

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

This report sets out the current position in respect of the development of a medium term Financial Strategy for the period to March 2017.

The Financial Strategy incorporates the Council's Transformation Delivery Plan which sets out how the Council will deliver the transformation of current services and expenditure to focus the available resources on priority outcomes.

2 Background

The development of the Financial Strategy is set in the context of the wider public sector financial outlook. The UK Government's Autumn Statement and the Office of Budget Responsibility's latest Economic and Fiscal Outlook make it clear that even assuming positive economic growth, continued cuts to spending would be necessary to manage down the structural deficit and UK debt as a percentage of Gross Domestic Product (GDP). The Institute for Fiscal Studies commenting on the Autumn Statement, projects the lowest level of public sector spending as a percentage of total spending since 1948 by the end of the decade.

It is anticipated that Governments across the next 10-15 years will have explicit plans to reduce debt as a percentage of GDP with any change of UK Government most likely bringing a change in pace rather than any fundamental change in the direction of travel.

The Council's external auditors Grant Thornton, state in their report - 2016 Tipping Point? *"To meet these significant challenges, local authorities must improve their efficiency and productivity, reduce their costs and have sustainable medium term financial plans to ensure their financial health remains robust"*.

Against this backdrop it is clear that over the coming years all Councils will need to reposition themselves, through the withdrawal and dilution of services and by having a greater emphasis on those most disadvantaged and vulnerable. The need to transform and reposition services has never been greater and the proposed Financial Strategy sets out the work streams that will provide a means to secure financial sustainability.

The cost of providing existing services in their current form is expected to grow from £189.315 million to £201.7 million by 2016/17. Over the same period income from Scottish Government and Council Tax is predicted to fall from £189.315 million to £188.954 million, giving rise to a predicted budget shortfall by 2016/17 of £12.746 million, or 6%.

The Financial Strategy needs to address this budget shortfall, reducing projected expenditure from £201.7 million to £188.954 million in effect absorbing the demographic and inflationary cost pressures within existing levels of income.

The Financial Strategy also needs to provide a means to prioritise available resources to focus these resources on the delivery of the Council's priority outcomes of Early Years, Positive Destinations and Economic Growth whilst maintaining financial sustainability.

The Financial Strategy also sets out the policy for the level of reserves to be held over the same period.

3 2014/15 Actions

The Revenue Budget 2014/15 to 2016/17 reports to Council have set out a number of measures to address the budget shortfall in 2014/15.

The final position was a budget gap of £4.047 million which was addressed as follows.

Table 1 Revenue Budget 2014/15 – Final Position

	2014/15 £m	2014/15 £m
Base Budget Shortfall		4.047
Less: Transformation Programme		
Service Reviews	0.381	
Partnership Working	0.089	
EWiM	0.165	
Procurement	0.455	
Integrated Service Support/Review of Structures	0.750	
Maximising Attendance	0.155	
		1.995
Less: Other Measures		
Children's Services - MARG	0.500	
New Leadership Structure	0.144	
Operational Savings	0.855	
Service Savings	0.527	
Fees and Charges (on today's agenda)	0.060	
		2.086
Budget Surplus		(0.034)

After incorporating these, the projected budget shortfalls for 2015/16 and 2016/17 are as follows:

Table 2: Budget Shortfalls 2015/16 and 2016/17 – Final Projections

	2015/16 £m	2016/17 £m
Cost of Services	194.107	201.700
Less: Council Tax	39.300	39.900
Less: Scottish Government Grant	150.554	149.054
	4.253	12.746

In broad terms the shortfall arises for the following reasons:

Table 3: Analysis of Shortfall – 4 February 2014

	2015/16 £m	2016/17 £m
2015/16 Shortfall	-	4.253
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	0.528	1.552
Totals	4.253	12.746

4 Current Expenditure Analysis

As previously indicated a shortfall of £12.746 million equates to approximately 6% of net expenditure. However 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 number, £42.4 million; and
- Growing demand for services through demographic pressures, Care Services £52 million.

These elements alone account for £114 million or 60% of current expenditure. The £12.7 million therefore principally falls on the remaining £75.3 million or 40% and equates to a 17% reduction.

The table below sets out a high level analysis of current expenditure and provides an analysis between “fixed” and other spend.

Table 4: Expenditure Analysis 2014/15

	Fixed £m	Other £m	Total £m
Care	52.9		52.9
Corporate Management		1.2	1.2
Education	52.4	16.2	68.6
Fleet Management		1.1	1.1
Property Services		4.0	4.0
Regulatory Services		9.2	9.2
Roads and Land Services		8.0	8.0
Service Support		16.2	16.2
Service to Communities		10.6	10.6
Other	8.7	8.8	17.5
Totals	114.0	75.3	189.3

5 Financial Strategy

5.1 Overview

It is in the context of this expenditure analysis that the Financial Strategy has been developed to deliver the outcomes set out in section 2.

The actions the Council will need to take to address the budget shortfall and reprioritise spend during what will be a continued period of austerity fall into three broad 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 who it provides them.

The extent of the financial challenge will require the adoption of all three and will see a repositioning of services to ensure they have a greater emphasis on those most disadvantaged and vulnerable in the community. The financial outlook is such that it is clear that over the coming years there will be a need for retrenchment bringing the withdrawal and dilution of services.

5.2 Transformation Programme

On 24 September 2013 Council noted the outline Transformation Programme for 2015/16 and 2016/17. In addition to ongoing work on Procurement, Integrated Service Support the programme includes:

- Energy Reduction;
- Customer Service;
- Income Maximisation/Collection;
- School Clusters;
- Services to Communities;
- Externalisation/In-sourcing.

In addition changes in the delivery of Children's Services continue to deliver transformational savings and it is therefore proposed to include this work within the programme.

The programme has been developed in the context of the existing expenditure profile set out in table 4 and specifically the Strategic Leadership Group have developed an outline delivery plan and savings targets for these strands of work which contribute to addressing the budget shortfall. The targets are as follows:

Table 5: Council Transformation Programme – 4 February 2014

	2015/16 £m	2016/17 £m
ISS *	0.750	1.500
Energy Reduction	0.000	0.217
Customer Service **	0.175	0.350
Income Maximisation/Collection	0.150	0.150
School Clusters	0.150	0.300
Services to Communities	0.650	1.650
Externalisation/In-sourcing **	0.500	1.000
Children's Services	0.350	0.700
Totals	2.725	5.867

* For ISS the figures are in addition to the £0.750 million incorporated in the 2014/15 budget.

** The figures for Customer Services and Externalisation are initial targets only at this point and require further validation.

Further details are set out in appendix 1.

5.3 Workforce Strategy

As set out in the report for the new leadership structure each Head of Service will meet with the Chief Executive and Directors to develop proposals for a review of all staffing structures within their area of responsibility. This will maintain the focus on delivering the strategic outcomes as well as maximising cost reduction and service improvement opportunities. It is envisaged that this review will be finalised during the first quarter of 2014.

The review of management structures will clearly impact on the budget position and so is incorporated as a strand of the Financial Strategy. Alongside this an enhanced Voluntary Severance/Early Release (VSER) scheme, subject to a separate report on today's agenda will be in place to assist in reducing staffing numbers. As proposals are developed and savings quantified they will be reflected in the Financial Strategy.

This strand will also need to incorporate a review of the current performance factor targets built into service budgets and their sustainability in light of the Council's no compulsory redundancy policy and low staff turnover levels.

5.4 Local Government Staff Pay, Grading and Terms and Conditions

The current pay and grading arrangements for the Local Government Staff group was introduced in June 2009 as part of the Single Status agreement. The period since has seen a period of low wage inflation and significant revisions to the lower end of the pay structure through the introduction of the Living Wage and latterly the Scottish Living Wage.

Midlothian's economic profile highlights that average earnings are below the national average and as a major employer the Council's pay arrangements have a significant impact on the economic wellbeing of the County.

It is therefore proposed to progress a comprehensive review of the pay and grading arrangements for the Local Government Staff Group to ensure that they are fit for purpose and sustainable. A separate report on the scope and objectives of this review will be presented to Council on 25 March 2014.

5.5 Asset Management

The Transformation Programme includes saving targets in 2014/15 for further rationalisation of the office estate through the EWIM programme. Ensuring the effective utilisation of the remainder of the Council's buildings estate, vehicle fleet and ICT assets will also contribute to the budget position and as such saving opportunities from wider Asset Management Strategy will be clearly defined and incorporated into the Financial Strategy. To facilitate this, the existing Asset Management Strategy is being reviewed and options will be developed through the Strategic Leadership Group and presented to Business Transformation Steering Group.

As part of the Asset Management work stream it is proposed to commission a review of the two existing Public Private Partnership Schools contracts to ensure that the contractual arrangements are both cost effective and are effectively structured to contribute to the Council's priorities. It is proposed that the scope and arrangements for this review be delegated to the Director, Resources.

5.6 Borrowing Costs

A comprehensive review of the General Services Capital Plan (GSCP) and short term asset investment priorities has been undertaken, the outcome of which is reflected in the General Services Capital Plan - Proposed Strategy report on today's agenda.

The proposals strictly limits capital investment and therefore borrowing directly resulting in reduced borrowing costs from those currently provided in the budget projections. This gives rise to a reduction in the budget shortfall in 2015/16 of £0.955 million and a further £0.322 million in 2016/17 and beyond.

5.7 Service Reviews

Though not classified as transformational projects, the Strategic Leadership Group is developing proposes for a series of service reviews/projects which can be incorporated into the Financial Strategy.

Proposals arising from 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 our existing HR policies and following ACAS best practice.

Whilst the review programme is at an early stage of development the proposals which are more advanced are expected to present opportunities for savings in the region of £0.300 million from 2015/16 rising to £0.600 million from 2016/17 onwards. This includes savings from the re-provision of Bed and Breakfast accommodation which will be presented to Cabinet on 25 February 2014.

5.8 Efficiency

Whilst there is rightly a focus on the above elements, particularly transformational change projects, it is also important that all services 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.

The financial position is such that all services will need to bring forward options to deliver annual operational efficiencies as part of the financial strategy, at this time it is proposed to set an annual target of 1% for all

services which equates to £0.900 million per annum. This will complement the development of a Workforce Strategy set out in section 5.3 with a focus on the non staffing budgets.

5.9 Summary of Financial Strategy actions to address the budget shortfall

Even at this stage in the development of the Financial Strategy it is anticipated that the elements set out in section 5.2 to 5.8 will make a significant contribution towards addressing the budget shortfall. As the elements 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	4.253	12.746
Less Developed Strands:		
Transformation Programme (5.2)	2.725	5.867
Borrowing Costs (5.6)	0.955	1.277
Service Reviews (5.7)	0.300	0.600
Efficiency (5.8)	0.900	1.800
Projected Budget Shortfall / (Surplus)	(0.627)	3.202

The following strands will be incorporated into the overall Financial Strategy as proposals are developed:

- Workforce Strategy (5.3);
- Local Government Staff Pay Grading and Terms and Conditions (5.4);
- Asset Management (5.5).

5.10 Service Reductions

Ultimately if the actions set out in sections 5.2 to 5.8 do not bridge the budget shortfall then Council will need to consider policy changes withdrawal from or dilution of services.

6 Governance and Timeline

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.

7 Focussing Resources to Key Priorities

The Financial Strategy also needs to focus on the utilisation of the remaining £188.954 million of revenue expenditure ensuring that it is as far as possible targeted on delivery improved outcomes, particularly against the key priorities of Early Years, Positive Destinations and Economic Growth.

Having committed to the Single Midlothian Plan (SMP) the Midlothian Community Planning Partnership is working collectively to prioritise the available resources towards the delivery of the partnerships key priorities. As such the SMP needs to become the focal point for the planning and deployment of resources locally. This requires:

- The sharing of budget, investment and resource planning information at an early stage in the decision-making process;
- Each partner setting out the broad financial parameters they are working to, key milestones, and how resources already and can further support delivery;
- Agreeing how total resources can most effectively be deployed and aligned between partners to achieve the outcomes set out in the SMP and ensure that deployment and alignment in practice.

The Financial Strategy will better facilitate the sharing of budget and resource planning information together with the parameters the Council is working within and will be developed to set out a clear means by which resources can most effectively be deployed to achieve the SMP outcomes.

The Midlothian Community Planning Board met on 9 January 2014 and considered how to take forward this agenda during 2014/15. The outcomes of this session and the follow up work will be incorporated into the Financial Strategy later in the year.

Alongside this, as reported elsewhere on today's agenda work is ongoing to develop the Integration Plan for the new Midlothian Health and Social Care Partnership. The Integration Plan will set out the Council resources which will be included in the scope of the Partnership which at this time are estimated to be in the region of £36 million.

8 Reserves

It is projected that at 31 March 2014 the Council will hold the following useable reserves (reserves that can be used to offset revenue costs, fund capital expenditure or meet unforeseen cost pressures), of these there

are already commitments, principally to fund the HRA investment programme. The table below sets out the projected total position and the uncommitted element of each.

Table 7 – Projected Useable Reserves – 31 March 2014

	31.3.2014 Total £m	31.3.2014 Uncommitted £m
General Fund Reserve	8.332	7.598
HRA Balance	17.052	2.595
Capital Fund	12.372	12.372
Repairs and Renewal Reserve	2.546	0
Total Useable Reserves	40.302	22.565

It is necessary for the Council to hold reserves to meet unplanned or unforeseen costs. In terms of the General Fund a prudent minimum level of general reserve has historically been set at 2% of net expenditure which equates to approximately £4 million. In light of the current projections for reserves and the financial challenge ahead it is considered prudent to increase this minimum level to 4% or £8 million to provide a greater buffer against increased costs or delay or reduction in savings proposals.

The current committed element of the General Fund reserve of £0.734 million is for Business Transformation and reflects the need to invest to deliver change. It is clear that the extent of change will require significant one off investment or one off costs for employee severance etc over the period. As such it is recommended that further reserves be earmarked to meet transformation costs. At this point it is proposed to earmark a further £3 million which it is expected will be fully utilised over the period to March 2017.

The increased minimum general reserve and setting aside the additional sums for transformation costs can be achieved by a utilisation of £2.750 million of the Capital Fund in 2013/14 to meet loans fund principal repayments which are currently provided for in the 2013/14 revenue budget. The resultant under spend can be used to enhance the General Fund reserve.

The Capital Fund represents the receipts received from the sale of assets, principally housing development sites and other non operational assets. The historic rationale for retaining receipts in the Capital Fund rather than immediately utilising these to offset capital expenditure was to provide a financial cushion to meet potentially unprecedented equal pay liabilities projected at that time. At 31 March 2013 the Council had either paid or provided £12.444 million for these liabilities and so the risk of further provisions being required is significantly reduced.

Over a number of years the Capital Fund has been utilised to repay debt totalling £8.346 million with the resultant under spend this created being utilised in the main to offset the impact of the £12.444 million of equal pay liabilities.

Whilst the utilisation of the Capital Fund in this way is legitimate it has nevertheless been subject to comment by Grant Thornton who highlight that such a transfer effectively reduces the Council's ability to fund future capital projects.

After the proposed transfer the Capital Fund at 31 March 2014 is projected to be £9.622 million. It is proposed to utilise a further £6 million to offset the Council's share of the replacement of Newbattle High School with the balance being retained to provide for unforeseen capital expenditure and to provide flexibility between financial years. The balance held in the Capital Fund and its utilisation will be subject to annual review.

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

After incorporating the above the position on reserves will be as follows.

Table 8 – Projected Useable Reserves – 31 March 2014

	31.3.2014 Total £m	31.3.2014 Uncommitted £m
General Fund Reserve	11.082	8.082
HRA Balance	17.052	2.595
Capital Fund	9.622	3.622
Repairs and Renewal Reserve	2.546	0
Total Useable Reserves	40.302	14.299

9 Report Implications

9.1 Resources

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

9.2 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.
- 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.

9.3 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

9.4 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 £188.954 million for the provision of services and the pursuit of the priorities set out in the Single Midlothian Plan.

9.5 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.

9.6 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 a consultation and engagement process will also be developed.

9.7 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.

9.8 Supporting Sustainable Development

There are no sustainability issues arising from this report.

9.9 IT Issues

There are no IT implications arising from this report.

10 Summary

The purpose of the Financial Strategy is to:

- address the projected budget shortfalls through to 2017;
- enable available resources to be focused on the delivery of key priorities in a sustainable way; and
- set out a policy for the level of reserves to be held over the same period.

Section 5 of the report sets out the elements of the Financial Strategy aimed at addressing the projected budget shortfalls. This will be updated as each element is further developed.

Section 7 sets out the actions being taken through the Community Planning partnership to target the available resources to deliver improved outcomes, particularly against the key priorities of Early Years, Positive Destinations and Economic Growth.

Section 8 sets out a revised strategy for reserves.

11 Recommendations

Council is recommended to;

- a) Approve the Transformation Delivery Plan set out in section 5.2 and appendix 1;
- b) Note and approve the other elements of the Financial Strategy set out in sections 5, 7 and 8;
- c) Approve a review of the existing Public Private Partnership contracts, and instruct the Director, Resources to progress this;
- d) Agree to receive regular reports providing an update on the Financial Strategy and delivery of planned savings;
- e) Agree that the minimum prudent level of General Fund reserve be increased to £8 million;
- f) Agree to earmark a further £3m of reserves to provide for transformation and change costs;
- g) Agree to utilise £2.500 million of Capital Fund in 2013/14 to meet loans fund principal repayments; and
- h) Agree to utilise the £6 million from the Capital Fund to contribute to the cost of the Newbattle High School replacement.

Date 28 January 2014

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Background Papers:

Declaration Box

Instructions: *This box must be completed by the author of the report. The box will be copied and saved by the Council Secretariat who will delete it from the report prior to photocopying the agenda.*

Title of Report: *Financial Strategy 2015/16 and 2016/17*

Meeting Presented to: *Midlothian Council*

Author of Report: *Gary Fairley, Head of Finance & Integrated Service Support*

I confirm that I have undertaken the following actions before submitting this report to the Council Secretariat (Check boxes to confirm):-

- ☐ *All resource implications have been addressed. Any financial and HR implications have been approved by the Head of Finance and Human Resources.*
- ☐ *All risk implications have been addressed.*
- ☐ *All other report implications have been addressed.*
- ☐ *My Director has endorsed the report for submission to the Council Secretariat.*

For Cabinet reports, please advise the Council Secretariat if the report has an education interest. This will allow the report to be located on the Cabinet agenda among the items in which the Religious Representatives are entitled to participate.

Likewise, please advise the Council Secretariat if any report for Midlothian Council has an education interest. The Religious Representatives are currently entitled to attend meetings of the Council in a non-voting observer capacity, but with the right to speak (but not vote) on any education matter under consideration, subject always to observing the authority of the Chair.

Council Transformational Programme

Area	Sponsor	Lead	Target Savings		Additional Information
14/15 Programme	Gary Fairley	Nancy Brown	2014/15	1.245	Service Reviews 0.381 Partnership Working 0.089 EWiM 0.165 Procurement 0.455 Maximising Attendance 0.155 <div style="text-align: right;">1.245</div>
ISS	Kenneth Lawrie	Gary Fairley/ Colin Anderson	2014/15	0.750	This project is to transform support services moving in to an integrated service support model. The core objectives are to improve support services by making them efficient and effective, reduce costs and improving career paths in support functions. The ISS project will be delivered in two phases, Phase one Consolidation, and Phase two, Customer First.
			2015/16	1.500	
			2016/17	2.250	
Energy	John Blair	Garry Sheret	2015/16	0	Review will examine areas of savings through identifying areas where the current £3.5m spend within the Council on fuel can be reduced. The purpose of the review is to: <ul style="list-style-type: none"> • Deliver Energy reduction through switching off monitors/computers/lights/heating coupled with closing doors and windows • Replacement of plant/controls e.g. efficient lighting, boilers and controls; • Effective monitoring of summer/winter heating policy of our offices and schools to contribute towards efficiencies and • Work with grants/Sponsors to tap into all sources of monetary support for capital replacement products
			2016/17	0.217	
Customer Service	Mary Smith	Kevin	2015/16	0.175	The remit of this review is to moderate the Council's customer service approach

Area	Sponsor	Lead	Target Savings		Additional Information
		Anderson	2016/17	0.350	<p>and deliver a customer service provision that is responsive and adaptable to customer demands, to:</p> <ul style="list-style-type: none"> • Understand our customer profile. • Provide efficient and effective customer contact points. • Channel shift action plan to understand and move customers towards lower cost interactions and close down costly channels, <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> <p>Failure to progress and introduce identified changes will lead to continuing pressure on existing resources, procedures and practices.</p>
Income Maximisation	John Blair	TBC	2015/16	0.150	<p>With the rise of social debt problems coupled with the challenges of economic downturn councils are now looking for new, socially responsible ways to maximise collection.</p> <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"> • generate significant revenue rapidly • improve in year and aged debt collections performance • reduce operational and resource costs • ensure confidence and evidence revenue collection is optimised.
			2016/17	0.150	
School Clusters	Mary Smith	Peter McNaughton	2015/16	0.150	<p>The purpose of this review was initially to examine the potential for making best use of administration functions within the Secondary and Primary School provision. The approx spend on school administration is £2.3m.</p> <p>Following early discussion the review will now be extended to allow a review</p>
			2016/17	0.300	

Area	Sponsor	Lead	Target Savings		Additional Information
					which takes into account a wider remit and budget provisions within schools.
Services to Communities	Eibhlin McHugh	Ian Johnson	2015/16	0.650	<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> <p>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.</p>
			2016/17	1.650	
Externalisation/ In-sourcing	John Blair	TBC	2015/16	0.500	<p>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.</p>
			2016/17	1.000	
Children's Services	Mary Smith	Joan Tranent	2015/16	0.350	Re-design of whole system approach to support children and young people remain within the local community. This will incorporate a consultation and communication programme across, services, local community groups, schools,

Area	Sponsor	Lead	Target Savings		Additional Information
			2016/17	0.700	etc., This will involve shifting focus upstream to pre-school and school stages, thereby reducing the numbers of children and young people placed in outwith authority placements.