Dear Mr Stewart

Developing New Ways of Delivering Services – Local Authority Savings Plans

I refer to your letter dated 17 May 2013 in connection with the above and have detailed below the answers to your questions:-

Q1. Can you describe the approach that your local authority has taken to both short-term and long-term budget planning since the onset of the financial crisis? For example, has your local authority taken a "zero-based" approach, or has it set out a range of options for savings? Please supply any relevant supporting documentation, for example copies of any budget planning exercises etc.

A. The Council has had for a number of years a Medium Term Financial Strategy which is updated annually and which covers a rolling 4 year period. The Strategy covers both revenue and capital spending and is our main budget planning tool covering both our short and medium term needs.

For the revenue budget the main purpose of the Strategy is to estimate our income and costs and the resulting funding gap which will need to be bridged by savings. In preparing the Strategy we look at demand pressures, likely future grant settlements, new burdens, etc. to try to get as complete a picture as possible. The revenue budget projections in the Strategy are dominated by assumptions on government grant allocations and pay pressures. We apply sensitivity testing to the assumptions to identify the impact and to inform our budget savings strategy choices.

For the capital budget we take a long term look at the affordability of proposed investment plans and we tie this in with our revenue budget assumptions.
20 May 2004

Our approach to savings in recent years has been to start off with all services of the Council being asked to identify the same percentage saving on their base budget for each of the next 3 years. The level of saving targeted exceeds the level we project will be required to provide flexibility and allow members to prioritise key services if they want to in the final setting of the budget. Although budget savings are identified for 3 years the Council has only formally agreed the next year’s savings when the budget is set so we plan for the medium term but confirm implementation each year.

The Council prepares its budget on an incremental basis but undertakes service and efficiency reviews across its activities which involve reviewing the spend from first principles. We are currently developing our approach to budget prioritisation to ensure that resources are allocated to our priorities with a focus on outcomes.

A link to the Council's Medium Term Financial Strategy covering the period 2013/14 to 2016/17 is below (this is our main budget planning document):


Q. Can you describe the consultation that your local authority undertook on your budget plans, both with stakeholders, and the general public?

A. Our consultation for the 2012/13 budget round had four parts all designed around a prepared survey questionnaire:

- A survey of citizens panel members which achieved a response rate of 57% - 237 responses.
- The survey being made available to Angus residents via the council's website which attracted 154 responses.
- The survey being made available to staff which attracted 205 responses.
- Focus groups being held with members of the Angus Citizens' Panel and community councils and at which participants completed the survey using an electronic voting keypad giving the group the ability to see 'real time' results – the community councils focus group attracted nine people, the focus group held in Forfar for citizens panel members attracted 30 and the focus group held in Arbroath for citizens panel members attracted 38 people.

The results of this consultation informed the budget savings choices made by elected members.
20 May 2013

For the 2013/14 budget it was concluded that we should adopt a different approach with an eye to our longer term priorities. To this end we used a market research company (Research for Today) to do a specific piece of work. A representative group of 250 residents were required to choose between competing areas of service for finite resources thus mirroring the type of difficult choices Councillors have to make when setting budgets. The results gave a clear indication of where the public would be more and less accepting of budget savings being applied and areas where they wished more money to be spent than at present. These results are being used to shape our budget strategy for future years. This was our only consultation for the 2013/14 budget round.

Q. How have the outcomes of your consultation fed into and influenced your budget plans?

A. We ensure that our consultation process is concluded in time to be shared with all elected members prior to final plans on the budgets for future years being made. Consultations in recent years have resulted in proposals for savings in road maintenance and visiting specialist teachers in primary schools being dropped because of strong public opposition to these. These themes came forward in both the 2012/13 and 2013/14 consultations despite us taking a different approach to consultation in these years.

Q. What involvement has there been from external consultants/advisers in your budget planning, and what influence has this involvement had on your final plans?

A. Our only use to date of external advisers has been Research for Today who assisted us with our 2013/14 budget consultation exercise (see above). We have however also been in liaison with other Councils on their approach to budget setting and prioritisation as part of a review of our current approach – this work is ongoing.

Yours sincerely

Richard Stiff
Chief Executive