

North Lanarkshire Council

Report

Finance and Resources Committee

approval noting

Ref VR/RM

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Review of 2019/2020 Budget Savings

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Executive Summary

This report provides Committee with an update on the achievement of financial savings of £27.666m as part of the 2019/20 budget.

As at 3 January 2020 (period 10) it is currently anticipated that £24.860m (89.9%) of savings will be delivered by the financial year end, with a further £1.951m (7.1%) in place for the beginning of 2020/21. The balance of £0.855m (3.1%) is currently under review.

In addition, the 2018/19 budget incorporated £20.017m of approved savings. It was previously reported to Finance & Resources Committee that £15.587m (77.9%) of savings were achieved during the financial year resulting in a balance of £4.430m to be achieved during 2019/20. Further review has identified that £4.367m (20.8%) of savings will be achieved prior to 2020/21 and the balance of £0.063m (0.3%) is currently under review.

Recommendations

It is recommended that the Finance and Resources Committee:

- (1) note the contents of this report.

The Plan for North Lanarkshire

Priority Improve North Lanarkshire's resource base

Ambition statement (25) Ensure intelligent use of data and information to support fully evidence based decision making and future planning

1. Background

- 1.1 The 2019/20 Local Government Finance Settlement revealed a like for like cash reduction of £9.700m for the Council. This combined with cost pressures as highlighted in the Medium Term Financial Plan of December 2018 resulted in a significant budget gap for the financial year.
- 1.2 Action was identified by the Council in order to minimise this gap including: base budget adjustments of £7.699m; service reviews of £2.144m; reversal of one-off service enhancements of £1.780m; workforce changes of £0.097m and previously approved savings of £2.116m. In addition, the Council approved a one year savings target of £13.830m on 21 February 2019 resulting in a total savings target for the year of £27.666m.
- 1.3 In May 2019, it was reported to Finance and Resources Committee that a total of £4.430m approved savings for 2018/19 were not achieved. At this time it was anticipated that £3.236m of these would be in place for financial year 2019/20 with the balance of £1.195m still to be addressed however commitment was provided that these would also be fully achieved in 2019/20.
- 1.4 This report summarises the overall progress in achieving the 2019/20 approved savings as at period 9 and provides an update on the 2018/19 unachieved savings of £4.430m.

2. Report

2.1 Current Position

- 2.1.1 The Council approved a one-year savings target of £13.830m on 21 February 2019. In addition to this, action already identified totalling £13.836m supports the overall position, resulting in total savings for the year of £27.666m being removed from the 2019/20 revenue budget.
- 2.1.2 Services are required to monitor the delivery of their target savings to ensure they remain within their approved budgets and provide periodic progress updates within individual Service revenue monitoring reports, identifying alternative solutions to any in-year shortfall envisaged. In addition, Services are required to monitor whether the original approved saving has been implemented and if not, provide an explanation along with alternative action required to ensure the recurring financial saving will be achieved going forward.
- 2.1.3 As at period 10, it is anticipated that £24.860m (89.9%) of approved savings will be achieved in the current financial year, leaving an in-year savings gap of £2.806m. A full list of these savings is provided as appendix 1 to the report. Management have identified action to fully address this short fall in-year including control of vacancies, divisional underspends elsewhere and curtailment of spend in other budget lines.
- 2.1.4 It is expected that £1.951m (7.1%) savings identified as not achievable in the current year will be in place for the beginning of the new financial year and fully achieved in 2020/21. The non-achievement of these savings during 2019/20 is due to delays in implementation.
- 2.1.5 The balance of £0.855m (3.1%) remains as a potential recurring savings gap as the original approved savings will not be delivered. Services continue to consider options to address this savings gap. Further updates will be provided within future Council

revenue budget monitoring reports. Table 1 below provides a summary of the anticipated recurring savings gap as at period 10.

Service/ Saving	Anticipated Recurring Savings Gap £000
Chief Executive	
Rationalisation of Print and Mail Operations	25
Advertising	100
Education & Families	
Support around the School and Communities	500
Review of PPP Unitary Charges	230
TOTAL	855

Table 1

Chief Executives

2.1.6 Due to delays in implementing workforce changes in relation to the Rationalisation of Print and Mail Operations, a potential recurring saving gap of £0.025m has been identified. The Service requires to confirm if the saving can be achieved as envisaged, otherwise alternative recurring savings will be required to be identified.

2.1.7 It is envisaged that increased income generation from Advertising by Strategic Communications is unlikely to be fully achieved in this financial year. The Service is undertaking a feasibility study to ascertain the likelihood of achieving the savings target from 2018/19 and 2019/20 of £0.200m on a recurring basis. Further updates will be provided to the Finance & Resources Committee at a later date.

Education & Families

2.1.8 In relation to the Support around the School saving, it is envisaged that there is a recurring savings gap of £0.500m. This is due to continued pressures on budgets to support additional staffing per service policies and to address emerging issues within individual schools. The Service continues to review to identify possible mitigation measures to achieve the savings target.

2.1.9 In relation to the saving of £0.230m attributed to PPP Unitary Charges, due to delays in starting negotiations between the Council and the PPP providers, it is envisaged that the savings target is not currently achievable. A further update will be provided when negotiations commence by the Head of Assets and Procurement.

2.2 2018/2019 Savings Review

2.2.1 For financial year 2018/19, there was a total savings target of £20.017m. As reported to Finance & Resources Committee on 29th May 2019, £15.587m of savings (78%) were delivered within the financial year resulting in a balance of £4.430m to be fully delivered in 2019/20.

2.2.2 Further review of these savings has confirmed that £3.377m has been fully implemented and achieved within 2019/20 budgets, with a balance of £1.053m relates to an unachieved recurring savings gap. Management action is required to fully address this shortfall in-year including control of vacancies, divisional underspends elsewhere and curtailment of spend in other budget lines.

2.2.3 It is expected that £0.990m (94%) savings identified as not achievable in the current year will be in place for the beginning of the new financial year of 2020/21. A balance of £0.063m (6%) remains as a potential recurring savings gap with the Service

continuing to consider options to address this savings gap. Further updates will be provided within future Council revenue budget monitoring reports. Table 2 below provides an up to date position of the recurring savings gap arising from 2018/19 non achievement:

Service/ Saving	Anticipated Recurring Savings Gap £000	Savings Achieved by 20/21 £0000	Revised Recurring Savings Gap £000
Chief Executive			
Advertising income	63	0	63
Enterprise & Communities			
Asset Management Rationalisation	207	207	0
Education & Families			
Review of School Support Functions (EYSE02) - Classroom Assts	783	783	0
TOTAL	1,053	990	63

Table 2

Chief Executive

2.2.4 Due to very competitive external markets for advertising, the saving in relation to income generation within Strategic Communications successfully achieved £0.037m resulting in a recurring savings gap of £0.063m. The Service is undertaking a feasibility study (see para 2.24 above) to ascertain the likelihood of achieving the 2018/19 savings target on a recurring basis. Further updates will be provided within future Council revenue budget monitoring reports.

Enterprise & Communities

2.2.5 While the service continues to progress with plans to rationalise the Council's asset base and ensure full utilisation of remaining assets, the Asset Management Rationalisation saving of £0.478m was only partially achieved during 2018/19, resulting in a savings gap of £0.207m by 2018/19 year-end. The Service has developed a full programme of property savings to ensure this saving is met going forward.

Education & Families

2.2.6 Savings in relation to Review of School Support Functions – Classroom Assistants was £2.780m to be achieved over 2 financial years 2017/18 and 2018/19 with a savings gap of £0.996m by 2018/19 year-end. Subsequently it was agreed the Classroom Assistants could remain in temporary supernumerary posts with a view of transferring to the posts within 1140 expansion or the ASN sector. It is envisaged that £0.213m will be achieved within 2019/20 and the current supernumerary provision of £0.783m is anticipated to be fully achieved prior to the new financial year.

3. Equality and Diversity

3.1 Fairer Scotland Duty

There are no specific impacts to note.

3.2 Equality Impact Assessment

There are no specific impacts to note.

4. Implications

4.1 Financial Impact

There is currently a potential recurring savings gap of £0.918m which requires to be addressed. Without sustainable plans the non-achievement of these savings will result in an ongoing financial burden to the Council. As detailed in the report, Services are

in the process of identifying the best course of action and building this into their operation plans going forward.

4.2 HR/Policy/Legislative Impact

There are no HR/Policy/Legislative impacts linked to this report.

4.3 Environmental Impact

There are no environmental impacts linked to this report.

4.4 Risk Impact

There are no significant risks linked to this report.

5. Measures of success

5.1 The Council continues to operate within approved budget resources.

6. Supporting documents

6.1 Appendix 1 Review of 2019/2020 Budget Savings Exceptions Report P10.



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Appendix 1: Review of 2019/20 Budget Savings – Exceptions Report P10

	Target Value	Value Deliverable	Gap in Approved Savings	Recurring Savings Gap	Further Comments
	£000	£000	£000	£000	
Chief Executive Service					
Rationalisation of Print and Mail Operations	53	21	32	25	Non achievement in implementation of savings. Service currently investigating alternative saving options.
Recognition of National Statutory Marriage Fee Increases	27	0	27	0	Delay in achievement due to increase in fees effective from December 2019. Service currently investigating alternative saving options.
Advertising	100	0	100	100	Non achievement due to delays in feasibility studies (this may remain unachievable after feasibility is complete).
Review of the Administration and Members' Support staff	36	27	9	0	Non achievement due to delays in staff leaving posts. Service currently investigating alternative saving options.
Reduction in Staff within People & Organisational Development	90	79	11	0	Non achievement due to delays staff leaving posts
Review of Revenues & Benefits/Financial Services - CMT - Dec 18 - Staffing Savings	232	174	58	0	Delay in Creditors Manger Leaving anticipated leaving date Dec 2019,1 SWF Processing Officer post deduction not realised YTD. Gap covered by reduction in SWF processing hours worked and saving in overtime budget
Enterprise & Communities					
Review of Fleet	206	0	206	0	Timing delay in procuring new vehicles. Management action to reduce non-essential spend
Review of Service Procurement Plans	100	0	100	0	Timing delay of procurement savings. Management action to reduce non-essential spend
Review of Fleet Utilisation/Efficiency	190	10	180	0	Timing delay in fleet review. Management action to reduce non-essential spend
Investment in Street Lighting	304	221	83	0	Timing delays due to VRS process. Management action to reduce non-essential spend
Review of Grass cutting Frequencies	637	457	180	0	Additional expenditure incurred to address grass cutting in problem areas. Management action to reduce non-essential spend
Reduce burial subsidy and reduction in seasonal staff	175	98	77	0	Additional expenditure incurred for grass cutting in Cemeteries. Management action to reduce non-essential spend
Review of Country Parks and Greenspace / Arboriculture and Woodland Management	237	178	59	0	Delays due to VRS process. Management action to reduce non-essential spend

	Target Value	Value Deliverable	Gap in Approved Savings	Recurring Savings Gap	Further Comments
	£000	£000	£000	£000	
Education & Families					
Free Fruit Synergy with new Initiatives	80	9	71	0	Delay in implementation due to a combination of academic year and timing of procurement framework . Management action in other areas of budget to offset in 19/20
Leadership Framework Income Recognition	200	121	79	0	Timing delay due to academic year and revamped Learning Festival not due to take place in May 2020. Management action in other areas of budget to offset in 19/20
Support around the School and Communities	500	0	500	500	Continued pressures on Flexibility budget to support additional staffing per service policies and to address emerging issues within individual schools.
Review of PPP Unitary Charges	230	0	230	230	The likelihood and timing of any possible delivery of savings will depend on discussions/negotiations with external partners, which have not yet started.
Additional Recovery of support costs and identifying synergies in external programmes	390	384	6	0	Timing delay in relation to implementation. Saving will be fully achieved in 2020/21. Management Action in other areas of budget to offset in 2019/20
Review of school DSM budgets	650	571	79	0	Full year saving applied with August implementation within Service due to academic year agreements. Saving will be fully achieved in 2020/21. Management action in other areas of budget to offset in 19/20
Review of Continuous Improvement and School Support	219	0	219	0	Delay in implementation of new structure. Saving will be fully achieved in 2020/21. Management action will be taken in relation to vacancies and other areas of budget to offset in 19/20
Review of Technician's Centre – Term Time Max	49	0	49	0	Timing delay in relation to staffing restructure Vacant NLC3 post within Technicians Service and reduction
Redesign of Community Learning and Development Service (CLD)	934	483	451	0	Delay in implementation of revised structure Management action will be taken in relation to
TOTAL	5,638	2,833	2,806	855	