1. Spending Review

West Lothian Council welcomes the provision of three year budget settlements up to 2015 as this allows us to develop financial and service strategies for future years with a greater degree of certainty.

West Lothian Council commends the Scottish Government for the focus on prevention and outline spending commitments within the draft 2012/13 budget and Spending Review. We warmly welcome the announcements in the draft budget on the three change funds and would welcome further discussion on how these will work within our Community Planning Partnership arrangements over the three years.

West Lothian Council and its Community Planning partners strongly support the further development of preventative spending. West Lothian Community Planning Partnership have pioneered the development of a preventative, outcomes based approach to changing the way services are delivered. The Life Stages Outcomes Planning Programme is currently being implemented across West Lothian and is enabling us to use a logic modelling and evidenced based approach to ensure that our Community Planning Partnership plans and delivers more effective interventions to tackle social inequalities and build successful communities. The announcement of three year funding levels along with the change fund announcements will provide us with more confidence to develop these areas.

2. Increasing demand for services

West Lothian has one of the fastest growing populations in Scotland with overall population expected to increase from 172,080 in 2010 to 208,364 by 2033, an increase of 21% compared to the estimated national increase over the same time period of 6%.

In recent years demand for older peoples services within West Lothian has risen by around 8% per annum due to demographic shift and higher reliance on care and we know that in the medium to long term the costs of providing services in this way are not sustainable. We are therefore reshaping care for older people through establishment of our reablement model in order that we can continue to meet increasing demand within constrained finances.

3. Public Service Reform

The establishment of our reablement model for older peoples care is an example of a fundamental shift in the way we provide services. Our reablement model is a means of assisting individuals to lead full and independent lives whilst reducing the overall cost of provision. By combining savings from private sector provision and reducing the number of care hours clients require, reablement could provide West Lothian with an opportunity to contain services costs in the context of demographic growth, societal changes, increased expectations and inflationary pressures. As well as
reducing cost West Lothian’s approach will achieve better outcomes for older people and will support our life stages approach by implementing preventative upstream intervention.

In terms of making a shift from resource based distribution to a system which is based on outcomes, we are currently considering how to develop an outcome, or priority based financial model which clearly demonstrates the links between financial resources and the outcomes that services deliver. This model will be used to provide future spending proposals.

4. Overall funding levels

Whilst the Spending Review announcement signified a three year cash freeze to local government’s revenue funding, we will await the announcement of the detailed finance settlement in December 2011 before determining the exact impact on our 2012/13 revenue budget. We will also await this announcement before considering the implications for our 2013/14 and 2014/15 revenue budget.

5. Reducing expenditure

At our 2011/12 revenue budget setting meeting in January 2011, our Council agreed £4.4 million of budget reduction measures for 2012/13 and another £3.2 million for 2014/15, mainly through management restructuring, introduction of flexible and mobile working, procurement and building rationalisation. As part of last year’s Tough Choices community consultation programme which was the most comprehensive ever consultation exercise undertaken in West Lothian, officers identified over £38 million of budget reduction proposals, categorised under three headings, efficiency, service change and income / charging. Taking account of measures already agreed, the remainder of the Tough Choices proposals will be available for consideration for future budgets.

6. Capital Spending

The Council will determine the impact of the reduction in capital spending once the detailed three year general capital grant allocations have been published in December 2011. The priority will be to protect investment contained in our ten year capital programme.

7. Equal Pay

West Lothian Council has previously settled £7.364 million of equal pay claims. As at 31 March 2011 we have a remaining provision for outstanding claims of £828,000 and approximately 328 outstanding equal pay claims.

8. Welfare reform and other legislation

The Council is currently considering the additional issues that will result from the UK Government’s Welfare Reform Bill. There has been various detailed reports to Council meetings and a successful conference has been held to discuss the implications of Welfare Reform. An action plan for a
comprehensive and holistic response to the reforms is currently being developed.

Donald Forrest
Head of Finance and Estates

24 October 2011