

Argyll and Bute Council
Comhairle Earra-Ghàidheal Agus Bhòid

Customer Services
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20 October 2017

SUPPLEMENTARY PACK – BUDGET ITEMS FROM P&R

ARGYLL AND BUTE COUNCIL - COUNCIL CHAMBER, KILMORY, LOCHGILPHEAD on THURSDAY, 26 OCTOBER 2017 at 10:30 AM

I enclose herewith **item3 (BUDGET)** which are for viewing for the above meeting.

Douglas Hendry
Executive Director of Customer Services

BUDGET ITEMS FROM P&R COMMITTEE 19 OCTOBER 2017

3. BUDGET

(a) Revenue Budget Outlook 2018-19 to 2020-21 (Pages 3 - 20)

Report by Head of Strategic Finance

(b) Management/Operational Savings for 2018-19 (Pages 21 - 24)

Report by Head of Strategic Finance

(c) Policy Savings for 2018-19 (Pages 25 - 30)

Report by Executive Director – Customer Services

(d) Budget Consultation (Pages 31 - 40)

Report by Executive Director – Customer Services

Argyll and Bute Council

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****19 OCTOBER 2017**

BUDGET OUTLOOK 2018-19 TO 2020-21 - UPDATE

1. EXECUTIVE SUMMARY

- 1.1 A report on the budget outlook 2018-19 to 2020-21 was presented to the Policy and Resources Committee on 17 August 2017. This report provides Members with a further update to the position. It summarises the detail contained in the August report and provides detail on any assumptions that have been updated.
- 1.2 The changes to the base budget are as follows:
- One-off release of two surplus balances within European Projects £0.249m.
 - A further £1.000m saving in relation to loans charges.
- 1.3 The changes to the employee cost increases are as follows:
- Increase the pay award assumption to between 1.5% and 2.5% with a mid-range of 2.0%.
 - Remove surplus superannuation budget no longer required £0.245m.
- 1.4 A review of the unavoidable/inescapable non-pay inflation provision required in 2018-19 was carried out during September by Strategic Finance staff in consultation with services. The provision for inflation has increased from £0.600m to £0.910m in 2018-19.
- 1.5 A review of cost and demand pressures was carried out during September by Strategic Finance staff in consultation with services. The new cost and demand pressures would increase the budget gap in the mid-range scenario by £0.094m. However, the provision for unidentified cost and demand pressures of £0.250m included in the original outlook could be removed for 2018-19, resulting in a decrease of £0.156m within the mid-range scenario.
- 1.6 The assumption for income from fees and charges has remained unchanged and is assumed to be between the range of 1% and 5%, with a mid-range of 3%.
- 1.7 Service Choices savings and previously agreed efficiency savings have remained unchanged and been built into each scenario.
- 1.8 In the previous budget outlook it had been assumed that the Council were able to reduce the funding to the Integration authority by the same share as the reduction permitted in 2017-18. This assumption remains within the best case scenario but for the worst case scenario it has been assumed that no reduction will be permitted and for the mid-range, half of the best case.
- 1.9 It continues to be assumed that the Health and Social Care Partnership will

absorb their own inflationary and cost and demand pressure increases. In the worst case scenario, it has been assumed that the Council would contribute £0.500m each year towards the pressures.

- 1.10 In respect of the Scottish Government funding the assumption remains unchanged with an assumed reduction of between 3.5% and 4.5% each year over the next three years, with 4% being the mid-range.
- 1.11 The Council tax assumptions have been updated to reflect an increase of £0.600m on the base Council tax position due to an overall increase in the base in addition to increased collection of double Council Tax on second homes.
- 1.12 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £20.286m with a gap of £3.908m in 2018-19.
- 1.13 In contrast, the budget gap in the best case scenario over the three years is £11.052m with a gap of £0.852m in 2018-19 and in the worst case scenario, the budget gap over the three years is £33.994m with a gap of £8.541m in 2018-19.
- 1.14 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21 and to refer this with any recommendations the Committee feels appropriate to the Special Council on 26 October 2017.

BUDGET OUTLOOK 2018-19 TO 2020-21 – UPDATE

2. INTRODUCTION

- 2.1 A report on the budget outlook 2018-19 to 2020-21 was presented to the Policy and Resources Committee on 17 August 2017. This report provides Members with a further update to the position. It summarises the detail contained in the August report and provides detail on any assumptions that have been updated.
- 2.2 The budget outlook has been prepared using three different scenarios, best case, worst case and mid-range. Relatively small variations in assumptions can lead to fairly significant changes in the outcome. In the paragraphs that follow, the mid-range outlook is shown, however, all three scenarios are detailed within Appendix 1.

3. RECOMMENDATIONS

- 3.1 Members are asked to consider the current estimated budget outlook position 2018-19 to 2020-21 and to refer this with any recommendations the Committee feels appropriate to the Special Council on 26 October 2017.

4. DETAIL**4.1 Base Budget**

- 4.1.1 The 2017-18 approved budget is the starting point for the 2018-19 base budget. As noted within the August budget outlook report, the base budget is adjusted for one-off items agreed as part of the 2017-18 budget as follows: HSCP funding for 2017-18 only, one-off funding for amenity services, one-off cost pressure for Catering and Cleaning post on a spend to save basis, one-off reduction to loans charges and one-off reduction to new schools NDR costs. There are also other base adjustments relating to painting Education establishments, loans charges, Argyll and the Isles Tourism funding and the additional cost required for the settled pay award. These changes were all detailed in the previous budget outlook report.
- 4.1.2 There are two surplus balances sitting against two European Projects: Transnational Project and Atlantic Area Spatial Development Perspective. The European Programmes have stopped and time has lapsed for audit/repayment of any balances and therefore this is a one-off base adjustment that can be reflected within 2018-19.
- 4.1.3 A review of the current loans charges position has been carried out and there is

scope for further savings on the current loans charges budget. The savings are a result of a number of factors including:

- Lower interest rates on new borrowing than forecast. Originally a rate of 5% was assumed for long term borrowing but current rates are at 2.39% and a loan of £10m produces savings of around £0.261m per annum.
- Lower interest payments as external borrowing has been deferred due to cash balances which results in savings on payment of external interest at 2.39% offset by investment returns of 0.6%. On £10m, this would result in a net saving of £0.179m per annum.
- Lower level of capital advances due to slippage in the capital programme which results in principal payments being deferred until such time as the capital expenditure is incurred.

4.1.4 The level of savings on loans charges will be dependent on the Council's desire for additional capital spending on priorities, however, from modelling work already carried out there is scope to remove at least £1.000m from the loans charges budget, with the potential to remove more.

4.1.5 There are no other changes to the base budget assumptions and the table below summarises the base budget in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget 2017-18	235,680	235,680	235,680
One-off adjustments	(1,626)	(1,626)	(1,626)
Other base adjustments	(1,037)	(2,047)	(2,077)
One-off European Projects	(249)	0	0
Further reduction to loans charges	(1,000)	(1,000)	(1,000)
Revised Base Budget	231,768	231,007	230,977

4.2 Employee Cost Changes

4.2.1 The employee cost change assumptions included in the previous budget outlook related to pay award, increments and the cost of auto enrolment. There have been no changes to the increments and the auto enrolment assumptions. In terms of auto enrolment, all eligible staff will require to be auto enrolled on 1 October 2017; the actual cost of auto enrolment will be calculated after this time and advised within the December budget outlook report.

4.2.2 The First Minister as part of her Programme for Government has removed the public sector pay cap of 1%. There is continued pressure from Trade Unions to provide a pay award of at least equal to the current level of inflation.

4.2.3 The budget outlook had been based on a pay award ranging between 1% (best case) to 2% (worst case) with a mid-range of 1.5%. A pay award equal to the current level of inflation (RPI 3.9% August) will not be affordable for Local Authorities unless it is partly funded by Scottish Government. Each 0.5% increase equates to around £0.550m for Council employees and around £0.130m for Health and Social Care Partnership employees employed by the

Council.

4.2.4 The pay award assumption has been increased to a range between 1.5% (best case) to 2.5% (worst case) with a mid-range of 2%. The difficulty with this estimate is that it is more than likely that the pay award will not be settled prior to the budget setting in February 2018 and therefore any over-estimate could result in unnecessary redundancies if the pay award is settled at less than the estimate.

4.2.5 A budget provision for additional employer's superannuation was created in 2015-16 as a result of changes to pensionable pay. A review has been undertaken as to how much of this budget provision is required going forward and a recurring saving of £0.245m can be made.

4.2.6 The table below summarises the employee cost increases in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Employee Cost Changes as per August report	2,182	4,184	6,211
Change to pay award assumption	550	1,119	1,708
Saving in superannuation payments	(245)	(245)	(245)
Revised Total Employee Cost Changes	2,487	5,058	7,674

4.2.7 Strategic Finance staff are currently populating the salary templates to obtain the most up to date cost of the staffing establishment. Whilst the pay award will still require to be estimated, the salary templates will provide information on any changes to the employee base and the cost of increments. This will be reported as part of the December budget outlook report.

4.3 Non-Pay Inflation

4.3.1 A review of the unavoidable/inescapable non-pay inflation provision required in 2018-19 was carried out during September by Strategic Finance staff in consultation with services. The table below summarises the inflation required, with further information contained within Appendix 2.

Department	Service	Inflation Category	Amount
Council Wide	Council Wide	NDR	128
Council Wide	Council Wide	NDR Relief	4
Council Wide	Council Wide	Computer Software	18
Community Services	Education	Pre-Partner Provider Uplift	17
Customer Services	Facility Services	Catering Purchases	85

		including milk	
Customer Services	Facility Services	School and Public Transport Contract Fuel Uplifts	50
Customer Services	Special Projects	Community Pool Subsidies	22
Customer Services	NPDO	NPDO, Hub Schools	342
Community Services	Community and Culture	Events and Festivals SLAs	2
Development and Infrastructure	Roads and Amenity Services	Landfill Tax	58
Development and Infrastructure	Roads and Amenity Services	Waste PPP Contact	184
Total			910

- 4.3.2 The non-pay inflation previously estimated within the budget outlook was £0.600m; this new estimate reflects an increase of £0.310m. As with the previous estimate, the worst case scenario also includes a 1% general inflation over and above the unavoidable/inescapable inflation amount.

4.4 Cost and Demand Pressures

- 4.4.1 Over the last few years, services have worked on the basis of having to contain any cost and demand pressures within current resources, however, a number of cost and demand pressures already identified were reported as part of the budget in February 2017 and these are noted in the table below with further detail included within Appendix 3a.

	2018-19 £000	2019-20 £000	2020-21 £000
Universal Credit – HB Admin Grant	75	150	150
Local Plan Enquiry	0	90	0
New Schools Unitary Charges	1,206	1,555	1,555
Waste PPP Financial Model	254	560	560
Total	1,535	2,355	2,265

- 4.4.2 A review of cost and demand pressures was carried out during September by Strategic Finance staff in consultation with services. The table below notes the new cost and demand pressures identified within the mid-range scenario. Further information on all three scenarios is included within Appendix 3b.

	2018-19 £000	2019-20 £000	2020-21 £000
Discretionary Business relief increases due to 2017	13	13	13

revaluations			
Asbestos Management Plan	0	0	40
Carbon Reduction Scheme	0	13	13
Renewal of school and public transport contacts in Tiree in April 2018	4	4	4
Renewal of school and public transport contacts in Mid Argyll in July 2018	11	16	16
Removal of Fire and Rescue Scotland Contract (undergoing re-tender exercise at present)	11	11	11
Re-grading implications within Catering Services due to the impact of the Living Wage differentials.	55	56	57
Total	94	113	154

4.4.3 In terms of the impact on the budget outlook position for 2018-19, the new cost and demand pressures would increase the budget gap in the mid-range scenario by £0.094m. However, the provision for unidentified cost and demand pressures of £0.250m included in the original outlook could be removed for 2018-19, resulting in a decrease of £0.156m within the mid-range scenario.

4.4.4 The table below summarises the cost and demand pressures in the mid-range scenario for Council services.

	2018-19 £000	2019-20 £000	2020-21 £000
Previously Identified Cost and Demand Pressures	1,535	2,355	2,265
New Cost and Demand Pressures	94	113	154
Allowance for unidentified cost and demand pressures	0	250	500
Revised Total Cost and Demand Pressures	1,629	2,718	2,919

4.4.5 A further review of cost and demand pressures will be carried out during October/November and any changes will be reported as part of the December budget outlook report. One area that will be looked at closely is the ASN requirement and also schools residential placements, both demand led services where costs can be subject to change.

4.5 Fees and Charges

4.5.1 The fees and charges inflationary estimate has not changed from the previous outlook. The estimate is based on a range of between 1% (worst case) to 5% (best case) with 3% being the mid-range assumption. The mid-range scenario

estimates £0.310m of fees and charges inflation each year.

4.6 Savings Already Agreed

- 4.6.1 The savings already agreed have not changed since the last estimate and the table below summarises what has been built into the outlook.

	2018-19 £000	2019-20 £000	2020-21 £000
Service Choices Savings	(1,301)	(1,301)	(1,301)
Management/Operational Savings Agreed February 2016	71	71	71
Efficiency Savings Agreed October 2016	(26)	(26)	(26)
Print Management Solution	(140)	(140)	(140)
Total Savings already agreed	(1,396)	(1,396)	(1,396)

4.7 Health and Social Care Partnership

- 4.7.1 As part of the 2017-18 budget settlement, Local Authorities were advised that they were able to adjust their allocation to the Integration Authorities in 2017-18 by up to their share of £80m below the level of budget agreed with their Integration Authority for 2016-17 (Argyll and Bute Share was £1.450m). Part of the reason that this was permitted was that Integrated Joint Boards received additional funding routed via Health. It had previously been assumed that a similar reduction could take place each year, however, on reflection, this assumption has been updated to assume a range of between no reduction (worst case) and £1.450m (best case) with a mid-range reduction of £0.725m. Further clarity on what will be permitted should be contained within the Local Government settlement.
- 4.7.2 It has also been assumed that the Health and Social Care Partnership will absorb any cost increases, however, this will ultimately be a decision for Members. Some of the Social Work pressures are similar to pressures on the Council side, however, some are specific to Social Work. The Council might reasonably have an expectation that some of these pressures will be met from resource being transferred from NHS to Social Work in line with the principles behind integration and that any relating to new policy commitments by Scottish Government would be fully funded.
- 4.7.3 A review of the cost and demand pressures for Social Work has been carried out and discussed with the HSCP Chief Financial Officer and the table below notes the mid-range scenario estimates. Further detail on the non-pay inflation and the other cost and demand pressures (excluding pay inflation and increments) is included within Appendix 4a and 4b.

	2018-19 £000	2019-20 £000	2020-21 £000
Pay Inflation	515	1,040	1,576
Pay Increments	62	126	189
Non-Pay Inflation	893	1,786	2,679
Older People Growth	1,071	2,190	3,360
Care Services for Younger Adults	482	986	1,512
Carer's Act new duties	400	400	400
Continuing Care for Looked After Children	233	477	734
Sleepovers	182	246	303
Lorne Campbell Court	30	30	30
Sleepover Provision in Education Hostels	96	96	96
National Care Home Contract	390	410	430
Total Cost Increase estimates for Social Work	4,354	7,787	11,309

4.8 Funding

Scottish Government Finance Settlement

- 4.8.1 The Scottish Government funding estimate has not changed since the previous outlook and the table below summarises the mid-range scenario estimates expressed in percentage terms and monetary value.

	2018-19 £000	2019-20 £000	2020-21 £000
% Change to Funding	-4.0%	-4.0%	-4.0%
Estimated SG Funding Reduction	(7,616)	(7,311)	(7,019)
Estimated SG Funding	182,781	175,470	168,451

Council Tax

- 4.8.2 The Council Tax assumptions were based on growth of the Council tax base of between 0.25% (worst case) and 0.75% (best case) with a mid-range of 0.50% in addition to a Council Tax increase equal to the Scottish Government cap of 3% in all three scenarios.
- 4.8.3 The Head of Customer and Support Services has reviewed the Council Tax income position, reflecting on the better than expected outturn in 2016-17. It is anticipated that the Council Tax income estimate could be increased by £0.600m as a result of two main reasons:
- Increased collection of double Council Tax on empty homes. It was anticipated that due to the double Council Tax charge that this income would decline, however, this hasn't been the case.
 - Increase to the overall Council Tax base – this takes into consideration the growth that is already included within the estimates, the official Council Tax base over the last 12 months has been nearly double the estimated level

due to reductions in discounts.

- 4.8.4 The table below summarises the estimated total funding in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Estimated SG Funding	182,781	175,470	168,451
Council Tax Base	45,476	45,476	45,476
Increase to Base	600	600	600
Council Tax Growth	227	462	706
3% Increase to Council Tax	1,371	2,797	4,280
Total Estimated Funding	230,455	224,805	219,513

4.9 Summary of Estimated Budget Gap

- 4.9.1 The table below summarises the revised estimated budget gap in the mid-range scenario.

	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget	231,768	231,007	230,977
Employee Cost Changes	2,487	5,058	7,674
Non-Pay Inflation	910	1,820	2,730
Cost and Demand Pressures	1,629	2,718	2,919
Fees and Charges	(310)	(620)	(930)
Savings Already Agreed	(1,396)	(1,396)	(1,396)
HSCP Payment Adjustment	(725)	(1,450)	(2,175)
Total Estimated Expenditure	234,363	237,137	239,799
Total Estimated Funding	230,455	224,805	219,513
Updated Budget Surplus / (Gap) Cumulative	(3,908)	(12,332)	(20,286)
Updated Budget Surplus / (Gap) In Year	(3,908)	(8,424)	(7,954)

- 4.9.2 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £20.286m with a gap of £3.908m in 2018-19.

- 4.9.3 In contrast, the budget gap in the best case scenario over the three years is £11.052m with a gap of £0.852m in 2018-19 and in the worst case scenario, the budget gap over the three years is £33.994m with a gap of £8.541m in 2018-19.

4.9.4 The table below shows the movement in the mid-range budget gap since the budget outlook report in August.

	2018-19 £000	2019-20 £000	2020-21 £000
Budget Surplus / (Gap) Cumulative – August Outlook Report	(4,573)	(11,125)	(17,414)
European Projects one-off	249	0	0
Further Loans Charges Saving	1,000	1,000	1,000
Pay Award Assumption increase	(550)	(1,119)	(1,708)
Superannuation Saving	245	245	245
Increase to Non-Pay Inflation	(310)	(620)	(930)
Increase to Cost and Demand Pressures	(94)	(113)	(154)
Release provision for unidentified cost and demand pressure	250	250	250
HSCP Payment Adjustment	(725)	(1,450)	(2,175)
Increase to Council Tax Base	600	600	600
Budget Surplus / (Gap) Cumulative	(3,908)	(12,332)	(20,286)
Budget Surplus / (Gap) In Year	(3,908)	(8,424)	(7,954)

5. CONCLUSION

5.1 In the mid-range scenario, the budget gap estimated over the three year period 2018-19 to 2020-21 is £20.286m with a gap of £3.908m in 2018-19.

6. IMPLICATIONS

- | | | |
|-----|--------------------|-----------------------------------------------------------------------------------------------------------------------------|
| 6.1 | Policy - | Sets out the budget outlook that provides the financial envelope for policy decisions. |
| 6.2 | Financial - | Sets best, worst and mid-range scenarios in respect of the budget outlook. |
| 6.3 | Legal - | None directly from this report but Council will need to balance the budget. |
| 6.4 | HR - | None directly from this report but there is a strong link between HR and budgets. |
| 6.5 | Equalities - | None directly from this report but any proposals to address the forecast budget gap will need to consider equalities. |
| 6.6 | Risk - | None directly from this report but any proposals to address the forecast budget gap will need to consider risk. |
| 6.7 | Customer Service - | None directly from this report but any proposals to address the forecast budget gap will need to consider customer service. |

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

**Kirsty Flanagan
Head of Strategic Finance
5 October 2017**

APPENDICES:

Appendix 1 – Budget Outlook, Best, Worst and Mid-Range Scenarios

Appendix 2 – Non-Pay Inflation

Appendix 3a – Cost and Demand Pressures previously identified

Appendix 3b – New Cost and Demand Pressures

Appendix 4a – Social Work Non-Pay Inflation

Appendix 4b – Social Work Cost and Demand Pressures

	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Base Budget	235,680	235,680	235,680	235,680	235,680	235,680	235,680	235,680	235,680
Base Budget Adjustments	(3,912)	(4,673)	(4,703)	(3,912)	(4,673)	(4,703)	(3,912)	(4,673)	(4,673)
Revised Base Budget	231,768	231,007	230,977	231,768	231,007	230,977	231,768	231,007	231,007
Pay Award	1,650	3,325	5,025	2,200	4,444	6,733	2,750	5,568	8,457
Pay Increments	0	0	0	327	654	981	654	1,308	1,962
Auto Enrolment	69	69	69	205	205	205	479	479	479
Employers Superannuation Budget no longer required	(245)	(245)	(245)	(245)	(245)	(245)	(245)	(245)	(245)
Total Employee Cost Changes (Council Services)	1,474	3,149	4,849	2,487	5,058	7,674	3,638	7,110	10,653
Non-Pay Inflation - Council Services	910	1,820	2,730	910	1,820	2,730	1,850	3,700	5,550
Universal Credit - HB Admin Grant	75	150	150	75	150	150	75	150	150
Local Plan Enquiry	0	90	0	0	90	0	0	90	0
New Schools Unitary Charges	1,206	1,555	1,555	1,206	1,555	1,555	1,206	1,555	1,555
Waste PPP Financial Model	254	560	560	254	560	560	254	560	560
Discretionary Business relief due to 2017 revaluations	13	13	13	13	13	13	13	13	13
Asbestos Management Plan	0	0	20	0	0	40	0	0	60
Carbon Reduction Scheme	0	0	0	0	13	13	0	25	25
Renewal of School and Public Transport Contracts Tیره	0	0	0	4	4	4	8	8	8
Renewal of School and Public Transport Contracts Mid Argyll	0	0	0	11	16	16	22	33	33
Removal of Fire and Rescue Scotland Contract	5	5	5	11	11	11	18	18	18
Regrading Catering Staff	35	36	37	55	56	57	75	76	77
General Allowance for Unidentified Cost and Demand Pressures	0	0	0	0	250	500	0	500	1,000
Total Cost and Demand Pressures	1,588	2,409	2,340	1,629	2,718	2,919	1,671	3,028	3,499
Fees and Charges	(517)	(1,034)	(1,551)	(310)	(620)	(930)	(103)	(206)	(309)
Savings Already Agreed	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)	(1,396)
<i>Social Work Cost Pressures - For Information:</i>									
Pay Award - Social Work Services in HSCP	386	778	1,176	515	1,040	1,576	644	1,304	1,981
Pay Increments - Social Work in HSCP	0	0	0	63	126	189	126	252	378
Non-Pay Inflation - Social Work in HSCP	893	1,786	2,679	893	1,786	2,679	1,308	2,616	3,924
Older People Growth - Social Work in HSCP	714	1,450	2,208	1,071	2,190	3,360	1,428	2,942	4,547
Care Services for Younger Adults - Social Work in HSCP	0	0	0	482	986	1,512	964	2,014	3,159
Carer's Act New Duties - Social Work in HSCP	400	400	400	400	400	400	400	400	400
Continuing Care for Looked After Children - Social Work in HSCP	0	0	0	233	477	734	465	977	1,540
Sleepovers - Social Work in HSCP	111	143	172	182	246	303	222	286	343
Lorne Campbell Court - Social Work in HSCP	30	30	30	30	30	30	30	30	30
Sleepover provision in Education Hostels - Social Work in HSCP	96	96	96	96	96	96	96	96	96
National Care Home Contract - Social Work in HSCP	195	200	205	390	410	430	585	629	676
Fund Health and Social Care Cost Pressures	0	0	0	0	0	0	500	1,000	1,500
Health and Social Care Payment Adjustment	(1,450)	(2,900)	(4,350)	(725)	(1,450)	(2,175)	0	0	0
Total Adjustments to Health and Social Care Partnership	(1,450)	(2,900)	(4,350)	(725)	(1,450)	(2,175)	500	1,000	1,500
Total Estimated Expenditure	232,377	233,055	233,599	234,363	237,137	239,799	237,928	244,243	250,504
Scottish Government Grant	183,733	177,302	171,096	182,781	175,470	168,451	181,829	173,647	165,833
Council Tax	47,792	49,583	51,451	47,674	49,335	51,062	47,558	49,091	50,677
Total Funding	231,525	226,885	222,547	230,455	224,805	219,513	229,387	222,738	216,510
Budget Surplus / (Gap) Cumulative	(852)	(6,170)	(11,052)	(3,908)	(12,332)	(20,286)	(8,541)	(21,505)	(33,994)
Budget Surplus / (Gap) In Year	(852)	(5,318)	(4,882)	(3,908)	(8,424)	(7,954)	(8,541)	(12,964)	(12,489)

Department	Service	Inflation Category	Basis of Inflation	18-19 Inflation %	Inflation 2018-19 £000
Council Wide	Council Wide	Non Domestic Rates	Last year it was forecasted on RPI rate as at Q1 2017. The current rate of RPI has been used at present to allow consideration of the potential costs.	2.60%	128
Council Wide	Council Wide	Non Domestic Rates Relief	Last year it was forecasted on RPI rate as at Q1 2017. The current rate of RPI has been used at present to allow consideration of the potential costs.	2.60%	4
Council Wide	Council Wide	Computer Software	Software charges typically increase by RPI each year.	2.60%	18
Council Wide Total					150
Community Services	Education	Pre-Primary Partner Provider Uplift	Inflationary increase agreed as per service choices	1.00%	17
Community Services Total					17
Customer Services	Facility Services	Catering Purchases and Milk	Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit, butter prices have risen significantly which has a material impact (cost of cream for butter production has increased from 74p per litre to over £3).	5.00%	85
Customer Services	Facility Services	School and Public Transport Contract Fuel Uplifts	Inflation to fuel element of transport contracts based on projected fuel price increases. Only the fuel element of the contracts would be affected by this uplift.	3.90%	50
Customer Services	Special Projects	Community Pool Subsidies	Forecasted RPI rate for Q1 2018 has been used.	3.50%	22
Customer Services	NPDO	NPDO, Hub Schools	NPDO and Hub Schools contracts are subject to inflation year on year.	2.60%	342
Customer Services Total					499
Development and Infrastructure	Head of Economic Development	Events and Festivals	Service Level Agreements for Major Events & Festivals	2.50%	2
Development and Infrastructure	Roads and Amenities	Landfill Tax	Published predicted landfill taxes from Scottish Government	2.01%	58
Development and Infrastructure	Roads and Amenities	Waste PPP Contract	85% of RPIX between July 16 and July 17	3.29%	184
Development and Infrastructure Total					244
Grand Total					910

COST AND DEMAND PRESSURES 2018-19 TO 2020-21 (ALREADY IN BUDGET OUTLOOK)

APPENDIX 3a

Department	Service	Cost/Demand Pressure	Cost/Demand Pressure	Best Case Scenario			Mid-Range Scenario			Worst Case Scenario		
				2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Development and Infrastructure	Planning and Regulatory Services	Local Plan Enquiry. There is a requirement for the Council to have a local plan enquiry every 5 years as part of legislation - as this is a one-off cost every five years there is no resource included within the current budget.	Local Plan Enquiry	0	90	0	0	90	0	0	90	0
Development and Infrastructure	Roads and Amenity	Waste Financial Model - This relates to the financial model that was developed, which forecast overall waste costs until 2039-40. The cost pressure is £254k in 18-19 and £560k in 19-20 and there is no additional cost pressure for 2020-21. However the landfill ban comes into place in January 2021 and it should be noted that this could lead to possible variations with the Shanks contract.	Waste Financial Model	254	560	560	254	560	560	254	560	560
Customer Services	Executive Director	Profile of the annual service payment (previously referred to as unitary charge) in respect of the new schools.	Annual Service Payment for New Schools	1,206	1,555	1,555	1,206	1,555	1,555	1,206	1,555	1,555
Customer Services	Customer and Support Services	Universal Credit "Full" Service goes live in May 2018. The DWP will reduce the Housing Benefit Administration Subsidy they pay to the Council from 2018/2019 as some claimants come off of Housing Benefit processed by Council staff and go onto Universal Credit processed by the DWP. It is too early to predict what the impact will be on the Council's caseload and at this stage we will not know the size of the funding reduction from DWP until December 2018. These figures represent our best estimates at this time.	Universal Credit - HB Admin Grant	75	150	150	75	150	150	75	150	150
TOTAL				1,535	2,355	2,265	1,535	2,355	2,265	1,535	2,355	2,265

NEW COST AND DEMAND PRESSURES 2018-19 to 2020-21

APPENDIX 3b

Department	Service	Cost/Demand Pressure	Best Case			Mid Range Scenario			Worst Case		
			2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Customer Services	Customer and Support Services	Increased cost to the Council of awarding discretionary relief to businesses in Argyll and Bute following the 2017 revaluation.	13	13	13	13	13	13	13	13	13
Customer Services	Facility Services	There is an ongoing need for the Council to manage the activities associated with delivery of the Asbestos Management Plan. An earmarked reserve equivalent to £90k per annum was agreed by the Council in FQ2 2017 which should allow the management arrangements to be funded until FQ2 2020 on the understanding that this provision is the subject of ongoing review. From a budgetary perspective, the worst case scenario is that funding of the anticipated staff resource will continue to be required beyond 2020.	0	0	20	0	0	40	0	0	60
Customer Services	Facility Services	The annual payment of allowances under the Carbon Reduction Commitment scheme ends in its present form on 31 March 2019. There is the risk that this may lead to the introduction of a more punitive regime.	0	0	0	0	13	13	0	25	25
Customer Services	Facility Services	Renewal of school and public transport contracts in Tiree in April 2018	0	0	0	4	4	4	8	8	8
Customer Services	Facility Services	Renewal of school and public transport contracts in Mid Argyll in July 2018	0	0	0	11	16	16	22	33	33
Customer Services	Facility Services	Removal of Fire and Rescue Scotland Contract (undergoing re-tender exercise at present)	5	5	5	11	11	11	18	18	18
Customer Services	Facility Services	Re-grading implications within Catering Services due to the impact of the Living Wage differentials.	35	36	37	55	56	57	75	76	77
TOTAL			53	54	75	94	113	154	136	173	234

Service	Inflation Category	Basis of Inflation	18-19 Inflation %	Inflation 2018-19 £000
All Social Work	Living Wage Increases	Inflationary increase for both the National Living Wage and the Scottish Living Wage for commissioned services - assumed 2.5% in the absence of the confirmed rate which won't be available until November 2017.		800
Adult Care	Staffing Recharges	Inflationary increase to cover the estimated cost of increments and pay inflation for posts in NHS funded by the Council using an estimate derived from information provided by colleagues in NHS Highland Finance.	4.77%	49
Adult Care	Catering purchases and prepared meals in care homes, day centres, meals on wheels and lunch clubs.	Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit.	5.00%	12
Adult Care	Purchase and maintenance of OT Equipment	Inflationary increase based on RPI at September 2017 to reflect increased cost of buying specialist equipment to support people at home.	2.60%	6
Children and Families	Catering purchases and prepared meals in children's houses and hostels.	Inflationary increase in line with 17-18 increase. Food costs increasing and unsure of impact of Brexit.	5.00%	6
Children and Families	Adoption Allowances	Allowance rates and fees were not uplifted in 2017/18. Allowance has been made for an increase of 1% to allowances and fees.	1.00%	1
Children and Families	Fostering Allowances	Allowance rates and fees were not uplifted in 2017/18. Allowance has been made for an increase of 1% to allowances and fees.	1.00%	17
Children and Families	Staffing Recharges	Inflationary increase to cover the estimated cost of increments and pay inflation for posts in NHS funded by the Council using an estimate derived from information provided by colleagues in NHS Highland Finance.	4.77%	2
				893

SOCIAL WORK COST AND DEMAND PRESSURES 2018-19 to 2020-21

APPENDIX 4b

Service	Cost/Demand Pressure	Cost/Demand Pressure	Best Case			Mid Range			Worst Case		
			2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000	2018-19 £000	2019-20 £000	2020-21 £000
Adult Care	Care Services for Older People: Relates to increasing demand for services from older people. The best case scenario reflects an annual increase in demand of 3% per annum, the mid-range reflects an increase of 4.5% and the worst case reflects an increase of 6%.	Care Services for Older People	714	1,450	2,208	1,071	2,190	3,360	1,428	2,942	4,547
Adult Care	Care Services for Younger Adults: Disabled people are living longer and they require more complex support as they age. Additionally, their carers, typically elderly parents, are increasingly no longer able to support their disabled children. The best case assumes new demand will be met from attrition or reductions in existing services, the mid-range reflects demand of 4.5% and the worst case reflects demand of 9%, the latter reflecting the highest annual increase in demand which occurred in 2016/17.	Care Services for Younger Adults	0	0	0	482	986	1,512	964	2,014	3,159
Social Work (Adult Care and Children and Families)	Carers Act: The Carers Act, commencing on 1 April 2018, will introduce new statutory duties in relation to the assessment and provision of support to unpaid and young carers and the people they care for.	Carers Act - New Statutory duties	400	400	400	400	400	400	400	400	400
Children and Families	Continuing Care of Looked After Children: Part 11 of the Children and Young People (Scotland) Act 2014 introduced new provisions requiring Social Work to continue to provide accommodation for Looked After and Accommodated Children (LAAC) born after 1 April 1999 from their 16th birthday until they reach 21 years if the child chooses to remain in their current or equivalent alternative accommodation. The best case assumes new cases will be met from changes to existing cases, the mid-range 5% increase and the worst case 10% increase - average increase between 2014-15 to 2017-18 has been 6%.	Continuing Care of Looked After Children	0	0	0	233	477	734	465	977	1,540
Adult Services	Sleepovers: Reflects the estimated cost of bringing the rates paid for sleepovers into line with the Scottish Living Wage. Best case reflects the impact if the provision levels can be reduced sufficiently that the savings produced offset the additional costs. The mid-range estimate reflects the impact if demand remains constant and the SSG provides additional funding. The worst case scenario reflects the estimated cost if no additional government funding is provided.	Sleepovers- -Night Rates	111	143	172	182	246	303	222	286	343
Adult Services	Free Personal Care for Under 65s: Newly announced Scottish Government commitment to extend free personal care to under 65s. Details on timescales, criteria and funding are unknown at this time therefore it is not possible to quantify the cost pressure.	Free Personal Care for over 65's	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc	tbc
Adult Services	Lorn Campbell Court: Estimated additional funding required to deliver a progressive care service at Lorn Campbell Court. The service model is being finalised at the moment and this pressure will be updated after completion. The full cost is likely to be in the region of £400k with £370k already provided for in 2017/18.	Progressive Care Service - Lorn Campbell Court	30	30	30	30	30	30	30	30	30
Children and Families	Sleepover Provision in Education Hostels: Arising as a result of the requirement to bring sleepover rates into line with the National Living Wage.	Sleepover provision	96	96	96	96	96	96	96	96	96
Adult Services	National Care Home Contract: Contract rates are negotiated on an annual basis with representatives of the Scottish care home sector by Scotland Excel. The best case scenario figures provided are based on an annual increase of 2.5%, reflecting the estimated increase in the Scottish Living Wage. The mid range reflects an increase of 5% and the worst case 7.5%.	National Care Home Contracts	195	200	205	390	410	430	585	629	676
			1,546	2,319	3,111	2,884	4,835	6,865	4,190	7,374	10,791

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****STRATEGIC FINANCE****19 OCTOBER 2017**

MANAGEMENT/OPERATIONAL SAVINGS FOR 2018-19

1. EXECUTIVE SUMMARY

- 1.1 This report provides Members with information on management/operational savings that have been identified between 2018-19 and 2020-21. The savings total £0.620m in 2018-19 rising to £1.245m by 2020-21. The savings have no policy implications and will not result in any redundancies, however, it cannot be assumed that all management/operational savings will not have a service impact.

2. RECOMMENDATIONS

- 2.1 Members are recommended to review and endorse the management/operational savings identified and note that officers will proceed to implement these savings as part of normal business.

3. DETAIL

- 3.1 The Council at its budget meeting on 23 February 2017, approved a one year budget for 2017-18 and approved indicative budgets for 2018-19 and 2019-20. The indicative budgets noted savings were required amounting to £3.559m in 2018-19 rising to £9.330m in 2019-20.
- 3.2 The latest budget outlook report outlines that the estimated mid-range funding gap over the three year period 2018-19 to 2020-21 is £20.286m. The estimated mid-range gap for 2018-19 is £3.908m.
- 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 A significant area of work for the Board over the short to medium term is to challenge services to deliver savings. Phase 1 is for front line services to consider savings via four operating principles: business cost reduction, income maximisation, service re-design and self-funding. Each service was given a savings target taking into consideration savings already delivered via service choices.
- 3.5 Officers have been working on identifying savings for their service to match the minimum target set by the Transformation Board. The aim was for the savings options to be transformational in nature.

- 3.6 Some of the savings options identified have no policy implications, will not result in voluntary or compulsory redundancy and are in effect management/operational savings that management will go ahead and implement as part of normal business. It should be noted that it cannot be assumed that the management/operational savings will not have an impact on service delivery.
- 3.7 A summary of the savings identified are noted in the table below with further detail contained within Appendix 1.

Service	2018-19 £000	2019-20 £000	2020-21 £000
DIS Directorate	138	138	138
Planning and Regulatory Services	261	335	519
Economic Development	78	160	198
Facility Services	10	44	54
Cross Departmental/Service	133	242	336
Total	620	919	1,245

- 3.8 There will be a reduction of 6.3FTE in 2018-19 and a further 1.7FTE in 2019-20 through deletion of vacant posts/vacant hours.

4. CONCLUSION

- 4.1 Management/operational savings have been identified that total £0.620m in 2018-19 rising to £1.245m by 2020-21. Officers will proceed to implement these savings as part of normal business.

5. IMPLICATIONS

- 5.1 Policy – None.
- 5.2 Financial - Savings options identified will reduce the budget gap for 2018-19.
- 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, EQIAs will be 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
5 October 2017

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

Appendix 1 – List of Management/Operational Savings 2018-19 to 2020-21

MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 1

Ref	Service	Service Package	Saving Description	Proposed Savings					
				2018-19 £000	FTE	2019-20 £000	FTE	2020-21 £000	FTE
TB01-2	DIS Directorate	DIS Central Support and Administration	Move to fully embedded back office support delivered through customer service centre and other corporate services and avoid duplication of effort by closer integration with corporate resources.	138.0	3.0	138.0	3.0	138.0	3.0
TB02	Planning and Regulatory Services	Private Landlord Registration	Increasing budgeted income through targeted enforcement to identify unregistered landlords - reflective of current income levels being achieved	36.0	0.0	36.0	0.0	36.0	0.0
TB03-2	Planning and Regulatory Services	Environmental Health and Animal Health	Reduction in sampling and analytical work	15.0	0.0	15.0	0.0	15.0	0.0
TB03-5	Planning and Regulatory Services	Environmental Health and Animal Health	Enhanced enforcement of houses in multiple occupation	5.0	0.0	5.0	0.0	5.0	0.0
TB04-1	Planning and Regulatory Services	Regulatory Services	Removal of temporary trading standards posts	35.5	1.0	35.5	1.0	35.5	1.0
TB04-3	Planning and Regulatory Services	Regulatory Services	Integration of e-cigarette enforcement into operational team	21.0	0.5	36.0	1.0	36.0	1.0
TB04-6	Planning and Regulatory Services	Regulatory Services	Efficiency Savings	18.0	0.0	33.7	0.0	49.7	0.0
TB04-7	Planning and Regulatory Services	Regulatory Services	Regulatory Services IDOX contract saving through capitalisation agreement	14.0	0.0	14.0	0.0	14.0	0.0
TB05	Planning and Regulatory Services	Building Standards	Through commercialisation, marketing the building standard as a service of excellence	43.0	0.0	86.0	0.0	129.0	0.0
TB06-3	Planning and Regulatory Services	Planning/Other Planning Services	Rationalisation/Reduction of CVT Service Delivery Arrangements	41.0	1.0	41.0	1.0	41.0	1.0
TB06-6	Planning and Regulatory Services	Planning/Other Planning Services	Rationalisation/Service Reduction of Enforcement Service Delivery Arrangements	33.0	0.8	33.0	0.8	33.0	0.8
TB06-8	Planning and Regulatory Services	Planning/Other Planning Services	Projected increase Development Management statutory Planning Fee income (subject to fee regulations)	0.0	0.0	0.0	0.0	125.0	0.0
TB16-1	Economic Development	Economic Development	Strategic Transportation - Cycle Counters	4.0	0.0	4.0	0.0	4.0	0.0
TB16-2	Economic Development	Economic Development	Strategic Transportation - Reduce contractor budget	8.0	0.0	16.0	0.0	24.0	0.0
TB16-4	Economic Development	Economic Development	Strategic Transportation - Secure external grant funding to offset Strategic Transportation Staff Costs	30.0	0.0	60.0	0.0	90.0	0.0
TB16-9	Economic Development	Economic Development	Economic Growth - Buisness Gateway, premises saving in Lochgilphead and Oban	0.0	0.0	20.0	0.0	20.0	0.0
TB16-13	Economic Development	Economic Development	Projects and Regeneration - Reduction of Social Enterprise budget with a focus on supplies and services	6.0	0.0	6.0	0.0	6.0	0.0

MANAGEMENT/OPERATIONAL SAVINGS

APPENDIX 1

Ref	Service	Service Package	Saving Description	Proposed Savings					
				2018-19 £000	FTE	2019-20 £000	FTE	2020-21 £000	FTE
TB16-16	Economic Development	Economic Development	Projects and Regeneration - Proactive management of small users sites to increase income	30.0	0.0	40.0	0.0	40.0	0.0
TB16-18	Economic Development	Economic Development	EDST Management budget - realise savings through reduction in EDST management budget	0.0	0.0	14.0	0.0	14.0	0.0
TB17-5	Facility Services	Property Services	Review structure of the admin and support team as a result of increased automation of property cost billing	0.0	0.0	24.0	1.2	24.0	1.2
TB17-6	Facility Services	Property Services	Review option to increase the efficiency of the Utilities Fund	10.0	0.0	20.0	0.0	30.0	0.0
TB19-2	Cross Departmental	Transport	Relocate pool car administration and increase the use of pool car	46.0	0.0	70.0	0.0	94.0	0.0
TB19-3	Cross Departmental	Transport	Develop opportunities for the deployment and use of multi-functional vehicles	17.0	0.0	27.0	0.0	37.0	0.0
TB19-4	Cross Departmental	Transport	Increase third party work through fleet management workshops	25.0	0.0	45.0	0.0	55.0	0.0
TB19-5	Cross Departmental	Transport	Pursue options of other CPP and other bodies accessing ABC bulk fuel stocks	5.0	0.0	10.0	0.0	15.0	0.0
TB19-7	Cross Departmental	Transport	Improve management of internal fleet to reduce external hires	25.0	0.0	75.0	0.0	120.0	0.0
TB19-9	Cross Departmental	Transport	Rationalise the deployment of vehicle tracking	5.0	0.0	5.0	0.0	5.0	0.0
TB21-2	Cross Departmental	Design and Project Management Team	Better collaboration and smarter working between the Property Design, Roads Design and Economic Development Project Teams	10.0	0.0	10.0	0.0	10.0	0.0
TOTAL SAVINGS IDENTIFIED				620.5	6.3	919.2	8.0	1,245.2	8.0

ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****CUSTOMER SERVICES****19 OCTOBER 2017**

POLICY SAVINGS FOR 2018-19

1. EXECUTIVE SUMMARY

- 1.1 This report provides Members with information on policy savings that have been identified between 2018-19 and 2020-21. The savings total £1.997m in 2018-19 rising to £5.765m by 2020-21. The savings have policy implications and in some cases could result in redundancies.

2. RECOMMENDATIONS

- 2.1 Members are asked to:-

- (a) Consider the policy savings identified;
- (b) Note that even if all the savings options were to be accepted, there would still be a revenue funding gap for 2018/19 and subsequent years as per the Head of Strategic Finance's Budget Outlook report;
- (c) Agree the options to be recommended to the Council for further development.

3. DETAIL

- 3.1 The Council at its budget meeting on 23 February 2017, approved a one year budget for 2017-18 and approved indicative budgets for 2018-19 and 2019-20. The indicative budgets noted savings were required amounting to £3.559m in 2018-19 rising to £9.330m in 2019-20.
- 3.2 The latest budget outlook report outlines that the estimated mid-range funding gap over the three year period 2018-19 to 2020-21 is £20.286m. The estimated mid-range gap for 2018-19 is £3.908m.
- 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 A significant area of work for the Board over the short to medium term has been to challenge services to deliver savings. Phase 1 is for front line services to consider savings via four operating principles: business cost reduction, income maximisation, service re-design and self-funding. Each service was given a savings target taking into consideration savings already delivered via service choices.

- 3.5 Officers have been working on identifying savings for their service to match the minimum target set by the Transformation Board. The aim was for the savings options to be transformational in nature. The options coming forward now are the first stages of an ongoing programme and the Board will remain charged with increasing the pace and scale of transformation, impact, and SMT is currently looking at how this can be augmented.
- 3.6 Some of the savings options identified by the Transformation Board have no policy implications, will not result in voluntary or compulsory redundancy and are in effect management/operational savings that management will go ahead and implement as part of normal business. These are dealt with in the separate report from the Head of Strategic Finance. Other options, which do have policy implications are detailed within Appendix 1.

Those policy savings which affect posts will be subject to statutory consultation with employees and the recognised Trade Unions.

4. CONCLUSION

- 4.1 Policy savings have been identified that total £1.997m in 2018-19 rising to £5.765m by 2020-21.

5. IMPLICATIONS

- | | | |
|-----|--------------------|-------------------------------------------------------------------------------------------------------------------------|
| 5.1 | Policy – | Various. |
| 5.2 | Financial - | Savings options identified will reduce the budget gap for 2018-19. |
| 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, EQIAs will be 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. |

Douglas Hendry
Executive Director – Customer Services

22 September 2017

Appendix 1 – List of Policy Savings 2018-19 to 2020-21

Councillor Rory Colville – Policy Lead for Corporate Services

Ref	Service area	Saving	Description	Proposed Savings					
				2018-19 £000	Posts lost (based on full time hours)	2019-20 £000	Posts lost (based on full time hours)	2020-21 £000	Posts lost (based on full time hours)
TB01-1	Development and Infrastructure (roads and amenity, planning, economic development)	Review support delivered by central council services to Development and Infrastructure Services	Reduce support available, remaining support to managed within services and more reliance to be placed on corporate functions, like the contact centre.	150.0	5.0	150.0	5.0	150.0	5.0
TB03-1	Environmental Health and Animal Health	Increase income through raising fees to better match what is charged by other councils	Charging for services was proposed by the public through previous consultations. This would include increasing food export certificates (discounts for small quantities) and introducing charges for example for resampling water supplies.	140.0	0.0	140.0	0.0	140.0	0.0
TB03-3	Environmental Health and Animal Health	Redesign arrangements for service delivery	This would focus on statutory duties, moving from an area-based delivery model, to one based on specialisms and working commercially.	0.0	0.0	0.0	0.0	63.3	1.6
TB04-2	Regulatory Services	Stop doing work that is not a duty of a council, work with other local authorities as part of the North of Scotland Trading Standards Alliance to achieve efficiencies	Our focus would be on inspecting high risk premises, dealing with consumer complaints, enforcement rather than advice, licencing services and targeted inspections.	27.5	0.6	80.1	1.6	80.1	0.0
TB04-4	Regulatory Services	Remodel advice, debt counselling and welfare rights services.	We will review the support provided to advice agencies and identify more cost effective ways to deliver these services.	11.0	0.0	57.1	1.0	105.1	2.0
TB06-1	Planning/Other Planning Services	Introduce charges for non-statutory pre-application services for all scales of development.	Charging for services was proposed by the public through previous consultations. Charges already apply for major developments.	55.0	0.0	60.0	0.0	65.0	0.0
TB06-2	Planning/Other Planning Services	Stop displaying planning applications in Post Offices.	People would still be able to see planning applications on-line.	5.0	0.0	5.0	0.0	5.0	0.0
TB06-4	Planning/Other Planning Services	Reduce team leadership posts.	Work would be split across three instead of four posts.	0.0	0.0	52.0	1.0	52.0	1.0
TB06-5	Planning/Other Planning Services	Reduce team whose duties include processing householder/major/local planning applications.	Work would be split across 2 instead of 3 technicians, and 2 instead of 3 senior planners. We provide redeployment opportunities where possible.	35.0	1.0	88.0	2.0	88.0	2.0
TB06-9	Planning/Other Planning Services	Increase charges by 3%.	Charges relate to naming/numbering properties, new streets, renaming/renumbering streets, or confirming an address to a solicitor etc	13.0	0.0	21.6	0.0	31.6	0.0
TB07	Depots	Create one main depot in key areas, to reduce running costs and create opportunities to raise income	Employees would work together from one main area depot, rather than be distributed across several small properties in one area.	16.5	0.0	115.5	0.0	172.5	0.0
TB08	Parking	Increase parking charges and introduce additional parking charges, to places currently not charging, to keep traffic moving, manage demand for parking, and contribute to maintenance of roads infrastructure.	Charging for services was proposed by the public through previous consultations. We will also explore opportunities for commercial use of car parks.	180.0	-1.0	430.0	-3.0	697.0	0.0

Ref	Service area	Saving	Description	Proposed Savings					
				2018-19 £000	Posts lost (based on full time hours)	2019-20 £000	Posts lost (based on full time hours)	2020-21 £000	Posts lost (based on full time hours)
TB09	Public Conveniences	Review public toilet facilities (providing toilets is not a duty of a council)	Close 36 of the 57 public toilets, lease out facilities where refreshment kiosks can also be provided, encourage businesses to make their toilets available or make available for community asset transfer where interest is shown	10.0	1.0	55.0	3.0	80.0	3.0
TB10	Ferries	Review the Islay/Jura ferry service including the cost of bookable services, increase ferry charges to better reflect actual cost, council staff to manage ships instead of an external company.	We would recruit a qualified, experienced Marine Manager to manage ships.	55.0	-1.0	110.0	-1.0	110.0	-1.0
TB11	Piers and Harbours	Increase income to fully fund capital work and loan charges.	Apply a commercial approach to the setting of charges.	284.0	0.0	404.0	0.0	524.0	0.0
TB12a	Amenity Services	Establish a Funeral Directors service.	The council carries out approximately 600 burials and 600 cremations each year. We would recruit a funeral director.	-10.0	-1.0	35.0	-1.0	100.0	-1.0
TB12b	Amenity Services	Review charges for use of Mossfield, Rothesay and Dunoon stadiums to cover the cost of using the venues and make improvement work possible. Provide a portaloohire service.	These venues are being used for a growing number of events. A portaloohire service would be available for example for community groups and events.	10.0	0.0	20.0	0.0	30.0	0.0
TB12c	Amenity Services	Combine Roads and Amenity teams into one team and review the services provided. This saving is the Amenity Service contribution to that (with TB13c)	Merging the teams will allow us to be more flexible about the way we deliver services. We will also have to reduce the services we provided for example reducing the frequency of grass cutting.	65.0	0.0	150.0	0.0	215.0	0.0
TB13b	Roads and Infrastructure	Introduce or increase charges for non-statutory services; carry out work for other organisations.	We would introduce charges for providing lighting design; and increase charges by 20% for road construction consents, skips, scaffolds, hoarding, permits and licences.	10.0	0.0	50.0	0.0	150.0	0.0
TB13c	Roads and Infrastructure	Combine Roads and Amenity teams into one team and review the services provided. This saving is the Roads Service contribution to that (with TB12c)	Merging the teams will allow us to be more flexible about the way we deliver services. We will also have to reduce the services we provide such as roads maintenance and winter maintenance.	99.0	4.0	457.0	4.0	815.0	6.0
TB14	Waste	Identify opportunities to raise commercial income and reduce costs of collecting and disposing of waste.	Review commercial waste agreements and ensure all waste is being paid for. Explore more cost effective ways of getting waste to its final disposal point.	-130.0	0.0	13.0	0.0	286.0	0.0
TB15	Airports	Review existing air service contracts and the levels of operation. Pursue more commercial opportunities at Oban airport.	The council has 3 airports (Coll, Colonsay and Oban) and subsidises flights between Oban, Coll, Tiree and Colonsay. We will reduce the subsidy available and look to provide commercial services such as the supply of fuel.	80.0	-1.0	160.0	-1.0	298.0	-1.0
TB16-3	Economic Development - Strategic Transportation	Reduce road safety materials budget and remove the Road Safety Unit	Road safety information available through other organisations.	13.0	0.0	84.0	1.7	84.0	1.7

POLICY SAVINGS

APPENDIX 1

Ref	Service area	Saving	Description	Proposed Savings					
				2018-19 £000	Posts lost (based on full time hours)	2019-20 £000	Posts lost (based on full time hours)	2020-21 £000	Posts lost (based on full time hours)
TB16-10	Economic Development - Economic Growth	Re-design the economic development service.	We will focus on activities which have the most impact and work with economic agencies to improve economic outcomes.	0.0	0.0	57.0	1.0	218.0	4.0
TB16-12	Economic Development - Economic Growth	Stop funding Visit Scotland with its move away from providing face-to-face advice to providing information on-line.	We would continue to support tourism through marketing and promotional activities.	91.0	0.0	91.0	0.0	91.0	0.0
TB16-14	Economic Development - projects and regeneration	Remove renewable energy budget	We will continue to work with partners to support the renewables sector.	30.0	0.0	30.0	0.0	30.0	0.0
TB16-19	Economic Development - economic growth	Stop membership of a specialist Europe-focused organisation following the UK decision to leave the European Union.	The organisation is the CPMR - the Conference of Peripheral Maritime Regions.	10.0	0.0	10.0	0.0	10.0	0.0
TB17	Property Services	Identify opportunities for office rationalisation and raising income	This includes exploring options such as raising income through sustainable power, leasing council office space to external organisations or closing council offices by increasing the number of employees who work from home.	27.5	0.0	71.5	0.0	163.0	0.0
TB19	Transport	Reduce costs of the council's use and management of vehicles across different services.	This includes pupil and public transport, pool cars, Fleet and Transport Teams and reducing community grants.	101.0	1.0	141.0	1.0	183.0	1.0
TB20-1	Education (Centrally deployed officers)	Reduce overall number of Centrally deployed officers within the Education Management and Central Team.	Overall reduction in the total number of centrally deployed officers, with further savings options to be pursued (school and teacher budgets excluded).	386.0	8.0	617.0	8.0	617.0	8.0
TB21-1	Design and Project Management Teams	Cross-departmental review and restructure of design and project management teams.	This is about finding opportunities for synergies between teams for making savings and raising income.	36.0	1.0	36.0	1.0	36.0	1.0
TB23	Education - other	Review of current janitor provision within all Argyll and Bute schools.	Review of current janitorial staffing deployment across all schools.	47.0	4.5	75.0	4.5	75.0	4.5
TOTAL SAVINGS IDENTIFIED				1,847.5	22.1	3,865.8	28.8	5,764.6	37.8

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ARGYLL AND BUTE COUNCIL**POLICY AND RESOURCES COMMITTEE****CUSTOMER SERVICES****19 October 2017**

BUDGET CONSULTATION

1.0 EXECUTIVE SUMMARY

- 1.1 Argyll and Bute Council aims to work with, as well as for, the people of Argyll and Bute. This report sets out a consultation exercise that will give our communities the opportunity to contribute to transforming the work of the council.

2.0 RECOMMENDATION

- 2.1 Members are recommended to agree that the council carries out the consultation exercise proposed in this report, noting that the presentation of the consultation will be developed prior to publication.

3.0 DETAIL

- 3.1 The council carries out budget consultation exercises to ensure that communities have the opportunity to engage in the process of setting the council budget, and transforming our work.
- 3.2 The consultation set out in Appendix 1 asks for views on service planning and on getting involved in our work. It provides examples of how responses given to previous consultations have made a difference to decisions and actions of the council.
- 3.3 In order to encourage as representative a response as possible, the consultation will be available for feedback in a number of ways:
- on the council's website
 - via our Citizens' Panel
 - in printed copies available from council offices
- 3.4 In addition we will draw upon the support of our Third Sector Interface (TSI) partners in reaching people whose voices may not be heard as easily as others.
- 3.5 The consultation will be publicised through our website, weekly news round up, and social media channels. It will also be promoted to employees through our internal communication channels.
- 3.6 It will run from 13 November 2017 to 2nd January 2018.

4.0 CONCLUSION

- 4.1 The consultation set out in Appendix 1 is intended to deliver views from the community that will support the council in transforming its work.

5.0 IMPLICATIONS

5.1/2 Policy/Financial: Feedback from the consultation will be reported to elected members to consider in transforming the work of the council.

5.3 Legal : None

5.4 HR : None

5.5 Equalities :The consultation is designed to reach a wide range of people in line with our duties under the Equality Act 2010.

5.6 Risk: none

5.7 Customer Service: Providing feedback on actions taken as a result of this consultation will highlight the value of citizens taking the time to respond.

Douglas Hendry
Executive Director – Customer Services

22 September 2017

For further information contact:

Jane Fowler, Head of Improvement and HR; 01546 604466
Jane Jarvie, Communications Manager, 01546 604323

Policy Lead: Councillor Rory Colville – Policy Lead for Corporate Services

Appendix 1: Public consultation exercise

Appendix 1: Service planning for our future – consultation 2017-2018

Every day Argyll and Bute Council provides services that support our youngest, our oldest and our most vulnerable residents; and build the economic growth that will bring the people and jobs on which the future of our area depends.

Every year reduced funding makes this more and more difficult to achieve.

Over the past few years, with your help, we have made choices that are transforming the work of the council.

With reduced funding though we can't continue to work the way we have in the past.

We must find different ways in which to support our communities and the area as a whole. This is what this consultation is about.

We are asking for your views on making the most of the assets we have. We would also like to hear more from you about how you would like to get involved in making the changes you'd like to see in your community.

We'd love to do everything our communities want us to, but funding cuts mean that that just isn't possible.

Please do take a few minutes to let us know how you would like to work with us to support the communities and future of Argyll and Bute.

Councillor Aileen Morton
Leader of Argyll and Bute Council

Argyll and Bute's challenge

80% of our funding is provided by the Scottish Government. Our Scottish Government funding has reduced year on year and is expected to fall further this year:

- In 2018/19 alone our budget gap is estimated to be between £0.9 million and £8.5 million
- Over the next three years, we will need to find savings expected to be between £11.1 million and £33.9 million.

Our geography brings with it great opportunities, for lifestyle and economic growth. It also brings significant challenges for funding and delivering services:

- We have the highest number of inhabited islands of all of Scotland's local authorities
- We have schools, offices, and employees distributed across the second largest area of all of Scotland's councils
- In addition to making savings, we must invest in our economy to attract the people and jobs that will build prosperity for the area.

You can find information on how our budget is spent in Appendix 1.

The consultation is split into two sections.

Section 1: Service planning

- Service priorities
- Making the most of our resources

Section 2: Getting involved in Argyll and Bute's services

- Supporting the services you want for your community
- Promoting the area to attract people and jobs

Section 1: Service planning

With your help, we have made progress in changing how we work to protect services and build a prosperous future for the area.

Here are just some of the actions the council is taking to stretch our funding and transform how we work.

We have:

- Reduced the cost of what we do by millions of pounds over the past 7 years, and have identified a further £620,000 efficiencies for 2018/19.
- Attracted over £17 million of external funding to the area since 2014.
- Managed our finances as effectively as possible to allow more money to be spent on services, for example we are on track to reduce charges for loans (which fund our investment in regeneration among other things) by nearly £4 million between 2016 and 2019.
- Transformed how we make services available for example by creating 'Live Argyll', the charitable trust that will deliver leisure and library services.
- We have put into action as many as possible of the suggestions you have given through previous consultations. You can find examples in Appendix 2.

Service planning

Last year we asked you which services are most important for the council to deliver. We would like to know if your priorities remain the same.

Question 1: Which of these services is most important for the council to deliver?

(Please indicate your top 3 priorities)

- Care for vulnerable people
- Customer and information services (eg website, enquiries, advice services)
- Economic development/business support services
- Education for adults
- Education for children
- Environmental services (eg recycling, refuse, street cleaning, flooding protection)
- Job opportunities
- Public transport
- Regulatory services (eg planning, trading standards, environmental health)
- Roads
- Other (please specify)

Funding cuts year after year make it more and more difficult to protect services and jobs. In Appendix 1 you can find information on some of the steps the council has taken to match our budget to the priorities of our communities.

We must make more savings. In 2018/19 alone our budget gap is estimated to be between £0.9 million and £8.5 million. Over the next three years, we will need to find savings expected to be between £11.1 million and £33.9 million.

We have identified savings options that would help us bridge this year's funding gap. You can find out about them here [link to table of savings information].

Question 2: Please let us know the options you most support (please indicate as many as matter to you)

Question 3: Please let us know the options you would most like to avoid (please indicate as many as matter to you)

Question 4: What suggestions do you have for other ways of making savings?

The council employs a wide range of professions, with skills and knowledge that are transferrable from the council to other businesses and services. We have everything from digital, planning or customer services, to project management, catering or event experience. Question 1 gives an idea of the range of services we provide, and you can find out more on our website's A-Z. (link to be added).

Question 5: What services/advice/training do you think other organisations, businesses or groups might buy from the council?

Making the most of our resources

Thank you for suggestions given in previous consultations on how we can make best possible use of our resources. Appendix 2 gives you an idea of how we have put suggestions into action. We would welcome your ideas again.

Question 6: how should the council cut costs and raise income?

Section 2: Getting involved

We would love to be able to do everything our communities want, but drastically reduced funding means that that just is not possible.

Last time we asked you if you would be interested in getting involved in the work of the council.

More people indicated an area in which they would like to get involved, or said they didn't know, than said no to being involved.

We are therefore developing a volunteer strategy, and would like your views on how we could make this of use and benefit to residents and communities.

Getting involved - supporting the services you want for your community

Question 7: If you were to get involved in delivering services for your community, what would you like to get from this?

- Work experience
- Make a difference to life in my community
- Training
- Work with other people
- Work outdoors
- Work indoors
- Other (please explain)

Question 8: How often would you consider getting involved?

Regularity

- Monthly
- Weekly
- Daily
- Other

Time

- During the day
- Evenings
- Weekends
- Other

As highlighted in question 1 the council provides a wide range of services that require different experience, skills and knowledge.

Question 9: In which areas of our work would you be interested in getting involved?

Question 10: If you are not interested in getting involved, it would be good to know why.

Getting involved – promoting the area for people and jobs

We need to attract people and jobs to the area, to secure funding and people to deliver public services, and to achieve the prosperity that will give our children and grandchildren a future in Argyll and Bute.

We know from your answers to previous consultations that you agree that there are many reasons to be proud of what Argyll and Bute has to offer.

Promoting the opportunities and successes of Argyll and Bute and the people who live and work here is key to encouraging others to live, learn, work and visit us.

The council promotes Argyll and Bute in different ways, for example through digital and print media and word of mouth.

Question 11: what makes you most proud of Argyll and Bute?

- The people who live here
- Scenery
- Lifestyle
- Community spirit
- Community safety
- Economic strengths (eg food and drink, tourism)
- Other

Question 12: how do/could you help promote Argyll and Bute as a great place to live, learn, work and do business?

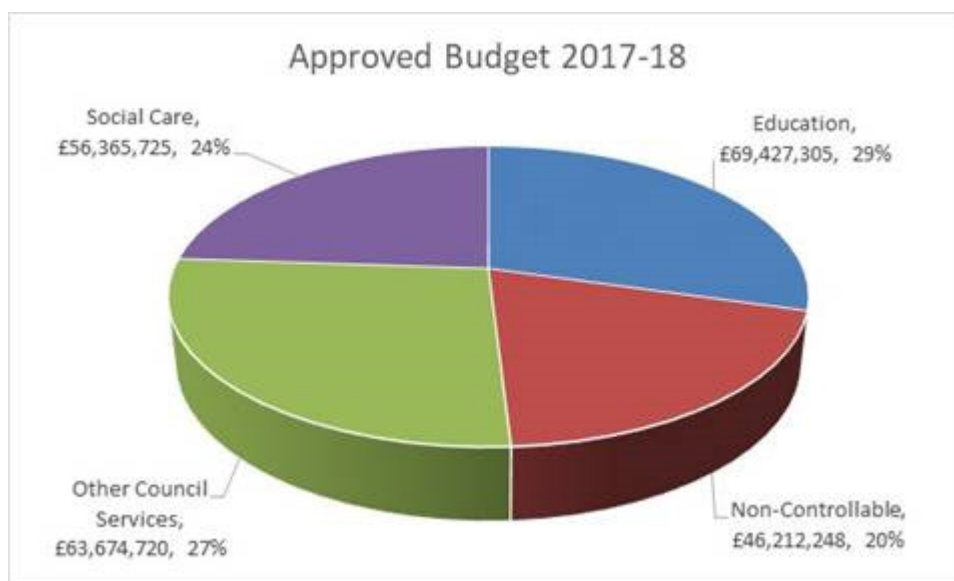
- Social media
- Word of mouth
- Inspire others (eg tourists/customers) to promote a positive experience of the area
- Other
- Don't know

Question 13: is there anything the council could do to help you promote Argyll and Bute as a great place to live, learn, work and do business?

- No
- Yes (please explain what)

Appendix 1: How our budget is spent

Here is what the council's budget provides.



We have worked hard to match spending to the priorities of our communities now, and of the area into the future. Please find below examples of actions we have taken, in response to previous consultations.

You said	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.
Education services	<ul style="list-style-type: none"> We dedicate more funding to education services than to any other area of work.
The road network	<ul style="list-style-type: none"> We have dedicated over £60 million in the past six years to the road network.
Deliver a wide range of services	<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.

Appendix 2: Suggestions for raising income and making savings

Here are just some examples of how your suggestions have helped the council make savings and raise income.

You said	We did
Raising Income	
Chase debts/reduce benefit fraud	Argyll and Bute Council's Corporate Fraud Investigation Team recovered over £130,000 in 2016/17.
Charge for services	We are charging for various services from parking to pre-planning advice.
Become commercial - provide services the public can buy	We are expanding the range of services we can offer on a commercial basis. We would welcome your ideas through this consultation on how we can continue to develop commercial services.
Learn from good practice in other councils	We have considered steps being taken by councils across the UK. In addition employees and councillors from this council sit on different national groups, and work with other authorities, in sharing best practice.
Savings	
Recycle more	We changed the refuse collection service in 2016, prioritising recycling, and have already seen an increase.
Encourage on-line services rather than face to face	We deliver many services on-line. You can find out more on our website – www.argyll-bute.gov.uk
Reduce loan charges	We have reduced charges for loans (which fund for example our investment in regeneration) by £1 million in 2016/17, another £0.8 million in 2017/18, and are on track to reduce costs by a further £2 million in 2018/19.
Provide pool cars to reduce mileage expenses.	We are doing this.
Provide more on-line training	We are making training available on-line wherever possible in order to save staff travel time and costs.
Working together	
Ask communities to see how communities can help you/empower communities to look after their community.	Following your response to last year's consultation, we are exploring options for volunteering in local government, and would welcome your responses to questions 5 -8 of this consultation.