

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

SUBMISSION FROM FIFE 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?

All Council services are currently facing significant economic challenges. The Social Work Service has a statutory responsibility to protect and support all individuals at risk of harm, and has no choice but to intervene and provide services where the level of risk is judged to be unacceptable.

The level of demand is high and continuing to increase across all client groups this financial year.

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?

Fife Council has delivered a balanced budget for the period 2011-13. This was achieved by services identifying and delivery efficiency savings. This was achieved through workforce change, shared services and other business process improvements. Due to Fife Council's statutory duties, service delivery was maintained however due to increasing demand, particularly within social work services, it must be acknowledged that current levels of service delivery are unsustainable given the anticipated funding reductions that are still to come through, based on the UK budget in March 2013 .

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?

Fife Council is on a Joint Working group with 6 other councils. The aim of this group is to share best practice and learn from other Councils ways of working to improve service delivery and ensure that the Finance function adds value. Topics discussed are Service wide and have included budget setting processes.

Fife is also represented on a Local Financial Returns (LFR) Review Group with COSLA and Scottish Government. The group provide a forum for improving accuracy and consistency in completion of the LFR's by all local authorities. This is particularly important as several GAE indicators are based on information contained in the LFR's which influence settlements for future years.

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?

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The Fife Council Plan sets out our direction for policy and our commitment to reform over the term of the Plan (2013-17). Fife Council's challenge is to meet the growing needs and demands being made on our services with an ever reducing budget.

In order to meet this challenge by 2017 we have set ourselves five aims:

- Growing a vibrant economy
- Increasing opportunities and reducing poverty and inequality
- Improving quality of life in local communities
- Promoting a sustainable society
- Reforming Fife's public services

These aims put our customers first and will be achieved by having everyone work together to meet 20 outcomes spread across all council services. These will be reinforced by reforming how we deliver all public services.

The Council Plan 2017 draws on the framework and the outcomes laid down in Fife's Community Plan 2020 and the Single Outcome Agreement which strengthens Fife's future by bringing organisations together to benefit Fife's communities. The Council Plan includes clear performance objectives with known benchmarks and measurable outcomes. These influence the annual performance review of progress and performance which will then be presented to the Executive Committee.

To make it easier for our customers, partners and stakeholders to gain access to how well the council is performing we have developed a digital on-line portal. By selecting the aims a variety of information has been brought together in one place reflecting what we are doing in our priority areas.

The on-line portal can be accessed by following the link below:

<http://www.fifedirect.org.uk/topics/index.cfm?fuseaction=page.display&p2sid=1620A6AA-B760-D61B-66695EBB90C20853&themeid=2B892409-722D-4F61-B1CC-7DE81CC06A90M>

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?

In considering future demand for public services it is important to recognise the change in demographics over time. Key points from a financial planning perspective are a marginal increase in pre-school and school age children, a decline in working age population and a significant increase in the elderly, particularly the 75+ age group. The population shift has implications for the way resources are allocated across Council services. This increased demand on services and other cost pressures will create a significant gap between funding and council expenditure. The potential budget gap is exasperated by additional burdens including; Welfare Reform, Abolition of the pensions 'Contracting Out' rebate, Pensions Auto Enrolment, Council Tax Reduction Scheme and continuing restrictions on teacher numbers. In short the resources being provided are not sufficient to continue to provide

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the services we currently provide and respond to increasing demand and other cost pressures. Councillors will have difficult choices to make to balance the budget over this spending review period ie 2014-15 and 2015-16, in the knowledge that further reductions in funding beyond 2015-16 have still to come.

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 overarching context and challenge for Fife in the next few years can be distilled down and presented as one of change. This change cuts across political, social, economic and environmental agendas in inter related ways. Recent difficult economic conditions, an increasing and changing population, political change (such as welfare reform), volatile global politics, and a changing environment, all combine to create a complex, highly inter-dependent mix of challenges.

The population is expected to change from around 365,020 to 381,334 by 2035. Households are due to increase from 161,270 to 195,960 by 2035, while currently there are 9951 people on the housing waiting list; this suggests that the supply of housing will be a significant challenge. Within this there are projected to be significant increases in the 65+ population of around 41,000, while the working age population will decrease by around 23,000.

The most topical challenge is to local business and the economy, as the ramifications of a global economic crisis are felt keenly in Fife. This has led to a downturn in growth and rising unemployment. For instance, in Fife an increase of around 2.7% in the unemployment rate was seen after the credit crunch, this has not yet recovered but has stabilised. Manufacturing remains the top sector in terms of output (31% of gross value added). The public sector makes up the largest proportion of the workforce at 28.3%. This is slightly higher than the national average of 27.4%. Although, the proportion employed in the private sector increased by 2.1% between 2009 and 2011. Significantly less people are self employed in Fife (6.8%) than in Scotland (8.0%). There were 965 new business start ups in 2011 compared to a peak of 1402 in 2005, representing a significant decrease in new businesses. Our town centres face increasing challenges from out of town centres, supermarkets and online retailers. Vacant retail floor space is highest in Glenrothes (19.2%) and lowest in St Andrews (5.4%). There are signs of growth in some sectors, tourism revenue and visitors have increased since 2008, and business expenditure in research and development has grown. Inward investment projects have created 2455 jobs in the past 4 years.

The performance of the economy and income available to families is a significant determinant in terms of standard of living. Income levels vary substantially across Fife which creates challenge in terms of equality. Average earnings are less than the Scottish and UK figures, with average weekly earnings at £479.10. Around a quarter of Fife workers earn less than £7 per hour. Welfare reform changes will pose significant challenges to many of Fife's families in the short term. Analysis across Fife shows that there is growing inequality between different areas with Dunfermline, North East Fife and South West Fife having the most homes categorised as 'comfortably off' or better. These inequalities will have profound implications for how we deliver services and target priorities. Since 2004, Fife's share of the most deprived areas has increased and around 38% of Fife homes are considered 'hard pressed' (ACORN Neighbourhood classification).

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Changing demographics and standards of living have a profound impact on Health, wellbeing and social care. Around 74% of Fife residents rate their health to be good or better. However, the picture varies greatly across Fife. This is most obvious in life expectancy which can vary on average by 8.1 years for men, with those in deprived areas not living as long as those in more affluent areas. The increasing older population will be a challenge. While the number of healthy older people is also increasing, it is not increasing as fast as the whole older person population leading to increased need for health and care services in that group. Across the population, estimates of life satisfaction suggest that Fife residents have a higher satisfaction with their lives than the national average, with 82.8% of people feeling they were engaged in worthwhile activities.

Access to employment and skills is an important link between the individual's quality of life and the wider economy. 70.1% of the working age population are working in Fife, which is 4.8% fewer than in 2005. Working patterns have changed also with a 5.8% increase in part time working against an 8% decrease in full time working. Fife has a higher unemployment rate than the Scottish average and 16.7% of people are claiming benefits. This varies across Fife, where North East Fife has the lowest density, while Central Fife has areas with the highest densities. Youth unemployment in particular continues to rise (48% increase since 2005). In Fife, skill levels have increased in the working age population, but these remain below the Scottish average. Fife has a higher rate of its 16-19 year old population who are not in education or employment than Scotland as a whole and this rate has declined since 2008. A challenge also remains in ensuring those who are well educated have the right skills to service the business opportunities which may be available to Fife. Education and learning is of paramount importance in determining future life chances. Attainment levels in Fife Schools have greatly improved and 92% of school leavers go on to further education or employment. Scottish Government figures suggest 5.1% of Fife children leave school with no qualifications. The 2011 SQA attainment figures for Secondary Schools are the best results for 5 years in almost all categories. The challenge may be to maintain or improve this level in a difficult economic climate. The home learning environment in early years is particularly important for future educational attainment. Political challenges remain ahead also with the Children Services Bill, expected in 2013, which may change to some extent the way services are delivered.

Creating strong communities is a key element of the Fife Community Plan and its efforts to reduce inequalities. People in Fife are generally happier with where they live, with their own lives and with the local council than in other council areas. However, in recent years, people now feel less able to influence decisions affecting their local communities, and this will be a significant challenge for the council over the coming years. Community safety is a critical element in ensuring vibrant, engaged communities. People now feel less safe in their homes than they did 5 years ago, despite falling crime rates, reduced re-offending and decreased vandalism. Elsewhere, serious injury and deaths on Fife roads have halved in the past 5 years. The creation of a single Scottish Police Force and a single Fire and Rescue Service will mean some changes to how services are delivered in future.

The Fife environment is also presenting significant challenges with the Scottish Government's 42% target reduction in carbon emissions compounding the need to deal with the impacts of climate change including extreme weather. Fife produces around 4 million tonnes of carbon emissions per year. Efforts to reduce carbon emissions, the main cause of climate change, have resulted in a 4% reduction in Fife, compared to 5%

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nationally. Most of this is attributed to a fall in domestic electricity and gas use; however some has been attributed to reduced economic output due to the recession. As the economy began to recover in 2009/10, carbon emissions began to increase again from the industrial and commercial sector which account for about 60% of emissions. Challenges will include developing options to reduce reliance on personal cars and adaptation to reduce effects of flash flooding. A major challenge in recent years is to reduce waste going to landfill, over half (55.5%) of the 113,482 tonnes of waste collected by the Council is now recycled.

The context Fife Council as an organisation finds itself in is a challenging one. The economic downturn has resulted in reduced funding from Government, with several more years of austerity measures likely, followed by years of financial challenge. The Council is tasked with delivering and facilitating major change at a time of great uncertainty, and faces some real organisational challenges. Increasing demand in some sectors (e.g. older people) will require new ways of working to deliver these services and achieve the aspirations of the people of Fife. Options include greater community based participation to identify priorities and a focus on prevention, which can significantly reduce demand.

It is acknowledged that continuing to do what we currently do is not sustainable in the long run; hence a pragmatic approach to developing our budget strategy has been adopted. It included:-

- A focus on the medium to long term.
- A focus on outcomes.
- A shift towards early intervention and preventative spend. In line with the findings of the Christie Commission spend should be re-directed from dealing with "failure demand" towards early intervention and prevention.
- A focus on efficiency, value for money and performance management including maximising the utility from the Council's significant asset base, rationalising and eliminating under-utilisation wherever possible.

A full copy of the Context and Challenges report can be found by following the link below.

<http://www.fifedirect.org.uk/publications/index.cfm?fuseaction=publication.pop&pubid=96653D7F-EFA6-637B-20FE6C59441DFEA1>

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

The Renewable Energy Routemap outlines how Fife intends to meet its contribution to the Scottish Government renewable energy generation targets for 2020.

Fife Council is striving to become 'the leading green council in Scotland'. Fife Council's Carbon Emissions Reduction Plan is being reviewed in light of the Public Duty arising from the Climate Change (Scotland) Act 2009. The Council Plan sets the practical target of achieving a 3% per annum reduction in carbon emissions until 2050.

Following consultation with residents and communities, the Fife Community Plan 2011-2020

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outlines a range of scenarios for Fife in 2020 if we fail to adapt to climate change or to embrace renewable energy technology and energy efficiency. To complement this, a Climate Change Strategy is being developed in partnership with Fife's major organisations that will inform necessary actions to ensure progress is made towards the national targets.

A full copy of the Renewable Energy Routemap can be found by following the link below.

<http://www.fifedirect.org.uk/topics/index.cfm?fuseaction=page.display&p2sid=D0D2896C-1CC4-E06A-5299E51BC311B9B9&themeid=727AF7D3-2D44-4D14-8C1B-D1B0E10EEA6B>

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?

No further comment following the publication of the Draft Budget 2014/15.

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

The framework indicators are considered in line with the Council Plan and its Priorities. Services are committed to improving internal processes. During the budget process, indicators are provided alongside savings proposals to inform the decision making process.

Fife Council are actively involved in reviewing the indicators and will be participating in pilot benchmarking clubs to further review the indicators, discuss current practice and identify improvements in the performance of council services.

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

More integrated partnership working, bringing together public, third and private sector partners to deliver more effective and efficient shared services will all contribute to reduce the negative impact of the budget settlement. The implementation of the Joint Health & Social Care Bill will also have an impact on management of the budget settlement.