

To: Leadership Board

On: 8 June 2016

Report by: Chief Executive

Heading: Better Council Change Programme – A Sustainable Future

1. Summary

- 1.1 The report provides members with an update on the proposed next stages of the Better Council Change programme and highlights the potential implication of the current year financial settlement for local government and for the long term prospects for Council services.
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2. Recommendations

- 2.1 Members are asked to:
- i. Consider and note the contents of the report
 - ii. Note that officers are available to advise on the 2017/18 budget, as required by members.
 - iii. Note that the themes for the next phase of the Better Council Change programme will be reported to members later in the year.
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3. Background

- 3.1.1 The Council recently set its revenue and capital budgets following the publication of the Scottish Government Budget 2016/17 and the Local Government Finance Settlement. Members will be aware that the settlement details were later than anticipated and that the Council, and the local government sector generally, received a larger cut to grant than had been expected or forecast. As was widely reported at the time, the combination of these two factors created difficulties for a number of Scottish Councils in the setting of their own budgets for 2016/17. As reported by the Director of Finance and Resources on 3 March, this Council's grant settlement decreased by 3.4% from 2015/16 and was subject to a wide-ranging package of conditions, which the Council has committed to in the setting of its own budget. Members will be aware that as a result of the ongoing work of the Council's Better Council Change programme over recent years that this Council was in the fortunate position of being able to set its budget for 2016/17 without the need for short-term decision-making., which can be damaging to services and lead to poor workforce planning.
- 3.1.2 Members will also be aware that the Director of Finance and Resources has highlighted an anticipated budget deficit of up to £6 million for 2017/18, principally dependent on this year's grant settlement and pay awards. Due to the outlook beyond 2017/18, it is important that this deficit is dealt with fully in setting the Council's budget early next year. Of greater concern to the Council is the forecast financial position outlined by the Director beyond 2017/18 and the potential implications for our current structures and services.
- 3.1.3 The Better Council Change programme has played a significant role in helping to manage the impact of budget deficits on services over successive years, in a planned way throughout the financial year. The programme has aimed to introduce change to the organisation and the delivery of services to facilitate the release of the necessary budget savings, and where possible minimise or mitigate the impact of the budget reduction on the public and on our workforce. The constant review and update of the change programme, so far, has helped us avoid, in the main, short-term savings decisions which need to be implemented quickly and which can be damaging to the service and those who use it.
- 3.1.4 Clearly, the decisions required by members on the Better Council Change programme have presented members with difficult choices, and have needed clear prioritisation of some service areas over others. Whilst there have been a variety of savings projects, the focus of the

Better Council Change Programme has centred on four key areas in recent years – the Council's debt smoothing strategy; the reconfiguration of 'back office' services and the introduction of a new consolidated support service model for the Council; a review of environmental and waste management services and ways of working; and investment in the prevention agenda for children and adults to reduce cost pressures for the Council. Since 2011/12, the first financial year which was impacted by the recession, the Council has managed a total of £117 million of savings and otherwise unavoidable cost pressures, and this, along with effective programme implementation and good budget monitoring has kept the Council financially stable and continuing to deliver on its performance targets, and strategic objectives. Members will also be aware that the change in the Council's budget has also resulted in approximately 1,500 FTE leaving the Council through voluntary release over the same period.

3.1.5 The Council has a strong track record in its external audit and inspection reports and the latest report from regulators highlights no current significant risk issues of concern at this stage. Maintaining this position over the medium term in the context of the anticipated financial environment outlined to members in the Director of Finance and Resources' report of 3 March will be a challenge. Whilst a degree of uncertainty persists around the absolute scale of the budget challenge facing the Council from 2018 onwards, it is clear that the measures adopted by the Council in its change programme in recent years, such as debt smoothing, to dampen the impact of the budget deficit on Council services will significantly diminish, and the restructure and reconfiguration of the 'back office' will be largely complete. Clearly whilst there will be an ongoing drive for improvement and efficiency in the delivery of these services, it is unlikely that there will be the same scale of opportunity for savings again from this part of the Council without a radical change in delivery model.

3.1.6 This step change in the resourcing of the Council, taken together with the need to continuously modernise and improve services in order to demonstrate best value to our communities, creates a further watershed for the Council. In order to continue to be an ambitious and high performing Council, we must continue to take strategic decisions about how we will deliver services for the future, balancing the needs of our communities with the resources available to us, creating a model of delivery which the Council can sustain over the medium term. By taking the decision to redesign services, we take the opportunity to define our future model for Renfrewshire, and avoid, wherever possible, unnecessary cuts to vital public services.

- 3.1.7 As reported under item 1 of this agenda, the Accounts Commission have recently reported that “the scale of the challenge in 2016/17 and beyond has significantly increased because of the local government funding settlement”. The Commission also note that a single year financial settlement, growing demands and cost pressures from our ageing population, and the ambitions of the Community Empowerment (Scotland) Act 2015 compound the challenges. The Chair of the Commission, in his introduction, notes that incremental changes to services in order to make savings are ‘neither sufficient nor sustainable solutions set against the scale of the challenge facing Councils’ and recommends a ‘more strategic approach’ which involves options for service delivery being considered in partnership with service users and communities.
- 3.1.8 Moving on from the implementation and delivery of the 2016/17 budget therefore, there is already the possibility of further savings of up to £6 million identified for 2017/18, and members and political groups should begin to consider the options for dealing with a further short-term budget deficit as soon as possible. Officers will be available to assist and advise on this as required. However, the medium term financial prospects for the Council also require attention now, given the scale of the challenge facing the Council from 2018, and it is proposed that officers begin preparatory work on some of the themes for the next phase of the Council’s change programme, and report back to the Board later in the year. It is anticipated this work will allow the Council, and the next Administration, to make positive decisions about future ambitions, and to provide the workforce, our partners, and our communities with the confidence that everything is being done to protect vital public services, and that the Council is responding responsibly and effectively to its future financial environment.
- 3.1.9 It is further proposed that, in light of this next phase of the Better Council Change Programme, that the longer term sustainability of the Council’s voluntary severance package is reviewed and reported back to members for their consideration. This will also consider the eligible conditions for the future application of the scheme, in line with the themes of the future Change Programme.

Implications of the Report

1. **Financial** – The report details the financial challenges facing the Council and sets out a programme of work that is being progressed to assist the Council in positively addressing these challenges going forward.

2. **HR & Organisational Development** – The report details the impact the current change programme has had on voluntary release from the Council, and the intention to review the long term sustainability of the current scheme.
3. **Community Planning** – The report outlines plans to review the future change programme for the Council, and identify ‘themes’ which it is anticipated will impact on the design and cost of future service delivery. Implementation of any plans for future change will be fully consulted on with community planning partners.
4. **Legal** – The Council has statutory duties to both demonstrate best value and set a balanced budget in each year. This report outlines plans to support the council in meeting these duties in future years.
5. **Property/Assets** – No specific implications at this state.
6. **Information Technology** – No specific implications at this stage.
7. **Equality & Human Rights**
 - (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals’ human rights have been identified arising from the recommendations contained in the report because for example it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council’s website.
8. **Health & Safety – None**
9. **Procurement – None.**
10. **Risk** - The ability of the Council to plan for and manage the significant cost pressures and reducing available financial resources which are currently faced has been identified as one of the Council’s top 5 risks in the Corporate Register
11. **Privacy Impact – None**

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