

**BUDGET PLANNING 2021/22**

---

**1. INTRODUCTION**

- 1.1 This report provides Members with information on savings options identified by officers for consideration for financial year 2021/22 and beyond.

**2. RECOMMENDATION**

- 2.1 Members are asked to:
1. Note the savings options identified by Officers and agreed by the Budget Working Group to be moved forward to the 2021/22 budget process and that further information on the options will be brought forward to Council as part of the 2021/22 budget papers.
  2. Note that the savings options developed are aimed at addressing the 2021/22 budget gap but significant savings will be required in future years to address continued significant funding gaps. This will be considered as part of the revision of the medium to long term financial strategy.
  3. Note that officers will continue to identify further savings over the coming months to bridge the gap.
  4. 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 2021/22 to 2025/26 is £41.242 with a gap of £6.311m in 2021/22. After factoring in previous savings decisions or potential options towards balancing the budget this reduces the gap to £30.829m over the five year period with a gap of £4.311m in 2021/22.
- 3.2 A report to the Business Continuity Committee on 13 August 2020 set out the approach to the 2021/22 revenue budget process and identification of savings to balance the 2021/22 budget. It was agreed 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.

3.4 In previous years the Councils approach to identifying savings to help deliver a balanced budget has primarily focused on setting a percentage target which has been applied to all services – in effect a ‘salami slicing’ budget process. For 2021/22 and beyond, partially as a response to the COVID pandemic, and other areas of ongoing service reviews, it was considered that there was an opportunity to take a more targeted approach to delivering savings and focus attention on larger scale service redesign with that supported by a lower degree of efficiency savings across all services.

3.5 It was the intention that the 2021/22 budget process for would commence earlier in the year and would look at service redesign over a planned three year period. The need for the Council Officers to respond to the immediate impact of the COVID pandemic to and the ongoing focus on the recovery has meant that the budget process is now focused on balancing the 2021/22 budget however it will also lay foundations for the budget process in future years.

3.6 A review was performed of the 2020/21 budget to differentiate between non-controllable budget areas (i.e. those where there is limited or no scope to deliver savings) and controllable areas where there maybe scope to deliver savings through service redesign.

3.7 Consequently the approach to bringing forward proposals to balance the budget in 2021/22 is split into three areas:

1. Review areas of non-controllable budgets where there may be an opportunity to realise some savings.
2. More detailed reviews on a themed basis for budgets that are classified as controllable.
3. Identification of 2% efficiencies across all service areas.

Appendix 1 provides details on the themed and non-controllable reviews including their areas of focus.

3.8 The BWG has held three meetings and engaged with officers as options have been developed Further BWG meetings are scheduled on 18 December 2020 and provisionally for 28 January 2021. 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 propose a potential reduction to the Council’s

staffing 35.4 FTE within 2021/22 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 On 24 November 2020 officers presented the proposed savings that should go forward to the 2021/22 budget process to the BWG and the BWG agreed that they should be presented to this meeting of the Policy and Resources Committee. A summary of the saving options are noted in the table below with further high level detail contained within Appendices 2, 3 and 4.

Where it was difficult for services to identify sufficient efficiency savings there are three savings options proposed that aren't efficiency in nature. These have been included at the foot of the themed review appendix to this report (Appendix 3) to ensure they are not presented as efficiency savings.

Officers are working on bringing forward further detail on the savings options to future meetings of the BWG and ultimately the budget meeting in February 2021.

| <b>Saving Approach</b> | <b>2021/22<br/>£,000</b> | <b>2022/23<br/>£,000</b> | <b>2023/24<br/>£,000</b> |
|------------------------|--------------------------|--------------------------|--------------------------|
| 2% Efficiency          | 665.6                    | 729.2                    | 737.2                    |
| Themed Reviews         | 1,885.9                  | 2114.5                   | 2382.6                   |
| Non Controllable       | 888.6                    | 888.6                    | 888.6                    |
| <b>Total</b>           | <b>3,440.1</b>           | <b>3,732.3</b>           | <b>4,008.4</b>           |

- 3.11 Based on the latest budget outlook, the savings identified for 2021/22 do not meet the latest mid-range gap by £0.871m. Officers will continue to identify further savings over the coming months to bridge the gap.
- 3.12 Furthermore there is an ongoing service redesign review of school and public transport being carried out by external consultants which may generate further savings options. They are due to report on their conclusions in December and these will be considered by the BWG to determine if they are viable savings options to be considered as part of the 2021/22 budget process.
- 3.13 We have asked members of the public twice this year already to get involved in developing budget planning options (for amenity services and bus transport services planning), and have appreciated a good level of response. If members of the public would like to be involved further, by giving feedback on the savings options identified as possible in appendices 2, 3 and 4, they would be welcome to send comments to [planningourfuture@argyll-bute.gov.uk](mailto:planningourfuture@argyll-bute.gov.uk)
- 3.14 The mid-range budget gap is based on a 1.2% reduction in Scottish Government funding however the Council will not be certain of its funding for 2021/22 until the Scottish Government budget is announced on the 28 January 2021 and we have been notified of the individual council settlements.

#### **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 2021/22 budget. Savings options of £3.440m have been identified to date for 2021/22 and these will contribute towards the current estimated budget gap.

## **5. IMPLICATIONS**

- 5.1 Policy – Some of the savings options have policy implications and further detail will be brought forward as part of the 2021/22 budget papers.
- 5.2 Financial – Savings options identified will reduce the 2021/22 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 – None at this stage.
- 5.5.2 Socio-Economic Duty – None at this stage.
- 5.5.3 Islands Duty – None at this stage.
- 5.6 Risk – Risks will be identified and be brought forward as part of the 2021/22 budget papers.
- 5.7 Customer Service – Impact on service delivery will be identified and brought forward as part of the 2021/22 budget papers.

**Kirsty Flanagan**  
**Section 95 Officer**  
**02 December 2020**

**Gary Mulvaney: Policy Lead for Financial Services and Major Projects**

**For any further information, please contact Laurence Slavin on 01436 657694**

Appendix 1 – 2021/22 Budget Saving Option Reviews  
Appendix 2 - Efficiency Savings Options  
Appendix 3 – Themed Review Saving Options  
Appendix 4 – Non-Controllable Review Saving Options