

29 November 2010

Sue Bruce
Chief Executive
Aberdeen City Council
Town House
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Dear

Priority Based Budgeting: Final Draft Report

SCDI is grateful for the opportunity to comment on the above report.

Following the Comprehensive Spending Review and the Scottish Budget, no-one can be under any illusion about public sector budgetary challenges. As the Overview in the report makes clear, with the cost of services forecast to increase significantly, the City faces a substantial 5 year funding gap. More must be done with less, which will require tough choices and bold thinking, leadership and partnerships across public service delivery. SCDI therefore welcomes the radical, priority-based approach which the Council is adopting.

SCDI would wish to make the following comments in relation to the Draft:

- In view of the economic challenges, increasing sustainable economic growth should now be an even higher priority for the public sector. This will generate greater funding for public services. GDP-enhancing investments should therefore be protected as far as possible, especially when they would support higher exports from Scotland. SCDI notes that the Enterprise, Planning and Infrastructure budget is forecast to suffer the largest percentage budget reductions. Promoting the City and attracting private investment, along with enabling planning decisions, are among priorities for SCDI members.
- While SCDI fully understands concerns that the City has the second smallest funding per head in Scotland, budgets have considerably increased since devolution, and significant efficiencies should still be possible without, necessarily, negatively impacting service delivery

- All spending programmes should be realistically re-evaluated and decisions should be based on an analysis of their long-term contribution to Scotland's sustainable economic growth and wellbeing, as defined in the National Performance Framework
- Public bodies will need to re-focus on their core functions, but this also represents an opportunity to develop new ways and partnerships in delivering public services. Aberdeen City Council needs to take a more strategic long term view of priorities and direct scarce resources where there are clear needs and benefits to users. Public bodies have no option but to grasp the nettle on shared services, integration and smarter working, and a more comprehensive and consistent approach to benchmarking would enable decisions on whether external providers and partnerships should be commissioned to deliver public services, if they can demonstrate value-for-money and quality
- SCDI agrees that there is likely to be an increased role for user charging for certain services e.g. if implemented nationally, roads
- As a result of our greater distance-to-market in an increasingly globalised economy, communications infrastructure, physical and digital, is absolutely key to enabling opportunities for the city-region. The Council must place a high priority on enhancing the City's assets. SCDI would trenchantly oppose any attempt to postpone further the crucial Aberdeen Western Peripheral Route, which, in any case, is shown to contribute nothing to bridging the funding gap in Year 5. Creative thinking and public-private partnerships are needed on new investment vehicles from strategic to community levels. Priority should be given to developing assets which will enable sustainable economic growth and generate revenues. SCDI welcomes plans to enable a renewable energy network. It is planning work with Scotland's local authorities on the revenue opportunities in this area and looks forward to taking this forward with Aberdeen City Council

I hope that these comments are useful.

Best Regards

Ian Armstrong
SCDI North East Manager