Tough Times

Let’s Talk ... About the Savings We Need to Make

Meetings across Orkney as OIC plans for the big challenge ahead

The impact of the global financial crisis will hit Orkney hard in the months and years ahead. We will know later this year how much money Orkney Islands Council will receive between 2011 and 2014 to run essential services – everything from schools and care for older people to maintaining our roads and operating our ferries.

During the current year OIC will spend £86 million on running services. Some £65 million – more than three quarters of that amount – is provided by the Scottish Government. With the Scottish Government set to receive substantially less in funding from London we expect our grant from them to be cut by between £3 million and £18 million over the next three years – with no indication of increases in years to follow.

For OIC that means an unprecedented package of cuts – with an inevitable impact on the jobs and services the Council provides. This special newspaper is being delivered to every home in Orkney. We feel it is the best – and the most cost effective – way to bring you detailed information about the tough choices we face.

Inside, we spell out the options for cuts we are having to consider. They don’t make for easy reading and there will be a serious impact across Orkney.

We will not make these decisions before February 2011 as we are committed to engaging with you about your views on the best way forward for the Council and for Orkney as a whole.

Councillors – these meetings are your chance to share your views and ideas with us face to face.

We are determined that your feedback will shape our thinking before we as councillors meet in February 2011 to decide how best to find the savings required.

“YOUR VIEWS AND IDEAS WILL SHAPE OUR THINKING BEFORE WE DECIDE HOW BEST TO MAKE SAVINGS.”

COUNCIL RESERVES – COULD THEY CUSHION THE BLOW?

See back page...

How much do we spend on services?

Orkney Islands Council will spend its total £85.6 million budget for 2010/11 as follows:

- Economic Development £1.8m
- Planning £0.8m
- Roads £4.7m
- Education £28.5m
- Leisure & Cultural Services £4.3m
- Community Social Services £16.5m
- Law, Order and Protective Services £3.2m
- Transportation £9.2m
- Operational Environmental services £2.7m
- Environmental Health and Trading Standards £0.9m
- Housing (non Council housing) £1.5m
- Other Services £11.5m

The Council receives its money from Government Grants (£65.1m); Non-Domestic Rates (£7.8m); Council Tax (£7.9m) and Income from Oil Reserves (£4.8m).

Council reserves – could they cushion the blow?

Across the County

Your chance to have your say

Over the next month or so we will be holding public meetings throughout Orkney. Please come along and share your views, concerns and ideas on the Tough Times and Tough Choices we face.

Thursday October 28
- Stroma

Monday November 1
- St Andrews Community Centre

Wednesday November 3
- Dounby Centre

Thursday November 4
- North Ronaldsay Community Centre

Monday November 8
- Westray Community School

Tuesday November 9
- Stromness Academy

Wednesday November 10
- Shapinsay Community School

Thursday November 11
- Flotta Community School

Monday November 15
- Sanday Community School

Tuesday November 16
- Kirkwall Town Hall

Monday November 22
- St Margaret’s Hope Community School

Tuesday November 23
- Orphir Community Hall

Monday November 29
- Westray Community School

Tuesday November 30
- Eday Heritage Centre

Monday December 6
- Hoy – North Walls Centre

Monday December 13
- Papa Westray – St Anna’s Centre

Wednesday December 15
- FirthVestness - Firth School Hall

Monday January 10
- Holm Community Centre

Wednesday January 12
- Esha Ness – Esha Community Hall

Thursday January 13
- Birsay Hall

Each meeting will start at 7pm.

If you can’t make the meetings email your views to toughtimes@orkney.gov.uk or write to:

Tough Times, Orkney Islands Council, School Place, Kirkwall KW15 1NY.
Tough Times – Tough Choices

Options for Change – The Tough Choices that will affect us all

“ar key responsibility for me as Chief Executive is to look again at the entire structure of the Council.”

We are well aware of the need to consider the potential savings which may be achieved in the medium to long term. Our transport services are vital for the social and economic prosperity of the isles. But a big reduction in OIC’s budget means:

● We may consider cutting back on evening public sessions in the swimming pools, and car parking charges on public sessions in the swimming pools, and car parking charges
● We may have to consider closing some of these activities. For example, we would seek a 10 per cent reduction in the level of scrutiny we face – and in any changes made to the Council for these activities.

Financial and Housing

Faced by a big cut in our Government grant over the next three years, we are looking at a number of options to help us balance our books.

● We may consider cutting back some grants – and ending others – for housing repairs and improvements.

● We may consider cutting back some grants – and ending others – for housing repairs and improvements.

● We may take a close look at our capital programme – the building projects planned for the years ahead. Before we include new projects, we will carefully assess how they fit with the Council’s key priorities for the tough times we face, their impact on the local economy and their future running costs.

● We may consider cutting back on evening public sessions in the swimming pools, and car parking charges on the Council for these activities.

Corporate Services

We provide a wide range of services for the Council – from law and administration to personnel, strategic planning, information technology, communications and support for our Communities. In addition to helping the Council as a whole to make savings in tough times:

● We may review our funding for a range of organisations and events, including community festivals.

● We may need to review Customer Services, leading to longer waiting times for some services.

● We are reviewing support contracts for our IT services, including our phone systems.

Transportation and Marine Services

Our transport services are vital for the social and economic prosperity of our communities. In tough times:

● We may look at raising fares for Council-owned subsidised transport.

● We may have to consider increasing the eligibility criteria for local concessionary fares.

● We may review usage rates on Council subsidised bus routes to see where service reductions could be made.

● We could look at how we can reduce the level of reliance on Council subsidies for internal air travel.

● We may consider a reduction in community transport grants.

● We are well aware of the importance of our inter-island ferry service as lifelines for the isles. But a big reduction in OIC’s budget means:

● We may consider cutting back on evening public sessions in the swimming pools, and car parking charges.

● We may have to consider closing some of these activities. For example, we would seek a 10 per cent reduction in the level of scrutiny we face – and in any changes made to the Council for these activities.

IN TOUCH TIMES IT’S INEVITABLE THAT:

We will look at our support for voluntary organisations. This includes the possibility that some Council services could be run by charities and other voluntary organisations.

We will find ways to reduce the cost of the services we provide – will be reduced.

We will look to ways for staff to work more flexibly, perhaps from home for a few days a week.

We will seek ways to reduce the amount of paper used by the Council.

We will look to reducing the number of litter and dog waste bins.

We will look to the entire structure of the Council.

“Tough Choices”

Development and Environment Services

This section of the Council provides a wide range of services – everything from maintaining roads to collecting household waste. To help the Council make substantial savings:

On the roads:

● We will consider cutting back on resurfacing and other maintenance.

● We will spend less time salting and snow ploughing in winter weather.

● Car parking charges could be increased.

For households:

● We might collect refuse less frequently.

● We could stop collecting garden waste.

● We will consider reducing opening hours at recycling centres.

● We may need to reduce festive lighting.

Economic Development

The Council plays an important role in supporting initiatives which boost local business and ventures. In tough times we will need to:

● Pursue further opportunities to increase investment and generate income from renewable energy projects.

● Consider a reduction in reserve fund grants to business start-up and expansions.

● Look at reducing the number of courses and specialist business advice services we offer.

● Consider a reduction in financial support for tourism marketing.

● Look at ways to raise additional income from industrial land and property owned by OIC.

● Continue to seek opportunities for European funding for major projects.

Orkney Health and Care – Social Care

Orkney Health and Care, funded by Orkney Islands Council and NHS Orkney, is a new partnership responsible for delivering joint health and social care services. While striving to provide services:

● Review our home care, residential and housing support services to find ways to reduce costs.

● Reduce the need for care placements outside the county by providing more support for children and families.

● Find more affordable ways to provide care for people with disabilities and mental health problems.

● Ensure people get the benefits they are entitled to, to help them pay for their care where charges are increased or introduced.

● Support people in choosing and managing their own care packages, often at reduced cost.

● Charge for services – for example telecare, day care and respite services for children, and occupational therapy equipment such as wheelchairs and bath lifts.

● Find more ways to care for people, wherever they live, while reducing costs, which may also reduce risk.

● Review grants to the voluntary sector and outside bodies, including funding for galas, fairs and other events.

Educational and Leisure Services

Our aim is to continue providing high quality education for children in Orkney’s schools and to retain core leisure and cultural services for our communities. But to make savings:

● We may consider reducing opening times in some facilities.

● We could look at new ways of delivering some services, through trust and community user groups.

● Some services may not be available to all communities. Examples are swimming pools and separate pre-school provision.

● We may have to consider reducing the quality of some services. For example, there may be less support for sports clubs, longer to wait in the library, fewer public spaces in the summer months, and higher charges for evening classes.

Financial and Housing

Faced by a big cut in our Government grant over the next three years, we are looking at a number of options to help us balance our books.

● We may consider cutting back some grants – and ending others – for housing repairs and improvements.

● We may take a close look at our capital programme – the building projects planned for the years ahead. Before we include new projects, we will carefully assess how they fit with the Council’s key priorities for the tough times we face, their impact on the local economy and their future running costs.

● We currently make changes for a range of services – including instrumental tuition and domestic help – but might have to look at charging for a lot more services in future.

● We already charge for some services. These charges may need to be increased. Some are currently significantly below the national average.

● We will look at ways for staff to work more flexibly, perhaps from home for a few days a week.

● Instead of attending meetings outwith Orkney we will use video conferencing whenever possible.

● We will find ways to reduce the cost of the grants and services purchased by the Council.

● We want to reduce the number of paper used in Council Business. We are exploring ways to use modern information technology to best effect.

Corporate Services

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● We may review our funding for a range of organisations and events, including community festivals.

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● We are reviewing support contracts for our IT services, including our phone systems.

Transportation and Marine Services

Our transport services are vital for the social and economic prosperity of our communities. In tough times:

● We may look at raising fares for Council-owned subsidised transport.

● We may have to consider increasing the eligibility criteria for local concessionary fares.

● We might review usage rates on Council subsidised bus routes to see where service reductions could be made.

● We could look at how we can reduce the level of reliance on Council subsidies for internal air travel.

● We may consider a reduction in community transport grants.

● We are well aware of the importance of our inter-island ferry service as lifelines for the isles. But a big reduction in OIC’s budget means:

● We may have to consider closing the number of ferry services serving the North Isles.

● We will continue to press the Scottish Government for support to replace our ferries with more efficient vessels.

● Some ferry booking offices may have to close.
Tough Choices

We asked - you answered

We canvassed your views on the best way forward for Orkney Islands Council to make savings.

The Tough Times blog ran for four weeks on the OIC website. Some of you also emailed or wrote to us. In all, 521 ideas were received, with around 240 responses submitted to the Council blog. Although the blog is now closed, you can still read the feedback on www.orkney.gov.uk. Here are some of the issues you mentioned most. Councillors and senior managers have been given details of all responses, which will be considered in future decision making.

<table>
<thead>
<tr>
<th>YOU SAID:</th>
<th>WHAT WE ARE DOING:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Make management more efficient (26 comments)</td>
<td>We are looking at the management structure across the Council to see where cuts can be made. We are already keeping some management and administration posts unfilled as vacancies arise.</td>
</tr>
<tr>
<td>Make more efficient use of our staff (28 comments)</td>
<td>We are reviewing the way we run all our services. All staff vacancies are scrutinised by the senior managers.</td>
</tr>
<tr>
<td>Merge or retain schools (30 comments)</td>
<td>This will be considered once we have a better idea of the cuts we will be facing. Any school closure would go through the Scottish Government’s consultation process.</td>
</tr>
<tr>
<td>Choose one of our marinas (56 comments)</td>
<td>To be considered shortly by Councillors. It’s anticipated that the basic rule will be that Council vehicles will not be available for use outwith working hours, other than when staff are on call.</td>
</tr>
<tr>
<td>Turn off the streetlights, floodlights, and lights in buildings (32 comments)</td>
<td>Many of you suggested turning down the heating in our buildings and making them more energy efficient. We have already turned the heating down a few degrees (heating at the main office is turned off completely for four months over summer) and we shop around for the best deals on energy prices. Never windows in School Place will help retain warmth in the buildings.</td>
</tr>
<tr>
<td>Stop using Council vehicles for personal transport (23 comments)</td>
<td>To be considered shortly by Councillors. It’s anticipated that the basic rule will be that Council vehicles will not be available for use outwith working hours, other than when staff are on call.</td>
</tr>
<tr>
<td>Turn down the heating (20 comments)</td>
<td>Many of you suggested turning down the heating in our buildings and making them more energy efficient. We have already turned the heating down a few degrees (heating at the main office is turned off completely for four months over summer) and we shop around for the best deals on energy prices. Never windows in School Place will help retain warmth in the buildings.</td>
</tr>
<tr>
<td>Stop producing the staff newsletter, Newsl ine (22 comments)</td>
<td>The Council is looking at paper-free ways of keeping staff informed.</td>
</tr>
</tbody>
</table>

Thanks to everyone who has contacted us to date with their excellent ideas - either on the blog, or by email or letter. For full details of your feedback, visit www.orkney.gov.uk

Council Reserves - Could they cushion the blow?

By Albert Tait, Chief Executive

Orkney Islands Council is in the fortunate position of having almost £195 million in reserves. Available reserves, after setting aside £41 million for decommissioning the Flotta oil terminal, would be closer to £154 million.

The money has built up over many years, much of it from special payments made to the Council after the opening of the Flotta terminal and from shipping activity in Scapa Flow and our other harbours.

Unlike many other local authorities, we may be able to use some of our reserves to cushion the immediate impact of the cuts we have to make.

But this can only be a short term solution. If we continued to use our reserves to pay for the running of Council services, it would be like taking out your life savings to go shopping in the local supermarket. If we were to use our reserves to fund a gap of up to £18 million each year, after nine years we would have no reserves left. In the 10th year, we would then have to cut £18 million from our budget – with no reserves to draw on.

A big proportion of our reserves – £160 million – is invested on our behalf by fund managers. While investments are also held in local properties and ventures, eg wind turbines, the amount these investments bring in interest can fluctuate, but averages around £10 million each year.

Around half of this income is used as a contribution to help pay for running some of the Council’s services. The rest is reinvested to maintain the real value of the reserves.

Spending the reserves to avoid making cuts would rapidly reduce our "life savings" – and the amount of interest they earn for us each year.

It is extremely unlikely that councils will receive increased outside funding from Government for many years to come. If we run down our reserves it will simply postpone the day when cuts have to be made.

If we do maintain the reserves they will continue to give us the option to invest in projects of real value to the Council and to the Orkney community we serve.

Over the years we have invested £9 million from the reserves in our Community Development Fund. That money helped with the cost of building new halls – and many other projects that benefited local communities across the county.

Our reserves meant we could support the creation of EMEC, the European Marine Energy Centre. The first facility of its kind anywhere in the world, it puts Orkney centre stage in the global drive to develop technologies that can harness energy from wave and tidal currents.

We see marine renewables as hugely important to Orkney’s prosperity in the years ahead. We’re investing in a major redevelopment that will turn Lyness into a base for wave and tidal developers – and plan to enhance harbour facilities at Hatston and Stromness for the marine renewables sector.

Our reserves provide us with the opportunity and capacity to do that. Current community projects funded from reserves are the new Kirkwall swimming pool (£2.75 million) and Arts Theatre (£2 million).

They’ve also allowed us to create, for example, marinas in Kirkwall, Stromness and Westray and to take a £1 million stake in the Hammer’s Hills wind energy project in Evie. That investment will generate a new income stream for OIC in the years ahead.

We need to decide if we want to spend our reserves or maintain our “life savings” and continue to use the interest to fund projects of lasting benefit to Orkney.

“OUR RESERVES GIVE US THE OPTION TO INVEST IN PROJECTS OF REAL VALUE TO THE COUNCIL AND TO THE ORKNEY COMMUNITY WE SERVE.”

If you require this publication in a larger print or another format call OIC Communications on 01856 873535 ext. 2242

Tough Times – Tough Choices is published by Orkney Islands Council and printed by The Orcadian. Distributed to homes across Orkney, each copy has cost 21p to print and deliver.