

ABERDEEN CITY COUNCIL

COMMITTEE : Finance and Resources DATE: 28th January 2010

CORPORATE DIRECTOR: Pete Leonard

TITLE OF REPORT: Alternative savings proposals: Housing & Environment

REPORT NUMBER : H&E/

1. PURPOSE OF REPORT

This report provides the Committee with four sets of savings proposals, relating to :

- (i) Sheltered Placement staffing (replacing previous proposal ENV31)
- (ii) Income generation proposals for Pets' Corner (replacing previous proposal ENV22);
- (iii) reduced use of water across the Council ; and
- (iv) options to address the revenue cost pressures (which were detailed in the budget proposal papers considered by the Council on 16th December 2009) created by the removal of the Private Sector Housing Grant (PSHG) ring fence on 1st April 2010 (see background paper (vii)).

2. RECOMMENDATION(S)

That the Committee approves the proposals to:

- (i) move the five persons currently employed by the Social Care and Well-Being Service and working within the Environment Service, to mainstream employment within the Environment Service, while still achieving the savings outlined in the previous savings proposal , reference ENV 31;
- (ii) generate income of £34,000 by Pets' Corner, replacing the previous savings proposal ENV22; and achieving an extra £4,000 of savings;
- (iii) reduce the Housing and Environment Service water budget by £50,700, thereby contributing to corporate efforts to reduce water consumption ;
- (iv) utilise the proposed revenue funding from the PSHG to fund the following:-

Aberdeen Care & Repair (advice and assistance regarding repairs and improvements to the homes of older and/or disabled homeowners,);
Aberdeen Affordable Warmth (provide advice and assistance and affordable loans to tackle fuel poverty);

SCARF (free advice and assistance regarding energy efficiency to homeowners across the City);
HECA (enables leverage funding-of up to £1m- for energy efficiency solutions in the private housing sector); and
Torry Project (postpone funding for 2010/11 and 2011/12, reintroduce funding into the revenue budget in 2012/13).
Research/Consultation (reduce funding from £30,000 to £10,000 for 2010/11)

3. FINANCIAL IMPLICATIONS

3.1 Advice from the City Chamberlain

The savings listed here are all achievable. The City Chamberlain advises that the Finance circular 12/2009 shows Private Sector Housing Grant (PSHG) as a grant totalling £2.792 million, but divided in the proportions 40% revenue to 60% capital. This effectively means that Aberdeen City Council will receive £1.117 million of revenue funding. The City Chamberlain further advises that there will be a consequential increase in capital financing charges (approximately £100k) meaning that there is an overall increase in revenue terms of c.£1 million which will fund all of the services specified in recommendation 2(iv) above. This will eliminate the PSHG revenue cost pressures mentioned in the budget papers which were placed before the Council meeting on 16th December 2009.

3.2 Advice from the City Solicitor

Members also need to bear in mind that legal advice has highlighted that there are risks in extending the existing SLA for Care and Repair without completing a tender exercise – these risks are non-compliance with the Public (Contracts) Scotland Regulations 2006 and the Council's wider Treaty obligations to award contracts in an open and transparent manner, and there may also be State Aid implications.

This would mean that, after 2010/11, it would not be advisable to simply continue to extend the SLA for the Care and Repair Service –the contract would have to be tendered.

3.3 Further savings

Recommendation (iv) above, if approved, will provide a further £142,397 of savings for the Council.

4. SERVICE & COMMUNITY IMPACT

This report supports the following National Outcomes from the Aberdeen City Community Plan and Single Outcome Agreement 2008-2011, namely:

2. We realise our full economic potential with more and better employment opportunities for our people;
12. We value and enjoy our built and natural environment and protect it and enhance it for future generations;
14. We reduce the local and global environmental impact of our consumption and production; and
15. Our public services are high quality, continually improving, efficient and responsive to local people's needs.

It also links generally to the Council's policy statement, Vibrant, Dynamic and Forward Looking, in terms of its declared intention to be an efficient Council.

5. OTHER IMPLICATIONS

5.1 Sheltered Placement Scheme

The proposal to transfer five sheltered placement staff from the Social Care and Well-Being staff complement to that of the Environment Service will be carried out with the assistance of colleagues from Human Resources.

5.2 Pets' Corner

The proposal to increase income from Pets' Corner will require advice from colleagues in the Marketing team within Corporate Communications.

6. REPORT

This section of the report will consider each of the four savings proposals in turn.

6.1 SHELTERED PLACEMENT SCHEME SAVINGS PROPOSAL

6.1.1 Background

(i) There are 6 members of staff working within Environment establishments on a full time basis under the aegis of the "Work Step" (or Sheltered Placement) scheme.

(ii)The Department. of Work and Pensions provides an annual grant of £4800 for each person to the Council, making a total of £28,800.

(iii)Each person receives the going rate for the job they carry out, as required by the Equal pay and Modernisation conditions of the Council;

(iv) Social Care and Well Being pay the staff costs in full, then recharge the Environment Service 65% of the total, while retaining the £28,800 grant
For example, in the financial year 2008/09 last year – Social care and Well Being paid the 6 staff about £100,000 and recharged the Environment Service (by means of 4 quarterly internal invoices) £60530. The remaining £11,000 of staff costs were borne by Social Care and Well-Being

(v)The Environment Service had a budget allocation (under an Agency code 12411) within the Sheltered Placement cost centre D21002 to pay this internal recharge.

(vi)However, during the current financial year, Agency code budget D20102 12411 was cut to £8,635 as part of the Service's contribution to the purchase of a corporate purchasing system, PECOS.

(vii) The Work Step scheme is to conclude at the end of October 2010 after which the Council will be expected to bear the full costs of employment.

6.1.2 Alternative savings proposal to previous savings proposal ENV31

It is the case that the six staff who work in the Sheltered Placement Scheme do a good job. In turn, the Council is providing them with appropriately supervised employment. There is therefore a very strong case for retaining these staff within the Council's service, despite the fact that the scheme presents a significant net cost pressure of £ (100,000 -28,800 -8635) =£ 62565 to the Council.

Members will be aware that the Grounds Maintenance Service, in common with other Council services, is carrying a number of vacancies and has also embarked on further major efficiency savings using the lessons learned during the 2009 tendering process for the grounds maintenance of sports grounds and playing fields. Some of these vacancies will be used towards achieving the proposed savings for 2010/11 and beyond, but it will be possible to transfer the sheltered placement staff into 6 of these vacancies. The Environment Service will therefore work to a budget which absorbs the cost pressure by filling six vacancies. Part of this cost pressure for the financial year 2010/11 can be offset by having the grant for 2010/11 (which will be £14,400 up to the end of October 2010) also transferred to the Environment budget (meaning that the net cost absorbed by the Environment Service by filling the six vacancies will be £ (100,000 – 14,400 - 8,635)=£76965 for 2010/11.

However, the staff will then have to be considered on an equal footing with the rest of the overall workforce in the work to achieve the savings proposed in **ENV 26 –the Market Testing of Grounds Maintenance Services -see background paper (ii)** (which will have to be achieved with 6 less vacancies, than there would have been, to contribute to the overall saving.)

6.2 PETS' CORNER SAVINGS PROPOSAL-

6.2.1 Background

This amenity is held in high regard by the public, both as a leisure and an educational facility. Since the recent upgrading with £30,000 of capital money in the last financial year, 44111 people visited Pets' Corner since April 1st 2009, with the result that £45645 income was recorded by the end of period -76.6% of the total projected for the year(the total income for 2008/09 was £42,261). The total projected spend on the budget for 2009/10 is £97,000, therefore the largest gap , even assuming there was no further income, would be £52,000. There will be some further income, but that can be expected to tail off during winter and early spring. Even so, a modest project of £65,000 is believed to be realistic.

6.2.2 Pets' Corner –alternative savings proposal to previous savings proposal ENV22

(i) It is proposed that the third option –to increase income generation by £33,600 by modest increases in charges- be accepted.

This proposal includes various methods including sponsorship of individual animals, donation boxes, fundraising, savings in food purchasing by a review of the existing tenders, etc

(ii) (Details of the proposal and the various charging options are provided as **background papers (iii) and (iv) respectively**)

6.3 WATER BUDGET SAVINGS

The Council's Energy Manager has identified potential savings in the Council's water budgets of £50,700 a year (**See background paper (V &VI)**) without detriment to the operation of the Council.

6.4 SAVINGS PROPOSALS TO MEET COST PRESSURES WITHIN THE PRIVATE SECTOR HOUSING GRANT (PSHG) SERVICE

6.4.1 Background

The Scottish Government has removed the ring fence protection around the PSHG funding and has this instead within the General fund. However, they have recently advised that they are providing this as 40% Revenue and 60% Capital funding which will enable the Council to fund the previous PSHG revenue-funded services. (This is a significant change to the situation which prevailed at the time of preparing the 2010/11 budget report for the December Council meeting, whereby the entire grant was to be in Capital. Officers therefore prepared the budget with the best information available to them at that time.)

Members should be aware, however, that the City Chamberlain has advised this 40:60 split is only for a three year period. Accordingly, officers are now beginning work to redesign service provision to take account of this proposal.

Proposed PSHG budget allocation to 2014

	Revenue £m	Capital £m	Total funding £m
2010 – 11	1.117	1.675	2.792
2011 – 12	1.118	1.677	2.795
2012 – 13	1.120	1.679	2.799
2013 – 14	1.121	1.682	2.803
Total	£4.476m	£6.713m	£11.189m

Based on the above recommendation (iv), the following budget has been prepared to assist in delivering Aberdeen City Council's statutory commitments in the private housing sector and to assist in delivering our statutory Scheme of Assistance as adopted by Policy & Strategy Committee on 9th June 2009.

6.4.2 Options

If recommendation (iv) is not acceptable to the Council, then the revenue costs of the PSHG could only be met by the permanent cessation of funding for some or all of the following: -

- Care and Repair ;
- HECA;
- Aberdeen Affordable Warmth;
- SCARF;
- Torry Project (Property Management);
- Research/Consultation ;
- Development Of Property Gazetteer;
- Maintenance Orders and Work Notices.

7.REPORT AUTHOR DETAILS

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7. BACKGROUND PAPERS

- (i) **Financial Strategy for 2010/11 –report to Finance & Resources Committee 10th December 2009;**
- (ii) **ENV26 –Savings proposal for Market Testing of Grounds Maintenance Services 2010/11**
- (iii) **Income Generation Proposal for Pets' Corner;**
- (iv) **Spreadsheet of charging options for Pets' Corner.**
- (v) **Water Usage Trends from 2006/07 to 2009/10**
- (vi) **Water cost savings achievable in 2010/11**
- (vii) **Cost pressure analysis for PSHG**