

Our Budget Challenge



SHETLAND
ISLANDS COUNCIL

The Council's funding shortfall between 2023 and 2026 is expected to be around £106 million. That's the difference between what we spend, and what we receive from, for example, the Scottish Government through its annual grant to councils, and income such as Council Tax.

We're still not sure exactly how much funding will come from the Scottish Government for 2023/24 – for example, we don't know whether the Fair Funding for our ferries (which we successfully campaigned for last year) will be there. If that £5 million isn't included for 2023/24, it will mean we'll need to save money somewhere else.

We obviously need to get our spending more in line with our income, and no longer rely on using too much money from our reserves every year to balance our budget. Our 'core' investment of £296 million must be protected – the potential value of the returns on that amount can vary enormously from day to day, but we calculate we can safely take £15 million a year, and that must be our target.

We recognise that we can't let our budget keep growing every year, and know we are going to have to change how we work and what we do.

With that in mind, our officers and elected members have been looking at options before the 2023/24 budget is agreed by councillors next month (March). Any decisions are likely to mean changes across some services in the coming year, and more in years to come. We'll be speaking directly to staff, services users and the wider community as that process gets underway.



Emma Macdonald

Leader - Shetland Islands Council

We are all dealing with a very concerning rise in the cost of living. The impact of inflation is also presenting the Council with very significant financial challenges. There is now a large UK budget deficit which is a result of the financial measures the Government implemented during the pandemic, and more recently to the cost of living crisis. This is particularly important this year because the future resources that might be available for local government services are more uncertain than ever before.

We provide a wide range of services which the community values highly, but we know we will have to make some difficult decisions when setting our budget to make sure our resources continue to be directed to where they are needed most. As we plan our spending for the years ahead we need to hear your views, firstly on our Council Tax proposals, and later on the plans we have to do things differently.

We've set up a short ONLINE SURVEY here

<https://www.smartsurvey.co.uk/s/OurBudgetChallenge/>

which you can use to let us know what you think at this stage in the process.

The first step is to decide on this year's Council Tax – that will happen at a meeting on 22nd February. The first question in the survey offers different options, and we'd like to know what you think. The others focus on some of the wider principles we'll be working with – around how we handle vacancies and recruitment; manage major projects; the Council's reserves; and how we can maximise our income.

If you'd like to look across some of the background information which would give you a better idea of how the Council's finances work, you'll find it here

<https://www.shetland.gov.uk/budget-finance>

Council Tax for 2023/24

Last year, the SIC raised £10.3 million through Council Tax (that's around 8% of our total annual funding). We haven't raised the Council tax for a couple of years, and we're looking at doing that next financial year, to help pay for your services. To give you an idea of what that would look like:

- 3% increase would mean you'd pay 70p a week more on a Band D property (raising around £310K more for Council services)
- 4.5% increase would mean paying £1.04 a week more (raising £460K more)
- 7% increase would mean paying £1.62 a week more (raising £720K more)

3%



£310k

4.5%



£460k

7%



£720k



We've listed below some of the options which members will consider when setting the budget in March. They're divided into categories according to what area of the Council they relate to.

Children's Services

- Move to maximum class sizes in all primary settings (which could mean more composite classes)
- Review swimming tuition as part of PE curriculum
- Review access to speech and language therapy through Children's Services
- Reduction in play area refurbishment
- Investigate a hub-based model for youth clubs
- Investigate the use of halls of residence for holiday accommodation, and school car parks for caravan parking, during school holidays

Infrastructure Services

- Defer ferry maintenance (if Full Ferry Funding from Scottish Government is not in place for 2023/24)
- Increase tanker charges at port of Sullom Voe
- Consider moving to 3 or 4-weekly waste collection
- Review road/pavement maintenance and gritting
- Review grass cutting and maintenance of green spaces

Development Services

- Review - bus/transport contracts, and support schemes for local businesses and community groups.
- Review – use of annual returns from the Crown Estate (c £1.5 million)
- Pursue external funding for development of fixed links business case
- Increase income from Shetland Telecom
- Pursue Fair Funding for internal air service

Community Health and Social Care

- Review our use of Self Directed Support, including direct payments, to make sure we are giving people choice, and meeting their needs in the most effective way.
- Review our models of social care across the different areas of Shetland to make sure we are delivering an equal and appropriate service to everyone in our community.
- Reduce bed numbers in some care settings, and review our 'safe staffing' levels, to make sure we can free staff to support more care at home.
- Reduce reliance on agency workers – through investigating modern apprenticeships, being flexible around roles and contracts, and more focussed when recruiting.
- Increase charges for day care meals, meals on wheels, telecare provision, and review residential care charges.

Corporate Services

- Reducing the number of council assets – e.g. disposal of buildings
- Developing more digital solutions – e.g. developing more self-service systems for customers
- Increase income through shared services with external organisations

We know that any reviews of services approved by Councillors in March are likely to have an impact on you, so we'll be doing more detailed consultation on those through the coming months.



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