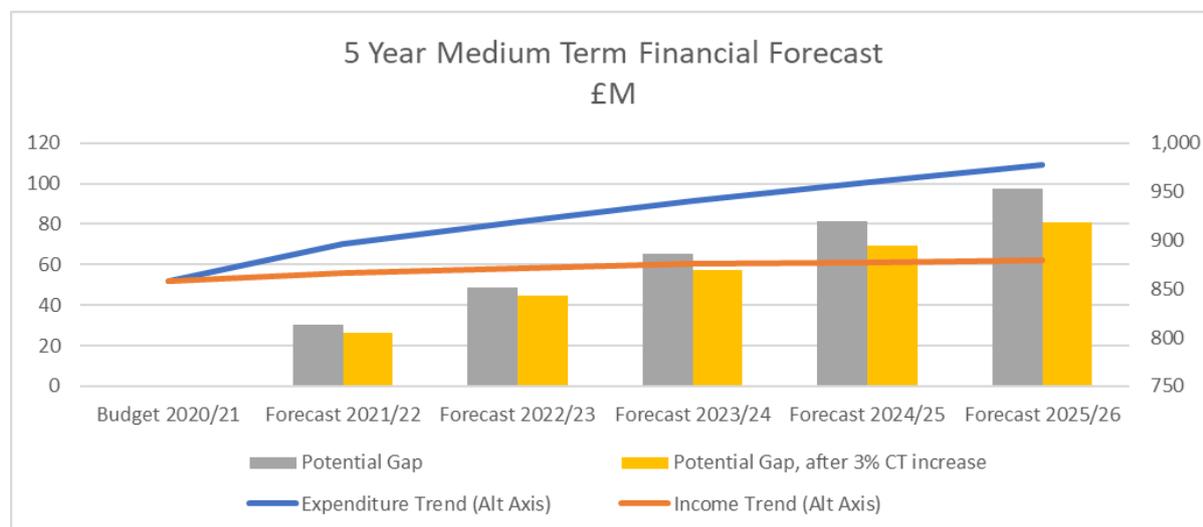


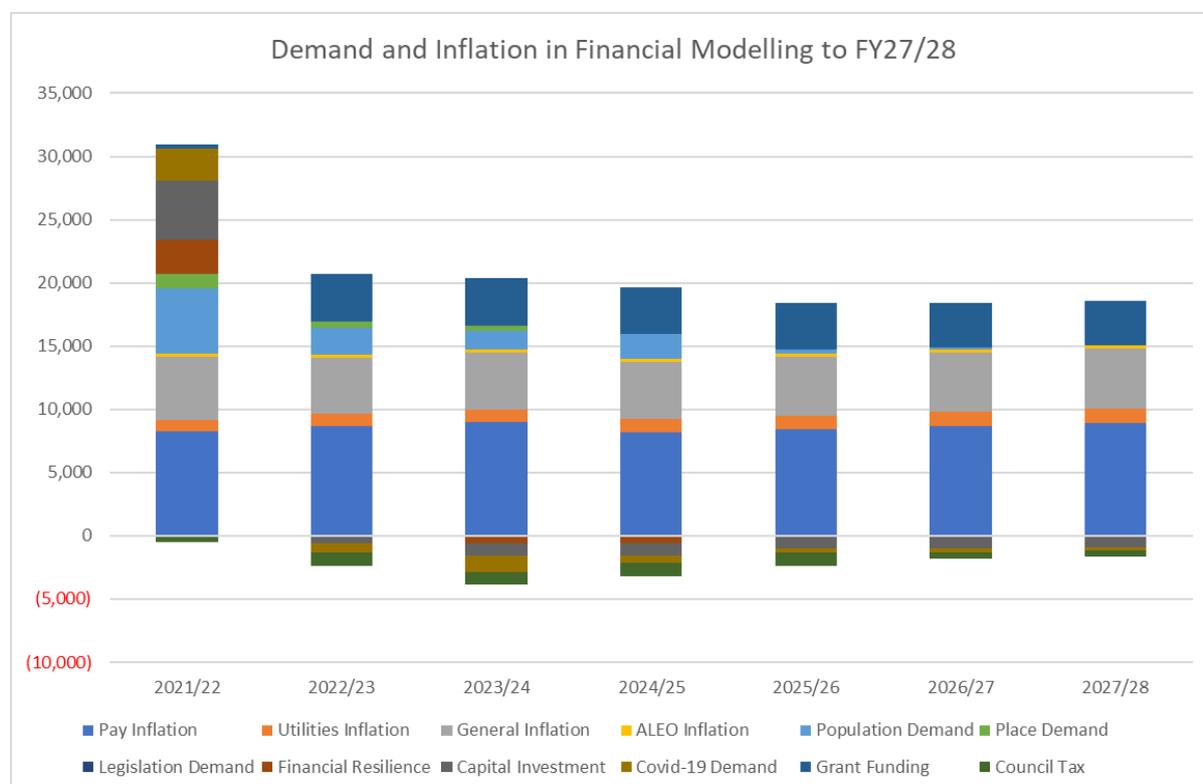
## Service Redesign:

### Building the Budgets and Implications for 2021/22

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



The financial model for 2021/22, including the focus on demand can be expressed as shown in the following graph.



The solution to where that balance should be achieved has been based on the work undertaken to refine our approach to resource allocation. The insight into where and how strategic resource allocation can be further enhanced will tie directly to the engagement by the Community Planning Partnership as a refresh of the Local Outcome Improvement Plan when it is undertaken later this year. The insight into financial priority and the views that communities express as important will help to shape future redesign and resource allocations in the Medium Term Financial Strategy.

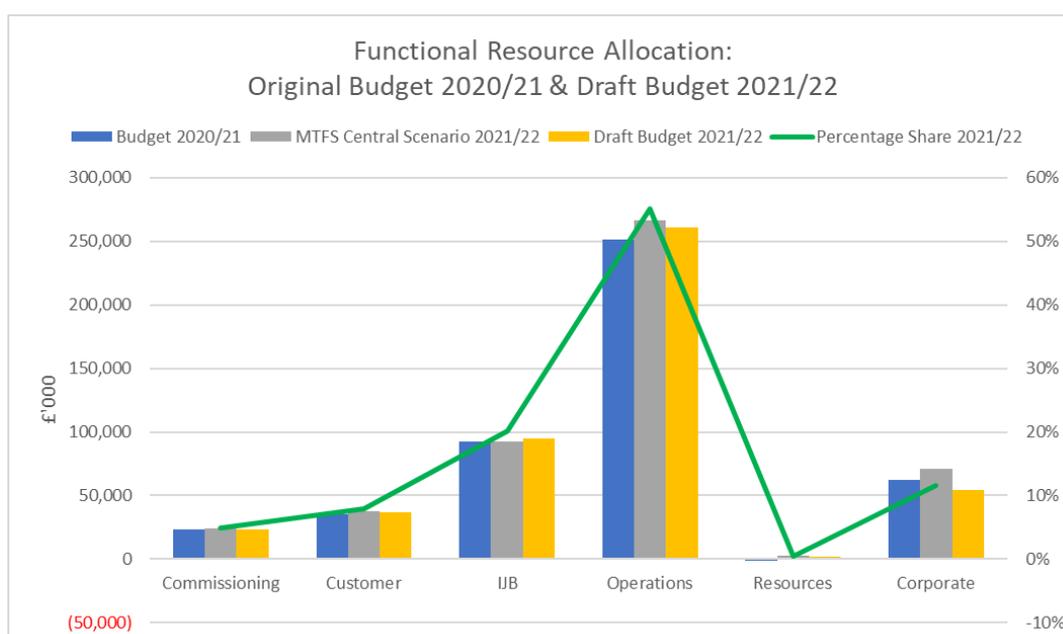
The redesign of services has focussed on core elements of the budget, namely Staff, Assets, Spend and Income, the total of which must be met by Scottish Government Grant (including Non-Domestic Rates) and Council Tax income.

**Building the Budget:**

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

Ready reckoners have been used to build the financial impact of service redesign and these have been costed using a template that takes account of 2021/22 cost base, for example the pay award at a service level, rather than this being provided for at a corporate level.

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



Based on the service redesign work undertaken for 2021/22, indicative budget values are shown in the next table:

<b>General Fund 2021/22</b>			
<b>Reconciliation of Medium Term Financial Strategy to Draft Budget 2021/22</b>			
	<b>MTFS 2021/22</b>	<b>Draft Budget 2021/22</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Commissioning	24,566	23,053	(1,513)
Customer	37,689	37,277	(412)
Integrated Joint Board	92,468	95,184	2,716
Operations	266,146	260,664	(5,482)
Resources	2,429	2,155	(274)
Corporate	71,399	54,666	(16,733)
<b>Net Expenditure</b>	<b>494,697</b>	<b>472,999</b>	<b>(21,698)</b>
<b>Funded By:</b>			
Council Tax	(128,899)	(128,899)	(0)
General Revenue Grant	(171,107)	(88,971)	82,136
NNDR	(164,226)	(255,450)	(91,224)
	<b>(464,232)</b>	<b>(473,320)</b>	<b>(9,088)</b>
<b>Net Position</b>	<b>30,465</b>	<b>(321)</b>	<b>(30,786)</b>
Assumption & Budget Build Changes	(1,108)		
Exceptional Uncertainty Provision	1,500		
Settlement Changes	(411)		
<b>Revised Gap for 2021/22</b>	<b>30,446</b>		
Council Tax Freeze Grant Funding	(4,206)		
Savings Options	(26,561)	(30,767)	
<b>Draft Budget 2021/22 surplus</b>	<b>(321)</b>		

*Note: values shown are subject to change pending the budget decision. The posting of a few corporate adjustments have been held until the final budget position is reached.*

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

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

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

- **Covid-19:** working through the pandemic has required services to adapt and shift to address the operational circumstances, ongoing and changing restrictions in place and the additional duties and workload that has resulted. Decisions taken by the Urgent Business Committee in June 2020 included doing this differently for the benefit of the customer, the service and the Council finances, changes made then are enduring in some areas. The experience however is not only continuing but is shaping the thinking on service design and this has been included as part of our approach.
- **Staff:** recognising current and reducing staffing levels, identifying the opportunities within the Operating Model to consolidate, amalgamate or shift service areas to better meet the needs of our customers and enable the delivery of our outcomes.
- **Assets:** review the use of operational buildings, the need and suitability of the properties to deliver the services needed, consider the flexibility and alternative options for how we work taking advantage of digital transformation, mobile and alternative locations.
- **Spend:** review the contract registers, consider duplication of commissioned services, review frameworks that could be used to replace existing contracts or to bring contract spend onto a framework agreement.
- **Fees and Charges:** understand the Service Income Policy and the relationship that the service has with charging, local discretion, national pricing, partial recovery and full cost recovery; consider the sustainability of services that can be charged for and think about the commercial opportunities to raise additional income that covers more than cost. The sustainability of charging to other Council accounts needs to be reviewed.
- **Ring-Fenced Grants:** this funding is not guaranteed, and costs must be contained within funding made available, a review of the recurring nature of this funding should be considered and the implications if it were to stop.

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

### Integrated Children Services - Summary of Service Design

1. Develop a campus-based model to support the delivering of fully integrated services (beyond IC&FS) in geographical areas to co-locate across partners including health, Sport Aberdeen and services such as financial inclusion services and adult learning.
2. Build a stronger and future proofed universal provision that supports early intervention including the re-design of Additional Support Need services to prevent an escalation of needs at a targeted and intensive support level.
3. Redesign early years services to offer primary prevention and early intervention.
4. Redesign the Senior Phase including the utilisation of flexible learning opportunities across senior phase and wider.

5. Redesign and future-proof children's social work to manage demand and provide for early intervention.
6. Improve the quality of targeted and intensive support services that protects and enables young people to be supported to remain within their school; family and community.
7. Develop a partnership commissioning approach which supports delivery of integrated services across key life stages.
8. Focus on statutory services and review non statutory provision.

### **Operations and Protective Services - Summary of Service Design**

1. Consolidate roads service activities, currently delivered across several Council clusters, to improve resilience and efficiency.
2. Redesign and combine inspection processes through digitisation of business processes and customer channels.
3. Review and redesign service provision provided by facilities management.
4. Consolidate capacity within roads and building services depots.
5. Combine roads and building services stores.
6. Introduce intelligent street lighting and traffic management systems.
7. Amend grounds maintenance service levels.
8. Review and redesign the provision of public toilets, including options such as charging.
9. Implement additional campaigns to increase recycling from communal properties.
10. Review and redesign the provision of Household Waste and Recycling Centres.
11. Prioritise the provision of school crossing patrollers.
12. Review school meal provision.
13. Review the provision of assets including pedestrian crossings, junctions and public litter / dog bins.
14. Amend the maintenance programme relating to paths and street furniture.
15. Consider increases in all fees and charges which are not set nationally.
16. Explore recycling processing from third parties and environmental health food services.

### **Commissioning – Summary of Service Design**

1. Consolidate, rationalise and standardise contracts relating to third party spend to delivery further efficiency savings.
2. Review ALEOs efficiency proposals relating to service redesign including potential rationalisation, shared service arrangements and income generation.
3. Consolidate the responsibility and accountability for Council data which includes governance, architecture, analytics, reporting and insight.
4. Combine the use of technology and skills to automate standard reporting to allow real time consumption, self-serve of data, machine learning and dataflow to allow automation of processing.
5. Focus on collaborative planning and governance to reduce scattered demand.
6. Develop multi-agency working to enable data driven decision making.
7. With a high degree of discretion, focus has been on delivery of statutory transport services.
8. Priority given to focusing attention on attracting people and investors to Aberdeen.
9. Maximise income generation opportunities.

10. Consolidation of governance activities to provide additional resilience in the provision of support to political and executive decision-making structures.

### **Customer - Summary of Service Design**

1. Further alignment of customer and transactional activity from across the organisation & further consolidation of like work and activities, as outlined within the Operating Model.
2. Digital Modernisation
  - a. Consolidation of systems and IT support teams
  - b. Efficiencies being forecasted through digitalisation and further automation leveraging our new technologies such as Robotic Process Automation (RPA)
  - c. Hardware and Systems rationalisation
3. Optimise support across the city that meets demand in the most effective way, ensuring that customer needs are met.
4. Cash Handling approach to improve income collection and reduce cash handling risks and costs
5. Income Collection design to consider corporate approach to all types of income.
6. Reduce void property procedures to maximise availability of Council houses.
7. Review provision of library service across city by analysing demand data regarding footfall, facilities and opening hours.

### **Resources – Summary of Service Redesign**

1. Strong emphasis on the operational structures in which we work with the consolidation, alignment and prioritisation of activities, such as Repair and Maintenance; Estates and Investment Properties; Capital projects.
2. Income maximisation.
3. Prioritisation of employee health, wellbeing and absence.
4. Protection for the Corporate Training Budget to support mandatory training and development, and support retraining of staff into critical roles.
5. Provision of advice and guidance to support delivery of the transformation agenda, while delivering statutory services.