

Report

Report to:	Executive Committee
Date of Meeting:	28 February 2018
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Overall Position of Revenue Budget 2018/2019 and Savings Proposals
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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 2018/2019, and
- ◆ present savings proposals for approval in preparation of the 2018/2019 budget.

2. Recommendation(s)

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

- (1) that the updated 2017/2018 grant allocation, and the proposed transfer to reserves of £2.053 million (section 5.2), be approved;
- (2) that the updated summary of the 2018/2019 Revenue Budget, including the additional grant allocation (section 5), be noted;
- (3) that the inclusion within the Budget Strategy of an anticipated increase to Council Tax of 3% (section 6), be endorsed for future approval by Council;
- (4) that the New Initiatives proposed (section 8 and 9), be approved;
- (5) that the proposed changes to the temporary corporate solutions of £10.500 million (section 10), be approved;
- (6) that the package of already approved savings totalling £0.234 million (section 11.4) be noted;
- (7) that the remaining savings totalling £15.011 million (section 11.4) be approved; and
- (8) that the additional General Capital Grant of £3.607 million (section 12.1) be noted, and that £3.000 million of this Grant be allocated to Footpaths and Roads Carriageways, be approved (section 12.2).

3. Background

3.1. At its meeting on 31 January 2018, the Council's Executive Committee was advised of the updated Revenue Budget Strategy for 2018/2019, following receipt of the Finance Settlement.

3.2. This report will:

- summarise the agreed updates to the Revenue Budget Strategy, following the Executive Committee meeting on 31 January 2018 (section 4) then provide an update on the additional grant allocations for both 2017/2018 and 2018/2019, detailed in the Scottish Government Budget Bill Stage 1 (section 5);

- propose an increase in the level of Council Tax, including the impact on the budget (section 6);
- propose suggestions on the level of savings required, New Initiatives, and on the opportunity to reduce risks to budget going forward (sections 7 to 10).
- detail the savings proposals (section 11), give an update on the Capital Budget for 2018/2019 (section 12) and finally, provide a summary of the position beyond 2018/2019 (section 14).

4. Government Grant Allocations for 2017/2018 and 2018/2019

- 4.1. The report to the Executive Committee (31 January 2018) updated the Revenue Budget Strategy to take account of the grant allocation, as advised in the updated settlement on 23 January 2018 and also the anticipated additional costs for pay and rates.
- 4.2. In addition, the Executive Committee approved the additional corporate funding solutions in respect of Council Tax Arrears income (£1.000 million) and a reduction in the Council Tax Reduction Scheme budget (£1.000 million) based on current demand.
- 4.3. On 31 January 2018, the Scottish Government announced further allocations of grant funding to councils (see section 5).

5. Further Updated Position

- 5.1. As part of the budget process, the Scottish Government notified councils of additional grant funding for both 2017/2018 and 2018/2019, that is being made available as part of the Scottish Government Budget Bill Stage 1, which was presented to the Scottish Parliament on 31 January 2018.
- 5.2. For **2017/2018**, the Council has been awarded an **additional £2.053 million**. It is proposed that this funding is transferred to reserves.
- 5.3. In relation to **2018/2019**, the Council has been allocated a further **£7.440 million**. For the purposes of this report, these two amounts will be treated as one, additional amount of £9.493m, benefitting the 2018/2019 budget strategy. On the basis that there has been no confirmation that this funding will be recurring going forward, any planned use of the funding on a permanent basis, needs to be considered with regards to the impact on future budget strategies.
- 5.4. Table 1 overleaf shows revised **net benefit** to the Budget Strategy of **£25.893 million** including the changes agreed at the Executive Committee on 31 January 2018. This includes the amount of £16.400 million identified in the 31 January 2018 report, plus the additional £9.493 million (sections 5.2 and 5.3 above).

Table 1: Summary of Changes to Strategy Following Grant Allocation

	Movement £m
Benefit to Revenue Budget Strategy (Exec Cttee - 31 January 2018)	14.400
<i>Adjustments approved at Executive Committee (31 January 2018)</i>	
Add : Council Tax – Arrears	1.000
Council Tax Reduction Scheme – reduced demand	1.000
Updated Benefit to Revenue Budget Strategy	16.400
2017/2018 Additional Grant (section 5.2)	2.053
2018/2019 Additional Grant (section 5.3)	7.440
Revised Benefit to Revenue Budget Strategy	25.893

6. Increase in Council Tax

- 6.1. As part of the Local Government Settlement, the Scottish Government referenced the continued flexibility given to councils to increase their Council Tax by up to 3%. Table 2 below shows the impact of a 1%, 2% and 3% increase to the Council's Council Tax charges. These increases would benefit the Council's Budget Strategy by £1.300 million, £2.500 million and £3.800 million respectively.

Table 2: Impact of Council Tax Increase

Level of Increase in Council Tax	Band "D" Council Tax (current £1,101)	Income generated from increase
1%	£1,112	£1.3m
2%	£1,123	£2.5m
3%	£1,134	£3.8m

- 6.2. The Council's 2018/2019 Revenue Budget Strategy dated June 2017 (updated 6 December 2017), took no account of any additional income from increasing Council Tax.
- 6.3. It is proposed that the Budget Strategy include an anticipated increase in Council Tax of 3%. Final approval of Council Tax levels will be made at a future meeting of South Lanarkshire Council. An increase of 3% would benefit the Strategy **by £3.800 million**.
- 6.4. Taking this along with the movement achieved through the Grant position and additional corporate solutions (totalling £25.893 million and detailed in section 5.4) gives a **net £29.693 million** improvement on the previously reported position.
- 6.5. As a result of this £29.693 million improvement in the Budget Strategy position, there is the opportunity to consider 3 issues:
- The content of the savings package (section 7);
 - New Initiatives that can be funded (section 8 and 9); and
 - The extent to which the Council is exposed to risk through the use of temporary funding solutions in respect of its Medium Term Budget Strategy (section 10).
- 6.6. Given that the economic outlook remains uncertain, consideration should be given to all of these elements in looking at how the Council deals with the £29.693 million improvement on the previously reported position.

7. Proposed Changes to Savings Package

- 7.1. The savings package presented to Executive Committee in December 2017, after corporate funding solutions, totals £23.529 million. Suggestions have been made which recommend the removal of some savings from the savings package as well as some changes to a number of savings.
- 7.2. This report suggests that the savings package is reduced by the £6.855 million reported to the Executive Committee on 31 January 2018, plus a further £1.429 million, resulting in a total reduction of **£8.284 million** and a total reduction in FTE of 100.8 FTE. This is detailed below.
- 7.3. The original £6.855 million comprised the removal / reduction of some savings totalling £6.128 million and also proposals to limit charging increases to a maximum of 3%, totalling £0.727 million. These are summarised in Tables 3 and 4 below.
- 7.4. Table 3 shows the original savings suggested for removal or reduction. These savings total £6.128 million and would reduce the Full Time Equivalent posts affected by savings by 91.4 FTE.
- 7.5. Table 4 shows the proposed amendments in respect of the Charging Savings where an increase was proposed. The table details the financial impact of the original saving and the revised saving, and the resultant change to the savings package of these proposed changes - the total reduction to the savings package is £0.727 million.
- 7.6. Table 5 shows the Additional Savings suggested for removal or reduction. These savings total £1.429 million and would reduce the Full Time Equivalent posts affected by savings by 9.4 FTE. Appendix 1 of this report details the savings suggested for removal / reduction. This totals £7.557 million (the total from Table 3: £6.128 million and Table 5: £1.429 million).
- 7.7. The total reduction to the savings package from the changes proposed in Tables 3, 4 and 5 is **£8.284 million**.

Table 3: Proposed Savings to be Removed / Reduced

Ref	Description	FTE	Value £
Savings Removed			
COR02	Business Support	20.0	0.500
CER02	Staffing Structure - Roads Contracting Restructure	2.0	0.250
CER05	Catering Service to Social Work Lifestyles Centres	3.6	0.078
CER06	Pitch Maintenance Regime	1.0	0.029
CER07	Grounds Staffing Structure – Saving Reduced	1.0	0.037
CER10	South Lanarkshire Leisure and Culture Staffing Structure – Saving Reduced	4.8	0.240
CER13	Sole Bar Rights	-	0.030
CER26	Under 16 Clubs - Price Rationalisation	-	0.105
CER27	Environmental Services – Saving Reduced	2.0	0.090

Ref	Description	FTE	Value £
	<i>Continued from previous page</i>		
CER29	Market Surveillance Approach to Trading Standards Inspections	2.0	0.080
CER31	Planning and Economic Development Service – Saving Reduced	3.0	0.150
CER32	Payments to Other Bodies	-	0.118
CER34	Roads Staffing Structure	10.0	0.280
CER35	Footpath Resurfacing	-	0.120
CER37	Remove Night Shift Council Officer Cover at HQ and Realign Frequency of Duties in all Principle Offices	4.9	0.146
CER39	Mobile Library Services and Home Delivery Services	2.0	0.050
CER40	Town Centre Maintenance	-	0.020
CER41	Business Support Grants – Saving Reduced	-	0.115
CER42	Payments to Other Bodies	-	0.012
CER44	Rationalisation of Library Attendants – Saving Reduced	2.0	0.038
CER45	Carriageway Resurfacing Programme – Saving Reduced	-	1.366
CER47	Community Libraries	3.5	0.058
CER48	Reduction in Opening Hours at Leisure Centres – Saving Reduced	1.2	0.029
CER49	Provision of Cleaning in Council Offices and Depots	12.4	0.150
EDR02	Realignment of Property Costs, Supplies and Services and Administration Costs Budgets	-	0.337
EDR06	Psychological Services – Staffing Structure	1.0	0.050
EDR07	Behaviour Support in Secondary Schools	3.0	0.085
EDR08	Targeted Class Sizes Support - Primary 1	-	0.280
FCR08	IT Services	9.0	0.810
FCR09	Voluntary Organisations Grants	-	0.016
FCR10	Cambuslang Childcare Project	-	0.044
HTR08	Anti-Social Behaviour Service	3.0	0.035
SWR02	Increase in Taper Applied to Non-Residential Care Services	-	0.150
SWR03	Non Residential Charges for Adult Day Centres	-	0.130
SWR04	In House Care Support Services	-	0.100
Total Savings Removed / Reduced (per Exec Cttee 31 January)		91.4	6.128

Table 4: Proposed Savings to be Amended – 3% Increase in Charges

Ref	Description	Original £m	Revised £m	Change £m
CER21	Increase Price of School Meals	0.416	0.100	0.316
CER22	Charges for Cremation	0.100	0.022	0.078
CER23	Price Increases – Calderglen Zoo	0.035	0.006	0.029
CER24	Activage Membership	0.200	0.013	0.187
SWR01	Increase in Charge for Community Alert Alarm	0.130	0.013	0.117
Total Savings Amended (per Exec Cttee 31 January)				0.727

Total Reduction to Savings Package (from Tables 3 and 4)	6.855
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Table 5: Additional Savings to be Removed/Reduced

		FTE	Value £
CER18	Halls Staffing Structure	2.7	0.058
CER33	Employability Programmes	-	0.480
CER36	Flood Prevention	-	0.090
CER46	Community Managed Halls	1.0	0.025
CER48	Reduction in Opening Hours at Leisure Centres – Full Saving now removed	2.7	0.066
FCR07	Supported Employment and Management	1.0	0.200
HTR05	Lindsay House	2.0	0.060
SWR05	Adult and Older People Day Care – Saving Reduced	-	0.450
Total New Savings Removed / Reduced		9.4	1.429
Total Savings Removed / Reduced		100.8	8.284

- 7.8. **Cambuslang Childcare Project:** Although it is proposed that the saving is removed in 2018/2019, it is proposed that the funding provided to the Project is reduced from 2019/2020 onwards and that the Council liaises with the Project to manage the transition. The intention is that the saving will be included in the 2019/2020 savings exercise.
- 7.9. **Roads - Footpaths and Carriageways:** As part of the Finance Settlement for 2018/2019, additional capital grant was allocated to the Council, as detailed in section 12 of this report. To mitigate the level of saving in relation to the Roads Carriageway Resurfacing Programme, it is proposed that £1.000 million be added to the budget for footpaths and £2.000 million for carriageways from the additional capital grant. This means that the level of spend in these areas remains unchanged overall across the Capital and Revenue programme, totalling £24.000 million.
- 7.10. The savings activity referenced within the original saving, including better procurement will continue to be pursued. More competitive pricing can be achieved through packaging of projects and mini tendering. These actions should result in improved outcomes from the budget available leading to opportunities for further investment in roads.

8. New Initiatives

- 8.1. The previous report of 31 January 2018 highlighted a number of new initiatives (totalling £0.685m) summarised below:-

New Initiatives Proposed in Executive Committee - 31 January 2018 (Total: £0.685 million):

- Free Breakfast Clubs (Section 8.2) (**£0.225 million**)
- Holiday Lunch Clubs (Section 8.4) (**£0.225 million**)
- Year of Young People (Section 8.5) (**£0.050 million**)
- Free Lets for Parent Council / PTA (Section 8.6) (**£0.070 million**)
- Extending Concessions for Under 16 Clubs (Section 8.7) (**£0.035 million**)
- Uplift in Grants Paid to Third Sector Organisations (Section 8.8) (**£0.080 million**)

- 8.2. **Free Breakfast Clubs:** The proposal would be to allocate **£0.225 million** to enable a project to be developed to deliver Free Breakfast Club provision within primary schools across South Lanarkshire. There is already provision across some primary schools, some of which are provided at cost to the pupil, provided privately, or provided for free - provision is dependent on the school attended. The proposal to deliver a Free Breakfast club provision, provides benefits to children and their families. Ensuring a child enjoys a healthy breakfast can lead to improved learning and attendance. This proposal will also support the priority to close the poverty related attainment gap.
- 8.3. The initial **£0.225 million** will allow a programme to be developed through piloting implementation in a number of schools. Cost estimates will be refined and proposals for a full rollout presented to Executive Committee for consideration.
- 8.4. **Holiday Lunch Clubs:** The proposal would be to allocate **£0.225 million** to develop pilot Holiday Lunch Clubs in the primary schools within the Neighbourhood Planning Areas (Strutherhill; Whitlawburn and Springhall; and the Burnbank, Udston and Hillhouse areas). The provision of Holiday Lunch Clubs will help ensure that children continue to access healthy and nutritious meals throughout the summer when access to free school meals is not available. As well as providing lunch, the programme will include a range of activities designed to encourage children to be active during the summer period. An evaluation of this initial work will be undertaken and further reports presented to Executive Committee on the potential for roll out across South Lanarkshire.
- 8.5. **Year of Young People:** 2018 marks the Year of Young People. This will provide a platform to showcase talents and the achievement of Scotland's Young People, and give opportunities for young people to be involved in cultural and sporting opportunities across the country. It is proposed that **£0.050 million** is allocated towards Year of Young People Activities. The funding will support a breadth of activities across the six identified themes of participation, education, health and wellbeing, equality and discrimination, enterprise and regeneration and culture.
- 8.6. **Free Lets – Parent Council / PTA:** South Lanarkshire Leisure and Culture have advised that currently there are no free lets provided for Parent Council / PTAs fundraising events within schools. It is proposed that **£0.070 million** is allocated to allow four free lets for each Parent Council / PTA for this purpose. These free lets are in addition to the current policy of providing free lets for 10 PTA / Parent Council meetings, and 1 non fund-raising event per year.
- 8.7. **Extending Concessions for Under 16 Clubs:** Currently, some Under 16 Clubs get a 50% reduction on current junior admission rates. It is proposed that **£0.035 million** is allocated to allow the concessions for Under 16 Clubs to be extended to include athletics clubs, and for clubs using the James Hamilton Water Sports Centre, East Kilbride. This would allow recognised community groups including Sea Cadets, Scouts and Girl Guides to attend and participate in water based courses.
- 8.8. **Uplift in Grants Paid to Third Sector Organisations:** It is proposed that **£0.080 million** is allocated to allow an uplift of 3% across a list of identified core payments to third sector organisations and also to allow the funding provided to South Lanarkshire Disability Sport to be increased to the same level as the Sports Councils. Throughout the year, activity in this area will be reviewed with a view to identifying a new model moving forwards. A list of the bodies affected are detailed in Appendix 3.

9. Further New Initiatives

- 9.1. Given the additional funding highlighted at sections 5.2 and 5.3, the following further new initiatives totalling £7.860 million are proposed:

Additional Proposals (Total: £7.860 million):

- Teachers plus Classroom Support (Section 9.2) (**£3.000 million**)
- Employability - Early Years and Social Care (Section 9.5) (**£4.000 million**)
- Free School Meals and Clothing Grants (Section 9.11) (**£0.860 million**)

- 9.2. **Teachers plus Classroom Support:** Following the registration of P1s, which closed in January for the August 2018 term, the school pupil roll has increased and there is therefore a need for additional teachers and additional support assistants across the primary and secondary sector.
- 9.3. It is proposed that £1.200 million is set aside of the additional funding to meet the costs of these additional teachers into 2018/2019. This will fund an additional 17 mainstream teachers, 15 teachers supporting ASN, and 33 School Support Assistants. As the permanence of the funding cannot be confirmed, it is proposed that sufficient additional funding (£1.800 million) is set aside to cover these costs into 2019/2020. This **total funding of £3.000 million** will provide some sustainability to meeting the costs of these additional teachers, and allow time to build permanent budget into the Council's financial strategy.
- 9.4. This will allow the pupil teacher ratio to be maintained, and also provide additional ASN support through additional ASN teachers in mainstream schools and additional support assistants to reflect growth in the demand for these services.
- 9.5. **Employability: Early Years and Social Care:** The Council, through its workforce planning, has identified the need to prepare for the future increase in demand for early years and social care. Previous updates on the expansion of funded early years hours for children, identified the need for an increased workforce between now and 2020. In addition, the constancy of demand in social care and the turnover of staff in Care Homes, Day Care and Care at Home / Supporting Your Independence, means that the Council faces challenges in the recruitment of staff to all these posts.
- 9.6. The proposed initiative will provide a stream of qualified staff to contribute towards the staffing demands in these areas.
- 9.7. It is proposed that the Council establish a dedicated training programme leading to practical experience and qualifications in these fields. Students in these training programmes will be employed by the Council for an initial period of two years.
- 9.8. It is proposed that the programmes will deliver training to a minimum of 50 Early Years students, and 50 Social Care students over the two year period. As students move onto employment, a further intake of students can be considered and, when recruiting students, links will be made to employability programmes to ensure that disadvantaged, care experienced and looked after children are supported and targeted to attract applications from disadvantaged communities through further support and assistance.
- 9.9. In addition to the direct employment of students themselves, support staff will be employed within Education and Social Work to co-ordinate activities, support and mentor students and provide reporting, monitoring and evaluation of these initiatives.

The final staffing details, subject to approval of this report, will be submitted to Resource Committees for approval and updates will be provided to Members as these initiatives progress.

- 9.10. The annual cost to deliver the programme for 100 students (50 in each programme) would be £2.000 million. As the permanence of the additional grant funding cannot be confirmed, in order to ensure the sustainability of this programme, it is proposed that £2.000 million also be set aside (i.e. **total of £4.000 million**). This will cover the programme into 2019/2020 and allow time to build permanent budget into the Council's financial strategy.
- 9.11. **Free School Meals and Clothing Grant:** From analysis of the Council's council tax and benefit system, it has been identified that there are 1,200 families where children entitled to a free school meal are not registered to access that service. In addition, the analysis has identified 1,700 children entitled to a grant for clothing and footwear who do not currently access the grant.
- 9.12. In order to ensure that those entitled to their benefits are accessing them, it is proposed to enact automatic entitlement to the free school meal and clothing grant benefits. This means that eligible families will be registered for free school meals, and receive a clothing and footwear grant without an application having to be made. Parents may choose to opt out of receiving the benefit should they wish to do so.
- 9.13. It is also proposed to increase the level of Clothing Grant paid from £50 to £75. The current level of £50 is below the Scottish average and it is felt that £75 is a more realistic level of grant.
- 9.14. The estimated cost of this initiative is **£0.860 million**.
- 9.15. Through removing and reducing the savings as detailed at section 7 (£8.284 million) and funding of the new initiatives as detailed at section 8 and 9 (totalling £8.545 million), there is an impact on the Council's financial strategy of **£12.864 million**, after Grant settlement and Council Tax increase. There is still a requirement to make savings, and given the uncertainty around future grant settlements, the use of temporary funding solutions is considered at section 10.
- 10. Proposed Changes to Temporary Corporate Funding Solutions**
- 10.1. As was reported as part of previous budget papers (Executive Committee 6 Dec 2017), the current budget strategy proposes the use of Corporate Funding Solutions including the use of Reserves to reduce the need to make savings in 2018/2019.
- 10.2. The use of Reserves represents a risk to future budgets. This is because these Reserves can only be used once to reduce the need for savings. The budget for the following year needs to find permanent savings to replace these one-off solutions before it looks at any further budget pressures and grant reductions.
- 10.3. The Executive Committee paper (6 December 2017) explained that £14.077 million of budget has to be reinstated into 2019/2020. Of the £14.077 million, £3.577 million relates to three areas : the need to reinstate budget for Auto Enrolment; to reflect the expected reduction in grant due to increased Council Tax from additional properties; and for the reinstatement of a number of 2018/2019 savings which are for one-year only. The remaining £10.500 million of the reinstatement required is due to Reserves being used to balance the budget on a one off basis.

- 10.4. It should be noted that the figures in section 10.3 above, do not include the impact of any re-instatement of the £7.440 million additional grant monies required.
- 10.5. The grant settlement received in December can provide some degree of mitigation to the risk of having to reinstate budget into 2019/2020. The £12.864 million improvement to the strategy position can be used to remove the need to reinstate Reserves into 2019/2020 (£10.500 million). This leaves a balance of **£2.364 million**.
- 10.6. As part of the 2016/2017 Year End Financial Monitoring Report and Budget Strategy Paper (28 June 2017 - sections 10.4 and 10.5) it was agreed that an £18 million Reserve be created to assist in budget strategies from 2018/2019 to 2020/2021. It was agreed that £5.300 million of this Reserve would be used towards reducing savings each year until 2021/2022 when alternative budget savings would be required to be found. By using the balance of £2.364 million (section 10.5) only £2.936 million of the reserve is needed to balance the budget in 2018/2019. The balance of the reserve is available to contribute towards future years' budgets (see section 10.9).
- 10.7. Table 6 below shows the original risk to future year budgets when the temporary solutions and use of Reserves are required to be reinstated in 2019/2020. This totalled £14.077 million. That risk can be reduced to £3.577 million which is the budget items reinstated not relating to the use of reserves (see section 10.3).

Table 6: Future Budget Impacts due to Reinstatement

	Original 2019/20	Revised 2019/20
	£m	£m
Use of Reserves (sections 10.3. and 10.5.)		
2015/16 Underspend Balance	5.000	-
2016/17 Underspend	2.000	-
2017/18 Council Tax Over Recovery	1.500	-
2017/18 Utilities Underspend	1.000	-
2017/18 Council Tax Reduction Scheme underspend	1.000	-
Budget Assumptions		
Government Grant – Impact of Additional Properties Council Tax	1.200	1.200
Auto Enrolment	1.500	1.500
Savings		
Carbon Reduction Commitment (COR01)	0.500	0.500
Staffing Secondment (CER17)	0.035	0.035
Contribution to Community Planning (FCR05)	0.022	0.022
Homelessness Temporary Accommodation (HTR03)	0.300	0.300
Community Safety (HTR07)	0.020	0.020
Total Impact on Future Budgets	14.077	3.577

- 10.8. Table 6 shows that if the proposal is accepted, the impact of reinstatement into 2019/2020 is reduced to £3.577 million.
- 10.9. The £12.864 million of Corporate Funding Solutions not used in 2018/2019 would remain in Reserves and could be used in 2019/2020 to reduce the savings requirement in that year.

11. Savings Proposals 2018/2019

- 11.1. Based on the proposals detailed in sections 5 to 10, the total level of savings required to balance the budget for 2018/2019 would be £15.245 million. A revised package of savings has been prepared for Members' consideration.
- 11.2. The package of savings proposals totalling £15.245 million is attached at Appendix 2 to this report. This is a revised package to that presented to Members previously, (Awareness Session, 8 November 2017 and the Executive Committees on 6 December 2017 and 31 January 2018) taking into account the removal/amendments to savings totalling £8.284 million detailed in section 7.
- 11.3. The savings proposals have been categorised to provide Members with more information on how that saving will impact on the Council and its services. Table 7 below shows the split of savings across the categories, along with the FTE and savings value for each category:

Table 7: Savings across Categories

	FTE	£m
Approved	0.0	0.234
Efficiency and Outturn	105.1	8.376
Charging	0.0	0.274
Service Impact	19.5	6.361
TOTAL Proposed Savings	124.6	15.245

NB: It should be noted that the majority of reductions in FTEs come from efficiency and outturn however, the increase in staffing levels proposed as a result of the new initiatives will result in a net increase of FTEs to establishment levels.

- 11.4. The overall package includes £0.234 million of savings resulting from decisions which have already been approved. Of the remaining £15.011 million, there are Efficiency and Outturn savings of £8.376 million. In the remaining categories, Service Impact and Charging savings total £6.635 million. It is proposed that the remaining savings of £15.011 million are now approved.

12. 2018/19 Capital Grant Settlement

- 12.1. As part of Finance Circular 5/2017, the allocation of General Capital Grant for 2018/2019 was confirmed as £27.607 million. The approved Capital Budget for 2018/2019 was based on an estimate of General Capital Grant of £24.000 million, therefore there is an additional £3.607 million of General Capital Grant for use in 2018/2019.
- 12.2. A report updating the 2018/2019 Capital Programme will be presented to this meeting. As part of this report, it has been proposed that £3.000 million of this additional capital grant (£1.000 million for footpaths and £2.000 million for carriageways) be added to the capital budget to help mitigate the impact of the Roads Carriageway saving (as discussed at section 7.9 and 7.10).

13. Consultation Arrangements

- 13.1. As previously advised, the public consultation took place during December 2017. 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.

- 13.2. A separate report was issued to all Members summarising the outcome of the consultation exercises.

14. Position Beyond 2018/2019

- 14.1. This paper and the attached savings proposals focus on financial year 2018/2019, and reflect the Strategy approved by this Committee on 6 December 2017 and 31 January 2018, updated for information received on 31 January 2018 in respect of additional grant.
- 14.2. The position beyond 2018/2019 remains uncertain as there has been no further information on grant settlements beyond the one year settlement for 2018/2019.
- 14.3. The Council's Revenue Budget Strategy for 2019/2020 to 2021/2022 will be prepared and will be presented to Committee by summer 2018.
- 14.4. However, in advance of this work nearing completion, it is anticipated that the estimated savings requirement is anticipated to continue to pose a considerable challenge, and this will require further consideration of areas of service delivery.

15. Employee Implications

- 15.1. Each saving proposed in Appendix 2 shows the number of full time equivalent posts that will be affected. The savings options here would require a net reduction of 124.6 FTE posts in 2018/2019. A substantial number of these can be managed through anticipated turnover, vacant posts and the removal of temporary posts. The balance of posts will be achieved through a combination of redeployment and voluntary severance/early retiral.
- 15.2. The new initiatives detailed in section 9 present opportunities for the redeployment of staff displaced as a result of the proposed savings.

16. Financial Implications

- 16.1. The financial implications are as detailed in the report.

17. Other Implications

- 17.1. 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 2017, and the changes proposed in sections 5 to 10 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.
- 17.2. 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 approval of the Finance Order by Parliament, which is expected in March 2018. If there are any changes to the settlement after this committee date, then a further paper will be brought back to update the Committee on the position.
- 17.3. 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.

- 17.4. 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.
- 17.5. 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 2018/2019 budget, a gap in our budget would remain.
- 17.6. 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.

18. Equality Impact Assessments and Consultation Arrangements

- 18.1. Where savings proposals have identified potential negative impact on service users, appropriate consultation and engagement will take place with those who may be affected.
- 18.2. In terms of consultation, the Trade Unions are being consulted. In addition, as in previous years, targeted Public Consultation on the budget has been carried out. Members have received a report covering the consultation.
- 18.3. The Equality Act 2010 expects that those making decisions give 'due regard' to equality considerations during the course of decision-making. The Equality Impact Assessments and their outcomes should help inform Elected Members so that their decisions have taken account of the different needs and rights of members of the community. This does not mean that difficult decisions cannot be made, but that they are made in a fair and transparent way.
- 18.4. In terms of the Council's public sector duties under the Equality Act 2010, initial Equality Impact Assessments (EQIAs) have been carried out on all the proposals which require them. Any proposal which has identified potential adverse impacts will also have mitigating actions to remove or lessen the impact on protected groups. The protected characteristics are age, disability, sex, sexual orientation, pregnancy and maternity, marriage and civil partnership, race, religion and beliefs and transgender identity.
- 18.5. Assessments of the overall impact of the savings proposals on service users and employees have also been carried out. The Equality and Human Rights Commission recommends that EQIAs should be considered carefully before decisions are taken. Further information on Impact Assessments is available from the Employee Development and Diversity Manager. Any necessary equality impact assessments in relation to savings resulting from decisions already approved (Approved category) have been completed and made available as appropriate.

Paul Manning
Executive Director (Finance and Corporate Resources)

21 February 2018

Link(s) to Council Values/Ambitions/Objectives

- ◆ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Executive Committee, 28 June 2017 – Revenue Budget Strategy – 2018/2019
- ◆ Members Awareness Session, 8 November 2017 – Revenue Budget Strategy 2018/2019 and Savings Proposals
- ◆ Executive Committee, 6 December 2017 – Revenue Budget 2018/2019 and Savings Proposals
- ◆ Executive Committee, 31 January 2018 – Revenue Budget 2018/2019 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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