

FINANCE COMMITTEE

DRAFT BUDGET 2014-15

SUBMISSION FROM ABERDEENSHIRE COUNCIL

Background

The Scottish Government has a single purpose - to create a more successful country where all of Scotland can flourish through increasing sustainable economic growth. The National Performance Framework (NPF) supports this purpose with a mix of objectives, outcomes and indicators.

Within Aberdeenshire, the Community Plan and aligned Single Outcome Agreement (SOA) provides the overarching strategic direction for the delivery of services by all Partner agencies. National and local priorities align with the Government's core purpose and associated outcomes as well as the priorities identified through the Ministerial review of community planning. For Aberdeenshire Council, the community plan and SOA are central to our strategic planning framework with the Council Plan 2013-2017 and Service Plans (currently all for the period 2013-2016) translating the national and local priorities set within the SOA into the priority outcomes for the council. The council's vision to be the best area and best council is supported by three pillars which reflect the geographic and demographic challenges facing a large, rural authority.

Early intervention	We recognise the need to encourage future planning and allocation of resources at an early stage to avoid higher costs later.
Population	Projections, particularly in the number of older people, indicate growth rates in the Aberdeenshire area that are significantly higher than the Scottish average. Whilst older people will bring skills, wisdom and experience to our communities, it will also present us with a challenge in the planning and delivery of services in the future.
Growing the economy	Growing the economy is key to the future prosperity of the North East of Scotland. We recognise the important role it can, and does, play in supporting the business community, and helping this area meet current and future economic challenges.

Delivering our vision is based on four core outcomes:

1. Lifelong Learning - Aberdeenshire is the best place to live and learn, work and play. It is an area where we are working together for the **best quality of life**, supporting healthy, successful, inclusive communities.

2. Strong & Sustainable Communities - Aberdeenshire is the best area where the council works with **partners** and communities to create and sustain the **best quality of life** for all through **an enterprising and adaptable economy**, that is the location of choice for high value national organisations, for smaller expanding businesses and for social enterprises.

3. Caring for Communities - Aberdeenshire is the best place to be, where the council is creating and sustaining the best quality of life for all through **involving and enabling happy, healthy and confident people** who live in **safe, friendly and lively communities**.

4. Public Service Excellence - Aberdeenshire is the best council. It is a dynamic, effective organisation aiming to provide excellent services by finding **new and more efficient** ways of doing things. The focus is on continuous improvement of the quality and efficiency of service provided with strong **leadership** and motivated employees.

The council prepares a five-year budget demonstrating the long term approach to ensuring the financial stability of the council. Medium and longer-term financial planning is essential, particularly in the current economic climate as the council has to review spending priorities, make choices and realign service provision with the council's priority outcomes.

When looking at the next five financial years it is evident that additional budget savings will be required from 2015/16 onwards, as the Council's grant settlement is forecast to remain largely static whilst the cost of delivering services will increase each financial year.

The Officers' draft revenue budget shows a balanced position for the next two financial years. From 2015/16 onwards the budget has been left with the following shortfalls:

Year	Revised Cumulative Position (£m)
2014/15	0
2015/16	4.5
2016/17	13.9
2017/18	23.4

The council's Business Transformation Programme Board is overseeing a range of projects to deliver efficiencies and it was agreed during the last budget process that efficiency savings totalling £10 million should be identified to balance years 2013/14 and 2014/15 of the revenue budget. The use of service efficiencies will protect front line service delivery and has a strong link to the council's priority outcomes. Work is currently taking place in order to deliver these savings as planned. Work has also begun on using a policy led budgeting approach to reduce the shortfalls, identified above and balance future years of the revenue budget.

Views on:

- **the progress being made by the Scottish Government in meeting its 16 national outcomes as demonstrated by the 50 national indicators, and its 11 purpose targets;**

Overall there is positive progress being made in delivering the 16 outcomes however there are a number of key national indicators supporting economic growth, sustainability and health that are demonstrating maintained rather than improving performance. Declining performance is being demonstrated for the 'purpose targets' in relation to cohesion and participation and performance in relation to population and solidarity is steady rather than improving. This suggests that overall progress could stall rather than improve in future years.

Progress in meeting many of the outcomes, targets and indicators is predicated on public bodies working together locally however there is evidence that there are and will be challenges between partners in delivering shared priorities amid the pressures of reform and this could impact on progress demonstrated through the NPF. An example of this is the Police Scotland Strategic Plan which provides a clear strategic direction for policing in Scotland and forms the basis for the Chief Constable to deliver specific activities to deliver outcomes described in the Strategic Police Priorities. This Strategic Plan does not make provision for road safety education, which within Aberdeenshire and more widely in the Grampian area was previously led by the Police in partnership with the three local councils.

- **the progress being made in relation to any specific indicator or target;**
See above. No further specific comments to make.

- **whether the national indicators and purpose targets are an effective means of measuring the performance of government;**

It is challenging to identify a set of indicators that can robustly demonstrate the direction of travel and performance for a set of strategic outcomes such as those set by the Scottish Government. The indicators and targets currently in place are predominant fit for purpose as indicative evidence. However the two measures directly related to public services (Percentage of respondents who agreed with the statement 'I can influence decisions affecting my local area', and 'Percentage of respondents who are fairly or very satisfied with the quality of the following local services: local health services, local schools and public transport.')

do not adequately demonstrate the public sector reform agenda. The public services measures are more reflective of the aims of community planning which is just one aspect of reform. It is not evident the priorities set out as part of the Ministerial Review of Community Planning are reflected in the NPF

- **whether there are additional indicators or targets which should be included to measure performance;**

No additional purpose targets are suggested. Additional indicators to evidence public sector reform could be considered. The impact of the reduction in preventative spending by

- **the data used to measure any of these indicators or targets;**

A number of councils including Aberdeenshire Council continue to express concern about the use of Scottish Household Survey data to benchmark satisfaction with

council services (Local Government Benchmark Framework) Whilst the survey methodology is technically robust at a Scotland wide level, the survey is not fit for purpose at council level as a result of the small sample size at local council level and the time interval between data being collected and reported. When triangulated with satisfaction data collected locally, by the council or Community Planning Partnership, there are clear discrepancies between findings.

- **the linkage between performance information and the Scottish Government's spending priorities;**

The Scottish Government indicates key spending plans for 2013-14 are:

- focusing on accelerating economic recovery to create jobs, by boosting public-service capital investment, taking direct action to tackle unemployment, in particular youth unemployment, and enhancing economic confidence by encouraging private sector investment and providing security to Scottish households
- investing in the low-carbon economy to cut emissions and create new jobs
- continuing the decisive shift to more preventative approaches to public service delivery and delivering our wider public service reform programme
- maintaining our commitment to a Social Wage for the people of Scotland at a time of acute pressures on household incomes
- ensuring through the *Opportunities for All*, launched in April 2012, that every 16-19 year old not already in work, education or training is offered a training opportunity
- expanding early learning and childcare provision, with the 2013 Children and Young People's Bill including an extension to the level of free early learning and childcare from 475 hours per year to a minimum of 600 hours
- our prudent approach to public sector pay and our policy of no compulsory redundancies, which aims to provide modest increases in basic pay following a two-year pay freeze while continuing to bear down on total costs and support thousands of public sector jobs across Scotland

In addition there are the policy initiatives of:

- Maintain Council Tax freeze
- Maintain teacher numbers in line with pupil numbers
- Secure places for all probationer who require one under the teacher induction scheme

Broadly the national performance framework as it stands will enable some assurance that the spending priorities are being delivered however there is a gap in the framework in relation to the social wage – the solidarity purpose is more broadly considering the gap in income, as well as a gap relating to early learning and childcare provision and the approach to public sector pay and supporting public sector jobs.

The policy initiatives are not reflected in the national performance framework.

- **whether there is evidence of specific spending decisions resulting from changes to the performance information within Scotland Performs;**

There is no evidence, that this council is aware of, that suggests specific spending decisions have arisen as a result of changes to performance monitored through

Scotland Performs. At a local level spending decisions are influenced by performance measured through the council's own performance improvement framework, which incorporates the council's strategic planning framework. There is alignment between the strategic planning framework and the national performance framework and the priorities identified through the Ministerial review of community planning.

- **how should Scotland Performs be utilised to inform policy development and spending decisions;**

At local level it is possible to demonstrate how the national performance framework and the priorities identified through the Ministerial review of community planning are aligned to the priorities of the Community Planning Partnership and the council's own priority outcomes and how these priorities are supported through policy development, and more recently, how these will be supported through policy led budgeting.

At a national level, there is a need to explicitly demonstrate how Scotland Performs is informing policy development and spending decisions by expanding on 'What is the Government's role' – particularly where longer term performance against purpose targets or national indicators demonstrate declining or static performance.

More explicit links are required between the abundance of objectives, outcomes, priorities and spending priorities across the Scottish Government and how these are supported by or support the NPF to ensure clarity of priorities.

- **is there a need for Scotland Performs to have a statutory basis;**

It is not evident what the additional benefits would be by making Scotland Performs have a statutory basis.

- **is there a need for wider public consultation in setting performance outcomes and indicators;**

No however it would be appropriate to consult/engage with stakeholders such as public sector organisations, scrutiny bodies and Community Planning Partnerships to ensure there is consistency and links with existing datasets and performance frameworks, particularly pre-existing statutory requirements.

- **whether future spending decisions should continue to be shaped by the NPF, and if so how that should happen within government.**

It is evident that the NPF is grounded on the assumption that sustainable economic growth underpins the delivery of the strategic objectives and Aberdeenshire Council's strategic planning framework reflects a similar approach through the pillar of economic growth. It is appropriate that Scotland Performs continues to inform policy development and spending decisions however the council would continue to want to set its own local priority outcomes based on the needs of communities. The council's own spending decisions and policy decisions should be able to reflect these agreed local outcomes using the NPF as a framework.