

The Highland Council
Resources Committee – 26 August 2015

Agenda Item	16(b)
Report No	RES/70/15

Service Savings for 2015/16 – Quarter 1 Progress Report

Report by Director of Finance

Summary

This report provides an overview of progress made by Services on agreed savings proposals for 2015/16.

1. Background

- 1.1 The Council agreed a range of savings measures at its meeting on 18 December 2014. The savings agreed have been removed from Service budgets and therefore Services require to achieve savings targets to ensure a balanced budget for financial year 2015/16. Where a savings proposal is unlikely to be achieved within the financial year Services are required to identify alternatives.

2. Service Savings Proposals

- 2.1 The report presented to Council contained a Service savings target of £13.624m.

Amendments to the following savings proposals were agreed at the meeting:

Removed	-	Rangers Service	£0.048m
	-	Fostering and Adoption	£0.003m
	-	Catering Food Specification	£0.123m

Deferred	-	Waste Management Social Enterprises	£0.050m
	-	Reduced Secondary staffing allocation	£0.400m

Total **£0.624m**

Additional - Members' Budget (Voluntary Charging) £0.015m

Total **£0.609m**

To balance the budget, £0.500m was met by a one-off reduction in the level of the Community Challenge Fund, a one-off contribution of £0.050m from the Strategic Change and Development Fund and an increase of £0.059m to the Loan Charge savings target.

A further change to the savings proposals was made at the Council meeting on 25 June 2015 when the saving of **£0.120m** to Winter Maintenance was reversed.

The savings target is now as follows:

Original Target	£13.624m
Proposals removed and deferred	£ 0.744m
Additional Proposals	£ 0.015m
Total	£12.895m

- 2.2 The assessment of the Service Savings proposals at **Annex 1** shows that £10.292m are ranked Green, £0.065m Yellow, £1.783m Amber and £0.755m Red.
- 2.3 It is anticipated that of the savings ranked red, amber and yellow, £0.607m will be partially achieved, the detail on these savings is provided at **Annex 2**.
- 2.4 Services have identified alternative measures amounting to £1.876m to mitigate the impact of the savings currently ranked red, amber and yellow. The detail of these alternative measures are attached at **Annex 3**.

3. Conclusions

- 3.1 At quarter 1, Services are making good progress in their efforts to achieve their savings targets and where proposals look unlikely to be realised alternatives have been identified. A shortfall of £0.120m is currently anticipated but efforts will continue throughout the financial year to balance the budget.

4. Implications

- 4.1 Resource implications are contained within this report.
- 4.2 There are no legal, equalities, climate change/Carbon Clever, risk, Gaelic or rural implications arising as a direct result of this report.

Recommendation

The Committee is asked to note the progress made by Services towards their savings targets.

Designation: Director of Finance

Date: 12 August 2015

Author: David Robertson Head of Corporate Finance

Background Papers: Revenue Budget and Council Tax 2015/16

2015/16 Savings Monitoring - Quarter 1

Service	2015/16 Agreed Budget Savings £m	Green £m	Yellow £m	Amber £m	Red £m	Total £m	Projected 2015/16 Savings - Green Proposals £m	Projected 2015/16 Savings - Red, Amber & Yellow Proposals £m	Projected 2015/16 Savings from Alternative Measures £m	Total Projected 2014/15 Savings £m	2014/15 Surplus/ (Shortfall) Against Agreed Budget Savings £m
Care & Learning	5.960	3.788	0.030	1.472	0.670	5.960	3.788	0.280	1.807	5.875	-0.085
Chief Executive's Office	0.263	0.222	0.000	0.006	0.035	0.263	0.222	0.012	0.029	0.263	0.000
Corporate Development	0.960	0.960	0.000	0.000	0.000	0.960	0.960	0.000	0.000	0.960	0.000
Community Services	2.937	2.582	0.000	0.305	0.050	2.937	2.582	0.315	0.040	2.937	0.000
Development & Infrastructure	1.680	1.680	0.000	0.000	0.000	1.680	1.680	0.000	0.000	1.680	0.000
Finance	1.095	1.060	0.035	0.000	0.000	1.095	1.060	0.000	0.000	1.060	-0.035
Total Service Savings	12.895	10.292	0.065	1.783	0.755	12.895	10.292	0.607	1.876	12.775	-0.120

2015/16 Savings Monitoring - Quarter 1
Savings Categorised as Red, Amber or Yellow

Service	Ref.	Activity Heading	Savings Proposal	2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red, Amber & Yellow Proposals £m	Comments
C&L	34	Secondary Education	Remove any over entitlement teaching posts	0.520	R	0.000	Work is ongoing to reduce over entitlement posts in particular schools, however, with the requirement now to maintain teacher numbers overall, there will not be a net reduction in teacher posts across Highland. At individual school level, all over entitlement posts will be removed by August 2016
C&L	41	Secondary Education	Introduce a standard timetabling structure across Highland secondary schools, based on 33 periods, which is the optimal staffing and timetabling model	0.150	R	0.000	Having considered the impact of additional school transport costs, implementation of the 33 period week is not now expected to deliver a net saving. Where implementation has benefits for operational/education reasons, this will still be considered.
CEO	8	Members	Reduction in Members' budget & Additional income through charging (voluntary)	0.035	R	0.006	so far very little income achieved. It may increase later in the year as members put their claims through but is unlikely to be anywhere near the £30k target.
CS	14	Taking Vehicles Home	More rigorous monitoring of policy	0.050	R	0.010	Shortfall to be met from in-year vacancies
C&L	13	Major School Capital Projects	Savings arising from capital investment in new schools projects. Savings derive from staffing structures, energy efficiency improvements, and other school budgets.	0.150	A	0.075	Fort William Schools savings on programme. However Noss PS opening delayed which is expected to impact on savings in 15/16.
C&L	22	Catering Services	Increased income generation - with a focus on commercial opportunities and new income sources.	0.030	A	0.000	Opportunities being explored but impacted by loss of existing contracts e.g. Hospice contract while re-located

Service	Ref.	Activity Heading	Savings Proposal	2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red, Amber & Yellow Proposals £m	Comments
C&L	29	PPP1	Estimated saving from renegotiation and refinancing of contract	0.350	A	tbc	Discussions ongoing with PPP providers around renegotiation of contract terms, with specific proposals and implications expected to be taken to August Committee. Some slippage against expected implementation timescale. Major savings from re-financing or buy-out appear unlikely.
C&L	30	PPP2	Estimated saving from renegotiation and refinancing of contract	0.500	A	tbc	Discussions ongoing with PPP providers around renegotiation of contract terms, with specific proposals and implications expected to be taken to August Committee. Some slippage against expected implementation timescale. Major savings from re-financing or buy-out appear unlikely.
C&L	36	Schools with continuous DSM deficit	Management action to address those schools which exceed the DSM deficit carry forward limits and require a budget top up (this represents removal of all budget provided for budget top-ups)	0.250	A	0.125	Some progress being made with schools in deficit but not all issues likely to be resolved in 15-16
C&L	37	Schools staffing budgets - centrally held	Remove contingency budget for teaching staffing costs traditionally met centrally (this represents 100% removal of this budget)	0.175	A	0.050	Ongoing cost pressures against this budget mean achieving saving in current year is unlikely.
C&L	47	Management of Secondary School Facilities	Transfer of management of secondary school community use to HLH	0.017	A	0.000	Pilot at Lochaber HS underway which will be used to inform future arrangements. Amber pending assessment of that pilot.
CEO	5	Corporate Communications	Income Generation	0.006	A	0.006	amount still to be confirmed
CS	36A	Car Parking	Update formal Parking Orders to include charging on Sundays for all city centre car parks and the Rose St MSCP, plus Fort William.	0.095	A	0.095	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year

Service	Ref.	Activity Heading	Savings Proposal	2015/16 Agreed Budget Savings £m	Status R A Y G	2015/16 Projected Savings - Red, Amber & Yellow Proposals £m	Comments
CS	36E	Car Parking	Review charging structure for the Rose Street multi-storey	0.210	A	0.210	Assumed increase in charges will achieve their target, however not guaranteed at this point in the year
C&L	1	Court Reports	Introduce charging for identified court reports undertaken by social workers, for example step-parent adoptions	0.010	Y	0.010	New income stream going ahead as intended- just slight uncertainty over whether actual level of income will be generated
C&L	27	School Lets	Additional income generation from more consistent application of the existing 2009 school lets policy	0.020	Y	0.020	Some drop off in level of letting activity occurring as charges have increased
FIN	10	Procurement	Efficiency savings arising from the implementation of the new Financial Management Information System (FMIS)	0.035	Y	0.000	In discussion with DoF

0.755	R	0.016
1.783	A	0.561
0.065	Y	0.030
2.603		0.607

2015/16 Savings Monitoring - Quarter 1
Alternative Savings

Service	Description of Alternative Measure	Projected 2015/16 Savings from Alternative Measures £m
C&L	General vacancy management pan-service	1.000
C&L	Delays in implementing newly funded initiatives	0.500
C&L	Use of earmarked funds for maintenance of teacher numbers	0.307
CEO	There will be addiitonal vacancy management savings that will help offset on a one year basis, but rcecurring savings still need to be identified.	0.029
CS	Vacancy management savings to offset shortfall in CS/14	0.040
Total 2015/16 Projected Savings from Alternative Measures		1.876