

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

SUBMISSION FROM WEST DUNBARTONSHIRE COUNCIL

Looking back

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?

The resources provided under the flat cash regime have been reasonable, if considered in a closed economy. However there are a number of real inflationary and service demand pressures which have placed significant pressure on local authorities which in reality has resulted in a need to generate significant levels of efficiencies and savings since 2011. These external factors will have worked against local authorities general aims of delivering on the joint priorities, however politicians in local authorities have continued to prioritise these in spending plans by prioritising budgetary and other resources appropriately.

2. 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?

Authorities have coped well with the flat-cash approach, it has given stability on relation to a significant funding stream, and allowed forward planning to be made in relation to efficiencies required to deal with the general inflationary and specific demand-side issues that have occurred in the wider economy since 2011. However there are significant and ongoing spending pressures in areas such as Social Work and Education where costs of care continue to increase as a range of factors pull together to increase demand, such as: deprivation interacting with the general economic position and welfare reform changes (leading to chaotic lifestyles, mental health issues, etc); continuing demand on care demands for adults as adults with significant care needs live longer over around a 40 year demand for care as an adult (as opposed to an older person); ongoing increases in demand for residential and home care for older people and while the Older People's Change Fund has been helpful there appears to be no real evidence of resource release from acute services either in health or social care). Significant UK Government policy changes such as welfare reform, auto-enrolment in pension schemes have created significant pressures on Councils. As a result, Councils continues to strive to reduce employee costs, while at the same time, mindful of the economic climate, balancing that need with the desire not to resort to compulsory redundancies. Councils are still dealing with the significant equal pay challenges as a result of single status.

3. 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?

The development of longer term financial planning in most Councils has been a positive development. A number of Councils have also developed a longer term approach to capital investment planning – linking capital planning over a longer period to the revenue plans for a longer period. Professional associations such as CIPFA Directors of Finance

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meet regularly and one area for discussion is where good practice is identified and shared. This is replicated by other such bodies such as SOLAR, SOLACE, etc.

4. 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?

Most, if not all, local authorities will have priorities which can be aligned to the Scottish Government's Purpose and its 16 National Outcomes. This will be part of community planning approach within local areas lead by local authorities and a set of performance measures identified to show how the local authority performs against planned outcomes at a local level.

Looking forward

5. 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?

Given the ongoing external pressures which impact on the cost of running local authority services e.g. pension reform, auto-enrolment, welfare reform, general rates of underlying inflation, demand changes in service provision, etc., it is difficult to see the funding being made available being sufficient to continue to meet the current priorities without further general efficiencies and savings requirements.

A key element for development relates to the issue identified above in relation to shifting the balance of care from acute to preventative and the release of resource from acute to preventative.

How local authorities continue to reduce costs over future years will be for each individual authority, but there will be continuing pressures and efficiencies to be gained from sharing management, services, facilities with other public bodies and other organisations.

Local authorities will require to continue to prioritise the targeting of the resources available to them to meet the ongoing national and local priorities.

Funding for capital investment is a key issue and the funding removed from the last 2 years settlement being returned next year is helpful and supports investment. Of course, more would be better and would assist in the aim of providing modern and appropriate models of service delivery and regenerate the economy at the same time.

6. 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?

As noted above there are significant financial challenges around rising costs in relation to: pension reform, auto-enrolment, welfare reform, general rates of underlying inflation, and demand changes in service provision. In addition to this the general economic climate presents challenges when considered in combination with welfare reform (those that have already happened and those still to come).

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Many of these are pressures arriving with local authorities with no additional funding and are outwith the control of local authorities.

Local authorities plan ahead in financial terms to understand the medium to longer-term landscape and aim to budget accordingly.

Issues such as the aging population will require a change in the way services are provided from current reactive acute services to earlier intervention to attempt to either avoid the cost of care or delay and shorten the cost of care required assuming the early intervention allows people to look after themselves longer. In order to do this some of the funding currently held in acute style services in both health and local authority services will need to be realigned to early intervention services and it is not clear how this shift from acute health services will be delivered. There may be an opportunity in this regard with the future merging of local authority and health services, though this may not be the full solution.

The implementation of the integration of health and social care in itself is an area of financial risk, though sound financial governance arrangements will be required. Associated with this are likely to be challenges and possible financial pressures in relation to employee issues, e.g. equal pay if working in a joint arrangement; possible restructuring requirements and costs and development of joint support structures.

The expectation of a further 2 years of Council Tax freeze will clearly be a challenge and does limit the options for a local democracy in setting and prioritising local services.

Councils clearly have a desire to regenerate their local economies and through that create employment opportunities in order to mitigate against the risks around deprivation, unemployment, depressed local economies, etc and investment in these areas has been a priority locally for the last few years, additional funding support to smaller Councils impacted by deprivation and lack of employment opportunities would be very welcome.

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

Rationalising assets – buildings and fleet mainly. Providing new energy efficient assets. Considering investment in renewables e.g. wind farms, etc. Reducing the use of landfill.

Vehicle fleet usage has been rationalised by tracking vehicle movements and purchasing new more efficient fleet and options around electric and other power sources are being piloted.

8. 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?

If it were possible assistance to mitigate the impact of welfare reform would be helpful, as families are struggling with the compound impact of the range of measures that are being introduced by the UK government.

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Welfare reform appears to be targeting and impacting on those families who are least resilient and are therefore most likely to require further support, funding, services, etc.

Allowing Councils the ability to set their own Council Tax rates would also be helpful as the long period of the freeze has meant that real terms reductions in funding has meant the Councils have had to implement efficiencies and savings which reduce levels of service. The option to increase Council Tax would provide Councils with another alternative which is not currently available.

Whatever the Scottish Government can do to stimulate the Scottish economy to create more jobs would be helpful. Particularly if such investment could be targeted at areas where there is high levels of unemployment and multiple deprivation. Often such funding is provided and is targeted to such areas but due to the methodologies used the funds are provided to areas where the larger issues lie, while smaller local authorities tend to lose out on such funding.

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

The benchmarking framework is a helpful tool to allow local authorities to compare and contrast the apparent differences in "performance" and costs as identified in the framework. It should allow local authorities to consider where, on the face of it, service provision seems high in comparison to others, and find out what the differences relate to and consider whether there are different methods of service provision that provide efficiencies over current models.

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

It is too early to say at present. The upcoming merger of local authority services with health services provides both an opportunity and a challenge (refer to comments made above regarding shift of resources from acute to early intervention services).

It is unclear as to what the ongoing austerity measures from the UK government will bring and this is unlikely to be clear until after the UK election, and the Scottish Independence referendum. But no matter what happens at the macro economic level in terms of governmental direction, it is almost certain that local authorities, other public bodies, and the third sector will have less resources available to deliver services, so there will be little option other than to continue to improve on how services are delivered, moving to more online world, where self-service becomes more normal and where new technology has a significant role to play in delivering services.

There is a need for local authorities to work closer in partnership with other public bodies and with other organisations in the third and private sectors in order to generate better outcomes, better value and efficiencies in service provision in order to deliver locally the aims of the national outcomes. This will happen as the Community Planning approach improves and outcomes are agreed via a local SOA.