

INTRODUCTION

1. BACKGROUND

The council faces significant challenges as it prepares for unprecedented financial pressures whilst at the same time public expectations regarding the quality of services are rising.

Demographic change means there are increasing pressures from a growing population at a time when there will be limited resources available. There will also be a changing emphasis on service provision, including focusing on outcomes and greater partnership working.

Consequently all areas of the council must challenge themselves to deliver best value, business process improvement, better use of assets, and improved partnership working.

While the council has a balanced budget for 2010/11 and is working from a sound financial base, indications are that a very challenging period is looming for all of the public sector, including local authorities.

The Convention of Scottish Local Authorities (COSLA) which is the umbrella organisation representing all of Scotland's 32 councils, has recommended that local authorities should plan for a 12% real terms reduction in government funding for the three years 2011/12 to 2013/14. Based on this recommendation, it is estimated that the council could face a funding gap of around £45 million over the three years.

Taking the potential funding gap and the continuing need to develop and modernise services into consideration, the council has begun planning for the challenges ahead. It has been agreed that a contingency strategy should be prepared by council officers, which sets out how the council could save £45 million over three years and also how services will be provided in the future to ensure that quality outcomes are achieved.

The contingency strategy is an officer draft at this stage and a major consultation exercise is being undertaken to seek as many views as possible on the strategy by 30 June 2010. These views will be fully considered as part of the planning process which will take place during this summer. Following completion of the consultation and funding being confirmed, councillors will then make decisions on the proposals that will proceed.

2. CONTENT OF THE CONTINGENCY STRATEGY

The council is consulting on a contingency strategy for 2011/12 to 2013/14 that is designed to address a potential budget gap of £45 million in these years. The strategy consists of three workstreams which are service led proposals, a modernisation programme, and corporate led initiatives.

There are other measures that could potentially contribute to closing the budget gap. For example, a 1% increase in council tax would raise an additional £680,000. The council will also, where possible, try to limit spending increases, particularly in relation to restricting pay awards over the period.

Developing the council's new management and service structure provides another opportunity to further integrate services and their objectives to streamline delivery and maximise use of limited resources.

More information on each of the workstreams is provided below.

Stream 1 - Service Led Proposals

Looking at the key areas of service delivery, proposals have been developed by each service within the council that could produce financial savings. The proposals consist of a mix of efficiencies, increased charges and income, and service changes and have all been prepared with the aim of maximising outputs whilst minimising the impact on services and external customers.

The relevant service measures are set out in detail in the consultation pack within the following nine areas of interest:

- Partnership and Resources (covering areas such as finance, property, and information technology)
- Education
- Culture and Leisure
- Social Policy
- Health and Care
- Voluntary Organisations
- Services for the Community
- Environment
- Development and Transport

Within each of the nine areas, information is provided on the proposed budget saving measures, how these would be managed and implemented and how the service will look if the proposed budget reductions are implemented.

The information in each of the areas is split into four sections:-

- High level budget analysis – this shows the current year budget, the proposed reductions and the budget in 2013/14
- Current and future service position – this describes how services will change by 2013/14
- Summary of proposed budget reductions at activity level – this shows the proposed budget reductions for each activity
- Detailed budget reductions – this outlines the potential service impact of each proposed budget reduction

Stream 2 - Modernisation Programme

The modernisation programme includes the council's mobile and flexible working programme, which is called Worksmart West Lothian, and a project to move to centralised and streamlined administrative support in the new Civic Centre in Livingston.

Stream 3 – Corporate Led Initiatives

There are also six key corporate led initiatives that are being developed as part of the contingency strategy as follows:

- Procurement savings
- Reviewing management structures
- Building rationalisation (reducing the number of buildings we have)
- Shared services
- Partnership working
- Life Stages – focusing on the needs of our communities at certain life stages, for example younger and older people

More information on the modernisation programme and corporate led initiatives is provided below. This information has been included in this introduction because the measures will apply council wide.

3. GENERAL PRINCIPLES OF THE MODERNISATION PROGRAMME AND CORPORATE LED INITIATIVES

The modernisation programme and corporate initiatives are designed to deliver significant change and improvement in both efficiency and effectiveness. The major principles being applied include:

- Delivering modern working practices and increasing productivity by giving employees flexibility in relation to times and place of work
- Pooling support and delivery staff
- Further reducing levels of management, increasing the number of staff reporting to managers, and empowering staff to take ownership and make appropriate decisions
- Good asset management, disposing of surplus assets and making better use of remaining assets
- Working together, across the community planning partnership, with the voluntary sector, and in specific instances with other partners, to create improved efficiency and effectiveness
- Improving processes around customers, by understanding demand, streamlining services and cutting duplication, and removing barriers to change

The intention is to project manage these elements to measure progress against target timescales and ensure that the required benefits are achieved.

4. MODERNISATION PROGRAMME PROPOSALS

4.1 Worksmart West Lothian

This programme allows staff to work in a way which best suits their job, and may include home and mobile working. Mobile technology and web based systems allow staff to complete work out of the office, with performance measured in terms of productivity rather than on attendance hours. Moving staff to more flexible working will create significant benefits to the council through increased outputs, reduced travel costs and a reduction in carbon impact. It benefits the customer through expertise being provided at the front line and providing more flexible appointment times.

Overall average improvements in productivity of around 15% are forecast and this will mean that fewer staff will be required to deliver the same outcomes.

4.2 Centralised Administration Support

Pooling administrative and clerical support into a central provision based on integration of work tasks will deliver enhanced services with considerably fewer staff.

5. CORPORATE LED PROPOSALS

5.1 Procurement

The council currently lets contracts amounting to £40 million annually. A full review of all of the council's procurement activity is being undertaken and it is anticipated that this will create potential for procurement efficiencies through collaborative purchasing, including Scotland Excel (which involves councils working together) and Procurement Scotland (which is a procurement organisation for all of the public sector in Scotland), and through more effective council contracts.

5.2 Management Structure

The council has already approved a new leaner senior management structure, with a significant reduction in posts at that level. As the principles of flatter structures and fewer layers of management are rolled out across the organisation, it is estimated that it will be possible to deliver budget savings over the three years 2011/12 to 2013/14.

5.3 Buildings

Reduction in the number of buildings, as set out in a comprehensive council wide strategy, will result in lower costs and will reduce council offices from 43 to 17.

5.4 Shared Services

The council is continuing to examine scope for working with City of Edinburgh, Fife, Midlothian, East Lothian and Scottish Borders councils to explore options for shared provision in areas such as payroll, procurement, roads and audit services

5.5 Partnership Working

Partnership working is being deployed to ensure all areas of the public sector in West Lothian work effectively together and is a means by which successful outcomes can continue to be delivered with reduced budgets.

5.6 Life Stages

The 'Life Stages' approach is a good example of how the council is facing the challenges, by targeting resources where they will be most valuable. The model is based on how the council and its partners can deliver long term sustainable outcomes for those most in need. It is based on moving resources to focus on prevention rather than dealing with problems after they have emerged. The model recognises that those who are most at risk of not reaching their full potential often lead complex and chaotic lives. It also acknowledges that improved life chances are created through a number of different activities. The approach will enable better outcomes to be secured with fewer resources.

6. CONCLUSION

This introduction sets out the background to the challenging financial position facing the public sector and outlines the planning that the council is working on to ensure we are well prepared to respond to the tough choices that will be required.

Council officers have prepared a contingency strategy for 2011/12 to 2013/14 which would enable savings to be generated and budgets to be balanced. At this stage, information on the strategy is being issued to interested stakeholders to seek a wide range of views on the proposals and to generate other ideas as to how savings might be made.

The service led proposals are set out within areas of interest in this information pack, while council wide initiatives have been outlined in this introductory section.

The council has invested considerable effort and time into developing the modernisation strategy and the corporate initiatives. It is intended to project manage council wide programmes, to provide effective monitoring and review. This will ensure co-ordinated management of all the work streams allowing timescales to be met and benefits secured.

Any ideas to enhance the scope or range of the modernisation strategy will be carefully considered. A relevant factor is that the council, like all organisations, has limited resources for project management and business analysis.

Therefore it is very important that the modernisation programme and corporate led initiatives focus on major programmes which deliver substantial savings or make a significant contribution to best use of scarce resources and achievement of successful outcomes.