

FINANCE COMMITTEE CALL FOR EVIDENCE

DRAFT BUDGET FOR 2013-14

SUBMISSION FROM NORTH AYRSHIRE COUNCIL

1. In its [Scottish Spending Review 2011 and Draft Budget 2012-13](#) the Scottish Government stated that:

“The decisions taken within this Budget have been shaped by the Scottish Government’s Purpose of creating a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth. Our budget supports job creation.”

2. The Finance Committee has agreed to focus its scrutiny of the draft budget 2013-14 on whether spending decisions align with the Scottish Government’s overarching Purpose of increasing sustainable economic growth.

3. The specific questions raised, together with North Ayrshire Council’s responses, are noted below:

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. The overarching policy of supporting recovery and increasing sustainable economic growth is welcome within North Ayrshire and indeed reflects the priorities adopted by the Council and its partners in our Economic Development & Regeneration Strategy. Specifically the support for the business environment, developing infrastructure and place, learning, skills and wellbeing, effective government and supporting the transition to a low carbon economy – priorities are also specific Strategic Objectives within our strategy. It is important that the key element in the new budget focuses on Equity. North Ayrshire is by any measure an economy under severe challenge, with an estimated 23,000 jobs required to bring our area in line with a Scottish average. It is important that the principle of an equitable distribution applies to ensure that the chasm between North Ayrshire and the rest of the Scottish economy is bridged. This could be achieved by ensuring that any city focussed/Glasgow centric activity takes into account outlying areas such as North Ayrshire.

The Scottish Government states in its economic strategy that “The actions of the public sector are co-ordinated to maximise their economic impact.”[2] 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 2013-14

5. North Ayrshire has made this statement a key element of our newly-developed Economic Development & Regeneration Strategy – “*The public sector will be responsive to the needs of businesses and individuals and will achieve this by working more effectively individually, collectively and, where appropriate, in partnership.*” This reflects the emphasis within the draft budget and the economic strategy on the role of the public sector in Scotland.

6. North Ayrshire is currently exploring the potential for the development of a Total Place pilot, the outcome of which would be the pooling of appropriate public sector funding to key agencies for a specific area to provide a more focused approach to addressing the issues of that area. Support from the Scottish Government and financial enhancements to promote this approach would be welcomed.

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”.^[3] What spending decisions support such structural change in the long term and what spending priorities should be in the draft budget 2013-14?

7. If the Scottish Government is to bring about long term change in the Scottish economy, it is vital that the key sectors in our area are supported. For North Ayrshire, and indeed within Ayrshire as a whole, these key sectors would be :

- Marine & Coastal
- Engineering – focussing on high value activity
- Food & drink
- Tourism
- Life sciences

8. This support to local priorities is vital to bring around the step change required in our area. It is vital that the new budget reflects these local priorities and makes resources available to facilitate this change.

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-generational or a combination of these factors, is also seen as a key driver of economic growth.”^[4] What progress has been made in achieving these objectives and what spending priorities should be in the draft budget 2013-14?

9. North Ayrshire welcomes the movement in developing enterprise areas and in increasing opportunities for employability programmes and apprenticeships. Progress in this area has been limited as can be evidenced by the still significant gaps in health and education which are so closely linked to income levels.

10. Investment which mitigates against the impact of the Welfare Reform Bill would be welcome.

11. A continued investment in Early Years is a keystone in addressing inequality and life chances not only for children but also parents. Entitlement to high quality affordable Early Childhood Education and Care from the earliest stages would make a substantial and significant contribution to ensuring that Scottish children have a good start in life and that far fewer children fall behind in health and development.

12. The benefits for children are well-evidenced and have already been recognised by the Scottish Government in the draft Children's Bill. Supporting children's development will result in less of a gap between the most and least disadvantaged in physical and intellectual development. Critically, however, in addition to making work viable for families, the provision of affordable ECEC will also provide employment and career development opportunities, particularly among women and young people, both of whom have been disproportionately affected by rising unemployment. This could reduce family poverty and play a part in regenerating local economies.

13. While the regionalisation of the FE sector should bring benefits in terms of efficiency and effectiveness it will be important to continue to invest in the FE sector and its links to both schools and the developing economy to ensure that we are preparing our young people for the developing economy and meeting the needs of growing business sectors.

14. Funding for investment in infrastructure, particularly improvements in trunk road links to North Ayrshire, is vital to the economic regeneration and growth of the area. In particular it is essential that the A737 bypass progresses as quickly as possible. Collaboration between the public and private sectors is crucial to identifying issues with existing transport, energy, water and broadband infrastructure in order to address these as fully as possible in the current funding environment, to ensure that North Ayrshire remains a connected and attractive location for business.

15. Ensuring that public procurement supports the local economy and good practice in terms of skills development and capacity building and supporting small businesses to provide apprenticeships and training places particularly in areas of high unemployment will also be important.

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".[5] How does the NPF impact on the spending decisions of the Scottish public sector and how should this impact be reflected in the draft budget 2013-14?

16. The National Performance Framework (NPF) has been in place since 2007 and was updated in December 2011. It includes:

17. Core purpose: "to create a more successful country, with opportunities for all of Scotland to flourish, through increasing sustainable economic growth".

18. 7 purpose targets covering:

- growth (measured by GDP)
- productivity
- participation
- population
- solidarity
- cohesion
- sustainability

19. Strategic objectives under the following themes:

- Wealthier and fairer (enabling people and businesses to increase their wealth and more people to share equally in that wealth).
- Healthier.
- Safer and stronger.
- Smarter.
- Greener.

20. 16 national outcomes describing what the Government wants to achieve in the next 10 years.

21. 50 national indicators to track progress towards the national outcomes.

22. As a devolved body, the Scottish Government clearly does not operate all of the levers to economic growth, such as setting of interest rates. It nevertheless can influence economic growth through its spending power and policy decisions such as the proposed underwriting of private sector borrowing to fund new infrastructure projects. The NPF is clearly predicated on the assumption that sustainable economic growth is the key to successfully meeting all of the strategic objectives. To that extent, it sets out clearly the overriding test for budget planning and contains a "golden thread" showing how this core purpose links through the various tiers of the NPF.

23. From a North Ayrshire perspective, the NPF has been very effective in ensuring that the Community Planning Partnership's priorities (as set out in the Single Outcome Agreement) and the Council's priorities (as set out in the Council Plan) are well aligned with the Government's core purpose. The public bodies in North Ayrshire have produced and are implementing an Economic Development & Regeneration Strategy 2010-20 in recognition of this major challenge. A new Economic Development & Regeneration Board (with representatives from major local employers) has been formed to oversee the implementation of the Strategy. The Chief Executive of Irvine Bay Regeneration Company is a member of the CPP Board, the EDRB and is also a member of the Strategic Management Team that sits below, and supports the CPP Board.

24. In 2010 the Council and its partners presented to both the UK and Scottish

Governments a Business Case for assistance with its economic challenges. This continued a long-term process of lobbying for financial assistance, given North Ayrshire's persistent issues of worklessness and deprivation.

25. The Government has recognised and taken some action to mitigate North Ayrshire's challenges and is of course represented on the CPP Board. Most recently, there were announcements about the inclusion of Enterprise Area status within the Irvine area and the new Dalry bypass.

26. It is vital that the Scottish Government's draft budget 2013/14 continue to focus on sustainable economic growth. It is vital also that it recognises areas (such as North Ayrshire) with fundamental issues of regeneration in order to avoid the inequalities that have been so well documented in the Christie Commission report. In particular, the Government should consider restoring previous levels of funding to Regeneration Companies such as Irvine Bay. The Government should also use the budget process to ensure that bodies such as Scottish Enterprise recognise that a strategy of assisting only "growth" sectors is likely to perpetuate the inequalities previously referred to.

***In its response to the Finance Committee's report on the spending review 2011 the Scottish Government stated that its broader work was "focused on ensuring that our ambitions for a decisive shift to preventative spend are realised across all areas of service delivery."*[6] What progress is the Scottish Government making in realising this objective and what spending priorities should be in the draft budget 2013-14?**

27. North Ayrshire's vision of "a better childhood" is built around three outcomes, that:

- children and young people are nurtured and parents are supported
- children and young people are safe, healthy, active, aspiring and achieving
- the life chances of vulnerable children and young people are improved

28. This vision is based on the Early Years Framework and the outcomes link to the national outcome "our children have the best start in life and are ready to succeed".

29. There has been considerable work in North Ayrshire over many years towards achieving the above outcomes and many positive initiatives which have significantly improved the lives of children and young people. Despite this substantial effort, however, we continue to have the highest referral rate to the Reporter in Scotland (see appendix 1) with particularly high numbers of children referred to the Reporter for care and protection. Our number of looked after children has continued to rise year on year since 2001. (see appendix 2). In the 2011 looked after statistics, the number of looked after children nationally rose by 2% from the previous year but by 10.2% in North Ayrshire. Likewise, the numbers on North Ayrshire's Child Protection Register have continued to rise year on year as illustrated in the attached appendix 3. North Ayrshire has high levels of domestic abuse, teenage pregnancy, and alcohol and drug addiction. Child poverty and youth unemployment levels are amongst the highest in Scotland.

30. On 8 November 2011, the Council's Executive agreed that a preventative spending approach be considered during the budget process. Early intervention and prevention was a central plank of the Council's budget announcement in February 2012 when £920,000 of new funding was committed for this purpose. NHS Ayrshire and Arran, Strathclyde Police, and other partners have supported this early intervention and prevention approach and have committed resources towards it. The Police Scottish Violence Reduction Unit has been particularly supportive of this work and in promoting the case in North Ayrshire for early years' intervention. The Chief Medical Officer for Scotland has also been very supportive in highlighting the importance of consistent parenting for babies and young children.

31. A range of early intervention proposals are being funded and developed from the Council's renewed commitment to prevention and early intervention. However, it is too early to measure the impact which these developments will have on national children's statistics or our Child Protection numbers.

32. While NAC has managed to devote specific resource to prevention and early intervention in the past year, this will be difficult to maintain as our funding gap widens. Our biggest challenge is continuing to meet rising demand due to the impact of the economic recession while trying to divert resources to reduce demand through earlier intervention. We welcomed the announcement of the Children's Change Fund but so far it has not been as successful as the Older Peoples one in terms of shifting the balance of funding and responses. Allocation of new money at partnership level to encourage partners to be imaginative and flexible across boundaries would help drive forward this agenda.

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."^[7] What priorities should be in draft budget 2013-14 to realise this objective?

33. North Ayrshire is a member of the SLAED group that responded to this consultation and fully endorses this viewpoint. The priorities within the draft budget should be geared towards a localised approach to local problems, supporting the Community Planning Partnership European Priority 5 approach where resources are channelled through a key strategic local body to ensure that the interventions supported fit with local plans and meet the needs of local employers. This should also be financed through the reorganisation of Scotland's colleges to be more responsive to local labour market and employers than they currently are.

34. As an overarching theme to the budget there requires to be action to stimulate demand for labour as well as improve the supply side. This demand stimulation is particularly needed in economies, like North Ayrshire, with historical and enduring high levels of unemployment.

Small businesses represent 93% of the Scottish private sector [8] and are more likely to employ people with low or no qualifications than large businesses.[9] 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

35. The new budget for Scotland should reflect the good practice that has been developed over the last 7 years with the Workforce plus Strategy and continue to support the approach championed and promoted through the work of the National Delivery Group. The pathway, pipeline, continuum, etc. approach that has been developed reflects this need to ensure that individuals with multiple deprivations have a clear route into sustainable employment. The greater involvement of the private sector in this journey is vital and should be encouraged with the demand side measures in place to stimulate the number of jobs in the economy. This aspect of the budget should be the formalisation and endorsement of the excellent work of the employability partners in Scotland. There does need to be a greater degree of synergy with the Westminster employability policies and a more Scottish approach adopted by Jobcentre and the DWP.

APPENDIX 1

Authorities with the highest number of children referred to the Children's Reporter per 1,000 of population under 16 Years 2011/12

Local Authority Area years	Children Referred per 1,000 0-16
1. North Ayrshire	76
2. East Ayrshire	70
3. South Ayrshire	63
4. Glasgow	60
4. Argyll and Bute	60
6. West Dunbartonshire	59
7. Clackmannanshire	55
8. North Lanarkshire	49
9. Falkirk	44
10. Inverclyde	42
SCOTLAND	35

- North, East and South Ayrshire are the top 3 authorities in Scotland with the highest number of children referred to the Reporter per 1,000 of population under 16 years. In North Ayrshire, 91.5% of all referrals to the Reporter in 2011/12 came from the police. The Scottish average of referrals from the police in 2011/12 was 84.6%. It may be helpful to have discussions on a Pan-Ayrshire basis with police and SCRA regarding the high number of children referred to the Reporters in Ayrshire.

- In North Ayrshire, 17% of all referrals were in relation to offences in 2011/12, a reduction from 20% in 2010/11. The Scottish percentage of all referrals to the Reporter that were offence-related also reduced from 27% in 2010/11 to 25% in 2011/12. In North Ayrshire we saw a reduction in the number of offence referrals from 714 in 2010/11 to 559 in 2011/12. This is a reduction of 22%. Nationally the number of offence referrals reduced from 17,667 in 2010/11 to 12,831 in 2011/12. This is a reduction of 27%.

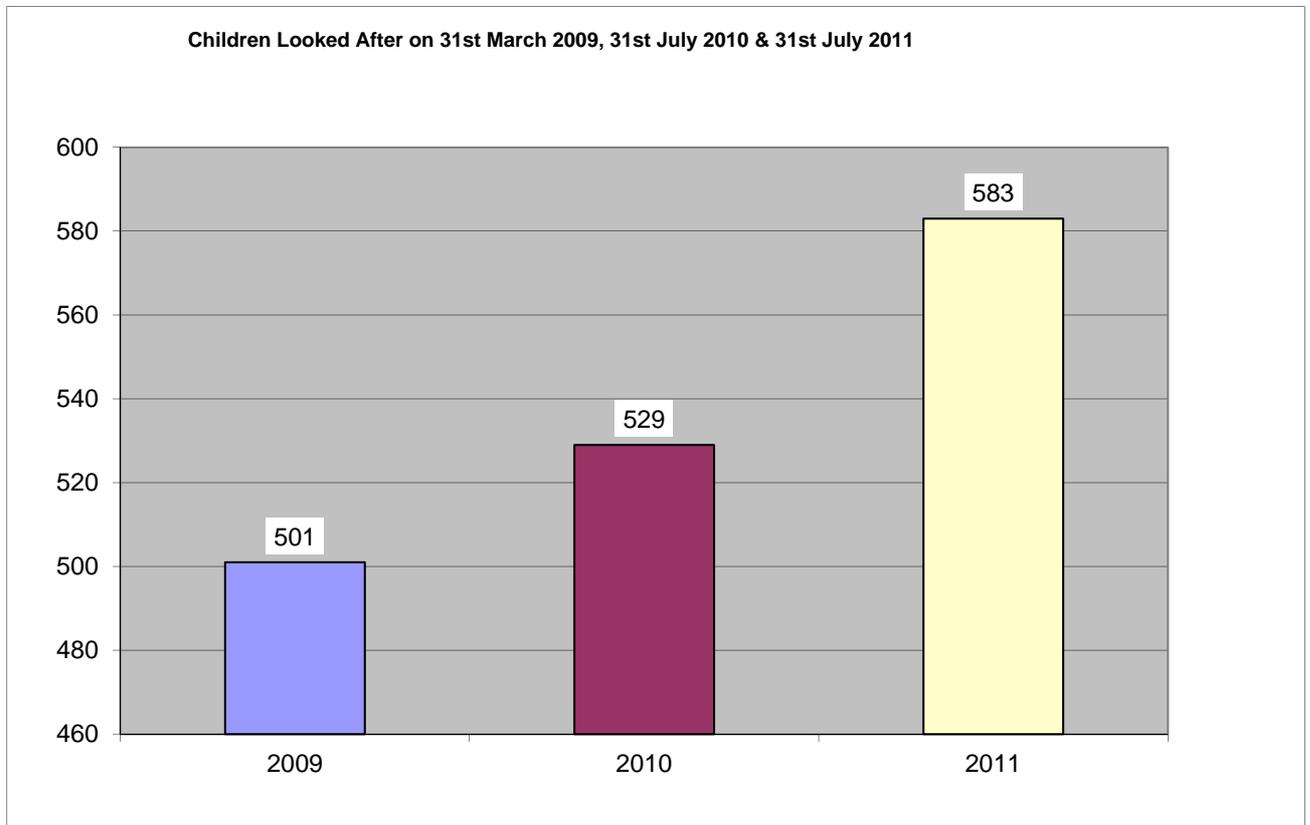
- In North Ayrshire, 83% of all referrals to the Reporter in 2011/12 were for care and protection. This was an increase from 80% in 2010/11. The Scottish percentage of all non offence referrals also increased from 73% in 2010/11 to 75% on 2011/12. In North Ayrshire we saw a reduction in the number of non offence

referrals from 2,930 in 2010/11 to 2,748 in 2011/12. This is a reduction of 6.2%. Nationally, the number of non offence referrals reduced from 48,206 in 2010/11 to 39,737 in 2011/12. This is a reduction of 17.6%. The high number of care and protection referrals in North Ayrshire is probably indicative of North Ayrshire's deprivation and levels of domestic violence and substance misuse.

- Nationally, in 2011/12, there was a reduction of 20.2% in the total number of referrals received by the Reporter from the previous year. In North Ayrshire we saw a reduction in the total number of referrals of only 9.2%.

APPENDIX 2

Looked After Children in North Ayrshire



Source: Children's Social Work Statistics 2011.

APPENDIX 3

North Ayrshire's Child Protection Register

