressed at this stage as they are alternative to the options already being further developed in Category 2.
- 3.3 Members to endorse the Project Board recommendation that for planning purposes an indicative target range of savings of 4% to 6% is applied to Social Work Services. This is in line with the average percentage reduction applied across other Council services included within Service Choices and provides a degree of flexibility in developing options, until confirmation of

the financial settlement is received. The final decision on the reduction will require approval by Council.

4. DETAIL

4.1 Background

4.1.1 The Policy and Resources Committee on 22 June 2015 was asked to note the progress made with the Service Choices process through the Project Board and Member's Workshop. A recommendation was accepted that feedback from the Member's Workshop on 5 June 2015 was to be considered by the Project Board with proposals on savings targets being brought back to Policy and Resources Committee on 20 August 2015.

4.1.2 The Member's Workshop on 5 June 2015 was an introduction for all Members on the options being considered and Members were asked to indicate preferences on the savings options. This feedback has been considered by the Project Board and will be used as the Service Choices process moves forward.

4.2 Option Categories

4.2.1 The Project Board split the savings options into three categories:

1. Management/Operational – savings options that have no policy or HR implications and can be taken forward as part of normal business, without any further approval.
2. Policy Options – savings options that would require a decision from Members. Where there were alternative options; those which gained the most support at the Member's workshop were included in this category.
3. Other Alternative Options – alternative savings options that received lesser support at the Members workshop to those included within the Policy Options category. These would, therefore, progress no further.

4.2.2 The Management/Operational category includes savings which have no policy or HR implications and are categorised in this way as they are assumed to be able to be taken in the normal course of business. These options are for noting by Members and are detailed within Appendix 1. They amount to £1.094m in 2016-17 rising to £1.145m in 2017-18. Services will not be required to complete Stage 3 templates for these options.

4.2.3 The Policy Options will all be taken forward into Stage 3 Options Development and services will have to prepare Stage 3 Options Development templates for submission to the Policy and Resources Committee and Council meeting in October. A copy of the Stage 3 template is included within Appendix 2. Where there were alternative

options, the Project Board considered that the options with the most support from Members at the Workshop should be taken forward.

- 4.2.4 The Other Alternative Options are policy options which are alternative to those already included within the Policy Options category. The Project Board considered that the options that received lesser support from Members at the Workshop should not be progressed at this stage.

4.3 Integrated Health and Social Care

- 4.3.1 The Policy and Resources Committee on 22 June 2015 agreed that Social Work Services should be subject to an integrated approach to developing proposals to ensure scope for greater efficiency, allowing for targets to be set over the 3 year Strategic Plan from the perspective of aggregated funding from both the Council and Health services. The approach was further agreed at Council on 25 June 2015.

- 4.3.2 There is a requirement for Social Work Services to contribute to the Councils overall budget gap. Based on the current budget outlook the average savings required from Council service packages subject to a budget reduction is 6.17%. The Project Board recommendation is to set an indicative target range of savings of 4% to 6% for Social Work services in both 2016-17 and 2017-18. This is in line with the percentage reduction applied across other Council services included within Service Choices and provides a degree of flexibility in developing options, until confirmation of the financial settlement is received.

- 4.3.3 A target allocated of less than 6.17% would be a decision to provide an element of protection to Social Work services. The savings target with a range of between 4% and 6% is outlined below:

- 4% - £2.250m
- 5% - £2.813m
- 6% - £3.376m

The Council budget gap in 2018-19 is likely to be less than the first two years so there may be a requirement to give a different target across the three year period.

- 4.3.4 It is recommended that an indicative target saving of 4% to 6% is communicated to the Integration Joint Board as an indication of a range of the level of savings required to allow them to start planning and developing options for delivery of the required savings.

4.4 Budget Outlook

- 4.4.1 A report updating the revenue budget outlook for 2016-17 to 2020-21 was presented at the Policy and Resources Committee on 22 June 2015. Based on the narrower range of best and worst case scenarios the budget gap across these years is estimated to be between £21.7m and £26.0m.

The budget gap is weighted to the first two years, with a budget gap of up to £18.4m by 2017-18.

- 4.4.2 The Policy and Resources Committee agreed to note the advice within the Budget Outlook report on 22 June 2015 that for planning purposes Members should consider moving forward with savings targets of £9m in both 2016-17 and 2017-18.
- 4.4.3 There have been no changes to the budget outlook since the update on 22 June 2015. The most significant issue affecting the outlook remains to be the Scottish Government funding. UK Government are set to announce 5 year spending plans on 25 November and it is still the Scottish Government's intention to issue local government figures before Christmas.
- 4.4.4 The table below summarises the current position in terms of the estimated budget gap, based on the management/operational savings already identified and the policy option savings that are progressing through to Stage 3. Savings in respect of Social Work have been illustrated in the table at 5% (mid-point of 4%-6% range). This is purely for illustrative purposes and does not indicate a preferred savings target. Also noted in the table is the Economic Development Investment which was part of the Service Choices process and was agreed at the Policy and Resources Committee on 22 June 2015. The table illustrates that at this stage, there are more savings identified than required.

	2016/17	2017/18
	£'000	£'000
Management/Operational Savings	1,094	1,145
Policy Options	9,169	12,912
Health and Social Care Savings (5% mid-point)	2,813	5,626
Economic Development Investment	(286)	(286)
Total Available Options	12,790	19,397
Savings Target	(9,000)	(18,000)
Savings Over Target	3,790	1,397*

*It should be noted that there is a separate report entitled "Resourcing Service Choices Process – Improvement and HR", which recommends that their Year 2 savings are profiled to Year 3. If this recommendation is approved this would defer savings of £0.353m in 2017-18 to 2018-19 resulting in the savings over target in 2017-18 being reduced to £1.044m.

- 4.4.5 Based on the current budget outlook, proceeding with all of the current options would deliver excess savings over the target. This allows headroom for choice, both before and after consultation. It also allows for any risks that are identified as part of the Stage 3 options development to be taken into consideration and further, it allows for negative variation in the budgetary outlook.
- 4.4.6 There will inevitably be staff reductions to achieve the level of savings

required over the next 5 years, and at this stage no estimate has been included in the budget outlook for severance costs.

- 4.4.7 The budget outlook position is kept under continual review and any changes will be reported to Members.

4.5 Timeline

- 4.5.1 There are a number of key dates and decision points for Service Choices leading up to the Council budget meeting in February 2016. These are summarised in the table below:

Date	Meeting	Purpose
20 August	P&R Committee	Consider report on Service Choices that sets out the way forward for Stage 3 and agree indicative savings targets for Social Work.
14 September	Project Board	Ongoing work – Initial review of Stage 3 templates.
18 September	Member's Workshop	Review of Stage 3 options.
8 October	Special P&R Committee	Make recommendations to Council on options to proceed to public consultation
22 October	Special Council	Agree options to proceed to public consultation.
Oct – Dec	Consultation	Seek views on savings options
January 2016	Special P&R Committee	Receive consultation feedback and recommend proposals to Council
11 Feb 2016	Council – Budget Meeting	Determine the budget

5. CONCLUSION

- 5.1 Progress with Service Choices is being made through the Project Board and feedback from the Member's Workshop on 5 June has been considered. The Project Board has recommended a way forward to allow services to complete Stage 3 Options Development which will allow for more detailed information to be provided to Members at the Policy and Resources Committee and Council meetings in October.
- 5.2 Agreeing an indicative target range of savings of 4% to 6% for Integrated Health and Social Care at this stage will allow the Integrated Joint Board to start planning on this basis and develop options to deliver their allocation of the required savings.
- 5.3 There is a planned Member's Workshop on 18 September to give an opportunity to engage all Members in the options being developed.

6. IMPLICATIONS

- 6.1 Policy – None from this report but Service Choices will determine policy in a number of service areas.
- 6.2 Financial – Supports balancing the budget over 2016-17 and 2017-18.
- 6.3 Legal – None at this stage.
- 6.4 HR – None at this stage but Service Choices will have an impact on staff.
- 6.5 Equalities – None at this stage but savings proposals will need to consider equalities.
- 6.6 Risk – None at this stage but savings proposals will need to consider risk.
- 6.7 Customer Service – None at this stage but savings proposals will need to consider customer service.

Policy Lead for Strategic Finance: Councillor Dick Walsh

Steve Barrett
Interim Head of Strategic Finance
30 July 2015

**For further information please contact Kirsty Flanagan, Finance Manager
Departmental Support on 01546 604268.**

APPENDICES

- Appendix 1 – Management/Operational Savings Options
- Appendix 2 – Stage 3 Options Development Template

Appendix 1

Management/Operational Savings

Department	Service	Service Package	Ref	Description of Option	Yr1 Budget Reduction £000	Yr1 FTE Reduction	Yr2 Budget Reduction £000	Yr2 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01B	Reduce travel and subsistence budgets	5	0.0	5	0.0	5	0.0
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01C	Review Internal Audit Strategic Partnership	15	0.0	15	0.0	15	0.0
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01D	Increase finance recharge to Loans Fund	9	0.0	9	0.0	9	0.0
Chief Executives Unit	Strategic Finance	Strategic Finance	SF01E	Recharge of officer time to the TIF project.	10	0.0	10	0.0	10	0.0
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05b	Removal / reduction of various small central budgets including reduction in postages, hospitality, furniture and fittings, subscriptions to publications.	41	0.0	41	0.0	41	0.0
Community Services	Education	Education Support HQ and Repairs/Janitorial Services	EDUC05f	Removal of budget for School Estates Management.	30	0.0	30	0.0	30	0.0
Community Services	Education	Psychological Services	EDUC12c	A 7% reduction in the total budget of the Specialist Activities. (as this budget is routinely underspent it is recommended that a 50% saving is made)	6	0.0	6	0.0	6	0.0
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01g	One off savings in 2017-18	0	0.0	51	0.0	0	0.0
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01h	Blue Badge Additional Income	10	0.0	10	0.0	10	0.0
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01i	Registration Ceremonies Additional Income	15	0.0	15	0.0	15	0.0
Customer Services	Customer and Support Services	Customer Service Centres (CSC) and Registration	CSS01n	Miscellaneous Budget reductions - training, fixtures & fittings, consultancy etc	7	0.0	7	0.0	7	0.0
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02a	Reduction in sheriff officer commission for council tax	21	0.0	21	0.0	21	0.0
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02b	Reduction in sheriff officer commission for NDR	17	0.0	17	0.0	17	0.0
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02e	30% saving on travel costs	5	0.0	5	0.0	5	0.0
Customer Services	Customer and Support Services	Revenues and Benefits	CSS02f	End maintenance on Northgate adapters	15	0.0	15	0.0	15	0.0
Customer Services	Customer and Support Services	Creditors	CSS03d	More creditors training done via lync & online reducing travel costs	1	0.0	1	0.0	1	0.0

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Management/Operational Savings

Department	Service	Service Package	Ref	Description of Option	Yr1 Budget Reduction £000	Yr1 FTE Reduction	Yr2 Budget Reduction £000	Yr2 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction
Customer Services	Customer and Support Services	Creditors	CSS03e	Reduction in training budget	3.5	0.0	3.5	0.0	3.5	0.0
Customer Services	Customer and Support Services	Information Technology	CSS04a	Disconnection of telephone lines no longer required	30	0.0	30	0.0	30	0.0
Customer Services	Customer and Support Services	Information Technology	CSS04c	Remove the IT Disaster recovery Contract	27	0.0	27	0.0	27	0.0
Customer Services	Customer and Support Services	Information Technology	CSS04d	Net additional income from a shared services partnership with Highland Council to deliver a Microsoft Lync environment for both Councils	50	0.0	50	0.0	50	0.0
Customer Services	Facility Services	Catering	FS01E	Remove surplus funding for P1-3 Free Meals.	118	0.0	118	0.0	118	0.0
Customer Services	Facility Services	Property	FS03N	Remove the uncommitted budget allocated for enabling work associated with Workforce Deployment contracts.	44	0.0	44	0.0	44	0.0
Customer Services	Facility Services	School and Public Transport	FS04C	As a result of the successful implementation of the transport sourcing strategy, remove the element of the School and Public Transport budget not required based on current contracts.	451	0.0	451	0.0	451	0.0
Customer Services	Facility Services	School and Public Transport	FS04D	As a result of the benefits arising from the introduction of fuel efficient vehicles and related driver training, 20% reduction to Fuel budget for Pool Cars and Pupil Transport	41	0.0	41	0.0	41	0.0
Customer Services	Facility Services	School and Public Transport	FS04E	As a result of the continuing reduction in the age of the light vehicle fleet, 30% reduction to external hire charge budget for back-up vehicles	21	0.0	21	0.0	21	0.0
Development and Infrastructure Services	Planning and Regulatory Services	Development Management	PRS02a	Increase Planning Fee Revenue Budget. Use increased statutory planning fee income to offset savings targets. Income exceeded budget by £65k and £115k in the previous 2 financial years and Scottish Government is openly examining future increases in fees. An increase in budget of £100k based on previous years outturn is conservative estimate particularly in the growth agenda outlined in LDP. The £100k increase will be split - £80k aligned to Development Management and £20k to Planning Policy.	80	0.0	80	0.0	80	0.0
Development and Infrastructure Services	Planning and Regulatory Services	Development Policy	PRS03a	Reduction in GIS provision by reducing licenses for number of desktops and changing software.	7	0.0	7	0.0	7	0.0

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Department	Service	Service Package	Ref	Description of Option	Yr1 Budget Reduction £000	Yr1 FTE Reduction	Yr2 Budget Reduction £000	Yr2 FTE Reduction	Future Years Budget Reduction £000	Future Years FTE Reduction
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04b	Rationalisation of our on-line and other subscriptions across Regulatory Services relating to the provision of and access to technical advice, guidance, case law and statutes	10	0.0	10	0.0	10	0.0
Development and Infrastructure Services	Planning and Regulatory Services	Regulatory Services	PRS04d	Realise savings by releasing underspend in the tobacco control budget which funds the age-related sales activities and tobacco enforcement work.	5	0.0	5	0.0	5	0.0
					1,094	0.0	1,145	0.0	1,094	0.0

SERVICE CHOICES – STAGE 3 – OPTIONS DEVELOPMENT																																															
SERVICE PACKAGE OVERVIEW																																															
Department:				Service:																																											
Service Package:				Service Package Reference:																																											
Savings Target: %				Target Value: £'000																																											
1	Introduction/Overview																																														
1.1	<i>This section should provide a description of the service package as previously included in Stage 1 and Stage 2 templates.</i>																																														
2	Service Package Baseline Information																																														
2.1	<p><i>This section is provided to allow some key information on the service to be provided and should include information like:</i></p> <ul style="list-style-type: none"> <i>A summary of any statutory and legislative requirements.</i> <i>Information on the current approach to service delivery.</i> <i>Information on current resources - money, staff and assets. Where available revenue information should be provided for current year (budget) and the previous two years (actual).</i> 																																														
3	Performance (including Benchmarking)																																														
3.1	<i>Information on what the service activity currently achieves in terms of performance. This section should highlight benchmarking for the service area relevant to the service package. Graphical representation would be best with supporting narrative.</i>																																														
4	Future Challenges																																														
4.1	<i>This section to identify future challenges relevant to the savings proposals. This may be similar to information in the Stage 1 template.</i>																																														
5	Summary of Options																																														
5.1	<p><i>The savings options for this service package are summarised in the table below with more detailed information contained in the individual option templates:</i></p> <table border="1"> <thead> <tr> <th rowspan="2">Option Reference</th> <th colspan="2">2016-17</th> <th colspan="2">2017-18</th> <th colspan="2">Future Years</th> </tr> <tr> <th>£'000</th><th>FTE</th> <th>£'000</th><th>FTE</th> <th>£'000</th><th>FTE</th> </tr> </thead> <tbody> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td></td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> <tr> <td>Management/Operational</td><td></td><td>0</td><td></td><td>0</td><td></td><td>0</td> </tr> <tr> <td>TOTAL</td><td></td><td></td><td></td><td></td><td></td><td></td> </tr> </tbody> </table> <p><i>Management/operational savings are not required to produce an options template as these savings do have no policy or HR implications.</i></p>						Option Reference	2016-17		2017-18		Future Years		£'000	FTE	£'000	FTE	£'000	FTE															Management/Operational		0		0		0	TOTAL						
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Management/Operational		0		0		0																																									
TOTAL																																															

6.	Employee Engagement
6.1	<i>Briefly outline employee engagement to date.</i>

Service Package:		Service Package Reference:																					
Savings Option:		Savings Option Reference:																					
Description of Savings Option: <i>This section should provide a brief description of the savings option as previously included on Stage 2 templates. Table should also be included to show savings and any FTE reduction profile.</i>																							
<table border="1"> <thead> <tr> <th colspan="2">2016-17</th> <th colspan="2">2017-18</th> <th colspan="2">Future Years</th> </tr> <tr> <th>£'000</th> <th>FTE</th> <th>£'000</th> <th>FTE</th> <th>£'000</th> <th>FTE</th> </tr> </thead> <tbody> <tr> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> <td> </td> </tr> </tbody> </table>		2016-17		2017-18		Future Years		£'000	FTE	£'000	FTE	£'000	FTE										
2016-17		2017-18		Future Years																			
£'000	FTE	£'000	FTE	£'000	FTE																		
Impact on Service Delivery: <i>Description of the impact on service delivery of the proposed option. This should focus on service outcomes and key deliverables/objectives. It should be noted when the saving can be delivered from and any lead in times.</i>																							
Actions Required to Deliver on Saving: <i>Outline actions required to deliver on saving, including indicative timeline for actions, section should also highlight any barriers which could have an impact on the timescale.</i>																							
Impact on Staff: <i>Outline impact on staff including FTE and Headcount reduction and how this will be achieved eg reduced hours, redundancy, removal of vacant posts.</i>																							
Risks: <i>Outline implications of the proposed option on key strategic and operational risks as together with any risks in terms of Health and Safety.</i>																							
Statutory Requirements: <i>Outline implications of the proposed option on statutory requirements.</i>																							
Third Sector/Partnerships: <i>Outline impact where the service is delivered by another party or the option will affect other involved in the supply chain for the service.</i>																							
External Funding: <i>Outline implications of the proposed option on External Funding, include all sources of funding including grants and contributions, fees and charges etc.</i>																							

Impact on Assets:

Outline implications for capital expenditure or plans to stop using existing assets.

Additional Investment:

For options which require additional investment to deliver, ie. Spend to Save proposals, outline the level of investment required whether revenue or capital, the timing of this and any proposals to fund these costs.

Equality Impact Assessment:

- *Is an Equality Impact Assessment Required? Yes/No*
- *Has an Equality Impact Assessment been carried out? Yes/No – If required and EQIA is not completed, explanation should be entered.*
- *What was the outcome of the EQIA?*