

SERVICE CHOICES

1. EXECUTIVE SUMMARY

- 1.1 Service Choices was one element of the budget strategy, agreed at the Policy and Resources Committee on 18 December 2014, to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The focus over the last few months has been on Service Choices in response to the short term budgetary outlook, however, work has commenced on the other elements and progress reports will be brought forward in due course.
- 1.2 A Project Board was established to identify options for taking forward Services Choices. The Project Board, comprises 12 Members, 8 Administration and 4 Opposition and also two representatives from the Trade Unions. The Council Leader chairs the Board.
- 1.3 Service Choices has been progressing well and officers have now completed Stage 3 options development and the templates have been considered by the Project Board. The savings options were also presented at a Members Seminar on 18 September 2015 which gave Members the opportunity to provide comment on the options.
- 1.4 After considering the Stage 3 savings options, it is the recommendation of the Project Board that all Stage 3 options should go out to public consultation. This will allow for choice following the feedback of the budget consultation and also allow for any negative variation in the financial settlement.
- 1.5 The surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £0.797m. Although there is a larger surplus in the first year, any savings not agreed in 2016-17 would reduce the surplus in 2017-18.
- 1.6 There is no change to the budget outlook, however, it is likely that the finance settlement will not be known until January and this will have implications on the time available to prepare for the Council meeting in February.

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2. INTRODUCTION

- 2.1 Service Choices was one element of the budget strategy, agreed at the Policy and Resources Committee on 18 December 2014, to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The focus over the last few months has been on Service Choices in response to the short term budgetary outlook, however, work has commenced on the other elements.
- 2.2 This report updates Members on the progress to date with the Service Choices process and outlines the recommendation from the Project Board on the savings options to go out to public consultation. It also provides an update on the budgetary outlook.

3. RECOMMENDATIONS

- 3.1 Members to note that a provisional financial settlement is usually received pre-Christmas, however, it is likely that it could be January 2016 before the finance settlement for 2016-17 is announced. This would have implications on the time available to prepare for the Council budget meeting in February.
- 3.2 Members agree that all Stage 3 savings options to go out to public consultation. This will allow for choice following the feedback of public consultation and also allow for any negative variation in the financial settlement.

4. DETAIL**4.1 Budgetary Outlook**

- 4.1.1 A report updating the revenue budget outlook for 2016-17 to 2020-21 was presented at the Policy and Resources Committee on 22 June. 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.
- 4.1.2 There have been no changes to the assumptions used for the update on 22 June. The most significant issue affecting the outlook remains to be the

Scottish Government funding. The UK Government has confirmed that the UK spending review will be announced on 25 November. In terms of the Scottish public spending plans, the provisional financial settlement is usually received pre-Christmas, however, it could be early January before Finance Secretary John Swinney makes a statement to Parliament announcing the finance settlement meaning that there is less time for Council's to prepare their budget – this may have implications for the Council budget meeting in February. COSLA will be arguing for a multi-year settlement to assist medium term planning.

4.2 Service Choices

4.2.1 A Project Board was established to identify options for taking forward Services Choices. The Project Board, comprises 12 Members, 8 Administration and 4 Opposition and also two representatives from the Trade Unions. The Council Leader chairs the Board.

4.2.2 The Project Board recommended that all policy options move forward into Stage 3 of the process and be considered by Members prior to consultation. This was approved at the Policy and Resources Committee on 20 August. A full list of the policy savings options are noted within Appendix 1.

4.2.3 Officers have now completed Stage 3 options development and the templates have been considered by the Project Board. The savings options were also presented at a Members Seminar on 18 September 2015 which gave Members the opportunity to provide comment on the options.

4.2.4 Stage 3 in the process was about developing the option further, confirming the level of savings and being clear about the impact of the saving. When developing the options some of the original estimated savings and staffing reductions have been revised. In some cases there are delays to the saving to reflect lead in time. There are 3 instances, totalling £0.251m where the original estimated saving (at Stage 2) has been reduced and where this is the case, departments have been requested to come forward with alternative savings. These alternatives are still to be identified but will feature in the report to Special Council on 22 October. The savings options that have been reduced are noted below:

- Development Policy – Remodel Access Team – Reduction of £50k
- Waste Management – 3 Weekly Collection – Reduction of £192k
- Waste Management – Commercial Refuse in Helensburgh – Removal of £9k saving.

4.2.5 The table below outlines the original estimated position alongside the updated position reflecting the changes.

	Original Estimate		Updated Estimate	
	2016-17 £000	2017-18 £000	2016-17 £000	2017-18 £000
Management/	1,094	1,145	1,044	1,145

Operational Savings				
Policy Options	9,169	12,912	8,193	12,312
Health and Social Care Savings (5% mid point)	2,813	5,626	2,813	5,626
Economic Development Investment	-286	-286	-286	-286
Total Available Options	12,790	19,397	11,764	18,797
Savings Target	-9,000	-18,000	-9,000	-18,000
Savings Over Target*	3,790	1,397	2,764	797

*It should be noted that there is a separate report entitled “Communications Team”, which is requesting additional investment in the Communications Team at a cost of £0.076m per annum. If this request is approved the savings over target would reduce by this amount in both years.

4.2.6 As can be seen from the table above, the surplus savings over target in 2016-17 is £2.764m and in 2017-18 is £0.797m. Although there is a larger surplus in the first year, any savings not agreed in 2016-17 would reduce the surplus in 2017-18. It should therefore be noted that based on a two year budget approach, the surplus to give headroom for choice is effectively limited to £0.797m, however, this position could be subject to change once the financial settlement is known.

4.2.7 In terms of employees, the proposals identify a total of 242.1 FTE reduction in Year 1, 165.9 FTE reduction in year 2 and 16.3 FTE reduction in future years. This is a total reduction of 424.3 FTE. It should be noted that out of this figure there are 125.4 FTE that are part of the saving option to create a charitable leisure trust and if this option is agreed, staff would TUPE over into any new organisation and would not be made redundant. There are also a number of posts that are currently vacant.

4.2.8 HR are in the process of gathering information on the posts that are at risk of redundancy and this information will also allow an estimate of the cost of severance to be calculated.

4.2.9 After considering the Stage 3 savings options, it is the recommendation of the Project Board that all Stage 3 options should go out to public consultation. This will allow for choice following the feedback of the budget consultation and also allow for any negative variation in the financial settlement.

4.3 Council Prioritisation Matrix

4.3.1 The Trade Unions have developed a matrix in order to score the savings

options. Their matrix contains 6 criteria:

- Impact on staffing levels
- Impact on service delivery
- Impact on community
- Impact on the vulnerable
- Likelihood of achieving savings
- Innovative solutions.

4.3.2 It was always the intention to develop a council prioritisation matrix and the Project Board will be considering the criteria to use. It is likely that the Trade Union criteria will be used as a basis for the matrix, but augmented with other criteria determined by the Project Board, for example, Impact on SOA, Impact on statutory responsibilities.

4.4 Planning our Future

4.4.1 Service Choices was one element of the budget strategy agreed to address the challenges within the Single Outcome Agreement and entitled Planning our Future. The other elements that are part of the strategy are:

- Investing for economic growth
- Strategic Infrastructure Plan
- Investing for income.

Work has already commenced on the other elements and a report on Planning our Future will be brought to the Policy and Resources Committee in December.

4.4.2 There is a separate report on the agenda that sets out principles for consideration in respect of further work relative to innovation for Members to consider.

4.4.3 Officers continue to keep under review any opportunities for innovation and transformational change.

4.5 Consultation

4.5.1 The consultation period runs from the end of October to the end of December. A separate paper contains information on the consultation.

5. CONCLUSION

5.1 Good progress is being made on Service Choices and Stage 3 templates have now been completed and reviewed by the Project Board. The Project Board have recommended that all Stage 3 options should go out to public consultation. There are currently more savings than required based on the estimated savings requirement.

5.2 There is no change to the budget outlook, however, it is likely that the finance settlement will not be known until January and this will have implications on the time available to prepare for the Council meeting in

February.

- 5.3 The Trade Unions have shared their scoring matrix with Officers and consideration is being given to a council prioritisation matrix that would help to inform decision making.
- 5.4 Work is progressing on other Planning our Future issues and further reports will be brought forward.

6. IMPLICATIONS

- 6.1 Policy – Implications are outlined within the service choices savings templates.
- 6.2 Financial – Savings are outlined within the service choices savings templates.
- 6.3 Legal – Any legal implications are outlined within the service choices savings templates.
- 6.4 HR – There are HR implications, outlined within the service choices savings templates.
- 6.5 Equalities – Equality Impact Assessments have been carried out where appropriate.
- 6.6 Risk – Risks are outlined within the service choices savings templates.
- 6.7 Customer Service – Impact on service delivery is outlined within the service choices savings templates.

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1 October 2015**

APPENDICES

Appendix 1 – List of Stage 3 Policy Options