

**BUDGET SAVINGS 2023-24**

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**1. INTRODUCTION**

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2023-24 and beyond.

**2. RECOMMENDATION**

- 2.1 Members are asked to:
- a) Agree that the new policy savings options (as outlined in Appendix 1) will be presented to the next meeting of the Policy and Resources Committee where the budget pack will be considered.
  - b) 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.
  - c) Note that officers will continue to monitor the budget outlook position and report any changes to Members as part of the budget pack.

**3. DETAIL****Budget Outlook Position**

- 3.1 The budget outlook reported to December Policy and Resources Committee detailed that the estimated mid-range funding gap over the five year period 2023-24 to 2027-28 is £32.156m with a gap of £3.234m in 2023-24. This included the following:
- Previously agreed savings from prior years.
  - An assumption that fees and charges will be increased by 6%.
  - The 2022-23 deferred reduction to the Live Argyll Management fee as agreed at the budget setting meeting in February 2022.
  - An estimated Council Tax increase of 3%.
  - New Management/Operational Savings of £2.322m in 2023-24.
  - New policy saving relating to reduced teacher numbers totalling £0.700m.
  - New service concession re-profiling saving totalling £4.803m.
- 3.2 All non-domestic properties, other than those excluded by legislation, will be revalued on 1 April 2023. This means that the fourteen Assessors across Scotland will set new Net Annual and Rateable Values for all such non-domestic properties in their areas based on rental levels as at 1 April 2022. This is the first non-domestic revaluation since 1 April 2017, with revaluations scheduled to take place every three years following the forthcoming revaluation on 1 April 2023. The combined draft Valuation Rolls were published on 30th November 2022. At the P&R Committee, Members were

advised that following the revaluation exercise, there is an estimated additional cost pressure of £1.164m for our Council.

3.3 The provisional Local government Finance Settlement for 2023-24 was published on 20 December 2022. Following analysis of the settlement, I wrote out to all Members on 22 December 2022 to advise that there is a positive movement in the budget outlook amounting to £2.095m. The main reason for this positive movement was that the funding assumption in the budget outlook was based on a 1% reduction in Scottish Government Grant and in reality, allowing for new policy commitments, the settlement is fairly close to flat cash. The funding does not therefore cover any inflationary increases hence the requirement to identify savings options to bridge the budget gap.

3.4 A revised provisional Local Government Finance Settlement circular was issued on 10 January 2023 and the funding for Argyll and Bute Council is £1.650m less than the settlement published on 20 December. The reason for this change is:

- Funding for the Real Living Wage that has to be passed across to the HSCP has been removed by Scottish Government and moved into the undistributed part of the settlement presumably to be distributed at a later stage. Our share was £1.842m and we can also remove the amount that we had accounted for passing over to the HSCP (no bottom line impact).
- Net increase as a result of changes to the floor calculation, SINA and changes column of £0.192m (positive bottom line impact).

3.5 The revised budget outlook with the changes as noted in the previous two paragraphs is now a gap of £2.111m as summarised in the table below.

	<b>£000</b>
2023-24 Budget Gap as reported to P&R on 8 December	(3,234)
NDR Increase following revaluation exercise	(1,164)
Positive movement following provisional Local Government Finance Settlement published 20 December 2022	2,095
Further positive movement in Local Government Finance Settlement – as at 10 January 2023	192
2023-24 Revised Budget Gap	(2,111)

### **2023-24 Budget Approach**

3.6 It was agreed at the Policy and Resources Committee on 16 June 2022 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.

3.7 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.

- 3.8 A report to Policy and Resources Committee on 13 October 2022 set out the approach to the 2023-24 revenue budget process. There were two main aspects to this work:
- A review of services considering whether the work they undertake is a duty, power or non-statutory service.
  - A service redesign exercise assuming 75% of existing budget.
- 3.9 Further to these exercises being completed, an Executive Leadership Team (ELT) Group reviewed all the completed templates and liaised with Heads of Service to provide further detail where required. This resulted in the identification of savings (both management/operational and policy) and further identified opportunities to be explored for consideration in future years.
- 3.10 Included in the budget outlook reported to P&R on 8 December, were new management/operational savings amounting to £2.322m, a new policy saving relating to reduced teacher numbers totalling £0.700m and a new service concession re-profiling saving totalling £4.803m.
- 3.11 Officers continued to look for further savings and at the BWG held on 20 December presented 7 new policy savings options. It was agreed by the BWG that these be moved forward to the 2023-24 budget process and the savings total £0.470m. The savings options are summarised within Appendix 1 and services are working on finalising savings templates that will give further information and these will be included within the budget pack.
- 3.12 The new policy savings options identified have a potential reduction to the Council's staffing of 20.3 FTE (full time equivalent) within 2023-24 (34 headcount) should they all be accepted by Members. There are further staffing impacts in future years as detailed within appendix 1. 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.
- 3.13 The BWG were also advised about a Business Process Review (BPR) that was carried out within the Revenue and Benefits Service, working with an external consultant to support the process. This identified 3 spend to save projects and are summarised in appendix 2. These would generate a further £0.463m of savings in 2023-24. The Budget Working Group agreed that these should also be moved forward to the 2023-24 budget process.
- 3.14 Financial Services have also considered the position of the loans fund to identify if there are any one-off savings opportunities. As part of the 2022-23 budget, a saving of £0.500m was estimated for the loans fund, this saving was made up of two elements: a £0.200m saving estimated to be achieved by the end of financial year 2021-22 and a saving of £0.300m within 2022-23. At the end of financial year 2021-22 a saving of £0.385m was achieved on the loans fund and this was earmarked to be used within 2022-23. The Head of Financial Services has now reviewed the loans fund model and due to the volatility in interest rates, the level of cash balances that we are currently

holding and the fact that we have not had to borrow due to slippage/profiling in the capital programme, we will be able to deliver the full saving of £0.500m within financial year 2022-23 in addition to a further in-year saving of £0.300m. This further £0.300m saving together with the monies earmarked at the end of financial year 2021-22, provide the Council with an additional one-off £0.685m that could be used to help bridge the budget gap within 2023-24.

### Revised Position

- 3.15 After factoring in the new policy savings options and the savings proposals that came out of the BPR exercise within the Revenues and Benefits Service, the revised gap is now £0.493m as outlined in the table below.

	<b>£000</b>
2023-24 Budget Gap as outlined in para 3.4	(2,111)
New Policy Savings options	470
Spend to save options within Revenues and Benefits	463
Loans Fund Savings	685
2023-24 Revised Budget Gap	(493)

- 3.16 Officers will continue to monitor the budget outlook position and report any changes to Members as part of the budget pack.
- 3.17 At the BWG on 20 December, three other potential options were outlined to help close the gap as follows:
- Increase Council Tax to 5%, this would generate additional income of circa £1.122m. Appendix 3 provides more detail on what a 3% and 5% increase would be across each Council Tax band.
  - Apply a further saving to Live Argyll i.e. the 3% deferred saving from last year and a further 3% for this year, this would save £0.119m. Officers are liaising with Live Argyll as to what this would mean for their service.
  - Use of Crown Estate funding instead of applying it to various projects. This wouldn't be a preferred option and would be one-off in nature, but still is an option that Members may wish to consider.
- 3.18 In addition to the saving options that have already been included in the budget outlook or are set out in the report today, the ELT group have identified a number of opportunities to be explored for consideration in future years. The progress with these options will be reported to Members as soon as possible after the budget setting process has concluded for this year.

## 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 2023-24 budget. Savings options identified to date amount to £9.443m for 2023-24 and if all agreed will assist in closing the budget gap.

<b>Savings Options</b>	<b>£000</b>	<b>£000</b>
<b><i>Management Operational Savings</i></b>		
Management/operational as reported to P&R on 8 December	2,322	
New Management/Operational Saving – Loans Fund	685	
<b><i>Total Management/Operational Savings</i></b>		<b>3,007</b>
<b><i>New Policy Savings options</i></b>		
Reduced teacher numbers – as reported to P&R on 8 December	700	
Service Concession re-profiling saving – as reported to P&R on 8 December	4,803	
New Policy Options – Appendix 1 to this report	470	
New Spend to Save options in Revenues and Benefits – Appendix 2 to this report	463	
<b><i>Total Policy Options</i></b>		<b>6,436</b>
<b>Total Savings Options Identified</b>		<b>9,443</b>

4.2 A budget gap of £0.493m still remains and officers will continue to look for further opportunities to close the gap.

## 5. IMPLICATIONS

- 5.1 Policy – Savings options with policy implications are included within Appendix 1.
- 5.2 Financial – Savings options identified will reduce the 2023-24 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 – None identified at this stage.
- 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.

**Kirsty Flanagan**  
**Executive Director/Section 95 Officer**  
**10 January 2023**

**Policy Lead for Finance and Commercial Services: Councillor Gary Mulvaney**

**APPENDICES:**

Appendix 1 – 2023-24 New Policy Savings Options

Appendix 2 – Revenue and Benefits BPR Spend to Save Options

Appendix 3 – Council Tax increases

For further information contact Anne Blue, Head of Financial Services  
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APPENDIX 1 - POLICY SAVINGS OPTIONS IMPACTING 2023/24

Service Area	Saving	Detail	Risks	2023/24			2024/25			2025/26		
				Saving £'000	FTE	H/Count	Saving £'000	FTE	H/Count	Saving £'000	FTE	H/Count
Customer Engagement Team	Operating an appointment only service for those still struggling digitally in line with our drive to use digital technology to its fullest while being mindful of the needs of those unable to access this kind of technology. Closure of Customer Service Points (CSPs) for walk in appointments.	<p>Three components resulting in £318k annual saving:</p> <ol style="list-style-type: none"> <li>1. Close the doors of all CSPs (Customer Service Points) to walk in customers and operate an appointment only service and move to digital only receptions at Kilmory and Helensburgh Civic Centre. Most CSPs would need to be retained as offices, as they house other services and/or are the locations of Registration District Offices. However offering only structured appointments would allow more efficient use of resources and incentivise the shift to digital.</li> <li>2. Closure of the part time CSPs on the smaller islands, which would mean shutting the CSP on Tiree and withdrawing the funding for Jura and Colonsay Development Companies who run the part time CSP service there on the council's behalf. Also removing 4 part time Home Based Registrar post on these three islands, plus Coll and merging the Registration Districts with other ones.</li> <li>3. Reducing the CSC Agent resources in the Contact Centre by 15% and accepting a lower standard of responsiveness and less resilience for unusual peaks of demand. .</li> </ol> <p>The above is the minimum viable service that still provides an appointment based face to face contact option for digital strugglers and the minimum statutory Registration Service using digital remote registration processes recently given legislative approval by the Scottish Parliament.</p>	<ol style="list-style-type: none"> <li>1. Significantly reduced capacity to deal with customer enquiries.</li> <li>2. Reduced resilience to deal with significant peaks of customer demand.</li> <li>3. Reduced capacity to assist with emergency responses.</li> <li>4. Very vulnerable customers may struggle to make appointments.</li> <li>5. Reduced council service/footprint on smaller Islands.</li> <li>6. Very limited capacity to assist other Services with one off and seasonal processing exercises.</li> <li>7. Numerous small-scale CSP based activities carried out for other Services would need to be "rehomed"; e.g. Lair Management, Minibus Hires, Toilet Radar Keys, document scanning as front doors to offices would be locked.</li> <li>8. Physical receptionists at Kilmory and Helensburgh and CSPs acting as de facto reception at multi service offices such as Manse Brae and Oban Civic Centre would be removed and alternative measures would need to be put in place direct with Services for visitor management.</li> <li>9. There may be an impact on Registration income as most CSP staff double up as Registrars or Assistant Registrars.</li> <li>10. Impact on remaining staff dealing with increased workloads.</li> </ol>	191.0	10.6	13.0	318.0	10.6	13.0	318.0	10.6	13.0
Building Standards	Long-term vacant 0.5FTE building standards surveyors post that arose through an employee reducing their working hours is no longer requires in structure.	This post has been vacant for 2 years and the building standards service continues to operate and provide services despite this vacancy. The changes arising from the Covid pandemic (e.g. virtual inspections, new ways of working etc.) and the reduction in building warrants/downturn in the building sector/cost of living crisis have assisted in managing workloads with available resource.	<ol style="list-style-type: none"> <li>1. Recruitment of professional officers is a concern across Argyll and Bute and nationally, and this includes building standards surveyors. The saving removes the potential for the post-holder to increase their working hours in the future, without additional income.</li> <li>2. There is a potential impact on service capacity to provide commercialisation, should there be a significant increase in building warrants or dangerous buildings statutory activities.</li> </ol>	24.0	0.5	0.0	24.0	0.5	0.0	24.0	0.5	0.0
Economic Growth (GIS)	Reduce discretionary budget to minimum. Retain budget to pay memberships to SCDI, SLAED & HOPS but remove remainder of discretionary budget.	The Economic Growth Service retains an element of discretionary funding to allow the service to enable match funding activity, contribute to feasibility studies, pay membership fees and undertake one off expenditure to assist with larger projects such as CARs and TH work. It is proposed to reduce this fund to only cover business and professional memberships. The main impact will be a reduction of the capability of the service to contribute to feasibility funding and other requests for assistance or to do additional works in relation to economic growth activities or recovery of the economy. This would mean the service having to apply for additional resources as and when required. There will be no ability to pay a contribution to the Argyll and the Isles Countryside Trust ACT (currently £14.5k) or undertake economic marketing activity for Argyll and Bute.	<ol style="list-style-type: none"> <li>1. Inability to move quickly when undertaking feasibility works</li> <li>2. Loss of core funding to ACT</li> <li>3. Inability to market Argyll and Bute for economic opportunities</li> </ol>	36.0	0.0	0.0	36.0	0.0	0.0	36.0	0.0	0.0
2-18 Curriculum	Removal of non-statutory Cultural Coordinator post.	<p>Cultural co-ordinator in post works 0.8 fte of which Education fund 0.4FTE and the grant is match funded by Creative Scotland/YMI.</p> <p>Removal of Cultural Co-ordinator in Schools provision which supports schools to develop creative projects. Part of the remit is to engage with external providers to facilitate funding for taking forward projects related to the arts, creativity and the development of Expressive Arts within Curriculum for Excellence.</p>	<p>Removal of this post would mean that there would be no capacity to work with Creative Scotland and to provide culture and arts based activities for our children and young people unless schools prioritised this to enhance their core curriculum.</p> <p>The cultural co-ordinator manages the Argyll Arts Collection which includes overseeing loan agreements, press releases etc. This work would have to be picked up by other staff as would be the support with the YMI Grant which has to be evaluated and feed back to Scottish Government every year.</p>	15.0	0.8	1.0	15.0	0.8	1.0	15.0	0.8	1.0
2-18 Curriculum	Remove funding to support parent and toddler groups and other non statutory third sector.	<p>Withdrawal of Third Sector Grants (unrelated to delivery of 1140hrs)</p> <p>This will remove grant funding used to support running costs for a number of third sector groups across all localities. None of these groups deliver statutory services for Education but do support children, young people and families.</p>	The non-statutory groups and organisations may not be in a position to continue or may have to reduce services.	86.0	0.0	0.0	86.0	0.0	0.0	86.0	0.0	0.0

Service Area	Saving	Detail	Risks	Saving			Saving			Saving		
				£'000	FTE	H/Count	£'000	FTE	H/Count	£'000	FTE	H/Count
Revenues and Benefits	The Service has identified savings through rightsizing of budgets, an organisational restructure with investment in modern apprenticeships and temporary staff designed to boost income from the billing of additional local taxes and the recovery of associated debt. In addition efficiency savings from increased productivity, increased levels of process automation and moving more customers to transact with the service over the internet will allow previously outsourced review works to be carried out internally.	Budgets can be realigned with certainty in relation to additional income from the DWP with no associated risks.  Changes to the organisational structure will assist in driving improvements in efficiency and productivity across the service generating opportunities for new employees to join the service and for more experienced staff who have volunteered for redundancy to go in the years ahead.	1. The current cost of living crisis continues for a significant period of time making the environment for collecting debt even more challenging than it is already. While these budgets can be realigned with certainty other areas of anticipated income recovery levels may become harder to achieve. 2. The new productivity targets are not embedded in the service and expected efficiencies are not realised. 3 Migration of Housing Benefit claims to Universal Credit is further delayed by the DWP beyond December 2024 and the level of automation that we hope to achieve by 2025/2026 is not realised. This would mean that the Council would need to retain Assessor staff to help it continue to fulfil its statutory duty in respect of Housing Benefit processing	30.0	0.0	0.0	65.0	2.5	3.0	110.0	3.0	3.0
School Crossing Patrollers	Support Communities to move to different approaches to delivering School Crossing Patrols through engagement with Parent Council and Communities.	Support community and PTA groups to operate school crossing services including assessment of use of existing facilities – anecdotally there appear to be fewer children walking to school post pandemic than pre pandemic.	Limited take up from parent/teacher association groups (PTA) and ability to maintain a sustained interest for PTAs to self-deliver school crossing patrollers. An alternative model, should there be limited interest from the PTAs, would be to stop service.  A limited resource would need to be retained by the council to carry out training and ensure that a compliant and safe service is maintained.	88.0	8.4	20.0	151.0	8.4	20.0	151.0	8.4	20.0
				<b>470.0</b>	<b>20.3</b>	<b>34.0</b>	<b>695.0</b>	<b>22.8</b>	<b>37.0</b>	<b>740.0</b>	<b>23.3</b>	<b>37.0</b>



## APPENDIX 2 – REVENUE AND BENEFITS BPR

REVENUES AND BENEFITS				2023/2024			2024/2025			2025/2026			TOTAL OVER 3 YEARS
Invest to Save Proposal No.	Service/Business Area	Saving (S)/ Investment (I)	Saving Summary	Saving £'000	FTE	H/ Count	Saving £'000	FTE	H/ Count	Saving £'000	FTE	H/ Count	
1	Debt Recovery/ Sundry Debt	Investment	2 New Staff LGE6, Proactive debt recovery for all debt including social care	-56	-2.0	-2	-56	-2.0	-2	0	0.0	0	-112
		Saving	Much improved cashflow. Reduction in BDP and the amount of debt written off.	150	0.0	0	150	0.0	0	150	0.0	0	450
2		Investment	Make permanent an LGE7 post in Debt Recovery Team focussed on the recovery of HB overpayments	-37	-1.0	-1	-37	-1.0	-1	-37	-1.0	-1	-111
		Saving	Additional HB Overpayment collection income	100	0.0	0	80	0.0	0	60	0.0	0	240
3	Council Tax Reviews	Saving	Cyclical reviews of 21 Council Tax discounts and exemptions. Additional Council Tax income on the balance sheet, over and above growth	280	0.0	0	280	0.0	0	140	0.0	0	700
		Saving	Civil penalty income levied on back of reviews	50	0.0	0	40	0.0	0	30	0.0	0	120
		Investment	2 Modern Apprentices	-24	-2.0	-2	-56	-2.0	-2	-56	-2.0	-2	-136
<b>Total Investment</b>				<b>-117</b>	<b>-5.0</b>	<b>-5</b>	<b>-149</b>	<b>-5.0</b>	<b>-5</b>	<b>-93</b>	<b>-3.0</b>	<b>-3</b>	<b>-359</b>
<b>Total Additional Income</b>				<b>580</b>	<b>0.0</b>	<b>0</b>	<b>550</b>	<b>0.0</b>	<b>0</b>	<b>380</b>	<b>0.0</b>	<b>0</b>	<b>1,510</b>
<b>Increase in Council Tax and Organisational Savings</b>				<b>463</b>	<b>-5.0</b>	<b>-5</b>	<b>401</b>	<b>-5.0</b>	<b>-5</b>	<b>287</b>	<b>-3.0</b>	<b>-3</b>	<b>1,151</b>

**APPENDIX 3 - Council Tax Inflation Uplift Estimated Impact**

Band	COUNCIL TAX CHARGE ONLY							IMPACT INCLUDING WATER AND SEWERAGE IF INCREASE BY THE SAME %						
	2022/23 Charge excl Water and Sewerage Charges	Annual Charge if Increased by 3%	YOY Increase at 3% £	Weekly Increase at 3% £	Annual Charge if Increased by 5%	YOY Increase at 5% £	Weekly Increase at 5% £	2022/23 Charge Incl Water and Sewerage	Annual Charge if Increased by 3%	YOY Increase at 3% £	Weekly Increase at 3% £	Annual Charge if Increased by 5%	YOY Increase at 5% £	Weekly Increase at 5% £
A	£939.17	£967.35	£28.18	£0.54	£986.13	£46.96	£0.90	£1,258.13	£1,295.87	£37.74	£0.72	£1,321.04	£62.91	£1.21
B	£1,095.70	£1,128.57	£32.87	£0.63	£1,150.49	£54.79	£1.05	£1,467.82	£1,511.85	£44.03	£0.84	£1,541.21	£73.39	£1.41
C	£1,252.23	£1,289.80	£37.57	£0.72	£1,314.84	£62.61	£1.20	£1,677.51	£1,727.84	£50.33	£0.97	£1,761.39	£83.88	£1.61
D	£1,408.76	£1,451.02	£42.26	£0.81	£1,479.20	£70.44	£1.35	£1,887.20	£1,943.82	£56.62	£1.09	£1,981.56	£94.36	£1.81
E	£1,850.95	£1,906.48	£55.53	£1.07	£1,943.50	£92.55	£1.78	£2,435.71	£2,508.78	£73.07	£1.40	£2,557.50	£121.79	£2.34
F	£2,289.24	£2,357.92	£68.68	£1.32	£2,403.70	£114.46	£2.20	£2,980.32	£3,069.73	£89.41	£1.71	£3,129.34	£149.02	£2.86
G	£2,758.82	£2,841.58	£82.76	£1.59	£2,896.76	£137.94	£2.65	£3,556.22	£3,662.91	£106.69	£2.05	£3,734.03	£177.81	£3.41
H	£3,451.46	£3,555.00	£103.54	£1.99	£3,624.03	£172.57	£3.31	£4,408.34	£4,540.59	£132.25	£2.54	£4,628.76	£220.42	£4.23

**Note:** Water and sewerage charges set by Scottish Water therefore estimates at this stage.