

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

SUBMISSION FROM RENFREWSHIRE COUNCIL

Dear Committee Members

Scottish Government Draft Budget 2014-15

I refer to your invitation to interested parties, issued on the 8th July, seeking evidence to support your scrutiny of the Scottish Government's draft budget for 2014/15.

Renfrewshire Council recognises the significant importance of providing effective scrutiny and challenge to the Government's budget proposals and welcomes the opportunity to support the Committee and provide evidence which highlights critical and important issues which require to be addressed through the Scottish Government's budget process.

Public sector budgets are and will continue to be under the greatest pressure they have ever been in the modern post war era. It is therefore more important than ever that those charged with managing the public sector resources in Scotland, do so in a way which maximises the benefits for the people of Scotland but also crucially maximises the opportunities to close the social and economic inequality gap across the country.

The Council would urge the Committee to recognise that Renfrewshire does not receive a fair share of Scottish Government resources to allow it to address some of the most acute socio-economic problems and inequalities in the country. Further the Committee should call upon the Scottish Government to act swiftly, decisively and on a scale which will make available sufficient resources to councils like Renfrewshire to deliver solution focused policy interventions which will fundamentally address the impact of severe deprivation.

I am deeply committed as the Leader of Renfrewshire Council to influence change nationally and see public sector resources more effectively managed and directed by the Scottish Government to areas with highest levels of acute deprivation and socio-economic inequality and I would therefore welcome the opportunity to personally attend and discuss the Council's submission directly with the Committee.

Yours sincerely

Mark Macmillan
Leader of Renfrewshire Council

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Introduction

Renfrewshire Council welcomes the opportunity to provide the Local Government and Regeneration Committee with evidence to support the scrutiny of the Scottish Government Draft budget for 2014/15.

The invitation from the Committee to interested parties has posed a number of specific questions, both looking back over the period of the 2011 spending review and looking forward over the years of the next spending review period. In the following response, the Council has addressed each of these specific questions in turn but firstly has outlined a range of significantly important funding issues which are detrimental to the citizens of Renfrewshire relative to the rest of Scotland.

Despite Renfrewshire Council managing the impact of this and delivering innovative service changes to best meet the needs of its citizens, this funding inequality is directly contributing to levels of unmet need across Renfrewshire and placing the Council in a position where it has limited financial resources available to most effectively tackle and sustainably address long standing social and economic inequality which exists, particularly in pockets of some of the most acutely deprived communities across Scotland.

Renfrewshire Council will continue to be one of the most innovative public bodies across Scotland, working hard to ensure that every pound of public sector resource within Renfrewshire (resources both directly controlled by the Council and through working with a range of partner agencies) goes as far as possible to maximise opportunities to meet the needs of the Renfrewshire community. The Council is focused on delivering solutions to deprivation rather than directing more and more resources to deal with the related negative outcomes for our communities. Solutions which don't just focus on services supporting prevention and earlier intervention but also sustainable economic solutions which will provide communities with very real opportunities and routes to help move themselves and their families out of poverty.

The Council would urge the Committee to recognise that Renfrewshire Council does not receive a fair share of Scottish Government resources to allow it to address some of the most acute socio-economic problems and inequalities in the country. Further the Committee should call upon the Scottish Government to act swiftly, decisively and on a scale which will make available sufficient resources to councils like Renfrewshire to deliver solution focused policy interventions which will fundamentally address the impact of severe deprivation.

Underfunding of Renfrewshire Council

Renfrewshire Council acknowledges the challenges that have been faced as a consequence of reducing resources available to Scotland as a result of the UK coalition government austerity programme. However, the Council is firmly of the opinion that over this period, the Scottish Government's management of the Scottish budget has resulted in the people of Renfrewshire suffering more funding inequality than any other mainland area in Scotland through the level of grant received by the Council and the level of reductions it has faced in comparison to other local authorities.

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As detailed in the table below, Renfrewshire Council is the only mainland local authority to have been on the grant floor every single year since 2009/10, confirming that over this period the Council has received either the lowest increase or highest decrease in each of the relevant financial years.

Councils on the Floor 2009/10 - 2014/15

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Renfrewshire	•	•	•	•	•	•
Western Isles	•	•	•	•	•	•
Shetland Island	•	•	•			
Edinburgh		•	•			
East Dunbartonshire		•				
Inverclyde			•	•	•	•
West Dunbartonshire			•	•		
Argyll & Bute				•	•	•
North Lanarkshire						•

The table below summarises the level of grant change at a Renfrewshire level and the average at an all Scotland level over this period, confirming the level of disparity suffered by the Council. Even in periods of growth, Renfrewshire has suffered grant reductions which has placed even greater pressures on services delivered to some of the most deprived communities across Scotland. It appears perverse and acutely unfair that the Scottish Government have chosen to continue to cut grant resources to council areas like Renfrewshire whilst at the same time providing grant increases to other, in many cases, much more affluent areas across the country. Recognising the particularly difficult challenges faced by councils such as Renfrewshire it has been disappointing that during a period of time widely recognised as being the most financially challenging in the post war era for the public sector, that the Scottish Government has not acted to more equitably share the pain of required grant reductions across the country.

Summary of Grant Movement Each Year

	2009/10	2010/11	2011/12	2012/13	2013/14	Indicative 2014/15
Scottish Average	5%	(0.2%)	(2.4%)	0.3%	0.1%	0%
Renfrewshire	2.8%	(0.6%)	(3.3%)	(0.4%)	(0.6%)	(0.5%)

Share of overall Government Grant

In addition to Renfrewshire Council's year on year grant movement being the worst across all authorities in the country, the Council's relative absolute grant levels also compares poorly. Renfrewshire achieves a 3.15% share of the overall 2013/14 revenue grant resources (based on Finance Circular 5/2012) which is less than the Council's straight population share across Scotland of 3.25%, effectively a 3% deficit in grant share which is equivalent to a loss in grant to Renfrewshire of £9m.

Although the Council is not advocating a per capita approach to the distribution of resources (it is recognised that this should be based the best measure of need) this

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implies that the needs of the Renfrewshire population are less than the average across Scotland, a suggestion that is difficult to align with wider available datasets on deprivation, unemployment etc. A similar position is prevalent in the distribution of general capital grant where Renfrewshire in effect receives almost £5m less than its straight population share. On a combined basis this represents a perceived loss of grant to the Renfrewshire population of almost £14 million across both revenue and capital grant.

Per Circular 5/2012

	Population	Revenue (AEF)	Capital
Renfrewshire	170,184	291,937	11,355
All Scotland	5,243,298	9,270,238	491,984
% share	3.25%	3.15%	2.31%
Variance from Population Share		0.10%	0.94%
Relative "Grant Loss" to to Population Share		8,951.14	4,613.54

Limited Influence of Deprivation

This position reflects a major problem with the process used for the distribution of government grant across local authorities in which the recognition of deprivation and its impact on service needs and demands, has very limited influence.

For example, education accounts for over half of the Grant Aided Expenditure (GAE) distribution process which underpins the distribution of the majority of the Government's revenue grant, yet only 5% of the value of the education related GAE lines are distributed on a basis which has a deprivation factor included. As a result a school pupil in from an affluent region of Perth & Kinross attracts the same level of grant support as a school pupil in Ferguslie Park – the implicit assumption being that it requires the same level of funding to provide a similar level of service – this is purely an input perspective and consequently there is no recognition of the level of need of each child nor any recognition of the higher investment required to support children from much poorer communities to aspire to and achieve similar outcomes to those achieved by children from affluent neighbourhoods. This is a funding approach which far from helping to direct resources to assist in closing the inequality gap for children across Scotland, merely places, even the most innovative and high performing councils such as Renfrewshire, in a position which makes it more difficult to avoid inequality in educational attainment perpetuating for the most excluded children in our society.

Across the revenue grant distribution process, only Social Work has any material recognition of deprivation factors and even here, the influence is limited with population derived statistics having the over-riding influence. Despite the major spend areas in local government being education, social work and economic regeneration and the widely accepted influence/inter-relationship between the need and cost for these services and deprivation levels, deprivation factors have a very marginal influence on the distribution of resources.

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The Council is of the view that this position is anomalous and contrasts starkly with reality and the level of need that exists within Renfrewshire linked in particular to high levels of deprivation. This high level of demand for services is also heightened in pockets of the most severe deprivation, for example Ferguslie Park which is the most deprived SIMD data zone in Scotland.

Comparison to other Peer Authorities

In addition, when comparing the revenue grant position to other similarly deprived authorities, Renfrewshire Council remains comparably worse off by a considerable margin. As detailed in the table below, other authorities with similarly deprived characteristics and similar level of need across their populations, receive a proportionately higher share of the revenue grant resources than their straight population share would provide. In a Renfrewshire context, the notional grant value associated with the difference between Renfrewshire's position and that of Dundee, a very similar peer authority in many respects, is worth almost £30 million in annual revenue resources.

	2013/14 AEF per 5/2012	Share of Overall AEF	Total Population Share	Index of Grant Share to Population Share
Local Authority				
Inverclyde	159.179	1.72%	1.51%	1.13
Glasgow City	1,178.368	12.71%	11.33%	1.12
West Dunbartonshire	178.177	1.92%	1.72%	1.12
Dundee City	273.731	2.95%	2.75%	1.07
North Ayrshire	252.880	2.73%	2.58%	1.06
North Lanarkshire	590.275	6.37%	6.24%	1.02
Renfrewshire	291.937	3.15%	3.25%	0.97

Understanding why this is the case is difficult given the complexity of the funding distribution process that has been developed over many years. However, what is clear is that the process is failing Renfrewshire citizens. There is little to suggest why Renfrewshire's share of the Scottish government revenue grant is being effectively discounted by 3% for each resident when Dundee Council is receiving an uplift of 7% for each resident's share of the grant.

Moving forward and Tackling the Negative Outcomes of Deprivation and Inequality

It is anticipated that further reductions in public sector expenditure are set to continue, with most economic commentators suggesting that this will last until at least 2017/18.

At a local level Community Planning partners and partnerships need to look at how they can shift their current resource allocation and resource deployment towards prevention and early intervention to address deprivation related problems much earlier but also importantly to support investment which creates economic activity, employment and prosperity to provide families with genuine opportunities and routes out of deprivation and allow them to begin take control of their own lives. As outlined more fully below Renfrewshire Council is fully committed to such principles.

However, the Scottish Government is also a partner in community planning, and current processes for the distribution of grant funding to councils has limited recognition of those

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councils suffering most from deprivation and in greatest need to invest in prevention, early intervention and economic intervention in local and regional economies. The current distribution of funding is disproportionately based on population scale, demography and, to a much lesser extent, past service use and expenditure.

Delivering a significant shift in resources to support economic growth, prevention and earlier intervention is challenging given declining budgets and growing demand on reactive services. Renfrewshire Council is at the forefront of developing a wide range of demand mitigation strategies which are intended to intervene earlier and support prevention, seeking to at least dampen and ultimately have the ambition to reverse the long term unsustainable growth in reactive services. In addition, the Council is working hard to direct resources into supporting local economic growth and employment opportunities (particularly in respect to youth unemployment) and working closely with a range of regional council partners to develop a large scale City Deal investment programme. This is an innovative, ambitious and large scale self help programme which is focused on mobilising and directing public sector resources within the region to deliver large scale investment which is focused entirely upon creating economic growth, greater equality in access to new jobs and prosperity for the region.

The combination of an underlying poor level of overall resources available to the Council and worsening deprivation impacts leaves the Council unable to deliver a real shift in resources to these key strategic policy interventions and prospects of making any significant, long term sustainable change gets further squeezed by demand growth on reactive services.

Councils such as Renfrewshire with the greatest need to make a major shift to prevention and economic intervention are those with the least ability to do so because of increasing demand pressure on reactive services and an inequality in its underlying funding position. Resolving this situation and directing resources to support the deprived areas across Scotland that are in the greatest need should be a key priority for the Scottish Government in considering their 2014/15 budget and beyond.

For two reasons, this is not a call for an immediate general review of the distribution formulae, albeit that should be a medium term objective:-

- Firstly, past experience indicates that any such review would take significant time and effort and the understandable desire to maintain funding stability is strong and thereby any major change in underlying distribution processes would in all likelihood be phased in over a medium term period.
- Secondly, addressing the negative outcomes of deprivation and the unsustainable impact it is having on demand led services is reaching a tipping point – the need to act, to act decisively and on a significant scale is acute and requires a form of fundamental intervention to support major transformation

The Scottish Government has started this process through establishing the existing 'change funds' but these are very small in total resource terms and although welcomed will not facilitate the level of transformational change that is required.

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There is a pressing need for the Scottish Government to act far more decisively by positively directing a material element of its budgets moving forward, 3% would be a realistic starting point and for these resources to flow to the most deprived regions in Scotland, potentially driven by for example statistics of the most deprived SIMD datazones across the country. It is recognised that there would naturally be consequences for the Scottish Government's remaining budget and this should be managed through its existing budget and distribution arrangements.

At the same time, there should be a move to fundamentally review the underlying principles and approach of the local government grant distribution system. This review should seek to address the fundamental flaws inherent the current system and deliver a more equitable process which better recognises the level of need across the country.

In addition, the Council would also urge the Committee to call upon the Scottish Government to be open to and supportive of innovative councils and regions that are moving forward to develop large scale self help projects like the City Deal programme. To maximise the opportunity for success, such projects will require at a local, regional and national political level a commitment to innovation, change and a more contemporary understanding of how existing resources and policies can be better aligned to deliver better economic outcomes.

Response to Specific Questions Posed by the Committee

Detailed below are responses to the specific questions that have been posed by the Committee. As indicated, for a number of the questions, a single response has been provided which covers collectively the issues raised in the individual questions.

1. Over the period of the 2011 Spending Review, to what extent have the resources provided to local government been sufficient to deliver on the joint priorities agreed between COSLA and the Scottish Government, and to deliver local government's statutory duties? Overall, how have local authorities dealt with the "flat-cash" (i.e. real terms reduction) revenue settlement, and what has been the impact on the delivery of services?

Response

Since the on-set of the recession and the consequential squeeze that has been applied to public finances across the UK and Scotland, local government in Scotland has not enjoyed protection similar to that afforded to the NHS by the Scottish Government. During this period where reductions to budget, in both real terms and cash, have been applied across the public sector, the NHS in Scotland have enjoyed year on year cash increases in resources to deliver real terms protection. It is recognised that the NHS faces significant demand led challenges, however local government faces equally challenging pressures emerging from demand led cost growth and this decision by the Scottish Government has had knock on consequences for local government and other areas of public services. At the same time the Scottish Government has stuck rigidly to condition based grant provision for local government, conditions that have been based on significant input measures such as teacher and police officer numbers. Such input based controls cut across the principles of partnership, local dimensions to need for services and indeed local approaches and innovation to service delivery to achieve desired outcomes. Indeed, this

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input based perspective to funding runs counter to the much more positive outcome based focus that local government has worked hard to develop with the Scottish Government and has added an extra layer of complication to the already significant financial challenges that have been faced by local government during this period.

In addition, the level of grant linked to meeting the specified conditions has in some years been of such a substantial level (almost £19m for one year for Renfrewshire Council) that there was no realistic local choice and in many respects the process has diminished the role and influence of local democracy.

It is also important to recognise two significant factors that have been prevalent since the onset of reductions in grant from 2010/11:

- Firstly over the course of this period, which is widely regarded as being the most challenging in the modern post war-era for public services, the majority of the saving requirement that Renfrewshire Council has been required to deliver in order to have in place a balanced and financially sustainable budget each year, has been driven predominantly by cost pressures. In broad terms, over the period 2010/11 – 2013/14, for every £1 that has been saved to manage the impact of grant loss, a further £3 - £4 of savings were required to offset the impact of cost pressures arising from a wide range of factors including demographic and social-economic pressures impacting on services for both adults and children, national legislative changes by both the Scottish and UK Governments, commodity price pressures especially around utility costs and contractual commitments including the outcome of negotiations on the national care home contract etc. Moving forward, the Council's medium term financial plans anticipate that this pattern will continue particularly as pay pressures begin to emerge following the period of wage freeze and constraint across the public sector. Acknowledging this point is critical as part of understanding why local government, similar to the NHS, faces major challenges arising from cost pressures but contrastingly have not enjoyed parity in level of support provided by the Scottish Government.
- Secondly, as referred to earlier in the paper, in the context of grant reductions Renfrewshire Council has suffered during this period more than any other mainland authority. As illustrated in the table below even during periods where the overall grant change at an all Scotland level has increased marginally or remained flat cash, Renfrewshire Council has continued to face year on year reductions. Indeed over this period, areas such as Perth & Kinross, have with the exception of a single year enjoyed year on year growth in grant resources. To illustrate the impact of this contrasting position, during the period of reduction from 2010/11 – 2014/15, had Renfrewshire experienced a similar level of grant change to that of Dundee (a very similar peer council) Renfrewshire Council would have been required to deliver £17m less in recurring budget savings over that period. There is a fundamental question over whether the opportunity has been missed by the Scottish Government to share on a fairer basis the impact of reducing resources across the local government sector. Since 2010/11, the approach could have been taken to share the pain of reduction equitably over this period with each council's individual grant changing in line with the overall Scottish position. This would have assisted Renfrewshire by reducing the level of recurring budget savings by £11m. This is only a small proportion of the savings that have been required to be delivered by the Council over this period. Nevertheless it would have been of assistance in mitigating the level of

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impact on services provided to some of the most vulnerable in our society and providing the Council with the opportunity to manage a fairer level of decline in resources along with the more significant impact of cost growth during this period.

Annual Grant Change 2009/10 – 2014/15

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Scottish Position	5.0%	-0.2%	-2.4%	0.3%	0.1%	0.0%
Renfrewshire	2.8%	-0.6%	-3.4%	-0.3%	-0.6%	-0.5%
Angus	5.2%	1.5%	-2.6%	0.2%	0.1%	0.0%
Perth & Kinross	5.9%	2.9%	-1.8%	0.8%	0.7%	0.5%
Dundee	4.0%	0.2%	-0.8%	-0.4%	0.5%	0.1%
East Renfrewshire	5.8%	1.9%	-1.6%	1.2%	-0.6%	0.1%

The factors outlined above have undoubtedly placed Renfrewshire Council in a significantly more challenging position than otherwise might have been the case. During this period, the Council has however continued to be highly innovative, delivering savings through intelligent use of resources, longer term service redesign focused around early intervention and prevention, transformation and modernisation etc all of which remain focused on delivering a leaner organisation which delivers better outcomes for citizens at lower cost. The Council has continued to adopt financial planning strategies which have protected the areas of service delivery most closely aligned to its key priority areas. However, despite this, there has been a requirement to deliver significant savings arising from reductions in service delivery levels, standards and specifications and as a consequence of the grant position of the Council, such decisions have impacted more on Renfrewshire citizens than those elsewhere in the country.

It is important to note however that despite the very significant financial challenges faced by the Council, that the Council has and continues to approach the delivery of savings in a way which ensures the Council is able to maintain short term financial stability but also longer term financial sustainability. This remains a key priority for the Council to ensure the stability of the organisation and maintain its ability to deliver services to the citizens of Renfrewshire. The effectiveness of the Council's strategy in this regard has been recognised by a number of external inspection agencies including Audit Scotland as being a particular strength within the Council.

2. Are there particular examples of good and bad practice across local authorities in dealing with the budget settlement? How is good practice shared and disseminated and how is bad practice addressed?

Response

As detailed later in the submission, the Council's approach to its wider financial management and planning closely links to the organisation's strategic delivery plans and underpinned by strong financial planning arrangements which support ongoing stability and longer term sustainability. The Council also has a demonstrable track record of delivering large scale efficiencies through a range of cross cutting strategic approaches

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including for example strategic procurement, service transformation and redesign, debt smoothing and treasury strategies, internal organisational redesign and development etc. This has assisted the Council to deliver real efficiencies which have supported the delivery of financial strategy objectives, providing the opportunity and scope to protect priority front line service areas. In terms of sharing and understanding best practice, the Council is active across a wide range of national groups, partnership groups and professional associations etc which provide avenues for sharing best practice, new ideas, approaches and service developments across the country. Inspection bodies, such as Audit Scotland, also provide a conduit through for example their national publications to share their views of different approaches across the country on a wide range of issues, providing where appropriate case studies of areas of good practice and areas where particular weaknesses in approaches have been identified. The Council also recognises the benefit of appropriately accessing expertise and innovation from both the 3rd sector and private sector when developing services and ensuring the Council remains at the forefront of innovation and delivery of more efficient and effective services.

3. What has been local government's contribution to the delivery of the Scottish Government's Purpose, and its 16 National Outcomes, and how is this captured and measured?

Response

Local Government plays a critical role in the delivery of positive outcomes for the people of Scotland, representing the key public sector agency which drives the delivery of services at a local level.

- Local government is at the heart of the delivery of the government's focus on prevention, service integration and "place". Locally delivered and accountable services are responsive to the needs of individuals and specific communities and are capable of delivering the national outcomes in ways that meet their needs. In fulfilling its democratic mandate
- Local Government has responded to the expectation of Communities for transparency and accountability in the way services are managed and delivered – ensuring they are high quality, continually improving, efficient and responsive to local people's needs.
- Councils have also taken a lead role in developing and driving the community planning process, developing strong resilient and supportive communities and strengthening links and partnership working that improve transitions and support for people and communities as they develop – transitions from school to employment or further education, from hospital to home or from further education into business for example.
- Local government educates the majority of our children, from pre five through to secondary education – working directly to ensure they have the best start in life and are ready to succeed and that our young people are successful learners, confident individuals, effective contributors and responsible citizens
- Local government protects the community and the environment with responsibility for local roads and infrastructure, planning and building control, noise and air pollution, ensuring social housing standards and generally ensuring the built and public environment is safe, well-designed and sustainable providing local residents, businesses and visitors with access to the amenities and services that they need.

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- Local government makes connections and maximises the impact of its investment and development to target a number of outcomes wherever possible. As detailed earlier in the paper, ambitious and innovative councils such as Renfrewshire, have an acute understanding of the role and potential impact that they can have to trigger local public sector investment levers which will provide the catalyst to unlock significant and sustainable economic benefit and prosperity for their citizens. This however requires the Scottish Government and UK Governments to be appropriately supportive and for the Scottish Government in particular to work positively with the councils, ensuring that every opportunity and facility is provided to allow locally developed strategic self help projects to succeed and to deliver locally supported solutions to long standing economic inequalities.

4. Over the years of the new Spending Review, are the resources being provided to local government sufficient to deliver on currently agreed priorities, and other statutory duties?

Response

As detailed earlier in this paper, a case is being made for the Scottish Government to act far more decisively in this spending review period by taking steps to positively direct a material element of its budgets moving forward, 3% being a realistic starting point, and for these resources to flow to the most deprived regions in Scotland. The citizens of Renfrewshire, particularly those living in some of the most deprived neighbourhoods in Scotland, deserve a fairer share of resources that will provide the Council with a genuine opportunity to work with a range of partners to direct those and other resources to deliver investment, change and real economic opportunities which will provide families with genuine and sustainable routes out of poverty and access to a better life.

5. What are the key challenges and pressures that local authorities face over the period of the new spending review, and what planning has been undertaken?

Response

The Council's principle strategic planning framework is provided by the Community Plan which identifies the key challenges, key priorities and vision for Renfrewshire over the medium term. The Council has recently renewed its Plan and a copy of this is attached for reference. The Plan sets out the vision and aspiration the Council and its partners has for the citizens of Renfrewshire, and provides a clear framework to guide and direct the underlying priorities which will influence difficult financial and resource decisions the Council will be required to take over the medium term future.

Looking forward, the key financial challenges over the coming years facing local government and Renfrewshire in particular, are in many respects anticipated to be similar to those which have been experienced since the on-set of the recession. It is widely anticipated by many economic commentators that the squeeze on UK public sector resources is set to continue until at least 2017/18. Depending upon the impact of this on the Scottish Block, the local government budget and ultimately the Renfrewshire Council grant settlement, and subject to considerations of the proposals outlined in this paper by the Scottish Government, the Council is facing the likelihood of reducing grant resources over at least the medium term. In addition, the Council anticipates that cost pressures will continue to prevail due to demand led pressures arising from demographic and social-

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economic factors, major UK Government policy shifts such as welfare and pension reforms, commodity prices and a re-emergence of pay pressures. As referred to above, it is anticipated that as in previous years, the impact of cost pressures will be a significantly greater than the financial pressures emerging from grant reductions and the Council will continue to face major challenges to deliver a further suite of significant budget savings. It is recognised that Renfrewshire Council has managed the delivery of historically record savings over the past number of years in a way which has protected the key priority services across the Council, through innovative and better ways of working but also through taking difficult decisions and making hard choices around service provision in other lower priority but nonetheless important service areas that ultimately impact on citizens across Renfrewshire. It is recognised that moving forward, delivering a further wave of significant savings will become progressively more difficult and despite the best efforts of the Council, the ability to shelter priority front line services from the reduction in available resources, will increasingly become a marginal possibility.

Approaches to Financial Planning

Over the past number of years the Council has continued to develop its approach to both short term budgeting and medium and longer term financial planning, all of which has been critical in ensuring the Council has maintained financial stability throughout this period, has maintained a fundamental sustainability perspective to all its financial decisions and is aware of, is planning for and addressing the key financial risks that it faces over both the short and longer term.

Looking over the long term, the Council has developed long term financial planning models which have assisted in providing a perspective of how the Council's baseline financial landscape is likely to develop in the absence of any mitigating measures and responses being put in place by the Council.

The process assists the Council to identify its key longer term financial risks and to place an estimated financial quantum around that risk based on the best information and forecasts that are currently available to the Council. The model is used as a means of identifying the most significant financial risks and is not a long term budgeting tool. In response, the Council is able to maintain visibility of its key risks and put in place appropriate strategies to mitigate their potential long term financial consequences. By way of example, waste management and the impact of socio economic and demographic factors were two key risks identified which have long term mitigation strategies in place in the form of a Strategic Waste Strategy to deliver a sustainable long term replacement for the landfill of waste and a range of early intervention and preventative spend programmes around children services and older people services as a means of both delivering better outcomes but also to dampen future demand led cost growth driven by socio economic and demographic pressures.

The Council also has in place a **medium term financial strategy** as part of its framework of financial planning arrangements. The medium term strategy is a critical document and provides a strategic medium term framework which establishes overall financial direction and parameters to support the Council to move forward and deliver against its key policy objectives and priorities. The development of the financial strategy is supported by the Council's shorter term budget planning system and longer term financial planning and

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modelling process referred to above. The financial strategy seeks to integrate the outputs from these key activities to provide a financial framework which over the medium term will;

- guide and inform key financial planning principles,
- support long term financial sustainability of the organisation and avoid short term focused decision making,
- allow the identification of the critical workstreams to support the both the delivery of the annual budget setting requirement and medium term changes to the Council's financial and service structures.

A copy of the Council's current approved medium term financial strategy is attached for reference. As can be seen by reference to the document, the strategy has established a range of key financial planning principles which provide a framework to support and guide the Council's shorter term budget setting process which is normally focused over a 2 – 3 year period, principally driven by Comprehensive Spending Review cycles and the availability of Government Grant figures. The strategy sets a clear financial direction for the Council, establishes a range of key financial planning principles, seeks to support both short term financial stability and long term financial sustainability of the Council whilst at the same time making a clear commitment to re-distributing resources to support the Council's outcomes in the areas of key priority.

As part of this strategic framework, the Council has in place a range of strategic workstreams to support the delivery of significant and sustainable savings over the medium term. These strategies have included a debt smoothing strategy, a commitment to a corporate transformation project, the delivery of strategic approaches to procurement, establishment of a corporate business support function etc. Such strategies continue to be complimented by a commitment to delivering saving through an ongoing efficiency and savings programme based around smaller scale projects and programmes. These strategies have delivered significant savings for the Council over recent years and have been critical in supporting the Council to both protect key priority areas of service but also to support the release and redistribution of resources to invest in the delivery of key priorities and outcomes. However, as referred to above, the delivery of savings whilst protecting priority front line services will become an increasingly difficult balance to achieve.

6. What initiatives are being undertaken by local authorities to support the coherent delivery of measures to reduce greenhouse gas emissions?

Response

Globally there is increasing concern about climate change, most predictions indicate that in Scotland weather patterns will result in wetter milder conditions with an increased risk of flooding. 32% of Renfrewshire's carbon emissions relate to housing, heating of homes and water, and general household use, 13% to public services, 24% to transport, and 10% to food waste. The Climate Change Scotland Act 2009 set a target to reduce carbon emissions by 80% by 2050 and 42% by 2020. In Renfrewshire, community planning partners have agreed to work together to reduce carbon emissions and 'A Greener Renfrewshire' remains one of the key priority themes of the Community Plan. By working together to reduce carbon emissions, the Council and its partners are placing the protection of the environment as a key priority, and at the same time targeting the

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reduction in energy costs for residents and partner organisations. Partners have agreed to promote and support energy efficiency, to combat fuel poverty, to support a strategic and integrated approach to sustainable development, improve carbon management, become more energy efficient, reduce waste and promote biodiversity.

Fuel poverty, and increasingly food poverty, are a concern for many Renfrewshire residents. The Scottish House Condition Survey 2009-11 estimates that there are 13,000 or 16% households in Renfrewshire who are in fuel poverty. Programmes such as the Scottish Housing Quality Standard investment programme will deliver more energy efficient homes for many residents who are tenants of the Council and local housing associations.

The Council also has a detailed Carbon Management Plan which was launched in 2010 and which established a challenging but achievable target to reduce carbon emissions by 25% by March 2014. This equates to 10,975 tonnes of CO₂ over the period to March 2014. The programme of carbon reduction activities contained within the Plan will not only deliver carbon reductions in line with the Climate Change Declaration and deliver significant cost savings for the authority, but also positions the council well for the Carbon Reduction Commitment (CRC) – Energy Efficiency Scheme.

The Council has made good progress in achieving this target with progress to date showing that a reduction of 18.96% has been achieved to date, trending ahead of the 18.8% target to be reached by this date, placing the Council well to achieve the 25% reduction. The reductions are being achieved through a wide range of coordinated measures being taken forward by the Council including:

- LED lighting
- Oil to Gas Boiler replacements
- Boiler Optimisation
- Boiler Controls
- Photo Voltaic Panels
- Solar Thermal Panels
- Biomass Boilers
- Purchase of more efficient vehicles and tracking systems.

The Council continues to work to extend such measures, for example progressing a business case for a large scale LED programme for street lighting and also examining new innovative projects such as options to install hydro schemes at appropriate locations in Renfrewshire and examining opportunities to utilise land in partnership with the Forestry Commission.

7. What further measures are required during the period of the new Spending Review to ensure the delivery of the equalities agenda and support the development of the most vulnerable sections of society?

Response

Issues of Equalities and especially Human Rights impact most severely upon those communities that are particularly vulnerable. Within the current economic climate it is

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important that the spending review protects and safeguard services for the most vulnerable to ensure effect delivery of services which enable equal access and meeting specific and emerging needs.

Issues of deprivation and vulnerability go hand in hand. It is important that the spending review incorporates measures to understand the relationship between protected characteristics and people who are often referred to as the most vulnerable, hard to reach, or furthest away from the labour market. All local authorities are required to respond to the needs of specific groups with protected characteristics – however in some cases these needs are exacerbated by poverty and other disadvantage leading to a range of additional barriers that these groups require to overcome in order to access mainstream services and support

As outlined elsewhere in this submission, Renfrewshire Council is firmly of the view that current funding and distribution arrangements, far from supporting such principles, does not support the provision of a fair share of resources to allow Renfrewshire Council to fully address the and provide genuine solutions for our most deprived communities. The requirements of the equality and human rights agenda and the need to support the development of the most vulnerable sections of society should be a prime consideration in the Spending Review process. As suggested elsewhere in this submission, there is a pressing need for the Scottish Government to act far more decisively and explicitly in the budget settlement, to positively direct appropriate resources to support access to genuine routes out of deprivation for communities that experience the most acute levels of poverty, disadvantage, unemployment and ill health across Scotland.

8. In what ways will the local government benchmarking framework be used in relation to the budget settlement?

Response

The new benchmarking framework provides a useful resource which brings together, for the first time, a wide range of information which can be used to help monitor Council service delivery in 3 ways:

- how well Councils are delivering services
- how much it is costing
- how satisfied customers are with the services provided.

These new cost-unit indicators may assist in understanding how changes of funding may have an impact upon outcomes and satisfaction. The indicators cover Council's main services and were chosen because they will assist in identifying where **it cost councils different amounts to deliver the same service, how authorities learn from each other to deliver services at better cost, where variations in quality of service or achievement occur and what the reasons are for this and how this relates to citizens satisfaction with services.**

It should be noted however that this project is still in its infancy. The data is very useful starting point and marks a step forward in the quality of performance information for local government, however, the following points should be noted:

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- The benchmarking project is an iterative process and the indicators will further develop in future years. The consistency in the measurement of the data is still improving. As such, there may currently be differences in way in which Councils collect this data. Thus, direct comparison between Councils should be treated with caution.
- The intention behind the framework is that it is used to analyse where data varies significantly across Councils and thus where it would be useful to understand further the underlying differences. It is a tool for flagging up issues and challenging managers to consider why these might arise. Ultimately therefore the aim is to promote knowledge sharing rather than direct comparison of performance indicators.
- The communities local government serve are often very different, with wide variances in the levels of deprivation, geography etc. The benchmarking framework sometimes highlights the differences that authorities should expect to see and they may also reflect local policy choices. As such, there is currently a drive to develop family groups where direct comparison between similar authorities might be more meaningful than comparison across the whole of Scotland.
- This is not a one size fits all approach – the local government benchmarking framework should be viewed as only one in a range of approaches that should be used to gauge performance.
- It should be noted that data is published on an annual basis by Councils following the end of the financial year.

In relation to the budget settlement, given its infancy there is limited scope to see how it could at this point usefully support the process. Once there is a sufficient degree of maturity to the process and a more developed understanding of reasons for differences across councils, the framework could potentially be used to:

- better understand how changes in funding can affect delivery of outcomes and government priorities
- better understand how changes in funding may disproportionately affect certain areas due to other factors such as levels of deprivation, etc, and
- potentially assist in understanding the impact of budget decisions.

9. How will the wider public service reform agenda support local authorities' ability to deal with the consequences of the budget settlement?

Response

As referred to earlier in the submission, the Council is already experiencing a wide range of significant cost pressures emerging from wider policy reform including multiple pressures arising from welfare reform agenda, pension reform in relation to the ending of contracting out status for local government pension schemes and the introduction of auto-enrolment. Collectively over time it is anticipated cost pressures from these reform programmes will be in excess of £10 million (ignoring any impact of welfare reform on the council's housing services). It is recognised that these reform programmes relate to UK government policy changes, but nevertheless, represent significant new financial burdens which the Council is being required to address at what is already the most challenging financial period in its history.

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Financially, the establishment of the national arrangements for Police and Fire have been managed in a way which protected the Council's remaining services and the future challenges around the delivery of these services, achievement of desired outcomes and addressing associated financial challenges and difficulties is something which the Scottish Government will be required to address directly. The Council will continue to work closely with Police and Fire colleagues through community planning arrangements to maximise opportunities and outcomes locally for the people of Renfrewshire. It is not however envisaged that the new national arrangements will provide any meaningful assistance to the Council to manage the future financial challenges that it will face.

In respect to Health and Social Care integration, it is in its infancy and at this stage has a wide range of practical and technical uncertainties which will require time to be resolved prior to partnerships becoming operational. In addition, assuming such issues are successfully resolved, the effectiveness of such Partnership arrangements to deliver the potential benefits that are envisaged has yet to be demonstrated. Health and Social Care Partnerships will have commissioning responsibilities across the entire spectrum of care and support arrangements for the adult population, allowing a whole-system commissioning to be advanced – and in time, to rebalance the way that resources are used in favour of community based support. The Council is committed to and agrees with the need to shift the balance of care towards community provision. However, it is acknowledged that there are risks that the impact of increasing future demand proves to be higher than currently anticipated in the Scottish Government's analysis. If demand proves to be greater than anticipated, there is the risk that cash-releasing savings from the acute health sector will be unable to be released in order to invest in prevention focused community based alternatives; which in turn will limit the ability to stifle demand for acute care. It would therefore be premature to view the Health and Social Care Integration agenda as offering an avenue in the short to medium term to assist the Council to manage its financial challenges.

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Along with their budget submission, Renfrewshire Council have provided us with copies of:

- The Renfrewshire Community Plan
- Renfrewshire Council General Fund Medium Term Financial Strategy

As these are large documents we have not included them in this folder, however they may be found at the following link:

<http://www.renfrewshire.gov.uk/webcontent/home/services/council+and+government/council+information%2C+performance+and+statistics/cs-agendasandminutes>

<http://www.renfrewshire.gov.uk/webcontent/home/services/council+and+government/council+information%2C+performance+and+statistics/cs-agendasandminutes>