

Budget Consultation

Co-chomhairle Buidseit

August
2012



Message from Councillor Dave Fallows, Chair Finance, Housing and Resources Committee

Many of you will recall that back in 2010 we asked the public for their views on how we should make savings from our budget. These savings were required as a result of the squeeze on public sector spending following the banking collapse. The pressure to reduce public sector spending continues and we have been notified that our grant settlement in the years ahead will remain the same with no inflationary uplift - this in effect means a real terms reduction.

The assistance you gave during our budget consultation back in 2010 was invaluable. We have therefore put together a further consultation to ask for views on our budget savings ideas for the next 2 years. We need to make choices and find savings totalling £29.7m over this period, and we currently have proposals identified totalling £17.8m. The consultation seeks views on those £17.8m proposed savings, as well as how the Council might address the £11.9m gap that remains. The financial environment looks challenging even beyond these 2 years and the consultation will also assist in our longer term budget planning.

HOW TO HAVE YOUR SAY

WE ARE ASKING FOR VIEWS ON A RANGE OF BUDGET SAVINGS IDEAS

People can respond to the savings ideas in a number of ways:

- By coming along to one of our consultation events which will be taking place in locations across Highland. Details of these can be found on the Council's website:
www.highland.gov.uk/budget2012
- By downloading a response form at: www.highland.gov.uk/budget2012 and posting the form or your general comments to:
FREEPOST HC BUDGET CONSULTATION 2012
- By emailing our consultation address: budgetconsultation@highland.gov.uk
- By completing our online response form: www.highland.gov.uk/budgetquestions
- By joining the discussion on Twitter by using the hashtag: **#HCbudget**
- By commenting on our Budget Blog which can be accessed at:
www.highland.gov.uk/budget2012

We will also be asking for views from our Citizens' Panel of 2,300 residents and from meetings with partners, staff and trade unions.

**The consultation will run until
31st October 2012**

WHAT YOU TOLD US LAST TIME

In 2010, the Council agreed a package of savings for three years totalling £55m. The consultation helped us to identify where savings could be made but it also highlighted where you felt strongly that savings shouldn't be made, for example closing libraries, swimming pools and museums.

You told us that we needed to look at income generation, management costs and making the best use of our assets. We have since introduced advertising in both Council publications and the website and reduced our management costs by £1.3m. You also told us that you were happy to move to alternate weekly bin collections. We have now rolled this out across Highland, and in 2011/12 have saved £0.839m from this new approach and increased recycling. You told us that you were supportive of transferring the running of culture and leisure services to a not-for-profit organisation. We have done this, maintained services and saved approximately £1m per year from not having to pay non-domestic rates.

WHAT NEXT

Following the close of this consultation, all the comments received will be collated and analysed. The findings will be considered and firm budget proposals will be developed. Some of these proposals will be considered when The Highland Council meets in December with the remainder being considered at a meeting of the Council in February 2013. We will assess any proposals for the impact they may have on different groups within our community e.g. in terms of age, gender, disability or ethnicity. This will help us to make budget decisions fairly.

CONTEXT FOR THE BUDGET

Having agreed the budget for the current year in February 2012, the Council is now commencing budget planning for the following two financial years, 2013/14 and 2014/15. The diagram shows the gap in funding Council services from 2013. The Council has been notified of its grant settlement from Government, and as had been anticipated it is a 'flat' settlement i.e. the grant remains broadly the same over 2012/13 to 2014/15. The gap exists because there are growing needs for Council services and the Council has to meet increased costs arising from inflation.

	2013/14	2014/15	2 Year Total Gap
ESTIMATED SERVICE NEEDS	£613.0m	£620.7m	
BUDGET GAP	£11.5m	£18.2m	= £29.7m
AVAILABLE RESOURCES	£601.5m	£602.5m	

This budget consultation exercise will be used to inform budget planning for the next two years and also for longer-term budget planning.

Further information on the budget is set out at Appendix 1 on pages 17 & 18 of this document. The Council has already identified saving proposals totalling £17.8m. The purpose of this budget consultation is to seek the public's view on both the savings identified to date, and how the remaining budget gap of £11.9m could be addressed.

Details of the savings identified to date are set out later in Appendix 2 on pages 19 to 22. A number of strategic questions are also set out, which represent a range of ways in which the Council could consider savings to meet the remaining gap, and balance the budget. We are also asking you if there are any other ideas, not included in this document, that the Council should be considering.

THE SAVINGS WE NEED TO MAKE OVER THE NEXT 2 YEARS



Total savings to be made over 2 years =



Savings proposals already identified =



Savings still to be found =



WHAT WE HAVE DONE ALREADY



Over a number of years the Council has been taking steps to review how it delivers services, how it can make changes to its back office functions and management costs, and ultimately improve efficiency and deliver savings which can support frontline services.

As reported to the Council meeting on 28 June this year, it was confirmed that in 2011/12 the Council delivered £13.2m of efficiency savings, exceeding the Scottish Government's 3% target of £12.6m. Over the 7 years up to and including 2011/12, the Council has reported on £58.8m of efficiencies achieved.

This history of delivering efficiency savings has been achieved from a range of measures including: reducing staff and management costs; greater use of I.T. (Information Technology) and improving how we deliver services; reducing the number of assets we hold and the cost of running these; better procurement leading to lower costs of goods and services we buy; reducing travel and subsistence costs by greater use of video and tele-conferencing and improved energy efficiency across the Council's buildings.

PREVENTATIVE SPEND



We are also committed to an additional £3 million of 'preventative spending' each year. This means spending money on children, older adults and those struggling with deprivation – and spending the money, as far as possible, before serious problems arise rather than waiting until things go wrong. This will change the way we do things but has the potential to make a big difference improving and sustaining service delivery and reducing costs. As part of this preventative spend, we are committing an additional £1 million to support families and their children in the early years.

SAVINGS PROPOSED FOR 2013/14 - 2014/15



Within the proposed savings set out later in this document, there is a range of efficiency savings and improvements to the Council's operations. Examples of these are shown below.

	2013/14 £m	2014/15 £m
Review of staffing budgets to identify efficiencies.	1.100	0.700
Improved energy efficiency in school buildings, including a move to biomass boilers.	0.363	0.240
More efficient waste management arrangements, reducing vehicles and plant and the distance waste is transported.	0.330	-
Savings in street lighting from more energy efficient LED lanterns.	0.070	0.140
A target of 3% annual efficiency savings in the Adult Health and Social Care budget, following the integration of services with NHS Highland.	2.700	2.700
Savings from review of current ICT contract.	0.600	0.600
Further efficiency improvements from review of business support.	0.168	0.645
Savings from further review of customer services delivery arrangements including service points.	0.358	0.155
Greater use of mobile and flexible working leading to cost savings.	0.250	0.250
Savings from the procurement of goods and services.	0.120	-
Savings from improved asset management and rationalisation of offices.	0.650	0.650

These examples of efficiency savings, plus the further savings set out in Appendix 2, pages 19 to 22, represent £17.8m of savings proposals which have been identified to date, to address the budget gap in the following 2 financial years.

KEY TO USING THIS DOCUMENT

Over the next 9 pages we have set out a number of ideas that our Services have suggested to achieve some of the savings we need to make over the next 2 years. We've grouped these budget ideas and questions into four themes, these are colour coded below:

EDUCATION

WAYS OF WORKING

INFRASTRUCTURE AND RESOURCES

THE ENVIRONMENT

EDUCATION

1. SCHOOL ESTATE

We currently operate 215 schools across Highland. These schools vary considerably in size from some with a role of over 1,000 to others with less than 5 pupils. During the last consultation you told us that you would prefer us to reduce the number of schools where appropriate, rather than to reduce the overall budget of every school. We have completed reviews in Fort William and Caithness and this has led to a number of schools being combined.

1a. Which of the following is most important when considering when schools should be combined? (Rank in order of priority 1-6 where 1 is the most important and 6 the least)

- ▶ Low school rolls which can result in concerns about educational and social opportunities.
- ▶ Length of the journey to school – 30 minutes primary, 45 minutes secondary.
- ▶ Facilities available within a school.
- ▶ Capacity of the nearest alternative school.
- ▶ Condition of the buildings.
- ▶ Number of teachers within each school location to ensure appropriate peer interaction and support.

In some circumstances, if a school roll has fallen below a certain level, we have chosen to mothball schools and transfer pupils to the nearest available school. This would happen when there may be concerns about the educational or social opportunities available for pupils. The schools are not permanently closed and could re-open should there be an increase in the school roll.

1b. Would you support this approach being adopted more frequently across Highland?

We are building a new High School in Wick and have chosen to adopt an all-through (3-18) school approach which involves primary, secondary and nursery provision being located on the same campus. We believe that there are educational benefits in this model and possibilities for reducing management and administrative costs. This is not a model that will work everywhere and each location would be assessed on an individual basis.

**1c. Would you be supportive of an all-through (3-18) school approach?
If not, please tell us why.**

2. EDUCATIONAL ARRANGEMENTS

In rural areas where there can be several small schools close together, the Council has adopted a model of one head teacher overseeing 2-3 schools.

2a. Should we consider developing this approach by introducing a group school arrangement where a head teacher might manage 4-6 schools?

Pupils in primaries 1, 2 and 3 are currently in class for 22½ hours per week. Pupils in primaries 4, 5, 6 and 7 are currently in class for 25 hours per week. The maximum class contact time for teachers is 22½ hours per week and so it is necessary to employ additional teachers to cover the 2½ hours per week for pupils in primaries 4, 5, 6 and 7 which cannot be covered by their normal class teacher.

If we were to shorten the school day by 30 minutes per day for pupils in primaries 4, 5, 6 and 7, this would reduce the requirement for additional staff to cover those 2½ hours teaching per week. With no additional staff being required for these classes, a saving of £3.2m per annum could be achieved. This could be achieved by the school day starting later, finishing earlier or lengthening the morning break and lunch break.

2b. Would you be supportive of this approach being adopted in Highland?

If this was to be the approach, what is your view on where the 30 minutes each day could be found?

- ▶ School day starting later.
- ▶ School day ending earlier.
- ▶ Lengthening the morning and lunch breaks.

What would you see as being the problems with this approach?

Significant savings could be made if this approach was adopted, what alternative savings could you suggest instead?

3. PRE-SCHOOL

The Council currently operates 235 nursery units across Highland. 160 are operated by the Council, 19 private providers and 56 third sector providers. From the April 2012 school census, 33 providers, 13.9%, operated with six or fewer children. These figures include Gaelic and English medium provision, as well as centres in remote and rural areas.

3a. How can we rationalise nursery provision further?

3b. What are the models of nursery provision which might work in Highland?



WAYS OF WORKING

4. PUBLIC ACCESS TO COUNCIL SERVICES

The Council is committed to improving public access to Council services by making it easier for you to contact the Council, for example via the telephone or online. We have already saved money by changing our payment strategy to enable people to pay for Council services at Post Offices and Paypoints.

- 4a. **Would you be supportive of the Council providing more services through the Post Office or other local outlets?**
- 4b. **If we are able to increase public access in other ways would you be supportive of closing some existing Council facilities?**

The Council is considering a move to e-billing for Council Tax. Anyone paying by Direct Debit is likely to be eligible to receive their bills electronically by way of an email. However we will ensure that people that can't or do not want to participate do not have to. There are a number of advantages to this approach:

- ▶ You can view, download and print your bill at any time and the system would be interactive allowing you to view your current balance.
- ▶ We can make savings on postage and paper which will also positively impact on the environment.

- 4c. **Would you be supportive of a move to introduce e-billing?**

5. STAFFING

The Council is already implementing changes to the way we work to make us more efficient in our service delivery. For example mobile and flexible working, video/teleconferencing, reducing overall office space and desk ratios (number of staff using each desk) and centralisation of the business support function which will save £2.455m.

- 5a. **What other areas should we be considering that would assist in making us more efficient?**

51% (£309.9m) of the Council's net budget is on staff expenditure. If we were to make savings in our staffing budget this could include identifying savings from the following areas: vacancy management, review of vacant posts, flexible working arrangements and consideration of targeted reviews or restructurings in certain service areas.

- 5b. **Should the Council reduce its spending on staff and if YES how should it do this?**

A pay freeze will have been in operation for all staff for the last two years at March 2013. The UK Government is recommending a public sector pay settlement capped at 1% increase per annum for the next 2 years. However, the Council has committed to introducing the living wage of £7.20 per hour, by April 2013 at the latest, which will affect approximately 700 Council staff (approx. 230 full time equivalents) on the lowest pay grades.

- 5c. **Given that the Council is introducing the living wage for lower paid staff, should the Council support the public sector pay settlement of 1%?**

6. CARE SERVICES

The people of Highland have been telling us through the Community Care Plan consultation that they would value the opportunity for older people to remain in their own homes and be independent for as long as possible, before they might need to move into care homes. This means the Council and NHS Highland need to spend more on community services, to support people to live at home after a period in hospital, and less on residential/institutional care. This will save money in the longer term, if the overall age at which people move into residential or nursing care is delayed.

- 6a. Do you think that the Council and NHS Highland should do more to support people to live longer in their own homes and delay or prevent their admission to residential homes or hospital?**

Over the past few years, there has been a move to giving people more control over the care services they receive. This approach does not suit everybody, but some people want to have more control and choice over their care and support. Many people also say they can do this at a lower cost. At a time when savings are required, the challenge for us in giving people more control, is to balance individual choice against the need to protect existing traditional services for others.

- 6b. If people can arrange their own care at less cost than the Council, should this be encouraged?**
- 6c. Where people seek funding to make their own arrangements, what should the Council do if a traditional service is no longer affordable for the Council to run?**



7. WORKING WITH PARTNERS AND OTHER ORGANISATIONS

Working in partnership with other public organisations such as health, the police and the Post Office could help to save tax payers' money. There are already examples of this e.g. Housing and TEC Services sharing out of hours emergency services with Northern Constabulary, shared Council Service Point offices with Northern Constabulary and the Identity and Passport Service. There are also plans to join up support and back office services across NHS Highland and the Council as part of Integrated Care in the Highlands Programme.

- 7a. Should the Council be working more with public sector partners to share functions and reduce costs? If yes, please suggest potential areas/functions where joint working would lead to savings.**

The Highland Council and NHS Highland believe that management and administrative costs can be reduced through better integrated services, for example with joined up management of health, education and social work.

- 7b. Do you support this approach?**

The Council funds a number of partner organisations, such as NHS Highland, to provide services on our behalf and spends a significant amount of its money on purchasing services from external organisations. The Council is required annually to meet savings through efficiency targets set by the Government. In 2011/12, £13.2m in efficiencies was made.

- 7c. In relation to the funding that we provide to partner organisations, should we expect them to find efficiency savings of 3% on the element of their activity the Council funds?**
- 7d. In the future, when we are buying services from private or third sector organisations, should we be seeking annual efficiencies from organisations in line with the Council's efficiency targets?**

The Council provides grant or discretionary funding across all services including grants of £500 to small groups and larger amounts for community projects.

- 7e. Should the Council consider reducing all grants and discretionary funding – in line with the Council's efficiency targets?**



8. WORKING WITH COMMUNITIES

The Council is supportive of communities being empowered to do more within their local area. With this in mind the Council has established a Community Challenge Fund of £1m to explore new ways of communities delivering services instead of the Council at a local level.

8a. What additional activities could your community do to contribute to more efficient service provision?

With no increase in resources the Council must prioritise which services it provides. This means that some services which have been provided in the past may no longer be provided. In a number of areas, both within Highland and elsewhere in Scotland, communities are choosing to run their own services.

8b. Should communities be encouraged to run services for themselves with some support from the Council, where it will lead to overall savings?

8c. How can the Council help make the services which communities provide become sustainable?



INFRASTRUCTURE AND RESOURCES



9. INCOME GENERATION

The Council has been introducing a range of measures to generate income such as advertising on the Council's web pages and within Council publications.

9a. What other areas should we be exploring in order to generate income for the Council e.g. providing services to other Local Authorities or energy generation schemes?

The Council already charges for a number of services, listed below.

9b. For which of the following would you be prepared to support an increase in all, or some, of these charges above inflation to help generate additional income to maintain services?

- | | | |
|--------------------------|------------------------------|-----------------------------|
| ▶ Car parking | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| ▶ Parking permits | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| ▶ Ferry Charges | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| ▶ School lets | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| ▶ Harbour charges | Yes <input type="checkbox"/> | No <input type="checkbox"/> |
| ▶ Burials and cremations | Yes <input type="checkbox"/> | No <input type="checkbox"/> |

9c. Do you have suggestions about other areas where you would support an increase in charges?

9d. Generally, are you willing to support an increase in charges above the level of inflation?

The Council currently provides many services for which there are no charges.

- 9e. **Should people have to pay for, or make a contribution towards the following:**
- ▶ School transport – charging for concessionary places on an assessed basis.
 - ▶ Garden Aid – charging owner-occupiers in Council house areas who due to their personal circumstances are currently getting a free grass cutting service.

10. PROPERTY AND CAPITAL SPEND

There are currently over 10,000 people who have registered their need for Council and other social housing on the Highland Housing Register, however only 1,000 properties become available every year. The building of more houses is funded by the Housing Revenue Account, which is a separate budget. One impact of building more houses will be an increase in council house rents. The benefit of building more council houses and increasing home ownership would be a boost to the local economy and reduction in the number of people on the Highland Housing Register.

- 10a. **Should the Council invest in more council house building?**
10b. **Should the Council provide assistance to enable people to buy their own homes by introducing a mortgage guarantee scheme, helping home-owners meet lenders mortgage deposit requirements?**
10c. **What can the Council do to bring empty private properties back into use?**

The Council currently has a revenue budget of £602.1m and a capital budget of £87.4m. The revenue budget pays for day to day services such as education, waste, roads maintenance, social care services etc. The capital budget is spent on building projects or other infrastructure. For every £1m invested in the capital budget this will add approximately £100,000 of cost on the revenue budget to repay this debt.

- 10d. **Should we invest more in the capital budget which would help boost economic spending in the Highlands, bearing in mind that in order to spend more in this area, corresponding savings would need to be made from the revenue budget to cover this?**

11. PURCHASING SERVICES

The Council spends a significant amount of its money on purchasing services from external organisations. Over £120m of services are bought from Highland businesses each year. Most are small and medium sized businesses but some are large local providers. Over 1,200 businesses have supplied goods and services to the Council.

- 11a. **Should the Council carry out further work to determine the most efficient way to deliver services - in-house or by an external provider?**
11b. **If it is more efficient for a service to be run by an external provider, should the Council pay an external provider to deliver the service?**
11c. **What else should the Council consider in addition to contract cost when paying another provider to deliver a service e.g. local jobs, quality of service, long term sustainability, wider community benefit?**

The Council is committed to offering and promoting apprenticeships/training schemes.

- 11d. **When buying goods or services, should the Council include a requirement to offer apprenticeship/training schemes, where appropriate, in order to promote youth employment?**

When we are buying services or goods, we want to support local businesses. However, larger contracts are often more efficient and cost effective but may be more difficult for local suppliers to deliver.

- 11e. **How can we help make local businesses more able to compete for Council contracts?**

12. PRIORITISING SPEND

As outlined at the beginning of the consultation paper, the Council along with other public bodies will be receiving a 'flat' grant settlement over the next 2 years. This means that any increases in spend in particular areas of the overall budget need to be funded from elsewhere in existing budgets. Appendix 1 on pages 17 & 18 outlines what we currently spend our money on.

- 12a. Within this context, where would you like to see the Council concentrate its resources?
- 12b. In order to prioritise certain areas, funding needs to be reduced or services stopped in others. In what areas would you reduce activity/stop delivering services in order to finance your priorities?

13. PREVENTATIVE SPEND

Preventative spend is an area in which the Council is currently investing. This means that we are investing in certain service areas in order to reduce spending or stabilise costs in the longer term. An example of this approach is the Scottish Government's Change Fund which will enable health and social care partners to implement local plans for making better use of their combined resources for older people's services. A further example is that the Council is going to spend an additional £1m in Children's Services over the next 3 years. This will increase investment in the pre-five age group now to reduce the future resources required to address issues arising with teenagers and reduce our Out of Authority placements for Looked After Children. This may significantly change the way we do things but has the potential to make savings in the longer term and improve services.

- 13a. Do you have ideas on what other areas we could spend money on now that may reduce spending in the longer term?



THE ENVIRONMENT

14. ENERGY

The Council has reduced carbon emissions by 13% from 2008/09 and has avoided energy costs of £2.4m, by reducing energy use in our buildings through a range of measures including using more renewable sources e.g. biomass, wind turbines and solar panels. We have also reduced the amount of business travel and are testing new ways to make our fleet energy efficient. We also have programmes to manage water use and reduce energy use from street lighting.

14a. What else would you like to see the Council do to reduce energy?

14b. Should the Council continue to invest significantly in renewables in an effort to be at the forefront of reducing carbon emissions, supporting the growth of the renewables industry in the Highlands and reducing fuel poverty?

The Highland Council can generate income through the Government's Feed in Tariffs (FITs) and Renewable Heat Incentives (RHI's) from renewable energy installations such as wind turbines, solar panels and woodchip boilers. The Council already has a number of these schemes in place. The added benefit of generating our own energy is that it reduces energy costs and carbon emissions.

14c. Should the Council invest further in energy generation schemes?

Following the last consultation, the Council has undertaken a number of trials to reduce energy costs for street lighting. This has indicated that switching lights off overnight would be more appropriate in smaller communities with less than 150 street lights, for example Kiltarlity / Arisaig / John O'Groats. In the more populated areas energy consumption could be reduced by switching to LED lighting.

14d. Should we continue to look for reductions in cost from street lighting?

14e. To save energy would you be supportive of street lights being switched off between midnight and 6 am in smaller communities with less than 150 street lights and reducing energy costs in urban areas by switching to LED lights?



15. WASTE

The introduction of alternate weekly waste collections has provided every household, and those businesses that use our service, access to a recycling service. The new service is designed to increase recycling and reduce the quantity of waste going to landfill. Landfilling waste will be more or less banned in Scotland by the end of 2020. We currently spend around £7.5m per year disposing of waste in landfill sites out-with the Highlands and the cost of waste disposal for each household in Highland continues to increase. In 2010/11 the cost for each household was £183, and landfill tax is now £64 per tonne. Reducing the amount of waste individuals and communities produce is the best way of reducing financial and environmental costs but recycling also helps.

- 15a. What can communities do to reduce the amount of waste produced and at the same time further increase the level of recycling?
- 15b. The Council currently provides a full year green waste collection service in the urban areas. Would you be supportive of stopping the collection of green waste during the months of December to February to save £30,000 each year?
- 15c. Would you be supportive of introducing local waste treatment facilities which would see more waste treated within the Highlands? For example:
- ▶ Treatment facilities which remove recyclable waste and turns the residual waste into fuel.
 - ▶ Treatment facilities which remove recyclable waste and uses the residual waste to provide hot water and electricity.
 - ▶ Treatment facilities which remove recyclable waste and then converts the residual waste into bio-fuels.

16. ENVIRONMENTAL SERVICES

We currently spend £2.8m on ground maintenance, including grass cutting on road verges, grass cutting in parks and public spaces and the maintenance of flower beds.

- 16a. Should we reduce:
- ▶ The frequency of grass-cutting on road side verges?
 - ▶ The frequency of grass cutting in towns and villages?
 - ▶ The number of flower beds maintained?

We currently spend £3.1m on street cleaning and litter picking.

- 16b. Should we reduce the frequency of street cleaning and litter picking?
- 16c. Can communities do more to maintain their community, with support from the Council, that will lead to an overall longer term reduction in costs?

AND FINALLY

Do you have any further comments on the detailed proposals set out in Appendix 2 or any other ideas on how we can meet our budget savings?

EXPLAINING THE BUDGET



WHY IS THERE A BUDGET GAP?

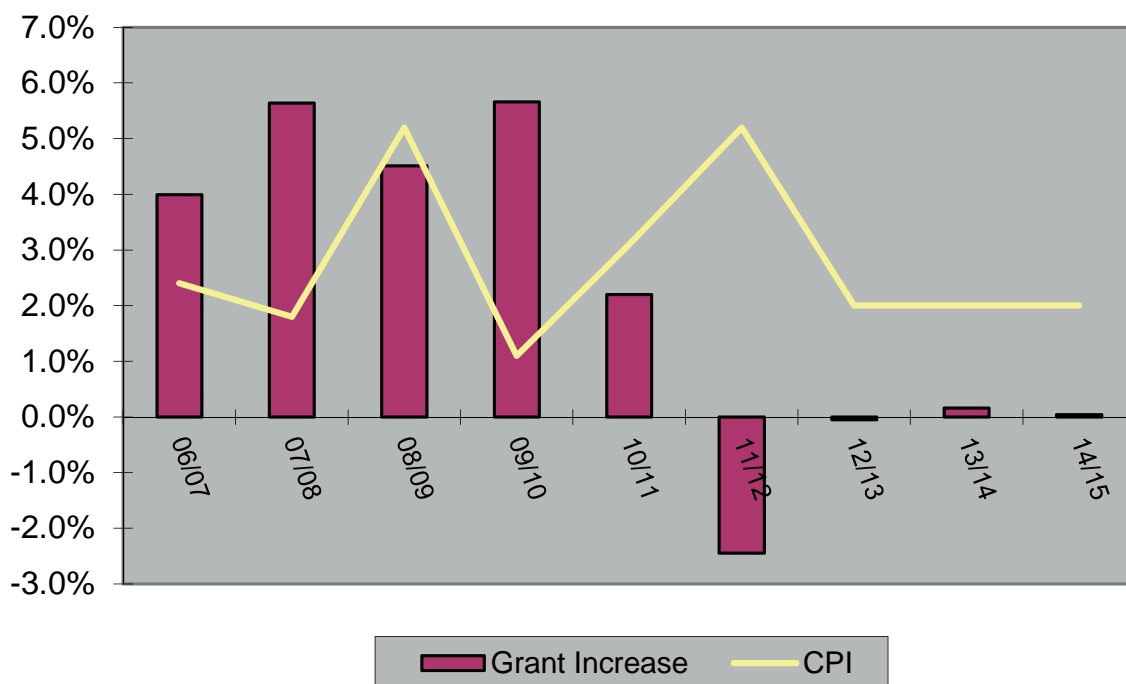


As a result of the worldwide economic crisis, there have been significant reductions in UK public sector spending to tackle the level of national debt.

Over the 3 year period 2012/13 to 2014/15, which is covered by the current grant settlement, the Council is facing a 'flat' grant settlement, with grant funding remaining broadly static over that period.

This follows on from 2011/12 where the Council saw a significant reduction in its grant. Even if inflation levels decrease to meet the Government's 2% target, the flat grant settlement leads to a gap between what the Council receives in income, and the costs of providing services.

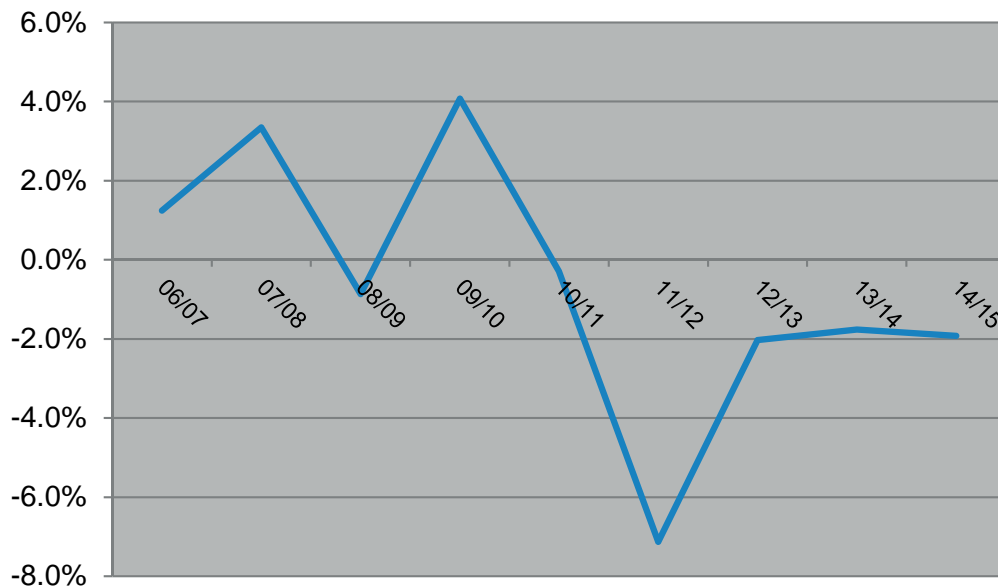
The graph below highlights this gap, comparing the grant settlement to actual mid-year Consumer Price Index (CPI) inflation measures and the Government's inflation target for future years.



While the Council's grant funding will remain broadly static, the Council's cost will increase, as a result of inflationary increases in the costs, goods and services necessary to provide services to the public.

The following graph shows the real terms reduction in grant funding over the period from 2010/11 onwards.

Real Terms Grant Funding Increase/(Decrease)



BUDGET GAP 2013/14 AND 2014/15

	2013/14 £m	2014/15 £m
Base budget for the year.	602.1	601.5
Less 2012/13 one-off expenditures.	-2.7	-
Add pay awards, inflationary costs, pay increments and employer pension contributions.	4.1	4.2
Add increased loan charges (debt repayments) to finance capital expenditure.	0.5	2.0
Add provision for budget pressures e.g. price increases, tax increases and increased demand for services.	6.0	10.0
Add provision for preventative spending.	3.0	3.0
Budget forecast for the year	613.0	620.7
Change from base budget.	10.9 2%	19.2 3%
Total Government Grant Funding.	491.0	491.2
Total Council tax income.	110.5	111.3
Total Funding available	601.5	602.5
Budget Gap (Budget forecast less total funding)	11.5	18.2
Budget Gap 2 Year Total		29.7m



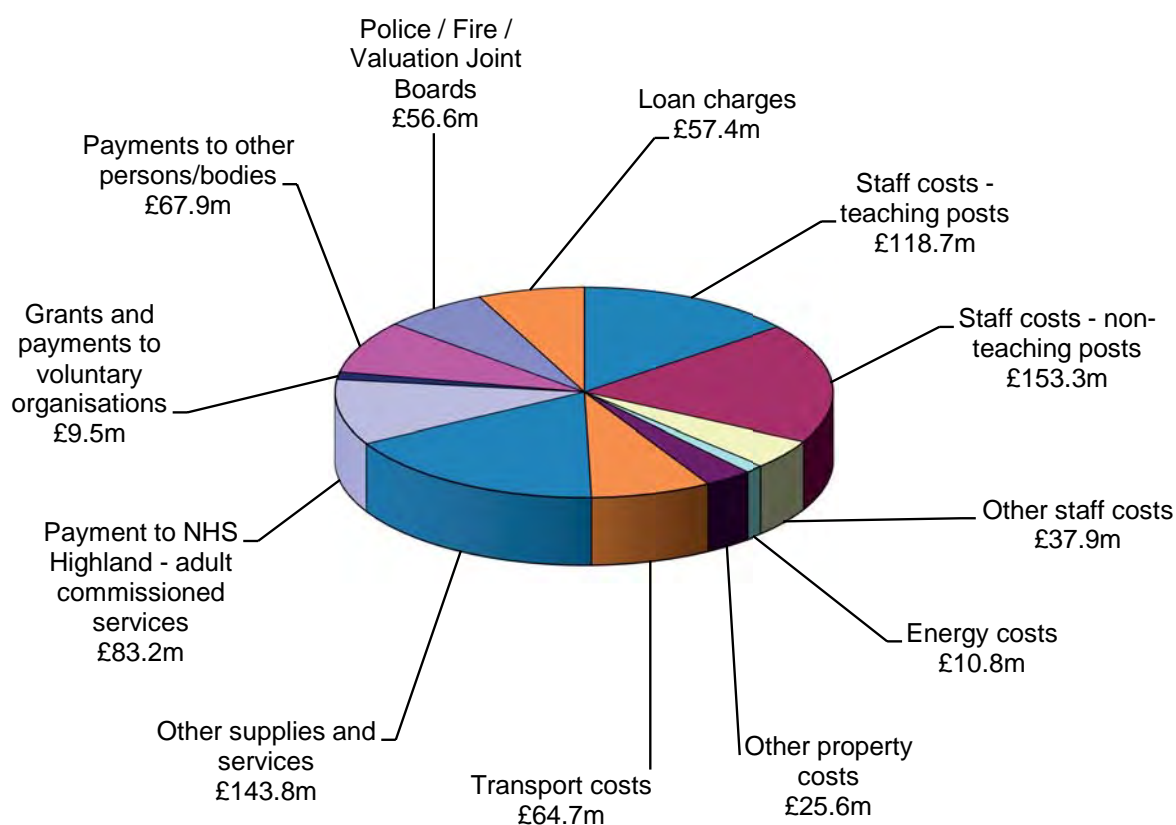
WHERE DOES THE COUNCIL SPEND ITS BUDGET?

In the current year, 2012/13, the Council has a £602m budget for General Fund Services, which is funded from Scottish Government grant (approx. 81.5%), Council tax income (18%) and use of reserves and balances (0.5%).

Analysis of how the £602m revenue budget is spent is set out on the following pages.

In addition to the General Fund revenue budget, which pays for the day to day costs of delivering services, the Council also has a capital investment budget, to pay for investments in buildings and other assets. In 2012/13, the General Fund capital budget totals £87.4m.

The Council has a separate budget for public sector housing, the Housing Revenue Account, which is primarily funded by housing rents. The 2012/13 budget amounts to £45.6m. Although this budget consultation focuses mainly on the General Fund budget, it also includes some questions relating to the Housing Revenue Account.



NOTES

The pie chart above analyses gross expenditure. When income is deducted, this results in the Council's £602m net budget.

Police and Fire will transfer to national bodies by April 2013.

APPENDIX 1



WHERE DOES THE COUNCIL SPEND ITS BUDGET?



	£m	%
CHILDREN AND EDUCATION		
Pre-school education and childcare	5.3	0.9%
Primary education	63.9	10.6%
Secondary education	74.5	12.4%
Supporting children with additional needs	21.7	3.6%
PPP schools payment	24.7	4.1%
School transport including school crossing patrols	13.3	2.2%
Catering & cleaning	9.9	1.6%
School residences	1.0	0.2%
	214.3	36%
COMMUNITY, LEARNING AND LEISURE		
High Life Highland Client and retained facilities	1.5	0.2%
High Life Highland Management Fee	14.5	2.4%
Grant & Management fees	3.5	0.6%
	19.5	3%
CHILDREN'S SOCIAL CARE		
Children & Families Social Work teams	8.0	1.3%
Disability services	3.2	0.5%
Fostering & adoption	3.4	0.6%
Looked after children (residential placements, throughcare & aftercare)	11.5	1.9%
Early years services (incl. family resources)	7.7	1.3%
Other children's social care services (incl. Youth Action Teams)	2.2	0.4%
	36.0	6%
OTHER HEALTH & SOCIAL CARE SERVICES		
Adult health & social care services commissioned from NHS Highland	83.2	13.8%
Retained adult health & social care services	3.0	0.5%
Learning disability services	4.4	0.7%
Other health & social care services (incl. mental health, criminal justice, drug/alcohol misuse services, management & administration)	2.3	0.4%
	92.9	15%
POLICE, FIRE AND VALUATION		
Payment to Police Board/Northern Constabulary	39.5	6.6%
Payment to Fire Board/H&I Fire and Rescue Service	14.8	2.5%
Payment to Valuation Board/Assessors	2.4	0.4%
	56.7	9%

Continued over...

	£m	%
REPAYMENT OF BORROWING		
Repayment of borrowing incurred to fund capital investment	57.4	9.5%
	57.4	10%
ROADS AND TRANSPORT		
Roads maintenance - road and footpath repairs	12.9	2.1%
Winter maintenance - salting and snow clearing	4.7	0.8%
Street lighting and traffic lights	2.9	0.5%
Subsidies for public transport and concessionary fares	4.4	0.7%
Car Parks	-0.5	-0.1%
Watercourse maintenance	0.7	0.1%
Harbours - management and maintenance	-1.4	-0.2%
Emergency Planning and Business Continuity	0.2	0.0%
	23.9	4%
ENVIRONMENTAL AND COMMUNITY SERVICES		
Recycling	8.9	1.5%
Residual waste collection	4.6	0.8%
Waste disposal	11.3	1.9%
Street cleaning and litter collection	3.1	0.5%
Ground maintenance - grass cutting/flower beds/play areas	2.8	0.5%
Public toilets - cleaning and servicing	1.3	0.2%
Burials and cremations	1.1	0.2%
Environmental health	2.0	0.3%
Trading standards	0.8	0.1%
	35.9	6%
OTHER COUNCIL SERVICES		
Planning and building standards (cost £4.1m, fees £3.5m)	0.6	0.1%
Economic development (including Business Gateway, Tourism)	4.3	0.7%
Countryside rangers, heritage and natural resources	2.3	0.4%
Other planning and development services	0.8	0.1%
Service points, service centre and registrars	2.0	0.3%
Computer, communications and technology contract	12.1	2.0%
Chief Executive, HR, support and other corporate services	2.8	0.5%
Area and Ward management including £1.5m discretionary budget	3.0	0.5%
Committee services, legal, elections	1.3	0.2%
Members costs; salaries and expenses	2.2	0.4%
Property maintenance (Council properties)	5.0	0.8%
Commercial and industrial property (costs and income)	-1.9	-0.3%
Homelessness	3.2	0.5%
Other housing services (including community safety, Public Sector Housing Grant)	2.1	0.3%
Property services	2.7	0.5%
Council tax, cash and rates collection, benefits service	2.5	0.4%
Other finance services (including payroll, accounting, audit, procurement)	3.8	0.6%
Centralised business support services	7.2	1.2%
Affordable housing contribution from council tax	2.6	0.4%
Contingency budget	4.2	0.7%
Other miscellaneous budgets	2.7	0.4%
	65.5	11%
TOTAL	602.1	100.0%

APPENDIX 2



TOTAL SAVINGS IDENTIFIED TO DATE

GRAND TOTAL (ROUNDED £m)	Indicative Savings	
	2013/14 £m	2014/15 £m
	9.1	8.7

CORPORATE

Ref: Corp	Activity: All Services	Indicative Savings	
		2013/14 £m	2014/15 m
Can we review current staffing budgets to identify efficiencies? Actions to include identifying savings from following areas: vacancy management, review of vacant posts, flexible working arrangements and consideration of targeted reviews or restructurings in certain service areas.			
		1.100	0.700
TOTAL		1.100	0.700

TRANSPORT, ENVIRONMENTAL AND COMMUNITY SERVICES (TECS)

Ref: TECS/1	Activity: Waste Management	Indicative Savings	
		2013/14 £m	2014/15 £m
Rationalisation of the number of vehicles and plant to deliver the waste management service.			
		0.080	0.000
Ref: TECS/2 Activity: Waste Management			
Rather than transport waste from Skye to landfill sites outwith the Highlands, can we transfer the residual waste from Skye to the Seater landfill site in Caithness to reduce costs?			
		0.050	0.000
Ref: TECS/3 Activity: Waste Management			
Rather than transport waste from Ross and Cromarty to landfill sites outwith the Highlands, can we transfer the residual waste from Ross and Cromarty to the Seater landfill site in Caithness to reduce costs. (Note: this will require planning permission for an existing waste transfer facility near Invergordon.)			
		0.200	0.000
Ref: TECS/5 Activity: Transport and Infrastructure			
Reduce Energy costs for street lighting by replacing existing lanterns with LED lights. Requires capital investment of £2m per annum to replace 6,000 lighting units per year. Revenue (electricity) saving from 6,000 units = £140k.			
		0.070	0.140
TOTAL		0.400	0.140

EDUCATION, CULTURE AND SPORT

		Indicative Savings	
		2013/14 £m	2014/15 £m
Ref: ECS/2&3	Activity: Primary & Secondary Devolved Utilities - positive impact of bio-mass boilers and improved efficiency of existing heating systems, leading to lower energy costs.	0.363	0.240
Ref: ECS/7	Activity: Schools General Instrumental Tuition - 10% saving over 2 years through operational efficiencies and changes, including a measure of charging for services currently not charged, e.g. instrument hire and repair. Overall service provision not reduced. Increase income target by 2.5% from April 2013 and a further 2.5% from April 2014.	0.093	0.049
Ref: ECS/41	Activity: High Life Highland Target of 3% p.a. efficiency for High Life Highland funding arrangement.	0.400	0.400
Ref: ECS/25	Activity: Absence Management Absence management.	0.050	0.057
Ref: ECS/14	Activity: Vehicles Review all vehicles and plan replacement schedule based on out-right purchase via Capital.	0.080	0.080
Ref: ECS/16	Activity: School Lets Review current pattern of lets and charging regime with a view to reducing costs, including janitorial overtime, and increasing income.	0.100	0.050
TOTAL		1.086	0.876

HEALTH AND SOCIAL CARE

		Indicative Savings	
		2013/14 £m	2014/15 £m
Ref: H&SC/1	Activity: Health and Social Care - Adults 3% p.a. efficiency target for Health and Social Care Services for adults, in line with Scottish Government efficiency targets.	2.700	2.700
TOTAL		2.700	2.700

HOUSING AND PROPERTY

		Indicative Savings	
		2013/14 £m	2014/15 £m
Ref: H&P/3	Activity: Building Maintenance Building Maintenance savings on increased productivity on non-housing work.	0.015	0.015
Ref: H&P/10	Activity: Various Targeted efficiency reviews.	0.030	0.030
Ref: H&P/11	Activity: Various Project to identify and remove budget lines previously unspent.	0.030	0.030

Ref: H&P/18	Activity: Property Reduce spend on design consultants - net saving from increasing in-house resource.	0.000	0.100
Ref: H&P/9	Activity: Various Project to identify and save staff time spent on provision of non-essential services.	0.010	0.010
Ref: H&P/13,19,20	Activity: Non Council Housing Support Redesign of homeless services which looks at alternative methods of provision.	0.020	0.060
Ref: H&P/15	Activity: Non Council Housing Support Reduce spend on B&B accomodation through homelessness prevention work and from retendering.	0.175	0.175
TOTAL		0.280	0.420

FINANCE

		Indicative Savings	
		2013/14 £m	2014/15 £m
Ref: FIN/8	Activity: Business Support Efficiency savings across a range of administration budget headings.	0.015	0.010
Ref: FIN/12	Activity: Exchequer & Revenues Software savings following introduction of Corporate Arrears Recovery system (Excludes cost of investment - spend to save proposal).	0.075	0.000
Ref: FIN/17	Activity: All Services Further review of structures, performance and key outcomes to deliver additional efficiency savings.	0.000	0.335
TOTAL		0.090	0.345

CHIEF EXECUTIVE'S

		Indicative Savings	
		2013/14 £m	2014/15 £m
Ref: CEX/5	Activity: ICT Services Review current contractual obligations with ICT service providers to identify opportunities for further cost reductions and efficiency savings.	0.600	0.600
Ref: CEX/9	Activity: Policy & Performance Review budgets to identify further reductions inc. reduced costs associated with staffing, publicity, consultancy and under used grants.	0.118	0.118
Ref: CEX/1-4 & 14	Activity: Members and Democratic Process Savings in budgets to support members and democratic processes.	0.115	0.055
Ref: CEX/8	Activity: Service Reviews Identify areas for further savings across CEX Service.	0.000	0.075

Ref: CEX/12 **Activity:** Personnel
Remove budget for lunches at staff training (keep cost of training at current level) and, in year two, reduce staffing through vacancy management and reduce Occupational Health budget.

0.025 0.070

TOTAL 0.858 0.918

PLANNING AND DEVELOPMENT

Indicative Savings
2013/14 £m 2014/15 £m

Ref: P&D/2 **Activity:** Economy & Development
Efficiencies gained through re-negotiation of new Business Gateway contract.

0.034 0.034

Ref: P&D/8 **Activity:** Employability Services
5% efficiency savings from central Employability Services budget.

0.000 0.034

TOTAL 0.034 0.068

CORPORATE IMPROVEMENT PROGRAMME

Indicative Savings
2013/14 £m 2014/15 £m

Ref: CIP/BS **Activity:** Business Support
Delivery of efficiency improvements through further review of business support arrangements.

0.168 0.645

Ref: CIP/CE&A **Activity:** Customer Engagement and Assessment
Further review of delivery of customer services.

0.358 0.155

Ref: CIP/MFW **Activity:** Mobile and Flexible Working
Greater use of mobile and flexible working, leading to reduction in staff travel and subsistence costs.

0.250 0.250

Ref: CIP/IG **Activity:** Income Generation
Target to generate additional income, through increasing existing charges, introducing new charges, and identifying new income opportunities such as income from renewables and advertising and sponsorship.

0.988 0.792

Ref: CIP/PINS **Activity:** Public Information Notices (PINs)
Project to reduce spend on PINs through review of existing arrangements.

0.030 0.000

Ref: CIP/Proc **Activity:** Procurement
Savings achieved from the procurement of goods and services.

0.120 tbc

Ref: CIP/AM **Activity:** Asset Management
Savings from office rationalisations, including additional property related renewables income, and capital receipts.

0.650 0.650

TOTAL 2.564 2.492

GRAND TOTAL 9.112 8.659
GRAND TOTAL (ROUNDED £m) 9.1 8.7

NOTES

HOW TO HAVE YOUR SAY



THANK YOU

For taking the time to respond to our budget consultation.

REMEMBER

You can respond to the savings ideas in a number of ways:

- By coming along to one of our consultation events which will be taking place in locations across Highland. Details of these can be found on the Council's website: www.highland.gov.uk/budget2012
- By downloading a response form at: www.highland.gov.uk/budget2012 and posting the form or your general comments to:
FREPOST HC BUDGET CONSULTATION 2012
- By emailing our consultation address: budgetconsultation@highland.gov.uk
- By completing our online response form: www.highland.gov.uk/budgetquestions
- By joining the discussion on Twitter by using the hashtag: **#HCbudget**
- By commenting on our Budget Blog which can be accessed at:
www.highland.gov.uk/budget2012

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