

BUDGET SAVING OPTIONS 2022/23

1. INTRODUCTION

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2022/23 and beyond.

2. RECOMMENDATION

- 2.1 Members are asked to:

1. Consider the savings options identified by Officers and agreed by the Budget Working Group to be moved forward to the 2022/23 budget process
2. Note that officers will continue to identify further savings over the coming months to further bridge the estimated budget gap.
3. 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.

3. DETAIL

- 3.1 The latest budget outlook report outlines that the estimated mid-range funding gap over the five year period 2022/23 to 2026/27 is £37.363m with a gap of £5.760m in 2022/23. After factoring in previous savings decisions or potential options towards balancing the budget this reduces the gap to £26.744m over the five year period with a gap of £3.745m in 2022/23. This is an increase of £0.737m in the gap reported to the Policy and Resources Committee on 14 October 2021 which is predominantly due to the impact of material increases in retail price indexes in the previous 12 months.
- 3.2 A report to full Council on 24 June 2021 set out the approach to the 2022/23 revenue budget process including an agreement that a cross party Budget Working Group (BWG) be established comprising six elected members from the administration, three elected members from the opposition and two Trade Union representatives.
- 3.3 The BWG's role was to engage with officers and provide a sounding board to assist in the development and identification of savings options. It does not have any decision making authority but can report to and make recommendations to either the Council or the Policy and Resources Committee. Its primary purpose is to assist in the savings identification process and provide a degree of scrutiny over options as they are being developed.

2022/23 Budget Approach

3.4 In 2021/22 the intention had been for the budget process to look at service redesign over a planned three year period however the COVID pandemic meant a number of staff had to focus on the immediate response and then on the Council's approach to recovery. It was also hoped there would have been a multi-year settlement in 2020/21, however, this did not happen mainly as a result of the exit from EU deliberations and a General Election being called. As a result of the above, the 2021/22 budget process predominantly focused on balancing the 2021/22 budget however it did lay foundations for the 2022/23 budget process and for future years.

3.5 The 2021/22 budget approach identified specific themes which officers led on to identify saving options. As per paragraph 3.4 not only did these themes identify 2021/22 saving options they also laid the foundations for future year savings and identified options which required further development and consultation. The 2021/22 themes listed below are being continued as part of the 2022/23 budget process. For each theme the remit is to further develop savings options already identified and determine whether there are further options which should be considered.

- Digital by Default - through greater digital working.
- Amenity Services – through service transformation.
- Fleet - through reviewing fleet management processes.
- Property – through managing the Council's property portfolio.
- School and Public Transport – through progressing the action plan developed in response to the Argyll and Bute Transport Consultancy carried out in 2020.
- Live Argyll – officers are in discussion with Live Argyll about possible options to deliver a reduction in the Live Argyll management fee of between 1% and 5%.
- Loans Fund - a further review of the Council's Loans Fund to determine whether there are further savings that can be generated.

3.6 Further to these themed reviews all Heads of Service have engaged with the Chief Executive and the two Executive Directors to discuss whether there are areas within their service, not already subject to a themed review, where there may be further opportunities to identify options which may give rise to savings in 2022/23 and beyond.

3.7 The BWG has held two meetings and engaged with officers as options have been developed and further BWG meetings are scheduled on 16 December 2021 and 20 January 2022.

3.8 The BWG held on 2 November agreed 21 saving options to be moved forward to the 2022/23 budget process. The options identified are a combination of what we have historically classified as policy savings and management /operational savings. Some will have policy implications and/or full time equivalent (FTE) implications. As such they will require approval by Council.

3.9 For all 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 to date propose a potential reduction to the Council's staffing 1.9 FTE within 2022/23 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 an impact on jobs.

3.10 In summary officers have identified £2.522m of 2022/23 saving options to date. This breaks down as:

- £1.982m of one off savings
- £0.540m of recurring savings.

Alternatively it can be broken down as:

- £2.227m of management/operational saving options which can be implemented as part of normal business
- £0.295m of policy saving options which require member approval.

A more detailed breakdown of these saving options is provided in appendix 1 and appendix 2 provides the saving option templates agreed by the BWG.

3.11 In addition to the draft options set out in appendices 1 and 2 officers are engaging with Live Argyll about possible options to deliver a reduction in the Live Argyll management fee of between 1% and 5%. A mid-range of 3% would generate £0.103m of savings. This is still being explored with Live Argyll and the responsibility for the delivery of any options will lie with Live Argyll.

3.12 The table below summarises the revised 2022/23 budget gap after taking account of the savings options detailed above. You will see from the table in paragraph 8.2 that the budget gap reduces to an estimated £1.120m. Note this assumes all saving options are taken and that the key assumptions made when estimating the 2022/23 budget gap are accurate.

	£000
Estimated 2022/23 Budget Gap (para 3.1)	3,745
2022/23 Savings Options (para 3.10)	(2,522)
3% Reduction in Live Argyll Mgt Fee (para 3.11)	(103)
Revised Estimated Budget Gap	1,120

3.13 In addition to the saving options set out in appendix 2 officers are progressing a business process review of the Revenues and Benefits service to review current processes and identify efficiencies for the Council whilst minimising any negative impact on customers' by putting their needs front and centre. It is anticipated this will generate savings however it is most likely these will be in 2023/24 rather than 2022/23.

3.14 The mid-range budget gap is based on a 1.0% reduction in Scottish Government funding however the Council will not be certain of its funding for 2022/23 until the Scottish Government budget is announced on the 9 December 2021 and we have been notified of the individual council settlements on 20 December 2021.

Financial Flexibilities Update

- 3.15 The financial flexibilities in relation to service concession arrangements previously reported are still under discussion with the Scottish Government. The Scottish Government have offered given some concession in allowing Councils to write the principal balance of service concessions over the remaining life of the asset but with no retrospective adjustment. Officers will review the current concession to assess the extent to which it would provide a one off gain and a recurring revenue saving and will report this to the Policy and Resources Committee in February. This calculation can then be revisited if the Cabinet Secretary subsequently agrees to the retrospective adjustment.

Next Steps

- 3.16 In order to bridge the remaining estimated budget gap officers will:
- assess the recurring revenue savings that will be generated by the current service concession arrangement financial flexibility
 - continue to develop further saving options which will be presented to the Policy and Resources Committee in February.

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 2022/23 budget. Savings options of £2.522m have been identified to date for 2022/23 and these will contribute towards the current estimated budget gap. Further work is required to develop options to bridge the remaining estimated budget gap

5. IMPLICATIONS

- 5.1 Policy – Savings options with policy implications have been noted within the savings templates.
- 5.2 Financial – Savings options identified will reduce the 2022/23 budget gap.
- 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: EQSIAs will be undertaken for any savings options that move forward as part of the budget process.
- 5.5.1 Equalities – EQSIAs will be undertaken for any savings options that move forward as part of the budget process.
- 5.5.2 Socio-Economic Duty – EQSIAs will be undertaken for any savings options that move forward as part of the budget process.
- 5.5.3 Islands Duty – Relevant islands duty assessments will be carried out as required for saving options taken forward.
- 5.6 Climate Change – Saving option CS01 sets out revenue savings and planned reinvestment in further projects focused on delivering energy efficiencies to reduce carbon emissions
- 5.7 Risk – Risks and impact of saving proposals are identified in the savings option templates.

5.8 Customer Service – Impact on service delivery are identified in the savings option templates.

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29 November 2021**

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Appendix 1 – 2022/23 Summarised Budget Saving Options
Appendix 2 – Detailed Saving Option Templates