

**MANAGEMENT/OPERATIONAL SAVINGS FOR 2017-18**

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**1. EXECUTIVE SUMMARY**

- 1.1 The latest budgetary outlook report, which was presented to Policy and Resources Committee on 27 October 2016 outlined that the funding gap estimated over the three year period 2017-18 to 2019-20 is between £18.2m and £39.9m with an estimated gap of between £4.0m and £13.1m in 2017-18.
- 1.2 One of the options to assist in balancing the budget is the setting of an efficiency saving target with officers identifying management/operational savings that have no policy implications, to meet the target. In terms of a target, 2% is deemed to be an acceptable level of saving.
- 1.3 This report provides information on savings options identified amounting to £1.403m (full year), with £1.377m deliverable in 2017-18. The savings options identified have no policy implications.
- 1.4 Community Services haven't identified sufficient savings to meet the 2% target. A large element of their target is linked to teacher expenditure and due to the Scottish Government teacher number commitment it is not possible to make savings in this area. Any further savings in Education would likely have policy implications which aren't being considered within this report.
- 1.5 In respect of Integration Services, it is the responsibility of the IJB to agree savings options and therefore, at this stage, the Chief Officer of the IJB has been advised of the possible efficiency saving target in order that she may consider potential savings options in advance of the Council setting its budget in February 2017. However, the level of savings that can be passed onto the IJB may be influenced by any conditions attached to the settlement.
- 1.6 Further consideration needs to be given to other savings proposals to balance the budget. The financial settlement is due on 15 December 2016 and at this time, the actual funding gap for 2017-18 should be clearer.
- 1.7 Members are recommended to note the management/operational savings identified and note that officers will proceed to implement these savings as part of normal business.

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**2. EXECUTIVE SUMMARY**

- 2.1 The latest budgetary outlook report, which was presented to Policy and Resources Committee on 27 October 2016 outlined that the funding gap estimated over the three year period 2017-18 to 2019-20 is between £18.2m and £39.9m with an estimated gap of between £4.0m and £13.1m in 2017-18.
- 2.2 Officers have been working on identifying 2% management/operational savings that could assist in closing the budget gap for 2017-18 and this report provides information on savings options identified. The savings options identified have no policy implications.

**3. RECOMMENDATIONS**

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

**4. DETAIL****4.1 Background**

- 4.1.1 A budgetary outlook has been prepared for the period 2017-18 to 2019-20 and this was considered by the Policy and Resources Committee at their meeting on 27 October 2016.
- 4.1.2 The budget gap estimated over the three year period is between £18.2m and £39.9m with an estimated gap of between £4.0m and £13.1m in 2017-18.
- 4.1.3 One of the options to assist in balancing the budget is the setting of an efficiency saving target with officers identifying management/operational savings that have no policy implications, to meet the target. In terms of a target, 2% is deemed to be an acceptable level of saving. Due to previous years savings, there is little scope over and above this to deliver savings that are efficiency in nature.
- 4.1.4 Officers have been working on identifying 2% management/operational savings and information is contained within this report.

## 4.2 Calculating the Target

4.2.1 The Council's approved budget for 2016-17 amounts to £237.949m. In setting an efficiency savings target, there are a number of budgets, amounting to £52.253m where little efficiency savings can be achieved, or are already included within the budgetary outlook, and they have been excluded from the process and are noted in the table below:

<b>Budget Area</b>	<b>Budget 2016-17 £000</b>
Loans Charges	19,265
Insurances	1,031
Joint Boards	1,370
Non-Domestic Rates	4,608
Landfill Tax	2,726
Waste PPP	5,316
NPDO	15,082
Unfunded Pensions	1,894
Chief Executive's Budget	191
Central Energy Budgets including amount set aside for Carbon Reduction Scheme allowances	425
Other Sundry Budgets, including Audit Fee and Bank Charges	345
<b>Total</b>	<b>52,253</b>

4.2.2 After accounting for the exclusions noted above, this leaves a total of £185.696m. This has been further adjusted to take off a one-off cost pressure in respect of Broadband Pathfinder that was included in the 2016-17 budget and savings for future years that have already been agreed. This leaves a balance of £180.548m. A 2% efficiency saving target would amount to savings of £3.610m split across departments, as noted in the table below:

<b>Department</b>	<b>Adjusted Budget £000</b>	<b>2% Target £000</b>
Chief Executive's Unit	1,655	33
Community Services	72,648	1,453
Customer Services	28,575	571
Development and Infrastructure Services	21,057	421
Other – Elected Members	1,104	22
Integration Services	55,509	1,110
<b>Total</b>	<b>180,548</b>	<b>3,610</b>

4.2.3 In respect of Integration Services, it is the responsibility of the IJB to agree savings options and therefore, at this stage, the Chief Officer of the IJB has been advised of the possible efficiency saving target in order that she may

consider potential savings options in advance of the Council setting its budget in February 2017. However, the level of savings that can be passed onto the IJB may be influenced by any conditions attached to the settlement.

### 4.3 Savings Identified

4.3.1 Savings identified by departments are summarised within the table below:

<b>Department</b>	<b>2% Target</b>	<b>Savings Identified 2017-18 (part year)</b>	<b>Savings Identified (full year effect)</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Chief Executive's Unit	33	28	33
Community Services	1,453	335	356
Customer Services	571	571	571
Development and Infrastructure	421	421	421
Other – Elected Members	22	22	22
<b>Total (excluding Integration Services)</b>	<b>2,500</b>	<b>1,377</b>	<b>1,403</b>

4.3.2 It can be noted from the table above that Community Services haven't identified savings to meet their 2% target. A large element of the target is linked to teacher expenditure and due to the Scottish Government teacher number commitment it is not possible to make savings in this area. Any further savings in Education would likely have policy implications which aren't being considered within this report.

4.3.3 The savings options will have an impact for 5.5 full time equivalent (FTE) posts.

## 5. CONCLUSION

5.1 Management/operational savings have been identified amounting to £1.403m (full year), with £1.377m deliverable in 2017-18. Officers will proceed to implement these savings as part of normal business.

5.2 Further consideration needs to be given to other savings proposals to balance the budget, these could be both further efficiencies or those with policy implications. The financial settlement is due on 15 December 2016 and at this time, the gap for 2017-18 should be clearer.

## 6. IMPLICATIONS

6.1 Policy – None.

6.2 Financial - Savings options identified would contribute to the budget gap estimated for 2017-18.

6.3	Legal -	None identified at this stage.
6.4	HR -	HR implications have been identified for each saving option.
6.5	Equalities -	Risks in relation to equalities have been identified where appropriate, however, EQIAs will be carried out as required.
6.6	Risk -	Risks have been identified for each saving option.
6.7	Customer Service -	Impact on service delivery has been identified for each saving option.

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**31 October 2016**

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**APPENDICES:**

Appendix 1 – List of Management/Operational Savings 2017-18