

Item: 8

Policy and Resources Committee: 26 November 2019.

Budget Setting 2020 to 2021 – Efficiency Savings to be taken early.

Report by Head of Finance.

1. Purpose of Report

To consider implementing a range of low risk savings options that have been identified by the Senior Management Team as part of the budget setting process for the 2020 to 2021.

2. Recommendations

The Committee is invited to note:

2.1.

That, as part of the budget setting process for 2020 to 2021, the Senior Management Team has identified savings proposals that, using the criteria set out in section 3.2 of this report, have been classified as low risk and uncontroversial.

2.2.

That, should the low risk savings be implemented, this would result in the following reductions to baseline budgets:

- 2019 to 2020 – £179,400.
- 2020 to 2021 – £267,600.

It is recommended:

2.3.

That the efficiency savings for 2019 to 2020, identified in Annex 1 to this report and amounting to £179,400, be approved and accordingly removed from Service budgets in the current financial year.

2.4.

That the efficiency savings for 2020 to 2021, identified in Annex 1 to this report and amounting to £267,600, be approved as recurring savings and accordingly removed from Service baseline budgets.

3. Background

3.1.

The financial settlement for 2020 to 2021 is not expected to be announced until mid-December 2019 as a result of the UK Parliamentary Election and, whilst the exact level of savings required to achieve a balanced budget is not known, it is a virtual certainty that the Council will have to make significant savings to allow a balanced budget to be achieved. The costs of a 3% pay award and the pressure on input prices will have to be managed whilst a reduction on the contribution from the Strategic Reserve Fund to a more sustainable level must also be achieved.

3.2.

During discussion by the Senior Management Team on savings options for 2020 to 2021 and beyond, several savings proposals have been identified that would appear to be low risk and uncontroversial. The criteria used to identify the savings in this report at this stage of the budget process generally included the following:

- Individual cost centres that have indicated a trend of underspend over the last three years.
- No impact on frontline service delivery or service user experience.
- No staffing or hours reductions.

3.3.

The Interim Chief Executive has therefore determined that these should be the subject of an early report to the Policy and Resources Committee where they can be considered and, if agreed, effectively declutter the significant savings proposals to come later in the budget setting process where the higher risk and more controversial propositions will feature.

3.4.

The identification of efficiency savings forms an integral part of the Council's corporate budget setting process and Medium Term Financial Strategy, with all Services required to contribute towards the achievement of a savings efficiency target. It is worth noting that the Senior Management Team has agreed that, given the scale of the funding gap, there is no scope for budget growth. However, the Senior Management Team has been considering an extremely limited number of potential budget pressures that may need to be addressed as part of the ongoing budget process.

3.5.

The proposed timetable for the budget process is being revised as a result of the prevailing circumstances. There is a risk with the cancellation of the original date of 12 December for announcing the Local Government Settlement, that the Council will not now know what funding it will receive from the Scottish Government until after Christmas which will result in a greatly reduced timescale for consultation with the community.

4. Low Risk Service Savings Options

Services have identified low risk and therefore achievable savings, as summarised in Annex 1 to this report, which are split over financial years as follows:

- Chief Executive's Service:
 - 2019 to 2020 (Cash) – £130,500.
 - 2020 to 2021 (Baseline) – £155,000.
- Corporate Services:
 - 2019 to 2020 (Cash) – £37,400.
 - 2020 to 2021 (Baseline) – £41,400.
- Development and Infrastructure:
 - 2019 to 2020 (Cash) – £11,500.
 - 2020 to 2021 (Baseline) – £30,200.
- Education, Leisure and Housing:
 - 2019 to 2020 (Cash) – £0.
 - 2020 to 2021 (Baseline) – £41,000.

5. Risk

5.1.

The increasingly stringent financial circumstances facing councils as a result of cuts in Government grant allocations, coupled with increased demand for services and heightened regulatory requirements, are placing correspondingly higher levels of risk upon councils. Annex 2 to the report shows the risk matrix that officers have used to assess the risk attached to each savings proposal.

5.2.

Due to diseconomies of scale it is likely that the capacity of the Council to meet its statutory and other responsibilities is limited by comparison with larger councils and as a consequence the level of exposure to risk is greater in the local context.

5.3.

It is likely, with regard to many areas of the Council's activities, that it will be very difficult to assure Members with confidence that sufficient resources, in terms of staffing, expertise and systems, are in place to meet all legal and compliance obligations let alone the many standards of good practice which apply to services. This may lead to an increased likelihood of failures or perceived failures within services and clear challenges in terms of meeting performance expectations of the Council and its many stakeholders.

5.4.

As Head of the Paid Service, the Chief Executive has a statutory responsibility in terms of section 4 of the Local Government and Housing Act 1989 to report to the Council in respect of any proposals that he has with respect to the number and grades of staff required by the Council for the discharge of their functions.

6. Human Resource Implications

The proposed efficiency savings have been assessed as risk levels low and medium and will, if approved, result in a reduction of 0.14 Full time equivalent posts which equates to 5 hours in total. These hours are already vacant and have been for over a year, therefore no member of staff shall be directly impacted by the proposals. Trade Union colleagues have been advised of these savings proposals and have not expressed any objections.

7. Corporate Governance

This report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

8. Financial Implications

8.1.

The financial implications of the savings proposals covered in this report are summarised by service in section 4 above and explained in further detail in Annex 3. The low risk and therefore achievable savings are split over financial years, as follows:

- 2019 to 2020 – £179,400.
- 2020 to 2021 – £267,600.

8.2.

The baseline budget saving is the full year recurring saving of £267,600 noted against financial year 2020 to 2021, while the saving of £179,400 for 2019 to 2020 is the part year saving in the current year and is included in the full year saving total.

9. Legal Aspects

9.1.

Section 93 of the Local Government Finance Act 1992 requires the Council to set the Council Tax and a balanced budget before 11 March each year. Failure to do so could result in the Council being declared by the Scottish Ministers to be in default and directed, by virtue of Section 211 of the Local Government (Scotland) Act 1973, to set a Council Tax and a balanced budget within such time as the Scottish Ministers direct.

9.2.

The Council is required by law to make arrangements which secure best value.

10. Contact Officer

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11. Annexes

Annex 1: Efficiency Savings Summary 2019/20 and 2020/21.

Annex 2: Risk Matrix.

Annex 3: Efficiency Savings Proposals for 2020/21 to 2022/23.

SAVINGS SUMMARY		Annex 1	
		2019/20	2020/21
Savings by Service		Cashable	Baseline
Reference	Chief Executive	£000's	£000's
CACE04	Finance reduction in non-staff budgets	26.0	26.0
CACE05	Administration Buildings - King Street & School Place	5.0	5.0
CACE06	Warehouse Building reduction in non-staff budget	6.0	8.0
OSCE01	Compensatory Pensions	7.5	30.0
OSCE04	External Audit Fees	14.0	14.0
OSCE05	Corporate Management reduction in non-staff budgets	70.0	70.0
OSCE07	Chief Executive's surplus staff budget	2.0	2.0
		130.5	155.0
	Corporate Services		
CACS09	Reduction in staffing -Vacant Hours	5.4	5.4
CACS10	Reduction in IT running costs	10.0	10.0
CACS11	Estates reduction in non-staff budget	5.0	5.0
CACS12	HR and Performance reduction in non-staff budget	0.0	4.0
OSCS02	Registration reduction in non-staff budget	3.5	3.5
OSCS03	Licensing reduction in non-staff budget	8.5	8.5
CHACS01	Reduction in photocopying costs across the Council General Fund	5.0	5.0
		37.4	41.4
	Development and Infrastructure		
CADI01	Concerto - Key management system	0.0	6.5
CADI02	Business Support non-staff budgets	2.0	6.0
CADI03	Energy & Utilities non-staff budgets	6.5	6.5
TRDI05	Travel Centre non-staff budgets	0.0	5.0
DVDI05	Regeneration Support non-staff budgets	3.0	5.0
DVDI06	Renewables Support non-staff budgets	0.0	1.2
		11.5	30.2
	Education, Leisure and Housing		
EDELH03	Kirkwall Grammar School revised rateable value	0.0	40.0
LSELH02	Kirkwall Sports Centre/Stromness Academy	0.0	1.0
		0.0	41.0
	TOTALS	179.4	267.6

Annex 2.

Risk Matrix

Risk Impact.		Risk Likelihood	
Negligible.	1.	Almost Impossible.	1.
Marginal.	2.	Very Low.	2.
Critical.	3.	Low.	3.
Catastrophic.	4.	Significant.	4.
		High.	5.
		Very High.	6.

Risk Score (Impact x Likelihood).	
Low.	1 to 6.
Medium.	7 to 12.
High.	13 to 18.
Very High.	19 to 24.

Efficiency Savings Proposals 2020/21 to 2022/23

Background.	
Savings Title.	Finance Non-Staff Budgets.
Reference.	CACE04.
Lead Officer.	Gareth Waterson.
Service Area.	Central Administration.
Service Function.	Finance.
Cost Centre.	R10030000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	26.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	26.0.	0.	0.0.

Savings Details:
Overall cut across all finance functions non-staff budgets (budget £1,900,100).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Very Low.
Risk Category.	Low.

Impact on Performance.	Negligible.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:
Limited implications for service delivery.

Background.	
Savings Title.	Administration Buildings – King Street and School Place.
Reference.	CACE05.
Lead Officer.	Karen Greaves.
Service Area.	Central Administration.
Service Function.	Chief Executive.
Cost Centre.	R10070000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.0	0.	0.0.

Savings Details:
Administration Buildings reduced property costs year on year (budget £661,700).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Streamlining Bureaucracy.
EqIA required.	No.

Justification for Risk Category:

Limited implications for service delivery.

Background.	
Savings Title.	Warehouse Buildings additional income and reduction in supplies and services.
Reference.	CACE06.
Lead Officer.	Karen Greaves.
Service Area.	Central Administration.
Service Function.	Chief Executive.
Cost Centre.	R10075000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	8.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	8.0.	0.	0.0.

Savings Details:
Warehouse Buildings additional income and reduction in supplies and services (budget £205,600). The purchase of essential office equipment has been committed and therefore the cash savings for 2019/20 will be £6.0K.

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere.

Knock-on Effect to Other Services:
Limited.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Negligible.

Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:
Limited implications for service delivery.

Background.	
Savings Title.	Compensatory Pensions.
Reference.	OSCE01.
Lead Officer.	Gareth Waterson.
Service Area.	Other Services.
Service Function.	Corporate Priorities.
Cost Centre.	R10142000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	30.0.	0.	0.0.
2021/22.	35.0.	0.	0.0.
2022/23.	35.0.	0.	0.0.
Total.	100.0	0.	0.0.

Savings Details:
<p>The annual budget for 2019/20 is £494,600 with spend to August 2019 indicating an underspend position of £15k by year end. Compensatory Pension have not been awarded for a number of years now with the recipients getting older there is an inevitability that savings will be realised over time.</p> <p>The current estimated underspend for 2019/20 is £7.5K and this cash saving can be taken this year. For 2020/21 the baseline saving is based on the average achieved in recent years.</p>

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere. Savings in this budget have been used to cover overspends in other services arising during the year.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Negligible.

Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Work Force Planning.
EqlA required.	No/

Justification for Risk Category:
No implications for finance service delivery however, ability to meet service pressures in other areas will be lost.

Background.	
Savings Title.	External Audit Fees.
Reference.	OSCE04.
Lead Officer.	Gareth Waterson.
Service Area.	Other Services.
Service Function.	Corporate Management.
Cost Centre.	R10079000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	14.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	14.0.	0.	0.0.

Savings Details:
External Audit Fees surplus budget due to Pension Fund now paying audit fees directly (budget £200,700).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:

Limited implications for service delivery provided external audit fees do not increase.

Background.	
Savings Title.	Corporate Management non-staff costs.
Reference.	OSCE05.
Lead Officer.	Karen Greaves.
Service Area.	Other Services.
Service Function.	Corporate Management.
Cost Centre.	R10080000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	70.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	70.0.	0.	0.0.

Savings Details:
Corporate Management - reduction in apportioned costs budget (budget £2,119,800).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover service overspends at year-end.

Knock-on Effect to Other Services:
Limited.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Streamlining Bureaucracy.
EqIA required.	No.

Justification for Risk Category:

Apportioned costs budgets have been re-aligned over the past 2 years however, it is apparent that the underlining costs chargeable as apportioned costs are less than the budget provision.

Background.	
Savings Title.	Chief Executive's surplus staff budget.
Reference.	OSCE07.
Lead Officer.	Karen Greaves.
Service Area.	Central Administration.
Service Function.	Chief Executive.
Cost Centre.	R39033000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	2.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	2.0.	0.	0.0.

Savings Details:
Chief Executive's surplus staff budget year on year (budget £263,200).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Reduces flexibility for Head of Service to cover cost pressures elsewhere.

Knock-on Effect to Other Services:
Limited.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Streamlining Bureaucracy.
EqIA required.	No.

Justification for Risk Category:

Limited implications for service delivery.

Background.	
Savings Title.	Reduction in staffing – vacant hours.
Reference.	CACS09.
Lead Officer.	Gavin Mitchell.
Service Area.	Central Administration.
Service Function.	Corporate Services.
Cost Centre.	R10091000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.4.	1.	0.14.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.4.	1.	0.14.

Savings Details:
Reduction by 0.14 FTE (5 hours) to reflect current usage (Budget £707,200).

HR/Staffing Implications:
There are staff hours reductions resulting from this proposal, but the 0.14 FTE has been vacant for over one year.

Consequences:
There may be a minor effect on rate of progress in implementing the Council's Electronic Document and Records Management System which is intended to support compliance with the Council's Digital and IT Strategies. Any effect is likely to be insignificant and would be managed by the Project Team and Project Board.

Knock-on Effect to Other Services:
Any delay in implementing the Electronic Document and Records Management System will result in delay in delivering benefits to Services including facilitation of collaborative working, ease of access to documents, audit trail of movement and editing of records, controlling and protecting documents and ensuring destruction and archiving of documents within statutory time limits.

Risk and Impact Assessment:	
Risk Impact.	Marginal.

Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Work Force Planning.
EqlA required.	No.

Justification for Risk Category:
This is a low risk budget reduction proposal, which has already been achieved in practice on a temporary basis, and no concerns have emerged.

Background.	
Savings Title.	Reduction in IT running costs.
Reference.	CACS10.
Lead Officer.	Hayley Green.
Service Area.	Central Administration.
Service Function.	IT and Facilities.
Cost Centre.	R10011000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	10.0	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	10.0	0.	0.0.

Savings Details:
Savings that will be released through ongoing improvements in the IT infrastructure e.g. replacement servers and changes in licences (budget £1,258,800).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
This saving can be accommodated without any significant consequences due to efficiencies being identified in licences and improved infrastructure.

Knock-on Effect to Other Services:
None expected.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Asset Management.
EqlA required.	No.

Justification for Risk Category:

This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Estates reduction in non-staff budget.
Reference.	CACS11.
Lead Officer.	Hayley Green.
Service Area.	Central Administration.
Service Function.	IT and Facilities.
Cost Centre.	R10074000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.0	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.0.	0.	0.0.

Savings Details:
Non-staff costs and spend over the last three years have been reviewed. A saving of £5,000 can be made (budget £237,500).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Minimal.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:

This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	HR and Performance reduction in non-staff budget
Reference.	CACS12.
Lead Officer.	Andrew Groundwater.
Service Area.	Central Administration.
Service Function.	Corporate Services.
Cost Centre.	R10017000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	4.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	4.0.	0.	0.0.

Savings Details:
Non staff costs and spend over the last three years have been reviewed. A saving of £4,000 can be made (budget £727,900).
The £4,000 savings for 2019 to 2020 has been committed in respect of a new printer and photocopier for the service.

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Minimal.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.

Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:
This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Registration reduction in non-staff budget.
Reference.	OSCS02.
Lead Officer.	Gavin Mitchell.
Service Area.	Other Services.
Service Function.	Registration.
Cost Centre.	R39003000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	3.5.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	3.5.	0.	0.0.

Savings Details:
Non staff costs and spend over the last three years have been reviewed. A saving of £3,500 can be made (budget £81,000).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Minimal.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:

This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Licensing reduction in non-staff budget.
Reference.	OSCS03.
Lead Officer.	Gavin Mitchell.
Service Area.	Other Services.
Service Function.	Licensing.
Cost Centre.	R39021000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	8.5.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	8.5.	0.	0.0.

Savings Details:
Non staff costs and spend over the last three years have been reviewed. A saving of £8,500 can be made (budget £27,500).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Minimal.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:

This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Reduction in photocopying costs across the Council.
Reference.	CHACS01.
Lead Officer.	Gillian Morrison.
Service Area.	Corporate Holding Accounts.
Service Function.	Photocopiers.
Cost Centre.	Various Budgets across the General Fund.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.0.	0.	0.0.

Savings Details:
Revenue Outcome Statement for 2018/19 shows a reduction in costs in the photocopying holding account and a conservative estimated saving of £5,000 has been agreed as achievable (budget £52,600).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
None.

Knock-on Effect to Other Services:
Savings will be removed proportionately from administration budgets across the Council.

Risk and Impact Assessment:	
Risk Impact.	Negligible.
Risk Likelihood.	Very Low.
Risk Category.	Low.
Impact on Performance.	Negligible.
Efficiency Category.	Procurement.
EqlA required.	No.

Justification for Risk Category:

This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Concerto – Key management system efficiencies in administrative processes.
Reference.	CADI01.
Lead Officer.	Darren Richardson.
Service Area.	Central Administration.
Service Function.	Development and Infrastructure.
Cost Centre.	R10050000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	6.5.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	6.5.	0.	0.0.

Savings Details:
<p>A consolidated, integrated system to manage the safe keeping, short & long-term issue, tracking, recovery, replacement and reporting of physical key assets relating to all council properties. Replacing multiple obsolete and now inadequate existing systems. This project was identified and progressed through the Innovation Programme with the savings identified and sequenced to be introduced year on year with the 2020/21 saving the final instalment of those savings (Budget £626,100). A £6.5k saving has already been applied for 2019/20 financial year.</p>

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Limited risk as based on introduction of new system.

Knock-on Effect to Other Services:
None envisaged.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.

Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Asset Management.
EqlA required.	No.

Justification for Risk Category:
Low risk as this relates to an internal system with no direct impact on customers/service users.

Background.	
Savings Title.	Business Support non-staff budgets.
Reference.	CADI02.
Lead Officer.	Gavin Barr.
Service Area.	Central Administration.
Service Function.	Development and Infrastructure.
Cost Centre.	R10050000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	6.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	6.0.	0.	0.0.

Savings Details:
<p>he business support budget provides support across the D&I service including the staff costs of the business support team and covers any extraordinary expenses for the Service Director and Head of Infrastructure and Strategic Projects which do not fall within project budget parameters. The budget provides flexibility for the service to respond to in year unexpected cost items for example new licences or administrative system upgrades. It is also used to cover travel and subsistence costs for unprogrammed/non-project specific events for the Director and other staff (Budget £626,100).</p> <p>Commitment has been made within this financial year to renew a licence which will absorb most of the £6k but it should be possible to take £2k in financial year 2019/20.</p>

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
<p>The budget has recorded an historic underspend over the last three years of circa £18k. This high level of underspending has included long running staff vacancies within the business support team which have largely been addressed in 2019. However, there remains gaps in the Directorate Support team which it is intended to address (on a temporary recruitment basis) for 2020 and 2021. The Concerto Project savings measure for 2020 to 2021 is proposed to be removed from this budget line. This leaves a remainder of £12k of the historic average underspend. Given the fact it is expected that there will always be a need to provide some level of flexibility to cover unexpected costs (for example systems licences or travel) it is proposed that 50% of the remaining</p>

average budget capacity is removed this year (£6k). The risk here is that the service will have very little scope to respond to any unexpected expenditure requirements, in particular requests for the Executive Director to travel on non-project budgeted trips (which has been a regular requirement over the years).

Knock-on Effect to Other Services:

None envisaged.

Risk and Impact Assessment:

Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Streamlining Bureaucracy.
EqIA required.	No.

Justification for Risk Category:

This saving targets 50% of a known historic underspend in this budget area. Whilst this will have impact on the flexibility that the service has to respond to unforeseen events it should be possible based upon this historic underspend position.

Background.	
Savings Title.	Energy and Utilities non-staff budgets.
Reference.	CADI03.
Lead Officer.	Darren Richardson.
Service Area.	Central Administration.
Service Function.	Development and Infrastructure.
Cost Centre.	R10501000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	6.5.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	6.5.	0.	0.0.

Savings Details:
This budget has recorded underspend in the last 3 years, average £6.2k (Budget £148,300).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Ongoing work to increase efficiency and reduce energy costs make it feasible to propose immediate removal of a rounded up average saving figure.

Knock-on Effect to Other Services:
None envisaged.

Risk and Impact Assessment:	
Risk Impact.	Negligible.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:

The historic underspend position, and recent introduction of enhanced energy efficiency measures mean that this saving should be possible with very low risk.

Background.	
Savings Title.	Travel Centre non-staff budgets.
Reference.	TRDI05.
Lead Officer.	Brian Archibald.
Service Area.	Transportation.
Service Function.	Co-ordination.
Cost Centre.	R27120000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.0.	0.	0.0.

Savings Details:
<p>This budget has regular underspend with 2 of the last 3 years recording circa £20k (Budget £43,900).</p> <p>There is uncertainty on the final outturn this financial year due to summer season costs so no cashable savings in 2019/20 financial year.</p>

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
<p>There is some uncertainty on future demand on this budget, for example arising from increased cleaning etc costs associated with increased tourism use of the travel centre. 25% reduction in the surpluses which were recorded in 2 of the last 3 years is therefore proposed for this year.</p>

Knock-on Effect to Other Services:
None envisaged.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.

Impact on Performance.	Moderate.
Efficiency Category.	Asset Management.
EqIA required.	No.

Justification for Risk Category:
There is some risk arising from the pressure in this service area arising from increased cleaning etc from busy tourist days. However, this should be able to be accommodated through charges/income, hence the lower risk rating (based on taking only 25% of the historic capacity).

Background.	
Savings Title.	Regeneration Support non-staff costs.
Reference.	DVDI05.
Lead Officer.	Roddy Mackay.
Service Area.	Development.
Service Function.	Regeneration.
Cost Centre.	R33200000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	5.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	5.0.	0.	0.0.

Savings Details:
This budget has regular underspend of between 5k and 10k (total budget £13,700). A £2k commitment has already been earmarked and therefore cashable savings for financial year 2019/20 will be £3K.

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
This budget provides the service with a level of flexibility to cover small costs which arise in year for early project development work or unexpected costs. This flexibility will be removed, meaning the service will have more limited capability to respond quickly to unforeseen or exceptional costs arising in year, or risk overspend where these are unavoidable. However, a 50% reduction in the historic underspend capacity is proposed to contribute to the savings programme.

Knock-on Effect to Other Services:
None envisaged.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.

Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

Justification for Risk Category:
The historic underspend information indicates that this level of saving should be possible. However, it will risk the flexibility of the service to respond to unforeseen expenses/opportunities to progress beneficial/regeneration project activities.

Background.	
Savings Title.	Renewables Support non-staff budget.
Reference.	DVDI06.
Lead Officer.	Shona Croy.
Service Area.	Development.
Service Function.	Regeneration.
Cost Centre.	R33250000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	1.2.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	1.2.	0.	0.0.

Savings Details:
This budget has regular underspend in 2 of the last 3 years. (Total budget £10,900). Additional travel is expected to England this financial year and therefore no cashable savings in financial year 2019 to 2020.

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
There is a significant level of activity anticipated for this budget area over the next 2 to three years which will include the need for travel south, including to London. Whilst there is an historic underspend in 2 of the last 3 years of between £7k and £10k (overspend of £420 last year) it is not considered possible to reduce this substantially this year due to the anticipated travel etc requirements. However, a 10% £1.2k saving will be applied to support the savings programme.

Knock-on Effect to Other Services:
None envisaged.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.

Risk Category.	Low.
Impact on Performance.	Moderate.
Efficiency Category.	Streamlining Bureaucracy.
EqlA required.	No.

<p>Justification for Risk Category:</p> <p>The historic underspend profile for 2 of the last 3 years indicates a 10% saving should be possible to achieve without impacting on core purpose. However, it is important to retain capacity in this budget, particularly with the high tariff strategic project activity forecast for the next few years which will require travel.</p>

Background.	
Savings Title.	KGS Rates.
Reference.	EDELH03.
Lead Officer.	James Wylie.
Service Area.	Education.
Service Function.	Senior Secondary Schools.
Cost Centre.	R11005000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	40.0.	0.	0.0.
2021/22.	0.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	40.0.	0.	0.0.

Savings Details:
<p>The Head of Finance lodged an appeal against the rateable value of the Kirkwall Grammar School at the 2017 revaluation. The appeal has been successful with the Rateable Value being reduced from £960,000 to £838,000.</p> <p>The reduction in rateable value will translate as a baseline reduction in the rates bill for 2020/21 of £62,000, however the KGS budget for rates has not kept up with increases in the rates liability so that the saving that can be taken as a baseline saving is £40,000 (budget £1,577,000).</p>

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Minimal.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.

Impact on Performance.	Low.
Efficiency Category.	Asset Management.
EqlA required.	No.

Justification for Risk Category:
This is a low risk budget reduction proposal with no foreseeable associated risks.

Background.	
Savings Title.	Kirkwall Sports Centre/Stromness Academy.
Reference.	LSELH02.
Lead Officer.	Garry Burton.
Service Area.	Leisure and Culture Services.
Service Function.	Sports Facilities.
Cost Centre.	R17307000.

Savings.	Amount (£000).	Headcount.	FTE.
2020/21.	1.0.	0.	0.0.
2021/22.	1.0.	0.	0.0.
2022/23.	0.0.	0.	0.0.
Total.	2.0.	0.	0.0.

Savings Details:
Invest, Develop, Market and Increase Income Target. Total surplus budget (£6.8K). Linked to CR04 Fees and Charges and the introduction of new or increased charges (budget £15,100).

HR/Staffing Implications:
There are no staffing or staff hours reductions resulting from this proposal.

Consequences:
Develop and market the provision at Kirkwall Grammar School and Stromness Academy; set an increased business growth target across both venues.

Knock-on Effect to Other Services:
None.

Risk and Impact Assessment:	
Risk Impact.	Marginal.
Risk Likelihood.	Low.
Risk Category.	Low.
Impact on Performance.	Low.
Efficiency Category.	Asset Management.

EqlA required.	No.
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Justification for Risk Category:

This is a low risk budget income proposal with no foreseeable associated risks.