



BUDGET AND COUNCIL TAX SETTING 2014/15

Report by Director of Finance and Corporate Resources

PURPOSE OF REPORT To seek approval of the Comhairle's budget for 2014/15, to set the Council Tax for 2014/15 and to consider the forward budget strategy.

COMPETENCE

- 1.1 The Comhairle is under a legal duty to set a balanced budget. In doing so the Comhairle must observe proper accounting practices and make arrangements which secure best value. A local authority must maintain an appropriate balance among the quality of the performance of its functions; the cost to the authority of that performance; and the cost to persons of any service provided by it for them on a wholly or partly rechargeable basis. In maintaining that balance a local authority shall have regard to efficiency, effectiveness, economy and the need to meet the equal opportunity requirements.

SUMMARY

- 2.1 2014/15 is the last year of the current three-year financial settlement for Scottish Local Government. The settlement announced in December 2013 was consistent with the indicative figures previously published and the most significant change is the additional funding associated with the Children and Young People (Scotland) Bill.
- 2.2 The Comhairle is required to indicate to the Scottish Government only if it does not intend to accept the package on offer for 2014/15. For its part the Comhairle must agree to continue the Council Tax Freeze and to maintain teacher numbers in line with pupil numbers. Since the Comhairle is committed to these aims and the alternative would be a further reduction in funding it is proposed the Comhairle accept the terms of the 2014/15 settlement.
- 2.3 In developing the 2013/14 budget the Comhairle undertook a comprehensive process, including extensive consultation, in order to identify the savings of £5.48m needed across 2013/14 and 2014/15.
- 2.4 The budget agreed on 14 February 2013 addressed this savings requirement through the use of £0.4m of balances (£2.0m over the life of term of the current the Comhairle), £0.4m of HR savings, £0.1m through the use of Housing Capital, £0.08m from energy savings, £0.1m from the introduction of an increased Council Tax for empty homes and £4.4m of budget choices.
- 2.5 The Budget Strategy is detailed in Appendix A and Sections 4, 5 and 6 of the Report and sets out how changes to a number of factors have led to variations from the original planning assumptions and consequently how the proposed budget will have a planned surplus of £41k for 2014/15.
- 2.6 Appendix B details the current status of the budget choices agreed in February 2013, including proposed variations, and it is recommended that the Comhairle confirm these for 2014/15.
- 2.7 The Comhairle's business plans and budgets have been prepared in accordance with the Single Outcome Agreement, Corporate Strategy and Budget Strategy and are included on the Agenda at Budget Items (b) and (c) respectively. These should be considered together as they set out the objectives of the Comhairle and the resources to deliver them in 2014/15.
- 2.8 Where relevant, recommended fees and charges for 2014/15 are detailed at Budget Item (d). In line with the agreed budget assumptions and unless otherwise agreed, fees and charges will rise by 2%.
- 2.9 It is recommended that, in the light of the current key financial risks, as shown in Appendix C, the level of uncommitted balances be retained at £3.0m for 2014/15.
- 2.10 The details of the 2015/16 settlement have not yet been announced and discussions on the basis of distribution are currently ongoing between COSLA and the Scottish Government. Appendix D provides an indication of the range of savings that the Comhairle could be faced with over the period 2015-18.
- 2.11 During 2013 work developing a long-term financial plan has been carried out. This draws on census figures, population projections, delivery models and cost estimates and Appendix E provides a summary of these projections.
- 2.12 It is recommended that an initial budget strategy for 2015-18 be prepared for consideration at the April 2014 series of meetings based on the outcome of the 2015/16 settlement (if known by then) and taking account of economic and demographic projections.

RECOMMENDATIONS

3.1 It is recommended that the Comhairle:

- (a) agree to accept the 2014/15 settlement offer from the Scottish Government;
- (b) agree the budget strategy for 2014/15 as set out in Appendix A to the Report and Sections 4, 5 and 6 of the Report;
- (c) confirm the budget choices for 2014/15 as detailed in Appendix B to the Report;
- (d) approve the business plans for 2014/15 at Budget Item (b) of the Agenda;
- (e) approve the draft budgets for 2014/15 at Budget Item (c) of the Agenda;
- (f) approve the recommendations for fees and charges for 2014/15 at Budget Item (d) of the Agenda;
- (g) agree to freeze the 2014/15 Council Tax at the 2007/08 level of £1,024 for Band D properties;
- (h) retain the level of uncommitted balances at £3.0m for 2014/15 and continue the policy of setting aside underspends on winter maintenance for future severe winters;
- (i) note the long term projections set out in Appendices D and E; and
- (j) agree that that a Report on the Budget Strategy for 2015-18 be presented to the April 2014 meeting of the Policy and Resources Committee.

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Appendices:

- A Budget Strategy 2013-15 (Updated)
- B Budget Choices 2013-15
- C Significant Financial Risks: February 2014
- D Actual and Projected Savings Projections 2010-18
- E Demographic Based Financial Projections 2015-23

Background Papers: Letter from Scottish Government to COSLA (13 September 2013)
Local Government Settlement 2014/15
Budget and Council Tax Setting 2013-14 (Report to Policy and Resources Committee 14 February 2013)

BUDGET STRATEGY

- 4.1 The Comhairle approved its current budget strategy in June 2012. With 2013/14 and 2014/15 being years two and three of a three-year settlement it was agreed to look at the savings required across the two years in one exercise.
- 4.2 The context for the budget was a flat cash settlement for Scottish Local Government for the three years 2012-15. The distribution of this funding means that there are variations between authorities and the Comhairle's falling share of the needs based assessments for distribution means that the floor remains a critical element of funding.
- 4.3 When the 2013/14 budget was set in February inflation (£3.2m) and grant reduction (£2.1m) accounted for the majority of the savings of £5.48m required over the two year period.
- 4.4 Changes to the planning assumptions for the 2014/15 budget that have arisen since the 2013/14 budget planning are shown in Appendix A and together these factors mean the recommended budget for 2014/15, provided the budget choices agreed in February 2013 are confirmed, will have a surplus of £41k (Appendix A).
- 4.5 The Comhairle's agreed strategy was to look at four key areas:

(i) HR Strategy

- 4.6 The savings of £250k planned for 2014/15 can be broken down as follows:
 - o £100k from reduced costs of sickness absence;
 - o £75k from a reduction in overtime;
 - o £25k will be realised in 2014/15 from prior year early retirements;
 - o £50k from reduced public holiday working.

- 4.7 These proposals have been built into departmental base budgets for 2014/15.

(ii) Asset Management

- 4.8 As can be seen from the Budget Choices, Asset Management is an important component of the options presented. Fourteen of the choices, amounting to around £0.3m, relate to asset and facility management aspects of the Comhairle's budget.

(iii) Joint Working

- 4.9 Through the Early Years and Older People Change Funds the Comhairle has made a significant commitment to Joint Working with the NHS and the benefits of this should start to be realised over the two years of this budget.
- 4.10 For this reason, though the Comhairle recognises the ongoing demographic pressure from older people, it is not proposed to allocate direct growth to care services during 2013-15.
- 4.11 However, the forward budget strategy for 2015-18 will need to consider how this can be addressed as part of the development of Integrated Health and Social Care.

(iv) Budget Choices

- 4.12 The Comhairle followed a lengthy process in seeking to identify where savings could be made through budget choices and the proposals agreed in February 2013, updated with progress and any variations are set out in Appendix B.
- 4.13 For the 2014/15 budget it is recommended that the Comhairle confirm these choices.

Budget Assumptions

- 4.14 The 2014/15 budget provides for general inflation of 2% with 2.5% for fuel related budgets.
- 4.15 The budget also assumes a 1% pay award for all staff groups. Departmental budgets have been amended to reflect shifts in the balance of pension costs.
- 4.16 The budget for 2014/15 assumes all fees and charges in the control of the Comhairle will generate 2% more revenue than in the previous year. Where this is not in line with inflation, Heads of Service must recommend how this may be best achieved in the services for which they are responsible. Specific reports in relation to Piers and Harbours and Care Charges are included at Budget Item (d) of the relevant agendas.
- 4.17 A major part of the Comhairle's expenditure is servicing debt used to finance capital projects. It is unlikely that the Comhairle will undertake any long-term borrowing in 2014/15 and it is assumed that short-term borrowing will be at a rate of 1.0%.

4.18 The table below gives an indication of the sensitivity of key budget assumptions to a 1% change.

Category of Cost	Assumption	Increase	Increased cost
	%	%	£000's
Council Tax Collection Default	1.90	1.00	103
Inflation on running costs	2.00	1.00	405
Pay Inflation teaching staff	1.00	1.00	149
Pay Inflation (non-teaching staff)	1.00	1.00	446
Non-domestic Rates Default	1.00	1.00	70

SCOTTISH GOVERNMENT AGREEMENT

- 5.1 The conditions attached to the 2014/15 settlement were set out in a letter from the Scottish Government to COSLA on 11 September 2013. In essence these were to maintain the Council Tax Freeze and to maintain teacher numbers in line with pupil numbers.
- 5.2 The consequences of not accepting the offer are significant with indications of a further grant reduction for any council that is unable to agree the terms of the settlement. However, since the Comhairle is committed to these objectives it is recommended that the offer be accepted and consequently that Council Tax rates be maintained at 2007/08 levels, with the Band D charge remaining at £1,024.

OVERALL BUDGET

- 6.1 The proposals set out in the budget papers provide the means for the Comhairle to set a budget with a surplus of £41k for 2014/15.

Change Funds

- 6.2 Within this budget provision has been made in the budget for the Comhairle's share of the Early Years and Older People Change Funds at the levels indicated by the Scottish Government.

Planned use of Balances

- 6.3 As part of the strategy for 2013-15 the Comhairle agreed to use £2m of balances (£400k per year) over the term of the Comhairle to deliver a balanced budget. The early achievement of some of the budget savings meant that £216k of this was used in 2013/14. It is proposed that the sum for 2014/15 be earmarked until the VER exercise in Education and Children's Services has been concluded since, whilst good progress has been made securing recurring revenue savings, the level of one-off costs will depend on the individuals who volunteer.

Children and Young People

- 6.4 The settlement includes an additional allocation for the Comhairle of £287k to meet the costs of implementing this Act.
- 6.5 This sum has not yet been included in the revenue estimates and the budget will be amended to include these sums once it has been approved.
- 6.6 At this stage it is anticipated that the allocation will be sufficient to meet the requirements of the Act.

Other Changes

- 6.7 A number of other minor changes including Teachers Induction Scheme £69k, National Care Home Contract £18k, Sensory Impairment £15k, Copyright for Schools £15k and Hostels Grant £9k are not yet included in the revenue estimates for 2014/15 and will also be added to the approved budget.

Free School Meals and Childcare for Two-year-olds

- 6.8 In January 2014 the Scottish Government announced proposals to provide free school meals to all primary 1 to primary 3 children from January 2015. The Government has provided a total of £13m in 2014/15 and £44m in 2015/16 to deliver this.
- 6.9 At the same time the Scottish Government also announced the introduction of childcare provision for 2-year-olds in nonworking households from August 2014. This will extend to cover 2-year-olds who meet the criteria for free school meals from August 2015.
- 6.10 This is a more complex proposal since higher pupil to staff ratios are needed for this age group and the distribution of eligible children is not readily available.

- 6.11 The Director of Finance and Corporate Resources and Director of Education and Children's Services are looking at the financial and operational consequences for the Comhairle (including any capital requirements) of both these proposals. For the purposes of the budget it is recommended that any funding received be earmarked for delivering the proposals.
- 6.12 Both these matters are due to be discussed at COSLA on 31 January 2014 and an update will be provided to the relevant committees as part of the consideration of this Report.

BALANCES

- 7.1 The current policy, agreed by the Comhairle in February 2009 and reviewed each year as part of the budget, is to hold uncommitted balances of £3.0m. In light of the financial risks to which the Comhairle is currently exposed, as set out in Appendix C, it is recommended that this be retained.
- 7.2 The Comhairle's current policy is that any underspend on Winter Maintenance be set aside for future severe winters and it is proposed the Comhairle continue with this policy.
- 7.3 Based on the latest estimates and taking account of the Comhairle decision to use £2m of balances over a five year period the Comhairle has £1.4m of uncommitted balances that it is recommended be used in a planned way as part of the forward budget strategy for 2015-18.

FORWARD STRATEGY

- 8.1 The details of the 2015/16 local government settlement have not yet been announced. Discussions on the basis of distribution are currently ongoing between COSLA and the Scottish Government and it is not yet known when they will be released. Further information may be available following the Leaders Meeting at COSLA on 31 January 2014.
- 8.2 Beyond this the outlook for public sector spending remains one of austerity. The forthcoming European elections (May 2014), Referendum (September 2014), Westminster elections (May 2015), Scottish elections (May 2016) only serve to increase the uncertainty around forward projections over this period.
- 8.3 Appendix D provides the current estimates of the savings that the Comhairle could be faced with over the period 2015-18. Key assumptions in this are pay inflation of 1%, general inflation of 2% and the maintenance of the current distribution methodology.
- 8.4 The impact of demographic change is a long-term factor that the Comhairle must take into account in its long term financial planning. Appendix E provides a summary of the potential impact of an aging population over the next decade.
- 8.5 It is recommended that an initial budget strategy for 2015-18 be prepared for consideration at the April 2014 series of meetings based on the outcome of the 2015/16 settlement (if known by then) and taking account of the economic and demographic projections.

CONCLUSIONS

- 9.1 The comprehensive budget process that the Comhairle followed before setting the 2013/14 budget highlights the value of three year settlements and medium term planning.
- 9.2 The proposals set out in this budget will enable the Comhairle to agree a budget with a surplus of £41k as part of a budget that includes a Council Tax freeze for the seventh successive year.

Summary Budget Strategy 2014-15

Heading	2013/14 Agreed £000	2014/15 Indicative £000	2014/15 Proposed £000	Changes £000
Initial Budget		111,616	111,752	136
Inflation (non pay)		995	810	(185)
Inflation (pay 1%)		590	595	5
Inflated Budget	113,873	113,202	113,157	(45)
Funding				
Council Tax	(10,150)	(10,150)	(10,274)	(124)
RSG & NNDR	(101,466)	(100,337)	(100,341)	(4)
Projected Deficit	2,257	2,715	2,542	(173)
Committed and unavoidable changes				
Local Elections in 2012	(30)	0	0	0
Landfill Tax inflator	90	90	0	(90)
Change Fund:				
Health & Social Care	0	62	62	0
Early Years	60	57	27	(30)
2013/14 Settlement				
Support for Council Tax Reduction	86	0	(86)	(86)
Governance of Police and Fire	50	0	(50)	(50)
Family Support	26	0	0	0
Blue Badge Service	6	0	0	0
Looked after Children	4	0	0	0
Free Personal Care	5	0	2	2
Draft Budget Deficit	2,554	2,924	2,497	(427)
HR Proposals	(150)	(236)	(250)	(14)
Application of Balances	(400)	0	400	400
Renewable Energy Savings	0	(80)	(80)	0
Savings from Budget Choices	(1,904)	(2,608)	(2,608)	0
Agreed / Proposed Budget (Surplus)	0	0	(41)	(41)

Environment and Protective Services Committee						
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Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C11	Reduce the Conservation Area Grant to £3,000 per property and to £1,500 per property for the painting scheme. This would apply to Stornoway, Gearrannan, Ruisgarry and Howmore. The painting scheme only affects the central area of Stornoway Conservation Area.	15	0	15	0	
C12	Delete £40k from the Local Housing Strategy budget earmarked for a Housing Condition survey in 2012/13.	40	0	40	0	
C27	Cease publication of community safety booklets, making this an online resource.	4	0	4	0	
C28	Disestablish the vacant post of Community Safety Support Officer.	22	0	22	0	
C51	Deliver the Housing Mediation Service using in house staff (rather than outsourcing).	3	0	3	0	

Education and Children's Services						
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Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C13	Reduce Directorate costs within the Education and Children's Services Department.	14	0	14	0	
C17	Reduce the training budget across all areas of the Education and Children's Services Department.	31	31	62	31	Savings in this area have been accelerated in order to meet the one-off costs associated with the staffing reductions, mostly implemented in August.
C21	Reduce number of leases for office accommodation within the Education and Children's Services Department. This would be achieved through the integration of Early Years, Extended Learning and Sandwickhill Learning Centre on the Sandwickhill campus.	30	14	30	14	
C22	The proposal relates to the whole department and includes training for a range of disciplines including schools, early years, inclusion and Children's Services some of which is mandatory to meet registration standards.	25	0	25	0	
C34	Reduce Additional Support Needs (ASN) resourcing based on audit of need in terms of teaching and/or other supports. This is no different to practice in previous years, as rolls have fallen. The current proposal represents less than 1% (0.64) of the budget for ASN.	10	10	20	10	Savings in this area have been accelerated in order to meet the one-off costs associated with the staffing reductions, mostly implemented in August.
C35	School Transport: Contract Changes. Redesigning the school bus contracts to reflect current policy. This choice removes the 3 bus contracts that service Laxdale School.	0	107	0	107	
C52	Reduce the number of cleaning staff hours in Comhairle offices.	10		10		
C53	Reduce Education and Children's Services Directorate Staffing by 1 post by redefining Learning Communities on a 2 area operational basis, i.e. 1/2/3 & 4/5. Learning Community service delivery models provide a mechanism for maximum flexibility in delivering integrated services.	0	70	41.5	70	Savings achieved earlier than anticipated.
C54	Reduce schools supplies and services budgets by 20%. This would reduce the operational budget of schools in relation to physical resources, books, paper, pencils, etc.	55	59	100	59	Again, savings in this area have been accelerated in order to meet the one-off costs associated with the staffing reductions, mostly implemented in August.
C71	Implementing the Judicial Review if the appeal is resolved in the Comhairle's favour in respect of Carloway, Seilbost and Shawbost. Investing in a new school in North Uist. Consulting on the closure of Eriskay School.	253	288	101	288	Savings of £336k have been identified on a recurring basis through VER and workforce reduction planning. However the August implementation date of such exercises to fit in with School sessions and the one-off costs of VER etc have realised cash savings of £101k in this financial year.
C72	Consulting on the designation of Lionel School as a satellite of the Nicolson Institute.	42	20	1	20	
C74	Reducing staffing in Children's Services. Within service re-design of Children and Families it is anticipated that the current vacant post (Social Worker) Education and Team Leader (Areas 2,3,4) may not be filled.	91	26	91	26	
C75	Consulting on the introduction of three school shared headships at Bernera / Uig / Breasclete and Tong / Back / Tolsta. The Comhairle operates a policy of shared headship as and when an opportunity arises. This policy was brought forward in response to the difficulty in recruiting to headships in small schools.	45	0	58	0	

Education and Children's Services

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C76	<p>Curriculum Re-design (previously E-learning)</p> <p>This choice is about curriculum re-design that will enable the matching of secondary school teachers to needs. Staffing within the 4 presenting schools exceeds the timetable requirement by 22.3 FTE.</p> <p>In addition the number of subjects offered ranges from 57 to 128.</p> <p>It is proposed to reduce the staffing within the schools to formula through a combination of the following:</p> <p>(a) Reviewing subject choices for consistency and equality with a focus on the needs and aspirations of pupils. In practice this would mean increasing subject choice in smaller schools and some reduction in the larger schools.</p> <p>(b) Establishing a common timetable for the 4 schools. In practice this will mean standard start, finish and break times as well as a standard 33 periods of 50 minutes per week.</p> <p>(c) Using e-learning to enhance choice across schools by sharing teaching resources and expertise. In practice this will be for senior pupils studying subjects where this type of learning is appropriate and particularly for small courses (1-6 pupils). Responsibility for all pupils will lie with the teacher and where appropriate pupils will be supervised by a</p>	250	750	65	750	Savings of £233k have been identified on a recurring basis through VER and workforce reduction planning. However the August implementation date of such exercises to fit in with School sessions and the one-off costs of VER etc have realised cash savings of £65k in this financial year.
C78	<p>Discontinuing the provision of itinerant teachers in primary schools.</p> <p>Primary schools would have no access to subject specialism in Art, Music and PE.</p> <p>However, they would continue to have access to Active Schools, Youth Music Initiative and instructors</p>		200	-10	200	Savings of £2k have been identified on a recurring basis through VER and workforce reduction planning. However the August implementation date of such exercises to fit in with School sessions and the one-off costs of VER etc have cost £10k in this financial year.
C80	<p>Reducing funding for Action for Children SLA by £20k.</p> <p>This will mean the return in house of aspects of service in relation to Children and Families and throughcare / aftercare.</p>	20	0	20	0	
C82	<p>Introducing the Asymmetric Week</p> <p>This budget choice revolves around freeing up one afternoon a week from teaching by extending the teaching time during the other days of the week (for example a slightly earlier start, finish or break times).</p>	0	20	0	20	

Transport and Infrastructure

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C29	Further reduce the lit-hours of street lights by one hour.	5	0	5	0	Measures implemented and savings should be made
C30	Cease to provide the Island Road Lorry Park from 1 August 2013.	6	4	6	4	Measure implemented.
C31	Reduce the provision / availability of skips and waste disposal routes at Piers and Harbours.	25	0	25	0	Measures not currently implemented due to statutory requirements for changes in waste management to be approved by MCA. Report going to November series detailing current status.
C37	Increase commercial waste charges by 10% from 1 April 2013.	65	0	65	0	Measure implemented
C38	50% reduction in availability and maintenance of pier cranes at lesser used facilities.	14	0	14	0	Measures implemented and savings on target at half year, report going to committee for November series.
C47	Reduce the maintenance and cleaning of bus shelters in rural locations.	5	0	5	0	Measures implemented and savings should be made
C48	Further increase in pier and harbour dues by 10% to be phased in over two years.	22	23	22	23	Measures implemented but increase in dues received will not be clear until October 2014 due to billing schedule with CalMac. The increase is however expected to be achieved.
C59	Reduce daily manual litter picking in Stornoway town centre from 1 April 2013.	0	25	0	25	Measure to be implemented for 2014/15
C68	Reduce the budget for apprentice training to be consistent with the current number of apprenticeships associated with the current workload.	10	0	10	0	Measures implemented and savings should be made
C70	A 25% reduction in the number of grants given to organisations to maintain public conveniences and a 25% reduction in the level of grant given to the remainder.	13	14	13	14	2013/14 measure implementent - 2014/15 action approved by Comhairle for implementation
C73	Discontinuing the Barra to Benbecula Inter Island Air Service.	148	0	148	0	Measure implemented
C77	Realising savings of £60k from community transport grants by standardising on priority services.	30	30	30	30	Measures on target. Same value to be implemented in 2013-14
C79	Reducing the Benbecula to Stornoway Inter Island Air Service to three days a week.	115	0	115	0	Measure implemented

Sustainable Development

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C10	Reduce the budget for Biodiversity awareness activities by 60%.	3	0	3	0	
C20	Finalise Comhairle commitment at the end of the current mink project and cease funding of such partnership projects in the future.	3	15	3	15	
C36	Relocate staff out of St Lennans Centre (upstairs offices) into existing Comhairle offices.	0	26	0	26	Discussions ongoing corporately, alongside the Comhairle's Asset Management process.
C44	Implement agreed changes to the Stornoway Library lease.	30	0	30	0	
C56	Increase income from events and advertising within Sport and Health. Allow the flexibility to increase the number of events at Ionad Spòrs Leòdhais by being more flexible on commercial hires (6 extra per year).	7	0	0	7	Because hire charges were so high in the past it appears it may take some time to attract events that didn't previously consider ISL as a viable venue.
C64	Undertake service redesign across Economic Development with implementation of a new structure from April 2014 and would mean the loss of up 2 Development staff.	0	72		72	Review of Economic Development and Regeneration underway with Report proposed to November 2013 Committee series identifying savings of £72k and new staff structure for implementation from April 2014.
C66	Remove the funding for Christmas Lighting.	19	0	19	0	
C69	Remove the Countryside Access project budget.	4	0	4	0	

Health and Social Care

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C14	Terminate the lease of the former community care offices in Francis St at the earliest opportunity.	0	22	0	22	Lease continuing until 2016, a corporate approach has been taken in finding alternative uses for these offices.
C23	Implement an integrated management and staffing arrangement in St Brendan's care home/hospital.	0	100	0	100	Predicted savings slipping in line with the projects capital progress.
C24	Remove the vacant part time post of Local Area Co-ordinator in Uist and Barra.	13	0	13	0	
C25	Reduce the Comhairle's contribution to Penumbra from £46k to £11k per annum.	5	5	5	5	
C26	Reduce support to Trust Housing.	0	35		35	
C45	Review opportunities to reduce/change roles and remit of vacant posts within Health and Social Care.	0	40		40	
C46	Management of sickness absence of overnight support services across all areas.	0	52		52	Redesigned service now in operation.
C57	Reduction in subsistence and travel budget of the Head of Community Care.	3	0	3	0	
C58	To lease vehicles for home care workers where significant travel is occurring.	0	30		30	
C81	Realising savings through a review of Home Care packages (including complex packages) and the introduction of a frozen meals service.	105			105	Work continuing on a meals service and integrated transport review.

Policy and Resources

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C1	Remove the budgetary provision for early retirement pension costs that are no longer required within Accountancy.	24	0	24	0	
C2	Reduce Council office costs through a reduction in building cleaning specification, energy efficiency and waste.	23	0	23	0	
C3	Reduce the grounds maintenance specification and extent of the contract.	25	0	25	0	
C4	Reduction in staffing cost across the Technical Services Department by approximately 2 posts.	33	34	33	34	
C5	Replace Microsoft Office software with Open Source alternatives.	0	15	0	15	Due to new PSN rules this has not been possible. However, savings in telephony line rental have enabled this saving to be achieved.
C6	Remove the budget for the vacant post of Systems Analyst in the Business Support Team.	0	45	0	45	
C7	Reduce the cost of Comhairle borrowing by proactive treasury management.	50	0	50	0	
C8	Reduce the staffing budget for Committee Services by removing the over provision identified in budget.	13	0	13	0	
C9	Remove the budget for the vacant post in administration within the Chief Executive's department.	13	0	13	0	
C15	Use national contracts for bulk mailing and reduce the volume of mail posted.	12	13	12	13	
C16	Use the budget for the vacant Grade B clerical post in Revenues and Benefits to support a Modern Apprentice.	11	0	11	0	
C18	Reduce Health & Safety Section budgets by 10% by reducing Project, Audit and Equipment budgets.	20	0	20	0	

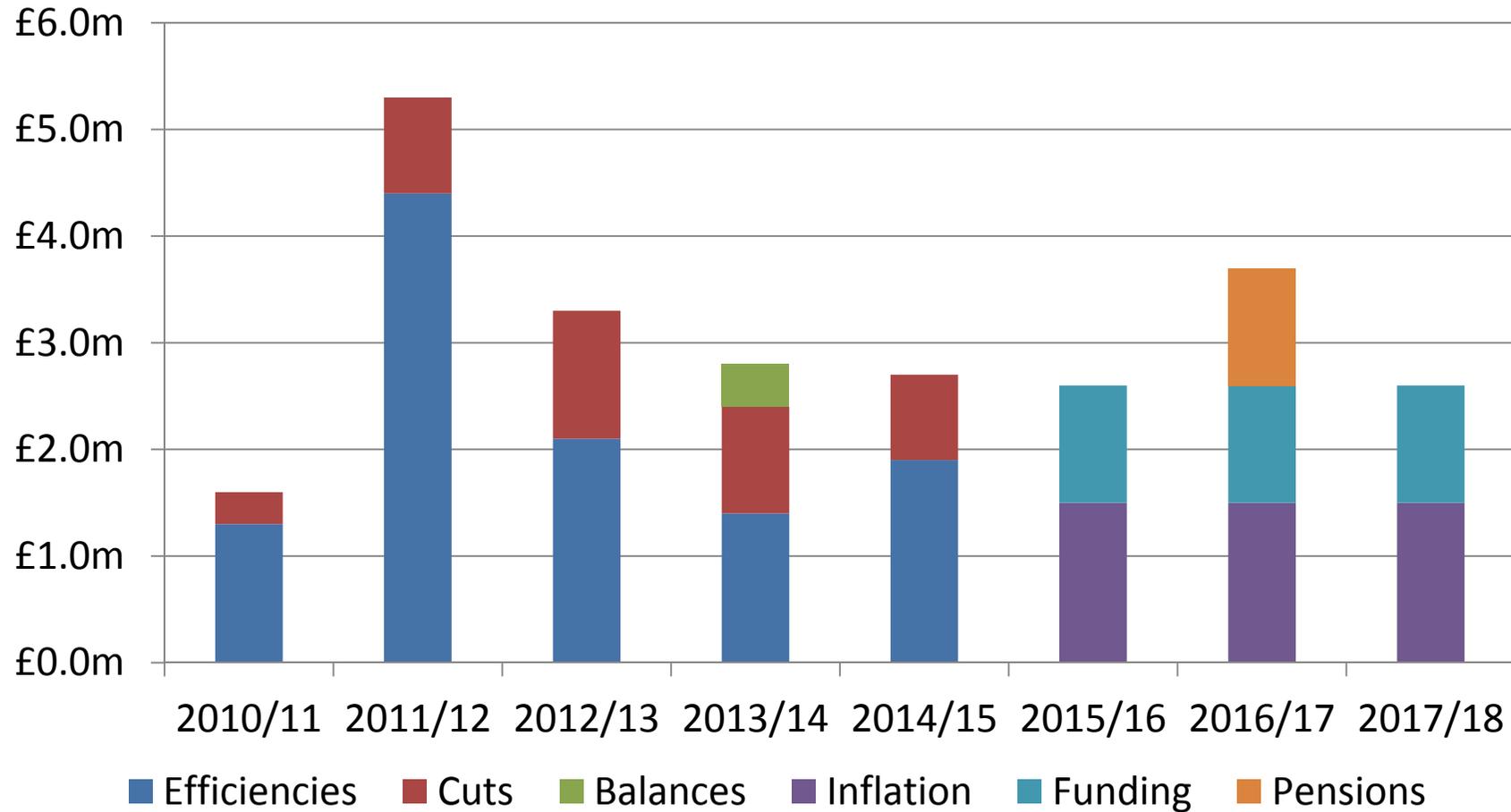
Policy and Resources

Ref	Choice	2013/14 Saving £k	2014/15 Saving £k	Predicted Savings 2013/14	Predicted Savings 2014/15	Notes
C19	Realise £7k savings from Best Value Officer reducing hours by 1 day per week.	7	0	7	0	
C32	Use staff to undertake recovery work on Council Tax and Rates to reduce amount paid to Sheriff Officers by 50%.	10	0	10	0	
C33	Reduce Legal Services operating budgets including minimum level of training to retain professional qualifications.	9		9	0	
C39	Replace standalone IT servers with a virtual setup.	0	20	0	20	
C40	Reduce the opening times of Sandwick Road council offices and the operating hours of reception.	0	7	0	7	
C41	Chief Executive's Department: reduced hours in a Devolved Services administrative post.	7	0	7	0	
C42	Reduce Chief Executive's Department staffing by circa 2 posts.	0	66	0	66	
C43	Trim Union Representation and Personnel budgets	11	0	11	0	
C49	Remove the budget for the vacant Grade D Revenues and Benefits Processing post.	11	0	11	0	
C50	Remove the budget from the reduction in staff hours within Sgioba na Gaidhlig and reduce travel, subsistence, advertising and twinning budgets. Reduce Gaelic grants budget by £13k.	24	0	24	0	
C60	Relocate Customer Services to Library and integrate with customer facing library services.	0	50	0	50	Savings of £37k have been realised from operational changes to the service. The balance of £13k will follow accommodation review.
C61	Relocate Revenues and Benefits Team, possibly as part of Customer Services integration into Stornoway Library.	0	26	0	26	
C62	Disestablish the vacant 7 hours of Senior Accountant post.	9	0	9	0	
C63	Significantly reduce the level of paid Union representation.	0	39	0	39	
C67	Change the Balivanich Council Officer service to minimum requirement.	0	21	0	21	
Totals		1,922	2,424	1,563	2,536	

Significant Financial Risks: February 2014

Service	Risk / Pressure	Added	Amended	Scale	Probability	Planned and Potential Mitigation strategies
Revenue						
Community Services	Increasing number of high cost cases (including mainland placements). Increasing proportion of elderly people.	Feb 2008	Feb 2014	£1m	Medium	Strategies to provide care on island
		Feb 2008	Feb 2013	£1m	Medium	Review of Home Care Workforce Provision in Budget for Demographic Change
Budget Choices	Implementation of Budget Choices is delayed or projected savings not realised.	Feb 2013		£1m	Medium	Performance Reporting Financial Monitoring
Waste Management	Insufficient landfill diversion leading to increased landfill tax and allowances.	Feb 2008	Feb 2013	£1m	Medium	Detailed scrutiny and monitoring. Waste Management Strategy
Inflationary Pressures	Rising energy costs and implications for energy related operations. Pay award is over 1% and exceeds budgetary provision.	Feb 2008	Feb 2013	£0.5m	High	Additional budgetary provision Energy saving measures & Carbon Management
		Feb 2010	Feb 2014	£0.6m	Low	Engagement with Trade Unions and COSLA
Financial Environment	Increase in bad debts Additional pressure on Economic Development budgets	Jun 2008	Feb 2010	£1m	Medium	Revised Debt Collection policy Payment terms applied to local suppliers improved
Severe Weather	Additional costs of Winter Maintenance and essential repairs due to damage.	Feb 2010		£1-2m	High	Revised Winter Maintenance Policy Reprioritisation of Transportation capital programme
New Capital projects	Additional revenue consequences	Feb 2008	Feb 2013	£0.5m	Low	Review of projects before expenditure committed
Welfare Reform	Impact on Clients, Housing Services, Partners, Comhairle funding and staff.	Feb 2012	Feb 2014	£1m	Low	Political engagement Planning for changes
Capital						
Programme Management	Project overspends	Feb 2008	Feb 2013	£1-3m	Medium	Review of Contract Management Improved Monitoring
Prudential borrowing	Introduction of a cap on level of borrowing	Feb 2008	Feb 2013	£15m	Low	Reduction in size of programme Introduction of Asset Management Strategy
Core & statutory	Increasing regulation in relation to Legionella, DDA, Care Commission, SEPA etc.	Feb 2008	Feb 2014	£1m	Low	Focus resources on statutory projects
Others						
Reduction in Funding	Reduction in revenue funding from 2015-18	Feb 2010	Feb 2013	£2-3m	High	Early start on long term financial planning Engage in review process through COSLA
	Reduction in capital funding from 2015-18	Feb 2010	Feb 2013	£1-3m	High	
Change in funding	Floor Mechanism	Feb 2008	Feb 2012	£16m	Medium	Engage in review process through COSLA Political engagement.
	Distribution Review	Feb 2009	Feb 2013	£?m	Medium	Maintain flexibility in use of resources.
Financial Environment	Loss of investments	Feb 2013	Feb 2014	£5-20m	Low	Effective Treasury Management
	Financial contagion leading to increased borrowing costs and further austerity	Feb 2013		£1-5m	Low	

Comhairle Savings Actual & Projected 2010-18



Projected Additional Costs of Demographic Change in the Western Isles 2015-23

