

Finance and Change Plan 2023 to 2026

Building our Council's Future

Foreword

Angus, like all councils, is currently managing the most challenging circumstances it has ever faced thanks to a “perfect” storm of rising costs due to inflation and wider economic challenges and real terms reductions in its income. At the same time demand for many Council services is going up as more of our citizens need support with issues caused by the cost of living crisis and legacy effects from the COVID-19 pandemic.

This Finance & Change Plan sets out very challenging targets for the savings which need to be made over the next 3 years to keep the Council's finances in balance. The amount of the savings required and the speed at which they need to be made is a concern to elected members and senior officers and will impact significantly on the services the Council is able to provide and on the charges and taxes the Council asks citizens to pay.

The Council, its staff and our partners in the Angus Health & Social Care Partnership, ANGUSalive and Tayside Contracts have, over the last decade, transformed and redesigned services to save more than £78 million (26%). That is a significant achievement and has happened despite the disruption caused by the pandemic in the last 2-3 years. The Council has also been independently assessed as an organisation which provides best value to local taxpayers by the Accounts Commission ([Angus Best Value Report](#)).

While much has already been done there remain huge financial challenges to address because the Council's costs are rising significantly due to inflation but the income the Council receives from Scottish Government Grant and can raise through Council Taxes is not keeping pace. The resulting funding gap needs to be addressed by yet more savings and service cuts on top of the £78 million delivered already.

The council has significantly increased the pace of change in recent years. Our latest Change Programme as set out in this document remains ambitious and covers every area of service with clear links to our Council Plan. Improving the council's efficiency has been a large part of our focus and will remain so, but efficiency alone will no longer be enough to bridge the funding gaps we face into the future. Therefore, we are continuing to invest in new programmes of work which will help identify ways for the council to be financially sustainable – a public service organisation fit for the 21st century which works with a number of partners to deliver for local people.

The updated Council Plan, Workforce Plan and detailed revenue and capital budget proposals for 2023/24 to 2025/26 reflect the council's ambitions and priorities and show that although significant savings must be made, we are also investing the money we have in those areas we think are the most important in line with our priorities.

These are challenging times but the Council and its staff have proven time and again to be able to meet such challenges in order to provide the best possible services to Angus citizens with the resource we have.

Councillor Bill Duff
Finance Convener

Ian Lorimer
Director of Finance

KEY MESSAGES

1. The Council is under the severest financial strain since it came into being in 1996. A financially damaging “cocktail” of high inflation, increased demand and limited increases in government grant funding mean the Council has a significant gap between its costs and incomes that will be exceptionally difficult to try to deal with.
2. The council relies on grant income from the Scottish Government for 81 percent of the money it needs to pay for the services that the council provides to the public. Council Tax income covers only 19 percent of the net cost of providing services.
3. The council's finances are being squeezed from three directions at the same time: the money it gets from Scottish Government for existing core services has been reducing in real terms; inflation means it costs significantly more to provide services each year and there is increased demand for some services. This “triple whammy effect” over the last decade has meant that the council has had to make big changes to the services it provides, how it provides them and the fees and charges it asks people to pay.
4. Although the council can do more to improve its efficiency, it has already done a huge amount to save taxpayers money and reduce its costs. The council is still providing all the services it is required to by law and has still managed to make savings of over £78 million (26 percent) in the last 10 years.
5. The range of services provided by Angus Council is vast. Council services touch the lives of every person in Angus every day, in some way. Those services are important, but they cost money and need to be paid for.
6. Despite the most challenging financial situation faced by local authorities in a generation, Angus Council still has responsibility for deciding how very large amounts of taxpayer's money will be used. That money is intended for services that are the highest priority to get the best outcomes for local people as detailed in our Council Plan.
7. The future for the council looks very challenging. The sustainability of the current system of council funding and the services councils are asked to provide is now in urgent need of review – there is a growing mismatch between the Council's legal duties and the resources it has to try to meet those duties.

PART 1 - HOW OUR FINANCES WORK

MAIN PARTS OF COUNCIL FINANCES

It costs money to deliver the services the council provides and it must comply with strict rules as to how it manages and accounts for that money. There are four main parts to the council's finances. These include:

GENERAL FUND REVENUE

This covers the day-to-day spending and income on all services provided, except council housing. The costs of staff, materials, fuel, debt, etc. for services such as schools, waste collection, roads, planning and social work sit under this part of the council's finances.

GENERAL FUND CAPITAL

This covers spending and income on assets (buildings, vehicles, equipment, etc.) which will be used over a number of years to provide General Fund services.

HOUSING REVENUE

This covers the costs of staff, repairs, administration, etc. required to run the council's housing service and the rental income received from tenants.

HOUSING CAPITAL

This covers the cost of building new, and improving existing, council houses.

PART 2 - GENERAL FUND

Where the money comes from

The vast majority of money is in General Fund revenue and this money comes from the public either through national taxation via the Revenue Support Grant, or directly via Council Tax, or from the fees and charges the council applies for some of the services it provides.

The tables below show the different sources and percentages. Gross income covers everything, but net income is the most common way council finances and budgets are presented.

Figure 1: Sources of Gross Income

Source of Gross Income	%
Revenue Support Grant	56
Council Tax	15
Other Income (incl. recharges)	8
Other Grants	5
Non-Domestic Rate Income	7
Fees & Charges	4
Specific Grants	4
Contribution from Funds / Balances	1

Figure 2: Source of Net Income

Sources of Net Income	%
Funding set by Scottish Government – Revenue Support Grant, Specific Grants & Non-Domestic Rate Income	81
Council Tax	19

The council relies on the Scottish Government, Angus Council Taxpayers, businesses, the UK Government and customers paying for services for all of its income. This is the total income the council receives in order to provide services. The sources of gross income are shown in Figure 1.

Figure 2 shows just how dependent the council is on the money it receives from the Scottish Government. At 81 percent of net income, this is the biggest factor affecting the council's budget decisions. Although Council Tax is a big bill for each household every year, the money raised only meets 19 percent of the cost of providing council services.

The 81/19 ratio of grant funding to Council Tax creates a "gearing" effect. In Angus this means that a £2.6m (which is one percent) reduction in Government Grant would need an approximately four percent increase in Council Tax to make up the loss.

Although the council collects non-domestic rates from Angus businesses, this income goes into an all Scotland fund and is then redistributed to councils as part of their total allocation of funding from the Scottish Government. The Government therefore decides how much of the non-domestic rate income collected locally comes back to Angus Council. The council has no control over this part of its funding.

Where the money is spent

Angus Council, in common with all Scottish councils, provides a very wide range of services. Some are required to be provided by law and some are permitted to be provided without being legally required. These include large service areas such as schools, down to small services such as the maintenance of war memorials. Council services impact almost every aspect of our daily lives across Angus. Many of these go unnoticed and are provided for the benefit of all citizens rather than directly to a single individual. Figure 3 shows the percentages spent on the main council services.

Figure 3: Main Services and % of Budget

Service	%
Schools – Primary, Secondary, ASN, Early Years	41
Adult Social Care Services	22
Children, Families & Justice Services	7
Roads & Transport	6
Waste Management	6
Borrowing Costs	4
FM & Other Support Services	2
HR, OD, DE IT & Business Support	2
Council Tax Reduction & Welfare Fund	2
Leisure & Cultural Services	2
Parks & Gardens	2
Planning & Communities	2
Finance	1
Legal	1

Most of the costs are for staff directly employed by the council but the council also buys in services from other organisations and makes payments to these third parties. Figure 4 shows the main areas of expenditure.

Figure 4: Main Types of Expenditure

	%
Employee Costs	47
Third Party Payments	36
Property Costs	7
Supplies & Services	5
Borrowing Costs	3
Transport Costs	2

The challenges

The council operates in an increasingly complex environment and one where it continues to be asked to do more through new legislation but where funding for existing services is being squeezed in real terms. The expectations, obligations and reporting requirements placed upon the Council has also been increasing so there is more work to do and less money to make it happen. The Council has seen an increase in the use of ring-fenced funding or funding which is subject to a bidding process which reduces flexibility and increases administrative burdens. The Council has achieved significant savings (£78 million, 26%, in the last ten years) but savings on this scale simply cannot continue to be made without negatively affecting the services the Council provides. This is where the Council's policy priorities help to guide the allocation of the scarce financial resources the Council has.

The main challenges are highlighted as follows:

Policy and legislative changes

There are a wide variety of major national policy and legislative changes which are affecting the council. Changes in legislation can mean higher costs which the council must meet in order to comply with the law.

While some aspects of Scottish Government funding have increased, most of this extra funding is for new services the Council must provide or can only be spent on specific projects which are part of national policy.

Partnership working

There has over a number of years been a big increase in the number of partnerships that the council is working with in order to deliver services. Examples include ANGUSalive, the Angus Health & Social Care Partnership, Community Planning Partners and Tay Cities Board. This makes tracking performance and governance more complex, but it also gives the council the opportunity to learn and deliver services in new, more effective ways.

Real Terms Reductions in Government Grant for Existing Core Services

As stated above, 81 percent of the council's net budget comes from Scottish Government grant support. All councils in Scotland have seen their core grant funding (the funding for existing services rather than new ones) reduce in real terms over a long number of years. Financial year 2023/24 sees a continuation of this. For 2023/24 there is a sizeable increase in grant available to Local Authorities but much of this increase is either to cover part of the cost of the previous years staff pay deal, to assist the Angus Health & Social Care Partnership with their increasing costs or is for new initiatives which the Scottish Government require Councils to implement. Only some of the grant increase from 2022/23 (£5.274m, 1.8%) is available to support new cost pressures in the budget, with the majority of this being very recently announced additional funding to assist with 2023/24 estimated increased pay costs. This leaves very little available to assist the Council with other increasing costs, such as soaring energy prices and extremely high general inflation rates.

As has been highlighted by The Accounts Commission in its report on Local Government in Scotland Financial Overview 2020/21 Scottish Government funding for local government has fallen in real terms by 4.2% since 2013/14. With the expectation of further significant real terms cuts in grant funding to Councils in the next few years the existing model of funding local government services will be under strain as never before. The scale of cuts which are going to be required will be significant and calls into serious question whether the current model of funding local government services is fit for purpose and in any way sustainable for the longer term.

Rising costs due to inflation

Council services are subject to rising costs in the same way as any household budget. Providing council services needs staff, food, fuel, energy, vehicles, and other materials. These costs have all been rising each year because of inflation. Inflation on some of the council's costs e.g. for care

services can be much higher than the level of general inflation. Inflation has increase the Council's costs on a very large scale in the last 12 months especially and will continue to do so for at least another year.

Rising costs due to increasing demand

There have been changes in demand for some services such as a significant rise in the cost of residential placements for looked after children. In order to meet this demand, there will need to be changes to staffing levels, buildings and equipment, and this means higher costs.

When there is a reduction or limited increases to 81 percent of income and costs are increasing because of inflation, demand, new legislation and complexity, there is inevitably a significant challenge to address.

The combined effect of the financial challenge has meant that in addition to the £78 million saved in the last ten years Angus Council will need to find another £13.3 million of savings in setting its 2023/24 revenue budget. Further significant savings in future years are also expected to be necessary.

The fact the council has up to now been able to keep most services running well is due to the hard work of staff and the willingness of councillors to make difficult decisions when required.

General fund revenue budget for 2023/24

Increases in the council's costs and reductions to its income mean that there is not enough money to pay for all services as they are currently provided. The council has a funding "gap" for 2023/24 of £25.934m which is 8 percent of the net budget, meaning that there is a difference between budgeted expenditure and income which needs to be addressed. The table below shows the main causes of the funding gap.

Figure 5: Funding Gap 2023/24 – Main Causes

Cause	£m
Pay inflation and increments – teachers and other staff (not already in base budget)	9.739
Corporate Energy Cost Increase	2.800
Provision for non pay inflation & other risks	2.600
One-off Investments (per Appendix A of Report 57/23)	3.100
One-off budget savings in 2022/23 which require permanent solutions	3.960
Cost & demand pressures in Children & Family Social Work	4.696
Cost and demand pressures in adult health and social care	1.677
Cost & demand pressures in Education & Lifelong Learning	1.381
Cost & demand pressures in Infrastructure & Environment	0.493
Cost & demand pressures in support services	0.320
Other Budget Adjustments	1.012
Reversal of NI Increase	(1.438)
Additional Scottish Government Funding for pay inflation	(4.406)
Overall Funding Gap	25.934

The funding gap for 2023/24 is significant and closing it is a major challenge for the council. The council is required by law to set a balanced budget each year. This means that the council must find ways to make sure that it matches its expenditure to its income, no matter how difficult this may be and no matter what impact on services this will have providing the Council's other legal duties are met.

The council's plans for closing the funding gap are shown in Figure 6 below.

Figure 6: Measures to Close the Funding Gap 2023/24

	£m
Total Funding Gap	25.934
Less Budget Savings from Finance & Change Plan	(13.327)
Less: Income from Increase in Service Charges	(0.291)
Adjusted Funding Gap before Council Tax and use of Reserves	12.316
Less increase in Council Tax Base	(0.442)
Less Council Tax Increase	TBD
Less Use of Reserves for One-off issues	(5.005)
Less Use of Reserves for Energy Costs	(2.000)
Less Use of Reserves for Ongoing issues (to balance budget)	TBD
Remaining Funding Gap	Nil

More information about the council's General Fund revenue budget is included in the official reports submitted to the Special Council Meeting of 2 March 2023 which are available on the council's website www.angus.gov.uk.

General fund revenue budget for 2024/25 – 2025/26

The council published its Medium-Term Budget Strategy (MTBS) for 2023/24 to 2025/26 at the Angus Council meeting on 3 November 2022. Report 321/22 refers and can be found on the council's website.

The MTBS is the council's best estimate of its expenditure, income and funding gaps for the financial years 2023/24 and 2025/26. These predictions about future budgets have now been updated, taking account of what is known about the 2023/24 revenue budget and current plans for balancing budgets in future years and can be found in report 58/23.

Figure 7	2024/25	2025/26	2 Year Total
	£m	£m	£m
Projected Funding Gap (Report 58/23) note 1	17.309	17.156	34.465
Less Future Finance & Change Plan Savings	(8.739)	(4.308)	(13.047)
Projected Remaining Funding Gap	8.570	12.848	21.418
Less Indicative Increase in Council Tax Base, note 2	(0.151)	(0.298)	(0.449)
Less Indicative Increase in Council Tax (Cumulative) note 2	(6.000)	(9.000)	(15.000)

Less use of uncommitted general fund balance per proposed use of reserve strategy	(8.500)	(4.500)	(13.000)
Add Previous Years One-off Solutions	5.500	8.500	14.000
Projected funding gap / (surplus) after options	(0.581)	7.550	6.969

Note 1 – this figure assumes a 5% increase in Council Tax is applied in setting the 2023/24 budget, as this has still to be determined so is shown for illustrative purposes only. The figure is also subject to change depending on final decisions regarding the use of Council Reserves.

Note 2 - this remaining gap also assumes 5% cumulative increases in Council Tax levels and corresponding changes to the Council Tax base apply.

The table shows that the council's finances on General Fund revenue services are expected to continue to be under severe strain in the years ahead and that further changes to the services the council provides will be needed.

General fund capital budget for 2022/23 – 2026/27

The Council is planning for significant investment in its schools, roads, vehicles, equipment and land for economic development in the current five year planning period.

This investment is necessary to provide services to the public while reducing running costs for future years. A substantial investment is being made in the Capital Budget to replace Monifieth High School, which will ensure we provide our young people with the best facilities we can. Other significant investments are in Tay Cities Deal projects, which will bring economic benefits to Angus, flood protection schemes which will protect homes and businesses at risk across Angus and Roads Infrastructure maintenance projects.

In total, the council plans to invest £171m on capital projects up to March 2027 on General Fund services. Figure 8 shows the main planned projects:

Figure 8

Areas of Investment Budgeted Spending	Budgeted Gross Spending £m
Road Maintenance across Angus	26.1
Replacement of Monifieth High School (Angus Schools for the Future)	55.5
Angus School Estate (excluding Monifieth High School)	10.9
Property Maintenance across Angus	6.1
Montrose Coast Protection	5.0
IT Hardware Refresh Programme including Schools	4.3
Arbroath Places for Everyone Project	13.2
Tay Cities Deal Projects	18.6
Arbroath Flood Strategy	4.0
Waste and General Vehicle Replacement	11.8

The council's capital spending is funded from Scottish Government Capital Grant, borrowing, capital receipts from selling surplus assets plus the opportunity to use revenue budget money to pay for capital projects. Figure 9 shows how the total spend of £171m is expected to be met in the current five year period of the capital budget.

Figure 9: Split of Capital Funding

	%
Borrowing	43
Government Capital Grant	29
Other Grants and Contributions	25
Capital Receipts from Assets Sales	1
Capital Funded from Current Revenue	1
Capital Fund	1

PART 3 - HOUSING

How we manage housing money

The council must keep its spending on, and income from, council housing services separate from General Fund services. Therefore, money raised from rents paid by tenants is kept separate from the money raised from Council Taxes, by managing it within the Housing Revenue Account (HRA).

In the same way that the council's General Fund services are under severe strain, the HRA is now also experiencing challenging financial pressures on several fronts because of volatility in the economy. Whilst prudent financial management in previous years has enabled the council's housing service to be resilient against negative economic headwinds, the pressures now are such that this is no longer the case. However, measures are being taken to ensure that spending plans are contained within resources, and officers are making adjustments to the business plan so that it remains sustainable over the long-term.

Housing revenue budget plans for 2023/24

Planned spending on day-to-day running costs is expected to be £32.5m in 2023/24 with most of that cost being met from rental income for houses, garages and other services.

Figure 10: Breakdown of Housing Costs

	%	£m
Financing Costs	25	8.2
Supervision & Management	29	9.4
Repairs & Maintenance	36	11.7
Other Costs	10	3.2

Figure 11: Breakdown of Housing Revenue Funding

	%	£m
Housing Rents	93	30.2
Garage Rents	2	0.6
Dispersed Rents & Charges	2	0.6
Sheltered Housing Charges	2	0.8
Other	1	0.3

Housing capital budget plans for [2023/24 – 2026/27]

The council is planning to invest £61.7m in council housing over the next four years. This investment will be paid for by borrowing, contributions from the housing revenue budget and by using housing reserve funds. The main areas of planned spend are shown in Figure 12.

Figure 12: Breakdown of Housing Capital Spending

	%	£m
New Build Homes	23	14.4
Energy Saving/Towards Zero Carbon	51	31.4
Internal Upgrades	16	9.8
Other Projects	10	6.1

Figure 13: Breakdown of Housing Capital Funding

	%	£m
Mainstream Borrowing	61	37.7
Capital Financed by Revenue	31	19.1
Transfer from Reserves	4	2.6
Affordable Housing Reserve	3	2.0
Capital Receipts	1	0.3

PART 4 - CHANGE PLAN & CHANGE PROGRAMME

Introduction

Over the last 10 years Angus Council has removed £78m from the budget. We estimate that over the next three years a further £52m of savings are required. Never has Angus Council faced such a stark and challenging financial position with difficult decisions needing to be taken in every area of service provided by Angus Council and our partners. Over the next three to five years, Angus Council will require to transform to be even smaller, leaner and will be a different type of organisation from the one we currently recognise.

This Change Plan outlines more detail on the proposed changes for consideration by Elected Members of Angus Council at their budget setting meeting in March 2023. The Medium-Term Budget Strategy identifies a gap of £52m over the next three years and the new change programme at the end of this plan provides detail on the proposals to help close that gap.

Unprecedented change will be required in the way council services can be accessed in Angus. Angus Council must prioritise, and this change plan is therefore linked to the new 5-year Council Plan that establishes what the Council will continue to deliver with the resources it has. The change programme is therefore a planned strategic approach to deliver the significant savings and transformational change now required. At its core, the change programme will help to ensure the ongoing viability of the Council to support delivery of key outcomes for our citizens and their communities.

Vision for Change

The vision for change is focussed on four key areas of -

- **Greater Collaboration**
- **Empowered Staff**
- **Increased Partnership Work with the Third Sector**
- **Improved Customer experience**

Proposals for Change

The proposals for change are focused on -

- **Organisation Design/Service Changes**
- **Increased Cost Recovery**
- **Preventative Activity Delivered through a Targeted Partnership Approach**
- **Customer Service Changes**

Each of the proposals contain a change to the way we deliver services now and these changes are detailed below with an accompanying financial table which is then included in the change programme provided at the end of this plan. More detail on specific proposals, as they affect service areas and budgets, is provided in the service budget reports being submitted to the Council's budget setting meeting in March 2023.

Organisation Design/Service Changes

The need to make further changes to our staff complement is inevitable due to the financial pressures on the Council. Further staff reductions on top of those already made over the last decade will mean reductions in the scope and quality of Council services and increase pressure on those staff who remain. Further staff reductions are not a preferred option for the Council but one which is forced upon us by inflationary pressures and real terms cuts in government grant funding to support such pressures.

It will be an unsettling time for the workforce so looking after our staff wellbeing will be a key feature of our approach to change. We anticipate that there will be a need for some people to learn new skills to transfer into new positions that may become available. There is also likely to be a greater focus on the use of temporary positions as we transition towards what will become our new normal operating position.

At the heart of our vision for the future is more collaboration. This will include collaboration with other councils and partners to protect and adapt services to the budget allocation we receive from Scottish Government. The key factor to consider is that when one organisation makes a saving it may create a cost pressures within another and we need to be mindful of that as we propose changes. It is likely that more flexibility will be required within our normal budgetary considerations to enable a 'whole system' change that is now required.

We currently have processes in place for service reviews that include engagement with recognised Trade Unions and employees. We also regularly meet with Trade Union representatives. These processes and relationships will be vital in helping staff to feel supported through the proposed changes outlined in this plan as a direct result of the financial situation.

Ultimately, we anticipate that the workforce of the future will become more empowered to make decisions at the point of service delivery. But it must be understood that service delivery will also reduce as the workforce shrinks. The Council of the future must become even less hierarchical, devolving decision making to the lowest level with a focus on upskilling front-line staff.

Staff numbers will also reduce in statutory services as new ways of delivering the service are developed. We have already stopped recruitment to non-essential posts and are now reviewing vacant posts to find savings and then redesign the service to accommodate the loss of that position.

We have set a target for workforce reduction linked to organisation design that will include reductions in services that are often non-statutory in nature but do support services to deliver their statutory duties.

Even as we change or stop services and decrease our costs there is still a large shortfall in our budgets for the next three years as per our Medium-Term Budget Strategy. To effectively manage our budget position this will involve us working within the law but taking more risk on the way we deliver services against these requirements.

Given the savings already made over the last ten years, this will impact Education and Lifelong Learning, Health & Social Care and Waste services that together account for the largest proportion of our available budget. However, we need to continue to protect these services from more significant cuts wherever possible. The targets therefore represent a very small proportion of the respective budgets for these service areas, albeit the savings here will still be large, hard to deliver and difficult to accept.

One of the key areas in Education and Lifelong Learning is Early Learning and Childcare. Following the expansion programme and delivery of the 1,140 hours model we are currently conducting a review focusing on uptake, roll and staffing allocation. The aim is to ensure that we continue to meet the needs of our children and families whilst ensuring best value.

A review of how the Additional Support, Equality and Inclusion Service supports our schools in ensuring that the needs of individual children and young people are met is also underway.

Energy is another area of focus for Angus Council as worldwide changes impact directly on our costs. Alongside our very successful approach to agile working, we are also planning to reduce our property portfolio further. This may also include our school estate over time.

By reducing the temperature in our buildings generally by 2 degrees we can bring-down our energy consumption and help to contain our rising energy costs as well as making carbon savings. We also plan to centralise our resources for the maintenance and improvement of our property estate and believe efficiencies can be realised from this approach.

Mitigating the impact of climate change is a priority for Angus Council and we are proud of the role our communities play in recycling. Angus is consistently one of the best performing councils for recycling nationally. We will continue to encourage people to recycle more and are preparing for the national Deposit Return Scheme (DRS) when it is introduced. We will redesign our waste services so that they are aligned with the DRS and can deliver savings.

It is planned to reduce the Economic Development service significantly with the revised service being targeted towards the delivery of our Tay Cities work and the delivery of employability contracts that are fully funded. Some of this activity will continue to be delivered on a wider regional basis. The Economic Development property portfolio will also remain a priority and further investigation is underway to determine how this is best managed from within Council services to maximise income and support business growth.

It is important that all our services are as efficient as they can be, and we propose to continue to pursue 5% service level efficiency targets planned for the next two years. It should be noted however that many of the 'efficiencies' are about targeted service reduction and change due to the intensive work already undertaken in this area over recent years. However, we have reduced the saving target by £700k from the Children, Families and Justice directorate as one of our key priorities is to protect the most vulnerable members of our communities, and most especially children, in line with the new Council Plan.

The Table below sets out the reductions in budgets anticipated for this Change Proposal.

Organisation Design/Service Changes Financial Table

	2023/24 £m	2024/25 £m	2025/26 £m
5% Efficiency Target *	3.236	2.387	0.152
Education & Lifelong Learning	0.183	0.682	1.200
Angus Schools for the Future		0.300	0.050
Health & Social Care Partnership	1.677	0.837	0.806
Reduce temperature in properties	0.500		
Centralise Property Maintenance	0.100		
Asset Management System		0.020	
Public Toilets Review (change to unattended toilets)	0.060		
Arbroath Business Centre		0.058	
Waste Policy Changes		0.300	0.100
Recycling Centres Review	0.048	0.048	
Economic Development	0.200		
Fleet Review	0.025	0.050	
Organisational Design	0.250	1.000	0.750
Additional Staff Slippage	0.250		

	2023/24 £m	2024/25 £m	2025/26 £m
Business Support Review	0.150		
Review of DRU (print unit)	0.050		
LEAN Reviews	0.035	0.035	
Health & Social Care SVQ's	0.043		
Manual Handling Training	0.034		
Total	6.841	5.716	3.058

Note – 5% Efficiency target detailed in new Change Programme below for each directorate.

Increase Cost Recovery

Council Tax is the biggest income received by Angus Council but represents only around 19% of the Council's total budget. It is a political decision as to how much Council Tax is increased each year. Angus residents have enjoyed many years of the tax being frozen and low increases in years when it has not been frozen which has meant that over time Angus has the second lowest Council Tax anywhere on the Scottish mainland.

We are acutely aware of the current cost of living crisis impacting many people in the communities of Angus. Like households, Angus Council is also faced with unprecedented inflationary pressures caused by high energy costs, increased pay costs and other higher costs for goods. We therefore anticipate an increase will be needed to Council Tax over the next three years to help offset these cost pressures and protect some of the vital services that communities rely on.

One of the benefits of developing new housing in Angus is that it increases our tax base each year. Obviously, this is offset by the cost of delivering services, but it is being considered as an option to help our cost recovery efforts due to economies of scale.

We have been advised by Scottish Government that we can review our PPP/PFI accounting arrangements in line with the expected useful life of the assets we hold, be that a school or a road and to reprofile some of our repayments against the expected useful life rather than the PPP/PFI contract period. This will result in some base budget savings as well as some one-off benefits.

Charging for some of our services has always been kept to a minimum. However, in line with our thinking on affordability of non-statutory services, we plan to increase the garden waste charge to £50 over the next two years to ensure we are fully recovering our costs. We are also increasing income by maximising the amount of commercial work carried out by our Waste and Parks teams. We will aim to undertake more bulky uplift and house clearance work for our Housing service and external customers. We will also maximise opportunities for commercial income from grounds maintenance by only undertaking essential maintenance of our own open spaces.

Angus Council has an agreed Commercialisation Strategy for many of the internal goods and services we procure. We participate in national, regional and local frameworks for procuring goods to maintain compliance whilst making best use of limited resources – both financial and staff. We now need to redouble our efforts in the specification, management, and delivery of our contracts to ensure Angus Council is maximising their value as well as harnessing all applicable non-core benefits. We plan to streamline our purchasing further and eliminate any waste in the system. We will aim to increase the number of local businesses winning contracts by supporting them towards inclusion on frameworks, highlighting opportunities and being clear in our specifications so as not to exclude businesses inadvertently. We anticipate that any future savings can be realised through improving our procurement arrangements.

We have several properties in our current Agile programme that we have said we no longer need. Selling or leasing these will bring income in but will also help to offset our energy and rates costs.

Our arm's length organisation ANGUSalive is both a charity and a business. We have been working with ANGUSalive to help them transform their business model to one that can look to attract more income so that the management fee we give to the organisation can be substantially reduced as the services provided by ANGUSalive are mostly non statutory in nature.

We are in the unique position in Scotland of having Tayside Contracts as a joint endeavour with other local councils to deliver services such as roads and winter maintenance, school meals and cleaning services. Again, Tayside Contracts can also become more commercial and offer some of its services at a cost to a wider group of customers. We anticipate this will build over time as cost pressures are being felt significantly by the organisation at this time and our annual budget surplus return to Angus Council is being impacted by this.

We have a residual waste partnership with Dundee City Council and in 2017 jointly entered a long-term contract for our residual waste to go to a new energy-from-waste facility at Baldovie, Dundee, which completed final commissioning in 2022. The new contract has not only led to our waste being diverted from landfill but is delivering a financial benefit through payments to the Council as part of a profit-sharing agreement that forms part of the contract.

We plan to include our support services costs for partnership activity and other grants work. We will aim to recover these costs for legal and financial services whenever possible.

The Table below sets out the reductions in budgets anticipated for this Change Proposal.

Increased Cost Recovery Financial Table

	2023/24 £m	2024/25 £m	2025/26 £m
Service Concessions Accounting Policy Change	2.900		
Income from Garden Waste	0.200	0.200	
Increased income from Special Waste Uplift Services	0.050		
Increased Income from Ground Maintenance Services	0.250		
Procurement	0.050	0.050	TBC
Purchase to Pay	0.025	0.075	
Enterprising Angus		0.050	
Agile 2 – complete changes to property estate	0.062	0.323	
Agile 3 – further review of property estate		0.375	
ANGUSalive	0.500	0.500	0.500
Tayside Contracts	0.300	0.300	0.500
Excess revenue share from energy from waste facilities	1.049		
Review of Support Service Recharges to Non-General Fund Services	0.100	0.200	
Total	5.486	2.073	1.000

Preventative Activity Delivered through a Targeted Partnership Approach

Angus Council can no longer afford to deliver preventative services as it does presently. Much of the current non statutory provision is preventative in nature and aimed at improving the lives of people in our communities. It is therefore not possible to say these services are no longer needed as they can often help to prevent the need for more costly statutory interventions or in fact help families and people to flourish or feel protected. In the current cost of living crisis these services are in greater demand than ever.

During the recent pandemic Council services came together with Third Sector organisations and communities to help protect the most vulnerable members of our communities including those who were being asked to shield and those who were without work or facing financial difficulties. We want to build on the positive outcomes from that time and establish a different relationship with the Third Sector and communities. The aim is to provide an integrated service, unfortunately much reduced from our current offer, that prioritises essential preventative activity and which allows us to develop a sustainable model for the future.

There are examples where communities have taken control of services and assets with great success through our approach to community asset transfer over recent years. We would like to see more of that community action to help deliver the vital services that communities want to keep but which are no longer affordable by the Council due to the financial position faced by local government. By developing relationships where we work alongside and support communities, we can make it easier for communities to realise their own ambitions.

In addition, we plan to streamline support for the most vulnerable members of our communities ensuring resources are targeted better to tackle need. Through better engagement more of our communities can have a say in what is important to them and where resources are directed including funding such as participatory budgeting. We will ensure we are exploring every avenue of funding, bringing more financial resources and grants for the community, third sector and council activity to help support our transformation to a more sustainable preventative model. Resources will be required to support this work.

Several services across directorates will be impacted by the changes we will make in this area of work and preparations are being made to identify which staff will be in scope for a larger scale corporate review. Using Housing Revenue Account (HRA) funding will also be considered as many of the people accessing preventative services are in fact our own Council tenants.

Tackling Anti-Social Behaviour is another area of responsibility for the Council to provide but we plan to reduce our efforts in this area of business and focus on service to Council tenants. However, we understand the value communities place on our interventions in this area. It is proposed to facilitate future work through the new integrated team.

The Table below sets out the reductions in budgets anticipated for this Change Proposal.

Preventative Activity Delivered Through a Targeted Partnership Approach Financial Table

	2023/24 £m	2024/25 £m	2025/26 £m
Vibrant Communities	0.350		
Vibrant Communities – A Targeted Approach		0.650	
HRA Contribution	0.150		
Affordable Housing Contribution	0.100		
Anti-Social Behaviour reductions	0.134		

	2023/24 £m	2024/25 £m	2025/26 £m
Community Enforcement Review		0.075	0.100
Transforming Third Sector Services through partnership	0.014		
Grant Income/External Funding Opportunities	0.050	0.200	0.100
Total	0.798	0.925	0.200

Customer Service Changes

Customer service changes have been underway for some time, and we now plan to accelerate these further. Expectations for accessing services have changed with the introduction of new technologies, societal changes because of the pandemic, and the desire to access services and information on a 24/7 basis is now part of our culture as a nation. Increasing our digital service offering is therefore something we want to accelerate, alongside encouraging a digital first preference away from traditional methods of accessing services. This means that over time we plan to reduce the use of our phonelines and manage demand for face-to-face services that will still always be available for those who need to talk to someone in person.

At present telephone services are delivered through our ACCESS line and ANGUSalive delivers the face-to-face service in libraries. We anticipate that both services will change over the next five years and are now considering the introduction of an appointment based peripatetic face to face service across the County and as digital channels improve, reduce our ACCESS line service.

To support these plans, we know we need to improve our internal business processes to ensure that what people can access online is still considered a good customer experience. Aligned with this improvement to external digital services we will also look to continue to improve our internal digital processes so that bureaucracy is reduced and staff time freed up to provide services to customers.

It is anticipated that work underway to improve our digital services will result in savings, however it is not possible to quantify these at this time. Clearly some investment will be required to enable changes in this area. It is also likely that some staff can retrain to operate in a more digitally enabled environment while at the same time preserving the good customer experience that our communities demand.

The Table below sets out the reductions in budgets anticipated for this Change Proposal.

Customer Service Changes Financial Table

	2023/24 £m	2024/25 £m	2025/26 £m
ACCESS channel shift			0.050
Cash 2	0.050		
Digital Service savings			TBC
Replacement Telephony System	0.025	0.025	
Microsoft Support Contract	0.073		
Virtual Desktop Service	0.054		
Total	0.202	0.025	0.050

Proposed Change Programme 2023 – 2026

The current change programme has been integrated within the proposed new change programme below.

The 5% efficiency savings are reported separately but are built into the programme below for transparency. These are additional savings that will impact on many of our current services and significantly on larger budget areas of service, in addition to what is detailed in our proposals above. For clarity, as previously stated, a £700k reduction to the 5% savings target for Children, Families and Justice services has been applied in line with Council Plan priorities.

Over recent months we have engaged in business insights and scenario planning to help identify the way forward for change and this was included as a savings target in our current change programme. This was a successful initiative as it helped to identify the options that are now set out in this finance and change plan. However, it also means that both the business insights target, place planning and economic partnership opportunities targets have been substantially overtaken and now need to be removed from our change programme. We will continue to explore our business information opportunities linked to our budget and contractual arrangements and it is likely that over time further savings can be identified through this work.

Change Programme			
Savings Initiative	2023/24 £m	2024/25 £m	2025/26 £m
Education and Lifelong Learning			
Full utilisation of Early Years Expansion revenue grant monies through apportionment of costs	1.139	0.252	
Reduce supplies and services budgets	0.020		
Service Contraction Angus Virtual School	0.032	0.200	
Reduce budgets for universal free school meal provision	0.100	0.100	
Reduce school transport budgets	0.100	0.100	
1% reduction in DSM budget in secondary schools	0.122		
Review of management time allocations for primary schools	0.200	0.296	
Removal of specialist visiting teacher role in primary schools		0.304	0.152
Increased settlement funding allocated from Scottish Government	0.427	0.573	
Reduction in supply budget based on expenditure trends	0.100		
Remainder of Change Programme Teachers Budget Efficiencies	0.183	0.182	
Education & Lifelong Learning		0.500	1.200
Angus Schools for the Future		0.300	0.050
	2.423	2.807	1.402
Vibrant Communities & Sustainable Growth			
Grant Income/ External Funding Opportunities	0.050	0.200	0.100
Transforming Third Sector Services Through Partnerships	0.014		
Anti-Social Behaviour	0.134		
Vibrant Communities	0.350		
Vibrant Communities – A Targeted Approach		0.650	
Economic Development Review	0.200		

Change Programme

Savings Initiative	2023/24 £m	2024/25 £m	2025/26 £m
HRA Contribution	0.150		
Affordable Housing Contribution	0.100		
Arbroath Business Centre		0.058	
	0.998	0.908	0.100
Children, Families & Justice			
Reconfiguration of resource to reflect service need	0.043		
Reduction in Fostering Promotions Budget	0.020		
Minor savings within supplies and services	0.037		
	0.100	0	0
Infrastructure & Environmental Services			
Reduction in Structural & Cyclical Road Maintenance budget	0.100	0.100	
Reduction in Bus Transport budget	0.100	0.100	
Reduction in Traffic budget	0.010	0.010	
Reduced contract price for mixed recycling processing	0.150		
Review of waste and recycling skip servicing provision	0.034		
Reduce waste disposal costs – impact of deposit return scheme and new household bin policy	0.080	0.050	
Review of Infrastructure and Environment Directorate SMT	0.070		
Introduction of bin charges for new housing developments	0.024		
Review of mechanical street sweeping service		0.030	
Review of Kerbside Recycling Service		0.300	0.100
Agile Phase 2 – complete changes to property estate	0.062	0.323	
Fleet Review	0.025	0.050	
Asset Management System		0.020	
Increase in Garden Waste Subscription Charge	0.200	0.200	
Increase income from Special Waste Uplift Services	0.050		
Increase Income from Parks Maintenance Services	0.250		
Excess revenue share from energy from waste facility	1.049		
Reduce Temperature in Properties	0.500		
Centralise Property Maintenance	0.100		
Recycling Centres Review – reducing number of facilities	0.048	0.048	
Agile Phase 3 - further review of property estate		0.375	
Community Enforcement Review		0.075	0.100
Public Toilet Review (change to unattended toilets)	0.060		
	2.912	1.681	0.200
Strategic Policy, Transformation & Public Sector Reform			
Reduce spend on consultants	0.003		
Reduce office consumables	0.001		
Reduce overall staffing levels of team		0.047	
Tayside Contracts - Improvement and Change Programme	0.300	0.300	0.500

Change Programme

Savings Initiative	2023/24 £m	2024/25 £m	2025/26 £m
AHSCP - Improvement and Change Programme	1.677	0.837	0.806
Angus Alive	0.500	0.500	0.500
LEAN Reviews	0.035	0.035	
	2.516	1.719	1.806
Human Resources (HR), Organisation Design (OD), Digital Enablement, IT and Business Support (BS)			
Service Review - DE & IT	0.065	0.065	
Service Review - HR, OD & BS	0.070	0.070	
Business Support 2	0.150		
ACCESS Channel Shift			0.050
Digital Services			TBC
Organisational Design	0.250	1.000	0.750
Additional Staff Slippage	0.250		
Microsoft Support Contract	0.073		
Virtual Desktop Service	0.054		
Telephony System Replacement	0.025	0.025	
Health & Social Care SVQ's	0.043		
Manual Handling Training	0.034		
	1.014	1.160	0.800
Finance			
Additional Income from interest on revenue balances	0.075		
Adjustments to existing non-staffing and income budgets	0.019		
CASH 2 - Further phase of on-line Payment Facilities	0.050		
Purchase to Pay	0.025	0.075	
Service Concession Accountancy Policy Changes	2.900		
Review of Support Service Realignment to Non-General Fund Services	0.100	0.200	
	3.169	0.275	0
Legal & Democratic Services			
Review of staff hours/posts	0.036	0.040	
Procurement & Commissioning	0.050	0.050	TBC
Enterprising Angus		0.050	
Review of DRU (print unit)	0.050		
	0.136	0.140	0
Facilities Management			
Further efficiencies - Facilities Management Costs	0.059	0.049	
	0.059	0.049	0
Total Service Savings - per year	13.327	8.739	4.308
Total Service Savings over 3 Years	26.374		