

BUDGET 2020-21 – SAVINGS OPTIONS

1. EXECUTIVE SUMMARY

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2020-21 and beyond.

2. RECOMMENDATIONS

- 2.1 Members are asked to:
- a) Recommend that Council, as part of the 2020-21 budget process, endorse the management/operational savings identified.
 - b) Note the policy options that have been identified with further information on the options to be brought forward to Council as part of the 2020-21 budget papers.
 - c) Note that officers will continue to identify further savings over the coming months to bridge the gap.
 - d) Note that the Head of Customer Support Services will take forward a statutory consultation process with the Trade Unions for those savings options that could have a direct impact on jobs.
 - e) Note that the Policy and Resources Committee and Council meeting in February 2020 have been postponed by one week to allow officers time to finalise the budget pack assuming that there are similar delays to knowing the final funding settlement as has been the case over the last three years.

3. DETAIL

- 3.1 The Council at its budget meeting on 22 February 2019, approved a one year budget for 2019-20 and approved indicative budgets for 2020-21 and 2021-22. The indicative budgets noted further savings were required amounting to £4.847m in 2020-21 rising to £11.352m in 2021-22.
- 3.2 The latest budget outlook report outlines that the estimated mid-range funding gap over the three year period 2020-21 to 2022-23 is £26.525m with a gap of £9.197m in 2020-21. After factoring in previous savings decisions or potential options towards balancing the budget this reduces the gap to £19.190m over the three year period with a gap of £5.736m in 2020-21.
- 3.3 The Chief Officers group met on two occasions during May to share ideas for future budget savings. These sessions were positive and a number of medium to longer term ideas were identified, however, there was a need to develop savings options for 2020-21. The Chief Officers group agreed that the best method of identifying options was to allocate a saving target to

each service and the service would identify savings options to meet the target.

- 3.4 Savings options have been identified by officers, considered by SMT and discussed with the relevant Policy Lead. The savings options have been classified into management/operational options where there are no policy implications and will not result in any redundancies and policy options, where there are either policy or staffing implications. For all options, including the management/operational savings options, it cannot be assumed that they will not have an impact on service delivery, however, the Council has a duty to balance its budget. The savings options identified propose a potential reduction to the Council's staffing 58.5 FTE within 2020-21 should they all be accepted by Members. The Head of Customer Support Services will take forward a statutory consultation process with the Trade Unions for those savings options that could have a direct impact on jobs.
- 3.5 A summary of the savings identified are noted in the table below with further high level detail contained within Appendix 1 and 2. It should be noted, that officers are working on bringing forward further detail on the policy savings options to future budget seminars and ultimately the budget meeting in February 2020.

Saving Type	2020-21 £000	2021-22 £000
Management/Operational	1370.6	1413.1
Policy – within Council control	2112.3	2530.8
Policy – outwith Council control	1,000.0	1,000.0
Total	4482.9	4943.9

- 3.6 Based on the latest budget outlook, the savings identified for 2020-21 do not meet the latest mid-range gap by £1.253m. Officers will continue to identify further savings over the coming months to bridge the gap.
- 3.7 Financial Services have engaged the services of their Treasury Advisors, Link Asset Services to carry out a review of loans charges. There has been a live debate that has been ongoing for a number of months around changing the repayment periods of loan debt principal to reflect full asset life. The debate has concluded that the Section 95 officer now has more flexibility to consider altering the repayment period as long as it is "prudent". Based on our current principal repayments, this may give some flexibility to repay some debt over longer periods to reflect actual asset life, therefore, reducing the annual loan charge repayment. This will be quantified and reported to Members later in the year but it is likely that the review could give rise to both recurring and one-off savings.
- 3.8 The mid-range budget gap is based on a 2% reduction. If the funding reduction from Scottish Government was 1.6% rather than 2%, this would reduce the budget gap by £0.765m. Our reduction in funding in 2019-20 was 1.6%. The Council will not be certain of its funding for next year until week commencing 16 December 2019, at the earliest.

3.9 It is also worth noting that the Council used to have earmarking that paid for the cost of severance, however, by the end of 2018-19 this earmarking was fully utilised. The Council needs to consider how any severance costs will be funded in the future. The average cost of a severance package over 2017-18 and 2018-19 was £39,803.

3.10 Over the last three years the provisional Local Government Finance settlement has been announced prior to Christmas but there has been material updates to the settlement as late as early February. In order to give officers time to finalise the budget pack assuming there is a similar situation this year, the Policy and Resources Committee and full Council in February have been postponed by one week. The Policy and Resources Committee will now be on 20 February 2020 and Council 27 February 2020.

4. CONCLUSION

4.1 Services have been working over the last few months to identify a number of savings options to be considered as part of the 2020-21 budget. Management/operational savings of £1.371m and policy options of £3.112m have been identified for 2020-21 and these will contribute towards the current estimated budget gap.

5. IMPLICATIONS

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| 5.1 | Policy – | Some of the savings options have policy implications and further detail will be brought forward as part of the 2020-21 budget papers. |
| 5.2 | Financial - | Savings options identified will reduce the budget gap for 2020-21. |
| 5.3 | Legal - | None identified at this stage. |
| 5.4 | HR - | HR implications have been identified for each saving option. |
| 5.5 | Fairer Scotland Duty - | Risks in relation to equalities will be identified where appropriate and EqSeIAs (Equality and Socio-Economic Impact Assessments) will be carried out as required. |
| 5.6 | Risk - | Risks will be identified and be brought forward as part of the 2020-21 budget papers. |
| 5.7 | Customer Service - | Impact on service delivery will be identified and brought forward as part of the 2020-21 budget papers. |

Kirsty Flanagan
Head of Strategic Finance
17 September 2019

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

Appendix 1 – List of Management/Operational Savings Options

Appendix 2 – List of Policy Savings Options

MANAGEMENT/OPERATIONAL SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CE01(c)	Chief Executives Unit	Chief Executive	Community Development / Community Planning Partnership	Revised marketing approach for Supporting Communities Fund focussing on local networks and digital channels such as Facebook.	4.0	0.00	0.00	4.0	0.00	0.00
FS01(a)	Chief Executives Unit	Head of Financial Services	Revenues & Benefits	Additional income from DWP for new work in relation to pensions and earnings verification	20.0	0.00	0.00	20.0	0.00	0.00
CS04	Executive Director (Douglas Hendry)	Head of Commercial Services	Programme Management	Cost recovery - CHORD capital costs	101.0	0.00	0.00	101.0	0.00	0.00
CS05(b)(c)	Executive Director (Douglas Hendry)	Head of Commercial Services	Property Services, Estates, Catering and Cleaning	Commercial Income from Renewable Energy, Estates Activities and Events	170.0	0.00	0.00	170.0	0.00	0.00
ED02(b)	Executive Director (Douglas Hendry)	Head of Education	Enterprise	Removal of budget in respect of skills for work transport expenses	5.6	0.00	0.00	9.0	0.00	0.00
ED05	Executive Director (Douglas Hendry)	Head of Education	HR Assistant	Alternative funding mechanism for 0.5FTE HR Assistant who supports Education and D&I in attendance / absence monitoring - will be funded via vacancy savings	12.9	0.00	0.00	17.0	0.00	0.00
ED08(a)	Executive Director (Douglas Hendry)	Head of Education	QIT - Additional Support Needs	Discontinuation of CALL Scotland contract	7.0	0.00	0.00	7.0	0.00	0.00
ED08(b)	Executive Director (Douglas Hendry)	Head of Education	QIT - Additional Support Needs	Discontinuation of CALL Scotland training allocation	2.8	0.00	0.00	2.8	0.00	0.00
ED09	Executive Director (Douglas Hendry)	Head of Education	Continuing Professional Development (Leadership)	Removal of Leadership budget used for funding training events	12.0	0.00	0.00	12.0	0.00	0.00
ED10	Executive Director (Douglas Hendry)	Head of Education	Support for Teachers	Removal of supported study budget	17.0	0.00	0.00	17.0	0.00	0.00
ED12	Executive Director (Douglas Hendry)	Head of Education	Classroom Assistants - Primary	Removal of underspent budget as a result of primary review	20.0	0.00	0.00	20.0	0.00	0.00
ED13	Executive Director (Douglas Hendry)	Head of Education	Classroom Assistants - Secondary	Removal of underspent budget as a result of secondary review	30.0	0.00	0.00	30.0	0.00	0.00
L&R01(b)	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Procurement	NPDO contract efficiency saving	120.0	0.00	0.00	120.0	0.00	0.00
L&R02	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Governance and Risk	Generate income by recharging for services provided	50.0	0.00	0.00	50.0	0.00	0.00
L&R04(a)&(b)	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Trading Standards	Agree with Food Standards Scotland to deliver feed regulation across Argyll & Bute / West Dunbartonshire which will achieve additional income	25.2	0.00	0.00	25.2	0.00	0.00
L&R05	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Electoral Registration	Realign Electoral Registration Budget	20.1	0.00	0.00	20.1	0.00	0.00
L&R06	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Committee Services	Review of administrative supplies and service spend	12.0	0.00	0.00	0.0		0.00
CSS01(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	Communications	Carry out all public consultation in-house removing budget for consultant	5.0	0.00	0.00	12.0	0.00	0.00
CSS02(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Increase in NRS (National Records of Scotland) fees in line with decision nationally to increase fees.	25.2	0.00	0.00	25.2	0.00	0.00
CSS02(b)(c)(d)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Additional CSC/Registration	8.5	0.00	0.00	8.5	0.00	0.00
CSS02(e)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Social Security Scotland - charging for use of accommodation	5.0	0.00	0.00	5.0	0.00	0.00
CSS02(f)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Lease Inveraray marriage room as an office space	2.6	0.00	0.00	2.6	0.00	0.00
CSS02(k)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Removal LAP server support	6.2	0.00	0.00	6.2	0.00	0.00
CSS02(l)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Cease text in service and SMS service support	1.5	0.00	0.00	1.5	0.00	0.00
CSS02(m)(n)(o)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	CSC and Registration Cost Cutting	8.9	0.00	0.00	8.9	0.00	0.00
CSS02(p)	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Remove surplus photocopier budget from Colonsay and Jura CSPs	3.0	0.00	0.00	3.0	0.00	0.00

MANAGEMENT/OPERATIONAL SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CSS03(a)(b)(c)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove surplus from ICT budget, remove expired server maintenance contract, and decommission old backup solution	62.0	0.00	0.00	62.0	0.00	0.00
CSS03(d)(e)(f)(i)(j)(k)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Reduce staff travel, overtime, subscriptions and make further changes to infrastructure systems covering comms circuits, Guest Wi-Fi, and the PSN connection	50.7	0.00	0.00	50.7	0.00	0.00
CSS03(g)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove budget available for additional network upgrades to schools	87.0	0.00	0.00	87.0	0.00	0.00
CSS03(l)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Reduce print room copier and franking machine maintenance.	3.8	0.00	0.00	3.8	0.00	0.00
CSS03(m)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Replace ageing, red risk status video conferencing (VC) equipment with Skype, removing £50k capital investment need. Retain VC in Kilmory and the virtual meeting room to allow communication with external organisations still using VC.	7.0	0.00	0.00	7.0	0.00	0.00
CSS03(n)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Stop annual benchmarking service	4.7	0.00	0.00	4.7	0.00	0.00
CSS03(o)	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove surplus from Workforce Deployment Infrastructure budget.	9.0	0.00	0.00	9.0	0.00	0.00
CSS04(a)	Executive Director (Pippa Milne)	Head of Customer Support Services	HR and OD	Investigated potential replacement of Pyramid	0.0	0.00	0.00	15.0	0.00	0.00
CSS04(b)-(f)	Executive Director (Pippa Milne)	Head of Customer Support Services	HR and OD	Reduction in sundry budgets e.g. travel, training etc.	25.0	0.00	0.00	25.0	0.00	0.00
DEG02	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Transformation Projects and Regeneration	Removal of discretionary budget supporting cultural initiatives	63.9	0.00	0.00	63.9	0.00	0.00
DEG05(b)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Building Standards	Additional commercialisation through processing Building Warrant applications for other local authorities	50.0	0.00	0.00	50.0	0.00	0.00
DEG06(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Transfer staff costs to Strategic Housing Fund	146.3	0.00	0.00	146.3	0.00	0.00
DEG06(b)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Realign Temporary Accommodation Budgets to reflect spend	20.0	0.00	0.00	20.0	0.00	0.00
DEG06(c)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Housing and Development Policy	Reduce Local Housing Strategy Budget	25.7	0.00	0.00	25.7	0.00	0.00
RAIS06(b)	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Fleet	Increase work through fleet workshops	20.0	0.00	0.00	45.0	0.00	0.00
RAIS08	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Technical Support	Cost recovery for Capital Projects within Roads and Infrastructure	100.0	0.00	0.00	100.0	0.00	0.00
TOTAL MANAGEMENT/OPERATIONAL OPTIONS					1,370.6	0.00	0.00	1,413.1	0.00	0.00

POLICY SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
CE01(a)	Chief Executives Unit	Chief Executive	Community Development / Community Planning Partnership	Reduction in vacant administrative officer post by 0.4 FTE Removal of funding to TSI to support Community Development 10% reduction in funding to Fèisean nan Gàidheal	26.9	0.40	1.00	26.9	0.40	1.00
FS01	Chief Executives Unit	Head of Financial Services	Revenues & Benefits Internal Audit Accounting & Budgeting	Removal of vacant 1FTE LGE5 Local Tax Assistant Post Removal of vacant 0.5FTE LGE9 Internal Audit Post Reduction in posts due to changing processes, efficiencies and reduction in support	183.0	5.10	7.00	189.0	5.10	7.00
CS01	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates & Property Development	Remodel Estates Staff Structure (removal of LGE11 post)	57.0	1.00	1.00	57.0	1.00	1.00
CS02	Executive Director (Douglas Hendry)	Head of Commercial Services	Estates, Programme Management and Property Services	Remodel business support in Estates, Programme Management and Property Services	54.0	2.00	2.00	54.0	2.00	2.00
CS03	Executive Director (Douglas Hendry)	Head of Commercial Services	Property Maintenance	Remodel Property officer team	79.0	2.00	2.00	79.0	2.00	2.00
ED01	Executive Director (Douglas Hendry)	Head of Education	PE Facilities	Removal of centrally held PE budget which is devolved to schools annually	73.0	0.00	0.00	73.0	0.00	0.00
ED02	Executive Director (Douglas Hendry)	Head of Education	Enterprise	Removal of budget devolved to schools to enhance teacher posts to PT grade to deliver enterprise Removal of budget for PPE and equipment required in relation to service delivery by Argyll College	15.6	0.00	0.00	25.0	0.00	0.00
ED03	Executive Director (Douglas Hendry)	Head of Education	Psychological Services	Removal of 1.8 FTE Educational Psychologist reducing the service	78.0	1.80	2.00	125.0	1.80	2.00
ED04	Executive Director (Douglas Hendry)	Head of Education	CAST (Creative Art in Schools Team)	Removal of this provision with supports schools to develop creative projects	9.6	0.40	1.00	13.0	0.40	1.00
ED06	Executive Director (Douglas Hendry)	Head of Education	Quality Assurance and Moderation	Remove budget established to support schools in relation to moderation	27.1	1.00	1.00	43.5	1.00	1.00
ED07	Executive Director (Douglas Hendry)	Head of Education	Admin and Finance assistants	Aligning all Area Finance Assistants to term time	11.7	3.00	3.00	15.6	3.00	3.00
ED11	Executive Director (Douglas Hendry)	Head of Education	16+ Learning Choices	Removal of vacant 0.1 LGE14 post which was 0.9 grant funded previously (grant now ended)	6.1	0.10	1.00	6.1	0.10	1.00
ED14	Executive Director (Douglas Hendry)	Head of Education	Swimming Pool Subsidies	Removal of subsidy paid to Islay and Jura and Mid Argyll Community Enterprises	19.3	0.00	0.00	19.3	0.00	0.00
ED15	Executive Director (Douglas Hendry)	Head of Education	Additional Support Needs (activities)	Removal of Additional Support Needs (activities)	5.4	0.00	0.00	5.4	0.00	0.00
ED16	Executive Director (Douglas Hendry)	Head of Education	Clerical Assistants (Learning Centres) Primary	Removal of separate clerical assistant budget within Oban Learning Centre (Primary and Secondary) to align with other learning centres.	10.4	0.89	2.00	16.7	0.89	2.00
ED18	Executive Director (Douglas Hendry)	Head of Education	Reduction of Education Management Team	Reduction of 2 FTE from the Central Education Management Team	113.0	2.00	2.00	151.0	2.00	2.00
ED19	Executive Director (Douglas Hendry)	Head of Education	Community Learning and Development	Further review of Community Learning and Development	184.3	7.00	10.00	246.0	7.00	10.00
ED20	Executive Director (Douglas Hendry)	Head of Education	Pupil Support Assistants	Removal of pupil support assistant hours within primary schools	198.5	14.70	45.00	317.5	14.70	45.00
ED21	Executive Director (Douglas Hendry)	Head of Education	Early Years Provision	Third Sector Grant removal Review of Early Years staffing	106.5	0.40	1.00	110.4	0.40	1.00
L&R01	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Procurement	Realign Team	75.0	1.00	1.00	75.0	1.00	1.00

POLICY SAVINGS

Template Ref	Department	Service	Service Delivery Area	Savings Option	2020-21			2021-22		
					Saving 2020-21 £000	FTE	H/Count	Saving 2021-22 £000	FTE	H/Count
L&R03	Executive Director (Douglas Hendry)	Head of Legal and Regulatory Services	Advice Services	Reduction in staff costs within welfare rights team (equivalent to 0.5FTE)	18.1	0.50	1.00	18.1	0.50	1.00
CSS01	Executive Director (Pippa Milne)	Head of Customer Support Services	Communications	Remove vacant Communications Apprentice post budget which has also provided corporate PR materials (banners etc)	16.2	0.60	1.00	16.2	0.60	1.00
CSS02	Executive Director (Pippa Milne)	Head of Customer Support Services	Customer Service Centre and Registration Services	Restructure Customer Service Centre Staffing to reflect increased digital customer engagement	59.4	4.00	5.00	72.9	4.00	5.00
CSS03	Executive Director (Pippa Milne)	Head of Customer Support Services	ICT	Remove 1 ICT Desktop Engineer post, providing cover from other areas	38.0	1.00	1.00	38.0	1.00	1.00
DEG01(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Economic Growth	Removal of LGE11 post in the European and External Policy Team	51.6	1.00	1.00	51.6	1.00	1.00
DEG04	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Transformation Projects and Regeneration	Removal of an LGE11 development officer from the Transformation Projects and Regeneration Teams	51.5	1.00	1.00	51.5	1.00	1.00
DEG05(a)	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Building Standards	Raise additional fees by adopting the current Building Cost Information Service (BCIS) guide for the cost of building work. Regular service users have been informed of this change.	50.0	0.00	0.00	50.0	0.00	0.00
DEG07	Executive Director (Pippa Milne)	Head of Development and Economic Growth	Development and Economic Growth	Removal of Building Standards Manager following 3rd tier management review in Development and Economic Growth	69.2	1.00	1.00	69.2	1.00	1.00
RAIS02	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	School Crossing Patrollers	Remove all the service from the 21 crossing points operated by the Council	113.0	6.60	28.00	151.0	6.60	28.00
RAIS03	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Burials and Cremations	Increase burial charges by 20% and cremation fees by 15%	140.0	0.00	0.00	140.0	0.00	0.00
RAIS04(a)	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Traffic Management	Review of existing parking charges, potentially increasing up to 20%	138.0	0.00	0.00	138.0	0.00	0.00
RAIS07	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Waste	Increase commercial pull out charges from £30 to £100 better reflecting actual cost and introduce a charge for assisted bin pull outs to residential customers at £100 per annum	25.9	0.00	0.00	25.9	0.00	0.00
RAIS09	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Public Conveniences	Closure of up to 25 public conveniences subject to ongoing monitoring of use and demand, as per the Environmental, Development and Infrastructure Committee decision in December 2018.	8.0	0.00	0.00	60.0	3.00	6.00
TOTAL POLICY OPTIONS (within Council control)					2,112.3	58.49	121.00	2,530.8	61.49	127.00
RAIS01	Executive Director (Pippa Milne)	Head of Roads and Infrastructure Services	Council Run Ferries	Transfer of the four council run ferry services to Transport Scotland as per the council's decision of 27th June 2019. If this is not achieved by 31/3/20 there will be a risk to the ongoing delivery of these services.	1,000.0	TUPE	TUPE	1,000.0	TUPE	TUPE
TOTAL POLICY OPTIONS (out with Council control)					1,000.0	0.0	0.0	1,000.0	0.0	0.0
TOTAL POLICY OPTIONS					3,112.3	58.5	121.0	3,530.8	61.5	127.0