

Aberdeen City Council

Priority Based Budgeting: Final Draft Report (version 1.1)
3 November 2011



Executive Summary (version 1.1)



Context

In February 2011 the Council approved £71.5m of savings options over 5 year period and has delivered more than £15m of savings in 2011/12. This report identifies further savings options to deliver the Council's approved 5 year Business Plan.

The options contained within this report were identified at service level and subsequently discussed and agreed by the Council's Corporate Management Team.

The Priority Based Budget exercise, which has been recognised by Audit Scotland as an exemplar has replaced the more traditional approach of budget setting. This longer term approach has enabled officers to think radically about how to deliver key services with a reduced cost base.

The 5 year Business Plan outlines a vision for Aberdeen which means that current service delivery models need to be challenged and redesigned to deliver Aberdeen City Council ("ACC") services. This is a challenge for this Council, and 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.

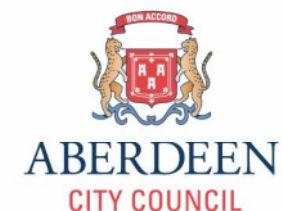
Summary of new options by 2016/17

| Directorate | Contribution | % of overall saving |
|--------------------------------------|---------------|---------------------|
| Social Care & Wellbeing | £1.8m | 5% |
| Education Culture & Sport | £28.3m | 79% |
| Housing & Environment | £2.7m | 8% |
| Enterprise Planning & Infrastructure | £0.5m | 1.4% |
| Corporate Governance | £1.8m | 5% |
| Corporate Savings | £0.6m | 1.6% |
| Totals | £35.7m | 100% |

This report outlines an additional £36m of potential savings options over a 5 year period to 2016/17. Of this, £15.6m have been highlighted as having a high implementation risk. This is in addition to the 5 year figure of £71.5m of savings which were approved through the PBB process in 2010/11. These options are included for information only as they have already been approved by Council in February 2011.

Executive Summary (version 1.1)

Update on Financial Position



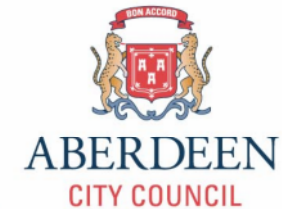
The 5 Year Business Plan was approved by Council in August 2011 for the five years 2011/12 to 2015/16. This identified a package of service options which would deliver £71.5m of savings by 2015/16. The value of savings approved for the first year of the Business Plan (2011/12) was £15.6m, of which £15.4m is on track to be delivered. Any shortfall is being covered by efficiencies within services.

Work has been ongoing to update the 5 year Business Plan as it is a rolling programme. The current position regarding expected funding, taking into account the options which were approved by Council on 10 February 2011 for **2011/12 to 2015/16** is as follows:

| | 2011/12 £000 | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | 2015/16 £000 |
|---|------------------|------------------|------------------|------------------|------------------|
| Funding | (450,311) | (441,662) | (434,959) | (431,560) | (431,354) |
| Other Funding | (10,276) | 0 | 0 | 0 | 0 |
| Projected Spend | 476,164 | 491,655 | 511,500 | 526,276 | 536,717 |
| Indicative Shortfall (10th February 2011) | 15,577 | 49,993 | 76,541 | 94,716 | 105,363 |
| Total Service Options Approved (10th February 2011) | (15,577) | (39,735) | (57,195) | (65,308) | (71,575) |
| Revised Deficit/(Surplus) | 0 | 10,258 | 19,346 | 29,408 | 33,788 |

Executive Summary (version 1.1)

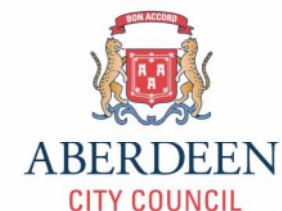
Update on Financial Position



A review has been undertaken of all cost / demand pressures the Council is likely to have to address, and assumptions made on the expected financial settlement from the Scottish Government. The PBB process has identified savings which, if chosen, can cover the anticipated shortfall for the period 2012/13 to 2016/17; this will feed into an updated 5 year Business Plan.

| | 2012/13 £000 | 2013/14 £000 | 2014/15 £000 | 2015/16 £000 | 2016/17 £000 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revised Deficit/(Surplus) (from table Page 3) | 10,258 | 19,346 | 29,408 | 33,788 | n/a |
| Increased Income Projections | (3,559) | (750) | (1,480) | (6,060) | n/a |
| Reduced Expected Cost pressures | (3,099) | (10,867) | (18,906) | (19,629) | n/a |
| Estimated Deficit/(Surplus) | 3,600 | 7,728 | 9,022 | 8,099 | 15,714 |
| New Service Options | | | | | |
| Total New Service Options | (12,227) | (15,722) | (27,891) | (36,550) | (35,830) |
| Revised Deficit/(Surplus) | (8,627) | (7,994) | (18,869) | (28,451) | (20,116) |

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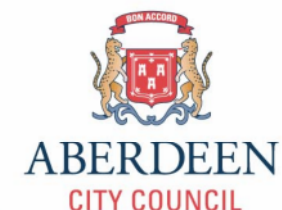
Note: a glossary of terms is included at the end of this document

Section 1

CONTEXT AND APPROACH

(version 1.1)

Section 1 Context and Approach (version 1.1) Overview



In 2010, the future funding challenge faced by the Council required a more radical approach to ensure funds were allocated to deliver agreed prioritised service outcomes. A priority-based budget (“PBB”) approach was therefore taken to determine future service and cost commitments to bridge the 5 year funding gap. This is year 2 of the PBB approach to budget setting.

Aberdeen City Council has:

- ▶ **The second lowest funding per head in Scotland and**
- ▶ **Already identified £72m of savings by 2015/16 through the PBB approach.**
- ▶ **Delivered £15.6m in 2011/12.**

However:

- ▶ **Expectations and demand for services continues to increase**
- ▶ **The cost of services is forecast to increase by approximately 5.5% over the next five years and**
- ▶ **This funding gap is currently estimated to be £16m in 5 years**

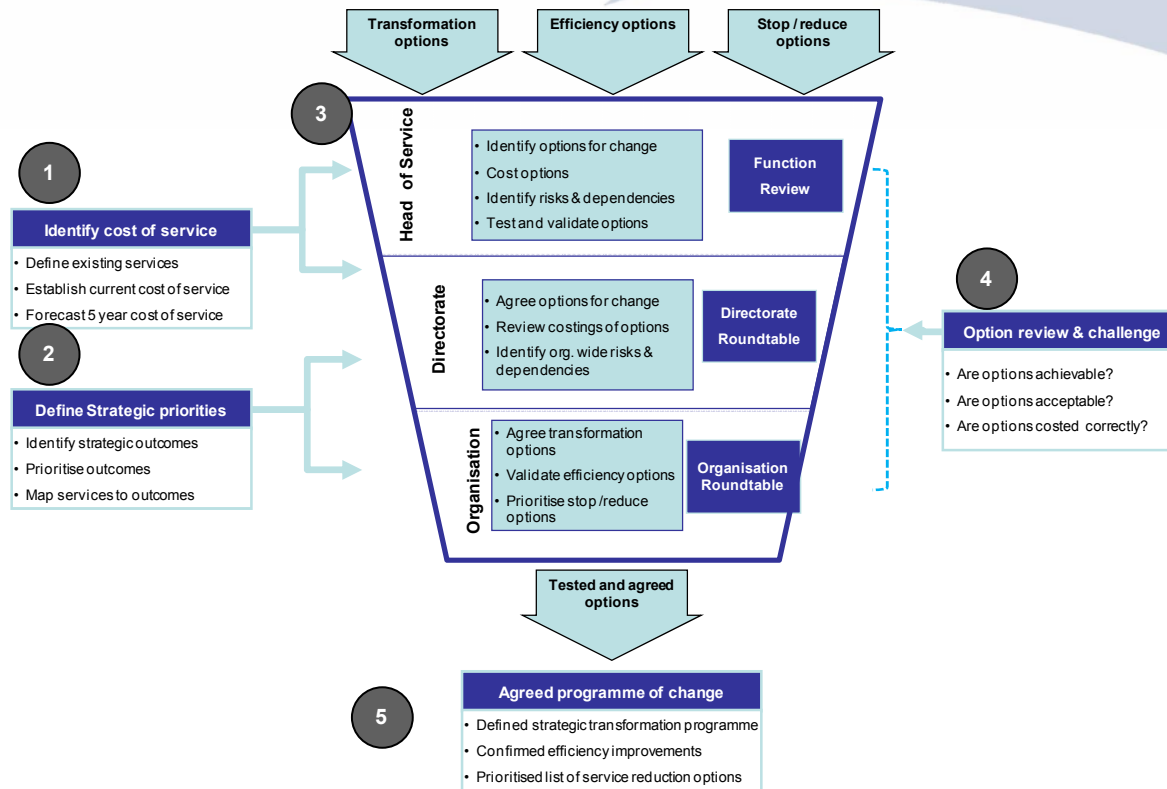
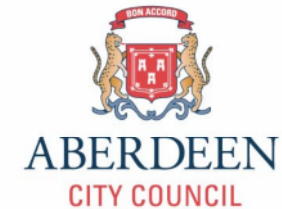
The following are key elements of the priority-based approach:

- ▶ **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 all council services during the project . Options were identified in collaboration with Directors, Heads of Service and Service Delivery Managers.**
- ▶ **Service Representatives and Service Accountants provided rigour on assumptions and financial modelling during the process.**

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

Section 1 Context and Approach (version 1.1)

Overview of PBB Process



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

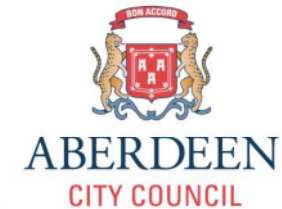
1. Understand the significant areas of spend and forecast the cost and demand pressures.
2. Understand how services contribute to the organisation's strategic priority outcomes. Map costs to priorities and understand where marginal decisions are needed.
3. Develop transformation, efficiency and stop/reduce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

Following discussion by the Corporate Management Team ("CMT") and approval by elected members, these options will then be translated into the updated 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 1.1)

Definition of Option Categories



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

A. Efficiency options

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

Some of these options may have barriers to immediate delivery.

B. Transformation options

Options which change the nature of the service delivery.

This relates to opportunities that will achieve material benefits to the Council but will require additional resource and planning to achieve the stated savings.

C. Stop / Reduce options

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

All options have been ranked in the context of the Council's priority outcomes. Within Section 3 of this report items beneath the "red line" within a category received a low ranking and are not recommended for progression.

Some options may have risk associated with delivery, for example requiring changes to legislation or national agreements. These options have been highlighted.

The options which have been previously approved by Council in 2011 are for information only.

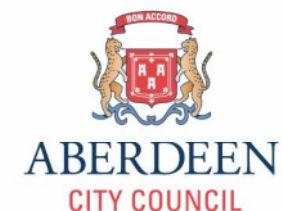
Section 2

ACC CONSOLIDATED SUMMARY

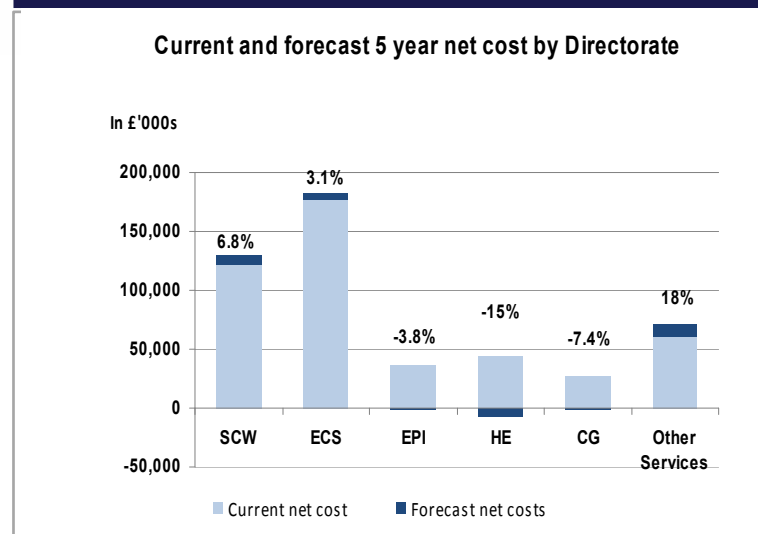
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Section 2 Consolidated Summary (version 1.1)

Current and future cost of services



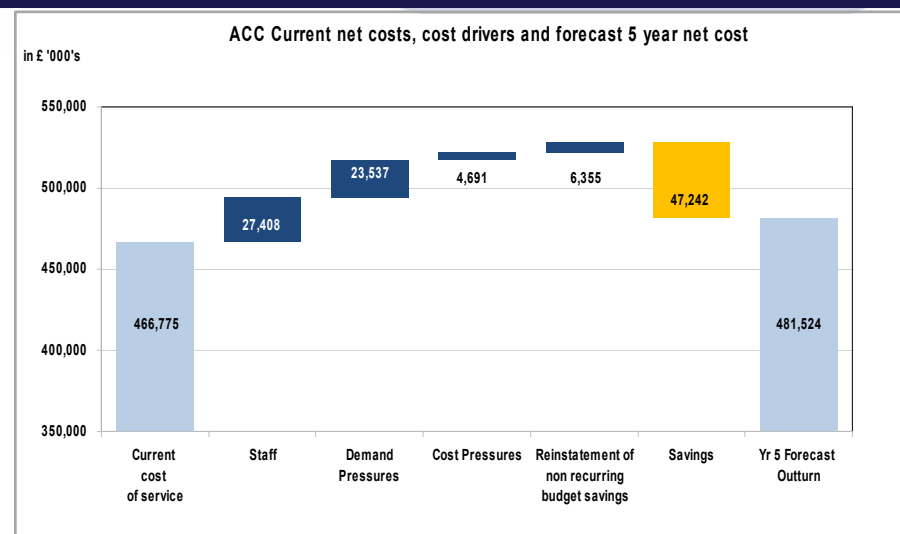
The 2011/12 net cost of all Aberdeen City Council services is £467 m. This cost is forecast to rise to £482m by 2016/17.



Social Care & Wellbeing along with Education Culture & Sport account for 73.6% of ACC's total net costs (£299m)

The net costs of these two Directorates is forecast to increase by £14m by 2016/17.

Other Services includes Council Expenses, Joint Boards, Office of Chief Executive and Miscellaneous Services.



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

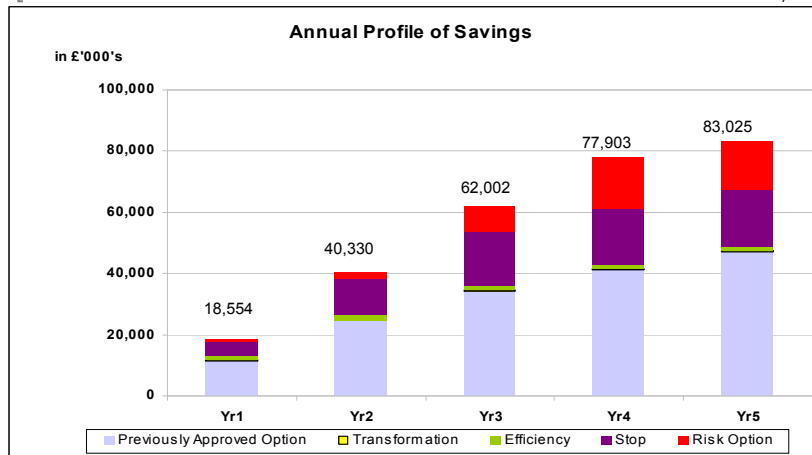
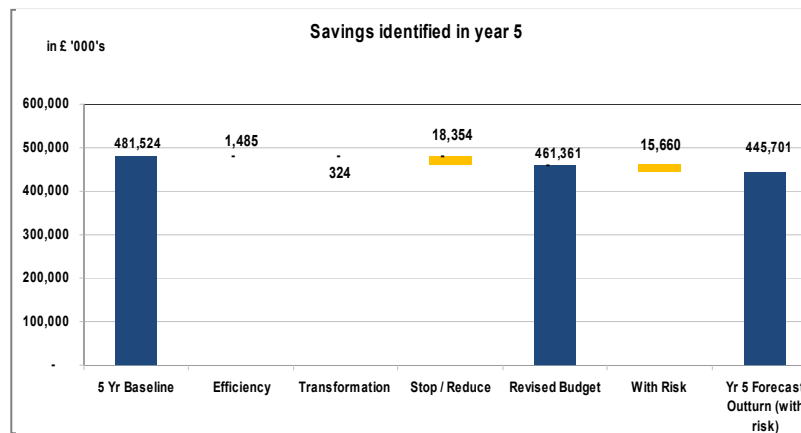
- Continued inflationary pressures within the economy
- Staff pay awards have not been incorporated into the 2012/13 cost pressures. However, a 1% pay award annually will add another £3m per year of cost pressures into the 5 year Business Plan
- Demographic changes causing an increase in demand for services
- Increasing costs of externally commissioned services
- Increasing requirements of services (due to environmental considerations and repair and maintenance needs of existing infrastructure and assets).

Section 2 Consolidated Summary (version 1.1)

Summary of consolidated savings



Additional savings of £35.7m over 5 years have been identified, representing 8% of the total forecast 5 year baseline. This includes savings from higher risk options that will require national change in policy and the revenue impact of some significant capital investment.



| Directorate | Contribution | % of overall Directorate 5 year costs | % of overall saving | Risk adjusted element |
|-------------------|---------------|---------------------------------------|---------------------|-----------------------|
| SC&W | £1.8m | 1.4% | 5% | £1.6m |
| EC&S | £28.3m | 15% | 79% | £12.8m |
| H&E | £2.7m | 7.6% | 8% | £nil |
| EP&I | £0.5m | 2.1% | 1.4% | £nil |
| CG | £1.8m | 6.9% | 5% | £1.2m |
| Corporate Savings | £0.6m | n/a | 1.6% | £nil |
| Totals | £35.7m | n/a | 100% | £ 15.6m |

• Risk options are highlighted within individual Directorate summaries in the following pages.

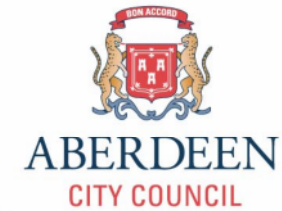
- All savings have been calculated at current costs.
- Redundancy costs are included.
- Unless otherwise stated, capital expenditure and receipts have not been included.

Section 3

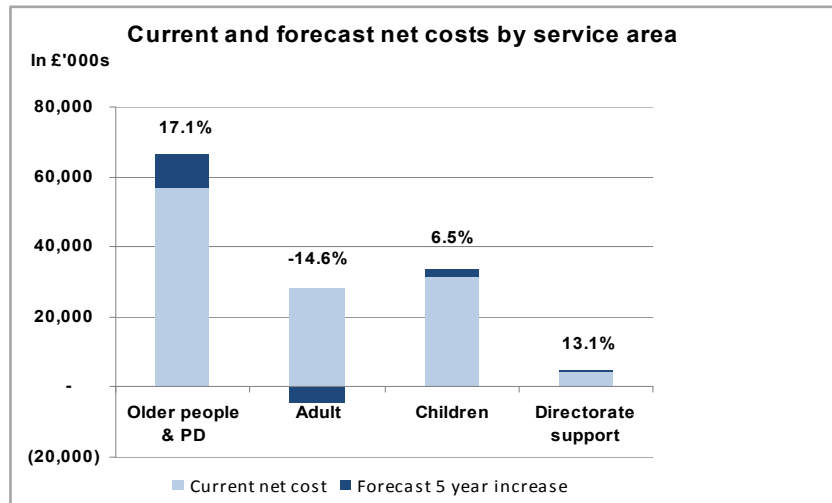
SERVICE OPTIONS

(version 1.1)

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

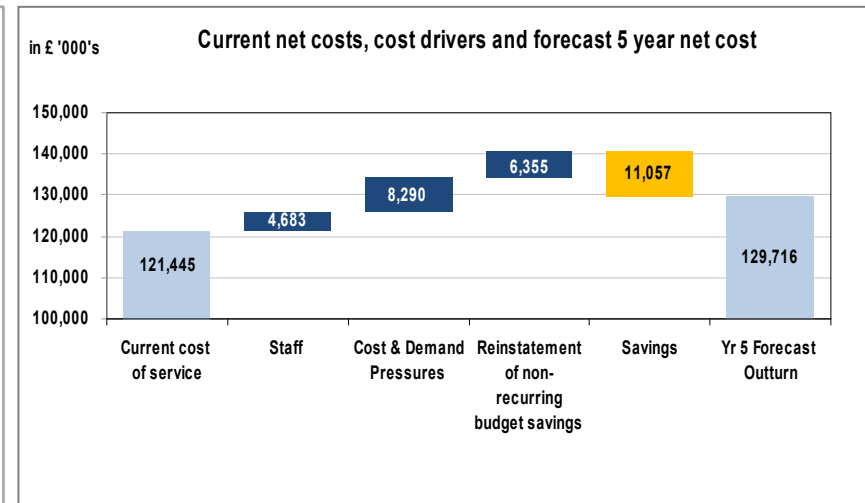


The 2011/12 net cost of Social Care and Wellbeing services is £121m. This cost is forecast to rise by 6.8% to £130m by 2016/17.



Older People and Adult Physical Disability services have the largest current net costs (£57m) and have the largest 5 year forecast cost pressures (17.1%).

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 46.9% to 51.4%.

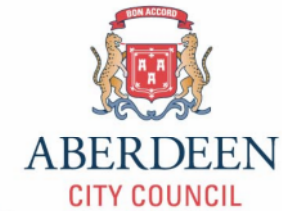


The cost pressures that will impact on SC&W services over the next 5 years is driven by:

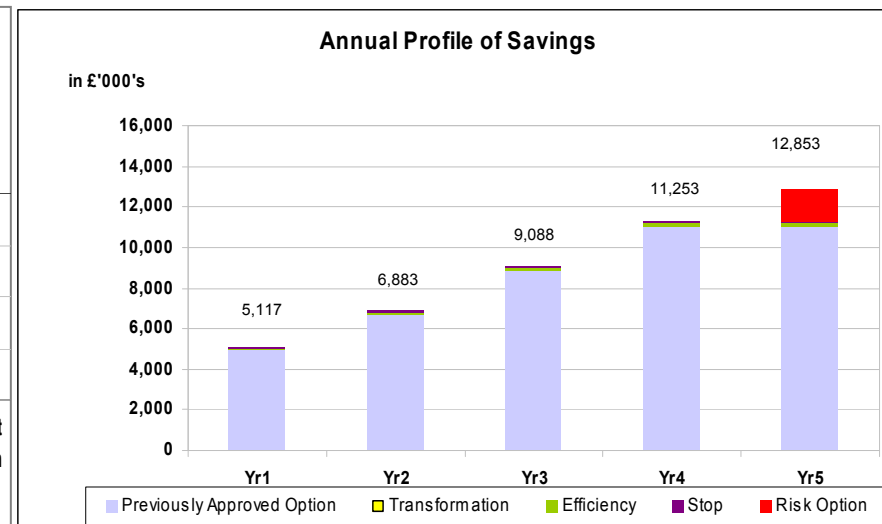
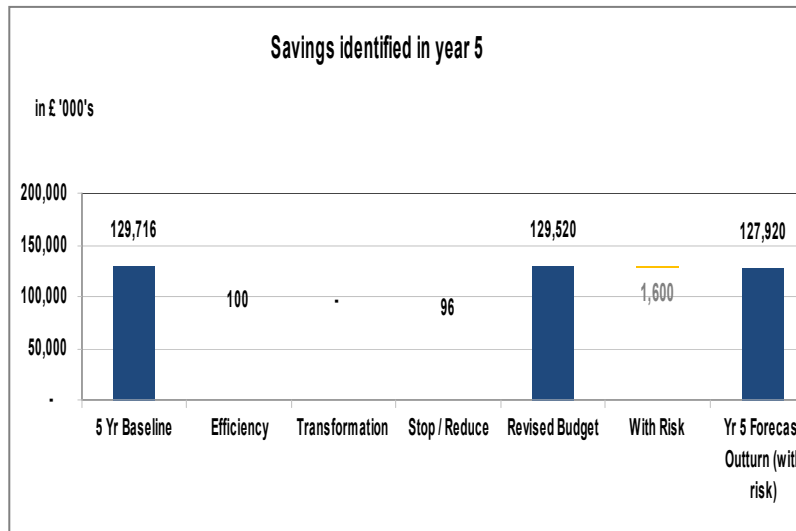
- An increase in demand for services due to an ageing population;
- Rising ACC staff costs, and
- An increase in the cost of services commissioned externally

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

Section 3 Service Options (SC&W) (version 1.1) Summary of SC&W savings



- A total of £1,796m of new savings options have been identified for Social Care & Wellbeing services. This is in addition to the £11m of savings already approved. These savings represent 5% of the Directorate 5 year baseline.



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.

Section 3 Service Options (SC&W) (version 1.1)

SC&W: Transformation options



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

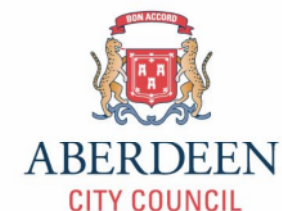
1. Transforming the assessment & care planning process
2. Promoting prevention through early intervention
3. Reducing residential care
4. Re-designing adult day support
5. Delivering outcomes focused commissioning

FOR INFORMATION ONLY: Transformation Options which have already been approved

| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|---|--------------------|-----------------------------|
| SCW6 | Review workforce skill mix to reduce the number of professional staff and replace with para-professional staff | 45 | |
| SCW14 | Reduce the number of specialist care placements for children and young people by redesign and small addition to existing local services | 700 | Requires capital investment |
| SCW15 | Redesign of Family and Community Support Services | 316 | |
| SCW16 | Investment in local fostering and adoption capacity | 223 | |
| SCW18 | Move to personalised budgets for people in receipt of home care services | 645 | |
| SCW13 | Jointly commission service with other organisations | 500 | |
| SCW21 | Establishment of a LA trading arm | 585 | |
| SCW1 | Redesign of learning disability | 7,308 | |
| SCW22 | Introduction of electronic monitoring for care at home services | 47 | |
| TOTAL | | 10,369 | |

Section 3 Service Options (SC&W) (version 1.1)

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

FOR INFORMATION ONLY: Efficiency Options which have already been approved

| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|--|--------------------|---------|
| SCW8 | Stop subsidising criminal justice social work – provide only with Northern Community Justice Authority grant | 280 | |
| SCW5 | Re-evaluate social work contribution to Integrated Addiction Services | 51 | |
| SCW17 | Renegotiate commissioned services from the third sector in community & youth justice | 44 | |
| TOTAL | | 375 | |

New Efficiency Options

| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|------------------------------------|--------------------|---------|
| SCW32 | Review Kinship Payments | 50 | |
| SCW31 | Review Social Work charging policy | 50 | |
| TOTAL | | 100 | |

Section 3 Service Options (SC&W) (version 1.1)

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.

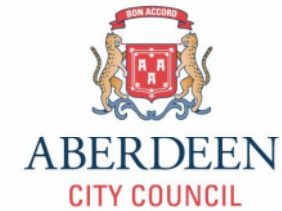
All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

| FOR INFORMATION ONLY: Stop/Reduce Options which have already been approved | | | | |
|---|--|--|--------------------|---------|
| Reference | Option description | Value in Yr 5 (£k) | Comment | |
| SCW10 | Stop funding community carers & room to care | 21 | | |
| SCW25 | Reduce Directorate and policy and strategic development by 50% | 292 | | |
| New Stop/Reduce Options | | | | |
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| 34 | SCW27 | Reduction of Under Commitment in Voluntary Organisation Payments | 96 | |
| 35 | SCW29 | Request payment holiday from Grampian Data Sharing Partnership | 0 | |
| 88 | SCW33 | Stop Funding Mental Health Day Care | 1,000 | RISK |
| 84 | SCW34 | Reduce threshold for service eligibility/provide emergency care only | 0 | |
| 85 | SCW36 | Stop provision of Integrated Community Drug rehab Support Services | 600 | RISK |
| TOTAL | | | 1,696 | |

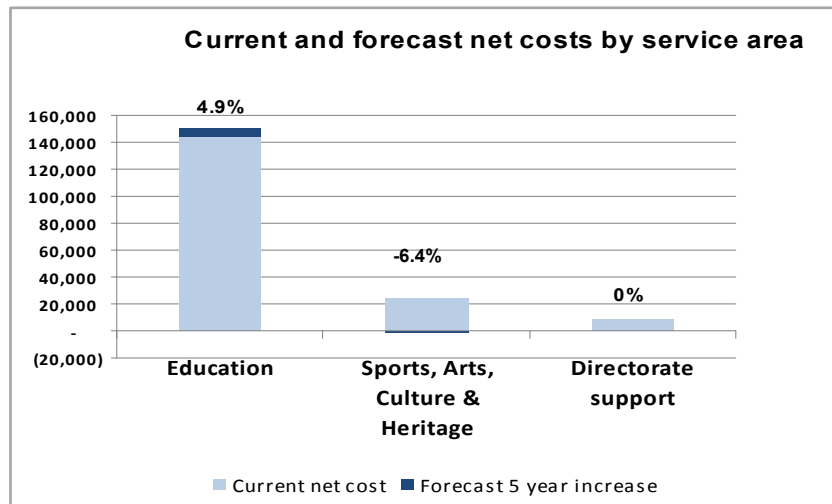
CMT preferred order of implementation, ranked against Council priorities. Items below the red line are not recommended for progression



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

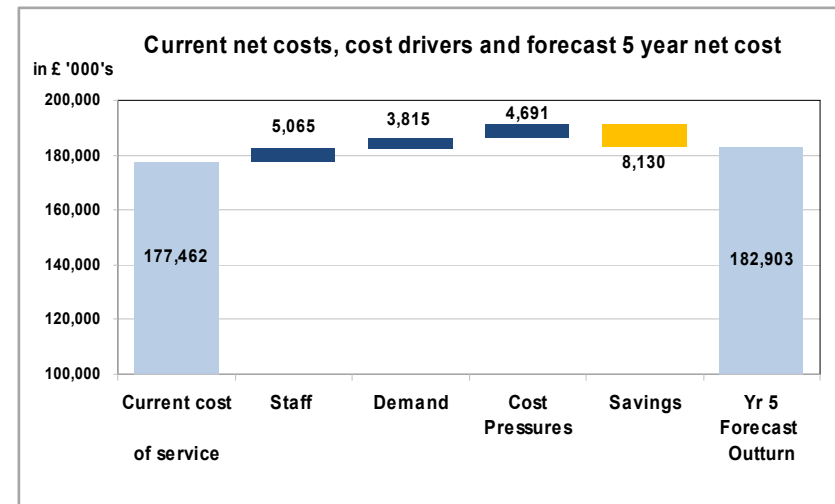


The 2011/12 net cost of Education, Culture and Sport services is £177m. This cost is forecast to rise by 3.1% to £183m by 2016/17.



Within EC&S, Education services account for the majority of current net costs (£144m) and have the largest 5 year forecast cost pressures (4.8%).

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 81.3% to 82.5%.



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

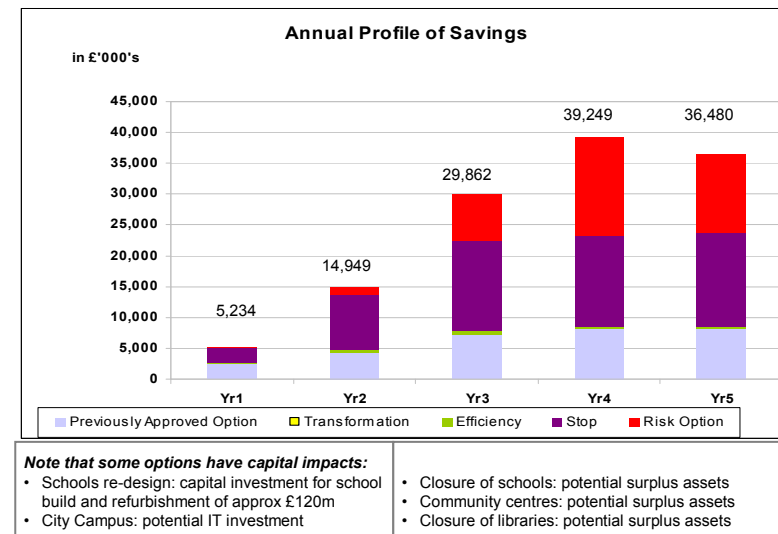
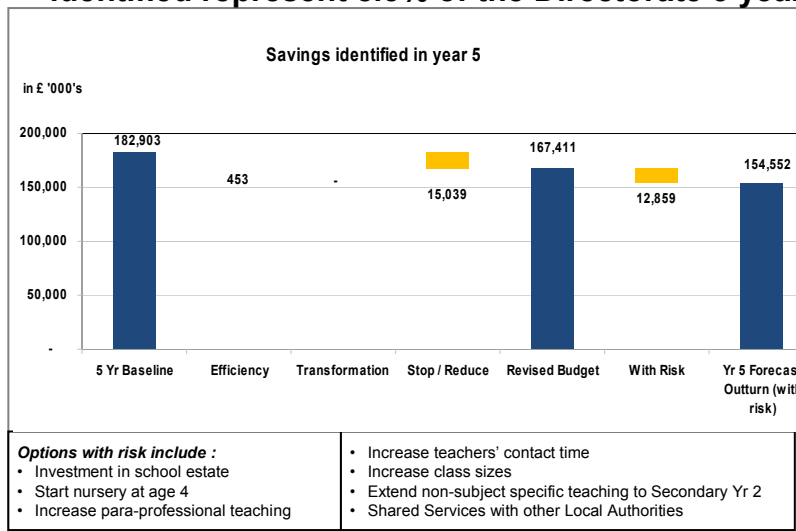
- Rising cost of staff, in particular nationally set teacher's T&Cs
- An increase in demand for services due to changing demographics and rising instances of Additional Needs.

Section 3 Service Options (EC&S) (version 1.1)

Summary of EC&S savings



- A total of £28.3m of new savings options have been identified for Education, Culture & Sport services. This is in addition to £8.1m of savings already approved.
- £12.8m of identified savings come from high risk options and can only be achieved with changes to national agreements.
- Total savings represent 15% of the Directorate baseline. The £15.5m of core savings which have been identified represent 8.5% 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 significant change in the delivery of Education services. These options require negotiations with unions and national government, along with a shift in public expectation.

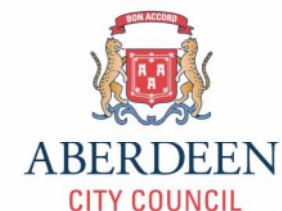
Otherwise, the largest savings from this Directorate come from reducing or stopping services.

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 service redesign in library, community and cultural services may release capital assets.

Section 3 Service Options (EC&S) (version 1.1)

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 Development and Additional Support for Learning.
3. Consolidation of Cultural and Sports services into a Trust, potentially operating at a regional level for greater synergy.
4. Items below the red line are not recommended for progression.

| FOR INFORMATION ONLY: Transformation Options which have already been approved | | |
|--|--|--------------------|
| Ref | Option description | Value in Yr 5 (£k) |
| ECS1-C1 | Integrated Communities Service | 800 |
| ECS1_C26 | Reduce the number of out of authority placements by redesign and small addition to existing local services | 840 |
| ECS1-C3 | Alternative Delivery of Cultural Services | 229 |
| ECS_E11 | City Campus Senior Phase | 2,214 |
| ECS1_C25 | To agree a suite of shared services with other local authorities | 485 |
| TOTAL | | 4,568 |

| New Transformation options with risk | | |
|---|--|--------------------|
| Ref | Option description | Value in Yr 5 (£k) |
| ECS_E9b | Risk: Redesign of secondary school estate | -3,102* |
| ECS_E20b | Risk: Redesign the profile of professional staffing in secondary schools | 1,500 |
| ECS_E7c | Risk: Redesign the profile of professional staffing in primary schools | 650 |
| ECS_E3 | Risk: Provide only targeted nursery provision for 3-4 year olds | 3,330 |
| TOTAL | | 2,378 |

* This figure represents the revenue impact of potential capital investment in the schools estate and should be read in conjunction with school rationalisation options.

Section 3 Service Options (EC&S) (version 1.1)

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 and other community facilities

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

Items below the red line are not recommended for progression.

FOR INFORMATION ONLY: Efficiency Options which have already been approved

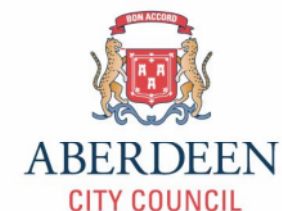
| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|--|--------------------|---------|
| ECS1-C10 | Root and branch review of commissioned arts and sports services | 1,736 | |
| ECS_E37 | Change the delivery model of music tuition | 170 | |
| ECS_E19 | Rationalise school administration | 193 | |
| ECS_E4 | Use of Teacher Protection Grant to achieve identified saving | 88 | |
| ECS_E30/E35 | Changes to terms of engagement of supply teachers | 140 | |
| ECS_E5 | Nursery nurses to provide non class contact cover for nursery teachers | 27 | |
| TOTAL | | 2,354 | |

New Efficiency Options

| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|--|--------------------|-----------|
| ECS_E8d | Increase class sizes in primary schools – P1 from 18 to 25 | 440 | |
| ECS_C27 | Library & Information Service: new Ways of Working | 13 | |
| ECS_E8c | Raise P2 to 3 class sizes to 33 and composite classes in P2 to 3 to 30 | 120 | With Risk |
| ECS_E26 | Increase teaching time to match pupil time in secondary schools | 3,200 | With Risk |
| ECS_E6 | Increase teaching time to match pupil time in primary schools | 1,350 | With Risk |
| ECS_E10 | All secondary S1 & S2 classes at 30 | 700 | With Risk |
| ECS_E31a | Extend non-subject specific/generic teaching until end of S2 | 4,418 | With Risk |
| TOTAL | | 10,241 | |

Section 3 Service Options (EC&S) (version 1.1)

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.

| FOR INFORMATION ONLY: Stop/Reduce Options which have already been approved | | | |
|---|---|--------------------|---------|
| Reference | Option description | Value in Yr 5 (£k) | Comment |
| ECS_E22 | Reduce Pupil Support Assistants provision by 33% in primary schools | 622 | |
| ECS_E24 | Reduce Pupil Support Assistants provision by 33% in secondary schools | 218 | |
| ECS_E17a | Additional Support Needs: Increase teacher / pupil ratios to 1:10 – Secondary | 200 | |
| ECS_E18a | Additional Support Needs: Increase teacher/ pupil ratios to 1:10 – Primary | 167 | |
| TOTAL | | 1,207 | |

Section 3 Service Options (EC&S) (version 1.1)

EC&S: Identified Stop / Reduce options

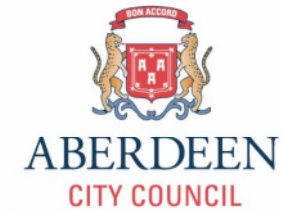


New Stop/Reduce Options with priority ranking

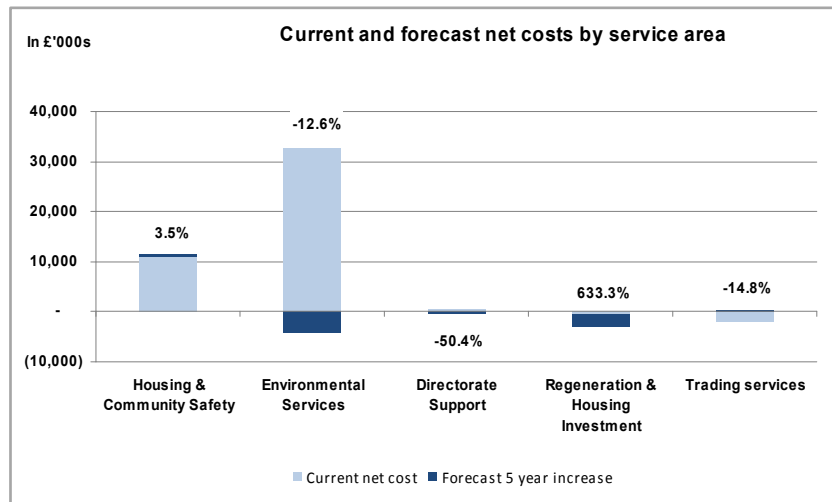
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) |
|------------------|-----------|---|--------------------|
| 16 | ECS_E9a | Close 2 Secondary Schools | 1,992 |
| 17 | ECS_E29a | Close 5 Primary Schools | 1,015 |
| 48 | ECS_E34 | Stop Curriculum for Excellence training in Modern Foreign Languages | 100 |
| 57 | ECS_E12 | Withdraw Music Tuition | 793 |
| 66 | ECS_E14 | Reduce Teacher Support for Learning Allocation – Secondary Schools | 517 |
| 67 | ECS_E16 | Reduce Teacher Support for Learning Allocation – Primary Schools | 600 |
| 72 | ECS_E21 | Reduce remaining Pupil Support Assistants provision by 10% in primary schools | 400 |
| 73 | ECS_E23 | Remove remaining Pupil Support Assistants provision by 10% in secondary schools | 153 |
| 75 | ECS_C8 | Close all 16 Community Libraries, incorporate heritage centre | 868 |
| 77 | ECS_E28 | Close Music School | 693 With Risk |
| 82 | ECS_C2 | Close all art galleries & museum visitor venues (1 year) | 735 |
| 83 | ECS_C13 | Cease Communities Team service | 4,152 |
| 93 | ECS_E25 | Stop pre-school education | 3,714 |
| TOTAL | | | 15,732 |

CMT preferred order of implementation, ranked against Council priorities. Items below the red line are not recommended for progression

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



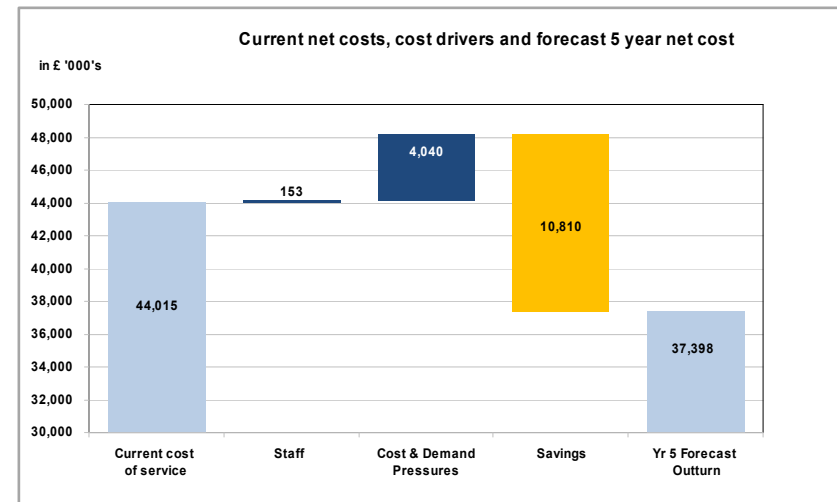
The 2011/12 net cost of Housing and Environment services (excluding the Housing Revenue Account) is £44 million. This cost is forecast to fall by 15% to £37.3m by 2016/17.



The above chart separates the net income of trading services. These are not included in the total net cost figures.

Environmental & Waste services account for the majority of current net costs (£32.8m) and has the largest 5 year forecast cost pressure for Grounds Maintenance, Refuse Collection and Waste Disposal (7%).

The Regeneration and Housing Investment Forecast 5 Year Figure includes the operating surplus of £2.8 million anticipated to be generated from approved service option HE_RHI_01 (Creation of Property Services LLP).

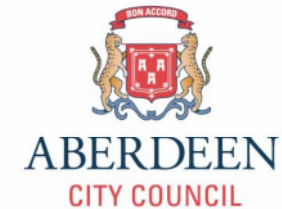


The cost pressures that will impact on H&E services over the next 5 years are driven by:

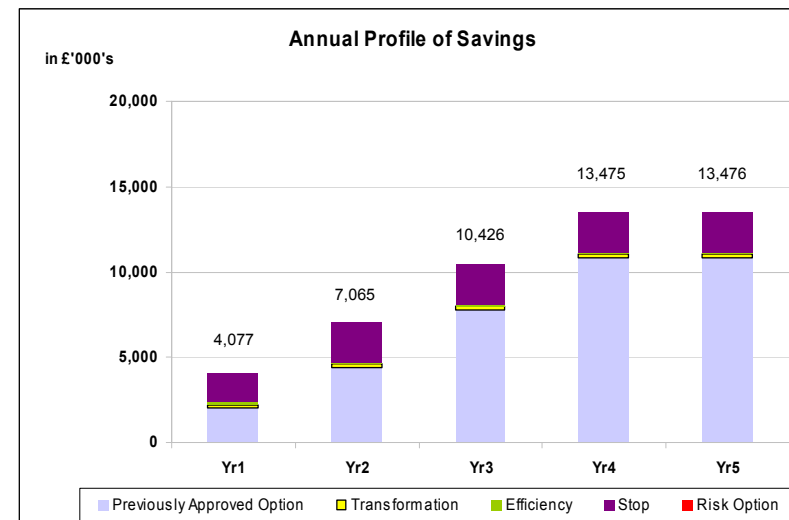
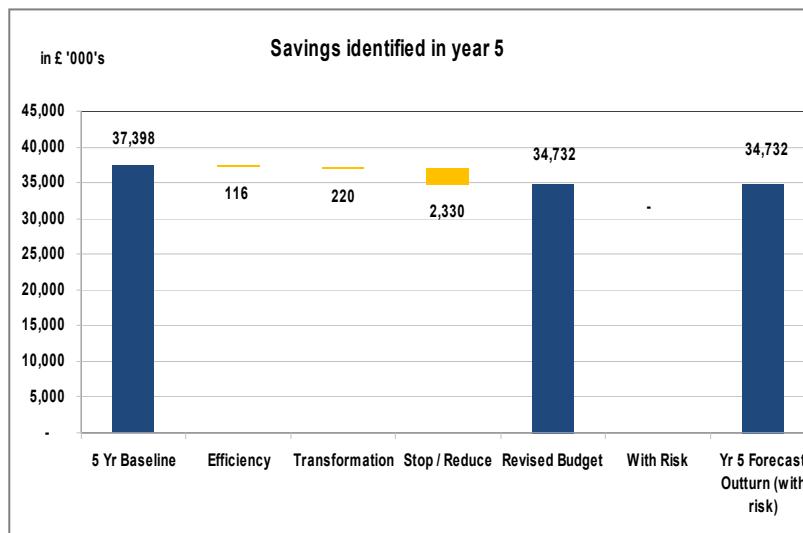
- Rising cost of ACC staff, for known and predicted costs
- Increasing requirements for waste management contract payments and landfill tax

Section 3 Service Options (H&E) (version 1.1)

Summary of H&E savings



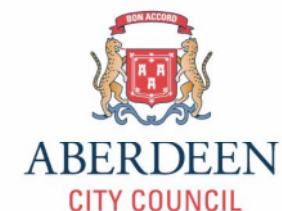
- A total of £2.7 million of new savings options have been identified for Housing & Environment services.
This is in addition to the £10.8 million of savings already approved.
- The total of new savings represent 7.6% of the Directorate baseline in 2011/12.
- There are no options which have been highlighted as being high risk.



The majority of new savings from Housing and Environment are derived from stop or reduce options, most significantly £1.7 million from reducing expenditure within Housing and Community Safety.

Section 3 Service Options (H&E) (version 1.1)

H&E: Transformation options



| FOR INFORMATION ONLY: Transformation Options which have already been approved | | |
|--|---|--------------------|
| 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 | 451 |
| HE_ES_GM05a | Attain efficiency savings on Grounds Maintenance Service Fleet | 208 |
| HE_ES_ST5 | External delivery / attain equivalent efficiency savings on street cleaning service | 185 |
| HE_ES_ST5a | Attain equivalent efficiency savings on Street Cleansing Service - Fleet | 115 |
| HE_HCS_H01(viii) | Increased income from temporary accommodation | 100 |
| HE_EP_EP02 | Merge Emergency Planning team with SCG support group and potential outsource of some activities | 30 |
| HE_RHI_01 | Property Services LLP | 2,781 |
| HE_ES_WS11 | Lobby for removal of landfill tax | 580 |
| HE_HCS_CS7 | Restructure of the Community Safety Service | 56 |
| TOTAL | | 9,328 |

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

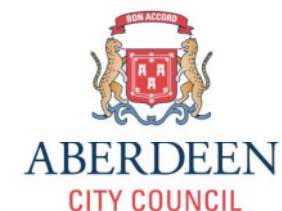
1. Waste strategy will implement a long-term waste strategy that changes the way waste is collected and delivers agreed waste targets. It will leverage full benefit from partnership opportunities
2. Core environmental services will be market tested to determine the optimum delivery framework for each service.

Only H&E options that relate to the General Fund have been considered in this document. These include options which may also generate an impact on the HRA.

| New Transformation Options | | |
|----------------------------|---|--------------------|
| Ref | Option description | Value in Yr 5 (£k) |
| HE_ES_PT06 | Close all Public Toilets and replace with Community Toilet scheme | 220 |
| TOTAL | | 220 |

Section 3 Service Options (H&E) (version 1.1)

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

FOR INFORMATION ONLY: Efficiency Options which have already been approved

| Reference | Option description | Value in Yr 5 (£k) |
|--------------|---|--------------------|
| HE_ES_WS3 | External delivery or attain equivalent efficiency savings in domestic waste collection | 288 |
| HE_ES_WS3a | Transfer Fleet Costs to Fleet Service | 313 |
| HE_ES_WS9 | Increase commercial waste collection charges | 218 |
| HE_ES_HT04 | Implement mobile working for field staff in Trading Standards and Environmental Health | 180 |
| HE_ES_WS10 | Within current resources work with communities to divert waste from landfill by improving recycling | 75 |
| 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. | 8 |
| HE_ES_BSAD1 | Increase Bereavement Services charges (Cremation and burial fees) by 10% | 142 |
| TOTAL | | 1,262 |

New Efficiency Options

| Reference | Option description | Value in Yr 5 (£k) |
|---------------|--|--------------------|
| HE_DSM_01 | Re-design of H&E Directorate Support Service | 86 |
| HE_ES_ASSL6 | Create new working methodologies to retain and capture profitable work at the Scientific Lab | 30 |
| HE_HCS_S04(i) | Use Private Sector Housing Unit Surplus (saving of £200k in 2012/13 only) | 0 |
| TOTAL | | 116 |

Section 3 Service Options (H&E) (version 1.1)

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.

| FOR INFORMATION ONLY: Stop/Reduce Options which have previously been approved | | | | |
|--|------------------|---|--------------------|---------|
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| | HE_ES_ASSL1 | Sub contract high cost / low volume testing to companies that can carry out work cheaper than labs | 9 | |
| | TOTAL | | 9 | |
| New Stop/Reduce Options | | | | |
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| 32 | HE_HCS_CS05n | Remove funding contribution for non-HRA activity within the Antisocial Behaviour Investigation Team | 25 | |
| 33 | HE_HCS_CS05o | Remove funding contribution for non-HRA activity within the Aberdeen Families Project | 30 | |
| 45 | HE_HCS_S04(iv) | Stop Occupational Therapist Dedicated Grant Post | 38 | |
| 47 | HE_HCS_CS05(xi) | Remove funding for the deployment of street urinals | 8 | |
| 49 | HE_ES_GM06 | Reduce Grounds Maintenance Service (specific service reduction options) | 125 | |
| 50 | HE_HCS_CS05(xii) | Remove funding for the deployment of taxi marshalls | 70 | |
| 54 | HE_HCS_H07 | Homelessness - Reduce Furniture Scheme | 20 | |
| 55 | HE_HCS_CS05h | Remove funding for Community Fire Safety Task Group | 7 | |
| 59 | HE_HCS_H06 | Homelessness - Reduce Advice, Information & Support | 35 | |
| 60 | HE_ES_PC1 | Reduce Service to selected parks and gardens and / or explore alternative funding arrangements | 365 | |
| | | List continued on next page | | |

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

Section 3 Service Options (H&E) (version 1.1)

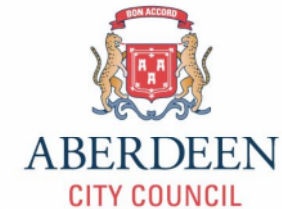
H&E: Stop / Reduce options (continued)



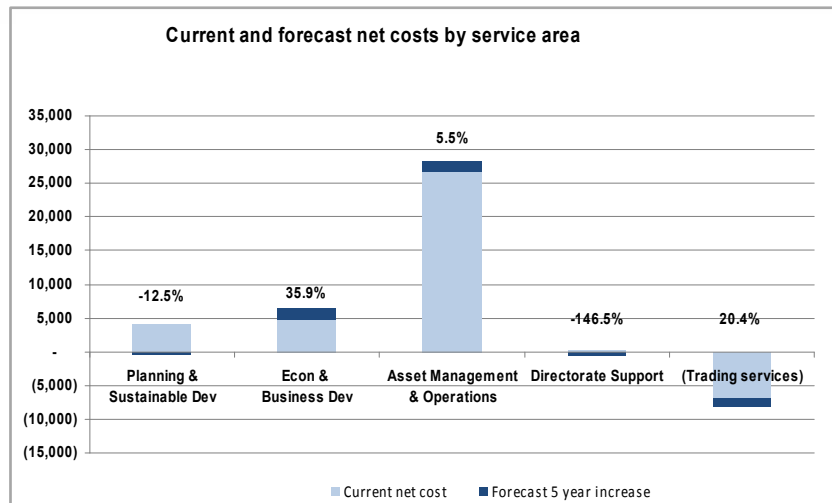
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
|------------------|-----------------|--|--------------------|---------|
| | | Continued from previous page | | |
| 61 | HE_HCS_CS05a | Remove funding used by Community Safety Service for local neighbourhood safety initiatives | 15 | |
| 63 | HE_HCS_S03(i) | Reduce housing support budget by 10% | 250 | |
| 64 | HE_HCS_H05 | Homelessness - Reduce Prevention | 10 | |
| 65 | HE_HCS_S04(v) | Reduce Funding to SCARF | 16 | |
| 68 | HE_HCS_S04(vii) | Reduce Core Care & Repair Service | 42 | |
| 69 | HE_HCS_CS05(x) | Remove funding for the deployment of street sport activity | 5 | |
| 71 | HE_ES_ST6 | Reduce Street Cleaning (specific service reduction options) | 80 | |
| 76 | HE_HCS_S03(ii) | Reduce Housing Support Budget by additional 10% (total reduction 20%) | 250 | |
| 78 | HE_HCS_S04(iii) | Stop Care & Repair Handy Man Service | 60 | |
| 79 | HE_ES_WS5 | Remove Paper Recycling in Multi-occupancy areas | 0 | |
| 81 | HE_ES_WS7 | Remove Recycling Points Service in Areas Covered by Kerbside Collections | 69 | |
| 80 | HE_HCS_S04(vi) | Stop HECA (Home Energy Conservation) Funding (managed by EP&I) | 60 | |
| 87 | HE_HCS_S03(iii) | Reduce Housing Support Budget by additional 30% (total reduction 50%) | 750 | |
| | TOTAL | | 2,330 | |

CMT preferred order of implementation, ranked against Council priorities. Items below the red line are not recommended for progression

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



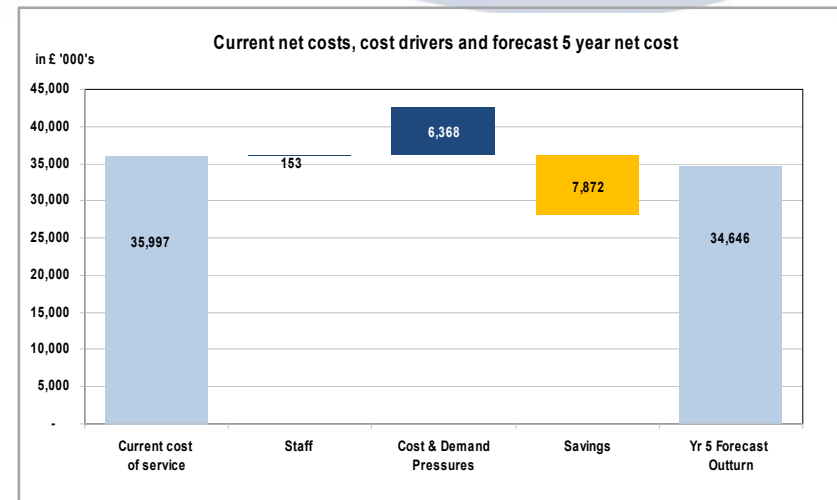
The 2011/12 net cost of Enterprise, Planning and Infrastructure services is £36 million. This cost is forecast to fall by 3.8% to £34.6 million by 2016/17.



The above chart separates the net income of trading services. These are not included in the total net cost figures.

Asset Management & Operations account for the majority of current net costs (£27m) and also the majority of non-staffing cost pressures over the next 5 years. These pressures are generated by the maintenance required for the Council's asset base of property and roads.

Directorate support includes service wide staff savings which will be reallocated during the year.

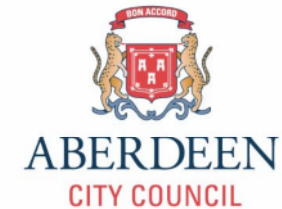


The cost pressures that will impact on EP&I services over the next 5 years are driven by:

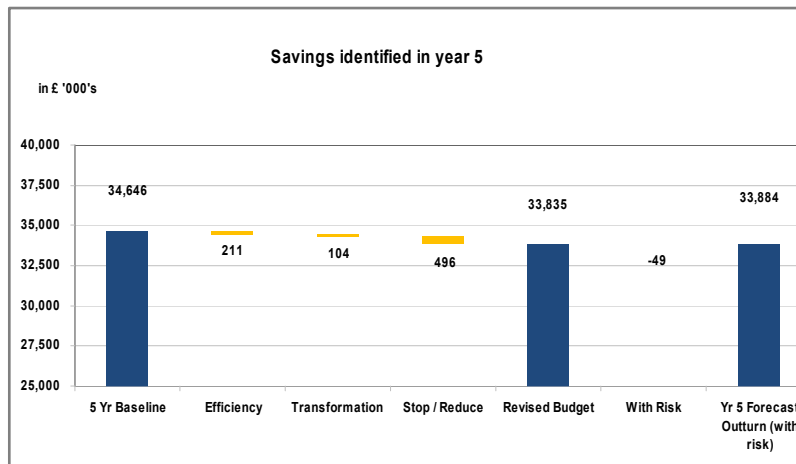
- Rising cost of ACC staff, for known and predicted costs
- The deteriorating condition of roads and properties, which requires an increase in the cost to maintain them
- The pressure on revenue budgets created by managing a reduced Non-Housing Capital programme, due to the limited funding the Council has available for major projects

Section 3 Service Options (EP&I) (version 1.1)

Summary of EP&I savings

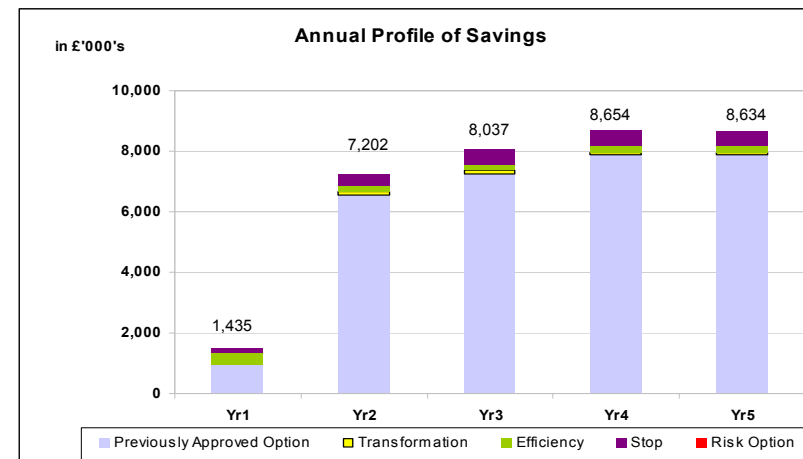


- A total £0.5 million of savings have been identified for EP&I services. This is in addition to the £11.4 million of savings already approved. These are divided between general fund and trading activities.
- The total of new general fund savings represent 2.1% of the Directorate baseline in 2011/12.
- Two options have been identified as high risk



The total identified savings analysed above relate to general fund budgets. The net impact of options relating to trading activities (parking and property letting) are shown in a separate bar on the chart above (impact on trading surpluses).

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

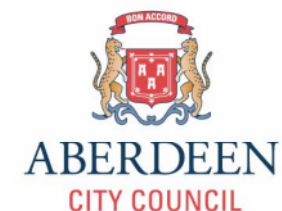


Options involving capital investment are included above, but are limited by the funding available to the Non-Housing Capital Plan. The revenue impact of planned asset sales from the investment property portfolio has been identified.

Saving option EPI_AM26 (page 33) to introduce congestion charging has been re-assessed. The planning issues involved are considered to require more than 5 years to complete, so no saving can be quoted within the timeframe of the 5 Year Business Plan.

Section 3 Service Options (EP&I) (version 1.1)

EP&I: Transformation options



Transformation options include a combination of targeted investment (where funding is available), changes in service delivery models and optimising use of capital assets, including:

1. A framework of strategic partnerships for delivery services (including Fleet, Facilities Management, Roads and Parking)
2. Optimisation of investment and asset portfolios (making disposals where necessary)
3. Investment in the city's economic development agenda

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 3rd party that cannot be assumed
4. Items below the red line are not recommended for progression.

Higher risk options (including efficiency) are shown in red

FOR INFORMATION ONLY: Transformation Options which have already been approved

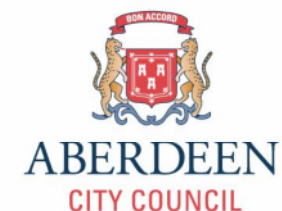
| Ref | Option description | Value in Yr 5 (£k) |
|--------------|--|--------------------|
| EPI_AMO01 | Enter into a partnering arrangement for all asset management & operations services | 4,981 |
| EPI_DIR03 | Assimilate Environmental & waste services from H&E to EP&I | 93 |
| EPI_DIR04 | Integration across economic development, planning and regeneration services | 93 |
| EPI_AMO19 | Shared facilities management services with public sector partners | 22 |
| TOTAL | | 5,189 |

New Transformation Options

| Ref | Option description | Value in Yr 5 (£k) |
|--------------|---|--------------------|
| EPI_EBD05 | Income generation by Economic Development | 104 |
| EPI_AMO26 | High Risk: Charge a Congestion fee for Aberdeen's central business district | -49 |
| TOTAL | | 55 |

Section 3 Service Options (EP&I) (version 1.1)

EP&I: Efficiency options



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

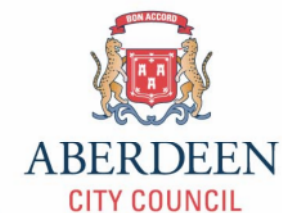
1. Increasing income opportunities
2. Improving ACC's energy efficiency
3. Introducing new mobile technologies into everyday practice

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

FOR INFORMATION ONLY: Efficiency Options which have already been approved

| Reference | Option description | Value in Yr 5 (£k) | Comment |
|--------------|---|--------------------|----------------------------|
| EPI_AMO05 | Car parking - Increase charges every 2 years | 1,334 | Trading |
| EPI_AMO18 | Increased mobile and/or remote working for staff throughout the Council | 780 | |
| EPI_EBD03a | Increase revenue - advertising on fixed assets | 600 | |
| EPI_DIR06 | Enable renewable energy network for a low carbon economy (combined heat and power, wind farm etc) | 500 | |
| EPI_AMO09 | Use of Wi-Fi for roads Urban Traffic Control communications (Traffic Signals) | 92 | |
| EPI_EBD03c | Increase revenue - sponsorship of bus shelters / stops | 30 | |
| EPI_EBD03d | Only undertake fully funded events | 200 | |
| EPI_AMO08 | Reduce street lighting whole life costs with energy efficient lanterns | 19 | |
| EPI_AMO20 | Improved energy efficiency in council buildings | 97 | |
| EPI_PSD11b | Investigate further options for generating income from environmental projects | 0 | |
| EPI_DS01 | Restructuring EP&I Directorate Support Unit | 42 | With barriers |
| EPI_AMO24 | Optimise parking service operations through different service delivery models | 5 | Trading : With barriers |
| EPI_AMO25 | Adopt the Scottish Governments proposed change of the Parking Charge Notices rate to £80 or £100 | 0 | Trading : High Risk |
| TOTAL | | 3,699 | |

Section 3 Service Options (EP&I) (version1) Efficiency options



| New Efficiency Options | | | |
|------------------------|---|--------------------|---------|
| Reference | Option description | Value in Yr 5 (£k) | Comment |
| EPI_AMO27 | Estates Team to be charged Cost of Capital Sales | 111 | |
| EPI_AMO28 | Monitoring Officer to be part funded from Developers Fund | 4 | |
| EPI_PSD16 | Reduction in Net Expenditure for Roads Projects Unit Budget | 71 | |
| EPI_AMO31 | Re-assess and increase Roads Charges | 25 | |
| EPI_AMO29 | Introduction of charges to residents for Garthdee CPZ | 28 | Trading |
| EPI_AMO30 | Increase charge levels for Residents Parking Permits | 196 | Trading |
| EPI_AMO11b | Tactically dispose of Selected Property to support Non-Housing Capital Plan | -450* | Trading |
| TOTAL | | -15 | |

* This figure represents the impact on the Property Investment Portfolio of reduced rental income as a result of selling selected properties. Receipts are anticipated for 2011/12 and 2012/13.

Section 3 Service Options (EP&I) (version 1.1)

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.

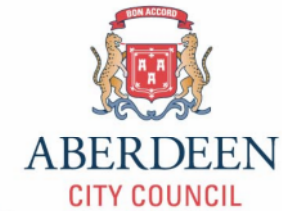
All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

| FOR INFORMATION ONLY: Stop/Reduce Options which have previously been approved | | | |
|--|---|--------------------|---------|
| Reference | Option description | Value in Yr 5 (£k) | Comment |
| EPI_AMO14 | Self fund Catering (Town House & Kittybrewster) otherwise stop | 98 | |
| EPI_AMO16 | Reduce non-housing property maintenance inspections | 99 | |
| EPI_EBD02c | Stop all events and twinning activity and reduce marketing costs by 50% | 526 | |
| TOTAL | | 723 | |

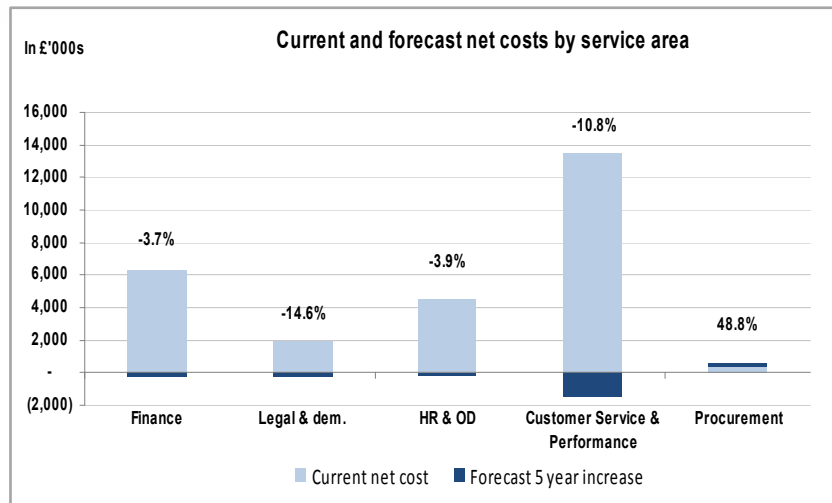
| New Stop/Reduce Options with priority ranking | | | | |
|---|--------------|--|--------------------|---------|
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| 22 | EPI_PSD15 | Reduction in NESTRANS revenue budget | 7 | |
| 24 | EPI_PSD17 | Reduce Development Plan Budget | 60 | |
| 25 | EPI_PSD18 | Reduce Strategic Development Planning Authority Team | 50 | |
| 26 | EPI_AMO32 | Regional Communications Centre – Move to Frederick Street | 30 | |
| 62 | EPI_AMO15 | Reduce then Stop School Crossing Patrols (An alternative option to re-design, not stop, School Crossing Patrols is possible but with savings reduced in Year 5 to £60k) | 50 | |
| | TOTAL | | 496 | |

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

Corporate Governance (CG): Cost of services

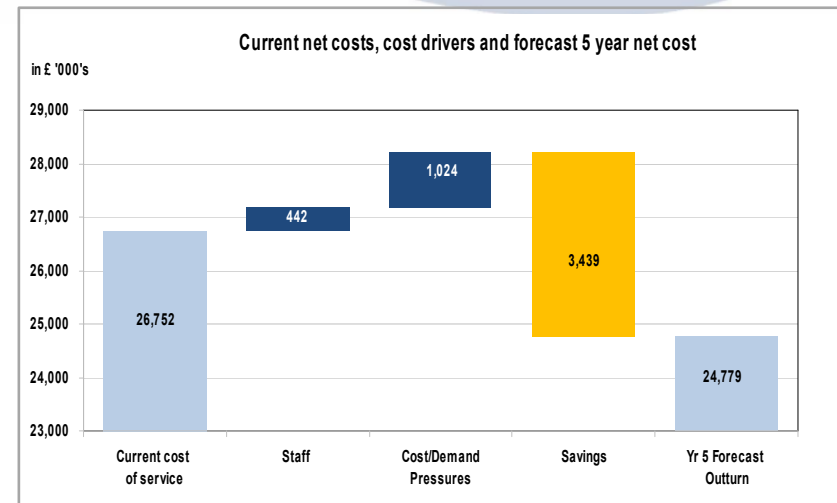


The 2011/12 net cost of Corporate Governance services is £26.7m. This cost is forecast to fall by 7.4% to £24.8m by 2016/17.



Customer Services and Performance have the largest current Directorate net costs (£13m).

Procurement savings have been allocated directly to Services.

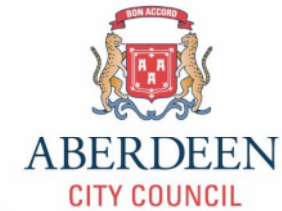


The cost pressures that will impact on Corporate Governance services over the next 5 years are driven by:

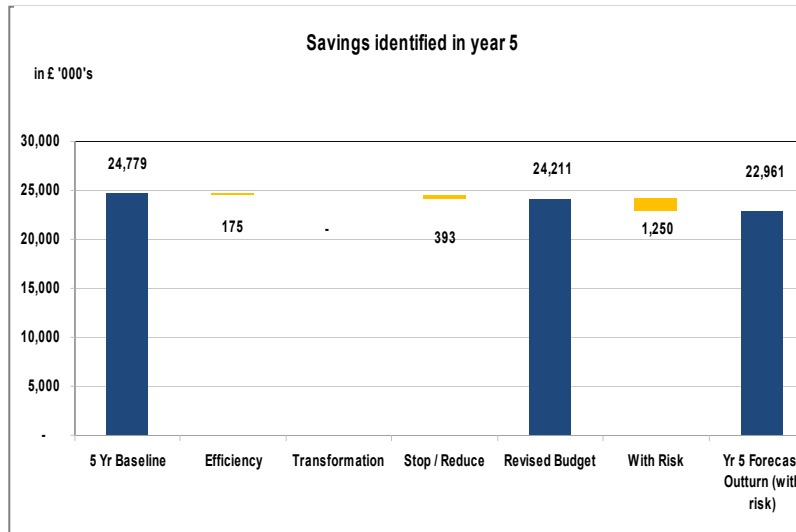
- Rising ACC staff costs and
- An increase in demand for Housing benefits service

Section 3 Service Options (CG) (version 1.1)

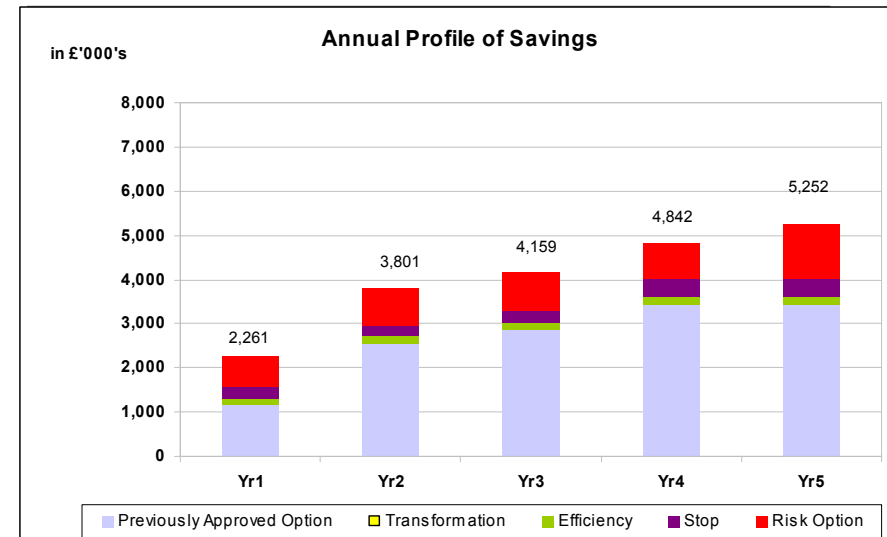
Summary of CG savings



- A total of £1.8m of new savings options have been identified for Corporate Governance services. This is in addition to the £3.4m previously approved.
- Savings represent 7.2% of the Directorate's forecast five year baseline.
- £1.2m of savings relate to 'risk options' where further clarification of legal barriers is required.



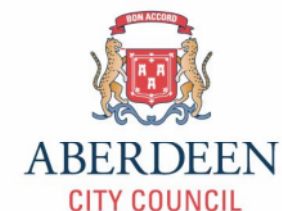
Savings from transformation options relate in the main to of the main back office functions within Finance, CS & P and HR & OD which are part of an Alternative Delivery Model.



It is assumed that those options within the Alternative Delivery Model are to be achieved fully in Year 3.

Section 3 Service Options (CG) (version 1.1)

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.

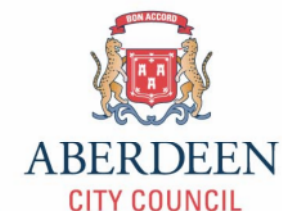
In the future services will either become increasingly centralised within the Council or be delivered by external providers; Dialogue is underway for the alternative delivery model within Corporate Governance.

FOR INFORMATION ONLY: Transformation Options which have already been approved

| Ref | Option description | Value in Yr 5 (£k) |
|--------------|--|--------------------|
| CG_ADM01 | Alternative Delivery of elements of Finance, ICT, Human Resources and Organisational Development and Customer Services | 2,273 |
| TOTAL | | 2,273 |

Section 3 Service Options (CG) (version 1.1)

CG: Efficiency options



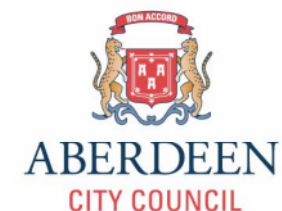
Efficiency options will deliver better value for money on services provided by:

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

| FOR INFORMATION ONLY: Efficiency Options which have already been approved | | | |
|--|---|-----------------------|---------------|
| Reference | Option description | Value in Yr 5 (£k) | Comment |
| CG_LDS_09 | Maximise the capabilities of modern.gov capabilities to circulate agendas and change minute style | 40 | |
| CG_LDS_04 | Efficient delivery of Legal Teams (no longer part of Alternative Delivery Model) | 259 | |
| CG_LDS_27 | Expand charging in Archives – Family History requests | 5 | |
| CG_CS_CPL01 | Review of Community Planning | 109 | |
| CG_CPU_5 | Rationalisation of procurement function | 80 | |
| CG_CS_EQ02 | Equalities function being delivered by cross-sector partnership | 200 | 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 | 7 | With barriers |
| TOTAL | | 775 | |

Section 3 Service Options (CG) (version 1.1)

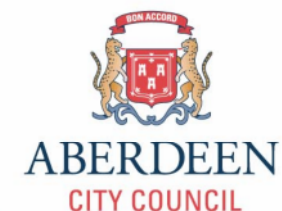
CG: Efficiency options



| New Efficiency Options | | | |
|------------------------|---|--------------------|---|
| Reference | Option description | Value in Yr 5 (£k) | Comment |
| CG_F_26 | Bed tax – to be examined within context of tourism tax | 400 | With Risk |
| CG_CS_FS04 | Fairer Scotland Fund – target corporate sponsorship to contribute to fund areas | 0 | Exercise to determine appetite underway |
| CGCS_F0S11 | Channel shift programme | 0 | Review underway to determine value |
| CG_F_28 | Accounts Payable – automated process | 60 | |
| CG_HR_25 | Reduced costs on Occupational Health Contract | 10 | |
| CG_HR_26 | Reduced costs re Employee Assistance Programme | 5 | |
| CG_HR_27 | Revision of HR & OD Services | 100 | |
| CG_F_30 | AECC Swap – Agreement - move to Common Good | 500 | With Risk |
| CG_F_31 | Explore use of Common Good particularly use of capital receipts | 150 | With Risk |
| CG_F_32 | Reduce Council tax Relief on second homes | 0 | With Risk |
| CG_F_29 | Redefine the criteria for relief / discretionary Non Domestic Rates relief | 200 | With Risk |
| TOTAL | | 1,425 | |

Section 3 Service Options (CG) (version 1.1)

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.

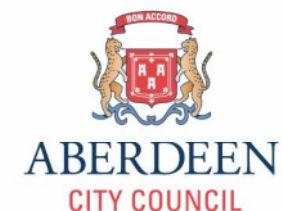
CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled

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

| FOR INFORMATION ONLY: Stop/Reduce Options which have already been approved | | | | |
|---|--------------|--|--------------------|------------------------------------|
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| | CG_CS_PM01 | Programme Management office –fully internal | 65 | |
| | CD_CS_FS03 | Reduce Fairer Scotland Fund | 250 | |
| | CG_CS_PMQ07 | Align Corporate Information & Research resource to work demand | 76 | |
| | Total | | 391 | |
| New Stop/Reduce Options with priority ranking | | | | |
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| 8 | CG_CS_F0S10 | Discontinue iKiosks | 65 | |
| 9 | CG_CS_ICT10 | ICT Education Connectivity Support | 100 | |
| 10 | CG_CS_ICT11 | Establishment of ICT Enterprise Architecture Framework | 0 | Review underway to determine value |
| 12 | CG_F_27 | Rationalise Administration posts in Finance | 70 | |
| 39 | CG_LDS_7E | Saving of convenor and vice convenor payments if less committees | 108 | |
| 46 | CG_LDS_7B | Reduce the number of Council committees. | 50 | |
| | TOTAL | | 393 | |

Section 3 Service Options (version 1.1)

Council wide options



These options relate to council-wide savings opportunities. They have not been included within any individual Directorate savings.

| FOR INFORMATION ONLY: Options which have already been approved | | |
|---|--|--------------------|
| Ref | Option description | Value in Yr 5 (£k) |
| ACC_SO13 | New ways of working (cross council Admin etc) | 900 |
| ACC_SO6 | Reduce miscellaneous grants | 605 |
| ACC_SO11 | Review terms and conditions of staff | 0 |
| ACC_SO9 | Review corporate training / conferences | 555 |
| ACC_SO5 | Reduce staff advertising | 100 |
| ACC_SO4 | Stop general advertising | 60 |
| ACC_SO22 | Electronic mail and send | 400 |
| ACC_SO16 | Explore commercial opportunities | 0 |
| ACC_SO20 | Explore expanding use of Common Good for General Fund | 0 |
| ACC_SO18 | Reduce management teams | 1,075 |
| CG_CPU_01/2a/2b/6/7 | Procurement savings | 2,239 |
| ACC_SO20 | Explore expanding use of Common Good for General Fund | 0 |
| TOTAL | | 5,934 |
| New Options | | |
| Ref | Option description | Value in Yr 5 (£k) |
| ACC_SO25 | Salary sacrifice schemes (buying back holidays / reduced working week) | 20 |
| ACC_SO26 | Procurement savings – additional services / commodities | 1,000 |
| ACC_SO8 | Corporate Bond Issue | -400 |
| TOTAL | | 620 |

Section 3 Service Options (version 1.1)

Council wide options



These options relate to Office of Chief Executive; the total costs and savings for the Office of Chief Executive are included in the total ACC consolidated position.

| New Stop/Reduce Options with priority ranking | | | | |
|---|-----------|--|--------------------|---------|
| Priority ranking | Reference | Option description | Value in Yr 5 (£k) | Comment |
| 14 | OCE_DS01 | OCE – Streamline business management | 26 | |
| 13 | OCE_EM01 | Election Unit – refocus of administrative assistance | 17 | |
| Total | | | 43 | |

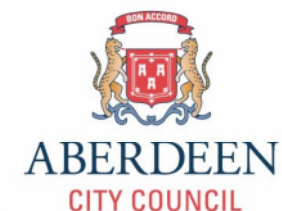
Section 4

DEPENDENCIES

(version 1.1)

Section 4 Inter-dependencies (version 1.1)

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, 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 are:

| Directorate | Service | Options identified |
|---------------------------------------|--------------------------------|--|
| Education Culture & Sport | Communities, Culture and Sport | Future delivery of cultural services |
| Education, Culture & Sport | Potentially all services | Potential shared services with other local authorities |
| 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 & Environment (H&E)

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.

Some options newly proposed by the Housing and Environment Service may have an effect to increase numbers needing Social Care services.

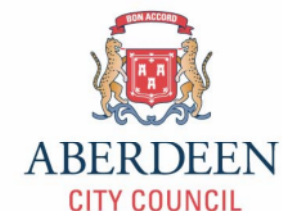
C. Customer contact and Out of Hours services

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.

| Directorate | Service |
|-----------------------|-----------------------------|
| Corporate Governance | Regional Contact Centre |
| Housing & Environment | Building Services call outs |

Section 4 Inter-dependencies (version 1.1)

Key options (2)



D. Education and Social Care & Wellbeing

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 & E10] and the use of para-professionals [ECS_E7c & E20b]). Synergies also exist between transformation options relating to the upper stages of secondary education [ECS_E11 & E40] in relation to delivery options for cultural services [ECS_C3 & ECS_C22] shared services [ECS_C17 & ECS_C25].

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 exist in relation to the Reduction of Out of Authority Placements, [ECS_C26]. The reduction of demand for these placements together with improved local provision, is a collaborative endeavour between Education, Culture and Sport and Social Care and Wellbeing and additional demands on or reductions in para-professionals may limit the ability to deliver on this option.

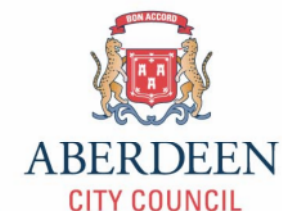
Opportunities were identified to develop the role of Educational Psychologists to have greater involvement in Children's Services. Full financial and non-financial impacts of these cross Directorate dependencies need to be confirmed.

E. Corporate Governance

The future shape of the services delivered by Corporate Governance is dependant on the configuration and nature of delivery of all other services within the Council. Moreover, the options contained in this report will have significant implications for the future governance of the Council.

Section 4 Inter-dependencies (version 1.1)

Impact on Capital Programme



Savings identified relate only to revenue expenditure. It should be noted however that a number of options have, or could result in, 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 are:

| Ref no. | Option | Capital impact | Capital impact where known (£ks) |
|-------------------|---|---|---|
| EPI_AMO08 | Reduce street lighting whole life costs | Investment (Lanterns) | £75kpa from existing budgets |
| EPI_AMO09 | Use Wi-Fi for Urban Traffic Control | Investment (UTC equipment) | |
| EPI_AMO11b | Tactical disposal of property assets | Receipt (Investment Property Portfolio Assets) | Site by site basis |
| EPI_AMO18 | Increase mobile / remote working | Receipt (former Corporate Office Accommodation) | Site by site basis |
| EPI_AMO20 | Improve energy efficiency | Investment (Renewables) | Case by case basis |
| EPI_DIR06 | Enable renewable energy network | Investment / Receipt | Dependent on agreement with potential partners |
| ECS_E9a | Closure of 2 secondary schools | Receipts | Site by site basis |
| ECS_E9b | Redesign of secondary schools | Investment (New schools & refurbish 2 existing schools) | £120m – starting in year 5 and lasting beyond 10 year timeframe for capital programme |
| ECS_E11 | City Campus, Senior Phase | Investment (ICT) | |
| ECS_E19 | Rationalisation of school administration | Investment (ICT) | |
| ECS_E28 | Close the Music School | Receipt | |
| ECS_E29a | Closure of 5 primary schools | Receipts | Site by site basis |
| ECS_C2 or ECS_C2a | Closure of art gallery & museums | Receipts | Site by site basis |
| ECS_C27 | New Ways of working – Library & Information Services | Receipts | Site by site basis / Vehicle disposal |
| SCW_14 | Reduce the no. of specialist care placements for children and young people by redesign and small addition to existing local service | Investment | Estimate £912k |

The Council's Corporate Asset Group is tasked with managing the Non-Housing Capital programme and all related issues concerning capital acquisitions or disposals. Officers from Asset Management and Finance are available to assist services from the early stage of developing service options and assess the potential capital impact, including costs, timescales and possible future receipts. Any impact from service options needs to be considered in the wider context of the Council's requirement to sustain an affordable capital programme.

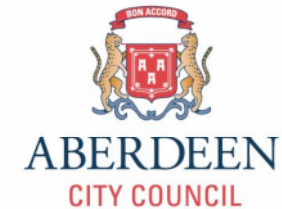
Section 5

NEXT STEPS

(version 1.1)

Section 5 Next Steps (version 1.1)

Ensuring Success



The continued success of delivering against the Council priorities alongside successfully delivering the very ambitious and challenging package of options previously agreed and 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.

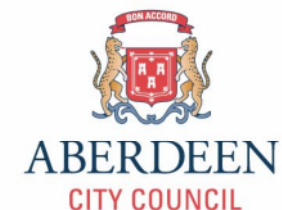
To deliver this, ACC acknowledged that it will need to ensure that it has the strongest possible capability, capacity and governance in place to ensure the successful delivery of the overall 5 Year Business Plan, not just in regards to the discrete Programme, but as an overall Council. Key to this is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

- 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 engagement
- Ability to report progress and impact on the local community

To achieve this, ACC has identified key activities. They are discussed in more detail over the following pages:

| | Key Activities |
|----|------------------------------|
| 1. | Address inter-dependencies |
| 2. | Engagement & Implementation |
| 3. | Programme Management |
| 4. | Update 5 Year Financial 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 (see Section 5 Next Steps, 3).

2. Engagement & Implementation



- Significant progress has been made in the delivery of the Next Five Years Business Plan and key messages and processes used through out the engagement established at the onset of PBB and have been revised to reflect this.

- The elements of the business plan are presented to our citizens, customers, staff, elected members and partners though a programme of engagement activity both internal and external.

- Effective two-way communications throughout change is vital to the success of the implementation of chosen service options.

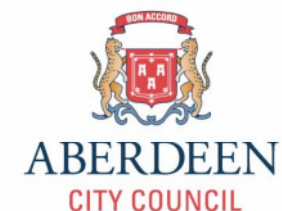
- At Directorate and Corporate level implementation programmes are critical to the continued successful implementation of chosen service options. These need to consider timing and duration of:
 - Stakeholder engagement
 - Employee consultation and notice periods
 - Negotiations with third parties
 - Sale, build or refurbishment of properties
 - Critical business-as-usual periods.

Section 5 Next Steps (version 1.1)

3. Programme Management

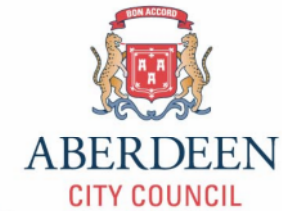
- The Programme Management Office (PMO) was set up in March 2011 to support the delivery of the Five Year Business Plan and the associated PBB savings and options and also to improve the quality of project management and delivery across the Council.
- The Sponsoring Group – made up of the Chief Executive, CMT and the Senior Programme Manager - oversees the work of the PMO and meets fortnightly to monitor the progress of the projects, programmes and other activities that deliver the PBB savings, plus other projects the council is undertaking.
- A mechanism has been set up to continuously track the realisation of targeted PBB savings.
- A corporate change process to monitor and control changes to the PBB options has been set up. Any significant changes to costs, benefits (savings) or scope are considered by the Sponsoring Group for discussion and approval.
- The set up of one elected member working group to ensure one single point of engagement with elected members to monitor the key projects arising from PBB

4. Update 5 Year Financial Plan



- Work continues on inter-dependencies, details of business cases and implementation plans to inform and underpin the success of the implementation of the Financial Plan.
- Ensure no duplication between Directorate and Corporate savings e.g. Procurement.
- Confirmation required on funding levels.
- Additional overlay to Financial Plan for corporate funding options and financing requirements.
- Output from Corporate Asset Group and the setting of future years' non-housing capital plan.
- Perform sensitivity analysis.
- Year 1 of the 5 Year Financial Plan forms the basis for the 2012/13 budget.
- The 5 Year Financial Plan will be incorporated within the Five Year Business Plan.

Glossary (version 1.1)



| | |
|------------------|---|
| ACC | - Aberdeen City Council |
| ADM | - Alternative Delivery Model |
| CG | - Corporate Governance |
| CMT | - Corporate Management Team |
| CS&P | - Customer Service and Performance |
| EC&S | - Education Culture and Sport |
| EP&I | - Enterprise Planning and Infrastructure |
| FTE | - Full Time Equivalent |
| H&E | - Housing and Environment |
| HR&OD | - Human Resources and Organisational Development |
| HRA | - Housing Revenue Account |
| PBB | - Priority Based Budgeting |
| PMO | - Programme Management Office |
| SC&W | - Social Care and Wellbeing |
| WPO | - Word Processor Operator |



ABERDEEN
CITY COUNCIL

