

**CLACKMANNANSHIRE COUNCIL**

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**Report to Council**

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**Date of Meeting: 9<sup>th</sup> November 2017**

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**Subject: Budget Strategy Update**

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**Report by: Depute Chief Executive**

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**1.0 Purpose**

- 1.1. The purpose of this report is to maintain Council's regular update on the approved Budget Strategy. This report provides an update on the fiscal outlook, updates financial planning assumptions, and provides an update on the delivery of approved savings in 2017/18. The report also includes a fuller update on the preparation of the Budget and consultation arrangements for 2018/19.

**2.0 Recommendations**

2.1 It is recommended that Council notes:

- a. the fiscal outlook set out in paragraphs 3.1 to 3.7
- b. the refined median financial planning scenario set out in Exhibit 1, based on the financial planning assumptions set out in paragraph 4.2
- c. the high levels of uncertainty which currently prevail with regards the likely level of local government funding and how this potentially impacts the accuracy of the indicative forecast gap (paragraphs 4.3 to 4.5)
- d. the planned dates for the UK Autumn Budget (22 November 2017) and Scottish Draft Budget (14 December 2017)
- e. the scheduled all member briefing on 20<sup>th</sup> December following the local government individual settlement announcement (paragraph 4.5)
- f. progress in implementing 2017/18 approved savings, including Targeted Voluntary redundancy (paragraphs 4.6 to 4.12)
- g. work currently in hand to support the preparation of the 2018/19 budget (paragraphs 4.14 to 4.15)
- h. the Council's targeted Budget consultation activity running from November 2017 to February 2018 (paragraphs 4.16 to 4.18)
- i. Budget preparation feedback and milestones planned for October and November member briefings (paragraphs 4.14 and 4.16).

- j. The Budget Consultation insert in the annual residents' newsletter, Focus (paragraph 4.16 and Appendix D).

### **3.0 Fiscal outlook**

3.1 There have been two Fiscal Affairs Scotland (FAS) Updates since the last report to Council. The two briefings consider a number of issues, including:

- 'Scotland's Budget: 2017' Fraser of Allander annual report
- UK led economic factors affecting future budgets
- Institute of Fiscal Studies new study: 'The local vantage: how views of local government finance vary across councils'.

3.2 The Fraser of Allander (FoA) report is a comprehensive document which covers:

- The outlook for different elements of the Scottish Budget, based on different scenarios
- Spending commitments and constraints, alongside the implications for 'non-protected' budgets
- Longer term spending pressures and how they might be addressed by changes to tax and spending patterns in the future.

3.3 Key findings within the report include:

- 2017/18 represents a relatively good year for budgets
- The budget prospects for the next two years (2018/19 and 2019/20) are worse
- Demographics and health pressures mean that continued protection of some large budgets such as pensions and the NHS is likely to result in below average budget settlements for 'non-protected' budgets
- Local Government is likely to remain one of these 'non-protected' budgets
- Within the overall local government revenue settlement, the FoA highlight the likely difference between money available for (i) education and (ii) the rest of the budget. The former is a key priority of the Scottish Government and it is therefore, likely that it will either be protected or increased. This means that all non-education areas of the revenue budget will be hit harder than for local government as a whole.

3.4 The FoA report also highlights the high degree of continuing uncertainty over budget forecasts. It indicates that the full range of its 'downside', 'central' and 'upside' scenarios is equally likely to occur. Alongside this, the point is also made that changes in the UK level political landscape since the March 2017 UK Budget could mean that forecasts turn out to be overly pessimistic. These messages are consistent with previous reports to Council and relate to the uncertainty over whether there will be an

easing of austerity measures. This is unlikely to be resolved until after the UK Autumn Budget on the 22<sup>nd</sup> November and the Draft Scottish Budget for 2018/19, on the 14<sup>th</sup> December 2017.

3.5 Over the last two months there has been considerable debate over the potential pay settlement for public sector and how this affects future budgets. In England and Wales the UK Government has agreed the following:

- An average 1.7% increase for prison officers, backdated to April 2017
- A standard 1% pay rise for the police, with an extra , one-off, 1% added for the next 12 months for federated ranks and above
- Increases will be funded within existing departmental budgets
- Wider flexibility for all public sector workers from next year (2018/19), based on (i) areas of skill shortage, (ii) recommendations of pay review bodies.

These changes have not diminished calls for potential strike action and generally low levels of positivity following seven years of pay controls. This position is exacerbated by UK inflation levels remaining above the target level of 2%. As a consequence, a 1 or 2% pay increase is still likely to represent a fall in real term wages.

3.6 The high CPI inflation rate of 2.9% in August 2017 also had an impact on exchange rates, with Sterling reaching a 12 month high against the US Dollar. The Bank of England Monetary Policy Committee (MPC) voted 7-2 to keep interest rates unchanged in September but also noted that inflation and labour market conditions were pushing it towards a future rate raise 'over the coming months'. If this came to fruition, this would be much sooner than had been previously thought likely, i.e. the end of 2018.

3.7 The IFS new study highlights a number of key findings. Of particular significance is that it indicates that councils with social care responsibilities generally have a more negative view of the change in service quality that has been evident over the last two years than those councils who do not manage these services. This position is consistent with survey finding which highlight adult social care to be the area of most concern to councils. This is also consistent with the current local context in Clackmannanshire for the delivery of adult social care services through the Health and Social Care Partnership.

#### **4.0 Budget Strategy Implementation**

4.1 At the September meeting of Council, refreshed financial planning assumptions in respect of pay inflation were applied to Council financial planning scenarios. These scenarios resulted in a wide range of potential indicative funding gaps from £13.8m to £15.8m for 2018/19 alone. A key objective of this exercise was to highlight for Council that small percentage changes in key financial planning assumptions can have a significant cash impact on the forecast gap.

4.2 Exhibit 1 presents a revised median scenario which indicates a funding gap of £13.1m for 2018/19 and £28.7m for the three years cumulatively to March 2021.

**Exhibit 1: Indicative funding gap 2018/19 to 2020/21**

	2018/19 £000	2019/20 £000	2020/21 £000
Net expenditure	124,894	130,025	135,212
Net Funding	111,823	109,095	106,552
Cumulative indicative Funding Gap	13,071	20,930	28,660

The key financial planning assumptions underpinning this forecast indicative gap are:

- a 3% increase in the level of Council Tax
- 2% pay inflation
- cash reduction in General Revenue Grant of 5%
- demand pressures capped at cash value of £3 million
- that the additional £1.217 million received for 2017/18 has been baselined
- recurrent share of £250 million additional social care funding has been baselined
- the additional 0.5% pay inflation proposed for teachers in 2017/18 has not been baselined in the absence of formal agreement on the proposal.

- 4.3 As previously indicated (paragraph 3.4), there remains a high degree of uncertainty over key financial planning assumptions making it extremely challenging to accurately forecast the most likely outcome. A significant factor is the level of General Revenue Grant (GRG) that the Council will receive. The current forecast assumes a reduction of 5% in GRG when compared with the current year. This is broadly consistent with the level of reduction the Council received in December 2016 (prior to the allocation of an additional £1.217 million). In reality, the settlement figure could be lower or higher than this, for instance a settlement figure which represented a reduction of 3.5% would result in an indicative funding gap for 2018/19 of £12.0m, whilst a reduction of 7% would produce an indicative funding gap of £14.5m.
- 4.4 Clearly there is also significant scope for variations in key financial variables other than the GRG figure. However, variations in this variable are likely to result in more significant and material variances in the forecast indicative gap.
- 4.5 Following the announcement of the Scottish Draft Budget and individual council settlement figures scheduled for the 14<sup>th</sup> December, elected members will be updated on the impact of the settlement on the Council's forecast gap. A provisional date of Wednesday 20<sup>th</sup> December has been set for this briefing. Alternatively, if there is a delay in the receipt of the information, a written briefing will be provided to elected members as soon as possible after receipt of the Council's figures.

## Implementation of 2017/18 savings

- 4.6 The delivery of savings approved in the 2017/18 budget is being closely monitored. This is particularly important, given the more challenging experience of the Council in delivering its 2016/17 budget savings, and the potential scale of the indicative funding gap for 2018/19.
- 4.7 Detailed information on delivering the Council's General Services and Housing Revenue Account revenue and capital budgets will continue to be provided in the Council's corporate monitoring outturn reports. However, this report focuses on the implementation of Council approved savings. To obtain the full picture it is necessary to consider these two sources in parallel.
- 4.8 Progress in delivering approved savings is summarised in paragraph 4.9, and Appendices A, B and C provide additional detail in relation to policy savings, management efficiencies and the delivery of savings previously agreed in 2016/17 respectively. The Appendices provide a Red, Amber or Green flag which denotes:
- RED: Not implemented/ not possible to implement
  - AMBER: Work progressing to implement saving/ partial saving
  - GREEN: Saving implemented in full/ anticipated to be implemented in full.

Commentary is also provided for all Amber and Red flagged savings to provide further explanation of current progress for elected members.

- 4.9 To date a total of £3.16m (53%) of the £5.95m approved saving figure is on track to be delivered in full (Green) and a further £2.17m (37%) of savings where work is progressing to implement saving/ or a partial saving will be delivered (Amber). This leaves £0.62m (10%) of savings which are being forecast as unachievable (Red). The progress with delivering these savings will continue to be monitored especially in the case of Amber classified savings, where partial achievement of savings can only be quantified with greater certainty for future outturns. Officers are also endeavouring to find compensating savings wherever agreed savings are now forecast as unachievable. Summarised details of progress set out in Appendices A, B and C is as follows:
- 40% (£790K) of policy savings have been/ are expected to be implemented in full (Green Appendix A)
  - 55% (£1.497m) of management efficiencies have been/ are expected to be implemented in full (Green Appendix B)
  - 70% (£877k) of 2016/17 savings have been/ are expected to be implemented in full (Green Appendix C)
  - 37% (£723k) of policy savings are in the process of being implemented and/ or will result in a partial saving (Amber Appendix A)
  - 42% (£1.153m) of management efficiencies are in the process of being implemented and/ or will result in a partial saving (Amber Appendix B)

- 23% (£291k) of 2016/17 savings are in the process of being implemented and/ or will result in a partial saving (Amber Appendix C)
- 22% (£438k) of policy savings have not been implemented and/ or will not be possible to implement (Red Appendix A)
- 3% (£87k) of management efficiencies have not been implemented and/ or will not be possible to implement (Red Appendix B)
- 7% (£94k) of 2016/17 savings have not been implemented and/ or will not be possible to implement (Red Appendix C).

### **Managed Contraction in the Cost of Employment**

4.10 Another significant focus of review activity is the monitoring of progress with regards the implementation of Targeted Voluntary Redundancy (TVR) savings. The budget incorporated savings of £391k which has at this stage resulted in projected savings of £381k and a potential impact for 117 members of staff (this includes both staff approached as part of a pool as their role has been identified as 'at risk' and individual members of staff within specified roles that are not part of a pool).

4.11 To date the following progress has been made:

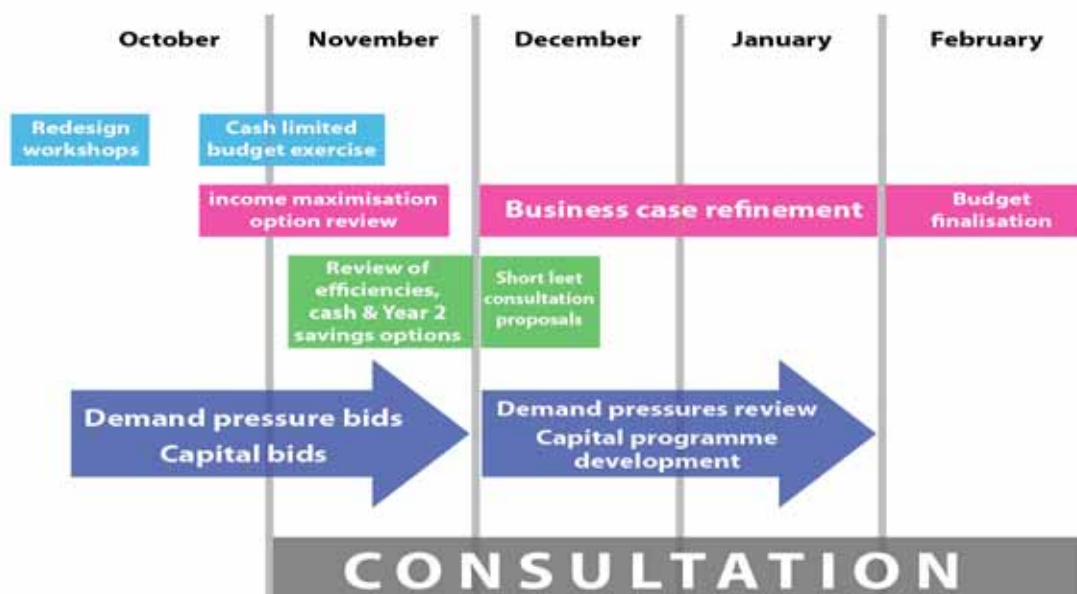
- 38 affected members of staff received personal letters and met with their managers to discuss the offer of TVR. Of these 16 members accepted their offer of TVR, 12 members of staff rejected, did not take up the offer of TVR or are no longer employed by the Council and 10 TVRs were not progressed as budget savings were realized from the identified TVR pool.
- 69 affected members of staff have recently received their offers of TVR having been approved by Clearing House. These offers have not been progressed as timeously due to delays at LGPS Falkirk where resource was directed to ensure issue of pension statements by the statutory deadline of 31/08/17
- 10 members of staff are awaiting further information on their individual offer
- vacancies continue to be scrutinised to maximise the potential pool of roles available to staff who are placed on redeployment
- a number of other temporary roles are being identified for staff on redeployment.

4.12 In addition the budget included £463k from service redesign. To date, £378k has been or is projected to be achieved based on vacancies and/or take up of voluntary severance. The achievement of the balance of £85k savings is dependent on further interest/ take up of voluntary severance, or vacancies.

### **Budget 2018/19**

4.13 There is a range of Budget preparation work currently in hand. This is summarised in Exhibit 2 below and further information is provided in paragraph 4.14 below.

## Exhibit 2: Budget 2018/19 timeline and key activities



4.14 The key strands of budget preparation work in hand include:

- Redesign workshops:** During October a draft organisational design has been discussed as part of engagement and consultation activity with both trade union representatives and managers across the Council. The sessions have been led by the Chief Executive and the Council's Organisational Development Adviser. The aim is for the feedback provided to be used to inform proposals prior to their presentation to elected members.
- Cash Limited Budget exercise:** During October and November, chief officers are modelling potential proposals based on a 6%, 10% and 12% equivalent reduction in budget. Each service has been provided with a cash target they should meet (having accommodated any demand pressures anticipated for 2018/19). There will be a series of challenge sessions held during November with some elected members to review these proposals
- Income maximisation Options:** The Council has participated in a review with other Scottish councils to identify potential opportunities to increase Council income (which is a key strand of the Council's approved Budget Strategy). The work is being facilitated by the Chief Accountant based on the sessions she attended with Price Waterhouse Coopers (PWC). The sessions involve individual chief officer discussions based on their existing budget holder responsibilities. A range of potential options will be considered including; commercial opportunities and alternative delivery models such as trusts and partnership models. This is the first year this exercise has been carried out more formally and it is intended to build on this for future years. This exercise is in addition to the annual review of the income and charges policy.
- Annual review of demand, trends and outturns:** Each year as part of budget preparation a range of review activity is undertaken to establish whether in year efficiencies and cash savings could be proposed as permanent budget savings for future years. Additionally this review work includes proposals for improving

how we deliver services and confirms that previously approved savings that have a planned impact for the coming financial year are deliverable.

- 4.15 Exhibit 2 indicates that all of these activities have been scheduled to be completed by the end of November. Once all of the outputs have been collated from each of the activities outlined above, the resultant schedule forms the long list of officer proposals which are put forward to elected members for consideration in support of the preparation of the 2018/19 Budget. The long list is scheduled to be shared with elected members at the briefing scheduled for the 27<sup>th</sup> November 2017.

## Consultation

- 4.16 Work has also been taken forward to develop the Council's targeted consultation activity ahead of the budget in February 2018. The approach comprises:

- **Awareness raising** of the Council's financial context and the magnitude of the decisions facing elected members on behalf of the communities they represent. It is intended that a special Budget pullout will be produced as part of the annual residents' newsletter, Focus. This information will also be available online and at the Council's main operational buildings across our communities, as well as being sent to all residents. The pullout also signposts how to participate in the consultation activities. The insert is set out at Appendix D. The distribution of the newsletter will commence on the 27<sup>th</sup> November.
- **Targeted consultation activity** will be based on a schedule of officer proposals which will be shared at the member briefing on the 27<sup>th</sup> November (paragraph 4.15). Proposals will be released for consultation in two tranches on the 27<sup>th</sup> November and 15<sup>th</sup> December 2017. The overall consultation will run from the 27<sup>th</sup> November 2017 until the 2 February 2018. The consultation feedback will be consolidated and shared with elected members ahead of the Budget setting meeting in February 2018.

- 4.17 There will be two main mechanisms used for obtaining consultation feedback from the targeted consultation activity and these comprise:

- **On line survey:** a general on line survey will be open from the 27<sup>th</sup> November. It will focus on what are the impacts of proposals; are there any amendments or mitigations that we should consider against individual proposals; and, what are the potential alternative proposals to what has been presented.
- **Targeted surveys:** These will take place with communities of interest (for instance specific service user groups or staff) and communities of place (i.e. specific localities) depending on the list of proposals derived from officers' current activities.

- 4.18 The proposed consultation approach also aims to sustain and improve on the profile of the Equalities Impact Assessment work routinely undertaken alongside the preparation of budget proposals. This year, it is intended that the process will be corporately facilitated by officers within Strategy and Customer Services in order that all necessary information is collated efficiently and co-ordinated within the central point from which it



will subsequently be prepared for public access.

## **5.0 Conclusions**

- 5.1 This report provides an update on the fiscal outlook with a particular focus on the impact of pay inflation, the high CPI rate of inflation which pertains and the level of uncertainty that continues to prevail over the likely level of local government settlement for 2018/19.
- 5.2 The Council's indicative funding gap is shown at Exhibit 1 and suggests an indicative gap of £13.1million for 2018/19 and £28.7 million cumulatively to the end of March 2021.
- 5.3 The report also details progress made in implementing 2017/18 approved savings, including the level of TVR which has been accepted compared with that which was planned.
- 5.4 More detail is provided on the range of budget preparation activities that are currently underway. The outputs from a number of activities will be pulled together to provide a long leet of officer proposals on which the budget can be based in February 2018. The long leet will be available to elected members from the 27<sup>th</sup> November.
- 5.5 The report also details the Council's approach to its targeted round of Budget consultation which is due to commence following the Council meeting, in late November.

## **6.0 Sustainability Implications**

- 6.1. N/A

## **7.0 Resource Implications**

- 7.1 *Financial Details*
- 7.2 Accountancy has been consulted and has agreed the financial implications as set out in the report.

## **8.0 Exempt Reports**

- 8.1 Is this report exempt?            No

## **9.0 Declarations**

The recommendations contained within this report support or implement our Corporate Priorities and Council Policies.

### **(1) Council Policies**(Please detail)

Budget Strategy

## 10.0 Equalities Impact

- 10.1 Have you undertaken the required equalities impact assessment to ensure that no groups are adversely affected by the recommendations? N/A

## 11.0 Legality

- 11.1 It has been confirmed that in adopting the recommendations contained in this report, the Council is acting within its legal powers. **Yes**

## 12.0 Appendices

<b>Appendix A</b>	Schedule of 2017/18 Policy savings
<b>Appendix B</b>	Schedule of 2017/18 Management Efficiency savings
<b>Appendix C</b>	Schedule of 2016/17 savings with 2017/18 impact
<b>Appendix D</b>	Draft Budget Consultation Booklet

## 13.0 Background Papers



- 13.1 Have you used other documents to compile your report? (All documents must be kept available by the author for public inspection for four years from the date of meeting at which the report is considered)

Fiscal Affairs Scotland	September briefing
Fiscal Affairs Scotland	October briefing
Budget Strategy Update	September 2017
Clackmannanshire Council	Corporate Financial Performance Monitoring

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### Approved by

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**POLICY**

**Appendix A**

Service	Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
				£	£	£	£	
Education	Policy	EDU 178 005	School crossing patrols	2,789	2,789	0	0	
Education	Policy	EDU 178 006	Sports Development Charges (academic year)	18,750	18,750	0	0	
Education	Policy	EDU 178 011	Music Tuition Fees	2,818	2,818	0	0	
Education	Policy	EDU 178 006	School efficiencies	200,000	200,000	0	0	
Corporate	Policy	COU 178 013	Capital Programme	129,000	129,000	0	0	
Corporate	Policy	COU 178 019	Refresh Income and Charging Strategy and Rates	60,000	60,000	0	0	Saving expected to be achieved but dependant on demand. Will be monitored throughout the year
D&E	Policy	DAE 178 011	Review of Council Depots	155,000	0	80,000	75,000	Saving of £155K this year based on staffing changes in security, mailroom and stores. As reported elsewhere on the agenda the full saving will not be achieved this year. There is a compensatory cash saving from the closure of Lime Tree House of £93,210.
D&E	Policy	DAE 178 004	Street Lighting	110,000	43,600	66,400	0	Full saving will be achieved over the life of the replacement project but likely that 30k may be rolled forward to 18/19.
D&E	Policy	DAE 178 001	Glenochil Prison Partnership Working.	6,000	6,000	0	0	
Housing	Policy	HCS 178 001	B&B Places	78,000	78,000	0	0	
Housing	Policy	HCS 178 008	Harmonise TU facilities time	11,236	11,236	0	0	
R&G	Policy	RAG 178 006	School meals	12,000	0	12,000	0	Implemented but saving may be impacted if take-up of school meals is reduced.
R&G	Policy	MCB RAG 039	Review of working week, role flexibility and other terms and conditions	363,000	0	0	363,000	Unsocial hours expenditure in 2016/17 was approx. £320k indicating potentially lower saving value. Council will have to dismiss and re-engage staff.
Social Services	Policy	SW 178 001	Respite care for adults	50,000	50,000	0	0	
Social Services	Policy	SW 178 002	Adult social work	542,000	0	542,000	0	Proceeding. Review activity underway. Can be impacted by unforeseen changes in demand for services. Budget forecasts indicate service levels continue to outstrip the budget.
Social Services	Policy		Children's Social Work	150,000	150,000	0	0	Proceeding - can be impacted by unforeseen events; plans in place for a further 3 young people to return from high cost placement home.
SCS	Policy	SCS 178 001	Review and target funding to voluntary organisations	37,500	37,500	0	0	
SCS	Policy	MCB SCS 006a	Roll out of hub model: Community and leisure Facilities	23,000	0	23,000	0	Working group set up to progress. Design and timeline issues being worked through. There will be a need for community engagement.
<b>TOTAL</b>				<b>1,951,093</b>	<b>789,693</b>	<b>723,400</b>	<b>438,000</b>	

## MANAGEMENT EFFICIENCIES

## Appendix B

Service	Saving Type	Reference	Saving Description	Year One Saving (2017/18)	2017/18 Saving Green	2017/18 Saving Amber	2017/18 Saving Red	Description
				£	£	£	£	
Education	Management Efficiencies	EDU 178 017	Education staff budget	605,758	0	605,758	0	One year cash saving looking at secondary school management structures have been agreed. Discussions are ongoing with staff in central education team about changes in structure. This will be looked in detail in October 2017.
Corporate	Management Efficiencies	COU 178 017	Business process efficiencies	200,000	0	200,000	0	Work is ongoing to assess the attribution of procurement savings and the Chief Accountant is leading work on income maximisation
D&E	Management Efficiencies	DAE 178 002	Environmental Health efficiencies	10,000	10,000	0	0	
D&E	Management Efficiencies	DAE 178 003	Trading Standards efficiencies	8,000	8,000	0	0	
D&E	Management Efficiencies	DAE 178 005	Fleet Review	83,720	0	83,720	0	Reduction in fleet asset is taking place but unlikely to achieve full savings in 17/18
D&E	Management Efficiencies	DAE 178 010	Review of Street Care	12,280	7,400	4,880	0	Unlikely to achieve full saving based on quarter one outturn projections.
D&E	Management Efficiencies	DAE 178 023	Business Loans fund	40,000	40,000	0	0	
D&E	Management Efficiencies	DAE 178 015	Waste treatment and refuse collection	110,000	0	110,000	0	Saving based on historic trend data and projections. Team Leader monitoring actual vs forecast position during year. Quarter 1 outturns reporting underspend in refuse collection.
D&E	Management Efficiencies	DAE 178 020	Standby for School Alarms	20,000	0	0	20,000	Delay in implementation due to staff absence. Interim staff cover being recruited.
D&E	Management Efficiencies	DAE 178 018	Catering Service efficiency and income	300,000	285,000	15,000	0	Saving likely to be met
D&E	Management Efficiencies	DAE 178 009	Building Standards Efficiencies	59,594	59,594	0	0	
D&E	Management Efficiencies	DAE 178 013	D&E Vacancy management	70,000	70,000	0	0	
D&E	Management Efficiencies	DAE 178 014	Storage lease (Meals on Wheels)	8,000	8,000	0	0	
D&E	Management Efficiencies	DAE 178 016	Modern Apprentice	40,000	40,000	0	0	
Housing	Management Efficiencies	HCS 178 003	Housing Budget realignment	53,543	53,543	0	0	Currently looking to achieve although monitoring in the months ahead will be required.
Housing	Management Efficiencies	HCS 178 004	Staffing: Housing	46,128	46,128	0	0	
Housing	Management Efficiencies	HCS 178 005	Housing budget realignment	600,000	600,000	0	0	
Housing	Management Efficiencies	HCS 178 006	Housing Staffing costs	29,000	29,000	0	0	
Housing	Management Efficiencies	HCS 178 007	CCTV	15,000	15,000	0	0	
Housing	Management Efficiencies	HCS 178 008	Budget realignment (assets)	67,000	0	0	67,000	Moved across to Education. Discussions ongoing regarding charging this post to Capital
R&G	Management Efficiencies	RAG 178 001	Technology efficiency	40,000	12,000	28,000	0	Work ongoing but unlikely that saving will be fully met
R&G	Management Efficiencies	RAG 178 002	Training Budget	30,000	30,000	0	0	
R&G	Management Efficiencies	RAG 178 003	Voluntary Severance	250,000	164,187	85,813	0	This is a corporate saving and will come from approved VSs in all services not already provided for in agreed savings. VS is still open to any staff coming forward. VS will be publicised throughout the year £104k achieved in year. £84k 2nd year effect.
R&G	Management Efficiencies	RAG 178 004	Flexible working	20,000	0	20,000	0	This will continue to be monitored.
R&G	Management Efficiencies	RAG 178 005	External Audit Fee	4,000	4,000	0	0	
SCS	Management Efficiencies	SCS 178 002	Strategy & Customer Services vacancy management	11,242	11,242	0	0	
SCS	Management Efficiencies	SCS 178 003	Strategy & Performance grant finder	3,600	3,600	0	0	
<b>TOTAL</b>				<b>2,736,865</b>	<b>1,496,694</b>	<b>1,153,171</b>	<b>87,000</b>	
					55%	42%	3%	

**Budget Savings 2017/18**  
**2016/2017 Year 2 Savings**

**Appendix C**

				<b>Year One Saving (2017/18)</b>	<b>2017/18 Saving Green</b>	<b>2017/18 Saving Amber</b>	<b>2017/18 Saving Red</b>	<b>Notes</b>
				£	£	£	£	
Education				58,073	58,073	0	0	
Corporate				197,884	22,500	175,384	0	
Development & Environment				430,038	345,138	35,000	49,900	30% TVR Savings unachieved
Housing				55,587	55,587	0	0	
Resource & Governance				201,069	131,825	69,244	0	
Social Services				192,293	137,165	10,833	44,295	Unachieved TVR Savings
Strategy & Customer Services				127,138	127,138	0	0	
<b>TOTAL 2016-17 Year 2 Savings</b>				<b>1,262,082</b>	<b>877,426</b>	<b>290,461</b>	<b>94,195</b>	



# Transforming Council Services: Taking Clackmannanshire Forward



## Our Context

Clackmannanshire Council is operating in a very challenging environment. At a national level, the outlook for the UK economy is uncertain, and will likely remain so as Britain exits the European Union.

As efforts to reduce the national debt continue, there is no sign that the pressures on public sector spending will let up for the foreseeable future. This is at a time when demands on services are increasing.

For example, we expect to see the costs of health and social care to rise significantly over a period when the proportion of our older people is set to increase by 32%.

At the same time, our working age population is set to decrease by over 12%. With around 27% of children in Clackmannanshire living in poverty, and 2,700 workless households, changes to the benefits system will likely contribute to additional financial pressures.

This context means that ongoing public sector reform is essential to ensure the sustainability of services.

The changes that the Council now must make may have a considerable impact on our customers, our communities and our employees.

## How we spend our money

Here's some examples of how we spend our budget

£30 million on services for older people, vulnerable adults and child protection



£3.8 million on waste and recycling



£52million on schools and nurseries



£1.6 million on road and path repairs, and street lights



## Our Priorities: Taking Clackmannanshire Forward

In September 2017, the Council and its partners endorsed four long term outcomes for Clackmannanshire which aim to ensure equality of opportunity for all:

- Clackmannanshire will be attractive to businesses and people and ensure fair opportunities for all
- Our families; children and young people will have the best possible start in life
- Women and girls will be confident and aspirational, and achieve their full potential
- Our communities will be resilient and empowered so that they can thrive and flourish

The Council is fully committed to these outcomes, and will focus on these through its modernisation programme, Taking Clackmannanshire Forward.

Taking Clackmannanshire Forward will bring about significant changes in the way Council services are delivered in the next 5 years. It is likely that more services will be delivered digitally, with fewer staff working from fewer offices providing fewer direct services but in more joined up and cost effective ways. With the Council delivering fewer services, community empowerment will become even more important. It will be vital for the Council, with its partners, to continue to work together with communities to address the challenges that lie ahead.

To ensure the sustainability of essential Council services, Taking Clackmannanshire Forward adopts a three step approach:

- 1 focus on clear priorities and target resources to greatest effect
- 2 transform services, to improve their responsiveness and accessibility
- 3 be as efficient and effective as possible in everything that we do.



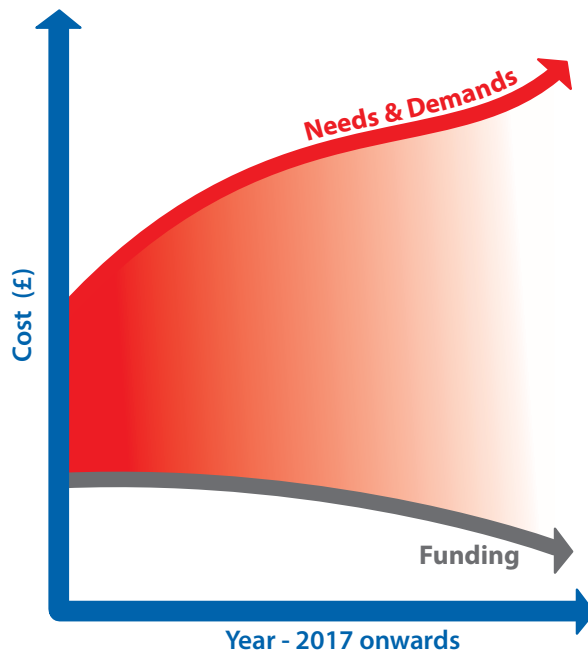
## Our Challenges

The combination of increased demand for services and reductions in public spending means that the Council can't carry on doing everything it currently does in the same way. The level of funding we receive continues to be insufficient to pay for the services we currently provide and the Council by law has to balance its budget.

Since 2011 Clackmannanshire Council has made £36 million of savings and used £15 million of reserves to sustain services, but our challenging context means we estimate we have another £28 million savings to find over the next 3 financial years.

The Council has no choice but to reduce spending, which will include reducing, and in some cases stopping services that our customers have become accustomed to.

We do have some choices however on which services are reduced and how services of the future are delivered.



## How to play your part in transforming your Council and sustaining vital services

The Council believes strongly in working with local communities and is committed to including customers, stakeholders and partners in every aspect of our work. That's why we are consulting with you on the difficult and important decisions that have to be made about Council services. Council officers have developed a range of proposals, on which we want your feedback.

We want your views on what impacts proposed changes will have on you and your community. These will be available on the front page of the Council website from 27 November along with information on how you can feedback your views. The feedback from the consultation will be made available to all councillors prior to the Council making final decisions on the budget in February 2018.

## Our challenges

It is estimated that the Council will have to save £28 million over the next three years.



Over the last seven years the Council has saved £36 million.

There has to be a focus on providing care for the elderly and vulnerable adults as the proportion of older people is expected to increase by 32%.



In Clackmannanshire around 27% of all children are living in poverty which is around 2,400 of our children – a figure well in excess of the national rate in Scotland.

Children make up around 9,000 of the current population of Clackmannanshire with around 3,900 on the primary school roll and 2,800 on the secondary school roll.



There are around 2,700 workless households in Clackmannanshire with approximately 2,000 children living in these households.

The number of people of working age in Clackmannanshire is set to drop by 12.5% from 2014 to 2039.

New technology provides the council with an opportunity to deliver services in more effective ways. More services will be available online with less need for face-to-face interaction with Council staff.

