
Report To:	Policy & Resources Committee	Date:	24 May 2011
Report By:	Chief Financial Officer	Report No:	FIN/42/11/AP/GJ
Contact Officer:	Alan Puckrin	Contact No:	01475 712223
Subject:	Workstream Savings Targets Review and Budget Topslice/Efficiency Proposals		

1.0 PURPOSE

- 1.1 The purpose of this report is to obtain Committee approval to amend a number of the Workstream Saving Targets previously approved and to obtain Committee approval regarding the specific Workstream of Topslice/Efficiency Savings.

2.0 SUMMARY

- 2.1 The Council has previously agreed an overall Workstream Savings Target for the period 2010/14 of £23.236 million. Following the revisal of the figure for the Operating Model it was reported to Committee that there was a projected £1.058 million shortfall in 2013/14 against this overall target.
- 2.2 The Corporate Management Team have reviewed individual Workstream Savings Targets in light of latest information and following approval of the Council Budgets. The proposals in respect of revised Workstream Saving Targets are shown in Appendix 1. From this it can be seen that the unallocated saving has reduced from £1.058 million to £186,000.
- 2.3 Specific proposals in respect of the Topslice/Efficiency Saving Target are shown in Appendix 2. From this it can be seen that proposals exceed the target for 2011/12 and 2012/13.
- 2.4 Committee will note that one of the proposals identified for 2012/13 relates to a review of employee mileage rates. As this is a Condition of Service a further more detailed report will be presented to Committee for consideration following detailed discussions with the Trades Unions.
- 2.5 Further updates on progress against the Workstream Targets and Revisions of Targets will be reported through the normal Policy & Resources General Fund Monitoring Report to future Committees.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee consider and approve the new targets for the Saving Workstreams 2010/14.
- 3.2 It is recommended the Committee approve the proposals in respect of the Topslice / Efficiency Workstream for 2011/12 and approve in principle the proposals in respect of employee travel which will be subject to a further report to Committee.

Alan Puckrin
Chief Financial Officer

4.0 BACKGROUND

- 4.1 The Council has agreed as part of the budget process individual Workstream Targets covering the period 2010/14. The cumulative target of the Workstream Savings is approved at £23.236 million.
- 4.2 Following the review of the Operating Model Saving Target and a further review of other Workstream Targets the Council were advised in February 2011 of a projected £1.058 million shortfall against this overall target.

5.0 CURRENT POSITION

- 5.1 The Corporate Management Team have reviewed the Savings Targets for each of the Workstreams. The current position and the proposed new target for each of the Workstreams is shown in Appendix 1 and from this it can be seen that the unallocated Saving Target has reduced from £1.058 million to £186,000.
- 5.2 Proposals to eliminate this unallocated sum will be brought to Committee for consideration prior to the end of this financial year.

6.0 TOPSLICE/EFFICIENCY PROPOSALS

- 6.1 One specific Workstream relates to Topslice/Efficiency which has an overall Saving Target over the period 2010/14 of £3.6 million.
- 6.2 In August 2010 Committee agreed proposals covering the period 2010/12 which totalled £2.175 million leaving a balance of £1.425 million to be achieved over the period 2011/14.
- 6.3 Appendix 2 contains proposals to achieve a further £951,000 of this target. Details of the proposals are included within Appendix 2.
- 6.4 Committee will note that the proposals fully achieve the in-year saving target for 2011/12 of £450,000 and also achieves the saving target of £475,000 in 2012/13.
- 6.5 Within the proposals the Committee will note that there is a specific proposal in respect of employee travel. Given that this relates to a Condition of Service then Committee will be asked to make a specific decision in this regard at the appropriate time. However at this point in time Committee approval in principle is requested to allow discussions to take place with the Trades Unions. It should be noted that this proposal is not proposed to be implemented until April 2012 and a more detailed report will be presented to Committee prior to that date.

7.0 FINANCIAL IMPLICATIONS

Financial Implications – Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (If Applicable)	Other Comments
Various	Various	01/04/11	£640,000	-	Surplus of £270,000 in 2011/12 will be transferred to General Fund Reserve.
Various	Various	01/04/12	£951,000	-	Surplus £26,000 to be used to increase workstream target.

- 7.1 The proposals contained in this report fully deliver the £925,000 saving required in 2011/13.
- 7.2 There remains a further target of £500,000 for 2013/14 and proposals in this regard will be presented to Committee nearer the time.

8.0 CONSULTATIONS

- 8.1 The proposals in this report have been developed by the Corporate Management Team and discussed with Heads of Service via the Extended Corporate Management Team. In addition the proposals have been discussed with Trade Unions via the Joint Budget Group.

Workstream Savings Target Review

Workstream	Revised Target Feb 2011 £000	Achieved April 2011 £000	2011/14 Balance Remaining £000	2010/14 Proposed New Target £000
1/ Senior Management Restructure	598	438	160	598
2/ 3rd/4th Tier Restructure	600	646	(46)	646
3/ Review Committees	50	-	50	50
4/ Transformation Programme	480	396	84	480
5/ FM/Cleaning	320	200	120	320
6/ Utility Savings	200	-	200	200
7/ SEMP	500	100	400	500
8/ AMP	400	400	-	400
9/ Procurement	700	474	226	1000
10/ 37 hour working week	900	-	900	900
11/ Commissioning	1,000	200	800	1000
12/ Home Care Service Review	300	-	300	300
13/ Planning Service Review	100	100	-	100
14/ Neighbourhood Management	100	-	100	100
15/ Early Years	200	200	-	200
16/ Pay Inflation	5703	5703	-	5703
17/ Non-Pay Inflation	1800	1400	400	2300
18/ Top Slice/Efficiency	3600	2175	1425	3626
19/ FSF Reduction	1000	1000	-	1000
20/ Roll Reduction	612	280	332	612
21/ Other Savings	1694	1347	347	1694
22/ National/Local Policies	1321	1321	-	1321
23/ Unallocated Sum	1058	-	1058	186
	23,236	16,380	6,856	23,236

 = Target has changed

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12/5/11

Budget Top Slice/Efficiencies
2011/13 Proposals

<u>External Factors</u>	<u>2011/12</u> <u>£000</u>	<u>2012/13</u> <u>£000</u>
1/ Teachers Terms & Conditions - Extra Funding	230	230
2/ Teachers Terms & Conditions - Salary Savings	59	95
3/ Job Evaluation appeals	40	40
4/ Budget Top Slice (1.5% in both 2011/12 and 2012/13)	225	450
5/ Furniture and Fittings - 50% reduction	25	25
6/ Centralise and Top Slice 25% from Promotions Budget	16	16
7/ Memberships and Subscriptions - 20% reduction	18	18
8/ Employee Travel - 10% reduction	-	50
9/ Final 2011/12 Adjustments	27	27
	<hr/> 640	<hr/> 951
Saving Workstream target	450	925

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5/5/2011

Saving Proposals - Details

1) Teachers Terms & Conditions Extra Funding –

As part of the ongoing negotiations between the Scottish Government, COSLA and the Teachers Unions the Scottish Government has agreed to provide a recurring sum of £15 million from 2011/12 to help mitigate the loss of some of the expected savings which are no longer being proposed. It is estimated Inverclyde Council's share of £15 million will be £230,000.

2) Teachers Terms & Conditions – Salary Savings -

Officers have estimated the possible savings which could accrue to the Council were the savings which are now recommended for acceptance by the National Teaching Unions implemented. The main areas of savings centre around the review of annual leave and the rates of pay for daily rate Teachers. These savings will be factored in from the new school term in August 2011.

3) Job Evaluation Appeals –

The Job Evaluation Appeals exercise is now almost complete. An initial sum of £250,000 was set aside to pay for the ongoing costs of successful appeals. £50,000 of this sum was removed as part of the 2011/13 budget and it is now proposed that a further £40,000 be removed.

4) Budget Top Slice –

It is proposed that a 1.5% Top Slice of certain budget lines take place in 2011/12 with a further 1% being applied in 2012/13. It is estimated this will save approximately £450,000 by 2012/13 from specific budget lines totaling £15 million.

5) Furniture & Fittings –

With the ongoing investment in the schools estate and the significant planned investment in offices and depots it is proposed that furniture and fitting budgets be reduced by 50%. The Regeneration Committee has previously agreed that a store be created for excess furniture with the intention that furniture will be recycled within the Council thus reducing the requirement for separate furniture and fittings budgets.

6) Promotions –

In 2009/10 the Council decided to centralise it's Advertising budget under Corporate Communications and this has resulted in a more Corporate approach to advertising and in turn has delivered a saving of approximately 25%. It is proposed to take the same approach in respect of the Councils promotions budgets and in the process top slice 25% from service spend.

7) Memberships & Subscriptions –

The Council spends approximately £90,000 on memberships and subscriptions. 10% was removed from this budget in August 2010 and it is now proposed to reduce this by a further 20% from April 2011. Given the significant financial challenges ahead for the Council then decisions need to be taken to differentiate between the “nice to have” subscriptions and those which are deemed essential.

8) Employee Travel –

It is proposed to reduce travel budgets within the Council by a further 10% from April 2012 . This is on top of the 10% reduction agreed in August 2010. Proposals to achieve this include -

- a) A reduced rate for journeys outwith Inverclyde.
- b) A reduced rate once annual mileage exceeds a certain threshold.
- c) Reviewing the excess travel policy.

A more detailed report will be presented to Committee prior to implementation following consultation with the unions.

9) Final 2011/12 Adjustments –

When tidying up the 2011/12 budget 2 omissions from previously agreed adjustments were found. Correcting these will save £27,000.