Mr Kevin Stewart MSP
Convener
Local Government & Regeneration Committee
Room T3.60
Scottish Parliament
EDINBURGH
EH99 1ST

Dear Convener

DEVELOPING NEW WAYS OF DELIVERING SERVICES – LOCAL AUTHORITY SAVINGS PLANS

Thank you for your letter of 17th May 2013.

South Ayrshire Council has since the onset of the financial downturn, provided a balanced budget using a short to medium term approach based on an incremental based method of budgeting. This approach safeguards current service provision at the outset of each year and requires consideration of all contractual and other unavoidable increases to be identified. An integral part of this type of approach is to continually challenge and question what and how we provide services by seeking any and all possible efficiencies throughout each year.

Members are provided each year with a series of efficiency options to consider and approve for the following financial year. These options generally fall in to the following areas:

- Service reviews - challenging how and why we do things;
- Improved contractual efficiencies – through robust procurement techniques;
- Investing in modern technology - resulting in lower cost of provision;
- Rationalisation of service provision – seeking to utilise economies of scale
- Consideration of a shared approach to service provision with neighbouring councils and other public bodies – again seeking economies of scale and utilisation of best practice; and
- Income generating measures.

As part of the annual process indicative budgets for the following two to three years are developed which identify the likely funding gap required to arise in future years. This allows early sight of required efficiencies for planning purposes.

For 2014/15 and beyond work has already started, in line with our newly approved three year budget strategy, to identify efficiencies that not only meet the following years funding gap but the following two years thereafter through to 2016/17. It is planned that when Members consider the efficiency options put before them in December 2013 they will approve a variety of options which will provide a balanced budget for the following three year period rather than the more traditional one year basis. This type of approach whilst giving clarity to both service providers and the public relies on a firm understanding of the funding available from Central Government over the period in question.
In relation to consultation, South Ayrshire undertook a major public consultation at the end of 2010 called the Big Budget Challenge. This was multi platform and was focussed on setting out the financial challenges facing the public sector and garnering views on what services really matter to people and what ideas members of the public had for savings. The report summarising the findings from that work can be found using the attached link:


The findings have been taken into account as budget work has progressed. We have not done a generic, major public consultation exercise since 2010 – though it was a secondary element of our recent SOA consultation. However, consultation on individual service reviews has featured. Public sector finances have also been discussed at the Community Planning Board and in relation to individual projects featuring joint working and shared services.

South Ayrshire Council has not used external consultants or advisers in budget planning.

Please do not hesitate to get in touch if you require any further clarification.

Yours sincerely

[Signature]

Eileen Howat
Chief Executive