

Local Government and Regeneration Committee
Scrutiny of Scottish Government's Draft Budget 2014/15

SUBMISSION FROM ORKNEY ISLANDS COUNCIL

Looking Back

1. The resources have been provided with specific conditions attached which have been agreed nationally. Agreeing to these specific conditions has helped ensure a certainty of approach in terms of financial planning over the 3-year period.
2. In relation to Orkney Islands Council, the transparency of a three year settlement and consequent confidence in the level of funding over this period has provided a relatively stable and predictable baseline which has helped the Council to reconfigure its own service budgets to meet both our own local priorities and the joint national priorities without the need for radical cuts being applied to statutory services.
3. This has been achieved through a budget challenge process which incorporates several layers of challenge:
 - Individual Service Management Teams
 - Senior Management Team
 - Elected Member Challenge
4. This challenge process deals with Efficiency Savings and Service Pressures in the face of reduced real-term funding and has been very effective in shifting resources between Council Services. The net result is a transfer of funding to priority areas which takes full account of the very significant local cost pressures which have arisen year on year.
5. In addition the Council has its own Spend to Save fund which pre-dates the introduction of national preventative spending measures. This fund channels one-off funding which has deliberately been set aside to provide funding for projects and initiatives which have helped reduce the Council's baseline spending

Looking Forward

6. The maintenance of a Cash Freeze in 2014/15 is welcomed and will allow the current programme of meeting local and National Priorities to continue, however, increasing demographic pressures and changes in legislation such as Welfare reform, Self-Directed Support, and making provision for a pay award will provide significant challenges to the local authority in keeping spending levels in line with the overall funding available. Clearly an increase in resources would have been more welcome in the face of increased demand and inflation eroding the purchasing power of the Council budget.
7. The Council is currently reviewing its Carbon Management Policy which sets out plans for addressing the national targets set for greenhouse gas emissions. The Council has fitted PV panels to some of its Council Housing Stock and in others it has fitted ground source heat pumps to replace solid fuel boilers, while the new Kirkwall Grammar School has a bank of PV panels fitted.

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8. As mentioned above, the Self-Directed Support initiative will have a profound effect on Social Care budgets. This impact will be felt most acutely in rural and island authorities, where diseconomies of scale limit ability of these area to introduce cost reductions to existing statutory services.

9. Locally, we are feeling the pressures of an extra-ordinary increase in the number of children placed outwith Orkney on the Scottish mainland, with average annual costs of around £250K per child placement. Additional service pressures of 2-3M are being identified this year and next over and above the current Social Care budget of £17M.