

**Financial Strategy 2015/16 and 2016/17****Report by Gary Fairley, Head of Finance and Integrated Service Support****1 Purpose of Report**

This report provides Council with an update on the delivery of the Financial Strategy approved by Council on 4 February 2014.

It includes an update on:-

- Scottish Government Grant Settlements;
- The projected budget shortfall for 2015/16 and 2016/17;
- Delivery of the strands of the Financial Strategy, and in particular the Transformation Programme; and
- Reserves.

The report also sets out a timetable for the 2015/16 budget decision making process for Council's consideration.

**2 Background**

The core objective of the Financial Strategy is to facilitate the Council's continued financial sustainability during a continuing period of unprecedented constraint. Whilst the Financial Strategy covers the period to 2016/17 the medium term prospects point to an extended period of financial constraint continuing well into the next decade.

As a consequence, Midlothian in common with all Councils will need to reposition itself through the withdrawal and dilution of services and by having a greater emphasis on those in the community who are the most disadvantaged and vulnerable.

The need to transform and reposition services has never been greater and the work streams which form the Financial Strategy provide a means to secure financial sustainability, incorporating the actions the Council will take to address predicted budget shortfalls and at the same time prioritise available resources to focus these on the delivery of the Council's priority outcomes of Early Years, Positive Destinations and Economic Growth.

**3 Scottish Government Grant Settlement**

As previously reported COSLA leaders rejected proposals to update the indicators on which the formula to distribute Scottish Government Grant funding between Councils is based. As the grant settlement was expected to be "cash flat" this decision would have resulted in Midlothian's grant income for 2014/15 being rolled forward to 2015/16 and as such it would not have reflected population etc increases. This would have been a significant financial disadvantage for the Council.

COSLA leaders have since reversed their decision and it is fully expected that Scottish Government will update the indicators used to distribute the 2015/16 settlement, albeit that it is expected to remain cash flat at a national level.

For 2016/17 the Financial Strategy assumes a 1% reduction in grant.

#### **4 Council Tax**

The Financial Strategy is based on a continuing Council Tax freeze with Band D Council Tax remaining at £1,210. The Council Tax income detailed in table 1 reflects the additional income from an increase in the number of properties.

#### **5 Cost of Services**

Table 1 also provides an update on the projected costs of providing services and is based on a number of assumptions on cost and income. Work will continue over the summer months to fully review these projections and to reflect the impact of the 2013/14 final outturn as reported elsewhere on today's agenda. As such it is inevitable that these projections will change over the coming months.

The assumptions currently reflected in the budget projections include:

##### **Inflationary and Other Cost Pressures on existing Service Costs:-**

- A provision for pay awards of 1% and contractual inflation on other costs for each of the years;
- A provision for increased national insurance costs as a result of the Public Services Pensions Act 2013. Current estimates are an increased cost for the Council from 2016/17 of £2 million per annum, with no compensating increase in government funding;
- Borrowing costs reflect the General Services Capital Plan - Proposed Strategy approved by Council on 4 February 2014 updated to reflect for the latest position for the Newbattle Centre included elsewhere on today's agenda; and
- The introduction of food waste collection from 2015.

##### **Demographic Cost Pressures**

- A provision for social care services demographic cost pressures of £1.1 million per annum.
- A provision for increasing school rolls of £0.405 million in 2015/16 and a further £0.407 million in 2016/17.

There are already signs of increasing inflationary cost pressures which may impact on the budget projections, particularly in relation to pay and the provision of social care services.

The projected budget shortfall reflecting the above is detailed in table 1.

**Table 1: Projected Budget Shortfalls 2015/16 and 2016/17 – 24 June 2014**

	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>
Cost of Services	193.174	200.311
Less: Council Tax	39.300	39.900
Less: Scottish Government Grant	150.554	149.054
	<b>3.320</b>	<b>11.357</b>

In broad terms the shortfall arises for the following reasons:

**Table 2: Analysis of Shortfalls – 24 June 2014**

	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>
2015/16 Shortfall	-	3.320
Pay Inflation	1.163	1.174
Contractual and other inflation	1.029	1.062
Pensions Act	-	2.000
Food Waste Collection	0.264	0.283
Landfill Tonnages	0.248	0.015
Demographics: Care	1.100	1.100
Demographics: School Rolls	0.405	0.407
Scottish Government Grant Reduction	0.0	1.500
Council Tax: Additional Income	(0.484)	(0.600)
Other Movements	(0.405)	1.096
<b>Totals</b>	<b>3.320</b>	<b>11.357</b>

The changes since the last report to Council on 4 February 2014 are attributable to the following:-

**Table 3: Analysis of Shortfall – 4 February 2014 to 24 June 2014**

	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>
4 February 2014	4.253	12.746
- General Services Capital Plan	(0.955)	(1.277)
- Newbattle Centre	0.022	(0.112)
<b>24 June 2014</b>	<b>3.320</b>	<b>11.357</b>

The projected shortfall of £11.357 million equates to approximately 5.7% of net expenditure. As previously indicated significant elements of the budget are either fixed or are challenging to change for a number of reasons including:-

- Historic decisions, for example, loan charges and unitary charge contractual payments, approximately £20 million;
- Specific conditions, for example the maintenance of teacher numbers, £42.4 million; and
- Growing demand for services through demographic pressures, Care Services £52 million.

These elements account for £114 million or 60% of current expenditure. The £11.4 million shortfall therefore principally falls on the remaining budgets and equates to a 13% reduction.

## **6 Financial Strategy**

### **6.1 Overview**

The approved Financial Strategy provides for the Council to take forward actions which fall into three categories:

- **Efficiencies:** Actions which aim to reduce costs of Council services without changing service levels as far as the public are concerned;
- **Investment:** Actions which aim to reduce the need for Council services or reduce the cost of services in future;
- **Retrenchment:** Actions which reduce the Council's role in terms of the services it provides and for whom it provides them.

These support the repositioning of services to ensure they have a greater emphasis on and achieve better outcomes for those most disadvantaged and vulnerable in the community.

### **6.2 Transformation Programme**

The Transformation Programme is central to the delivery of the Financial Strategy, delivering both efficiencies and transformational change in service provision. In addition to ongoing work on Procurement and Integrated Service Support the 2015/16 and 2016/17 Transformation Programme includes:

- Energy;
- Customer Service;
- Income Maximisation;
- Education;
- Services to Communities;
- Externalisation/In-sourcing;
- Children's Services.

The Strategic Leadership Group is continuing to progress the delivery plans for these strands of work and to substantiate the savings targets which will contribute to addressing the projected budget shortfalls. For each strand a project definition document has been approved by the Business Transformation Steering Group and appropriate project governance and monitoring arrangements are in place to ensure that proposals are brought forward through Business Transformation Steering Group in a timely manner.

The latest assessment of the savings targets is set out in table 4 and represents a reduction of £0.774 million in 2015/16 and £1.400 million in 2016/17 from the targets set out on 4 February 2014. The reasons for the reductions are:-

- It is anticipated that the energy strand will now achieve earlier savings in 2015/16 of £0.151 million;
- The delivery of the saving target for income maximisation has been adjusted with a reduced target of £0.075 million for 2015/16;
- Proposals to phase the reduction in Grants as part of the Services to Communities Review together with a review of the delivery of the savings target results in reductions of £0.350 million 2015/16 and £0.900 million in 2016/17, offset by a further £0.600 million in savings now anticipated in 2017/18; and
- The delivery timescale of the saving target for Externalisation/In-sourcing has been adjusted and now impacts in 2016/17 onwards, resulting in a £0.500 million reduction in 2015/16 and 2016/17.

The assessment of the revised targets is derived from the work which has been carried out in the period since 4 February 2014. Work continues to substantiate the targets for Income Maximisation and Externalisation/ In-sourcing and as such the revised targets for these remain indicative. Otherwise the remaining savings targets have a greater degree of confidence of delivery, recognising however that ultimately the achievement of the savings will be dependent on decisions taken by Council.

Proposals in respect of the first tranche of the Services to Communities review are the subject of a separate report on today's agenda and further reports on the delivery of the transformation strands will be presented to Council as appropriate.

**Table 4: Council Transformation Programme – 24 June 2014**

	<b>2015/16</b>	<b>2016/17</b>
	<b>£m</b>	<b>£m</b>
Integrated Service Support	0.750	1.500
Energy	0.151	0.217
Customer Service	0.175	0.350
Income Maximisation	0.075	0.150
Education	0.150	0.300
Services to Communities	0.300	0.750
Externalisation/In-sourcing	0.000	0.500
Children's Services	0.350	0.700
<b>Totals</b>	<b>1.951</b>	<b>4.467</b>

Further details are set out in appendix 1.

### **6.3 Workforce Strategy**

There are three main elements of the Workforce Strategy strand

- Management review;
- VSER; and
- Workforce planning.

## Management Review

At its meeting on 13 May 2014 Council approved proposals for a new management structure across all eight services which will achieve savings of £0.873 million in 2015/16 rising to £1.216 million in 2016/17. £0.480 million of which represents savings which are already reflected in the Integrated Service Support review detailed in section 6.2 with the balance of £0.393 million in 2015/16 and £0.736 million in 2016/17 further reducing the budget shortfall.

## VSER

Council approved a new Voluntary Severance/Early Release (VSER) Policy and Scheme on 4 February 2014. The purpose of the scheme is to reduce the Councils pay bill realising savings from the transformation programme and also secure additional operational savings opportunities.

The scheme has resulted in 371 applications, of which to date 101 have been approved and 73 declined. Heads of Service are giving priority to reviewing the remaining applications to assess whether release can be supported. At this time the applications approved are estimated to result in a reduction in the pay bill of £1.690 million in 2015/16. As detailed in table 5 £0.905 million is already reflected in the Financial Strategy, with the balance of £0.785 million further reducing the budget shortfall.

The one off costs associated with the approved applications are estimated at £3.138 million which will be met from reserves.

An assessment of the potential impact of all other applications is being undertaken by the VSER project team and will be reflected in the next Financial Strategy update report.

**Table 5 – VSER analysis 24 June 2014**

	£m
<b>VSER savings already reflected in Financial Strategy</b>	
• ISS Review	0.125
• Management Review	0.690
• Other	0.090
<b>Sub Total</b>	<b>0.905</b>
<b>Additional VSER savings</b>	
• Teachers	0.578
• Other	0.207
<b>Sub Total</b>	<b>0.785</b>
<b>Total</b>	<b>1.690</b>

## Workforce Planning

An effective workforce strategy supports the delivery of services by linking workforce planning and development requirements to the Council's strategic and service priorities. Following on from the management review and taking cognisance of the VSER scheme each service is now preparing workforce plans and reviewing staffing establishments.

As the elements of the workforce strategy are developed and savings quantified they will be fully reflected in the Financial Strategy.

#### **6.4 Local Government Staff Pay, Grading and Terms and Conditions**

On 25 March 2014 Council considered a report on the Review of Local Government Staff Terms and Conditions by the Director, Resources.

Council agreed to:-

- a) Note the arrangements being established to review Pay, Grading, Terms and Conditions of local government staff;*
- b) To note the intention to provide an update at June 2014 Council meeting;*
- c) Agree the scope and objectives as set out in section 2.3; and*
- d) Review further reports in due course.*

In this regard The Director, Resources has established the review with research and analysis of both the existing Council terms and conditions and those of comparator organisations being progressed with a view to commencing detailed negotiations with the relevant Trades Unions in August 2014. Further updates will be provided to Council in due course.

#### **6.5 Asset Management**

Phase 2 of the EWIM project is underway and is reflected in the Financial Strategy.

Council approved a review of the existing Public Private Partnership contracts and instructed the Director, Resources to progress this. The Director, Resources has subsequently agreed the scope for an in depth review with The Scottish Futures Trust who have been engaged to undertake the in depth review with findings expected to be reported in autumn of 2014.

Otherwise the position on the Asset Management Strand remains as reported on 4 February 2014.

#### **6.6 Borrowing Costs**

The projected budget shortfall set out earlier in table 1 now reflects the General Services Capital Plan Strategy approved by Council on 4 February 2014. Other than the subsequent changes arising from the Newbattle Centre, as reported on today's agenda, the position remains as reported on 4 February 2014.

#### **6.7 Service Reviews**

The Strategic Leadership Group will be developing proposals for a series of service reviews/projects which can be incorporated into the Financial Strategy. As previously indicated these will be reported through the Strategic Leadership Group with proposals requiring Council approval being brought to Council in due course.

As is the norm, where proposals affect staff there will be meaningful consultation in accordance with existing HR policies and following ACAS best practice.

Included as part of the Service review strand is savings from the re-provision of Bed and Breakfast accommodation which were approved by Cabinet on 22 March 2014 and which will achieve a budgetary saving of £0.260 million per annum.

At this stage of development the wider service review proposals are expected to present opportunities for further savings of at least £0.300 million from 2016/17 onwards.

## 6.8 Efficiency and Financial Discipline

The Financial Strategy approved on 4 February 2014 provided for all Services to bring forward options to deliver annual operational efficiencies of 1%, equating to £0.900 million per annum recognising the need for all Services to exercise strong financial discipline improved productivity and demonstrate efficiency ensuring that costs are controlled, unnecessary expenditure ceases and that there is clearly defined accountability for expenditure commitments.

Given the level of underspend reported in the Financial monitoring 2013/14 General Fund Revenue report also on today's agenda it is crucial that further financial discipline work is completed over the summer to assess which existing budget provisions can be reduced or simply removed and that this work be completed before consideration is given to considering the original proposals for annual operational efficiencies of 1%.

## 6.9 Summary of Financial Strategy

The latest projections of impact of the various strands of the Financial Strategy are as follows. As the strands are further developed the Financial Strategy will be updated to fully reflect the emerging proposals.

**Table 6: Financial Strategy 2015/16 and 2016/17**

	2015/16 £m	2016/17 £m
Budget Shortfall	3.320	11.357
<b>Less Strands:</b>		
Transformation Programme (6.2)	1.951	4.467
Workforce Strategy (6.3)		
• Management Review	0.393	0.736
• VSER	0.785	0.697
Terms & Conditions (6.4)	tba	tba
Asset Management (6.5)	tba	tba
Service Reviews (6.7)	0.260	0.560
Efficiency/Financial Discipline (6.8)	0.900	1.800
<b>Projected Budget Shortfall / (Surplus)</b>	<b>(0.969)</b>	<b>3.097</b>



Whilst overall the figures in table 6 present a slightly improved position from that reported on 4 February 2014 they remain projections and as such will inevitably change as assumptions are reviewed the budget is further refined.

Whilst the work undertaken since the last report provides a greater degree of confidence of delivery of the transformational savings it is important to note that ultimately the achievement of these savings will be dependent on decisions taken by Council.

As set out earlier in the report there are already signs of increasing inflationary cost pressures which may adversely impact on the budget projections, particularly in relation to pay and the provision of social care services. Maintaining financial stability through the extended period of financial austerity will therefore remain a significant challenge for the Council.

## 6.10 Service Reductions

Ultimately if the actions set out in sections 6.2 to 6.8 do not bridge the budget shortfall then Council will need to consider policy changes, including the withdrawal from, or dilution of services.

## 7 Governance and Timeline

The timetable outlined in table 7 below provides for regular reports to ensure that Council is kept abreast of developments and provided with the most up-to-date projections. In addition each element of the Financial Strategy will have clear governance in place to ensure the timely delivery of the workstream, with proposals being reported through Business Transformation Steering Group and then to Council as appropriate.

The timetable below sets out the proposed schedule for Financial Strategy update reports to Council, together with details of the proposed schedule for other financial reports over the budget period, to allow 2015/16 budget decisions and Council Tax levels to be determined in advance of the statutory deadline of 11 March 2015.

**Table 7: Budget Report Timetable**

<b>Council Meeting *</b>	<b>Reports</b>
12 August 2014	-
23 September 2014	Financial Strategy Update Q1 Financial Monitoring
4 November 2014	Financial Strategy Update Q2 Financial Monitoring
16 December 2014	HRA budget Capital plan Financial Strategy Update incorporating: <ul style="list-style-type: none"> <li>• Final projections</li> <li>• Council Tax</li> <li>• Agreement of budget for 2015/16.</li> <li>• Indicative budget for 2016/17.</li> </ul>
January/February 2015 *	Further Financial Strategy reports as required.

\* Subject to revised meeting schedule.

The Council has a duty as set out in Section 93 of the Local Government Finance Act 1992 (as amended) to set its Council Tax and a balanced budget for the following financial year commencing 1 April by 11 March.

Whilst the expectation is that Band D Council Tax will remain at £1,210 per annum, Council are reminded that in terms of Section 112 of the Local Government Finance Act 1992 (as amended) it is an offence to participate in any vote in respect of setting Council Tax where the member has unpaid Council Tax. Members are required to disclose the fact this section of the act applies to them and not vote on any question with respect to the matter.

## 8 Focussing Resources to Key Priorities

As previously reported the Financial Strategy will help ensure that available resources are as far as possible targeted on delivery improved outcomes, particularly against the key priorities of Early Years, Positive Destinations and Economic Growth. The Midlothian Community Planning Partnership is working collectively to prioritise the available resources towards the delivery of the partnerships key priorities and the Financial Strategy sets out for partners the parameters the Council is working within and provides a means to better facilitate the sharing of budget and resource planning information. As the work of the Midlothian Community Planning Partnership progresses it will be reflected in the Financial Strategy.

## 9 Reserves

As reported elsewhere on today's agenda the position with useable reserves at 31 March 2014 is as follows:-

**Table 8 –Useable Reserves – 31 March 2014**

	<b>Total £m</b>	<b>Uncommitted £m</b>
General Fund Reserve *	20.511	8.826
HRA Balance	18.375	0.000
Capital Fund	8.558	2.558
Repairs and Renewal Reserve	2.553	0.000
<b>Total Useable Reserves</b>	<b>49.997</b>	<b>11.384</b>

*\* The uncommitted reserve reflects one off costs of VSER in 2014/15 as set out in section 6.3.*

It is necessary for the Council to retain reserves to meet unplanned or unforeseen costs. In terms of the General Fund Council agreed on 4 February 2014 that a prudent minimum level of general reserve be £8.000 million or 4% of net expenditure. Whilst the uncommitted element of the general fund reserve exceeds £8.000 million, it is anticipated that the extent of change will require continued one off investment or one off costs over the period.

The uncommitted balance on Capital Fund reflects the decisions of Council on 4 February 2014 and is retained to provide for unforeseen capital expenditure and to provide flexibility between financial years, its utilisation is subject to annual review.

The HRA balance and Repairs and Renewal Reserves are fully committed.

A further update on Reserves will be presented to Council in September 2014 as part of the quarter one financial monitoring reports.

## **10 Report Implications**

### **10.1 Resources**

Whilst this report deals with financial issues there are no financial implications arising directly from it.

### **10.2 Risk**

Within any financial plan there are a number of inherent assumptions in arriving at figures and budget provisions, and therefore risks that may be faced if costs change or new pressures emerge. The following key risks and issues are highlighted in the context of this report:

- Impact of economic climate on range of factors including: inflation, interest rates, employment, tax and income levels, service demands;
- Outstanding pay award settlements;
- Decision by Scottish Government on future years grant settlements and grant distribution;
- Extreme weather events (or other unforeseen events) and provision for immediate response as well as longer-term implications;
- Cost pressures exceeding budget estimates;
- Non-delivery or late delivery of planned savings, including those arising from reductions in the staffing establishment;
- Impact of Welfare Reform and Pension changes;
- The costs of implementation of national policies such as free school meals, the Children and Young Peoples Bill and Council Tax Reduction Scheme exceeding the resources provided by Government; and
- Capital investment requirements and associated cost.

The financial strategy aims to mitigate a number of these risks by setting out forward plans, and the early identification of future saving proposals. Alongside this the Mi-Future programme has been designed and implemented to increase flexibility across the workforce.

### 10.3 Single Midlothian Plan and Business Transformation

Themes addressed in this report:

- ☐ Community safety
- ☐ Adult health, care and housing
- ☐ Getting it right for every Midlothian child
- ☐ Improving opportunities in Midlothian
- ☒ Sustainable growth
- ☒ Business transformation and Best Value
- ☐ None of the above

### 10.4 Impact on Performance and Outcomes

The Financial Strategy is at the heart of the way Council allocates and uses its limited resources and as such has fundamental implications for service performance and outcomes. The budget projections indicate that in 2016/17 the Council will have available in the region of £189 million for the provision of services and the pursuit of the priorities set out in the Single Midlothian Plan.

### 10.5 Adopting a Preventative Approach

Whilst the proposals in this report do not directly impact on the adoption of a preventative approach, an effective Financial Strategy in turn allows resources to be prioritised to support prevention.

### 10.6 Involving Communities and Other Stakeholders

Any proposed changes in the staffing establishment arising from the elements of the financial strategy or transformation programme will be subject to meaningful consultation in accordance with the Council's Human Resources policies.

As the various elements of the Financial Strategy are developed and proposals emerge there will be meaningful consultation and engagement with those on who the proposals may impact.

### 10.7 Ensuring Equalities

There are no equality implications arising directly from this report. As part of the development of proposals an EQIA will be prepared and for each year's budget an overarching EQIA will also be prepared encompassing the revenue budget, capital plan and service plans.

### 10.8 Supporting Sustainable Development

There are no direct sustainability issues arising from this report.

### 10.9 IT Issues

There are no direct IT implications arising from this report.

## 11 Summary

The report provides an update on:-

- The Scottish Government Grant Settlement;
- The projected budget shortfall for 2015/16 and 2016/17;
- Delivery for the strands of the Financial Strategy, and in particular the Transformation Programme; and
- Reserves.

The report also sets out a timetable for the 2015/16 budget decisions for Councils consideration.

## 12 Recommendations

Council is recommended to;

- a) Endorse the assumptions and note the resultant projected budget shortfalls for 2015/16 and 2016/17;
- b) Agree the timetable to determine the 2015/16 budget as set out in table 7; and
- c) Note progress on delivery of the Financial Strategy.

**Date** 20 June 2014

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**Background Papers:**



## Council Transformational Programme

Area	Sponsor	Lead	Target Savings (Cumulative)		Additional Information
ISS	Kenneth Lawrie	Gary Fairley	2015/16	0.750	<p>In implementing the Integrated Service Support model of service delivery the Council are putting in the place the foundation for designing customer focused support services that will effectively support frontline services. Efficiency savings will be achieved through consolidation of our support services together with reducing duplication, eliminating silo working, breaking down barriers and reducing transactional costs. As a consequence this will be a reduction in our staffing establishment. ISS is being delivered in tranches. Phase 1, the management review delivers £480,000. Phase 2 of ISS will see a review of the remainder of the structures together with a review of business processes. VSER provides the early opportunity for savings realisation in phase 2. There is a significant reliance on VSER for which an assessment is underway.</p> <p>These targets are in addition to the 2014/15 savings of £0.750k</p>
			2016/17	1.500	
Energy	John Blair	Garry Sheret	2015/16	0.151	<p>Energy efficiency is a key component of Midlothian Council's target to reduce carbon emissions. This project focuses on increasing the energy efficiency of Council premises, through re-educating employees on energy saving techniques and the installation of more efficient boilers and lower energy lighting.</p> <p>A total capital investment of £381,000 is required for this project, of which £304k has already been approved through the capital programme. The provision of the remainder of the budget is being provided as part of the Capital Plan presented to Council in June 2014.</p> <p>Substantial amounts of the savings identified in the project relate to a campaign which aims to change behaviours. Work is underway to set out the detail to demonstrate and quantify this aspect (£70,000 in 15/16, increasing to £90,000 per annum from 16/17).</p>
			2016/17	0.217	

Area	Sponsor	Lead	Target Savings (Cumulative)		Additional Information
Customer Service	Mary Smith	Kevin Anderson	2015/16	0.175	<p>The remit of this review is to moderate the Council's customer service approach and deliver a customer service provision that is responsive and adaptable to customer demands, to:</p> <ul style="list-style-type: none"> <li>• Understand our customer profile.</li> <li>• Provide efficient and effective customer contact points.</li> <li>• Channel shift action plan to understand and move customers towards lower cost interactions and close down costly channels</li> </ul> <p>Review outcomes are likely to have positive impacts on performance and customer experience and lead to long term efficiencies and cost savings. This will also align to the review of Services to Communities to ensure we provide services which are targeted and focused on customers within our communities.</p>
			2016/17	0.350	
Income Maximisation	John Blair	Ogo Onwuchekwa	2015/16	0.075	<p>Current estimated debt owed to Midlothian is approx £3m. The purpose of this review is to ensure we proactively manage our cashflow across the Council. With increasing financial pressures from reductions in budgets and resources and ensuring collections processes are optimised this should ensure debt recovery is maximised. This is currently a significant challenge for Midlothian.</p> <p>The purpose of the review is to:</p> <ul style="list-style-type: none"> <li>• generate significant revenue rapidly</li> <li>• improve in year and aged debt collections performance</li> <li>• reduce operational and resource costs</li> <li>• ensure confidence and evidence revenue collection is optimised.</li> </ul>
			2016/17	0.150	



Area	Sponsor	Lead	Target Savings (Cumulative)		Additional Information
<b>Education</b>	Mary Smith	Peter McNaughton	<b>2015/16</b>	0.150	<p>The initial target saving for this proposal is £300,000, to be delivered from the start of the 2015/16 school session. This will deliver savings of £150,000 in the 2015/16 financial year and a further £150,000 in 2016/17.</p> <p>This proposal centres on the deployment of teaching, support and administrative staff in schools and as such the scope of this review covers all staff employed in our schools</p> <p>All groups of staff employed in schools play an important role in school and in education more broadly. The aim of the review is to deploy the most appropriate staff to perform the key functions across schools, e.g. if the requirement is to teach, the role should be filled by a teacher, if the function is administrative it should be performed by an administrator.</p> <p>The plans for proposals in this area will focus on ensuring there is quality of provision across all schools, and that we have a clear view of the reality of the role that each group of staff fulfils. The scope will include a review of current and best practice in this area both within Midlothian and nationally. This review coincides with the implementation of the new children and young people's legislation, which extends early years' provision in particular. This provides an opportunity to review the appropriateness of staffing for education provision for children from the ages of 2 to 18 years.</p>
			<b>2016/17</b>	0.300	
<b>Services to Communities</b>	Eibhlin McHugh	Ian Johnson	<b>2015/16</b>	0.300	<p>The scope of this review is about a fundamental re-evaluation of how the Council interacts, engages with, and support local communities in Midlothian incorporating; community planning, community capacity building, adult learning, employability and positive destinations. It is proposed that in future resources are aligned closely with the CPPS key priorities and as a consequence there would need to be transparency in targeting those specifically in need. The overall context should be one which seeks to build up the self-sustaining capacity of local communities and transform the relationship of the Council from provider to one of enabler.</p>
			<b>2016/17</b>	0.750	

Area	Sponsor	Lead	Target Savings (Cumulative)		Additional Information
					Initial focus to implement change would be on the further development of community planning, a structured approach to funding models being an essential feature and a rationalisation of the current portfolio of premises to deliver the most effective and efficient spread of facilities. The most significant risks relate to the overall impact of this fundamental change of approach to engaging with communities with the level of service provided more focussed and therefore reduced in its breadth from that currently in operation.
<b>Externalisation/ In-sourcing</b>	John Blair	Hillary Kelly	<b>2015/16</b>	0.000	The purpose of this review is to examine all services provided by external providers and payments made to third parties, contractual or otherwise and will call for consideration of alternative service delivery models, including in-sourcing. This may result in changes which impact existing providers, including local businesses but it will allow us to ensure we continue to focus our spend and activities in right areas.
			<b>2016/17</b>	0.500	
<b>Children's Services</b>	Mary Smith	Joan Tranent	<b>2015/16</b>	0.350	<p>The overarching aim of the project is to ensure that children and young people of Midlothian get the help they need when they need it, so that each child and young person has the opportunity to reach their full potential. The project is being undertaken following a 'whole system' approach and involves working with our partnership agencies.</p> <p>This project will focus on Stages 2 and 3 of the Midlothian Assessment and Planning Staged System with a view to transforming approach and delivery, thereby reducing the overall budget requirement. Undertaking this project will enable us to re-direct resources at an earlier stage, preventing further issues escalating and improving outcomes for the children and young people involved.</p> <p>In addition to this, the Top Service and Programme for Alternative Vocational Education (PAVE) are included in scope, with the aim of transforming our services to provide inclusive and enhanced outcomes and positive destinations for young people.</p>
			<b>2016/17</b>	0.700	