

FINANCE COMMITTEE CALL FOR EVIDENCE

DRAFT BUDGET FOR 2013-14

SUBMISSION FROM EAST AYRSHIRE COUNCIL

Background

1. The Community Plan is the sovereign planning document for the East Ayrshire area, providing the overarching strategic policy framework for the delivery of services by all Partner agencies. In addition, the Plan acts as East Ayrshire Council's Corporate Plan. The adoption of the Community Plan as the strategic planning mechanism signals the commitment of the Partners to partnership working through the Community Planning process and ensures:

- clarity of purpose and strategic direction;
- a clear and common basis for partnership working;
- a framework for achievement;
- a basis for rationalising the strategic landscape; and
- a focus for co-ordinated action.

2. East Ayrshire Council's estimated budget gap over the period 2013-14 – 2016/17 is £34.1 million. Scottish Government revenue funding to the Council is expected, at best, to flat-line in the short term, unavoidable cost pressures will present this as a real-terms cut with inflation, pay awards and demographic change all expected to have a significant impact on future budgets.

3. The Council has recently approved a Transformation Strategy 2012 – 2017, designed to ensure that council services remain financially sustainable in the current economic climate. As part of the Transformation Strategy the Council has set three Strategic Priorities which are considered to be areas of focus which will make a significant contribution to the achievement of the vision of the Community Plan.

Strategic Priority	Key Actions
Raise educational attainment and equip our young people for the world of work.	<ul style="list-style-type: none">• Raise educational and skills attainment.• Foster and grow the partnership between local schools and businesses to ensure our young people are "work ready".• Support 100 young people into apprenticeships with the Council and pioneer a new Apprenticeship Scheme to support local businesses.
Support older people live independently in the community.	<ul style="list-style-type: none">• Encourage older people to participate in community life.• Promote intergenerational work.• Support more older people live independently in their own homes and ensure that they are well cared for within the community.
Promote town centre living	<ul style="list-style-type: none">• Build new council houses in and around our town centres and encourage external investment in town centres.• Work with retailers and local businesses to improve our town centres and villages.• Build on our investment on town centre regeneration.

To what extent do you consider Scottish Government spending decisions align with its overarching purpose of increasing sustainable economic growth and how should commitment to this objective be reflected in the draft budget 2013-14?

4. Scottish Government spending decisions detailed within the Spending Review 2011 recognised the importance of sustainable economic growth, and spending commitments made since then, in relation to issues such as youth unemployment, build on this. Recognition of the Christie Commission recommendations, and in particular action in relation to prevention and early intervention as key to improving outcomes, was a welcome step forward within the spending review.

5. Sustainable economic growth and improving outcomes for individuals and communities are inextricably linked, with economic conditions undoubtedly affecting our ability to improve outcomes. Reducing resources as a result of the wider economic situation presents a significant challenge for local government and the wider public sector. At the same time demand for services and user expectations for service access, quality and performance continue to increase and make those challenges even more complex.

6. Within East Ayrshire there has been a focus on inward investment, nurture of local businesses and wider economic regeneration and we hope that the Scottish Government Budget will continue to focus on driving sustainable economic growth and continue the shift towards prevention and early intervention. In particular, further roll out of action in relation to enterprise areas; next generation broadband; job creation and skills development would be welcomed.

7. These are long term objectives and while the Scottish Spending Review 2011 provided an indication of resources that would be made available in the period to 2014/15, some certainty in budget levels for future years would assist with local government medium to long term financial planning.

The Scottish Government states in its economic strategy that “the actions of the public sector are co-ordinated to maximise their economic impact.” What progress has been made in harnessing the public sector to support sustainable economic growth and how should this be reflected in the draft budget 2013-13?

8. Significant progress has been made through the introduction of Single Outcome Agreements and formalised arrangements between national and local government. The concordat agreement between the Scottish Government and the Convention of Scottish Local Authorities in 2007 significantly changed the relationship between central and local government. The agreement, built on joint accountability, provides more flexibility in the way we spend the financial settlement received from the Scottish Government, achieved largely through a move away from ring-fenced funding.

9. East Ayrshire Community Planning Partners Single Outcome Agreement sets out how our identified local outcomes will help support the Scottish Government’s fifteen national outcomes, while taking account of local priorities, as well as providing the

performance management framework for the Community Plan. Through the Concordat, East Ayrshire Council, along with our Community Planning Partners are committed to supporting progress at a national level, through improvements at a local level.

10. We welcome the National Review of Community Planning and note the progress that has been made on this to date. Partnership working in East Ayrshire is well developed and, through the Community Plan and the Single Outcome Agreement, the partners share ownership of the jointly agreed Local Outcomes. Placing formal requirements on Community Planning Partnerships to collaborate by augmenting the existing statutory framework will build on existing practice in East Ayrshire and ensure collective accountability for local delivery.

11. Developing the economy and achieving sustainable economic growth are key priorities for Partners in East Ayrshire, who recognise that they provide opportunities for high quality employment, higher incomes and better futures for young people; and assist in avoiding the wider social implications of unemployment such as poor physical and mental wellbeing, reduced life-expectancy and increased crime rates. Community Planning Partners are committed to developing the economy as a whole, with a particular focus on business and industry as well as maximising the opportunities available to East Ayrshire in terms of its natural and built environment, its heritage and culture, and its location in relation to regional assets, such as areas of business growth and new jobs.

12. The Scottish Government Budget should recognise the importance of partnership working in the public sector. Initiatives such as Change Funds have allowed Community Planning Partnerships to work closely together to identify innovative solutions. Widening this approach is the natural progression and additional funding streams would be useful in allowing joint work to be developed and progressed.

The Scottish Government states that the aim of its economic strategy “is not only to offer greater protection to the economy during periods of economic uncertainty, but to bring about a long-term, or structural, change in Scotland’s sustainable growth rate. What spending decisions support such structural change in the long term and what spending priorities should be in the draft budget 2013-14?

13. Within East Ayrshire, there has been a commitment to early intervention through the guiding principles within our Community Plan. The guiding principles underpin all our activity.

14. Outcomes based planning and budgeting is a natural progression in how public services plan for the longer term and links between preventative spend and long term outcomes are essential to justify budget decisions. Political support for spending now, on outcomes that might not be seen for a number of years, and which may deliver savings for the community Planning Partners, is critical to the success of initiatives such as this. Spending decisions should recognise the links between sustainable economic growth and improving outcomes and should focus on prevention and early intervention.

15. As outlined above, further roll out of action in relation to enterprise areas; next generation broadband; job creation and skills development would be welcomed.

In its Scottish Spending Review 2011 and Draft Budget 2012-13 the Scottish Government states that the Finance, Employment and Sustainable Growth portfolio “contributes towards ensuring that we achieve balanced economic growth that provides the most disadvantaged in society with the opportunity to prosper. Equity, whether it be social, regional or inter-regional or a combination of these factors, is also seen as a key driver of economic growth”. What progress has been made in achieving these objectives and what spending priorities should be in the draft budget 2013-14?

16. It is crucial to recognise that economic development is a long term game and that, important as the short term challenges are, a bigger challenge is to ensure that we provide a supportive environment for a strong recovery and that we are ready to respond to the economic upturn and support our local businesses to do so.

17. East Ayrshire Community Planning Partnership provides the robust partnership approach between public sector organisations, the community and the business and voluntary sectors required to support business growth and ensure that everyone has the opportunity to work, improve their skills and make a positive contribution to communities; and ensure progress towards the key national outcome in the National Performance Framework: “*We realise our full economic potential with more and better employment opportunities for our people*”.

18. Through the Ayrshire Economic Partnership, the three Ayrshire Councils are working together with Scottish Enterprise, Ayrshire Chamber and the private sector to deliver more effective economic development to our area. Collectively we are taking priority action on food and drink sector, engineering, marine and coast, renewables and tourism.

19. The Ayrshire and Arran Tourism Strategy 2012 – 2017 sets out an ambitious vision for tourism across Ayrshire and sets ambitious targets to raise performance over the next five years. This includes increasing the annual number of visitors to Ayrshire and Arran by 10%, increasing annual spend by 20%, growing employment supported by the sector by 10% and enhance and conserve the region’s natural, heritage and cultural assets.

20. As outlined above, developing the economy and achieving sustainable economic growth are key priorities for Partners in East Ayrshire, who recognise that they provide opportunities for high quality employment, higher incomes and better futures for young people; and assist in avoiding the wider social implications of unemployment such as poor physical and mental wellbeing, reduced life-expectancy and increased crime rates.

21. There are sharp contrasts in the prosperity of communities across East Ayrshire, as indeed there are all across Scotland. The challenge is to provide high quality services for all, while specifically targeting additional resources in the most disadvantaged communities with a view to closing the opportunity gap.

22. Community Planning Partners know their areas best and it is for them to identify priorities at a local level.

In its response to the Finance Committee's report on the Spending Review 2011 the Scottish Government stated that "The National Performance Framework represents a common vision for the whole Scottish public sector and, as such, is fully integrated with our spending plans." How does the NPF impact on the spending decisions of the Scottish public sector and how would this impact be reflected in the draft budget 2013-14?

23. As outlined above our Single Outcome Agreement sets out how our identified local outcomes will help support the Scottish Government's fifteen national outcomes. Our local outcomes are also designed to address local priorities which are based on information from our area profiles and wide ranging consultation and engagement. Whilst the National Performance Framework provides a common vision, it is important to recognise that each area will still have its own local priorities.

24. In East Ayrshire, the SOA is seen as a management tool which will allow the Community Planning Partnership (CPP) to:

- further improve the quality of life across our communities;
- deliver better outcomes for local people;
- secure opportunities for reducing bureaucracy;
- make more efficient use of our resources;
- make a difference by removing barriers to improved service delivery; and
- identify areas for improvement.

25. It is vital that the resources available are directed productively and exclusively towards agreed key local outcomes contained within the Community Plan and Single Outcome Agreement. Consequently, all activity by the Council should focus on delivering agreed local outcomes for individuals and communities. Activities which do not contribute significantly to the Council's strategic priorities and statutory responsibilities should be examined closely.

In its response to the Finance Committee's report on the Spending Review 2011 the Scottish Government stated that is broader work was "focused on ensuring that our ambitions for a decisive shift to preventative spend are realised across all areas of service delivery." What progress is the Scottish Government making in realising this objective and what spending priorities should be in the draft budget 2013-14?

26. The outcomes from preventative spend can be significant, as can the financial benefits. The Scottish Government's spending review signalled a decisive shift towards prevention and a welcome move towards preventative spending at a national level to tackle the root causes of disadvantage and inequality. Further, the identification of change funds over the spending review period in respect of older people's services, early years and early intervention and reducing reoffending was welcomed.

27. However, the level of funds identified were only a small proportion of the overall Scottish Government Budget and do not address the conflict that exists between increasing the focus on preventative spend/early intervention, while trying to maintain existing service levels. In addition, much of the funding came from refocusing existing activities to ensure that preventative action is prioritised.

As stated earlier, political support for spending now, on outcomes that might not be seen for a number of years, and which may deliver savings for the Community Planning Partners, is critical to the success of initiatives such as this. Long term planning, monitoring and performance management will be important in assessing the success of preventative approaches and in ensuring that budgets are reduced as benefits are planned to accrue.

28. As a Council, we have established strategic imperatives which will govern the actions necessary for the achievement of longer term financial sustainability whilst delivering priority outcomes. In setting its budget, the Scottish Government should continue to build upon the principles of reform as set out within the previous spending review: a decisive shift towards prevention; partnership working; effective leadership and transparency around performance.

29. Additional financial support in developing appropriate preventative spend programmes across the public sector would clearly be welcomed, and would allow progress already being made to be built upon. With funding restricted as it is, it is important that robust empirical evidence exists to support such spending and that the predicted savings are achieved and re-directed.

The Scottish Local Authorities Economic Development Group recently stated in evidence to the Finance Committee that “Quality, sustainable employment should be the outcome of all skills and employment measures.” What priorities should be in the draft budget 2013-14 to realise this objective?

30. East Ayrshire Council believes that stimulating the construction sector is key to economic recovery and job creation and is keen to see the Scottish Government identify additional capital resource which could support our physical regeneration aspirations. We would welcome a focus on infrastructure development and place and believe that initiatives such as a town centres review must have capital resource to support them.

31. The Government’s Regeneration Strategy sets out a longer term commitment to removing ring fencing from regeneration resources. Access to regeneration investment in East Ayrshire’s most disadvantaged communities is required now to support people into jobs and to improve wellbeing.

Small businesses represent 93% of the Scottish private sector and are more likely to employ people with low or no qualifications than large businesses. What spending priorities should be in the draft budget 2013-14 to support public-private partnership to improve the employability of and create sustainable employment opportunities for individuals experiencing high levels of multiple deprivation?

32. In East Ayrshire, where pre-recession unemployment levels were above the Scottish average, claimant count unemployment has increased

further. Unemployment is likely to continue to rise as businesses continue to feel the impact of the economic challenges they have been facing. In this regard, a particular challenge will be to minimise the effects on young people aged 16-24 years of early disengagement from the labour market. Within education, our efforts and available resources are directed at providing sustained destinations for our young people by strengthening the links between education and learning, and employability.

33. Our employability team and partners are working with around 700 local people a year to provide them with the skills and support necessary to move them closer to the labour market. There is a clear structure to that support and over the last four years much has been achieved in stripping out duplication of provision; ensuring a targeted pathway approach to enhancing employability and most importantly delivering positive outcomes.

34. East Ayrshire was identified as one of six local authority areas which would benefit from a share of £9 million from the Scottish Government's Opportunities for All Fund. As a 'youth unemployment hotspot' we received additional resources totalling £720,000. The funding allows us to deliver additional support to our local communities, complementing existing activity and contributing to improving our local outcomes.

35. Additional commitment to national training programmes such as Modern Apprenticeships would be welcome, and would allow us to continue to support our local businesses to create employment opportunities. This should be coupled with financial support for initial wage costs when apprentices are able to contribute to the business.

36. Continuation of the Small Business Bonus Scheme for our SMEs would provide an opportunity for our employers to create additional jobs. Further, a realignment of EU funding as well as Higher and Further Education Funding to support our growth aspirations would be welcomed and would allow us to support individuals in our communities to access job opportunities.

37. We trust that the information presented will assist the Finance Committee in its scrutiny of the draft budget 2013/14 on whether spending decisions align with the Scottish Government's overarching purpose of increasing sustainable growth.

We would reiterate the importance of utilising the totality of partner's budgets to deliver against agreed priorities within the Single Outcome Agreement. Any new or additional spend should complement existing activity.

38. We would be happy to provide any additional information that you require and look forward to your findings.