Council Offices, Almada Street
Hamilton, ML3 0AA

Dear Councillor

Executive Committee

The Members listed below are requested to attend a special meeting of the above Committee to be held as follows:-

Date: **Wednesday, 27 February 2019**
Time: **10:00**
Venue: **Committee Room 1, Council Offices, Almada Street, Hamilton, ML3 0AA**

The business to be considered at the meeting is listed overleaf.

Members are reminded to bring their fully charged tablets to the meeting

Yours sincerely

Lindsay Freeland
Chief Executive

Members
John Ross (Chair/ex officio), Maureen Chalmers (Depute Chair), Alex Allison, John Anderson, John Bradley, Walter Brogan, Robert Brown, Jackie Burns, Gerry Convery, Margaret Cooper, Peter Craig, Fiona Dryburgh, Joe Fagan, Allan Falconer, Alistair Fulton, Lynsey Hamilton, Ann Le Blond, Eileen Logan, Katy Loudon, Joe Lowe, Kenny McCreary, Colin McGavigan, Mark McGeever, Jim McGuigan, Gladys Miller, Richard Nelson, David Shearer, Josh Wilson

Substitutes
Stephanie Callaghan, Andy Carmichael, Poppy Corbett, George Greenshields, Graeme Horne, Martin Grant Hose, Richard Lockhart, Hugh Macdonald, Catherine McClymont, Lynne Nailon, Mo Razzaq, Graham Scott, Collette Stevenson, Sheena Wardhaugh

BUSINESS

1 Declaration of Interests

Item(s) for Decision	
2 Prudential Indicators Treasury Management Strategy and Annual Investment Strategy 2019/2020 Report dated 19 February 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)	3 - 28

Item(s) for Noting	
3 Overall Position of Budget 2019/2020 and Savings Proposals Report dated 19 February 2019 by the Executive Director (Finance and Corporate Resources). (Copy attached)	29 - 112

Urgent Business
4 Urgent Business Any other items of business which the Chair decides are urgent.

For further information, please contact:-

Clerk Name: Gordon Bow

Clerk Telephone: 01698 454719

Clerk Email: gordon.bow@southlanarkshire.gov.uk

SOUTH LANARKSHIRE COUNCIL

Report

Agenda Item

2

Report to:	**Executive Committee**
Date of Meeting:	**27 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Prudential Indicators, Treasury Management Strategy and Annual Investment Strategy 2019/2020**

1. Purpose of Report

1.1 The purpose of the report is to:-

- provide members with the Prudential Code indicators for 2019/20 to 2021/22,
- provide members with the Treasury Management Strategy for 2019/20, and
- provide members with the Annual Investment Strategy for 2019/20.

2. Recommendation(s)

2.1 The Committee is asked to approve the following recommendation(s):-

(1) that the Prudential Code indicators for the period 2019/20 to 2021/22, the Treasury Management Strategy for 2019/20 and the Annual Investment Strategy for 2019/20 be endorsed and referred to Council for formal approval.

3. Background

3.1 Through guidance and regulation the Council is required to produce Prudential Indicators, a Treasury Management Strategy and an Annual Investment Strategy. It has been cited as best practice to combine the information in one document. This paper will therefore cover:

- Prudential Indicators (Section 4)
- Treasury Management Strategy (Section 5)
- Annual Investment Strategy (Section 6)

4. Prudential Code Indicators

4.1 The Prudential Indicators for 2019/2020 to 2021/2022 are shown at Appendix 1 along with explanations for each indicator. An updated position for 2018/2019 is also included.

4.2 Through these Prudential Indicators we are laying out what our expectations are for the coming year, and setting limits based on these expectations. A report will be presented to Committee later this year showing actual achievement against the 2018/2019 indicators.

4.3 The first three indicators show details of capital expenditure, how this will be funded and set limits for external borrowing. The fourth indicator demonstrates the financial impact of the expected borrowing and that this is affordable.

Capital Expenditure and Asset Management

4.4 The Prudential Framework for local authority capital investment was introduced through the Local Government (Scotland) Act 2003 with the aim of supporting strategic planning for capital investment at a local level.

4.5 It was through the introduction of the Code that Councils are now able to take responsibility for deciding an affordable level of borrowing to fund capital expenditure. This moves away from the previous regime through which central government gave councils consent to borrow defined amounts for capital expenditure.

4.6 The level of capital expenditure that we choose to fund through borrowing has a direct impact on the treasury activities of the Council. The majority of funding for the Primary School Investment Programme is to be funded from borrowing. Borrowing is also required to fund investment in Roads Carriageways and Infrastructure and for the Housing Investment Programme. Borrowing will also be used in the short term to manage the cashflow funding gap for City Deal. The Prudential Indicators show the level of borrowing required.

4.7 An update to the General Fund programme for 2019/20 was presented to the Executive Committee on 21 November 2018, and it allows for investment across priorities consistent with the objectives of the Council Plan including:-

- Improve achievement, raise educational attainment and support lifelong learning
- Ensure schools and other places of learning are inspirational
  - Continuation of the Primary Schools Modernisation Programme
- Improve the road network, influence improvements in public transport and encourage active travel
  - Continuation of the Roads Investment Programme
- Improve later life
  - Social Work Residential Facilities Programme

4.8 The capital expenditure for 2019/20 is based on the aforementioned report and takes account of anticipated expenditure for that year. The funding package includes levels of General Capital Grant for 2019/2020 as advised by the Scottish Government.

4.9 In relation to 2020/2021 and 2021/2022, the Scottish Government have not yet issued grant estimates. For the purpose of these indicators, a General Capital Grant of £28m has been assumed for each of these two years, in line with the Capital Strategy agreed by the Executive Committee on 21 November 2018. This is a prudent assumption based on the approximate 2018/2019 General Capital Grant allocation, which was the most recent information available at that point in time.

4.10 It should be noted that the programme also includes projects which will be funded by Specific Capital Grants from the Scottish Government.

4.11 The Future Capital Investment Strategy, setting out the basis for a medium term Capital Investment Strategy, covering a period of 10 years was approved by the Executive Committee on 21 November 2018. For financial years 2020/21 and 2021/22, estimated capital programmes based on this strategy have been included.

4.12 The HRA capital programme for 2019/20 was presented to a Special Meeting of Housing and Technical Resources Committee on 6 February 2019. For financial years 2020/21 and 2021/22, estimated capital programmes based on the HRA business plan have been included.

4.13 Housing capital expenditure will result in an increase in the availability of social housing stock through the new build programme and improvements in the quality of the existing social housing stock. Future capital programmes will also include investment in housing stock to reflect the new Energy Efficiency Standard for Social Housing (EESSH) which must be achieved by 31 December 2020. At present, 89.9% of the Council's houses are compliant with the EESSH standard.

4.14 The Prudential Code also recognises that in making capital investment decisions the authority should be informed by sound asset management planning and options appraisal.

4.15 When considering potential capital investment, the Council ensures that the objectives of capital investment fit within the Council strategic plans and that the investment is informed through the asset management planning process. The following asset management plans were updated for 2018 and approved by the relevant resource Committees.

- 2018 Property and Housing Asset Management Plans presented to Housing and Technical Resources Committee 31 October 2018
- Fleet Asset Management Plan 2018 presented to Community and Enterprise Resources Committee 21 August 2018
- 2018 Information and Communication Technology (ICT) Asset Management Plan presented to Finance and Corporate Resources Committee 19 September 2018
- Roads Asset Management Plan – 2018 Update presented to Community and Enterprise Resources Committee 21 August 2018

5. Treasury Management Strategy

5.1 The Treasury Management Strategy for 2019/20 is detailed at Appendix 2.

5.2 The Council's treasury activities are regulated by statute, and a professional code of practice (the CIPFA Treasury Management in Public Services Code of Practice). It is a requirement of this Code, and the financial regulations of South Lanarkshire Council that a Treasury Management Strategy is approved by Committee every year.

5.3 The Treasury Management Code was updated in December 2017 mainly to cover Non Treasury Investments such as investment property portfolios and has little impact on this Council.

5.4 The Treasury Management in the Public Services - Guidance Notes for Local Authorities details treasury management indicators that are to be reported within the Treasury Strategy.

5.5 The level of borrowing required to fund the Council's Capital programme, together with the variable nature of interest rates increases the risks associated with the treasury management function. As a result the Council will take a cautious approach to its Treasury Strategy by setting treasury management indicators to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of adverse movements in interest rates.

5.6 The indicators set limits on the maturity structure of borrowing and limits on investments over 364 days.

5.7 The main areas covered by the Strategy are:-

- Debt and Investment Projections
- Expected Movement in Interest Rates
- Borrowing Strategies
- Statutory Repayment of Loans Fund Advances

5.8 Total external net debt is expected to reach £1,109.752m by the end of 2018/19. This is gross debt of £1,274.941m less estimated investments of £165.189m. The estimated level of investments reflects the level of reserves held plus an element of working capital.

5.9 External debt includes the liability of £208.921m that is included on the Council's balance sheet for the Secondary Schools and finance leases under International Financial Reporting Standards. It should be noted that while these liabilities are to be classed as external debt, there is no requirement to borrow these amounts and there is therefore no impact on borrowing costs.

6. Annual Investment Strategy 2019/20

6.1 The Annual Investment Strategy for 2019/20 has been included at Appendix 3.

6.2 The Local Government Investments (Scotland) Regulations 2010 provides a formal investment framework for Councils. It provides greater autonomy for local authorities in their investment activities but with this greater freedom comes greater responsibility and the onus is on local authorities to act prudently with regard to their investment and treasury management activities.

6.3 The Council can decide what investment tools it will class as permitted investments in the coming year. The Regulations require an Annual Investment Strategy detailing the permitted investments to be approved by the Council.

6.4 The two fundamental principles of the Investment Regulations are that:-

- Councils are required to manage their investments and deposits in a way that minimises the risk to the capital sum and optimises the return on the funds consistent with those risks. Security should be considered first, then liquidity, and lastly the yield or return.

- Councils are able to determine what investments they may make, including both the type and duration of the investment.

6.5 The Annual Investment Strategy is considered to be central to the Regulation. The Council is required to prepare an Annual Investment Strategy prior to the start of the financial year.

6.6 The Regulations require the Council to consider its investment activity as a whole. This includes a range of investments, which covers the depositing of temporary surplus funds with banks and similar institutions, shareholdings in companies or joint ventures, loans to group undertakings and third parties. It also covers investment properties

6.7 The Council is required to set out a strategy for investments that explains investment objectives and policies including any special circumstances applying to them that have led to a particular approach.

6.8 The attached strategy identifies the different types of treasury risk that investments are exposed to and the controls in place for limiting those risks. These include restrictions on who the Council will invest with and on the period of investment.

6.9 The Council is required to set out in the strategy the types of investment that it will permit in the financial year. These will be known as “permitted investments”.

6.10 The strategy also limits the amounts that may be held in such investments at any time in the year.

6.11 After consideration of the Council’s requirements to manage funds and our approach to risk, no changes have been made to the permitted investments previously agreed for 2018/19.

6.12 The Executive Director of Finance and Corporate Resources will ensure that the strategy is adhered to at all times. The Council can only make an investment if that type of investment is detailed in this Strategy.

6.13 **Borrowing in Advance** Borrowing in advance of need increases the level of funds which require to be invested or deposited.

6.14 The CIPFA Prudential Code is clear that the Council must not borrow more than, or in advance of needs purely in order to profit from the investment of the extra sums borrowed.

6.15 The Council needs to be able to demonstrate that borrowing is for a legitimate purpose such as the exercise of day to day cash management or the management of borrowing for capital purposes.

6.16 The regulations do not prevent borrowing in advance of need but for it to be allowed the Council must detail its policy for borrowing in advance in the strategy.

6.17 The Executive Director of Finance and Corporate Resources will ensure that borrowing is taken at the most appropriate time to ensure best value and that the requirements of the Prudential Code are met.

7. Employee Implications

7.1 None.

8. Financial Implications

8.1 There are no direct funding implications arising from the production of the Prudential Indicators, Treasury Management Strategy or Annual Investment Strategy.

8.2 The financial impact from treasury activity and borrowing for capital expenditure has been built into the long term revenue budget strategy.

9. Other Implications

9.1 South Lanarkshire Council recognises that any treasury management activity will carry an element of risk. It is important that risk is identified and controls put in place to limit those risks.

9.2 The preparation and approval of Prudential Indicators and the Treasury Management Strategy set a framework for treasury management activities and limits on debt in order to mitigate risks.

9.3 The CIPFA Treasury Management Code of Practice adopted by the Council, places Credit and Counterparty risk at the forefront of treasury risks.

9.4 South Lanarkshire Council recognises that any investment activity will carry an element of risk. It is important that risk is identified and controls put in place to limit and manage those risks.

9.5 Section 5 of the Annual Investment Strategy details how South Lanarkshire Council will manage these risks.

9.6 There is no requirement to carry out an environmental impact assessment in terms of the information contained within this report.

9.7 There are no implications for sustainability in terms of the information contained in this report.

10. Equality Impact Assessment and Consultation Arrangements

10.1 This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.

10.2 There is no requirement to undertake any consultation in relation to the content of the report.

Paul Manning
Executive Director (Finance and Corporate Resources)

19 February 2019

Link(s) to Council Values/Ambitions/Objectives

- Accountable, effective, efficient and transparent

Previous References

- None

List of Background Papers

- None

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-
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Appendix 1

Prudential Indicators 2019/20 – 2021/22

The Prudential Indicators are shown below and are split into 2 categories:

- Capital Expenditure and External Debt
- Affordability

Indicators 1 to 3 show statements of the expected borrowing requirement for the years 2018/19 to 2021/22 and attributes limits for external borrowing.

Indicator 4 demonstrates the financial impact of the expected borrowing for the years 2018/19 to 2021/22 and that this borrowing is affordable.

After year end, the actual position for the Indicators will be reported to this Committee.

Capital Expenditure and External Debt Indicators

1. Prudential Indicator 1 – Capital Expenditure

1.1 This indicator states the capital expenditure plans for the years 2018/19 through to 2021/22. The indicator takes account of the anticipated spend for 2018/19 and 2019/20 along with the Capital Strategy information for future years.

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
General Fund Capital Expenditure	**66.819**	**71.740**	**134.327**	**68.884**
Funded by:				
Borrowing	29.395	16.215	82.435	16.881
Capital Receipts and Grants	35.169	54.314	51.892	52.003
Contributions from Reserves	2.255	1.211	0.000	0.000
Total Funding	**66.819**	**71.740**	**134.327**	**68.884**
HRA Capital Expenditure	**53.664**	**61.945**	**78.147**	**25.433**
Funded by:				
Borrowing	21.602	26.932	30.907	1.891
Capital Receipts and Grants	8.332	14.129	26.163	0.720
Revenue Contributions	23.730	20.884	21.077	22.822
Total Funding	**53.664**	**61.945**	**78.147**	**25.433**

1.2 The table overleaf summarises the above capital expenditure plans and how the borrowing required for the capital programmes are adjusted for loans fund principal repayments, maturing debt and borrowing not taken in prior financial years to derive the borrowing requirement for the Council in each financial year.

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
Borrowing for General Fund Capital Expenditure	29.395	16.215	82.435	16.881
Borrowing for HRA Capital Expenditure	21.602	26.932	30.907	1.891
Total Borrowing for Capital Expenditure	**50.997**	**43.147**	**113.342**	**18.772**
Less Loans Fund Principal Repayments	(25.286)	(28.019)	(22.834)	(25.385)
Plus Maturing Debt	22.381	30.590	29.893	40.954
Borrowing carried over/(taken) in prior financial years	134.419	(1.729)	0.000	0.000
Total Borrowing Requirement	**182.511**	**43.989**	**120.401**	**34.341**
Actual/Expected Borrowing	**184.240**	**43.989**	**120.401**	**34.341**
Borrowing carried over to next financial year	(1.729)	0.000	0.000	0.000

1.3 At the time when borrowing was taken, the Council had a borrowing requirement of £184.240m, however due to re-profiling of the capital programme this has reduced by £1.729m to £182.511m. The borrowing will meet the capital costs that will now be incurred in 2019/20.

1.4 The borrowing identified above and associated costs have been included in the Council's Financial Strategy.

2. Prudential Indicator 2– Councils Borrowing Need (the Capital Financing Requirement) and Gross Debt

2.1 The Council's Capital Financial Requirement (CFR) is the total outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council's underlying need to borrow for past and present capital expenditure.

2.2 The Council is required to pay off an element of the accumulated balance of borrowing every year through a charge to the revenue account.

2.3 In order to ensure that over the medium term debt will only be for a capital purpose, the Council needs to ensure that debt does not, except in the short term, exceed the total of the Capital Financing requirement (CFR) in 2018/19 plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

2.4. The projected Capital Financing Requirement and Gross Debt is shown in the table below

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
General Fund Capital Financing Requirement	1,033.484	1,020.012	1,078.161	1,069.152
HRA Capital Financing Requirement	239.728	260.850	285.505	280.448
Total Capital Financing Requirement	1,273.212	1,280.862	1,363.666	1,349.600
Gross Debt	1,274.941	1,280.862	1,363.666	1,349.600
Difference	(1.729)	0.000	0.000	0.000

2.5 It can be seen that the estimated gross debt levels for the period 2018/19 to 2021/22 do not exceed the forecast CFR at the end of 2021/22, demonstrating that borrowing will only be undertaken for capital purposes.

2.6. This indicator sets out the expected CFR based on the capital plans shown at Indicator 1. Actual CFR for 2018/19 will be presented to committee following year end.

3. Prudential Indicator 3 – Limits to Borrowing

3.1 The **Operational Boundary for external debt** is based on the expected maximum external debt that could be faced in the course of the year. It is set to accommodate the borrowing requirements as detailed at Prudential Indicator 1, and also includes sufficient scope to allow for changes to the capital programme throughout the year and to borrow for the following year should this be considered appropriate. This limit is permitted to be breached during the year. This would be reported in the Prudential Indicators report presented to Committee after year end.

3.2 The **Authorised Limit for External Debt** represents a limit beyond which external debt is prohibited. It represents the level of external debt which could be afforded in the very short term, but is not sustainable in the longer term without consideration to revenue budgets. This limit needs to be set or revised by the full Council who should also be advised if the limit is exceeded or is expected to be exceeded. Again the limits include scope to borrow for the following year should this be considered appropriate.

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
Operational Limit for debt	1,140.000	1,240.000	1,240.000	1,260.000
Operational Limit for other liabilities	220.000	210.000	210.000	200.000
Operational Limit	1,360.000	1,450.000	1,450.000	1,460,000
Authorised Limit for debt	1,160.000	1,260.000	1,260.000	1,280.000
Authorised Limit for other liabilities	220.000	210.000	210.000	200.000
Authorised Limit	1,380.000	1,470.000	1,470.000	1,480,000

Affordability Indicators

4. Prudential Indicator 4 – Ratio of Financing Costs to Net Revenue Stream

4.1. This indicator focuses on the extent to which the Council's net revenue budget is used for servicing debt. This is shown for both General Fund and HRA. The figures for General Fund include the reduction in the PPP/Finance Lease Liability as a financing cost.

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
General Fund Ratio of Financing Costs to Net Revenue Stream (expressed as %)	8.76%	9.40%	9.12%	9.55%
HRA General Fund Ratio of Financing Costs to Net Revenue Stream (expressed as %)	16.82%	17.77%	18.34%	18.27%

4.2. While the Council has prepared a Financial Strategy for 2019/20 to 2021/22, we have not been advised of our General Revenue Grant funding beyond 2019/20. The indicators have been calculated using the assumptions regarding reductions in grant levels built into the Financial Strategy for 2019/20 to 2021/22.

Appendix 2

Treasury Management Strategy 2019/20

1. Foreword

1.1. The treasury management function is an important part of the overall financial management of the Council's affairs. The treasury management function considers the effective funding of capital investment plans and works toward ensuring that best practice is followed when making decisions on managing Council deposited funds.

The Council's treasury activities are regulated by the Local Government (Scotland) Acts 1975 and 2003, and a professional code of practice (the CIPFA Code of Practice on Treasury Management – revised December 2017). It is a requirement of this Code, and the financial regulations of South Lanarkshire Council, that a Treasury Management Strategy is approved by Committee every year.

A key requirement of this strategy is to explain both the risks and the management of these risks associated with the treasury function. A further report will be produced after the year end to report on actual activity during the year. It is a requirement of the Treasury Management Code of Practice that a mid year monitoring report is produced. This will cover the period 1 April 2019 to 30 September 2019 and will be submitted to Committee after that date.

This strategy covers:

- The Council's debt and investment projections (Section 2)
- The Council's estimates and limits on future debt levels (Section 3)
- The expected movement in interest rates (Section 4)
- The Council's borrowing strategy (Section 5)
- Treasury Management Limits on Activity (Section 6)
- Statutory Repayment of Loans Fund Advances (Section 7)

2. Debt and Investment Projections 2018/19 – 2020/21

2.1 The expected levels of external borrowing and investment for 2019/20 to 2021/22 are shown in the table below. An updated position for 2018/19 is also shown.

	2018/19 Estimate £ m	2019/20 Estimate £ m	2020/21 Estimate £ m	2021/22 Estimate £ m
External Debt				
Borrowing	£1,066.020	£1,079.419	£1,169.927	£1,163.314
Other long term liabilities	£208.921	£201.443	£193.739	£186.286
Debt at 31 March (including PPP/Finance Lease Liability)	£1,274.941	£1,280.862	£1,363.666	£1,349.600
Investments				
Total Investments at 31 March	£165.189	£163.460	£163.460	£163.460

3. Estimates and Limits on Future Debt Levels

3.1 There are a number of key indicators to ensure the Council operates its activities within well defined limits. These are detailed in the Prudential Indicators Appendix 1, paragraphs 2.1 to 3.2.

4. Expected Movement in Interest Rates

4.1 The interest rate forecasts provided by the Council's treasury advisor, Link Asset Services and by Capital Economics are reproduced below. Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The forecasts below will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year.

Medium Term Interest rates - Annual Averages – Link Asset Services

	Base Interest Rate	5 year PWLB	10 year PWLB	25 year PWLB	50 year PWLB
2019/20	1.063%	2.250%	2.675%	3.100%	2.900%
2020/21	1.375%	2.500%	2.950%	3.350%	3.150%
2021/22	1.813%	2.725%	3.150%	3.550%	3.350%

Medium Term Interest rates - Annual Averages – Capital Economics

	Base Interest Rate	5 year PWLB	10 year PWLB	25 year PWLB	50 year PWLB
2019/20	1.125%	2.500%	2.900%	3.375%	3.225%
2020/21	1.417%	2.833%	3.100%	3.433%	3.400%

4.2 Public Works Loans Board (PWLB) rates and gilt yields have continued to be influenced by economic data. It is likely that this will continue for the foreseeable future. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently.

4.3 The differential between investment earnings and debt costs remains high and is expected to continue in 2019/20. This "cost of carrying" needs to be considered if borrowing is taken before our cash flow requires funds as returns on deposits will be lower than the rate paid on borrowing.

5. Borrowing Strategy

5.1 The Council's strategy is to maintain maximum control over its borrowing activities as well as flexibility on its loans portfolio. Capital expenditure levels, market conditions and interest rate levels will be monitored during the year in order to minimise borrowing costs over the medium to longer term. A prudent and pragmatic approach to borrowing will be maintained to minimise borrowing costs without compromising the longer-term stability of the portfolio, consistent with the Council's Prudential Indicators.

5.2 In conjunction with advice from its treasury advisor, Link Asset Services, the Council will keep under review the options it has in borrowing from the PWLB, the market and other sources up to the available capacity within its CFR and Authorised Limit.

5.3 One of the options to finance capital borrowing is the issuance of Bonds. In the right circumstances, Bonds could be appropriate for the Council but are dependent on the level of borrowing, the repayment period and the mix of other funding sources to fund a large scale capital programme. To date, their use has not been considered appropriate or necessary given the amount the Council requires to borrow and the repayment period of the borrowing. Moving forward, they will remain an option and will be considered along with other sources of borrowing as required.

5.4 Alongside fixed rate maturity borrowing, other options such as variable rate or short term borrowing or EIP (equal instalments of principal) loans that help mitigate the impact of the cost of carry are all active considerations.

5.5 Any decision to borrow at low, variable rates of interest would only be taken after considering the level of longer term interest rates and the extent of variable rate earnings on the Council's investment balances. Longer term rates are regularly assessed relative to the cost of carry benefits of shorter term and variable rate alternatives.

5.6 The Council will continue to maintain a flexible policy on debt rescheduling. Market volatility may provide opportunities for rescheduling debt from time to time. The rationale for rescheduling would be one or more of the following:

- Savings in interest costs with minimal risk
- Balancing the volatility profile (i.e. the ratio of fixed to variable rate debt) of the debt portfolio
- Amending the profile of maturing debt to reduce any inherent refinancing risks.

5.7 To manage potential rescheduling activity the Council's debt portfolio will be monitored against equivalent interest rates and available refinancing options on a regular basis. As opportunities arise, they will be identified by Link Asset Services and discussed with the Council's officers.

5.8 All rescheduling will comply with the accounting requirements of the Local Authority SORP and Statutory requirements of the Scottish Government's Guidance on Local Authority Accounting Proper Accounting Practices dated 30 March 2007.

5.9 The overall strategy for borrowing will be to monitor interest rates, undertake planned borrowing at the best time, whilst investigating opportunities where possible to improve the management of our existing loan portfolio.

5.10 The expected borrowing requirement is detailed in the Prudential Indicators Appendix 1, paragraphs 1.1 to 1.3 and is summarised below.

	2018/19 Estimate £ m	**2019/20 Estimate £ m**	**2020/21 Estimate £ m**	**2021/22 Estimate £ m**
Total Borrowing Requirement	**182.511**	**43.989**	**120.401**	**34.341**

6. Treasury Management Limits on Activity

6.1 The Treasury Management in the Public Services - Guidance Notes for Local Authorities details treasury management indicators that are to be reported within the Treasury Strategy.

6.2 CIPFA consulted on proposals to make changes to the treasury management indicators. More guidance on the detail of these changes was made available when the update of the CIPFA Publication Treasury Management in the Public Services Guidance Notes for Local Authorities was published in August 2018.

6.3 The requirement to set upper limits on fixed and variable rate exposures was removed and the limit on the maturity structure of borrowing was revised to include all borrowing rather than just fixed rate borrowing.

6.4 The purpose of the Treasury Management Indicators is to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of an adverse movement in interest rates. However if these are set to be too restrictive they will impair the opportunities to reduce costs/improve performance. The indicators are detailed below.

Treasury Management Indicator 1 – Maturity Structure of Borrowing

6.5 By setting limits on the maturity structure of borrowing, the exposure to large concentrations of debt needing to be replaced at the same time in the future at currently unknown rates can be limited. This effectively places a limit on exposure to longer term interest rate movement. The upper and lower limits for the maturity structure of borrowing is shown in the table below.

Maturity Structure of Borrowing		
	Upper Limit	**Lower Limit**
Under 12 months	25%	0%
12 months and 24 months	30%	0%
24 months and 5 years	50%	0%
5 years and 10 years	50%	0%
10 years and 20 years	60%	0%
20 years and 30 years	70%	0%
30 years and 40 years	80%	0%
40 years and 50 years	90%	0%
50 years and above	90%	0%

Treasury Management Indicator 2 – Maturity Structure of Borrowing

6.6 Limits on the total principal sums invested for greater than 364 days protects against potential loss that we would suffer if we required to get our money back earlier than the full term of the investment.

6.7 This Council will, at any one time, have no more than £10m invested for periods greater than 364 days, subject to a maximum period of 5 years.

Interest Rate Risk

6.8 As there is no longer a specific recommended indicator in respect of interest rate exposures, councils are asked to explain their strategy for managing interest rate risks.

6.9 Interest rate risk is the risk that movements in interest rates create an unexpected or unbudgeted burden on the organisation's finances, against which the organisation has failed to protect itself adequately.

6.10 The Council manages this risk by having a view of the future course of interest rates and a borrowing strategy that aims to minimise borrowing costs and ensure that these are affordable. The financial impact of borrowing for capital expenditure has been built into the long term revenue budget strategy.

Credit Risk

6.11 There is no specific recommended indicator in relation to credit risk, although the Treasury Management Code states that authorities may wish to design and set their own indicators in relation to this.

6.12 Details of how South Lanarkshire Council manages credit risk are included in the Annual Investment Strategy 2018/19 which is included in Appendix 3 of this report.

7. Statutory Repayment of Loans Fund Advances

7.1 The Scottish Government introduced The Local Authority (Capital Financing and Accounting) Scotland Regulations 2016 with effect from 1 April 2016. These regulations require the statutory loans fund to be administered in accordance with the 2016 Regulations, proper accounting practice and prudent financial management.

7.2 The Council is required to set out its policy for the statutory repayment of loans fund advances prior to the start of the financial year. The repayment of loans fund advances ensures that the Council makes a prudent provision each year to pay off an element of the accumulated loans fund advances made in previous financial years.

7.3 A variety of options are provided to councils so long as a prudent provision is made each year. The Council is recommended to approve the following policy on the repayment of loans fund advances:-

For loans fund advances made before 1 April 2016, the policy will be to maintain the practice of previous years and apply the **Statutory Method**, with all loans fund advances being repaid by the annuity method.

For loans fund advances made after 1 April 2016, the policy for the repayment of loans advances will be to use the most appropriate method of repayment for individual capital schemes or projects from the following methods while taking into consideration the capital expenditure plans and associated revenue implications that the Council had committed to, prior to the introduction of the Regulations coming into force on 1 April 2016.

1. **Statutory method** – loans fund advances will be repaid by the annuity method. The Council is permitted to use this option for a transitional period only, of five years until 31st March 2021, at which time it must change its policy to use alternative approaches based on asset life periods or a funding/income profile.

2. **Asset life method** – loans fund advances will be repaid with reference to the life of an asset using either the equal instalment or annuity method.

3. **Funding / Income profile method** – loans fund advances will be repaid by reference to an associated income stream.

7.4 The annuity rate applied to the loans fund repayments will be the loans fund interest rate – a measure of the average cost of funding capital advances to services in year.

7.5 Decisions taken each year on new advances create a liability to repay those advances from future years' budgets. The Council is required to report on the commitment to repay loans fund advances. This is shown in the following tables.

General Fund	Opening Balance	New Advances	Repayments	Closing Balance
2018/19	812.896	29.395	-19.868	822.423
2019/20	822.423	16.215	-22.209	816.429
2020/21 – 2023/24	816.429	165.388	-73.839	907.978
2024/25 – 2028/29	907.978	18.357	-145.459	780.876
2029/30 – 2033/34	780.876	0.000	-175.270	605.606
2034/35 – 2038/39	605.606	0.000	-145.132	460.474
2039/40 – 2043/44	460.474	0.000	-147.407	313.067
2044/45 – 2048/49	313.067	0.000	-154.365	158.702
2049/50 – 2053/54	158.702	0.000	-108.095	50.607
2054/55 – 2058/59	50.607	0.000	-42.325	8.282
2059/60 – 2063/64	8.282	0.000	-8.178	0.104
2064/65 – 2068/69	0.104	0.000	-0.104	0.000

Housing Revenue Account	Opening Balance	New Advances	Repayments	Closing Balance
2018/19	223.531	21.602	-5.418	239.715
2019/20	239.715	26.932	-5.810	260.837
2020/21 – 2023/24	260.837	34.051	-27.287	267.601
2024/25 – 2028/29	267.601	0.600	-42.267	225.934
2029/30 – 2033/34	225.934	0.000	-49.440	176.494
2034/35 – 2038/39	176.494	0.000	-47.840	128.654
2039/40 – 2043/44	128.654	0.000	-30.475	98.179
2044/45 – 2048/49	98.179	0.000	-35.719	62.460
2049/50 – 2053/54	62.460	0.000	-36.238	26.222
2054/55 – 2058/59	26.222	0.000	-21.548	4.674
2059/60 – 2063/64	4.674	0.000	-4.660	0.014
2064/65 – 2068/69	0.014	0.000	-0.014	0.000

Appendix 3

Annual Investment Strategy 2019/2020

1. Background

1.1. Local authority investment activity is regulated by statute. In Scotland the legislation that local authorities rely on to make investments has consisted of the Trustee Investments Act 1961 and the Local Government (Scotland) Act 1973.

1.2. In response to representation from local authorities that the existing regulation was too prescriptive, provision was made in the Local Government in Scotland Act 2003 for Scottish Ministers to introduce a new regulatory framework.

1.3. Section 40 of the Local Government in Scotland Act 2003 provides local authorities with the power to invest money. This power may be exercised in accordance with regulations made by Scottish Ministers under this section.

1.4. Scottish Ministers have, through Consent and Regulations, provided a formal investment framework, namely The Local Government Investments (Scotland) Regulations 2010 which came into force on 1 April 2010.

1.5. The new regulatory framework introduced by regulations made by Scottish Ministers under Section 40, provides greater autonomy for local authorities in their investment activities. With this greater freedom comes greater responsibility and the onus is on local authorities to act prudently with regard to their investment and treasury management activities.

1.6. Local authorities are required to manage their investments in a way that minimises the risk to the capital sum and optimises the return on the funds consistent with those risks.

1.7. Local authorities are required to prepare an Annual Investment Strategy before the start of the financial year.

2. Investment Policy and Strategy

2.1. Scottish Ministers have identified two CIPFA Codes of Practice which local authorities must have regard to in managing their investments:

- Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (Fully Revised Second Edition 2009)

- The Prudential Code for Capital Finance in Local Authorities (Fully Revised Second Edition 2009)

2.2. The first Code referenced covers the whole range of treasury management issues including the fundamental principles for making and managing investments. The second Code deals with capital investment but also includes guidance on Treasury Management.

2.3. The CIPFA Treasury Management Code and the CIPFA Prudential Code were updated in December 2017. There are no significant areas of change in the revised codes that would impact on our investment strategy.

2.4. This Council in its Treasury Management Policy Statement defines its Treasury Management Activities as:-

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2.5. The main objective when investing surplus funds will therefore be the security of the transaction. The Council must also meet its liquidity requirement and only invest for the period of time that is prudent. Finally, and only after consideration of security and liquidity, the yield that will be gained from the investment will be considered.

3. Treasury Management Risks

3.1. The CIPFA Treasury Management Code of Practice adopted by the Council includes a section on Managing Treasury Management Risks, placing Credit and Counterparty risk at the forefront of treasury risks.

3.2. South Lanarkshire Council recognises that any investment activity will carry an element of risk. It is important that risk is identified and controls put in place to limit those risks.

3.3. Risks when carrying out investment activities can broadly be categorised as follows:

Credit Risk:	failure to receive back the principal and interest on an investment in full and on the due date
Liquidity Risk:	the maturity or terms of the investment are such that insufficient cash is available in the short term
Market Risk:	the effect of market prices on the value of the investment

4. Permitted Investments

4.1. Local authorities are required to list and document all types of investments that they will permit in the financial year. These will be described as the permitted investments for that local authority.

4.2. Local authorities are required to state the limits for the amounts which at any time during the year may be invested in each type of permitted investments, such limit being applied when the investment is made.

4.3. For each type of permitted investment the objectives of that investment are to be identified along with the associated treasury risks and the controls that will be put in place to limit those risks.

4.4. The permitted investments that South Lanarkshire Council have identified for the financial year 2019/20 are detailed in Annex 1 to this strategy and listed below:

- Deposits with the Debt Management Account Deposit Facility
- Deposits with UK Local Authorities
- Deposits with Banks and Building Societies
- Certificates of Deposit with Banks and Building Societies
- UK Government Gilts and Treasury Bills
- AAA Rated Bonds Issued by Multilateral Development Banks
- AAA Rated Money Market Funds
- Loans to Third Parties

Inclusion as a permitted investment simply allows the Council to use that investment if considered to be appropriate. It is not necessarily the case that all permitted investments will be used.

5. Risk Management

5.1. The CIPFA Treasury Management Code of Practice adopted by the Council includes a section on Managing Treasury Management Risks, placing Credit and Counterparty risk at the forefront of treasury risks. The Code states:

Credit ratings should only be used as a starting point when considering credit risk. Organisations should make use of generally available market information, such as the quality financial press, market data, and information on government support for banks including the ability and willingness of the relevant government to provide adequate support.

5.2. In managing credit and counterparty risk the Council will be required to:

- Establish a sound diversification policy with high credit quality counterparties
- Set clear minimum credit limits for counterparties.
- Have regard to the credit ratings issued by all three rating agencies and make decisions based on the lowest rating
- Consider country, sector and group limits
- Regularly review credit ratings and other creditworthiness indicators as outlined in 5.6 below and act upon forward looking rating warnings

Deposits with the Debt Management Account Deposit Facility

5.3. Deposits with the Debt Management Office Account Deposit facility provided by HM Treasury will be continued. This facility offers the highest security for investments and deposits will be subject to a maximum period of six months which is the maximum time allowed by the DMO and no maximum deposit size.

Deposits with UK Local Authorities

5.4. Deposits with UK local authorities, joint boards and passenger transport executives will be permitted subject to a maximum period of three years and a maximum deposit size of £15m for up to 364 days and £10m beyond this.

Deposits and Certificates of Deposit with Banks and Building Societies

5.5. The following minimum thresholds will be applied to all deposits with banks and building societies, including Certificate of Deposits.

Rating Agency	Long Term Rating	Maximum Deposit
Fitch	A-	£10m
Moody's	A3	£10m
Standard and Poors	A-	£10m

5.6. Prior to depositing funds with any bank or building society, additional indicators of creditworthiness (such as short term and secondary credit ratings, credit default swaps, Gross Domestic Product (GDP); net debt as a percentage of GDP, potential sovereign and parental support, share price) will also be considered.

5.7. Banks on negative rating watch with any credit rating agency will be heavily scrutinised before any deposit is made with that institution.

5.8. Currently all deposits are with UK institutions. Non UK banks would only be considered if they meet our strict criteria, and are recommended by our advisers. Any one foreign country would carry a limit of £10m deposits.

5.9. In the event that two or more organisations in the same group meet the criteria detailed in 5.5. then a group limit of £10m will be applied.

5.10. Deposits with banks or building societies will be restricted to 364 days.

5.11. The existing Counterparty policy sets out a sound approach to depositing cash in normal market circumstances. Whilst this policy still stands, the Executive Director of Finance and Corporate Resources may consider temporarily restricting deposits to those counterparties considered of higher credit quality than the minimum criteria set out in the policy.

5.12. Examples of these restrictions would be greater use of higher rated institutions; increased use of the DMO account and restricting the term of deposits as appropriate.

5.13. Operational banking will continue with our contracted provider. Any deposits with banks or building societies will continue to meet the criteria set in 5.5.

UK Government Gilts and Treasury Bills

5.14. UK Government Gilts and Treasury Bills are bonds issued by HM Treasury. Purchasing these bonds is a means of investing in the UK Government. The UK Government has never failed to make interest or principal payments on these bonds.

5.15. Investments in UK Government Gilts and Treasury Bills carry very little credit risk as they are investments in the UK Government. Gilts and Treasury Bills are marketable and the price fluctuates from day to day. There is therefore the potential of capital loss if sold ahead of maturity. Gilts and Treasury Bills will be bought by the Council with the intention of holding them to maturity thereby mitigating market risk. There will be no maximum limit to the amount that will be invested in UK Gilts or Treasury Bills for maturities of less than one year. For Gilts with maturities in excess of one year a limit of £10m will be applied and no maturity will exceed five years.

AAA Rated Bonds Issued by Multilateral Development Banks

5.16. These are bonds issued by supranational institutions such as the World Bank or the European Investment Bank.

5.17. Investments in AAA rated bonds issued by Multilateral Development Banks carry very little credit risk as they are backed by several Sovereign States. These bonds carry market risk as their price fluctuates from day to day. There is therefore the potential of capital loss if sold ahead of maturity. These bonds will be bought by the Council with the intention of holding them to maturity, thereby mitigating market risk. The maximum amount that will be invested in AAA rated bonds issued by Multilateral Development Banks is £10m with a maximum period of five years.

5.18. Any investments in these bonds would only be undertaken after careful consideration and with advice from our advisers to ensure security of our investments.

AAA Rated Money Market Funds

5.19. Investments in Money Market Funds will be limited to those funds rated as AAAmmf by Fitch, Aaa by Moody's or AAAm by Standard and Poor's. In the event that the Money Market Fund is rated by more than one credit rating agency, each rating must meet the set criteria.

5.20. In addition to the credit rating, Money Market Funds will also be assessed for suitability on fund size, the strength of the custodian and the stability of invested capital.

5.21. Selection of suitable Money Market Funds will be undertaken in consultation with our advisers.

5.22. Investments in Money Market Funds will be restricted to 0.5% of the Money Market Fund size and to no more than £10m in any individual Money Market Fund.

5.23. Investments in Sterling Government Money Market Funds which only invest in Sterling denominated debt securities issued by the UK Government will be restricted to 2% of the Money Market Fund size and to no more than £10m in any individual Money Market Fund.

Loans to Third Parties

5.24. Any new types of loans to third parties should be approved by Members through the appropriate Committee with full consideration of the service rationale behind the loan and the likelihood of partial or full default and the impact that this will have on service budgets.

Liquidity Risk

5.25. In order to manage liquidity risk, the Council will endeavour to maintain a minimum balance of £5m in bank accounts and money market funds with instant access (same day notice account). This is dependent on these facilities continuing to be provided by the banks and subject to our minimum lending criteria.

5.26. In addition to retaining a balance of deposits on instant access, South Lanarkshire Council will maintain an appropriate overdraft facility.

5.27. Longer term investments will only be considered where the Council's liquidity requirements are ensured and an assessment of liquidity risk has been carried out. No more than £10m of investments at any one time will be for a period in excess of 364 days.

6. Borrowing In Advance

6.1. Borrowing in advance may be taken if it is considered appropriate. Borrowing in advance of need would increase the level of deposits and investments. When considering borrowing in advance, the risks of holding increased level of investments against the risk of adverse interest rate movements if borrowing was deferred will be assessed.

6.2. The risks of holding increased levels of deposits and investments would be managed in accordance with section 5 above. The Council has unlimited access to using the DMO Deposit Facility where necessary. This facility offers the highest security for investments.

7. Investment Projection 2019/20 – 2021/22

7.1. Over the period 2019/20 – 2021/22, it is estimated that an average level of investments of approximately £163m will be required to be managed, reflecting the level of reserves held plus an element of working capital. It is recognised that this is only an estimate and that this figure will vary according to cash flow movements and the timing and size of any borrowing taken.

7.2. Regardless of the level of deposits, the main consideration when investing surplus funds will be the security of the transaction. The Council must also meet its liquidity requirement and only invest for the period of time that is prudent. Finally, and only after consideration of security and liquidity, the yield that will be gained from the investment will be considered.

8. Prudential Indicators

8.1. The regulations require that the Annual Investment Strategy contains details of the relevant prudential indicators for investments.

8.2. The Treasury Management Code requires local authorities to set an upper limit for each forward financial year period for investments longer than 364 days. The purpose is to contain the exposure to the possibility of loss that might arise as a result of having to seek early repayment of principal sums invested.

8.3. No more than £10m may be invested for periods in excess of 364 days and that the maximum period for any investment is 5 years.

9. Common Good Investments

9.1. The regulations require local authorities to identify separately the permitted investments relating to the Common Good.

9.2. All investments relating to the Common Good funds administered by South Lanarkshire Council are cash investments in South Lanarkshire Council. These investments are not considered to have any significant risk attached.

Permitted Investment	**Treasury Risks**	**Mitigating Controls**	**Limits**
Deposits with the Debt Management Account Deposit Facility	This is a deposit with the UK Government and so credit risk is very low. Liquidity risk has to be considered as deposits can only be broken with the agreement of the counterparty and penalties may apply. There is no market risk as the principal sum invested is not affected by market prices.	There are no mitigating controls required.	There is no maximum monetary limit. A maximum term of deposit of six months as set by the Debt Management Office.
Deposits with UK Local Authorities and other bodies defined as local authorities in the Local Government Scotland Act 2003 (And Equivalent English Act)	These are considered to be quasi UK Government investment and as such credit risk is very low. Liquidity risk has to be considered as deposits can only be broken with the agreement of the counterparty and penalties may apply. There is no market risk as the principal sum invested is not affected by market prices.	There are no mitigating controls required.	The maximum deposit with any local authority will be £15m for deposits less than one year. Deposits in excess of one year will be subject to a maximum term of deposit of three years and be limited to £10m.
Deposits with Banks and Building Societies	These tend to be low risk but credit risk will be higher than deposits placed with the DMO or UK local authorities. Liquidity risk has to be considered as deposits can only be broken with the agreement of the counterparty and penalties may apply. There is no market risk as the principal sum invested is not affected by market prices.	The counterparty selection criteria restricts lending only to high quality counterparties, measured initially by credit ratings from Fitch, Moody's and Standard and Poors. Additional indicators of creditworthiness will also be considered prior to placing any deposits. Liquidity risk can be controlled by the use of instant access call accounts.	The maximum deposit with any bank or building society will be £10m. A maximum term of deposit of 364 days.

Certificates of Deposit with Banks and Building Societies	These are short to medium term dated marketable securities issued by financial institutions. These tend to be low risk investments but credit risk will be higher than deposits placed with the DMO or UK local authorities. Liquidity risk is lower than placing a deposit with a Bank or Building Society as these can be sold on the market. There is a risk of capital loss arising from selling ahead of maturity.	The counterparty selection criteria restricts lending only to high quality counterparties, measured initially by credit ratings from Fitch, Moody's and Standard and Poor's. Additional indicators of creditworthiness will also be considered prior to using this type of instrument. Market risk would be mitigated by holding the instrument to maturity.	The maximum investment with any bank or building society will be £10m. A maximum period of investment of 364 days.
UK Government Gilts and Treasury Bills	These are marketable securities issued by the UK Government and as such credit risk is very low. Liquidity risk is very low as there is a huge market for Gilts and Treasury Bills There is a risk of capital loss arising from selling ahead of maturity.	There are no mitigating controls required for credit risk as the investment is with the UK Government. Market risk would be mitigated by holding the instrument to maturity.	There is no maximum limit to investments in UK Gilts or Treasury Bills for maturities less than one year and a limit of £10m for maturities greater than one year. The maximum period of investment will be five years.
AAA Rated Bonds Issued by Multilateral Development Banks	These are bonds issued by supranational bodies such as the European Investment Bank or World Bank and as a result are backed by several sovereign states and as such credit risk is very low. Liquidity risk is very low as there is a large market for Supranational Bonds. There is a risk of capital loss arising from selling ahead of maturity.	As the investment is effectively spread across a number of sovereign states, the Council will mitigate the credit risk of holding such bonds by considering the sovereign rating of the underlying sovereign states and only holding bonds that have a AAA rating. Market risk would be mitigated by holding the instrument to maturity.	The maximum amount that will be invested in AAA Rated Bonds issued by Multilateral Development Banks is £10m. The maximum period of investment will be five years.

AAA Rated Money Market Funds	Money market funds are pooled funds that invest in short-term money market instruments and other debt instruments. The underlying investments are diversified and Credit risk, liquidity risk and market risk are all very low. Investments in these MMFs are highly liquid (same day liquidity).	Money Market Funds will only be used where they have obtained a AAA rating from the credit rating agencies. In addition to the credit rating, Money Market Funds will also be assessed for suitability on fund size, the strength of the custodian and the stability of invested capital.	Investments in Money Market Funds will be limited to 0.5% of the Money Market Fund Balance and to no more than £10m in any one Fund. Investments in Sterling Government Money Market Funds which only invest in Sterling denominated debt securities issued by the UK Government will be restricted to 2% of the Money Market Fund size and to no more than £10m in any individual Money Market Fund.
Loans to Third Parties	These are service investments which may exhibit credit risk and are likely to be highly illiquid.	Any new types of loans to third parties should be approved by Members through the appropriate Committee with full consideration of the service rationale behind the loan and the likelihood of partial or full default and the impact that this will have on service budgets.	

SOUTH LANARKSHIRE COUNCIL

Report

Agenda Item

3

Report to:	**Executive Committee**
Date of Meeting:	**27 February 2019**
Report by:	**Executive Director (Finance and Corporate Resources)**

Subject:	**Overall Position of Budget 2019/2020 and Savings Proposals**

1. Purpose of Report

1.1. The purpose of the report is to:-

- update Committee in relation to the grant funding allocated to the Council for 2019/2020, and
- present savings proposals for noting in preparation of the 2019/2020 budget.

2. Recommendation(s)

2.1. The Committee is asked to approve the following recommendation(s):-

(1) that the original grant settlement for 2019/2020, the additional costs facing the Council, and impact on the Council's Revenue Budget Strategy (sections 4 to 6), be noted;

(2) that the inclusion within the Budget Strategy of an anticipated increase to Council Tax of 3% (section 7.8), be noted;

(3) that the additional funding allocated as part of the Stage 1 Budget Bill (section 7), be noted;

(4) that additional budget identified as part of the 2018/2019 probable outturn is included as part of the budget solutions for 2019/2020 (section 8.1) be noted;

(5) that the reduction in savings of £1.836 million (section 16.1: Appendix 2a (Council savings) and Appendix 2b (SLLC savings)) be noted;

(6) that the remaining savings totalling £11.345 million (Appendix 1a (Council savings) and Appendix 1b (SLLC savings)), be noted;

(7) that the £1.500 million allocation to Children and Families (section 16.1), be noted;

(8) that the £1.766 million allocation to extending Free School Meals to Primaries 4 and 5 (section 16.1), be noted;

(9) that the £0.360 million allocation to increase School Clothing Grants by £30 to £130 (section 16.1), be noted;

(10) that Free at Three be introduced in 2020/2021 and that provision be made in the 2020/2021 Revenue Budget Strategy, be noted; and

(11) that the additional General Capital Grant of £8.942 million (section 17.3) be noted, and that this Grant be used to contribute towards projects identified in the Council's Capital Strategy (namely Early Learning and Childcare : 1140 Hours Requirements (section 17.6), be noted.

3. Background

3.1. At its meeting on 21 November 2018, the Council's Executive Committee was advised of the updated Revenue Budget Strategy for 2019/2020. This Budget Strategy stated a savings requirement of £18.283 million. In arriving at this level of savings, the strategy took account of a number of assumptions including Grant Reductions, Pay and Pension Increases, Price Increases, Funding for Priorities and Revenue Consequences of Capital. Following the utilisation of Corporate Funding Solutions, the savings requirement was £13.004 million.

3.2. Savings proposals of £13.181 million were presented to Members. The Strategy report showed that there was a balance of funds available of £3.969 million after taking account of a Council Tax increase of 3%. This effectively left an element of choice in decision making in relation to the budget proposals around savings and council tax.

3.3. As noted in section 3.1 above, the strategy was based on assumptions on the level of Grant Funding that would be received from the Scottish Government. This report:

- provides an update on the current Grant position and an update on additional costs that will be incurred in 2019/2020 (Sections 4 and 5),
- summarises the impact of the Grant settlement and the resultant impact on the Council's Budget Strategy (Sections 6 to 9),
- advises how current year funding solutions affects the budget going forward (Section 10),
- summarises options for the councils budget including the savings position, and savings that could be removed (Section 11),
- makes proposals to address pressures in Children and Families (Section 12),
- details the Free at 3 proposal (Section 13),
- details a proposal to extend Free School Meals to Primaries 4 and 5 (Section 14),
- details a proposal to increase the School Clothing Grant allocation by £30 to £130 (Section 15),
- provides a summary of Revenue Budget Proposals (Section 16), and
- details the level of capital grant received through the settlement (Section 17).

4. 2019/2020 Grant Income – Initial Settlement Position at December 2018

4.1. At the time of setting the Revenue Budget Strategy, the Council had not been advised of the level of grant to be received for 2019/2020. On 18 December 2018, the Scottish Government issued Finance Circular 8/2018 which detailed individual grant settlement figures to all councils.

4.2. This report will consider the movement in grant year on year on a like for like basis, the assumed level of grant cut within the Council's Financial Strategy and how these issues affect the Budget Strategy.

4.3. **Movement in Grant:** The grant allocation for the year 2019/2020 was advised to the Council on 18 December 2018 as £564.744 million (Finance Circular 8/2018). Also included in the Finance Circular is the restated/updated grant allocation for 2018/2019, £559.688 million, which when added to the £2.053 million of Government Grant paid in 2017/2018 for 2018/2019, gives a total 2018/2019 grant of £561.741 million. Comparing the two years' allocations indicated an increase in grant of **£3.003 million.**

4.4. Comparing the two years allocations does not present a like-for-like comparison. Further information provided on the grant allocations has shown that some of the movement in grant is in relation to funds that have still to be distributed for 2019/2020. This is in relation to Discretionary Housing Payments (£2.897 million), 1+2 Languages (£0.190 million) and Sanitary Products in Schools (£0.124 million).

4.5. These total £3.211 million and need to be removed from the 2018/2019 Grant allocation to show the like for like movement in Grant. In addition, there was one-off funding received in 2018/2019 for Rapid Rehousing Transition Planning (£0.105 million), which requires to be adjusted as it will not be received in 2019/2020.

4.6. In addition, there are new monies with specific purposes which have been allocated in 2019/2020, mainly Social Care monies for Carers Act (£0.596 million), expansion of Early Learning and Childcare (£13.660 million), Health and Social Care Integration (£6.441 million), Sanitary Products in Public Buildings (£0.110 million) and Child Burials and Cremations (£0.005 million). These total £20.812 million and again, they need to be adjusted for in 2019/2020, to show the comparable movement in Grant across years.

4.7. As part of the Settlement, councils were informed that recurrent funding for Health and Social Care Integration Authorities should increase by the level provided in the settlement (for the Council, the budget contribution to the Integration Joint Board (IJB) requires to increase by £9.557 million). This is covered in detail at sections 5.9 to 5.11.

4.8. Table 1 shows how the Grant levels provided in the Settlement move across years (section 4.3). It also shows the adjustments required to show a like for like comparison as detailed in sections 4.4 to 4.6 above. When the increase in Grant of £3.003 million (section 4.3) is adjusted by these amounts, the result is a year on year / like for like **reduction in grant of £14.493 million**.

Table 1: Like for Like Movement in Grant – 2018/2019 to 2019/2020

	£m	£m	£m
2019/2020 Original Grant Allocation			564.744
2018/2019 Grant Allocation			561.741
Year on Year Increase in Grant (section 4.3)			3.003
Adjustment for Amounts not Yet Distributed in 2019/2020 (included in 2018/19) (section 4.4)			
Discretionary Housing Payments	2.897		
1+2 Languages	0.190		
Sanitary Products in Schools	0.124	3.211	
Adjustments for one-off funding in 2018/2019 (section 4.5)			
Rapid Rehousing Transition Planning	0.105	0.105	
Adjustment for New Monies with specific purposes in 2019/2020 (not in 2018/19) (section 4.6)			
Carers Act	(0.596)		
Early Learning and Childcare	(13.660)		
Health and Social Care Integration	(6.441)		
Sanitary Products in Public Buildings	(0.110)		
Child Burials and Cremations	(0.005)	(20.812)	(17.496)
Year on Year / Like for Like Reduction in Grant			**(14.493)**
Anticipated Reduction in Grant			**8.700**
Greater Reduction in Grant			**(5.793)**

4.9. The Budget Strategy (Executive Committee 27 June 2018 – Section 4) anticipated an £8.700 million reduction in grant (excluding funding for teachers pensions). **Therefore, there was a £5.793 million greater reduction in grant than had been assumed.**

4.10. **Additional Grant Not Yet Distributed (2019/2020):** Nationally there are monies not yet distributed to councils. This includes allocations for Free Personal Care, School Counselling Services and the Barclay Review. These monies will have spend commitments attached. When the money is received, it will be added to the Council's budget with no benefit to the Budget Strategy.

5. Other Costs

5.1. Since the Council's Strategy was presented to the Executive Committee in November 2018, information has been received which means a requirement to update the expenditure and funding assumptions. These are detailed in sections 5.2 to 5.13 below.

5.2. **Pay Policy**: In light of ongoing pay negotiations for 2018/2019 indications are that additional costs may be incurred in addition to the figure included in the Strategy. Strategy pay award assumptions are therefore being revised. Additional costs are estimated at £1.305 million for 2018/2019 and £2.740 million for 2019/2020. The total impact is an increase in expenditure of £4.045 million in 2019/2020.

Additional Cost: £4.045 million

5.3. **Teachers Pensions:** The Council's Budget Strategy (Executive Committee – 21 November 2018) included assumptions for two anticipated changes in relation to Teachers' pensions: changes to the employer's contribution due to a change to the Discount Rate (£7.2 million), and also from changes to contributions due to the impact of the Revaluation of the Teachers' Pension Fund (£3.1 million). The assumptions for both elements was that these were additional costs to be incurred by the Council, but that they would be funded by the Scottish Government. This was noted as a potential risk to the Budget Strategy.

5.4. Confirmation has now been received that there will be no change to the Employer Contribution Rate as a result of the Revaluation, therefore the expenditure and grant assumptions included in the Strategy (£3.1 million) can now be removed. This means there is no impact on the Council's Budget Strategy.

5.5. The Budget Strategy had also assumed that funding would be provided in relation to the Discount Rate changes, as this is the approach taken by the Government previously. Discussions are still ongoing between COSLA and the Scottish Government, however, the approach proposed by COSLA in December was that councils should assume potential funding for only 2/3 of the costs anticipated. This would mean that the Council would have further costs of £7.2 million, but potential funding of only £4.8 million, a potential shortfall in funding of £2.4 million.

5.6. All funding for Teachers' pensions is currently excluded from the grant settlement from the Government. The Scottish Government expects that funding from the Treasury in relation to Teachers' pensions will be included in the Spring Budget announcement. The Council would anticipate that we will be notified of funding that will be passed to the Council at that time.

5.7. There remains a risk that any funding provided is different to the £4.8 million funding assumed (section 5.5.). If this is the case, the shortfall would require to be met from reserves in the short term, and the pressure built into future budget strategies.

Additional Cost: £2.400 million

5.8. **Budget Adjustments to Resources**: There are elements of the settlement where funding for specific areas has changed, and where the Council may require to adjust budget allocations to Resources to reflect these changes. The key movements represent a total increase of £0.908 million:

- Reduction in Pupil Equity Fund (PEF) allocation - (£0.242 million)
- Reduction in Community Justice Grant - (£0.030 million)
- Reduction in Animal Feedstuff (removed from settlement) - (£0.011 million)
- Reduction in British Sign Language allocation - (£0.006 million)
- Reduction in Temporary Accommodation allocation - (£0.058 million)
- Increase in School Clothing Grant allocation - £0.024 million
- Early Learning and Childcare allocation - £1.231 million

Additional Cost: £0.908 million

5.9. **Health and Social Care IJB Allocation:** As detailed in Section 4.7, as part of the Settlement the Government advised that councils should ensure that the 2019/2020 funding provided to IJBs is higher than the recurrent 2018/2019 IJB contributions. The amount the funding had to increase was detailed in the settlement (for SLC this figure was £9.557 million. After taking account of funds that will remain with the

Council to meet expenditure on the Carers Act for Children and Families and for Counselling in Schools, the balance expected to be passed to the IJB is £8.780 million). This figure reflects grant funding that the Council will receive.

5.10. Whilst some of this funding has still to be received by the Council (we have only been allocated £6.441 million to date), the overall IJB funding requirement can now be factored into the budget position. £4.369 million has already been included in the current budget strategy for an increase to the IJB contribution.

5.11. As the increase in the IJB contribution will now be £8.780 million, the settlement will result in the IJB receiving £4.411 million more funds from the Council than originally anticipated in the Budget Strategy. An adjustment requires to be made to the Council's Strategy to reflect the allocation that was already assumed in the budget.

Strategy Benefit: £4.369 million

5.12. **Scottish Legal Aid Board (SLAB) Project Funding (£0.110 million):** In 2013, the Council was awarded funding from the Scottish Legal Aid Board for the Making Advice Work Programme which was designed to help people facing problems associated with welfare reform and associated debt problems. The funding was initially for an 18 month period, however, the Council has received a number of funding extensions. The Council has now been notified that this funding will finally come to an end on 31 March 2019.

5.13. The funding has been used primarily to fund 4 posts. Currently, 3 of these posts are vacant and the remaining post can be accommodated into existing posts. There is no impact on the Strategy as both the expenditure budget for the posts and the equivalent funding will both be removed from the budget.

6. Overall Impact on the Revenue Budget Strategy:

6.1. Table 2 illustrates the impact on the Council's Revenue Budget Strategy as a result of the Grant Settlement (section 4) and the Other Costs (section 5). Table 2 details the movement in grant on a like for like basis (section 4.3 to 4.8), and compares this to the cut in grant assumed in the Budget Strategy (section 4.9).

6.2. Table 2 also highlights the resultant overall impact on the Revenue Budget Strategy for the Other Cost commitments for Pay, Budget Adjustments to Resources and to the IJB (section 5). This result is an £8.777 million shortfall to the Council's Revenue Budget Strategy.

Resultant Shortfall to the Council's Revenue Budget Strategy: £8.777 million

Table 2: Impact on the Council's Revenue Budget Strategy

		Movement £m
Increase in Grant in Settlement (section 4.3)	3.003	
Reduce to allow Like for Like Comparisons (section 4.8)	(17.496)	
Like for Like Movement (section 4.8)	**(14.493)**	
Movement Assumed in Strategy (section 4.9)	8.700	
= Additional Movement in Grant (section 4.9)		**(5.793)**
Less : Pay Award Commitments (section 5.2)	(4.045)	
Less : Additional Teachers' Pension Costs (section 5.3-5.7)	(2.400)	
Less : Budget Adjustments to Resources (section 5.8)	(0.908)	
Add: Health and Social Care IJB adjustment (sections 5.9-5.11)	4.369	
= Total Other Costs		**(2.984)**
= Shortfall in Revenue Budget Strategy (section 6.2)		**(8.777)**

6.3. At the Executive Committee in November 2018, a savings package of £13.181 million was reported, and it was advised that if Council Tax was increased by 3%, this would leave £3.969 million balance of funds available and give scope to make changes to the package of savings presented to this value.

6.4. Taking into account the changes in the Strategy in Table 2 above, the savings position would worsen by **£4.808 million** (being the £3.969 million previous surplus balance of funds (Section 6.3) less the £8.777 million shortfall in strategy as shown in Table 2). The current savings package of £13.181 million would require to increase by £4.808 million to £17.989 million.

7. Stage 1 Scottish Budget Bill

7.1. Stage 1 of the Scottish Budget Bill was presented to the Scottish Parliament for approval on 31 January 2019. The Stage 1 Bill laid out a number of proposals, as detailed below:

- An additional £90 million was added to the Local Government Core Budget (section 7.2);
- Changes to assumption around the funding of the increase in Teachers' pension Employer Contribution Rate (section 7.3);
- Review of legislation on treatment of loans fund advance payments (section 7.4-7.6);
- Flexibility for councils to increase Council Tax by up to 4.79% rather than 3% (section 7.7-7.8)
- Transient Visitors Tax (TVT) – The Government will take forward consultation on TVT in 2019 prior to introducing legislation on this, to permit councils to introduce a transient visitor levy, if it is appropriate for local circumstances. It is not considered that this is at a stage where we could reflect any impact of this in the budget.
- The budget announcement also gave permission for a level of efficiency savings that could be taken from councils contributions to Health and Social Care Integrated Joint Boards (IJB's). This would require further savings to be

identified from the IJB. Having reviewed the IJB requirement for funding in 2019/2020 and its capacity to deliver further savings, it is not proposed to make any further change to the financial strategy in respect of this.

- Workplace Parking Levy (WPL) – In the budget announcement, the Government agreed to support an amendment to the Transport (Scotland) Bill that would enable those councils, if they choose to, to introduce a workplace parking levy (with the exception of hospitals and NHS properties). A similar model operates in Nottingham where employers who provide more than 10 free parking spaces to their employees, incur a tax, payable to the council, which they can choose to pass on to their employees. It is not considered that this is at a stage where we could reflect any impact of this in the budget.

7.2. **Share of £90 million Local Government Core Budget:** The Stage 1 Bill included an extra £90 million of funding being added to the Local Government Core budget. The Council's share of this is £5.388 million.

Strategy Benefit: £5.388 million

7.3. **Increase in Teachers' Pension Employer Contribution Rate:** Councils have assumed a shortfall in the funding for the increase in the employer contribution rate of 33% (section 5.7). However, the Scottish Government now think that this shortfall is likely to be lower at 21%. This provides a benefit to the Strategy of £0.882 million. The actual funding that we will receive will not be known until the New Year.

Strategy Benefit: £0.882 million

7.4. **Loans Fund Advances Repayments:** As part of the Stage 1 Budget Bill, the Finance Minister agreed to review the legislation to allow councils to vary loans fund repayments for advances made before 1 April 2016.

7.5. To properly identify the potential benefit to the Council of this change in approach requires a detailed analysis of records against individual assets including roads. The majority of the Council's debt which can be reappraised in this way relates to schools and the exercise for schools has been completed. For the Council's debt in relation to schools, this could mean a reduction in loans fund repayments of £3.000 million per annum.

7.6. Further work will be carried out on the remainder of the Council's assets over the coming months and can be used to benefit future years' financial strategies. At this point in time, it is viewed as being prudent to restrict the benefit from this change to be recognised in the 2019/2020 budget to £3.000 million.

Strategy Benefit: £3.000 million

7.7. **Council Tax Increase:** The Finance Minister confirmed that he will allow councils the flexibility to increase Council Tax by 4.79% (3% in real terms). The Strategy currently assumes an increase in Council Tax of 3% but the Council could choose to increase Council Tax by up to 4.79%. This would generate an additional increase in Council Tax income of £2.263 million, over and above the £3.792 million (3%) currently included in the Strategy.

7.8. This additional income (from 3% to 4.79%) is not factored into the revised Budget Strategy. The proposed increase in Council Tax included in the current 2019/2020 Strategy remains at 3%. This would set the Council Tax for Band D properties at £1,168.

7.9. The total benefit to the Strategy of the Stage 1 Bill is **£9.270 million**.

8. Funding Solutions

8.1. Since the last report on the Budget Strategy (Executive Committee, November 2018), the 2018/2019 Probable Outturn is now complete and an improved position is forecast. It is therefore proposed that a further £1.000 million be used to support the 2019/2020 Budget.

Strategy Benefit: £1.000 million

9. Summary of Revised Strategy Position

9.1. Table 3 shows the revised balance of funds after taking into account the changes in sections 6 to 8.

Table 3: Revised Strategy Position

	£m
Balance of Funds (section 6.3)	3.969
Shortfall to Budget Strategy (section 6.2)	(8.777)
Increase in Savings Requirement (section 6.4)	**(4.808)**
Stage 1 Bill (section 7.9)	9.270
Funding Solutions: 2018/19 Underspend (section 8.1)	1.000
Revised Balance of Funds	**5.462**

9.2. In comparison to the position presented in November, taking the package of savings totalling £13.181 million and taking account of the actual grant position, other costs, Stage 1 Bill and funding solutions, and if Council tax increased by 3%, this would leave a **£5.462 million balance of funds** and would give scope to make changes to the savings pack or enable additional investment in services to this value.

10. Temporary Funding Solutions

10.1. Of the proposals for 2019/2020 Savings and Corporate Solutions, a number are of a temporary nature. These will require to be re-instated in future years, from 2020/2021. Table 4 shows the temporary solutions and the budget re-instatements required in future years. This includes use of 2018/2019 underspends which was approved at the Executive Committee on 13 February 2019, as part of the Probable Outturn Transfers To Reserves (Revenue Budget Monitoring and Probable Outturn 2018/19).

Table 4: Temporary Solutions and Year of Re-instatement

	Year of Reinstatement	
	2020/ 2021	2021/ 2022
	£m	£m
2018/2019 Savings		
Staffing Secondment (2018/2019 saving - CER17)	0.025	-
Corporate Solutions		
Loan Charges / Early Repayment of Debt	-	6.100
Capital Receipts	4.000	-
Government Grant – Impact of Additional Properties Council Tax	0.800	-
Total Temporary Solutions (2018/2019 Budget)	**4.825**	**6.100**
2019/2020 Savings		
Early Years Realignment of Early Learning and Childcare Income (EDR04)	0.105	0.045
Personal Liquor License (FCR14)	0.032	-
Homelessness Service (HTR07)	0.060	-
Corporate Solutions		
Government Grant – Impact of Additional Properties Council Tax included in Budget	-	0.960
Government Grant – Impact of new Additional Properties Council Tax	-	0.422
Use of 2018/2019 Underspends	1.000	2.000
Total Temporary Solutions (2019/2020 Budget)	**1.197**	**3.427**
Total Temporary Solutions	**6.022**	**9.527**

10.2. The re-instatment of the temporary solutions identified above contributes to the pressure on the Council's financial strategy in the coming years. If there is opportunity to ease this pressure offered within the 2019/2020 financial settlement and budget, then this should be considered as an option.

11. Savings Proposals 2019/2020

11.1. Based on a savings package of £13.181 million, which includes savings in relation to South Lanarkshire Leisure and Culture, there is a balance of funding of £5.462 million.

11.2. **Proposed Changes to Savings Package:** As part of discussions that have taken place with Trade Unions and Elected Members, suggestions have been made which recommend the removal of some of the savings and the reduction of a number of savings from the savings package. In addition, as part of the consideration of the Housing Revenue and Capital Account Budget 2019/2020 (as presented to the Housing and Technical Resources Committee - 6 February 2019) the saving in relation to Anti-Social Behaviour Team was removed. The corresponding saving in the Council's savings package also requires to be removed (HTR08, £0.035 million).

11.3. It is recommended that the previous savings package is reduced by **£1.836 million** and **50.08 FTE**. This is detailed in Table 5.

Table 5: Proposed Savings to be Removed / Reduced

Ref	Description	FTE	Value £
Savings Removed / Reduced			
CER12	Rationalisation of Grass Cutting Machinery	2.00	0.140
CER15	Planning and Economic Development Structure - **Saving reduced** (reduce by 1 FTE)	1.00	0.050
CER17	Flood Prevention	-	0.090
CER21	Trading Standards Inspections	2.00	0.090
CER23	Grounds Maintenance	2.50	0.075
EDR02	Realignment of Property Costs, Supplies and Services and Administration Costs Budgets – **Saving reduced**	-	0.186
EDR10	Secondary School Staffing	7.00	0.300
EDR11	Targeted Class Size Support – Primary 1	10.00	0.280
HTR08	Provision of Anti-Social Behaviour Service	3.00	0.035
SWR03	Administration Staffing Support	8.00	0.175
SWR09	Redesign of Day Opportunities and Older People Weekend Services	-	0.060
SLL01	Halls Staffing Structure	3.80	0.069
SLL02	Community Managed Halls	1.40	0.027
SLL03	Staffing Requirements (Hamilton Town House)	0.40	0.012
SLL09	Libraries - Opening Hours	1.43	0.031
SLL10	Library Staffing Structure	2.41	0.070
SLL12	Leisure Centres - Opening Hours	4.48	0.109
SLL14	Duncanrig and Uddingston Dual Use Facilities - Open in Term Time Only	0.66	0.020
SLL15	Activage membership - **Saving reduced.** Increase by 3% only to £57.95	-	0.017
Total Savings Removed / Reduced		**50.08**	**1.836**

11.4. The level of savings, taking into account the reduction of £1.836 million in Table 5 is **£11.345 million**. The savings proposals are attached in the Appendices to this report. Appendices 1a and 1b show the proposed savings (for Council and SLLC) and Appendices 2a and 2b details the same information for the savings that are proposed to be removed.

12. Proposals to Address Pressures in Children and Families Services

12.1. Throughout the year, in financial monitoring reports, Committees have been advised of financial pressures in relation to the Children and Families Service, with an overspend of £1.700 million currently being reported. This has been primarily due to increased demand for the services provided, partly due to changes in legislation around kinship care, and Continuing Care.

12.2. The Service continues to strive to improve service delivery whilst looking to manage costs as far as possible. It is however expected that if demand continues in this area and taking account of funding solutions, budget pressure in this area to the value of £1.500 million may arise in 2019/2020.

12.3. It is recommended that £1.500 million be allocated to the Children and Families budget to manage this pressure. Should the work detailed at section 12.2 result in less funding being required, then a budget reduction can take place during the year.

13. Free at 3

13.1. At a meeting on 19 December 2018, the Council agreed that the Scottish Government would be lobbied in relation to funding to allow children to access Early Learning and Childcare from their third birthday, rather than from the start of the following term. If this funding bid was not successful, officers were asked to find options to fund and facilitate this initiative, and to allow its consideration as part of the 2019/2020 budget process. This would be on the basis that it is implemented in time for the 2019/2020 school session.

13.2. Implementation from August 2019 would cost the Council £1.300 million, with the full year cost being £2.000 million. These costs are not included in the Council's current budget estimates presented in this report.

13.3. Funding options considered are therefore:

- Utilisation of the available balance of funds (section 9.2) to meet the costs required to fund the Free at 3 initiative.

- The proposal could be implemented in 2020/2021: This would align the delivery with the full implementation of 1140 hours. The funding requirement could therefore be added to the 2020/2021 Budget Strategy.

13.4. The current budget position reflects the option to continue to deliver early learning and childcare to children from the term following their third birthday. There are no additional costs associated with this option reflected in this Budget Strategy.

14. Free School Meals

14.1. In line with the Scottish Government's policy, the Council currently provides Free School Meals for all children in Primaries 1 to 3. It is proposed that the current provision of Free School Meals be expanded to include Primaries 4 and 5. This would mean free school meals would be available to an additional 6,000 children, and assuming a 75% uptake, would be at a cost to the Council of £1.766 million.

14.2. It is recommended that £1.766 million be allocated to the budget to fund the expansion of this policy.

15. Footwear and Clothing Grant

15.1. Clothing Grants are currently awarded at £100 per year. To mitigate the impact of poverty on children and young people, it is proposed that the annual award be increased by £30 to £130 per annum.

15.2. Based on the expected number of grants to be issued in the current year, this would be an additional annual cost to the Council of £0.360 million. This would benefit an estimated 12,100 children.

15.3. It is recommended that £0.360 million be allocated to the budget to fund the expansion of this policy.

16. Summary of Revenue Budget Proposals

16.1. The remaining available balance of funds is **£5.462 million** (section 9.2). The recommendations in respect of these funds are detailed below and approval will be sought on these recommendations at the meeting of the Council following this meeting.

- Reduce the level of savings by £1.836 million (see section 11.3),
- Implement the remaining savings package of £11.345 million (as noted in section 11.4),
- Allocate £1.500 million to fund the Children and Families pressures (section 12.3),
- Allocate £1.766 million to extend the current Free School Meals Policy to include those primary school pupils in Primary 4 and 5 (section 14.2),
- Allocate £0.360 million to increase the value of school clothing grants by £30 to £130 (section 15.3), and
- That Free at 3 be implemented in 2020/2021, and that provision be made in the 2020/2021 Revenue Budget Strategy.

16.2. The above revisions and savings requirement assume no further changes in the level of Government Grant anticipated. The Finance Order is not anticipated to be debated in the Scottish Parliament until 7 March 2019. Any further changes to grant will be notified to Committee.

17. 2019/20 Capital Grant Settlement

17.1. As part of Finance Circular 8/2018, the allocation of General Capital Grant for 2019/2020 was confirmed as £27.137 million. The approved Capital Budget for 2019/2020 was based on an estimate of General Capital Grant of £24.000 million, therefore there is an additional £3.137 million of General Capital Grant for use in 2019/2020.

17.2. In addition to the core 2019/2020 allocation, monies are also confirmed for the postponed 2016/2017 General Capital Grant. This relates to capital grant that was awarded in 2016/2017, but the Government held back the actual cash until this point. The Council share is £5.805 million.

17.3. As such, the amount of £5.805 million is in addition to the 2019/2020 Capital Programme. Therefore, in total there is an additional £8.942 million of General Capital Grant for use in 2019/2020.

17.4. In addition, £8.2 million of specific grant for Early Years (£6.9 million), vacant and derelict land (£0.9 million) and Cycling, Walking and Safer Streets (£0.4 million) has also been allocated to the Council.

17.5. A report updating the 2019/2020 Capital Programme will be brought to a future Committee. The Council's Capital Strategy approved by the Executive Committee in November indicated that should the Council agree to the level of expenditure in the Strategy report, then the Council could borrow to bridge the gap. The Strategy stated that this borrowing position would be reduced by any external funding or Scottish Government grant in excess of that assumed in the Capital Strategy.

17.6. The additional capital grant detailed in section 17.3 can therefore be used to contribute towards the projects identified in the capital strategy. Specifically, a paper presented to the Executive Committee (13 February 2019) on Early Learning and Childcare: 1140 hours Accommodation Requirements confirmed spend requirements to deliver 1140, and recommended the use of the additional capital grant as a contribution towards those projects. Therefore, it is recommended that £8.942 million is used to contribute towards Early Learning and Childcare requirements.

18. Consultation Arrangements

18.1. As previously advised, the public consultation took place during December 2018. Face to face consultation involving representatives from the Citizen's Panel and specific interest groups took place. As has been the case in previous years, the public were also asked for their views on the budget proposals through a dedicated e-mail address, or by writing into the Council.

18.2. An online and community phase of consultation has taken place and a separate report has been issued to all Members summarising the outcome of the consultation exercises, in advance of this meeting.

19. Position Beyond 2019/2020

19.1. This paper and the attached savings proposals focus on financial year 2019/2020, and reflect the Strategy approved by this Committee on 21 November 2018, updated for information received as part of the Grant Settlement received mid-December 2018 and from the outcome of the Government's Stage 1 Budget discussions.

19.2. The position beyond 2019/2020 remains uncertain as there has been no further information on grant settlements beyond the one year settlement for 2019/2020.

19.3. The Council has an approved long term budget strategy and this will continue to be updated to take account if any new information affecting the Council's finances.

20. Employee Implications

20.1. Each saving proposed in Appendices 1a and 1b shows the number of full time equivalent posts that will be affected. The savings options here would require a net reduction in posts in relation to the Council of 103.9 FTE posts in 2019/2020 and 5.86 FTE in relation to South Lanarkshire Leisure and Culture, totalling 109.76 FTE.

20.2. A substantial number of these can be managed through anticipated turnover, vacant posts and the removal of temporary posts.

20.3. Of the Council's 103.9 FTE posts, 58.4 FTE posts are currently vacant or are temporary posts and of South Lanarkshire Leisure and Culture's 5.86 FTE posts, 2.52 FTE are currently vacant or are temporary posts. The balance of 45.5 FTE posts in the Council and 3.34 FTE posts in South Lanarkshire Leisure will be achieved through a combination of redeployment and voluntary severance/early retiral.

21. Financial Implications

21.1. The financial implications are as detailed in the report.

22. Other Implications

22.1. The savings target is based on the Financial Strategy for the Council which has been updated as a result of the issue of the Local Government Finance Settlement in December 2018, and the changes proposed in sections 4 to 20 above. The Financial Strategy is a way of managing a number of key risks which directly impact on the funding available to deliver the Council's Objectives.

22.2. The Local Government Finance Circular refers to the Grant allocations as being provisional at this stage until the full checking process is completed and the final Finance Circular is published. This takes place following the agreement of the Finance Order through Parliament, which is expected to take place on 7 March 2019 and any update will be advised to Committee.

22.3. Requirement to Set a Budget: Under statute and internal governance rules, Council Members have duties around setting budgets. Failure to set a balanced budget would have serious implications, not just for the Council but also potentially for individual members who could incur personal responsibility for failure to comply with their statutory duty.

22.4. Any failure to set a balanced budget would almost certainly provoke intervention by Scottish Ministers and the Accounts Commission who have legislative powers to carry out investigations and make recommendations which could result in Scottish Ministers issuing binding directions to the Council. Under the Local Government (Scotland) Act 1973, special reporting processes exist (Section 102) which, if the Controller of Audit is not satisfied with the Council's steps to remedy such an issue, then he/she can make special report to the Accounts Commission on the matter. The Commission can then recommend that Scottish Ministers direct the Council to rectify the issue. Individual members who unreasonably contribute to the failure or delay in setting a budget could be ultimately censured, suspended or disqualified from standing for election for a prescribed period of time by the Standards Commission.

22.5. If a new budget is not set, then the Council could not enter into any new unfunded commitments including contracts, and spend would be restricted to meeting existing liabilities. As the Council's current position is that there is a budget shortfall that requires to be met through savings, without Council agreement on a 2019/2020 budget, a gap in our budget would remain.

22.6. In relation to individual savings, work has been carried out within Resources to ensure their deliverability. Through this exercise, any risks which may impact on service delivery have been considered.

22.7. **Council Tax Increase:** The Council can increase Council Tax by 4.79%, and this budget paper is written on the basis of a Council Tax increase of 3%. Council Tax collected by councils is taken into account within the mechanism for allocating General Revenue Grant from the Government, and the impact of increased Council Tax charged across Scotland will affect the grant that councils receive in future years.

22.8. The impact the Council will face will be the average of what Scottish councils increase their Council Tax by (not just the increase that this Council applies). This is just one part of a complex mechanism for allocating government grant, and it sits alongside the increasing Council Tax collected by the Council as additional properties are built. Any impact on the Council's allocation of General Revenue Grant from the Government would be experienced in 2021/2022.

22.9. **Health and Social Care Integration Joint Board:** Some of the Social Work Resources' savings proposals relate to services delegated to the Integration Joint Board.

22.10. The Council delegated the funding to the Integration Joint Board on 1 April 2016. As part of the ongoing partnership working arrangements to manage pay, inflationary and demographic cost pressures and to meet agreed Social Work service priorities, a financial plan comprising of additional funding and proposed savings is agreed annually with the Integration Joint Board.

22.11. As part of these arrangements, the proposed savings which relate to the Council's Social Work Resources are included as part of the Council's overall savings package for approval. In approving these savings, there will be a reduction in the allocation of funds to the Integration Joint Board. The proposed savings are in relation to efficiencies and the re-provisioning of services to reflect reducing demand.

23. Equality Impact Assessments and Consultation Arrangements

23.1. Where savings proposals have identified potential negative impact on service users, appropriate consultation and engagement will take place with those who may be affected.

23.2. In terms of consultation, the Trade Unions have been consulted. In addition (as detailed at section 18) targeted Public Consultation on the budget has been carried out. Members have received a report covering the consultation.

23.3. Equality Impact Assessments have been undertaken for all relevant savings proposals and have been provided to Members. For details of work undertaken, please contact the Employee Development and Diversity Manager, Finance and Corporate Resources.

23.4. The Fairer Scotland Duty (Part 1 of Equality Act 2010) came into force in Scotland in April 2018. It places a legal responsibility on the Council to actively consider how it can reduce inequalities of outcome caused by socioeconomic disadvantage when making strategic decisions. It does not override other considerations such as equality or best value.

23.5. The Duty is set at a strategic level and is applicable to the key, high-level decisions that the public sector takes. Preparation of the annual budget is considered to be relevant for a Fairer Scotland Duty impact assessment. An assessment in line with the requirements of the Fairer Scotland Duty is available to Members.

Paul Manning
Executive Director (Finance and Corporate Resources)

19 February 2019

Link(s) to Council Values/Ambitions/Objectives

- Accountable, Effective, Efficient and Transparent

Previous References

- None

List of Background Papers

- Executive Committee, 13 February 2019 – Overall Position of Budget and Savings Proposals 2019/2020
- Stage 1 Scottish Budget Bill – 31 January 2019
- Local Government Finance Circular 8/2018
- Executive Committee, 21 November 2018 – Revenue Budget Strategy - 2019/2020
- Members Awareness Session, 5 November 2018 – Revenue Budget Strategy 2019/2020 and Savings Proposals

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Cross Resource Savings Proposals 2019/2020					
Cross Resource Efficiency and Outturn Savings					
COR01	All	Efficiency and Outturn	**Overtime Criteria – Council Wide** This saving is a further conversion of premium rate working to employment opportunities, building on the work carried out in partnership with the Trade Unions over 2016/2017, 2017/2018 and 2018/2019. By continuing to consider the overtime criteria, the amount of additional hours required to be worked will reduce, and the requirement for regular overtime will be translated into more established hours at Plain Time, reducing the cost to the Council. As part of this saving there will be engagement with the Trade Unions.	-	0.300
Total Cross Resource Efficiency and Outturn Savings 2019/2020				**-**	**0.300**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Cross Resource Charging Savings					
COR02	All	Charging	**Charging Increases** A review of current charges across the Council (excluding South Lanarkshire Leisure and Culture Ltd) has enabled a Charging Policy to be created which will be implemented across the Council. The Charging Policy was agreed at the Executive Committee on 21 November 2018. Through the implementation of this Policy, a saving of £0.332m can be realised in 2019/2020 as a result of a 3% standard inflationary increase to charges.	-	0.332
Total Cross Resource Charging Savings 2019/2020				**-**	**0.332**
Total Cross Resource Savings Proposals 2019/2020				**-**	**0.632**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Cross Resource Savings Summary Across Categories	FTE	£m
Approved	-	0.000
Efficiency and Outturn	-	0.300
Charging	-	0.332
Service Impact	-	0.000
Cross Resource Savings Proposals 2019/2020	**-**	**0.632**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Community and Enterprise Resources' Savings Proposals 2019/2020					
Community and Enterprise Resources' Efficiency and Outturn Savings					
CER01	Support	Efficiency and Outturn	**Business Support** From the consideration of back office services and processes, a saving of £0.160m can be achieved within Community and Enterprise Resources' support staff. The saving will be achieved across the Resource through the creation of a single reporting responsibility for Business Support, which will enable the sharing of good practice and the delivery of economies of scale. Through the use of IT systems, efficiencies will be realised through enabling self-service and removing the duplication of tasks. The service will achieve the reduction in establishment through the non-filling of vacancies. Tasks have already been redistributed and are being managed within the section. The saving will result in the removal of 6 FTE Grade 1 and Grade 2 vacant posts from the current establishment of 80 FTE.	6.0	0.160
CER02	Facilities, Waste and Grounds	Efficiency and Outturn	**Grounds Staffing Structure** A reduction in hours within Countryside and Greenspace has allowed the current establishment to be reduced by 0.4 FTE from 23 FTE to 22.6 FTE. Duties have been re-prioritised and reallocated across the remaining resources within the Service. There is no impact on existing employees as the reduction will be met from vacant hours within the current establishment.	0.4	0.020

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
CER03	Roads and Transportation	Efficiency and Outturn	**Roads** Through ongoing consideration of current procurement processes, and consideration of fleet utilisation, savings of £0.720m can be achieved in 2019/2020. Savings have been identified within the following areas: <u>Reduction in External Operators for JCB Excavators (£0.045m)</u> A net saving of £0.045m is achievable in 2019/2020 by moving from hired operators to internal operators for JCB excavators. Appropriate training will be provided for internal staff. <u>Procurement Savings within Contracts (£0.325m)</u> The total coated roadstone procurement within the Council is currently approximately £7m with £6.5m of this associated with planned resurfacing works. Through continuing to gain efficiencies as part of mini tendering procurement exercises, efficiencies of £0.325m (5%) are achievable in 2019/2020. <u>Renegotiation of Current Contracts (£0.115m)</u> A recently awarded Planer contract has rates which are typically 25% cheaper than the equivalent rates in the previous term contract which expired in November 2017. On the basis of annual planing costs of £0.460m, savings of £0.115m are achievable in 2019/2020. <u>Carriageway Resurfacing Methods (£0.110m)</u> The use of the proprietary Repave in-situ recycling process on suitable sites will generate efficiency savings in 2019/2020. This type of treatment is only suitable for specific locations, typically larger sites (due to the size of the specialist plant) and sites of asphalt road construction. Approximately 10% of sites are suitable for Repave with savings of 10% on unit costs achievable. This equates to a saving of £0.110m for 2019/2020 based on the current £11m funding for carriageway resurfacing. <u>Fleet Asset Management (£0.050m)</u> Leases on the Council's three previous gully vehicles has ended, with three casual hire vehicles currently in use. In addition to in-house and casual hire vehicles, the Council also regularly hire vactor tankers which have increased capacity and jetting power. By moving to a new fleet of two 'routine' gully cleaning vehicles and one more powerful 'troubleshooting' vehicle, efficiencies of £0.050m on private hire costs are achievable in 2019/2020.	-	0.720

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
			Road Resurfacing (£0.075m) There is an opportunity to secure specialist paving plant via lease instead of through contract hire. Savings of £0.075m can be generated through the conversion of 3 pavers from contract hire to lease.		
CER04	Roads and Transportation	Efficiency and Outturn	**Street Lighting Investment Programme** The capital programme for the installation of LEDs and the replacement of columns is part funded by borrowing. The resultant loan charges are paid using the Roads Revenue budget. As advised to the Executive Committee during 2016/2017 and 2017/2018, savings have been achieved in the street lighting capital programme. This is the result of cheaper procurement costs realised within the capital programme, which has led to less borrowing being required to fund this. Consequently, lower loan charges will be incurred moving forward. Taking this into account, as well as the overall estimates for loan charges, a reduction in the revenue budget for loan charges of £0.974m is achievable in 2019/2020.	-	0.974
CER05	Facilities, Waste and Grounds	Efficiency and Outturn	**Catering Consumables Replacement Programme** Trays for lunches used within primary schools are currently replaced every 3 years. This proposal would extend the replacement period to every 4 years. This proposal would also align with the Council's commitment to reduce reliance on plastic and to maximise the usage of the current product.	-	0.050

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
CER06	Facilities, Waste and Grounds	Efficiency and Outturn	**Revised Facilities Management Structure** At present, Facilities Services are structured under 4 Facility Advisers. Through changes to the management structure and merging of duties, this can be reduced to 3 Facility Advisers going forward. The proposed changes to the structure would result in the removal of 1 FTE Grade 4 Level 5 post (from 4 FTE to 3 FTE). In addition, 1 FTE Grade 2 Level 3 post (from 11 FTE to 10 FTE) can be removed from the current establishment as tasks are realigned under the new structure. All areas of service will continue to be covered under the new structure, including menu development and compliance and management of the Police and Void Cleaning operations.	2.0	0.090
CER07	Facilities, Waste and Grounds	Efficiency and Outturn	**Realignment of Employee Budgets** A saving of £0.105m has been achieved for school crossing patrollers and cleaning staff, reflecting the recruitment of staff in line with current service delivery requirements. All new patrollers are being recruited to provide a morning and afternoon crossing service. This has resulted in a reduction of 5 hours per week for each newly appointed employee. Currently, 40 of the 124 sites are operating at 10 hours per week as opposed to 15 hours per week. In addition, from 2017 all cleaners in schools are being recruited on 39 weeks per year term time contracts, in line with catering staff, as opposed to 40 week contracts. Currently, 150 of the 696 cleaning staff have been appointed on 39 week contracts.	-	0.105
CER08	Facilities, Waste and Grounds	Efficiency and Outturn	**Realignment of Non-Employee Cost Budgets** Through consideration of prior year expenditure levels within Supplies and Services, Property Costs and Payments to Contractors across Facilities, Waste and Grounds Services, a saving of £0.210m can be realised. Efficiencies have been realised when purchasing catering and cleaning consumables. In addition, efficiencies realised through the procurement of materials within Grounds Services and realigning property budgets to reflect actual spend will allow a saving to be realised.	-	0.210

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
CER09	Facilities, Waste and Grounds	Efficiency and Outturn	**Janitorial Cover** Through recruiting all new pool cover janitors on 5 day over 7 day contracts, the Service will be able to reduce the current janitorial pool cover from 10 FTE to 8.5 FTE, generating a saving of £0.050m per annum. Pool cover janitors are not allocated to schools but provide absence, holiday and access out of core hours requests for cover. The saving will be achieved through turnover and will not impact on the contracts of current employees.	1.5	0.050
CER10	Fleet and Environmental	Efficiency and Outturn	**Reduction in Outside Repairs Expenditure** Following the recruitment exercise to fill vacant Mechanic posts within Fleet Services, this will enable more routine maintenance works and the completion of MOTs to be carried out in-house instead of having to rely on external contractors. As a result, a saving of £0.197m will be realised in 2019/2020. The current budget allocation across this area of expenditure is £0.499m. This will reduce to £0.302m following implementation of this saving.	-	0.197
CER11	South Lanarkshire Leisure and Culture	-	**South Lanarkshire Leisure and Culture** Detailed proposals totalling £1.053m are provided in Appendix 1b.	5.86	1.053
CER13	Fleet and Environmental	Efficiency and Outturn	**Reduction in Non-Employee Cost Expenditure** The proposal involves a reduction in expenditure on supplies and services and administration costs within Fleet and Environmental Services. This includes expenditure on materials, printing and stationery, protective clothing, property costs and cleaning materials. The current budget allocation across these areas of expenditure is £0.329m. This will reduce by £0.030m to £0.299m following implementation of this saving. The reduction will have no impact on current service delivery.	-	0.030

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
CER14	Fleet and Environmental	Efficiency and Outturn	**Fleet Services Workshop** The Fleet Services workshop tests some 2,000 taxi and private hire cars a year across all four geographical areas within South Lanarkshire. Taxi and private hire car inspections (with or without meters) are carried out annually. Fleet Services also carry out MOTs on private hire cars where requested. Realignment of the current income budget by £0.015m is proposed, in order to reflect current income generation in these areas.	-	0.015
CER15	Planning and Economic Development	Efficiency and Outturn	**Planning and Economic Development Structure – SAVING REDUCED** Following the implementation of a revised structure across Planning and Economic Development Services, a saving of £0.100m can be realised in 2019/2020. The saving will be generated from the removal of 2 FTE Grade 3 posts through a vacancy and the turnover of staff. This saving will be achieved through prioritising works within Building Standards and Economic Development whilst ensuring that the priorities of the service are maintained. The saving would result in a reduction of 2 FTE, which would reduce the Planning and Economic Development Service from 92 FTE to 90 FTE.	2.0	0.100
CER16	Roads and Transportation	Efficiency and Outturn	**Roads Waste Disposal Costs** Through the introduction of enhanced waste segregation arrangements it is considered that waste disposal costs incurred by Roads and Transportation can be reduced by £0.016m. Currently, waste loads that can be recycled by the waste disposal site are charged at £3 per tonne, whereas recyclable waste which has been contaminated is charged at £22 per tonne. Through improving the segregation of waste, more recyclable waste loads will be transferred for disposal, which will reduce the amount paid in disposal costs per tonne.	-	0.016

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
CER18	Roads and Transportation	Efficiency and Outturn	**Transportation Engineering Works** The Transportation Engineering Section are responsible for undertaking a variety of maintenance works each year, including traffic signal maintenance, landslips and road safety enhancements. Through consideration of the programming of these works in line with the resources available, a saving of £0.110m can be achieved in 2019/2020. The reduction will still allow for all required works to be undertaken, with any works identified as a matter of urgency due to safety concerns being treated as a priority. The overall net budget for Transportation Engineering Works (excluding staffing) in 2018/2019 is £2.538m. This saving equates to a 4.3% reduction in the net budget.	-	0.110
CER19	Facilities, Waste and Grounds	Efficiency and Outturn	**Realignment of Income Budget** Following the receipt of additional funding from the Scottish Government to assist with burial costs within South Lanarkshire, it is proposed that the current income budget within Bereavement Services is realigned. This will result in a saving of £0.020m in 2019/2020.	-	0.020
Total Community and Enterprise Resources' Efficiency and Outturn Savings 2019/2020				**17.76**	**3.920**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Community and Enterprise Resources' Service Impact Savings					
CER20	Facilities, Waste and Grounds	Service Impact	**Pitch Maintenance Regime** This proposal would see the maintenance regime of 8 pitches with limited formal usage be changed to reflect that of general open space. This would allow the areas to continue to be used for informal recreational purposes but would no longer be available to book for formal matches and would be removed from the South Lanarkshire Leisure and Culture Ltd booking schedule. Alternative pitches will be available for booking. The pitches affected, nearby alternative provision, and the number of lets during 2017/2018 are detailed below:	1.0	0.025

Location	Alternative	Bookings 2017/18	Pitches
Wooddean, Bothwell	Hamilton Palace Sports Ground	0	1
Glassford	Strathaven	0	1
Burnhill, Rutherglen	Peter Brownlee Cambuslang Park Welfare Park	0	2
Halfway Park, Cambuslang	Peter Brownlee Cambuslang Park Welfare Park	0	1
Kildare Park, Lanark	Lanark	4	1
Stonedyke, Carluke	Moorpark	0	1
Birkenshaw, Larkhall	Tileworks	0	1
Harleeshill, Larkhall	Tileworks	0	1

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
			The saving will result in a reduction of 2 Seasonal employees (1 FTE) from the overall current establishment of 115 Seasonal employees. As different individuals are appointed into Seasonal posts each year, this will not impact on specific employees, but instead the level of Seasonal employees recruited in 2019/2020 will reduce.		
CER22	Facilities, Waste and Grounds	Service Impact	**Council Officer Provision within Principal Offices including Access to Council Headquarters** Through consideration of the current Council Officer establishment, and from completing an assessment of the tasks required to be carried out by Council Officers across Council Headquarters and Montrose House, a saving of £0.160m and 4.9 FTE can be realised in 2019/2020. The proposal has considered the tasks currently performed by Council Officers at each location, and aligned current working patterns to identify efficiencies, whilst ensuring that all tasks will continue to be carried out. This includes ensuring increased staffing levels to manage peaks in demand, for example planned deliveries, where more than one Council Officer would be required to facilitate this task. In addition, Council Headquarters is currently accessible 24 hours a day. This proposal would see the opening hours of the building be changed to 6.00am to 10.00pm 7 days per week, resulting in a saving of £0.050m. The revised opening requirements of the building will result in a reduced requirement of 2 FTE Council Officer staff. In other buildings, where there is a requirement for access to the building outwith opening hours, a booking system and procedure is in place. This would be implemented at Council Headquarters when there is a requirement for access to the building outwith the revised opening hours. There are currently 14 FTE employed across Council Headquarters and Montrose House. The impact of the change will be managed through the use of existing vacancies, revised contracted hours for new employees across the Concierge service and discussions with existing staff on changes to working hours, with any displaced staff being redeployed into alternative positions within the service.	6.9	0.210
Total Community and Enterprise Resources' Service Impact Savings 2019/2020				**7.9**	**0.235**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Total Community and Enterprise Resources' Savings Proposals 2019/2020				**25.66**	**4.155**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Community and Enterprise Resources' Savings Summary Across Categories	FTE	£m
Approved	-	0.000
Efficiency and Outturn	14.20	3.430
Charging	-	0.382
Service Impact	11.46	0.343
Community and Enterprise Resources' Savings Proposals 2019/2020	**25.66**	**4.155**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Education Resources' Savings Proposals 2019/2020					
Education Resources' Approved Savings					
EDR01	Curriculum and Quality Improvement Service	Approved	**Curriculum and Quality Improvement Service Staffing** A new structure has been implemented within Curriculum and Quality Improvement Services (CQIS), which has led to a reduction in the number of Development Officer posts required. This was achieved through identifying tasks which can be transferred to Lead Officer remits, those which were no longer essential, including the delivery of training and membership of Local Authority groups, and tasks which could be devolved directly to schools or Learning Communities, including the development of curriculum materials and resources. The proposed changes will have minimal impact on schools as all tasks deemed essential have been redistributed and will still be undertaken. The FTE has reduced from 22 FTE to 14 FTE as follows: **Original (22 FTE)** / **Revised (14 FTE)** Section Manager (1) / Section Manager (1) - / Quality Improvement Manager (1) Quality Improvement Officer (8) / Quality Improvement Officer (8) Development Officer (12) / Development Officer (2) Health and Safety (1) / Health and Safety (1) - / Administration Officer (1) There is no impact on FTE numbers as all staff have reverted back to their substantive posts in schools. This is the third year of the savings proposal. Savings of £0.140m were realised in years 2017/2018 and 2018/2019.	-	0.140

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Total Education Resources' Approved Savings 2019/2020				**-**	**0.140**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Education Resources' Efficiency and Outturn Savings					
EDR02	All	Efficiency and Outturn	**Realignment of Property Costs, Supplies and Services and Administration Costs Budgets – SAVING REDUCED** Through targeting areas of non-essential spend across the Resource and removing budgets no longer required, a saving can be made across a number of budget lines. Savings can be realised in Early Years establishments and schools through the development and implementation of new procurement and delivery processes, which will generate savings through economies of scale and the identification of further efficiencies across the Resource. Additionally, there will be a reduction to postages and catering budgets as a result of efficiencies in service delivery. Finally, there will be the removal of property costs budgets no longer required.	-	0.151
EDR03	Inclusive Education	Efficiency and Outturn	**External Placements** This is a continuation from the 2018/2019 approved saving relating to a reduction in expenditure following on from less children and young people being placed in external provision for their education, in line with the policy to educate and care for as many of our children within South Lanarkshire as is possible while still being needs led. An analysis of the suitability of the current placements has been undertaken which has allowed the Service to place as many children as possible within the South Lanarkshire area, for example the Kear Campus or ASN schools. This is in line with the mainstreaming strategy and the trend experienced across recent years. A saving of £0.300m was approved for financial year 2018/2019. A further saving of £0.050m has been identified for 2019/2020.	-	0.050

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
EDR04	Early Years	Efficiency and Outturn	**Early Years Realignment of Early Learning and Childcare Income** Early Years has offered increased flexibility to parents and families through the provision of extended Early Learning and Childcare (ELC) provision across our nursery classes and stand-alone establishments over the last few years as part of our strategy of ELC expansion. This provides families with the ability to align with the needs of the child in the context of their families and in support of employment. Chargeable places are available beyond the statutory provision in certain nursery classes and stand-alone establishments and parents and families have been able to access these places over the years, and rely on these places, to support their childcare requirements. It is proposed to increase the budget in line with income levels and trends over the last few years. This proposed saving of £0.150m will have no impact on service delivery. As a result of the full implementation of 1140 hours within Early Learning and Childcare in 2020, the number of chargeable places available will reduce. This is therefore a temporary saving and the budget will require to be reinstated.	-	0.150

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
EDR05	Support	Efficiency and Outturn	**Implementation of EDRMS and Review of Business Support** The proposal would see the introduction of EDRMS (Electronic Data and Records Management Systems) across Support Services within Education Resources. Through the implementation of EDRMS, a saving of £0.040m and 2 FTE Grade 1 posts can be generated through more efficient document processing and storage, and streamlining of business support activities. The Council currently utilises EDRMS across a number of other Resources, and the benefits realised to date include efficiencies generated through paperless, mobile and flexible working, reductions in administration costs (including printing and stationery costs), and the encouragement for standard processes to be adopted. Through the use of IT systems, efficiencies will be realised through enabling self-service and removing duplication of tasks. In addition, following consideration of the management structure within the Central Administration Team, a saving of £0.060m can be realised from the removal of 2 FTE Grade 2 posts, whilst still enabling the provision of adequate support to all Services.	4.0	0.100
EDR06	Inclusive Education	Efficiency and Outturn	**Learning Community Service Realignment** The proposal is to remove 4 FTE vacant posts within the Extended Learning Community service which have been vacant for some time. The service has recently been realigned within the Inclusion Service and the new structure will introduce a more efficient and cohesive service for children and young people with targeted specialist support linking to inclusion. A range of planning and practice guidance has been developed to build capacity across the workforce to effectively meet the needs of children with additional support needs, including the Framework for Inclusion and Equality, Dyslexia Guidance, Autism Spectrum Disorder (ASD) consultation. Attachment informed practice is increasingly a feature of the work of schools, facilitating a positive and inclusive response to a broad range of needs. Realignment of the service will promote an integrated and consistent approach to support for learning with resources directed to school level. As these posts have been vacant there will be no impact on the Council's pupil teacher ratio.	4.0	0.190

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
EDR07	Support	Efficiency and Outturn	**Realignment of Expenditure Budgets and Income Generation** Through consideration of expenditure levels in previous years, efficiency savings of £0.345m are achievable in 2019/2020 within the following areas: • Travel and subsistence budgets • Utilisation of newly qualified teachers • Pest control budget • Catering • Scottish Qualifications Authority costs • Telephones • Continued Professional Development In addition, it is proposed that an income budget be established in order to recognise income received of £0.025m per annum from the Scottish Government for the administration and management of the Education Maintenance Allowance. This will result in an overall saving of £0.370m being realised in 2019/2020.	-	0.370
EDR08	All	Efficiency and Outturn	**Energy Consumption** Through a reduction in energy consumption as a result of a continued programme of energy efficient measures being adopted in schools and other Education establishments, a saving of £0.100m can be achieved. Consumption levels for gas has decreased due to ongoing programmes of efficiency, including temperature control, implementing new infrastructure through the Central Energy Efficiency Fund programme and the energy management system.	-	0.100

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
EDR09	Early Years	Efficiency and Outturn	**Teachers in Early Learning and Childcare** South Lanarkshire Council nurseries offer the following operating models: • 20 morning and 20 afternoon places (20/20) • 30 morning and 30 afternoon places (30/30) • 40 morning and 40 afternoon places (40/40) • 50 morning and 50 afternoon places (50/50) • 60 morning and 60 afternoon places (60/60) Currently, children in 20/20 and 30/30 nurseries have access to a teacher four days in the week. Children attending other establishments have access to a teacher five days in the week. Through the replacement of the equivalent of 1 day (0.2 FTE) of Early Years Teachers with 0.2 FTE of Early Years Workers in 40/40, 50/50 and 60/60 establishments, a saving of £0.112m can be generated through the differential in cost, whilst ensuring that the necessary ratios are maintained. This will align the provision of Early Years Teachers in 40/40, 50/50 and 60/60 establishments to the current provision within 20/20 and 30/30 nurseries, which has already been successfully implemented. The reduction in the number of children in each nursery, and the current expansion in Early Learning and Childcare provision each day as a consequence of the increase to 1,140 hours, will ensure the provision of access to a teacher for children is sustained.	-	0.112
Total Education Resources' Efficiency and Outturn Savings 2019/2020				**8.0**	**1.223**
Total Education Resources' Savings Proposals 2019/2020				**8.0**	**1.363**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Education Resources' Savings Summary Across Categories	FTE	£m
Approved	-	0.140
Efficiency and Outturn	8.0	1.223
Charging	-	0.000
Service Impact	-	0.000
Education Resources' Savings Proposals 2019/2020	**8.0**	**1.363**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Finance and Corporate Resources' Savings Proposals 2019/2020					
Finance and Corporate Resources' Efficiency and Outturn Savings					
FCR01	IT	Efficiency and Outturn	**IT Services** This saving will be achieved through the following efficiencies across the Service: • Reduction in the number of end-user devices (PCs, laptops, tablets and phones) provided to Resources: IT Services, in liaison with Resources, monitor the usage of end-user devices and areas of low usage have been identified. Through reducing the number of devices, where low usage has been identified, savings of £0.100m in lease and licensing costs are anticipated. • Storage – to reduce storage costs, IT Services will remove any non-priority back up storage beyond immediate requirements, and also look more to external solutions where possible (such as cloud). Rationalisation of the files that are held will be required to meet corporate retention standards, which will be relevant to each service (£0.050m). • Reduction of non-core IT tasks (1 FTE) – These include writing and generating reports, efficiencies in managing contracts and 3rd parties on behalf of customers, opening tickets on behalf of customers and resolving data-related issues. This will have minimal impact on Council services delivered (£0.050m). • Introduction of self-service (2 FTE) – Self-service capabilities will be introduced on management tools and the South Lanarkshire intranet to enable employees to access training links directly, and provide responses to Frequently Asked Questions, in order to reduce the volume of requests received by the IT Service Desk. The intranet will also now include details of any planned downtime for IT Systems, which should further reduce the number of calls received by the IT Service Desk. In addition, self-service capabilities will be made available to raise new service desk tickets directly on the system. This will realise a saving of £0.060m. • Staffing (9 FTE) – In addition, through the consideration and realignment of duties, and consideration of vacancies, a further saving of £0.440m and 9 FTE can be achieved. Each financial year, a list of potential projects are identified through discussion with Resources. These projects are prioritised on the basis of risk to the Council. Those works considered to be of lesser priority will be reprogrammed for future years. Higher priority projects will continue to be progressed immediately at the start of the financial year.	12.0	0.700

<table>
<tr><th>Resource Reference</th><th>Service</th><th>Savings Type

(Approved, Efficiency and Outturn, Charging, Service Impact)</th><th>Name, and Brief description of Saving</th><th>Employee FTE</th><th>Saving £m</th></tr>
<tr><td></td><td></td><td></td><td>There are 120.1 FTE posts within IT Services. This saving proposes a reduction of 12 FTE posts to 108.1 FTE, saving £0.550m per annum, from a staffing budget of £5.304m.
<table>
<tr><th>Grade</th><th>FTE</th><th>Saving £m</th><th>FTE Vacancies</th></tr>
<tr><td>Grade 5</td><td>1.0</td><td>0.080</td><td>1.0</td></tr>
<tr><td>Grade 4</td><td>1.0</td><td>0.060</td><td>0.0</td></tr>
<tr><td>Grade 3</td><td>7.0</td><td>0.320</td><td>3.0</td></tr>
<tr><td>Grade 2</td><td>3.0</td><td>0.090</td><td>0.0</td></tr>
<tr><td>Total</td><td>12.0</td><td>0.550</td><td>4.0</td></tr>
</table></td><td></td><td></td></tr>
<tr><td>FCR02</td><td>Administration, Legal and Licensing</td><td>Efficiency and Outturn</td><td>Cambuslang Childcare Project
The £0.084m current funding to Cambuslang Childcare Project (CCP) funds a free 0-3 year old nursery service for parents in the Cairns / Cambuslang area. The core grant also covers management, administration and staffing costs etc.

Following discussions with CCP, the provision of free places for 0-3 year olds will be replaced with places for 3-5 year olds, funded through partnership nursery arrangements. CCP have agreed that this will be manageable over a two year period with a saving of £0.044m achievable in 2019/2020.

Education Resources have confirmed there is sufficient capacity in the area for paid 0-3 year old nursery provision with Westburn Nursery School nearby.

A further saving of £0.040m is achievable in 2020/2021 from the complete removal of the current funding for the 0-3 year old service.</td><td>-</td><td>0.044</td></tr>
</table>

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR03	Finance	Efficiency and Outturn	**Finance Services Staffing Structure** Through the continued consideration of the management structure across services, reducing workload and considering more efficient financial monitoring, further efficiencies will be realised in 2019/2020. Within Transactions, a number of initiatives are resulting in a reduction in the administrative processes and the removal of a number of non-essential tasks. The expansion of e-invoicing will help to further reduce the administrative processes required for processing invoices due to the payment process requiring lower levels of intervention from staff. A new streamlined structure for teams ordering goods and supplies, previously aligned to individual Resources, will result in reduced management overheads and economies of scale. A continued focus on improving productivity and use of technology will also contribute towards efficiencies. In addition, economies of scale will be achieved through better integration of individual Resource Transaction teams, and through the continued focus on improving productivity across the teams. It is expected that these will be managed partly through consideration of temporary posts, the non-filling of vacancies and redeployment opportunities where necessary. There are 174.9 FTE posts within Finance Strategy and Transactions Services. This saving proposes a reduction of 20.6 FTE posts to 154.3 FTE and will generate a saving of £0.701m per annum, from a staffing budget of £6.229m.	20.6	0.701

Grade	FTE	Saving £m	FTE Vacancies
Strategy			
Grade 3	3.0	0.150	3.4
Grade 2	4.5	0.158	2.0
Grade 1	0.5	0.014	0.0
Total Strategy	**8.0**	**0.322**	**5.4**
Transactions			
Grade 3	1.5	0.077	0.5
Grade 2	5.7	0.180	0.0
Grade 1	5.4	0.122	0.6
Total Transactions	**12.6**	**0.379**	**1.1**
Total Finance	**20.6**	**0.701**	**6.5**

<table>
<tr><th>Resource Reference</th><th>Service</th><th>Savings Type

(Approved, Efficiency and Outturn, Charging, Service Impact)</th><th>Name, and Brief description of Saving</th><th>Employee FTE</th><th>Saving £m</th></tr>
<tr><td>FCR04</td><td>Administration, Legal and Licensing</td><td>Efficiency and Outturn</td><td>Legal and Licensing Staffing Structure
The continued implementation of revised working practices and better use of available technology allows a reduction in staffing of 2.9 FTE posts, saving £0.130m in 2019/2020.

There are 62.7 FTE posts within Legal and Licensing and Registration Services. This saving proposes a reduction of 2.9 FTE posts to 59.8 FTE, saving £0.130m per annum, from a staffing budget of £2.555m.

<table>
<tr><th>Grade</th><th>FTE</th><th>Saving £m</th><th>FTE Vacancies</th></tr>
<tr><td>Grade 5</td><td>1.0</td><td>0.086</td><td>0.0</td></tr>
<tr><td>Grade 1</td><td>1.9</td><td>0.044</td><td>1.9</td></tr>
<tr><td>Total</td><td>2.9</td><td>0.130</td><td>1.9</td></tr>
</table></td><td>2.9</td><td>0.130</td></tr>
<tr><td>FCR05</td><td>Communication and Strategy</td><td>Efficiency and Outturn</td><td>Advertising Expenditure
A reduction in advertising expenditure across the Council has been experienced through greater use of more modern and cost-effective advertising techniques.

Through the realignment of the advertising budget to reflect current expenditure and the continued use of cost-effective advertising techniques, i.e. digital, and less reliance on newspapers etc., a saving of £0.105m across the Council can be realised in 2019/2020.

The advertising of statutory notices will continue and steps have been taken to minimise their cost. The saving will be realised in non-statutory areas, in particular recruitment and display advertisements.

There is no impact on staffing from this saving.</td><td>-</td><td>0.105</td></tr>
</table>

<table>
<tr><th>Resource Reference</th><th>Service</th><th>Savings Type

(Approved, Efficiency and Outturn, Charging, Service Impact)</th><th>Name, and Brief description of Saving</th><th>Employee FTE</th><th>Saving £m</th></tr>
<tr><td>FCR06</td><td>Finance</td><td>Efficiency and Outturn</td><td>
Benefits and Revenues and Customer Contact Centre Staffing
Savings totalling £0.300m and 11.0 FTE are achievable in 2019/2020 through the development of online forms, reductions in Benefit workload and the consideration of vacancies across the Service.

This includes going live with the Council Tax MyAccount which will reduce the volume of account enquiry contact and move customers to online channels, and implementing additional integrated forms reducing the number of calls which require to be transferred within the Customer Service Centre teams.

There are 282.6 FTE posts within Benefits and Revenues and Customer Contact Services. This saving proposes a reduction of 11 FTE posts to 271.6 FTE, saving £0.300m per annum, from a staffing budget of £7.911m.
<table>
<tr><th>Grade</th><th>FTE</th><th>Saving £m</th><th>FTE Vacancies</th></tr>
<tr><td>Benefits and Revenues</td><td></td><td></td><td></td></tr>
<tr><td>Grade 2</td><td>7.0</td><td>0.200</td><td>5.0</td></tr>
<tr><td>Total Benefits and Revenues</td><td>7.0</td><td>0.200</td><td>5.0</td></tr>
<tr><td>Customer Contact</td><td></td><td></td><td></td></tr>
<tr><td>Grade 2</td><td>2.0</td><td>0.060</td><td>1.0</td></tr>
<tr><td>Grade 1</td><td>2.0</td><td>0.040</td><td>1.0</td></tr>
<tr><td>Total Customer Contact</td><td>4.0</td><td>0.100</td><td>2.0</td></tr>
<tr><td>Total</td><td>11.0</td><td>0.300</td><td>7.0</td></tr>
</table>
</td><td>11.0</td><td>0.300</td></tr>
<tr><td>FCR07</td><td>Communication and Strategy</td><td>Efficiency and Outturn</td><td>
Printing and Software Efficiencies
Through the introduction of changes to current printing and software arrangements, a saving of £0.030m can be achieved in 2019/2020.

This will include the cessation of printing of The View, with a digital option being made available.
</td><td>-</td><td>0.030</td></tr>
</table>

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR08	Personnel	Efficiency and Outturn	**Personnel Services Staffing Structure** Through the consideration and realignment of duties, and consideration of vacancies, savings can be realised within Personnel Services. This includes a reduction of 1 FTE vacant management post, as teams are merged for a more coordinated service delivery. In addition, the use of online forms with better integration into back office systems and increased self-service for employees and managers, including the ability to amend employee hours and location, and completion of the regrading process, will allow further efficiencies to be achieved. There are 173.9 FTE posts within Personnel Services. This saving proposes a reduction of 6 FTE posts to 167.9 FTE, saving £0.210m per annum, from a staffing budget of £5.875m.	6.0	0.210
FCR09	Personnel	Efficiency and Outturn	**Provision of Employee Training** Efficiencies will be delivered through a realignment of budget for the current provision of employee training. This reflects a reduction in cost over recent financial years with the level of training remaining the same. This has been achieved through better value for money from greater use of internal resources available as opposed to the purchase of external training provision.	-	0.040

Grade	FTE	Saving £m	FTE Vacancies
Grade 3	2.0	0.100	1.0
Grade 2	2.0	0.070	0.0
Grade 1	2.0	0.040	2.0
Total Personnel	**6.0**	**0.210**	**3.0**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR10	Personnel	Efficiency and Outturn	**Employability Programmes** Across employability programmes, including the Scottish Government Fair Start Scotland Programme, the same number of (and in some cases more) clients will continue to be supported, at a lower cost to the Council. The Council is developing a suite of online support materials to assist individuals. This will allow more clients to meet their needs through self-service routes at a reduced cost. The reduction in youth unemployment figures at both a national and local level has also led to a reduction in the level of clients requiring support through the Youth Employment Enterprise Programme. This programme will continue to be delivered to clients requiring support in line with the current reduced demands of the service. Again, this is at a reduced cost to the Council. Finally, the introduction of Fair Start Scotland by the Scottish Government brings in support for their target groups (particularly around Health), who would otherwise have been placed in a number of Council programmes. The creation of this new programme has allowed the Council to redirect clients, where they meet the necessary criteria, reducing the number of clients requiring multiple supports and reducing associated expenditure. The introduction of Fair Start Scotland has enabled the cessation of the Working Matters Programme, previously delivered by Routes to Work South on behalf of the Council. This programme previously targeted the same client group as that being supported by Fair Start Scotland. In 2018/2019, employability programmes are expected to engage with more than 2,200 individuals. By using on-line tools, including self-service, the number of individuals engaging with and benefitting from the Employability Programme of the Council and its partners, will continue to at least this level going forward. As a result, the overall Council Employability Programme can continue to be delivered for £0.360m less from 2019/2020.	-	0.360

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR11	Administration, Legal and Licensing	Efficiency and Outturn	**Landlord Registration** A saving of £0.080m can be generated through the income budget for Landlord Registration Fees. The Landlord Registration fee is statutory and is currently set at £55. The Scottish Government have abolished the 10% online discount with effect from 1 December 2018 which will mean that the application fee will increase by £5.50 for online applications. This will result in an additional £0.020m to the Council in 2019/2020. In addition, a further £0.050m saving can be achieved in 2019/2020 by realigning the current income budget to reflect the actual fee income received. Further to this, through the creation of an additional 1.0 FTE Licensing Standards Officer (LSO) post (£0.040m), an increase in income of £0.050m can be generated realising a net saving of £0.010m in 2019/2020. The overall increase in budgeted income is anticipated to be £0.120m in 2019/2020, with a net saving of £0.080m achievable through the creation of the LSO post.	(1.0)	0.080
FCR12	Personnel	Efficiency and Outturn	**Personnel Services Information at Work** There has been a reduction in the cost of Information at Work Licensing and Support. As a result, a saving of £0.020m can be realised in 2019/2020 through realigning the budget in line with the current expenditure being incurred.	-	0.020
FCR13	Communication and Strategy	Efficiency and Outturn	**Communications and Strategy Services Staffing Structure** Through the removal of two vacant 0.5 FTE posts from the current structure, a saving of £0.020m is achievable in 2019/2020. This will have no impact on current service delivery. There are 41.7 FTE posts within Communications and Strategy Services. This saving proposes a reduction of 1 FTE posts to 40.7 FTE, saving £0.020m per annum, from a staffing budget of £1.765m.	1.0	0.020

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR14	Administration, Legal and Licensing	Efficiency and Outturn	**Personal Liquor License** The current charge for a Personal Liquor License is £50. This is set by statute from the Scottish Government. Through the 10 year renewal of Personal Liquor Licenses, 645 licenses are due to be renewed in August 2019. This will realise a one off saving of £0.032m in 2019/2020. As the license renewals will not recur into the following year, this is not an ongoing saving moving forward, and the budget will require to be adjusted to reflect this. The budget of £0.032m will have to be reinstated in 2020/2021.	-	0.032
FCR15	Administration, Legal and Licensing	Efficiency and Outturn	**Reduction in Property Costs and Administration Budgets and Increased Income** This saving will be realised through a reduction in the following areas: Legal - Membership Fees / Subscriptions - £0.017m saving from £0.038m budget Legal - Legal Expenses - £0.006m saving from £0.046m budget Legal - Furniture - £0.003m saving from £0.003m budget Administration - Other Admin Costs - £0.022m saving from £0.022m budget Administration - Conferences - £0.007m saving from £0.016m budget Licensing and Registration - Security Costs (from the reduced need for collection of cash from licensing and registration offices) - £0.010m saving from £0.012m budget Licensing and Registration - Printing and Stationery - £0.003m from £0.009m budget These budgets have underspent in previous financial years and are no longer required from 2019/2020 and beyond. In addition, a number of other Local Authorities use Ceremony Officers. These are mainly retired registrars who carry out ceremonies and pre-ceremony meetings for a flat fee, in the region of £70. Through creating a supply pool of suitably experienced individuals, the service would be able to offer ceremonies during a wider range of days and at more flexible times including evenings outwith office hours. Given that this is a growing market, a net saving of £0.009m is achievable in ceremonies income in 2019/2020.	-	0.077

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
FCR16	Finance	Efficiency and Outturn	**Reduction in Overpayments** The Council has a net budget of £1.4m in 2018/2019 in relation to the cost of overpayments as part of the administration of Housing Benefit payments. Significant underspends have been achieved in recent financial years in relation to this budget ranging from £0.115m in 2015/2016 to £0.657m in 2017/2018. Following the migration to Universal Credit, the expenditure on overpayments is anticipated to continue to reduce. This saving proposes that the budget be realigned in 2019/2020 to reflect the current expenditure anticipated in 2018/2019, yielding an annual saving of £0.220m.	-	0.220
Total Finance and Corporate Resources' Efficiency and Outturn Savings 2019/2020				**52.5**	**3.069**
Total Finance and Corporate Resources' Savings Proposals 2019/2020				**52.5**	**3.069**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Finance and Corporate Resources' Savings Summary Across Categories	FTE	£m
Approved	-	0.000
Efficiency and Outturn	52.5	3.069
Charging	-	0.000
Service Impact	-	0.000
Finance and Corporate Resources' Savings Proposals 2019/2020	**52.5**	**3.069**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Housing and Technical Resources' Savings 2019/2020					
Housing and Technical Resources' Efficiency and Outturn Savings					
HTR01	Property	Efficiency and Outturn	**Termination of Lease, Royal Burgh House, Rutherglen** As a result of the closure of Royal Burgh House in June 2018, a saving of £0.750m has been generated in relation to charges associated with the operation of the building, including rental charges and facilities management costs.	-	0.750
HTR02	Property	Efficiency and Outturn	**Planned and Reactive Maintenance** Housing and Technical Resources hold the budget for planned maintenance across all Council Non Housing properties. Savings can be realised through the development and implementation of new procurement and delivery processes, which will generate savings through economies of scale and the identification of further efficiencies within the current programme. In addition, savings will be generated by extending the programming of works to maximise the lifecycle of existing building elements. The 2018/2019 Budget Allocation for planned and reactive maintenance is £6.870m, and includes works such as internal painting of high use areas, cleaning of external property facades and kitchen canopy cleaning.	-	0.130
HTR03	Property	Efficiency and Outturn	**Property Assets Structure** Through consideration of the current structure within Property Assets, and based on future workload requirements and a change in operating arrangements, a saving can be achieved through the removal of 1 FTE Property Investment Adviser post (Grade 4 Level 9). In addition, a further 0.5 FTE vacancy (Grade 2 Level 2) has been identified within the Service for removal from 2019/2020.	1.5	0.075

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
HTR04	Property	Efficiency and Outturn	**Building Services Management Structure** Through consideration of the current management structure within Building Services, a saving of £0.125m can be realised through the rationalisation and realignment of the Building Services Co-ordinator and Building Services Officer structure. The revised management structure will be developed by the end of 2018 and put in place for financial year 2019/2020, as part of which roles will be re-defined and clarified. Whilst this will result in managers having an increased span of control, there will be no detrimental impact on front line service delivery. The saving will be realised from a reduction of 4 FTE Grade 3 Level 2 posts.	4.0	0.125
HTR05	Property	Efficiency and Outturn	**Renegotiation of Lease at Cambuslang Gate** Renegotiation of the current Head Lease agreement for Cambuslang Gate has recently concluded, resulting in a saving of £0.095m per annum from 2019/2020 in relation to reduced rental costs of the property. The revised lease agreement was presented to Housing and Technical Resources Committee on 31 October 2018 for approval.	-	0.095
HTR06	All	Efficiency and Outturn	**Vacant Posts** Through consideration of current vacancies within Housing and Technical Resources, a saving of £0.268m can be realised as follows: • CCTV Operatives – following the introduction of a new 12 hour shift pattern being implemented, removal of 1.96 FTE from the current establishment can be achieved. • Surveyors – As a result of forecasting future workload demands, and the realignment of work between the remainder of the Surveyors, 1.63 FTE of vacant posts can be removed from the establishment with no impact on service delivery. • Technical Assistants – following the realignment of work between the remaining employees with no impact on service provision, the removal of 2.55 FTE vacant posts can be achieved. • Further minor vacant posts across the Resource have also been identified, totalling 2.07 FTE.	8.2	0.268

<table>
<tr><th>Resource Reference</th><th>Service</th><th>Savings Type

(Approved, Efficiency and Outturn, Charging, Service Impact)</th><th>Name, and Brief description of Saving</th><th>Employee FTE</th><th>Saving £m</th></tr>
<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Grade</th><th>FTE</th><th>Saving £m</th><th>FTE Vacancies</th></tr>
<tr><td>Grade 3</td><td>2.62</td><td>0.118</td><td>2.62</td></tr>
<tr><td>Grade 2</td><td>2.73</td><td>0.094</td><td>2.73</td></tr>
<tr><td>Grade 1</td><td>2.86</td><td>0.056</td><td>2.86</td></tr>
<tr><td>Total Posts</td><td>8.21</td><td>0.268</td><td>8.21</td></tr>
</table>

As the posts noted above are vacant, there will be no impact on current service delivery.</td><td></td><td></td></tr>
<tr><td>HTR07</td><td>Housing</td><td>Efficiency and Outturn</td><td>Homelessness Service
From a review of the Homelessness Business Plan and a projection of service demands in the current year a one-off saving of £0.060m can be delivered. This is as a result of efficiencies being delivered through service procurement as well as through an expected underspend in the Service.

The budget of £0.060m will need to be reinstated in 2020/2021.</td><td>-</td><td>0.060</td></tr>
<tr><td colspan="4">Total Housing and Technical Resources’ Efficiency and Outturn Savings 2019/2020</td><td>13.7</td><td>1.503</td></tr>
</table>

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Housing and Technical Resources' Service Impact Savings					
HTR09	Housing	Service Impact	**Community Safety Partnership** It is proposed to reduce the Community Safety budget by £0.020m (8% of the current budget). The saving will be achieved through consideration of the way services are commissioned and delivered. It is also proposed to re-align the Community Safety Analyst to a vacant post within the Housing and Technical Resources Strategy and Support structure, which is HRA funded. This will ensure that maximum benefit is derived from the Analyst post across the Resource, whilst continuing to support the Community Safety Partnership. From realigning this position, a saving of £0.020m can be realised in 2019/2020.	1.0	0.040
Total Housing and Technical Resources' Service Impact Savings 2019/2020				**1.0**	**0.040**
Total Housing and Technical Resources' Savings 2019/2020				**14.7**	**1.543**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Housing and Technical Resources' Savings Summary Across Categories	FTE
Approved	-
Efficiency and Outturn	13.7
Charging	-
Service Impact	1.0
Housing and Technical Resources' Savings Proposals 2019/2020	**14.7**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
Social Work Resources' Savings 2019/2020					
Social Work Resources' Efficiency and Outturn Savings					
SWR01	Adult and Older People	Efficiency and Outturn	**Payments to Other Bodies** A saving of £0.048m can be realised from Payments to Other Bodies that are no longer required: <u>Dementia Training Provision (£0.040m)</u> Training previously delivered by Alzheimer's Scotland is now delivered in house. This had enabled a saving to be generated, while maintaining the level of staff training provision. <u>Disability Information Service (£0.008m)</u> As a result of the cessation of service by DIAL (Disability Resource Centre Clydesdale), due to the organisation no longer operating, a saving has been realised. The contribution was previously used to deliver an information service to people with disabilities, which is now being delivered through other local and national organisations, including Take Control South Lanarkshire.	-	0.048
SWR02	Adult and Older People	Efficiency and Outturn	**Meals on Wheels Provision – Production of Meals** Following the withdrawal of the Meals on Wheels service provision by the Royal Voluntary Service (RVS), changes have been implemented to current service delivery. This has resulted in frozen meals being provided to those requesting meals and forms part of their overall care package. This will enable a saving of £0.040m to be achievable in 2019/2020 in the production of meals.	-	0.040

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SWR04	Adult and Older People	Efficiency and Outturn	**In-House Care and Support Services** The Care and Support Service supports adults with learning disabilities and a range of complex needs to stay in their own home, as independently as possible, so they can remain valued members of their communities. This is done in a number of ways including providing personal care and domestic support. As a result of the current demand for In House Care and Support Services, a saving of £0.260m in the costs of the Service has been identified. This reduction in costs reflects current care packages. These care packages are subject to thorough risk assessments and carried out in partnership with care and support staff and social work staff from locality teams. Service users will continue to receive the support and care that they require. The service currently has 39 service users. The saving reflects a reduction in costs for care packages for 4 service users – 2 of which are no longer required and 2 where there have been agreed changes to current care packages provided. The reduction in care hours required to be delivered will allow the removal of 8.9 FTE vacant posts from the structure, moving from 147.1 FTE to 138.2 FTE. The current net budget for this service is £4.510m.	8.9	0.260

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SWR05	Adult and Older People	Efficiency and Outturn	**External Funding** In 2018/2019, South Lanarkshire Health and Social Care Partnership allocated £2.2m from Social Care Fund monies to meet the recurring cost of additional care home placements created between 2011 and 2016. These placements were in addition to the number of placements that could be supported from the core Social Work budget. This level of funding will continue into 2019/2020, however, due to the level of demand, there is an anticipated reduction in the required number of specific placements moving forward. This is part of the overall policy and strategic direction to shift the balance of care towards more community orientated support. Consideration of the level of funding available within the core Social Work Resources revenue budget and the Social Care Fund allocation has identified a saving of £0.100m which can be realised in 2019/2020, from the reduction in the level of demand.	-	0.100
SWR06	Adult and Older People	Efficiency and Outturn	**Meals on Wheels Provision – Transport Costs** Following the withdrawal of the Meals on Wheels service provision by the Royal Voluntary Service (RVS), changes have been implemented to current service delivery. This has resulted in a reduction in transport costs. This will enable a saving of £0.035m to be achievable in 2019/2020 from a reduction in transport costs.	-	0.035
SWR07	Adult and Older People	Efficiency and Outturn	**Bield Day Care Service – Langvout, Biggar** Bield Day Care Service ended on 31 July 2018. This service was provided to 10 service users based on 20 days weekly and was funded via block grant at £0.129m per annum. Alternative day care service provision for the 10 service users affected has been sourced at McClymont Day Care Centre, Lanark and Jenny McLachlan Day Care Centre, Carluke. There are estimated transport costs of £0.069m per annum to access agreed days to each individual service user at the alternative Day Centres. As a result, a net saving of £0.060m is achievable in 2019/2020.	-	0.060

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SWR08	Performance and Support	Efficiency and Outturn	**Realignment of Employee Cost Budget** As a result of the funding arrangements for the Chief Officer for the Integrated Joint Board, a saving of £0.040m can be realised in 2019/2020 from the realignment of the current employee cost budget.	-	0.040
Total Social Work Resources' Efficiency and Outturn Savings				**8.9**	**0.583**
Total Social Work Resources' Savings 2019/2020				**8.9**	**0.583**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Social Work Resources' Savings Summary Across Categories	FTE	£m
Approved	-	0.000
Efficiency and Outturn	8.9	0.583
Charging	-	0.000
Service Impact	-	0.000
Social Work Resources' Savings Proposals 2019/2020	**8.9**	**0.583**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

Savings Summary Across Resources	Total	
	FTE	£m
Cross Resource	-	0.632
Community and Enterprise Resources	25.66	4.155
Education Resources	8.0	1.363
Finance and Corporate Resources	52.5	3.069
Housing and Technical Resources	14.7	1.543
Social Work Resources	8.9	0.583
Total 2019/2020 Savings Proposed ***(These totals include the SLLC savings detailed in Appendix 1b)***	**109.76**	**11.345**

Savings Summary Across Categories	Total	
	FTE	£m
Approved	-	0.140
Efficiency and Outturn	97.30	10.108
Charging	-	0.714
Service Impact	12.46	0.383
Total 2019/2020 Savings Proposed ***(These totals include the SLLC savings detailed in Appendix 1b)***	**109.76**	**11.345**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
South Lanarkshire Leisure and Culture Savings Proposals 2019/2020					
SLL04	Culture	Efficiency and Outturn	**Expansion of Activities at Summerfest** Through expanding the East Kilbride Summerfest event to include additional fun fair rides, street vendors and activities, additional income of £0.003m can be realised. The current wide range of arts activities, workshops and performances which are showcased at the event will remain free.	-	0.003
SLL05	Outdoor, Country Parks, Museums and Libraries	Service Impact	**James Hamilton Heritage Park Water Sports Centre – Opening Hours** Following a review of current usage levels during the summer months, a saving of £0.008m can be realised through aligning the opening hours at James Hamilton Heritage Park Water Sports Centre to meet customer demand. This proposal will also see a reduction in evening opening hours during the summer months, due to a reduction in usage during this period. The centre will now operate from 11am until 5pm on weekdays during this time. At present the centre is open until 9pm. Weekend operating hours will not be affected by this proposal. The revised opening hours will result in a reduction of 5 seasonal posts.	-	0.008
SLL06	Outdoor, Country Parks, Museums and Libraries	Charging	**Price Increases – Calderglen Country Park Zoo** Propose to increase admission costs to Calderglen Zoo by £0.10 for a child, from £0.50 to £0.60, and by £0.25 for an adult, from £1.45 to £1.70. Under 3s would remain free. The proposed prices for the Zoo are still considerably lower than other similar attractions in the area. Charges for Amazonia are currently £4.50 per child.	-	0.020

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL07	Outdoor, Country Parks, Museums and Libraries	Efficiency and Outturn	**Reduction in Vehicle Fleet** Through consideration of current fleet requirements, a saving of £0.010m can be realised in 2019/2020 through a reduction in the number of vehicles in operation from 15 to 13. The saving would be realised through removing a vehicle from Hamilton Palace Sports Ground, and a further vehicle from Calderglen Country Park, as these vehicles are currently under-utilised. The vehicles will be relocated to the offices within the Hamilton Academical Football Stand, which will remove the need to take out new leases currently requiring replacement. This saving will have no impact on Fleet Services, as the vehicles being returned are at the end of their current lease term.	-	0.010
SLL08	Outdoor, Country Parks, Museums and Libraries	Efficiency and Outturn	**Realignment of Administration and Supplies and Services Budgets** A saving of £0.005m can be realised through reductions in the following areas: Printing and Stationery £0.002m Postage/ Couriers £0.001m Equipment and Other Tools £0.002m This represents a 1.7% reduction of the total budget for Administration Costs and Supplies and Services.	-	0.005

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL11	Sport and Physical Activity	Service Impact	**Rationalisation of Staffing Structure** Through assessment of usage levels across facilities within Sport and Physical Activity Services, a saving of £0.080m can be realised through staffing efficiencies realised at the following venues: • Reduction in staffing levels by 0.94FTE at Hareleeshill Sports Barn through the introduction of lone working (£0.021m) • Reduction of 1.59FTE at Jock Stein Sports Centre (£0.042m) • Reduction of 0.58FTE at Lesmahagow through the introduction of lone working at weekends (£0.013m) • Reduction of 0.21FTE through the introduction of lone working on a Sunday at Biggar (£0.004m) This will result in a reduction of 3.32FTE. Lone working practices are currently in operation at a number of venues across the organisation.	3.32	0.080
SLL13	Sport and Physical Activity	Service Impact	**Stewartfield Community Centre – Open in Term Time Only** A recent assessment of bookings at Stewartfield Community Centre has identified a saving of £0.020m which could be realised if the facility was operational during term time only. During schools holidays, the ACE programme activities available are consolidated at nearby facilities (including the John Wright Centre), and there are no block bookings during the summer months. This will result in a reduction of 0.24FTE.	0.24	0.020

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL15	Sport and Physical Activity	Charging	**Activage Membership – Increase £56.25 to £57.95 per annum – SAVING REDUCED** The Activage membership is available to all South Lanarkshire residents aged 60+. The membership allows access to all mainstream leisure activities and a number of bespoke classes. An increase to the annual Activage membership fee from £56.25 to £57.95 per annum is proposed. This is the equivalent of an increase of £0.03 per week in 2019/2020. Membership levels have increased over the years as follows: 2014 6,176 2015 6,891 2016 7,421 2017 8,064 2018 8,944 The proposed prices for the Activage membership are still considerably lower than those of neighbouring authorities. At present, the Glasgow Life concession membership is £200 per annum, and the North Lanarkshire Leisure annual membership for residents aged 65+ is £240. The current option to pay in 2 instalments will continue.	-	0.017
SLL16	Support	Efficiency and Outturn	**Staffing Efficiencies** Through a reduction in the level of clerical support available, a saving of £0.007m can be realised in 2019/2020. This proposal would result in a reduction of a 0.3FTE Grade 1 Level 4 post. The saving will be achieved through the identification of redeployment opportunities elsewhere within the organisation.	0.3	0.007
SLL17	Support	Efficiency and Outturn	**Support Services Structure** A saving of £0.088m can be realised by realigning back office services and creating efficiencies by having teams work more closely together.	2.0	0.088

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL18	Support	Charging	**Income Generation – Inflationary Increase of 3%** It is proposed that all Income lines except Fitness, Activage, and Ticket Bookings be increased by 3%. Fitness has been excluded as it is anticipated that any increase in prices could mean a reduction in membership levels, and consequently a reduction in income. SLLC would require to clarify with Alliance Leisure if there would be an implication from that contract in relation to income changes as a result of price increases. Activage memberships have been excluded as this is subject to a separate savings proposal (SLL15) while Ticket Bookings are set by the external organisation running the events, therefore the Trust cannot increase the charges. This will generate income of £0.345m in 2019/2020.	-	0.345
SLL19	Support	Efficiency and Outturn	**Employee Costs – Enhanced Leave and Overtime** Current costs (2017/2018) of overtime for SLLC are £2.5m. A saving of £0.146m will be targeted in the overall level of overtime incurred going forward. This equates to a 6% reduction. In addition, a recurring level of income in respect of enhanced leave has been seen by the Trust over recent years. Through creating a budget for this income, this will allow a saving of £0.032m to be achieved in 2019/2020.	-	0.178
SLL20	Support	Efficiency and Outturn	**Property Costs** Through a review of property related expenditure, saving can be achieved across small ad hoc consumables spend (£0.006m) and utilities (£0.060m) budgets. This equates to a 2.6% reduction. The Council's Property Services and SLLC will work to identify opportunities to reduce utilities costs going forwards.	-	0.066

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL21	Support	Efficiency and Outturn	**Supplies and Services and Administration Costs** Through targeting areas of non-essential spend across South Lanarkshire Leisure and Culture, a saving can be made across a number of budget lines. The saving will be achieved from the following areas: • Equipment & Other Tools – Non Sporting Equipment - 11% reduction **(£25,000)** • Materials (Classes and Courses) - 5% reduction **(£2,500)** • Publications, Newspapers and Journals - 5% reduction **(£14,000)** • Protective Clothing & Uniforms - 5% reduction **(£3,000)** • Other Supplies and Services - 7.5% reduction **(£23,000)** • Artists Fees - 2% reduction **(£9,000)** • Printing & Stationary - Lyreco and Click Charges - 10% reduction **(£5,000)** • Advertising & Marketing - considering printed material and replacing with alternatives such as digital and social media - 25% reduction **(£48,000)** • Postages / Couriers - 5% reduction **(£2,000)** • Membership Fees / Subscriptions - 9% reduction **(£2,000)** • Hospitality - Cease provision of catering at meetings - 20% reduction **(£1,000)** • Other Admin Costs - 62% reduction **(£10,000) –** this includes £5k for contribution to projects which have ended. • Conferences - cease attendance or reduce number of conferences attended / delegates attending - 35% reduction **(£2,500)** • Payment to Contractor - 5% reduction **(£4,000)** • Legal Expenses - 86% reduction **(£55,000)**	-	0.206
Total South Lanarkshire Leisure and Culture Savings Proposals 2019/2020				**5.86**	**1.053**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m

South Lanarkshire Leisure and Culture' Savings Summary Across Categories	FTE	£m
Approved	-	0.000
Efficiency and Outturn	2.30	0.563
Charging	-	0.382
Service Impact	3.56	0.108
South Lanarkshire Leisure and Culture' Savings Proposals 2019/2020 **(*These savings are included in the savings total detailed in Appendix 1a*)**	**5.86**	**1.053**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
2019/2020 Removed / Reduced Savings					
CER12	Facilities, Waste and Grounds	Efficiency and Outturn	**Rationalisation of Grass Cutting Machinery** The Service has reviewed its current grass cutting machinery fleet and has identified an opportunity to replace existing machinery that cuts and collects grass with standard grass cutting functionality. This would result in a reduction in annual machinery costs by £0.043m. The introduction of the replacement machinery would also improve productivity as the emptying of the grass hoppers is time consuming and the subsequent disposal of the cuttings incurs further costs. It is estimated that a further saving of £0.097m is achievable due to an increase in productivity as a result of not having to transfer cuttings to waste sites. The Service would retain 4 of the 20 cut and collect ride-ons for cemetery maintenance and replace the remaining 16 cut and collect ride-ons to 12 cutting only machines. There would be no change to the area or frequency of grass cutting undertaken by the Service. The saving will result in a reduction of 2 FTE from the overall current establishment for Seasonal employees. As different individuals are appointed into Seasonal posts each year, this will not impact on specific employees, but instead the level of Seasonal employees recruited in 2019/2020 will reduce.	2.0	0.140

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
CER15	Planning and Economic Development	Efficiency and Outturn	**Planning and Economic Development Structure – SAVING REDUCED BY £0.050M** Original Saving: Following the implementation of a revised structure across Planning and Economic Development Services, a saving of £0.150m can be realised in 2019/2020. The saving will be generated from the removal of 3 FTE Grade 3 posts through a vacancy and the turnover of staff. This saving will be achieved through prioritising works within Building Standards and Economic Development whilst ensuring that the priorities of the service are maintained. The saving would result in a reduction of 3 FTE, which would reduce the Planning and Economic Development Service from 92 FTE to 89 FTE. **1.0 FTE of this saving totalling £0.050m is removed.**	1.0	0.050
CER17	Roads and Transportation	Efficiency and Outturn	**Flood Prevention** Each financial year, a list of potential improvements which will reduce the risk of flooding are identified. These works are prioritised through the completion of risk and impact assessments, which identify the likelihood of flooding and the potential severity of flooding in that area. Those works considered to be of lesser priority will be reprogrammed for future years, however all required works will still be undertaken. This proposal will see a 25% year-on-year reduction in the level of flood prevention work currently undertaken through the Roads Revenue Programme. The current Revenue budget for Flood Prevention is £0.350m, which supplements the annual Capital Programme allocation of £0.100m in 2018/2019.	-	0.090

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
CER21	Fleet and Environmental	Service Impact	**Trading Standards Inspections** Through consideration of the current approach to carrying out visits and by directing customers to self-help facilities where appropriate, 2 FTE can be removed from the current structure. Inspections will be prioritised on the basis of information received in relation to current business practices and the risk to consumers. Planned interventions will continue to be carried out where required, and will focus on areas of greatest consumer detriment. Further support to consumers is provided by Trading Standards Scotland (TSS), who have a duty to coordinate and enforce cross boundary and national issues, as well as undertaking more specialised functions including tackling illegal money lending and e-crime. TSS adds capacity to local authority trading standards teams in these areas of activity. Consumers will also be directed to action they can take themselves to resolve customer advice requests and be directed to third party agents such as trade bodies and Citizens Advice Scotland.	2.0	0.090
CER23	Facilities, Waste and Grounds	Service Impact	**Grounds Maintenance** The service has identified 767 locations across the Council that are challenging and resource intensive for operatives to maintain when working with machinery on a slope. It is proposed that the service allows these areas to revert back to natural habitat and that these are identified as opportunities to enhance the Council's biodiversity provision. The size of the plots are from 13m² upwards. The Service would continue to cut the perimeter of the open space where these areas meet any roads or pathways. The saving will result in a reduction of 2.5 FTE from the overall current establishment for Seasonal employees. As different individuals are appointed into Seasonal posts each year, this will not impact specific employees, but instead the level of Seasonal employees recruited in 2019/2020 will reduce.	2.5	0.075

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
EDR02	All	Efficiency and Outturn	**Realignment of Property Costs, Supplies and Services and Administration Costs Budgets – SAVING REDUCED BY £0.186M** Original Saving: Through targeting areas of non-essential spend across the Resource and removing budgets no longer required, a saving can be made across a number of budget lines. This saving will see a reduction in the per capita allocation to pupils from 3-18 years across all sectors. This will be a continuation of a managed programme of classroom materials reduction and will be allocated based on school roll. Savings can be realised in Early Years establishments and schools through the development and implementation of new procurement and delivery processes, which will generate savings through economies of scale and the identification of further efficiencies across the Resource. Additionally, there will be a reduction to postage, catering and parent council budgets as a result of efficiencies in service delivery. Finally, there will be the removal of property costs budgets no longer required. **£0.186m of this saving is removed in relation to Classroom Materials (£0.180m) and Parent Councils (£0.006m).**	-	0.186

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
EDR10	Schools	Efficiency and Outturn	**Secondary School Staffing** In preparation for the delivery of the Scottish Government ambitions around Education Governance and Fair Funding to Achieve Excellence and Equity in Education in schools, and the roll out of the Head Teachers Charter, it is proposed that through a move towards greater local decision making in schools on structure and management roles a reduction in the overall costs of the teaching establishment can be managed. Consultation on Education Governance pointed towards Head Teachers having greater flexibility around how their schools are run. It is proposed that through working with Head Teachers the principles of the policy intent can start to be delivered and efficiencies achieved. Greater flexibility will allow Head Teachers to identify the most effective deployment of staff and, in doing so, it is anticipated they will be able to achieve some small scale efficiencies within their staffing models. Through implementation of the above, a saving of £0.300m will be realised in 2019/2020. Specific and dedicated teaching and support staff have been added to the establishment in 2018/2019 in relation to mainstream and additional support needs. This investment will continue to ensure that these target areas continue to be supported. The saving will result in a reduction of 7 FTE teaching staff.	7.0	0.300
EDR11	Schools	Service Impact	**Targeted Class Sizes Support – Primary 1** Based on expected configurations, all Primary 1 class sizes will move to 25 pupils, taking this to the appropriate statutory level. The saving will be achieved by removing the class size reduction from primary 1, and instead provide targeted class size reduction support to primary 1 children where required. Consequently, 10 schools will see the class size reduction teacher removed. The Council will continue to maintain the required Pupil Teacher Ratio through ensuring that the reduction in posts are offset with necessary cover staff. All children will continue to have access to, and benefit from, a teacher in the Early Years setting, in advance of starting primary 1.	10.0	0.280

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
HTR08	Housing	Service Impact	**Provision of Anti-Social Behaviour Service** Through consideration of tasks completed by the central Anti-Social Behaviour Service, which includes the Community Wardens, Anti-Social Investigation Team and Mediation, a saving of £0.035m can be realised. Although timescales will be affected, all service requests assessed as requiring action will still be completed, either by the Anti-Social Behaviour Service or through partner agencies. This will result in the reduction of 3 FTE Community Warden posts which will be achieved through a combination of natural turnover and redeployment. The reduction in employees will have an impact on the frequency of patrols being carried out, and will also affect the response times for the Investigative Support Team reacting to incidents. The FTE shown reflects the full impact of the saving however, as the Service is part funded by the HRA, the impact on the General Services budget is £0.035m. There are 33.1 FTE posts, including 15 FTE Community Warden posts, within the Service. This saving proposes a reduction of 3 FTE Community Wardens.	3.0	0.035
SWR03	Performance and Support	Efficiency and Outturn	**Administration Staffing Structure** From the consideration of current back office services and processes, a saving of £0.175m can be achieved in 2019/2020. Savings will be achieved through improvements in booking systems, merging of support tasks, streamlining of complaints and Freedom of Information processes, and the removal of vacant posts across the Service. There are 177.4 FTE administration posts within the current structure. This saving proposes a reduction of 8.0 FTE posts to 169.4 FTE, saving £0.175m per annum.	8.0	0.175

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE Removed / Reduced	Saving £m Removed / Reduced
SWR09	Adult and Older People	Service Impact	**Redesign of Day Opportunities and Older People Weekend Services** The older people day care weekend services currently operate from three locations; Meldrum House (East Kilbride), Harry Heaney Centre (Rutherglen) and Newberry Rooney Centre (Hamilton). The current number of service users attending at the weekend is exceptionally low: • Meldrum House, East Kilbride (24 place establishment): 8 service users on a Saturday and 6 service users on a Sunday. • Harry Heaney Centre, Rutherglen (24 place establishment): 8 service users on a Saturday and 6 service users on a Sunday. • Newberry Rooney Centre, Hamilton (24 place establishment): 6 service users on a Saturday and 6 service users on a Sunday. It is proposed that the weekend service is re-provisioned, with minimum disruption to service users. There will be no loss to the overall number of days provided to each service user as the extra service provision required during the week can be accommodated within existing service provision. This will enable a saving of £0.060m to be achievable in 2019/2020 from a reduction in transport costs.	-	0.060
Total Removed / Reduced Savings				**35.5**	**1.481**

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
2019/2020 South Lanarkshire Leisure and Culture Removed / Reduced Savings					
SLL01	Culture	Efficiency and Outturn	**Halls Staffing Restructure** Through consideration of staffing requirements across halls within South Lanarkshire, a saving of £0.069m can be realised through a reduction in staffing levels at the following halls:	3.8	0.069

Location / Post	Current Hours Per Week	Revised Hours Per Week	Reduction Proposed	Total Saving (£m)
Fernhill Hall:				
Hall Keepers	111	96	15	
Cleaners	24	12	12	0.014
Cambuslang Institute:				
Hall Keepers	89	79	10	0.006
Blacklaw Hall:				
Hall Keepers	39	29	10	0.005
Burnbank Hall:				
Hall Keepers	101.75	85.75	16	0.009
The Fountain:				
Hall Keepers	98	92	6	0.003
Stonehouse Hall:				
Hall Keepers	175.45	138.45	37	0.019
Rowan Hall (closed)	16	0	16	0.008
***Cameronian Hall:**				
Hall Keepers	20	10	10	0.005
Total	**674.20**	**542.20**	**132**	**0.069**

*Although Cameronian Hall is no longer operational, the full hours have not been realised as a saving as the Hall Keeper is still required to cover lets which have been relocated to alternative venues.

Current opening hours of the above halls will be unaffected by this proposal. This proposal will result in a reduction of 3.8 FTE.

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL02	Culture	Service Impact	**Community Managed Halls** Proposal to reduce the current level of staffing support offered within 5 of the 9 community managed halls, saving £0.027m per annum. This looks to develop consistency in the support provided across similar types of halls. Currently there are 311.55 staffing hours (9 FTE) employed across the following halls: **Location** / **Current Staffing Hours** / **Revised Hours** / **Proposed Reduction** Tenants Association of Coatshill and Thornhill (TACT) Community Hall: 77.3 / 59.8 / 17.5 Uddingston Community Centre: 69.25 / 60.0 / 9.25 Douglas St Brides: 68.5 / 54.5 / 14 Larkhall Community Centre: 57 / 54.5 / 2.5 Netherburn Community Hall: 39.5 / 34.5 / 5 **Total: 311.55 / 263.3 / 48.25** The proposal would see a reduction of 48.25 hours, from 311.55 hours to 263.3 hours. Of this, 28.25 hours are currently vacant. The proposed reductions at Douglas St Brides, Uddingston and Netherburn are already being realised due to vacancies.	1.4	0.027
SLL03	Culture	Efficiency and Outturn	**Staffing Requirements (Hamilton Town House)** A saving of £0.012m can be realised through the non-filling of vacant hours arising as the result of a Senior Technician opting for flexible retirement. This will result in a reduction to the establishment of 0.4 FTE. All duties will be realigned across the remaining employees, therefore there will be no impact on service provision.	0.4	0.012

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL09	Outdoor, Country Parks, Museums and Libraries	Service Impact	**Libraries – Opening Hours** An assessment of operational hours and attendance levels has been carried out across Community Libraries, which has identified the ability to reduce the opening hours at 5 community libraries across the South Lanarkshire area in line with current demand. As a result, a saving of 1.43 FTE and £0.031m can be achieved. The change in hours for each library has been programmed to complement the opening times of an alternative library within a reasonable proximity. In addition to this, the new online virtual library has been launched which provides free 24hr access to eBooks, audio Books, newspapers, comics and magazines. The proposal is to reduce the opening hours at Halfway, Hillhouse, Forth, Bothwell and Uddingston libraries. Further information on current opening hours and proposed revised hours, along with information on the average usage levels and the reasons behind the proposed changes, is available separately and will be distributed to members.	1.43	0.031
SLL10	Outdoor, Country Parks, Museums and Libraries	Efficiency and Outturn	**Library Staffing Structure** Following consideration of the current management staffing structure within Library Services, a saving of £0.070m can be realised in 2019/2020. The saving will be achieved through a reduction in the following staffing teams: **Proposed FTE Reduction** Community Librarian 0.41 Team Leader 0.55 Information Services 1.45 **Total 2.41** This proposal will have no impact on the operational hours of libraries**.**	2.41	0.070

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL12	Sport and Physical Activity	Service Impact	**Leisure Centres – Opening Hours** Analysis of usage levels at leisure centres shows poor attendance at certain times of the week. Based on this information, consideration of the current opening hours at the following leisure facilities allows a saving of £0.109m to be realised in 2019/2020: • Reduction of 0.95FTE at Forth Leisure Centre through a reduction in opening hours (£0.021m) • Reduction of 0.08FTE at Biggar Dual Use Facility through a reduction in opening hours (£0.003m) • Reduction of 0.16FTE at Strathaven Leisure Centre through a reduction in opening hours (£0.004m) • Reduction of 1.18FTE at Uddingston by closing the facility on Sundays (£0.023m) • Reduction of 0.22FTE at Stewartfield Leisure Centre through a reduction in opening hours (£0.004m) • Reduction of 1.89FTE at Coalburn Leisure Centre through a reduction in opening hours (£0.054m) This will result in a reduction of 4.48FTE. Further information on current opening hours and proposed revised hours, along with information on the average usage levels and the reasons behind the proposed changes, is available separately and will be distributed to members.	4.48	0.109
SLL14	Sport and Physical Activity	Service Impact	**Duncanrig and Uddingston Dual Use Facilities – Open in Term Time Only** A saving of £0.020m can be realised in 2019/2020 through the implementation of revised opening hours at Duncanrig and Uddingston Dual Use facilities, on the basis that there are alternative sites where current bookings could be accommodated. This proposal would see the facilities being available during term time only. The facilities would still be available for use by schoolchildren during the day. This would result in a reduction of 0.66 FTE. Further information on average usage levels during term time and non-term time periods is available separately and will be distributed to members.	0.66	0.020

Resource Reference	Service	Savings Type (Approved, Efficiency and Outturn, Charging, Service Impact)	Name, and Brief description of Saving	Employee FTE	Saving £m
SLL15	Sport and Physical Activity	Charging	**Activage Membership – Increase £56.25 to £60 per annum – SAVING REDUCED** Original Saving: The Activage membership is available to all South Lanarkshire residents aged 60+. The membership allows access to all mainstream leisure activities and a number of bespoke classes. An increase to the annual Activage membership fee from £56.25 to £60 per annum is proposed. This is the equivalent of an increase of £0.07 per week in 2019/2020. Membership levels have increased over the years as follows: 2014 6,176 2015 6,891 2016 7,421 2017 8,064 2018 8,944 The proposed prices for the Activage membership are still considerably lower than those of neighbouring authorities. At present, the Glasgow Life concession membership is £200 per annum, and the North Lanarkshire Leisure annual membership for residents aged 65+ is £240. The current option to pay in 2 instalments will continue. **£0.017m of this saving is removed. An increase to the annual Activage membership fee from £56.25 to £57.95 per annum is proposed (3%). This is the equivalent of an increase of £0.03 per week in 2019/20.**	-	0.017
Total South Lanarkshire Leisure and Culture Removed / Reduced Savings				**14.58**	**0.355**