

PRIORITY BASED BUDGETING – DELIVERY ON PRINCIPLES

1. Introduction

Based on the output from the Priority Based Budgeting (PBB) Elected Member Workshop in August the Council considered and approved Report 348/15 which set out a broad budget strategy for 2016/17 and beyond. The agreed strategy was based around a number of principles which officers were remitted to try to ensure were achieved in preparing a draft budget package for the Council.

This paper considers how the proposed budget package meets the principles set or where this is not the case gives reasons why it has not been possible to meet the principles in full.

Angus Council's financial challenges have never been more acute. The Council is in the midst of a long term and significant reduction in funding for public services which will fundamentally change what services we can provide and how we provide them. Delivery of all of the PBB principles against this backcloth has therefore proved very difficult.

The bullet points in Sections 2-4 reflect what Members agreed should be captured/delivered in the draft budget package for 2016/17. A brief commentary on each of these is provided which reflects the extent to which these have been achieved based on the budget proposals being presented to the Council.

2. Strategic Principles

Be framed to achieve the aspirations and commitments set out in the Single Outcome Agreement (SOA) and Council Plan and explain in broad terms how this will be done and what impact it will have. The draft budget package should clearly explain how it supports achievement of SOA and Council Plan objectives.

Commentary

The budget package should allow the commitments in the SOA and Council Plan to be delivered because the focus of new savings options is mainly on the transformation programme and strategic change to how we deliver services. Where possible the package prioritises those services and ambitions in the SOA/Council Plan. The budget package also recognises the need for additional investment in key areas in adult services and children's services in particular.

Ensure that joint resource planning with Community Planning Partners is undertaken and the implications of this are reflected in the draft budget proposals for the Council.

Commentary

Joint resource planning around the Integrated Joint Board is a key feature of the budget proposals. Joint resource planning in general has however been hampered this year because of the delay in the Spending Review. Joint resource planning and asset planning is led by the Angus Community Planning Partnership (ACPP) Resources Group. Limited joint budget planning has been possible beyond these areas for 2016/17 to date but further discussions through the ACPP Resources Group will ensure partner budget strategies are aligned as far as possible.

Support delivery of Directorate Improvements Plans to 2018 for each Council Directorate

Commentary

Directorate Improvement Plans have been developed in parallel with the budget proposals and are therefore in alignment.

Ensure the implementation of existing Transforming Angus (TA) change initiatives to maximise the financial value and service outcome benefits from the change programme.

Commentary

The TA programme is central to the budget proposals and the achievement of future budget savings which will be required. A provision for TA of £904,000 is included in the summary of net expenditure shown in Appendix 1. Further resources for TA work are earmarked in Reserves.

3. General Principles

Enable the Council to set a legal and balanced 2016/17 revenue budget which puts the Council's finances on a sustainable footing for the medium term

Commentary

The budget proposals will allow the Council to set a legal and balanced budget for 2016/17. The proposals for 2016/17 seek to balance the need for investment in services now with the need to provide financial flexibility into the future.

Enable the Council to set an affordable, prudent and sustainable capital investment programme which ensures investment continues to be made in the school estate, core infrastructure, technology and affordable housing

Commentary

The budget proposals achieve this based on the final proposed areas for investment in the capital plan and confirmation the plan is affordable looking at our 25 year affordability assessment.

Maximise the revenue budget savings which can be achieved from efficiency programmes and service redesign so as to restrict any reduction in service quality for customers to that which is unavoidable due to the Council's financial pressures

Commentary

The whole ethos adopted in preparing the budget proposals has been to maximise efficiency savings and limit negative effects on services. A sum of £2.800 million of the savings proposed is regarded as cashable efficiencies as is all of the savings from the Tier 1 Reviews (£1.777 million). It hasn't however been possible to present a budget package which avoids some negative impact on services – this is unavoidable given the scale of financial gap requiring to be addressed to balance the budget.

Ensure financial capacity exists for projects and proposals of an invest to save nature.

Ensure that sufficient resources are in place to make sure the savings needed from the Transforming Angus Programme can be identified and begin to be delivered, particularly: Agile Angus, Angus Alive, Angus Digital, Help to Live at Home, Procurement Review and Passenger Transport.

Commentary for both bullet points

A sum of £904,000 has been included within the 2016/17 provisional revenue budget in respect of the TA Programme, and resources are included in both the revenue and capital budget proposals to support invest to save projects and the change programme. The projects listed feature in the list of Tier 1 Review savings albeit some have modest savings against them for 2016/17 because of where they are in their stage of development.

Protect/increase as far as possible spending and activity which is clearly preventative in nature.

Commentary

The investment bids recommended for approval include a number of items which are preventative in nature including the proposals around kinship care allowances, Developing Scotland's Young Workforce and additional training for staff in dealing with challenging behaviours.

Be framed so as to manage the key strategic, operational and budget risks facing the Council.

Commentary

The balance of risk to be accepted is central to any budget setting and not all of the potential budget pressures and cost risks are proposed to be provided for in the budget, partly due to affordability but also due to the uncertainty over whether those risks will materialise. Directors have updated their Risk Registers and associated action plans in their Directorate Improvement Plans and the overall management of risk within the budget has been subject to review in finalising the budget proposals.

Avoid taking a one year only view and be based on a medium term outlook particularly with regards to delivery of budget savings and identification of savings programmes and options.

Commentary

Although members are being asked to set a full and detailed revenue budget only for 2016/17 this is framed in the context of a 3 year savings strategy based on the expectations for savings from Tier 1 Reviews and the remaining funding gap. The capital budget proposed is a 5 year plan. The Council's ability to prepare a 3 year budget strategy has been significantly hampered by the lack of information on our grant allocations beyond 2016/17 and a financial settlement for 2016/17 which was much worse than expected.

4. Specific Principles

Reflect member priorities for investment in children and schools and in particular try to ensure we have good quality primary education and we can close the attainment gap.

Commentary

Budgets for schools and children's services have been protected in part from further savings because of Scottish Government requirements in relation to teacher numbers. The budget package also allocates all new grant monies provided for specific initiatives and new legislation in this area to the People Directorate. Significant capital investment is programmed for Angus schools.

Seek to address any unmet capital investment needs in economic development particularly around employment land and job creation.

Commentary

This principle has been borne in mind in preparing the capital budget proposals contained in the 2016/2020 Financial Plan. A new project to invest in Brechin Business Park is included in the proposed capital budget.

Establish a broad strategy and timescale for assessing future investment needs in the overall Angus school estate e.g. due to population changes.

Commentary

Report 436/15 to the Children & Learning Committee of 10 November 2015 approved the preparation of an Angus wide strategy for the school estate.

Reflect member desires to avoid or limit detrimental reductions in funding for the 13 areas of service identified in paragraph 4.3 of Report 348/15.

Commentary

This has been the most challenging aspect of preparing the budget proposals. The 13 areas identified by members in the August workshop make up 73% of the Council's net budget. Given the scale of savings required to balance the budget it has not been possible to avoid savings in these 13 services. Those savings included in the budget package from these 13 areas of service are those which minimise the negative impacts on the SOA and service quality.

Confirm whether further savings are achievable in Community Planning & Transport beyond those already planned or the subject of major review through Transforming Angus.

Commentary

Community Planning arrangements including structures and staffing have recently been reviewed and changed. These need time to settle in and thereafter assess the impact. However savings of £80,000 have been proposed from mobile/flexible working and workforce planning, with a further £140,000 additional income also included in the budget package. On Transport the emphasis is on maximising the savings from the Transport Review (this is a Tier 1 Review). Inflationary cost pressures in transport are recommended to be covered from efficiency savings through the review rather than added in as budget growth.

Include proposals for how consolidation of recycling centre provision and other changes to waste collection arrangements could be progressed including timescales and implications. These proposals to also provide an assessment of any additional investment needs in waste management more generally.

Commentary

Proposals have been included in the budget package in this regard. Waste is an area of significant spend and savings in that area are unavoidable.

Provide initial officer views on the potential for further outsourcing of services.

Commentary

The Corporate Procurement review, the review of commercial/income opportunities and the development of the external market through the Help to Live at Home project are the main areas of focus for potential outsourcing in the budget package. Further outsourcing beyond those areas will be considered for subsequent budgets.

Provide initial officer views on the potential for expanding shared services.

Commentary

Angus Council has been fairly active in this area with the ongoing support for collaborative procurement through Scotland Excel and the Tayside Procurement Consortium. In addition several Council services have moved to a shared services model through Tayside Contracts. The Chief Executives from the 3 Councils and the NHS in Tayside are now meeting on a regular basis and a number of potential collaboration projects have been identified for further development with potential for savings to come for the 2017/18 and beyond budgets. A Joint Management Team meeting was held with Dundee City Council to discuss options and appetite for shared services/collaboration and a number of options are to be explored following that meeting.

Provide initial officer views on the potential to expand the Council's commercial activity and generate additional income.

Commentary

This is a specific area of work which is to be taken forward with support from the Council's Strategic Partner EY. Preliminary work has begun but this needs to be developed further during the course of 2016/17 with a view to identifying specific proposals for income generation.

Provide initial officer views on the specific ideas for change identified by members for each of the 25 service areas as set out in Appendix 1 to this report.

Commentary

Almost all of the suggestions and issues raised by members through the PBB workshop are reflected in the budget package as investment proposals, departmental savings or as part of Tier 1 reviews. Some suggestions and issues are longer term so will be factored into future service and budget planning.

5. Conclusions

Based on the above commentary the 2016/17 budget package proposed delivers much of the principles which members have endorsed through the Priority Based Budgeting (PBB) process. It has not however been possible to shift resources on a significant scale because of the size of the funding gap, unavoidable budget pressures which need to be addressed and the constraints around statutory duties and Scottish Government policies on teacher/pupil ratios. The budget package recommends those savings considered to be the most palatable and recommends budget uplifts to recognise unavoidable cost pressures in key areas of service to the public. The savings proposals are based on a recognition that the options put forward will be unavoidable choices over the next 2-3 years.