Dear Mr Stewart

DEVELOPING NEW WAYS OF DELIVERING SERVICES – LOCAL AUTHORITY SAVINGS PLANS

Further to your letter dated 5 February 2013, our response is set out below.

1 The Council recognises the continuing difficult economic outlook and the need for tight fiscal constraint for the foreseeable future. The Council approved a five year financial outlook model covering the period 2013/14 -2017/18. This model reflected a range of financial challenges including demography, pay and price inflation and the full year effect of previous budget decisions. Overall, the financial outlook model identified a final savings gap to be bridged by the budget process of £27.122m over the next 5 years.

The strategy adopted by the Council over this period is to:-

- freeze council tax in each year of the budget;
- invest in business transformation and efficiency projects in each year of the five year plan to deliver long term financial savings and service benefits, and,
- maximise income while keeping fees charged to service users at an affordable level;
- set a prudent, sustainable budget in line with available resources;
- continue to invest in infrastructure through a sustainable capital programme financed by £21.3m loans charges per annum;
- provide a £13m loan facility to registered social landlords operating in the Scottish Borders as a stimulus to house building and wider economic development;
- maintain unallocated reserves of £5.614m for 2013/14 in line with the assessed risk register.

Budget options were prepared by departments based on service reviews. The financial plan reflects the five year timeframe adopted for a number of savings, recognising the lead-in times to deliver effective business transformation.

In order to identify sufficient savings, a shift in focus and behaviours to longer term financial management has been adopted by the Council’s Corporate Management Team to create a corporate programme of work to meet the anticipated future gap from increasing costs over the period to 2017-18.

Cost reduction plans are owned by the Corporate Management Team and, where relevant, Heads of Service. There is clear identification of the risks and benefits associated with each savings option considered by Members.
The five year financial plan outlines the baselines savings in 2013-14 and future years against which efficiency savings can be measured. In 2012-13 there were clear efficiency savings detailed within the financial strategy and these baselines were used in reporting efficiency savings against target on a monthly basis to the corporate management team.

2. The Council undertook its budget consultation using the Council website and published 2013/14 savings proposals on line on the 13 December 2012 for initial public consultation following consideration of these proposals by Council. Presentations were also given, setting out the financial challenges facing the council over the next 5 years, to each of the 5 Area Forums. These meetings were followed up with separate meetings with the media, opposition, Community Councils, Community Planning Partners and staff prior to approval of the budget. Post approval each of Area Forums has received a presentation on the budget approved on the 7 February.

3. The outcomes of the consultation have had little direct impact on the Council's budget plans, other than to verify that there was widespread understanding of the financial situation facing the Council, and an acceptance that the status quo was not an option. The recognition that the majority of the Council's proposals will be delivered as efficiencies with no impact on service levels or as transformational projects i.e. changing the way the council delivers services with the aim of improving or maintaining front line service delivery outcome has assisted with the budget consultation process.

4. None.

Yours sincerely

[Signature]

David Robertson
Chief Financial Officer