

# Budget 2019-20

Funding, financial challenges  
and investment in Moray





# Foreword

## Investment in Moray

Despite challenging financial circumstances in recent years we've seen investments that have brought much to be positive about in Moray. A few recent examples are: the investment of £28.8m in a new Elgin High School; flood alleviation schemes in Elgin, Newmill and Dallas; 36 council houses completed in Forres and 31 in Buckie; new-build nursey in Fochabers and a new nursery service in Buckie that offers free childcare for eligible children as part of the Scottish Government's Early Learning and Childcare initiative.

And we can expect that to continue with the development of the Growth Deal to secure Moray's economic future and the investment that is under way in the early years' service. There can be no doubt that there are difficult times ahead but we'll continue to invest where this will make a significant contribution towards delivering the council's vision of making life better for everyone in Moray.

## Financial challenges

However, we all know that this won't be easy and will be set in a context of continuing long-term financial constraints, which means that things will have to change and that some things will stop. What is different this year is that the council's reserves have dwindled to a level where they can no longer be relied upon to pay for our recurring annual spending.

Detailed in this booklet are savings which have been identified so far, to help narrow the gap. There are some savings which we'll be implementing immediately, so we can begin to make savings straight away, and others which will be brought in over time. Some we will be engaging with the public and various groups on and I urge you to take part in these discussions so that we can have an honest dialogue about the financial challenges we are facing.

**Graham Leadbitter**  
**Leader of Moray Council**



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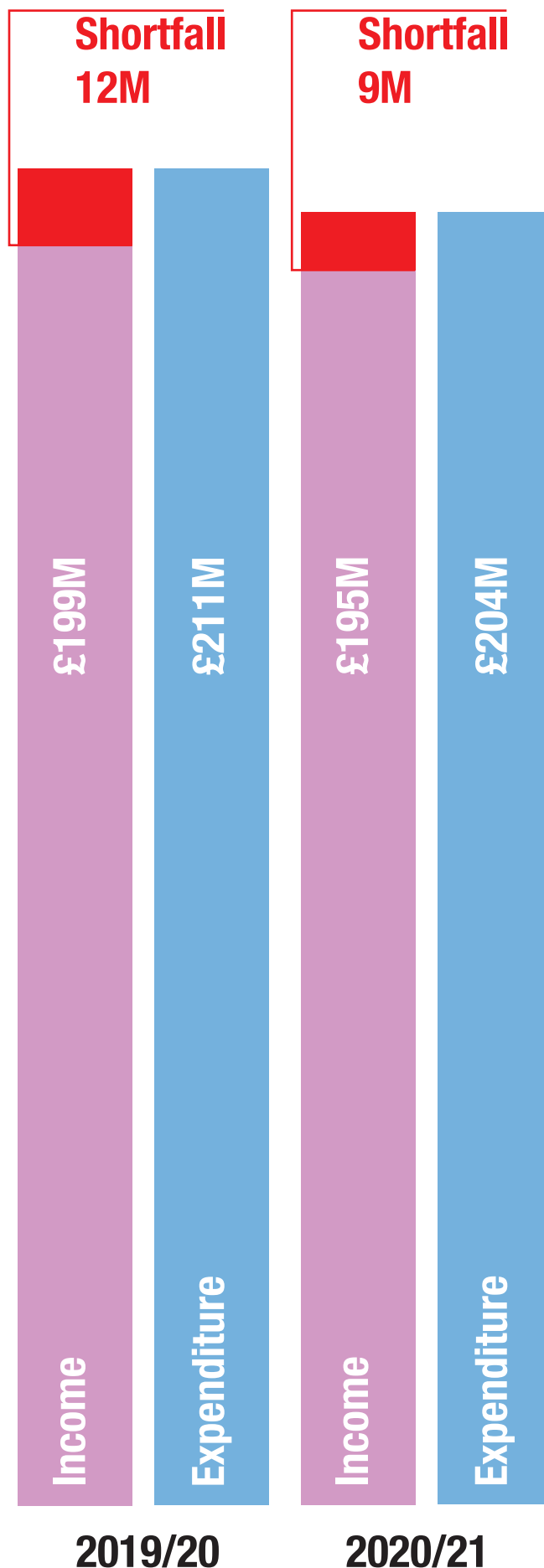
# Introduction

There are many factors that impact on our financial position and each year we must await the announcement of our grant from the Scottish Government (usually in December/January) before we know the situation we will be dealing with when we set the budget in February.

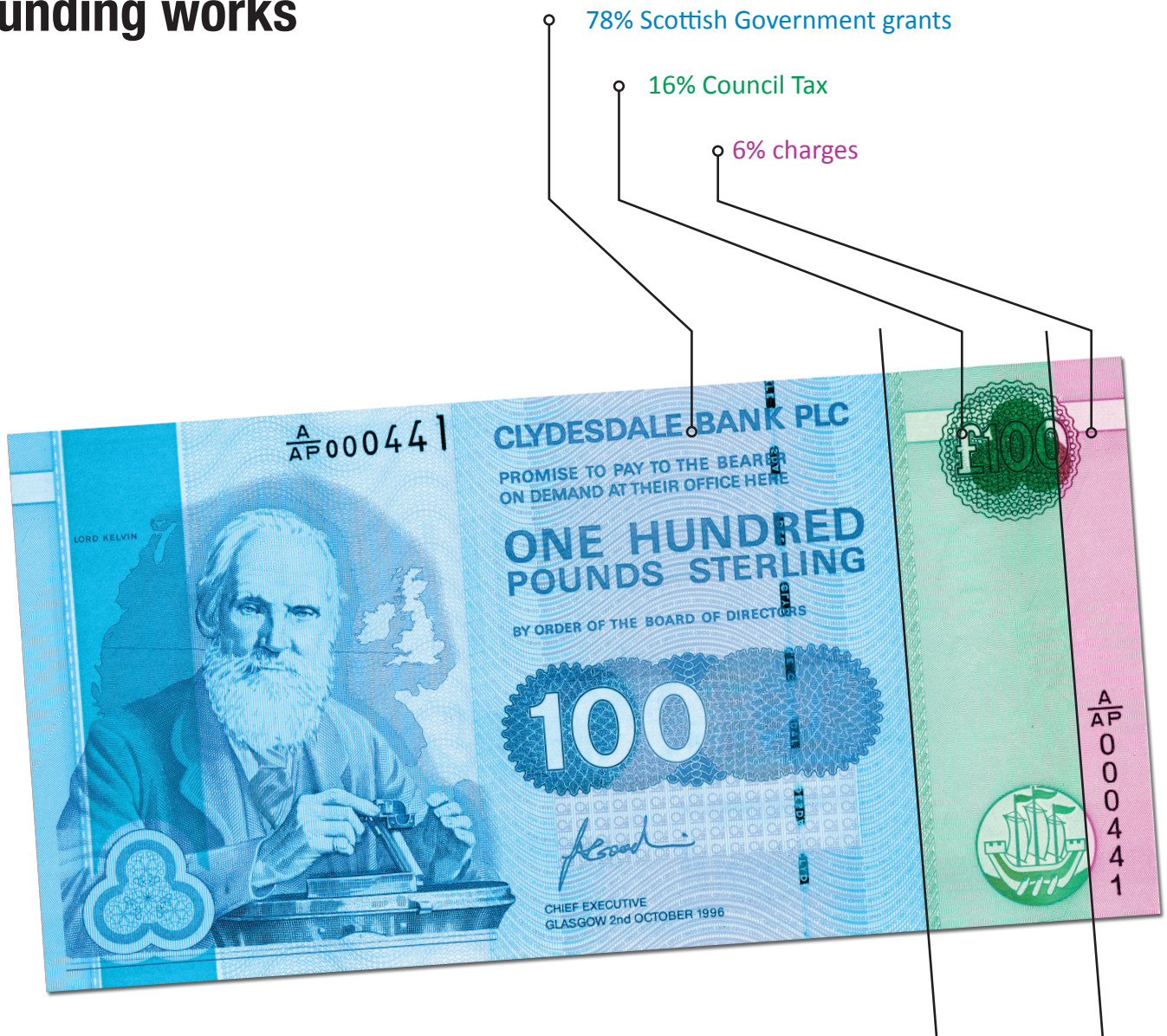
That means we have to rely on estimates until that point, usually based on a range of scenarios from best to worst case - and the difference between best and worst case can be up to £13m over two years.

For many years we've found savings for each budget round, which have led to cumulative savings of around £40m. We now face finding a further £12m for 2019/20 and £9m for 2020/21 whilst continuing to deliver important and valued services to Moray's 90,000 residents.

Our reserves currently sit at £17m and can't be relied upon to pay for our day-to-day spending. This means we must transform the way we deliver services to narrow the gap between what we spend, and what we bring in from charges, Council Tax and the Scottish Government grant.



# How public sector funding works



The Scottish Government is allocated money from Westminster and this is called the Scottish Block. The Scottish Government then determines how this money will be allocated based on its spending priorities. Scottish councils receive money from the Scottish Government each year to run local services; this is called the Grant Settlement and is a major factor in determining how much the council can afford to spend in a year.

Moray Council services are funded predominantly from Grant Settlement from which it receives approximately 78% of the council's income, with only 16% coming from Council Tax and, around 6% from direct charges for services.

Our grant is supplemented by a number of income streams and through Council Tax income. Combined, the Grant Settlement, Council Tax revenue, and all additional income must cover the costs of all the services we provide. This includes those services that help us meet our commitment to local and Scottish Government priorities.

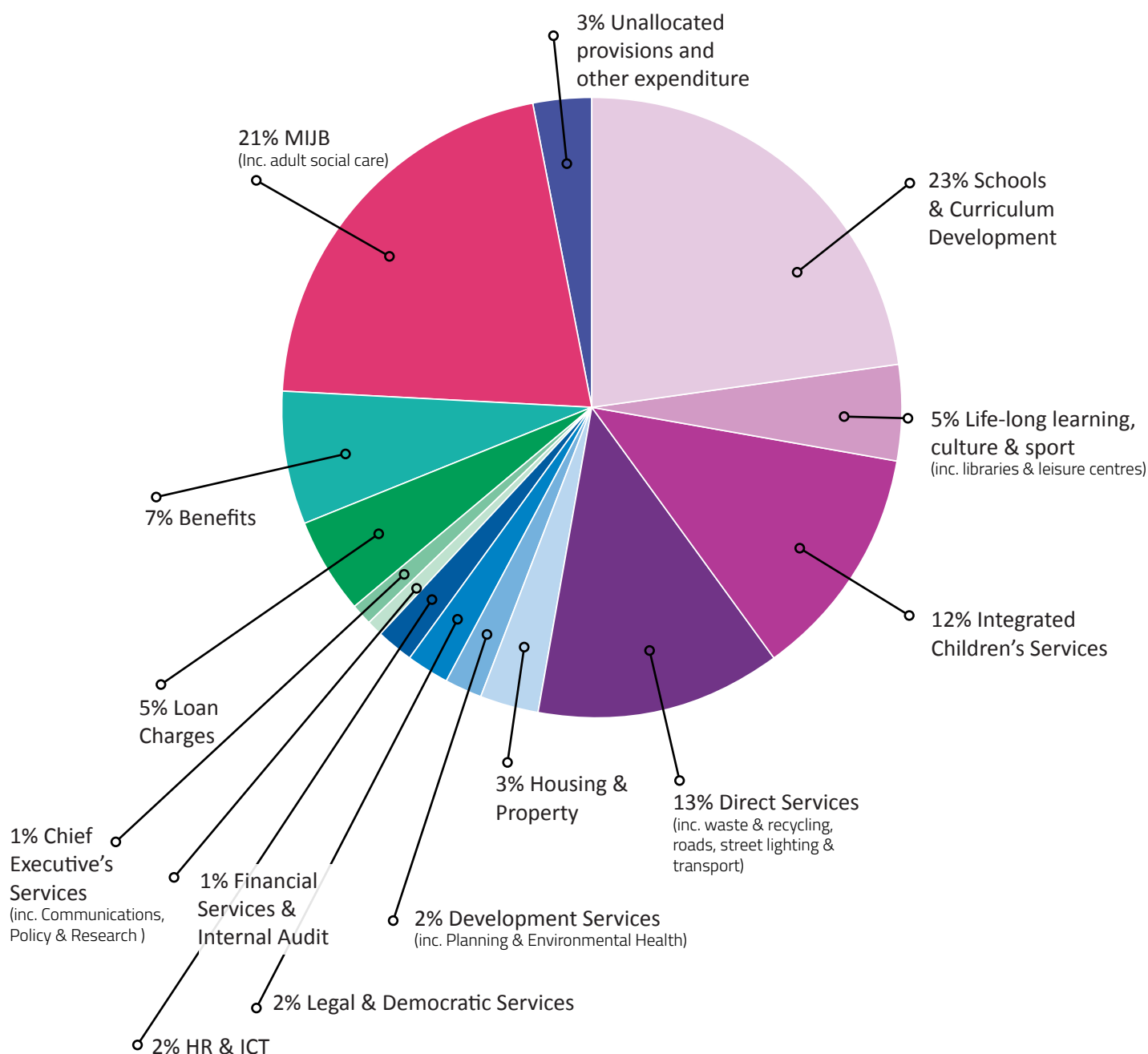
# What does the council spend its money on?

We have services which we must provide by law, like social care and education, and these service areas account for a large proportion of the council's budget.

Key budget spends:

- £40m on adult social care
- £56m on schools  
(inc £37m on teachers' salaries)

There are other factors which we don't have any control over, for example loan charges and Public Private Partnership school charges, and these account for £60m of our budget.





# Why is the council continuing to borrow more money?

The council has lots of assets – items and property which we own – which require ongoing maintenance so that we can keep things like our leisure centres, schools and community facilities open to the public in a satisfactory standard of condition and suitability. Because our day-to-day spend is unsustainable, it leaves even less money for maintenance and upgrading of these facilities.

To build on, bring all of our assets up to standard, and keep them that way, we'd need to spend £426m over 10 years. The council gets an annual capital grant of £10m from the government towards this and other capital projects such as improving our road network but we would have to borrow the rest.

The council can't afford to borrow this amount of money and has had to change its policy on the maintenance of these facilities. The decision has to be whether we continue providing services in buildings maintained to a lower standard, or to close them altogether. The situation is complicated by the fact that the facilities required in the longer term could be more costly to maintain if refurbishment and maintenance works are delayed.





# How we manage the budget process

Earlier this year we held a series of pop-up shops and meetings across Moray to discuss the challenges facing the council in setting its 2019/20 budget. We launched a survey, available in paper copy and online, which encouraged residents to share their views on things like paying for services, community involvement, work and local economy. We produced posters with statistics about council services, workforce and budgets, and put these on display at the meetings and on our website.

Now, as we look to implement budget savings for 2019/20, we will engage on a number of savings options with the general public and relevant groups – others we're simply informing you that we have to take these measures in response to budget pressures facing the council.

As we go through this process, you can expect a commitment from the council to:

- Provide you with the facts on the financial challenges facing the council and information on decisions that have been, or will be required to be taken.
- Communicate with staff in advance of any final decisions to highlight any impact of the proposals on their employment.
- Work in partnership with our communities to identify ways we can reduce the impact of changes in service delivery.
- Work closely with our most vulnerable residents to help them understand what any changes to services may mean for them and to take steps to minimise the inevitable worry and stress that results from change.

# Measures agreed to narrow the gap

We've listened to feedback through consultation exercises we've carried out in the past and from this we've taken into account the views that were expressed in preparing our proposals to reduce our budget. As a result we're making lots of savings, through measures including:

- staff restructuring
- reducing operational budgets
- reducing overtime
- increased use of online services
- managing vacancies
- reducing building cleaning
- negotiating reduced fees with suppliers

## For information

	Savings 2018-19 £000	Savings 2019-20 £000	Savings 2020-21 £000
Develop proposals to reduce the award of discretionary rates relief to charities / businesses	1		10
Introduce £36 annual charge for garden waste collection		690	30
Introduce charge to supply new builds with household recycling containers		20	
Change opening hours of recycling centres		20	
Increase burial fees in line with Scottish average		26	
Cease grounds maintenance of privately-owned land		19	
Potential increased income from planning fees (set locally and nationally)		64	
Introduce charge to recover cost of work for those not complying with planning enforcement		15	
Changes to approach for houses subject to house closure / demolition order to generate council tax and housing improvements		24	
Change class sizes to maximum of 30 pupils for P2 and P3		tbc	
Commercialise leisure service		217	103
Reduce provision of Essential Skills and English for Speakers of Other Languages (ESOL)		18	23

## For engagement

	Savings 2018-19 £000	Savings 2019-20 £000	Savings 2020-21 £000
Reduce opening hours for out-of-Elgin Access Points		48	
Reduce street sweeping service		49	
Reduce grounds maintenance for cemeteries with no burials in last 10 years		32	
Reduce grass cutting on rural footpaths		20	
Reduce grass cutting in parks / seek sponsorship			41
Reduce litter collection and shrub bed maintenance in parks			16
Close museum service or transfer to Trust			82
Close / CAT Elgin Community Centre		78	78
Close / CAT Cooper Park bowling pavilion	avoid spending on repairs		
Reduce library opening hours, in Buckie, Forres, Keith & Lossiemouth		35	

We'll shortly be releasing more information on how residents and local groups can take part in this engagement, including dates and how you can contribute your views on these proposals.

**“Despite challenging financial circumstances in recent years we have seen investments that have brought much to be positive about in Moray.”**

**Cllr Graham Leadbitter  
Leader of Moray Council**