

EAST AYRSHIRE COUNCIL

CABINET – 30 OCTOBER 2013

TRANSFORMATION STRATEGY 2012 - 2017 UPDATE REPORT

Report by Executive Director of Finance and Corporate Support

1 PURPOSE OF REPORT

- 2 This report updates the budget strategy and seeks approval, for consultation purposes, of the draft General Services revenue budget and the proposed Council House rent increase from April 2014.

BACKGROUND

- 3 The Council's Transformation Strategy was presented to Members on 28 June 2012 with details of the budget proposals reported to Cabinet on 5 December 2012. This update report has been informed by a range of external fiscal developments that impact at a United Kingdom and Scotland level and which ultimately impact on the financial resources of East Ayrshire Council.

United Kingdom

- 4 The Chancellor of the Exchequer announced reductions in departmental expenditure limits (DEL) in the 2012 Autumn Statement of 1% for 2013/14 and 2% for 2014/15. These reductions related to Whitehall departments with an arrangement to protect budgets in the Department of Health and the Department for Education. This is carried through to the overall Scottish share of the budget via the Barnett formula. Where devolved budgets, other than Health and Education, were reduced by the Chancellor then these reductions were reflected in the Scottish budget.
- 5 The protection measures mean that it is difficult to quantify the overall effect on the Scottish budget given that a 1% cut in UK DEL does not translate to a 1% cut in the Scottish budget. Analysis would suggest that a 1% reduction in UK DEL equates to approximately 0.6% reduction in the local government share of the Scottish budget once the impact of this protection has taken into account.
- 6 In March 2013 the Chancellor of the Exchequer published the Budget 2013 which announced further reductions in DEL of 1% for most departments other than Health and Education. Furthermore, the Spending Round 2013 published in June 2013 provided indicative DEL figures for 2015/16 which indicated further reductions from 2014/15 to 2015/16 of 1%. In this case the Department of Health were protected but the Department for Education saw a 1% reduction in real terms for 2015/16.

7 The impact of all of these changes would suggest a total reduction in DEL of 4.4% (£14.3 billion) from a base line of 2012/13 by 2016/17.

8 In terms of the overall financial outlook and anticipated level of economic growth, in March 2013 the Office of Budget Responsibility revised its forecast for GDP growth downwards from 1.2 per cent to 0.6 per cent for 2013 and from 2.0 per cent to 1.8 per cent for 2014. However, these figures were updated in the August 2013 report by the Office for National Statistics which indicated that the UK economy had grown by 0.7% in the second quarter of 2013, up from 0.3% in the first quarter of 2013.

9 **Scotland**

10 In September 2013 the Cabinet Secretary for Finance, Employment and Sustainable Growth announced a Scottish draft budget for 2014/15 which included indicative figures for 2015/16.

11 The Draft Budget 2014/15 was presented to the Scottish Parliament on 18 September 2013. This confirmed that the Scottish Resource Departmental Expenditure Limit (DEL) will reduce by 1.8% in cash terms in 2014/15 to £25.213 billion with a further 1.9% reduction in 2015/16 to £24.731 billion.

12 **Local Government**

13 Local Government spending plans for 2014/15 and 2015/16 within the Scottish Budget indicate a broadly flat cash position in relation to revenue funding with additional funding noted in relation to the Council Tax Reduction Scheme and the Children and Young People's Bill.

14 The Cabinet Secretary has indicated that the Local Government Finance Settlement funding package offered to Councils will again be dependent on specific commitments around teacher numbers, the teacher induction scheme and a continued council tax freeze.

15 Analysis of the available financial information from both a UK and Scotland level shows a reduction in resources (DEL) in both cash and real terms. However, the announcement of a flat cash settlement for 2014/15 and 2015/16 for Local Government indicates a consequential deferment of the DEL reductions until 2016/17 at the earliest.

16 The distribution methodology used by the Scottish Government (Grant Aided Expenditure) normally requires a regular update of the variable factors which govern how Revenue Support Grant is allocated to individual Councils. These indicators and formulae determine the individual allocations for the 32 Councils and will be detailed in a Local Government Finance Circular which is expected to be issued in the week commencing 2 December 2013. The previous Spending Review in 2011 saw an average budget reduction of 2.6% across Scotland, with East Ayrshire losing 2.8% as a result of changes in distribution variables.

17 In September 2013 COSLA Leaders agreed to roll forward the 2014/15 GAE figures at an individual Council level into 2015/16 so that every council would receive a “flat cash” settlement and to recommend this stance to the Scottish Government. If the Scottish Government agree to this request this will have the effect of deferring the impact of any movements in population projections and other indicators until 2016/17 at the earliest.

18 The proposed deferment of changes to GAE distribution together with the further deferment of the reductions in DEL, both to 2016/17, suggest that there may be a substantial negative impact on funding levels for 2016/17. There are however a number of significant political events between now and 2016 and a range of economic factors that could influence the 2016/17 settlement. Whilst our assumptions are considered realistic at this stage, funding levels for councils could easily be lower than forecast.

19 **East Ayrshire Council**

20 The Council has an acknowledged record of sound financial planning with robust budgeting arrangements with budget modelling undertaken at various points during the year, informed by relevant fiscal announcements at a UK and Scottish level. However, the reductions in DEL by the UK Government, the consequential effect through the Barnett formula, the deferment of actual DEL reductions by both administrations resulting in the flat cash settlement announced at the national level by the Scottish Government and the rolling forward of GAE makes budget planning in the short to medium term extremely volatile.

21 Detailed discussions have taken place with the Chief Executive of the Improvement Service, to review the Council’s budget assumptions and seek advice on the appropriateness of the assumptions being made, particularly in relation to local government funding. Mr Mair is an economist and has written extensively on public finance and the impact of the economic downturn and frequently writes technical updates on the UK budget for the Scottish Government and COSLA.

22 Having reviewed the budget assumptions for the Council’s 2014/15 to 2016/17 budget, he has confirmed their reasonableness, including the assumption that there will be deferment of DEL cuts into a period beyond 2015/16.

23 This report updates the detail of the budget strategy including specific assumptions used to build the Council’s budget. The 2013/14 revenue budget as agreed by the Council in December 2012 is used as the base year, subject to adjustments for a number of cost pressures as detailed in the paragraphs which follow.

24 Employee costs assume an increase of 1% for 2014/15 and 2% in each of the years 2015/16 and 2016/17 for all staff groups. Any pay deal which is lower than this would be helpful in terms of the level of services and consequential number of posts which the council can continue to support.

- 25 Provision has been made to reflect annual increments and anticipated employers' pension contributions. The cost of the living wage is fully funded within departmental budgets. It is unclear how increases to this will be determined and the assumption used is a 1% increase to £7.58 in line with the national pay settlement. It is the case however that, notwithstanding national agreements, pay and conditions of service are a matter for the Council to determine.
- 26 Price inflation has been applied to the base estimate only where there is a related specific contractual requirement. In broad terms, inflation is currently provided at 2.4%. This includes the Council's Schools PPP commitment.
- 27 Unavoidable cost pressures include full year costs of initiatives implemented during 2013/14, the revenue consequences of capital projects and other obligations including, for example, the costs associated with the carbon reduction scheme.
- 28 Joint Boards have yet to set their budgets for 2014/15 but funding based on previous grant levels has been included for the Ayrshire Joint Valuation Board and Strathclyde Partnership for Transport on the assumption that joint boards will also be subject to flat cash settlements.
- 29 Provision has been made for the estimated costs of the current year's capital investment programme, together with the recurring costs from prior year investment in the Council's assets. The estimates take account of available forecasts in respect of interest rate movements provided by the Council's treasury advisors.
- 30 The level of income remains uncertain in areas including Planning, Car Parking and School Meals and an Income Contingency of £0.500m has been retained and may be the subject of bids by departments during 2014/15 where significant variances from budgeted income arise with no opportunities for offsetting expenditure reductions available.
- 31 The level of income for Council Tax is based on current number of houses plus an element of growth based on the average additions to the council tax base over the previous three years.
- 32 The Children and Young People (Scotland) Bill was introduced by the Scottish Government in April 2013 to address the challenges faced by children and young people who experience poor outcomes throughout their lives. Key early learning and childcare provisions of this include:
- to increase the hours from 475 per child per annum to 600 hours, starting in August 2014;
 - an additional entitlement of 600 hours for looked after 2 year olds and 2 year olds under a kinship care order; and
 - increased flexibility to be offered to parents in relation to the provision of the 600 hours.

- 33 It has been indicated that the costs associated with the implementation of the Bill will be funded by the Scottish Government and initial costings provided by the Educational and Social Services Department are currently estimated at £1.200m per annum. Funding will be received on a phased basis from 2014/15 and any expenditure will require to be aligned to the funding received.
- 34 The planned reform of the state secondary pension and the ending of contracted out arrangements for national insurance is estimated to result in additional employers' costs of £2.9m per annum from 2016/17. However the Chancellor of the Exchequer indicated in his Budget speech that private sector employers can adjust their pension benefits to accommodate the extra costs and that, in respect of public sector employers, any spending review in the next Parliament will take the additional cost of this pension reform into account when deciding upon grant funding levels. It is, therefore, not considered appropriate to include this amount as a pressure at this stage due to the uncertainty of funding the impact.
- 35 Our strategic and operational planning evidences that there are significant future resource pressures arising from increased demand for Health and Social Care services. This arises from changes in demography and also supporting increasing numbers of people with disabilities to live independently in the community. The new East Ayrshire Health and Social Care Partnership will require to address within its Strategic Plan, the development of models of care with a particular emphasis on preventative interventions that meet the outcomes and priorities set by partners within available resources. The most immediate pressures, however, require additional resource in the next financial year, and as such £0.500m of unavoidable demand pressures have been included in the budget for Educational and Social Services.
- 36 As part of the 2013/14 budget discussions it was agreed that a canvas for voluntary severance amongst certain sections of the Council's workforce would be carried out in order to reduce the likelihood of a requirement for compulsory redundancies as the council's workforce is reduced. The voluntary severance programme is being progressed by a project team managed by the Head of Human Resources who provides updates to Cabinet, the Corporate Management Team, Trades Unions and employees at appropriate times. The savings associated with this exercise will be reflected in the departmental budgets once all information on employee numbers, grades and leaving dates has been confirmed.
- 37 In terms of the severance costs associated with this, the budget projections currently assume that a total of £9.000m will be charged in 2013/14 and 2014/15 to the Council's General Fund Uncommitted Balance. The actual cost will be dependent on the number of employees who can be released and their individual service and pension position. Phasing and costs can only be firmed up once the review is concluded.
- 38 At its meeting on 19 September 2013, the Council agreed its Steps to Recovery in relation to the implications which have flowed from the liquidation

of Scottish Coal Company Limited and Aardvark TMC Limited. In that report it was recognised that there may be instances where financial intervention by the Council could unlock significant external funding for the restoration of sites. That position remains, as does the uncertainty as to the extent of any possible future financial contribution by the Council. Accordingly, at present, it is not proposed to make any allowance for such an eventuality; any financial contribution proposed will be presented to Cabinet on a case by case basis as such matters arise.

- 39 The adjustments outlined in the paragraphs above, result in the indicative budget gap increasing from the £9.030m, estimated in the Transformation Strategy approved by the Council on 13 December 2012, to £10.819m as detailed in the table below. As indicated at paragraph 18 above however, there continues to be a high degree of uncertainty around local government funding levels beyond 2015/16. Any further increase in the gap would have serious consequences for Council services. As such it was considered prudent to anticipate some additional cost pressures and require departments to identify savings amounting to £12m. This will provide some scope and flexibility to prioritise savings proposals. The funding assumptions will continue to be reviewed over the coming months and updates reported to elected members in December.

	2013/14 £m 1	2014/15 £m 2	Cumulative Sub Total £m 3 (1+2)	2015/16 £m 4	Cumulative Sub Total £m 5 (3+4)	2016/17 £m 6	Total £m 7 (5+6)
Indicative Budget Gap	11.877	4.508	16.385	8.572	24.957	9.047	34.004
Approved Savings	(7.409)	(7.888)	(15.297)	(8.752)	(24.049)	(0.925)	(24.974)
Revised Gap / (Contribution to Balances)	4.468	(3.380)	1.088	(0.180)	0.908	8.122	9.030
Revised Inflationary Pressure		(0.293)	(0.293)	(2.045)	(2.338)	4.127	1.789
Revised Gap / (Contribution to Balances)	4.468	(3.673)	0.795	(2.225)	(1.430)	12.249	10.819

- 40 The detailed calculation of estimated expenditure and income for 2014/15, the resulting budget gap and the level of balances currently anticipated to be utilised is detailed in the table below. This highlights that further savings of £0.795m are required to break even for the next financial year based on the revised projections.

2014/15 Departmental Allocations

Department	Allocation 2013/14 £m	Pay and Price Inflation £m	Other Unavoidable Pressures £m	Indicative Revenue Estimates 2014/15 £m
Educational and Social Services	180.901	2.976	0.728	184.605
Neighbourhood Services	32.303	0.389	0.064	32.756
Valuation Board & SPT	2.883	0.025	-	2.908
Finance and Corporate Support	20.710	0.265	1.184	22.159
Other Non-Departmental Items	83.795	2.197	(0.300)	85.692
Total Expenditure	320.592	5.852	1.676	328.120
Government Grant	(212.972)	-	(8.428)	(221.400)
Council Tax Income	(48.970)	(0.799)	-	(49.769)
Other Income	(54.396)	(1.018)	7.146	(48.268)
Total Income	(316.338)	(1.817)	(1.282)	(319.437)
Indicative gap	4.254	4.035	0.394	8.683
Departmental Savings (Previously approved – Dec 2012)				(4.091)
Transformation Strategy Workstreams (Previously approved – Dec 2012)				(3.797)
Remaining Gap				0.795

Members will note that, in relation to the Ayrshire Roads Alliance, the net budget for Neighbourhood Services remains unchanged with increased expenditure offset by a corresponding increase in income from South Ayrshire Council.

41 Departmental Implications

42 The report to Cabinet on 5 December 2012 which introduced the Council's Transformation Strategy 2012-2017, noted that the proposed package of savings, totalling £24.974m, was £9.030m short of the funding gap which was anticipated at that point and that work would continue in all areas of the Council to identify further opportunities to redesign, refocus and possibly terminate certain services to release additional savings with the intention of bringing forward proposals by December 2013.

43 The savings approved in the package were designed to be delivered over the period of the strategy and significant progress has already been made in many areas, including the establishment of East Ayrshire Leisure Trust, the development of proposals to better align the school estate with the number of pupils, changes to school transport arrangements, the establishment of the Vibrant Communities Team, Integrated Health and Social Care and the review of grant funding arrangements. Much has still to be done however to achieve the package savings figure of £24.974m and members are kept advised of

progress within the regular East Ayrshire Performs report which indicates that the 2013/14 position is all but secure.

- 44 Intensive work continues on options for Property and Estate Rationalisation, including the school estate, Energy Efficiency, Administrative and Clerical support, Waste Management, Customer Contact and Supported Accommodation, and detailed proposals will be brought to the Cabinet for consideration as proposals in these areas are finalised.
- 45 Whilst progress has been made in identifying additional savings to bridge the £9.030m gap highlighted in December 2012, much work has still to be done to secure delivery of the original package of £24.974m and considerable senior officer time continues to be devoted to that work recognising the risk to the Council's financial position of the targets not being achieved.
- 46 Departments have been working towards the production of savings packages to close the indicative budget gap. An overall target of £12m was set as noted in paragraph 39, with pro rata allocations made to all departments. Management actions, defined as "action which can be taken to reduce costs without having a significant adverse impact on service levels or policies", totalling £6.251m, have been identified through the process at this stage. These are broken down by department in the table below, and are detailed on a line by line basis at Appendix 1. This is not a finalised position, with specific work continuing to identify further savings through a detailed review of Education budgets.

Department	Savings Target Allocated £m	Management Action Savings Identified £m			
		2014/15	2015/16	2016/17	Total
Educational and Social Services	9.082	0.549	0.375	2.181	3.105
Neighbourhood Services	1.817	0.997	0.740	0.101	1.838
Finance and Corporate Support	1.101	0.597	0.424	0.287	1.308
TOTAL	12.000	2.143	1.539	2.569	6.251

- 47 Implementation of the management actions identified would, therefore, reduce the remaining funding gap to £4.568m (£10.819m - £6.251m).
- 48 A number of additional savings options which will require to be consulted upon have also been identified. These total £3.750m and details are attached at appendix 2. Assuming approval following consultation, these will have the effect of further reducing the gap to £0.818m (£4.568m - £3.750m). Work is continuing to develop further proposals to bridge the remaining gap and these will be reported to Cabinet in due course.
- 49 Two of the existing workstreams have been reprofiled within the 2013/14 financial year resulting in £0.213m of savings previously anticipated for delivery in 2013/14 now expected in 2014/15. The main element of this

relates to the establishment of the Leisure Trust which took place on 1 July 2013, three months later than originally anticipated. Leisure Trust savings depend to a large extent on the pace of the Community Asset Transfer project and phasing may need to be further adjusted to reflect actual time taken to progress specific workstreams including, for example, asset transfers given the need to provide an appropriate level of support to ensure these are sustainable.

- 50 The table below summarises the updated budget position taking account of revised pressures, previously agreed savings and reprofiling of these where appropriate, and shows the impact of the savings included in this report as detailed in paragraphs 47 and 48 above.

	2013/14 £m 1	2014/15 £m 2	Cumulative Sub Total £m 3 (1+2)	2015/16 £m 4	Cumulative Sub Total £m 5 (3+4)	2016/17 £m 6	Total £m 7 (5+6)
Indicative Budget Gap	11.877	4.508	16.385	8.572	24.957	9.047	34.004
Approved Savings 2013/14	(7.409)	(7.888)	(15.297)	(8.752)	(24.049)	(0.925)	(24.974)
Revised Inflationary Pressure		(0.293)	(0.293)	(2.045)	(2.338)	4.127	1.789
Revised Gap / (Contribution to Balances)	4.468	(3.673)	0.795	(2.225)	(1.430)	12.249	10.819
Additional Management Actions	0.000	(2.143)	(2.143)	(1.539)	(3.682)	(2.569)	(6.251)
Savings for Consultation	0.000	(0.987)	(0.987)	(0.959)	(1.946)	(1.804)	(3.750)
Revised Gap / (Contribution to Balances)	4.468	(6.803)	(2.335)	(4.723)	(7.058)	7.876	0.818

- 51 Analysis of the annual budget gap over the period 2013/14 to 2016/17 shows the initial years (2014/15 and 2015/16) in surplus. Delivery of the savings identified above and those previously approved will mean there is no requirement to utilise a draw from the General Fund Uncommitted Balance to balance the 2014/15 or 2015/16 budget. It is now, therefore, possible to begin to consolidate savings and hold them in advance of the DEL funding cuts anticipated beyond 2015/16.
- 52 In line with previous years, the Chief Executive and Executive Director of Finance and Corporate Support have undertaken a line by line examination of 2013/14 departmental budget lines on a service by service basis. This will allow savings to be identified and held centrally to ensure financial reserves remain healthy to facilitate the delivery of the Council's Transformation Strategy. The work so far has resulted in in-year savings of £2.748m, and is summarised in the following table.

Service	2013/14 Transfers approved £m
Educational and Social Services	0.979
Neighbourhood Services	1.253
Finance and Corporate Support	0.516
TOTAL	2.748

- 53 The East Ayrshire Performs report to Cabinet elsewhere on this Cabinet agenda, seeks approval of the transfer of £2.748m from departmental budgets to the Uncommitted General Fund balance. Work on departmental budget review will continue however and any changes to these figures will be reported to the Cabinet in December 2013.
- 54 In line with the reserves strategy, departmental balances have also been reviewed by the Chief Executive and the Head of Finance in consultation with Executive Directors. A separate report has been submitted to Cabinet elsewhere on this Cabinet agenda detailing the outcome of these reviews and, if approved, will release a total of £1.147m, to the Uncommitted General Fund balance.
- 55 The non-recurring funding freed up from these reviews amounts to £3.895m and, if retained, would enhance the Council's Uncommitted General Fund balance.
- 56 At 1 April 2013, this balance was £11.473m, after the utilisation of £4.524m previously approved for the 2013/14 budget. The actions outlined above together with previously approved in-year commitments would have the effect of increasing the Uncommitted General Fund balance to an estimated £16.101m, as detailed below. This level of general fund balance equates to 5.0% of annual budgeted expenditure which is in excess of the maximum set out in the Reserves Strategy of 4%. Given the potential requirement identified at paragraph 37 to utilise £9.000m to fund voluntary severances over the next two years, elements of this balance will be required by March 2014 and will reduce the anticipated balance. It is expected to return to within the agreed range by March 2015.

Uncommitted General Fund	£m
Opening balance at 1/4/13	11.473
Line by line savings	2.748
Balances review	1.147
In year transfers to Fund at period 6	0.873
In year commitments	(0.140)
Projected balance at 31/3/14	16.101

- 57 Audit Scotland have continued to comment positively on the Council's budget strategy saying in the most recent Annual Audit Report due to be considered by Governance and Scrutiny "the Council demonstrates a strategic approach to its use of resources". They further confirm their view that we "move forward from a sound financial base in terms of reserves".

58 COUNCIL TAX

59 There is a requirement to freeze Council Tax for a further year at 2007/08 levels in order to access Scottish Government grant funding at the levels outlined previously. The position has been confirmed in writing by the Cabinet Secretary for Finance, Employment and Sustainable Growth.

60 HOUSING RENTS

61 Cabinet on 10 February 2010 agreed that rents would be increased annually by the greater of RPI plus 1% or 3.5%, plus the additional costs for new house building. This builds on the advice of consultants, DTZ Peda, which was designed to achieve the Council's target of every house meeting the Scottish Housing Quality Standard (SHQS) by 2015.

62 RPI at August 2013 was 3.3% and consequently the rent increase under the formula would be 4.3%, plus £1.46 per week for the new builds. This equates to 6.55%; which would be an increase of £3.92 over 52 weeks or £4.25 over the 48 week payment cycle.

63 As in previous years however it is proposed, to extend the requirement to make efficiency savings to the Housing Revenue Account at the same level as will be made within General Fund activities within Neighbourhood Services (5.3%).

64 These adjustments would allow the rent increase to be restricted to £3.68 over 52 weeks or £3.99 over the 48 week payment cycle, equivalent to 6.15%.

65 Council House rents continue to compare favourably with neighbouring authorities, the Scottish average and local Registered Social Landlords as can be seen in the table below.

Council	Average Weekly Rent (based on 52 wks) 2013/14 £
East Ayrshire	59.88
South Ayrshire	59.77
North Ayrshire	62.02
Scottish Local Authority Average	61.50
Registered Social Landlords	
Atrium	75.85
Cunningham	82.59
Shire	76.35

66 The investment programme for 2014/15 will deliver 820 new bathroom and kitchen installations, 850 new central heating systems, 400 replacement

windows and 600 replacement doors and screens. In addition the Council house building programme will see 205 houses completed by the end of March 2015.

67 CONSULTATION

68 It is proposed that the engagement and consultation arrangements for the Transformation Strategy approved by the Cabinet on 15 August 2012 will continue to be used as the framework given their success in 2012.

69 In advance of Cabinet consideration of the budget in December 2013 therefore, Members can expect that the following consultation has taken place, as a minimum:

- consultation with trade unions;
- consultation with relevant employees;
- consultation with portfolio holders; and
- consultation with relevant key stakeholders / groups / local communities, as determined by the lead Head of Service.

70 Where ongoing engagement is required with service users and/or local communities the National Standards for Community Engagement will underpin this process.

71 The budget consultation will run for two weeks from Monday 4 November to Friday 15 November. Building on our previous commitment and developing existing arrangements, we will continue the transformation conversation with our local communities. With a view to extending the reach of our engagement, a new Question Time event in the format of an open question and answer session with the Chief Executive and Corporate Management Team is being organised. It is proposed that this event will be streamed live onto social media networks through the website and Google hangout platform to allow others to view the event from anywhere in East Ayrshire. Members of the Residents Panel will be invited to register for the Question Time event in advance. They will also have an opportunity to submit questions in advance if they are unable to attend, and the event host will put these questions to the panel on the evening of the event. The event will be promoted through social media channels, website and news releases and is designed to be cost effective whilst reaching a wider audience with a consistent message.

72 Feedback received will be made available to the Cabinet to ensure that decisions made are fully informed by comments and suggestions received.

73 TIMETABLE

- 74 A report will be submitted to the Cabinet meeting on 11 December 2013, to recommend a budget to the Council taking account of feedback received. The Council meeting on 12 December will thereafter consider the budget and set the Council Tax level for 2014/15.

75 HUMAN RESOURCE IMPLICATIONS

- 76 In line with recognised practice, any management actions that result in staff reductions will be managed in accordance with the Council's Workforce Planning Arrangements, including relevant consultation with staff and trade unions.

77 EQUALITY IMPACT ASSESSMENTS

- 78 Each of the management actions identified in appendix 1 has been subject to an Equality Impact Assessment in accordance with the Council's set arrangements. An overall Equality Impact Assessment has also been undertaken to consider the cumulative impact of savings. No proposals have been assessed as being discriminatory in terms of the relevant legislative provisions.

79 RECOMMENDATIONS

- 80 It is recommended that Members:

- (i) Subject to Cabinet having previously approved the recommendations in the earlier report on the Review of Departmental Balances, note the transfer to the Uncommitted General Fund, balances of £3.895m set out at paragraph 55;
- (ii) note the management actions totalling £6.251m set out in Appendix 1;
- (iii) note the proposals that will be subject to further consultation and reports to Cabinet totalling £3.750m as set out in Appendix 2;
- (iv) Note the requirement of the East Ayrshire Health and Social Care Partnership to develop models of care with a particular emphasis on preventative interventions that meet the outcomes and priorities set by partners, within available resources;
- (v) note the timetable and consultation arrangements set out in the report;

- (vi) note that feedback from the consultation process and final budget recommendations will be presented to the Cabinet meeting on 11 December 2013; and
- (vii) otherwise note the contents of the report.

Alex McPhee

Executive Director of Finance and Corporate Support

25 October 2013

LIST OF BACKGROUND PAPERS

Budget 2013

Spending Round 2013

Scottish Draft Budget 2014/15

Members wishing further information should contact Craig McArthur, Head of Finance (Telephone 01563 576513)

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total £	Additional Comments	Pfolio
1	Education: Head of Schools	Development of timetables and classes best matched with pupil numbers to deliver the aims of Curriculum for Excellence and secure best outcomes for young people. Development of centres of excellence in line with modern teaching practices.			1,580,000	1,580,000	Review of staffing formula and introduction of consistent timetabling across schools	LLL
2	Community Care	Review of residential learning disability models of care including Berryknowe to promote independence.	200,000	0	0	200,000	Reablement and review of current residential learning disability provision.	CWB
3	Community Care	Review of adults day care in line with self directed support, and a reduced emphasis on a buildings based model of care.	75,000	75,000	50,000	200,000	Day Care staffing review	CWB
4	Community Care	Review and rationalisation of management supports within the service	100,000	0	0	100,000	Consolidation of management arrangements in line with IH+SC	CWB
5	Facilities Management	Development of a priority based and integrated campus approach to janitation and cleaning, reflecting a reduced number of buildings and focus on high demand times		160,000	280,000	440,000	This will be delivered through improved productivity and integration of cleaning supervisor and janitorial roles	LLL
6	Facilities Management	Increased efficiency to deliver an average unit cost of £2.70 per meal.		109,000	109,000	218,000	Current productivity is lower than average across a number of locations. Improved productivity through a combination of reductions in staff hours, costs and increased income generation.	LLL

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total £	Additional Comments	Pfolio
7	Facilities Management	Greater efficiency in the tendering exercise for mainstream schoolm transport as contracts are renewed.	50,000	25,000	25,000	100,000	Changes arising from new policy and further tendering has identified additional areas that can be reviewed, and savings generated from retendering	LLL
8	Children and Families	Increased efficiency through reduction of overtime budget	15,000	0	0	15,000	Reduce overtime budget in line with current spend.	CWB
9	Children and Families	Removal of subsidy to NHS Child Protection Advisor with revised arrangements requiring to be managed through the Child Protection Committee	25,250	0	0	25,250	Removal of subsidy from budget	CWB
10	ESS Community Support Early Years	Deletion of 2 FTE Early Years Addiction posts. Referrals (average 15 per year in last three years) will be picked up by Family Care Workers. The recent funding to the CVO to lead a Public Social Partnership focussing on early intervention with young families will also support families with addiction.	52,600			52,600	Deletion of 2 FTE posts at grade 7 (redeploy)	LLL
11	ESS Community Support Early Years	Deletion of Early Education Quality Officer. Contract compliance for Partner Providers of early learning and childcare will be reviewed. Support for improvement planning to out of school care groups will be stopped, although access to the Council's Continuing Professional Development will continue.			47,550	47,550	Deletion of G12 post (vol sev)	LLL
12	ESS Community Support SVCS	Restructure Supporting Vibrant Communities service in line with anticipated demand for service			90,000	90,000	Service restructure and reduction by one team (vol sev)	LLL CWB

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total £	Additional Comments	P'folio
13	ESS Community Support Learning Communities	Align vulnerability budget with current levels of spend.	16,497	5,503		22,000	Reduce Vulnerability Budget from £67,000 to £45,000	LLL
14	ESS Community Support ASN	Reduce supply cover for EAST team in line with operational experience	15,000			15,000	Reduction in budget for supply cover	LLL
			549,347	374,503	2,181,550	3,105,400		

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total	Additional Comments	Pfolio
15	Planning and Economic Development	Reduction in Match Funding for European funded Employability Programme in line with current spend	65,000			65,000	Reduce budget	CR
16	Roads & Transportation	Reduce parking attendants in light of operational experience.	21,859			21,859	Deletion of 1 Parking Attendant vacant post	CR
17	Roads & Transportation	Reduction in street-lighting energy budget	20,000	20,000	20,000	60,000	Ongoing reduction as energy efficient lighting introduced across the authority area	CS
18	Roads & Transportation	Reduction in vehicle maintenance materials in line with current and anticipated spend		20,000	20,000	40,000	Reduced age and number of vehicles in the fleet reduces required budget	CR
19	H&ES	Revise shift rota and review management structure within the Risk Management Centre	60,000			60,000	Delete 2 RMC operators	CS
20	H&ES	Relocate Housing Options team at breakpoint in lease for current building			60,707	60,707	Options for relocation in other Council office accommodation in vicinity	M&R
21	H&ES	Reduce payments to Bield HA in accordance with their new arrangements.	22,345			22,345	Accords with landlord's service provision review.	M&R

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total	Additional Comments	P'folio
22	H&ES	Delete 1 post of skip driver and associated vehicle in line with service demand		53,000		53,000	Delete vacant post	CR
23	H&ES	Savings arising from new residual waste contract generating savings in landfill tax.	400,000	375,000		775,000	New residual waste treatment contract with 30% residual waste diverted from landfill and not subject to tax.	CR
24	H&ES	Savings in supplies and services in line with current spend pattern.	221,000			221,000	Budget to be reduced - already achieving in 2013/14	CR
25	H&ES: Outdoor Amenities	Review and redesign current outdoor amenities service.	153,756	167,103		320,859	Deletion of establishment posts, seasonal posts and reduced overtime	CR
26	H&ES : Housing	Closure of Peden Court Hostel in line with current levels of demand across the authority.		105,515		105,515	Reduced homeless presentations doesn't justify capital upgrade costs required. Alternatives to hostel accommodation continue to be used.	M&R
27	H&ES : Outdoor Amenities	Reduction in weekend overtime working by employing additional staff on weekend contracts	32,685			32,685	Engage eight additional employees on 20 hour contracts covering the weekend.	CR
			996,645	740,618	100,707	1,837,970		

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total	Additional Comments	P'folio
28	Legal & Regulatory Services	Deletion of a vacant G12 Solicitor post	47,090			47,090	Deletion of a vacancy with no impact on current service	M&R
29	Legal & Regulatory Services	General efficiencies against environmental health supplies and services in line with current spend	11,910			11,910	Reduction in budget	M&R
30	Legal & Regulatory Services	Review of Legal & Regulatory Services staffing and supplies		58,000	58,000	116,000	Consideration of staffing requirements in line with future "shape" of Council	M&R
31	Human Resources	Service review across the full HR service	42,000	42,000	42,000	126,000	Remove Learning and Development Officer post (G10), minor balance of saving on removal of 13 hours Clerical Assistant (G3) Consideration of staffing requirements in line with future "shape" of Council	M&R
32	Corporate Infrastructure	Staff Voluntary Severance	74,000	118,000	70,000	262,000	Consideration of staffing requirements in line with future "shape" of Council	M&R
33	Corporate Infrastructure	Reconfiguration of CI Supplies Services / Contracts to reflect alternative working arrangements	81,000	37,000	83,000	201,000	Adoption of new technologies such as thin client reducing traditional maintenance and licensing expenditure.	M&R

MANAGEMENT ACTIONS

APPENDIX 1

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total	Additional Comments	P'folio
34	Democratic Services	Reduction of supplies and services budget			3,250	3,250	Managed reduction in budget	M&R
35	Democratic Services	Reduction in Community Planning Challenge Fund		10,000		10,000	The proposed reductions in allocation will reduce overall monies available, although an element of funding will still be maintained. The availability of funding will be taken into consideration when assessing and determining priorities in respect of future funding proposals.	M&R
36	Democratic Services	Review of Policy, Planning and Performance Division (deletion of 3 posts)	56,000	71,130		127,130	Consideration of staffing requirements in line with future "shape" of Council	M&R
37	Democratic Services	Review of Administration Division (deletion of 1 post)		28,620		28,620	Consideration of staffing requirements in line with future "shape" of Council	M&R
38	Finance	Incorporate risk management expenditure within the CRA	200,000			200,000	Dedicated bid fund budget will end	M&R
39	Finance	Review of team structures (incl voluntary severances - 5.7FTE)	85,000	59,000	31,000	175,000	Consideration of staffing requirements in line with future "shape" of Council	M&R
			597,000	423,750	287,250	1,308,000		

BUDGET PROPOSALS REQUIRING CABINET REPORT AND CONSULTATION

APPENDIX 2

No	Division of Service	Anticipated Outcomes from Savings	2014/15 Saving £	2015/16 Saving £	2016/17 Saving £	Total £	Additional Comments	Report to Cabinet
1	Community Care	Review of charges and charging policy	69,326	165,600	0	234,926	Maintain threshold levels for charging and increase charging taper from 50% to 60%. Review day care and community alarm charges.	December 2013
2	Community Care	Increase focus on reablement and promotion of independent living	686,155	786,155	797,000	2,269,310	Increase use of telecare, implementation of self directed support and focus on alternative models of care (2,910 hours per week - 83 FTE)	December 2013
3	Children and Families	Continue to implement strategies to maintain reduced level of secure accommodation presentations	7,043	7,043	7,043	21,129	Reduce funding to Alternatives to Secure Accommodation service (Turning the Corner - Action for Children) by 10%	December 2013
4	Children and Families / Community Support	Development of an integrated educational and care provision for children / young people with complex / additional needs.			1,000,000	1,000,000	This is a spend to save initiative, which is anticipated to reduce spend on outwith placements.	Q1 2014
5	Housing and Environmental services	Discontinuation of brown bin collection over winter months	32,000	0	0	32,000	Currently operate an appointment service December to February	December 2013
6	Housing and Environmental services	Review maintenance of planted amenity areas	26,000	0	0	26,000	Savings in seasonal planting budgets	December 2013
7	Corporate	Remove Group Life Assurance Scheme for all staff and elected members	167,000	0	0	167,000	Consultation with trade unions will be finalised and any mitigating measures investigated further.	December 2013
			987,524	958,798	1,804,043	3,750,365		

