

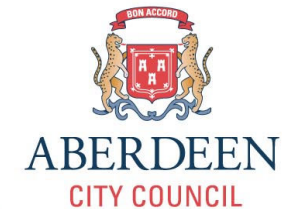
# Aberdeen City Council

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

Appendix 5



# Executive Summary (version 1.1 - Council)



## 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%
<b>Totals</b>	<b>£35.7m</b>	<b>100%</b>

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 - Council)

## Update on Financial Position



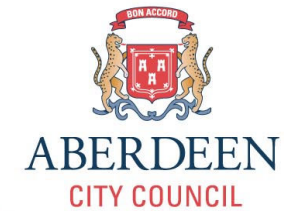
The 5 Year Business Plan was approved by Council in August 2011 for the five years 2011/12 to 2015/16. This identified a package of service options which would deliver £71.5m of savings by 2015/16. The value of savings approved for the first year of the Business Plan (2011/12) was £15.6m, of which £15.4m 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
<b>Funding</b>	<b>(450,311)</b>	<b>(441,662)</b>	<b>(434,959)</b>	<b>(431,560)</b>	<b>(431,354)</b>
<b>Other Funding</b>	<b>(10,276)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Projected Spend</b>	<b>476,164</b>	<b>491,655</b>	<b>511,500</b>	<b>526,276</b>	<b>536,717</b>
<b>Indicative Shortfall (10<sup>th</sup> February 2011)</b>	<b>15,577</b>	<b>49,993</b>	<b>76,541</b>	<b>94,716</b>	<b>105,363</b>
<b>Total Service Options Approved (10<sup>th</sup> February 2011)</b>	<b>(15,577)</b>	<b>(39,735)</b>	<b>(57,195)</b>	<b>(65,308)</b>	<b>(71,575)</b>
<b>Revised Deficit/(Surplus)</b>	<b>0</b>	<b>10,258</b>	<b>19,346</b>	<b>29,408</b>	<b>33,788</b>

# Executive Summary (version 1.1 - Council)

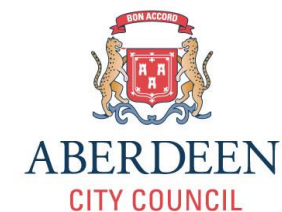
## Update on Financial Position



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
<b>Revised Deficit/(Surplus) (from table Page 3)</b>	<b>10,258</b>	<b>19,346</b>	<b>29,408</b>	<b>33,788</b>	<b>n/a</b>
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
<b>Estimated Deficit/(Surplus)</b>	<b>3,600</b>	<b>7,728</b>	<b>9,022</b>	<b>8,099</b>	<b>15,714</b>
<b>New Service Options</b>					
Total New Service Options	(12,227)	(15,722)	(27,891)	(36,550)	(35,830)
<b>Revised Deficit/(Surplus)</b>	<b>(8,627)</b>	<b>(7,994)</b>	<b>(18,869)</b>	<b>(28,451)</b>	<b>(20,116)</b>

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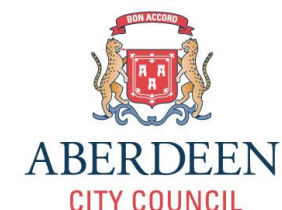
**Note: a glossary of terms is included at the end of this document**

## Section 1

# CONTEXT AND APPROACH

(version 1.1 - Council)

## Section 1 Context and Approach (version 1.1 - Council) 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

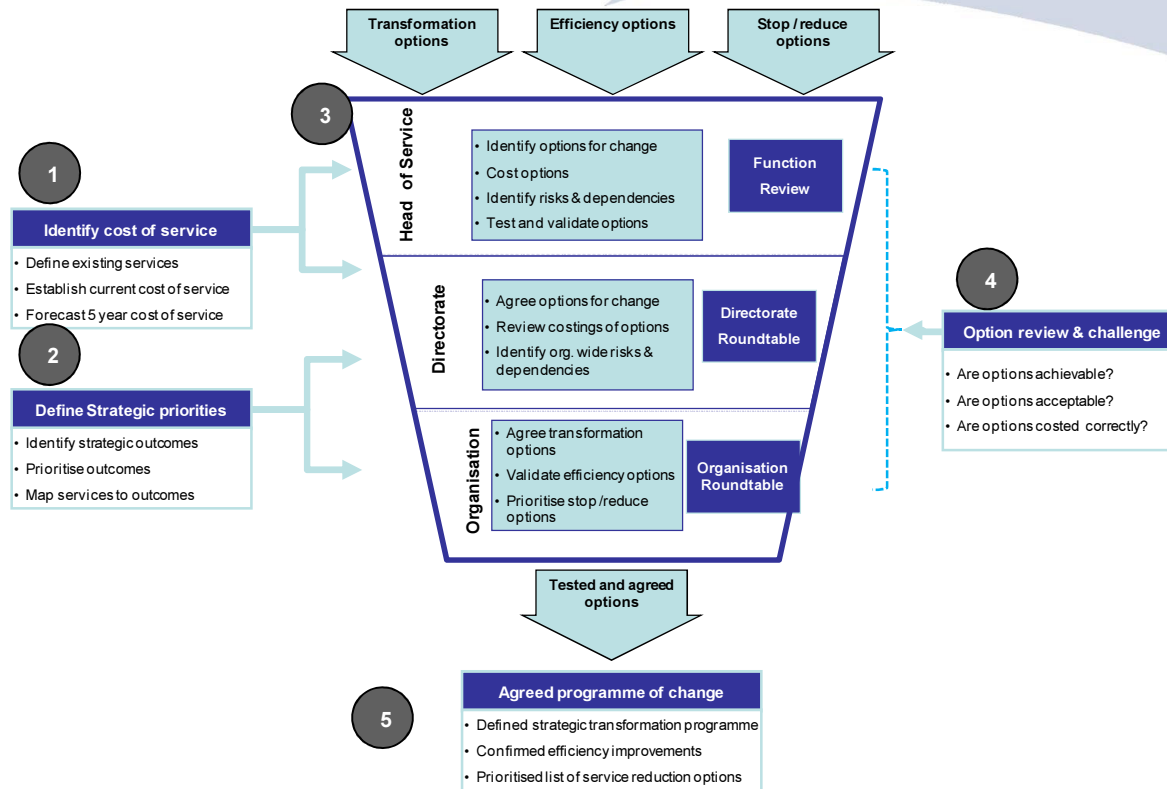
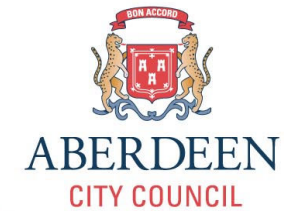
### The following are key elements of the priority-based approach:

- ▶ 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 - Council)

# 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.

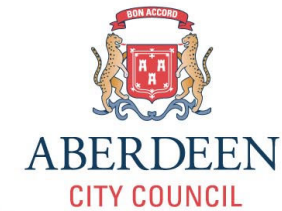
Following discussion by the Corporate Management Team ("CMT") and approval by elected members, these options will then be translated into the updated 5 Year Business Plan and budget.

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 - Council)

# 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.

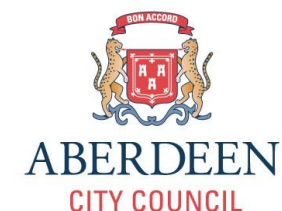
## Section 2

# ACC CONSOLIDATED SUMMARY

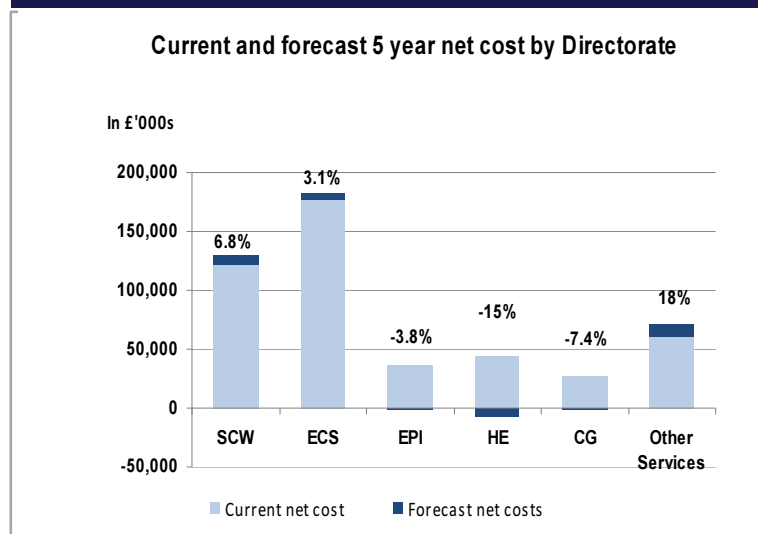
(version 1.1 - Council)

## Section 2 Consolidated Summary (version 1.1 - Council)

# Current and future cost of services



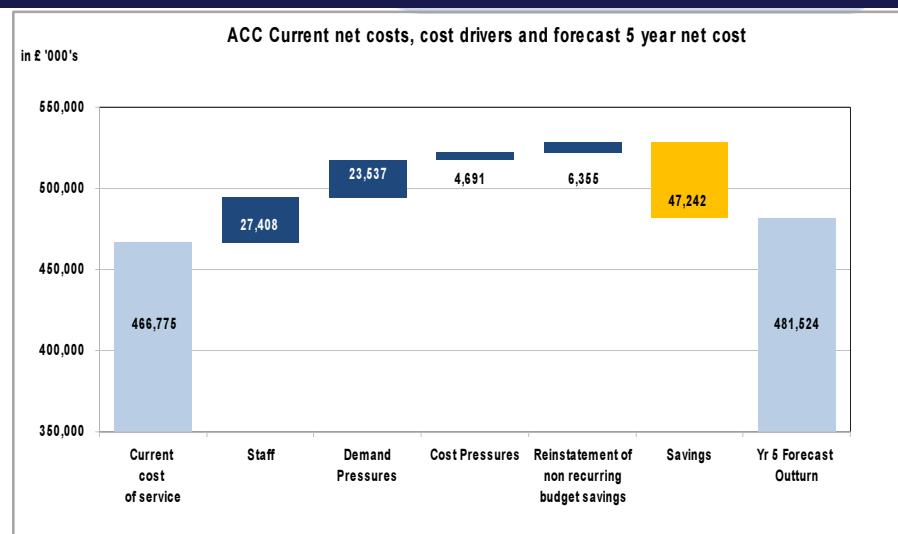
The 2011/12 net cost of all Aberdeen City Council services is £467 m. This cost is forecast to rise to £482m by 2016/17.



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.

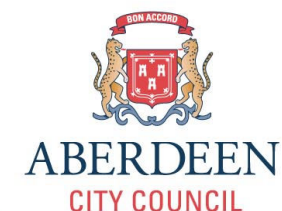


The cost pressures that will impact on services over the next 5 years are driven by:

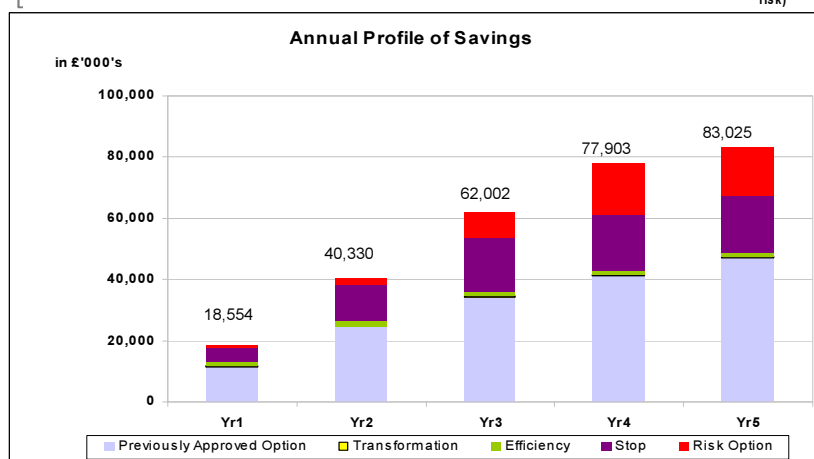
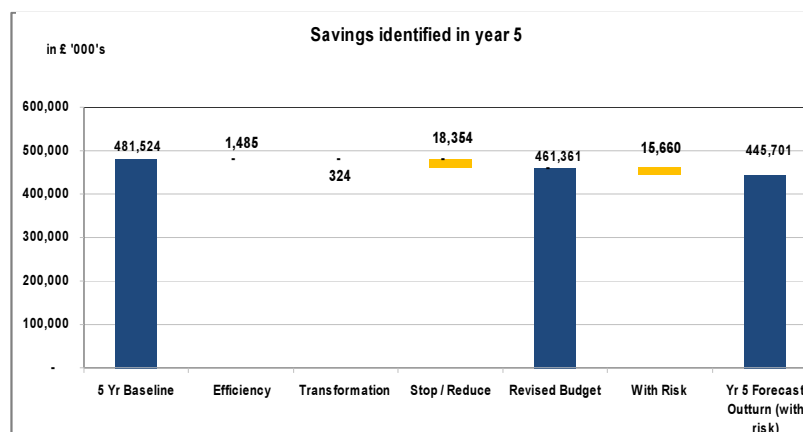
- Continued inflationary pressures within the economy
- Staff pay awards have not been incorporated into the 2012/13 cost pressures. However, a 1% pay award annually will add another £3m per year of cost pressures into the 5 year Business Plan
- Demographic changes causing an increase in demand for services
- 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 - Council)

# 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
<b>Totals</b>	<b>£35.7m</b>	<b>n/a</b>	<b>100%</b>	<b>£ 15.6m</b>

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

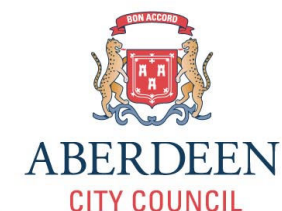
- All savings have been calculated at current costs.
- Redundancy costs are included.
- Unless otherwise stated, capital expenditure and receipts have not been included.

## Section 3

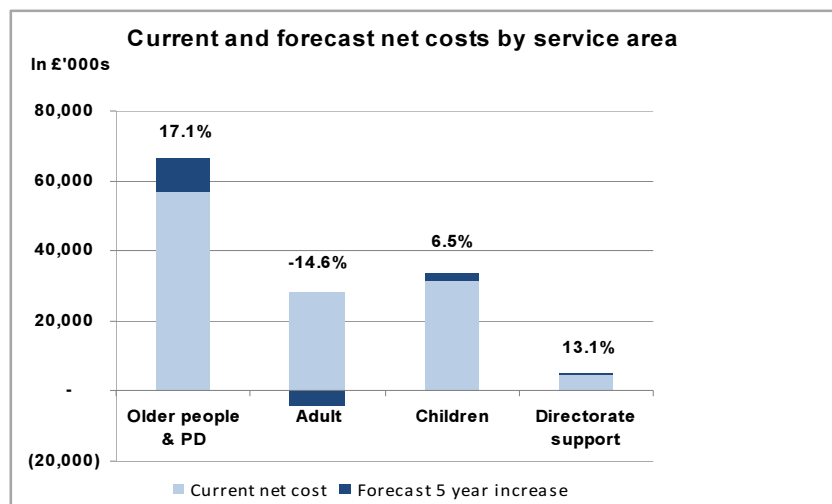
# SERVICE OPTIONS

(version 1.1 - Council)

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

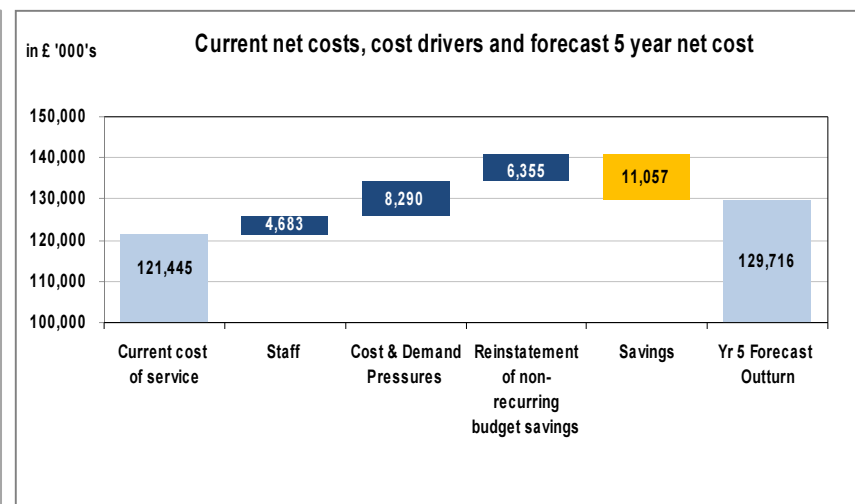


**The 2011/12 net cost of Social Care and Wellbeing services is £121m. This cost is forecast to rise by 6.8% to £130m by 2016/17.**



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%.



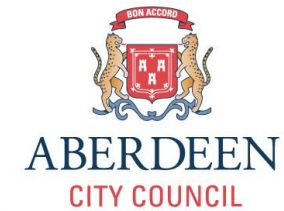
The cost pressures that will impact on SC&W services over the next 5 years is driven by:

- 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

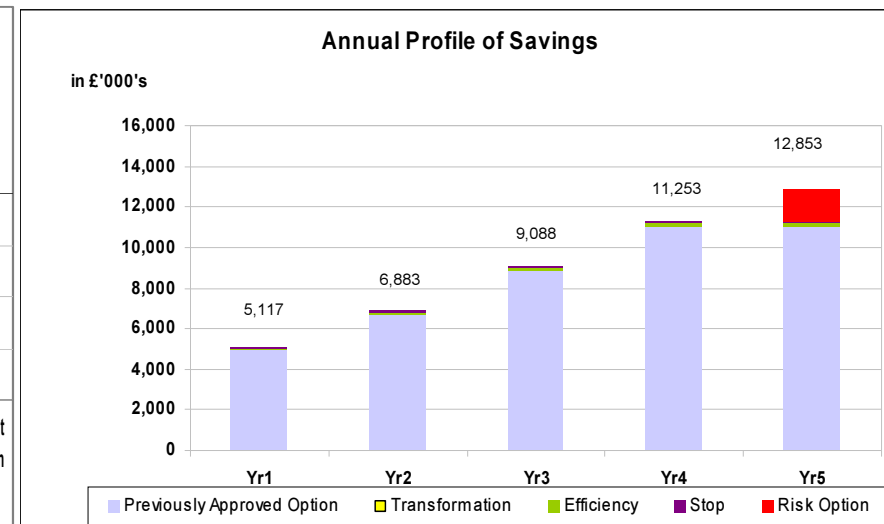
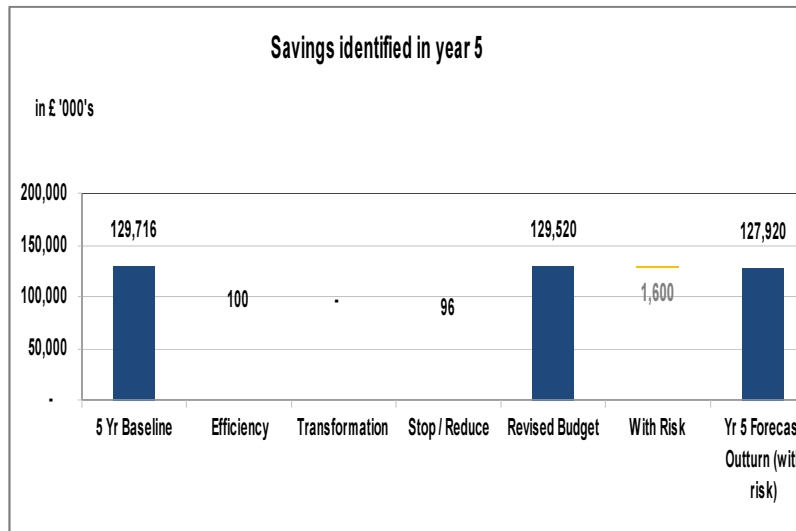
These cost pressures are marginally offset by a forecast increase in income due to the rising levels of demand.

## Section 3 Service Options (SC&W) (version 1.1 - Council)

# Summary of SC&W savings



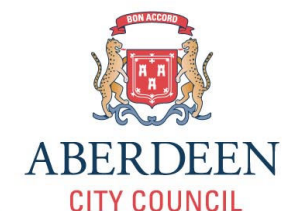
- A total of £1,796m of new savings options have been identified for Social Care & Wellbeing services. This is in addition to the £11m of savings already approved. These savings represent 5% of the Directorate 5 year baseline.



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 - Council)

# 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	
<b>TOTAL</b>		<b>10,369</b>	



## 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

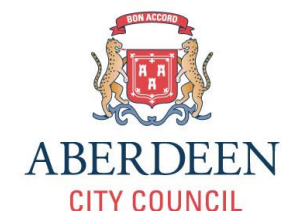
Reference	Option description	Value in Yr 5 (£k)	Comment
SCW8	Stop subsidising criminal justice social work – provide only with Northern Community Justice Authority grant	280	
SCW5	Re-evaluate social work contribution to Integrated Addiction Services	51	
SCW17	Renegotiate commissioned services from the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

### New Efficiency Options

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

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

# 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.

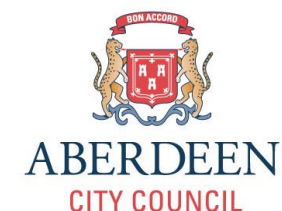
All Stop / Reduce options have been ranked in order of 'least undesirable' in the context of the Council's priority outcomes. This ranked order reflects the order in which these options would be implemented up to the point that the remaining funding gap could be filled.

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
<b>TOTAL</b>			<b>1,696</b>	

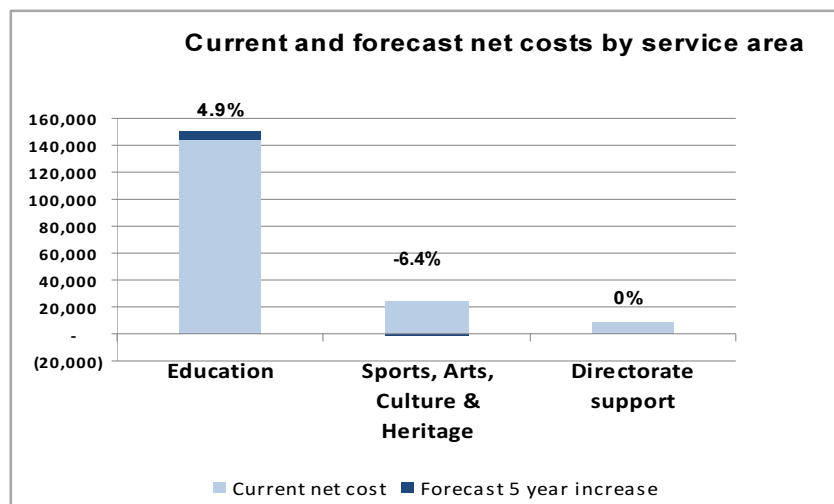
CMT preferred order of implementation, ranked against Council priorities. Items below the red line are not recommended for progression



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

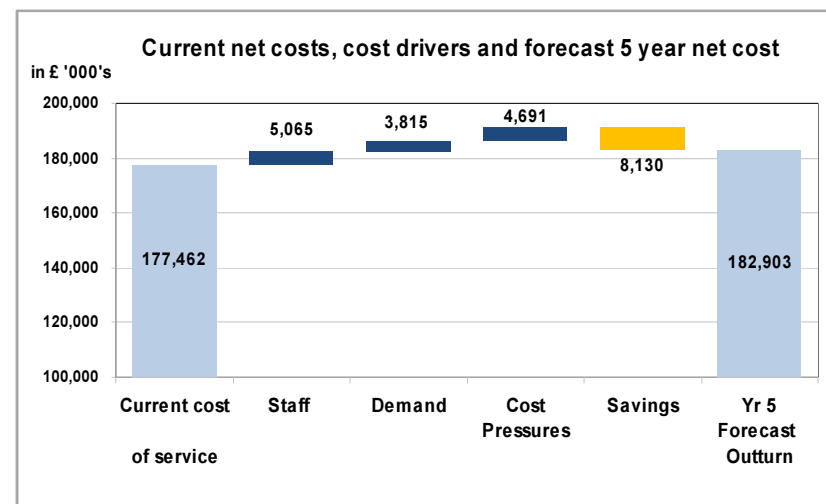


The 2011/12 net cost of Education, Culture and Sport services is £177m. This cost is forecast to rise by 3.1% to £183m by 2016/17.



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:

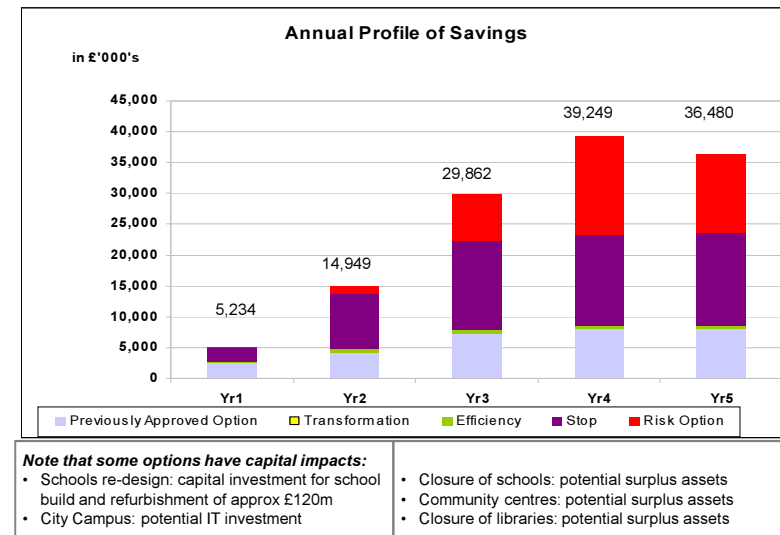
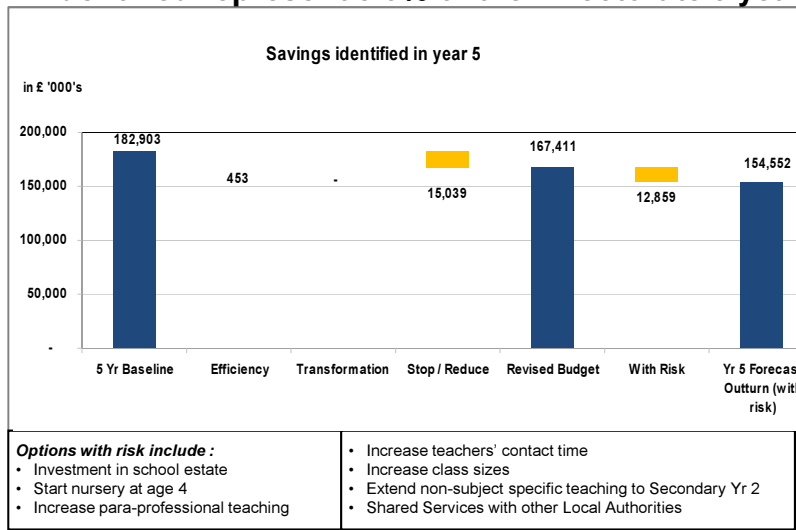
- Rising cost of staff, in particular nationally set teacher's T&Cs
- An increase in demand for services due to changing demographics and rising instances of Additional Needs.

## Section 3 Service Options (EC&S) (version 1.1 - Council)

# 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.



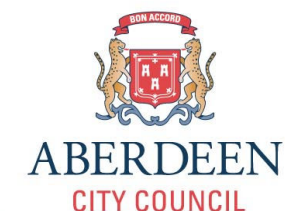
The greatest savings can be achieved from high risk options relating to changes to traditional staffing models and a significant change in the delivery of Education services. These options require negotiations with unions and national government, along with a shift in public expectation.

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.

## 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.

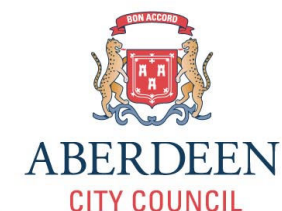
FOR INFORMATION ONLY: Transformation Options which have already been approved		
Ref	Option description	Value in Yr 5 (£k)
ECS1-C1	Integrated Communities Service	800
ECS1_C26	Reduce the number of out of authority placements by redesign and small addition to existing local services	840
ECS1-C3	Alternative 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
<b>TOTAL</b>		<b>4,568</b>

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
<b>TOTAL</b>		<b>2,378</b>

\* 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 - Council)

# 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

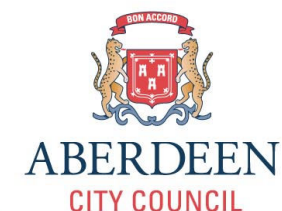
Reference	Option description	Value in Yr 5 (£k)	Comment
ECS1-C10	Root and branch review of commissioned arts and sports services	1,736	
ECS_E37	Change the delivery model of music tuition	170	
ECS_E19	Rationalise school administration	193	
ECS_E4	Use of Teacher Protection Grant to achieve identified saving	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	
<b>TOTAL</b>		<b>2,354</b>	

### 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
<b>TOTAL</b>		<b>10,241</b>	

## Section 3 Service Options (EC&S) (version 1.1 - Council)

# EC&S: Identified Stop / Reduce options



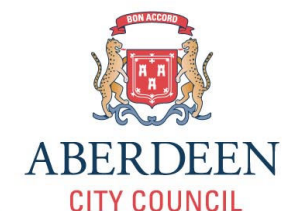
It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

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	
<b>TOTAL</b>		<b>1,207</b>	

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

# EC&S: Identified Stop / Reduce options



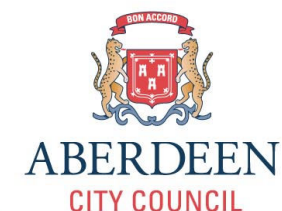
## New Stop/Reduce Options with priority ranking

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 (4 years)	735	
83	ECS_C13	Cease Communities Team service	4,152	
93	ECS_E25	Stop pre-school education	3,714	
<b>TOTAL</b>			<b>15,732</b>	

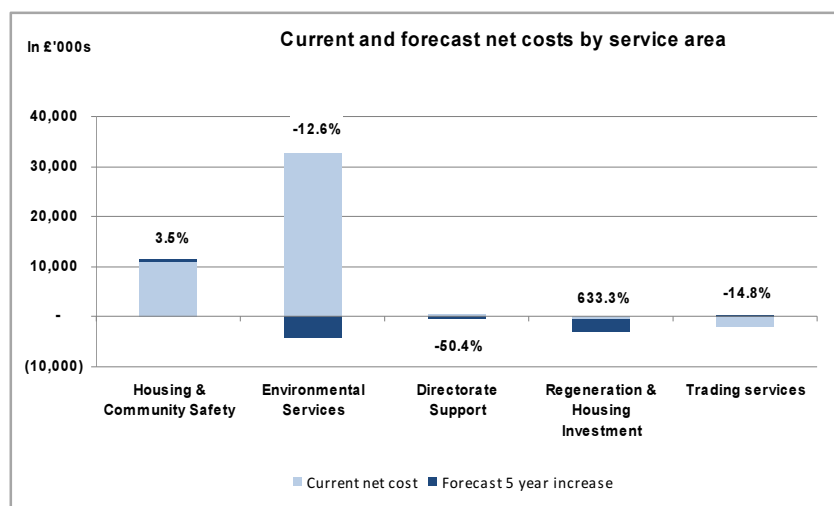
CMT preferred order of implementation, ranked against Council priorities. Items below the red line are not recommended for progression



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



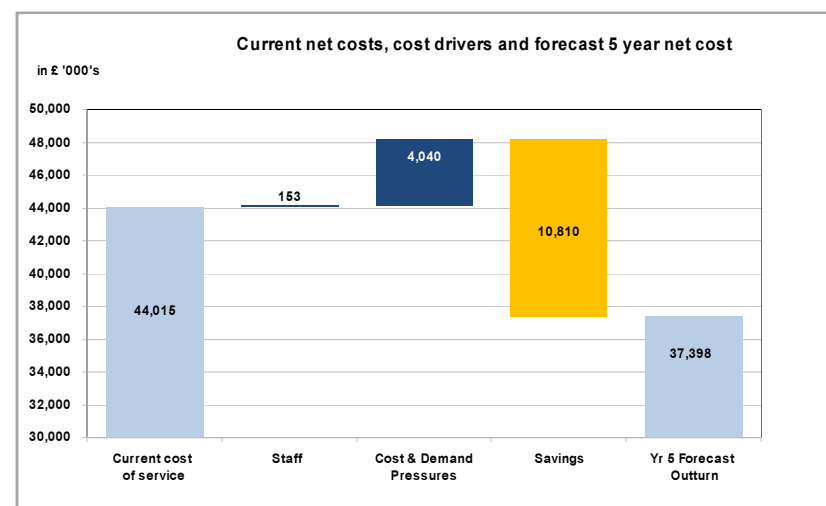
The 2011/12 net cost of Housing and Environment services (excluding the Housing Revenue Account) is £44 million. This cost is forecast to fall by 15% to £37.3m by 2016/17.



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).

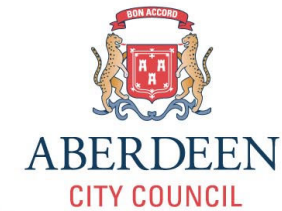


The cost pressures that will impact on H&E services over the next 5 years are driven by:

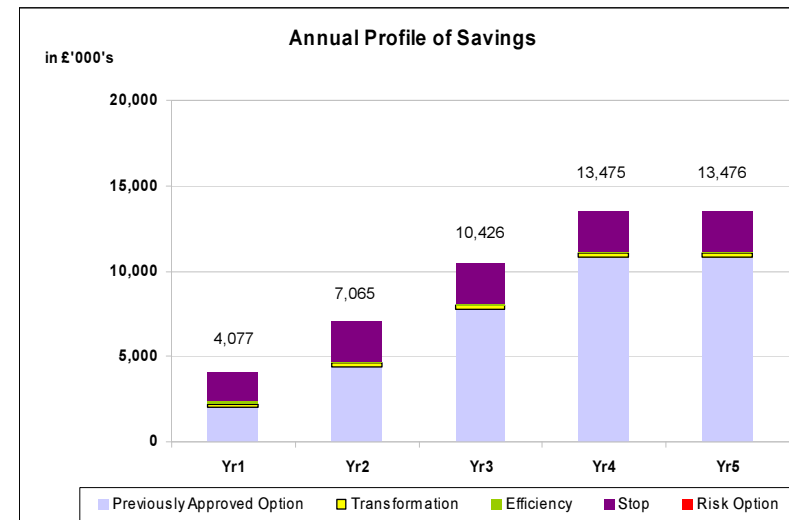
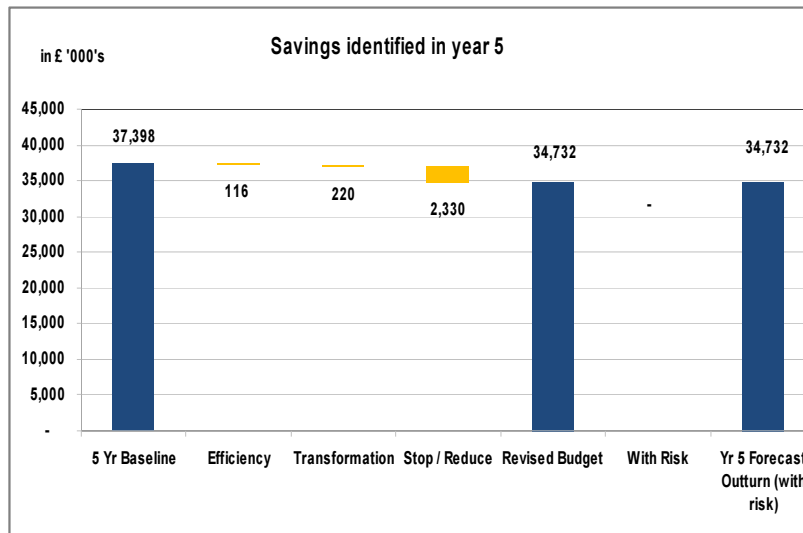
- Rising cost of ACC staff, for known and predicted costs
- Increasing requirements for waste management contract payments and landfill tax

## Section 3 Service Options (H&E) (version 1.1 - Council)

# Summary of H&E savings



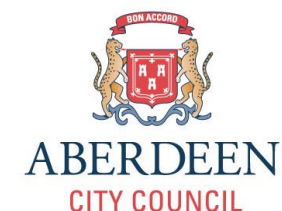
- A total of £2.7 million of new savings options have been identified for Housing & Environment services.  
This is in addition to the £10.8 million of savings already approved.
- The total of new savings represent 7.6% of the Directorate baseline in 2011/12.
- There are no options which have been highlighted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

# 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	Increase efficiencies within Emergency Planning team reducing establishment by 1 FTE and reduce administrative costs in relation to accommodation	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
<b>TOTAL</b>		<b>9,328</b>

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

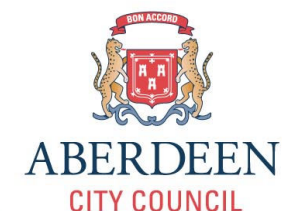
1. Waste strategy will implement a long-term waste strategy that changes the way waste is collected and delivers agreed waste targets. It will leverage full benefit from partnership opportunities
2. Core environmental services will be market tested to determine the optimum delivery framework for each 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
<b>TOTAL</b>		<b>220</b>

## Section 3 Service Options (H&E) (version 1.1 - Council)

### 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
<b>TOTAL</b>		<b>1,262</b>

#### 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
<b>TOTAL</b>		<b>116</b>

## Section 3 Service Options (H&E) (version 1.1 - Council)

# H&E: Identified Stop / Reduce options



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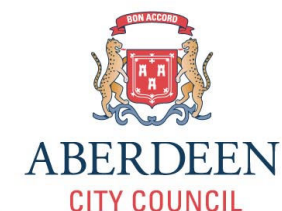
It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options. All Stop / Reduce options have been ranked in order of 'least undesirable' in the context 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		
	<b>TOTAL</b>		<b>9</b>		
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	50	
	54	HE_HCS_H07	Homelessness - Realign Furniture Scheme budget to meet demand	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	
		<b>List continued on next page</b>			

*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 - Council)

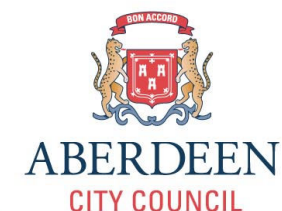
## H&E: Stop / Reduce options (continued)



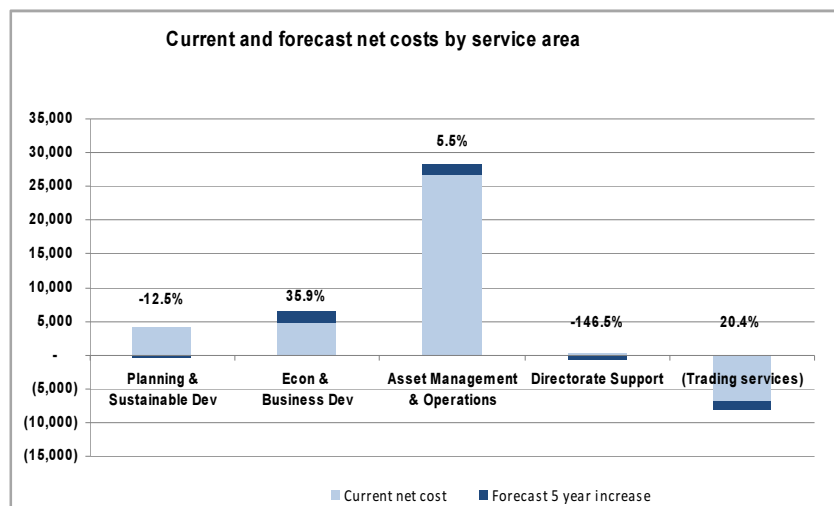
Priority ranking	Reference	Option description	Value in Yr 5 (£k)	Comment
		<b>Continued from previous page</b>		
61	HE_HCS_CS05a	Remove funding used by Community Safety Service for local neighbourhood safety initiatives	15	
63	HE_HCS_S03(i)	Reduce housing support budget by 10%	250	
64	HE_HCS_H05	Homelessness - Reduce budget for Prevention Service	10	
65	HE_HCS_S04(v)	Reduce Funding to SCARF (Save Cash & Reduce Fuel)	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 Recycling Points Service in Areas Covered by Kerbside Collections	69	
81	HE_ES_WS7	Remove Paper Recycling in Multi-occupancy areas	0	
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	
<b>TOTAL</b>			<b>2,310</b>	

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



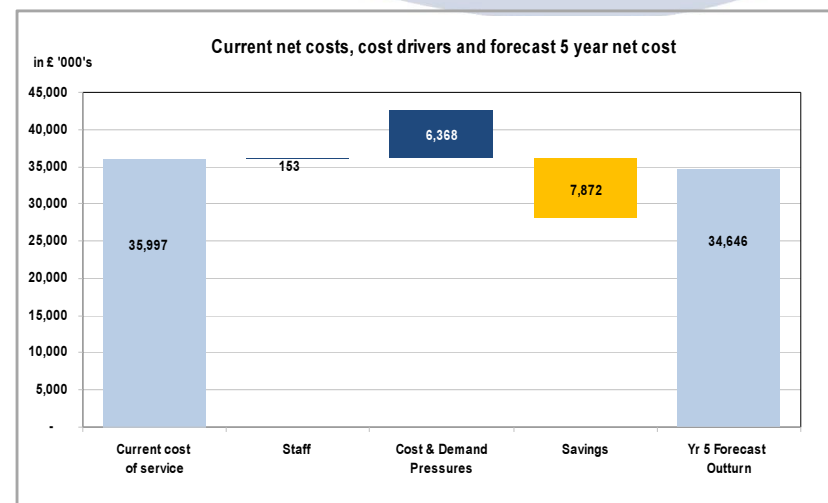
**The 2011/12 net cost of Enterprise, Planning and Infrastructure services is £36 million. This cost is forecast to fall by 3.8% to £34.6 million by 2016/17.**



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:

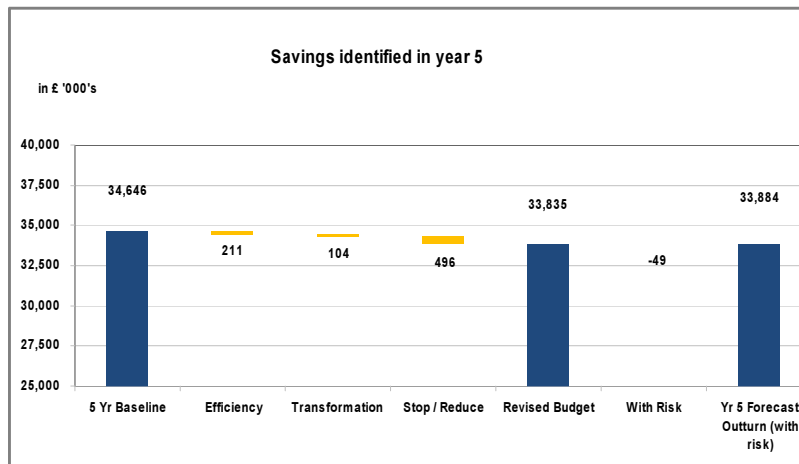
- Rising cost of ACC staff, for known and predicted costs
- The deteriorating condition of roads and properties, which requires an increase in the cost to maintain them
- The pressure on revenue budgets created by managing a reduced Non-Housing Capital programme, due to the limited funding the Council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

## Section 3 Service Options (EP&I) (version 1.1 - Council)

# Summary of EP&I savings

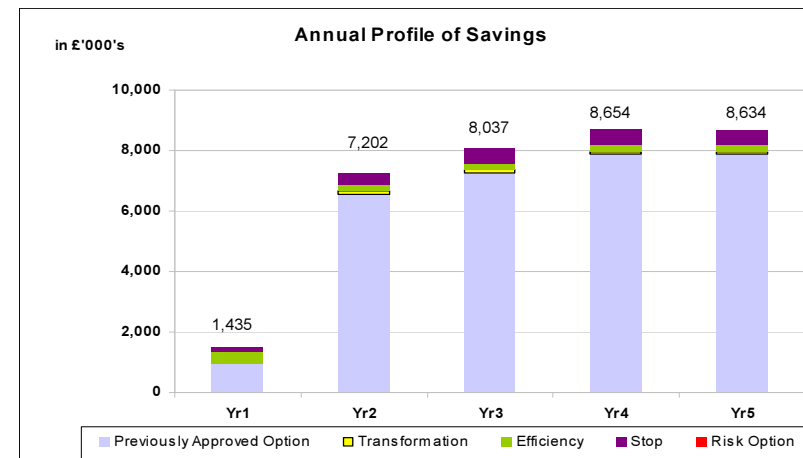


- A total £0.5 million of savings have been identified for EP&I services. This is in addition to the £11.4 million of savings already approved. These are divided between general fund and trading activities.
- The total of new general fund savings represent 2.1% of the Directorate baseline in 2011/12.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



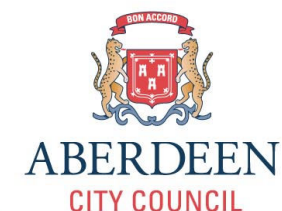
Options involving capital investment are included above, but are limited by the funding available to the Non-Housing Capital Plan. The revenue impact of planned asset sales from the investment property portfolio has been identified.

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 - Council)

# 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 3<sup>rd</sup> 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
<b>TOTAL</b>		<b>5,189</b>

### New Transformation Options

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

## Section 3 Service Options (EP&I) (version 1.1 - Council)

# EP&I: Efficiency options



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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
<b>TOTAL</b>		<b>3,699</b>	

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

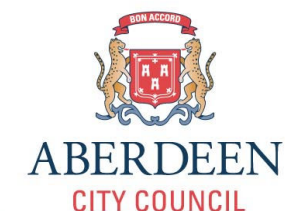


New Efficiency Options			
Reference	Option description	Value in Yr 5 (£k)	Comment
EPI_AMO27	Estates Team to be charged Cost of Capital Sales	111	
EPI_AMO28	Monitoring Officer to be part funded from Developers Fund	4	
EPI_PSD16	Reduction in Net Expenditure for Roads Projects Unit Budget	71	
EPI_AMO31	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
<b>TOTAL</b>		<b>-15</b>	

\* 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 - Council)

# EP&I: Identified Stop / Reduce options



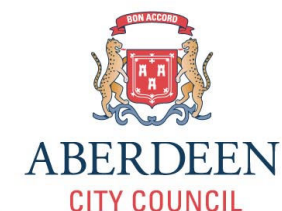
It is assumed that all of these options are undesirable and implementation of these options is dependent on the size of the funding gap and the savings that can be achieved from transformation and efficiency options.

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.

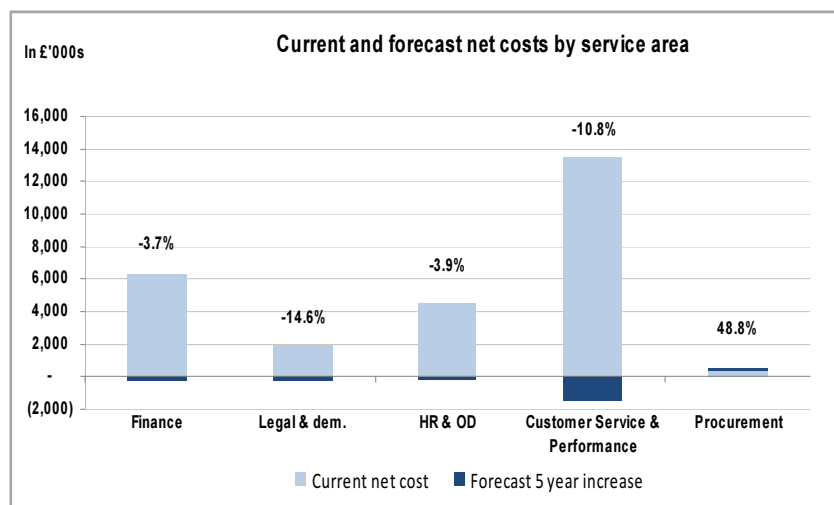
FOR INFORMATION ONLY: Stop/Reduce Options which have previously been approved				
Reference	Option description	Value in Yr 5 (£k)	Comment	
EPI_AMO14	Self fund Catering (Town House & Kittybrewster) otherwise stop	98		
EPI_AMO16	Reduce non-housing property maintenance inspections	99		
EPI_EBD02c	Stop all events and twinning activity and reduce marketing costs by 50%	526		
<b>TOTAL</b>		<b>723</b>		
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 School Crossing Patrols	50	
	<b>TOTAL</b>		<b>197</b>	

*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

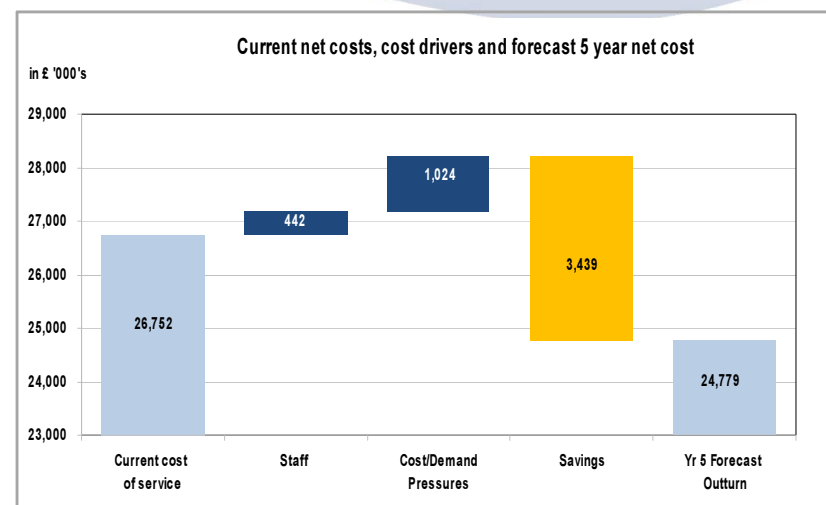


The 2011/12 net cost of Corporate Governance services is £26.7m. This cost is forecast to fall by 7.4% to £24.8m by 2016/17.



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:

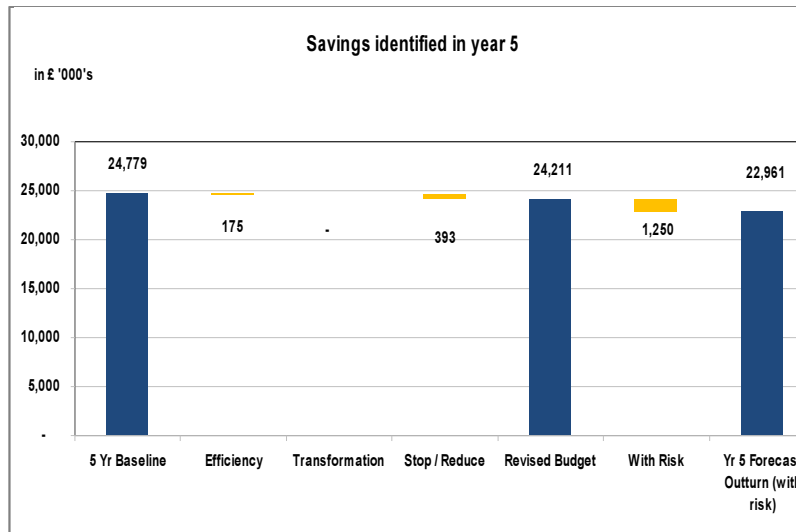
- Rising ACC staff costs and
- An increase in demand for Housing benefits service

## Section 3 Service Options (CG) (version 1.1 - Council)

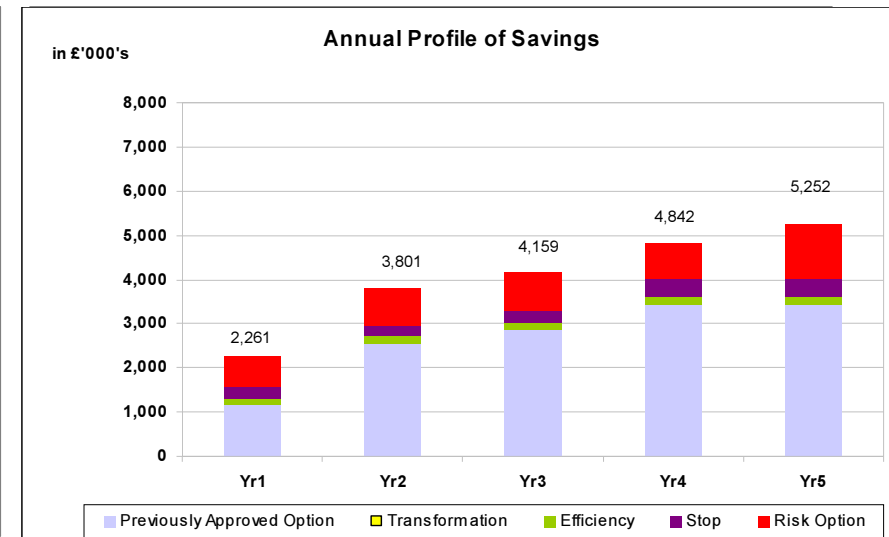
# Summary of CG savings



- 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 - Council)

# 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.

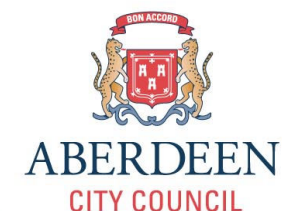
In the future services will either become increasingly centralised within the Council or be delivered by external providers; Dialogue is underway for the alternative delivery model within Corporate Governance.

### 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
<b>TOTAL</b>		<b>2,273</b>

## Section 3 Service Options (CG) (version 1.1 - Council)

# CG: Efficiency options



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

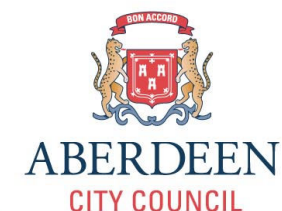
1. Changing internal processes and structures
2. Maximising income opportunities
3. Employing external service providers

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
<b>TOTAL</b>		<b>775</b>	



## Section 3 Service Options (CG) (version 1.1 - Council)

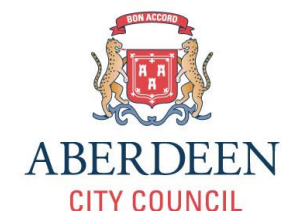
# CG: Efficiency options



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 Human Resources & Organisational Development 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
<b>TOTAL</b>		<b>1,425</b>	

## Section 3 Service Options (CG) (version 1.1 - Council)

# 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.

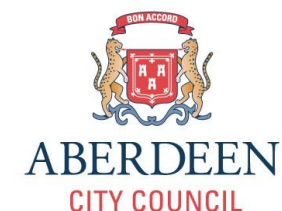
*CMT preferred order of implementation, ranked against Council priorities, up to the point that any outstanding funding gap is filled*

*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	
	<b>Total</b>		<b>391</b>	
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	
	<b>TOTAL</b>		<b>393</b>	

## Section 3 Service Options (version 1.1 - Council)

# 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
<b>TOTAL</b>		<b>5,934</b>
New Options		
Ref	Option description	Value in Yr 5 (£k)
ACC_S025	Salary sacrifice schemes (buying back holidays / reduced working week)	20
ACC_SO26	Procurement savings – additional services / commodities (across ACC)	1,000
ACC_SO8	Corporate Bond Issue	-400
<b>TOTAL</b>		<b>620</b>

## Section 3 Service Options (version 1.1 - Council)

### 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	
<b>Total</b>			<b>43</b>	

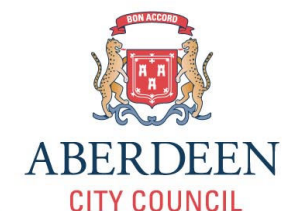
## Section 4

# DEPENDENCIES

(version 1.1 - Council)

## Section 4 Inter-dependencies (version 1.1 - Council)

# 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.

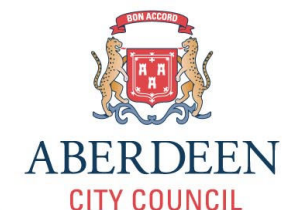
### C. Customer contact and Out of Hours services

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 - Council)

# 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.

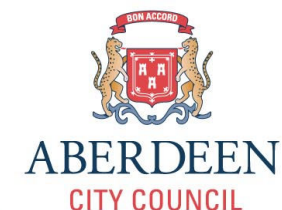
Opportunities were identified to develop the role of Educational Psychologists to have greater involvement in Children's Services. Full financial and non-financial impacts of these cross Directorate dependencies need to be confirmed.

### 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 - Council)

# 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.



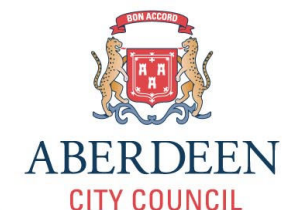
## Section 5

# NEXT STEPS

(version 1.1 - Council)

## Section 5 Next Steps (version 1.1 - Council)

# 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.

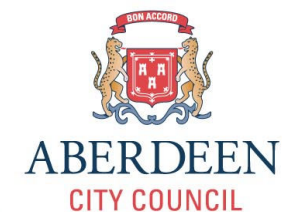
To deliver this, ACC acknowledged that it will need to ensure that it has the strongest possible capability, capacity and governance in place to ensure the successful delivery of the overall 5 Year Business Plan, not just in regards to the discrete Programme, but as an overall Council. Key to this is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

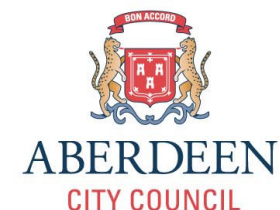
	Key Activities
1.	Address inter-dependencies
2.	Engagement & Implementation
3.	Programme Management
4.	Update 5 Year Financial Plan

# 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.

## **3. Programme Management**

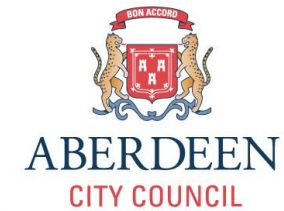
- The Programme Management Office (PMO) was set up in March 2011 to support the delivery of the Five Year Business Plan and the associated PBB savings and options and also to improve the quality of project management and delivery across the Council.
- The Sponsoring Group – made up of the Chief Executive, 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 - Council)



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

