

**Finance and Change Plan 2024 to 2027**  
(Draft for Consideration at Special Council Meeting 29 February 2024)

**Building our Council's Future**

**Foreword**

Angus, like all councils, is currently managing the most challenging circumstances it has ever faced thanks to a "perfect" storm of rising costs due to inflation and wider economic challenges and real terms reductions in its income. At the same time demand for many Council services is going up as more of our citizens need support with issues caused by the cost of living crisis and legacy effects from the COVID-19 pandemic.

This Finance & Change Plan sets out very challenging targets for the further savings which need to be made over the next 3 years to keep the Council's finances in balance. The amount of the savings required and the speed at which they need to be made is a concern to elected members and senior officers and will impact significantly on the services the Council is able to provide and on the charges and taxes the Council asks citizens to pay.

The Council, its staff and our partners in the Angus Health & Social Care Partnership, ANGUSalive and Tayside Contracts have, over the last decade or so, transformed and redesigned services to save more than £91 million (27.5%). That is a significant achievement and has happened despite the disruption caused by the pandemic, cost of living crisis and various storms in the last few years. The Council has also been independently assessed as an organisation which provides best value to local taxpayers by the Accounts Commission ([Angus Best Value Report](#)).

While much has already been done there remain huge financial challenges to address because the Council's costs are rising significantly due to inflation but the income the Council receives from Scottish Government Grant and can raise through Council Taxes is not keeping pace. The resulting funding gap needs to be addressed by yet more savings and service cuts on top of the circa £91 million delivered already.

The council has significantly increased the pace of change in recent years. Our latest Change Programme as set out in this document remains ambitious and covers every area of service with clear links to our Council Plan. Improving the council's efficiency has been a large part of our focus and will remain so, but efficiency alone will no longer be enough to bridge the funding gaps we face into the future.

The updated Council Plan, Workforce Plan and detailed revenue and capital budget proposals for 2024/25 to 2026/27 reflect the council's ambitions and priorities and show that although significant savings must be made, we are also investing the money we have in those areas we think are the most important in line with our priorities.

These are challenging times but the Council and its staff have proven time and again to be able to meet such challenges in order to provide the best possible services to Angus citizens with the resource we have.

The figures presented in this Draft Finance & Change Plan are based on the recommendations from Council officers contained in the Council Budget papers for the Council meeting on 29 February 2024. Elected members may choose not to approve all of the recommendations from officers and if that is the case revisions to this Finance & Change Plan will be necessary.

Councillor Bill Duff  
Finance Convener

Ian Lorimer  
Director of Finance

## KEY MESSAGES

1. The Council continues to be under the severest financial strain since it came into being in 1996. A financially damaging “cocktail” of high inflation, increased demand and limited increases in government grant funding mean the Council has a significant gap between its costs and incomes that will be exceptionally difficult to try to deal with.
2. The council relies on grant income from the Scottish Government for 81 percent of the money it needs to pay for the services that the council provides to the public. Council Tax income covers only 19 percent of the net cost of providing services.
3. The council's finances are being squeezed from three directions at the same time: the money it gets from Scottish Government for existing core services has been reducing in real terms; inflation means it costs significantly more to provide services each year and there is increased demand for some services. This “triple whammy effect” over the last decade has meant that the council has had to make big changes to the services it provides, how it provides them and the fees and charges it asks people to pay.
4. Although the council can do more to improve its efficiency, it has already done a huge amount to save taxpayers money and reduce its costs. The council is still providing all the services it is required to by law and has still managed to make savings of over £91 million (27.5 percent) in the last 11 years.
5. The range of services provided by Angus Council is vast. Council services touch the lives of every person in Angus every day, in some way. Those services are important, but they cost money and need to be paid for.
6. Despite the most challenging financial situation faced by local authorities in a generation, Angus Council still has responsibility for deciding how very large amounts of taxpayer's money will be used. That money is intended for services that are the highest priority to get the best outcomes for local people as detailed in our Council Plan.
7. The future for the council looks very challenging. There is a growing mismatch between the Council's legal duties and the resources it has to meet those duties. The current approach to local government funding of core services is not sustainable and has not been sustainable for some time now. Inflation and rising service demand continue to add to the Council's costs and there is now a very real risk that in the medium term the overall resources available will be insufficient to enable the Council to meet its core statutory functions.

## **PART 1 - HOW OUR FINANCES WORK**

### **MAIN PARTS OF COUNCIL FINANCES**

It costs money to deliver the services the council provides and it must comply with strict rules as to how it manages and accounts for that money. There are four main parts to the council's finances. These include:

#### **GENERAL FUND REVENUE**

This covers the day-to-day spending and income on all services provided, except council housing. The costs of staff, materials, fuel, debt, etc. for services such as schools, waste collection, roads, planning and social work sit under this part of the council's finances.

#### **GENERAL FUND CAPITAL**

This covers spending and income on assets (buildings, vehicles, equipment, etc.) which will be used over a number of years to provide General Fund services.

#### **HOUSING REVENUE**

This covers the costs of staff, repairs, administration, etc. required to run the council's housing service and the rental income received from tenants.

#### **HOUSING CAPITAL**

This covers the cost of building new, and improving existing, council houses.

## PART 2 - GENERAL FUND

### Where the money comes from

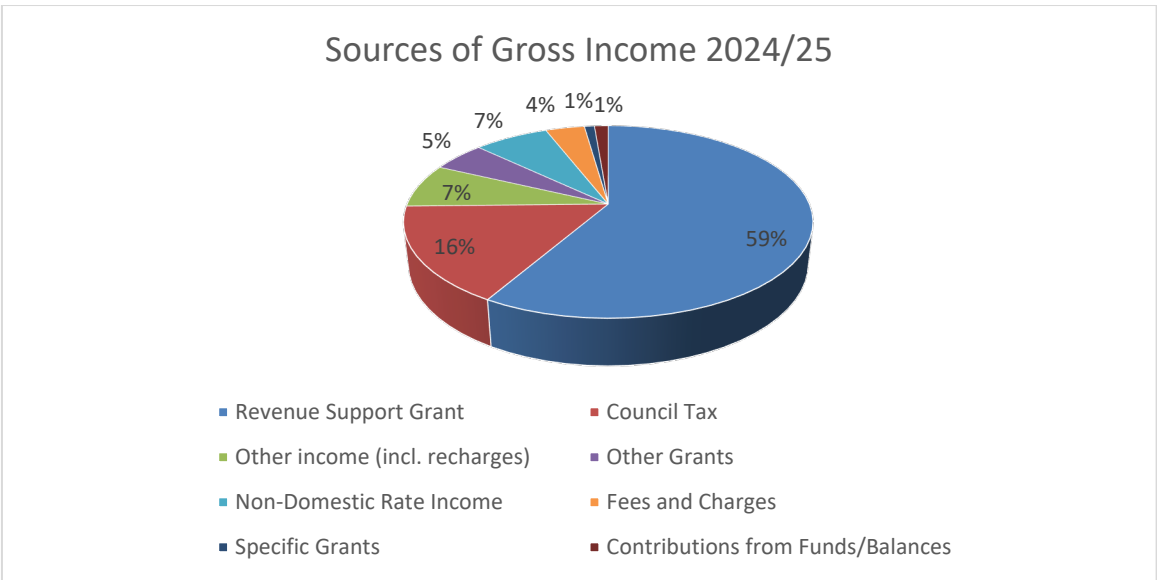
The vast majority of money is in General Fund revenue and this money comes from the public either through national taxation via the Revenue Support Grant, or directly via Council Tax, or from the fees and charges the council applies for some of the services it provides.

The tables below show the different sources and percentages. Gross income covers everything, but net income is the most common way council finances and budgets are presented.

The council relies on the Scottish Government, Angus Council Taxpayers, businesses, the UK Government and customers paying for services for all of its income. This is the total income the council receives in order to provide services. The sources of gross income are shown in Figure 1.

**Figure 1: Sources of Gross Income**

Source of Gross Income	%
Revenue Support Grant	59
Council Tax	16
Other Income (incl. recharges)	7
Non-Domestic Rate Income	7
Other Grants	5
Fees & Charges	4
Specific Grants	1
Contribution from Funds / Balances	1



**Figure 2: Source of Net Income**

Sources of Net Income	%
Funding set by Scottish Government – Revenue Support Grant, Specific Grants & Non-Domestic Rate Income	81
Council Tax	19

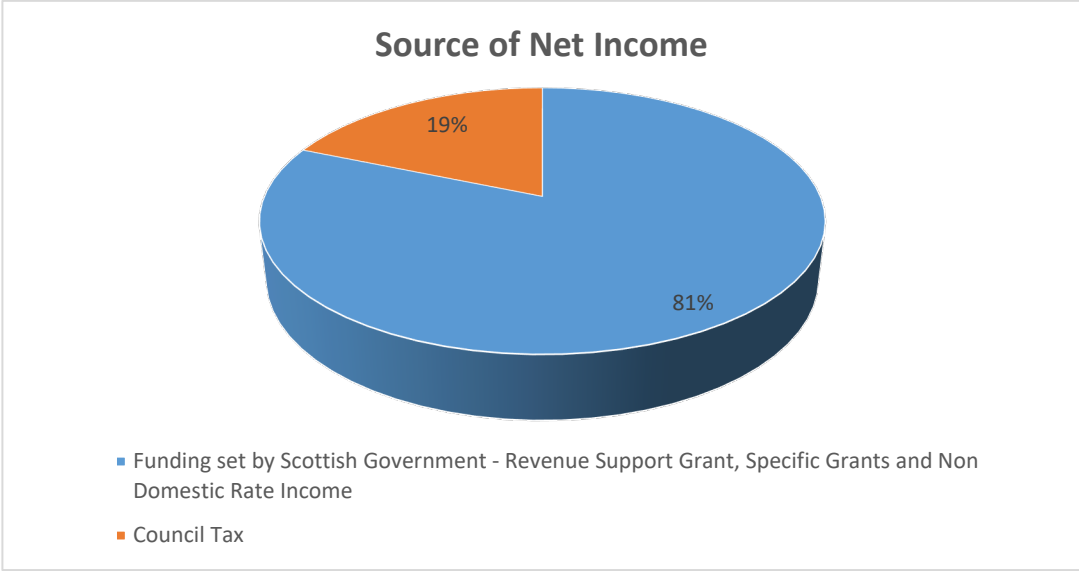


Figure 2 shows just how dependent the council is on the money it receives from the Scottish Government. At 81percent of net income, this is the biggest factor affecting the council's budget decisions. Although Council Tax is a big bill for each household every year, the money raised only meets 20 percent of the cost of providing council services.

The 81/19 ratio of grant funding to Council Tax creates a “gearing” effect. In Angus this means that a £2.7m (which is one percent) reduction in Government Grant would need an approximately four percent increase in Council Tax to make up the loss.

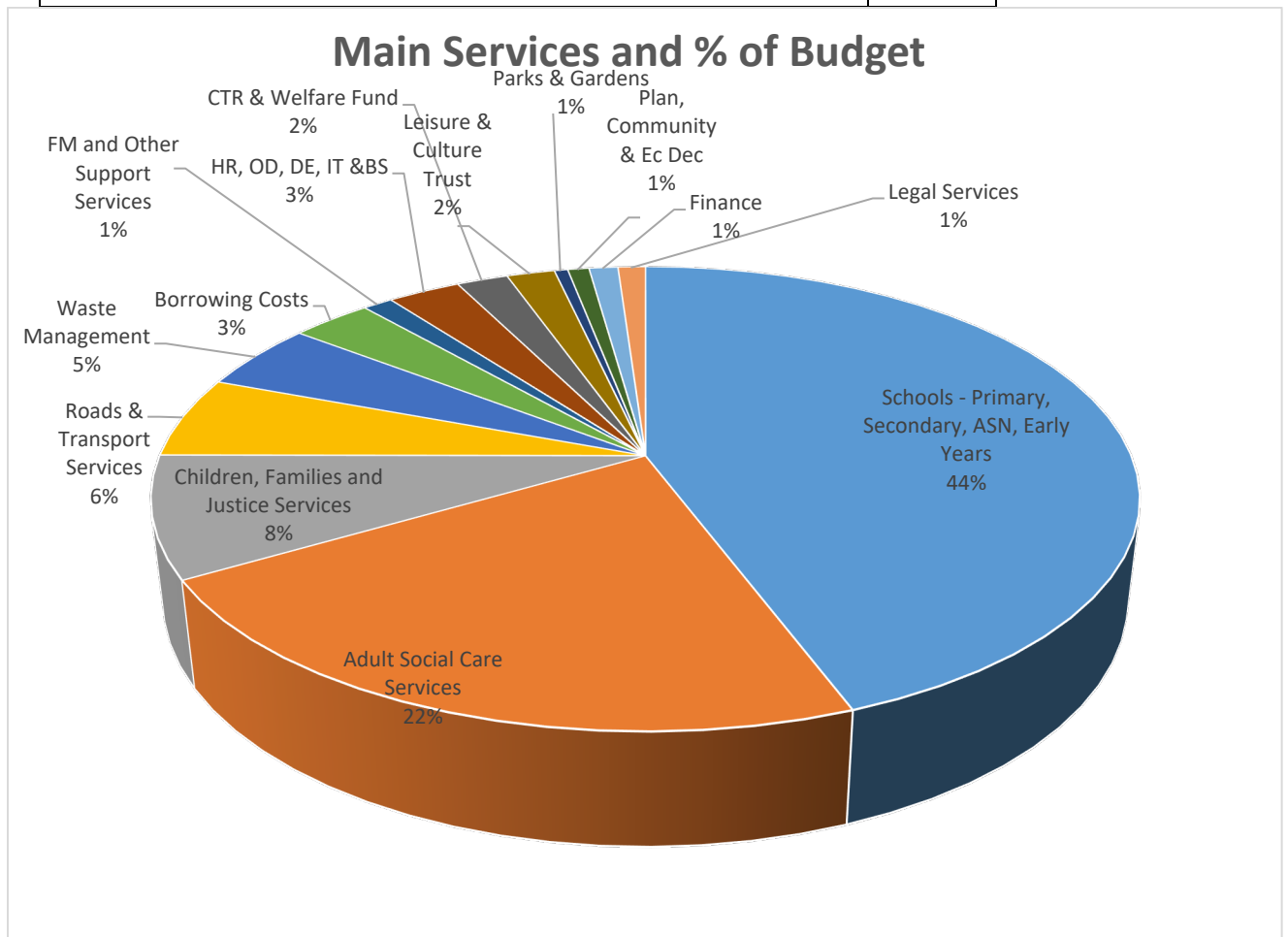
Although the council collects non-domestic rates from Angus businesses, this income goes into an all Scotland fund and is then redistributed to councils as part of their total allocation of funding from the Scottish Government. The Government therefore decides how much of the non-domestic rate income collected locally comes back to Angus Council. The council has no control over this part of its funding.

**Where the money is spent**

Angus Council, in common with all Scottish councils, provides a very wide range of services. Some are required to be provided by law and some are permitted to be provided without being legally required. These include large service areas such as schools, down to small services such as the maintenance of war memorials. Council services impact almost every aspect of our daily lives across Angus. Many of these go unnoticed and are provided for the benefit of all citizens rather than directly to a single individual. Figure 3 shows the percentages spent on the main council services.

**Figure 3: Main Services and % of Budget**

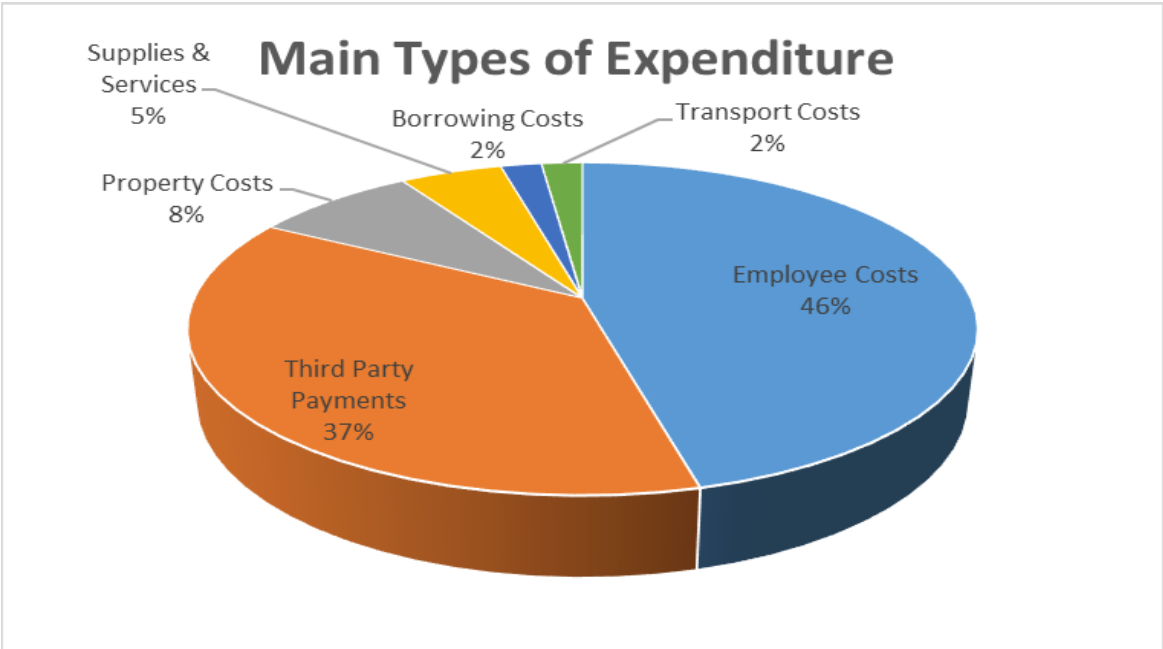
Service	%
Schools – Primary, Secondary, Additional Support Needs, Early Years	44
Adult Social Care Services	22
Children, Families & Justice Services	8
Roads & Transport	6
Waste Management	5
Borrowing Costs (Debt Repayments)	3
HR, OD, DE IT & Business Support	3
Council Tax Reduction & Scottish Welfare Fund	2
Leisure & Cultural Services	2
Parks & Gardens	1
Planning & Communities	1
Finance	1
Legal	1
Facilities Management & Other Support Services	1



Most of the costs are for staff directly employed by the council but the council also buys in services from other organisations and makes payments to these third parties. Figure 4 shows the main areas of expenditure.

**Figure 4: Main Types of Expenditure**

	%
Employee Costs	46
Third Party Payments	37
Property Costs	8
Supplies & Services	5
Borrowing Costs	2
Transport Costs	2



**The challenges**

The council operates in an increasingly complex environment and one where it continues to be asked to do more through new legislation but where funding for existing services is being squeezed in real terms. The expectations, obligations and reporting requirements placed upon the Council has also been increasing so there is more work to do and less money to make it happen. The Council has seen an increase in the use of ring-fenced funding or funding which is subject to a bidding process which reduces flexibility and increases administrative burdens. The Council has achieved significant savings (£91 million, 27.5%, in the last eleven years) but savings on this scale simply cannot continue to be made without affecting the services the Council provides in a significant and very negative way. This is where the Council's policy priorities help to guide the allocation of the scarce financial resources the Council has.

The main challenges are highlighted as follows:

**Policy and legislative changes**

There are a wide variety of major national policy and legislative changes which are affecting the council. Changes in legislation can mean higher costs which the council must meet in order to comply with the law.

While some aspects of Scottish Government funding have increased, most of this extra funding is for new services the Council must provide or can only be spent on specific projects which are part of national policy.

### **Partnership working**

There has over a number of years been a big increase in the number of partners that the council is working with in order to deliver services. Examples include ANGUSalive, the Angus Health & Social Care Partnership, Community Planning Partners and Tay Cities Board. This makes tracking performance and governance more complex, but it also gives the council the opportunity to learn and deliver services in new, more effective ways.

### **Real Terms Reductions in Government Grant for Existing Core Services**

As stated above, 81 percent of the council's net budget comes from Scottish Government grant support. All councils in Scotland have seen their core grant funding (the funding for existing services rather than new ones) reduce in real terms over a long number of years. Financial year 2024/25 sees a continuation of this. For 2024/25 there is a sizeable increase in grant available to Local Authorities but much of this increase is either to cover part of the cost of the previous years staff pay deal, to assist the Angus Health & Social Care Partnership with their increasing costs or is for new initiatives which the Scottish Government require Councils to implement. Although the headline increase in grant figure is £8.084m (3.2%) once we earmark the grant funding for 2023/24 pay deal and pass on ring-fenced funding to the Angus Health & Social Care for increasing social care pay to £12 per hour, there is no funding left to support new cost pressures in the budget. This leaves the Council to fund savings from other areas to assist with other increasing costs, such as high general inflation rates and increased demand for Childrens Services.

As has been highlighted by The Accounts Commission in its report on Local Government in Scotland Financial Overview 2021/22: over the last decade, the proportion of the Scottish Budget allocated to local government has been reduced. Local government is the second largest area of Scottish Government spending however, this proportion has reduced over the last decade. In 2013/14 local government (capital and revenue) accounted for 30 per cent of the total spend, in 2022/23, it had fallen to 23 per cent. Over this period, local government spend has been relatively static in real terms while total Scottish Government spend increased by 37 percent. Areas of growth include health and social security and as demand for council services continues to rise, councils have reduced spending on 'unprotected' services to balance budgets.

#### Rising costs due to inflation

Council services are subject to rising costs in the same way as any household budget. Providing council services needs staff, food, fuel, energy, vehicles, and other materials. These costs have all been rising each year because of inflation. Inflation on some of the council's costs e.g. for care services can be much higher than the level of general inflation. Inflation has increased the Council's costs on a very large scale in the last 12-18 months especially and will continue to do so for at least another year even if inflation continues to fall.

#### Rising costs due to increasing demand

There have been changes in demand for some services such as a significant rise in the cost of residential placements for looked after children. In order to meet this demand, there will need to be changes to staffing levels, buildings and equipment, and this means higher costs.

When there is a reduction or limited increases to 81 percent of income and costs are increasing because of inflation, demand, new legislation and complexity, there is inevitably a significant challenge to address.

The combined effect of the financial challenge has meant that in addition to the £91 million saved in the last eleven years Angus Council will need to find another £6.5 million of savings in setting its 2024/25 revenue budget. Further significant savings in future years are also expected to be necessary.



The fact the council has up to now been able to keep most services running well is due to the hard work of staff and the willingness of councillors to make difficult service provision and budget decisions when required.

### General fund revenue budget for 2024/25

Increases in the council's costs and reductions to its income mean that there is not enough money to pay for all services as they are currently provided. The council has a funding "gap" for 2024/25 of £15.119m which is 4.4 percent of the net budget, meaning that there is a difference between budgeted expenditure and income which needs to be addressed. The table below shows the main causes of the funding gap.

**Figure 5: Funding Gap 2024/25 – Main Causes**

Cause	£m
Pay inflation and increments – teachers and other staff (not already in base budget)	6.318
One-off budget savings in 2023/24 which require permanent solutions	3.294
Cost & demand pressures in Children & Family Social Work	2.442
Cost and demand pressures in adult health and social care	0.365
Cost & demand pressures in Education & Lifelong Learning	1.102
Cost & demand pressures in Infrastructure & Environment	2.580
Cost & demand pressures in support services	0.516
Reduction in Employers Pension Contribution Rate	(1.100)
Other Budget Adjustments	(0.398)
<b>Overall Funding Gap</b>	<b>15.119</b>

The funding gap for 2024/25 is significant and closing it is a major challenge for the council. The council is required by law to set a balanced budget each year. This means that the council must find ways to make sure that it matches its expenditure to its income, no matter how difficult this may be and no matter what impact on services this will have providing the Council's other legal duties are met. The council's plans for closing the funding gap are shown in Figure 6 below.

**Figure 6: Measures to Close the Funding Gap 2024/25**

	£m
<b>Total Funding Gap</b>	15.119
Less Budget Savings from Finance & Change Plan	(6.523)
<b>Adjusted Funding Gap before Council Tax and use of Reserves</b>	<b>8.596</b>
Less increase in Council Tax Base	(0.350)
Less Council Tax Freeze Grant (Note 1)	(2.841)
Less Use of Reserves for One-off issues	(2.516)
Less Use of Reserves for Ongoing issues (to balance budget)	(2.889)
<b>Remaining Funding Gap</b>	<b>Nil</b>

Note 1 – shown for illustrative purposes only. Elected members will need to decide whether to accept the additional grant on offer for freezing the Council Tax or not. If members opt not to accept the additional grant and raise the Council Tax instead this will affect other parts of the budget and in particular the level of reserves which need to be used to achieve a balanced budget.

More information about the council's General Fund revenue budget is included in the official reports submitted to the Special Council Meeting of 29 February 2024 which are available on the council's website [www.angus.gov.uk](http://www.angus.gov.uk).

### General fund revenue budget for 2025/26 – 2026/27

The council published its Medium-Term Budget Strategy (MTBS) for 2024/25 to 2026/27 at the Angus Council meeting on 14 December 2023. Report 353/23 refers and can be found on the council's website.

The MTBS is the council's best estimate of its expenditure, income and funding gaps for the financial years 2024/25 and 2026/27. These predictions about future budgets have now been updated, taking account of what is known about the 2024/25 revenue budget and current plans for balancing budgets in future years and can be found in report 66/24.

<b>Figure 7</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2 Year Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Projected Funding Gap (Report 66/24) note 1</b>	10.886	10.830	<b>21.716</b>
Less Future Finance & Change Plan Savings	(4.477)	(2.030)	<b>(6.507)</b>
<b>Projected Remaining Funding Gap</b>	<b>6.409</b>	<b>8.800</b>	<b>15.209</b>
Less Indicative Increase in Council Tax Base, note 2	(0.100)	(0.100)	<b>(0.200)</b>
Less Indicative Increase in Council Tax note 2	(2.841)	(2.984)	<b>(5.825)</b>
Less use of uncommitted general fund balance per proposed use of reserve strategy	(3.000)	(2.500)	<b>(5.500)</b>
Add Previous Years One-off Solutions	2.889	3.000	<b>5.889</b>
<b>Projected funding gap / (surplus) after options</b>	<b>3.357</b>	<b>6.216</b>	<b>9.573</b>

Note 1 – this figure assumes the Council Tax Freeze grant (equivalent of a 5% increase in Council Tax) is accepted in setting the Council's 2024/25 budget, as this has still to be determined it is shown for illustrative purposes only. The figure is also subject to change depending on final decisions regarding the use of Council Reserves.

Note 2 - this remaining gap also assumes 5% cumulative increases in Council Tax levels and corresponding changes to the Council Tax base apply.

The table shows that the council's finances on General Fund revenue services are expected to continue to be under severe strain in the years ahead and that further changes to the services the council provides will be needed.

### General fund gross capital budget for 2023/24 – 2027/28

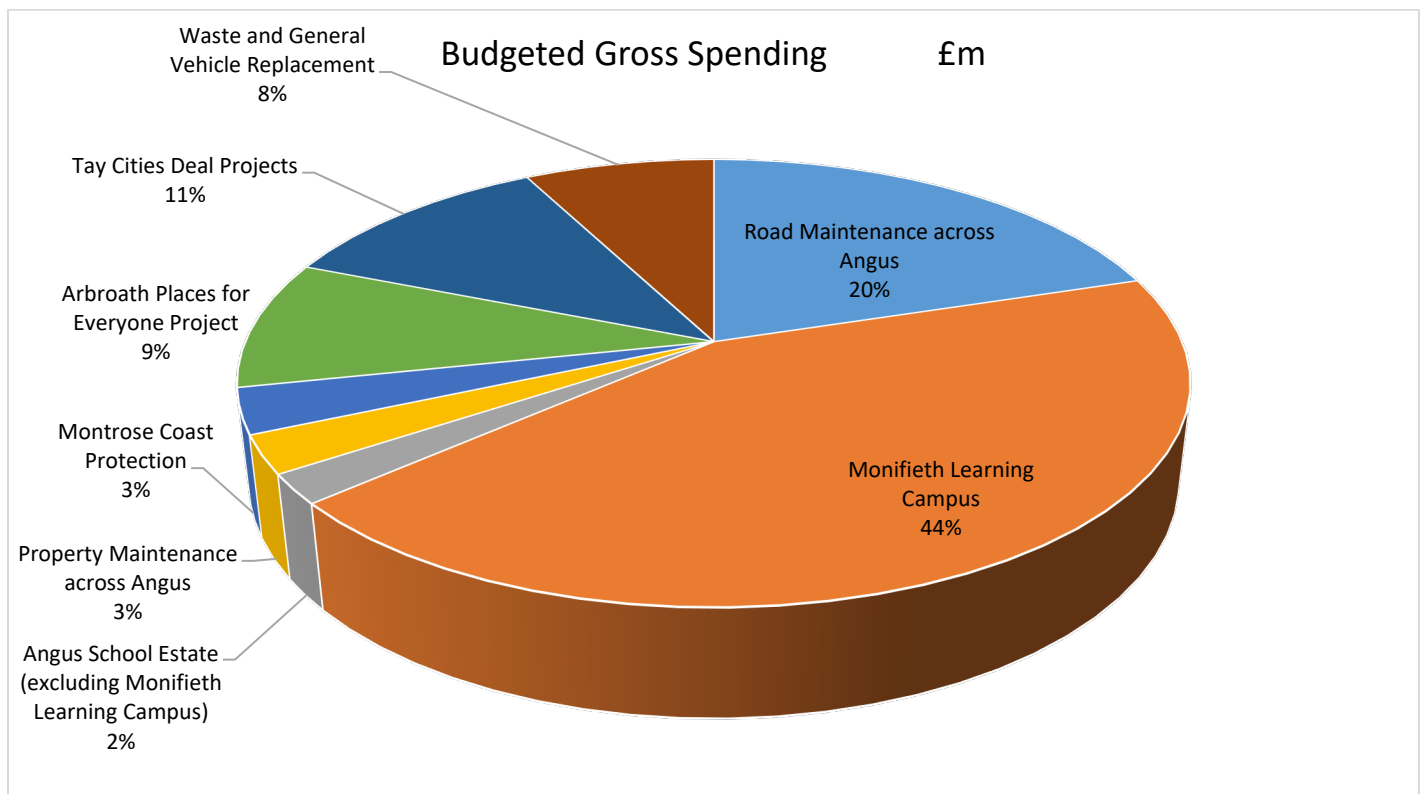
The Council is planning for significant investment in its schools, roads, vehicles, equipment and land for economic development in the current five year planning period.

This investment is necessary to provide services to the public while reducing running costs for future years. A substantial investment is being made in the Capital Budget for the Monifieth Learning Campus, which will ensure we provide our young people with the best facilities we can. Other significant investments are in Tay Cities Deal projects, which will bring economic benefits to Angus, flood protection schemes which will protect homes and businesses at risk across Angus and Roads Infrastructure maintenance projects.

In total, the council plans to invest £175m on capital projects up to March 2028 on General Fund services. Figure 8 shows the main planned projects:

**Figure 8**

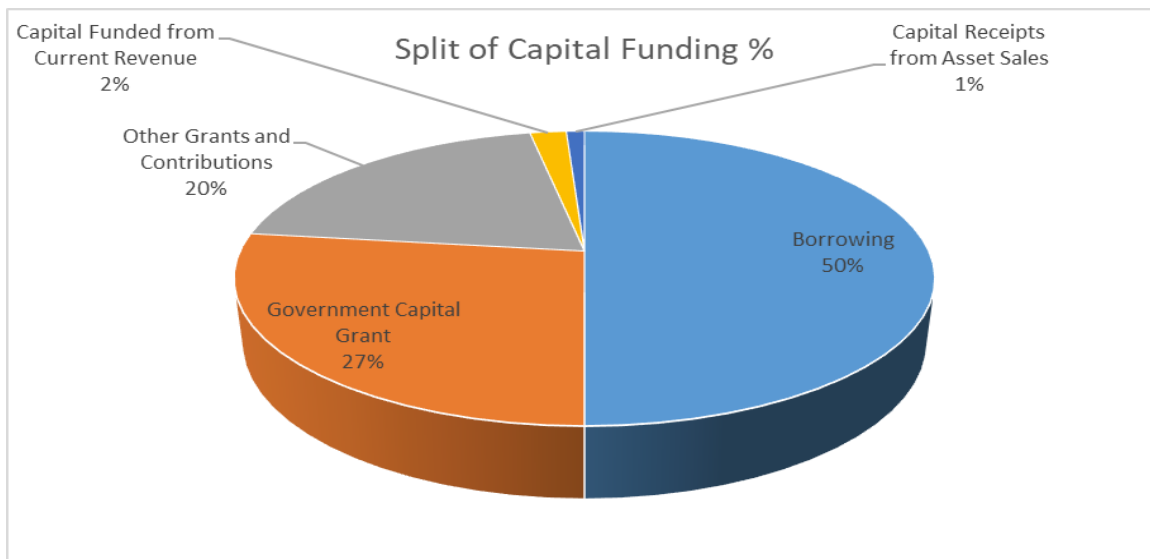
<b>Areas of Investment Budgeted Spending</b>	<b>Budgeted Gross Spending £m</b>
Monifieth Learning Campus	64.9
Road Maintenance across Angus	30.2
Tay Cities Deal Projects	16.9
Arbroath Places for Everyone Project	13.9
Waste and General Vehicle Replacement	11.5
Montrose Coast Protection	4.9
Property Maintenance across Angus	4.1
Angus School Estate (excluding Monifieth Learning Campus)	3.2



The council's capital spending is funded from Scottish Government Capital Grant, borrowing, capital receipts from selling surplus assets plus use of revenue budget money to pay for capital projects. Figure 9 shows how the total gross spend of £175m is expected to be met in the current five year period of the capital budget.

**Figure 9: Split of Capital Funding**

	%
Borrowing	50
Government Capital Grant	27
Other Grants and Contributions	20
Capital Funded from Current Revenue	2
Capital Receipts from Asset Sales	1



## PART 3 - HOUSING

### How we manage housing money

The council must keep its spending on, and income from, council housing services separate from General Fund services. Therefore, money raised from rents paid by tenants is kept separate from the money raised from Council Taxes, by managing it within the Housing Revenue Account (HRA).

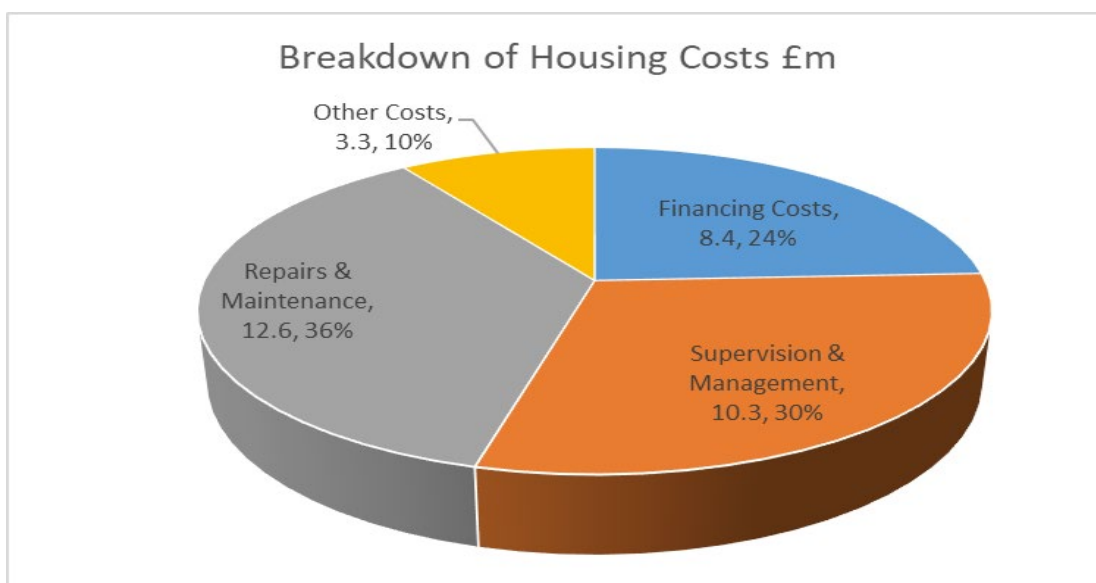
In the same way that the council's General Fund services are under severe strain, the HRA is now also experiencing challenging financial pressures on several fronts because of volatility in the economy. Prudent financial management has enabled the council's housing service to be resilient against negative economic headwinds. The pressures now are such that this will be ever more challenging moving forwards. However, measures have been put in place regarding the strategy for rent rises, which if followed would ensure that the business plan remains sustainable over the long-term.

### Housing revenue budget plans for 2024/25

Planned spending on day-to-day running costs is expected to be £34.6m in 2024/25 with most of that cost being met from rental income for houses, garages and other services.

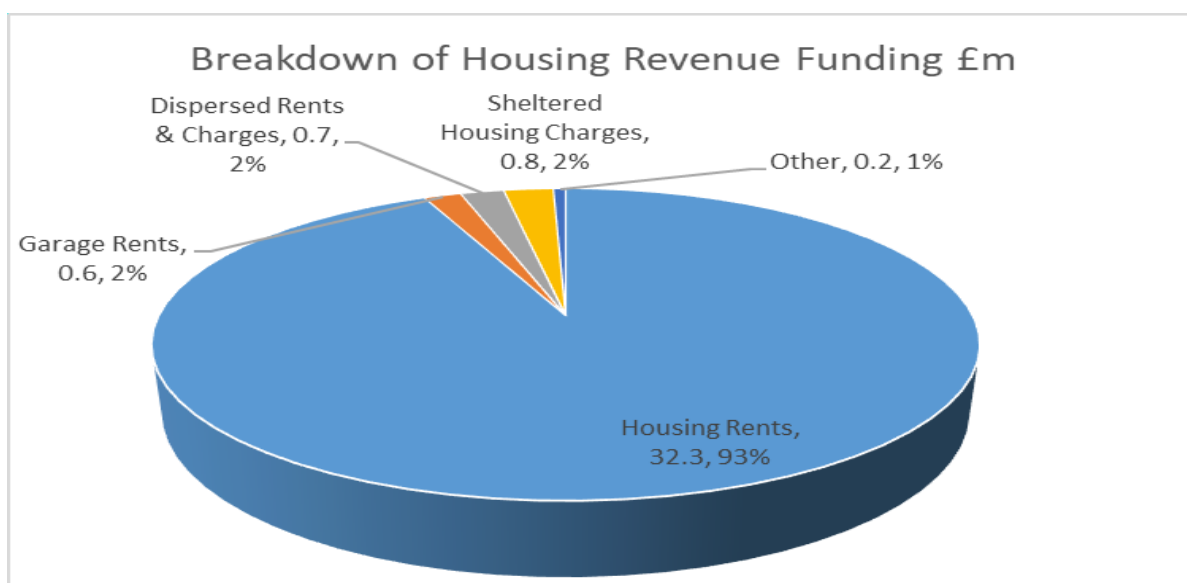
**Figure 10: Breakdown of Housing Costs**

	%	£m
Repairs & Maintenance	36	12.6
Supervision & Management	30	10.3
Financing Costs	24	8.4
Other Costs	10	3.3



**Figure 11: Breakdown of Housing Revenue Funding**

	%	£m
Housing Rents	93	32.3
Sheltered Housing Charges	2	0.8
Dispersed Rents & Charges	2	0.7
Garage Rents	2	0.6
Other	1	0.2



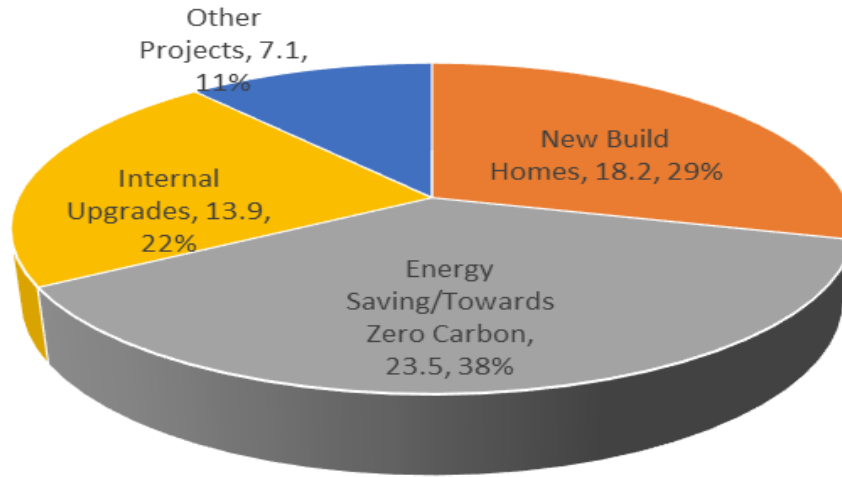
**Housing capital budget plans for [2024/25 – 2027/28]**

The council is planning to invest £61.7m in council housing over the next four years. This investment will be paid for by borrowing, contributions from the housing revenue budget and by using housing reserve funds. The main areas of planned spend are shown in Figure 12.

**Figure 12: Breakdown of Housing Capital Spending**

	%	£m
Energy Saving/Towards Zero Carbon	38	23.5
New Build Homes	28	18.2
Internal Upgrades	22	13.9
Other Projects	11	7.1

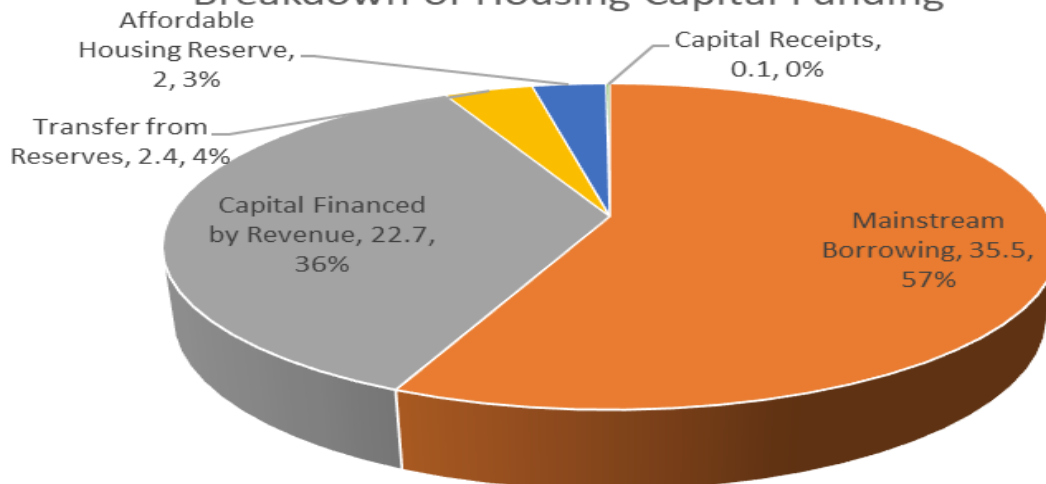
### Breakdown of Housing Capital Spending



**Figure 13: Breakdown of Housing Capital Funding**

	%	£m
Borrowing	57	35.5
Capital Financed from Revenue Budget	36	22.7
Transfer from Reserves	4	2.4
Affordable Housing Reserve	3	2.0
Capital Receipts	0	0.1

### Breakdown of Housing Capital Funding



## **PART 4 - CHANGE PROGRAMME**

### **1. Introduction**

The Council's Change Programme is now well established and has been a successful mechanism for delivering the savings and service modifications required to respond to the policy and financial environment in which the council operates.

Changes in service delivery and levels of provision are the inevitable consequences of budget reductions, coupled with increasing demands in many service areas. As the financial position continues to be challenging, more radical, and in some cases less palatable, responses will be required.

Over the last 11 years the Council has removed £91m from its core budget, 27.5% of its total budget. It is estimated that over the next three years a funding gap of a further c£39m will require further savings on a significant scale. This Change Plan provides details on the proposed changes which aim to help close that gap.

Unprecedented change requires a sharper focus on priorities identified in the five-year Council Plan to ensure the ongoing viability of the council and delivery of key outcomes for Angus citizens and communities.

A refresh of the Change Programme was developed last year relating to the period 2023 to 2026. Year 2023/24 has delivered 93% of the savings targeted and this latest iteration introduces a new year three, covering 2026/27.

The proposals, particularly for financial years 2025/26 and 2026/27 are at an early stage of development, specifically the outline brief stage, and carry varying degrees of risk in deliverability. Where applicable, these proposals will require further 'business case' development work as part of the programme and project 'life cycle' delivery arrangements.

### **2. Proposals for Change**

Over this new 3-year period (2024 to 2027), the proposals for change will continue to focus on the four following themes -

- **Organisation Design/ Service Changes**
- **Increased Cost Recovery**
- **Preventative Activity Delivered through a Targeted Partnership Approach**
- **Customer Service Changes**

Each of the proposals contains a change to service delivery, detailed below with an accompanying financial table and included in the Change Programme provided at the end of this plan.

### **3. Organisation Design/ Service Changes**

#### Introduction

Staff costs represent around 47% of the overall council budget and the organisation's design must reflect a focus on the delivery of its statutory functions and priorities. Some services may have to



stop completely or be significantly reduced. Therefore, further reductions to staff numbers are inevitable and will occur as a consequence of several change programme initiatives.

Staff engagement and wellbeing will be key in the process of implementing change. The council has invested in robust processes which include engagement with recognised Trade Unions and employees, vital in supporting staff through the changes outlined in this plan.

The council of the future must become more flexible, and the workforce of the future must become upskilled and more empowered to make decisions at the point of service delivery.

In addition, even as services are reduced or stopped, there remains a significant shortfall in budgets for the next three years as per the [Medium-Term Budget Strategy](#). Therefore, the council will be required to take greater risks with regard to meeting the legal requirements for service delivery across statutory services.

### Corporate

The vision for the future as stated in the Council Plan is for greater collaboration – between internal services and with external partners, and to explore the potential for greater collaboration across local authority boundaries, considering future service delivery from a local, regional, and national perspective.

The approach during 2023/24 was refined and now includes two transformation programmes. One to manage the internal service changes and the other to manage changes including external partners (e.g., shared and collaborative service delivery). These will continue to be developed and evolve with initial savings identified during 2024/25 and 2025/26.

### Education & Lifelong Learning

Education & Lifelong Learning is the largest area of council expenditure. A review of staffing allocations across schools is essential to ensure resources are aligned with pupil rolls, meeting need, and national standards. A range of initiatives across the 3-year budget period focus on this with the aim of ensuring that the needs of children, young people and families are met, whilst delivering best value.

Services supporting schools are also under review, including consideration of services that are non-statutory. This includes some aspects of school transport and the removal of school crossing patrollers which are a non-statutory requirement for councils.

### Infrastructure & Environmental Services

Energy usage and cost remains an area of focus for the council. During 2023/24 the temperatures in council buildings was decreased, mostly by two degrees Celsius. This reduces energy consumption, helps to contain rising energy costs, and contributes towards the commitment towards achieving Net Zero. Investment in energy reduction initiatives continues with measures to reduce overall kWh consumption including replacing existing light fittings with LED Lighting in council buildings; and supporting positive behavioural change through new guidance relating to building operations. Funding options to support investment in LED lighting projects to release revenue savings are being explored.

Waste collection and disposal including recycling is the third largest cost in the council's budget so features highly in the consideration of efficient use of resources. In October last year, the Council agreed a revised kerbside recycling service that aligns to national policy, deliver savings, increase recycling, and is supported by grant funding from the Scottish Government's Recycling Improvement Fund. Those savings are included in the change plans, along with changes to recycling centres already agreed and opportunities to review the council's approach further.

Several of these initiatives rely on behavioural change from both staff and members of the public, and this requires strong leadership from officers and elected members to deliver the transformation in practice.

Property Assets is reviewing the council's general fund land and property, and Economic Development is reviewing the business development land and property portfolio. This is to ensure that best value is being obtained from their current use and that a consistent and proactive approach is being taken to market and maximise income. This could lead to either rent review, more leases or disposals depending on the review findings. Vehicle fleet management is another area under review with savings planned in 2024/25.

#### Vibrant Communities & Sustainable Growth

Path maintenance programme will be stopped which will increase the potential for liability claims, and non-compliance with the council's legal obligations.

The Economic Development service review will commence in February 2024 to establish the most appropriate resource aligned with service budget and other related initiatives e.g., Tay Cities Deal.

The Tables below set out the reductions in budgets anticipated for this Change Proposal theme.

The second table sets out the Directorate efficiency savings coming under this theme that were included in the 2023/24 budget.

#### **Organisation Design/ Service Changes Financial Table**

<b>Savings Project/ Initiative</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Organisation Design/ Service Changes</b>			
Remainder of Change Programme Teachers Budget Efficiencies	182,000		
Economic Development Review	150,000		
Fleet Review	50,000		
Review of Kerbside Recycling Service	300,000	100,000	
Recycling Centres Review - this saving has already been delivered as a result of the review and changes to recycling centres provision that were implemented during 2023/24 - no further changes in 2024/25	48,000		
LEAN Reviews	35,000		
Manual Handling Training	34,000		
Organisational Design - External Partners (shared services)		130,000	
Organisational Design - Internal Services	115,000	225,000	
AHSCP	365,000	447,000	TBC
Review of 2-18 staffing structures		850,000	450,000
Removal of School Crossing Patrollers	50,000	450,000	
Further review of Recycling Centres		100,000	
Further Review of Public Toilet provision		25,000	
Review of all General Fund/Economic Development land and property		TBC	TBC
Invest in energy reduction initiatives and measures to reduce overall kWh consumption		TBC	TBC
Planning: Reduce or Stop Path Maintenance Programme	40,000		
	<b>1,369,000</b>	<b>2,327,000</b>	<b>450,000</b>

### Organisation Design/ Service Changes (Directorate % Savings) Financial Table

Savings Project/ Initiative	2024/25	2025/26	2026/27
<b>Organisational Design/ Service Changes (Directorate % savings)</b>			
Service Contraction Angus Virtual School	200,000		
Reduce school transport budgets	100,000		
Review of management time allocations for primary schools	296,000		
Removal of specialist visiting teacher role in primary	304,000	152,000	
Removal of additional funding allocated from Scottish Government	573,000		
Utilisation of rock salt for winter services	100,000		
Reduction in Traffic budget	10,000		
Reduce waste disposal costs - introduction of new household bin policies that form part of revised kerbside recycling service	130,000		
Review of mechanical street sweeping service	30,000		
Review of staff hours/posts (Legal services)	40,000		
Service Review - DE & IT	65,000		
Service Review - HR, OD & BS	70,000		
Further efficiencies in Facilities Management Costs	49,000		
	<b>1,967,000</b>	<b>152,000</b>	<b>0</b>

## 4. Increase Cost Recovery

### Corporate

Council tax represents approximately 19% of the council's net budget. Angus has the second lowest council tax on the Scottish mainland, being 93% of the Scottish average Band D council tax. Council Tax rates are a political decision and for 2024/25 the First Minister of Scotland has proposed to re-introduce a council tax freeze. The Council's elected members will therefore decide the position in Angus.

One of the benefits of developing new housing in Angus is that it increases the council tax base (the number of properties required to pay the tax) each year. However, this new income is offset by the cost of delivering additional services, but an allowance of around £350,000 will be factored into the overall council budget to help pay for services.

Recent changes in legislation enable the council to review its existing policy and charges in respect of those dwellings classified as second homes for council tax purposes. At present the council levies a full council tax charge on such properties but the new legislation allows an additional premium of up to 100% to be applied. It is therefore proposed to apply a 100% premium to all second homes from 1 April 2024.

The council also levies fees and charges for several other services it provides. Some achieve full cost recovery (e.g. commercial waste) while others are known to be subsidised (e.g. school meals). The position with other fees and charges is less clear so these must be reviewed. This review would not necessarily seek to fully recover costs, but rather to understand the true position on any subsidy to ensure that it supports policy delivery. Some fees and charges are set nationally and would therefore be out of scope.

At present council support services including HR, IT, Finance, Legal and Procurement provide professional support services to partner organisations – Angus Health & Social Care Partnership (AHSCP) and ANGUSalive (AA). These services are provided in kind and have been since the inception of AHSCP and AA. A review would look at the sustainability of continuing to provide such services for free and to what level. The review will also look at ad-hoc charges/ recovery for

staff time e.g., to support delivery of government programmes such as levelling up, along with how support costs are apportioned against for example, the Capital Plan, Common Good Fund and Housing Revenue Account.

Further savings have been identified relating to the service concessions accounting policy changes introduced in 2023/24, with a further tranche available in 2026/27. This relates to the council's PPP/PFI accounting arrangements in line with the expected useful life of the assets.

### Finance

The council administers the Scottish Welfare Fund on behalf of the Scottish Government. The fund provides Crisis Grants and Community Care Grants to people in need. Government funding for this is ring-fenced and includes funding for administering the Fund which is inadequate to meet the demand. It is proposed the staffing level is matched to the funding provided by government, thereby removing the council subsidy on this activity.

### HR, OD, Digital Enablement, IT and Business Support

It is planned to conduct a review of staff benefits, including maximising usage of the salary sacrifice Additional Voluntary Contributions (AVC) scheme and introducing flexible benefit packages. These initiatives benefit employees and the council (as employer). These are worth promoting to raise awareness and potential uptake. An initial notional allowance is included within the change plan.

### Legal, Governance & Change

When procuring and commissioning goods and services from the external market, the council participates in national, regional, and local frameworks to maintain compliance whilst making best use of limited resources. While good progress has been made during 2023/24, efforts must continue in the specification, management, and delivery of contracts to ensure best value, including harnessing all potential community benefits. It is anticipated that further savings can be realised through continuing to improve procurement arrangements over the next few years, particularly when contracts renew. There is a target savings for 2024/25 and 2025/26.

The council has been working with ANGUSalve over the past few years to help it transform its business model to generate more income, with a view to substantially reducing the management fee paid by the council. Services provided by ANGUSalve are mostly non statutory in nature but valued by citizens. The council is also investing in a test of change programme in partnership by ANGUSalve and AHSCP adopting a more proactive and preventative approach to healthcare as an alternative to traditional reactive and medical solutions. If successful, this would see a societal shift towards the types of services that ANGUSalve has the expertise to deliver within its venues.

Similarly, work continues with Tayside Contracts to assist with transforming that business, including delivering many of its services to a wider group of customers. Changes to council specifications for building cleaning will deliver a limited level of savings in 2024/25. Over recent years, cost increase caused by inflation and bottom-loaded pay awards have largely subsumed any material savings identified through organisational transformation/ efficiencies from Tayside Contracts.

### Infrastructure & Environmental Services

The Agile 1 and 2 programmes have identified several buildings that are surplus to requirement. Selling or leasing these will bring income in and will also help to offset energy and rates costs. The final tranche of savings from the Agile 1 and 2 programmes is due to be delivered during 2024/25. The Agile 3 programme is linked to a further review of matching the property estate to the needs of services, particularly since hybrid working is now well established and large areas of some buildings are under-used.

As part of Infrastructure & Environmental services garden waste charging proposals intimated as part of the 2023/24 budget, garden waste charge will increase to £50 per 'green bin' to ensure full cost recovery. Other charges are also being reviewed which may also increase income.

#### Vibrant Communities & Sustainable Growth

It is intended to review Planning income targets and Building Control charges to support an increase to income levels.

The Table below sets out the reductions in budgets anticipated for this Change Proposal theme.

**Increased Cost Recovery Financial Table**

<b>Savings Project/ Initiative</b>	<b>2024/25</b>	<b>2025/26</b>	<b>2026/27</b>
<b>Increased Cost Recovery</b>			
Agile Phase 2 - complete changes to property estate	323,000		
Agile Phase 3 - further review of property estate	175,000	200,000	
Price increase to the garden waste subscription service to move towards full recovery collection costs	200,000		
Tayside Contracts - Improvement and Change Programme	86,000		
ANGUS Alive	500,000	500,000	250,000
Procurement & Commissioning	201,000	75,000	
Review of Support Service Realignment to Non-General Fund Services	100,000	100,000	
Annual Review of Charges - Additional income	568,000	110,000	110,000
Review of staff benefits	20,000		
Revision of Council Tax 2nd Homes Policy and Charges	382,000		
Reduction in Scottish Welfare Fund Staffing to Match Scottish Government Funding	35,000	35,000	
Additional income including Scottish Water fees	100,000		
Review of external Council charges and subsidies	30,000	85,000	20,000
Review Building Standards charges and Planning income target	13,000	15,000	
Service Concession Accountancy Policy Changes			1,000,000
	<b>2,733,000</b>	<b>1,120,000</b>	<b>1,380,000</b>

## **5. Preventative Activity Delivered through a Targeted Partnership Approach**

#### Vibrant Communities & Sustainable Growth

This initiative was approved as part of the 2023/24 budget. It was originally planned to be delivered fully in 2024/25. However, this timeline has moved by around nine months, reprofiling potential savings over two financial years. The project is currently being scoped and is predicated on the basis that the council can no longer afford to continue the same level of preventative services.

Much of the current non statutory provision is preventative in nature and aimed at improving the lives of people in our communities. It is therefore not possible to say these services are no longer needed as they can help to prevent the need for more costly statutory interventions and help families and people to flourish or feel protected. In the current cost of living crisis these services are in greater demand than ever.

During the COVID-19 pandemic and the recent emergency response to Storm Babet, council services worked effectively with Third Sector organisations and communities to help protect and support the most vulnerable members of our communities. There is a desire to build on the positive

outcomes from those experiences and sustain the benefits achieved through this relationship with the Third Sector and communities.

There are also examples where communities have taken control of services and assets with great success. The council supports community action that helps to deliver the vital services that communities want to keep but which are no longer viable to be provided by the council. By developing relationships where the council works alongside and supports communities, it can be easier for communities to realise their own ambitions. The council will work to increase this model of community-controlled service delivery.

[Engage Angus](#) is a new tool which improves engagement with citizens and allows for greater consultation. This means that more of our communities can have a say in what is important to them and where resources are directed including funding, such as participatory budgeting. Funding which would bring more financial resources and grants for the community, third sector and council activity will continue to be explored where possible, to support the transformation to a more sustainable model.

### Infrastructure & Environmental Services

It is planned to review the way that the council's Community Enforcement services are delivered and prioritised to deliver savings. However, the value communities place on these interventions in this area is well understood and it is intended to continue to deliver key areas of work.

The Table below sets out the reductions in budgets anticipated for this Change Proposal theme.

#### **Preventative Activity Delivered Through a Targeted Partnership Approach Financial Table**

Savings Project/ Initiative	2024/25	2025/26	2026/27
<b>Preventative Activity Delivered through a Targeted Partnership Approach</b>			
A New Targeted Approach	200,000	450,000	
Community Enforcement Review	75,000	100,000	
	<b>275,000</b>	<b>550,000</b>	<b>0</b>

## **6. Customer Service Changes**

Customer Service changes continue to be in line with those approved as part of the 2023/24 budget. Expectations for accessing services have changed with the introduction of new technologies, societal changes because of the pandemic and the desire to access services and information on a 24/7 basis is now part of the culture as a nation. Therefore, increasing the council's digital service offering is to be accelerated, alongside encouraging a digital first preference, away from traditional methods of accessing services. This would lead to a reduction in the reliance on phonelines and manage demand for face-to-face services that will be retained for those who need to talk to someone in person.

At present telephone services are delivered through ACCESS line and ANGUSalive delivers the face-to-face service in libraries. It is anticipated that both services will change over the next few years as digital channels improve and expand. It is therefore anticipated that there will be a reduction in the ACCESS line service.

To support these plans, there must be continued improvement in the council's internal business processes to be more efficient, freeing up staff time and providing a good customer experience to those accessing council services online. Work is underway to improve digital services which will result in savings, and financial targets are included in the change plan. Clearly some investment will also be required to enable changes in this area and staff will need to be equipped with the digital skills required to work with new technologies.

The table below sets out the reductions in budgets anticipated for this Change Proposal theme.

### Customer Service Changes Financial Table

Savings Project/ Initiative	2024/25	2025/26	2026/27
<b>Customer Services</b>			
Telephony System Replacement	100,000		
ACCESS Channel Shift		50,000	
Digital Services	40,000	278,000	200,000
Education IT - Centralised Service for Schools	39,000		
	<b>179,000</b>	<b>328,000</b>	<b>200,000</b>

## 7. Proposed Change Programme Summary (2024 – 2027)

The proposed Change Programme Summary has been developed following the themes detailed above and translated into a Directorate delivery framework as detailed in the following table:

Savings Project/ Initiative	2024/25	2025/26	2026/27
<b>Education &amp; Lifelong Learning</b>			
Remainder of Change Programme Teachers Budget Efficiencies	182,000		
Review of 2-18 staffing structures		850,000	450,000
Removal of School Crossing Patrollers	50,000	450,000	
Service Contraction Angus Virtual School	200,000		
Reduce school transport budgets	100,000		
Review of management time allocations for primary schools	296,000		
Removal of specialist visiting teacher role in primary schools	304,000	152,000	
Removal of additional funding allocated from Scottish Government	573,000		
Annual Review of Charges - Additional income	78,000	15,000	15,000
<b>Total</b>	<b>1,783,000</b>	<b>1,467,000</b>	<b>465,000</b>
<b>Infrastructure &amp; Environmental Services</b>			
Fleet Review	50,000		
Review of Kerbside Recycling Service	300,000	100,000	
Recycling Centres Review - this saving has already been delivered as a result of the review and changes to recycling centres provision that were implemented during 2023/24 - no further changes in 2024/25	48,000		
Further review of Recycling Centres		100,000	
Further Review of Public Toilet provision		25,000	
Review of all General Fund/Economic Development land and property		TBC	TBC
Invest in energy reduction initiatives and measures to reduce overall kWh consumption		TBC	TBC
Utilisation of rock salt for winter services	100,000		
Reduction in Traffic budget	10,000		
Reduce waste disposal costs - introduction of new household bin policies that form part of revised kerbside recycling service	130,000		
Review of mechanical street sweeping service	30,000		
Agile Phase 2 - complete changes to property estate	323,000		
Agile Phase 3 - further review of property estate	175,000	200,000	
Price increase to the garden waste subscription service to move towards full recovery collection costs	200,000		
Community Enforcement Review	75,000	100,000	
Further efficiencies in Facilities Management Costs	49,000		
Annual Review of Charges - Additional income	460,000	89,000	89,000
	<b>1,950,000</b>	<b>614,000</b>	<b>89,000</b>

Savings Project/ Initiative	2024/25	2025/26	2026/27
<b>Children, Families &amp; Justice</b>			
Note: An operational saving from CF&J is included in Organisational Design - Internal Services			
<b>HR, OD, Digital Enablement, IT and Business Support</b>			
Manual Handling Training	34,000		
Service Review - DE & IT	65,000		
Service Review - HR, OD & BS	70,000		
Review of staff benefits	20,000		
Telephony System Replacement	100,000		
ACCESS Channel Shift		50,000	
Education IT - Centralised Service for Schools	39,000		
Organisational Design - External Partners (shared services)*		130,000	
Organisational Design - Internal Services*	115,000	225,000	
Digital Services*	40,000	278,000	200,000
<b>Total</b>	<b>483,000</b>	<b>683,000</b>	<b>200,000</b>
<b>Legal, Governance &amp; Change</b>			
LEAN Reviews*	35,000		
Review of staff hours/posts (Legal services)	40,000		
Tayside Contracts - Improvement and Change Programme*	86,000		
ANGUS Alive	500,000	500,000	250,000
Procurement & Commissioning*	201,000	75,000	
Annual Review of Charges - Additional income	20,000	4,000	4,000
<b>Total</b>	<b>882,000</b>	<b>579,000</b>	<b>254,000</b>
<b>Vibrant Communities &amp; Sustainable Growth</b>			
Economic Development Review	150,000		
Planning: Reduce or Stop Path Maintenance Programme	40,000		
Review Building Standards charges and Planning income target	13,000	15,000	
Annual Review of Charges - Additional income	10,000	2,000	2,000
A New Targeted Approach*	200,000	450,000	
<b>Total</b>	<b>413,000</b>	<b>467,000</b>	<b>2,000</b>
<b>Finance</b>			
Reduction in Scottish Welfare Fund Staffing to Match Scottish	35,000	35,000	
Additional income including Scottish Water fees	100,000		
Review of external Council charges and subsidies*	30,000	85,000	20,000
Review of Support Service Realignment to Non-General Fund Services*	100,000	100,000	
Revision of Council Tax 2nd Homes Policy and Charges*	382,000		
Service Concession Accountancy Policy Changes*			1,000,000
<b>Total</b>	<b>647,000</b>	<b>220,000</b>	<b>1,020,000</b>
<b>AHSCP</b>			
AHSCP	365,000	447,000	TBC
<b>Total</b>	<b>365,000</b>	<b>447,000</b>	<b>0</b>
<b>YEARLY TOTAL</b>	<b>6,523,000</b>	<b>4,477,000</b>	<b>2,030,000</b>
<b>3 YEAR TOTAL</b>	<b>13,030,000</b>		

\* These items are corporate initiatives

The total Change Programme savings proposals for 2024/25 have been identified as £6,523,000, with the total over the 3-year planning period being £13,030,000.

If approved by elected members, the changes and associated savings as set out in this change plan will be progressed. Work will continue to explore any further potential opportunities on an ongoing basis, with information being shared with elected members for decision making purposes where required.