

Highland Council Budget Challenge

Summary Report February 2017

Introduction

This report gives an overview of the public engagement that took place between 19 January and 6 February 2017 using a budget simulator. It highlights the approach and impact of involving people and provides a summary of feedback received. A profile of respondents is available at Appendix 1.

Context

In recent years, the Council has used a range of methods to help inform the budget setting process. This has included surveys to the Citizens' Panel, online budget surveys and engagement through Facebook discussions. In preparation for the 2017/18 budget, the budget proposals developed have been informed by a range of information including previous budget consultation exercises, information gathered through the Council Re-design process including engagement with staff and trade unions, and engagement with the public and partner organisations. A survey to the Citizens' Panel in December 2016 focused on areas associated with the service Re-design reviews. A further strand of engagement was through use of a budget simulator.

The Highland Budget Simulator is an online tool that encourages members of the public to consider where budget should be spent and how much extra income should be generated. The purpose of this exercise was not to consult on specific budget proposals but to consider the budget overall. It also aimed to promote awareness of the challenges facing the Council and consequences of service reductions, whilst providing the Council with a broad understanding of respondent's priorities.

The Community Empowerment (Scotland) Act (2015) contains a requirement for public bodies to engage with members of the public about how and where public funds are spent, therefore activity like The Highland Budget Simulator will help prepare and support this agenda.

How the simulator works

The Budget Simulator offers an alternative to a traditional survey as it requires respondents to indicate areas of spending where they feel adjustments could be made whilst at the same time showing the likely consequences of those changes.

The tool gives respondents the opportunity to indicate which services they prioritise most or feel are least important. Respondents can reduce and increase budgets whilst better understanding the consequences of the decisions they are making.

The budget simulator helps:

- Raise awareness by communicating the budget challenges facing the Council and the complex nature of public service finance;
- Present whole service costs and budget pressures in an easy to understand transparent way;
- Encourages deliberation by showing the impact of service reductions and the correlation between protecting spending in one area and the need for greater savings in others ;
- Engage a broad demographic beyond the usual participants in consultation activity; and
- Presents clear feedback on priorities

The budget simulator purposely simplifies the budget setting process to show respondents priorities. It is not a replacement for representative methods of consultation e.g. the Citizens' Panel, because individuals are self-selecting and therefore it cannot be considered as representative of the views of the overall population.

Seven broad service areas were identified for the simulator. These were chosen to help group together different types of services under headings which the public would find helpful. These were:

- Children, young people, and education
- Adults and leisure services
- Maintaining and supporting our communities
- Services we must provide
- Services we choose to provide
- Other service areas
- Income generation

Under each service category, a range of service areas and their corresponding budgets were selected. These are outlined in table 3. These were selected in order to represent the main areas of Council spend and those that were the most public facing. It was not possible to include the total budget within the simulator because certain service areas are statutory and have fixed costs.

The simulator also asked respondents about income generation and gave them the opportunity to raise and introduce new fees and charges.

Level of savings required

The Budget Simulator set out the main areas of spend for the Council and asked members of the public to try and balance the budget. It asked members of the public to find £14million from a projected budget gap of £26 million (at the time of development). It did this by allowing respondents to reduce service area budgets by particular increments and allowed users to raise revenue by up to £6million. The increments varied depending upon the service category area; for example, within the “Children, young people, and education” section, the budget could be increased by 2.5% or reduced by 1%, 5% or 10%; for “Services we must provide”, a reduction in budget of 10%, 20% or 30% was possible.

As noted above it was not possible to include the total budget within the simulator because certain service areas are statutory and have fixed costs. The simulator also does not consult directly on budget saving proposals but highlights the main areas of spend that have the greatest impact, and show the implications that incremental savings would have on specific services. It then asks respondents to make an informed judgment on what impacts they would be prepared to accept to protect other service areas.

Consultation period and reach

The budget simulator was open between 19 January 2017 and 6 February 2017 and received 1,026 responses. During this time 7,009 people logged onto the Budget simulator and users spent around 465 hours using the simulator. To boost participation, a Facebook campaign encouraged members of the public to take part. The post was promoted and seen by 48,577 Facebook users and had 5,495 engagements (clicks, shares, likes and comments).

The consultation had a broad range of respondents from age groups including a high response rate from 16-44 year olds, Table 1. Many of the Council’s normal engagement and consultation mechanisms, result in a higher response from older age groups. This may suggest that this new method of engagement is more appealing to younger age groups.

Table 1: Age of respondents and Highland age profile

Age	Response %	Highland %
16-44	49.8	32.8
45-64	38.1	29.8
65-74	10.4	11.3

75+

1.8

8.6

34.5% of respondents were female and 60.8% male. In comparison with the Highland average (49% male and 51% female), females were underrepresented in the responses.

The table in Appendix 1 shows the geographic representation by ward. It shows that the distribution of respondents across Highland was quite evenly matched with centres of population with representation from rural and urban wards.

10.9% of respondents indicated that they had a disability (i.e. a physical or mental impairment that has a substantial and long-term adverse effect upon their ability to carry out normal day-to-day activities). The most recent census found that 18% people in Highland have a limiting health problem or disability, therefore, the consultation may be under-representative in this regard.

Headline Feedback

A total of 1,026 budgets were submitted over the two and a half week consultation period. Budgets could only be submitted once they were fully balanced; therefore all budgets submitted achieved the savings target of £14m.

Table 2

Total responses received	1,026
Total responses with demographics	813
Total responses with comments	207

Table 3 provides a summary of the average expenditure change for each individual service area. It also notes what that would equate to in monetary terms which of course is dependent upon the total service budget for that area. For example the level of reduction in monetary terms appears greater in the areas of primary and secondary education and financial management; however this is because the size of these budgets are greater than others. It is also important to note that each service category area, as detailed above, had a different increment range.

Overall, the average overall budget produced is fairly balanced; reflecting changes across all the areas of Council spend within the simulator. There appears to have been an attempt to balance reductions across different service areas rather than concentrating on one particular section. Considering the feedback received on a

percentage reduction basis, the public have appeared to prioritise a number of service areas including:

- all areas within the section on Children, young people, and education (with the exception of music tuition),
- services for vulnerable adults, and
- roads and bridge maintenance.

This is not to say that the public chose not to apply savings to these service areas but, in relation to the possible reductions that could have been chosen, respondents chose to apply a lower level of reduction than in others.

Although different increment reductions were allowed for, in the overall average budget produced, the maximum reduction made by the public for any one area was just over 50%. For example, although up to a 30% reduction could be made across a number of service areas, the maximum reduction made was 17-18% for customer service points, amenity grass cutting, and street lighting. Across the service areas where a 100% could be made, the maximum reduction was around 50%. This again appears to demonstrate an attempt to balance savings across service areas.

The overall budget varied when considering the responses of particular groups. Respondents who indicated that they had children under 18 years of age were more likely to protect service areas related to education, apart from music tuition. For example the group prioritised Primary schools with a -0.69% reduction compared to an average of -1.91% for the overall population.

Respondents who indicated that they had a disability chose to prioritise service areas for children, young people and education, public toilets and adult and leisure services. The reduction this respondent group applied to these areas was below the mean average. This respondent group decided to apply higher than average service cuts to: Road verge cutting, customer service points, licensing, planning and building standards, and amenity grass cutting.

It is important to consider the mechanism for engagement and the respondent group when interpreting the responses received. The engagement exercise took place online, and therefore the response should be interpreted to take this into account. For example, the respondents more likely to take part in an online engagement exercise will also be more likely to use Highland Council services online and potentially less likely to use Council service points.

Furthermore, the budget simulator consulted on a number of service areas that would affect particular user groups who may be less likely to respond to consultations. For example, only 2% of respondents indicated that they were unemployed and it would be anticipated that if this group was better represented, this would be reflected around the service area for supporting people into employment.

A full summary of the average overall budget produced is available in table 3 below:

Table 3: Summary feedback based on average budgets submitted

Service Areas	Possible % expenditure reduction	Average % Expenditure Change for Each Service Area	Average £ Expenditure Change for Each Service Area
Children, young people and education (£177.6M)	-10, -5, -1, 0 +2.5 (%)		
Early Learning and Childcare (£4.0M)		-2.83%	-£113,200
Primary Schools (£60M)		-1.91%	-£1,146,000
Additional Support for Learning (£28M)		-2.92%	-£817,600
Secondary Schools (£68M)		-2.04%	-£1,387,200
Music tuition (£1.2M)		-5.20%	-£62,400
Children's social care (£16.4M)		-2.55%	-£418,200
Adult and leisure Services (£16.5M)	-10, -5, -1, 0, +2.5 (%)		
Leisure and cultural services and facilities commissioned from High Life Highland (£14M)		-4.73%	-£662,200
Services for vulnerable adults (£2.5M)		-1.95%	-£48,750
Maintaining and supporting our communities (£12.8M)	-30, -20, -10, 0 (%)		
Road verge cutting (£1M)		-14.04%	-£140,400
Street and road cleaning (£3M)		-11.70%	-£351,000
Road and bridge maintenance (£7.1)		-6.74%	-£478,540
Customer service points (£1.7M)		-17.82%	-£302,940
Service we must provide (£28.39M)	-30, -20, -10, 0 (%)		
Licensing (£0.7M)		-13.46%	-£94,220
Maintaining and managing our buildings (£7.0M)		-10.46%	-£732,200
Financial management and tax collection (£13M)		-12.41%	-£1,613,300
Environmental health (£2.1M)		-9.57%	-£200,970
Trading Standards (£0.6M)		-10.19%	-£61,140
Planning and building standards (£4.7M)		-9.81%	-£461,070
Supporting outdoor education/recreation – Access (£0.29M)		-11.36%	-£33,532

Table 3: Summary feedback based on average budgets submitted Cont.

Service Areas (including total budget)	Possible % expenditure reduction	Average % Expenditure Change for Each Service Area	Average £ Expenditure Change for Each Service Area
Services we choose to provide (£8.9M)	-30, -20, -10, 0 (%)		
Amenity grass cutting and floral displays (£2M)		-17.48%	-£349,600
Public transport – cost of non-commercial routes (£3.4M)		-13.69%	-£465,460
Street lighting (£3.5M)		-17.41%	-£609,350
Other service we choose to provide (£4.5M)	-100, -75, -50,-25, 0 (%)		
Economy and Regeneration (£1.2M)		-43.37%	-£520,440
Supporting people into employment (£1.8M)		-48.56%	-£874,080
Supporting outdoor/recreation - Countryside Rangers (£0.5M)		-50.27%	-£259,775
Public toilets (£1.0M)		-41.96%	-£419,600
		Average % Income Change for Each Service Area	Average £ Income Change for Each Service Area
Income generation	0, +3, +5, +10, +15 %		
Fees & Charges		+8.69%	+£2,317,333

General Comments

20% of respondents chose to leave comments after they submitted their budget. In the main, the comments received were about areas for potential income generation, where efficiencies could be made, and ideas for providing services differently. Some respondents chose to emphasise the areas they felt should be prioritised and others where the Council should stop providing certain services. A number of comments were made regarding the need to reduce the pay of senior Council staff and the number and pay of Councillors. Comments were also made regarding the simulator itself. Overall these were positive, reflecting how difficult the challenge was but welcoming the opportunity to contribute. A summary of the comments received is outlined below.

Income Generation

A range of comments were received about the need to focus on generating income. One respondent noted that a change in approach was needed so that the ‘...focus should be made on making money not making savings.’ It was also suggested that people should be paying more for the services that they access. There was strong support for an increase in Council tax, which the simulator did not provide an option on. Suggestions included:

- Increase in Council tax;
- Increased charges – for parking, leisure services(ensuring full cost is recovered) and an increase in fees for planning and licensing to ensure that service costs are covered;
- A tax on tourists visiting the area;
- Advertising and sponsorship;
- Council should sell its services and ensure full market rate is charged e.g. services of tradesmen/women;
- Consider selling assets and reducing investments; and
- Consider opportunities from energy generation – community benefit for the region, partner with energy firms to generate.

Alternative Ways of Doing Things

A number of respondents suggested that the Council needed to consider different ways of doing things so that the focus was not just about reducing current budgets. This included considering external providers, sharing services and others providing the service without costs. There was strong feedback that the Council needs to empower communities to do more for themselves and suggested that the need for reductions could assist driving innovation. Suggestions included:

- Communities should be doing more for themselves, with a particular focus on maintaining public spaces;
- More efficient ways to deliver services should be considered: look to the private sector to provide/run services; reduce duplication between services provided by private, public and third sector and where other services are in place the Council should withdraw; share services/buildings with other

Councils and community planning partners; use arm's length organisations to deliver services e.g. HLH;

- People on Community Pay back orders could help maintain public spaces;
- Look to local landowners to maintain verges etc. around their land for reduced rates;
- Everyone needs to take more responsibility e.g. parents to take more responsibility for arranging their own childcare; need to focus on those which need the services most; and
- Devolve the responsibility for services to a local level.

Reducing Staff/Councillor Pay

There were a number of comments received regarding wages of both staff and councillors and noting that this was not an option contained within the simulator. Comments included reducing the number and wages of senior staff; reducing the number and costs of local councillors and the introduction of pay caps, reduction in wages and the end of final salary pension schemes for staff in general.

Stopping Doing Things

A number of respondents suggested that there was a need to focus on the services that the Council must provide and to stop doing the 'nice things'. It was suggested that this was the way in which to protect certain services. Suggestions included:

- Stop or reduce non-essential services such as amenity grass cutting, roadside verges, floral displays, street lighting, music tuition and consider closing certain premises such as smaller leisure centres, service points, libraries and schools with a small numbers of pupils; and
- Stop unnecessary capital projects.

Efficiencies

There were a range of comments submitted that focused on the need for the Council to be more efficient, both in terms of the way it operates in general and regarding specific services. Comments included:

- The need to focus on rationalising and driving out waste within services rather than cutting services in order to provide value for money;
- The need to review and modernise the structure of the Council in order to make efficiencies and reduce costs;
- Focus on providing statutory service levels ;
- Stop contracting out services and provide internally and employing locally; and
- Enforcing penalties on companies that don't deliver.

Prioritisation

Some respondents left comments that supported the budget they had created, in terms of the service areas they believed should be prioritised. In the main this focus was on education and services for children however others did suggest the need to protect services which enhance the quality of life for people (bin collections, clean streets, libraries) and others on services that are critical to economic development (roads, tourism based services, employment generation).

Comments on the simulator

In the main, the comments received on the simulator approach were very positive. A number of comments were received both welcoming the opportunity but also acknowledging how challenging the exercise was. It was highlighted that it identified well the consequences of certain reductions and therefore ensured decisions taken were based upon an understanding of the implications.

Some respondents noted that they would have liked more detail about the consequences, whilst others wanted a wider range of service areas included. As noted above, many noted that there should have been a wider range of income generation options provided.

Some suggested it would have been more helpful if a wider range of increment options to reduce was available – this included people who felt the increments were too wide, whilst others that there should have been an option to reduce certain budgets by 100%.

There were a small number of respondents who were critical of the approach, noting that it oversimplified a very challenging process, felt it was unhelpful, and was a waste of time and resources.

Respondent Overview

Gender

277 respondents were females (34.5%), 489 respondents were male (60.8%) and 38 respondents chose not to disclose their gender (4.7%).

Age

Table 1.1 based on 790 respondents

Response	Number	%
16-17	10	1.3
18-24	55	7
25-34	128	16.2
35-44	200	25.3
45-54	157	19.9
55-64	144	18.2
65-74	82	10.4
75 +	14	1.8

How long have you lived in The Highland Council area?

Table 1.2 based on 780 respondents

Response	Number	%
Less than 3 years	56	7.2
3-5 years	36	4.6
5-10 years	89	11.4
Over 10 years	599	76.8

Employment

Table 1.3 based on 782 respondents

Response	Number	%
Working for a single employer full-time	381	48.7
Working for a single employer part-time	69	8.8
Working for more than one employer	38	4.9
Self-employed	96	12.3
Unable to work - long-term sickness	14	1.8
Unemployed	16	2.0
Retired	110	14.1
Looking after the home or family	23	2.9
In full-time education	19	2.4
Unable to work – disability	9	1.2
Carer	7	0.9

Housing situation

Table 1.4 based on 788 respondents

Response	Number	%
Own home/ mortgage	576	73.1
Rent from a housing association	28	3.6
Rent from The Council	45	5.7
House comes with job	2	0.3
Private rented	87	11.0
Living with parents	50	6.3

Disability

85 of 780 respondents (10.9%) indicated that they have a disability (i.e. a physical or mental impairment that has a substantial and long-term adverse effect upon their ability to carry out normal day-to-day activities).

Caring responsibilities

Table 1.5 based on respondents 762

Response	Number	%
Primary carer of a child or children (under 18)	180	23.6
Primary carer of disabled adult (18 and above)	12	1.6
Primary carer of disabled child or children	12	1.6
Primary carer of older person (65 and above)	24	3.1
Secondary carer	59	7.7
Prefer not to say	55	7.2
None	420	55.1

Ethnicity

Table 1.6 based on respondents 774

Response	Number	%
African, African Scottish or African British	1	0.1
Any mixed or Multiple Ethnic Groups	1	0.1
Arab, Arab Scottish or Arab British	1	0.1
Black, Black Scottish or Black British	2	0.3
Caribbean, Caribbean Scottish or Caribbean British	1	0.1
Chinese, Chinese Scottish or Chinese British	1	0.1
Gypsy/Traveller	1	0.1
Indian, Indian Scottish or Indian British	1	0.1
Irish	6	0.8
Other (please specify beneath)	39	5.0
Other British	171	22.1
Pakistani, Pakistani Scottish or Pakistani British	2	0.3
Polish	3	0.4
Scottish	544	70.3

Location

Table 1.7 based on respondents 445

Response	Number	%
North, West and Central Sutherland	14	3.1
Thurso	14	3.1
Wick	14	3.1
Landward Caithness	16	3.6
East Sutherland	12	2.7
Wester Ross, Strathpeffer and Lochalsh	23	5.2
Cromarty Firth	15	3.4
Tain and Easter Ross	17	3.8
Dingwall and Seaforth	36	8.1
Black Isle	30	6.7
Eilean a' Che	12	2.7
Caol and Mallaig	10	2.2
Aird and Loch Ness	33	7.4
Inverness West	18	4.0
Inverness Central	30	6.7
Inverness Ness-side	19	4.3
Inverness Millburn	21	4.7
Culloden and Ardersier	36	8.1
Nairn	20	4.5
Inverness South	25	5.6
Badenoch and Strathspey	17	3.8
Fort William and Ardnamurchan	13	2.9