Local Government and Communities Committee

Consideration of the Draft Budget 2017-18

Submission from Highland Council

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

The impact on local services is becoming harder and harder to manage. The protection of Teacher Numbers and significant aspects of Social Care places a disproportionate effect on other services. So at a time when the Council is facing cash and real term reductions in funding we are now looking at the need for savings of over 10% in many areas where there is no protection. Protection relates to the delivery of Scottish Government policies. Whilst this is a legitimate decision, the impact on local services will become more evident.

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.

Equality impact assessments are a key element of the budget process. However in light of the general comment at 1 above, it is extremely difficult to prioritise spend in this way. What the Council has been successful in doing, to some extent, is to minimise spending reductions in such areas rather than increase funding. The Council takes welfare reform and deprivation extremely serious, and has attempted to ensure that people have access to services and benefit advice. As a result members have been reluctant to accept savings proposals in these areas, but have reflected the need to prioritise and avoid duplication between inhouse and external advisory services.

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 to offset savings in the short to medium term.

The Council acknowledges that Reserves can only be used in a very short term way to address budget savings. As such the Council would not propose this as a feasible or sensible strategy. For 2016/17 however the Council undertook a substantial review of all reserves and set aside a significant element to fund a voluntary redundancy scheme.

Reserves have been used occasions to finance “spend to save” projects or one-off investment in roads. The Council would see this as being a far more appropriate use
of reserves rather than using reserves to support mainstream budgets which would only defer a financial problem rather than address.

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?

There needs to be clarity of funding source and purpose. A clear example would be the confusion of funding for health & social care integration that came from the NHS budget. There can be some form of spin around announcements which does not aid sound financial planning or local discretion.

Budgets also need to focus on outcomes rather than funding source, but there needs to be far greater local control over how funding is allocated.

**Housing Supply Budget**

Question 5: In particular we want to hear your views on:

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

The main investment programme managed by the regional offices offer the quickest most efficient ways of delivering new supply in the highlands. The decision making process for centrally managed programmes e.g infrastructure loan fund causes delays and can result in lost development opportunities.

I have reservations about the Help to Buy scheme as this is likely to distort local housing markets and is not the best use of public subsidy.

**To what extent are the innovative funding packages leading to a change in the way affordable housing is being delivered?**

Mid -Market rent initiatives are particularly useful in Highland. We have seen strong demand for the schemes we have developed and there is evidence that this is addressing housing need and achieving affordable housing outcomes for people on the Housing Register.

We think the scheme should be linked with assistance for Mid-Market tenants to take up the option to buy at the end of the tenancy, as this presents an important way to support people into home ownership.
Delivery below subsidy benchmarks is more difficult in rural areas where there are higher infrastructure costs and less opportunities for economies of scale.

The help to buy programme for existing properties diverts funding from new build and increases house prices in the area and is not the most effective use of public funding.

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)?

Mid-Market rent initiatives assist in widening the target groups for affordable housing and creating balanced communities. Where funds are centrally managed there needs to be strong links with Local Housing Partnerships to make sure that they are sensitive and targeted to addressing local needs identified through Local Housing Strategies.

Question 6: To what extent do the Resource Planning Assumption and the Strategic Local Planning Agreements processes effectively enable local housing needs to be prioritised and resourced?

The current resource planning assumptions probably work better for more urban areas. The SLPA processes work well and allow the Highland Council to work in an objective, transparent partnership approach with RSL and others. This has resulted in the creation of the Highland Housing Hub where the partners (including the Scottish government) work jointly to deliver the programmes to meet housing need.

From January 2016, affordable housing grant subsidies for Registered Social Landlords and for Local authorities were increased. In addition, the Scottish Government increased the flexibility within the subsidies such that grants can be awarded for higher cost projects.

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 increase in grant rates, which has assisted local RSLs to increase the development programmes but strongly believe that subsidy rates for local authorities should be at a similar level to should be the same as RSLs. This would enable the Highland Council to increase its council house build programme substantially to help the Scottish government to meet its ambitious affordable housing target.
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?

The Highland Council welcomes and supports the ambitious affordable housing programme and is keen to work with the Scottish government to achieve its targets. Two key areas which would assist with this are increasing Council house subsidy levels to the same levels as RSLs and the expansion of the infrastructure loan fund to ensure sufficient land to deliver the programme.

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