

ANGUS COUNCIL

MEETING OF ANGUS COUNCIL – 10 SEPTEMBER 2015

**PRIORITY BASED BUDGETING – RESULTS FROM STAGE 1 WORKSHOP AND PROPOSED 2016/17
BUDGET STRATEGY**

REPORT BY THE HEAD OF CORPORATE IMPROVEMENT & FINANCE

ABSTRACT

This report advises members of the results from the recent priority based budgeting all Council workshop and seeks approval for a broad budget strategy for 2016/17 which officers will use to prepare a draft budget package for members to consider in November.

1. RECOMMENDATION(S)

It is recommended that the Council:

a) note the summary results from the priority based budgeting workshop as outlined in this report and the interpretation of these results in recommending a broad budget strategy for the Council's 2016/17 budget setting process;

b) approve the broad budget strategy as set out in Section 4.10 to 4.12 of this report as a basis for officers to now prepare a draft budget package for 2016/17;

c) note that the draft budget package prepared by officers will be submitted for consideration to an all Council budget member/officer group meeting in November 2015; and

d) note that final sign off of the Council's 2016/17 revenue and capital budgets will take place in February 2016 in line with previous practice

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report contributes as a whole to the local outcome(s) contained within the Angus Community Plan and Single Outcome Agreement 2013-2016. The report's proposals are about how the Council ensures its limited resources are targeted at its priorities and the objectives set in the Single Outcome Agreement.

3. CURRENT POSITION

3.1 Reference is made to Reports 196/15 and 240/15 considered by the Council in May and June this year which set out proposals for using a priority based approach to setting the 2016/17 revenue and capital budgets. Stage 1 of that new approach was an all-Council priority based budgeting (PBB) workshop and this was held on 20 August and attended by 18 elected members. The intention of the new PBB approach is for the results from the workshop to be used to set a high level budget strategy for 2016/17 which officers will use to develop a draft budget package for consideration by all members at a further workshop in November. This report summarises the results from the PBB workshop and proposes a broad budget strategy for the 2016/17 budget setting.

Workshop Content & Approach

3.2 The workshop involved splitting the Council's budget into 25 areas covering all of the major services provided. A summary (pen picture) for each of these service areas was prepared covering what the service is about, performance information and a view from officers about the implications of increases and decreases in the funding made available.

- 3.3 In addition to these pen pictures additional contextual information was provided covering the Single Outcome Agreement and Council Plan and the financial challenges the Council faces. Although some members were unable to attend the workshop all members were provided with all of the pen pictures and other information.
- 3.4 The focus for the workshop was for members to discuss the 25 service areas and answer 5 questions related to each of these services in terms of how the service is performing, the acceptability of budget savings being applied in that service and its importance for the achievement of outcomes. In addition to this the final session of the workshop asked members to rank on a green, amber and red basis 10 difficult choices which the Council could be required to consider in the next few years as a means of balancing its budget. Members also identified improvements they would want to see happen in return for making these difficult choices.

4. PROPOSALS

Results from Review of 25 Service Areas

- 4.1 Set out at Appendix 1 is a summary of the results from the workshop and members answers to the 5 questions. The comments in the Appendix are a summary based on majority views and common themes so don't capture everything that was said by members. Below is a higher level of summary of what came out in the responses. For the avoidance of doubt the comments in the Appendix reflect what was discussed at the workshop and do not therefore represent a commitment to a particular course of action or any policy position for the Council.

4.2 Service Performance

Almost all services were viewed as performing well and being important to the achievement of outcomes. Members identified some services as very important. There is a need for more performance/ comparative information for some services

4.3 Reductions in Funding

The majority of members viewed reductions in budget for 13 of the 25 services as unacceptable. These services are:- Primary Education; Secondary Education; Adult Mental Health; Older People Services; Planning; Additional Support Needs; Children & Families; Early Learning & Childcare; Economic Development; Waste Management; Environmental Health; Structural & Cyclic Maintenance and Winter Maintenance. It is worth noting that in budget terms these services make up 73% of the total budget for the 25 services.

Only 2 of the 25 services had a small majority of members in favour of applying further reductions in budget for those services – Community Planning & Transport.

For the remaining 10 of the 25 services member views were mixed on the acceptability of further reductions in budget.

4.4 Additional Investment

The majority of members viewed additional investment in 6 of the 25 services as being unnecessary. These services are:- Resources Directorate; Community Planning; Planning, Chief Executives; Environmental Health and Quality & Performance.

Only 2 of the 25 services had a majority of members in favour of making further investment in the service – Primary Education and Waste Management

Views were mixed on the need for further investment in the remaining 17 of the 25 services.

4.5 Ideas for Change

Members made a number of suggestions for change across all of the 25 services and in several cases noted that review work was already underway or planned.

“Making the Difficult Choices”

- 4.6 As the final part of the PBB workshop Members were asked to put 10 difficult choice options into 3 red (least acceptable), 3 green (most acceptable) and 4 amber (somewhere in the middle) categories and to identify a few areas where they would want to see improvement and investment. This was a very high level and hypothetical exercise and only 13 members were able to take part in it so it is intended that consideration of these difficult choices and how best to develop these further be taken forward by the Policy & Budget Strategy Group as a next step.

Conclusions from Results of Workshop Activities

- 4.7 The results from the workshop highlight how challenging it is to make budget choices around priorities because of the importance of and value provided by all services of the Council – there are no easy options and it's difficult to compare the benefits and impact of services which are very different in their nature and purpose. It is also difficult to make choices about competing priorities at a broad level compared with deciding between detailed and specific proposals. The scale and diversity of the Council's service provision is also a challenge to delivering a priority based budget.
- 4.8 The results from the workshop need to be interpreted cautiously because not all members were able to attend and some members were unable to stay for the full workshop. Notwithstanding the need to be cautious the purpose of the workshop was to inform Stage 2 of the budget preparation process so that a draft budget package with specific proposals for services can be prepared by officers for members' further consideration. There is sufficient information arising from the workshop for this purpose.

An Overall Budget Strategy to Inform Preparation of a Draft Budget Package

- 4.9 Clearly an overall budget strategy has to be based on high level objectives and aspirations rather than the detail of specific proposals (that will come in November). With this in mind the Council is recommended to agree that officers, supported and directed by the Policy & Budget Strategy Group (PBSG), work to a high level budget strategy based on the principles and aspirations described in paragraphs 4.10 to 4.12 below.

4.10 Strategic Principles

The draft budget package for 2016/17 should:-

- 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.
- 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.
- Support delivery of Directorate Improvements Plans to 2018 for each Council Directorate
- Ensure the implementation of existing Transforming Angus change initiatives to maximise the financial value and service outcome benefits from the change programme.

4.11 General Principles

The draft budget package for 2016/17 should:-

- 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
- 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
- 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
- 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
- Protect/increase as far as possible spending and activity which is clearly preventative in nature
- Be framed so as to manage the key strategic, operational and budget risks facing the Council

- 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

4.12 Specific Principles

Based on the output from the PBB Workshop the draft budget package for 2016/17 should:-

- 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
- Seek to address any unmet capital investment needs in economic development particularly around employment land and job creation
- Establish a broad strategy and timescale for assessing future investment needs in the overall Angus school estate e.g. due to population changes
- Reflect member desires to avoid or limit detrimental reductions in funding for the 13 areas of service identified in paragraph 4.3 of this report (see note 1 below)
- Confirm whether further savings are achievable in Community Planning & Transport beyond those already planned or the subject of major review through Transforming Angus
- 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
- Provide initial officer views on the potential for further outsourcing of services (see note 2 below)
- Provide initial officer views on the potential for expanding shared services (see note 2 below)
- Provide initial officer views on the potential to expand the Council's commercial activity and generate additional income (see note 2 below)
- 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 (see note 2 below)

Note 1 - although members were not supportive of budget reductions in 13 of the 25 service areas those 13 areas account for 73% of the Council's budget. Given the scale of savings required to balance the budget it will not be possible to avoid some level of savings in these 13 services. Officers would therefore focus any necessary savings in those areas of service to those which minimise negative impacts on the SOA and service quality.

Note 2 – this will require investigation and may require discussion with other organisations which will take a number of months to complete so it is likely that the draft budget package prepared for November will have only initial thoughts and perhaps a high level timetable for how to progress these further.

Next Steps

- 4.14 Subject to the Council's agreement the above strategy will be used to guide the preparation of an overall package of budget proposals for members to consider at an all-Council member/officer group (MOG) meeting in November 2015. That MOG meeting and any changes arising from it will then be used to prepare a final set of budget proposals for formal consideration by the Council in February 2016.

5. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report. The budget strategy proposed will be used to guide the ultimately delivery of a balanced and legal budget in February 2016.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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