

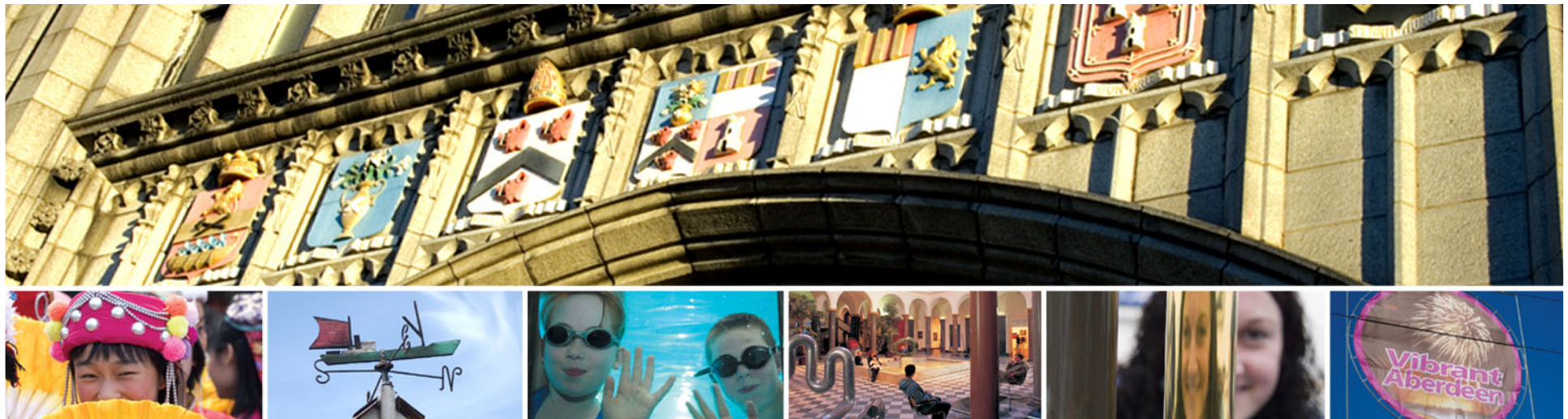
# Aberdeen City Council

Priority Based Budgeting: Final Draft Report (version 1.4a)  
*October 2010*





**ABERDEEN**  
CITY COUNCIL



# Executive Summary (version 1.4a)



## Context

This report provides the output of work between May and September 2010 to identify options to deliver services differently in a sustainable manner.

The options contained within this report were identified at service level and subsequently discussed and agreed by the Council's Corporate Management Team. In comparison to the more traditional annual approach, the longer term approach has enabled officers to think radically about how to deliver key services from a reduced cost base.

The vision for future services in Aberdeen responds to the drivers for change and aspires to deliver services which are efficient but still outcomes focused.

The package of options proposed acknowledges that services must maximise the expenditure on actual services and reduce indirect overhead costs.

At the heart of this is the recognition that current service delivery models need to be challenged and redesigned to ensure the customer is at the heart of what Aberdeen City Council ("ACC") does. This will be a challenge not just for this Council, but will require significant increase in joint working with other public, voluntary and business sector partners within the region, building on the initial conversations that have been undertaken in joining up service delivery to the community.

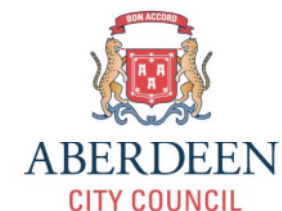
## Summary of savings

Directorate	Contribution	% of overall saving
Social Care & Wellbeing	£25m	17%
Education Culture & Sport	£55m	37%
Housing & Environment	£19.9m	13%
Enterprise Planning & Infrastructure	£22.6m	15%
Corporate Governance	£11.9m	8%
Corporate Savings	£15.6m	10%
<b>Totals</b>	<b>£150m</b>	

A total of approximately £150m of potential savings have been identified of which £48m have been highlighted as having a high implementation risk.

The nature of the savings proposed will result in a redesign of services as well as a change in the nature of how services to the people of Aberdeen are delivered. For example, we have considered ways in which the Council can work collaboratively with the public, private and voluntary sectors to ensure that they are able to sustain essential public services with reduced resources.

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<b>Section 4</b>	<b>Dependencies</b> <ul style="list-style-type: none"><li>» Dependencies</li><li>» Impact on Capital Plan</li></ul>	<b>page 42</b>
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**Note: a glossary of terms is included at the end of this document**

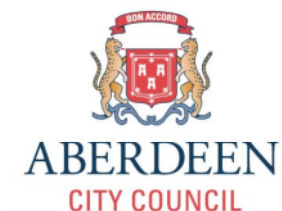
(version 1.4a)

## Section 1

# CONTEXT AND APPROACH

(version 1.4a)

## Section 1 Context and Approach (version 1.4a) Overview



The future funding challenge faced by the Council required a more radical approach to ensure funds are allocated to deliver agreed prioritised service outcomes. A priority-based approach was therefore taken to determine future service and cost commitments to bridge the 5 year funding gap.

### Aberdeen City Council has:

- ▶ The second smallest funding per head in Scotland and
- ▶ Already identified and delivered £100m of savings through a focus on cost reduction.

### However:

- ▶ Expectations and demand for services is increasing
- ▶ The cost of services is forecast to increase by 19% over the next five years and
- ▶ This funding gap is currently estimated to be £120m in 5 years

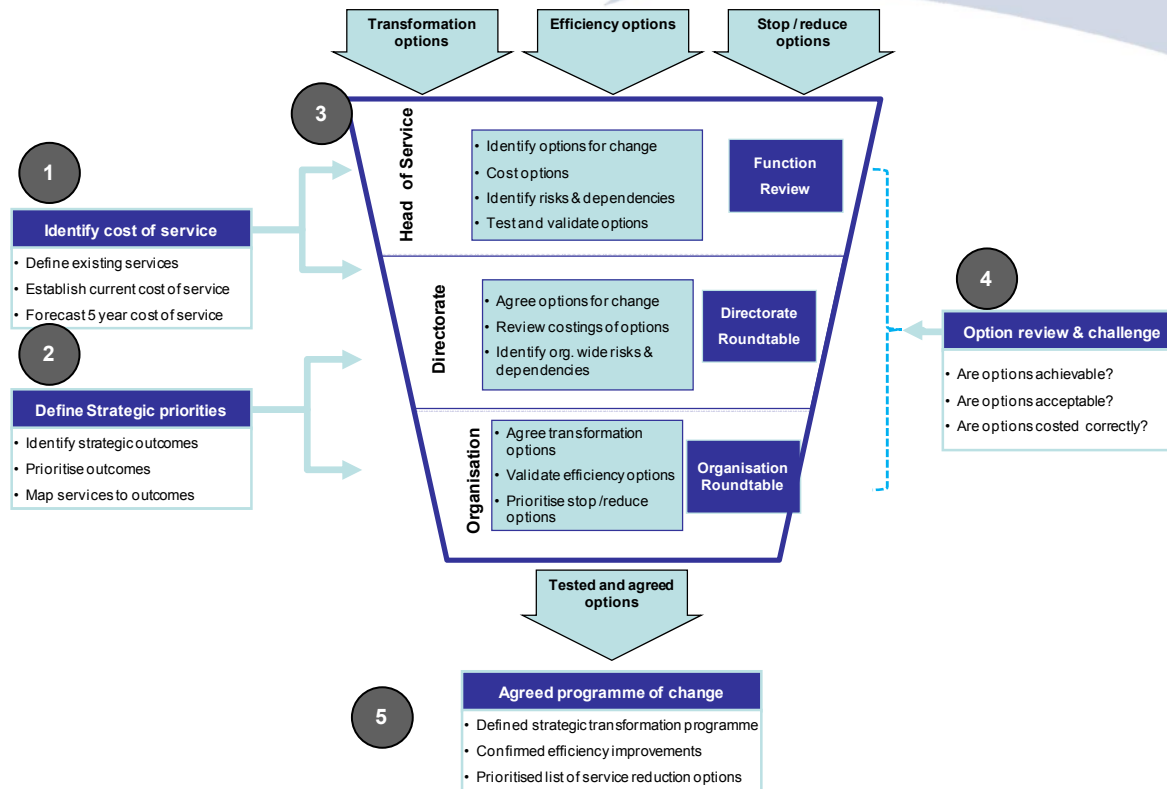
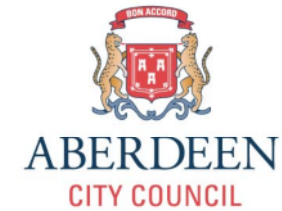
### The following were the key elements of the priority-based approach:

- ▶ Prioritisation of ACC's desired outcomes and linking the priorities to services to gain an understanding of services which contributed most and least to the organisation's goals.
- ▶ Establishment of the current and future costs of services and greater transparency of the drivers of costs and income.
- ▶ Development of a range of options to address the funding gap over the next 5 years.
- ▶ Review of approximately 200 council services during the project . In total more than 750 options were identified in collaboration with Directors, Heads of Service and Service Delivery Managers.
- ▶ Service Representatives and Service Accountants provided rigour on assumptions and financials during the process. Additional challenge on the options was provided by experts in the relevant services.

*A summary of the Priority Based Budgeting ("PBB") approach is set out on the next page.*

## Section 1 Context and Approach (version 1.4a)

# Overview of PBB Process



As outlined in the diagram on the left, there are five key elements to the PBB process:

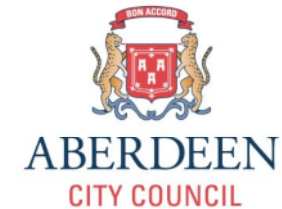
1. Understand the significant areas of spend and forecast the cost and demand pressures.
2. Understand how services contribute to the organisation's strategic priority outcomes. Map costs to priorities and understand where marginal decisions are needed.
3. Develop transformation, efficiency and stop/reduce options for reducing expenditure.
4. Test the feasibility and benefits of each option throughout the process.
5. Agree a Directorate package of transformation and efficiency options to take forward and a prioritised list of stop or reduce options.

Following discussion by the Corporate Management Team ("CMT") and approval by elected members, these options will then be translated into the 5 Year Business Plan and budget.

The development of service options was an iterative process at Head of Service, Directorate and organisation level. Options evolved and were filtered out during each stage of review.

## Section 1 Context and Approach (version 1.4a)

# Definition of Option Categories



**Service options were categorised into four groups to compare options across Directorates and facilitate decision making at the Corporate Roundtable**

### **A. Immediate Efficiency options**

Options that do not change the nature of the existing service, but focus on it being delivered more efficiently and effectively.

These are 'quick wins' with immediate benefits.

### **B. Efficiency with barriers options:**

Options which would not change the nature of the service delivery but cannot be achieved without changes to legislation .

### **C. Transformation options**

Options which change the nature of the service delivery.

Category B and C relate to opportunities that will achieve material benefits to the Council but will require additional resource and planning to achieve the stated savings.

### **D. Stop / Reduce options**

Options that stop or reduce the level of service provided or reduce the number of clients it is available to.

These are the most 'painful' options and are undesirable. It is assumed that implementing these options will only take place if the sum of Transformation and Efficiency options within A, B and C are not enough to meet the funding gap.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranking reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.



## Section 2

# ACC CONSOLIDATED SUMMARY

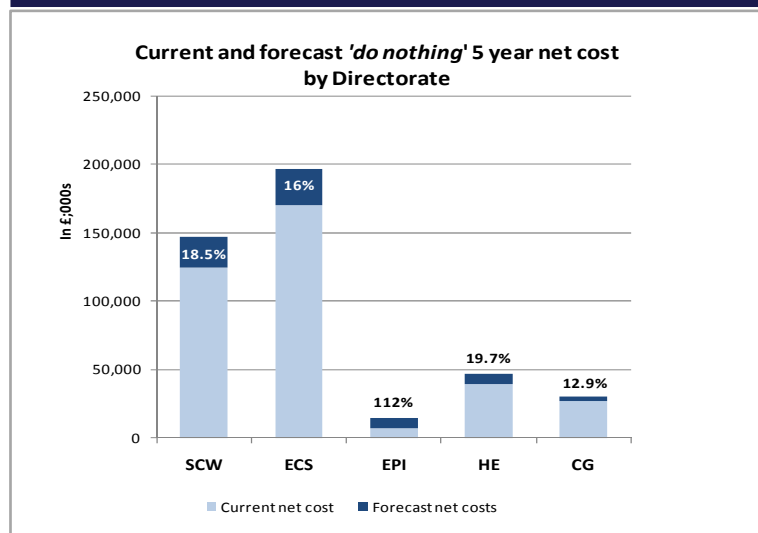
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## Section 2 Consolidated Summary (version 1.4a)

# Current and future cost of services

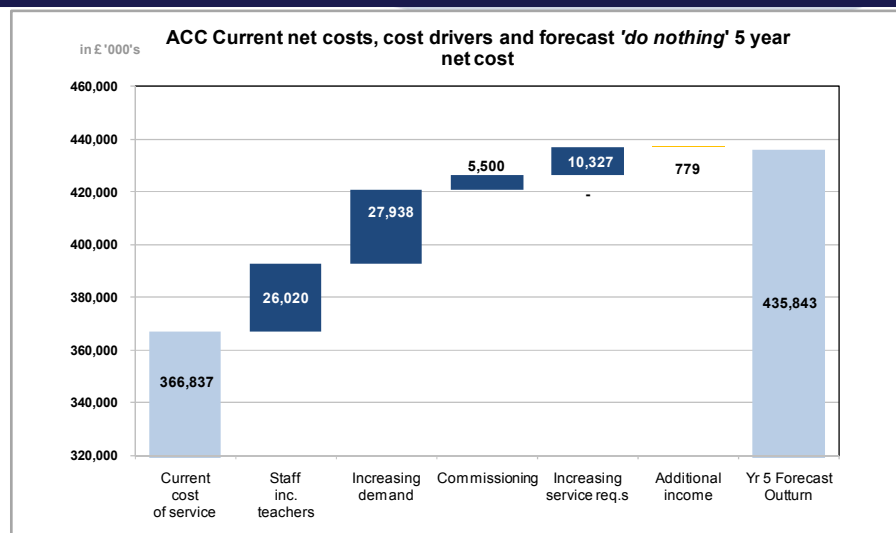


**The current net cost of Aberdeen City Council services is £367m\*. This cost is forecast to rise to £436m by 2015/16.**



Social Care & Wellbeing along with Education Culture & Sport account for 80% of ACC's total net costs (£294m)

The net costs of these two Directorates is forecast to increase by £50m by 2015/16, accounting for 73% of the overall forecast rise.



The cost pressures that will impact on services over the next 5 years are driven by:

- Rising ACC staff costs and nationally agreed teachers' terms and conditions
- Staff pay awards have not been incorporated into the future cost pressures. This would result in a further £14m of salary costs to the Council.
- Demographic changes causing an increase in demand for services
- Increasing costs of externally commissioned services
- Increasing requirements of services (due to environmental considerations and repair and maintenance needs of existing infrastructure and assets)

A relatively small increase in income levels has been forecast to offset these cost pressures.

\*Current net cost of services includes the cost of services within the scope of the PBB project. It is based on the 2010/11 budget. It does not include:

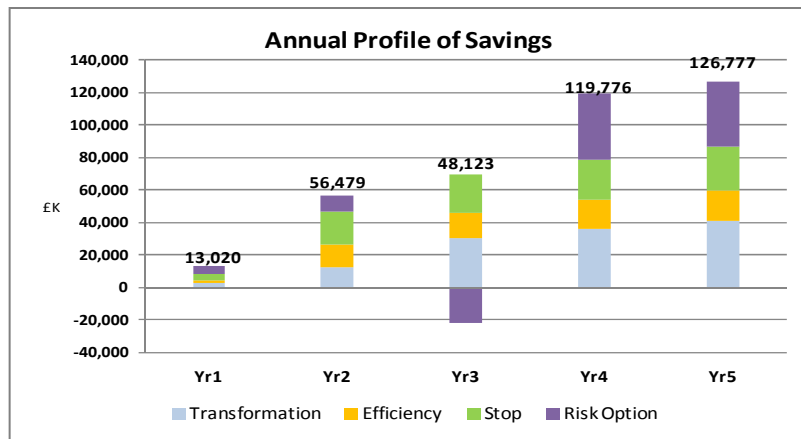
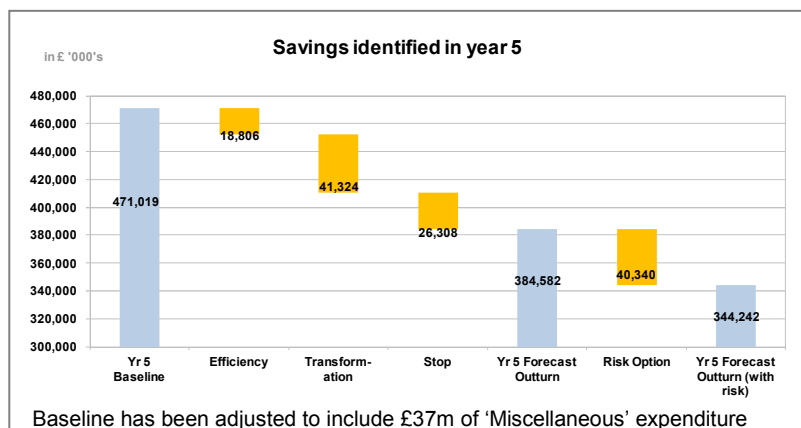
- The Office of Chief Executive budget
- Capital finance costs
- Contributions to the repairs and maintenance fund
- Miscellaneous expenditure budget items
- Housing and Revenue Account

## Section 2 Consolidated Summary (version 1.4a)

# Summary of consolidated savings



Savings of £150m have been identified, representing 31% of the total forecast 5 year 'do nothing' baseline. This includes savings from higher risk options that will require national change in policy and the revenue impact of some significant capital finance options.



Savings in the charts on the left are the sum of individual Directorate savings, plus the Council wide savings listed on page 39. The graphs of savings will be updated following committee on 2/12/10 before Council. therefore in v1.4a they are indicative.

Directorate	Contribution	% of overall Directorate 5 year costs	% of overall saving	Risk adjusted element
SC&W	£25m	17%	17%	£5.8m
EC&S	£55m	28%	37%	£31m
H&E	£19.9m	42%	13%	£nil
EP&I	£22.6m	155% *	15%	£9.8m
CG	£11.9m	39%	8%	£1.7m
Corporate Savings	£15.6m	n/a	10%	n/a
Totals	£150m	n/a	n/a	£ 48.3m

- Risk options are highlighted within individual Directorate summaries in the following pages.
- The capital options are included within EP&I summary pages.

- All savings have been calculated at current costs.
- Redundancy costs are included and are assumed to be a full year of staff cost.
- Unless otherwise state, capital expenditure and receipts have not been included.

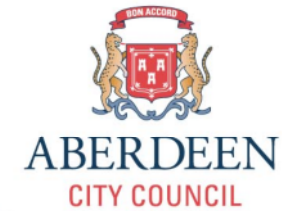
\* This percentage reflects the movement in the net budget; the movement in EP&I's gross budget is 30%.

## Section 3

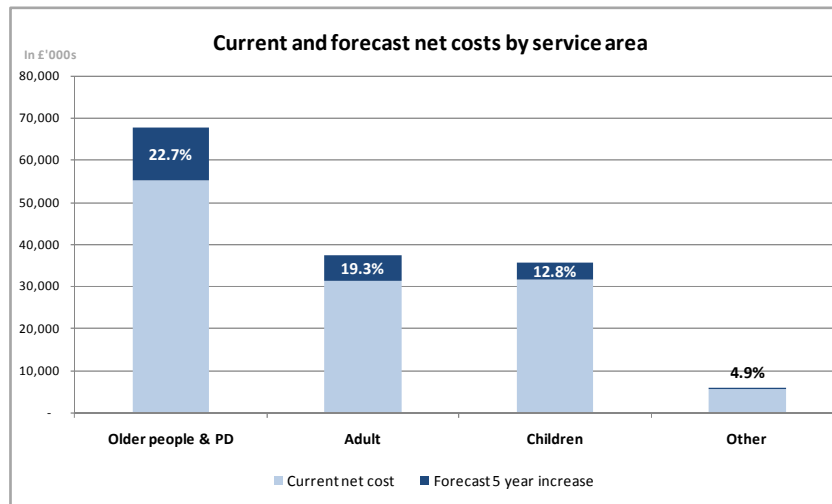
# SERVICE OPTIONS

(version 1.4a)

# Social Care & Wellbeing (SC&W): Cost of services

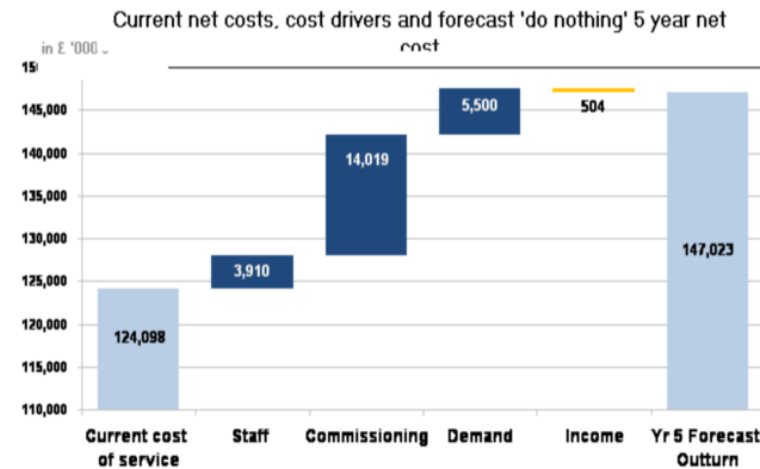


**The current net cost of Social Care and Wellbeing services is £124m\*. This cost is forecast to rise by 18.5% to £147m by 2015/16.**



Older People and Adult Physical Disability services have the largest current net costs (£55.2m) and have the largest 5 year forecast cost pressures (22.7%).

The effect of the entire Directorate forecast cost pressures will be an increase in the proportion of total net costs incurred by Older People and Adult Physical Disability services, from 44% to 46%.



The cost pressures that will impact on SC&W services over the next 5 years is driven by:

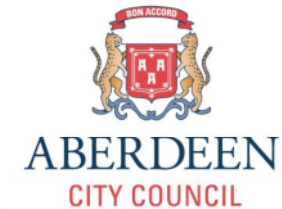
- An increase in demand for services due to an ageing population;
- Rising ACC staff costs, and
- An increase in the cost of services commissioned externally

These cost pressures are marginally offset by a forecast increase in income due to the rising levels of demand.

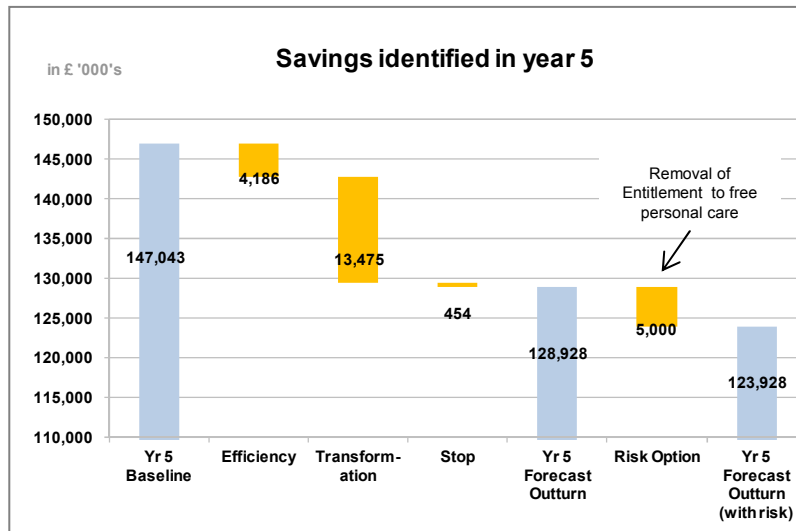
\* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund.

## Section 3 Service Options (SC&W) (version 1.4a)

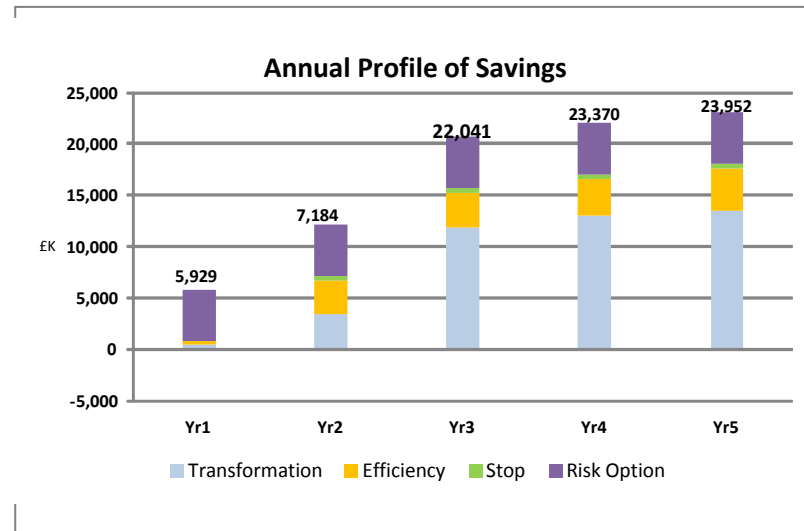
# Summary of SC&W savings



- A total of £25m of savings have been identified for Social Care & Wellbeing services.
- £19m are core savings, representing 12% of the Directorate 5 year baseline.
- A further £5m of saving relates to a higher risk option, abolishing free personal care, and requires a change to, or contravention of, national policy.



Savings will be achieved through a combination of more effective assessment and management of client needs such that they can be met by a lower cost of services, and options that seek to reduce the unit cost of services through measures such as externalising services and improved commissioning arrangements.



Revenue investment is required in year 1 to implement some efficiency options (this is mostly the assumed cost of staff redundancy).

No capital investment requirements have been identified.

## Section 3 Service Options (SC&W) (version 1.4a)

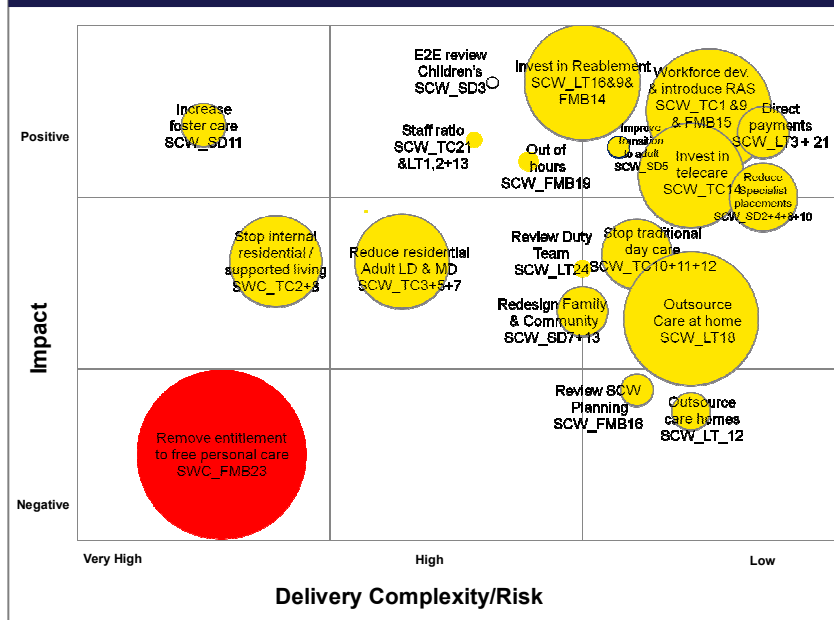
# SC&W: Transformation options



Transformation options will manage levels of increasing demand and meet individuals' needs more cost effectively through:

1. Transforming the assessment & care planning process
2. Promoting prevention through early intervention
3. Reducing residential care
4. Re-designing adult day support
5. Delivering outcomes focused commissioning

### The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers



Ref	Option description	Value in Yr 5 (£k)
SCW_TC2+8	Re-provision in-house adult residential / supported living.	1,478
SCW_TC3+5+7+26	Reduce use/length of stay of residential care for adults with mental health issues and spot purchase placements. Do not reinvest all monies from previous service closures.	789
SCW_TC1+9 & SCW_FMB15	Develop the workforce to improve approaches to personal outcome planning, risk enablement and reflective practise and re-commission Disability Services with the use of a Resource Allocation System and personalised budgets	2,763
SCW_TC10+11+12	Stop in-house adult learning disability day care services and spot purchase as required	525
SCW_TC14 & SCW_LT19	Develop and implement a strategy for increased use and take up of tele-care within learning disabilities and older persons services	1,648
SCW_TC21 & SCW_LT1+2+13	Review workforce mix to reduce the number of professional staff and replace with para-professional staff.	45
SCW_SD2+4+8+10	Reduce the number of specialist care placements for children and young people by redesign and small addition to existing local services	999
SCW_SD3	End to end review of service provision in children's services	0
SCW_SD5	Improve early planning for young people moving from Children's to Adult' Services	82
SCW_SD7+13	Redesign of Family and Community Support Services	435
SCW_SD11	Investment in local fostering and adoption capacity	335
SCW_LT3 + 21	Move to personalised budgets for people in receipt of home care services	475
SCW_LT16, SCW_LT9, SCW_FMB14 & SCW_LT20	Invest in reablement to constrain growth.	1,767
SCW_LT24	Review Social Work Duty team	50
SCW_FMB16	Redesign Directorate planning & strategy	177
SCW_FMB19	Review out of hours service as part of the corporate review of staff who work a non standard working week	67
SCW_FMB21	Jointly commission service with other organisations	500
<b>TOTAL</b>		<b>12,135</b>

## Section 3 Service Options (SC&W) (version 1.4a)

# SC&W: Efficiency options



Efficiency options will deliver better value for money on services provided by:

- 1.Improving existing commissioning arrangements with 3rd party provider
- 2.Commissioning more services externally
- 3.Ensuring individual clients have the most cost effective care packages suitable to meet their level of need
- 4.Improving internal processes and practices

*The efficiency option to outsource care-at-home has also been plotted on the 9 box chart on page 13 due its savings potential.*

Reference	Option description	Value in Yr 5 (£k)	Comment
SCW_LT18	Outsource care-at-home-services	1,465	
SCW_T23	Stop subsidising criminal justice social work – provide only with Northern Community Justice Authority grant	350	
SCW_FMB1	Review all Directorate Support Services	250	
SCW_LT8+LT27+28	Re-tender for care-at-home-services to reduce costs	624	
SCW_LT15	Review of all Supporting People packages	500	
SCW_LT25	Review charges for respite services according to financial circumstances of carer i.e. if carers can afford to pay for respite charge the full cost	217	
SCW_SD6	Introduction of charging for Children's Services	7	
SCW_TC15+16+17	Rationalise the welfare rights / debt advise and financial inclusion services	70	
SCW_FMB2	Review/Cap Kinship Payments	50	
SCW_TC18	Re-commission Integrated Community Drug Rehabilitation Service	48	
SCW_FMB3	Revise the charging policy with a 5% increase in all charges	50	
SCW-TC19	Re-evaluate social work contribution to Integrated Addiction Services	79	
SCW_TC24	Re-evaluate provision of Mental Health day services/stop growth	6	
SCW_SD14	Renegotiate commissioned services from the third sector in community & youth justice	129	
SCW_SD9	Change relationship with provision of services for children with disabilities	25	
SCW_SD15	Outsource 4 children's homes	24	
SCW_FMB8	Reduce budget for Learning and Development Team by 2%	16	
	2% year on year uplift built into SCM commissioned costs (exc op res + nursing) stripped back to 1% year on year increase	767	With barriers
	Opt out of national home care rate and uplift rate by 2% year on year	430	With Risk
	Opt out of national care home rate - not paying quality award element of fee	1,456	With Risk
SCW_LT_12	Transfer 2 care homes for older people to external provider	0	
SCW_LT_14	Close two ACC care homes for older people	173	
<b>TOTAL</b>		<b>6,736</b>	



## Section 3 Service Options (SC&W) (version 1.4a)

# SC&W: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

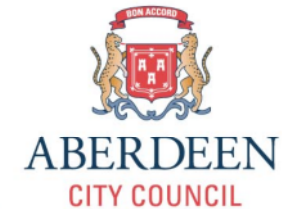
All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

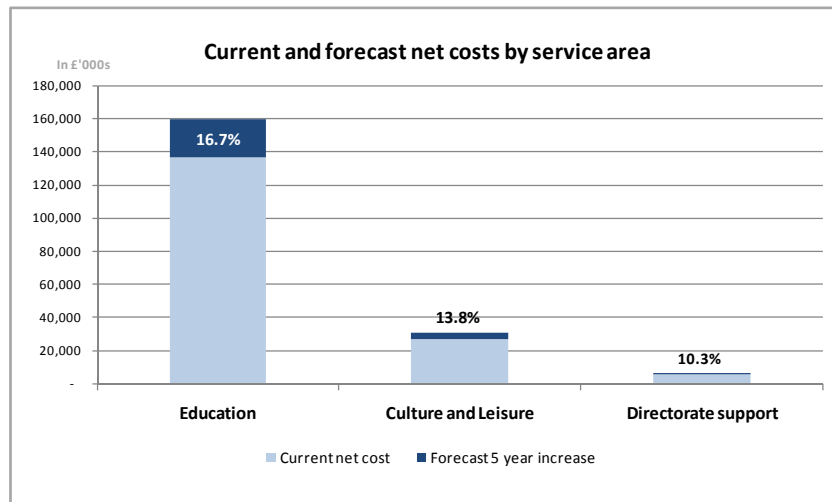
*Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options*

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
1	SCW_TC25	Stop funding community carers & room to care	68	
14	SCW_TC22	Stop Employability Services	60	
	SCW_FMB23	Remove entitlement to free personal care	5,000	
62	SCW_LT6+Lt7	Re-provision in-house day care centres (Craigton Road & Kingswood)	310	
	SCW_FMB6	Stop kinship care payments	787	With risk
74	SCW_FMB5	Stop Directorate policy and strategic development	1,053	
75	SCW_FMB10	Stop funding mental health day care	274	
82	SCW_FMB4	Stop Integrated Community Drug Rehabilitation Service Services (Adult Addictions)	707	
83	SCW_FMB12	Reduce threshold for service eligibility to emergency	0	

# Education, Culture & Sport (EC&S): Cost of services

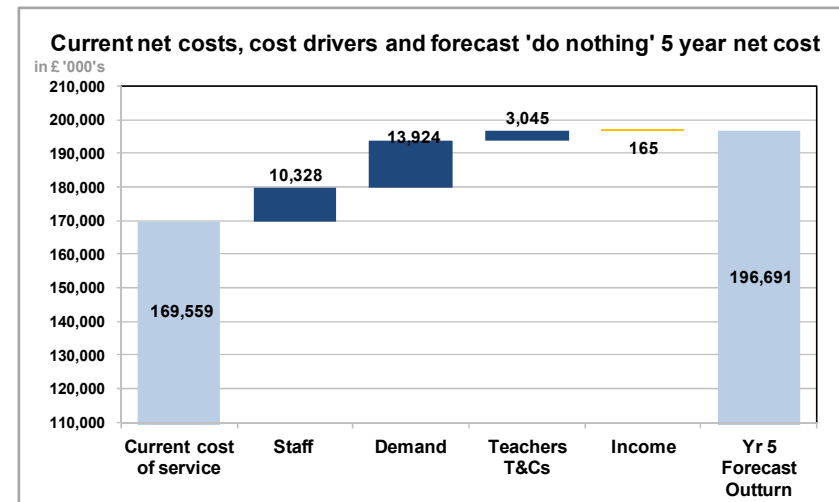


**The current net cost of Education, Culture and Sport services is £170m\*. This cost is forecast to rise by 16% to £197m by 2015/16.**



Within EC&S, Education services account for the majority of current net costs (£136.7m) and have the largest 5 year forecast cost pressures (16.7%).

The effect of the entire Directorate forecast cost pressures will be a slight increase in the proportion of total net costs incurred by Education services, from 80.6% to 81.1%.



The cost pressures that will impact on EC&S services over the next 5 years are driven by:

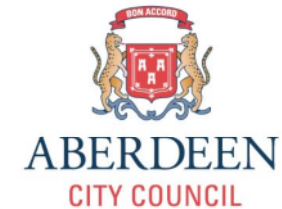
- Rising cost of staff, in particular nationally set teacher's T&Cs
- An increase in demand for services due to changing demographics and rising instances of Additional Needs

These cost pressures are marginally offset by a forecast increase in services generating income due to the rising levels of demand.

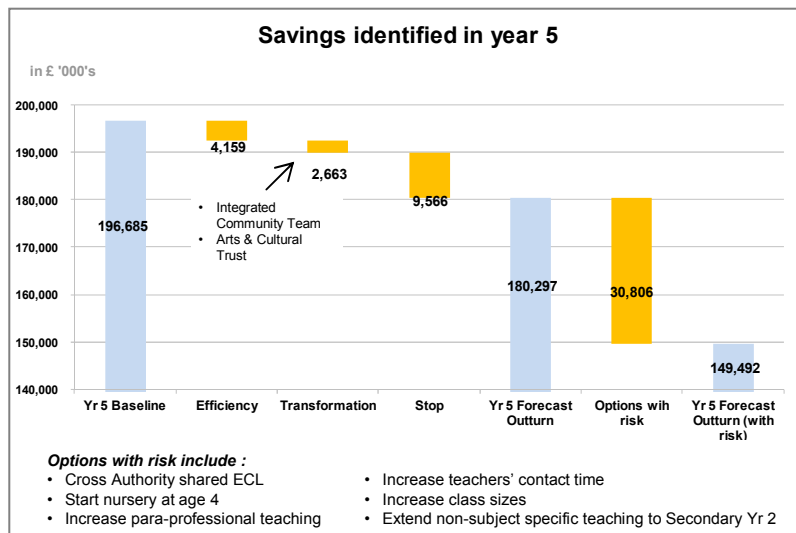
\* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund

## Section 3 Service Options (EC&S) (version 1.4a)

# Summary of EC&S savings

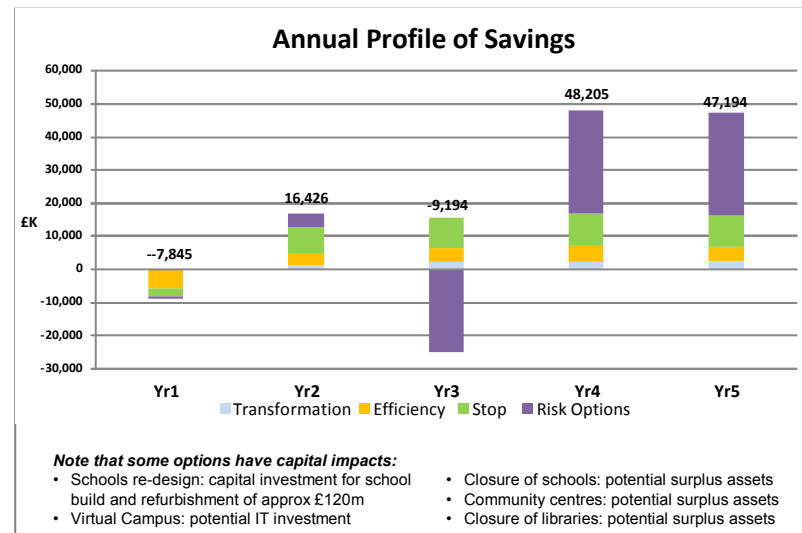


- A total of £55m of savings have been identified for Education, Culture & Sport services.
- £30.8m of identified savings come from high risk options and can only be achieved with changes to national agreements.
- Total savings represent 28% of the Directorate baseline. The £16.2m of core savings which have been identified represent 8% of the Directorate 5 year baseline.



The greatest savings can be achieved from high risk options relating to changes to traditional staffing models and a radical change in the delivery of Education services. These options require negotiations with unions and national government, along with a shift in public expectations.

Otherwise, the largest savings from this Directorate come from reducing or stopping services.



Phasing of options reflects the lead time needed to implement high risk options.

Implementation costs mainly relate to impacts of staffing. Capital expenditure requirements are not reflected in this chart but the wider schools re-design option assumes a significant capital investment over the next 20 years and reductions in library, community and cultural services may release capital assets.

## Section 3 Service Options (EC&S) (version 1.4a)

# EC&S: Transformation options

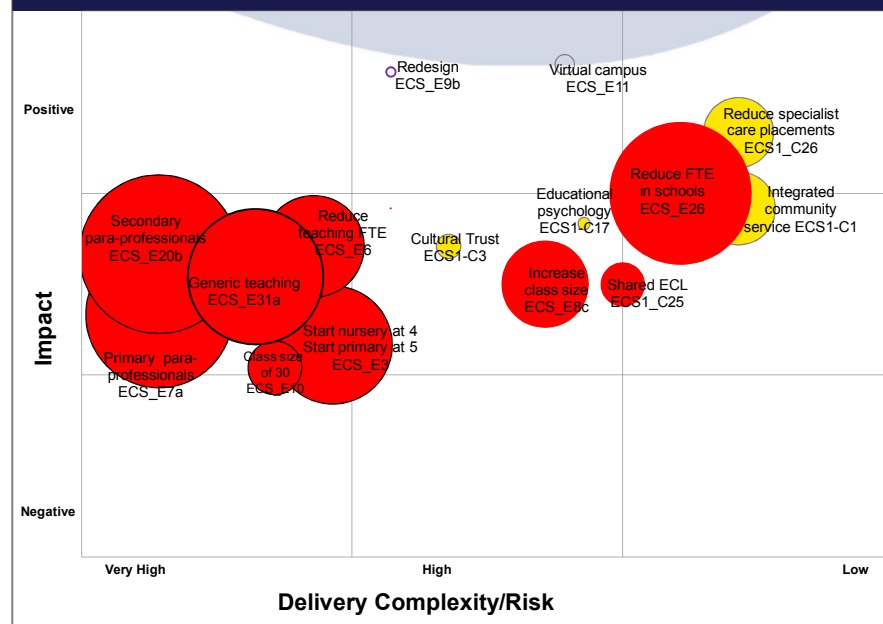


Transformation options will reduce overall costs and focus financial resources on actual service delivery, whilst increasing curriculum choice and encouraging independence and lifelong learning through:

1. Re-designing Education provision and creating a different service delivery model
2. Greater shared provision or commissioning of services in Community learning and Additional Support Needs
3. Consolidation of Cultural and Sports services into a Trust, potentially operating at a regional level for greater synergies

Ref	Option description	Value in Yr 5 (£k)
ECS1-C1	Integrated Communities Service	1,106
ECS1_C26	Reduce the number of out of authority placements by redesign and small addition to existing local services	1,190
ECS1-C3	Move to Cultural Trust	144
ECS_E11	Redesign of senior secondary school towards a Virtual City Campus	94
ECS1-C17	Educational Psychology: Develop joint/alternative service delivery	35
ECS_E9b	Redesign of secondary school estate	-1,034*
ECS_E20b	Redesign the profile of professional staffing in secondary schools	6,083
ECS_E7c	Redesign the profile of professional staffing in primary schools	5,181
ECS_E3	Start nursery at 4 years	3,388
ECS1_C25	Potential shared services with other local authorities	450
ECS1-C6	Create Community Collections Centre & redeveloped Art Gallery	-50
ECS1-C7	Create Libraries & Information Heritage Centre	-50
<b>TOTAL</b>		<b>16,537</b>

### The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers



Options that have been identified as higher risk are those that have significant barriers to implementation, these include:

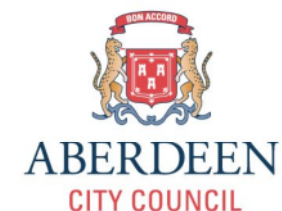
1. Changes in statute
2. Changes to national agreements
3. Agreement from some other 3<sup>rd</sup> party that cannot be assumed

*Higher risk options (including efficiency and Stop / Reduce) are shown in red above*

*\* The figures presented are the proposed savings. Therefore when a figure is a negative, i.e. -1034, what is being indicated is either an investment or a decrease in income.*

## Section 3 Service Options (EC&S) (version 1.4a)

# EC&S: Efficiency options



Efficiency options will deliver better value for money on services provided by:

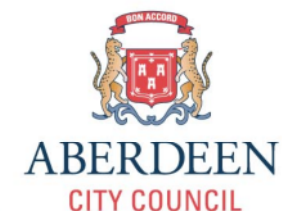
1. Reviewing commissioned services
2. Increasing productivity through changes to the terms and conditions of teachers
3. Making optimal use of school facilities

Options regarding teachers' terms and conditions have been identified as a higher level of risk due to the required changes to national agreements.

Reference	Option description	Value in Yr 5 (£k)	Comment
ECS1-C10	Root and branch review of commissioned arts and sports services	1,800	
ECS_E37	Change the delivery model of music tuition	796	
ECS_E19	Rationalise school administration	578	
ECS_E8d	Increase class sizes in primary schools – P1 from 18 to 25	440	
ECS_E4	Provide 1 nursery teacher for each school	265	
ECS_E30	Changes to terms of engagement of casual teachers	250	
ECS_E35	Contracting supply teachers for pupil attendance time only	168	
ECS1-C20	Educational Psychology: Not filling current vacant posts	168	
ECS1_C22	Contract out catering at beach ballroom / art gallery OR income generate	85	
ECS_E5	Nursery nurses to provide non class contact cover for nursery teachers	80	
ECS_E32	Pensions reduction: no contribution for temporary promoted posts	26	
ECS_E36	Remove devolved educational management savings targets for schools	-2,500	
ECS_E40	Maximising class sizes in upper stages of secondary school	1,457	
ECS_E26	Increase teaching time to match pupil time in secondary schools	4,840	With Risk
ECS_E31a	Extend non-subject specific/generic teaching until end of S2	4,418	With Risk
ECS_E6	Increase teaching time to match pupil time in primary schools	2,480	With Risk
ECS_E8c	Raise P1 to 3 class sizes to 33 and composite classes in P1 to 3 to 30	1,800	With Risk
ECS_E10	All secondary S1 & S2 classes at 30	700	With Risk
ECS_E39	Remove budgeted pay award to reflect any future national agreement	2,500	With Risk
ECS_C27	Establishment of revenue funding for Old Torry Community Centre and for Ruthieston Community Centre to enable transfer to leased Community Centre status	18	
ECS_E41	Absorb the anticipated increase in demand for ASN services within current costs	9,000	
<b>TOTAL</b>		<b>29,369</b>	

## Section 3 Service Options (EC&S) (version 1.4a)

# EC&S: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

*Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options*

*\*Stop options also exist for these items totalling approx £4m (ECS\_E13 & E15)*

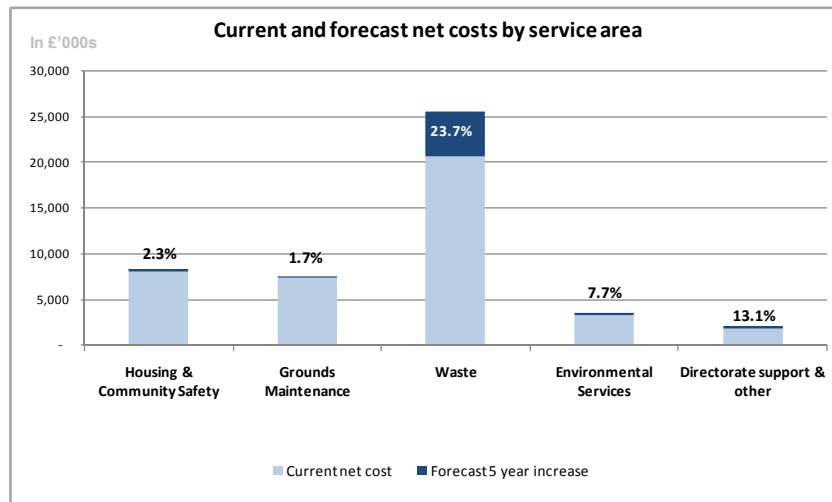
*\*\* These options form part of ECS-C3 but are included in this list for visibility.*

Priority ranking	Reference	Option description	Value in Yr 5 (£k)
39	ECS_E22	Reduce Pupil Support Assistants provision by 50% in primary schools	2,850
13	ECS_E9a	Secondary school estate – close 2 schools	2,346
15	ECS_E29a	Primary school estate – close 5 schools	1,015
24	ECS1-C9	Close up to 8 Community Libraries over 5 years	452
27	ECS_E17a	Additional Support Needs: Increase teacher / pupil ratios to 1:10 – Secondary	600
30	ECS_E18a	Additional Support Needs: Increase teacher/ pupil ratios to 1:10 – Primary	500
31	ECS_E24	Reduce Pupil Support Assistants provision by 50% in secondary schools	1,000
35	ECS_E12	Withdraw music tuition	450
40	ECS1-C11a	Community Centres - review council financial support	58
54	ECS_E28	Close Music School	0
55	ECS1-C11e	Provision of development programme grant and building revenue costs to leased Centres in regeneration areas only	353
64	ECS_E34	Stop Curriculum for Excellence training in Modern Foreign Languages	100
65	ECS1-C8	Close all 16 Community Libraries	994
68	ECS1-C13	Cease communities teams services	5,676
69	ECS_E14	Reduce Teacher Support for Learning allocation – secondary schools	560*
70	ECS_E16	Reduce Teacher Support for Learning allocation – primary schools	580*
71	ECS1-C11f	Cease all Council financial support including development programme grant and building revenue costs to leased Community centres	127
72	ECS_E25	Stop pre-school education	4,293
76	ECS_E21	Remove remaining Pupil Support Assistants provision in primary schools	2,850
77	ECS_E23	Remove remaining Pupil Support Assistants provision in secondary schools	1,000
81	ECS1-C2	Close all art galleries & museum visitor venues (over 4 years)	735**
87	ECS1-C2a	Close all art galleries & museum visitor venues (1 year)	0**

# Housing & Environment (H&E): Cost of services



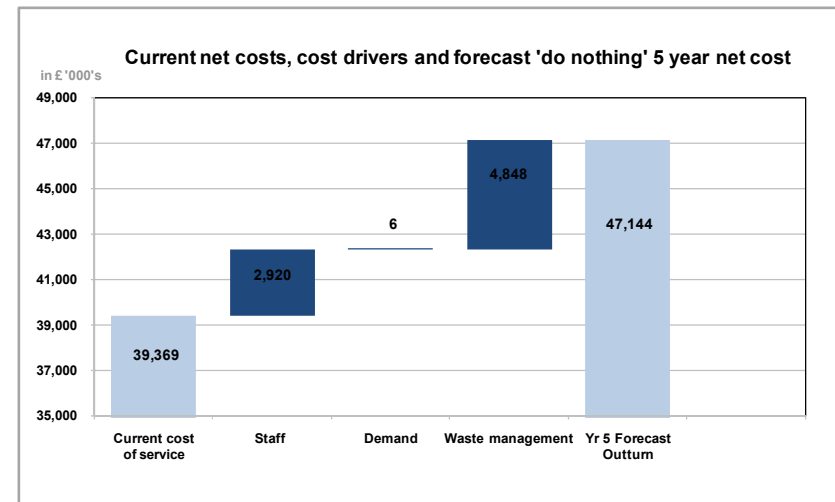
The current net cost of Housing and Environment services (excluding HRA) is £39m\*. This cost is forecast to rise by 20% to £47m by 2015/16.



The above chart does not include the net income of trading services nor Housing and Regeneration services (non HRA), however these are included in the total net cost figures.

Waste services account for the majority of current net costs (£20.7m) and has the largest 5 year forecast cost pressures (23%).

The effect of all Directorate forecast cost pressures will be an increase in the proportion of total net costs incurred by Waste services, from 52.5% to 54.3%.



The cost pressures that will impact on H&E services over the next 5 years are driven by:

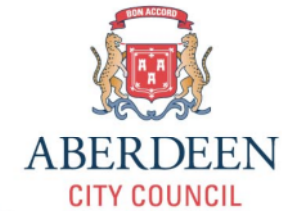
- Rising cost of ACC staff
- Increasing requirements for waste management
- Rising demand for services

No increase in income has been forecast.

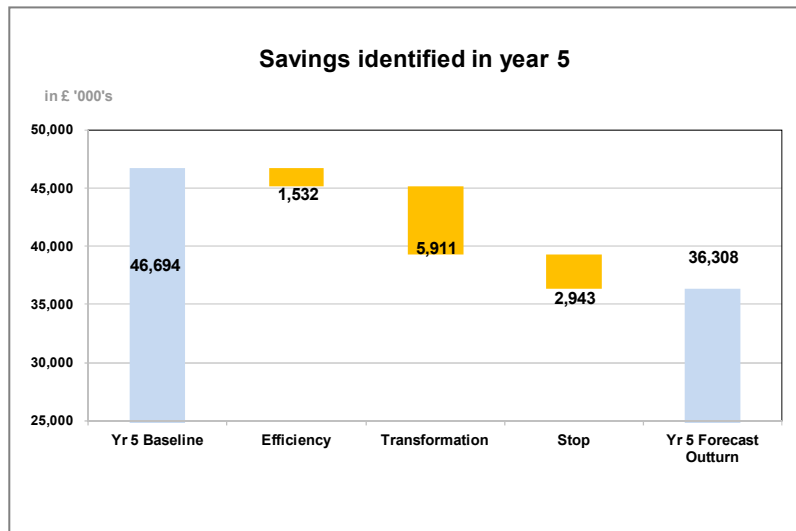
\* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund

## Section 3 Service Options (H&E) (version 1.4a)

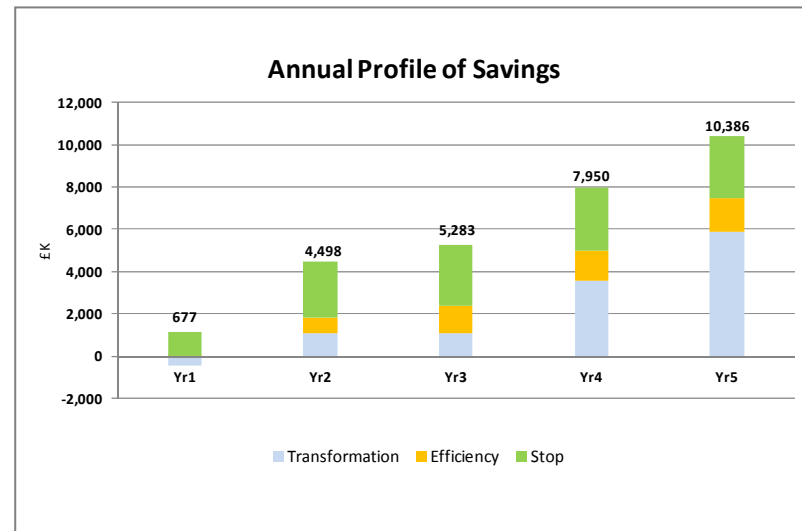
# Summary of H&E savings



- A total of £19.9m of savings opportunities have been identified for H&E services.
- This is equivalent to 22% of the Directorate's 5 year forecast baseline.
- There are no options which have been highlighted as being high risk, although the benefit profile need to be refined as detailed implementation plans are developed for the options chosen.



The majority of the savings from Housing and Environment are derived from transformation options, most significantly predicted savings of £4.8m from reviewing the waste strategy. A further £1m of transformation savings will arise from externalising services.



Revenue investment requirements for the waste strategy are estimated to be £500K in year 1.

Efficiency options have a net £36K of implementation costs in year 1, with all options returning benefits from year 2.



## Section 3 Service Options (H&E) (version 1.4a)

# H&E: Transformation options



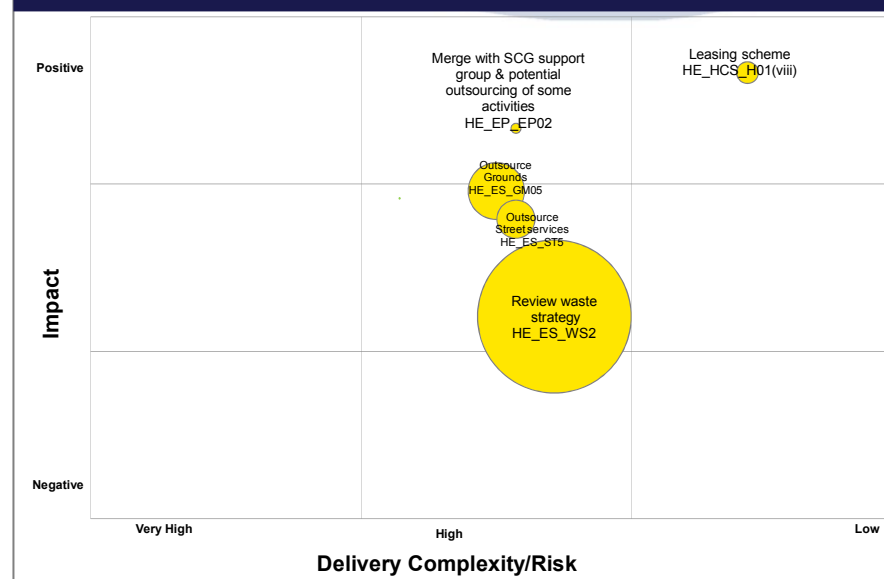
Transformation options will create a new service delivery model that is able to meet demands on services and remove cost from the baseline:

1. Waste strategy will implement a long-term waste strategy that changes the way waste is collected and delivers agreed waste targets. It will leverage full benefit from partnership opportunities

2. Core environmental services will be market tested to determine the optimum delivery framework for each service.

Ref	Option description	Value in Yr 5 (£k)
HE_ES_WS2	Review existing Waste Strategy to determine most cost effective options for diverting waste from landfill	4,822
HE_ES_GM05	External delivery or attain equivalent efficiency savings on grounds maintenance service	659
HE_ES_ST5	External delivery / attain equivalent efficiency savings on street cleaning service	300
HE_HCS_H01(viii)	Establish Private Sector Leasing Scheme	100
HE_EP_EP02	Merge Emergency Planning team with SCG support group and potential outsource of some activities	30
	Property Services LLP	8,940
	Lobby for removal of landfill tax	580
<b>TOTAL</b>		<b>15,431</b>

### The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers

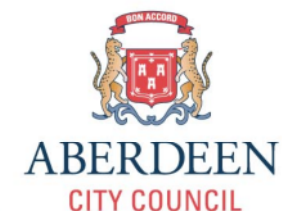


Only H&E options that relate to the General Fund have been considered in this document.

Options relating to the HRA have been identified however their impact (if any) on the net position on the General Fund is yet to be determined.

## Section 3 Service Options (H&E) (version 1.4a)

### H&E: Efficiency options

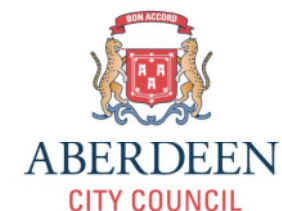


Several efficiency options identified are incompatible with alternative Transformation options that have been agreed. For this reason, their savings have not been recognised. However they remain valid options in the event that the alternative Transformation options are not implemented

Reference	Option description	Value in Yr 5 (£k)
HE_ES_WS3	External delivery or attain equivalent efficiency savings in domestic waste collection	650
HE_ES_WS9	Increase commercial waste collection charges	270
HE_ES_HT04	Implement mobile working for field staff in Trading Standards and Environmental Health	180
HE-ES-PT5	Close all toilets except two and run a community toilet scheme	151
HE_ES_WS10	Invest in 1 FTE to work with communities to divert waste from landfill by improving recycling	75
HE_ES_HT01	Restructure Environmental Health and Trading Standards	70
HE_HCS_S01 (iii)	Restructuring of Housing Strategy (non HRA) team	40
HE_ES_WS8	Short-term improvements to recycling performance at Recycling Centres	38
HE_ES_ASSL2	Scientific Labs to seek and increase the level of work from the private sector.	33
HE_ES_HT03	Cease non-statutory food surveillance sampling which will reduce income in Scientific Services Laboratory	25
<b>TOTAL</b>		<b>1,532</b>

## Section 3 Service Options (H&E) (version 1.4a)

# H&E: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

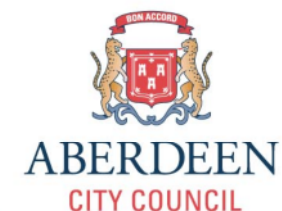
Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
20	HE_ES_ASSL1	Sub contract high cost / low volume testing to companies that can carry out work cheaper than labs	50	
23	HE_HCS_CS05(xi)	Remove funding for deploying street urinals	8	
25	HE_HCS_CS05(xii)	Remove budgets for transport marshals	70	
25	HE_HCS_CS05(vii)	Private sector / commercial mediation	25	
26	HE_HCS_CS05(viii)	Remove budget for community based reparation service	22	
29	HE_HCS_HM02	Stop Instant Neighbour Contract	0	Saving would be made in HRA not General Fund
34	HE_HCS_CS05(v)	Remove funding of Inspector working to address antisocial behaviour (in line with national agreements)	68	
41	HE_ES_PT01	Close all toilets with no community toilet scheme	70	
43	HE_ES_ST1	Reduce street cleaning (specific service reduction options)	155	
44	HE_ES_GM01	Reduce grounds maintenance (specific service reduction options)	416	
45	HE_ES_WS5	Remove Recycling Points in areas covered by kerbside collections	69	
46	HE_HCS_CS05(x)	Street Football – remove funding	5	
49	HE_ES_WS7	Remove paper recycling in multi occupancy areas	0	Savings up to Yr 4 only
50	HE_HCS_CS05(vi)	Agreement to remove funding for dispersal of groups and closure of premises	6	
51	HE_HCS_CS05(ix)	Agreement to remove funding for Safer Aberdeen Programme	12	
56	HE_ES_PC01	Close all parks and gardens and cease maintenance	1,141	
61	HE_HCS_S02(ii)	Stop Scheme of Assistance	117	
73	HE_HCS_S02(i)	Reduce provision on housing support	100	

*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

*All Housing and Environment Stop / Reduce options were 'above the line' and have been included in current calculations of total savings unless double count of savings have been identified*

## Section 3 Service Options (H&E) (version 1.4a)

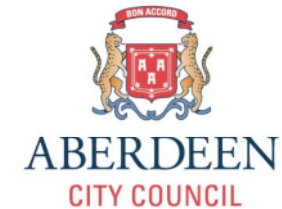
# H&E: Additional Stop / Reduce options



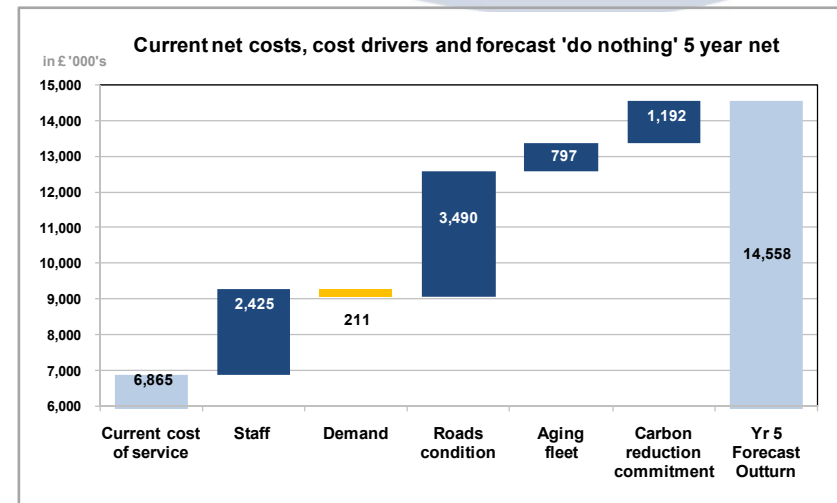
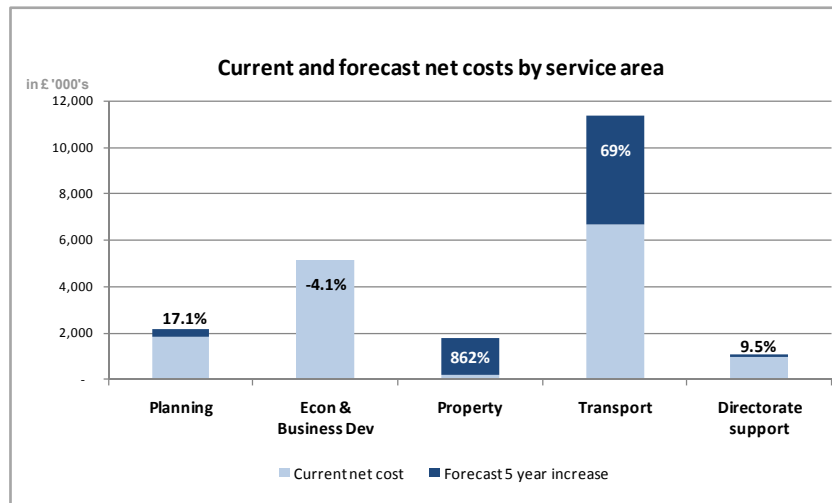
Additional savings items have been identified by the Directorate following the Corporate Roundtable. These items replace savings quoted for a Transformation option which upon investigation was found to be unfeasible. The options below were therefore not ranked in the ACC prioritised list of stop and reduce options but are included in the overall Directorate and ACC savings total.

Reference	Option description	Value in Yr 5 (£k)	Comment
HE_ES_BSAD1	Increase Bereavement Services charges (cremation and burial fees) by 10%	176	
HE_ES_PT6	Close all public toilets and replace with community toilet scheme	128	
HE_HCS_CS05a	Remove funding used by Community Safety Managers for local neighbourhood safety initiatives	15	
HE_HCS_CS05b	Remove funding from Aberdeen Safer Trust for Community Safety Partnerships small grants scheme	5	
HE_HCS_CS05c	Remove funding contribution to Sergeant working on addressing antisocial behaviour (in line with national agreements)	27	
HE_HCS_CS05d	Remove funding contribution to Constable working on addressing antisocial behaviour (in line with national agreements)	22	
HE_HCS_CS05e	Remove funding contribution to Community Safety Partnership meeting costs	7	
HE_HCS_CS05g	Reduction in the contingency for ad-hoc grant applications	25	
HE_HCS_CS05h	Remove funding from Wilful Fires Sub Group for diversionary activities initiatives	7	
HE_HCS_CS05i	Remove funding for legal costs of antisocial behaviour case preparation	70	
HE_HCS_CS05j	Remove funding for training budget of Community Safety Partnership members	3	
HE_HCS_CS05k	Remove funding from Community Safety Partnership promotion / marketing budget	3	
HE_HCS_CS05l	Remove funding for subscriptions to national organisations	1	
HE_HCS_CS05m	Remove funding for Community Safety partnership analysts	52	
HE_HCS_CS05n	Remove funding contribution for non-HRA activity Antisocial behaviour Investigation	25	
HE_HCS_CS05o	Remove funding contribution for non-HRA activity from Aberdeen Families Project	30	
<b>TOTAL</b>		<b>2929</b>	

# Enterprise, Planning & Infrastructure (EP&I): Cost of services



The current net cost of Enterprise, Planning and Infrastructure services is £6.8m\*. This cost is forecast to rise by 112% to £14.5m by 2015/16.



The chart above does not show the net income of trading services, although these are included in the total net cost figures.

Asset management & operations account for the majority of current net costs (£6.7m) and with a predicted increase of £4.6m account for the largest forecast cost pressures over the next five years. The largest % forecast increase in net costs is within Property services.

The effect of all Directorate forecast cost pressures will be a significant increase in the proportion of total net costs incurred by Property services (from 2% to 12%) and a corresponding decrease in the proportion of total net cost from other services.

The cost pressures that will impact on EP&I services over the next 5 years are driven by:

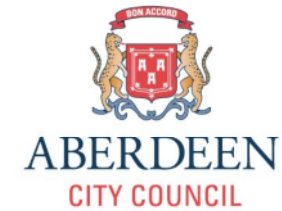
- Rising cost of ACC staff
- The deteriorating condition of roads, which increases the cost to maintain them
- An ageing fleet of vehicles, increasing the cost to maintain and run
- Increased targets in carbon reduction to be met

These cost pressures are marginally offset by some falling costs due to a fall in expected demand for some services.

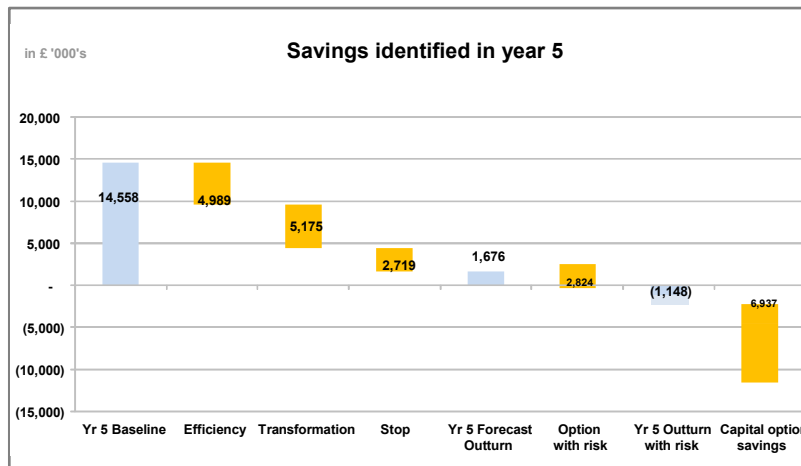
\* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund

## Section 3 Service Options (EP&I) (version 1.4a)

# Summary of EP&I savings

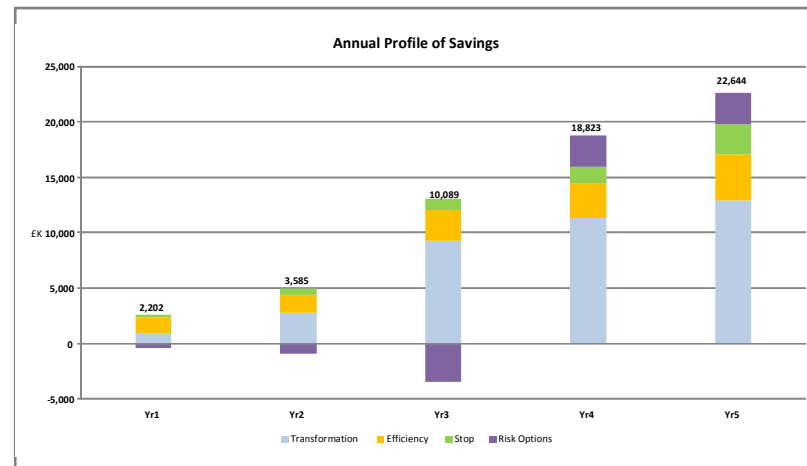


- A total £22.9m of savings have been identified for EP&I services.
- £12.9m of this relates to core savings and income opportunities, equivalent to 88% of the Directorate's 5 year net forecast baseline. (gross budget is 30.6%)
- A further £ 2.8m of new income has been identified as higher risk options.
- £6.9m of year 5 net revenue savings have been identified from capital options.



The total identified savings are the revenue impact of 3 capital options: Investment in roads (AMO17) and sale of property (AMO11a & 11b). The former creates a revenue saving in reduced maintenance costs, while the latter could reduce revenue rental income. The net effect of these options are shown in a separate bar on the chart above (capital option saving).

Two revenue generation options have been identified as having implementation risks as both require national agreement amendments (AMO25 – PCN rate change & AMO26 – road user charging).



The revenue impact of capital options is included in the chart above, however the capital finance requirements are not included, notably roads investment (estimated £21.7m investment p/a) and the receipt of sale of property assets.

The option to introduce road user charging requires significant revenue implementation costs in year 3. Capital investment is also required for a system holding vehicle registration numbers.

## Section 3 Service Options (EP&I) (version 1.4a)

# EP&I: Transformation options

Transformation options include a combination of targeted investment, changes in service delivery models and optimising use of capital assets, including:

1. Investment in roads infrastructure to reduce the long-term cost of repair.
2. Investment in the city's economic development agenda
3. A framework of strategic partnerships for delivery services (including parking, road services, & facilities management)
4. Shared service arrangements for public transport services
5. Optimisation of investment and asset portfolios (making disposals where necessary)

Ref	Option description	Value in Yr 5 (£k)
EPI_AMO17	New investment - additional capital funding for roads	7,735
EPI_AMO01	Enter into a partnering arrangement for all asset management & operations services	4,481
EPI_DIR01	Full EP&I service review	559
EPI_PSD05	Public Transport Unit shared service with a possible transfer of procurement Central Procurement Unit.	51
EPI_DIR03	Assimilate Environmental & waste services from H&E to EP&I	31
EPI_DIR04	Integration across economic development, planning and regeneration services	31
EPI_AMO19	Shared facilities management services with public sector partners	22
EPI_AMO11a	Dispose of selected property portfolio	0
<b>TOTAL</b>		<b>12,910</b>

### The impact on service and the complexity of implementation of Transformation options & Efficiencies with barriers



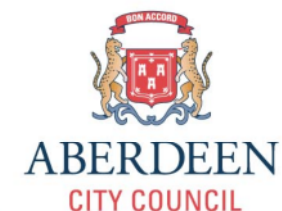
Options that have been identified as higher risk are those that have significant barriers to implementation, these include:

1. Changes in legislation
2. Changes to national agreements or policy
3. Agreement from some other 3<sup>rd</sup> party that cannot be assumed

Higher risk options (including efficiency) are shown in red above

## Section 3 Service Options (EP&I) (version 1.4a)

# EP&I: Efficiency options



Efficiency options will deliver better value for money on services provided by:

1. Increasing income opportunities
2. Improving ACC's energy efficiency
3. Introducing new mobile technologies into everyday practice

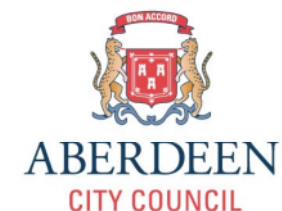
Efficiencies with risk provide means to raise additional income from motorists, however they require changes in national policy and / or legislation

Reference	Option description	Value in Yr 5 (£k)	Comment
EPI_AMO05	Car parking - Increase charges every 2 years	1,911	
EPI_AMO18	Increased mobile and/or remote working for staff throughout the Council	780	
EPI_EBD03a	Increase revenue - advertising on fixed assets	750	
EPI_DIR06	Enable renewable energy network for a low carbon economy (combined heat and power, wind farm etc)	400	
EPI_PSD11a	Charge for pre-application consultations and co-ordination of master plans	160	
EPI_AMO09	Use of Wi-Fi for roads Urban Traffic Control communications (Traffic Signals)	92	
EPI_AMO06	Increase revenue – charge for road space used by utility companies during road works	68	
EPI_AMO07	Increase roads revenue - driveway applications	30	
EPI_EBD03c	Increase revenue - sponsorship of bus shelters / stops	30	
EPI_EBD03b	Increase revenue - roundabout sponsorship	20	
EPI_EBD03d	Only undertake fully funded events	442	
EPI_AMO08	Reduce street lighting whole life costs with energy efficient lanterns	19	
EPI_AMO20	Improved energy efficiency in council buildings	14	
EPI_PSD11b	Investigate further options for generating income from environmental projects	10	
EPI_AMO11b	Tactically dispose of property assets to generate capital investment	-798	Capital Option
EPI_DS01	Restructuring EP&I Directorate Support Unit	42	With barriers
EPI_AMO24	Optimise parking service operations through different service delivery models	222	With barriers
EPI_AMO25	Adopt the Scottish Governments proposed change of the Parking Charge Notices rate to £80 or £100	86	Risk
EPI_AMO26	Explore introducing road user charging as part of a review of the Local Transport Strategy to invest in our roads and transport assets	2,738	Risk
<b>TOTAL</b>		<b>7,016</b>	



## Section 3 Service Options (EP&I) (version 1.4a)

# EP&I: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

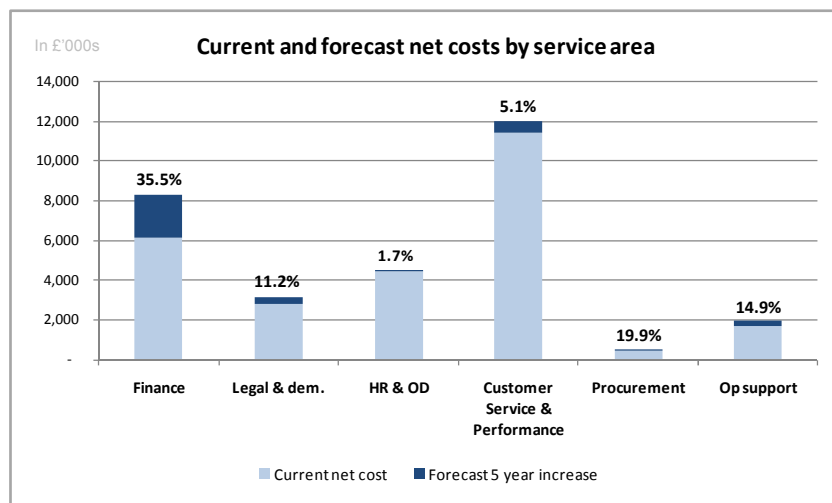
*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
12	EPI_AMO14	Self fund catering (Town House & Kittybrewster) otherwise stop	18	
19	EPI_EBD02e	Reduce marketing materials to minimum	29	
21	EPI_AMO16	Reduce non-housing property maintenance inspections	99	
28	EPI_EBD02c	Reduce economic development to a minimum – stop events, twinning, marketing and graphics (50%)	526	
32	EPI_PSD05a	Public Transport Unit - reduce bus shelter expenditure	158	
33	EPI_AMO15	Reduce school patrols	325	
48	EPI_PSD02	Rationalise planning application management	44	
59	EPI_EBD02g	Reduce economic development team to minimum	1,409	
60	EPI_AMO13	Reduce traffic management and road safety operations	111	
			<b>2,719</b>	

# Corporate Governance (CG): Cost of services



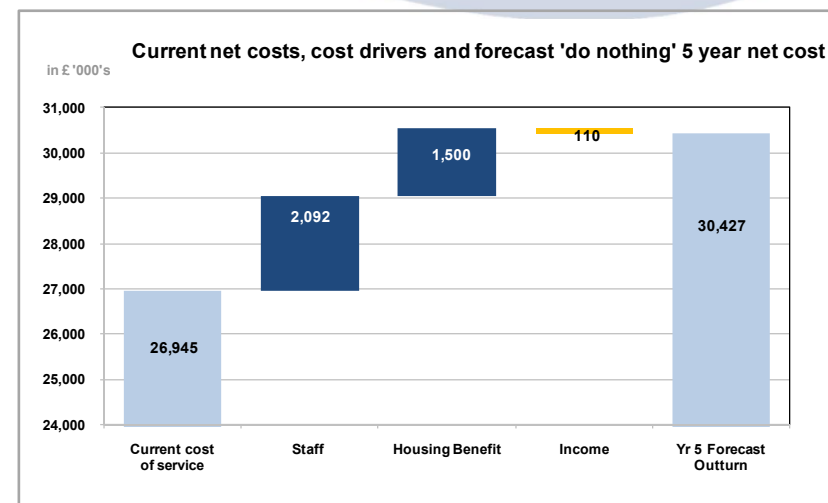
**The current net cost of Corporate Governance services is £27m\*. This cost is forecast to rise by 12.9% to £30m by 2015/16.**



Customer Services and Performance have the largest current Directorate net costs (£11.4m). However Finance has the largest 5 year forecast cost pressures (36%).

The effect of all Directorate forecast pressures will be to:

- Increase the proportion of total net costs that are incurred by Finance, from 23% to 27%.
- Decrease the proportion of total net costs incurred by Customer Services and Performance from 43% to 40%.



The cost pressures that will impact on Corporate Governance services over the next 5 years are driven by:

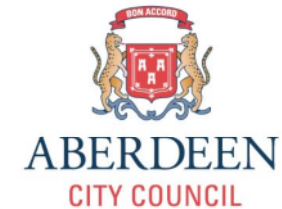
- Rising ACC staff costs and
- An increase in demand for Housing benefits service

These cost pressures are marginally offset by a forecast increase in income.

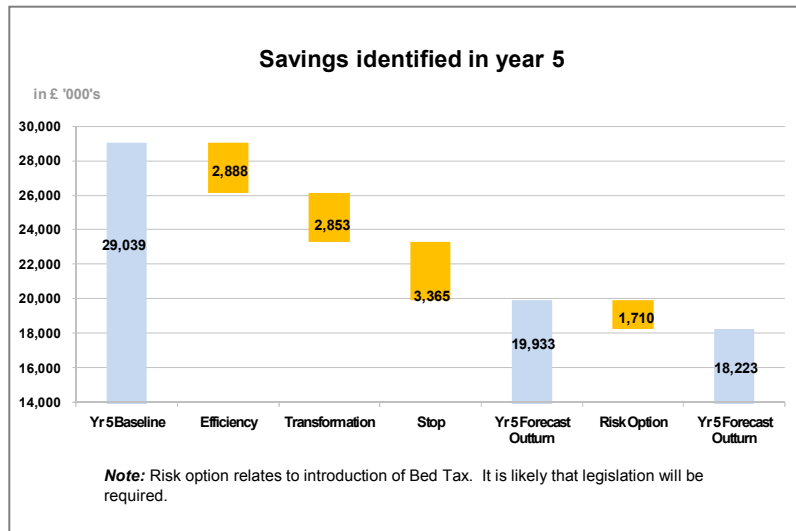
\* Current net cost of service is based on the 2010/11 budget. It excludes capital finance costs and contributions to the repairs and maintenance fund.

## Section 3 Service Options (CG) (version 1.4a)

# Summary of CG savings

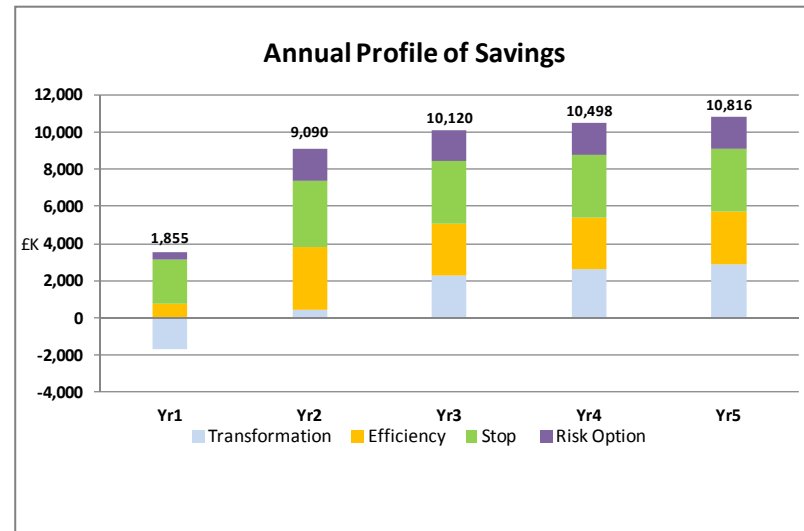


- A total of £11.9m of savings have been identified for Corporate Governance services.
- Core savings total £9.1m, which represents 31% of the Directorate's forecast five year baseline.
- £1.7m of savings relate to a 'risk option' where further clarification of legal barriers is required.



Savings from transformation options relate in the main to externalisation of the main back office functions.

The sustainable efficiency savings are driven by options to improve administration around the democratic process. Approximately half of the savings in the stop/reduce category (£2.4m) relate to stopping funding for Fairer Scotland.



The savings profile includes tactical efficiency options for HR, Legal and Finance which will be implemented in years 1 and 2.

It is assumed that options that involve externalisation of services are to be implemented in Year 3.

## Section 3 Service Options (CG) (version 1.4a)

# CG: Transformation options

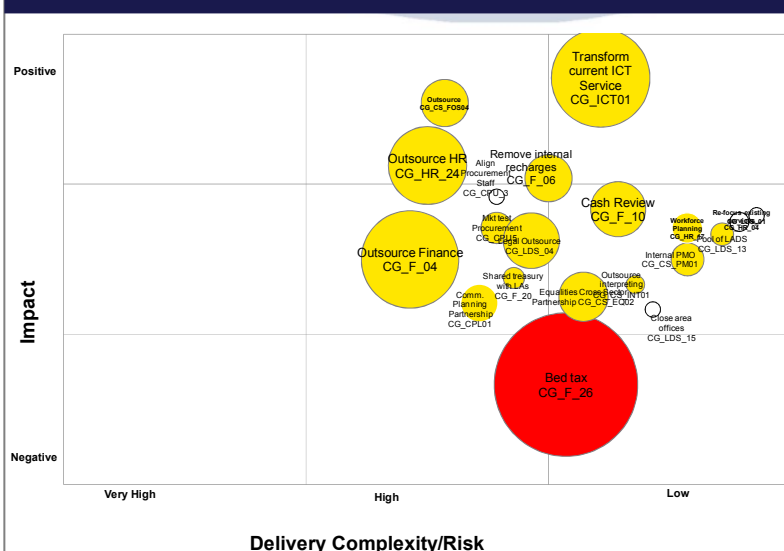
Transformation options will:

1. Drive greater standardisation and consolidation of activities.
2. Provide a more flexible service able to meet the requirements of a changing customer base
3. Streamline and effectively manage information

In the future services will either become increasingly centralised within the Council or be delivered by external providers.

Ref	Option description	Value in Yr 5 (£k)
CG ICT01	External delivery of ICT	803
CG_F_04	External delivery of Finance	780
CG_HR_24	External delivery of Human Resources & Organisational Development	506
CG_LDS_04	External delivery of Legal Services	259
CG_CS_FOS04	External delivery of Customer Services	184
CG_CS_CPL01	External delivery of Community Planning	109
CG_CS_PM01	Programme Management Office - fully internal	90
CG_CPU_5	External delivery of procurement function	80
CG_LDS_13	To create a "pool" of WPO/clerical/admin support across Legal and Democratic Services	42
CG_CPU_3	Re-alignment of procurement staff across the 5 authorities	0
CG_HR_04	Refocus and rationalise existing Health & Safety service	0
<b>TOTAL</b>		<b>2,853</b>

### The impact on service and the complexity of implementation of Transformation options and Efficiencies with barriers



Options that have been identified as higher risk are those that have significant barriers to implementation. These include:

- 1.Changes in legislation
- 2.Changes to national agreements
- 3.Agreement from some other 3<sup>rd</sup> party that cannot be assumed

*Higher risk options (including efficiency and stop/ reduce) are shown in red above*

## Section 3 Service Options (CG) (version 1.4a)

# CG: Efficiency options



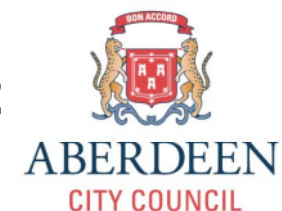
Efficiency options will deliver better value for money on services provided by:

1. Changing internal processes and structures
2. Maximising income opportunities
3. Employing external service providers

Reference	Option description	Value in Yr 5 (£k)	Comment
CG_CPU_01	Targeted contract savings	500	
CG_CPU_2a	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – Social Care & Wellbeing	1,000	
CG_CPU_2b	Re-alignment of identified staff to Central Procurement Unit on a temporary basis – E P & I ; H & E	350	
CG_CPU_7	Close the Social Work occupational therapy stores and transfer operations to the Whitemyres Centre	105	
CG_LDS_09	Maximise the capabilities of modern.gov capabilities to circulate agendas & change minute style	79	
CG_LDS_18	Merge Archive and Registrars to form a joint service	52	
CG_F_16	Merge Social Work Assessments into Revenues and Benefits	50	
CG_LDS_08	Transfer committee services from Legal to Democratic Services	44	
CG_LDS_25	Hire out Town House facilities to external groups and bodies.	38	
CG_LDS_7D	Only one committee member of staff at each committee meeting	29	
CG_LDS_24	Increasing the number of ceremonies provided, e.g. baby naming	24	
CG_LDS_27	Expand charging in Archives - family history requests	10	
CG_F_08	Trusts & Common Good - review support	10	
CG_F_10	Cash Review - Area Offices	125	With barriers
CG_CS_EQ02	Equalities function being delivered by cross-sector partnership	200	With barriers
CG_F_06	Remove internal recharges across ACC	182	With barriers
CG_HR_17	Move away from centralised workforce planning in the longer term	75	With barriers
CG_CS_INT01	Externalise delivery of interpreting and translating service	28	With barriers
CG_F_20	Review Treasury transactional activities through joint working	37	With barriers
CG_LDS_15	Closing of Area Offices at Bucksburn and Peterculter	-50	With barriers
CG_F_26	Bed tax	1,710	With Risk
<b>CG_CPU_2c</b>	Reduce rates on targeted contracts across ACC	1,000	
<b>TOTAL</b>		<b>5,598</b>	

Section 3 Service Options (CG) (version 1.4a)

# CG: Efficiency options: Additional options Years 1&2



Additional efficiency options have been identified which will be implemented to improve services prior to implementing an alternative delivery model (i.e. Transformation options).

In this case, no efficiency savings are shown in year 5, but savings in Years 1 and 2 are included in the profile of Years 1 to 5 savings. These items are listed below with the total savings for Year 2.

Reference	Option description	Value in Yr 2 (£k)	Comment
CG_HR_07	Payroll incorporated into Human Resource (HR) Service Centre	20	
CG_HR_10	Develop Business Partner Model – basic queries to HR Service Centre	60	
CG_HR_13	Transactional HR Services incorporated into HR Service Centre	60	
CG_LDS_14	Increased use of Paralegals	18	
CG_HR_19	Corporate HR team to focus on core corporate employee issues; client incorporated in HR Service Centre	80	
CG_HR_22	Recruitment and selection processed through the HR Service Centre	105	
CG_LDS_01	Transform in-house delivery of legal services	30	
CG_F-13	Revenue and Benefits establishment review	125	
CG_F_01	Services Accounting - process improvement	140	
<b>TOTAL</b>		<b>638</b>	

## Section 3 Service Options (CG) (version 1.4a)

# CG: Identified Stop / Reduce options



It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

*Options above this red line have been included in current calculations of total savings. This is based on current predictions of future funding levels and anticipated savings from transformation and efficiency options*

Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
3	CG_CPU_6	Rationalise central store function	43	
4	CG_LDS_07b	Council committees align to statutory minimum	450	
	CG_LDS_7e	Savings of convenors and vice convenors payments if reduced number of committees	108	
6	CG_LDS_20	Charge fully for provision of archive service to Aberdeenshire Council	36	
7	CG_LDS_21a	Reduce members support unit	37	
8	CG_LDS_22	Cease delivering mail to Councillors' homes	11	
9	CG_LDS_26	External delivery of conveyancing service	0	
10	CG_CS_CM01	Subsume change management function into Programme Management Office	271	
22	CG_CS_FS03	Reduce Fairer Scotland Fund	1,000	
37	CG_CS_FS01	Cease Fairer Scotland Fund	1,375	
38	CG_LDS_02	Cease all external legal support	0	Reduced to £0 to avoid double count with LDS_04
47	CG_CS_PMQ07	Align Corporate Information & Research resource to work demand	142	
79	CG_CS_FOS07	Customer Service - stop face to face provision	783	
80	CG_CS_FOS08	Customer Service - stop developments	427	

## Section 3 Service Options (version 1.4a)

# Council wide options



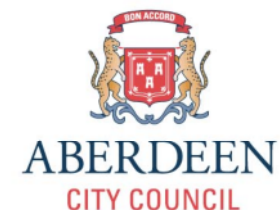
Ref	Option description	Value in Yr 5 (£k)
ACC_SO13	Review Corporate Administration	900
ACC_SO19	Rationalise operational support	25
ACC_SO7	Review and rationalise cross Council ICT	250
ACC_SO18	Reduce management teams	1,075
ACC_SO1	Reduce funding to Grampian Police (in line with national agreements)	3,555
ACC_SO2	Reduce funding to Grampian Fire & Rescue	2,132
ACC_SO6	Reduce miscellaneous grants	605
ACC_SO11	Review terms and conditions of staff	0
ACC_SO9	Review corporate training / conferences	555
ACC_SO3	Reduce funding to Joint Valuation Board	254
ACC_SO5	Reduce staff advertising	100
ACC_SO4	Stop general advertising	60
ACC_SO22	Electronic mail and send	400
ACC_SO17	Self-service administration across the Council	63
ACC_SO21	Move to cash free Council	49
ACC_SO08	Corporate Bond issue	-400
ACC_SO10	Reduce level of contingency	3,000
ACC_SO16	Explore commercial opportunities	0
ACC_SO20	Explore expanding use of Common Good for General Fund	0
ACC_SO_23	Remove discretionary enhancements to pensioners	3,000
ACC_SO_24	Charge levy on car parking for private businesses	0
<b>TOTAL</b>		<b>15,623</b>

**These options relate to council-wide savings opportunities. They have not been included within any individual Directorate savings but are included in the total ACC consolidated position.**



## Section 3 Service Options (version 1.4a)

# Further Innovation



Although a large number of options have been identified, both at Service level and also options that will have an impact across the Council, further research across local government in the UK has identified further options for consideration by elected members. *They have been included within this section merely to highlight the full scale of potential options, rather than suggesting that these may or may not be appropriate or acceptable.*

This list is intended to supplement the existing options that have been identified through dialogue and engagement at Function and Directorate level. These options have not been costed and have not been included within the proposed package of options.

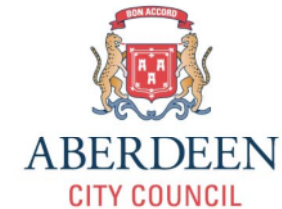
The options fall into two key areas – those that impact the **scope** of service that ACC could deliver and those that relate to the **delivery** of services.

### 1. SCOPE OF SERVICES

- Creation of a Local Authority Bank (commercial basis within legal remit)
- Buy out Post Office and run as a commercial business in the region
- “Easyjet” Council model with differential pricing for services
- Commercialise local authority services (go into the business of providing service)
- Developing centres of excellence and then selling services outside of geographical areas / hosting services to other Councils across UK mainland
- Change the 'social contract' with your community, e.g. Big Society agenda (vanguard communities)
- Building Resilient Communities
- Changing behaviours of individuals ('targeting difficult families')

## Section 3 Service Options (version 1.4a)

# Further Innovation (continued)



### 2. DELIVERY OF SERVICES

- Creation of separate public entity for the delivery of social care
- Delivery of library services via private sector funding, e.g. via supermarkets or cafes as places to deliver these services in order to attract teenagers and 20 - 30 age group.
- Strategic commissioning hubs
- 'True' commissioning model, e.g. move to North American model of public service provision at local level
- 'Near Shoring' : move services to cheapest part of UK, e.g. Islington runs services out of Manchester
- Cultural change within staff through temporary outsourcing to change working patterns
- Democracy: Put in elected mayor system to cover all local public services
- Joint management teams, education departments etc., with partners across sectors
- Variety of different operating models that move away from Local Authority delivery, e.g. social enterprises, mutuals, co-operatives and community interest company
- Employ a significant part of the workforce through a recruitment agency 'partner' and therefore benefit from alternative terms and conditions
- Other revenue / income avenues e.g. Manchester own a significant part of MFCF, GMEX, airport resulting in a significant cash generator

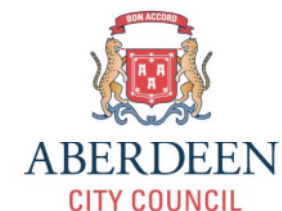
## Section 4

# DEPENDENCIES

(version 1.4a)

## Section 4 Inter-dependencies (version 1.4a)

# Key options



### A. city region agenda Approach to Services

During the Corporate Roundtable, it was recognised that a number of services provided by different Directorates all fit within a wider city region agenda Agenda, each impacting on the same communities within Aberdeen. It was agreed that these services, and the identified options relating to them, should be collectively reviewed to understand the combined effect of services on these communities and the impact of any changes made.

The services and related options identified as within the city region agenda Agenda are:

Directorate	Service	Options identified
Education Culture & Sport	Community Learning	New structure of Community Building
Social Care & Wellbeing	Family & Community Support	Redesign service
Enterprise, Planning & Infrastructure	City Wardens	
Housing & Environment	Community Safety	various options
Housing & Environment	Homelessness	Homeless strategy

### B. Social Care & Wellbeing (SC&W) and Housing

Part of the transformation options within SC&W, aligned to shifting the balance of care, aim to reduce the number of people in residential care. It is anticipated that the Council will need to consider alternative accommodation arrangements to support implementation of this option and this could lead to an increase in demand on Housing Services.

Any cost implications of this demand will need to be considered as the implementation plans become more developed.

### C. Customer contact and Out of Hours services

During the Corporate Roundtable, it was recognised that further efficiencies may be possible by consolidating customer contact points across the Council, especially in relation to contact outside of core business hours. SC&W have identified an option to review their “out-of-hours” service. It was also agreed to extend the scope of this to consider other Council services providing “out of hours” customer contact. Services identified as providing “out of hours” services are:

Directorate	Service
Social Care and Wellbeing	Out of hours
Corporate Governance	Regional Contact Centre
Housing & Environment	Building Services call outs

## Section 4 Inter-dependencies (version 1.4a)

# Key options (2)



### D. Education and Children's Services

There are a number of inter-dependencies between the benefits accruing from Education options (increasing teacher productivity [ECS\_E6 & E26], changes to class sizes [ECS\_E8d, E8c, E31a & E10] and the use of para professionals [ECS\_E7c & E20b]).

Further options to reduce or stop classroom and learning support have also been identified. The cumulative financial benefits from the chosen options have been included within the analysis of savings.

Serious consideration would have to be given to the impact these options may have on children's education experience. Financial benefits may not therefore be fully realisable, even if existing implementation barriers around national agreements are overcome.

Further dependencies have also been identified with the SC&W option to review Children's Services (SCW\_SD3). This option would place additional demands on teaching professionals and the use of para-professionals may limit the ability of teachers taking this wider role.

Opportunities were identified to develop the role of Educational Psychologists to have greater involvement in Children's Services. Full financial and non-financial impacts of these cross Directorate dependencies need to be confirmed.

### E. Corporate Governance

The future shape of the services delivered by Corporate Governance will depend on the configuration and nature of delivery of all other services within the Council.

## Section 4 Inter-dependencies (version 1.4a)

# Impact on Capital Programme



Savings identified relate only to revenue expenditure. It should be noted however that a number of options also have a capital impact. Some require capital investment to be implemented, while others may remove the need for a capital asset and thus create the opportunity for a future capital receipt. The most significant potential capital impacts, which relate to EC&S and EP&I options are highlighted below.

Ref no.	Option	Capital impact	Capital impact where known (£ks)
EPI_PSD08	Stop Western Peripheral Route	De-capitalise investment	
EPI_AMO08	Reduce street lighting whole life costs	Investment	£1.5m in year 1
EPI_AMO09	Use Wi-Fi for Urban Traffic Control	Investment	
EPI_AMO11a	Tactical disposal of property assets	Receipt	73
EPI_AMO11b	Tactical disposal of property assets	Receipt	As above
EPI_AMO17	Additional capital funding for roads	Investment	£21.7m p/a
EPI_AMO18	Increase mobile / remote working	Investment	
EPI_AMO20	Improve energy efficiency	Investment	
EPI_AMO26	Introduce road user charge	Investment – vehicle registration numbers system	
EPI_DIR06	Enable renewable energy network	Investment	
ECS_E9b	Redesign of secondary schools	Investment in new schools & refurbish 2 existing schools	£120m – starting in year 5 and lasting beyond 10 year timeframe for capital programme
ECS_E11	Senior campus	Investment in IT	
ECS_E19	Centralising school admin	Investment in IT	
ECS_E28	Close the Music School	Potential receipt	
ECS_E29a	Closure of 5 primary schools	Potential receipt	
ECS_C2	Closure of art gallery & museums	Potential receipt	
ECS_C9	Closure of 8 community libraries	Potential receipt	
ECS_C11e	Cease financial support to 14 centres	Potential receipt	
ECS1-C6	Create Community Collections Centre & redeveloped Art Gallery	Investment for Collections Centre	£10m – potential for third party funding
ECS1-C7	Libraries & Information Heritage Centre	Investment for Heritage Centre	

Further work is required to fully determine the capital impact of all options. This will in part depend on the details and timescales of implementation. Loss of income from any disposal of commercial properties also needs to be balanced against the need to release capital. Once identified, the capital impact will need to be considered in the wider context of the Council's Capital Programme.

## Section 5

# NEXT STEPS

(version 1.4a)

## Section 5 Next Steps (version 1.4a)

# Ensuring Success



The success of delivering against the Council priorities alongside successfully delivering the very ambitious and challenging package of options within this Plan will directly link into the impact on the people of Aberdeen. This link should not be broken and the development of the next phase needs to home in on delivering against a number of outcomes, rather than individual service options.

To deliver this, ACC will need to ensure that it has the strongest possible capability, capacity and governance in place to ensure the successful delivery of the overall 5 Year Business Plan, not just in regards to the discrete Programme, but as an overall Council. Key to this are:

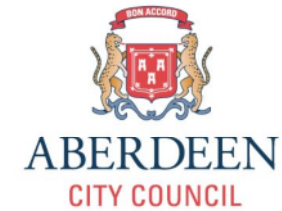
- Development of an appropriate culture within the Council to drive, embrace and embed change
- Clear leadership and strategic direction that will steer, guide and continuously support the change
- Customer and community needs kept at the heart of the change
- Ability to report progress and impact to the local community in order to gain recognition, support and greater autonomy over time

To achieve this, the key steps below need to be finalised by mid February 2011. They are discussed in more detail over the following pages:

	Key Activities
1.	Address inter-dependencies
2.	Develop Business Cases for key Transformation options
3.	Develop Implementation Plan
4.	Prepare 5 Year Financial Plan
5.	Complete Business Plan



# 1. Address inter-dependencies



- A number of inter-dependencies have been identified during the development of service options which need to be resolved in the next stage of development of the Business Plan
- Communicate capital impacts arising from Directorate programmes to the Capital Programme
- Capital expenditure and receipts will need to be profiled for each year
- Review the totality of Transformation options and identify the degree of change impacting on the organisation
- Consider how the organisation will manage a change programme and potential risks of initiating the full package of identified options

## 2. Develop Business Cases for key Transformation options



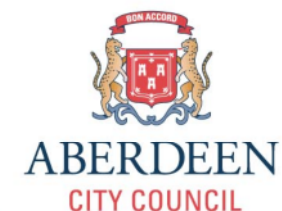
- Detailed business cases are needed for key Transformation options articulating the return on investment and timing of benefits
  - Link in with Workforce Planning to capture the FTE impacts of Transformation options, including redundancy, re-deployment or requirements for TUPE. This is vital to establishing investment costs required in years 1-3.
  - Link in with the Capital Programme to ensure capital expenditure and receipts profile is captured. This is vital to understanding which investment decisions can be funded and when.
  - Factor in any upfront professional fees and ongoing inspection costs needed
- The business case may package up Council-wide, cross Directorate options. Inter-dependencies must be clearly understood and documented in these.

## **3. Develop Implementation Plan**



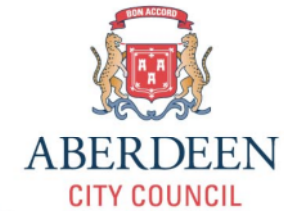
- Early development of the overall Implementation Programme is critical to plan implementation of chosen service options. This needs to consider timing and duration of:
  - Stakeholder engagement
  - Employee consultation and notice periods
  - Negotiations with third parties
  - Sale, build or refurbishment of properties
  - Critical business-as-usual periods
- In addition a programme and change management process is needed to support the realisation of benefits.
- Processes need to be in place to maintain effective two-way communications and engagement throughout the change.
- Ability to track progress and impact of the change. Benefits will need to be captured as well as the impact changes have on service performance/outcomes.
- Critical to sustaining momentum and pace is early identification of Programme/project capability and capacity to sustain implementation. Management information will also be needed to continually test where internal resources require supplementing by external organisations, partner organisations or the delivery of training.

## **4. Prepare 5 Year Financial Plan**



- A 5 Year Financial Plan will be incorporated within the final 5 Year Business Plan
- The 5 Year Financial Plan will translate service options into subjective budget lines at Level 2 of the service hierarchy only. Information from Directorates on inter-dependencies, details of business cases and implementation plans are needed to inform the Financial Plan and ensure double counts are avoided.
- Confirmation required on funding levels
- Additional overlay to Financial Plan for corporate funding options and financing requirements (including capital financing)
- Perform sensitivity analysis
- Year 1 of the 5 Year Financial Plan forms the basis for the 2011/2012 budget

# **Glossary** (version 1.4a)



**ACC - Aberdeen City Council**

**CG – Corporate Governance**

**CMT – Corporate Management Team**

**ECL – Education, Culture, Learning**

**EC&S – Education, Culture and Sport**

**EP&I – Enterprise, Planning and Infrastructure**

**FTE – Full Time Equivalent**

**H&E – Housing and Environment**

**HR – Human Resources**

**HR & OD – Human Resources and Organisational Development**

**PBB – Priority Based Budgeting**

**HRA – Housing Revenue Account**

**SC&W – Social Care and Wellbeing**

**WPO – Word processor operator**