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**GAP**

# The story so far





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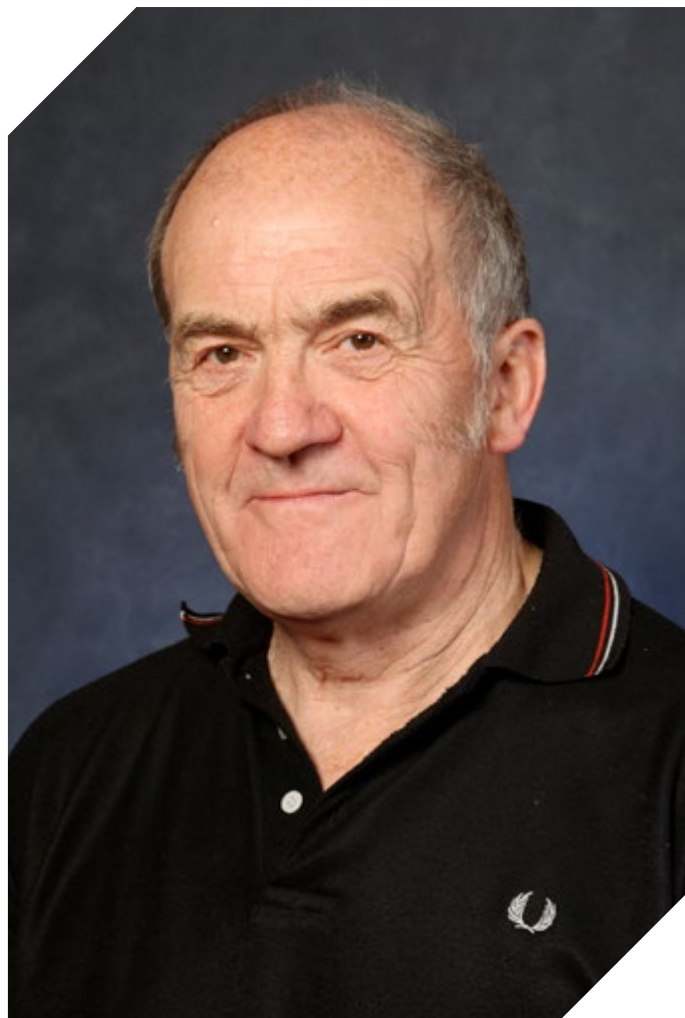
# Foreword

By the time you read this some of the decisions made by councillors in February's budget will have taken effect. Some – but not all – of the public toilets are closing, green bin collections every three weeks are being phased in from June, and community halls are being prepared for takeover by local groups. The public service landscape we have all become used to in Moray, and in every other council area in Scotland, is changing to one where just the essentials are focused on.

At our budget setting meeting in February this year we managed the budget through a combination of savings, income generation, service redesign and transforming services some with the assistance of the community.

As one of our Corporate Plan priorities is to work towards a financially stable council that provides valued services to our communities, we are embarking on further engagement with you to get a deeper understanding of your priorities, needs and aspirations for our services and your community.

But to do this, we want to explain our budget circumstances so that you can have the same understanding of the council's position as we do. This explanation also includes updates on progress we have made with the budget savings identified from our previous engagement. From here, we can preserve the services which are needed, deliverable and affordable.



*George G. Alexander*

**Cllr George Alexander**  
**Leader of Moray Council**

# How did we get to this position?

Over the last eight years, Moray Council has made savings of around £37million, on top of a reduction in real terms of our annual grant from Government of nearly £10million over the same period. This reduction is felt particularly keenly in the face of increasing demand for care and other services from our growing and ageing population here in Moray. The 10-year freeze in Council Tax, which although has now been lifted, has increasingly eroded our ability to keep pace with inflation and left us more dependent on government funding.

Coupled with these factors, last year we had numerous extra duties placed upon us by governments, such as:

- Apprenticeship levy (£500k)
- National Insurance contributions (£2.6million)
- Gaelic plan (£40k)
- Pension auto enrolment (£130k).

Like other councils we have also experienced increased demand for services, such as:

- Community care (£4.6million)
- Out of area placements (£3.07million)
- Additional Support Needs in schools (£500k).

This, plus numerous inflationary increases such as fuels, energy and general running costs, adds to the financial burden we have to absorb somehow. The full list is on our website [www.moray.gov.uk/moray\\_standard/page\\_59679.html](http://www.moray.gov.uk/moray_standard/page_59679.html)

The prudent management of our finances over recent years created £21.7million in our reserves by the beginning of last year. These are held to help pay for capital schemes such as new schools or infrastructure and unforeseen pressures, and for emergency works such as the recent repair to Cullen Harbour (£500k). We must retain enough in reserves to cover these emergencies when – not if – they occur and so we cannot allow our reserves to drop to zero.

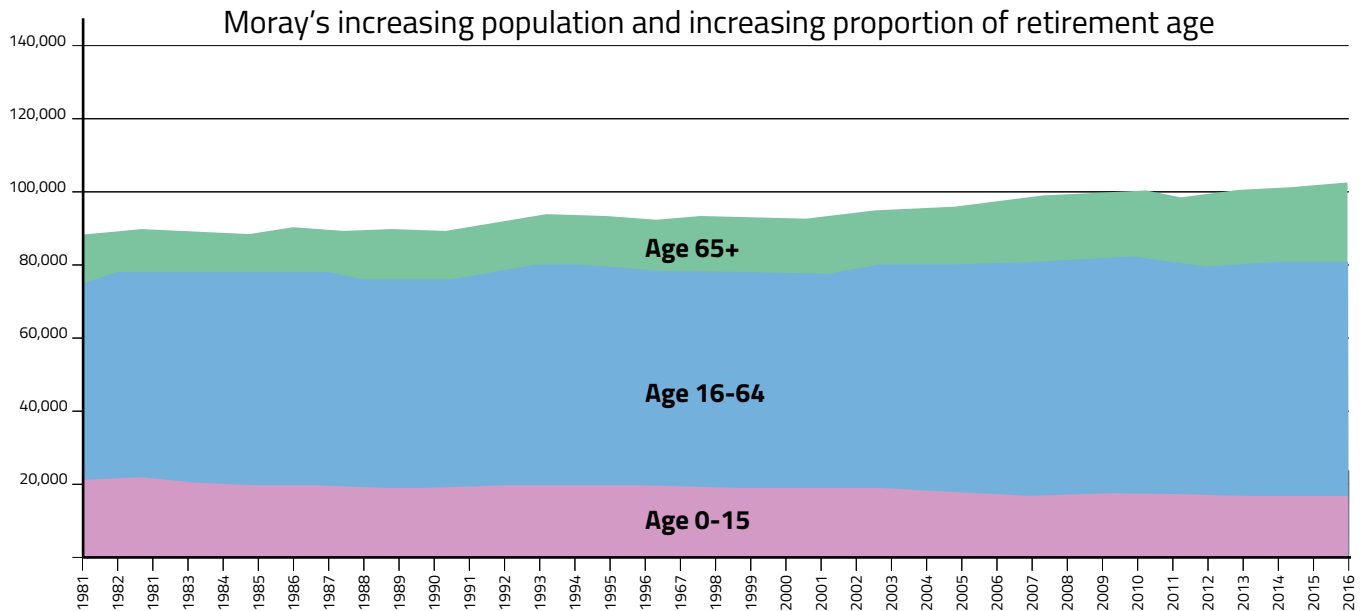
In 2017/18 we used £7.10million of these reserves to balance the budget, and £4.72million of reserves to help balance the 2018/19 budget in February, along with a raft of service reductions totalling £6.25million.

We used these reserves to cushion some of the worst effects of budget reductions and – barring any extra support from the Scottish Government to make ends meet – we plan to do the same for the next budget in 2019. But, like all nest eggs of savings, once they're gone that's it.

That's why we need to get our expenditure to a level where it matches our income if we are to be sustainable.

## Some context around the figures

Moray's population is rising; therefore demand for most services would be expected to rise in proportion, such as social care, roads, waste, housing etc.



Between 1981 and 2016 the population in Moray rose by 15.08%. Our big challenge is the proportion of those aged 65+ that is increasing. This element of the population increased by a huge 45% in the 30 years between 1981 and 2010 (17,008). Over the next 30-year period, this age group is projected to increase by 73%.

As well as increasing the demand for care of this group, the number of young people staying in the area is declining, and the number of people between the ages of 16 and 64 – generally taxpayers – is increasing only gradually. Moray isn't alone in this trend; all other councils are facing similar challenges.

As the Accounts Commission stated last month in their report on the challenges faced by councils in Scotland:

*'There will be fewer working age people compared to people of pensionable age and school children. Working age people generate more money for public spending through taxation, while older people and children generally use more public services such as social care and education. This is known as the dependency ratio.'*

*Source: Challenges and performance 2018; Accounts Commission*

In Moray, our 'dependency ratio' is high and getting higher. Hence we are in a serious position where we cannot keep on providing all the services you have come to rely on, and meaning we have to prioritise and manage demand for these services.

# Service priorities

Over the past few months we have been deliberating our main priorities. These have now been agreed and are stated in our Corporate Plan along with our vision.

*Our vision is to make life better for everyone in Moray, create an environment where there is a positive future for all within a vibrant economy, with empowered and connected communities.*

Our main priorities are:

- Provide a sustainable education service aiming for excellence
- Ensure caring and healthy communities (support for Moray Integration Joint Board)
- Promote economic development and growth
- Work towards a financially stable council that provides valued services to our communities

If we are to focus on these priorities, other services would inevitably bear a larger brunt of the savings to balance the budget. According to the recent Accounts Commission report on local government in Scotland:

*'In 2017-18, councils allocated 76% of their budgets to education and social care services. While these services can contribute to savings through efficiencies, they are restricted in making larger contributions to savings targets due to Scottish Government requirements to deliver national policies and priorities, and the increasing demand for services.'*

*Source: Challenges and performance 2018; Accounts Commission*

A priority for us is the education of Moray's children. One of the duties of the 1980 Education Act is to make effective and efficient use of resources – teachers and schools in this case – and there's an argument that this isn't being done at present.

In our 46 primary schools we have a total pupil number of 7,046, but enough school classroom capacity to hold 9,341. Although we currently meet our staff/pupil ratio to meet government targets, school staffing continues to be a major concern with ongoing vacancies across primary schools. However these pupils and teachers are distributed across a larger number of buildings than we actually need, many of which are ageing and need constant repair and maintenance.

How we bring our over-sized school estate to a realistic level that's relative to the numbers of staff and pupils is a thorny issue, but one that has to be addressed if we are to meet the needs of our young people into the future. If we wish to retain all our schools there is a huge cost to that.

The condition of schools are rated thus:

- A – Good:** Performing well and operating effectively
- B – Satisfactory:** Performing adequately but showing minor deterioration, showing signs of age
- C – Poor:** Showing major defects and/or not operating adequately, does not carry out function effectively without continuous repair, shows signs of age
- D – Bad:** Economic life expired and/or risk of failure

In Moray, 29 of our 52 schools are in condition 'C', 15 are at 'B', the newer ones are at 'A' standard.

To get our school estate up to the Scottish Government's required B standard will cost more than £170million at today's prices, and a further £6million a year to keep them there.

Our aim, in line with national expectation, is to improve attainment in numeracy and literacy and work towards excellence for all pupils in Moray. We know that, due in large measure to the teacher staffing crisis, many of our schools are working on improvement programmes to address gaps, including those highlighted by inspections. These schools are supported by a small team of quality improvement officers with each officer supporting up to three secondary schools, up to 14 primary and a maximum of 12 Early Learning and Childcare Centres. Focussing our efforts and resources on a reduced number of schools might make that more achievable. So, there are some difficult and controversial issues to be considered as we plan the future of education in Moray.

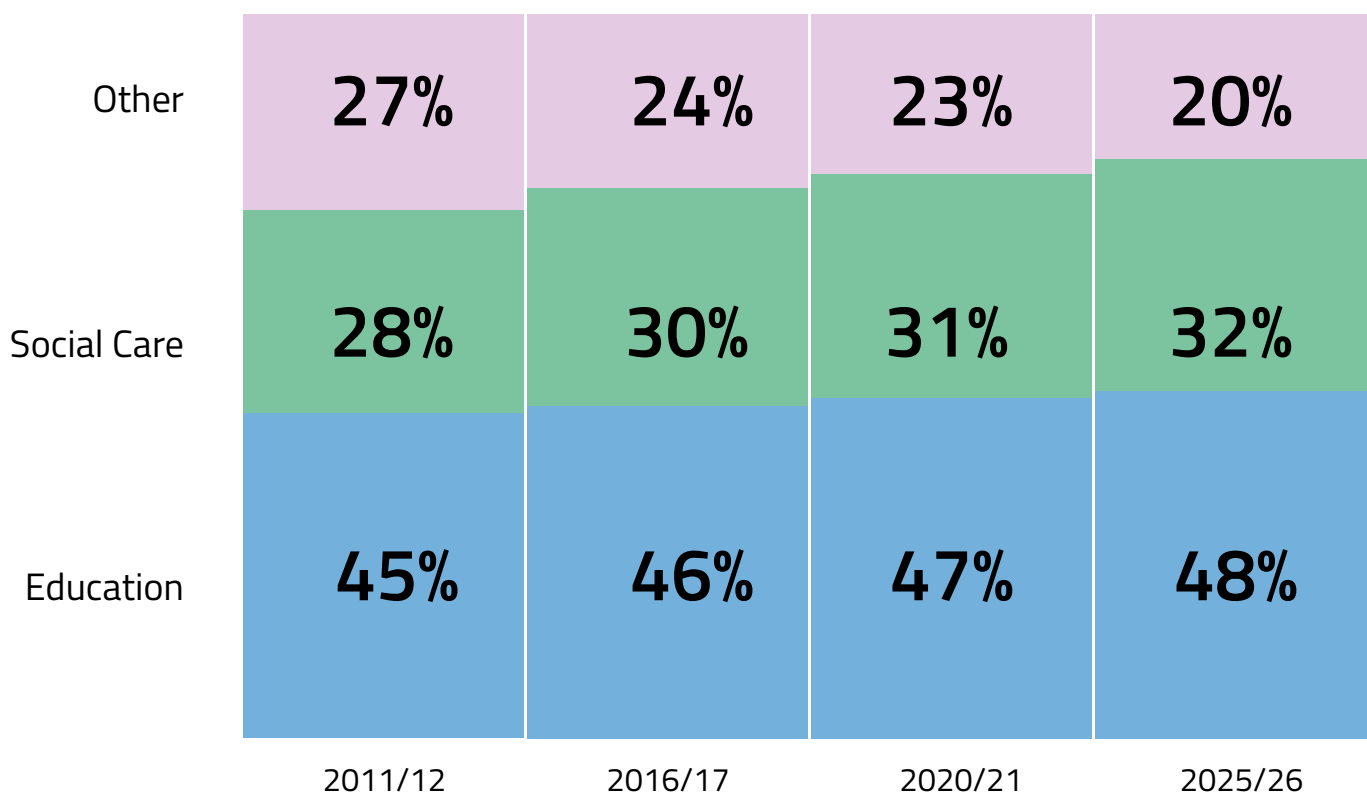
Secondary schools also face staffing shortages in a number of areas particularly in Science, Technology, Engineering and Mathematics (STEM), Home Economics, Computing Science and English.



The Accounts Commission’s report anticipates that if current trends for spending on education and social care services continue, councils will have even less to spend on other services in future years. They have carried out an exercise which predicts that councils will spend 80% of their income on education and social care by 2025-26. This would leave only 20% of budgets available for all other council services such as road repairs, refuse collection, environmental health, planning, leisure and culture services in 2025-26. See the exhibit from the report below:

Forecast of council spending patterns

Without service redesign or policy changes, modelling suggests that 80% of council budgets would be expended on education and social care by 2025/26



Note: calculations are based on cash terms.

Source: Scottish Local Government Finance Statistics 2016/17, Audit Scotland, Nov 2016

Taking the population changes and the reduction in spending on non-education/social care services, look at the potential impact on roads services:

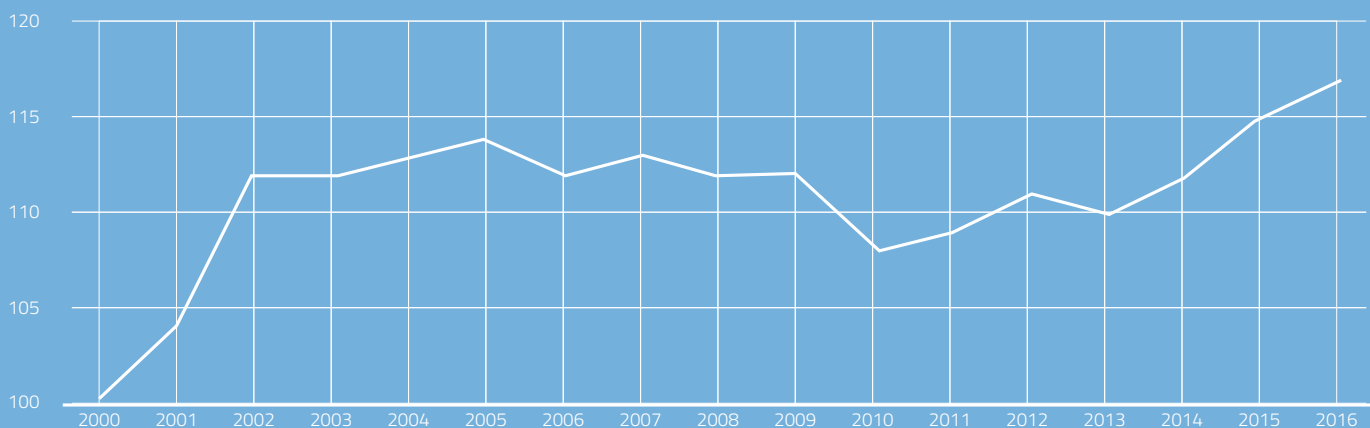
## Roads/Traffic

With the population increase, traffic rises too. We take a measure at the junction between Station Rd and New Elgin Road, where in 2000 there were 16,246 vehicles on that section in a set period. In that same period in 2016 this rose to 22,302, an increase of more than 37%.

The chart below shows a summary of the level of traffic in Moray. Note the drop 2009/2010 due to changes in the RAF presence in the area. Thereafter it continues upwards.

The additional traffic increases the need for road repairs and traffic management, an area where we have had to significantly reduce our spending recently.

All motor vehicles on major roads: 2000 to 2016



# Working towards a financially stable council

To deliver further savings, we are preparing a programme of work to support our priorities. We have been finding savings through a combination of:

- Transformation (different service)
- Redesign of services (efficiencies – same services leaner, new approach)
- Redefine services (stop, reduce or transfer)
- Income generation and commercialisation (charges, council tax or sale)

This approach was used in the last round of savings and has proved useful. Here are some updates against the some of the budget savings agreed for 2018-19.

## Transformation

**School librarians:** There is an obligation on local authorities to maintain a school library service, however there is no obligation to provide professional librarians to run the service.

The service provides library facilities in each of the eight secondary schools across Moray.

Each school library operates as an individual area. There was variation in how this service was delivered, as some school libraries provided events like literary classes and year group visits, others did not.

From the start of the new school year pupils' access to library resources (other than a professional librarian in certain cases) will not be diminished. The change to reduce Secondary School Library Resource Centre Coordinators from 8 to 4 FTE (full time equivalent) will still provide access to library services for pupils, albeit on occasions without a school librarian in attendance.





## Redesign of services

**Community Asset Transfers (CATs):** We said we'll stop running community halls ourselves and offer them to community groups, and lots of you have come forward to do just that. A number of town halls were made available for Community Asset Transfers. So far 20 groups have come forward expressing an interest in taking on their local hall or building, and our staff are guiding them through the process.

By this time next year, all the properties listed in our last budget could be run by local community groups:

- Fishermen's Hall, Buckie
- Cullen Community and Residential Centre
- Forres Town Hall
- Elgin Town Hall
- Findochty Town Hall
- Longmore Hall, Keith
- Dufftown Community Centre

And we've also had expressions of interest in these assets:

- Cullen Community and Residential Centre
- Station Park Pavillion, Lossiemouth
- Cullen Harbour Office
- Cullen Recycling Centre
- Ian Johnson Pavillion, Buckie
- Public toilets in Craigellachie

**School Crossing Patrollers:** School crossing patrollers were retained at sites where guidelines from the Royal Society for the Prevention of Accidents (RoSPA) indicate there is high enough pupil count and traffic to merit a crossing. In line with all local authorities we use RoSPA guidelines to decide where a patroller should be provided.

The places where crossing patrollers are being provided from August 2018 before school and after school are listed below. There will be no lunchtime cover at any site in view of minimal usage.

Cluny Primary, Buckie

- West Church Street/ Pringle Street
- West Church Street/ Queen Street

Cullen Primary, Cullen

- Seafield Street/ Judy's Lane

East End & St Sylvester's Primary, Elgin

- South College Street/ Institution Road

West End Primary, Elgin

- High Street/ Murdochs Wynd
- South Street/ Northfield Terrace/ Hay Street

Bishopmill Primary, Elgin

- Morriston Road/ Duffus Road
- Morriston Road/ Bishopmill School

Anderson's Primary, Forres

- High Street/ South Street

Pilmuir Primary, Forres

- Pilmuir Primary School

Keith Primary, Keith

- Banff Road/ Longmore Hall
- Church Road/ Keith Primary School

Kinloss Primary, Kinloss

- Kinloss School

Hythehill & St Gerardine Primary Schools, Lossiemouth

- St Gerardine's Road/ Prospect Terrace
- Coulardbank Road/ Rinnes Drive
- Elgin Road/ Clifton Road

East End and St Sylvester's Primary, Elgin

- Maisondieu Road

New Elgin Primary, Elgin

- Main Street/ Bezack Street

## Redefine services

**Public Toilets:** We said we should close all public toilets, but your objections to this wholesale closure was based on sound argument, and we decided to keep open those either on a tourism route or were heavily used in certain locations. We will keep 20 of the 32 public toilets open. Closures of the toilets listed below will take effect from 1 July 2018.

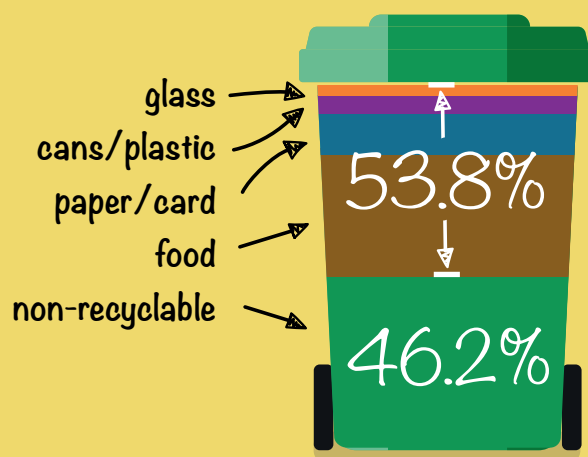
- Strathlene Beach, Buckie
- Town House, Buckie
- Fiddich Park, Craigellachie
- Harbour, Cullen
- West Beach, Cullen
- Middle Block, Findhorn
- The Leys, Forres
- East Beach, Hopeman
- Mid Street, Keith
- Reidhaven Square, Keith
- St Ruffus Park, Keith
- Station Park, Lossiemouth

**Waste:** From June we will be commencing three-weekly collections for green (general waste) bins. There's still too much recyclable material found in green bins which ends up in landfill.

By changing to three-weekly collections of this waste, while retaining fortnightly collections for recyclable waste, we calculate that every year we can save £100k in collection costs and, if residents recycle all their food and garden waste, £400k in landfill fees.

we're going, going  
**GR3ËN**

contents of the average  
bin in Moray



want to know more?  
[www.moray.gov.uk/waste](http://www.moray.gov.uk/waste)

# Next steps

## Income generation and commercialisation

We increased charges for services where it was allowed, and are looking at generating income by selling advertising space from other assets such as roundabouts, vehicles and buildings.

From June, or any renewal date, we're implementing increases in the following:

- Parking charges
- Harbour charges
- Sport and leisure
- Collection charge for white goods
- Temporary road traffic order fee
- Planning and building control fees
- Council Tax increase

The next budget date is February 2019, where we expect to use more of our reserves to help narrow part of the gap between income and expenditure. But we will also have to find savings by reducing services further.

That said, after making the savings we have over the years it is increasingly difficult to find any more which will not impact increasingly on individuals and communities. We need to make sure that, as best we can, reductions in services do not fall disproportionately on any one group, such as young people, families or the elderly.

*As we've stated in the opening paragraphs, with the reducing level of money available to us we will only be able to focus on the essential services. We need your help in establishing what those essential services are. This means that you may lose the level of service which you have become accustomed to. Or individuals/communities may be asked to help by taking on tasks which have till now been done by the council. It's a challenging task, but one we can only achieve with your help.*





**“ To make life better for everyone in Moray, where there is a positive future for all, within a vibrant economy, with empowered and connected communities. ”**

**Cllr George Alexander  
Leader of Moray Council**