Local Government and Communities Committee

Scrutiny of the Draft Budget 2017-18

Submission from Fife Council

Local Government Budget

Question 1: We want to hear your views on the impact of budget reductions to date on local services, etc

Over the last few years budget reductions have been achieved through a variety of means, including service efficiencies, reduction in service offerings or frequency and a series of temporary measures to cease spend on particular areas such as Roads Maintenance. That approach has been exhausted, the challenge now is to deliver only essential services and deliver those services in the most cost effective way and consider the level of charging for all non-statutory services.

The limitations created through delivering efficiencies at a time of reducing budgets are that there is reduced ability to redirect the allocation of resources to develop programmes within areas of priority. Further significant budget reductions will not be possible from efficiencies and services will have to be reduced or stopped. The scope to achieve further savings has been restricted by the conditions imposed within the Settlement pertaining to Pupil Teacher Ratio, Council Tax and Health & Social Care.

Although the Council has endeavoured to protect core services, and particularly statutory functions, the impact of budget savings has been disproportionately felt on non-statutory services. Although non-statutory, these are often particularly important discretionary services, such as Culture, Economic Development and Employability. As a result of the savings the Council is required to carry out a comprehensive review of libraries in conjunction with the operator, Fife Culture Trust. This has led to the closure of 16 libraries, although in a number of instances community organisations are exploring the potential transfer of these.

In terms of Economic Development, savings have resulted in significant reductions in funding for town centre Business Improvement District (BID) companies, reductions in financial assistance to local businesses and non-filling of vacancies which has impacted on service delivery.

Although services, such as Planning, Environmental Health and Trading Standards are statutory services, these have not been exempted from savings and there has been a significant reduction in staff across all 3 functions. Although statutory functions are still discharged, pro-active work such as educational and information services have been cut back in order to preserve statutory functions.
In areas such as Economic Development, this reduction mirrors a reduction in spending by national agencies, which has delivered a significant reduction in expenditure in Fife at a time of great uncertainty for the local economy.

In addition Fife Council has had to fund shortfalls resulting from the cessation of grant from the SG to support subsidised travel.

**Question 2: We want to hear your views on the extent to which local authority spending decisions prioritise funding for policies that are likely to reduce inequalities.**

In Fife the LA spending decisions are clearly linked to the Council priorities, with a real focus on reducing inequalities. Tackling Inequalities is a key Strategic Priority for Fife Council however activity is being limited due to a reduction in resources. The payment of the living wage has had an impact on reducing inequalities. However, the overall reduction in service provisions will impact on all customers but may disproportionately affect the poorest households who rely more on the services provided by the Council. Thus reductions in budgets will impact by potentially increasing inequalities within overall service provision dependant on the level of cuts required.

Services such as Education prioritise funding to reduce inequalities and skew resources to schools to ensure that additional budget is allocated to schools with the greatest level of deprivation/poverty. However, some restrictions in place prevent Councils from being more effective in this. For example, the restriction on teacher numbers as an absolute measure prevents Councils from fully allocating resources in line with need, enabling resource to be released to invest in the quality of teaching rather than the number of teachers.

**Question 3: We therefore invite written evidence on how General Fund Balances are used by local authorities and in particular the extent to which the General Fund Reserves are being used being used to offset savings in the short to medium term.**

To date General Fund Reserves were not being used to offset savings rather they have been used to offset overspends, invest in preventative strategies within Children & Families and Social Care (£14m) and fund costs of establishment reduction. In addition service budget overspends have been covered by balances/underspends in corporate budgets such as loan charges, this is not sustainable. Further, an equal pay settlement in excess of £50m has been met from balances.

Taking all of this into account the balances have decreased significantly and are expected to continue to do so.

**Question 4: What are your views on the range of local authority activities that should be considered 'local Government budget' as compared with funding**
that is provided elsewhere but which may support local government activities and outcomes?

It does not assist meaningful strategic planning for services when resources are routed via other bodies. Resources assigned to deliver statutory LA functions must be provided directly to LAs. The Scottish Government made clear that the total of £250m was earmarked for the social care element of the IJB budget. Accordingly this funding should have been passported through local authorities or direct to IJBs. Overall there is a major issue for Local Government providing statutory services for central government but not being properly funded in doing so. A balance needs to be struck to enable economies of scale in corporate services and planning, and enabling a local emphasis to influence service delivery.

Housing Supply Budget

Question 5a: How well the centrally managed funding programmes are managed, what outcomes they deliver and do they represent value for money?

As these programmes sit out with the SHIP there is a lack of a “big picture” for Fife (and other authorities). The LAR initiative has not yet been taken up in Fife, although technically it does not require Council support.

Question 5b: To what extent are the innovative funding packages leading to a change in the way affordable housing is being delivered? (Information on innovative financing is available on the Scottish Government website at this link.

To some extent these are tinkering at the margins – the main thrust of delivering new social and affordable housing continues to come from Councils and RSLs. Local management of these programmes may make them more effective.

Question 5c: The extent to which the centrally managed funds support development of the appropriate mix of affordable housing to meet housing needs (such as mid-market rent as compared with social rent or private rent)?

Social rent is adequately supported through the SHIP as is MMR to a large extent. The centrally managed funds tend to support other tenures.

Question 6: The extent to which the centrally managed funds support development of the appropriate mix of affordable housing to meet housing needs (such as mid-market rent as compared with social rent or private rent)?

In practice, the SHIP is a live document and subject to rolling updates as the viability of sites is addressed (i.e. some sites drop out and new ones come in on a regular
basis over the two year period. This should be recognised. RPAs tend to be more conservative after year one leading to new build projections that are more pessimistic than necessary.

**Question 7:** We seek written responses on whether the increased subsidy levels will support new housing developments; and in particular whether the flexibility in subsidies will improve the provision of housing for older people or for people with particular needs.

We welcome the changes that will allow us to build more expensive housing for particular needs clients. However, there is already anecdotal evidence that increased subsidy has led to contractors increasing their prices.

**Question 8:** Do you have any other comments to make about the outcomes the Scottish Government seeks from its Housing Supply Budget and how it delivers those outcomes?

Local authorities could invest more in new housing if their historic mortgage debts were written off.