I refer to your letter of 5 February. Please find below our response to the questions set around developing new ways of delivering services and local authority savings plans.

1. Can you describe the approach that your local authority has taken to both short-term and long-term budget planning since the onset of the financial crisis?

   The council has taken a proactive approach to financial planning since the onset of the financial crisis. In 2010 the council launched its Tough Choices budget consultation and subsequently this allowed the council to agree a range of savings plans over the three year period 2011/12 to 2013/14, including flexible working, management structures and procurement savings.

   On 29 January 2013 the council agreed to a medium term financial strategy covering the period 2013/14 to 2017/18. It is estimated that the council will face a £34 million budget gap over this period. Detailed revenue budgets have been agreed for 2013/14 and 2014/15 which include specific service budget reduction proposals. For the period 2015/16 to 2017/18, nine workstreams have been agreed that are aimed to deliver efficiencies that will support the councils eight corporate plan priorities and balance the budget up to 2017/18.

   At the same meeting that agreed the revenue budgets for 2013/14 and 2014/15 and the medium term financial strategy, the council also agreed its Corporate Plan for the next four years, and the general services capital programme and housing budgets for the period 2013/14 to 2017/18. This approach ensures that the council is taking an integrated approach to delivering priorities and managing resources.

2. Can you describe the consultation that your local authority undertook on your budget plans, both with stakeholders, and the general public?

   To facilitate full and effective consultation, a proposed set of priorities and options on how the council could deliver services in a better way and balance its budget was brought together in one consultation document, ‘Delivering Better Outcomes’, which was published on Thursday 11 October 2012. The consultation ran for nine weeks and closed on 14 December 2012.

   To aid the consultation process, a proposed set of eight priorities was set out in the consultation document and respondents were asked to outline whether they agreed, disagreed or had a neutral view about what was being proposed. In addition, respondents were asked to rank the priorities and to provide details of any other priorities which the council should be focusing on. The consultation document also sought feedback from respondents on options as to how the
council should deliver priorities and balance its budget. This part of the consultation contained a combination of both preference and open questions.

Target stakeholders included a wide range of groups, including but not limited to, employees, members of the public, various community and representative groups and community planning partners.

Prior to launch of the consultation, there was full scrutiny of this approach through our Partnership and Resources Policy Development and Scrutiny Panel (PDSP).

I have enclosed a copy of the PDSP report which will provide you with further detail on the approach adopted to the consultation.

3. How have the outcomes of your consultation fed into and influenced your budget plans?

The consultation generated a total of 2,953 responses which contained over 17,000 comments. All comments have been published on the council’s external website. The results were reported to the council’s PDSP’s in January 2013 and were used to help inform the council’s budget and development of the council’s Corporate Plan.

In every instance there was widespread support from employees, individuals and organisations for the eight priorities being proposed in the consultation. As a result the council has agreed a Corporate Plan for the next four years based on these priorities and our medium term financial plans will focus on how to deliver the priorities and balance budgets. The feedback from the consultation will be used to assist in developing workstream proposals.

4. What involvement has there been from external consultants/advisers in your budget planning, and what influence has this involvement had on your final plans?

There has been no involvement of external consultants or advisers in developing our corporate and financial planning strategic framework.

I trust this response will assist with the Local Government and Regeneration Committees inquiry examining the reform of public services. Please contact me if you need any further clarity on our response.

Yours sincerely

Donald Forrest
Head of Finance and Estates
A. PURPOSE OF REPORT

The report provides proposals for delivering a robust, coherent public consultation that will help to inform and set the priorities of West Lothian Council for the next planning period (2012-17).

B. RECOMMENDATIONS

It is recommended that the Panel notes the report and refers it to the Council Executive for approval.

C. SUMMARY OF IMPLICATIONS

I Council Values
- Being honest, open and accountable
- Focusing on our customers’ needs
- Making best use of our resources
- Working in partnership

II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)
- The council is required to set a balanced budget on an annual basis.
- Best Value duties establish the council’s requirement to understand the needs of its different communities and involve them in setting priorities and shaping service.

III Implications for Scheme of Delegations to Officers
- None at this stage.

IV Impact on performance and performance indicators
- None.

V Relevance to Single Outcome Agreement
- The public consultation will help to shape the Single Outcome Agreement for the next three years.

VI Resources - (Financial, Staffing and Property)
- The council faces expenditure pressures such as pay, inflation and demographics over the period 2013/14 to 2017/18, whilst also continuing to face Scottish Government Funding constraints.
The public consultation will assist in the prioritisation and allocation of resources to activities that have the greatest impact, whilst ensuring balanced budgets for the five year period to 2017/18.

VII Consideration at PDSP
It is proposed that feedback received from the public consultation is reported to all relevant Policy Development and Scrutiny Panels.

VIII Consultations
Details of a programme of consultation with all key stakeholders are set out within the report.
A Project Team led by the Chief Executive’s office has been established to progress and manage the consultation process.

D. TERMS OF REPORT

D.1 Financial Strategy
At the council meeting on 11 January 2012, it was agreed that preparatory work should be undertaken on integrating future financial strategy with the corporate planning process, with a strong focus on outcomes. Within the current economic environment faced by local government, Audit Scotland and the Chartered Institute of Public Finance and Accountancy (CIPFA) have emphasised the importance of robust medium term financial planning as best practice for the challenges ahead.

The UK’s overall economic position has been turbulent, with mixed growth throughout 2011/12. Market commentators are generally hesitant about prospects for growth in the UK economy, especially due to the instability of UK growth in 2011/12 and the uncertainties surrounding the country’s biggest trading partner – the European Union. Although there has been a return to some economic optimism for growth outside the European Union, it is clear that economic recovery is much slower than that experienced in previous recessions.

The reductions in projections for UK economic growth means that public spending will continue to be constrained to at least 2016/17, as outlined in the Chancellor’s 2011 Autumn Statement, however this challenging period for public spending could be extended if general economic conditions do not improve in line with projections.

The UK Government announced spending plans to 2015/16 and 2016/17 in the Chancellor’s Autumn Statement, which extended current spending reduction assumptions of 0.9% a year in real terms to these additional two years. Although no announcement will be made on how the additional reductions will be allocated, it is assumed that there will be an impact on Scotland through the Barnett Consequentials.

West Lothian Council has received draft confirmation of grant funding from the Scottish Government for the next two years. While these draft figures show a small increase year on year due to West Lothian’s increasing population, there are a number of significant funding pressures that create an increased demand for public services, and the additional funding is not sufficient to meet expenditure pressures. Some of the additional costs the council needs to cover within constrained resources are:
- Demographic related expenditure increases required to provide additional council services to a growing West Lothian population.
- Inflationary pressures relating to the purchase of external supplies and services
- Additional costs associated with meeting new legislative requirements
- Ongoing revenue consequences of capital investment
- Continuing requirement to support the early years and early intervention and older people change funds

Given the likely expenditure pressures, and the draft grant funding provided by the Scottish Government, the potential budget gap faced by the council could be in the region of £34 million for the five year period 2013/14 to 2017/18. To help address this gap, the council already has approved efficiency measures for 2013/14 of £5.8 million, however further efficiencies of around £28 million will be required.

Although the council faces these severe financial pressures, investment in delivering council services will still be large with the projected revenue budget in 2017/18 being over £400 million.

![West Lothian Council Projected Revenue Budget to 2017/18](image)

**D.2 Public Consultation**

**D.2.1 Purpose**

The purpose of the proposed public consultation process is to involve a wide range of people and agencies in identifying the priorities for the council. This will allow the council to design services to meet the needs and aspirations within the context of other planning factors, namely:

- Financial context
- Using an outcomes approach
- Integrated working
- Preventative interventions
D.2.2 Starting the Dialogue

To aid the public consultation process, a proposed set of priorities have been established which link in with developments in Community Planning. The proposed priorities are as follows:

1. Improving the employment position in West Lothian, including youth employment
2. Improving attainment and positive destinations for school children
3. Delivering positive outcomes and early intervention for early years
4. Improving the quality of life for older people
5. Addressing poverty, the cycle of deprivation and promotion equality
6. Reducing crime and improving community safety
7. Protecting the built and natural environment
8. Delivering positive outcomes on health

A consultation document will set out the proposed priorities as noted above and ask members of the public for their views on whether these are the areas the council should focus on. This will offer the opportunity for members of the public to help inform how services should be shaped and delivered in the future.

The consultation document will also ask members of the public to provide feedback on the new ways of working that the council believe will modernise and make services more efficient.

The consultation document will be clearly set out, and will use plain English.

D.2.3 Participants

The issues for consideration will require an extensive and robust consultation process. This will involve gathering information on the needs and preferences from a range of people.

In addition to Elected Members, the main groups are:

- Trade unions
- Employees
- Customers and citizens
- Representative groups
- Partners
- Stakeholders
- Local businesses

There will be greater segmentation of these groups carried out as part of the analysis, as appropriate to the range and the volume of response.

D.2.4 Hard to Reach

Through high volume and repeated engagement activity in the past, the council has identified people that prove difficult to reach and involve. To enhance representation, particular groups across the Life Stages and equality strands will be directly targeted to attempt to engage them in the consultation process.
D.2.5 Methods

A range of methods and tools of engagement will be utilised to ensure that the process is robust and inclusive. Use will be planned and targeted to ensure people receive and provide information in a way that is clear, helpful and easily accessible. The council has regular engagement through established channels and forums and these will also be utilised to ensure that there is involvement from as broad a range of people and groups as possible.

Engagement methods will include:

- Briefings, meetings with stakeholder groups/forums
- Questionnaires
- Direct mailing, emailing and messaging
- Council website
- New media, including Facebook and Twitter

As noted above, new media, such as Facebook and Twitter, will be utilised to raise awareness quickly and efficiently. These media provide the council with instantaneous access to thousands of people living and working in West Lothian.

D.2.6 Process

Consultation launch:

Consultation paper setting out the proposed priorities for the council, the financial context, and how the council can plan to deliver the agreed priorities.

Consultation feedback:

- Consultation responses received, analysed and reported to relevant PDSPs.
- Following consideration at the relevant PDSPs, the consultation responses will be used by the council to plan and prioritise services. This will inform:
  - Community Plan
  - Single Outcome Agreement
  - Corporate Plan
  - Budget

D.2.7 Timescales

It is proposed that the public consultation process lasts nine weeks. A timetable setting out the proposed timescales is noted below:

<table>
<thead>
<tr>
<th>Event</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Discussion of consultation approach at P&amp;R PDSP</td>
<td>21 September</td>
</tr>
<tr>
<td>Agreement of consultation approach by Council Executive</td>
<td>9 October</td>
</tr>
<tr>
<td>Public consultation</td>
<td>11 October – 14 December</td>
</tr>
<tr>
<td>Report results of consultation to PDSPs</td>
<td>January 2013</td>
</tr>
</tbody>
</table>

E. Conclusion

This paper sets out proposals for consideration on a public consultation that will support the development of a robust strategy for the council within a challenging
financial environment.

The aim of the proposed public consultation is to plan and develop an approach that would encourage a high level of participation from trade unions, employees, the local community, partners and stakeholders and will help determine the priorities for the council and how resources should be allocated.

F. BACKGROUND REFERENCES

- Community Plan: Towards 2020
- Community Planning Partnership (CPP) Strategic Assessment

Appendices/Attachments: None
Contact Person: Carrie Scott, Executive Project Officer
E mail: carrie.scott@westlothian.gov.uk Phone: 01506 281675

Graham Hope
Chief Executive
Date: 21 September 2012