

Agenda Item	3
Report No	HC/2/20

THE HIGHLAND COUNCIL

Committee: Highland Council

Date: 5th March 2020

Report Title: Revenue budget 2020/21 to 2022/23

Report By: Executive Chief Officer- Finance and Resources

1. Purpose/Executive Summary

- 1.1 The Council is required by law to set a balanced budget and agree Council Tax rates for the coming financial year. This report provides details of the Council's expected budget gap for the period 2020/21 to 2022/23 and proposals for closing the gap.
- 1.2 The Council is forecasting a budget gap of £67.455m over the next three years which arises due to inflationary costs pressures on pay and other non-staffing costs, the need to rebuild reserves and provide a fund to invest in transformational change, dealing with existing pressures to ensure a sustainable basis for the budget, and expected changes in government funding over the period.
- 1.3 This budget is being set in a challenging financial context, both nationally and locally. The Administration has considered the findings of the recent Best Value Audit Review in arriving at the recommendations being presented, with particular regard to addressing concerns about the longer-term financial sustainability of the Council, including historic challenges in delivering approved budget savings.
- 1.4 Examples of actions proposed in this budget report to improve financial management, financial sustainability and budget delivery include:
 - A fund to invest in change and performance improvement to ensure the delivery of savings whilst also allowing investment in longer-term change projects;
 - A clear pathway to increasing reserves to a sustainable level over the medium term;
 - A package of achievable and realistic savings proposals with clear plans for delivery;
 - A method to deal with historic budget pressures and begin the financial year with sustainable and realistic budgets across all service areas.

- 1.5 Plans to fully address the 2020/21 budget gap of £20.530m are outlined in this report and include the delivery of budget savings and increasing income generation through the Council's Change and Improvement Strategy '*A Sustainable Highland*' that can be seen in **Appendix 1** to this report. In addition, an increase in Council Tax rates will be required to balance the budget.
- 1.6 'A Sustainable Highland' reflects a change programme that continues with the Council's four key themes of:
1. Making the Council More Efficient;
 2. Commercialism and Income Generation;
 3. Redesign and Improvement;
 4. A Flexible and Well Managed Workforce.
- 1.7 The plans contained in '*A Sustainable Highland*' also help reduce the budget gap in financial years 2021/22 and 2022/23. Despite this a residual gap of £24.135m still remains for those years and further work over the coming months in the development of a Medium-Term Financial Plan will look to identify ways of addressing the gap. A report will be presented to the next Resources Committee outlining the timeline to achieve this exercise.
- 1.8 In formulating these budget proposals, a significant number of assumptions require to be made, particularly around cost increases and funding changes. Due to ongoing uncertainties over the UK and Scottish Government budgets for 2020/21 the Council will monitor the assumptions made as part of this budget during the formulation and ongoing delivery of the Medium-Term Financial Plan.

2. Recommendations

- 2.1 Members are asked to:
- i) Agree a 3% increase in Council Tax in order to close the Council's budget gap for 2020/21;
 - ii) Agree a further 1.84% increase in Council Tax to enable a £20,000,000 investment programme in the Council's roads infrastructure as detailed in **Appendix 6**;
 - iii) As a consequence of recommendations i) and ii) agree that Council Tax rates for 2020/21 will increase by 4.84% as reflected in **Appendix 7**;
 - iv) Approve the funding of the budget pressures as summarised in sections 5 and 6 of this report and detailed in **Appendix 2**;
 - v) Approve the planned £2m annual rebuilding of reserves as outlined in section 7.
 - vi) Approve the establishment of the Change Fund as referenced in section 8;
 - vii) Approve the rephased delivery profile of savings agreed in February 2019 as detailed in **Appendix 3**;
 - viii) Approve the package of new savings proposals covering the period 2020/21 to 2022/23 as summarised in section 16 and in the Change and Improvement Strategy '*A Sustainable Highland*' at **Appendix 1**;
 - ix) Agree that the impact of any changes in Government funding that may come as part of a final budget settlement is considered as part of the ongoing development of the Medium-Term Financial Plan over the coming months.

3. Implications

3.1 Resource implications are as noted in this report. **Appendix 8** provides a summary of the overall budget and the Administration's budget proposals for 2020/21 to 2022/23.

3.2 Risk Implications - The Council must set a balanced budget and the recommendations from this report will achieve that for financial year 2020/21. The development of the proposed Revenue Budget involves the identification of areas of risk and uncertainty. To mitigate this, officers are actively involved at a national level to ensure that they are aware, and have assessed, all identifiable potential risks.

Nevertheless, it is not possible to eliminate all risk. Some estimates, particularly around budget pressures, are subject to wider economic variables. Significant uncertainty over the Scottish Government budget and ensuing local government grant settlement could also have a significant impact on the assumptions made. Other risks are due to factors outwith the Council's control, such as severe adverse weather events or interest rate increases. This emphasises the importance to maintain reserves at a level sufficient to cope with any emergent situation.

Agreement of this budget requires robust management of budgets and the delivery of a significant number of savings. The Council is making positive progress in achieving a balanced budget with an underspend forecast for 2019/20 as improved governance measures are having the desired effect. The ongoing scale of savings does make the full delivery of all savings a significant challenge. Moving into 2020/21 particular focus will be put on savings delivery to ensure a clear delivery plan is in place for each saving and that these plans are routinely monitored. This will allow for early remedial action to be taken should the delivery of any saving slip.

3.3 Legal- Councils are legally required to set a balanced budget for each financial year. Council tax rates for the new financial year must be decided by the 11th March of the previous financial year. By agreeing the budget today, the Council will meet both of those legal requirements.

3.4 Community Impacts – As outlined at section 18 of the report, screening for equality, rural and socio-economic impacts have been undertaken as part of the development of the budget proposals. This is to help understand the potential impacts of the proposals:

- on groups protected under the Equality Act 2010 and under the Public Sector Equality Duty;
- any specific impacts upon rural communities; and
- socio-economic impacts, including impacts upon individuals, upon their opportunity to access services/employment or upon particular vulnerable communities.

A summary of impacts is included within each of the detailed savings sheets at **Appendix 5**.

3.5 Climate Change/Carbon Clever Implications – Budget proposals can have positive or negative impacts in relation to climate change. A reduction in the number of staff employed, the amount of staff travel undertaken, the number of properties the Council maintains and clear plans to reduce energy use should all result in a reduction in the Council's carbon footprint.

3.6 Gaelic implications: There are no direct implications on our approach to the promotion

of Gaelic through this budget report or the Change and Improvement Strategy.

4. The Budget Gap - 2020/21 to 2022/23

- 4.1 In line with good practice the Council is focussed on setting out a medium-term financial plan covering the next three years. To do that the Council needs to take account of the expected resources available to it and the likely level of spend required to provide services over that period.
- 4.2 The Council is forecasting a budget gap over the years 2020/21 to 2022/23 of £67.455m. This budget gap arises as a result of expected increases in costs, dealing with existing pressures on the budget, ensuring funds are available for reserves and investment, and forecast reductions in core funding from Government.
- 4.3 The budget gap can be closed by increasing the income generated from council tax, increasing income generated by other means (e.g. fees and charges) or by reducing expenditure on the provision of services through efficiencies or changes to the levels of service provision.
- 4.4 The table below provides an overview of the budget gap over the next three years. Explanations of the individual items making up the gap are detailed in the subsequent sections of this report.

	2020/21 £m	2021/22 £m	2022/23 £m	3-year Total £m
<i>Cost increases/funding changes</i>				
Pay and pension increases	12.035	10.086	10.494	
Budget pressures	11.462	4.000	3.000	
Rebuilding balances	2.000	0.000	0.000	
Establishment of recurring change fund	2.500	0.000	0.000	
Change in Government funding (increase in 20/21)	-3.157	9.770	9.575	
VJB funding change	0.153	0.000	0.000	
<i>Offset by:</i>				
Full year funding for teachers' pensions	-1.682	0.000	0.000	
Full year benefit from reversal of 19/20 one off items	-2.781	0.000	0.000	
BUDGET GAP	20.530	23.856	23.069	67.455

- 4.5 Section 13 of this report outlines the planned approach to addressing the budget gap.

5. Pay and Pensions Increases

- 5.1 Financial year 2020/21 is the final year of an agreed three-year pay settlement for both teaching and non-teaching staff. All staff groupings will receive a 3% pay uplift in 2020/21 and this is expected to add £9.695m to the Council's overall salary budget (including the effect of the increase on National Insurance and Pensions costs). For financial years 2021/22 and 2022/23 a continuation of a 3% pay award has been assumed pending national pay negotiations. A 1% swing either way could increase or reduce the budget gap in those years by around £3.5m.

- 5.2 An increase in the employer's pension contribution rates for teaching staff took effect from September 2019. Due to the part year implementation of this change there will be a full year effect in 2020/21. The cost impact of this change is expected to be £2.340m. Additional funding of £1.682m has been received from Government as can be seen in the table at 4.4 above, however this funding does not fully meet the additional costs arising as a result of the changed contribution rates.

6. Other Budget Pressures

- 6.1 The figures in the table at 4.4 described as 'budget pressures' contain a variety of items for which additional funding is required to be added to the budget. These figures can be categorised under a number of key headings. The table below provides a summary of those items by historic service area and by type, with the full details seen in **Appendix 2**.

	Care & Learning £m	Chief Executive's Office £m	Council-wide £m	Corporate Resources £m	Community Services £m	Development & Infrastructure £m	Total £m
Contractual Cost Increases	0.000	0.030	0.750	0.000	1.261	0.230	2.271
Existing Cost Pressures	0.617	0.000	2.900	0.175	0.408	0.960	5.060
Legislative Change	0.000	0.000	0.186	0.000	0.261	0.000	0.447
New Expenditure Commitments	0.000	0.222	0.000	0.038	0.000	0.000	0.260
Undeliverable Prior Year Budget Savings	0.380	0.000	2.144	0.000	0.900	0.000	3.424
Total	0.997	0.252	5.980	0.213	2.830	1.190	11.462

- 6.2 2019/20 has been a transitional year as the Council changes its internal structure. From 2020/21 onwards, all financial reporting will be done under the new corporate structure which requires the disaggregation of the existing budget and ledger structure. This disaggregation exercise provides the opportunity to deal with historic budget pressures and put all service budgets on a sustainable footing for financial year 2020/21. Whilst the undeliverable prior year budget saving figure is comparatively high it should be seen in the context of over £50m of total budget savings that were approved over the last three years.

7. Rebuilding Reserves

- 7.1 At the end of financial year 2018/19 the Council's non-earmarked general fund reserve stood at £7.925m. As reported to the Corporate Resources committee on January 30th this is forecast to increase to £8.377m should the forecast end of year underspend come to pass.
- 7.2 At that level the reserve would represent 1.47% of the Council's revenue budget, significantly below the target 3% level agreed by Council in February 2019. The urgent need to rebuild reserves was also highlighted in the findings of the Council's Best Value Audit Report.

7.3 To build a trajectory to the 3% target level a £2m annual recurring reinvestment in reserves is included in the budget calculations for 2020/21. At that rate it would take 4 to 5 years before reserves hit the target level but the target will be reached sooner if any year end underspends over the coming years are added to the balance.

7.4 At the point at which the target level of reserves is reached this annual £2m budget can be repurposed, either by being reinvested in Council services or used to contribute to meeting the budget gap for future years.

8. Change Fund

8.1 As reported in the Change and Improvement Strategy report in **Appendix 1** the Council is asked to renew its commitment to investing £2.5m annually through the change fund. In creating this recurring fund an equivalent amount has been added to the budget gap in financial year 2020/21.

8.2 The Change Fund will now be available for investment each year and a decision on whether to roll forward any unallocated element will be taken at each year end if appropriate.

8.3 It is proposed that this iteration of the Change Fund will focus on performance improvement and supporting the evolution of service structures in support of this, and on projects intended to support budget delivery, all underpinned by the findings of the Best Value Audit Review.

8.4 The continuation of the Change Fund is also critical to managing and mitigating risks to the delivery of the Council's budget strategy and to implement the changes required to transform the Council's performance. This was recognised in the Best Value Audit report, where the Council was commended for implementing the Fund last year and the need to have this as a recurring Fund was endorsed. However, caution was expressed by the auditors about whether £2.5m was sufficient for the size of the organisation. It is certainly the case that without a Change Fund the Council will be unable to meet the performance improvement recommendations set out in the Best Value Audit Report and the Council's budget will be at risk.

9. Valuation Joint Board Funding

9.1 Every year the Highland and Western Isles Valuation Joint Board (H&WIVJB) makes a funding requisition to its constituent Councils. At this time the H&WIVJB has not yet set its budget for 2020/21 and the Council cannot say with certainty what its contribution will be.

9.2 The budget set by the H&WIVJB for 2019/20 requires a requisition from Highland Council of £2.837m, which is £0.153m less than the budget the Council has available.

9.3 For 2020/21 a pressure of £0.153m has been built into the Council's budget which will bring the Council's budget into line with the 19/20 requisition in the H&WIVJB budget. The Valuation Board has been requested to work with a flat cash settlement for next year, which will be increased by any funding included specifically in the local government finance settlement for the implementation of the Barclay review.

9.4 As the Highland and Western Isles Valuation Joint Board will not set its budget until

the 24th March the Council will have to bear the risk that the agreed H&WIVJB budget will require a requisition higher than that the Council has allowed for in its budget.

10. Scottish Government Funding Settlement

- 10.1 As Members will no doubt be aware, wider political circumstances have resulted in the national budget process for 2020/21 being behind its usual schedule. In normal circumstances the UK government budget is set first, followed by the Scottish Government budget and subsequently by the Council budget.
- 10.2 This year circumstances have changed with the UK government not setting their budget until the 11th March 2020. Considering this late announcement, the Scottish Government have decided to set their budget on the 5th March, ahead of the UK Government setting theirs. Because of this the Scottish Government's budget needs to be based on assumed, rather than confirmed elements of the UK budget.
- 10.3 The Scottish Government's timetable for their budget process is outlined below:
- 6th February- Budget and Budget Bill published
 - 12th February- Finance and Constitution Committee oral evidence
 - w/b 17th February- Subject committee oral evidence from Ministers
 - w/b 24th February- Convener's parliamentary debate
 - 27th February- Stage 1 parliamentary debate
 - 4th March- Stage 2 debate at Finance and Constitution committee
 - 5th March- Stage 3 parliamentary debate
- 10.4 At the time of writing this report there has been no indicative parliamentary approval for the Government's budget published on the 6th February. Despite that, the best information available to the Council on which to set the Highland Council budget is the Government's budget published on the 6th February.
- 10.5 As the Scottish Government's budget goes through the scrutiny process outlined in section 10.3 above it is quite feasible that changes may be made. Whilst in recent years any changes made have seen the local government funding settlement increase there is no guarantee that this will be the case this year. When introducing the budget to parliament the Minister for Public Finance and Digital Economy made clear that no additional funding was available and any increase in funding in one government portfolio would require to be offset by reductions in another.
- 10.6 The late setting of the UK Government's budget also poses a risk with the Minister making clear that the Scottish Government may need to revise its budget if the confirmed UK government budget means material changes to the assumptions made in the Scottish Government budget are required. As such, if the Scottish government revises its budget during the 2020/21 financial year there may be knock-on impacts on the Council budget.
- 10.7 The table below sets out, in cash terms, the funding expected to be received from

Government in 2020/21 compared with the funding due in 2019/20.

	£m
2020/21 grant funding	488.515
2019/20 grant funding	<u>469.384</u>
Gross increase	19.131
Less: funding changes relating to new expenditure commitments	-14.292
Less: funding changes relating to teachers' pension pressure	<u>-1.682</u>
Total value of funding relating to new commitments	-15.974
Net increase in funding	<u>3.157</u>

- 10.8 Whilst at first glance it appears that the Council will receive significantly more funding in 2020/21, that increased funding comes with £15.974m of equivalent expenditure commitments. Those new expenditure commitments are detailed in section 11 of this report.
- 10.9 After funding associated with those new expenditure commitments is taken off, the Council is left with a net funding increase in its core budgets of £3.157m or 0.67%. This figure compares very favourably with the Scottish average where a funding reduction of around 1% is estimated. This comparatively better position comes as a result of changes to the funding distribution formula where previously specific funding elements have been added to the main distribution mechanism. These changes are estimated to have added an extra £7.2m to Highland's share of the local government finance settlement.
- 10.10 This core funding increase for Highland should be seen in the context of the Council's reported pressures of £23.497m, many of which are linked to inflation, the funding of which is required just for the Council to stand still.
- 10.11 The correspondence from the Minister for Public Finance and Digital Economy to Councils about the settlement can be seen at **Appendix 4**. Further detail of the content of that letter in relation to funding for new expenditure commitments can be found in section 11 of this report, whilst information on Council Tax can be found in section 14.
- 10.12 Capital implications are outlined in section 19 of this report but overall a £12.744m (or 33.8%) reduction in core capital funding is included in the overall settlement. Capital funding for 2020/21 will be £7.660m lower than assumed when the current capital programme was set. This overall reduction in capital funding means that if the Council wishes to continue to deliver its current capital programme it will need to borrow to make up the funding shortfall. Financing that borrowing would place additional pressures on the Council's revenue budget.
- 10.13 As referenced in section 10.5 of the report additional funding may be made available to local authorities during stage stages 2 or 3 of the parliamentary process. Should this happen Members are recommended to consider what that additional funding is used for as part of the ongoing development of the Medium-Term Financial Plan over the coming months.

11. Additional Expenditure Commitments

- 11.1 As referred to in sections 10.7 and 10.8 of this report the Council is receiving additional funding from the Scottish Government which we expect to add directly to service budgets to fund additional expenditure to meet Scottish Government policy priorities. The table below gives details of the additional funding streams:

Funding changes passed to services

	£m
Early Years (Ring Fenced Grant)	9.345
Health and Social Care (NHS) *	3.638
Carers Act Extension (NHS) *	0.512
Counselling in Schools (additional to 19/20 funding)*	0.262
Scottish Assessors Barclay Implementation	0.147
Discretionary Housing Payments	0.140
Scottish Welfare Fund	0.101
Free Personal Care for Older People (NHS) *	0.094
Community Justice Social Work (RF Grant)	0.091
Appropriate Adult Service	0.021
Rapid Rehousing Transition Plans	0.011
Pupil Equity Fund (Ring Fenced Grant)	-0.016
Access to Sanitary Products - Public Bodies	-0.022
Educational Psychologist Training	-0.032
	<u>14.292</u>

- 11.2 Chief among these additional funding streams is £9.345m which will be passed to the Early Years budget. This additional funding is required to deliver 1,140 hours of childcare in all settings from August 2020. Details of how the Council is progressing with the roll out of this activity is reported to the Education Committee.
- 11.3 In her letter at **Appendix 4** the Minister for Public Finance and Digital Economy outlines ‘... a further £100m to be transferred from the health portfolio to the Local Authorities in-year for investment in health and social care and mental health services....’. In addition, the funding ‘*should be additional and not substitutional to each Council’s 2019-20 recurring budget for social care services*’.
- 11.4 The funding marked with an asterisk in the table at 11.1 comprises Highland’s £4.506m share of this national £100m fund. Given that NHS Highland deliver adult social care on behalf of the Council it is planned that funding of £4.244m (marked (NHS) in the table above) will be added to the adult social care quantum and passed to NHS Highland. The counselling in schools funding will be retained by the Council as this service will be delivered in-house.
- 11.5 £5.3m of funding has been made available nationally in 2020/21 for the implementation of the findings of the Barclay review of non-domestic rates. This represents an increase of £2.640m compared to 2019/20. Highland’s share of this increase is £0.147m and it is planned that this funding will be passported directly across to the Highland and Western Isles Valuation Joint Board as outlined in section 9.3 of this report.
- 11.6 All of the other adjustments in the table at section 11.1 are comparatively minor increases or decreases in certain funding streams that will be passed on to service budgets.

12. Offsetting Items

- 12.1 Two offsetting items are included in the table at 4.4 which have the effect of closing the budget gap. The first, as described in sections 10.7 and 10.8 relates to additional funding of £1.682m received from government to contribute to the increased costs relating to the teachers' pay award and increased employer pensions contribution rate.
- 12.2 The second offsetting item relates to the roll forward impact of 2019/20 budget decisions. This includes the reversal of one-off items in the 2019/20 budget including the creation of the £2.5m change fund (albeit this is now intended to be made recurring from 2020/21 onwards) and the £0.210m added to ward discretionary budgets.

13. Closing the Budget Gap

- 13.1 The Council has a variety of means at its disposal to close the budget gap which reflect either the generation of additional income or reductions in expenditure. Additional income can be generated from raising council tax rates or increasing income generated by other means (e.g. fees and charges for services). Expenditure can be reduced through efficiencies or changes to levels of service provision.
- 13.2 The table below shows the mix of items proposed to be used to fully close the budget gap for 2020/21 and reduce the budget gap for subsequent years.

	2020/21 £m	2021/22 £m	2022/23 £m	3-year Total £m
BUDGET GAP	20.530	23.856	23.069	67.455
Council Tax base increase	-0.711	-0.631	-0.603	
3% Council Tax increase	-3.739	-3.894	-4.050	
Savings agreed February 2019	-4.795	-8.155	-1.000	
New savings proposals	-11.285	-3.885	-0.572	
RESIDUAL GAP	0.000	7.291	16.844	24.135

- 13.3 Sections 14 to 16 of the report below provide an explanation of the various elements used to close the budget gap. Members are asked to agree Council tax rates for 2020/21, agree the rephased delivery profile of the previously agreed savings and approve the package of new savings proposals.

14. Council Tax

- 14.1 By law the Council is required to set the level of Council Tax for the coming financial year by the 11th March. As outlined in the letter from the Minister for Public Finance and Digital Economy at **Appendix 4** the Council may, for 2020/21, increase the rates of Council Tax by up to 4.84% in cash terms (described as a 3% increase in real terms).

- 14.2 As part of the budget setting process Members are asked to agree a rate for Council Tax for 2020/21. As the table at 13.2 demonstrates it would be possible to close the budget gap for 2020/21 by increasing the Council Tax by 3%. A rise of this level would generate an expected £3.739m of additional income.
- 14.3 Should Members select an increase for Council tax above 3% additional revenue income would be received. Each additional 0.5% on the Council Tax rate would result in an expected £0.623m of income. Raising Council tax by the maximum permitted amount of 4.84% is expected to generate £2.293m more income than a 3% increase in the rate.
- 14.4 There are a number of purposes for which any surplus income could be used including reprofiling budget savings, adding to reserves, mitigating the residual £24.135m budget gap for 2021/22 and beyond, revenue investment in services, revenue financing for capital investment or mitigating the impact of the reduced capital settlement.
- 14.5 In recognition of the need to immediately invest in Highland's roads infrastructure the Council's Administration are proposing within this budget that an investment of £20,000,000 is made in roads infrastructure. **Appendix 6** provides details of this proposed investment which will include both direct revenue investment in roads maintenance as well as supporting borrowing in roads capital schemes. The Administration is proposing an additional 1.84% increase in Council tax (resulting in a total increase of 4.84%) in order to provide additional income to finance this investment.
- 14.6 Were the Highland Council to increase its council tax by a lower percentage than most other authorities there is expected to be an impact on the level of Council Tax Reduction funding we receive from the Scottish Government. If the council tax rate rises across all Councils are in a similar pattern to last year this would result in an estimated £0.225m reduction in funding to Highland. This would cause an immediate pressure on the Council's revenue budget which would need to be managed in-year and could put at risk the Council's ability to deliver its services.
- 14.7 **Appendix 7** provides full details of the current Council Tax rates, the incremental effect of a 3%, and further 1.84% increase, and the proposed rates for 2020/21. Just under three quarters of properties in the Highland area fall into Bands A to D and the table below outlines the proposed increases for Band A and Band D properties.

Band	2019/20 Council Tax £	3% increase to balance revenue budget £	1.84% increase for roads investment £	4.84% Total increase £	2020/21 Council Tax £
A	847.22	25.41	15.59	41.00	888.22
D	1,270.83	38.12	23.38	61.50	1,332.33

- 14.8 The Council Tax Reduction scheme will continue to apply in financial year 2020/21 and offers support to those individuals and families on low incomes. Anyone in receipt of this relief will be protected from the full impact of any rise in the Council Tax rates.
- 14.9 Alongside an increase in council tax income from raising the rate of the tax further income is also expected to be generated from an increase in the council tax base. This means that due to housing growth there will be a greater number of households

paying Council Tax in 2020/21 as compared to 2019/20. The growth in the council tax base reflects known housing development and is expected to contribute an extra £0.711m to the overall level of Council Tax income generated.

15. Budget Savings Agreed in February 2019

15.1 The Council will recall that when the budget was set in February 2019 several savings proposals were agreed that were to deliver savings in both financial years 2020/21 and 2021/22. Work has been ongoing to deliver those savings and a review of all the already approved savings has taken place with regard to overall deliverability and deliverability timescale.

15.2 **Appendix 3** provides a summary of the individual savings by theme and provides details of the originally approved saving and phasing along with a revised assessment of the amount deliverable and timescale for delivery. A summary of that appendix can be seen in the table below:

	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m
Savings Profile as approved- Feb 2019	8.027	8.389	0.000	16.416
Revised profile for 2020/21 to 2022/23 budget	4.795	8.155	1.000	13.950
Overall change	-3.232	-0.234	1.000	-2.466

15.3 Overall £2.466m of savings have been removed from the original package of savings. This sum reflects three specific savings:

- Commercial activity (assumed to deliver £1.666m of savings) - This generic savings heading has now been replaced by a variety of specific commercial and income generating proposals that can be seen under theme 2 of the new savings proposals. These proposals are expected to deliver £2.870m of additional income over the period 2020/21 to 2022/23.
- Property Asset Management - This challenging saving target was originally to deliver £0.5m of savings in each of the financial years 2019/20 to 2021/22. As this project has developed the trajectory for savings delivery needs to be amended. The unallocated element of the 2019/20 saving has been removed as a budget pressure and the 2020/21 element has been reduced by £0.4m. The £0.5m target for 2021/22 remains.
- Sustainable Education Programme - the progression of this programme has been overtaken by other initiatives and as such this programme will not go forward. Delivery of savings of £0.2m in each of 2020/21 and 2021/22 will not happen.

15.4 For other savings the timescale of expected delivery has changed. Certain savings have slipped from 2020/21 into 2021/22 or 2022/23. Full delivery of those savings is still expected, just in an elongated timescale. The table below provides the revised profile of savings by theme.

Theme	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
1: Making the Council more Efficient	1.361	1.383	0.000	2.744
2: Commercialism and Income Generation	1.279	1.241	0.000	2.520
3: Redesign and Improvement	0.592	4.085	1.000	5.677
4: Flexible and Well Managed Workforce	1.563	1.446	0.000	3.009
Total	4.795	8.155	1.000	13.950

16. New Budget Savings Proposals

16.1 In order to meet the residual budget gap a suite of new saving proposals has been developed. As in 2019/20 these savings proposals have been created around the four key themes of efficiency, income generation, redesign and improvement, and flexible workforce. These themes emerged from what the public and staff told us during engagement in the run up to the 2019/20 budget and have continued to be key themes throughout wider engagement over the last year. A summary of each theme is provided below.

Theme 1: Making the Council More Efficient

16.2 Efficiency is one of the strong themes from public and staff feedback- people want to see less wastage and more efficiency in every part of the Council. A number of savings can be made by examining how the Council currently does things and finding better ways to provide services that deliver improved outcomes, recognising that the Council has achieved efficiency savings over many years. Staff have been pivotal in identifying ways of streamlining how we deliver services and how we can be more productive.

Theme 2: Commercialisation and Income Generation

16.3 Increasing income needs to be a fundamental part of our budget strategy in order to be able to fund the cost of services, protect jobs and reduce the need for cuts. Feedback from public engagement has shown that most people would be prepared to pay a bit more to protect people, services and the local economy. There is also potential to use money raised locally to reinvest in local services and infrastructure thereby helping to sustain local communities and protect jobs and services.

Theme 3: Redesign and Improvement

16.4 The Council needs to adapt to change and do things differently to get improved results. Managing within reduced resources and identifying opportunities to address under-performance will require a transformational approach to the way in which the Council delivers some key services. Public and staff feedback has highlighted many complicated processes which could be simplified and streamlined, learning from recognised best practice and successful processes elsewhere.

Theme 4: Flexible and Well Managed Workforce

16.5 Feedback has told the Council that there should be leaner management structures. The Council has significantly reduced senior and middle management posts in recent

years, and there is a continued focus on reducing management layers. Reductions to budget means workforce numbers will be less over the coming years so there is a need to plan to have a flexible workforce with the right skills and training, with the right staff in the right place to deliver services into the future.

- 16.6 **Appendix 1** presents the Council's Change and Improvement Strategy '*A Sustainable Highland*' which includes the new savings proposals needed to balance the budget for 2020/21. The table below provides a summary of the savings deliverable by theme for each of the next three years.

Theme	Savings			
	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
1: Making the Council More Efficient	3.818	1.456	0.486	5.760
2: Commercialism and Income Generation	1.999	0.836	0.035	2.870
3: Redesign and Improvement	4.822	0.856	0.049	5.727
4: Flexible and Well Managed Workforce	0.646	0.737	0.002	1.385
Total	11.285	3.885	0.572	15.742

17. Impact Assessment of Proposals

- 17.1 Assessing for impact is an integral part of the budget process. It is a pro-active step to ensure that wherever possible, preventative measures are taken to avoid discrimination or unfairness and to positively impact on people with protected characteristics and in poverty. The Council has key duties under the Equality Act 2010 and the Fairer Scotland Duty 2018

- to give due regard to the elimination of discrimination, the advancement of equality of opportunity and the fostering of good relations on the grounds of age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation
- how to reduce inequalities of outcome caused by socio-economic disadvantage.

The Council is also committed to considering potential rural impacts as part of any decision-making process.

- 17.2 Giving due regard to equality and socio-economic equality means that the Council needs to understand and take account of the impact on particular groups. In Highland, each savings proposal has been screened to consider equality, rural or socioeconomic implications. Screening for equality considers whether any of the proposed savings could result in less favourable treatment of any equality groups - age, disability, gender reassignment, pregnancy and maternity, race, religion and belief, sex, and sexual orientation and also whether there is the potential for positive impact through efficiencies or changes to delivery arrangements. Assessment for socio-economic impact considers the impact of the proposed savings on individuals, their opportunity to access services/employment or upon particular vulnerable communities. Screening for rural impacts considers whether any rural community could be adversely affected by the proposal due to their rural nature.

- 17.3 A summary of impacts, including where mitigation has been identified, is contained within the accompanying detailed savings templates at **Appendix 5**. For equality impact, where the screening assessment has highlighted that a full Equality Impact Assessment should be undertaken, this is noted, and the assessment published on the Council's website. As noted at paragraph 17.5, there are a number of proposals where service reviews are planned. Engagement with the community will be crucial to help inform these reviews and to understand any impacts from these reviews.
- 17.4 It is recognised that a number of the proposals focus on service restructures which will impact upon staff. At this stage it is not possible to determine whether there are specific impacts in relation to these proposals. As part of the restructure process, impact assessments of the new structures should be undertaken to determine whether there is a greater impact upon certain staffing groups which are predominantly male or female or on staffing groups in rural areas. In the main this should not impact upon frontline staff or service delivery. The Council is committed to implementing the proposals through a process of vacancy management and deployment opportunities to mitigate any potential impact as a result of these proposals.
- 17.5 A number of the savings proposals are dependent upon service reviews being undertaken. At this stage, therefore, the impacts are not known. Undertaking impact assessment will therefore be a core component of the review process and reported as part of the outcomes of these reviews.

18. Working in Partnership

NHS Highland

- 18.1 Under the Lead Agency Model NHS Highland is commissioned to deliver Adult Social Care Services on behalf of Highland Council. The terms of the Integration Scheme between the Council and NHS Highland states that the organisations will review the Quantum of funding annually.
- 18.2 The Council will be making an increased contribution to NHS Highland of £4.244m to reflect the additional funding received in the local government settlement, as described in section 11.4. In addition, while discussions with NHS Highland are ongoing, the Council is making allowance in its budget for a flat cash settlement for NHS Highland.
- 18.3 The Council considers this to be an appropriate level of funding having regard to the agreement in place, affordable within the wider Council budget context and recognises that NHS Highland may need to deliver service efficiencies in order to deliver a balanced budget for the wider Adult Health and Social Care partnership.

High Life Highland

- 18.4 The Council will continue to work in partnership with High Life Highland (HLH) to deliver a wide range of cultural and leisure services. This will involve evolving the existing positive relationships to ensure that there is common understanding about key strategic priorities. Opportunities for innovation and further improvement of service priorities will also be key.

- 18.5 In terms of the overall budget settlement a core flat cash budget for High Life Highland is contained in the Council's budget but with an intention that part of the Change Fund is made available for HLH to bid into should they so wish. In addition, partnership working between the two organisations will be vital to deliver planned savings in energy usage across the HLH property estate.

Third Sector

- 18.6 The Council recognises the important role the third sector and volunteers play within our communities; in service delivery, in supporting communities and developing communities. We are committed to improving our partnerships with the third sector and developing shared outcomes on which we can work together to achieve successful and sustainable communities.

19. Capital

- 19.1 Whilst this report focuses on the revenue budget for 2020/21 to 2022/23 it is important to note that the Scottish Government draft budget also contains details of the capital budget allocation to Councils for 2020/21.
- 19.2 Overall for Scotland the core general capital grant for 2020/21 has reduced by one third from 2019/20 funding levels. For Highland this means an expected capital grant of £24.999m in 2020/21, compared with £37.743m in 2019/20. This core funding for 2020/21 includes the sum of £1.259m for specific flood schemes.
- 19.3 In addition, the Council is set to receive specific capital grants in relation to Early Years Expansion (£8.4m) and Cycling, Walking and Safer Streets (£0.387m). These grants are ring-fenced for those specific purposes.
- 19.4 The Council set a five-year capital programme in March 2018 that was based on an assumed level of core capital funding that would be received from the Scottish Government over the period of the plan. The funding level assumed was a flat cash level of capital grant of £31.4m continuing over the period.
- 19.5 The actual core funding receivable by the Council in 2020/21 is expected to be £23.740m (core settlement less flooding monies). When compared to the assumed £31.400m the resultant shortfall of £7.660m is significant and will require the capital programme to be reviewed in order that it remains affordable.
- 19.6 Members will be aware of the demand for capital expenditure on the Council's asset base, whether to improve the condition of our roads and schools or meet increasing demand for school capacity in certain locations. Given this significant change in the capital settlement it is intended that the capital plan will be reviewed in the early part of 2020/21 and a report will be presented to the next Resources Committee outlining the timeline to achieve this exercise.
- 19.7 Members are asked to agree that in the intervening period no new contractual commitments are entered for any of the projects in the programme without the express consent of full Council.
- 19.8 In the local government capital settlement government has also made available the sum of £50m nationally as a 'Heat Networks Early Adopter Challenge Fund'. No more detail on this fund is available at this time other than that provided in **Appendix 4** that this fund is '*to support local authorities who are ready to bring forward investment-ready heat networks*'.

Designation: Executive Chief Officer- Finance and Resources

Date: 24th February 2020

Authors: Edward Foster- Head of Corporate Finance,
Kate Lackie- Executive Chief Officer Performance and Governance

Background Papers:

https://www.highland.gov.uk/download/meetings/id/74855/item_3_revenue_budget_201920_to_202122

https://www.highland.gov.uk/download/meetings/id/74857/item_3_a_sustainable_highland

https://www.highland.gov.uk/download/meetings/id/76369/item_6_corporate_revenue_monitoring_report_to_31_december_2019

A Sustainable Highland

Change and Improvement Strategy 2020-2022

A Sustainable Highland – Change and Improvement Strategy for 2020-2022

1. Introduction

This strategy sits alongside the suite of reports already considered and approved by Members over the course of the last 18 months which, taken together, provide a framework for the Council's strategies, plans and approaches. Over this period, a consistent message has been established around being Ambitious, Sustainable and Connected – emerging from engaging with the Highland public, Council staff, and elected Members to become the strategic vision for the Council. 'A Sustainable Highland – Change and Improvement Strategy for 2020-2022' represents a maturation of the financial strategy agreed in February last year; builds upon the successes that this approach delivered; and combines the requirement for long term financial sustainability with the third element of the Council's Vision: **Ambition**.

The strategy sets out how the Council must become an improving organisation - moving on from the creation of the new organisational structure and the minimum requirement to deliver safe and satisfactory services, to an organisation capable of achieving good, very good and even excellent levels of service across the Council within the next 3-5 years. Underpinning all of the structural change is a renewed focus on the internal support mechanisms of the Council; to implement linear line management arrangements and promote staff wellbeing: ensuring staff are fully engaged in the transformation and have a genuine feeling of ownership and pride in high performance and best value throughout the organisation.

The Highland Council is operating in a very challenging financial and performance context. The journey ahead requires courage, collaboration and honest conversations to change the culture of the organisation in order to achieve best value and improve performance indicators that have declined over time. Behaviours, attitude and mindset are very challenging to change. Creative approaches will be required along with a focus on wellbeing and leadership that ensures that all staff and Members are supported as new ways of working and new expectations are set out. There are also a number of key processes that need to be rebuilt and data gathered to ensure that an informed and evidence based approach to improvement is assured. All of this improvement activity will need the collaborative and committed efforts of all staff, Members, partners and communities to enable The Highland Council to achieve its potential. It is essential to effectively engage and involve staff, partners and the public through our Communication and Engagement Strategy to enable transformation and culture change.

This is still a maturing picture, and the following pages set out the complex and challenging improvement journey that lies ahead for The Highland Council within a historic and future volatile fiscal environment linked to an ambitious improvement programme serving very different communities. The challenge is significant as highlighted in the recent Best Value Assurance Report (BVAR). However, it is essential to rise to that challenge in order to continue to improve performance. As the BVAR report states: 'very difficult decisions lie ahead for the Council'. A different kind of culture, mindset, skillset and level of collaboration is required.

Relationships between and across staff, Members and communities must collectively accept the level of fiscal challenge and commit to working together productively with an informed approach to achieving best value in every aspect of Council services, whilst also improving areas of underperformance.

The focus of the strategy is consequently on what is required to deliver improvement, and how this is inextricably linked to the Council's financial performance and the need to establish a medium-term financial strategy.

As before, the Council's success in achieving all of these things is wholly dependent on how it utilises its substantial financial, physical and social resources in a sustainable way. The Council has to connect its ambitions for the Highlands with the resources required to deliver them. The Council must also be honest about areas where performance is not good enough and identify ways to do things differently and better. The continued existence of a 'Change Fund' is essential to deliver the ambitious, affordable and sustainable programme of improvement required to address the challenges that lie ahead and support long term financial stability. This was stressed in the BV Audit Report and this is the basis on which the Council's budget for 2020/21 onwards has been built.

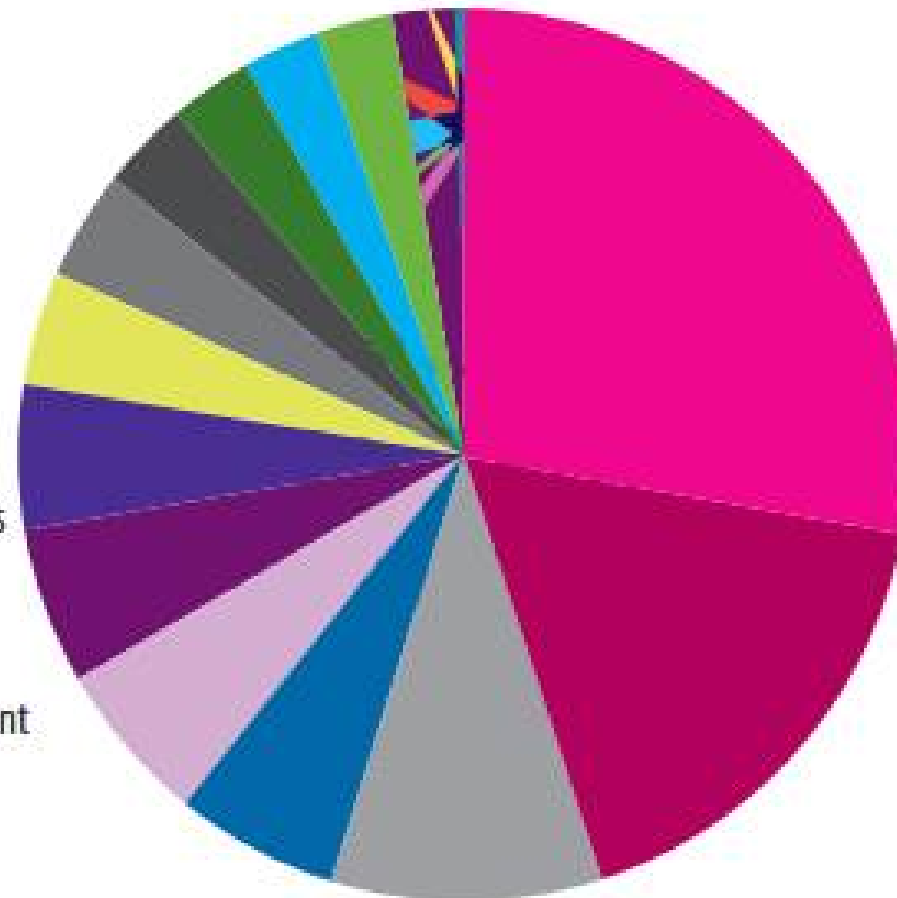
Although there is still a lot of uncertainty about what the final budget settlement will be for 2021/22 and 2022/23, there is a good indication that the Council will need to close a gap of over £67M over the next 3 years. By focusing on 4 key themes on which the budget was built last year: Efficiency; Commercialism & Income Generation; Redesign & Improvement; and a Flexible & Managed Workforce; the Council can maximise its resources in order to deliver high quality essential services with a focus on improvement.

The 30% cut in capital funding recently announced by the Scottish Government will present severe challenges for delivering critical infrastructure projects in the Highlands and the Council will also need to make savings and achieve new income in order to balance the revenue budget over the next 3 years. However, it is also important to recognise that there will still be almost £600m to spend in providing services- See Figure 2 - and there will also be around £90m in 2020/21 for capital projects in the Highlands. This is a considerable amount that the Council will be investing in the Highland economy and the focus will be on maximising the benefits that this will bring and driving improvement so that the Council can continue to be ambitious for a sustainable and connected Highlands.

Fig 2: How the Council Budget will be spent

How do we spend your money?

- Schools (nursery, primary and secondary)
- Adult Social Care
- Loans charges
- Property
- Children's Services
- Additional Support
- Corporate & Support Functions
- Waste & Environmental Services
- Cost contingency budgets incl. pay increases
- Other frontline service spend
- Transport
- Catering, Cleaning and Facilities Management
- Roads
- High Life Highland



2. Drivers for Change

i) Ambition

Council performance has been shown to be poor and deteriorating across a range of areas, including financial management and educational attainment; and external auditors have questioned the Council's capability to deliver the required improvement at pace. Whilst the last 18 months has seen improvement in some key areas, 'Special measures', including focused investment to support change, are required to fully address these challenges. This can only be delivered through a Change and Improvement Fund.

Guiding principles for future investment:

- I. **Any investment in change must deliver improvement:** in services delivered on the ground; in performance standards; in training, working practices or in staff welfare.
- II. **Performance improvement and financial sustainability are inextricably linked** – it is not possible to have one without the other.
- III. **Sustainable change takes time:** a strategic approach must be taken to plan over the short, medium and long term to deliver continued improvement across the whole organisation. Quick fixes rarely present long-term solutions.
- IV. **Most resource should be focused on where improvement is most needed:** The Education Service and the Health and Social Care Service both require urgent short to medium term improvement strategies to address service delivery and performance issues. Likewise, improving core infrastructure, including roads and buildings, requires new approaches to maximise the Council's scarce resources.
- V. **The whole organisation needs to be supported to deliver high performing services:** Targeted investment will be required in the period of transition from the old service structures to the new, to support effective change and ensure each part of the organisation is able to perform at its best.
- VI. **Investment in staff welfare and development is central to success:** Previous successful projects and programmes have shown that there is talent, enthusiasm and ability throughout the organisation. The Council has the opportunity to grow its own leaders for the future – leaders who are invested in the Highlands who share the same values and ambition.
- VII. **Organisations require the right systems to underpin and support their operation:** The Council needs to maximise opportunities provided by ICT and improved data management to understand its own performance better and provide digital solutions to drive efficient working practices and support the workforce to do the best they can.
- VIII. **Investment must reflect the priorities established through the Council Programme:** transport infrastructure; educational attainment; responding to Climate Change; addressing poverty and inequality are just some of the areas that should be advanced through this improvement activity.
- IX. **Prevention is key:** considering where additional and future investment would support preventative activity, improve outcomes and avoid future spend.

- X. **The status quo is not an option:** External assessments of the Council's performance make clear that action is required across all Council services and in all localities of the Highlands.

ii) Financial Context

As set out in the Best Value Audit Report, the Council has significant progress to make in delivering best value. It must also address a number of historic unmet savings whilst facing an ongoing challenging budget gap and uncertain fiscal future. To date, the Council has not produced a plan for transformation and savings that will fully address the financial challenge in the medium to long term. Budgets have instead been established on an annual basis which is one of the major weaknesses identified by the auditors and by The Chartered Institute of Public Finance and Accountancy (CIPFA). In response to this, the budget strategy sets out an approach for delivering against a medium-term budget strategy for the first time. Investment through a 'change and improvement fund' over the coming years will be a crucial building block in that strategy and will be instrumental in providing the capacity for effective and sustainable progress. Without it, the BVAR Improvement Plan will be at risk of failing and the commitment to Ambition cannot be achieved.

iii) Demography and Place

The Council has a long-standing commitment to enhance local democracy and decision making. The introduction of local committees, the establishment of the Commission on Highland Democracy, the Council's Localism Action Plan and the recent Governance Review, have all sought to prioritise embedding local approaches to Council business. The governance and organisational review have provided an opportunity to consider and evolve the Council's approach to place and ensure that this is embedded within its priorities and structures as the organisation moves forward. The Council's Organisational Framework (Figure 2) established the Place Based Strategy as one of the Council's key strategic approaches.

The following key themes have emerged to form the core approach to the place-based strategy:

- Working better with our communities to improve outcomes
- Working better with our partners to improve outcomes
- Improving how local decisions are made along with our communities
- Understanding local priorities and needs
- Understanding our resources and our performance locally

These resonate well with where the public have told us we need to improve, where our auditors have told us we need to improve and reflect the core messages at the heart of public service reform.

The intention is to develop the strategy utilising examples of a place-based approach in action. Members have already been involved in these locally e.g. Fort William 2040, the amenities review as it rolls out to individual areas, asset review, local place

planning, off-street car parking policy, local regeneration. In order to deliver a step change in how the Council delivers on its commitment to place, the Change Fund will provide an essential resource to develop and improve the Council's approach and embed this across the organisation. It will:

- Improve our understanding of our resources – commission work to understand all our resources within a place e.g. budget – disaggregated or otherwise, staffing, plant and other assets. This will complement the work currently underway to realign service budgets as part of the organisational restructure and our new committees.
- Understand local priorities and needs – to develop socio-economic profiles of our areas that can be updated with national and local and service statistics. This will help inform the development of local priorities and complement local knowledge and community feedback.
- Improve our understanding of local performance – this supports the overall strand and improvement action identified through BVAR to better understand, disaggregate and benchmark our performance. This needs to be reported to, and scrutinised by, local area committees, in order to improve local decision making and prioritisation.
- Working better with our communities – there is a need to improve how we work with and engage our communities in our services and priority setting. Support is needed to ensure staff have the appropriate skills and approach in taking this forward including community participation, place standard and seeking good practice elsewhere.
- Place-based approach in action – project-based support to help enable specific projects in specific areas in order to fully develop our place-based approach.

Fig 2.

HIGHLAND COUNCIL ORGANISATIONAL FRAMEWORK



iv) Economic Development

Continued fiscal and political uncertainty means that the Highlands needs to be promoted as a place for businesses to invest and for people to settle. The Council needs to work with partners and governments to advocate how much the whole area has to offer and identify what can be done to support economic development through the many services the Council offers.

A robust economic development strategy will be prepared and promoted, addressing both the urban and rural development challenges. By focussing on growth sectors, we will ensure that targeted interventions are put in place and that the impact of the City Region Deal is felt throughout the area. A strong emphasis on commercial approaches to the delivery of Council services, and investment in assets that will help drive the local economy as well as derive an income will assist with this.

3. Investing in Change – the Power of the Change Fund

During the initial year of its inception, Members have been understandably very focused on seeking evidence to validate the financial benefits of the Change Fund. An overview of the many achievements, both cashable and non-cashable, delivered by the Change Programme is included at the end of this document. However, lasting root and branch change and improvement will not be achieved through the delivery of individual projects aimed primarily at delivering savings or income – albeit they have been critical in helping the Council to meet its financial targets in the current financial year. Instead, it must be recognised that service improvement and financial sustainability are inseparable: the more-high performing an organisation, the greater capacity there is to reduce excess and failure spend and the more effective resources can be in delivering desired outcomes. **The drive to improvement has to underpin all future investment.**

Consequently, a range of both hard and soft indicators are needed to evidence positive investment outcomes delivered from a 'Change and Improvement Fund'. For example, there needs to be a greater recognition that staff are an invaluable resource and investing in them and listening to them will be a critical aspect of attaining best value and improving outcomes for communities. This was evidenced in a recent visit to the best performing and best value children's service in the UK where it was critical to hear that the main investment had gone into staff learning, development and wellbeing, rather than process improvement and re-design.

In recognition of this, it is proposed that the next iteration of the Change and Improvement Fund should focus at least as much on performance improvement and supporting evolution of service structures in support of this as it should on projects intended to support budget delivery. The following sections set out proposed priorities for the next phase of the Change and Improvement Fund, focused on delivering improved service performance and underpinned by the findings of the BVAR.

In summary, these are:

1. Improving ICT/Digital Function
2. Improving Education Performance
3. Improving Health and Social Care Performance
4. Improving the Council's Infrastructure
5. Improving local decision making, communities and partnerships
6. Delivering improvements as a response to the Climate and Ecological Emergency
7. Improved partnership working with Highlife Highland
8. Ambitious, skilled and Agile Workforce

1. Improving ICT/Digital Function

Digitally enabled change must be central to the Council's whole improvement agenda, but this needs to be properly resourced if it is to release its full potential and support the changes that are needed at the pace required. It is clear that most of the initiatives required to either improve the Council or deliver savings will rely to some extent on ICT solutions. For over 20 years most of the Council's ICT function, including the identification of opportunities for digital innovation, has been delivered by managed service suppliers. The in-house team has been designed largely to manage these contracts rather than to innovate.

It is recognised that this needs to change and that support for ICT- enabled business change should be a critical function for our in-house ICT Services in the future. This will be built into a future staffing structure to deliver services as the Council develops new delivery models. However, this will take some time and additional capacity and capability is required as soon as possible to support a changing and improving Council. Without the right level of technical ICT capability in-house, the delivery of improvements in the way the Council operates, and related savings, is at risk.

The requirement therefore, is to recruit to a number of key posts to ensure that the Council creates the internal capability and expertise to translate key business requirements into tailored ICT solutions. This capability is pivotal in delivering and maintaining solutions that best suit the specific business requirements of the Council and can be delivered, at pace, and in a responsive and sustainable manner. The costs of this enhanced approach can be built into the core ICT Services team from 2022/23 onwards but initial support will be required from the Change Fund for the two years leading up to that date.

2. Improving Education Performance

The Council is ambitious to improve attainment outcomes for all our children and young people across the learner journey.

The Council must work collaboratively with parent/carers and partners to ensure that the correct support and intervention are in place so that 0-3 year olds fulfil all their key milestones in early childhood development; that this development continues through the early learning and childcare 1140 hours experience in our nurseries, child minding services and partner provider nurseries as children progress from 3-5 years, arriving at school on track in all aspects of their development: social, emotional, physical and in literacy and numeracy skills.

In school years the Council's ambition will be that learners will experience high quality learning and teaching; skills in literacy, numeracy and health & wellbeing will be at the core of the curriculum and as children progress through their primary years. Attainment levels will match our ambition that all key local targets and national performance indicators will be achieved – i.e. that all outcomes will be within the second quartile.

As young people progress through their broad general education and into the senior phase they will be provided with the opportunity to gain a range and plethora of qualifications both through formal SQA and wider opportunities to ensure our young people of the Highlands go on to a positive and sustained destination – remembering that their first destination should not be their last.

There will be sufficient resource to support new arrangements from within the existing Education budget in due course as the new arrangements are developed. However it will take time to get these in place. In order to fulfil all these ambitions at the required pace and urgency, the Highland education system requires additional up-front investment and capacity from the Change and Improvement Fund to support all stakeholders in developing robust strategies and making the shift from accountability and support to an empowered forward thinking system. As the new arrangements bed in, the additional support provided from Change Fund investment will provide the time for service budgets and workforce to flex to accommodate these changes until they are in the right place to deliver the new service structures in a managed and sustainable way.

3. Improving Health and Social Care Performance - Children's Services

Recent self-assessment and review of Highland Health and Social Care for children demonstrates the need for redesign of the systems and management structures within which services are delivered. Restructuring will focus on preventing children from entering into statutory services; reduce the number of children who become looked after; and improve the timeliness of children's permanence. The overarching objective of the restructure of Health and Social Care will be to empower children, families and the communities in which they live to realise their full potential. This requires a whole system change in delivery whereby we focus on

prevention, have a more robust screening system and threshold decision making process; drive forward early intervention; and improve the availability and quality of services across the Highland. The restructure seeks to achieve sustained positive outcomes for children and young people to improve their physical, social and emotional wellbeing and their safety.

In order to see the through the change, workstreams will be identified and prioritised. Each of the change ideas will deliver short and longer-term efficiencies in the delivery of Health and Social Care. In order to see through the change ideas in totality, a phased roll-out is required so as to avoid a big-bang approach and risk of destabilisation. Up front funding of the interim arrangements is required from the Change and Improvement Fund to provide the time and context within which more permanent structures can emerge, fully funded from existing service resources, to deliver sustainable improvement outlined below.

- **Prevention:** Define clear lines between children and their families, communities, universal services, early help, targeted support and statutory intervention; moving to a localised community focused ‘whole-systems’ approach whereby vulnerable children and their families are identified much earlier, provided with the right support and diverted from unnecessary statutory involvement.
- **Identification:** Take a new and evidence-based approach to screening that provides greater consistency in threshold decision making and enabling better mapping and needs assessment of our different communities across Highland.
- **Targeted Early Intervention:** Provide a greater focus on the delivery of timely and targeted services designed to de-escalate growing need and which are matched to local need. Provide early intervention that is predicated on effective partnership working. Strengthening the philosophy of integrated children’s services, improving an agreed set of outcomes that supports partners across agencies and third sector to work effectively together.
- **Timely Outcomes for Children:** Build on existing achievements made through the ‘No Wrong Door’ Placement Change Programme, through strengthening and improving fostering and adoption, kinship care, permanency planning, reunification, throughcare and aftercare.
- **A skilled and knowledgeable workforce:** Undertake a review of the Highland Practice Model; create a robust plan around workforce development; leadership culture; reflective practice and supervision. Establish a relationship and strengths-based way of working through training in models such as Signs of Safety and/or Systemic Practice. Develop a cohesive framework to ensure quality support and supervision, training and development and improved participation. A localised focus on recruitment and retention is essential to ensure we have the right workforce and a robust workforce.
- **Clear Lines of Accountability:** Develop a linear management model with clearly articulated roles that enable quick decision making and greater cohesion among stakeholders across integrated services.
- **Leadership and Governance:** Leadership and Governance requires to be reviewed to improve existing arrangements and scrutiny across the partnership. Governance arrangements will wrap around the whole system to support improvement through

delivery and scrutiny of action plans. Strong Governance over data and quality will identify trends, gaps, and what existing provisions there are to address these gaps is also required.

4. Improving the Council's infrastructure

The restructure of all roads and transport functions within the new Infrastructure and Environment Service offers a great opportunity to deliver a more strategic, targeted and efficient approach to developing and maintaining the Highland road network, as well as ensuring that partnership working with Transport Scotland, HITRANS and neighbouring local authorities is used to full effect. There are a number of key areas identified for improvement over the course of the year, including:

- Develop innovation in roads maintenance techniques – technology is constantly evolving and the Council will invest in trialling new techniques for roads maintenance.
- Contribute to the wider fleet strategy to ensure that a more efficient and modern fleet can meet the needs of our area network.
- Implement the findings of the Engineering Services Redesign review, ensuring that all of the engineering and technical resources are fully utilised and aligned across the new Service.
- Develop skill within our in-house team, to ensure that a greater range of duties can be undertaken, without the need to sub-contract to the private sector.
- Develop a clear strategy on the prioritisation for the improvement and maintenance of our resources – this work will be undertaken by developing a greater understanding of risks and a more comprehensive inspection regime.
- Develop a Council strategy for modal shift, including the development of an active travel team and associated strategy to support Council led, partner and community led initiatives.
- Develop an options appraisal on the potential for publicly run bus services – this is a redesign review being overseen by the Redesign and Commercial Board and will require appropriate in-house and external resources to ensure the opportunities are fully developed and risk assessed.
- Develop access to external funding through ensuring that resources are available to identify and apply for external funding when the opportunity arises, tied into the work being undertaken on our climate change strategy.

The Highland Council has approximately 1200 non-housing related buildings that it is responsible for, which includes 203 schools. This estate is made up of a complex range of buildings of a range of construction types, sizes, usages and ages. Included in this

total are our depots. Significant challenges exist in terms of the poor condition of some of these buildings and depots, to include significant challenges based upon perceptions of levels of risks in terms of health and safety.

In order to maximise the opportunity to deliver best value for the spend of money, the Council needs to take a more strategic approach to how it invests in this estate. Capital spend based on an area by area basis or on a reactive basis is not a long term sustainable use of limited resources and is inefficient in both procurement and value for money terms. The Council needs to move towards a properly planned investment strategy that aligns, over the short, medium and longer term, investment need to available resources.

This programme needs to be informed by an accurate and detailed fundamental assessment of the condition of all of these assets, to give us suitably robust baseline data from which to design and implement a programme. It will also clearly identify a ranking order of assets and required works that will align to, and mitigate, the risks to the Council in terms of health and safety from the condition of some of its assets, and in the longer term, should prevent assets deteriorating into such a state as to see them presenting as health and safety risks in the first place.

The Change and Improvement Fund can be used to resource a programme of structural and property condition surveys of the Councils General Fund Operational Estate in accordance with the Scottish Government's condition survey guidance. This survey programme will provide benchmark condition information to support future major and minor capital improvement priorities as well as specific element condition ratings for defective roofs, windows, doors, boilers, wiring, environmental controls, various engineering installations etc. that need urgent upgrading or replacement. This work links in with the approach to addressing climate emergency set out below.

5. Improving local decision making, communities and partnerships

As set out in detail in Section 2, the Change and Improvement Fund will be instrumental in resourcing a step change in the delivery of the Council's Place Based Strategy to support us to:

- Improve our understanding of our resources at a local level
- Understand local priorities and needs
- Improve our understanding of local performance
- Working better with our communities and our partners to support services, priority setting and improve outcomes
- Improve how local decisions are made along with our communities

A key area for development is improving how we work with our Community Planning Partners in order to address the key priorities of poverty, inequality and prevention. At a time of decreasing resources, collaborative approaches and aligning of resources will be

crucial to tackling these challenges. The findings from the BVAR suggest that a step change is needed to galvanise the work of the partnership. New arrangements have recently been agreed by the CPP Board with a view to improving governance, accountability and performance of the partnership. Commitment from all partners is key moving forward and the Council must ensure that this partnership approach is embedded across the organisation in order to make a fundamental difference to our communities. Our place based approach will support us taking this forward.

6. Delivering Improvements as a response to the Climate and Ecological Emergency

On 9th May 2019, The Highland Council declared a climate and ecological emergency, and committed to working towards a carbon neutral Highlands by 2025. Inevitably, as a result of this declaration, a significant body of work is required across the Council to support this region-wide ambition. It is likely that the Council will soon be required to declare by which year it aims to achieve net zero carbon through its own operations, and this will shape the context of many future investment decisions. However, in the short to medium term, there are a number of key workstreams and resource requirements identified to move the Council forward with its climate change ambition:

- Produce an overarching energy strategy for the Council
- Produce an energy audit of the built estate

75% of the Council's carbon footprint arises from its use of energy in buildings and from street lighting (electricity, gas and oil), and this is therefore a critical area of focus moving forward. In order to better understand the nature of our built estate, and what needs to be done to move the Council towards net zero emissions in the future, a full-scale audit of the built estate set out in the section above will also inform a robust energy strategy for the organisation. This will permit a thorough analysis of building fabrics, heating systems, roof integrity etc. This work will also ensure that maximum value is derived from the £3.5m Salix recycling fund.

- Review Climate, Energy & Sustainability teams

Linked to the above, in order to focus the Council's efforts on reducing its carbon footprint, a restructure of available resource is required to ensure that efforts are being directed towards initiatives which maximise carbon reduction. This could be through, for example, energy efficiency measures, training, development and awareness-raising for key officers, and wider behaviour change initiatives for both staff and Members. A dedicated behaviour change officer will develop a strategic, planned approach to behaviour change across the Council, and would provide a spend-to-save service for the Council. The potential of a recycling fund for climate change initiatives is worthy of further consideration in this context.

- Net zero ambition & land-use

As detailed above, the Council is yet to set a fixed date for when it aims to achieve net zero emissions. However, it is important to note that there is likely to always be a proportion of emissions which the Council cannot realistically reduce any further, as doing so is out with our control (e.g. use of grid-supplied electricity – we have no control over the emissions-intensity of the National Grid but are likely to require power from the grid for the foreseeable future). Therefore, we will seek to ensure that any future requirements which are likely to arise from the re-establishment of Land Use Partnerships and the restructuring of public support to the land management sector reflects the needs of the Highlands.

7. Partnership with Highlife Highland

The Change and Improvement Fund investment will allow enhancement of current collaboration between Highlife Highland and The Council to reduce the carbon footprint from HLH facilities, concentrating on LED, Solar and efficiencies. Greater effort will also be expended in rationalising the whole estate through closer partnership working and integration of services.

The Change and Improvement Fund will also allow Highlife Highland to create capacity for investment in a number of transformational change projects that will facilitate the revenue growth required to deliver long-term savings to The Council. This includes: investment in facilities across the region; investment in catering and development of a marketing and communications strategy.

8. Ambitious, Skilled and Agile Workforce

The new leadership team and changes to structure currently taking place will create a culture where staff are equipped to fulfil council objectives through inspired and highly motivated staff to deliver sustained and high-quality services. To achieve best value, we must develop an ambitious, agile and flexible workforce that reflects our future needs and strengthens our commitment to be an employer of choice in the Highlands. This can be achieved by utilising staff resource more efficiently and effectively across the organisation and eliminating costly alternatives such as agency workers, excessive overtime, or use of contractors. We will focus on attracting and retaining staff with the right skills and behaviours linked to the organisational framework who can be deployed across the organisation to meet the Service requirements. Opportunities for short term secondments and projects will also support the agility of our workforce and develop skills and knowledge across services. Engagement with staff and our trade union partners in job redesign is key to achieving an agile workforce. Developing a highly skilled workforce will ensure staff have key transferable skills such as: self-awareness; social intelligence; innovation; critical thinking and staff are empowered to apply these skills.

4. Four Key Themes for delivering the Budget

The Council's budget has been designed to maintain high quality essential services with a focus on the areas that the public told us mattered to them most, delivered by focusing on 4 key themes. How the Council intends to address the budget gap is set out under these four themes. This includes the overall approach as well as the individual proposals which support the delivery. Each proposal has been assessed for community impacts and these are set out in the detailed savings templates.

Theme 1: Making the Council More Efficient

Efficiency is one of the strong themes from the public - people want to see less waste and more efficiency in every part of the Council. A number of savings can be made by examining how the Council currently does things and finding better ways to provide services which deliver improved outcomes, recognising that the Council has achieved efficiency savings over many years.

Theme 2: Commercialisation and Income Generation

Increasing income needs to be a fundamental part of the Council's budget strategy in order to be able to fund the cost of services, protect jobs and reduce the need for cuts. Feedback from public engagement has shown that most people would be prepared to pay a bit more to protect people, services and the local economy. There is also potential to use money raised locally to reinvest in local services and infrastructure thereby helping to sustain local communities and protect jobs and services.

Theme 3: Redesign and Improvement

Improving the Council's performance is a major focus for the Budget Strategy over the next 3-5 years. The Council needs to adapt to change and do things differently to get improved results. Managing within reduced resources and identifying opportunities to address under-performance will require a transformational approach to the way in which the Council delivers some key services. Public and staff feedback has highlighted opportunities to simplify and streamline processes, learning from recognised best practice and successful processes elsewhere.

Theme 4: Flexible and Well Managed Workforce

Feedback has told the Council that there should be leaner management structures. The Council has significantly reduced senior and middle management posts in recent years, saving over £3.5m and there is a continued focus on reducing management layers. Reductions to budget means deploying our workforce over the coming years in a more efficient way. There is a need to plan to have a flexible empowered workforce with the right skills and training, with the right staff in the right place to deliver services into the future.

5. A Proven Approach

In 2019/20 the Council introduced a more rigorous approach to oversight and governance to ensure pace and scrutiny of the budget all year round and a Change Fund to provide the resources, capacity and expertise to deliver the Council's ambitious Change Programme. The Change Fund supported Programme Management Office enabled:

- Better collaboration and coordination across the Council.
- Enhanced visibility of initiatives across the Council.
- Greater returns from the projects implemented.
- More efficient delivery of projects and therefore increased pace.
- Better risk mitigation and structured risk resolution.
- A clear and consistent mechanism for assessing potential projects arising from member, staff and public feedback.

This new approach introduced weekly programme oversight and control at joint Member/Executive Board level and regular reporting at meetings of the full Council of the delivery of the wide-ranging and challenging financial targets required to close the budget gap. As a consequence of this combined approach of improved controls and enhanced support, at the end of Quarter 3 the Council was reporting reduced overspends and an anticipated surplus of £452,000 by the year-end. This demonstrates a significant improvement on the financial position of the Council at the same point in the preceding year and underscores the importance of this new approach to financial governance supported by the Change Fund.

As a consequence, it is proposed that this approach to governance is continued, but with the addition of enhanced local scrutiny, and meaningful engagement with communities throughout the year, as set out in the earlier part of this strategy. All of these will be underpinned by performance measures and targets set out in 8 new Service Plans which will be introduced in the next committee cycle, commencing at the end of April 2020.

Theme 1: Making the Council more Efficient

Efficiency is one of the strong themes from the public - people want to see less waste and more efficiency in every part of the Council. A number of savings can be made by examining how the Council currently does things and finding better ways to provide services which deliver improved outcomes.

Budgets need to be set according to outcomes and needs and benchmarking against national standards is required, rather than budgets automatically being allocated and overspends being offset by underspends or reserves. Better budget management with focused training for budget holders, and tighter controls on how and what the Council spends is also part of the necessary changes for stable financial management into the future. This new approach was introduced in the current financial year and has helped to deliver the improved budget management outlined in the preceding section. This will be further developed and refined in the coming year to drive a culture of robust financial management in every part of the organisation. It is clear from current in-year measures of efficiency that there is progress, but a great deal remains to be done to ensure an 'efficient Council'.

How is the Council going to do this?

- The Council has a set of proposals to continue to improve processes and procedures to change the way the Council delivers services. A change in culture is required, embedding a drive for greater efficiency and best value in every service. Staff teams are being challenged and empowered to put in place changes, whether through use of new technology or by process redesign. The changes will be delivered across a wide range of service areas, including continuing improvements in corporate finance and revenues, training and development, procurement savings through increased in-sourcing, non-staffing efficiencies in education and energy savings in Council properties used by HLH.
- Transport Services: This project will specifically target the following objectives: Full compliance with statutory duties for the safe transportation of children to school; Delivering improvements to the provision of Home/School transport for all pupils through process changes; more effective route planning; introducing collection hubs and renegotiating pricing structures with individual operators; developing mutually beneficial community transport opportunities.

Savings Proposals 2020/21

Theme 1: Making the Council more efficient

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
1.1	Payroll	Removal of all postages expenditure with online only option for all employees to view pay documentation (Appendix 5 page 2)	0.008			0.008
1.2	Insurance	Final adjustments to increase all policy excesses to £1m with all claims under that level covered by self-insurance (Appendix 5 page 3)	0.009			0.009
1.3	Revs and Bens ICT	Reduced annual costs due to change in service support supplier (Appendix 5 page 4)	0.022			0.022
1.4	ICT	PSN - cybersecurity - reduced investment requirement (Appendix 5 page 5)	0.030			0.030
1.5	Planning & Environment	Environment - Access works (Appendix 5 page 6)	0.030			0.030
1.6	Development & Infrastructure Service-wide	Training & Service Wide Budgets (Appendix 5 page 8)	0.040			0.040
1.7	Development & Regeneration	Investment Properties - Property Maintenance (Appendix 5 page 9)	0.050			0.050
1.8	Street Lighting	In-source all external lighting works (Appendix 5 page 10)	0.060			0.060
1.9	Property	Land Management (Appendix 5 page 12)	0.075			0.075
1.10	Economy & Regeneration	Reduction in Commitment and Increase in Income (Appendix 5 page 13)	0.057			0.057
1.11	Community Services Service-wide	Review of several contracts and services (Appendix 5 page 14)	0.285			0.285

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
1.12	ICT	Review of 3rd party ICT contracts (not core WIPRO contract) services (Appendix 5 page 16)	0.270	0.050		0.320
1.13	Council Tax Reduction	Rebasing current Council Tax Reduction budget to match anticipated demand (Appendix 5 page 17)	0.400			0.400
1.14	Transport Section	Review of school transport contracts and arrangements (Appendix 5 page 19)	0.060	0.420		0.480
1.15	Energy	Reduced energy consumption & increased efficiency (Appendix 5 page 21)		0.500		0.500
1.16	High Life Highland	Reduce energy costs (Appendix 5 page 24)	0.186	0.186	0.186	0.558
1.17	High Life Highland	Annual reduction based upon national settlement % reduction (Appendix 5 page 25)		0.300	0.300	0.600
1.18	Loans Fund	Revised accounting treatment of capital receipts in the Loans Fund (Appendix 5 page 28)	1.000			1.000
1.19	Care & Learning Service-wide	Non-staffing efficiencies (Appendix 5 page 29)	1.236			1.236
Total			3.818	1.456	0.486	5.760

Theme 2 – Commercialism and Income generation

The Council is committed to becoming more commercial in its approach, and the Commercial Board has played a part in identifying opportunities that do not just deliver financial returns but that also aim to achieve social and economic benefits for the region. This Board has now been combined with the Redesign Board, to capitalise on the synergies that exist between Redesign opportunities, a drive towards the commercialisation of existing service delivery areas and new opportunities for raising or increasing income. The new Redesign and Commercial Board will oversee new initiatives arising from Theme 2 and Theme 3.

Increasing income remains a fundamental part of the Council's budget strategy in order to be able to fund the cost of services, protect jobs and reduce the need for cuts. Feedback from the Council's consultations in the past has shown that most people would be prepared to pay a bit more to protect people, services and the local economy.

How is the Council going to do this?

- The Council will put in place appropriate increases to existing fees and charges, whilst also creating new income streams.
- The Council will also reduce the costs of collecting income due by improving procedures through improved digital capability.
- Income streams across all service areas will be looked at, including Planning and Development, Property and Estates
- Council staff currently support a wide range of successful medium to large scale events and festivals across the Highlands, often absorbing the cost. A policy of full cost recovery on events and festivals will create a new income stream to ensure this support can continue.

Savings Proposals 2019/20-22

Theme 2: Commercialisation and Income generation

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
2.1	Project Design Unit	Flood Risk Management Team - charging for requests for Information (Appendix 5 page 31)	0.004			0.004
2.2	Planning & Environment	Environment - Increase Environment Advice & Consultancy Team income target (Appendix 5 page 32)	0.020			0.020
2.3	Development & Regeneration	Estates Team - Income generation from submitting NDR appeals on behalf of local authorities (Appendix 5 page 33)	0.020			0.020
2.4	Registrars	Marriage, Civil Ceremonies and Re-naming registration review (Appendix 5 page 34)	0.025			0.025
2.5	Property	Energy - Building Services Consultants (Appendix 5 page 36)	0.025			0.025
2.6	Property	Cleaning Team - Additional Cleaning Income (Appendix 5 page 37)	0.030			0.030
2.7	Property	Office Accommodation Account - Annual Budget Reduction (Appendix 5 page 38)	0.030			0.030
2.8	Waste Management	Renegotiated glass recycling contract (Appendix 5 page 39)	0.035			0.035
2.9	All services	Full costs recovery on events and festivals (Appendix 5 page 40)	0.050			0.050
2.10	Planning & Environment	New fees for new services - Medium-Scale Pre-application Advice & Satisfaction of Conditions (Appendix 5 page 42)	0.020	0.025	0.030	0.075

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
2.11	Corporate Governance	Increase in income related activity across Legal, Trading Standards and Democratic Services (Appendix 5 page 44)	0.060	0.020		0.080
2.12	Placement Services	Review of costs chargeable to HRA (estimate and being investigated) (Appendix 5 page 45)	0.100			0.100
2.13	Trading Standards	Trusted Trader Scheme (income) (Appendix 5 page 46)	0.095	0.005	0.005	0.105
2.14	Estates and Economic Development	Increase in estates income (Appendix 5 page 48)	0.175	0.075		0.250
2.15	Planning & Environment	Planning & Building Warrant Fee Income - Increase income target (Appendix 5 page 49)	0.100	0.300		0.400
2.16	Car Parks	Roll out of car parking charges (Appendix 5 page 51)	0.115	0.411		0.526
2.17	Non Domestic Rates	Improved collections (including via the Business Rates Incentivisation Scheme) (Appendix 5 page 52)	1.095			1.095
Total			1.999	0.836	0.035	2.870

Theme 3: Redesign and Improvement

The Council needs to adapt to change and do things differently to get improved results. Public and staff feedback highlight many complicated processes which could be simplified and streamlined, learning from recognised best practice and successful processes elsewhere. Redesign and Rapid Review initiatives have been undertaken across a broad range of service delivery. The reviews are delivering positive results, producing savings and improvements to services. This has been helped by using tried and tested methods, together with fresh eyes on problem solving, with staff themselves at the centre of redesign. The Council is also looking for opportunities for services (and partner agencies) to work together to make savings.

How is the Council going to do this?

The Council will continue to deliver a Redesign Programme, overseen by the Redesign and Commercial Board using in-house teams to identify new approaches that can help deliver services better, learning from elsewhere and using external expertise where appropriate. The work programme for 2020/21 includes work on catering, procurement and staff travel. These will all contribute to wider budget saving proposals and will be an integral part of the Change Programme.

Part of the Council's overall restructuring will include the new Education and Health & Social Care services being redesigned and restructured. The new structures will aim to improve performance, provide clear and direct linear management, clear financial responsibilities, empower staff and managers to develop both personally and professionally and meet customer needs within sustainable affordability.

Staff Travel: This project will specifically target the following objectives: reduce the need for staff to travel through enhanced policies and ICT; where staff travel is required, reduce the corporate spend through more economical alternatives, such as car club vehicles; assess White Fleet utilisation and optimise this to provide opportunity to reduce costs (including unnecessary hire); and utilising low emission and more economical white fleet vehicles.

Savings Proposals 2020-22

Theme 3: Redesign and Improvement

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
3.1	Compactors for waste	Compact waste to reduce contract cost (Appendix 5 page 53)	0.026	0.019		0.045
3.2	Online Forms Review	Support for online forms (Appendix 5 page 55)	0.050			0.050
3.3	Service points	Review of customer service provision (Appendix 5 page 57)	0.050			0.050
3.4	Fleet	White fleet review (Appendix 5 page 59)	0.064			0.064
3.5	Stores	In-sourcing of PAT testing (Appendix 5 page 61)	0.065			0.065
3.6	Property	Catering Review (Appendix 5 page 63)	0.050	0.050		0.100
3.7	Council Tax/NDR	Establish an online customer portal (Appendix 5 page 64)	0.023	0.037	0.049	0.109
3.8	Amenities	Review of amenities and grounds maintenance functions (Appendix 5 page 65)	0.200			0.200
3.9	Care & Learning Service-wide	Review of Service Support services (£100k saving already approved for 20/21) (Appendix 5 page 67)	0.250			0.250
3.10	Stores	Review of stores function (Appendix 5 page 69)	0.100	0.300		0.400
3.11	Education	Review of Education budgets and DSM (Appendix 5 page 70)	0.744			0.744

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
3.12	Procurement	Savings from corporate procurement activity (Appendix 5 page 72)	0.500	0.450		0.950
3.13	Education and Health & Social Care	Restructuring (Appendix 5 page 74)	1.200			1.200
3.14	Early Years	Re-basing Early Years and associated service budgets (Appendix 5 page 76)	1.500			1.500
Total			4.822	0.856	0.049	5.727

Theme 4: Flexible and Well Managed Workforce

The financial context inevitably has an ongoing impact on employment security for staff. The Council will continue to put in place measures to mitigate against employment uncertainty by developing an adaptable, skilled and responsive workforce to deliver local services effectively and efficiently. The Council must ensure its approach to workforce planning reflects the unique opportunities and challenges of the culture, local communities and geography of the Highlands. We will be ambitious to develop, retain and where appropriate attract the right people, with the right skills, delivering in the right place.

To meet our financial challenges, we need to realign service staffing establishments to the new Service budgets. Workforce planning, centralised training budgets, development linked to connective objectives and managed vacancies will help us to do this without the need for a programme of redundancies. As the new service delivery models and options develop, the ability of staff to transition across service boundaries needs to be supported. The Council has a strong, long-standing commitment to avoid redundancies wherever possible and remains confident this can be achieved through working together with employees, managers and Trade Union partners to create opportunities for a more flexible, multi-skilled and adaptable workforce.

Feedback tells us that we should have leaner management structures. The Council has significantly reduced senior and middle management posts in recent years saving over £3.5m and is continuing to look at ways to reduce management layers by redesigning service structures to reflect new delivery models and continue to redefine structures going forward.

Staff feedback also underlines the need for appropriate support, training and development, systems and equipment to work efficiently as well as more management visibility. It is vital staff are involved in and help to drive change and have the ability to contribute ideas and develop their services.

How is the Council going to do this?

A set of Strategic Objectives has been used to develop the Workforce Planning Strategy (2017-2023). These guiding principles have been tested through extensive engagement with managers, staff and members. The Objectives acknowledge the need for transformation and reflect the ambitious nature of our approach to develop our workforce to meet current and future demands. . In terms of approach, we recognise that engagement needs to be at the heart of everything; cultivate our excellent long-standing partnerships with Trade Unions, listen to our employees, communicate regularly and consult meaningfully with Community Planning Partners. As part of the Workforce Strategy, we will align the workforce with the medium-term financial plan; concentrating on alignment with the efficiency, Commercial and income generation and redesign and improvement themes.

We need to cultivate an agile and empowered workforce through development of staff, modernising recruitment methods and practices and generate a culture of transition underpinned by upskilling and retraining opportunities. Furthermore, we need to grow

the workforce of the future, continuing to rebalance an ageing profile through the expansion of our Modern Apprenticeship Programme and retain knowledge through effective succession planning. Successful outcomes will depend on building a learning culture throughout the Council. Senior leadership and management programme that develops effective leaders with the ability to address both efficiency and employee needs including health and safety and wellbeing within the organisation, and leads to less demand on supporting services.

We will also create a culture of Continuous Improvement through continuous review and improvement of processes by ensuring that our establishment is up to date and systems are in place that provides up to date, easily accessible management information and data. An important success factor will depend on the creation of a culture of digital upskilling and proactive use of technology, to improve outputs and generate and promote innovation amongst staff at all levels. Improved establishment data will enable managers to make more effective use of their staffing resource. Using the Transition Portal will afford staff development opportunities to meet Service improvements and deploy staff where require to meet service delivery needs. The Change Fund is already supporting this critical area of work.

We also need to develop, with our Trade Union partners, a flexible workforce with job designs and contracts that reflect the future needs of the organisation and retain a commitment to be a fair employer. Approximately 10,000 staff work for the Council and we have a turn-over of around 10%. Ensuring we maximise the opportunities for our staff by reviewing vacancies with services is a fundamental component to creating opportunities. Reconfiguring job roles and matching opportunities for staff in areas of less demand to growing requirements such as Early Years Development continues to demonstrate a good example of emerging opportunities. Continuing to operate scrutiny and challenge to whether posts need to be filled once they become vacant (vacancy management) will continue to be part of the strategy to deliver savings throughout all Council Services.

Savings Proposals 2019/20-22

Theme 4: Flexible and well managed workforce

Theme Ref	Budget Area	Savings Description	2020/21 £m	2021/22 £m	2022/23 £m	Total £m
4.1	HR	Reduction in mainstream training budget (Appendix 5 page 78)	0.020			0.020
4.2	Commercial & Efficiency Team	Deletion of over-provision in the staffing budget (Appendix 5 page 79)	0.027			0.027
4.3	Chief Executive's Office	Various savings identified in the service budget (Appendix 5 page 80)	0.064	0.002	0.002	0.068
4.4	Property	Review of letting policies and FM provision (Appendix 5 page 82)	0.050	0.050		0.100
4.5	HR	Centralisation of training budget from all Council services to allow efficiencies in training delivery (Appendix 5 page 84)	0.060	0.060		0.120
4.6	Corporate Resources Service-wide	Corporate services staffing restructure (Appendix 5 page 85)	0.125	0.125		0.250
4.7	Development & Infrastructure Service Wide	Restructure/Vacancy management (Appendix 5 page 86)	0.300			0.300
4.8	Senior management	Savings from review of corporate management structure (Appendix 5 page 87)		0.500		0.500
Total			0.646	0.737	0.002	1.385

Current Change Fund Expenditure and Benefits

Project	Sum of Funding agreed	Sum of Estimated cost of project		Cashable benefits 2019/20	Cashable benefits 2020/21	Cashable benefits 2021/22	Non-Cashable Benefits: Improvement (I) Transformation (T) Policy Priority (PP)
Asset & Energy Management Total	172,000	50,250		165,000	100,000	500,000	I, T & PP
Approved Trader Scheme	67,000	63,902		-	95,000	5,000	-
Care Placement Services Programme	100,000	71,456		4,400,000*	-	1,000,000	I, PP
Climate Change	145,000	139,569		-	-	-	PP
Education Transformation - ASN	75,000	74,681		4,602,000	1,705,000	2,625,000	I, T, PP
Educational Transformation	500,000	387,060		3,500,000	-	-	I, T, PP
Enhanced Communications	60,000	43,243		-	-	-	I, T
Grey Fleet & Transport Total	53,000	52,410		683,000	165,000	65,000	I, PP
Housing Support/Talent Attraction	10,000	10,000		-	-	-	I, PP
Income Generation – TVL etc	186,300	117,765		200,000	365,000	411,000	-
Members’ Training and Development	53,000	42,500		-	-	-	I
NHS Partnership Agreement Review	85,000	85,261		-	-	-	PP
Organisational Transformation	82,000	123,524		-	-	-	I, T, PP
Redesign Peer Review of Catering Total	16,000	16,000		-	-	-	I
Review of CS Budgets (+ disaggregation)	75,000	75,000		-	-	-	
Suicide Prevention Strategy	15,000	15,000		-	-	-	I, PP
Trades Review Total	139,000	135,600		600,000	65,000	630,000	I, T
Waste Strategy Total	60,000	60,000		-	310,000	289,000	T
Workforce /Performance data/ Business Intelligence (Resource Link)	145,000	145,000		-	-	-	I, PP
Workforce Planning, HR, staff wellbeing and resilience	378,625	451,611		-	-	-	I, T
	Committed	Anticipated spend		2019/20	2020/21	2021/22	Total cashable benefits
Grand Total	2,416,925	2,159,832		14,150,000	2,805,000	5,525,000	22,480,000
*pressures offset							

Change Fund Phases

Project Title	Description	Benefits
PHASE 1		
1.1. Care Placement Services Programme	Enhanced in-house capacity to manage placements	Children returned to Highland, closer to families; improved Council oversight and accountability for the wellbeing and attainment of children; improved educational and social outcomes.
1.2. Corporate Support – HR - linked with further HR/workforce planning enhancements in later phases of the Fund	Augment HR resources to support the organisation through transformation and transition	Appointment of a dedicated Talent Manager to attract quality staff to hard to recruit to posts and places; Attendance Officer in Care and Learning; enhanced HR support to all Services.
1.3. Educational Transformation	Appointment of dedicated Change Team to focus on performance improvement	Project has been highlighted as good practice across the northern alliance and the regional collaborative. Improvement themes are: Raising levels of attainment; Improving inspection outcomes; Developing new models of systems leadership; Developing the idea of ‘families’ of schools to act as ‘critical friends’ & quality assure each other; Developing senior leadership capacity; Providing mentoring & coaching support to HTs and senior management teams; Developing H.T. coaching capacity.
1.4. Income Generation – including Visitor Levy and car parking - linked with further investment in later phases of the Fund	Enhanced capacity to deliver TVL consultation and engagement on car parking income generation	TVL: Delivered highland wide consultation for input to Scottish govt policy – most successful Highland Council consultation to date with national reach and influence. Potential to generate millions of pounds for the Council. Car parking: Approved Policy bringing decision making to local committees and potential for income to be distributed according to local priorities.
1.5. Trades Review - linked with further investment in later phases of the Fund	Project management resource to deliver the Trades Review Redesign Project	Project has been finding efficiencies and improving service to the building users and tenants, ensuring in-house resources are used in two pilot areas to test the processes needed to deliver trades work across the housing and non-housing Council estate, providing improved value for money, ensuring compliance with any out-sourcing and reducing associated costs, improving efficiency, productivity and driving up standards. Weekly reviews of progress are carried out in the pilot areas to inform the pace and locations of future roll out. Originally a Redesign Board proposal supported also by two lean reviews.

1.6. Transport and Grey Fleet	Project management resource to deliver the Transport Project	Grey Fleet: Contributing to commitment to reducing carbon footprint, reducing non-productive staff time spent travelling and ensuring health and safety compliance. Transport: Mutually beneficial arrangements with community transport initiatives; and tighter contract oversight.
1.7. Waste Strategy	Funding for specialist support to identify how to increase profitability from our commercial waste service.	Report provided by consultant and recommendations are being implemented. This includes a pricing review and targeting for new customers and increased enforcement. This cost @£24k. The balance of the funding is used to cover the cost of compliance with commercial contracts and ensuring the right charges are being applied.
PHASE 2		
2.1. ASN	Project management resource to deliver the ASN Project plus establishment of a parent and pupil advocacy resource	The ASN engagement process completed across all 29 ASGs. The review involved meeting and surveying pupils, parents and staff and inviting their feedback on the ASN model, the ASN allocation system and paperwork associated with ASN including Child Plans. A short life working group looking at the ASN allocation process has been established and work is ongoing in conjunction with the consultation feedback. A short life working group has also been established to review Child Plans and other ASN paperwork.
2.2. Corporate Support - Enhanced Communications	Enhanced capacity to deliver digital media communications capability for internal and external comms	New digital capacity is enabling the Council to modernise its approach to communicating with the public, staff and specific groups, making communication more effective and targeted in line with the Communication and Engagement Strategy and enabling effective communication for projects within the Transformation Programme – an area of importance highlighted by BVAR.
2.3. NHS Partnership Agreement Review	Dedicated resource to lead on the Review of the partnership	The post has provided capacity and expertise at a critical time for the Council and will assist the Council to deliver best value through the new Agreement
2.4. Redesign Peer Review of Catering	Association of Public Sector Excellence (APSE) specialist advice	This work has provided external advice to the catering review which will inform the changes needed to deliver budget proposals. Having an independent view of catering practice from elsewhere has been welcomed by the review team, and the final report will come to the Council for agreement in the near future.

2.5. Visitor Levy	independent expertise to undertake face to face visitor engagement to inform the public consultation	TVL delivered highland wide consultation for input to Scottish govt policy – most successful Highland Council consultation to date with national reach and influence. Potential to generate millions of pounds for the Council.
PHASE 3		
3.1 Asset & Energy Management	Involvement of Scottish Futures Trust to support asset rationalisation; additional legal conveyancing resource to deliver change at pace; additional resource to undertake energy performance certificates	The work with the Scottish Futures Trust continues, with a focus on a pilot area in Council HQ. This has involved the delivery of indicative floor plans that will ensure new ways of working and a better utilisation of the available space. Resources are in place to ensure that energy performance certificates are in place, which is proving hugely useful to ensure that energy management improvements can be put in place. In terms of legal resource, the appointment of additional solicitors has strengthened our ability to ensure the disposal or lease of properties, thereby contributing to the delivery of savings.
3.2 Financial & Performance Reporting – External research & advice	Development of staff in understanding Business Intelligence tools plus project management resource to improve use of existing council systems	12 staff trained in the use of Power BI system, improved presentation of council data will be apparent in the new Service Plans coming forward in April/May 2020. Project has since been combined with 3.3 below to enable the project to deliver improved understanding of resourcing and business intelligence across the whole organisation, specifically in relation to improving the Council’s corporate system for staffing and budgets “Resourcelink”
3.3 Review of CS Resources – External research & advice	Resource to undertake a review of Community Services budgets to make connections between financial & staffing resources and service delivery on an area by area basis	This project was to assist with analysis of CS budgets, including improving our understanding and use of disaggregated resources. A preferred supplier was identified and was due to start in Q4 as a secondment; however, by February 2020 they had confirmed they were no longer available. Further work on disaggregated resources is required, especially now that we have 10 Local Committees, but this needs to follow from the budget work underway to apportion all budgets across all ECO areas. This resource can be deployed post April 2020.
3.5 Suicide Prevention Strategy – External research & advice	Needs assessment to better assess current evidence across partner data sources and review successful	The Council has been working with core partners NHS Highland and Police Scotland to develop a Terms of Reference for this project. The core outcomes will focus on increased understanding of suicide in Highland

	intervention activity related to suicide prevention through the Public Protection Chief Officer's Group	through learning from analysis of data and an updated understanding of successful approaches to suicide prevention. This will help to ensure that in the future partnership activity on suicide prevention is based on data and evidence. Work is underway to identify a contractor to undertake this work on behalf of the partnership with the aim of the work concluding in the summer.
PHASE 4		
4.1. Community Services /Workforce data pilot	Funding to help develop a programme of staff wellbeing supported by our existing in-house team is sought along with external HR advice including investment in improved workforce data	A Project combined with 3.2 above to enable the project to deliver improved understanding of resourcing and business intelligence across the whole organisation. It will deliver enhanced visibility of the Council's resources at both a strategic and area basis. Although a primarily non-cashable benefit, improved HR/Finance systems will enable opportunities, savings and efficiencies to be much more easily identified and captured and improved workforce planning capability to make the most of the Council's biggest resource – its people. Initially the project was to include a review of HR policies affecting CS, but it is re-focused to create a reliable HR data base so that we can analyse and report on all aspects of staffing.
4.2. Housing Support/Talent Attraction	Research into opportunities to develop housing for key workers to address where a lack of housing acts as a barrier to recruitment across the public sector in Highland.	Work is underway with Convention of the Highlands and Islands partners on Talent Attraction, including removing barriers to employment, such as access to housing. Proposals are due to come forward in the Spring.
4.3. Income generation/TVL	Additional resource to augment the income generation project to help to increase the pace of delivery	Committee has approved the new approach to car parking, engagement with all local committees has been undertaken, public engagement now underway.
4.4. Members' Training and Development Programme	Dedicated learning and development resource for the Members training and development Programme	A new programme has been developed and is due to be launched in April. Due to problems with recruiting to the learning and development post, the project has been delivered within existing Service capacity, albeit over a longer timescale, so the money approved at Council can be returned to the Change Fund.
4.5. Organisational Transformation Programme	Resource to establish a Programme Office to deliver organisational change and transformation	Successful development of a series of work packages to be delivered through the programme ranging from moving 4 Services into 8 and the

		associated Payroll/budget re-alignment, to looking at culture and leadership development for the organisation.
4.6. Trades Review	Introduction of temporary supervisory posts for the pilot projects	The pilot areas are in Lochaber and the Inverness Royal Academy ASG plus repairs required for HQ. Systems have been ready for the pilot areas (for reporting all repairs through the service centre and for scheduling repairs) since August 2019. Following the business case identifying savings, recruitment to 15 trades posts and 2 supervisor posts began in Q3. Early in Q4 all posts were filled and the pilots commenced. The supervisors have a critical role to ensure the in-sourcing of repairs in the pilot areas runs smoothly and to hold weekly debriefs with all staff so that learning is fast and issues are resolved quickly. Their supervision will enable us to know when and where the pilot should roll out to next. They are also involved in improving productivity and ensuring we have performance and cost comparisons in place. A by-product of the trades review is the business case to in-source PAT testing from 2020/21 with savings of £65k expected in that year.
4.7. Workforce Planning, staff wellbeing and resilience - linked with HR enhancements in earlier phases of the Fund	Additional HR resource to support organisational change	New resources used to support transformational and transitional change across the organisation
PHASE 5		
5.1. Trusted Trader Scheme	Additional capacity to augment in-house team to enable development and delivery of a new income generation	Primarily an income generation benefit by offering a new service, as has been successfully delivered in other parts of the country.
5.2. Climate Change		Recruitment to the Climate Change team is underway and the change fund is being used to support the various initiatives as set out in the December 2019 Council report. Of particular significance is work underway to identify appropriate projects and funding sources for the Council to accelerate projects relating to property, renewables, land management and transport in order to address our climate emergency.

Service - Current Structure	Activity/Budget Area	Description	2020/21 £m
Contractual Cost Increases			
CEO	Legal Services	Regrading of Solicitor posts	0.030
D&I	Property Asset Management	SER007 Swimming Pool Maintenance	0.030
CS	Transport	Life line ferry contract in Lochaber	0.030
CS	Waste Services	Waste Contracts - Inflationary Increase	0.123
CS	Fuel	Increased fuel prices	0.153
D&I	PPP	PPP contractual increase	0.200
CS	Transport	School Transport - Inflationary Increase	0.475
CS	Waste Services	Dry Mixed Recyclate Contract	0.480
Corporate	Energy	Energy	0.750
Sub-total			2.271
Existing Cost Pressures			
CR	Corporate resources	Unallocated savings target that relies on being funded by underspends during the year - not sustainable in light of new savings proposals.	0.175
C&L	Education - schools	Demographics (increasing school rolls)	0.175
CS	Transport	School Transport - existing cost pressure	0.200
CS	Waste Services	Waste Arising - based on a 1.8% increase in waste arisings	0.208
C&L	CLL Properties and vehicles	Ongoing pressures relating to properties occupied by HLH and vehicles (including mobile libraries) in HC ownership	0.442
D&I	PPP	PPP contractual increase (recurring overspend in 2019/20)	0.460
D&I	Energy	Renewable Heat Incentive Income shortfall and remedial expenditure	0.500
Corporate	Council Tax	Reinstate 2nd homes council tax contribution to Landbanking Fund	2.900
Sub-total			5.060
Legislative Change			
Corporate	Non-Domestic rates	Non Domestic Rates - Annual rate increase	0.186
CS	Waste Services	Landfill Tax Increase	0.261
Sub-total			0.447
New Expenditure Commitments			
CR	HR	Employee Assistance Programme - Spend to save to minimise escalation of employment related issues	0.038
CEO	Legal Services	Solicitor post - recommended and agreed through re-design	0.055
CEO	Committee Services	New governance arrangements - 2 additional Committee Officers	0.056

Service - Current Structure	Activity/Budget Area	Description	2020/21 £m
CEO	Legal Services	Making permanent 2 Solicitor posts funded by Change Fund until 31.03.20	0.111
Sub-total			0.260
Undeliverable Prior Year Budget Savings			
Corporate	Reduction in Printing/Paper Costs	Double counted with procurement saving	0.075
Corporate	Unallocated savings	Lean reviews	0.100
CS	Waste Services	Underachievement of savings/delays in implementing savings	0.100
Corporate	Service Income	Shortfalls in income pan-service relating to invoice surcharges, late payment interest and penalties as behaviour changes and invoices paid more promptly	0.103
Corporate	Unallocated savings	Commercial activity	0.185
CS	Car Parking	Car park income has been lower than projected due to a number of factors	0.250
Corporate	Energy	Undelivered target not rolled forward as existing 20/21 savings targets apply	0.250
Corporate	Service Income	Element of saving expected to be delivered through reducing bad debt provision - not recurring	0.371
C&L	Children's services	Commissioned services saving agreed through Redesign	0.380
Corporate	Unallocated savings	Property asset rationalisation	0.400
CS	Public Conveniences	Unrealised savings and underachievement of income	0.550
Corporate	Unallocated savings	Redesign	0.660
Sub-total			3.424
TOTAL			11.462

Theme Ref	Budget Area	Savings Description	Savings Profile as Approved - Feb 2019				Revised Profile for 2020/21 to 2022/23 Budget			
			2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m
1.1	Transport - Review Subsidies	Reduce the cost of the public bus services tender per annum	0.065	0.065		0.130	0.016	0.114		0.130
1.3	Development & Regeneration	Economy & Regeneration - Efficiencies in annual programmes and services	0.085	0.059		0.144	0.085	0.059		0.144
1.5	Corporate Finance	Efficiency savings	0.000	0.095		0.095	0.000	0.095		0.095
1.6	Revenues & Customer Services	Efficiency Savings of 3%	0.257	0.249		0.506	0.257	0.249		0.506
1.7	Council wide	Efficiency savings through review of corporate HR/recruitment/workforce planning process	0.100	0.125		0.225	0.025	0.200		0.225
1.9	Waste Management - Route Optimisation	Full implementation of Route Optimisation based on reducing the fleet by one vehicle and crew in each of years 2 and 3	0.072	0.112		0.184	0.050	0.134		0.184
1.14	Redesign	Redesign savings in excess of 2018/19 rolled forward unallocated savings target (2020/21 & 2021/22 pension strain underspend)	0.164	0.107		0.271	0.164	0.107		0.271
1.15	Street Lighting - Dimming	Reduce brightness by an additional 20% on all new LED street lights by dimming street lights between 12 and 6am	0.010	0.005		0.015	0.010	0.005		0.015
1.18	Waste Management - Increase Recycling	Reduce waste arising from internal practices (especially schools, harbours, workshops)	0.050	0.100		0.150	0.015	0.135		0.150
1.21	Recycling Centres - Opening Hours	Review of opening hours	0.020	0.000		0.020	0.000	0.020		0.020
1.22	Early Years/ELCC	A review of the whole early years' service will impact positively on the effectiveness and efficiency of the delivery of the expanded ELC provision. This will be based on the principles of quality, flexibility, affordability and accessibility. Additional funding from the Scottish Government is available.	0.250	0.250		0.500	0.250	0.250		0.500
1.24	Waste Haulage/Processing Contracts	To be reviewed from Sept 19. Potential to bring some of this back in-house.	0.075	0.000		0.075	0.075	0.000		0.075
1.25	Travel and Hire Desk	Year on year target to reduce spend	0.015	0.015		0.030	0.015	0.015		0.030
1 *	Children's Services	Commissioned Children's Services savings	0.399	0.000		0.399	0.399	0.000		0.399
2.2	Property	Catering Service - Redesign School Meals	0.050	0.050		0.100	0.025	0.075		0.100
2.4	Council-wide	Commercial activity stemming from commercial programme	0.613	1.053		1.666	0.000	0.000		0.000
2.5	Income from targeting commercial waste customers	Development of business case to maximise income generation opportunities	0.020	0.020		0.040	0.020	0.020		0.040
2.7	Development & Regeneration	Efficiencies in the management of the Industrial and Investment Portfolio	0.058	0.040		0.098	0.058	0.040		0.098
2.8	Planning & Environment	Environment - Increase Environment Advice & Consultancy Team income target	0.010	0.010		0.020	0.010	0.010		0.020
2.9	Community Services - Increase all other charges	Graduated % increases in fees and charges within the CS service	0.636	0.656		1.292	0.636	0.656		1.292

Theme Ref	Budget Area	Savings Description	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m
2.10	Radio Masts - Increase Income	Increase income from radio masts and recover costs from third party works	0.010	0.010		0.020	0.010	0.010		0.020
2.17	Planning & Environment	Planning & Building Warrant Fee Income - Increase income target	0.328	0.182		0.510	0.270	0.240		0.510
2.21	Waste Management - Restrictions on accepted waste	Restrictions in place at Household Waste Recycling Centres (HWRCs) to prohibit vans, trailers and other large vehicles from using HC centres. Plus introduction of a charge to take some such goods at our HWRCs.	0.150	0.000		0.150	0.150	0.000		0.150
2.22	Street Lighting	Review numbers of staff needed post LED implementation OR offer services to others as income generator.	0.000	0.060		0.060	0.000	0.060		0.060
2.23	Eden Court	Revise funding to Eden Court programmes with focus on income generation	0.000	0.030		0.030	0.000	0.030		0.030
2.24	Funding for external sports, culture and leisure organisations	Revised funding for Sports, Leisure, Culture and Community organisations	0.200	0.000		0.200	0.100	0.100		0.200
3.2	Property	Efficiencies in future delivery of property maintenance works. Develop an in-house property/engineering service contracts team, with less reliance on external contractors.	0.430	0.200		0.630	0.000	0.630		0.630
3.4	Council wide	Efficiency savings through ICT corporatisation	0.075	0.175		0.250	0.020	0.230		0.250
3.5	Development & Regeneration	Housing Development - Identify efficiencies in delivery of affordable homes. Efficiencies in services for home adaptations for older people and disabled people by making changes to the delivery team.	0.042	0.030		0.072	0.042	0.030		0.072
3.6	ICT	ICT contractual savings	-0.275	0.000		-0.275	-0.275	0.000		-0.275
3.8	Specialist Teachers	Integrating services by maximising the deployment of specialist teachers to support mainstream teaching staff in meeting the needs of pupils with a high level of need	1.575	1.575		3.150	0.575	1.575	1.000	3.150
3.9	Transport - Lean Review	Lean Review of transport processes	0.020	0.000		0.020	0.005	0.015		0.020
3.10	Travel	Ongoing year on year prudent management of travel with increased use of Skype, VC/TC, reduce grey fleet mileage through increased use of car club vehicles.	0.030	0.020		0.050	0.030	0.020		0.050
3.11	Placement Services	The Placement Services Change Programme is already in place with the aim of reducing costs of the out of authority placements over a three year period. Early intervention and support services will be created in Highland, creating the opportunity to reduce the overall budget by avoiding the need for placements.	0.000	1.000		1.000	0.000	1.000		1.000
3.12	Property	Property Asset Management - Further review the occupation of all operational assets (both leased and owned) including offices, schools and HLH premises to establish where effective rationalisation can be deployed to allow us to reduce the number of operational buildings across the Council estate.	0.500	0.500		1.000	0.100	0.500		0.600
3.14	Council wide	Review of business support to create an integrated service, reduce duplication and achieve efficiencies.	0.100	0.000		0.100	0.075	0.025		0.100
3.15	Transport - Home/ School Provision	Review provision - better route planning; introduce collections hubs for children and renegotiate with individual operators for revised pricing	0.080	0.000		0.080	0.020	0.060		0.080

Theme Ref	Budget Area	Savings Description	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m	2020/21 Savings £m	2021/22 Savings £m	2022/23 Savings £m	Total Savings £m
3.17	Sustainable education programme	Sustainable Education Programme - roll-out of the programme with a review of structures and delivery models to ensure delivery is appropriate for the local area	0.200	0.200		0.400	0.000	0.000		0.000
4.1	Benchmarking of Support in Schools	Building on the findings of the redesign review, a change to the allocation of resource, monitoring and training of staff and assessment of need, where ASGs control allocation of resource. Supports embedding this approach into the daily functioning of a school and can target support to those pupils with the greatest need.	1.050	1.050		2.100	1.050	1.050		2.100
4.2	Specialist Education Services	Further rationalisation of specialist education support teams will result in a reduction in front-line support staff, but a greater level of training and flexibility of deployment. With greater service integration development posts can be supported from quality development team.	0.080	0.000		0.080	0.080	0.000		0.080
4.3	Flexible Working (as part of Workforce Planning)	In Community Services this will include staff from family groups in Roads, Amenities and Winter. It will include a complete review of shift patterns, annualised hours and other ways to work more flexibly. It may also require a restructure to enable more efficient delivery within the Service. Savings will therefore predominantly come in years 2 and 3.	0.050	0.050		0.100	0.000	0.100		0.100
4.4	Children's Services Redesign	Re-align early intervention posts across Children's Services, schools and Early Learning and Childcare, linked to a re-structure of services and a review of health services funded by the Council.	0.310	0.250		0.560	0.310	0.250		0.560
4.8	Development & Infrastructure Service Wide	Vacancy Management - Flexible retirement and further posts to be identified during the year	0.123	0.046		0.169	0.123	0.046		0.169
Total			8.027	8.389	0.000	16.416	4.795	8.155	1.000	13.950

* Commissioned children's services savings agreed through the redesign process

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idh Dhidseatach
Ceit Fhoirbheis BPA
Minister for Public Finance and Digital Economy



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Councillor Alison Evison
COSLA President
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Copy to: The Leaders of all Scottish local authorities

6 February 2020

Dear Alison

Today the Scottish Government set out proposed Budget, and tax plans and public sector pay policy for 2020-21, and introduced the associated Budget Bill. Further to the announcement the Scottish Government write now to confirm the details of the local government finance settlement.

Details of the indicative allocations to individual local authorities for 2020-21 are also published today in Local Government Finance Circular 1/2020 which begins the statutory consultation period on the settlement.

In coming to the decision to announce the Scottish Budget before the outcome of the UK Budget is known, the Scottish Government listened carefully to the representations COSLA made on behalf of local government of the damaging impact any further delay would have on the delivery of vital public services and also the practical challenges this would pose around the setting and collection of council tax.

The delay to the UK Budget means that we do not know what total Budget funding will be available to Scotland next year, as we do not yet have confirmation of Barnett consequentials that will flow from changes in UK Departmental expenditure or the updated economic and tax forecasts that are needed to finalise the Block Grant Adjustments that impact on over 30% of our Resource DEL budget. For the purposes of this Budget, the Scottish Government has taken an appropriately cautious approach in estimating the likely outcomes of the UK Budget on 11 March for both revenue and capital budgets, noting that the proposed timetable for the Budget Bill is for parliamentary consideration to conclude on 5 March. If the settlement from the UK government is significantly different from the assumptions the Scottish Government have made, we may need to revisit the allocations contained in this letter.

The Budget announced today prioritises our shared objectives of Improving wellbeing, supporting

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inclusive economic growth, responding to the Global Climate Emergency and tackling child poverty and remains firmly anchored in the jointly agreed National Performance Framework.

The Scottish Government's budget for 2020-21 is bold and ambitious, delivering on our key commitments. Prioritising these commitments has required fresh consideration of all areas of expenditure, as we continue to deal with the effects of UK Government austerity, with Scotland's discretionary resource budget from the UK Government for 2020-21 still set to be considerably lower in real terms than it was in 2010.

The total revenue funding to be provided through the settlement for 2020-21 will be £10,572.8 million, which includes distributable non-domestic rates incomes of £2,790 million.

The Capital settlement has been set at £763.1 million and this includes the continuing expansion of Early Years provision and the addition of a Heat Networks Early Adopters Challenge Fund.

The total funding which the Scottish Government will provide to local government in 2020-21 through the settlement in funding for core services is therefore £11,336 million, and includes;

- £201 million revenue and £121.1 million capital to support the expansion in funded Early Learning and Childcare (ELC) entitlement to 1,140 hours by 2020;
- In addition to the £160 million available in 2019-20, a further £100 million to be transferred from the health portfolio to the Local Authorities in-year for investment in health and social care and mental health services that are delegated to Integration Authorities under the Public Bodies (Joint Working) (Scotland) Act 2014. This brings the total transferred from the health portfolio to support health and social care integration to £811 million in 2020-21. The additional £100 million for local government includes a contribution to continued delivery of the real Living Wage (£25 million), uprating of free personal and nursing care payments (£2.2 million), implementation of the Carers Act in line with the Financial Memorandum of the Carers Bill (£11.6 million), along with further support for school counselling services whether or not delegated under the Public Bodies (Joint Working) (Scotland) Act 2014 (£4 million);
- Baselining of the £90 million added at Stage 1 of the Budget Bill for 2019-20;
- The ongoing £88 million to maintain the pupil:teacher ratio nationally and secure places for all probationers who require one under the teacher induction scheme:
- Provision for the Teachers Pay (£156 million) and Pensions (£97 million);
- £5.3 million for Barclay implementation costs; and
- A new capital £50 million Heat Networks Early Adopters Challenge Fund to support local authorities who are ready to bring forward investment-ready heat networks.

As confirmed last week local authorities will continue to have the flexibility for 2020-21 to increase Council Tax by up to a maximum of 3% in real-terms (4.84% cash). This local discretion will preserve the financial accountability of local government, whilst also potentially generating around £135 million to support services.

The revenue allocation delivers a real-terms increase for local government for 2020-21 compared to 2019-20. Taken together with the additional spending power that comes with the flexibility to increase Council Tax (worth around £135 million next year) the total revenue funding would deliver a real-terms increase in the overall resources to support local government services of £435.9 million or 4.3%.

In 2020-21 integration will bring together, under the direction of Integration Authorities, more than £9.4 billion of expenditure previously managed separately by NHS Boards and Local Authorities

Appendix 4

for social care, community health care and some hospital services. Integration Authorities must be empowered and supported by their Local Authority and NHS Board partners to use the totality of these resources, including any targeted investment already committed for specific purposes, to better meet the needs of their local populations.

Individual local authorities will, in return for this settlement, be expected to deliver certain specific commitments.

The funding allocated to Integration Authorities should be additional and not substitutional to each Council's 2019-20 recurring budgets for social care services that are delegated. Similarly, the £4 million for school counselling services must be additional. This means that, when taken together, Local Authority social care budgets for allocation to Integration Authorities and funding for school counselling services must be £100 million greater than 2019-20 recurring budgets.

We will also continue to take forward our ambitious programme of educational reform that will deliver an education system led by communities, schools and teachers. The Scottish Government, in partnership with local authorities, will empower schools to make key decisions over areas such as the curriculum, budgets and staffing while continuing to deepen collaboration across the education sector. In recognising that teachers are central to achieving our ambition of delivering excellence and equity in Scottish education we will continue to commit an overall funding package of £88 million in the local government finance settlement to support both maintaining the pupil teacher ratio at a national level and ensuring that places are provided for all probationers who require one under the teacher induction scheme.

Each local authority area will continue to benefit from Pupil Equity Funding (PEF) which forms part of the overall commitment from the Scottish Government to allocate £750 million through the Attainment Scotland Fund, over the term of the Parliament to tackle the attainment gap. £120 million in Pupil Equity Funding is going directly to head teachers to provide additional support to help close the attainment gap and overcome barriers to learning linked to poverty. PEF is additional to the £62 million Attainment Scotland funding, which is outwith the local government finance settlement. Money from the Attainment Scotland Fund will continue to provide authorities and schools with additional means to provide targeted literacy, numeracy and health and wellbeing support for children and young people in greatest need.

The Heat Networks Early Adopters Challenge Fund will be a competitive fund to provide enabling and financial support to assist the build and installation of exemplar local authority-led heat network projects. The Challenge Fund will offer capital funding up to an intervention rate of 50 per cent and will be available for new and existing heat networks who are able to demonstrate progress towards greenhouse gas emissions reductions and wider socio-economic benefits. There will also be a smaller development funding call within the Challenge Fund to help develop early stage project proposals to become investment-ready in future years. The detailed terms and conditions for the Heat Networks Early Adopters Challenge Fund will be drawn up in consultation with COSLA and we anticipate that it will launch early in the financial year.

The Scottish Government remains committed to a competitive non-domestic rates regime, underlined by the proposals outlined in this Scottish Budget. The poundage in Scotland has been capped below the Consumer Price Index inflationary increase at 49.8 pence, a 1.6 per

cent increase. The Scottish Government are also introducing some further support for intermediate sized properties which will ensure around 95 per cent of properties in Scotland now pay a lower poundage than they would in other parts of the United Kingdom. Full details of this and all other reliefs are set out in Local Government Finance Circular 1/2020.

In these unprecedented times with all the uncertainty imposed upon us by the UK Government the Scottish Government believe, taking into account all the circumstances, the allocations set out in this local government finance settlement is the best that could be achieved and continues to provide a fair settlement to enable local authorities to meet our shared priorities of improving wellbeing, supporting inclusive economic growth, responding to the Global Climate Emergency and tackling child poverty.

KATE FORBES

Detailed Savings Sheets, Themes 1-4

Theme 1:	Making The Council More Efficient	2-30
Theme 2:	Commercialisation & Income Generation	31-52
Theme 3:	Redesign & Improvement	53-77
Theme 4:	Flexible & Well Managed Workforce	78-87

Budget Template

Budget Heading	Payroll		
Savings Name	Removal of postages expenditure		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.1

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.008	0.0
2021/22		
2022/23		
Total	0.008	0.0

Detailed Description of Savings Proposal

Currently there is still an option for employees to receive payroll information through the post. The proposal is for all employees to view pay documentation online only and to remove all postages associated budget.

What is the anticipated impact?

Staffing:

Alternative arrangements will be put in place for those staff without internet access.

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Immediate

Budget Template

Budget Heading	Insurance		
Savings Name	Insurance		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.2

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.009	0.0
2021/22		
2022/23		
Total	0.009	0.0

Detailed Description of Savings Proposal

This is part of the ongoing review of the Council's insurance policy requirements.

This saving arises from a review of the level of insurance cover carried by the Council; the proportion of premium paid to insurers; the element of policy excess carried by the Council; and the claims history and risk exposure of all Council services. Final adjustments to increase all policy excesses to £1m with all claims under that level covered by self-insurance.

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Delivery of the saving will be achieved by 20/21

Budget Template

Budget Heading	Revenues & Benefits Line of Business System		
Savings Name	3rd party managed service		
Current Budget (£m)	0.384	Current Staffing (FTE)	

Ref. 1.3

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.022	0.0
2021/22		
2022/23		
Total	0.022	0.0

Detailed Description of Savings Proposal

Migration of Highland Council's Revenues and Benefits IT platform to a supplier hosted environment in order to reduce service costs.

What is the anticipated impact?

Staffing:

No impact

The Service:

Moving to a cloud hosted environment will not require any aspects of the service to stop or reduce. There will be no change to the software used by teams across Revenues & Customer Services and therefore no changes to the bills, etc issued to customers.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

No investment required.

Budget Template

Budget Heading	ICT Services		
Savings Name	Public Services Network (PSN) Cybersecurity		
Current Budget (£m)	0.130	Current Staffing (FTE)	

Ref. 1.4

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.030	0.0
2021/22		
2022/23		
Total	0.030	0.0

Detailed Description of Savings Proposal

Over the last 5 years, significant annual investment has been required to meet PSN accreditation requirements with regard to cybersecurity. This has resulted in the Council continuing to achieve accreditation and building up a good level of cybersecurity protection.

Although the threats have not reduced, a combination of the investment to date, refreshed ICT equipment and Wipro contractual commitments means that the investment likely to be required for the next few years will be less. Specifically, £30k in the PSN budget was set aside for update of firmware in core ICT components and this is now included as a core Wipro responsibility.

Therefore, it is now felt possible to reduce the PSN budget without any increase in risk.

What is the anticipated impact?

Staffing:

No impact

The Service:

None although it should be noted that the cybersecurity threat is still high and investment levels may need to increase again in future years.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

None

Budget Template

Budget Heading	Planning & Environment		
Savings Name	Environment - Access Works		
Current Budget (£m)	0.236	Current Staffing (FTE)	4.0

Ref. 1.5

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.030	0.0
2021/22		
2022/23		
Total	0.030	0.0

Detailed Description of Savings Proposal

Reduce the £0.050m funding currently available to the access team for core path works, infrastructure replacement, signage, materials and community projects to £0.020m

What is the anticipated impact?

Staffing:

None

The Service:

The Council is the access authority for all access related activity in the Highlands. We have a duty to uphold access rights, identify and consult on core path plans and ensure these remain accessible and free from obstruction. The Council currently has 2565km of designated Core Paths, likely to increase by c.1500km in the next two years as amended Core Path Plans get adopted.

The Council is not required to maintain all core paths but has discretionary powers to do so. The access fund has been used to support local communities and land managers, including Highland Council, undertaking projects on core paths, improving public safety, removing obstacles and instigating repairs. The Council is also required to signpost all Core Paths in the Highlands.

Reduction in the overall budget will mean that the priority will be focussed on immediate and urgent repairs. There will continue to be opportunities to attract match funding or other funding sources in order to mitigate the impact, and the opportunity afforded by the new Infrastructure and Environment Service will allow more effective cross-service working.

Equality groups:

As set out above immediate and urgent repairs will be prioritised, so no impact is envisaged.

Rural:

Impact is likely to be minimal. The majority of paths are either entirely within rural areas, connect rural areas or give access from settlements to rural areas. The Highland Council however do not own the vast majority of paths nor do we have a statutory duty to maintain them other than to keep them free from obstruction and invest in furniture when practical. The council will continue to keep paths free from obstruction.

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Implement 2020

Budget Template

 Ref. 1.6

Budget Heading	Development & Infrastructure Service-wide		
Savings Name	Training & Service Wide Budgets		
Current Budget (£m)	0.128	Current Staffing (FTE)	

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.040	0.0
2021/22		
2022/23		
Total	0.040	0.0

Detailed Description of Savings Proposal

Reduction in training and other service wide budgets i.e. postages &,printing.

What is the anticipated impact?

Staffing:

No impact

The Service:

Minimal impact – opportunities will be taken to ensure that training happens in the Council area wherever possible, and that the benefits of the training are disseminated widely.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

2020/21

Budget Template

Budget Heading	Development & Regeneration		
Savings Name	Investment Properties - Property Maintenance		
Current Budget (£m)	-2.340	Current Staffing (FTE)	5

Ref. 1.7

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	0.0
2021/22		
2022/23		
Total	0.050	0.0

Detailed Description of Savings Proposal

Investment Properties - Reduction in Property Maintenance provision for 2020/21. Funds are normally used when leases are not renewed to carry out non-essential repairs to properties to make properties more marketable.

What is the anticipated impact?

Staffing:

No impact

The Service:

This budget has been used in previous years to bring empty properties up to current standards, improve energy efficiency to make buildings more lettable, carry out repairs not reclaimable through dilapidations and improve access to sites. Following discussions with the maintenance officer and based on previous years' experience we consider that the budget can be reduced to this level without impacting on our relets.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Budget controls of expenditure to ensure savings are met

Budget Template

Budget Heading	Street Lighting		
Savings Name	In-source all external lighting works		
Current Budget (£m)	n/a	Current Staffing (FTE)	

Ref. 1.8

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.060	0.0
2021/22		
2022/23		
Total	0.060	0.0

Detailed Description of Savings Proposal

The team is currently involved in the roll out of the LED replacement programme. When that completes we need to transition the workforce into other roles. This saving focuses on internal staff doing more and generating income from new activities. Staff are able to do more because LED installations require less maintenance.

Options for generating income arise from:

- installing LED lighting in Council premises (and not just street lights). Currently some work is let to contractors and we should begin by sizing that to in-source it.
- offering this service to our public sector partners. Usually our in-house costs are less than contractor costs.

The street lighting team is achieving its current savings targets. There is a saving agreed for 2021/22 year 2 as CS6 with of £60k, this proposal means bringing the saving forward.

This needs engagement with property and change teams especially in relation to SALIX funding for energy efficiency improvements. There are potential opportunities in future years to expand what this team does. This saving and change in activity does not affect the ongoing maintenance of street lights.

What is the anticipated impact?

Staffing:

Broadening the scope of works undertaken by the team helps with workforce planning; otherwise demand for the service would reduce and fewer staff would be needed.

The Service:

The use of existing labour and skills will not impact on service delivery.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

A review is required to scope the opportunities, resources required, timescale and income opportunities with other services.

Budget Template

Budget Heading	Property		
Savings Name	Land Management		
Current Budget (£m)	0.149	Current Staffing (FTE)	

Ref. 1.9

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.075	0.0
2021/22		
2022/23		
Total	0.075	0.0

Detailed Description of Savings Proposal

Reduction in Land Management Budget for council owned countryside facilities e.g. footbridges, small car parks, laybys, interpretative panels, gates and picnic sites. The maintenance budget is for repairs to the above facilities such as car park repairs, grounds and tree maintenance, footbridge and footpath repairs.

What is the anticipated impact?

Staffing:

No impact

The Service:

Budget was not been fully utilised over the last few years however the reduced budget will still sustain a basic level of repair at the sites. Reduction in the overall budget will mean that the priority will be focussed on immediate and urgent repairs.

Equality groups:

No impact

Rural:

Reduced maintenance will in time impact on the condition of various countryside facilities such as rural car parks, trees and countryside footpaths and footbridges.

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Land Management Maintenance Works will be reduced during 2020/21

Budget Template

Budget Heading	Economy & Regeneration		
Savings Name	Reduction in Commitment and Increase in Income		
Current Budget (£m)	1.957	Current Staffing (FTE)	40.5

Ref. 1.10

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.057	0.0
2021/22		
2022/23		
Total	0.057	0.0

Detailed Description of Savings Proposal

Reduction in former Highland Opportunity Limited pension liability : £0.032m
 Increase in income from tourism related activities (Castle Tower) : £0.025m

What is the anticipated impact?

Staffing:

No impact

The Service:

No direct service impact and this proposal will not impact on business lending done by HOL and the Castle Tower income is unbudgeted and therefore not committed to service delivery.

Equality groups:

No impact.

Rural:

No impact.

Socio-economic:

No impact.

Actions, Investment, Cost and Timescale for Delivery

Implement in Service budget commencing April 2020.

Budget Template

Budget Heading	Community Services Service-wide		
Savings Name	Review of Several Contracts and Services		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.11

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.285	0.0
2021/22		
2022/23		
Total	0.285	0.0

Detailed Description of Savings Proposal

Savings have been identified with procurement support to review all expenditure lines in the Service budget.

- (1) By paying for our marine gas oil by purchase card instead of by invoice, we will receive a rebate of approx. £40,000 from the bank. This is on the current spend of road tanker supplied fuel of approx. £7m per annum.
- (2) Currently £22k is budgeted for a contract for cleaning bus shelters which is not implemented across all of the Area Committee localities. It is proposed to no longer procure this service and to provide reactive cleaning only in relation to health and safety needs by in-house teams (environmental health and street cleaning).
- (3) Service demand for pest control and kennel charges has reduced over a number of years, which has led to an underspend on these budgets. There will be no reduction in service specifications. It is proposed that a £6,000 budget reduction can be achieved against a current budget of £14,000 for these activities.
- (4) The review of tool requirements will cover all areas of manual workers in amenities, roads and building maintenance teams. Based on a shared procurement services approach a saving of £15,000 is expected from a budget of £155,000 (this does not include HRA budgets).
- (5) A review of all expenditures of material is expected to deliver a saving of £100,000 from a budget of £3m (excluding the salt budget of £1.4m and the tar budget of £0.4m).
- (6) Removing the un-used budget for garden and horticultural supplies will save £9,000. The service has identified that there is no anticipated spend in future years, and that the budget can be removed with no service impact.
- (7) Removing the budget for non-required water coolers will save £15,000 from the wider budget for vending machines of £26,000.
- (8) A review of the contracts and processes for dealing with Personal Protective Equipment (PPE) is expected to deliver a saving of £20,000 from a budget of £202,000. This will not mean reducing the specification as it is focused on our procurement and stores processes and it does not affect the HRA.
- (9) Reducing the furniture and storage costs associated with reduced need for storage from homeless households is expected to save £40,000. This service is required less as we use more Council housing for temporary accommodation.
- (10) Reducing the postage and printing budgets will save £18,000 from a budget of £76,000.

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What is the anticipated impact?
<i>Staffing:</i>
No impact
<i>The Service:</i>
These are largely internal process changes with no impact on service delivery.
<i>Equality groups:</i>
No impact
<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery
Monitoring to be put in place to ensure savings are accrued as the overall Budget in these areas is under constant pressure for spend including overspend.

Budget Template

Budget Heading	ICT Services		
Savings Name	ICT Contracts Review (revised)		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.12

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.270	0.0
2021/22	0.050	0.0
2022/23		
Total	0.320	0.0

Detailed Description of Savings Proposal

Review of 3rd party ICT contracts. These are contracts for network connectivity, network management and software systems. A review of those contracts is expected to realise a saving of £190k initially by ceasing of elements no longer required and changes to contract terms. £50k saving is expected in 2021/22 from more contract rationalisation and further savings may be realised in that and future years by contract re-negotiation. Additional savings will be achieved from the Capita SWAN budget due to a price reduction linked to the settlement agreement reached with Capita following delays early in the SWAN implementation programme.

The detailed areas covered are:

- £150k - Software contracts – removal of contract elements no longer required
- £40k - Capita Managed LAN contract – price reduction in final year of contract as a result of network refresh
- £80k - Capita SWAN – price reduction for a number of sites due to price benchmarking

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

No investment required. Any further saving beyond the figures shown above will require discussions with suppliers. That activity would benefit greatly from shared procurement service input.

Budget Template

Budget Heading	Council Tax Reduction		
Savings Name	Council Tax Reduction Budget		
Current Budget (£m)	12.300	Current Staffing (FTE)	

Ref. 1.13

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.400	
2021/22		
2022/23		
Total	0.400	

Detailed Description of Savings Proposal

This saving is achieved from rebasing the current budget to match demand. At present the Council has an expenditure budget for CTR in excess of the actual level of payments made. Based on existing and anticipated demand levels the budget can be reduced with no impact on CTR provision.

For members' information, 16,117 households in Highland have been awarded Council Tax Reduction resulting in reduced Council Tax bills. Measures continue to be in place to maximise take-up of Council Tax Reduction. These include:

- The income maximisation activities undertaken by the Council's Welfare Support Team and the commissioned advice services provided on behalf of the Council by Inverness, Badenoch & Strathspey Citizens Advice Bureau.
- The Council's Apply Once online application form automatically calculates an applicant's entitlement and puts into payment eleven Council administered entitlements, including Council Tax Reduction.
- Top quartile processing times ensure those awarded Council Tax Reduction receive reduced Council Tax bills promptly.

What is the anticipated impact?

Staffing:

No impact

The Service:

This savings proposal can be delivered without the need to stop or reduce any activities to maximise the take-up of Council Tax Reduction. It also ensures all applicants continue to be awarded their full entitlements to Council Tax Reduction as there is sufficient budget provision to meet demand.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

This savings proposal can be delivered without the need to stop or reduce any activities to maximise the take-up of Council Tax Reduction. It also ensures all applicants continue to be awarded their full entitlements to Council Tax Reduction as there is sufficient budget provision to meet demand.

Actions, Investment, Cost and Timescale for Delivery

This proposal requires a budget adjustment only and is deliverable from 1 April 2020. There is no investment or cost associated with this savings proposal.

Budget Template

Budget Heading	Transport Section		
Savings Name	Contract efficiencies in school transport		
Current Budget (£m)	8.815	Current Staffing (FTE)	

Ref. 1.14

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.060	0.0
2021/22	0.420	0.0
2022/23		
Total	0.480	0.0

Detailed Description of Savings Proposal

No one who has a statutory entitlement to transport will have it removed under this proposal.

Over 8200 pupils have school transport arranged and provided by the Council. Many different providers are involved covering urban and rural areas. Different types of transport are used including buses, mini-buses, taxis and parental routes. This includes contracts for separate transport for pupils travelling individually, costing £135k annually (this includes 5 contracts costing over £10k per pupil per annum).

To be effective from the new School Term in August 2020, a review of school transport contracts is already underway to identify efficiencies. This will include transport arrangements to nursery, primary, secondary, Gaelic medium and special schools. The review will include all types of transport provided.

The review will involve:

- a review of needs;
- a review of routes, supported by new route optimisation software;
- a review of provision;
- a review of shared transport;
- a review of contracts;
- partnership with community transport groups where possible;
- where appropriate, replacing or removing discretionary provision; and
- compliance with Education Acts, the Equality Act and road safety.

The review will identify more cost-effective ways to provide what is needed. The Transport Team have a good track record in developing innovative approaches to community transport that support needs better and are more sustainable (e.g. Gairloch community transport which includes school transport provision).

What is the anticipated impact?

Staffing:

No impact as these are contracted services with transport companies/bodies.

The Service:

The scope of the review would include all pupil transport and nursery transport. There are significant discretionary transport arrangements in place and these vary across localities and areas. Some arrangements have not been reviewed recently and require attention as pupil needs change and develop continually. The review will remove discretionary travel, use route optimisation tools and ensure that decisions made are equitable across the Highlands.

We know that the geography of the Highlands and the shortage of private contractors can lead to some individual contracts being very expensive – for example in some areas taxi costs can be over £20k per annum for individual pupils to be transported to school and back each day – often over not very long distances. The Review will look at more cost-effective options for ensuring children are safely transported to school in a way that is appropriately

tailored to their needs, considering opportunities for community transport, supported parental transport and even insourcing where this presents an opportunity for improved value for money whilst also delivering the Council's statutory requirements.

Were appropriate, needs assessments for young people will ensure there is a focus on enablement and developing confidence and independence to prepare for life after school.

There will also be a greater focus on regularly reviewing requirements so that transport provision is pro-active in response to changes in need. Contracts that are no longer required will be terminated sooner and changes (whether to increase or decrease provision) will be identified with more notice to reduce the charges imposed by contractors for short notice alterations of contract terms.

Maintaining safety will continue to be of critical importance for this review.

There are opportunities to identify a reduction in carbon emissions from new arrangements; either from fewer journeys (where more transport can be shared for example); or in the use of vehicles (more electric vehicles for example).

Equality groups:

Screening for equality impact indicated there may be a negative impact for pupils with disabilities affected by the review. This would occur if a service was withdrawn without reasonable alternatives identified and, as this is not the intention of the review, a full impact assessment has been initiated which has indicated the need for further analysis of pupil, transport and route data which will be integral to the review. Specific review proposals must take equalities impacts into account. This is not about removing transport for pupils with complex additional support needs: this will continue. The saving will however look at more efficient route planning, sharing of vehicles and alternative providers.

Rural:

No adverse impact on rural areas. The review will apply to all areas of Highland. It will continue to meet statutory requirements.

Where possible, opportunities will be explored to improve services in rural areas. For example, in Gairloch the Council is now supporting a community transport group to deliver school transport and the Council-provided vehicle is also available to deliver community transport at other times. The cost of this provision is less than it cost to use a private transport provider so this approach has delivered a saving to the Council whilst ensuring the service to the children is maintained and there is a benefit to the wider community. This approach is being looked at in other Highland areas where there are established transport groups.

Socio-economic:

Screening was undertaken for socio-economic impacts. This highlighted potential negative impacts on household resources if transport is withdrawn from certain pupils and potential negative impacts on people's life chances if there is a risk of reduced access to education. It also identified that lone parents, unemployed people, young children, low income households and disabled people may be negatively impacted. However, the review would identify reasonable alternatives to any withdrawal of current transport arrangements. Specific review proposals will take these impacts into account.

Actions, Investment, Cost and Timescale for Delivery

There is currently a Transport Change Project, with change funding and a team in place. The scope of its work will broaden to include the review areas set out above. The changes required will be progressed to start from the start of the new school year in August 2020. This provides time to engage with pupils, parents and schools affected. Some savings may need a longer lead in time and are shown for year 2.

Budget Template

Budget Heading	Energy		
Savings Name	Reduced Energy Consumption & Increased Efficiency		
Current Budget (£m)	12.176	Current Staffing (FTE)	

Ref. 1.15

Financial Year	Savings £m	Staff Impact FTE
2020/21		
2021/22	0.500	0.0
2022/23		
Total	0.500	0.0

Detailed Description of Savings Proposal

The Council is the operator/ owner of a significant number of properties, including High Life Highland properties. As part of the Council's drive to reduce carbon emissions there has to be an associated drive to reduce the use of energy across its property estate.

There is requirement to align the need to reduce energy and make cost savings with the desire to avoid significant price increases in the fuel purchased and emissions.

"The aim will be to reduce energy consumption through good practice, compliance and behaviour change. We will reduce energy costs and generate income through the development and implementation of an Energy Strategy & Action Plan, improving the condition and quality of lighting across the Council estate as part of a long term re-investment programme, and through the implementation of viable renewable schemes"

The **management of the energy** systems is another area of potential focus and to change to a more active management and communication format will bring benefits. Dashboards are to be developed and posted for Council, Executive, Manager and site use. These will highlight progress against targets, highlight anomalies and risks to the performance indicators.

Following the implementation of ISO50001, the energy management processes can provide an accurate and auditable methodology.

There are a range of actions that the Council can develop so that the energy supplies and utilities can be transformed and provide low cost, low energy solutions to address the provision of supplies in the Highlands.

- Adopt ISO500001 Energy Management procedures
- Develop individual building (or zone) consumption dashboards
- Develop alert and highlight warnings using SMART information
- Establish devolved responsibility for energy use and cost

Ensure that the energy is an integrated responsibility for all and that information is available to inform energy management

The existing building stock offers the greatest challenge as well as the best opportunity to make improvements in the energy profiles for the Council. The activity on buildings will be based around:

- LED Lighting
- Power monitoring, demand planning & renewable generation
- Energy monitoring
- Energy systems controls
- Energy efficiency & reduction of base loads
- System improvements and replacements or upgrades
- Energy planning and compliance
- Renewable heat energy systems

Behaviour change is an essential element in the establishment of the low energy and low carbon operation of the Council property assets, effective engagement with staff and users is the best way to gain benefit from the way systems are used. With increased focus on reducing energy consumption by Council staff and working in partnership with HLH staff this will achieve energy savings. Further development of winter break office closures will assist in this process. Engagement with individual sites can be made with **workshops and talks** for the staff and pupils on energy. Promotion of **Energy Viewer** to staff and responsible premises officers (RPO's) will help with awareness of consumption and cost.

What is the anticipated impact?

Staffing:

Staff need to be enabled to reduce the energy use in buildings or areas they occupy. Training and time to manage the usage must be allowed within the main role.

The Service:

The service can manage the and reduce cost of the service delivery by making savings in energy consumption.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Energy data to be reviewed by end of January to identify where the Council's big spending properties.

A **building energy development plan (BEDP)** will be developed for each building and this will be agreed and published into Property Asset Management database (K2 or other).

The BEDP will be used to help prioritise the projects that can be included in the **capital planning for energy improvements**. Capital plans will be prepared and presented to the Property Capital board by October for the following financial year.

Any roadmap to the change will have to be set in accordance with the Council savings plan and carbon action plan.

Buildings & assets

Item	Description	Activity	Timescale
1.	Energy Efficiency	Behaviour & Training	Immediate
2.	Energy Efficiency	Thermal Policy & Control	April 2020 onwards
3.	Council Building Improvements	Energy Efficiency	April 2020 onwards
4.	SMART BEMS	Control & Use	2020-2022
5.	LED lighting	SALIX	2019-23
6.	Renewable Energy	Power & Heat	2020-25
7.	Improved new Housing	Energy Positive	2020
8.	Improved retrofit	Council housing	2020 onwards
9.	Zero carbon buildings	Design	2020
10.	Building Energy Plans	Improvements	2019 onwards

Appendix 5

11.	Alternative fuels	Low carbon options	2020 onwards
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Budget Template

Budget Heading	High Life Highland		
Savings Name	Reduce energy costs		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.16

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.186	0.0
2021/22	0.186	0.0
2022/23	0.186	0.0
Total	0.558	0.0

Detailed Description of Savings Proposal

The Highland Council and HLH will work on a joint project to reduce energy consumption across all HLH sites.

What is the anticipated impact?

Staffing:

No impact

The Service:

Energy costs will be reduced through behavioural change ensuring that energy usage is efficient and in line with benchmarking nationally. This project will also support carbon reduction priorities.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

An officer will be identified to focus on leading this project

Budget Template

Budget Heading	High Life Highland		
Savings Name	Annual reduction based upon national settlement % reduction		
Current Budget (£m)	16.200	Current Staffing (FTE)	704.08

Ref. 1.17

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.000	3.4
2021/22	0.300	Tbc
2022/23	0.300	Tbc
Total	0.600	Tbc

Detailed Description of Savings Proposal

The saving proposal is based upon no change to the gross Service Delivery Contract (SDC) fee paid to HLH in 2019/20 (flat cash).

For 2021/22 and 2022/23 indicative annual savings for HLH are in line with Council's current assumptions regarding Scottish Government funding. The Council is committed to the current contractual agreement between the Council and HLH. When the final Scottish Government settlements for these years are known, this saving proposal will be reviewed with HLH to determine potential impact.

Whilst no change is proposed to the gross Service Delivery Contract fee paid to HLH, the organisation will have pressures relating to pay awards and inflation as per the contractual agreement.

It is proposed to deliver savings of **£1.05m** as follows:

Additional Income	£710,000
Price increases: <i>highlife</i> (c5%)	420,000
Teachers Pay Award	75,000
Increased Donations	35,000
Business Growth: catering, sport, outdoors, events	180,000
Efficiencies	£190,000
Libraries (Culloden Library Staffing)	18,000
Defer Equipment and Uniform renewal	97,500
Vacancy Management, misc.	74,500
Reductions	£150,000
Museums (St Fergus and staffing)	62,000
Libraries (Mobile, Kinlochleven hrs and Revenue)	70,000
Adult Learning, Youth, accreditation	18,000
Total	£1,050,000

Change and Improvement Fund

In addition, this year's settlement also includes £250k from THC's Change and Improvement Fund. This will help to manage some of the remaining pressures whilst also allowing enhancement of current positive collaboration between HLH and THC to reduce carbon footprint from HLH facilities, concentrating on LED, Solar and efficiencies (details of projects in this paper). The fund will also create capacity for greater effort in rationalising the whole estate through closer partnership working and integration of services.

The change fund will also allow HLH to create capacity for investment in a number of transformational change areas that will facilitate the revenue growth required to deliver long-term savings to HLH and THC. This includes: investment in facilities across the region; investment in a catering strategy and delivery of a benefits-focused marketing and communications plan.

Final Settlement

The final settlement figure will be considered when the Scottish Government budget is finalised.

What is the anticipated impact?*Staffing:*

The staff impact for **income**, **efficiencies** and **reductions** measures are minimal and would affect 3.4 FTE staff which could be managed through redeployment/vacancies as described below.

The Service:

Additional Income - The service impact of the additional income measures is likely to be minimal. The most significant risk is the business risk associated with the increase in charge for the High Life Leisure Card subscriptions of up to 5%. A price sensitivity analysis based on a customer survey and focus groups has been used to inform the decision making. However, it is not possible to predict the amount of income which may be lost due to cancellations, particularly given that in previous years price increases have been kept closer to the level of inflation than is proposed for this coming financial year.

Efficiencies - The service impact from efficiencies will be minimal. The Library Service efficiency measures are part of an ongoing strategic approach to Workforce Planning in the Service, where efficiencies are made when staff retire from the Service, this can be achieved with minimal impact on service delivery. There may be some disruption in service or service continuity issues arising from vacancy management measures which will be temporary.

Reductions - The service impact from reductions will be minimal.

- St. Fergus Gallery customer visits have reduced to less than 500 per year since the archive and libraries relocated to new facilities in the town.
- The reduction in mobile library provision retains the provision but will result in the frequency of mobile library visits reducing from once every three weeks to once every four.
- The reduction in hours at Kinlochleven will be manageable through customer engagement – the opening hours at the facility are historically high and the remaining opening hours would focus on the times when the number of customer visits are highest.
- The reduction in the libraries resource budget will have an impact across the service.

Equality groups:

Income – Potential impact. High Life Highland runs a budget membership scheme that facilitates a 50p entry for families or individuals receiving benefits. However, two thirds of individuals and families who have **highlife** subscriptions are on middle to low incomes (as was reported to the Council's ECAS Committee on [26 October 2016](#)). There are therefore possible gender, age and disability impacts as a result of increasing prices because people from these groups tend to have lower than average income and may no longer be able to afford the **highlife card**. It is not possible to mitigate the impact of **highlife** card increases on these customers other than by keeping the price as low as is possible (there are no reliable means tests that can be applied). The proposed increase of up to 5% would be the equivalent of £1.55 per month for a family membership.

Reductions – Minimal impact. The proposed service reductions related to St Fergus Gallery; mobile library provision; and Kinlochleven Library will require local consultation because of there being the possibility that there could be disadvantage in relation to age, disability, and possibly gender of the customers who benefit from the services. However, it is considered that the impact on customers would be minimal because services would be maintained rather than ceased, there are alternative or similar services within a reasonable travelling distance and in the case of St. Fergus Gallery, customer visits have fallen to a low/unsustainable level.

Rural:

Income – No impact. Changes to prices will be applied equally across the Highland Council area.

Efficiencies – No impact

Reductions – Minimal impact. The mobile library service will continue to be available to rural communities although every four weeks rather than every three weeks.

Socio-economic:

Income – Potential impact. Two thirds of individuals and families who have *highlife* subscriptions are on middle to low incomes. It is not possible to mitigate the impact of *highlife* card increases on these customers other than by keeping the price as low as is possible (there are no reliable means tests that can be applied). The proposed increase of up to 5% would be the equivalent of £1.55 per month for a family membership.

The socio-economic disadvantage associated with the additional income measures can be partially mitigated through the *highlife* Budget Scheme where people and families on income related benefits access leisure centres and leisure centre activities for fifty pence per visit. Looked after children and foster families receive free access to leisure facilities.

Efficiencies – No impact

Reductions – Minimal impact. The socio-economic impacts of any of the proposed reductions are likely to be minimal as services would be maintained rather than ceased, there are alternative or similar services within a reasonable travelling distance and in the case of St. Fergus Gallery, customer visits have fallen to a low/unsustainable level.

Actions, Investment, Cost and Timescale for Delivery

Highlife subscriptions have flatlined for over 2 years due to a lack of Capital investment. In order to continue to grow the Charity and increase income, HLH is developing a 5-stage business plan to develop Inverness Leisure to safeguard against increased competition.

Further investments are planned in Invergordon Leisure; Dingwall Leisure; Lochaber Leisure; Fingal Centre (Portree) and ECCF (Wick).

This plan will require capital investment of c.£500k in 20/21, HLH will seek to raise this capital and cover the revenue costs of borrowing. sportscotland funding and developer contributions will also contribute to these exciting developments.

A new catering strategy has been developed where services will be brought in-house and the subsidy of private contractors will cease. Both these initiatives will commence in 20/21.

Budget Template

Budget Heading	Loans Fund		
Savings Name	Accounting treatment of capital receipts in Loans Fund		
Current Budget (£m)	57.169	Current Staffing (FTE)	

Ref. 1.18

Financial Year	Savings £m	Staff Impact FTE
2020/21	1.000	0.0
2021/22		
2022/23		
Total	1.000	0.0

Detailed Description of Savings Proposal

The current loans fund accounting treatment of income from capital disposals is to account for historic receipts over the expected life of the disposed assets, rather than used in one year.

This saving is deliverable by changing the accounting treatment so all receipts are applied in the year they are received, and any historic income received is applied to loans charges in 2020/21.

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

This change in accounting treatment can be implemented immediately at no cost.

Budget Template

Budget Heading	Care & Learning Service-wide		
Savings Name	Non-staffing efficiencies		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 1.19

Financial Year	Savings £m	Staff Impact FTE
2020/21	1.236	0.0
2021/22		
2022/23		
Total	1.236	0.0

Detailed Description of Savings Proposal

As part of the improved budget management and governance of the Care & Learning budget in 19/20, the following areas were reviewed and scrutinised: contracts and performance; discretionary spend; current budget provision compared to prior year spend. Whilst these reviews are complete in advance of 20/21, such reviews will be undertaken regularly to support the delivery of further efficiencies for future years and provide best value. This approach is in line with recommendations in the Best Value Audit Report (BVAR) and other financial audit reports.

Contracts management £0.660m:

We are reviewing all contracts to see where we can improve service quality and where possible, deliver services in-house to make best use of existing resources.

Reduced discretionary spend £0.401m:

Examples include subscriptions, stationery, photocopying, printing, and accommodation.

Budget provision £0.175m:

Examples include stationery and postages.

What is the anticipated impact?

Staffing:

No impact

The Service:

There should be no significant impact or reduction of service from this proposal and no direct impact on staff. Indeed, improved financial governance will contribute to sustainability for the future. Indeed, contract changes should ensure an improved quality of provision for children.

Equality groups:

Potential positive impact. Contractual changes aim to improve service provision for our most vulnerable children.

Rural:

No impact

Socio-economic:

Potential positive impact. Contractual changes aim to improve service provision for our most vulnerable children.

Actions, Investment, Cost and Timescale for Delivery

Effective budget management undertaken during 19/20 (delivering efficiencies to support the Service's 19/20 budget) has also helped preparation and delivery of efficiencies for 20/21.

Budget Template

Budget Heading	Flood Risk Management Team		
Savings Name	Requests for Information- Income Generation		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.1

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.004	0.0
2021/22		
2022/23		
Total	0.004	0.0

Detailed Description of Savings Proposal

The Flood Risk Management Team is proposing to charge Developers for providing information it holds relating to flooding and flood defences. This would include information such as location of historic flood incidents, any known watercourse issues etc.

On average we receive around twenty-five requests for flooding information per financial year.

The council can charge for providing this information under The Environmental Information Regulation 2004 Act.

What is the anticipated impact?

Staffing:

No impact

The Service:

Officers time will be required to investigate information we hold for each request.

This information is used by developers in the submission of planning applications, so there is a risk that applications may reduce in standard requiring more processing time for applications - this will be monitored.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

To start the Council is proposing charging £150 per request. If on average twenty-five commercial requests per financial year are received it could bring in an income of £3,750. This figure could be more or less depending on the number of requests received.

At the moment there is no mechanism to charge for this information. Once a payment system has been set up the Council would be able to start charging. The payment system that would be used would be the one currently used for planning applications fees, brown bin collection etc <https://www.highland.gov.uk/pay>

Budget Template

Budget Heading	Planning & Environment		
Savings Name	Environment - Increase Environment Advice & Consultancy Team income target		
Current Budget (£m)	0.293	Current Staffing (FTE)	7

Ref. 2.2

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.020	0.0
2021/22		
2022/23		
Total	0.020	0.0

Detailed Description of Savings Proposal

Background

The Environmental Advice and Consultancy Team (EACT) is a team of 7 specialist officers/ advisors set up to develop and operate an environmental consultancy to serve other Council services; earn an income and; maintain the existing statutory service provision to planning.

Saving Proposal

Increase the current income target for the Environmental Advice and Consultancy Team (EACT) team by £0.020m in Financial Year 2020/21.

What is the anticipated impact?

Staffing:

No impact

The Service:

No immediate impact on staff but likely that the wider EACT team will need to spend less time on statutory planning work, and more time spent on chargeable services. The Service continues to be in high demand as it is providing a high quality, efficient and cost-effective service which saves the Council money overall. The income targets set have been achieved through a combination of internal recharging and external income.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Implement 2020/21

Budget Template

Budget Heading	Development & Regeneration		
Savings Name	Estates Team – Income generation		
Current Budget (£m)	-2.840	Current Staffing (FTE)	

Ref. 2.3

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.020	0.0
2021/22		
2022/23		
Total	0.020	0.0

Detailed Description of Savings Proposal

Estates Team – Income generation from submitting NDR appeals on behalf of local authorities. The estates team have been very successful in carry out appeals and have built up a level of expertise which enabled the council to successfully negotiate a NDR appeal for Orkney council this year and are seeking to expand this service next year as a fee generating function. Orkney Council have requested that we carry out further appeals for next financial year and It is anticipated that we will expand this service to other Local Authorities, officers are already in discussions with some Local Authorities regarding potential expansion of this service.

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Contact other local authorities, negotiate fee, deliver saving.

Budget Template

Budget Heading	Registrars		
Savings Name	Marriage, Civil Ceremonies and Re-naming Registration Review		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.4

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.025	0.0
2021/22		
2022/23		
Total	0.025	0.0

Detailed Description of Savings Proposal

The Highland area is one of the most popular places in Scotland to get married. Only Dumfries & Galloway (Gretna Green) and Edinburgh see more weddings than Highland where over 700 civil marriages are conducted annually. Civil marriages are conducted by Highland Council Registration staff within and out with Highland Council venues. Trends indicate that whilst marriages overall are increasing, civil marriages (which the Council receives income for) are decreasing whilst humanist weddings (which the Council's Registration staff don't conduct) are increasing.

We will review the current business model for the Marriage Registration process and identify enhanced wedding services to be offered to customers to increase net income. This includes reviewing the way the service is presently delivered and how we can capitalise on the popularity of the Highlands to attract an increased number of civil marriages as well as broaden out the services conducted by our Registration staff.

What is the anticipated impact?

Staffing:

No impact on current staffing although an additional staffing resource will have to be put in place to generate the savings.

The Service:

No aspects of the current Marriage Registration Service will stop or reduce. However, proposals are likely to lead to a need for an increase in the available staffing base, and therefore increased local employment, required to conduct marriage ceremonies.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

This will generate additional work for Registration staff which will need resourced appropriately.

Budget Template

Budget Heading	Property & FM Services		
Savings Name	Energy Team - Remove Building Services Consultants Budget		
Current Budget (£m)	-0.900	Current Staffing (FTE)	24

Ref. 2.5

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.025	0.0
2021/22		
2022/23		
Total	0.025	0.0

Detailed Description of Savings Proposal

Remove Building Services Consultants budget line from the Energy Teams budget.

This £0.025m budget was not expended on Consultants in the previous financial year.

What is the anticipated impact?

Staffing:

No impact

The Service:

No negative service impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The budget line will be removed from the Energy Budget prior to the start of the new Financial Year.

Budget Template

Budget Heading	Property & FM Services		
Savings Name	Cleaning Team – Additional Cleaning Income		
Current Budget (£m)	n/a	Current Staffing (FTE)	231

Ref. 2.6

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.030	0.0
2021/22		
2022/23		
Total	0.030	0.0

Detailed Description of Savings Proposal

The Council Cleaning team will generate additional income throughout the year by carrying out cleaning works for Housing Services – maisonettes and voids as opposed to out-sourcing this.

What is the anticipated impact?

Staffing:

No impact

The Service:

No negative service impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The Cleaning team will continue to be target additional work for Housing Services and external contractors.

Budget Template

Budget Heading	Property & FM Services		
Savings Name	Office Accommodation Account - Annual Budget Reduction		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.7

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.030	0.0
2021/22		
2022/23		
Total	0.030	0.0

Detailed Description of Savings Proposal

The various budget lines that support the Council's General Fund Office Accommodation account will be reduced by £0.030m.

What is the anticipated impact?

Staffing:

No impact

The Service:

There will be £30k less of expenditure on the Office Accommodation Account budget lines.
No major impact on service delivery.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The budget saving would be removed prior to the start of the new financial year.

Budget Template

Budget Heading	Recycling		
Savings Name	Glass recycling contract		
Current Budget (£m)	0.360	Current Staffing (FTE)	

Ref. 2.8

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.035	0.0
2021/22		
2022/23		
Total	0.035	0.0

Detailed Description of Savings Proposal

Savings achieved from renegotiated glass recycling contract.

What is the anticipated impact?

Staffing:

No impact

The Service:

The duration of the contract is to 30.4.21. Service provision after this date will be redesigned to incorporate impacts of the introduction of the Deposits Return Scheme. People using the recycling points can expect to see bottle banks taking mixed colours of glass and will not need to separate glass. The contractor is arranging for signage to be changed.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Delivery from November 2019 and will run until 30.4.21. No further work is required at this time.

Budget Template

Budget Heading	General Income Generation		
Savings Name	Full cost recovery on events and festivals		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.9

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	0.0
2021/22		
2022/23		
Total	0.050	0.0

Detailed Description of Savings Proposal

Currently the Council does not: recover the full cost to Council resources (time and materials) to enable events and festivals across the Highland area to take place; achieve an effective return for major events and festivals held on its land; optimise income from catering opportunities; or compare well with the approach other Councils use.

A rapid review and outline business case was agreed by the Redesign Board in December 2019 to take forward a project to investigate costs to inform a charging procedure in phase 1 and create a strategy for events and festivals in phase 2.

Financial benefits from this approach include: cost recovery estimated at £50k per annum; removing some maintenance costs; maximising commercial opportunities; and attracting inward investment through partnership arrangements.

The saving proposed a combination of cost recovery and new income generation for the Council.

Many Council services and teams would be affected by the approach including: roads teams; property maintenance; harbours; street cleaning; waste; amenities; environmental health; CCFM; Communications; resilience planning; tourism and film; and our engagement with HLH and Eden Court. There are links too with licensing and events management funded by the Inverness Common Good Fund.

What is the anticipated impact?

Staffing:

Impact to be determined

The Service:

For year 1 the focus for cost recovery, charging and new income opportunities will be around major events scheduled. Impacts will be assessed when the pricing structure is developed and be part of the strategy development in phase 2.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The Redesign Board agreed to take this forward as a project within the Programme Management Office.

Budget Template

Budget Heading	Planning & Environment		
Savings Name	New fees for new services - Medium-Scale Pre-application Advice & Satisfaction of Conditions		
Current Budget (£m)	5.639	Current Staffing (FTE)	

Ref. **2.10**

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.020	0.0
2021/22	0.025	0.0
2022/23	0.030	0.0
Total	0.075	0.0

Detailed Description of Savings Proposal

1. Medium-Scale Pre-application Advice (New Fee)

This is a new service and fee added to the existing pre-application advice service, targeting medium-scale developments e.g. housing and commercial that previously, would have benefited from a lower fee (which did not reflect cost recovery for delivering the service) using the Small Application Pre-app Service. Previously pre-application enquiries were classified as householder (i.e. domestic extensions or development within the garden of houses), as well as local developments up to 49 units, major applications, minerals, change of use applications and renewables along with several other categories. The fee in most cases was based on a 35% of the application fee based on the prospective works with a maximum level set in each category. The revised pre-application advice has been amended with local developments split into two categories, with those between 1-3 residential units and those comprising 4 or more units up to 49 units. Both for these, major applications and other enquiries, the 35 % of the application fee remains however the maximum threshold has been raised in each category. The aim is to ensure that the cost of service delivery is better reflected in the fees. This fee is discretionary and not a requirement.

2. Satisfaction of Conditions (New Fee)

This is a new value-added chargeable service for applicants to ensure that they get dedicated staff time at a critical stage in the development process. The service provides certainty around delivery of response to the information they submit to us in order to satisfy a condition – They will receive a response in 6 weeks.

This fee is discretionary and not a requirement.

What is the anticipated impact?

Staffing:

No impact

The Service:

Not applicable because these are new value-added services that will be resourced from existing FTE.

No impact upon the performance of the existing service.

Equality groups:

No impact

Rural:

No impact

Appendix 5

<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery
<ol style="list-style-type: none">1. This service will be available from 16th September 2019 and agents and developers will be notified.2. This service is already available to applicants (more information available here on our web pages) and so far we have received four applications.

Budget Template

Budget Heading	Corporate Governance		
Savings Name	Increase in income related activity		
Current Budget (£m)	0.281	Current Staffing (FTE)	

Ref. 2.11

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.060	0.0
2021/22	0.020	0.0
2022/23		
Total	0.080	0.0

Detailed Description of Savings Proposal

This is the combined sum delivered by the Corporate Governance side of the Chief Executive's Office and will be primarily achieved through an increase in income related activity across Legal, Trading Standards and Democratic Services related to the provision of services to partner organisations.

What is the anticipated impact?

Staffing:

No impact

The Service:

There will be no adverse service impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The full year's target can be delivered in 2020/21

Budget Template

Budget Heading	Placement Services		
Savings Name	Review of costs / funding		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.12

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.100	0.0
2021/22		
2022/23		
Total	0.100	0.0

Detailed Description of Savings Proposal

As part of the Council's overall approach to delivering Placement Services for young people, the Council utilises Council properties (Housing Revenues Account) (HRA) to provide housing timeously. There are various benefits to the customers of this approach including delivering good standard housing within Highland when required.

There are support services that the Service also provides to support customers, including to help with their welfare and well-being.

All costs are currently being met by Health & Social Care (Placement Services). Discussions are ongoing as to establish what costs could / should be being met by the HRA.

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Discussions with the Housing colleagues are taking place.

Budget Template

Budget Heading	Trading Standards		
Savings Name	Approved Trader Scheme		
Current Budget (£m)	0.662	Current Staffing (FTE)	14

Ref. 2.13

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.095	0.0
2021/22	0.005	0.0
2022/23	0.005	0.0
Total	0.105	0.0

Detailed Description of Savings Proposal

This project was considered by Resources Committee in November 2019 where the approach was approved, as was resource from the Change Fund, on the basis of a detailed business case.

Several local authority Trading Standards teams have implemented successful approved trader schemes. These enable consumers to choose businesses that have been vetted by Trading Standards and have shown a high level of reliability. Further, if problems do arise between a member company and a consumer, Trading Standards can mediate and broker a solution. Income is achieved through businesses paying an annual fee to be included in the Trusted Trader scheme. Alongside this there are a range of initiatives planned to deliver additional income streams. The following table sets out the predicted financial benefits arising from this activity with further income anticipated in future years as more businesses join the scheme.

Financial Benefits

Topic	Nature of Saving/Income	Financial benefit target ¹ (Year 1)
Monitoring of Trades	Reduction in tender pricing; Breach of contract reparation; trusted trader income	£60,000
Product safety and certification	Breach of contract reparation; assured safety – lesser insurance/risk of incident; trusted trader income	£10,000
Intellectual Property	Income through authorisation rights; increased sales.	£5000
Weights and Measures	Breach of contract reparation; reduced fuel bills; increased goods received; trusted trader income	£10,000
Taxis and transportation	No non-value added expenditure; assessed route expenditure; trusted trader income	£10,000
TOTAL		£95,000

What is the anticipated impact?

Staffing:

The Change Fund is supporting the recruitment of 2 fixed term posts to free up experienced officers to develop and launch the scheme. Any additional staffing required to administer the scheme would be paid for from income over and above the budget target.

The Service:

¹ Based on low to mid combination of fees plus members recruited.

Appendix 5

The impact on the Service will be positive because of the significant non-financial benefits arising from the scheme.
<i>Equality groups:</i>
No impact
<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery

The work will be carried out by existing Trading Standards staff with extra temporary “back-fill” resources provided through the Change Fund.

From year 2 onwards, the service will be absorbed into the teams’ work without the need for additional support. Depending on the success of the scheme it may be necessary to employ additional administrative support. If so, this would be covered by additional fee income and would only be introduced on a full cost recovery basis.

Budget Template

Budget Heading	Estates and Economic Development		
Savings Name	Increase in Estates Income		
Current Budget (£m)	-2.723	Current Staffing (FTE)	12

Ref. 2.14

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.175	0.0
2021/22	0.075	0.0
2022/23		
Total	0.250	0.0

Detailed Description of Savings Proposal

Increase in Estates income as a result of supporting economic regeneration across the Highland Area.

What is the anticipated impact?

Staffing:

No impact

The Service:

Any investment carries risk, including prevalent interest rates at time of purchase, tenant covenant and alternative uses, terms of lease and overall market conditions, therefore forecast investment returns cannot be guaranteed.

There is a risk that this might not be achieved but from discussions with the private sector and if we are able to move quickly, the surveyors, in their professional opinions, consider this achievable.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The estates team is currently proactively engaging with the private sector to identify potential investment opportunities. The estates team is carrying out detailed analysis of the existing portfolio to determine which properties are due for a rent review in 2020/2021 and what lease extensions could be triggered to ensure maximisation of rental income in 2020/21.

Budget Template

Budget Heading	Planning & Environment		
Savings Name	Planning & Building Warrant Fee Income – Increase Target		
Current Budget (£m)	5.639	Current Staffing (FTE)	

Ref. 2.15

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.100	0.0
2021/22	0.300	0.0
2022/23		
Total	0.400	0.0

Detailed Description of Savings Proposal

Background

In 18/19 the Council agreed the following 3-year target(below) for Planning and Building Warrant fee income :

Year	Target £m
2019/20	0.600
2020/21	0.328
2021/22	0.182
TOTAL	1.110

In 18/19 the actual income target achieved was £6.346m. This provides confidence that the above targets can be achieved, assuming the economy stays buoyant and the numbers of applications remains steady and/or grows. It is worth noting that fees are set by the Scottish Government and numbers of applications received are out with the Council's control.

Revised target

Increase income target in 2020/21 by £0.100m to £0.428m.

In 2020/21 the income target for Planning and Building Warrant fees will be increased by a further £0.100m from a previously agreed target of £0.328m. This will mean that the Planning and Building Warrant service target will need to generate £1.510m over the next 3 years in addition to meeting a number of pressures in respect of staff and other costs, which have also been set against Fee income. Once these are included the target rises to £6.567m. This figure takes us 221k beyond what the service has ever previously generated, and as such is partially at risk and the new target should be risk ragged accordingly.

Year	Revised Target £m
2019/20	0.600
2020/21	0.428
2021/22	0.482
TOTAL	1.510

The numbers of planning & building warrant applications remain relatively consistent; therefore, the revised target is only achievable provided the economy remains buoyant, the number of major planning applications (quarries, wind energy developments or major industrial developments) continue to materialise, and the current numbers of building warrant applications increase, and the anticipated fee increase materialises. Whilst there is a Scottish Government consultation on planning fees underway, there is no certainty around the timescales for implementation, as a result we will not be able to rely on a full year uplift in fees in 20/21.

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What is the anticipated impact?
<i>Staffing:</i>
No impact
<i>The Service:</i>
No immediate impact on staff but the revised figure means that there is little if any scope within the budget to re-invest back into the Service. Any increase in planning fees (if forthcoming) anticipates a reinvestment in the service.
Highland Council was re-appointed, on December 2019, as a verifier for Building Standards for a further 3yr period. The 3 year re-appointment is on the basis of improving turnaround times. In 2019 the Council invested in 3 additional modern apprentices, the costs for which have been offset against BW fees. (referenced above) this investment should improve turnaround times.
In the long-term failure to evidence improvements may affect Building Warrant reappointment periods and planning performance. It is therefore essential that opportunities to continue performance improvements, efficiency and workforce planning, are addressed by the introduction of new Modern Apprentices, improved ICT and processes.
<i>Equality groups:</i>
No impact
<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery
RAG accordingly and implement 2020/21

Budget Template

Budget Heading	Car Parks		
Savings Name	Car parking charges		
Current Budget (£m)	-1.846 (net)	Current Staffing (FTE)	

Ref. 2.16

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.115	0.0
2021/22	0.411	0.0
2022/23		
Total	0.526	0.0

Detailed Description of Savings Proposal

A Special Meeting of the EDI Committee on 24 October 2019 agreed a new policy approach for off-street car parking. The new policy agreed a process for considering local charges, providing a transparent way in which to consider objections from the local community and supporting a place-based approach for local areas by providing a share of the surplus income generated to spend on local priorities.

Financial modelling was undertaken to assess what potential income could be generated. The proposed income levels for 2020/21 and 2021/22 are based upon this modelling. This is based upon:

- a two-phase approach to implementation during 2020, with the aim of being complete by August 2020;
- a 50% service and 50% local share of the income generated after costs; and
- a 50% take-up rate within local areas.

The saving proposed does not affect the local share of any income generated after costs.

What is the anticipated impact?

Staffing:

Additional enforcement staff will be required as this is rolled out. The costs of these are factored into the modelling.

The Service:

A project team is in place to support the implementation of the new policy approach during 2020.

Equality groups:

Consideration of potential impacts is part of the engagement process and will be considered for each individual location.

Rural:

Consideration of potential impacts is part of the engagement process and will be considered for each individual location. Re-investing the local share of new income generated will bring positive impacts.

Socio-economic:

Consideration of potential impacts is part of the engagement process and will be considered for each individual location.

Actions, Investment, Cost and Timescale for Delivery

A project team is in place to support the implementation of the new policy approach during 2020 with the aim of completion by August 2020.

Budget Template

Budget Heading	Non-Domestic Rates		
Savings Name	Business Rates Incentivisation Scheme		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 2.17

Financial Year	Savings £m	Staff Impact FTE
2020/21	1.095	0.0
2021/22		
2022/23		
Total	1.095	0.0

Detailed Description of Savings Proposal

This expected income relates to the collection of non-domestic rates in 2017-18 and represents a 50 per cent share of the additional rates income generated with the other 50 per cent retained by the Scottish Government. The Scheme incentivises the growth of the local tax base within a local authority area and directly reflects the factors impacting growth that are within the local authority's control and not adversely influenced by factors completely out with their ability to influence them. By exceeding its local target the Council has benefitted from a share of surplus income generated. As reported to Resources Committee on 20 November 2019, non-domestic rates collection rates were as follows:

2015/16 : 97.3%
 2016/17 : 97.1%
 2017/18 : 97.3%
 2018/19 : 97.7%

What is the anticipated impact?

Staffing:

No impact

The Service:

There is no impact on service. There will be a continued focus on growing the tax base and effectively collecting non-domestic rates.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

No investment required.

Budget Template

Budget Heading	Waste Management		
Savings Name	Compact waste to reduce contract cost		
Current Budget (£m)	0.672	Current Staffing (FTE)	

Ref. 3.1

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.026	0.0
2021/22	0.019	0.0
2022/23		
Total	0.045	0.0

Detailed Description of Savings Proposal

We can reduce our waste haulage costs to a skip servicing contract by compacting waste prior to transfer. Capital investment to purchase compactors on three sites (Fort William, Dingwall and Nairn) would be £114k with an annual revenue saving forecast of £45k. This is a payback period of 2.5 years. Following procurement and installation, use on site is feasible for August 2019, providing a saving of £26k in 2020/21 and a further £19k in year 2. The total annual saving of £45k would then be recurring. During 2020 we can review performance of the installations and consider additional proposals for other sites.

What is the anticipated impact?

Staffing:

There are no staffing implications as this is a reduction in contract cost.

The Service:

This is a service improvement. It will reduce the number of trips associated with skip use and reduce carbon emissions associated with travel.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

£114k capital investment is required and available in the waste strategy programme (plant, infrastructure and banks). Procurement and installation timescales mean implementation would be from August, providing 7 months savings in 2020/21 and a further 5 months savings in 2021/22.

Budget Template

Budget Heading	Online Forms Review		
Savings Name	Support for Online Forms		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 3.2

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	2.0
2021/22		
2022/23		
Total	0.050	2.0

Detailed Description of Savings Proposal

The Highland Council currently receives a range of applications either in paper form or online via the Council's website.

This proposal will promote the support available for customers wishing to apply online for Council-administered entitlements while also continuing to support customers with completion of paper forms.

The Service Point Network and Welfare Support Team currently support customers to apply for a range of entitlements. The Digital Hub at Dingwall Service Point is an excellent example of where customers can either self-serve or be supported by Council staff and the Welfare Support Team routinely supports customers with digital applications to other agencies as well as with existing Council-administered online and paper forms.

What is the anticipated impact?

Staffing:

The 2 FTE reduction in staffing will be achieved via natural turnover so existing staff will not be at risk as a result of this saving.

The Service:

Supporting more customers through online application processes will help to improve take-up and provides opportunities to maximise customers' incomes by ensuring that they are claiming all entitlements due to them. Our experience is that forms completed online generally provide all required information at the point of submission which enables quicker decision making and speedier payments for customers.

Equality groups:

There is no negative impact upon equality groups. This proposal will support the Council's commitment to reduce poverty and inequalities across the Highlands by supporting more customers through the online application process to improve take-up and maximise incomes.

Rural:

There is no adverse impact on rural communities. Support will continue to be provided via the Service Point Network and by the Welfare Support Team which includes supporting customers in their homes.

Socio-economic:

There is no negative socio-economic impact. Supporting more customers to receive their full entitlements will increase the incomes of individual households and have a positive economic impact for the wider community, local businesses and the Highlands as a whole.

Actions, Investment, Cost and Timescale for Delivery

This action can be implemented immediately within existing resources. Increases in the demand for support will be closely monitored to assess the impact on resources.

Budget Template

Budget Heading	Customer Services		
Savings Name	Customer Service Co-location		
Current Budget (£m)	1.200	Current Staffing (FTE)	46.09

Ref. 3.3

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	0.0
2021/22		
2022/23		
Total	0.050	0.0

Detailed Description of Savings Proposal

This proposal seeks to develop a place-based approach to local service provision by expanding co-location opportunities for the Council's Service Point Network with High Life Highland and external service providers while developing commercial opportunities, including income generation.

The Highland Council's 22 Service Points are geographically spread across the Highlands in both rural and more populated areas with some situated within libraries. They provide a range of services including advice and information on all Council services. Customers can make payments, report and request services and receive help completing forms. Births, deaths and marriage services are also provided via Service Points, generating income in the process.

In recent years, the Council has moved additional back office tasks within the Council, and any overflow of calls from the Service Centre, to any Service Points that have fewer daily transactional activity. Co-location opportunities with High Life Highland such as in Grantown and Ullapool, and with the DWP in Wick and Fort William, have also delivered benefits including greater integrated local service provision.

Savings will be made through the sharing of overhead costs with partners, which is a mutually beneficial arrangement and helps to sustain more public services in local communities.

What is the anticipated impact?

Staffing:

Increased integration of local service provision.

The Service:

This proposal seeks to expand the range of local services for customers and to develop place-based collaboration and integration with High Life Highland and external service providers.

Equality groups:

This proposal seeks to enhance local service provision for all customers and will therefore have a positive impact on equality groups.

Rural:

A place-based approach will support rural communities and provide accessible services and local employment.

Socio-economic:

This proposal will have a positive impact on individuals on lower incomes given the use of the network, and other local services, by this client group.

Actions, Investment, Cost and Timescale for Delivery

A period of assessment will be required. No investment or additional cost is currently required to effect this change. There will be engagement with members locally to understand what opportunities and risks exist, prior to the development of specific proposals.

Budget Template

Budget Heading	Fleet		
Savings Name	White fleet review		
Current Budget (£m)	1.900 (inc HRA)	Current Staffing (FTE)	

Ref. 3.4

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.064	0.0
2021/22		
2022/23		
Total	0.064	0.0

Detailed Description of Savings Proposal

The Council currently leases around 550 vans (white fleet under 3.5T). A white fleet review is being scoped as part of the Reduction in Staff Travel project (following on from the grey fleet review). This will be a corporate project. It will analyse the number, size, type and energy efficiency of fleet required for the business and explore how to how to maximise its use as well as driver behaviour.

Energy Savings Trust (EST) support is being provided to carry out the analysis which is expected early in 2020.

Savings are expected from reducing

- The number of vehicles leased
- The number of vehicles spot hired
- Fuel use
- Insurance costs.

The £64k is an estimate of what Community Service can save.

What is the anticipated impact?

Staffing:

No impact

The Service:

This is an internal process change with no impact on service delivery.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

No additional resources required, project team established. Review underway and savings targets will be set by in Q4 2019/20.

Budget Template

Budget Heading	Stores		
Savings Name	In-sourcing PAT testing		
Current Budget (£m)	0.150	Current Staffing (FTE)	

Ref. 3.5

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.065	+2.0
2021/22		
2022/23		
Total	0.065	+2.0

Detailed Description of Savings Proposal

- PAT testing is a multi-layered process covering:-
- User checks
- Formal visual inspections
- Combined inspection and testing
- Microwave checks.

There is no current legal requirement for the Council to undertake formal PAT testing, however, employers are required to maintain electrical systems and equipment, as far as reasonably practical to prevent danger. The Electricity at Work Regulations 1989 set out several requirements; PAT testing provides the best framework to ensure we are complying with the Regulations. There are no mandated frequencies for conducting tests, however, the HSE recommendations provide suggested frequencies for checks/inspections and testing based upon an equipment risk categorisation.

To date we have out-sourced this work.

The Review identified that savings could be achieved through reducing the overall volume of tests being carried out each year and to target them better to areas of higher risk, in line with the HSE recommended frequencies.

In-sourcing the work provides us with the opportunity to take control of testing to the correct frequency and in the first year of operation create an improved categorised equipment register to aid identification of the testing frequency needed for future years.

What is the anticipated impact?

Staffing:

2 staff, currently outsourced, will be required to undertake this work in year 1. We are complying with TUPE implications.

The Service:

The frequency of portable appliance testing will migrate to the HSE recommendations – for example lower risk category items being actioned every 5 years instead of annually, and medium and higher category risk items being actioned monthly/quarterly/annually as required.

In Year One, all Council sites would be visited – currently not all sites may have been visited by PHS Compliance, and an equipment register created to enable improved programming of tests in the future.

Equality groups:

No impact

Appendix 5

<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery

1. Creation of two FTE HC03 posts within the Building Maintenance structure (TUPE transfer being considered)
2. Purchase of software
3. Create Year 1 (2020/21) Testing Programme.
4. Consider Year 2 (2021/22) Testing Programme and resource needed.

Budget Template

Budget Heading	Property		
Savings Name	Catering Review		
Current Budget (£m)	16.430	Current Staffing (FTE)	

Ref. 3.6

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	
2021/22	0.050	
2022/23		
Total	0.100	

Detailed Description of Savings Proposal

The Redesign Board has overseen the preparation of a Peer Review into Catering Services over the course of 2019. The emerging recommendations will inform the delivery of this savings area by focussing on 4 key areas:

1. Menu production, review and reduce average cost per meal (1p) in line nutritional regulations
2. Staff costs particularly focussing on reducing long term absences
3. Commercial opportunities

What is the anticipated impact?

Staffing:

No impact

The Service:

There are a number of statutory requirements governing our catering provision which must be met, so service standards will be maintained. There may be opportunities to grow the service to accommodate commercial opportunities. However, there will continued challenges in particular food prices increasing and in some areas footfall reducing even further due to typically less meat options being permissible due to new nutritional standards being rolled out.

Equality groups:

No impact. The service will continue to meet dietary, cultural and religious requirements.

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Implement Redesign Recommendations – will require Change Fund resources to support the purchase and installation of Highland wide cashless catering hardware & software.

Budget Template

Budget Heading	Revenues & Business Support		
Savings Name	Customer Portal		
Current Budget (£m)	1.000	Current Staffing (FTE)	28.2

Ref. 3.7

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.023	0.4
2021/22	0.037	0.5
2022/23	0.049	0.6
Total	0.109	1.5

Detailed Description of Savings Proposal

The proposal is to establish an online customer portal which will allow Council Tax customers to view bills and other related correspondence online. It will also allow customers to self-serve for changes in circumstances such as setting up direct debits and applying for single person discounts. The portal will allow customers access to this information on a 24/7 basis and will also deliver reductions in printing and postage. A reduction in some telephone contacts is also anticipated.

What is the anticipated impact?

Staffing:

It is envisaged that the necessary staff savings will be achieved through natural turnover so no existing staff will be at risk as a result of this saving.

The Service:

There is no reduction or cessation in service. The service will be enhanced by offering customers more choice and increased access for engaging with the Council.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Actions – set up, test, launch, support, and advertise portal

Investment – there will be a one-off investment of staff time to set up, test, launch, and advertise portal. This will be accommodated within current FTE levels as will ongoing support thereafter.

It is estimated that there will be initial set up costs of £7,600 and annual ongoing costs of £18,500 which have not been deducted from the proposed savings. Timescale – during 2020/21

Budget Template

Budget Heading	Amenities		
Savings Name	Review of Amenity Services		
Current Budget (£m)	2.572	Current Staffing (FTE)	80

Ref. 3.8

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.200	0.0
2021/22		
2022/23		
Total	0.200	0.0

Detailed Description of Savings Proposal

A review of amenities and grounds maintenance was agreed by the Council in October 2019. This will explore several options for changing service delivery and be guided by the Redesign Board. The focus is on how the Council can get better value for money for the resources available.

The options to explore in the review include:

- Further efficiencies for the in-house service (e.g. more efficient machinery and route optimisation);
- In-sourcing of work where that offers best value;
- New commercial opportunities to grow and market the service and generate new income (e.g. for other partners, the Council's housing service, developer contributions and private business/householders);
- Supporting communities to do more e.g. the Council being flexible, providing practical supports to communities as identified through the review;
- Improved targeting of Council works; and
- The scope to mainstream biodiversity.

Already in the early phase of the review, three contracts have been identified to in-source which will provide a saving of £110k and ensure services continue and improve. Further savings required can be found from the review and based on the options above without service impact being affected.

A cross service team is set up with Redesign Board governance. The review is taking a place-based approach and will engage locally with Members, front-line staff, Trade Unions, partners, community bodies and interested members of the community.

What is the anticipated impact?

Staffing:

Business cases to in-source three contracts were agreed at the Resources Governance Board on 29.1.20, resulting in some additional posts to be filled.

The Service:

The review is currently underway and any impacts arising from proposals will be assessed when developed. The focus is on how the Council can get better value for money with the resources available.

Equality groups:

The review is currently underway and any impacts arising from proposals will be assessed when developed.

Rural:

The review is currently underway and any impacts arising from proposals will be assessed when developed.

Socio-economic:

Appendix 5

The review is currently underway and any impacts arising from proposals will be assessed when developed.

Actions, Investment, Cost and Timescale for Delivery

The review is underway and taking a place-based approach. It is overseen by the Redesign Board and the Board will make recommendations to Council during 2020.

Budget Template

Budget Heading	Care & Learning Service-wide		
Savings Name	Review of support services to create an integrated service, reduce duplication and achieve efficiencies		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 3.9

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.250	7.0
2021/22		
2022/23		
Total	0.250	7.0

Detailed Description of Savings Proposal

This new proposal is in addition to the £0.100m approved in February 19 for 20/21.

The review will examine areas where there is specialist support services staff currently outwith Corporate Business Support with the aim to create an integrated service, reduce duplication, achieve efficiencies and increase service delivery resilience.

The standardisation of processes will be important as will effective ICT to deliver the redesigned processes.

A project will be undertaken which will include identifying all “support services” staff across the Council including schools. The project’s remit will include identifying alternative linear management structures for example to deliver greater economies of scale by pooling resources as well as the aforementioned standardisation of processes. This will then effectively support the delivery of the savings (£0.100m and £0.250m) by the deletion of vacant posts.

What is the anticipated impact?

Staffing:

Savings of 7 FTE will be achieved through the deletion of vacant posts and staff turnover. Resource will be required to support process transformation and redesign; and for staff communication and engagement.

The Service:

There is a risk to overall performance standards with the combination of the existing saving of £0.1m plus this new proposal of £0.250m. However, the pooling of resources, process redesign and effective ICT will do much to mitigate.

Equality groups:

No impact

Rural:

A new business support model will need to consider carefully how rural schools operate and engage; staff involvement will be key to understand local opportunities and challenges.

Socio-economic:

Assessment will take into account the importance of admin jobs in local schools in remote areas and the importance of career progression being available across localities.

Actions, Investment, Cost and Timescale for Delivery

It is anticipated that a bid to the Change Fund for a Project Manager will be made to support and deliver this review. Resource for staff communication will also need to be identified.

Budget Template

Budget Heading	Stores		
Savings Name	Review of Stores		
Current Budget (£m)	0.549 (staff)	Current Staffing (FTE)	15

Ref. 3.10

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.100	0.0
2021/22	0.300	0.0
2022/23		
Total	0.400	0.0

Detailed Description of Savings Proposal

It is proposed that an 18 month review of stores processes takes place, supported by a project manager from the corporate improvement team.

Phase 1 Inventory will analyse the £4,5 million stock value and take approx. 6 months. This would represent the first stage opportunities for the stores review and will focus on inventory, range of supplies and payment methods.

Phase 2 Process Review which is longer term in nature would be to review the warehouse management system (WMS) options and comparing those to the opportunity areas, this may create a business case to develop and implement a systems change with expected additional benefits.

The review of stores and depots (the asset) will not impact on the review of stores processing, as described above.

What is the anticipated impact?

Staffing:

No impact

The Service:

This is an internal process change with no impact on service delivery.

Equality groups:

No impact

Rural:

Phase 1, inventory, will ensure sufficient supplies are maintained in rural areas.

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

The project will require a dedicated project manager and resources from within the stores function in order to deliver saving within 6 months.

Stage 2 will be a wider review of IT systems, asset rationalisation and place based service delivery.

Budget Template

Budget Heading	Education		
Savings Name	Review of Education budgets and DSM		
Current Budget (£m)	141.000	Current Staffing (FTE)	

Ref. 3.11

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.744	0.0
2021/22		
2022/23		
Total	0.744	0.0

Detailed Description of Savings Proposal

There is budget held centrally for costs incurred by schools pertaining to Payment in Lieu of Holidays and Probationers. Following a review of these headings and the Devolved School Budget (DSM) budget in respect of non staff costs such as stationery, education materials, printing and phones, the following savings have been identified.

Payment in Lieu of Holidays

Teaching staff can accrue holiday entitlement while on sick/maternity leave and payment can fall due on their return/contract end. At present this is funded centrally. This proposal is to remove the automatic funding of Pay in Lieu with schools meeting the costs from within their DSM budget overall. For small schools there can be less capacity to fund this within DSM, therefore the saving value includes provision to centrally fund exceptions where failure to do so would result in a year end deficit position for the school.

Probationers

Highland Council is committed to the Teacher Induction Scheme. Probationer teachers are not fully funded, costs are met centrally. Probationer teachers are recruited into teacher vacancies which for reasons including a fall in primary school rolls has reduced the number of teacher staffing vacancies available for Probationers. This, along with a review of the contracted arrangements with UHI in relation to Probationer numbers, results in a reduction of Probationers actually required.

DSM non-staff costs

Enabled by improved contracted pricing and a general drive towards greater efficiency, savings are expected across a number of cost-headings. The overall DSM budget is £140m.

What is the anticipated impact?

Staffing:

It is anticipated that the savings can be made without an impact on staff numbers. Staff will continue to receive payment in lieu of holidays.

The Service:

None of the savings will impact upon outcomes for young people. Budget is retained for support for exceptional circumstances but overall this is about ensuring we achieve best value from probationer allocations and that any form of duplication of support is addressed. Some of these efficiencies also recognise that school practice has improved or moved forward with the inputs that have taken place so there is no longer the need for the additional development work in particular areas of education practice.

Equality groups:

No impact

Appendix 5

<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery

Budget Template

Budget Heading	Procurement		
Savings Name	Procurement		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 3.12

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.500	0.0
2021/22	0.450	0.0
2022/23		
Total	0.950	0.0

Detailed Description of Savings Proposal

This involves reviewing all non-staffing expenditure and to ensure all expenditure conforms with procurement rules and governance procedures. There are significant opportunities to realise a saving of £0.9m by ensuring the Council becomes a much smarter buyer of services and supplies. Initiatives to deliver savings are already underway in financial year 2019-20 and those initiatives will be expected to contribute further savings in financial year 2020-21. The key areas of activity include:

Off-contract spend - This workstream is looking at suppliers to the Council that have no formal contract. Goods and services that fall into this category are to be reviewed to ensure that they are absolutely required and, if so, more formal contractual arrangements are to be put in place. Where possible spend will be shifted to alternative suppliers with existing formal framework contracts that have been demonstrated to be delivering best value. The saving will look at 22 different categories of spend. These include white goods, landscaping, fuel cards, agency, training, skips, lab supplies, scaffolding, windows, etc.

Scotland Excel contracts - As members of Scotland Excel the Council has access to 59 agreed contractual frameworks. At present the Council is only using 44 of those for purchasing goods and services. Work will take place to review the 15 contracts not currently being used to identify savings from shifting spend to those contracts. These 15 contracts include those for asbestos works, bottled gas, digital publications and services, energy advice, light and heavy plant, milk, pest control services.

Specific spend areas - A number of areas of specific spend have been identified which are felt to have the potential to deliver significant savings from new or revised contractual arrangements or from contractual rebates. Those include sourcing marine gas oil and other fuels, educational materials, Personal Protective Equipment (PPE), janitorial products, utilities and ICT.

Internal processes and compliance - The final key strand of activity aims to ensure that all staff across the Council with responsibility for contracts and procurement activity have the skill and ability to do what is required of them to ensure contracts are properly managed and procured. Training for all contract owners will be put in place to ensure all contracts are actively managed with clear accountability and reporting in place for 'key' contracts in line with best practice and recommendations from Best Value audit.

An additional saving of £0.050m is planned through efficiencies in the delivery of central procurement activity.

Work is ongoing with the Shared Procurement Service to validate the deliverability of the proposed savings.

What is the anticipated impact?

Staffing:

No impact

<i>The Service:</i>
No specific service impacts have been identified.
<i>Equality groups:</i>
No impact
<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery

Review to be fast-tracked to achieve savings as soon as possible.

We are taking all actions to maximise results and we have mainly achieved savings this year through a mixture of new contract awards, utility savings through challenging suppliers and rebates on material supply contracts.

Contract awards include supply of fuels under Scottish government framework, increased use of Scotland excel frameworks for a range of products including bottled gases, supplies for schools.

Rebates on efficient use of purchase cards, collaborative buying through YPO and others have all brought in cash rebates to the Council.

Budget Template

Budget Heading	Education and Health & Social Care		
Savings Name	Restructuring		
Current Budget (£m)	64.600	Current Staffing (FTE)	1,581

Ref. 3.13

Financial Year	Savings £m	Staff Impact FTE
2020/21	1.200	25.0
2021/22		
2022/23		
Total	1.200	25.0

Detailed Description of Savings Proposal

Part of the Council's overall restructuring will include the new Education and Health & Social Care services being redesigned and restructured under the leadership of the respective ECOs.

Eight posts have been appointed (via secondments) to support the transformation including restructure. 5fte posts are in place for Education and 3fte secondments are in place for Health & Social Care. These posts will help to deliver transformation including a new structure which will enable the delivery of savings and performance improvements.

The new structures will aim to improve performance, provide clear and direct linear management, clear financial responsibilities, empower staff and managers to develop both personally and professionally and meet customer needs within sustainable affordability.

The proposal includes a saving of £0.015m resulting from the expiry of the initiative with Sport Scotland for joint funding of Physical Education post Sport Scotland where THC funded 20% of 1fte post.

The improvements in budget management and governance of the Care & Learning budget in 19/20 not only support current year financial management but also provides a much more robust budget for 20/21 onwards. Improvements include in Workforce Planning vacancy management where the current vacancies are approximately £1.2m.

What is the anticipated impact?

Staffing:

Savings of 25 FTE will be achieved through vacancy management although with other approved staff savings to be delivered to it is possible that vacancy management alone may not deliver the combined savings. Some staff are GTC registered which means that deployment to school posts is another option to ensure a best value approach is achieved. A full engagement programme has been running since August 2019 with key staff and will continue throughout as well as lead to formal consultation involving trade unions.

The Service:

The Service has been supported by more effective financial and budget management during 19/20 and this has helped to deliver some of these savings in 20/21. Benchmarking and other analysis informs the Council that these efficiencies are achievable in such a big service area. Engagement with staff and analysis also informs that the current matrix structure in Care and Learning is highly inefficient and has not delivered improved outcomes and performance as shown in Best Value audits and national comparisons. A leaner line management structure will not only deliver substantial savings. but it will also deliver better outcomes. The Care & Learning Service has delivered in excess £11m of savings in 19/20. Furthermore, the latest revenue budget estimated outturn shows a 0.7% underspend compared to prior year overspends.

Equality groups:

Impacts will be assessed as part of the restructure process. Although the service provides core services to key disability and vulnerable groups, negative impacts are not anticipated as the focus for the restructure is not on frontline service delivery but on management structures.

Rural:

Impacts will be assessed as part of the restructure process. Potential positive impacts are anticipated as the restructure will be considered alongside the Place Based Strategy to ensure that local engagement is taken into account. It is recognised that the new structure will need to reflect the needs of the different localities and communities across the Highlands.

Socio-economic:

Impacts will be assessed as part of the restructure process. Negative impacts are not anticipated as the focus for the restructure is not on frontline service delivery but on management structures.

Potential positive impacts are anticipated and assessment and monitoring will be required to ensure that where possible, restructures contribute to addressing socio-economic inequality across all communities.

Actions, Investment, Cost and Timescale for Delivery

The restructure is a significant task – but also one that offers real opportunity to redesign services to meet customer needs and improve performance such as attainment levels. However, reflective of the magnitude of the work involved to consult, design and implement restructures, it will be into 20/21 before the restructure is complete.

Project Management is embedded within the wider Council Transformation and re-structure, which benefits from regular cross-Council scrutiny.

Budget Template

Budget Heading	Early Years		
Savings Name	Re-basing Early Years and Associated Service Budgets		
Current Budget (£m)	26.800	Current Staffing (FTE)	

Ref. 3.14

Financial Year	Savings £m	Staff Impact FTE
2020/21	1.500	0.0
2021/22		
2022/23		
Total	1.500	0.0

Detailed Description of Savings Proposal

A review of the whole early years' service across the Highland area will impact positively on the effectiveness and efficiency of the delivery of high quality early learning and childcare. This will be based upon the principle of quality, flexibility, affordability and accessibility. The review will include on doing things differently, working with third sector providers and supported childminding schemes particularly in rural areas. The review will also focus on improving key performance indicators especially those linked to outcomes and the learners' journey.

This review across the Highland area will include a review of the structure including its strategic and operational links, provide Placement management through a place-based approach, improve efficiency ratios, financial governance & provide clear financial responsibility.

Only after the review will the impacts on any staff be known but with robust financial management already in place, the Council is as well-placed to support all current staff involved in delivering ELC services. Some roles beyond those delivering services in the front-line may change and the Council will provide appropriate support & training for new roles and responsibilities in the organisation. Initial work carried out in 2019 has provided financial benefits and evidence of the Early Years operating within a best value approach. The transformation of Education which includes the work of existing staff, the Change team and the new project team has also been instrumental in assessing what is required and providing a vision for future service delivery that will deliver these savings as it operates to maximum efficiency and the right people are in place to do the right jobs when necessary or for to have the greatest impact upon outcomes.

What is the anticipated impact?

Staffing:

Budgets are re-based and a best value approach realised at a time when the service is expanding so there should be no impact upon staffing. There are some management posts that will not be needed long term and this situation must be managed in accordance with all HR Council policies and communicating effectively and respectfully with staff.

The Service:

There is no impact on frontline service delivery as a result of this proposal, it is intended for frontline delivery to be enhanced through streamlining of the structure. The proposal will further improve services and deliver on the principles of quality, flexibility, affordability and accessibility by re-basing a significant budget area within a context of maximum efficiency, impact focused service delivery; benchmarking of staffing with other local authorities and a best value approach.

Equality groups:

No impact

Appendix 5

<i>Rural:</i>
No impact
<i>Socio-economic:</i>
No impact

Actions, Investment, Cost and Timescale for Delivery

The ELC project continues and includes progress reports – service delivery and capital - to the CLH Committee. Preparations includes effective financial planning and budget management and continuing to progress Workforce Planning is important.

The ELC Expansion programme sits alongside this work and has because of the scale and tight timescales been identified as a Corporate Risk; additional governance has been set in place to ensure the re-basing best value work does not impact negatively upon the tight timelines for the delivery of the 1140 hours ie August 2020.

Budget Template

Budget Heading	HR		
Savings Name	Reduction in Mainstream Training budget		
Current Budget (£m)	0.059	Current Staffing (FTE)	

Ref. 4.1

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.020	0.0
2021/22		
2022/23		
Total	0.020	0.0

Detailed Description of Savings Proposal

Currently £59.6k for training courses in HR's mainstream training budget (10-33101-000-AH1000). It is proposed to reduce this by £20k.

What is the anticipated impact?

Staffing:

No impact

The Service:

Reduce training offered, however look to minimise impact by ensuring focused delivery to for corporate priorities.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Proposed saving can be removed from 1.4.20.

Budget Template

Budget Heading	Commercial and Efficiency Team		
Savings Name	Deletion of over provision in the staffing budget		
Current Budget (£m)	0.522	Current Staffing (FTE)	9

Ref. 4.2

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.027	0.0
2021/22		
2022/23		
Total	0.027	0.0

Detailed Description of Savings Proposal

Deletion of over provision in the staffing budget of £27k.

What is the anticipated impact?

Staffing:

No impact

The Service:

No impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Proposed saving can be removed from 1.4.20.

Budget Template

Budget Heading	Chief Executive's Office		
Savings Name	Various savings identified in the service budget		
Current Budget (£m)	4.400	Current Staffing (FTE)	

Ref. 4.3

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.064	0.0
2021/22	0.002	0.0
2022/23	0.002	0.0
Total	0.068	0.0

Detailed Description of Savings Proposal

The remainder of the savings identified in the Chief Executive's Office budget which are a combination of restructuring, additional income, and budget reductions:

- Corp Comms: Removal of LGiU subscription in 21-22 (contracted until 2021)
- Corp Comms: Increase existing advertising income target through review of advertising contract
- Members: Small reductions across a variety of budgets
- Policy Restructure following ECO appointments
- Reduce interpreters' fees budget by £5k - based on an analysis of the preceding 3 years spend and is considered to be achievable.
- Emergency planning income increase from 22-23

What is the anticipated impact?

Staffing:

No impact

The Service:

There will be minimal impact on the service provided by the Chief Executive's Office overall and, although it may result in increased workloads in a number of areas, this should be addressed as part of the wider re-organisation of the Council.

Equality groups:

No impact. The provision of interpretation services addresses the need to ensure that communication should not be a barrier for people whose first language is not English. The reduction to interpretation costs is based on monitoring costs / demand during the previous 3 years. This is considered to be achievable without any impact on the provision of support to customers and staff and will be monitored on an ongoing basis. This reduction does not apply to BSL/English interpretation and will not affect the provision of interpretation to support the Syrian Resettlement Programme.

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Most savings can be made from the beginning of the financial year, with some profiled over following 2 years

Budget Template

Budget Heading	Property		
Savings Name	Review of letting policies and FM provision		
Current Budget (£m)	3.600	Current Staffing (FTE)	129.5

Ref. 4.4

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.050	2.0
2021/22	0.050	2.0
2022/23		
Total	0.100	4.0

Detailed Description of Savings Proposal

Review of Letting Policy

Highland Council Policy on free lets was agreed by EDI in Aug 2018 (following earlier consultation with Redesign Board in Oct 2017) for Schools activities; High Life Highland lets including Active Schools; Uniformed groups (e.g. Scouts, Guides, Cadets); Community Council meetings; Highland Council Members' surgeries; Feisean (Holiday programmes only, however for 2019/20 only the Council agreed for all term time lets to also be free); Local and National Mods (current agreement with for National Mods expires after National Mod in 2020 in Inverness) and a discount of 50% was agreed for activities for under 18's, full time students and over 65s

The income from lets (estimated to be £286k in 2019/20), does not cover the cost of providing the service, estimated to be £517k (this does not include utilities, consumables or an allowance for wear and tear).

The savings proposal would be to increase income and reduce costs as follows:

- Income - All groups pay for the hire of Council premises – based on current trends the FM Service estimates that approximately £57k additional income would be generated
- Savings – HighLife Highland (HLH) at present have large block bookings or operate community facilities in a number of Highland Council establishments that the FM Service also operate community lets within. There is potential to explore and discuss a number of establishments with HLH to establish the feasibility of HLH taking control of the evening lets. Estimated saving of staffing costs of £25k.

FM Provision

The level of FM provision to Highland Primary Schools is based on school rolls and the FM hours allocated are on a banding system ranging from 3 hour per week to 37 hours per week. There are a number of smaller Secondary Schools that receive a full time FM post, however in those locations the combined primary & secondary school roll is significantly lower than the school rolls in a large number of primary schools that currently receive less FM hours. The service provided to the smaller secondary schools is now not sustainable and a review of their allocation is required to release a saving of £18k.

What is the anticipated impact?

Staffing:

Lets - will require additional dedicated Admin Support input to manage additional financial transactions as Highland Council currently has no on-line booking system.

FM Service Provision – no direct impact on staffing as employees would be redeployed to vacant posts in the service

The Service:

Appendix 5

Increased business support to facilitate additional financial transactions – i.e. increased volume of payments for school lets. Some facilities would need to close if income generated is not sufficient to pay staffing costs.
<i>Equality groups:</i>
No impact
<i>Rural:</i>
No impact
<i>Socio-economic:</i>
To be determined after lets policy review. New charges to be put in place for groups currently not paying for lets.

Actions, Investment, Cost and Timescale for Delivery
Implement 2020/21

Budget Template

Budget Heading	HR (including H&SW and L&D)		
Savings Name	Centralise Training Budgets		
Current Budget (£m)	1.800	Current Staffing (FTE)	36.91

Ref. 4.5

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.060	0.0
2021/22	0.060	0.0
2022/23		
Total	0.120	0.0

Detailed Description of Savings Proposal

Currently there is no central training budget, Service are responsible for their own training spend. Training budgets will be centralised to ensure staff training needs align with Council priorities.

What is the anticipated impact?

Staffing:

No impact

The Service:

No anticipated impact on service delivery.

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

Proposed change 2020/21

Budget Template

Budget Heading	Corporate Resources Service-wide		
Savings Name	Staffing Restructure		
Current Budget (£m)	25.411	Current Staffing (FTE)	594.9

Ref. 4.6

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.125	3.0
2021/22	0.125	3.0
2022/23		
Total	0.250	6.0

Detailed Description of Savings Proposal

Targeted restructuring/service review.

The staffing restructure will be part of the overall Council services restructure on the allocation of the Council's functions/activities to the new Executive Chief Officer remits.

Posts will be considered for redeployment where possible as part of a review of service provision which may lead to a reduction of 6 FTE posts. Any reduction will be managed through redeployment and vacancy management.

What is the anticipated impact?

Staffing:

Posts will be considered for redeployment where possible as part of a review of service provision which may lead to a reduction of 6FTE posts

The Service:

Minimal impact

Equality groups:

No impact

Rural:

No impact

Socio-economic:

No impact

Actions, Investment, Cost and Timescale for Delivery

New service structure to be developed as a matter of urgency

Budget Template

Budget Heading	Development & Infrastructure Service-wide		
Savings Name	Restructure/Vacancy Management		
Current Budget (£m)	57.574	Current Staffing (FTE)	1,116

Ref. 4.7

Financial Year	Savings £m	Staff Impact FTE
2020/21	0.300	6.0
2021/22		
2022/23		
Total	0.300	6.0

Detailed Description of Savings Proposal

The Service restructure will deliver efficiency savings from better alignment of functions and service areas, management efficiencies and delivering on the various change programme projects that relate to service delivery areas – for example, the outcomes of the engineering review.

The restructuring exercise will commence immediately under the transition and changing the council project, with the early milestone being the delivery of a revised proposal for service delivery across the three new service areas by April 2020. This will be implemented during financial year 2020/21 and the savings removed as this is rolled out.

What is the anticipated impact?

Staffing:

Staff turnover indicates the savings are possible to manage. Engagement and consultation will be set out and implemented timeously.

The Service:

Service impact will be mitigated reduced wherever possible, through new ways of working and a focus on the statutory duties that the Services are required to deliver. Staff turnover is a constant, and opportunities will be taken wherever possible, recognising that duties and responsibilities may have to change. Any changes will be communicated to Members and Trade Unions as the process progresses.

Equality groups:

Impacts are likely to be minimal but are not yet known. These will be assessed as part of the restructure process.

Rural:

Impacts are likely to be minimal but are not yet known. These will be assessed as part of the restructure process.

Socio-economic:

Impacts are likely to be minimal but are not yet known. These will be assessed as part of the restructure process.

Actions, Investment, Cost and Timescale for Delivery

Implement 2020/21

Budget Template

Budget Heading	Senior Management		
Savings Name	Review of Corporate Management Structure		
Current Budget (£m)		Current Staffing (FTE)	

Ref. 4.8

Financial Year	Savings £m	Staff Impact FTE
2020/21		
2021/22	0.500	tbc
2022/23		
Total	0.500	tbc

Detailed Description of Savings Proposal

Targeted management restructuring.

The staffing management restructure will be part of the overall Council services restructure on the appointment of the new Executive Chief Officer remits. The Transition Programme will take forward the restructure and present reports to the relevant committee.

What is the anticipated impact?

Staffing:

Impact to be determined through the Transformation Programme.

The Service:

Impact to services will be managed through the Transition Programme. This will aim to minimise any impacts and align service to improve efficiency and reduce barriers and improve collaborative working.

Equality groups:

Current impacts of the proposals are not yet known and will be assessed as part of the restructure process.

Rural:

Current impacts of the proposals are not yet known and will be assessed as part of the restructure process. It is anticipated there will be a positive impact in that ECOs have a geographical responsibility to ensure enhanced engagement and service delivery across Highland.

Socio-economic:

Current impacts of the proposals are not yet known and will be assessed as part of the restructure process.

Actions, Investment, Cost and Timescale for Delivery

Ongoing

Appendix 6

Road to Recovery – A Budget for Roads



1 Introduction

1.1 In addition to the need to replenish Reserves, improve performance and develop longer term financial planning, the Council needs to invest in change and preventative spend.

Highland has the biggest road network in the UK, with 4,000 miles of local roads, 1,000 miles of footways and 1,400 bridges. This vast network carries significant infrastructure risk and recent increasing storm damage and climate change is adding to pressures on existing budgets.

The current Roads budget has no contingency for severe weather impacts. Storms, flooding and landslips have recently had a significant impact on roads across the Highlands.

A large proportion of the Roads Revenue budget of £13.28M for winter gritting and cyclical maintenance, such as patching and gully clearance, has to be held back for dealing with urgent work necessitated by severe winter weather events.

The Roads Capital budget of just over £6M is used for resurfacing, surface dressing and bridges, based on the Road Conditions Survey. However, at least three times as much spend is required to meet the needs.



Only being able to carry out short-term temporary repairs leads to increased deterioration in the whole infrastructure and it is clear that a larger investment could prevent more damage and expensive repairs in the medium to longer term.

Storm damage to the road at Applecross in January 2020.

1.2 Roads are essential in connecting local communities and supporting the local economy. Listening to feedback from the public and from staff tells us that investment in roads is a high priority.

1.3 The additional 1.84% in Council Tax will provide a recurring £2.3M annually to invest in roads. It is proposed to use this for a combination of Capital (long term investment) and Revenue (maintenance).

£1M can be used to finance borrowing of up to £20M of Capital to be invested over the next 2 years – this would be the greatest ever single investment across Highland roads. Doing this would commit the Council to paying back £1m annually over each the next 40 years to cover the repayment of the borrowing and associated interest charges. Investing in shorter life assets, e.g. plant, will reduce the total sum able to be invested.

£1.3M would be used for essential maintenance in addition to the £1.5M additional revenue agreed in the 2019 Budget.

Depending on the final mix of projects agreed the split of the £2.3M between revenue maintenance spend and support for capital borrowing costs may vary.

2	Additional £1.3 Million Revenue
2.1	<p>An additional £1.3 M in Revenue would enable Local Area Roads teams to undertake more essential Cyclical Road Maintenance in the following areas:</p> <ul style="list-style-type: none"> • Road Patching (Pot-hole) Repairs • Drainage Works / Gully emptying • Road Marking renewal • Verge Maintenance • Bridge Maintenance • Sign Maintenance
2.2	<p>Cyclical Maintenance is essential to maintain the fabric of our roads. The budget for road patching is under particular pressure due to the impact of more extreme weather events and climate change. This includes remedial work to address landslips of which there have been four in 2019/20.</p>
3	Additional £20 Million Capital
3.1	<p>An additional £20 million in capital would enable:</p> <ul style="list-style-type: none"> • Resurfacing Programmes • Investment in Plant • Review of strategic schemes and support for active travel projects
3.2	<p>Enhanced Area road surfacing Programmes</p> <p>Funding would cover the following structural activities:</p> <ul style="list-style-type: none"> • resurfacing (overlay/inlay) • surface dressing • structural integrity <p>Schemes selected for improvement in these schemes are prioritised by Local Area Committees based on information gathered from the Scottish Road Maintenance Condition Survey, Safety Inspections and feedback from Ward Members.</p>
3.3	<p>Investment in Plant</p> <p>Improvement in the following plant would improve efficiencies in road repairs and other essential cyclical maintenance undertaken by our in-house teams:</p> <ul style="list-style-type: none"> • Hotboxes – purchase of additional hotboxes to allow the bigger operational Areas to have resources based geographically (west and east coasts) + update to current vehicle specifications to permit quick change of use. • Road Planer – Purchase of two half width road planers to assist with the repair of road surfaces (potholes, surface failure) and where edge deterioration is prevalent. • Tar Sprayer/ Surface Dressing Machine: Purchase of two additional tar sprayers to replace older vehicles would improve reliability to enable more effective and efficient delivery of Area Surface Dressing Programmes. • Gully clearing Plant to improve drainage and mitigate for flooding and surface water damage



3.4	<p>Strategic Road Improvement Schemes</p> <p>A number of strategic schemes have been deferred following a review of the Capital Programme in 2018. An increase in capital Funding gives the opportunity to review and reassess whether any of these projects can be progressed.</p>
3.5	<p>Support for Active Travel projects</p> <p>Importantly, we can use additional capital to match Sustrans active travel projects – we have schemes identified in our Active Travel Masterplans, as well as ongoing in work in locations such as Wick, Black Isle, Fort William, Grantown on Spey and Inverness. Additional resource means much more opportunity to lever in additional funds and support our climate change emergency.</p>
4	<p>Investment in our Staff</p>
4.1	<p>Additional Investment in Roads also provides an opportunity to invest more in our staff. An increase in the range and number of road improvement and maintenance schemes will enable the Council to up-skill and grow our own workforce, (retirement planning), protecting jobs, as well as providing benefits from more effective use of our technical and engineering resources. This is consistent with the work coming out of the Engineering Services review.</p>
5	<p>Next Steps</p>
5.1	<p>If the investment is agreed, specific proposals will be brought to Committee for member approval.</p>

2020/21 Council Tax Rates

Appendix 7

Band	Multiplier Factor	2019/20 Council Tax £
DBR	5/9	706.02
A	6/9	847.22
B	7/9	988.42
C	8/9	1,129.63
D	9/9	1,270.83
E	473/360	1,669.73
F	585/360	2,065.10
G	705/360	2,488.71
H	882/360	3,113.53

3% increase to balance revenue budget £	1.84% increase for roads investment £	4.84% Total increase £
21.17	12.99	34.16
25.41	15.59	41.00
29.65	18.19	47.84
33.88	20.78	54.66
38.12	23.38	61.50
50.08	30.72	80.80
61.94	38.00	99.94
74.65	45.79	120.44
93.40	57.28	150.68

2020/21 Council Tax £
740.18
888.22
1,036.26
1,184.29
1,332.33
1,750.53
2,165.04
2,609.15
3,264.21

Summary of the Administration's proposed Revenue Budget 2020/21 - 2022/23

Appendix 8

	2020/21 £m	2021/22 £m	2022/23 £m	3 Year Total £m
<i>Funding changes:</i>				
Change in Government funding (increase in 20/21)- detail below	-3.157	9.770	9.575	
<i>Cost increases:</i>				
Pay and pension increases	12.035	10.086	10.494	
Budget pressures (Appendix 2)	11.462	4.000	3.000	
VJB funding change	0.153	0.000	0.000	
<i>Administration investment priorities:</i>				
Roads investment	2.293	0.000	0.000	
Making change fund recurring	2.500	0.000	0.000	
Rebuilding balances	2.000	0.000	0.000	
<i>Offset by:</i>				
Full year funding for teachers' pensions	-1.682	0.000	0.000	
Full year benefit from reversal of 19/20 one off items	-2.781	0.000	0.000	
<i>Closing the budget gap:</i>				
Council Tax base increase	-0.711	-0.631	-0.603	
Council Tax increase - 4.84% / 3% / 3%	-6.032	-3.894	-4.050	
Savings agreed February 2019 (Appendix 3)	-4.795	-8.155	-1.000	
New savings proposals (Appendices 1 and 5)	-11.285	-3.885	-0.572	
RESIDUAL GAP	0.000	7.291	16.844	24.135
<i>Detail of funding changes:</i>				
2022/23 grant funding (estimated)			469.170	
2021/22 grant funding (estimated)		478.745	478.745	
2020/21 grant funding	488.515	488.515		
2019/20 grant funding	469.384			
Gross increase/ (decrease)	19.131	-9.770	-9.575	
Less: funding changes relating to new expenditure commitments	-14.292	0.000	0.000	
Less: funding changes relating to teachers' pension pressure	-1.682	0.000	0.000	
Total value of funding relating to new commitments	-15.974	0.000	0.000	
Change in Government funding	3.157	-9.770	-9.575	