Local Government and Communities Committee

Scrutiny of the Draft Budget 2017-18

Submission from Moray Council

Question 1: We want to hear your views on the impact of budget reductions to date on local services, etc

During the five year period from 2010/11 to 2015/16 the council reduced its annual operating costs by £24M which is about 10% of its budget. Around half of this has been achieved through efficiency savings and the balance comes from service reductions and increases in charges for services. The largest service reductions were:

Libraries – a number of facilities were closed, the opening times have been reduced in other libraries and the amount of resources available has also been reduced.

DSM – percentage reductions have been made to the funding available to our schools. The unit cost of providing education in Moray is relatively low. Whilst this is positive in terms of the overall budget, Moray is a largely rural authority and there is a concern that the resources available to deliver a high quality of education are less than in many other areas of Scotland.

Education – A significant reduction was made to the number of Classroom Assistants increasing the demands placed on classroom teachers.

Roads Maintenance – the council is managing to maintain roads in line with the average level in Scotland. In terms of good asset management the council is aware that the current approach takes a short term view and over the longer term the lack of funding is likely to be more costly.

Question 2: We want to hear your views on the extent to which local authority spending decisions prioritise funding for policies that are likely to reduce inequalities.

The council is working with local partners to review our approach to poverty and social inclusion to establish a greater strategic focus in this area. The current situation is that a lot of good work is done in a number of areas and including effective partnership working at a grass roots level and strategic oversight rests in at least three areas: Children and Young People’s partnership, Employability Moray and the Welfare Reforms Working Group. A report has been prepared for the next meeting of the Community Planning Board to identify how a greater strategic focus can be achieved.
Question 3: We therefore invite written evidence on how General Fund Balances are used by local authorities and in particular the extent to which the General Fund Reserves are being used to offset savings in the short to medium term.

The position for Moray Council is:

- Reserves by the end of the current year will be depleted to around £17m.
- After allowing for a Council Tax increase of 3% and further efficiencies the shortfall for 2017/18 is likely to be between £12m and £14m and there is little appetite amongst any of our Councillors to reduce service provision.
- Going into 2018/19 our reserves will be at a minimal level and the Council will need to cut service provision in excess of £10m (5%)
- We do not believe that this can be achieved if we are to meet our statutory responsibilities, and will result in the closure of many facilities in the area
- There is a very real concern that Moray Council will not be able to meet the legal requirement of setting a balanced budget for 2018/19.

Last week the council’s Leader met with Derek Mackay to brief him on our financial situation. Whilst the formal purpose was to lobby for more funds from the government we recognise this is highly unlikely and, therefore, the more important outcome was to ensure that the Finance Minister understands the perilous financial position we face over the next two years.

At the meeting the Minister made it clear that the government did not intend to stray from its manifesto commitments. It is reasonable to conclude from this that local government faces a number of years of poor financial settlements. As expected there was some discussion about ongoing efficiency savings, including more from shared services, but the Minister did appear to acknowledge that efficiencies would not be sufficient on their own and the council would have to make some tough choices. The Independent Administration Group of the council would like the opportunity to include a large increase in council tax as part of the debate around tough choices. However, as one of the government’s manifesto commitments relates to council tax, it is clear that they are not going to negotiate on this point.

The Scottish Government have a firm grip on local government funding, effectively controlling 94% of our income. Locally elected councillors have very little discretion left in terms of resources and discussions with Ministers need to focus on recognising this fact and understand that it is their funding decisions that will result in the reduction and closure of a number of council services.
From ongoing surveys and discussions between many Chief Officer groups it is understood that senior officers in many councils have similar concerns. Earlier this year Moray Council formally recognised that the current level of service provision is not financially sustainable and until this position can be addressed the council no longer complies with the Prudential Code, put in place to control capital expenditure.

**Question 4: What are your views on the range of local authority activities that should be considered ‘local Government budget’ as compared with funding that is provided elsewhere but which may support local government activities and outcomes?**

The most significant area is the new arrangement for Health and Social Care. The level of accountability at a council level has been reduced for Social Care services and with such significant pressures on council budgets the new arrangements may have a negative impact on the levels of funding provided to the Integrated Joint Boards.