

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

SUBMISSION FROM COMHAIRLE NAN EILEAN SIAR

## 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?

Over the period 2013-15 the Comhairle has had to find savings of £5.5m to enable it to set a balanced budget. Of this sum £2m is due to reductions in funding and £3.5m due to inflation and cost pressures.

The Comhairle signed up to the package agreed between COSLA and the Scottish Government and has delivered the agreed priorities, including the Council Tax Freeze. The Comhairle has also continued to meet its statutory duties though in some cases it has changed the way services are delivered to enable it to do so. Such changes have sometimes required difficult decisions to be made by the Comhairle, for example, in relation to schools.

Delivering on the Scottish Government agreement and maintaining statutory services, whilst budgets are reducing (both in cash and real terms), has come at the cost of some discretionary services. The cumulative effect of year on year savings is that the capacity to realise efficiencies has reduced and the Comhairle is now having to make service cuts.

### 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?

The distribution formula means that the flat cash settlement has been a real cash reduction for the Comhairle and consequently the Comhairle has increasingly had to look at reducing non statutory services to balance its budget.

An analysis of the savings shows the balance between service reductions and efficiency savings to service cuts from 2010-15.

	Efficiencies £m	Service Reductions £m	Use of Reserves £m	Total £m
2010/11	1.3	0.3	-	1.6
2011/12	4.4	0.9	-	5.3
2012/13	2.1	1.2	-	3.3
2013/14	1.4	1.0	0.4	2.8
2014/15	1.9	0.8	-	2.7

The Comhairle has worked hard to find solutions that will not impact on services. These have included capital spend to save initiatives and the planned used of balances. However, some of these initiatives are medium term measures and as the period of austerity extends will require to be revisited (for example the use of balances over a five year term will need a new solution in year six).

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

To balance its budget the Comhairle has nonetheless had to cut some services including:

- Reducing the provision of itinerant teachers;
  - Discontinuing the air service between Barra and Benbecula and reducing the service between Stornoway and Benbecula to three days a week;
  - Reducing community transport provision; and
  - Reducing street cleaning.
- The Comhairle also made use of the new powers to levy additional Council Tax on empty homes both to bring properties back into use and to generate income.

**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 Comhairle undertook extensive consultation in advance of the budget setting process. This included two series of public meetings across the islands in November and January, a survey available on paper and online and an online budget tool.

All the information gathered was presented to Members as part of the budget papers and this process meant that the Comhairle was able to better understand the views of the community on its proposals and to try and mitigate the most important concerns raised. Whilst community engagement was strong the response to the exercise from Community Planning Partners was less comprehensive.

**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?**

The Comhairle continues to work closely with the Scottish Government and Community Planning Partners on the development of the Single Outcome Agreement as the primary way that the Western Isles contribution to the Scottish Government's outcomes are agreed and reported.

The Comhairle's Corporate Strategy is based on the Single Outcome Agreement and Business Planning within the Comhairle consequently links directly to the National Outcomes.

### Looking forward

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

As resources fall, in both cash and real terms, the Comhairle will only be able to deliver on new Scottish Government priorities and statutory duties by improving efficiency and reducing discretionary services.

New monies, for example for early years provision, are effectively ring fenced which presumes that the priorities of all councils are the same.

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

Whilst there is always room for improvement, the scope to improve efficiency inevitably diminishes as the level of savings rise. For example, once a school is running at a minimum effective budget there's is no practical scope to reduce this.

**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?**

The continuing rise in fuel, and consequently transport, costs are a particular challenge for island authorities and this situation is unlikely to change.

Staff costs represent 55% of the Comhairle's budget and the disparity between pay awards and inflation that has arisen due to a period of pay freezes and restraint cannot continue indefinitely.

In addition to the savings that need to be found to balance the Comhairle's budget, the Comhairle is faced with an ageing population, a falling number of children and a decreasing working age population.

This has longer term consequences for service provision with an increasing demand for elderly care services and a reduction in demand for education.

The Comhairle has started a process of long term financial planning to identify areas where a shift in resources will be necessary over the next ten years.

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

The Comhairle is engaged in a range of activities to reduce greenhouse gas emissions, which include:

- The establishment of a Carbon Management Team;
- The development of a Carbon Management Plan used to present strategy and manage progress with individual projects (70 identified projects);
- A Carbon Awareness Campaign to promote awareness and best practice with staff;
- The incorporation of Renewable technologies in new build and the retro-fitting of renewable technologies to existing buildings;
- The promotion of Green procurement;
- Working in partnership with agencies in the Outer Hebrides to promote carbon management and asset collaboration; and
- Participation in European projects including IslePact.

**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?**

Many of the Comhairle's services are provided to support vulnerable people in our communities. The Comhairle already has in place structured processes to assess the equality aspects of any changes in services.

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

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

The Comhairle will use comparative data to help identify areas where service efficiencies may be possible.

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

The Comhairle has long held the view that a single public authority within the island areas would provide the most efficient way of delivering services.

Through the Our Islands Our Future campaign with Orkney and Shetland Councils the Comhairle is seeking greater subsidiarity for the islands. In the longer term by being in control of local revenues, for example, those raised from marine leases the Comhairle will be better placed to address the challenges arising from the current budget settlements.