

ABERDEEN CITY COUNCIL

COMMITTEE	City Growth & Resources
DATE	5 December 2019
EXEMPT	No
CONFIDENTIAL	No
REPORT TITLE	General Fund Budget Options for 2020/21 to 2024/25
REPORT NUMBER	RES/19/462
DIRECTOR	Steven Whyte
CHIEF OFFICER	Jonathan Belford
REPORT AUTHOR	Jonathan Belford
TERMS OF REFERENCE	Purpose 1 and 2

1. PURPOSE OF REPORT

- 1.1 This report provides information on the budget for 2020/21 by setting out the high-level overview of the work carried out and the service redesign proposals that could address the financial forecasts. This report specifically refers to the Council's General Fund.

2. RECOMMENDATION(S)

It is recommended that the Committee:

- 2.1 Note the financial modelling that has been updated for 2020/21 to 2023/24;
- 2.2 Note the wide range of anticipated demands that will place pressure on the Council's General Fund Revenue Budget;
- 2.3 Note the existing General Fund Capital Programme and anticipated investment profile that has been updated with the latest information; and
- 2.4 Instruct the Chief Executive to report back to the Council on 3 March 2020 with budget options for 2020/21, together with Equalities and Human Rights Impact Assessments (EHRIsAs).

3. BACKGROUND

CURRENT CONTEXT

- 3.1 The Committee decided at its meeting of 31 July 2019 that a report was to be prepared on the indicative budget options for 2020/21, and that this would be considered by the Committee at its meeting on 26 November 2019, which was subsequently changed to 5 December 2019.
- 3.2 This report is presented to the Committee, part way through the process of preparing for the Budget Meeting on 3 March 2020. It summarises the progress made by officers to shift the approach to budget setting to one that is founded on a commissioning approach and describes assumptions and judgements that have been made.

- 3.3 The Scottish Budget was due to be announced on 12 December 2019, which would have provided our financial settlement enabling the Council to prepare detailed budget papers. The General Election has prevented both governments from publishing their spending plans. It is unclear when the Scottish Budget will be presented to Parliament. The Scottish Parliament's Finance and Constitution Committee has expressed a preference that the Scottish Government defer the publication of a Scottish budget until the UK Government has published its budget. It means that the Council should expect to receive greater clarity on the funding for next year at a much later point than usual, with the assumption that a single year settlement is most likely.
- 3.4 In light of the budget uncertainty, in order to enable progress to be made in the development of the council's budget, an assumption has had to be made for the anticipated funding level from Scottish Government for 2020/21. A reasonable assumption of a 'flat cash' settlement has been made, mirroring the working assumptions of COSLA. In the event that the assumption has to be revisited following the publication of the Scottish Government's budget, officers will revise the current council budget options to either propose changes to commissioned services and or changes to the level of service standard at which these will be delivered.

REVENUE INVESTMENT

Medium Term Financial Model

- 3.5 The Council was presented with a 5-year financial model at its Budget Meeting on 5 March 2019. Several assumptions were made in the financial model that need to be updated.
- 3.6 This includes Scottish Government Funding, pay and price inflation, statutory duties, local and national policy changes, and based on the Commissioning led approach described above there was a need to update the financial model to take account of anticipated demand, to forecast how costs and income might change as a result of demand.
- 3.7 The financial model, based on latest assumptions is shown below:

	Budget 2019/20	Forecast 2020/21	Forecast 2021/22	Forecast 2022/23	Forecast 2023/24
	£'000	£'000	£'000	£'000	£'000
Staff	296,327	309,392	322,070	336,053	348,591
Assets	52,589	53,994	55,499	57,122	58,728
Spend	392,316	411,943	425,942	438,445	449,793
Capital Financing	42,078	46,622	55,592	60,401	60,489
Service Income	(332,118)	(332,259)	(331,897)	(331,540)	(331,181)
Net Expenditure	451,192	489,692	527,207	560,481	586,420
Scottish Government/NDR	(328,676)	(328,298)	(321,850)	(318,497)	(315,175)
Council Tax	(122,516)	(123,496)	(125,340)	(126,765)	(127,388)
Funding	(451,192)	(451,794)	(447,190)	(445,262)	(442,562)
Net Impact on General Fund	0	37,898	80,017	115,219	143,858

- 3.8 Further detail of the assumptions are shown in Appendix 1 and a graphical representation of the funding gap is contained in Appendix 2.

Our Commissioning Led Approach to Financial Planning (Budget)

- 3.9 The Strategic Commissioning Committee (COM 18/292) initially approved the Council's approach to outcome based commissioning in November 2018. Building on this, the Committee subsequently (COM/19/329) reviewed the implementation of the approach and approved a joint strategic commissioning approach for both the Council and Aberdeen Integration Joint Board in August 2019. This approved strategic commissioning approach provides the basis for the development of the Council's planning and budgeting.
- 3.10 Strategic commissioning includes assessing and forecasting needs; linking investment to agreed outcomes; considering options; planning the nature, range and quality of future services; and putting these services in place. For Aberdeen City Council, this is reflected in the key elements of a commissioning led approach to planning and budgeting, shown in the figure below.



- 3.11 Adopting this commissioning led cycle ensures that:
- agreed outcomes, and the strategies for delivering those outcomes, are addressing the needs of the city; (**Population Needs Assessment (PNA)**, **Local Outcomes Improvement Plan (LOIP)**, **Strategies**)
 - annual planning and commissioning intentions focus on implementing our strategic priorities; (**Council Delivery Plan**, **Commissioning Intentions**)
 - the agreed levels of service to be delivered are affordable and reflect the demand for those services; (**Service Standards**)
 - a balanced budget is set which aligns to those commissioning intentions and service standards (**Budget**)
- 3.12 Further detail on building the whole commissioning led approach will be included in the Council Budget and Council Delivery Plan reports to be considered 3 March 2020. This will include information on commissioning intentions and service standards.

Data Led Analysis of Services and Service Design

3.13 In line with the strategic commissioning approach, the 2020/21 planning and budgeting process began in early 2019/20 with a data led, service by service analysis of service demand; statutory duties; workforce; digital transformation; contracts; assets and fees & charges. This has provided the basis for designing the services for 2020 onwards which will most effectively deliver improved outcomes.

3.14 *Demand Management* - A common approach has been taken to the analysis of demand. This approach has provided a model to classify the nature of demand; gain a greater understanding of how to meet that demand differently; and reduce future demand upon services. This will result in a shift away from responsive “negative” demand to planned “value” demand.

3.15 The following classification of demand has been adopted:

1. *Value Demand* - these are the demands we want customers to place on the system. These prevent future negative demand through earlier intervention.

2. *Negative Demand* - turning off negative demand has an immediate impact on our capacity and resources. Negative demand is further subdivided into:

Failure demand	- Demand from service failure or poor design
Avoidable demand	- Demand arising from behaviours that can be influenced or changed
Excess demand	- Providing a higher level of service than is needed to meet demand
Co-dependent demand	- Demand unintentionally reinforced and entrenched by service dependence
Preventable demand	- Demand which could have been prevented by intervening earlier

3.16 Each of the Council’s service have undertaken this demand analysis and it has underpinned the design of services for 2020/21 and beyond, which will reduce negative demand and include the identification of related options for reducing cost to ensure the services to be commissioned and the level/standards at which these are delivered are affordable within available resources. A high-level summary of the service redesign options being developed are contained in Appendix 2.

3.17 Where service redesign has resulted in a need to amend existing staff structures, within the Council’s functional structure, these have been developed into business cases for consultation both informally and formally according to our usual procedures and in accordance with our legal obligations to consult with staff and trade unions which will continue following this Committee . These business cases may reference, but would not assume the outcome of, any changes that require Full Council approval through the budget setting process.

CAPITAL INVESTMENT – GENERAL FUND

3.18 The Council has been delivering against the Strategic Infrastructure Plan over recent years and this is now nearing completion with the majority of

projects either underway or completed. Appendix 3 to this report shows the current projected profile of spend based on where various contracts are and how expenditure patterns are being incurred.

3.19 The Appendix is broken down into different sections for ease of understanding. It should be noted that in general expenditure is committed to the majority of projects, with the following exceptions:

- Partially Legally Committed Projects. These are projects where part of the budget has been legally committed but there would be scope to potentially reduce expenditure.
- Projects with an indicative Budget. These are projects which have not yet been legally entered into, nor has the procurement exercise been completed. Hence, the figures provided are indicative costs until such time as market pricing has been received.

3.20 Contained within the current programme are items that the committee should be aware of at this time, these will be developed further for the Budget report in March:

Current Programme Developments:

Fleet Replacement – consideration of ‘net zero’ policy commitments and impact on the Council.

Berryden Corridor – Consultation has now commenced on this project which will then allow planning and, if necessary, a public enquiry to be completed. Final design and updated cost estimates will have to be updated to reflect the outcome.

Replacement Primary Schools – design work has to be completed, and after procurement processes a final cost estimate can then be provided which will reflect the actual market cost.

Safety and Security Measures – includes CCTV works and co-location opportunities, where the intention is to share costs with interested partners.

Temporary Mortuary – a separate report on the agenda for today’s committee looks to convert this into a budget to develop a Full Business Case for a permanent facility as the temporary facility Outline Business Case indicates a similar time frame for delivering a permanent solution, representing better value for money.

Referrals to the Budget Process:

3.21 Projects that have yet to secure funding in the programme, but which have a committee support include.

- St. Peter’s School – referred to the budget process by way of report number RES/19/339 from the Education Operational Deliver Committee (17/09/19);
- Tullos Depot, Salt Store – referred to the budget process by way of report number RES/19/301 from the City Growth & Resources Committee (26/09/19)

3.22 Cost estimates for these projects will be available for the final budget report.

- Capital Investment to achieve Revenue Savings:
- 3.23 Service Redesign referred to in Appendix 2, particularly in relation to future years, will rely on capital investment (and rationalisation of property assets) to deliver future savings. These proposals continue to be explored and work is continuing to allow detail to be provided in the Budget report in March 2020.

- Additional Capital Investment:
- 3.24 Similar to the connection between savings and investment, additional detail is expected to be provided in March 2020 on the following areas of capital investment.
- Replacement Computer Hardware – potential for a rolling programme.
 - Queen Street Development – a separate report is on this agenda.
 - Developers Obligations – impact of obligations where a proportion of funding is provided by developers.

DEVOLUTION OF FISCAL POWERS TO LOCAL GOVERNMENT

- 3.25 The Scottish Government has proposed to allow Councils to introduce a number of levies, including Transient Visitor Levy (TVL); Workplace Parking Levy (WPL); and Infrastructure Levy.
- 3.26 The Scottish Government is currently consulting on the development of a TVL, the deadline for the formal consultation is 2 December 2019.
- 3.27 It is expected that a Bill on a levy will be laid out to Parliament before the summer 2020 recess which should pass through the Scottish Parliament in 2020/21. This means that the earliest the powers could be available to Councils is summer 2021, subject to any provisions in the Bill. A further update will be provided to the Council in March 2020 in relation to the implications for future year budgets (i.e. beyond financial year 2020/21).
- 3.28 The Scottish Parliament passed the WPL as part of the Transport (Scotland) Bill, which gained Royal Assent on 15 November 2019. This gives local authorities the power to introduce a WPL for all or part of their area and the money raised must be used for transport purposes. A statutory process will need to be followed with further detail likely to emerge in regulations from Scottish Ministers. The implications of the WPL are therefore not expected to be applicable to the next financial year and officers will track the progress of regulations to inform financial planning.
- 3.29 The Planning Act (2019) grants enabling powers to the Scottish ministers to make regulations for an infrastructure levy which would be operated by the planning authorities. However, it is silent about how the levy would work in practice and further regulation would have to be set before the power could be used. Officers will continue to look at what this Levy might mean for future budgets.

4. FINANCIAL IMPLICATIONS

- 4.1 The report sets out the financial implications of the financial situation that faces the Council and describes the actions being taken ahead of the Council's Budget Meeting, 3 March 2020.

5. LEGAL IMPLICATIONS

- 5.1 The Local Government Finance Act 1992 requires the Council to set its Council Tax for the next financial year before 11 March each year. This report assist setting out the current position and action being taken to achieve a balanced budget being approved and the Council Tax being approved at the meeting on 3 March 2020.
- 5.2 The Act provides that the amount set shall be sufficient to meet total estimated expenditure. This means that having taking account of expenditure, agreed savings and income from other sources, the level of Council Tax must ensure that a balanced budget is set by the Council.
- 5.3 The Council has a legal obligation to comply with the public sector equality duty and the Fairer Scotland duty. While preliminary impact assessments have been carried out, further work will be required to ensure the Council complies with these duties.

6. MANAGEMENT OF RISK

	Risk	Low (L), Medium (M), High (H)	Mitigation
Financial	Assumptions and judgements used for budget model and options are very different from what the Council faces in 2020/21 leading to additional action having to be taken during the year.	M	The latest and most up to date information has been used to calculate and shape the budget model and will continue to be refined in advance of the Budget Report being prepared.
	Poor financial sustainability	M	Process in place for regular updates of medium-term financial position including recognition of potential future liabilities
	Poor management of large and complex budgets.	L	Regular review of financial information by services and corporately by Elected Members.
	Non-delivery of savings options leading to overspends against budget.	M	Savings options are assessed in terms of deliverability.
		M	

	<p>Variation in tender prices for capital projects, following procurement against the costs assumed at the time of project approval.</p> <p>Insufficient capital receipts to pay for voluntary severance costs that are assumed.</p>	L	<p>Use of suitably qualified staff or external body to quantify and review indicative project costs.</p> <p>Projected year end value of Capital Fund, and anticipated capital receipts will be reviewed again at Q3 and ahead of the Budget Report for 2020/21. Affordability beyond requires to be revisited as extent of capital receipts and values are uncertain in current climate.</p>
Legal	<p>The statutory duty to set Council Tax and a balanced budget is not achieved.</p> <p>Non-compliance with public sector equality and Fairer Scotland duties</p>	L	<p>Suitable recommendations are contained within this report to adequately prepare to comply with this duty.</p> <p>Preliminary impact assessments have been undertaken. More detailed impact assessments to be undertaken on a case by case basis ahead of the Budget Report.</p>
Employee	<p>Workforce doesn't reduce to the extent that is required to achieve savings.</p> <p>Introduction of additional statutory duties will increase workloads</p>	M	<p>Continued action to manage posts and to redesign services within the financial constraints.</p> <p>Continuing review of opportunities to reduce rework/overlap in workloads</p>
Customer	<p>There is a risk that customer complaints increase as a result of changes to service standards and during transition to digital solutions.</p>	M	<p>Communication and monitoring of change milestones to customers as determined by project plans.</p>

Environment	Failure to recognise the national targets and to make choices that support the delivery of target.	M	Service redesign work will consider, where appropriate, the environmental impact of changes.
Technology	Failure to invest in and embed new technology and digital solutions will place savings options at risk.	H	Funds set aside in the Transformation Fund provide the means of securing and supporting the significant shift that is needed by the Council. Maintaining the unspent value as an earmarked reserve is critical.
Reputational	Failure to properly manage finances including the potential impact on the Council's credit rating. Focus on cuts may have a negative impact on citizens' view of service delivery	L M	Regular review of financial information by services, CMT and Elected Members throughout the financial year. Highlight positive changes achieved despite financial constraints

7. OUTCOMES

Local Outcome Improvement Plan Themes – In addition to our contribution to the multi agency improvement projects outlined in the refreshed LOIP, Aberdeen City council, as a single agency, makes a contribution through its activities to the LOIP outcomes.	
	Impact of Report
Prosperous Economy	<p>The Council's budget has an indirect contribution to the LOIP stretch outcome drivers 1 (10% increase in jobs in key sectors by 2026)</p> <p>The Council is a key enabler of investment into the city, and its budget facilitates economic growth. Its business facing activity, in terms of its regulatory and non-regulatory services (eg trading standards, licensing, education, planning, economic development), supports the competitiveness of the city in attracting people, visitors and businesses to the city. This in turn will help sustain and attract jobs across the economy, including key sectors. The Aberdeen city and regional economy accounts for 15% of Scotland's growth sector jobs, and make a disproportionate positive impact in energy (including renewables) and food and drink.</p>

Local Outcome Improvement Plan Themes – In addition to our contribution to the multi agency improvement projects outlined in the refreshed LOIP, Aberdeen City council, as a single agency, makes a contribution through its activities to the LOIP outcomes.

	Impact of Report
	The Council's capital budget invests in key economic infrastructure that is also important in the development of the city as a business location and visitor destination, that in turn will contribute to key sector jobs growth. In particular the development of TECA and the Aberdeen Art Gallery will deliver additional tourists to the city, that in turn will produce expenditure and subsequent jobs in the tourist sector directly. Currently the city and wider region accounts for just under nine per cent of Scotland's tourism jobs.
Prosperous People	The Council's budget has a direct contribution to make on 10 of the LOIP Stretch Outcome targets.
Prosperous Place	<p>The Council has a direct leadership role in delivering the 'place objectives' for the city. This is particularly the case in relation to its delivery of key projects within the Regional Economic Strategy (RES), supporting other investments being led by other partners and stakeholders, and attracting investment to the city in support of these projects.</p> <p>The major challenge for Council going forward will be the stretch outcome addressing climate change and reducing Aberdeen Carbon Emissions by 43% by 2026; and, related, incentivising active travel – 43% of people are walking and cycling as the main mode of travel by 2026.</p>

8. IMPACT ASSESSMENTS

Assessment	Outcome
Equality & Human Rights Impact Assessment	Not required at this stage.
Data Protection Impact Assessment	Not required
Duty of Due Regard / Fairer Scotland Duty	Not required at this stage.

9. BACKGROUND PAPERS

Scottish Government Finance Circulars
CIPFA “The Prudential Code for Capital Finance in Local Authorities

10. APPENDICES

Appendix 1 – Assumptions
Appendix 2 – Service Redesign
Appendix 3 – Capital Investment Programme

11. REPORT AUTHOR CONTACT DETAILS

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APPENDIX 1

MEDIUM TERM FINANCIAL PLAN Financial Model

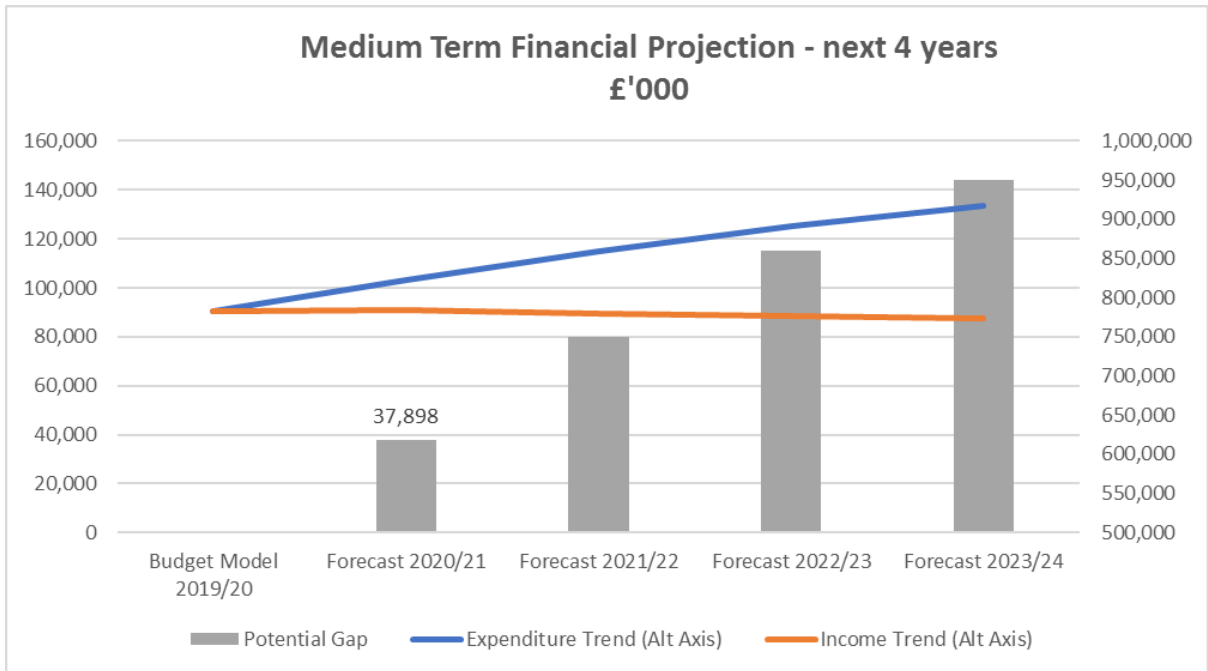
Key assumptions are as follow:

Heading:	Description (20/21 to 23/24):
Scottish Government General Revenue Funding (including Non Domestic Rates)	Previous – reduction per annum of 3%, 2%, 1%, 1% Update (Nov 2019) – reduction per annum of 0%, 2%, 1%, 1%
Taxation, Council Tax Rate	Previous – increase per annum 3% Update (Nov 2019) – increase per annum of 0% (20/21), thereafter 3%
Taxation, Council Tax Base	Previous – increased to reflect additional houses being built. Update (Nov 2019) – Underlying demand from new build houses, 0.65% (20/21), thereafter 0.5%; plus profile of Council house build programme, 0.15% (20/21), 1%, 0.65%, 0%.
Building Inflation into the Model	
- Pay	3% (20/21), thereafter 3%
- Utilities	2.7% (20/21), thereafter 3%
- Contracts	1.25% (20/21), thereafter 1.25%
- ALEOs	3% (20/21), thereafter 3%
- Capital Financing	11% (20/21), 19%, 9%, 0%
Building Demand into the Model	
- Population, schools	Increase in 0-15 by 2026 = 10.6%
- Population, +75 years	Increase in 75+ by 2026 = 15.5%
- Population, SG Grant	Proportionate reduction compared to other councils = reduction of 0.5%, dampened by impact population has on SG grant (23%)
- Population, ASN	Increase c. 2% on ASN staffing per annum
- Population, Disabilities	Increase c. 2% on Disability commissioned spend per annum
- LDP, schools	No increase in 20/21, future years impact
- Households, Waste	Zero waste plan costs
- Households, Roads	Increased road length and de-trunking of A90
- Legislation, NDR	Financial Memorandum estimates, Valuation Joint Board
- Legislation, Carers	Per IJB plans
- Ring-fenced Grants	Culture grants for Duthie Park ends 19/20
- National Policy, ELC expansion	Uplift to reflect profiled spend, matched by grant funding in 20/21; thereafter forecast reduction in funding based on review of distribution methodology and mainstreaming

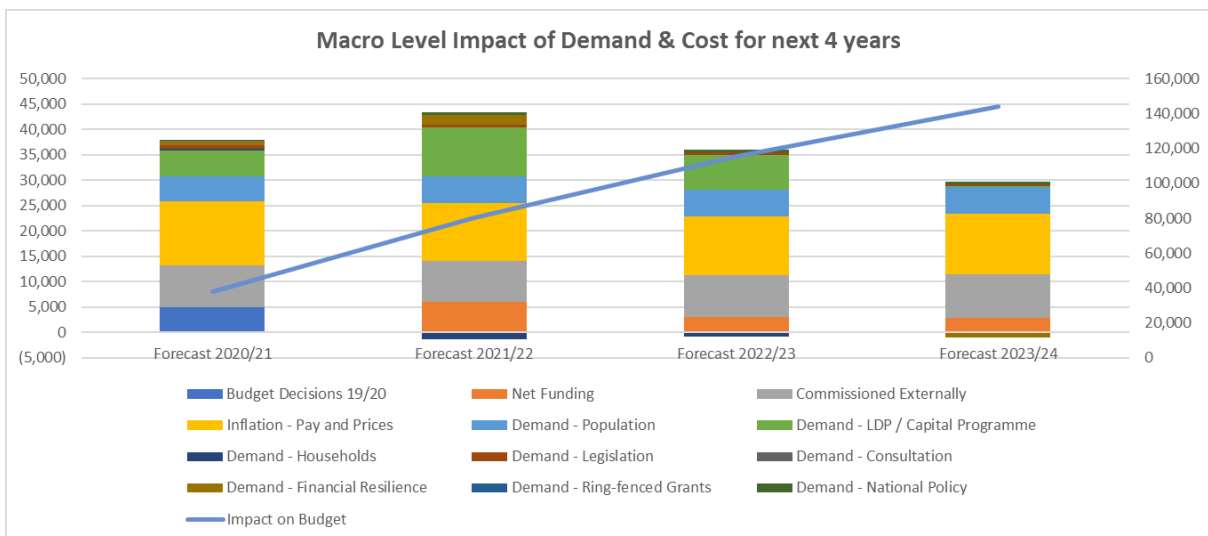
Service Redesign:

Building the Budgets and Implications for 2020/21

The commissioning led approach to redesigning our services resulted in a financial model that anticipates a need to offset rising demand and costs within an income level that is predominantly constant. This is demonstrated by the following graphs:



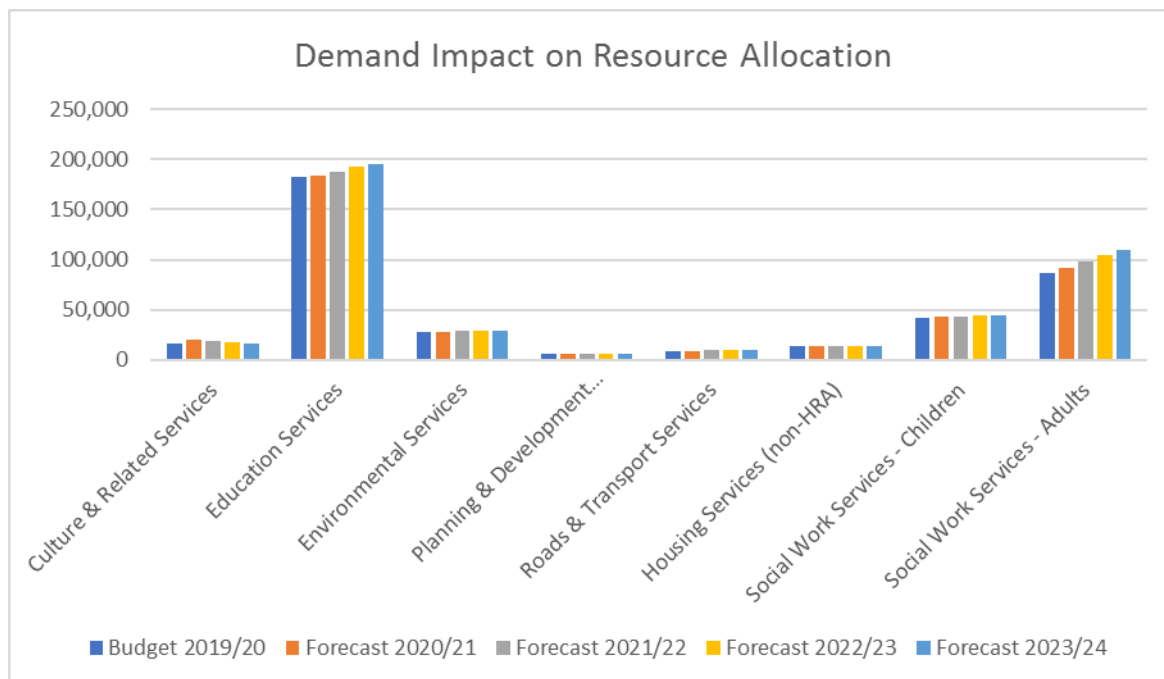
The financial model for 2020/21, including the focus on demand can be expressed as shown in the following graph.



The solution to where that balance should be achieved has been based on the work undertaken and described in the resource allocation section of the report. The graph below shows the impact that demand has been identified to have on the resource requirements in core service areas of the Council. This indicates the level of

pressure and demand that exists around Children Services and Social Work Services, particularly adult services.

Additional resource, and potentially a lower reduction of resources might be appropriate to address part of this underlying demand, but service redesign too must play its part in identifying what is most important and to prioritise that.



The redesign of services has focussed on core elements of the budget, namely Staff, Assets, Spend and Income, the total of which must be met by Scottish Government Grant (including Non-Domestic Rates) and Council Tax income.

Building the Budget:

Chief Officers together have been asked to shape their future budgets based on the various factors that have been identified as part of the commissioning approach and to build up the components of their budget. This is expected to address identified demand and also to be constrained by the overall financial resources available. Targets were set for each area of the business, taking account of aspects described in the report, specifically material fixed costs and statutory costs.

Ready reckoners have been used to build the financial impact of service redesign and these have been costed using a template that takes account of 2020/21 cost base, for example the pay award at a service level, rather than this being provided for at a corporate level.

The purpose of this is to enable Chief Officers to construct a budget that meets their service redesign objectives, while fulfilling the overall objective of balancing the budget. This helps to empower Chief Officers and supports accountability and responsibility, rather than having adjustments made from the 'corporate centre'.

A summary of how the budget has been targeted, is shown in the following table.

Indicative Budget 2020/21, Targets after savings applied	Staff	Assets	Spend	Capital Financing	Total Cost	Income	Targeted increase in Fees & Charges	Indicative Net Budget 2020/21	Change from 2020/21 Model	Change from 2020/21 Model
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Commissioning	4,691	620	5,853	0	11,164	(2,337)	(13)	8,814	(1,449)	-14%
Corporate	3,812	1,234	35,244	46,622	86,913	(23,792)	0	63,120	(977)	-2%
Customer	28,559	4,228	66,935	0	99,722	(65,737)	(99)	33,887	(4,814)	-12%
Governance	3,915	2	754	0	4,671	(2,058)	(14)	2,600	(361)	-12%
IJB	17,810	370	119,749	0	137,929	(48,962)	(154)	88,813	(6,871)	-7%
Operations - ICS	153,477	29,757	44,109	0	227,343	(29,002)	(280)	198,061	(13,706)	-6%
Operations - OPS	56,699	8,125	40,967	0	105,790	(63,642)	0	42,148	(5,782)	-12%
Resources	14,128	6,095	71,157	0	91,379	(89,395)	(166)	1,818	(1,763)	-49%
Place	11,490	979	7,456	0	19,926	(7,333)	(60)	12,533	(2,176)	-15%
	294,581	51,410	392,225	46,622	784,838	(332,259)	(785)	451,795	(37,898)	-8%

Based on the service redesign work to date the indicative value of budgets for 2020/21 is shown in the next table.

Budget Build 2020/21, Ready Reckoner totals	Staff	Assets	Spend	Capital Financing	Total Cost	Income	Indicative Net Budget 2020/21	Change from 2020/21 Targets	Change from 2020/21 Targets
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	%
Commissioning	4,619	0	6,880	0	11,499	(1,941)	9,558	744	8%
Corporate	3,000	1,225	35,079	46,622	85,926	(23,792)	62,134	(987)	-2%
Customer	27,981	4,196	66,810	0	98,987	(64,589)	34,398	511	2%
Governance	3,658	0	749	0	4,407	(1,888)	2,519	(81)	-3%
IJB	17,672	367	119,889	0	137,928	(49,116)	88,813	(0)	0%
Operations - ICS	156,692	29,527	45,453	0	231,672	(29,002)	202,670	4,609	2%
Operations - OPS	59,587	8,061	42,205	0	109,853	(68,461)	41,392	(756)	-2%
Resources	14,584	5,421	125,869	0	145,874	(143,986)	1,888	70	4%
Place	11,732	982	6,951	0	19,665	(7,568)	12,097	(436)	-3%
	299,525	49,779	449,885	46,622	845,811	(390,343)	455,469	3,674	1%
Council Tax					0	(3,674)	(3,674)	(3,674)	
	299,525	49,779	449,885	46,622	845,811	(394,017)	451,795	(0)	

Note: The figures shown in the table above are indicative and represent the latest position, they will change as further work is carried out to finalise the redesign budgets for the Budget Meeting in March 2020.

Redesign of our services has an impact on the way in which our services will be delivered, taking account of the planned reduction in the total workforce, implementation of the digital programme and focus switching to prioritising our outcomes and legal obligations.

The implications of the redesigned services, which tackle demand and move the Council towards allocating resources for prevention and early intervention, to consider the financial sustainability of services and to recognise areas where the Council should decommission (stop), are wide ranging.

Our corporate service design approach has included consideration of the following potential elements to ensure consistency and a comprehensive approach to building our services:

- **Staff:** recognising current and reducing staffing levels, identifying the opportunities within the Target Operating Model to consolidate, amalgamate or shift service areas to better meet the needs of our customers and enable the delivery of our outcomes.
- **Assets:** review the use of operational buildings, the need and suitability of the properties to deliver the services needed, consider the flexibility and alternative options for how we work taking advantage of digital transformation, mobile and alternative locations.

- **Spend:** review the contract registers, consider duplication of commissioned services, review frameworks that could be used to replace existing contracts or to bring contract spend onto a framework agreement.
- **Fees and Charges:** understand the Service Income Policy and the relationship that the service has with charging, local discretion, national pricing, partial recovery and full cost recovery; consider the sustainability of services that can be charged for and think about the commercial opportunities to raise additional income that covers more than cost. The sustainability of charging to other Council accounts needs to be reviewed.
- **Ring-Fence Grants:** this funding is not guaranteed, and costs must be contained within funding made available, a review of the recurring nature of this funding should be considered and the implications if it were to stop.

In addition, Service Design has also addressed the following more service specific aspects:

Integrated Children Services - Summary of Service Design

1. Develop a campus-based model to support the delivering of fully integrated services (beyond IC&FS) in geographical areas to co-locate across partners including health, Sport Aberdeen and services such as financial inclusion services and adult learning.
2. Build a stronger and future proofed universal provision that supports early intervention including the re-design of Additional Support Need services to prevent an escalation of needs at a targeted and intensive support level.
3. Redesign early years services to offer primary prevention and early intervention.
4. Redesign the Senior Phase including the utilisation of flexible learning opportunities across senior phase and wider.
5. Redesign and future-proof children's social work to manage demand and provide for early intervention.
6. Improve the quality of targeted and intensive support services that protects and enables young people to be supported to remain within their school; family and community.
7. Develop a partnership commissioning approach which supports delivery of integrated services across key life stages.
8. Focus on statutory services and review non statutory provision.

Operations and Protective Services - Summary of Service Design

1. Consolidate roads service activities, currently delivered across several Council clusters, to improve resilience and efficiency.
2. Redesign and combined inspection processes through digitisation of business processes and customer channels.
3. Review and redesign service provision provided by facilities management.
4. Consolidate capacity within roads and building services depots.
5. Combine roads and building services stores.
6. Introduce intelligent street lighting and traffic management systems.
7. Amend grounds maintenance service levels.
8. Review and redesign the provision of public toilets, including options such as charging.
9. Implement additional campaigns to increase recycling from communal properties.
10. Review and redesign the provision of Household Waste and Recycling Centres.

11. Prioritise the provision of school crossing patrollers.
12. Review school meal provision.
13. Review Town House restaurant and Marischal College cafeteria.
14. Review the provision of assets including pedestrian crossings, junctions and public litter / dog bins.
15. Amend the maintenance programme relating to paths and street furniture.
16. Consider increases in all fees and charges which are not set nationally.
17. Consider introducing new charges relating to staff/members parking.
18. Explore recycling processing from third parties and environmental health food services.

Commissioning – Summary of Service Design

1. Consolidate, rationalise and standardise contracts relating to third party spend to delivery further efficiency savings
2. Review ALEOs efficiency proposals relating to service redesign including potential rationalisation, shared service arrangements and income generation.
3. Consolidate the responsibility and accountability for Council data which includes governance, architecture, analytics, reporting and insight.
4. Combine the use of technology and skills to automate standard reporting to allow real time consumption, self-serve of data, machine learning and dataflow to allow automation of processing.
5. Focus on collaborative planning and governance to reduce scattered demand.
6. Develop multi-agency working to enable data driven decision making.

Customer - Summary of Service Design

1. Further alignment of customer and transactional activity from across the organisation & further consolidation of like work and activities, as outlined within the TOM
2. Opportunities for maximising income generation
3. Digital Modernisation
 - a. Consolidation of systems and IT support teams
 - b. Efficiencies being forecasted through digitalisation and further automation leveraging our new technologies such as Robotic Process Automation (RPA)
 - c. Hardware and Systems rationalisation
4. External Communications & Marketing Approach
 - a. Explore a new approach to social marketing and nudge techniques to support behaviour change to reduce avoidable demand.
5. Cash Handling approach to improve income collection and reduce cash handling risks and costs
6. Income Collection design to consider corporate approach to all types of income.
7. Reduce the level of private sector leased properties ensuring that council owned homes are prioritised through the reduction in voids
8. Review provision of library service across city by analysing demand data regarding footfall, facilities and opening hours.

Resources – Summary of Service Redesign

1. Strong emphasis on the operational structures in which we work with the consolidation, alignment and prioritisation of activities, such as Repair and Maintenance; Estates and Investment Properties; Capital projects.
2. Prioritisation of employee health, wellbeing and absence.

3. Protection for the Corporate Training Budget to support mandatory training and development, and support retraining of staff into critical roles.
4. Provision of advice and guidance to support delivery of the transformation agenda, while delivering statutory services.

Place – Summary of Service Design

1. With a high degree of discretion, focus has been on delivery of statutory transport services.
2. Priority given to focusing attention on attracting people and investors to Aberdeen.
3. Maximise income generation opportunities from new assets, e.g. Aberdeen Art Gallery.
4. Aligning to external 'city growth delivery', the redesign recommends a 'City Leadership Board', comprised of Elected Members and Senior Executives in partner organisations locally and nationally to oversee strategic economic development of the city.

Governance - Summary of Service Design

1. Consolidation of governance activities to provide additional resilience in the provision of support to political and executive decision making structures.
2. A Portfolio Office to drive and provide oversight of the Council's and multi-agencies' portfolio of change programmes to promote delivery of transformation objectives and strategic outcomes.

APPENDIX 3

Outturn	Reprofiled			Budget	Budget	Budget	Budget	Budget	5 Year
2019/20	out of			2020/21	2021/22	2022/23	2023/24	2024/25	Total
£'000	2019/20	NHCP No.		£'000	£'000	£'000	£'000	£'000	£'000
Projects Due for Completion in 2019/20									
663	0	776	Orchard Brae	0	0	0	0	0	0
5	0	794	Hydrogen Buses	0	0	0	0	0	0
885	0	805	Technology Investment Requirements & Digital Strategy	0	0	0	0	0	0
340	0	808B	New Academy to the South - Infrastructure Improvements	0	0	0	0	0	0
524	0	810G	Co-mingled MRF & Depot	0	0	0	0	0	0
43	0	843	Station House Media Unit Extension	0	0	0	0	0	0
50	0	850	Community Growing Spaces	0	0	0	0	0	0
3,144	0	856	Acquisition of Kingsmead Nursing Home	0	0	0	0	0	0
17	0	857	Central Library Roof & Parapets	0	0	0	0	0	0
73	0	858	Crematorium Refurbishment	0	0	0	0	0	0
397	0	859	ICT: Human Capital Management System	0	0	0	0	0	0
1,351	0	870	Town Centre Fund	0	0	0	0	0	0
230	0	871	Low Emissions Zone	0	0	0	0	0	0
7,722	0			0	0	0	0	0	0
Rolling Programmes									
4,727	4,966	294	Corporate Property Condition & Suitability	9,673	9,273	8,950	8,000	8,000	43,896
70	0	tbc	Northfield Swimming Pool	2,215	2,215	50	0	0	4,480
374	0	551	Cycling Walking Safer Streets	0	0	0	0	0	0
2,092	2,307	765G	Nestrans Capital Grant	3,602	1,295	1,295	1,295	1,295	8,782
750	256	779	Private Sector Housing Grant (PSHG)	956	700	700	700	700	3,756
Fleet Replacement Programme (including Zero Waste Strategy Fleet)									
5,355	0	784		4,272	7,214	4,500	4,700	4,900	25,586
5,060	1,747	789	Planned Renewal & Replacement of Roads Infrastructure	7,215	4,968	4,968	4,968	4,968	27,087
577	(59)	789E	Street Lighting	941	1,000	1,000	1,000	1,000	4,941
1,688	500	835	Street Lighting LED Lanterns (PACE 5 Year programme)	2,446	1,946	700	0	0	5,092
1,580	1,136	861	Additional Investment in Roads	4,136	4,000	0	0	0	8,136
22,273	10,853			35,456	32,611	22,163	20,663	20,863	131,756
City Region Deal									
0	44	825	City Deal	44	0	0	0	0	44
105	0	845	City Deal: Strategic Transport Appraisal	200	613	0	0	0	813
2,000	0	846	City Deal: Aberdeen Harbour Expansion Project	0	0	0	0	0	0
0	1,879	847	City Deal: Digital Infrastructure	1,600	1,879	0	0	0	3,479
108	0	852	City Deal: City Duct Network	2,000	2,873	0	0	0	4,873
5	0	854	City Deal: Transportation Links to Bay of Nigg	0	0	0	0	0	0
1,044	0	860	City Deal: Expand Fibre Network	909	0	0	0	0	909
84	54	862	City Deal: Digital Lead	189	90	45	0	0	324
60	90	863	City Deal: Regional Data Network	90	0	0	0	0	90
60	90	864	City Deal: Sensor Network	90	0	0	0	0	90
3,466	2,157			5,122	5,455	45	0	0	10,622
Fully Legally Committed Projects									
150	1,238	587	Access from the North / 3rd Don Crossing	1,238	0	0	0	0	1,238
6,505	6,816	627	Aberdeen Western Peripheral Route	7,000	7,000	443	0	0	14,443
6,799	0	799B	Art Gallery Redevelopment - Main Contract (HLF)	0	0	0	0	0	0
2,083	100	807	A96 Park & Choose / Dyce Drive Link Road	100	0	0	0	0	100
115	1,196	810C	Energy from Waste (EfW) Procurement and Land Acq.	1,196	0	0	0	0	1,196
18,523	4,224	810K	Energy from Waste (EfW) Construction	25,634	25,843	0	0	0	51,477
1,300	1,500	819	Tillydrone Community Hub	1,475	25	0	0	0	1,500
92,044	0	821	New Aberdeen Exhibition & Conference Centre	3,500	0	0	0	0	3,500
1,796	0	824	Provost Skene House	1,459	35	0	0	0	1,494
6,545	7,581	824	Union Terrace Gardens	18,732	824	0	0	0	19,556
0	582	828	Greenbrae Primary Extension and Internal Works	582	0	0	0	0	582
0	590	831	Stoneywood Primary	590	0	0	0	0	590
3,357	5,023	848	JIVE (Hydrogen Buses Phase 2)	5,023	0	0	0	0	5,023
250	49	849	Cruyff Court	49	0	0	0	0	49
139,467	28,899			66,578	33,727	443	0	0	100,748
Partially Legally Committed Projects									
0	2,595	791	Strategic Land Acquisition	4,093	0	0	0	0	4,093
600	2,353	806B	CATI - Berryden Corridor (Combined Stages 1, 2 & 3)	8,450	1,553	1,803	0	0	11,806
0	85	811	Social Care Facilities - Len Ironside Centre	85	0	0	0	0	85
525	561	812	Kingsfield Childrens Home	566	10	0	0	0	576
635	2,870	820	Investment in Tenanted Non-Residential Property Portfolio	2,235	0	0	0	0	2,235
1,605	0	824	City Centre Regeneration	550	1,000	300	0	0	1,850
10	81	836	Flood Prevention Measures: Flood Guards Grant Scheme	100	100	100	100	64	464
10	343	844	Sustrans Active Travel Infrastructure Fund	343	0	0	0	0	343
3,492	3,765	855	Early Learning & Childcare	12,365	7,040	0	0	0	19,405
1,100	3,160	869	Safety and Security Measures (including CCTV)	1,440	1,720	0	0	0	3,160
7,977	15,813			30,227	11,423	2,203	100	64	44,017
Projects with indicative budgets									
0	360	795	Accelerate Aberdeen (City Broadband)	360	0	0	0	0	360
500	1,806	806A	CATI - South College Street	3,800	5,550	850	0	0	10,200
510	1,208	809	New Milltimber Primary	9,570	13,648	200	0	0	23,418
0	50	810J	Bridge of Don Household Waste Recycling Centre (HWRC)	50	50	1,300	0	0	1,400
150	0	810K	Torry Heat Network	1,950	12,800	0	0	0	14,750
0	2,000	838	Flood Prevention Measures: Millside & Paddock Peterculter	0	0	2,000	1,000	0	3,000
1,550	1,189	840	Tillydrone Primary School	7,600	12,292	3,050	400	0	23,342
2,570	(15)	841	Torry Primary School and Hub	10,070	11,603	285	0	0	21,958
1,338	1,446	865	Countesswells Primary	8,950	14,471	225	0	0	23,646
0	800	866	Temporary Mortuary Facility	800	0	0	0	0	800
250	250	868	Car Parking Infrastructure	1,050	0	0	0	0	1,050
6,868	9,094			44,200	70,414	7,910	1,400	0	123,924
187,773	66,816		Totals	181,583	153,630	32,764	22,163	20,927	411,067