



Moray Council

Wednesday, 27 November 2019

NOTICE IS HEREBY GIVEN that a Meeting of the **Moray Council** is to be held at **Council Chambers, Council Office, High Street, Elgin, IV30 1BX** on **Wednesday, 27 November 2019** at **09:30**.

BUSINESS

1. Sederunt

2. Declaration of Group Decisions and Members Interests *

3. Resolution

Consider, and if so decide, adopt the following resolution:

"That under Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting for Items 17 and 18 of business on the grounds that it involves the likely disclosure of exempt information of the class described in the relevant Paragraphs of Part 1 of Schedule 7A of the Act."

4. Minutes

- | | |
|---|----------------|
| 4a) Minute of Appeals Committee dated 13 March 2019 | 7 - 10 |
| 4b) Minute of Appeals Committee dated 21 August 2019 | 11 - 14 |
| 4c) Minute of special meeting of Moray Council dated 25 September 2019 | 15 - 20 |
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| 5. Written Questions ** | |
| 6. Housing Business Plan Review 2019 and Preparation for the HRA Budget Setting 2020-21 | 41 - 50 |
| Report by Depute Chief Executive (Economy, Environment and Finance) | |
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| Report by Depute Chief Executive (Economy, Environment and Finance) | |
| 8. Capital Plan 2019-20 | 77 - 96 |
| Report by the Depute Chief Executive (Economy, Environment and Finance) | |
| 9. Financial Planning | 97 - 126 |
| Report by Depute Chief Executive (Economy, Environment and Finance) | |
| 10. Medium to Long Term Financial Strategy | 127 - 154 |
| Report by Depute Chief Executive (Economy, Environment and Finance) | |
| 11. Town Centre Fund Capital Grant | 155 - 166 |
| Report by Depute Chief Executive (Economy, Environment and Finance) | |
| 12. European Structural Investment Funds | 167 - 174 |
| Report by Depute Chief Executive (Economy, Environment and Finance) | |
| 13. Internet of Things - Scotland Network | 175 - 180 |
| Report by the Depute Chief Executive (Economy, Environment and Finance) | |
| 14. Moray Integration Joint Board | 181 - 198 |
| Report by Chief Officer, Moray Integration Joint Board | |

15. Delegation of Services to Moray Integration Joint Board 199 - 202

Report by the Chief Officer, Moray Integration Joint Board

16. Question Time ***

Consider any oral question on matters delegated to the Committee in terms of the Council's Scheme of Administration.

Item(s) which the Committee may wish to consider with the Press and Public excluded

17. Land at Garmouth Road, Lhanbryde

- Information on terms proposed or to be proposed by or to the Authority;

18. Freedom of Moray

- Information relating to the financial or business affairs of any particular person(s);

Any person attending the meeting who requires access assistance should contact customer services on 01343 563217 in advance of the meeting.

* **Declaration of Group Decisions and Members Interests** - The Chair of the meeting shall seek declarations from any individual or political group at the beginning of a meeting whether any prior decision has been reached on how the individual or members of the group will vote on any item(s) of business on the Agenda, and if so on which item(s). A prior decision shall be one that the individual or the group deems to be mandatory on the individual or the group members such that the individual or the group members will be subject to sanctions should they not vote in accordance with the prior decision. Any such prior decisions will be recorded in the Minute of the meeting.

** **Written Questions** - Any Member can put one written question about any relevant and competent business within the specified remits not already on the agenda, to the Chair provided it is received by the Proper Officer or Committee Services by 12 noon two working days prior to the day of the meeting. A copy of any written answer provided by the Chair will be tabled at the start of the relevant section of the meeting. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than 10 minutes after the Council has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he or she can submit it in writing to the Proper Officer who will arrange for a written answer to be provided within 7 working days.

*** **Question Time** - At each ordinary meeting of the Committee ten minutes will be allowed for Members questions when any Member of the Committee can put a question to the Chair on any business within the remit of that Section of the Committee. The Member who has put the question may, after the answer has been given, ask one supplementary question directly related to the subject matter, but no discussion will be allowed.

No supplementary question can be put or answered more than ten minutes after the Committee has started on the relevant item of business, except with the consent of the Chair. If a Member does not have the opportunity to put a supplementary question because no time remains, then he/she can submit it in writing to the proper officer who will arrange for a written answer to be provided within seven working days.

Clerk Name:

Clerk Telephone: 01343 563016

Clerk Email: committee.services@moray.gov.uk

THE MORAY COUNCIL

Moray Council

SEDERUNT

Councillor Shona Morrison (Chair)
Councillor Graham Leadbitter (Depute Chair)
Councillor George Alexander (Member)
Councillor James Allan (Member)
Councillor David Bremner (Member)
Councillor Frank Brown (Member)
Councillor Theresa Coull (Member)
Councillor John Cowe (Member)
Councillor Gordon Cowie (Member)
Councillor Paula Coy (Member)
Councillor Lorna Creswell (Member)
Councillor John Divers (Member)
Councillor Tim Eagle (Member)
Councillor Ryan Edwards (Member)
Councillor Claire Feaver (Member)
Councillor Donald Gatt (Member)
Councillor Louise Laing (Member)
Councillor Marc Macrae (Member)
Councillor Aaron McLean (Member)
Councillor Maria McLean (Member)
Councillor Ray McLean (Member)
Councillor Laura Powell (Member)
Councillor Derek Ross (Member)
Councillor Amy Taylor (Member)
Councillor Sonya Warren (Member)
Councillor Walter Wilson (Member)

Clerk Name:

Clerk Telephone: 01343 563016

Clerk Email: committee.services@moray.gov.uk

MORAY COUNCIL
MINUTE OF MEETING OF THE APPEALS COMMITTEE
1 AND 13 MARCH 2019
COMMITTEE ROOM, COUNCIL OFFICES, ELGIN

PRESENT

Councillors A Taylor (Chair), J Allan, F Brown, P Coy, C Feaver, A McLean and D Ross

REPRESENTING THE AUTHORITY

The Provider Services Manager and the Human Resources Manager.

IN ATTENDANCE

The Acting Head of Human Resources and ICT as Human Resources Adviser to the Committee, Mr S Hoath, Senior Solicitor as Legal Adviser to the Committee and the Democratic Services Manager, as Clerk to the Committee.

1. DECLARATION OF GROUP DECISIONS

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from group leaders or spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Members' interest in respect of any item on the agenda.

2. EXEMPT INFORMATION

The Committee resolved that in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of Item 5 of the Business so as to avoid disclosure of exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

Para Number of Minute

Para Number of Schedule 7A

4

1

3. PROCEDURE TO BE ADOPTED BY THE COMMITTEE

There was submitted an appeal under Section 8 of The Moray Council's Disciplinary Procedures Policy, on the grounds that the Appellant considered that the disciplinary process leading to the sanction of dismissal on the grounds of gross

misconduct from the Council's employment was procedurally flawed and therefore unfair.

The Committee had before it, the following documents:-

- (i) Statement of Facts;
- (ii) Statement of Case (Appellant);
- (iii) Statement of Case (Council);

The Senior Solicitor confirmed to the Committee that the Appellant had notified that he would not be in attendance due to ill health.

The Senior Solicitor, in referring to the terms of the Council's Appeals Process, advised the Committee that as the Appellant had been provided with the offer of 2 dates and neither had been acceptable to the employee or their representative for whatever reason, the case will be dropped. However, he was of the opinion that it was a matter for the Committee to determine whether it wished to drop the case, proceed in the Appellant's absence or defer and offer a further and final date to allow the Appellant to attend.

Following lengthy discussion the Committee unanimously agreed to defer the meeting to a date to be determined in order to allow the Appellant the opportunity to attend and that the Appellant be advised that should he be unable to attend on that date the appeal would be heard in his absence.

RESUMPTION OF MEETING

WEDNESDAY 13 MARCH 2019

COMMITTEE ROOM, COUNCIL OFFICES, ELGIN

PRESENT

Councillors A Taylor (Chair), J Allan, F Brown, P Coy, C Feaver, A McLean and D Ross

REPRESENTING THE AUTHORITY

The Provider Services Manager and Mrs R Geddes-Stewart, HR Adviser.

IN ATTENDANCE

The Acting Head of Human Resources and ICT as Human Resources Adviser to the Committee, Mr S Hoath, Senior Solicitor as Legal Adviser to the Committee and the Democratic Services Manager, as Clerk to the Committee.

4. PROCEDURE TO BE ADOPTED BY THE COMMITTEE

The Council's representatives joined the meeting and introduced themselves to the Chair, members of the Committee and its Advisers.

Prior to considering the undernoted appeal, the Committee approved the procedure, as detailed in the report, to be applied to the Hearing subject to the Committee and its Advisers being afforded the opportunity to ask questions of the Appellant (or their representative) and the Authority's representative following their respective presentation of cases. This was agreed by the Council's representative.

5. APPEAL CASE NO. PA2018-002 [PARA 1]

There was submitted an appeal under Section 8 of The Moray Council's Disciplinary Procedures Policy, on the grounds that the Appellant considered that the disciplinary process leading to the sanction of dismissal on the grounds of gross misconduct from the Council's employment was procedurally flawed and therefore unfair.

The Committee had the following documents before it:-

- (i) Agreed Statement of Fact;
- (ii) Statement of Case (Appellant); and
- (iii) Statement of Case (Council).

The Senior Solicitor confirmed to the Committee that the Appellant had advised earlier that day that he had decided not to attend due to the forecast of severe weather conditions.

In accordance with its previous view, the Committee resolved to continue with the hearing in the Appellant's absence.

The Committee noted that the Statement of Case submitted by the Appellant did not accord with the grounds of appeal as stated in the Appellant's original letter of appeal. Never the less the Committee did proceed to consider the matter and take all of the written submissions into account.

The Council's representative, the Provider Services Manager, and Mrs R Geddes-Stewart, HR Adviser presented the Council's case and thereafter responded to questions from the Committee.

After giving their summation, the Provider Services Manager and Mrs R Geddes-Stewart, HR Adviser agreed that they were satisfied with the conduct of the proceedings of the hearing and withdrew from the meeting to allow the Committee to deliberate the appeal.

Following full consideration of the documents submitted and submissions presented, the Committee was satisfied that the appropriate procedures had been followed and that the decision to dismiss was reasonable unanimously agreed the appeal should not be upheld.

Minute of Meeting of the Appeals Committee

Wednesday, 21 August 2019

Committee Room, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor Frank Brown, Councillor Paula Coy, Councillor Claire Feaver, Councillor Aaron McLean, Councillor Derek Ross, Councillor Amy Taylor

APOLOGIES

Councillor James Allan

IN ATTENDANCE

Human Resources Manager as Human Resources Adviser, Mr S Hoath, Senior Solicitor as Legal Adviser and Mrs C Howie, Committee Services Officer as Clerk to the Committee.

REPRESENTING THE APPELLANT

The Appellant

REPRESENTING THE DEPARTMENT

The Acting Head of Lifelong Learning, Culture and Sport (Educational Resources) and Ms A Youngson, Human Resources Adviser.

1 Chair of Meeting

The meeting was Chaired by Councillor Amy Taylor.

2 Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from group leaders or spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Member's interests in respect of any item on the agenda.

3 Resolution

The Committee resolved that in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of the items of business appearing at the relevant paragraph of this minute as specified below, so as to avoid disclosure of exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

4 CASE 2019-01 [Para 1]

An appeal was submitted on the grounds that the Appellant considers that her dismissal, on the grounds of gross misconduct was unfair as the circumstances of medication being taken by her were not considered in reaching the decision to dismiss her.

The Committee had before it the following documents:-

- i. Agreed Statement of Fact;
- ii. Statement of Case (Council); and
- iii. Statement of Case (Appellant).

The Committee were advised that the Appellant was in attendance but did not have a representative to support her.

Prior to inviting the Appellant and the Council's representatives to join the meeting the Committee had a brief discussion on whether to defer to allow the Appellant time to appoint a representative to attend with her.

The Committee agreed to ask the Appellant if she wished to continue or postpone, it was noted that should she wish to postpone then the Department's representatives should be given the opportunity to agree or otherwise.

The Appellant and the Council's representatives joined the meeting and introduced themselves to the Chair, members of the Committee and its Advisers.

The Chair asked the Appellant if she wished to defer the hearing until she could seek a representative to support her.

The Appellant advised she was happy to proceed.

The Appellant presented her submission to the Committee and thereafter responded to questions from the Council's representative, the Acting Head of Lifelong Learning, Culture and Sport (Educational Services). During questioning the Acting Head of Lifelong Learning, Culture and Sport (Educational Services) sought to introduce information not previously in evidence.

The Chair agreed, at the request of the Human Resources Manager, to a short adjournment to discuss whether the information was considered relevant and could therefore be brought to the table and both parties left the meeting.

During discussion the Committee agreed the information was after the fact and therefore not relevant.

On resumption, both parties were advised the information in question was considered not to be relevant and would not be considered.

Thereafter the Appellant responded to questions from the Committee.

The Council's representative, the Acting Head of Lifelong Learning, Culture and Sport (Educational Services), presented the Council's case and thereafter, with Ms Youngson, responded to questions from the Appellant and the Committee.

After giving their respective summations, both parties withdrew from the meeting to allow the Committee to deliberate the appeal.

Following full consideration of the documents submitted and submissions presented, the Chair moved that the grounds of the appeal had not been substantiated and the appeal be not upheld.

There being no one otherwise minded, the Committee unanimously agreed that the appeal be not upheld and the decision to dismiss the Appellant stands.

Both parties re-joined the meeting and the Chair intimated the findings of the Committee, confirming that the decision would be issued in writing to the Appellant within 10 days of the hearing.

Minute of Special Meeting of the Moray Council

Wednesday, 25 September 2019

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor George Alexander, Councillor James Allan, Councillor David Bremner, Councillor Frank Brown, Councillor Theresa Coull, Councillor Gordon Cowie, Councillor Paula Coy, Councillor Lorna Creswell, Councillor John Divers, Councillor Tim Eagle, Councillor Ryan Edwards, Councillor Claire Feaver, Councillor Donald Gatt, Councillor Louise Laing, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Maria McLean, Councillor Shona Morrison, Councillor Amy Taylor, Councillor Sonya Warren

APOLOGIES

Councillor John Cowe, Councillor Ray McLean, Councillor Derek Ross, Councillor Ron Shepherd, Councillor Walter Wilson

IN ATTENDANCE

Chief Executive, Corporate Director (Economic Development, Planning and Infrastructure), Chief Officer (Health and Social Care Partnership), Head of Financial Services, Head of Legal and Democratic Services, Acting Head of Human Resources & ICT, Ms Stephen, Acting Principal Librarian and Mrs L Rowan, Committee Services Officer as Clerk to the Meeting.

1 Chair

Councillor Morrison, being Convener of the Council, chaired the meeting.

2 Declaration of Group Decisions and Members Interests

In terms of Standing Order 20 and the Councillor's Code of Conduct, there were no declarations from Group Leaders or Spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Members interests in respect of any item on the agenda.

3 Resolution

The Council resolved that, in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of the items of business appearing at the relevant paragraphs of this minute as specified below, so as to avoid disclosure of exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

| Paragraph Number of Minute | Paragraph Number of Schedule 7A and reason |
|----------------------------|---|
| | 1 Information relating to staffing matters |
| 6, 7 and 8 | 11 Information relating to any consultations or negotiations in connection with any labour relations. |

4 Financial Planning 2019-20 - Consultation Update - Revised

Under reference to paragraph 7 of the Minute of Moray Council dated 8 May 2019, a report by the Corporate Director (Economic Development, Planning and Infrastructure) provided the Council with further information in relation to the Equalities Impact Assessments, to enable them to make final decisions on the reduction of opening hours in Burghead, Dufftown, Fochabers and Lossiemouth libraries; the removal of the Essential Skills Service and the removal of the English for Speakers of Other Languages (ESOL) Services.

The Council Leader stated that future provision of the ESOL service had been discussed at a recent meeting of the Community Planning Board and that Moray College UHI had agreed in principle to expand their service to provide community based classes which will be supported by funding drawn down from the Home Office by Moray Council and commissioned to be delivered by Moray College UHI. In relation to the proposed reduction in opening hours for Burghead, Dufftown, Fochabers and Lossiemouth libraries, the Council Leader further stated that this had been a difficult decision to make however maintained that this was the only option available which avoided complete closure of the libraries. With regard to the proposed removal of the Essential Skills service, the Council Leader highlighted the importance of this service and that removal of this service would affect some of the most vulnerable people in society. He stated that a national review of adult learning was due to take place which would include a national strategy and the possibility of improved funding arrangements in this area. The Council Leader therefore moved that the Council agree the recommendations as printed within the report with the exception of the proposal to remove the Essential Skills Service. This was seconded by Councillor A McLean.

In relation to the proposed reduction in opening hours for Lossiemouth library, Councillor Allan stated that opening hours at this library had been significantly reduced over the last few years and that this was impacting the community as the library is widely used. Councillor Allan recognised that a community library is included in the new Lossiemouth High School and moved, as an amendment, that the Council agree the recommendations as printed within the report with the exception of the proposal to remove the Essential Skills Service and defer any reduction to the opening hours of Lossiemouth library until the completion of the new Lossiemouth High School. On failing to find a seconder, Councillor Allan's motion fell.

Councillor Macrae raised concern in relation to the proposed reduction in hours at the 4 libraries, in particular Fochabers Library and, in light of the upcoming review of Leisure Services, moved as an amendment, that the Council agree the recommendations as printed within the report with the exception of the proposal to remove the Essential Skills Service and defer any reduction in the opening hours of Burghead, Dufftown, Fochabers and Lossiemouth libraries until after the review of Leisure Services has taken place. This was seconded by Councillor Edwards.

On a division there voted:

| | |
|--------------------------|---|
| For the Motion (12) | Councillors Leadbitter, A McLean, Alexander, Bremner, Coull, Cowie, Coy, Creswell, Laing, Morrison, Taylor and Warren |
| For the Amendment (5) | Councillors Macrae, Edwards, Allan, Divers and Gatt |
| Abstentions (4) | Councillors Brown, Eagle, Feaver and M McLean |

Accordingly, the motion became the finding of the Council and it was agreed to:

- i. note the information in the equalities impact assessments as set out in Appendices A (ESOL), B (Essential Skills) and C (Libraries) of the report;
- ii. proceed with the savings in relation to reduced opening hours in Burghead, Dufftown, Fochabers and Lossiemouth libraries;
- iii. proceed with the removal of the communities based ESOL service from within the Council whilst noting that the overall responsibility rests at Community Planning level and the impact of this change had been considered by the Community Planning Board; and
- iv. note that arrangements are being made to provide ESOL classes for the Syrian refugees through the project funding provided with the method of delivery being considered by the Community Planning Board.

5 Management Restructure: Consultation Feedback [Para 1 & 11]

Under reference to paragraph 15 of the Minute of Moray Council dated 27 June 2019, a report by the Chief Executive asked the Council to consider the outcome of the workforce consultation on the proposed management restructure and determine how to proceed with the re-structure and transitional arrangements.

During discussion, concern was raised surrounding the proposed move of Children's Services to the Moray Integrated Joint Board (MIJB) in terms of democratic accountability as, currently, Council representation on the MIJB consists of 6 Elected Members, 3 of which are substitutes, made up of 4 members of the Administration and 2 Conservative members which is not an equal representation of all the groups in the Council. Whilst it was acknowledged that a further report was due to be considered by the Council in this regard it was asked that consideration be given to Council representation on the MIJB being made up equally from all Groups within the Council.

In response, the Chief Executive advised the Council that a meeting had taken place with himself, the Chief Executive of NHS Grampian and Senior Officers in the Council, IJB and NHS where it was recognised that there was a need to strengthen partnership relationships between all organisations with stakeholders being able to participate in the shared agenda. He further advised that models used by other local authorities to address this issue had been explored and that the most appropriate of these would be presented for consideration by Council. In addition to the Chief Executive's advice, the Chief Officer (Health and Social Care Partnership) advised that Council representation on the MIJB was for the Council to decide and amend as necessary.

During further discussion surrounding the process of transferring Children's Services to the MIJB, it was recognised that this would be a complex process that would take a significant period of time and a plea was made that the Council be involved in overseeing each stage of the process.

In response, the Chief Executive assured the Council that the Chief Officer (Health and Social Care Partnership) had completed a timeline including significant gateways to be passed through before the transfer of Children's Services to the MIJB is complete. In addition, the Chief Officer (Health and Social Care Partnership) further advised that the final approval of the scheme, before progressing through the parliamentary process, would be presented for approval to the Council and NHS.

In order to alleviate some of the concerns of the Council in terms of overseeing the process of transferring Children's Services to the MIJB, Councillor Leadbitter suggested that it would be helpful if progress through the relevant gateways in relation to the transfer of Children's Services to the MIJB is a standing item at CMT briefings and regularly reported to the Council. This was agreed.

Thereafter, the Council agreed:

- i. to note the outcome of the workforce consultation on the proposed management structure as set out in Appendix B of the report;
- ii. to approve the revised management structure as set out in Appendix A for implementation with effect from 1 October 2019 subject to the corrections detailed in para 5.19.1 and 5.19.2 of the report;
- iii. to instruct the Chief Executive to proceed with the next steps for implementation and to approve the extension of temporary management arrangements in relation to Children's services for the transitional period;
- iv. to request an early report on the oversight of Moray Integrated Joint Board in the revised structure; and
- v. that progress through the relevant gateways in relation to the transfer of Children's Services to the Moray Integrated Joint Board be a standing item at CMT briefings and regularly reported to the Council.

6 Management Restructure - Voluntary Early Retirement Application [Para 1 & 11]

Under reference to paragraph 15 of the Minute of Moray Council dated 27 June 2019, a report by the Corporate Director (Corporate Services) asked the Council to consider an application under the terms of the agreed Voluntary Early Retirement (VER) Scheme.

Following consideration, the Council agreed to approve the application for VER contained within the report.

7 Budget 2019/20 - Voluntary Severance/Voluntary Early Retirement Applications [Para 1 & 11]

Under reference to paragraph 7 of the Minute of Moray Council dated 8 May 2019, a report by the Corporate Director (Corporate Services) asked the Council to consider applications under the terms of the agreed Voluntary Severance (VS) and Voluntary Early Retirement (VER) Schemes.

Following consideration, the Council agreed to approve the applications for VER and VS contained within Appendix A of the report with the exception of those relating to the

Essential Skills service.

Minute of Special Meeting of the Moray Council

Thursday, 26 September 2019

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor George Alexander, Councillor James Allan, Councillor David Bremner, Councillor Frank Brown, Councillor Theresa Coull, Councillor Gordon Cowie, Councillor Paula Coy, Councillor John Divers, Councillor Ryan Edwards, Councillor Claire Feaver, Councillor Donald Gatt, Councillor Louise Laing, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Maria McLean, Councillor Shona Morrison, Councillor Amy Taylor

APOLOGIES

Councillor John Cowe, Councillor Tim Eagle, Councillor Ray McLean, Councillor Derek Ross, Councillor Ron Shepherd, Councillor Sonya Warren, Councillor Walter Wilson

IN ATTENDANCE

The Chief Executive; the Head of Legal and Democratic Services; Mr Brian Howarth, Audit Director, Audit Scotland; Ms Maggie Bruce, Auditor, Audit Scotland and Mrs Caroline Howie as clerk to the meeting.

1 Chair of Meeting

The meeting was Chaired by Councillor Morrison.

2 Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from Group Leaders or Spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Member's interests in respect of any item on the agenda.

3 2018-19 Annual Audit Report to Council

A report by the Corporate Director (Corporate Services) provided Council with a copy of the External Auditor's Annual Audit Report to Council on the 2018/19 Audit.

Following consideration the Council agreed to note the contents of the report and the report from the Council's External Auditors.

4 Audited Annual Accounts for the Period 1 April 2018 to 31 March 2019

Under reference to paragraph 7 of the Minute of the special meeting of the Council dated 27 June 2019 a report by the Corporate Director (Corporate Services) submitted to the Council the Audited Annual Account for the Moray Council for the year ended 31 March 2019.

Following consideration the Council agreed to:

- i. note the Audited Annual Accounts for the financial year 2018/19; and
- ii. approve that the Annual Accounts are signed, having regard to the Annual Report from the external auditor considered earlier at this meeting.

5 Connected Charities Audited Annual Accounts for the Period 1 April 2018 to 31 March 2019

A report by the Corporate Director (Corporate Services) submitted to the Council the audited Annual Accounts for Moray Council's Connected Charities for the year ended 31 March 2019.

Following consideration the Council agreed to approve the audited Annual Accounts for the Connected Charities for the financial year 2018/19.

Minute of Meeting of the Moray Council

Wednesday, 02 October 2019

Council Chambers, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor George Alexander, Councillor James Allan, Councillor David Bremner, Councillor Frank Brown, Councillor Theresa Coull, Councillor Gordon Cowie, Councillor Paula Coy, Councillor John Divers, Councillor Tim Eagle, Councillor Ryan Edwards, Councillor Claire Feaver, Councillor Donald Gatt, Councillor Louise Laing, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Maria McLean, Councillor Shona Morrison, Councillor Amy Taylor

APOLOGIES

Councillor John Cowe, Councillor Lorna Creswell, Councillor Ray McLean, Councillor Derek Ross, Councillor Ron Shepherd, Councillor Sonya Warren, Councillor Walter Wilson

IN ATTENDANCE

Also in attendance at the above meeting were the Chief Executive, Corporate Director (Economic Development, Planning and Infrastructure), Chief Officer (Health and Social Care Partnership), Head of Direct Services, Chief Financial Officer, Head of Legal and Democratic Services, Alan MacBeth, Development Officer and Tracey Sutherland, Committee Services Officer.

1. Chair

The meeting was chaired by Councillor Morrison with the exception of Item 5 on the agenda, which was chaired by Councillor Leadbitter.

2. Tribute

On the invitation from the Chair, Councillor Alexander led a tribute to Councillor Ron Shepherd on the announcement of his retirement.

3. Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from Group Leaders or Spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Member's interests in respect of any item on the agenda.

Councillor Brown proposed that Councillor Morrison should excuse herself from the discussion and any subsequent vote for item 5 on the agenda as she is a member of the NHS Grampian Board and in terms of Standing Order 22 receives financial recompense. He further added that the financial payment had not been included in Councillor Morrison's register of interests.

In response Councillor Morrison said that it had been an oversight on her part not to include her membership of the NHS Board on her register of interest and she would rectify that following the meeting.

Following a short adjournment and on the advice of the Head of Legal and Democratic Services, Councillor Morrison said that she would stand down as Chair for item 5 of the agenda only and Councillor Leadbitter would chair the item. Councillor Morrison further added that she would not take part in any discussion or subsequent vote on the item but would not leave the chamber during the discussion.

4. Minute of the Meeting of 7 August 2019

The minute of the meeting of Moray Council dated 7 August 2019 was submitted and approved.

5. Written Questions **

The Committee noted that no written questions had been submitted.

At this juncture, Councillor Morrison handed the chairing of the meeting over to Councillor Leadbitter.

6. Notice of Motion - Cllrs Brown and Eagle

A notice of motion was submitted by Councillor Brown, seconded by Councillor Eagle in the following terms:

Dr Gray's hospital in Elgin is a vital component of our health system in Moray with a range of medical services offered. The services on offer help ensure that people within Moray and West Aberdeenshire have the ability to access high quality hospital related treatments and assessments within a reasonable distance of their home.

Dr Gray's hospital is a district general hospital operated by NHS Grampian.

As has been widely publicised Dr Gray's has suffered from several issues over the last few years, which has affected the delivery of local services. Of particular note have been issues around staffing with fundamental changes to the paediatrics and obstetrics & gynaecology as well as resultant pressures on the emergency department and other areas of the hospital.

With many thousands of people each year accessing services through Dr Gray's and communities concerned, as seen through the consultation exercise and public meetings in 2018, we believe it is vital the council take an active interest and concern about Dr Gray's.

A consultation on the proposed future model of children's services in Dr Gray's hospital is open until the 27th September 2019.

With this in mind we ask council to approve the following recommendations –

- That the Council Leader writes a letter to the Chief Executive of NHS Grampian and the Chair of NHS Grampian in response to the above mentioned consultation expressing the views of the council in relation to children's services in the following terms.
- That the Council representative on the board of NHS Grampian ensures the views of the Council are known and discussed during official meetings.

Notes:

Given the complexity of the situation the proposers are willing to work with group leaders in advance of the meeting to agree an alternative form of wording which is mutually acceptable to all groups.

PROPOSED LETTER - Motion

Dear Dr Lynch and Ms Croft

RE: The future of Dr Gray's hospital, Elgin and consultation on the proposed future model of Children's services in Dr Gray's Hospital

We wish to extend our thanks to you and the wider NHS Grampian staff for the commitment and reassurance you have provided in regards to the future of Dr Gray's hospital in Moray. We thank you for the work you have done and will continue to put in to ensure the long term sustainability of the hospital and would extend our support to you in that aim.

Moray Council remains deeply concerned about the on-going problems that affect Dr Gray's hospital particularly in relation to the paediatric ward and also in respect of obstetrics and gynaecology and resulting pressures on other departments.

This Council sees Dr Gray's and all the currently provided services as a vital part of our infrastructure and one which we would like to see grow in service provision. Our communities tell us that the ability to be seen locally for routine appointments and the reassurances provided by having a district general hospital are very important to them.

We wish to make comment on the current paediatric consultation due to close on the 27th September 2019.

We understand that the staffing issues which now affect Dr Gray's have been evident for some time with previous reports of GP Trainees commenting that the pressures of ward/theatre work reduced the learning potential of their training programmes. We welcome that the new models being discussed seek to change this but we remain curious what attempts had previously been made to address this issue prior to the severity of the staffing crisis hitting in 2018. It is our feeling that this may have impacted on the reduction in GP trainees wishing to train through Dr Gray's and will now take some time for that trend to change back. We are hopeful that the current GP Trainees have found the hospital a much better environment for work and training and we urge that all is done to continue to try and attract medical

trainees.

The new model being proposed is for a 24hr, 7 day a week paediatric assessment and care unit at Dr Gray's hospital. The consultation makes clear that the average stay on the ward is currently less than 24 hours. What it does not make clear is when this figure was taken from or how much less than 24 hours the average stay is. If it was much over the 24 hour mark then would it be fair to assume a much larger amount of children will require transfer to Aberdeen? We understand that the new model has been based upon the guidelines as laid down by the Royal College of Paediatrics and Child Health. We would like confirmation that this is based upon the Standard for short-stay paediatric assessment units (SSPAUs)? If the new model has been based upon this guideline then our understanding is this is a change from the previous description of the ward in Dr Gray's. This particular guideline is described as an increasingly common component of urgent and emergency care for children, and as a hub for the provision and coordination of emergency ambulatory care. If this is the case then are we now saying that we are not offering a full paediatric service anymore but a ward centred on emergency care only? We are concerned that children who previously would have been perfectly safe in Dr Gray's such as those with needing short respiratory care over 24hr will now face journeys to Aberdeen with the resulting disruption to family life. We wish to be clear that we want the very best care for our children and young people and understand that Dr Gray's will never offer the range of services a major centre like Aberdeen or Glasgow would but equally we do think Dr Gray's should maintain the best safe service it can.

We are unclear on how the proposed community paediatric nursing support unit will work and what conditions medical staff feel will be best be served by this kind of service. Can we be assured that all GPs' understand the elements of this service and what communication will be provided between the service and primary care practices? We would welcome further information on this service and detailed consultation with primary care providers across Moray so all are clear on the method by which this unit would be best used.

We mentioned training above. We remain unclear why Dr Gray's is unable to have specialist doctors in training that could help support the wards. Information given to us suggests that in the past Dr Gray's hospital did have doctors in training on an obstetrics and gynaecology programme rotating through Dr Gray's as part of that training model. We remain curious how the proposed changes across the paediatrics and Obstetrics and Gynaecology unit will impact upon our ability to have specialist doctors and if there is a guarantee that this will be seriously considered and worked upon.

It is our concern that staffing remains a critical issue for healthcare across the country and particularly in Moray. Whilst we are encouraged by the range of thinking on services at Dr Gray's we are not yet confident that the proposed changes will ensure we are competitive with other hospitals in attracting new staff.

We recognise that services in hospitals seldom work in isolation and so are often co-dependent on one another. We understand that already the paediatric department is reliant upon the A&E department for overnight care but also any future model for paediatrics or obstetrics and gynaecology will need a fully functioning anaesthetic service. The consultation does not provide any guarantees that this service can or will be provided especially given staffing issues as highlighted above.

In regards to other matters that affect the hospital we have significant concerns about the vulnerability facing the obstetrics and gynaecology ward. It is our

understanding that there is a close relationship between both this department and the paediatric department. We remain unclear why it was that the service was recently downgraded again with several conflicting comments about levels of theatre staff, anaesthetics consultants or the unavailability of Obstetrics consultants, clarification as to the issue would be most helpful.

We believe that clear, concise communication with GP's and other primary care practitioners is vital to ensuring patient care is front and centre. We are glad to hear that communication briefs have been sent to staff throughout the area although we have received reports that those are not always timely or clear on the direction being taken. We implore NHS Grampian to ensure that clear messages regarding service provision in Dr Gray's is made very clear to GP Practices and to GP's. We recognise that our primary care service is also under pressure with long wait times in some practices. Our GP's are working long hours to keep up with demand and so it is vital that information is very clear and very concise.

Whilst we highlight key concerns of the council we do, as mentioned above, thank you for the efforts to alleviate the issues facing our local hospital and we look forward to a positive working relationship with NHS Grampian moving forward.

In response, Councillor Leadbitter circulated and proposed an alternative letter to be sent on the consultation to NHS Grampian, this was seconded by Councillor A McLean.

PROPOSED LETTER - Amendment

Dear

RE: The future of Dr Gray's hospital, Elgin and consultation on the proposed future model of Children's services in Dr Gray's Hospital.

Firstly we wish to extend our thanks to you and the wider NHS Grampian staff for the commitment and reassurance you have provided in regards to the future of Dr Gray's hospital in Moray. We thank you for the work you have done and will continue to put in to ensure the long term sustainability of the hospital and would extend our support to you in that aim.

Moray Council remains concerned about the on-going problems that affect Dr Gray's hospital particularly in relation to the paediatric ward and also in respect of obstetrics and gynaecology and resulting pressures on other departments.

This Council sees Dr Gray's and all the currently provided services as a vital part of our infrastructure and one which we would like to see grow in service provision. Our communities tell us that the ability to be seen locally for routine appointments and the re-assurances provided by having a district general hospital are very important to them.

We therefore wish to make comment on the current paediatric consultation due to close on 27 September 2019.

We wish to be clear that we want the very best care for our children and young people and understand that Dr Gray's will never offer the range of services a major centre like Aberdeen or Glasgow would but equally we do think Dr Gray's should maintain the best safe service it can.

We share concerns that staffing remains a critical issue for healthcare across the country and particularly in Moray. We face similar challenges in attracting professionals in some areas of Council services. IN this regard we are encouraged by the range of thinking on services at Dr Gray's and would urge continued innovation and ideas to attract professionals to live and work in Moray.

This is an issue regularly discussed in the Community Planning Partnership. IN addition to NHS Grampian and our own Council recruitment efforts, we are keen to continue to explore partnership ideas to market Moray to prospective professionals considering public sector work in Moray.

In terms of maximising the availability of children's services in Moray we believe this has the potential to contribute significantly to both Moray Council and the NHS Grampian carbon reduction goals, as well as national targets in this policy area. The delivery of a wider, well resourced and resilient children's service at Dr Gray's Hospital has the potential to significantly reduce journeys to and from Aberdeen, which would support the carbon reduction targets and policies mentioned above.

Another very strong reason for maximising children's services at Dr Gray's is improving equality of access to services, particularly for those in rural areas, b removing the need for long and expensive journeys to Aberdeen.

In addition, by providing a strong range of services at Dr Gray's it better enables families and friends of patients to visit more regularly, which is known to be a positive contributor to recovery times and patient outcomes.

Whilst we highlight key concerns of the Council we do, as mentioned above, thank you for the efforts to alleviate the issues facing our local hospital and we look forward to a positive working relationship with NHS Grampian moving forward.

On the division there voted:

| | |
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| For the motion (7) | Councillors Brown, Eagle, Allan, Feaver, Gatt, M McLean and Macrae |
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|------------------------|---|
| For the amendment (10) | Councillors Leadbitter, A McLean, Alexander, Bremner, Coull, Cowie, Coy, Divers, Laing and Taylor |
|------------------------|---|

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|-----------------|----------------------------------|
| Abstentions (2) | Councillors Edwards and Morrison |
|-----------------|----------------------------------|

Accordingly the amendment became the finding of the meeting and the Council agreed to send the alternative letter in response to NHS Grampian consultation.

At this juncture, Councillor Morrison resumed the Chair.

7. Notice of Motion - Cllrs Eagle and Feaver

A notice of motion was submitted by Councillor Eagle, seconded by Councillor Feaver in the following terms:

The decision to stop grass cutting on 23 January 2019 (Appendix B Line D6c4) in communities throughout Moray has been the subject of vigorous discussion with varying viewpoints. We wish to make clear that we recognise and thank the huge

amount of work undertaken by individuals and groups across Moray, who this year have cut large areas of grass.

We acknowledge that the new post of Commercial/Marketing Officer is looking into possibilities of park sponsorship which will help reduce the cost to the council in the future and we welcome and wish to support all efforts to do this.

However we feel the impacts of these saving effect wide sections of our community including access to open areas for both the young and elderly in our communities. It is notable that tourism chiefs as well as local people and businesses have highlighted the negative impression that this decision has had and will continue to have on our area if the budget line remains and so we seek to reintroduce this budget line from the next financial year.

To reintroduce Grass cutting from next year will add a budget pressure to the council of £45,000 which we propose is taken into consideration as part of the budget setting process for 2020/21.

With this in mind today we direct –

- Council to express publically our thanks for all those in communities throughout Moray who have helped with grass cutting this summer.
- Council to encourage those who wish to continue to cut grass, especially smaller areas such as verges.
- Council to re-introduce the grass cutting detailed in the budget report to the Moray Council meeting on 23 January 2019 (Appendix B line D6c4) with effect from 1 April 2020.
- Council to use all available opportunities to promote sponsorship of grass areas to bring in additional income

Further we ask Council to note –

- That additional budget lines which will help to reduce the impact of reversing this decision will be worked on as part of the budget process for 2020/21.

Councillor Leadbitter, seconded by Councillor Laing proposed not to re-introduce the grass cutting.

On the division there voted:

| | |
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| For the Motion (8) | Councillors Eagle, Feaver, Allan, Brown, Edwards, Macrae and M McLean |
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|------------------------|---|
| For the Amendment (11) | Councillors Leadbitter, Laing, Alexander, Bremner, Coull, Cowie, Coy, Divers, A McLean, Morrison and Taylor |
|------------------------|---|

Abstentions (0)

Accordingly the amendment became the finding of the meeting and the Council agreed not to re-introduce the grass-cutting scheme.

8. BT Payphones

A report by the Corporate Director (Economic Development, Planning and Infrastructure) informed the Council of BT's proposed removal of 14 payphones in Moray and sought approval for the Council's response to BT.

During consideration, Councillor Bremner and Councillor Macrae urged that the payphone at Auchenhalrig be removed from recommendation 2(ii) and included in recommendation 2(i), as it was retained in 2016 due to the poor mobile phone signal in the area and this has not improved in the last 3 years.

Councillor Taylor felt that the Hopeman payphone met all the criteria for reasonable need as defined by BT and was unclear as to why the Council were not objecting to its removal.

In response the Development Officer confirmed that it had not been clarified if the payphone was the only payphone within 800m but could confirm that it had been used for at least 12 phone calls in the last year. Calculations would also need to be carried out to see if more than 500 households lived within 1km of the payphone but was happy to run the figures and object to the removal if it met that criteria.

Councillor Taylor sought clarification on why only one of the Forres payphones was being objected too.

In response, the Development Officer confirmed that the payphone on Califer Road/Pilmuir Road had been on the list in 2016 and at that point the Council had objected to its removal and as a result proposed to object again as there had been no material change in the circumstances, however the payphone at Grant Drive was a new addition to the list.

Councillor A McLean felt that the Grant Drive payphone met the 3 criteria of reasonable need and as a result should be included in the list of objections. He also sought clarification on recommendation 2.2 and if BT disagreed with the Council's objection not to remove the payphone at Auchenhalrig, would this preclude the community from adopting the payphone.

Councillor Morrison added that she understood that keeping the payphone was the Community's preference but should this not be possible then their next choice would be to adopt it.

In response the Corporate Director (Economic Development, Planning and Infrastructure) confirmed that if BT chose to ignore the objection to remove they would be more than happy for Auchenhalrig Community Association to adopt but could include that default position in the response for Auchenhalrig.

Councillor Alexander in agreeing with Councillor A McLean felt that both payphones in Forres' removal should be objected too. In response the Corporate Director (Economic Development, Planning and Infrastructure) confirmed that the criteria would be re-visited and if it was felt that the payphones met the criteria following further examination then the objection would be lodged.

Following consideration the Council agreed:

- i) to object to the removal of 4 BT payphones which the Council had previously objected to in 2016, namely: Califer Road/Pilmuir Road in Forres, Victoria Street in Craigellachie, Covesea Road in Elgin; and the Square in Tomintoul;
- ii) to review the criteria for 3 BT payphones namely Auchenhalrig, Grant Drive, Forres and Farquhar Street, Hopeman and if criteria is met, object to these also;
- iii) that 2 of the traditional red phone boxes at Cabrach and Auchenhalrig, (subject to the outcome of recommendation (ii) above) are adopted by their respective local community groups; and
- iv) to BTs proposed removal of the 6 remaining payphones on the list namely; Linkwood Road, Bruceland Road and Fraser Avenue, Elgin, Fairisle Place, Lossiemouth, the Square and North Murrayfield, Fochabers.

9. Corporate Plan

A report by the Chief Executive invited Council to review progress on the 2018-23 corporate plan, approve the Corporate Plan 2019 - 2024 and to agree the associated community engagement strategy which launches the plan and supports delivery options.

Following consideration the Council agreed to:

- i. note the progress made against the 2018-23 corporate plan as set out in Appendix 1;
- ii. approve the draft Corporate Plan for 2019 to 2024 (Appendix 2) and notes that the plan will be further developed as set out in the report and taking account of the outcome public engagement;
- iii. approve the engagement strategy which launches the plan and supports delivery of the priorities;
- iv. that a report will be brought back to the Council with a final version of the Corporate Plan; and
- v. agrees that as the corporate plan is updated and other priorities change (eg Local Outcomes Improvement Plan (LOIP) or national priorities), that relevant strategy documents and plans will be updated to reflect these as necessary so that references remain relevant.

10. Education Grievance and Appeals Committee Report

A report by the Corporate Director (Corporate Services) informed the Council of the requirement for the re-constitution of the Education Grievance and Disciplinary Appeals Sub-Committee and to agree the membership.

The Chief Executive asked the Committee to note a change to recommendation 2.1 (ii) which should say the membership of the sub-committee will align with the membership of the Council's Appeals Committee as an interim measure until composition of the sub-committee is agreed with Moray Council and not the

LNCT. This is because the membership of sub committees are at the gift of the Council and this oversight should have been picked up earlier when the report was drafted.

Following consideration Council agreed:

- i) to reconstitute the Educational Services Grievance and Disciplinary Appeals Sub-Committee; and
- ii) the membership of the sub-committee will align with the membership of the Council's Appeals Committee as an interim measure until composition of the sub-committee is agreed with Moray Council.

11. Question Time ***

Under reference to paragraph 4 of the minute of Moray Council meeting dated 7 August 2019, Councillor Edwards sought an update on the Lossiemouth East Beach Bridge.

In response, the Head of Direct Services confirmed that since the funding announcement had been made discussions had taken place with the Scottish Government, Highlands and Islands Enterprise, Architect and Design Scotland and the Lossiemouth Community Development Trust about progressing the project.

A meeting has been scheduled for 3 October with the Scottish Government to discuss what the procurement process will look like. He further added that the project/process is not as straight forward as it may seem but confirmed that once the process has been agreed a report will be brought back to Council to determine the Council's role in the project.

Councillor McLean highlighted that LINK, are currently carrying out a consultation for communities who no longer have access to free Automatic Teller Machines (ATMs) and urged Community Councils to take part in the consultation.

Councillor Macrae sought clarification on when Council will receive a report from the new Commercial and Marketing Officer and an update of what targets or outcomes have been achieved to date.

In response, the Head of Direct Services confirmed that the Commercial and Marketing Officer has had discussion with departments across the Council and a long list of potential projects has been identified.

A sifting process is being produced to ensure that resources are being put in the right place and projects produce a good return for the investment. Any mandates will be submitted to the Transformation Board.

He further commented that members can be assured that a lot of work is going on behind the scenes and that a list of projects and the work required to implement them will be reported through the required mechanisms.

Councillor Alexander sought clarification on who is taking the lead with Education at the moment and are there any planned meetings with Education Scotland and what

is the relationship with the organisation.

In response, the Chief Executive explained that the relationship has always been friendly and constructive and there are ongoing discussion with all partners in taking Education and Children's Services forward. In terms of day to day responsibility for Education, following the agreed Management Restructure, Mrs Cross became the Chief Education Officer from 1 October 2019. There will be a period of ongoing transition between the Chief Executive, Mrs Whitworth and Mrs Cross whilst the new structure beds in and members will be advised of progress as the transition continues.

He further emphasised that progress within Education is improving, there are improvements within inspection reports and attainment.

Minute of Meeting of the Appeals Committee

Wednesday, 09 October 2019

Committee Room, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor Paula Coy, Councillor Aaron McLean, Councillor Derek Ross, Councillor Amy Taylor

APOLOGIES

Councillor James Allan, Councillor Frank Brown, Councillor Claire Feaver

IN ATTENDANCE

Also in attendance at the above meeting were the Acting Head of HR, ICT and Organisational Development, Sean Hoath, Senior Solicitor and Tracey Sutherland, Committee Services Officer, as Clerk to the Committee.

REPRESENTING THE AUTHORITY

The Provider Services Manager and Arlene Youngson, HR Adviser

REPRESENTING THE APPELLANT

The Appellant, Vic Fraser, Unite

1. Chair

The meeting was chaired by Councillor Amy Taylor.

2. Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from group leaders or spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Members' interest in respect of any item on the agenda.

3. Resolution

The Committee resolved in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of Item 5 of the Business so as to avoid disclosure or exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

4. Appeal Case No. PA2019-04 [Para 1]

There was submitted an appeal under Section 8 of the Moray Council's Disciplinary Procedures Policy, on the grounds that the Appellant considers that she has still not received answers to questions raised at the earlier stages of the procedures as a thorough investigate was not conducted at the outset and that the seriousness of her complaint, with specific reference to alleged bullying and harassment is not being heard by departmental management.

The Committee had the following documents before it:-

- i) Agreed Statement of Facts
- ii) Statement of Case (Appellant); and
- iii) Statement of Case (Council)

The Appellant's representative Mr Vic Fraser gave the statement of case on behalf of the appellant and thereafter responded to questions from the Committee.

The Council's representative, the Provider Services Manager and Ms A Youngson, HR Adviser presented the Council's case and thereafter responded to questions from the Appellants representative and Committee.

After giving their summation, the Appellant and representative, the Provider Services Manager and Ms A Youngson, HR Adviser agreed that they were satisfied with the conduct of the proceedings of the hearing and withdrew from the meeting to allow the Committee to deliberate the appeal.

Following full consideration of the documents submitted and submissions presented, the Committee found that the Stage 2 Grievance was dealt with reasonably and therefore did not uphold the appeal, however the Committee felt that the apology which had not been forthcoming has contributed to an untenable working relationship and there are further allegations which have arisen subsequently and the Committee wishes this to be taken forward with HR to facilitate a mutually agreeable solution.

Minute of Meeting of the Appeals Committee

Friday, 08 November 2019

Committee Room, Council Office, High Street, Elgin, IV30 1BX

PRESENT

Councillor Frank Brown, Councillor Paula Coy, Councillor Claire Feaver, Councillor Derek Ross

APOLOGIES

Councillor James Allan, Councillor Aaron McLean, Councillor Amy Taylor

IN ATTENDANCE

Human Resources Manager, Mr S Hoath, Senior Solicitor as Legal Adviser and Mrs L Rowan, Committee Services Officer as Clerk to the Meeting.

REPRESENTING THE AUTHORITY

The Provider Services Manager and Mrs L Brennan, HR Adviser.

1 Chair

In the absence of Councillor Taylor, Chair of the Appeals Committee, the Legal Adviser sought nominations from the Committee to Chair the meeting.

Councillor Ross nominated Councillor Brown to Chair the meeting. This was seconded by Councillor Feaver.

There being no-one otherwise minded, Councillor Brown assumed the role of Chair.

2 Declaration of Group Decisions and Members Interests

In terms of Standing Order 20 and the Councillors' Code of Conduct, there were no declarations from group leaders or spokespersons in regard to any prior decisions taken on how Members will vote on any item on the agenda or any declarations of Members' interest in respect of any item on the agenda.

3 Resolution

The Committee resolved that in terms of Section 50A (4) and (5) of the Local Government (Scotland) Act 1973, as amended, the public and media representatives be excluded from the meeting during consideration of Item 4 of the Business so as to avoid disclosure of exempt information of the class described in the appropriate paragraphs of Part 1 of Schedule 7A of the Act.

| Paragraph Number of Minute | Paragraph Number of Schedule 7A and reason |
|-------------------------------|---|
| 4 | 1 Information relating to staffing matters |

4 Consider and determine Appeal Case No PA2019-02

An appeal was submitted under Section 17 Right of Appeal within Moray Council's Health and Work policy on the grounds that the Appellant considered that her dismissal on the grounds of capability due to accumulative ill health was unfair in the circumstances, and that specifically:

- Details of the Appellant's sickness absences prior to March 2016 were taken into consideration by the Chair of the Capability Hearing in making his decision to terminate the Appellant's employment due to accumulative ill health absences.
- Details of the Appellant's sickness absences as recorded in the management report are inaccurate, and therefore the Chair's decision to terminate her employment due to accumulative ill health absences was based on inaccurate information.

The Appellant, Mr Clegg, Union Representative (Unison) and the Council's representatives joined the meeting and introduced themselves to the Chair, members of the Committee and its Advisers.

The Committee had before it the following documents:-

- Agreed Statement of Facts
- Statement of Case (Appellant)
- Statement of Case (Council)

Mr Clegg, representing the Appellant, presented the Appellant's submissions to the Committee and, with the Appellant, responded to questions from the Council's representatives and the Committee.

The Council's representative, the Provider Services Manager, presented the Council's case and thereafter, with Mrs Brennan, responded to questions from the Appellant and the Committee.

After giving their respective summations, both parties agreed that they were satisfied with the conduct of the proceedings of the hearing and withdrew from the meeting to allow the Committee to deliberate the appeal.

Following full consideration of the documents submitted and submissions presented, Councillor Ross moved that the Committee agree that the grounds of the appeal have not been substantiated and the appeal is not upheld.

There being no one otherwise minded, the Committee unanimously agreed that the grounds of the appeal (Case PA2019-02) had not been substantiated and that the appeal is not upheld.

Both parties rejoined the meeting and the Chair intimated the findings of the

Committee confirming that the decision would be issued in writing to the Appellant in due course.



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: HOUSING BUSINESS PLAN REVIEW 2019 AND PREPARATION FOR THE HRA BUDGET SETTING 2020/21

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 This report presents a summary of the findings of the Housing Business Plan Review which has recently been completed. The report also considers the implications of this review for the budget preparation work to be carried out prior to presentation of the draft HRA Budget 2020/21 for Council's consideration in February 2020.
- 1.2 This report is submitted to Council in terms of the Section III H (1) of the Council's Administrative Scheme relating to long term financial planning in the discharge of the Council's housing functions.

2. RECOMMENDATION

2.1 It is recommended that the Council:-

- (i) **considers the main findings of the Housing Business Plan 2019 Review and notes that housing activities must remain fundable and affordable within the constraints of the accounting regime for housing;**
- (ii) **agrees to reduce council new build provision from 70 to 50 units per annum in order to ensure that all housing activities remain fundable and affordable;**
- (iii) **agrees to increase housing rents by 3% in 2020/21 in order to ensure that all housing activities remain fundable and affordable;**
- (iv) **agrees to consult with tenants from 28 November 2019 to 10 January 2020 on the proposed rent increase for 2020/21; and**
- (v) **agrees that the views of tenants are included within the Housing Revenue Account Budget for 2020/21, due to be presented to Council in February 2020.**

3. BACKGROUND

- 3.1. The Housing Business Plan was first developed in 2005 when Councils were required to demonstrate that they had the financial means to improve their housing stock to meet the Scottish Housing Quality Standard (SHQS). At that time, the Business Plan was developed by Arneil Johnston Consultants, working alongside Council staff. The Business Plan assesses the affordability and feasibility of Council plans in relation to housing over a 30 year period. It considers risk scenarios and tests the affordability of the Plan against these potential dangers. The Business Plan is reviewed on a three year cycle and provides the assurance that the Council is able to fund its housing activities within the constraints of the accounting regime for housing.
- 3.2 The Business Plan was last reviewed in 2016 and was reported to Moray Council on 7 December 2016 (paragraph 9 of the minute refers). The 2016 Review identified that the Council could afford to build 70 new properties per annum over the next 3 years based on annual rent increase of 4%. The increase in new build provision however could only be sustained for a maximum period of 3 years, based on the affordability of the Business Plan. Following a consultation exercise with tenants, the 4% increase took effect from 1 April 2017 and was originally intended to endure until 2019/20.
- 3.3 In 2018, the Council surveyed all 5,909 tenants to gather feedback on the housing services they received. A return rate of 40% was received making this a robust and creditable survey. In terms of affordability, the main issues raised by tenants were as follows:
- 8.4% of tenants not in receipt of full housing benefit stated that their rent is difficult or very difficult to afford;
 - 34% of tenants indicated that their rent is just about affordable; and
 - 45.2% of tenants stated that they have experienced fuel poverty over the last 12 months. Ideally, tenants wanted to put their heating on but could not afford to do so.
- 3.4 In response to these findings, the Head of Service and key staff from Housing and Finance reviewed the financial assessment model that was previously completed as part of the Business Plan (2016). A number of factors during the previous 2 years including the increased use of Capital from Current Revenue (CFCR); lower interest rates; and lower than expected rent arrears reduced the anticipated levels of risk that were previously predicted in the 2016 financial model. Consequently, it was decided not to apply a rent increase for 2019/20 and this decision was ratified by Council on 27 February 2019 (paragraph 6 of the Minute refers).

4. HOUSING BUSINESS PLAN REVIEW 2019

- 4.1 The 2019 Review has confirmed that the Council's Housing Business Plan remains fundable and affordable and can continue to facilitate effective and efficient service delivery to Council tenants, whilst providing a sustainable investment framework. The review has considered risk factors that might

impact on the Business Plan and recommends an increase in void rent loss from 0.6% to 1% and an adjustment for bad debts from 1.31% to 2%. Overall, the analysis indicates that the Housing Business Plan can withstand key risks, should they materialise.

4.2 The 2019 Review findings show that:-

- Moray Council rent levels remain the lowest in Scotland;
- rent arrears levels are below the national average;
- void rent loss is below the national average but is on an upward trend;
- staffing costs are on par with the national average;
- repairs expenditure per house is higher than the national average;
- loan debt per house is below the national average; and
- loan charges are below the national average.

4.3 The 2019 Review concludes that the Council represents one of the best performing Scottish local authorities in relation to rent levels and the management of rent arrears. It also performs well against national benchmarks for debt per unit and associated loan charges. As well as good performance, the Review highlighted some areas for improvement – particularly with regards to repairs and maintenance costs and void rent loss.

4.4 The 'debt affordability' indicator which measures the amount of rent which goes towards the repayment of loan charges remains comfortably below the maximum affordability level set within the business plan at 35%. The plan sets a maximum debt affordability percentage of 35%, as a prudent level. This equates to 35p in every £1 raised in rents being expended on loan charges. On average, the Council's affordability limit is currently 20% and based on future investment projections is unlikely to exceed 23% throughout the 30 year lifecycle of the Business Plan. The Council's uses a higher proportion of CFCR (25%) than the national average (19%). This helps to reduce the Council's borrowing costs and keep the debt affordability indicator well within the maximum limit.

4.5 The 2019 Review therefore provides the Council with some assurances around the feasibility of current investment priorities.

5. **KEY RISKS**

5.1 The main risks to the HRA remains increases in:

- rent arrears;
- bad debt provision;
- supervision and management costs;
- interest rates;
- construction costs; and
- an under-estimation in the Capital Investment Programme.

5.2 The 2019 Review considered each of the above risks based on their potential impact should costs increase. It concluded that the Housing Business Plan can absorb each of these risks and still remain affordable. The Review also considered multiples of risk and again concluded that the plan remained affordable but as each risk was factored into the business plan model, the

debt affordability was pushed closer to the limit of 35% but did not exceed this.

6. NEW BUILD HOUSING PROGRAMME

- 6.1 The Scottish Government has identified affordable housing as a key national strategic priority and committed to fund the building of 50,000 new affordable homes over a 5 year period ending March 2021. The current resource assumption for Moray is £9.08m in 2019/20 and £9.633m in 2020/21. However, the Government has indicated that the resource assumption is the minimum that can be expected and the Council should be prepared to accelerate the programme to take account of further funding allocations.
- 6.2 The Council's Local Housing Strategy (LHS) sets out the Council's objectives in relation to housing for the period 2019 to 2024. Following wide consultation with partners and tenants, the strategy was agreed by the Communities Committee on 2 April 2019 (paragraph 8 of The Minute refers). The key objectives of increasing the supply of affordable housing and tackling homelessness are included in the Council's Corporate Plan 2023. The Housing Needs and Demand Assessment completed in 2019 indicated that 424 new affordable houses are required per annum over a 10 year period to address current and projected housing need in Moray.
- 6.3 The Council's Strategic Housing Investment Plan (SHIP) approved by the Communities Committee on 5 February 2019 (paragraph 6 of the Minute refers), makes provision for 502 Council house completions from 2019-2024. This is subject to Business Plan capacity but does give an indication of the potential number of houses that can be delivered on the basis of development opportunities and funding levels available over the lifecycle of the SHIP. Given there is some uncertainty with regards to the capacity of the local housing associations to develop, it can be assumed that the scale of the Council's housebuilding programme will be a key factor in ensuring that the available resources are fully utilised in Moray.
- 6.4 The new build programme is primarily financed through prudential borrowing. This affects both the debt burden and the 'debt affordability' indicator. The 2019 Review has confirmed that the new build programme if reduced from 70 to 50 units per annum remains affordable on the assumption that there will be no major shift in relation to any of the key risks identified within Section 5 of this report.

7. RENT MODELLING

- 7.1 The level of council house rents in Moray is well below the national average. This must be viewed in the context that Moray remains a low wage economy. Rental income is the primary source of income for the Housing Revenue Account (HRA). In addition, the HRA must balance (or the deficit must be funded by General Services). Therefore, the level of income generated within the HRA will significantly influence what the Council can fund in terms of its housing activities.

7.2 The 2019 Review considered current rental income and ongoing expenditure. Significant investment will be required in future years to finance a number of capital programmes including the:

- Energy Efficiency Standard for Social Housing (EESH);
- EESH 2;
- Electric Testing;
- Upgrading all smoke and carbon detectors to a linked network; and
- Replacement of heating systems.

7.3 The 2019 Review concluded that new build completions should reduce to 50 units per year and a rent increase of inflation + 1 % (3%) will be required over the next 3 financial years to ensure that all of the planned work programmes remain fundable and affordable.

8. RENT INCREASE CONSULTATION

8.1 Section 25 of the Housing (Scotland) Act 2001 allows landlords to increase rent (or any other charge payable) under a Scottish secure tenancy so long as they give tenants at least four weeks' notice of the increased rent due to be paid. Before they issue this notice, landlords must consult with tenants affected by the proposal and be able to demonstrate how they have taken regard of their views in reaching a decision about rent increases.

8.2 If Council agrees to consult with tenants on a proposed 3% rent increase for 2020/21, it is intended to:

- write to all tenants about the proposed rent increase; and
- use social media to gather tenant views;

8.3 The information provided to tenants will explain why the 3% rent increase is necessary, what programmes of work it will help to fund and a pie chart showing how the Housing Revenue Account will be included in the consultation documentation. The consultation will also include a comparison of rents with other local social housing landlords and compare the Council's rents to the national average. This approach is in line with the thematic inquiry published by the Scottish Housing Regulator (SHR) published on 8 November 2016 setting out how landlords should consult with tenants on potential rent increases.

9. RENT AFFORDABILITY

9.1 The SHR requires landlords to know what their tenants can afford to pay. The 2019 Review tested the affordability of Council housing based on the Scottish Government guidance on affordability. This indicates that rents should not be more than 25% of income. The assessment of 'housing affordability' is complex as it involves a range of factors such as earnings, household composition and access to welfare benefits. In reality, most households will spend between 25 to 35% of their income on housing costs. To reflect each of these potential income scenarios, the 2019 Review tested council rents at 25, 30 and 35%.

- 9.2 **APPENDIX I** provides a guide as to the affordability of Council rents based on the Scottish Living Wage (£9.30 per hour). This shows that a rent increase of 3% is affordable when compared to the living wage and the 25 to 35% rent to income ratios. Based on the average weekly rent of £59.88 for 2019/20 (reflecting a 52 week rent year) the average rent increase proposed for 2020/21 will be £1.80 per week.

10. **NEXT STEPS**

- 10.1 Subject to this Committee's agreement, it is proposed to begin consultation with tenants on a 3% rent increase for 2020/21. The consultation will run from 28 November 2019 to 10 January 2020. Tenant views will be gathered and will be included within the HRA annual budget setting report for 2020/21 which will be presented to Council in February 2020.
- 10.2 The consultation will follow the good practice set out in section 8 of the report.

11. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan 2023

The provision of new affordable housing and maintenance of the Council's housing stock are priorities identified within the Corporate Plan 2023 and the Housing and Property Service Plan. They also reflect the Housing and Property Service Plan priority to manage assets efficiently and effectively and to provide a quality housing service.

(b) Policy and Legal

There are no policy or legal implications arising from this report.

(c) Financial Implications

The Business Plan 2019 has reviewed the legislative work programmes that the Council will be required to deliver in future years. It concludes that a reduction in new build provision from 70 to 50 units per annum plus a rent increase of 3% over the next 3 years will ensure that the Council's housing activities remain fundable and affordable.

(d) Risk Implications

The Business Plan has modelled all potential risks and concludes that the Council's housing activities continue to be fundable and affordable.

(e) Staffing Implications

None.

(e) Property

None.

(f) Equalities/Socio Economic Impact

There are no equalities issues arising from this report.

(g) Consultations

This report has been prepared in consultation with Finance staff. Consultation on this report has also been carried out with the Head of Financial Services, the Head of Governance, Strategy and Performance, Tracey Sutherland,

Committee Services Officer and Senior Managers within the Housing and Property Service and any comments received are reflected in this report.

12. CONCLUSION

- 12.1 This report sets out the main findings of the Housing Business Plan Review 2019. The findings provide reassurance that current housing investment priorities are fundable and feasible on the basis that new build is reduced from 70 to 50 units per annum and a 3% rent increase is applied over the next 3 financial years to help fund future housing investment programmes. Subject to agreement, the consultation with tenants on the 3% rent increase for 2020/21 will be carried out prior to the Council setting its annual rent increase for 2020/21.**

| | |
|--------------------|---|
| Author of Report: | Richard Anderson, Head of Housing and Property |
| Background Papers: | Held by author |
| Ref: CC/JS/TS – | Housing Business Plan Review – 12 November 2019 |

RENT AFFORDABILITY

APPENDIX I

Modelling Scenarios

| | | Earnings Required to afford Rent based on a 25% to 35% Affordability Ratio | | | Earning Benchmarks | | | | |
|---|---------------|--|---------|---------|--------------------|-------------------|----------------------|------------------|-----------|
| Property Size | Moray Council | 25% | 30% | 35% | Minimum Wage < 25 | Minimum Wage > 25 | Scottish Living Wage | UC Single Person | UC Couple |
| 1 bedroom - Single person 1* Multiplier | £246 | £11,800 | £9,834 | £8,429 | £14,014 | £14,942 | £16,926 | £13,400 | |
| 1 bedroom Couple (1.5x Multiplier) | £246 | £11,800 | £9,834 | £8,429 | £21,021 | £22,413 | £25,389 | | £20,000 |
| 2 bedroom - Single Person 1 * Multiplier | £289 | £13,882 | £11,568 | £9,915 | £14,014 | £14,942 | £16,926 | £13,400 | |
| 2 bedroom - Couple Multiplier *1.5 | £289 | £13,882 | £11,568 | £9,915 | £21,021 | £22,413 | £25,389 | | £20,000 |
| 3 bedroom - Couple Multiplier *1.5 | £330 | £15,846 | £13,205 | £11,319 | £21,021 | £22,413 | £25,389 | | £20,000 |
| 3 bedroom - Family 2x Multiplier | £330 | £15,846 | £13,205 | £11,319 | £28,028 | £29,884 | £33,852 | | £20,000 |
| 4 bedroom - Couple 1.5x multiplier | £404 | £19,387 | £16,156 | £13,848 | £21,021 | £22,413 | £25,389 | | £20,000 |
| 4 bedroom - Family 2x Multiplier | £404 | £19,387 | £16,156 | £13,848 | £28,028 | £29,884 | £33,852 | | £20,000 |
| Average | £289 | £13,877 | £11,564 | £9,912 | £14,014 | £14,942 | £16,926 | £13,400 | £20,000 |

| | Affordability % | | | | |
|--|-------------------|-------------------|----------------------|------------------|-----------|
| Property Size | Minimum Wage < 25 | Minimum Wage > 25 | Scottish Living Wage | UC Single Person | UC Couple |
| 1 bedroom - Single person 1* Multiplier | 21% | 20% | 17% | 22% | |
| 1 bedroom Couple (1.5x Multiplier) | 14% | 13% | 12% | | 15% |
| 2 bedroom - Single Person 1 * Multiplier | 25% | 23% | 21% | 26% | |
| 2 bedroom - Couple Multiplier *1.5 | 17% | 15% | 14% | | 17% |
| 3 bedroom - Couple Multiplier *1.5 | 19% | 18% | 16% | | 20% |
| 3 bedroom - Family 2x Multiplier | 14% | 13% | 12% | | 20% |
| 4 bedroom - Couple 1.5x multiplier | 23% | 22% | 19% | | 24% |
| 4 bedroom - Family 2x Multiplier | 17% | 16% | 14% | | 24% |
| Average | 25% | 23% | 20% | 26% | 17% |



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: REVENUE BUDGET MONITORING TO 30 SEPTEMBER 2019

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To advise Committee of the revenue budget monitoring position to 30 September 2019 and of the current estimated out-turn for 2019/20.
- 1.2 This report is submitted to Committee in terms of Section III A (8) of the Council's Administrative Scheme relating to monitoring current revenue expenditure against approved budget.

2. RECOMMENDATION

2.1 It is recommended that Committee considers and notes:-

- (i) the budget monitoring position of £293,000 under budget for 2019/20 as at 30 September 2019;
- (ii) that this position consists of an underspend on Devolved School budgets of £795,000, an overspend on Social Care services delivered on behalf of the Moray Integration Joint Board (MIJB) of £762,000 and an underspend on other services of £260,000;
- (iii) movement of £195,000 in the General Revenue Grant, as detailed in paragraph 3.4;
- (iv) the current estimated out-turn for 2019/20 of an underspend of £1,770,000, resulting in a decrease in the planned use of Council reserves;
- (v) there are no new emerging budget pressures as at 30 September 2019;
- (vi) the position regarding Moray Integration Joint Board (MIJB) as described in paragraph 8.3, with cost implications of £553,000 for the Council, and
- (vii) commitments of £2,537,000 against general reserves as summarised in section 9.

2.2 It is recommended that Committee approves the release from provisions:

- (i) £2,987 from reserves, for use in Buckie for regeneration, as detailed in paragraph 9.5; and**
- (ii) approval to cancel recycling centre permits from 1 April 2020 as a measure to control the overspend on recyclates**

3. BACKGROUND

- 3.1 When the revenue budget for 2019/20 was approved by Moray Council on 27 February 2019 (paragraph 4 of the minute refers), General Revenue Grant of £157,236,000 was estimated for the year, based on the latest amount notified to the Council and including estimates for further distributions of grant during the year. Council Tax receipts of £41,530,000 were anticipated. Budgeted expenditure of £203,954,000 was agreed, and this required projected use of £5,188,000 of the Council's General Reserves to balance the budget and find investment in change.
- 3.2 On 8 May 2019 Council approved additional posts budgeted at a cost of £119,000 in 2019/20. On 27 June 2019 Council approved adjustments to the base budget to reflect variances during 2018/19 which were projected to continue into 2019/20. The net effect of these adjustments was to reduce budgeted expenditure by £1,121,000. At the same meeting additional expenditure of £118,000 to be funded from General Reserves was also approved. All of these adjustments have been posted to departments as at 30 September 2019.
- 3.3 In addition to the Council's core budget, monies allocated to schools through the Devolved School Management (DSM) scheme and not spent are brought forward from previous years. The balance brought forward in 2019/20 is £10,000 (2018/19 £448,000). In addition to this, unused funding of £61,000 received in 2018/19 for the expansion of Early Learning and Childcare has been carried forward into 2019/20 in accordance with the grant conditions.
- 3.4 Variations to General Revenue Grant (GRG) amounting to a net reduction of £195,000 have been notified in quarter 2. This predominately relates to the reduction in funding for the additional element of the teachers' pension agreed by Scottish Government (£378,000) following a delay in implementing the increased contribution rate, Additional grant funding relating to increased access to free sanitary products (£20,000); one-off EU Exit (£50,000); Rapid Rehousing Transition Plans (£97,000), statutory appropriate adult (£9,000) and minor adjustments totalling a net increase of £7,000 made to the originally estimated GRG.
- 3.5 Funding of £5,507,000 for the expansion of Early Learning and Childcare (ELC) has been notified for 2019/20. ELC is funded by specific grant.
- 3.6 With these adjustments the Council's overall General Services revenue budget currently stands at £207,197,000.

- 3.7 Reconciliation of the movements in the base budget from that which was approved by the Moray Council on 27 February 2019 is shown in **APPENDIX 3** and allocations to departments from the provisions for Inflation and Contingencies, Additional Costs and Savings are listed in **APPENDIX 4**.

4. BUDGET POSITION

- 4.1 **APPENDIX 1** summarises the current position for each service area, comparing the actual expenditure for the year to 30 September 2019 with the budget to 30 September 2019.
- 4.2 Overall the budget position at 30 September 2019 is expenditure under budget to date of £293,000 or 0.3% of budget to date (including services delivered on behalf of the Moray Integrated Joint Board). All departmental budgets are underspent, bar Development Services and Health and Social Care Services.
- 4.3 The principal areas of overspend and underspend across the Council are summarised below:
- 4.3.1 Devolved School budgets are underspent by £795,000 at the end of the second quarter, £269,000 in primary schools and £526,000 secondary schools. The central supply teachers budget is overspent by £156,000 for the second quarter.
- 4.3.2 There are a number of fluctuations in income across the Council. Housing and Property rental income £69,000, fleet income £44,000, gas generation from Dallachy landfill site £13,000, green waste trade permits £51,000, rental income from leasing car parking spaces £54,000 and various development services £24,000 are more than expected at the end of the second quarter. However the income expected from school meals £114,000 below target and building and development control fees £180,000 are less than expected. The income from waste recyclates/ trade waste is also £136,000 below target. Income from recyclates fluctuates in response to the market. Generally it is on a downward trend. When recycling centres were introduced, the Council benefited from the sale of recyclates. This is now creating additional expenditure on disposal and in order to control this overspend it is recommended to cease the permits from 1 April 2020.
- 4.3.3 Other major variances in Direct Services are underspends in the catering supplies and transport costs budget, totalling £50,000. Landfill tax is also under budget, by £46,000.
- 4.3.4 When MIJB set its budget for 2019/20 it included a financial recovery plan amounting to £3,070,000 over the years 2019/20 to 2021/22. In quarter 2 the MIJB is reporting that this target is not being achieved. There is an overspend across both Council and NHS services during quarter 2 of £1,448,141. The figures included in this report relate purely to the services delivered by Moray Council on behalf of the MIJB and amount to an overspend of £761,840.

5. **BUDGET PRESSURES AND NEW DUTIES**

- 5.1 Budget pressures recognised when the budget was approved on 27 February 2019 are released when the pressure crystallises to the extent that it can be accurately quantified. Provisions to meet budget pressures and new duties totalling £2,677,000 have been released in quarter 2 and are detailed in **APPENDIX 4**.
- 5.2 Provisions still held centrally at the end of quarter 2 total £5,038,000 and are detailed in **APPENDIX 5** and given a RAG assessment for likelihood of requirement.
- 5.3 Four provisions are assessed as red or unlikely to be needed: £22,000 for industrial estate voids, with rental income from industrial estates above budget to date; £91,000 reduction in teachers' pension scheme discount; £6,000 economic development restructure, and £10,000 for ERDMS extension. The budget pressure for industrial estate voids has been partly allocated, reduction in teachers' pension scheme discount rate was for a full year effect but the pension increase was not until September; and economic development restructure has been partially allocated and the balance is not now anticipated to be required in this financial year. The ERDMS project extension has now finished and posts merged into Customer Services so the provision for additional funding is not required.
- 5.4 Two provisions are assessed as amber, for uncertainty of requirement: Integrated Children's Services out of area placements (£1,049,000) and Children's services (£17,000). The first provision is based on forecast spend and for the second quarter there has been a number of transitions to adult services, which has resulted in no funding required to be drawn down. A detailed report will be going to a future meeting of the Children & Young People's Services Committee. The second provision related to various elements. £9,000 for Child Protection will be utilised in quarter 3 and the balance of £8,000 will not be required in this year.
- 5.5 All other provisions are expected to be required in full at this juncture.

6. **EMERGING BUDGET PRESSURES**

- 6.1 Emerging budget pressures are noted throughout the year as they are identified. Pressures that were identified during quarter 1 are listed in the table below:

| | Para Ref | Estimated full year effect £000s |
|-----------------------------|----------|--|
| DHP funding | | 30 |
| Making Tax Digital software | | 15 |
| | | <hr/> |
| | | 45 |
| | | ===== |

- 6.2 Both the interim funding for Discretionary Housing Payments (DHP) and Making Tax Digital (MTD) budget pressures have been met within existing budgets and no longer create a budget pressure.
- 6.3 The budget will continue to be reviewed for any emerging pressures and further recommendations made to Council in February 2020 if required.

7. **SAVINGS**

- 7.1 Savings of £10,124,000 were approved when the budget was set on 27 February 2019. These savings comprised increased income of £18,000 from inflationary uplifts to charges for services; one-off savings of £149,000, and other permanent savings of £9,957,000.
- 7.2 To date budgets for charges have been adjusted by £6,771. The remaining balance of £11,229 has been reviewed as part of the estimated actual process and budgets will be adjusted accordingly in quarter 3. Temporary savings of £156,579 have been posted to departmental budgets, £7,579 more than the target.
- 7.3 Of the originally approved permanent savings, a balance of £540,135 remains in central provisions as at the end of September. These are detailed in **APPENDIX 6** and given a RAG assessment for anticipated achievement.
- 7.3.1 Twelve savings totalling £777,288 are assessed as red. A saving from Accounts Payable electronic processing has not yet been realised as it is dependent upon an ICT solution, which has yet to be developed. The full provision for savings from increase in NI threshold and contracts renewal is not achievable.

Following on from Committee decision on 25 September 2019:

| | |
|---------------------------------------|----------|
| Essential Skills Savings not approved | £146,000 |
| ESOL deferred in 2020/21 | £12,000 |
| Janitors deferred in 2020/21 | £36,000 |
| Libraries not achieved | £25,000 |

The new dual purpose pothole Jetpatcher vehicle was purchased as planned to replace two designated machines. However, due to operational issues including training and modifications required on the vehicle, it has been required to retain one of the old machines to ensure works were repaired on time therefore not fully meeting the saving target projected. In addition, a full review of vehicles has been undertaken and it has been agreed that the Service will dispose of 10 vehicles from its fleet. These vehicles are to be removed on a phased basis from October 2019 to the end of the financial year. However, the revenue saving is much lower than predicted due to the timing of disposal and the internal fleet charges which take into account vehicle depreciation and maintenance costs incurred.

Reduction in cleaning hours at schools will not be achieved in full due to 6 months of pay protection. The full year effect of the review of Property Service will not be achieved in 2019/200 as the Change Management Plan has yet to be approved. The split of the DSM budget saving between 2019/20 and 2020/21 was incorrect and the balance of the saving approved for 2019/20 will not be achieved this year but will be taken in 2020/21. The balance of the schools central admin will not be achieved in this financial year as it is related to the Library and ESOL savings which were not approved by Committee.

- 7.3.2 Savings of £300,000 from the commercialisation of the sports and leisure service, including Elgin Community Centre, were approved in the budget. Of this £71,000 is still held centrally. £24,000 of this relates to an over-estimation of the impact of uptake of Fit Life membership. It is considered that this is unlikely to be achieved. Further savings of £4,000 from Elgin Community Centre are anticipated.
- 7.3.3 The allocated budget for income from Fit Life reflects the target increase in numbers. The budget for quarter 2 was £539,000 and the income reflected in the General Ledger and thus in this report has broadly been attained – actual income recorded of £526,000. However, this does not reflect the level of default on payment of Fit Life membership fees. The problems experienced immediately following the campaign for increased membership are being resolved. The true picture requires to take into account outstanding debt. There are outstanding debts from the second quarter of 2019/20 totalling £5,377. The real shortfall of income to budget is therefore £18,377, or 3.4% of budgeted income.
- 7.3.4 Two savings totalling £80,149 are assessed as amber. HR/Payroll system is still expected to be achieved in part by the end of the financial year. Relocation from Auchernack and Forres Community centre staff restructure has been delayed and building is now expected to close in December, so the full savings will not be achievable in this financial year.
- 7.3.5 The other unposted savings are assessed as green - these are expected to be achieved or substantially achieved during this financial year.

8. ESTIMATED OUT-TURN

- 8.1 **APPENDIX 2** summaries the first estimated out-turn position for each service area, comparing the estimated expenditure to the financial year-end with the budget to 30 September 2019.
- 8.2 Overall the estimated out-turn position for 2019/20 is expenditure under budget to date of £2,323,000 or 1.1% of budget to date (excluding services delivered on behalf of the Moray Integrated Joint Board)

- 8.3 The estimated out-turn position for 2019/20 for Health & Social Care is an overspend of £1,494,000 on services provided by the Council. The overall projected overspend for all MIJB services is £1,580,000. As the MIJB has a cost sharing agreement between the Council and NHS Grampian, an adjustment to reflect the agreement is shown. This reduces the budget shortfall for which the Council is liable to £553,000. This brings the total anticipated variance for 2019/20 to an underspend of £1,770,000.
- 8.4 The principal areas of overspend and underspend across the Council reflect the major variances mentioned in paragraph 4 above. Details of out-turn variances are summarised below:
- 8.4.1 Integrated Children's Services, are estimated to be £341,000 under budget at the end of the financial year. This primarily relates to fostering and adoption services. Fostering fees and allowances are projected to be underspent by £140,000 due to a large movement from foster carers to kinship carers, who don't receive fees, and school travel by £35,000, due to improved monitoring of school transport. The Adoption service is projected to underspend on external adoption placements and post adoption support by £51,000; £24,000 on adoption allowances and £14,000 from income from other authorities for adoption placements in Moray.
- 8.4.2 Expenditure on schools is forecast to be almost on budget, with a forecast overspend on £250,000 on supply teachers arising from cover for sickness and maternity leave and excess staff sheltered by an underspend arising from vacant posts and slippage in filling new ELC posts.
- 8.4.3 A net income of £450,000 is estimated as a one-off payment for the insurance claim for Isla Bank Mills. This covers the reduction in Property service fee income, which is expected to be £386,000 short of the target primarily due to a change in the charging method, as well as reduced works programme for 2019/20.
- 8.4.4 The recycling budget is expected to overspend by £180,000 by the end of the financial year due to the continuing market fluctuations in the cost of recycling mixed paper. Trade waste income is expected to have a shortfall of £85,000, as there has continued to be a reduction in use of this service following the price increase in April 2018.
- 8.4.5 Waste Management is underspending on leachate, which is expected to be £70,000 under budget by the year end and landfill tax is anticipated to be under budget by £62,000.
- 8.4.6 There is an expected shortfall of £100,000 in planning fee income.
- 8.4.7 Staff savings from vacancies and appointment below top of scale are anticipated to exceed the overall budget provision by £237,000. Major variances are anticipated in Development Services (£150,000 above target) and Chief Executive's Services (£159,000 above target). Both these services had posts held vacant pending restructuring. There is an anticipated shortfall of £123,000 in Direct Services and £90,000 in Integrated Children's Services.

- 8.4.8 Loans charges are expected to be £217,000 under budget at the year end due to the impact of capital projects which have slipped or been deferred. The timing of spend will reduce loan charges for 2019/20 and 2020/21. It is too early to forecast whether the recently announced increase in Public Works Loans Board (PWLb) interest rates will impact on loans charges in 2019/20.
- 8.4.9 As indicated in section 5 of this report not all provisions held centrally will be required to be released. It is estimated that a balance of £3,726,000 for additional costs will be retained centrally at the year end, along with a balance of £888,000 additional savings made. However, it is currently estimated that an additional £152,000 will be needed for inflationary rises.

9. GENERAL RESERVES

- 9.1 The balance on general reserves (excluding DSM and ear-marked reserves) as at 1 April 2019 was £12,276,000. Use of reserves totalling £4,016,000 was approved to balance the 2019/20 budget, with a further £1,172,000 committed for investment in change.
- 9.2 The Moray Council on 8 May 2019 approved an additional use of reserves totalling £119,000 and on 28 June 2019 approved a net budget reduction of £1,121,000, reducing the underlying need to use reserves to £2,895,000, and also additional funding from reserves for specific items, totalling £118,000. This budget was released in full in quarter 1. Commitments of £4,304,000 against general reserves are detailed in **APPENDIX 7**.
- 9.3 Policy and Resources Committee on 3 September 2019 approved the introduction of an ear-marked reserve for council priorities / transformation of £2,000,000, this reduces the level of free balance.
- 9.4 The impact of the estimated out-turn is a reduction in the use of reserves of £1,770,000, leaving an estimated free balance of £7,742,000 at 31 March 2020.
- 9.5 At 31 March 2018 there was a balance of £2,987 from the Moray Town Partnership's allocation to Buckie. There has been a request from a local member that this funding is released from reserves and spent on regeneration projects approved by all three local members.

10. SUMMARY OF IMPLICATIONS

- (a) **Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))**
Effective budget management is an essential component of delivery of council priorities on a sustainable basis.
- (b) **Policy and Legal**
No policy or legal implications arise directly from the contents of this report.
- (c) **Financial implications**
The financial implications are addressed throughout the report.

(d) Risk Implications

There are no risk implications arising directly from this report. Budget managers are aware of their responsibilities for managing their budgets in accordance with the Council's Financial Regulations. There is a risk to the council arising from the agreement that if the Moray Integrated Joint Board overspends the council will meet around 40% of the additional costs incurred. When the budget for 2019/20 was set it was anticipated that the MIJB recurring overspend from 2018/19 would be met from additional funding from Scottish Government passed through the local government settlement. The MIJB approved a Recovery Plan which anticipated budget pressures for 2019/20 being contained within the overall funding from NHS Grampian and Moray Council. The current position is a projected overspend of £1,580,000 Million. Clearly this increasing overspend poses a significant risk for the Council.

(e) Staffing Implications

No staffing implications arise directly from this report.

(f) Property

No property implications arise directly from this report.

(g) Equalities/Socio Economic Impact

No equalities implications arise directly from this report.

(h) Consultations

Consultation concerning Revenue Budget Monitoring is an on-going process with budget managers across the Council. CMT and Heads of Service have also been consulted in the preparation of this report and any comments incorporated.

11. CONCLUSION

11.1 The financial position of the Council at the end of September 2019 is an underspend against General Services Revenue Budget of £293,000 (including services delivered on behalf of the Moray Integration Joint Board).

11.2 Variations in General Revenue Grant totalling £195,000 have been notified to the council.

11.3 Not all savings approved by the Council for 2019/20 will be achieved. Some of this is due to timing differences. Where savings will not be made they have been largely outweighed by additional savings, although the additional savings are in different areas and not related.

11.4 There are no additional budget pressures noted for Council services at quarter 2. The estimated out-turn position consists of an underspend of £2,323,000 less the overspend of £553,000 relating to MIJB, a total of £1,770,000.

Author of Report: Deborah O'Shea, Principal Accountant
Background Papers: Held by author
Ref: DOS/LJC/

MORAY COUNCIL - APPENDIX 1
BUDGET MONITORING REPORT
QUARTER 2 to 30th SEPTEMBER 2019

Item 7.

Service

| | Revised Budget 2019/20 £000s | Budget to 30 Sept 2019 £000s | Actual & Committed to 30 Sept 2019 £000s | Year to date variance £000s |
|---|------------------------------------|------------------------------------|---|-----------------------------------|
| Lifelong Learning Culture & Sport | 9,709 | 5,642 | 5,592 | 50 |
| Integrated Children's Services | 31,591 | 16,519 | 16,310 | 209 |
| Schools | 60,697 | 24,841 | 24,168 | 673 |
| General Services Housing & Property | 3,148 | 1,506 | 1,303 | 203 |
| Direct Services | 21,740 | 9,492 | 9,403 | 89 |
| Development Services | 3,090 | 1,309 | 1,445 | (136) |
| Corporate Services | 11,301 | 7,660 | 7,624 | 36 |
| Chief Executive | 1,764 | 939 | 921 | 18 |
| Other Services | 1,987 | 870 | 867 | 3 |
| SERVICES excl HEALTH & SOCIAL CARE | 145,027 | 68,778 | 67,633 | 1,145 |
| Health & Social Care (IJB) | 42,068 | 20,797 | 21,558 | (761) |
| Health & Social Care (Non IJB) | (28) | (17) | 74 | (91) |
| TOTAL SERVICES incl HEALTH & SOCIAL CARE | 187,067 | 89,558 | 89,265 | 293 |
| Loans Charges | 13,507 | 0 | 0 | 0 |
| Provision for Contingencies and Inflation | 607 | 0 | 0 | 0 |
| Additional Costs | 5,038 | 0 | 0 | 0 |
| Unallocated Savings | 978 | 0 | 0 | 0 |
| TOTAL PROVISIONS | 6,623 | 0 | 0 | 0 |
| TOTAL GENERAL SERVICES EXPENDITURE | 207,197 | 89,558 | 89,265 | 293 |

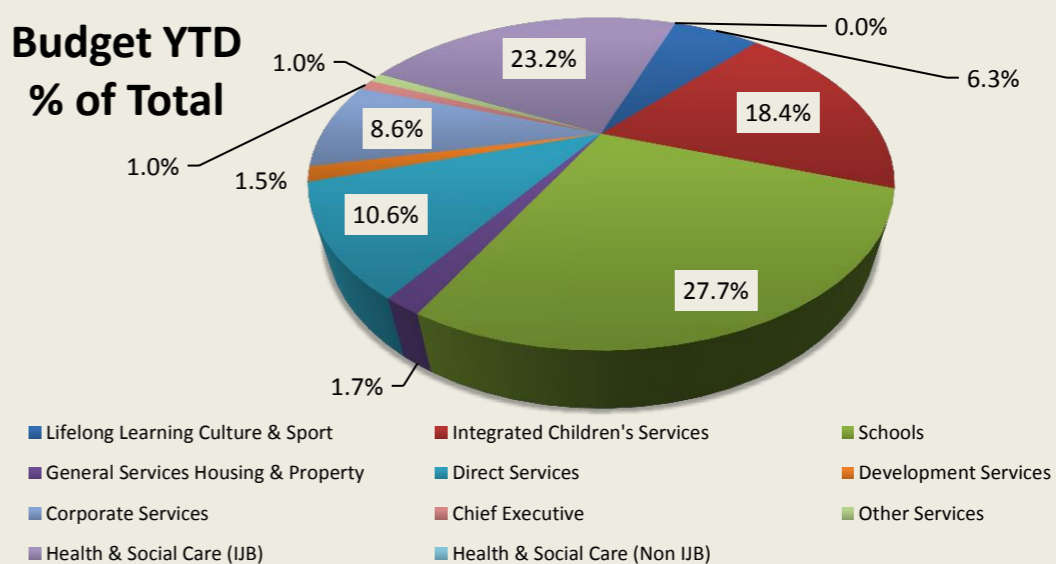
Commentary on Quarter 2 Performance

Schools underspend in Primary devolved budget £269k and secondary devolved budget £526k, with an overspend in Central Supply £156k

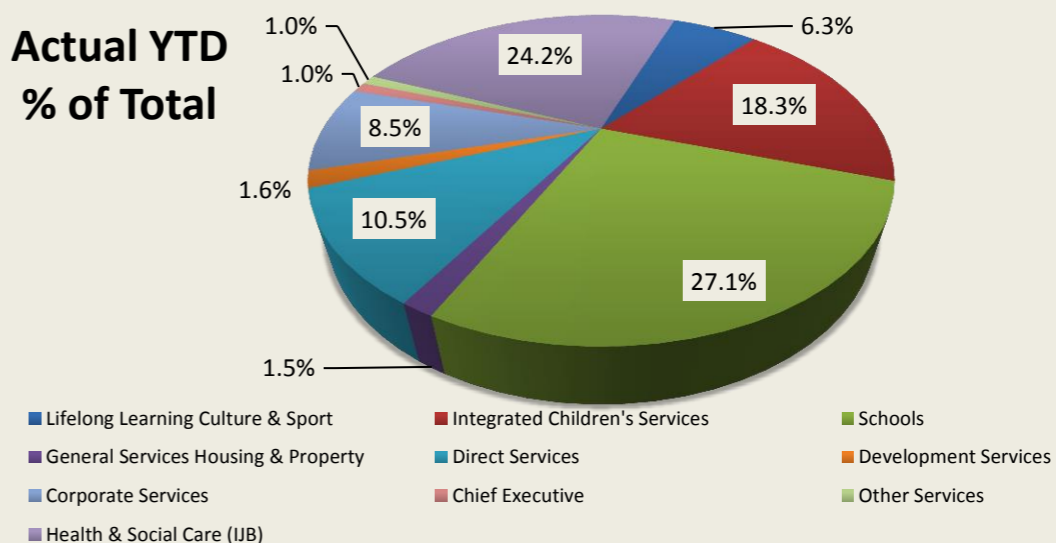
Integrated Childrens Service underspends in external adoption placements & legal fees £53k, fostering fees & allowances £27k, area teams operational budget £31k, ASN training £10k.

Health & Social Care services for services devolved to MIJB are overspent by £761k

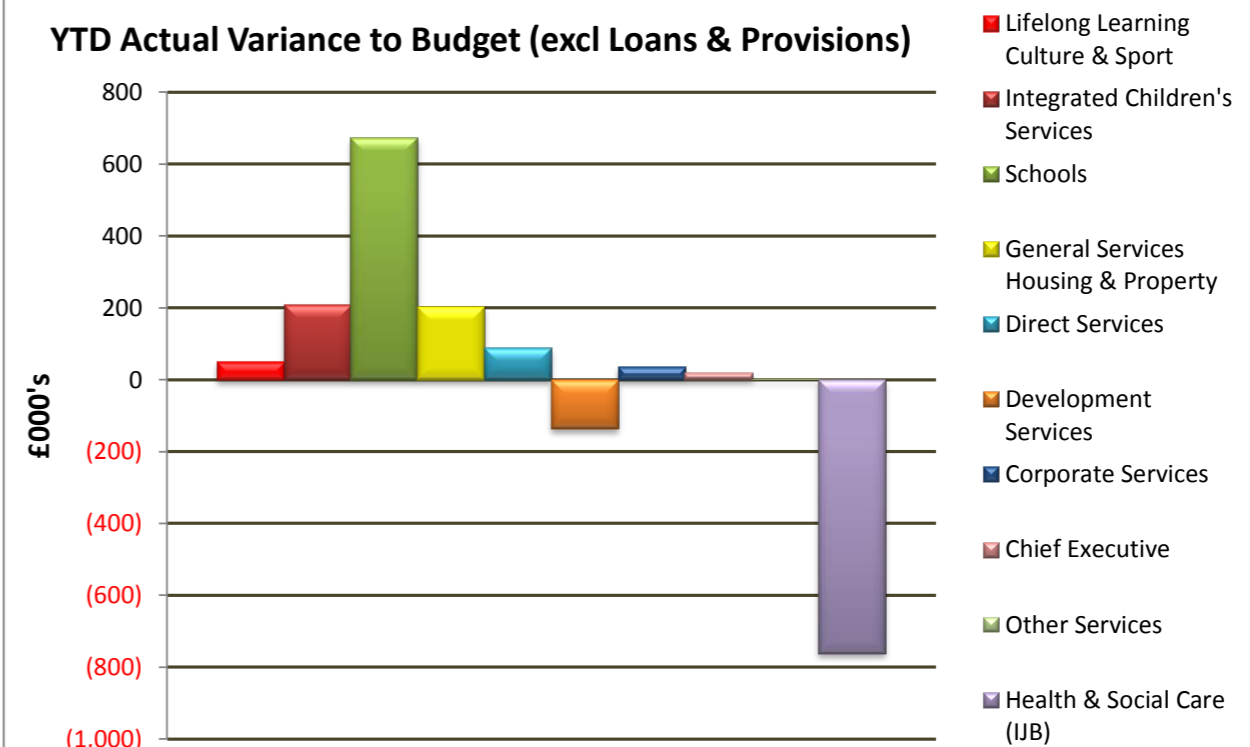
**Budget YTD
% of Total**



**Actual YTD
% of Total**



YTD Actual Variance to Budget (excl Loans & Provisions)



APPENDIX 1

MORAY COUNCIL - APPENDIX 2
BUDGET MONITORING REPORT
QUARTER 2 to 30th SEPTEMBER 2019

| Service | Revised Budget 2019/20 £000s | Estimated Outturn 2019 £000s | Anticipated Variance £000s Item 7. | Variance vs Base Budget % |
|---|------------------------------------|------------------------------------|--|---------------------------------|
| Lifelong Learning Culture & Sport | 9,709 | 9,595 | 114 | 1.2% |
| Integrated Children's Services | 31,591 | 31,250 | 341 | 1.1% |
| Schools | 60,697 | 60,700 | (3) | (0.0)% |
| General Services Housing & Property | 3,148 | 2,952 | 196 | 6.2% |
| Direct Services | 21,740 | 22,055 | (315) | (1.4)% |
| Development Services | 3,090 | 3,019 | 71 | 2.3% |
| Corporate Services | 11,301 | 11,415 | (114) | (1.0)% |
| Chief Executive | 1,764 | 1,592 | 172 | 9.8% |
| Other Services | 1,987 | 2,025 | (38) | (1.9)% |
| SERVICES excl HEALTH & SOCIAL CARE | 145,027 | 144,603 | 424 | 0.3% |
| Health & Social Care (IJB) | 42,068 | 43,562 | (1,494) | (3.6)% |
| Health & Social Care (Non IJB) | (28) | 147 | (175) | 625.0% |
| Adjustment to reflect cost sharing agreement | | | 941 | |
| TOTAL SERVICES incl HEALTH & SOCIAL CARE | 187,067 | 188,312 | (304) | (0.2)% |
| Loans Charges | 13,507 | 13,290 | 217 | 1.6% |
| Provision for Contingencies and Inflation | 607 | 152 | 455 | 75.0% |
| Additional Costs | 5,038 | 3,726 | 1,312 | 26.0% |
| Unallocated Savings | 978 | 888 | 90 | 9.2% |
| TOTAL PROVISIONS | 6,623 | 4,766 | 1,857 | 28% |
| TOTAL GENERAL SERVICES EXPENDITURE | 207,197 | 206,368 | 1,770 | 1% |
| Funded By: | | | | |
| Scottish Government Grant | 159,335 | 159,335 | 0 | 0.0% |
| Council Tax | 42,485 | 42,485 | 0 | 0.0% |
| Funded From Reserves: | | | | |
| DSM | | | 0 | 0.0% |
| DSM c/f | 10 | 10 | 0 | 0.0% |
| General | 5,368 | 4,539 | 829 | 15.4% |
| MIJB Adjustment | | | 941 | 0.0% |
| TOTAL FUNDING | 207,198 | 206,369 | 1,770 | 0.9% |
| OVERALL VARIANCE | 1 | 1 | 0 | |

Commentary on Quarter 2 Performance

ICS: Underspends: relate primarily to Fostering and adoption services. Due to a large movement from foster carers to kinship carers ,improved monitoring of the travel to school service and adoption placements.

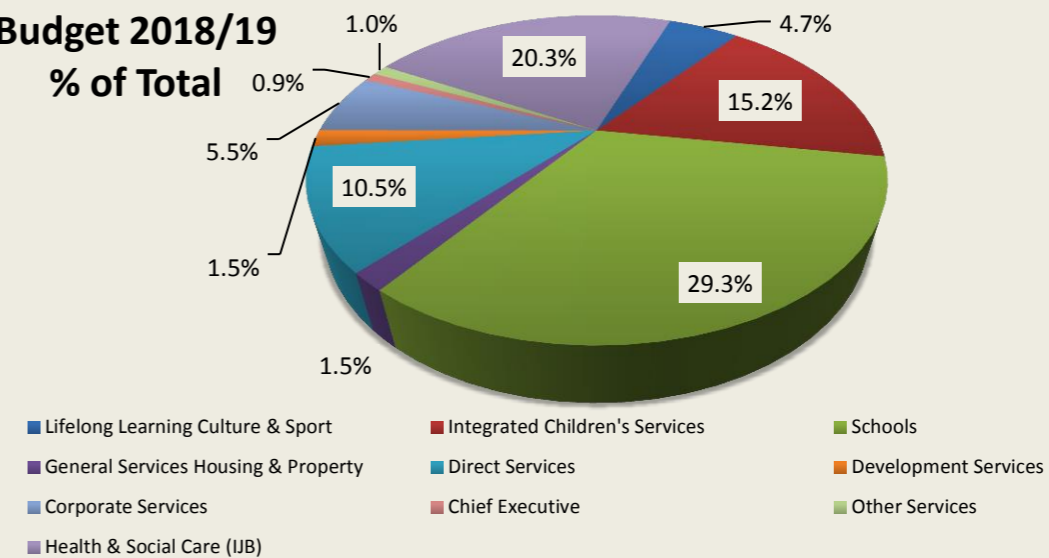
Chief Executive: £172k underspend primarily due to staffing.

Health & Social Care services for services devolved to MIJB are expected to overspend by £1,494k

Direct services: Underspend in grounds maintenance £66k. Overspends in Fleet £45k, Waste £122k. Catering £66k, transport £48k and vacancy factor not achieved by £123k

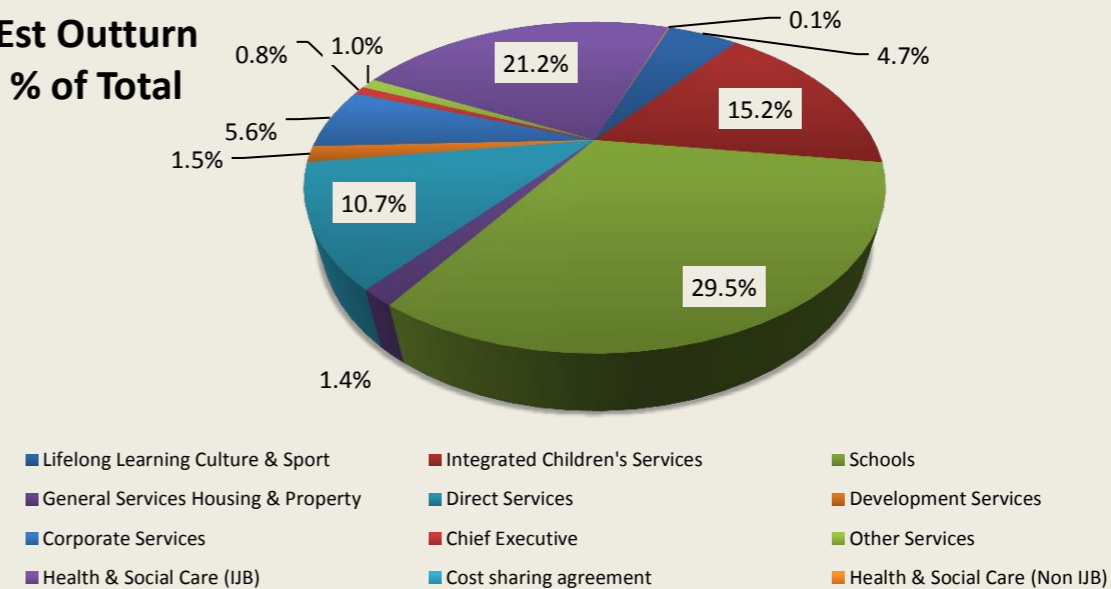
Budget 2018/19

% of Total

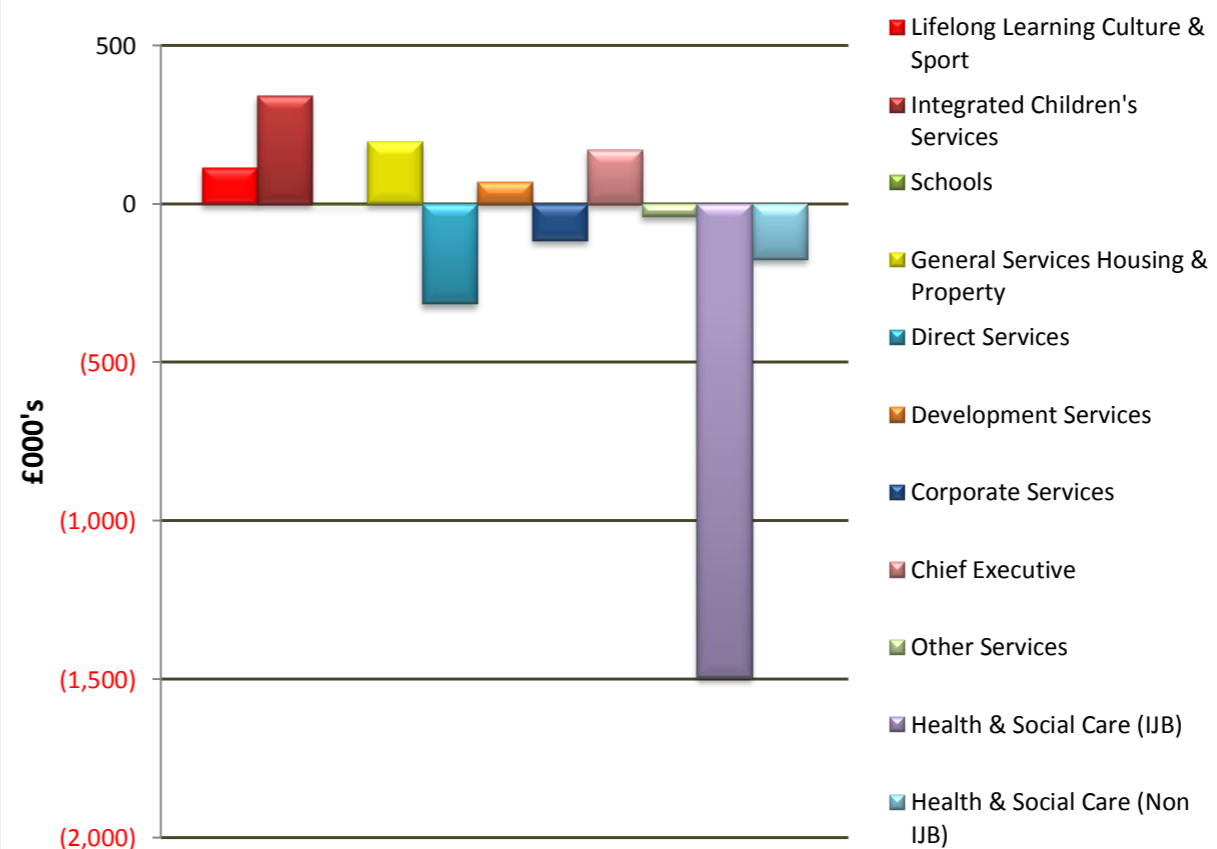


Est Outturn

% of Total



Est Outturn Variance to Budget (excl Loans & Provisions)



| £000s | Allocated Budget | Provisions for Contingencies and Inflation | Additional costs | Savings | Budget | Loan Charges | Depreciation | Total Budget |
|---|------------------|--|------------------|----------|---------|--------------|--------------|--------------|
| | £000s | £000s | £000s | £000s | £000s | £000s | £000s | £000s |
| 27 February 2019 | 182,917 | 8,706 | 7,930 | (10,124) | 189,429 | 14,525 | | 203,954 |
| School carry forwards | 10 | | | | 10 | | | 10 |
| Additional GRG | | | 2,294 | | 2,294 | | | 2,294 |
| Variance review | (167) | | (42) | 1,164 | 955 | | | 955 |
| Adjustment 1 | 2,064 | (7,864) | (2,272) | 9,090 | 1,018 | (1,018) | | 0 |
| Funded from reserves - approved MC 27/06/19 | 118 | | | | 118 | | | 118 |
| Funded from reserves ELC | 61 | | | | 61 | | | 61 |
| | | | | | 0 | | | 0 |
| Moray Council 5 September 2019 | 185,003 | 842 | 7,910 | 130 | 193,885 | 13,507 | 0 | 207,392 |
| Adjustment 2 | 2,064 | (235) | (2,677) | 848 | 0 | 0 | | 0 |
| Additional/(reduction) GRG | | | (195) | | (195) | | | (195) |
| Moray Council 27 November 2019 | 187,067 | 607 | 5,038 | 978 | 193,690 | 13,507 | 0 | 207,197 |

ALLOCATIONS FROM PROVISIONS SINCE 30 JUNE 2019

| Provision for Contingencies and Inflation | Committee reference | £000s | Item 7. £000s |
|---|---------------------|--------------|------------------|
| Balance at 30 June 2019 | | | 842 |
| Implementing Carers Act | N/A | (37) | |
| Whole system approach funding | N/A | (25) | |
| MLC one off funding correction | N/A | 120 | |
| Dorenell windfarms recoveries correction | N/A | (55) | |
| Homelessness service reprovion | N/A | (81) | |
| Maximum Basic Scale (MBS) Primary & Secondary | | (3) | |
| Pay award | | (36) | |
| Regradings / conservation | | (39) | |
| Other contract increases | N/A | (48) | |
| Other | N/A | (31) | |
| | | <u>(235)</u> | |
| Balance at 30 September 2019 | | | 607 |

| Additional Costs | | £000s | £000s |
|---|-------------|----------------|--------------|
| Balance at 30 June 2019 | | | 7,910 |
| Movements in General Revenue Grant | | | |
| Access to free sanitary products | | 20 | |
| EU exit funding | | 50 | |
| Rapid rehousing transition | | 97 | |
| Statutory appropriate adult | | 9 | |
| Reduction for teachers pension | | (378) | |
| Amendments to opening position | | 7 | |
| | | <u>(195)</u> | |
| | | | 7,715 |
| Movements approved when budget set | | | |
| ELC specific grant | | (957) | |
| Access to free sanitary products | | (32) | |
| Child burials correction | | 6 | |
| FPC under 65 correction | | 81 | |
| Barclay review reforms | | (16) | |
| Reduction in 1+2 correction | | 1 | |
| Discretionary housing payments | | (34) | |
| Teachers pension | MC 14/02/18 | (1,236) | |
| ICS | MC 14/02/18 | (53) | |
| Business Support Unit | MC 14/02/18 | (18) | |
| Membership of digital office | MC 14/02/18 | (15) | |
| School roll numbers | MC 14/02/18 | (243) | |
| Economic Development | | (41) | |
| IMP | | | |
| Temp post sport & leisure | | (20) | |
| Other Improvement & Modernisation costs | | (49) | |
| Temp post Property asset mgmnt | | (51) | |
| | | <u>(2,677)</u> | |
| Balance at 30 September 2019 | | | 5,038 |

| Savings & Charges | £000s | £000s |
|-------------------|-------|-------|
|-------------------|-------|-------|

Balance at 30 June 2019

Savings identified when budget set:

| | | |
|--------------------------|-------------|-----|
| Permanent savings taken | MC 14/02/18 | 498 |
| Savings exceeding target | | 332 |

Savings identified after budget set:

| | | |
|---|--------------|-------|
| Adj saving from Dev services structure review | | (8) |
| Energy Savings Primary/Secondary | P&R 03/09/19 | 5 |
| LED Hall Lighting Energy saving | P&R 03/09/19 | 20 |
| Cullen Harbour toilets | P&R 03/09/19 | 1 |
| | | <hr/> |
| | | 848 |

Balance at 30 September 2019**978**

BUDGET PRESSURES & NEW DUTIES

| Ref | Description | Para Ref | Amount £000s | Status | Committee reference |
|---|--|----------|--------------|------------------------------|---------------------|
| RECOGNISED WHEN BUDGET SET | | | | | |
| | | | | | |
| | Integrated Childrens Services | | | | |
| 5 | Out of Area placements | | 1,049 | held | |
| 8 | Childrens Services pressures | | 17 | partly held and not required | |
| | Schools | | | | |
| 14 | School roll numbers | | 73 | held | |
| | Income | | | | |
| 30 | Industrial estate voids | | 22 | not required | |
| | Corporate Services | | | | |
| 35 | Reduction in Public Service Pension scheme discount rate | | 91 | not required | |
| 41 | Economic development restructure | | 6 | not required | |
| 43 | ERDMS extension | | 10 | not required | |
| | Direct Services | | | | |
| | investment in change | | 2,000 | held | |
| | Funded by capital receipts | | (1,500) | held | |
| | Improvement & modernisation program | | 551 | held | |
| | Total | | 2,319 | | |
| AGREED AT MC SPECIAL MEETING 27.6.19 | | | | | |
| | Music tuition income reduction | | (42) | Released | |
| | Total | | (42) | | |
| FUNDING FOR NEW DUTIES | | | | | |
| | Access to free sanitary products | | 3 | Held | |
| | Carers Act extension | | 189 | Held | |
| | Discretionary Housing Payments | | 4 | Held | |
| | Teachers pay award | | 434 | Held | |
| | ELC Specific Grant | | 1,975 | Held | |
| | EU Exit funding | | 50 | Held | |
| | Rapid rehousing transition plans | | 97 | Held | |
| | Statutory appropriate adult | | 9 | Held | |
| | | | 2,761 | | |
| | Total | | 5,038 | | |

SAVINGS

| Description | Cttee Ref | Amount £000s | Reason for balance Qtr 2 |
|---|-------------|-----------------|--|
| Corporate | | | |
| Increase in NI threshold | MC Feb 2017 | (26,888) | Unlikely to be achieved in full |
| | | | |
| Financial Services | | | |
| HR/Payroll System - staff saving | MC 12/12/18 | (41,000) | Savings not achievable in Qtr 2 however, it is still expected to be achieved in part by March 2020 |
| AP Electronic processing - staff saving | MC 12/12/18 | (20,000) | Savings not achievable and is reliant upon a solution from ICT to progress |
| VAT review - leisure services opt to exempt | MC 12/12/18 | 72,302 | Additional £72k saving achieved |
| Insurance - increase insurance excess | MC 12/12/18 | 332,367 | Additional £332k saving achieved |
| HR & ICT | | | |
| Contracts - contract renewal | MC 12/12/18 | (47,924) | Balance largely relates to savings unable to be extracted from ringfenced budgets mainly MIJB/HRA |
| Direct Services | | | |
| Land & parks - reduce weekend overtime | MC 12/12/18 | (3,991) | Balance of saving won't be achieved. |
| Roads Maintenance - road patching vehicle | MC 12/12/18 | (35,000) | A dual purpose pothole jetpatcher vehicle has been purchased but due to unforeseen operational issues with the vehicle when it arrived, it has been required to retain one of the old jetpatchers in operation to ensure that the surface dressing programme was delivered on time during the summer months. The overall saving to the council is minimal due to this being an internal recharge. |
| Roads Maintenance - dual purpose vehicles/tippers | MC 12/12/18 | (170,000) | A full review of vehicles has been undertaken in line with the council's capital replacement programme. This review was completed at the end of August 2019. It has been agreed that the roads service will dispose of 10 vehicles from its fleet. The annual charge to the roads service is £165,000. These vehicles are to be removed on a phased basis from October 2019 to the end of the financial year. However, the overall saving to the council is lower due to this being an internal recharge from Fleet Services, which consists mainly of depreciation and fleet staff costs, therefore overall saving to the council is estimated at £20,000 for a full year. This saving consists of tyres, road tax, insurance, fees and radio trackers for the vehicles. There will be a capital receipt arising from the disposal of these vehicles, the amount of the receipt will be confirmed in the next quarterly report. |
| Parking charges - Additional charged locations | MC 23/01/19 | (5,000) | to be processed in part in 2019-20 |

| Description | Cttee Ref | Amount £000s | Reason for balance Qtr 2 |
|---|--------------|-----------------|--|
| Direct Services | | | |
| Building Cleaning - Reduce cleaning hours at schools | P&R 12/02/19 | (83,762) | 6 months pay protection. Balance of £83,762 should be available to take in 20/21 |
| Development Services | | | |
| Environmental Health - house closing and demolition | MC 12/12/18 | (24,000) | to be processed in full in 2019-20 |
| Housing & Property Services | | | |
| Property Services - review of service | MC 12/12/18 | (55,000) | Subject to a further report when the change management plan is complete |
| Integrated Children's Services | | | |
| Review Service Management | MC 12/12/18 | 112,510 | Saving was split over 2 years. Increased saving in 2019/20 and reduced saving in 2020/21. |
| Lifelong Learning, Culture and Sport | | | |
| Sports/Leisure Service - commercialisation of service | MC 12/12/18 | (71,303) | £4k savings for Elgin CEC to be posted in Qtr3. Balance of Elgin CEC £43k and commercialisation income savings £24k will not be achieved. |
| ESOL/Libraries/Essential skills/ Janitors - reduce library operating costs | MC 12/12/18 | (235,082) | £146k Essential Skills saving not approved MC 25/9/19 £16k saving to be posted Qtr3, ESOL part year saving taken, £12k balance in 20/21. Libraries - balance of £25k will not be achieved due to licence reduction and book reduction linked to original closure of libraries. Janitors - £36k savings reversed and will not be achieved |
| Relocate staff from Auchernack plus Forres Community Centre staff restructure | MC 23/01/19 | (39,149) | £39,142 balance still to post, this has been delayed due to issues with appointing contractors. Building Closure expected Dec 2019 with savings only likely from Q4. |
| Schools & Curriculum Development | | | |
| 0.5% DSM budget saving | MC 23/01/19 | (20,538) | Balance will not be achieved this year but will be taken in 20/21 |
| Central Admin | MC 23/01/19 | (7,800) | No further saving to be achieved, linked to above |
| | | | |
| Indicative Savings from I&M Programme: | | (170,877) | |
| Sub total | | (540,135) | |
| | | | |

| Description | Cttee Ref | Amount £000s | |
|--|------------|------------------|---------|
| Charges: | | (11,229) | |
| | | | |
| Balances from roundings: | | | |
| Emergency savings | | 7,579 | |
| Savings | | 1,444 | |
| | | | |
| | | | |
| Description | Cttee Ref | Amount £000s | |
| Additional Savings Identified : | | | |
| | | | |
| Waste Management restructure | MC 28/2/19 | 49,845 | |
| Development Services structure review | MC 28/2/19 | 156,485 | |
| Increase Vacancy Target | MC 27/6/19 | 114,940 | |
| Virements Corporate services & Council tax | MC 27/6/19 | 999,000 | |
| Oncost saving | MC 27/6/19 | 50,000 | |
| School Transport Reduction 2 school days 19/20 (external contracts) | | 37,512 | One off |
| School Transport External contract amendments | | 38,982 | |
| School Transport Reduction 2 school days 19/20 (internal contracts) | | 6,808 | One off |
| School Transport Internal contract amendments | | 11,241 | |
| Fuel savings GM and fleet | | 30,000 | |
| Energy saving Schools | P&R 3/9/19 | 4,658 | |
| Energy saving Halls | P&R 3/9/19 | 19,821 | |
| Cullen Harbour Toilets | P&R 3/9/19 | 1,561 | |
| Sub total | | 1,520,853 | |
| | | | |
| TOTAL | | 978,512 | |

APPENDIX 7

| General Reserves | Committee reference | Approved £000s | Budget released £000s |
|--|----------------------------|---------------------------|----------------------------------|
| General Reserves @ 1 April 2019 | | 12,276 | |
| Less commitments against reserves when budget was set: | | | |
| To balance the 2019/20 budget | MC 27/02/19 | 4,016 | |
| Investment in change | MC 27/02/19 | 1,172 | |
| Additional funding: | | | |
| Business Support Post | MC 08/05/19 | 32 | |
| Senior Social Workers (ICS) | MC 08/05/19 | 87 | |
| Budget reduction from variance report | MC 27/06/19 | (1,121) | |
| Funding from reserves approved in 2019/20: | | | |
| Development of child poverty outcomes | MC 27/06/19 | 5 | 5 |
| Moray Growth Deal | MC 27/06/19 | 5 | 5 |
| Discretionary Housing Payments | MC 27/06/19 | 29 | 29 |
| Community Planning | MC 27/06/19 | 25 | 25 |
| Homelessness: temporary accommodation | MC 27/06/19 | 15 | 15 |
| Syrian Refugees | MC 27/06/19 | 39 | 39 |
| | | <hr/> 118 | <hr/> 118 |
| Approved use of reserves | | 4,304 | |
| Transfer to ear marked reserve for transformation | P&R 3/9/19 | 2,000 | |
| Estimated out-turn - variance not required from reserves | | (1,770) | |
| Moray township allocation for Buckie | | 3 | |
| Free balance @ 30 September 2019 | | 7,739 | |



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: CAPITAL PLAN 2019/20

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To advise the Council of the expenditure to 30 September 2019 under the capital plan for financial year 2019/20 and of the estimates of projected expenditure profiled into quarters.
- 1.2 This report is submitted to Council in terms of Section III (B) 5 of the Council's Administrative Scheme relating to monitoring progress of projects in the approved capital plan including any revisions to the price or phasing on a quarterly basis.

2. RECOMMENDATION

2.1 It is recommended that the Council notes:

- (i) expenditure to 30 September 2019 of £26,102,000;
- (ii) the current projected expenditure of £67,977,000 for 2019/20 profiled into quarters;
- (iii) the projected overall expenditure for projects spanning more than one financial year, as set out in APPENDIX 2;
- (iv) capital expenditure for Early Learning and Childcare expansion is to be funded, in part, from revenue grant funding as detailed in paragraph 5.6; and
- (v) potential saving of £28,000 from the Schools ICT budget as detailed in paragraph 5.20

2.2 It is recommended that the Council approves:

- (i) proposed budget deferments of £7,546,000 arising from slippage and expenditure reprofiling from 2019/20 to 2020/21 as summarised in paragraph 5.21 of the report;

- (ii) budget reduction of £115,000 as detailed in paragraph 5.14;
- (iii) budget transfers of £85,000 as detailed in paragraph 5.7;
- (iv) the option of bringing forward schools make do and mend projects to 2019/20 as detailed in paragraph 5.3; and
- (v) the addition of £100,000 for the purchase of a replacement Pilot Boat, as set out in paragraph 6.8 of this report.

3. **BACKGROUND**

- 3.1 The capital plan for 2019/20 of £72,668,000 was approved by a meeting of Moray Council on 27 February 2019. Amendments approved by Council since this date have been incorporated to give a current approved capital plan for 2019/20 of £77,249,000. The current projected expenditure is £67,977,000.
- 3.2 Regular monitoring reports are provided to Policy and Resources committee or to Council showing expenditure to date for each project and details of capital receipts received. Policy and Resources committee on 10 May 2016 agreed to amendments to the information provided in response to the Audit Scotland report “Major Capital Investment in Councils”. Accordingly this report includes a separate **APPENDIX 2**, giving details of expenditure on projects which span more than one financial year.

4. **CAPITAL PLAN 2019/20**

- 4.1 A copy of the capital plan is attached as **APPENDIX 1**, showing actual expenditure to 30 September 2019 of £26,102,000. Capital receipts of £1,007,000 from sale of assets are identified along with General Capital Grant of £11,550,000 from the Scottish Government and Specific Capital Grants of £2,800,000 relating to Early Learning and Childcare expansion and £617,000 relating to the Town Centre Fund Initiative. Developer obligations of £334,000 have been utilised for the new build schools at Linkwood Primary in Elgin and Lossiemouth High and also £103,000 for a new footpath at Pinefield in Elgin. Developer obligations of £728,000 have been received in this financial year.
- 4.2 Expenditure on land and buildings to 30 September totals £21,094,000. The major items of expenditure are £9,468,000 for the new Lossiemouth High School, £3,346,000 for the new Linkwood Primary School, £1,822,000 for early learning and childcare expansion, mainly at Cullen and Pilmuir in Forres. The early learning and childcare expansion projects are funded by capital grant received from the Scottish Government. A further £1,952,000 has been spent on the Schools estate under Make Do and Mend. Expenditure of £1,088,000 has been incurred for the ongoing project to provide integrated waste facilities at Moycroft in Elgin. The new NESS Energy from Waste facility located in Aberdeen has incurred expenditure to date of £3,062,000.
- 4.3 Expenditure on infrastructure assets to 30 September totals £3,804,000. The major items of expenditure are £1,276,000 on carriageway resurfacing/

reconstruction, £601,000 for street lighting including new LED lighting and £712,000 for Portknockie Landslip works.

- 4.4 Expenditure on vehicles, plant and equipment to 30 September totals £1,204,000. The major items of expenditure are £751,000 on the vehicle replacement programme and £331,000 on ICT projects.

5. **PROJECTED OUTTURN**

- 5.1 Budget managers have been requested to update projected estimates of expenditure on capital projects in 2019/20. Projects are graded for confidence of achieving projected expenditure with high confidence rated as green, medium confidence as amber and low confidence as red. A summary of the ratings is given in the table below.

| Risk status | RAG | No. of projects | Projected expenditure 2019/20 £000s |
|--------------------------------------|------------|------------------------|--|
| High confidence of spend to estimate | G | 84 | 66,576 |
| Medium confidence spend to estimate | A | 7 | 1,401 |
| Low confidence of spend to estimate | R | 0 | 0 |
| | | <u>91</u> | <u>67,977</u> |

- 5.2 A summary of the projected variances at September 2019 from the current approved capital programme, as detailed in **APPENDIX 1**, is set out below:

| Description | Underspend (Overspend) £000 |
|--|--|
| Land & Buildings | |
| Schools Estate | 523 |
| Findrassie Primary School Elgin | (28) |
| Schools Accessibility | 30 |
| Early Learning & Childcare Expansion | 1,100 |
| Waste Facility Moycroft | 85 |
| NESS Energy from Waste | 2,360 |
| Replacement Recycling Centre Elgin | 450 |
| Industrial Portfolio | 3,202 |
| Depot Maintenance Upgrades | 908 |
| Elgin Transport Strategy | (9) |
| Forres (River Findhorn & Pilmuir) Flood Scheme | (8) |
| Lossie Seatown Flood Risk Mgt | 184 |
| Portgordon Flood Risk Mgt | 115 |
| Buckie Harbour Replace Life Expired Items | 141 |
| Moray Leisure Centre Equipment | (2) |
| Domestic & Trade Waste Bins | (8) |
| Materials Recovery Facility Moycroft | (50) |
| Green Waste Shredder Moycroft | (35) |

| | |
|---------------------------|--------------|
| Upgrade Recycling Centres | 271 |
| ICT Programme | 43 |
| Total | 9,272 |

Land and Buildings – Children & Young Peoples Services Committee

- 5.3 **Schools Make Do and Mend Programme** – A budget of £3,276,000 was allocated over 6 schools for a variety of building works projects. The current estimated spend for these works shows an underspend of £934,000, therefore, as this budget represents an ongoing programme of works, two projects have been identified at Hythehill Primary School to utilise part of the underspend in 2018/19. It is requested that committee approve the reallocation of the Make Do and Mend budget to match the projected expenditure figures, leaving an overall estimated underspend of £523,000. Further projects may be brought forward into this financial year where possible. It is requested that committee approve the option to allow officers to bring forward priority school projects into 2019/20 in order to utilise the existing budget.
- 5.4 **New Primary School at Findrassie Elgin** – Preliminary fees of £28,000 relating to a new primary school at Findrassie Elgin have been incurred. Capital budget has been allocated in future years for a new primary school at Findrassie in Elgin but the details of the project have not been subject to an options appraisal, which is required before detailed approval can be sought from members. Preliminary work is required to inform the options appraisal.
- 5.5 **Schools Accessibility** – Expenditure of £8,000 is anticipated in this financial year for equipment required at the ASN base in Buckie High School. It is requested that committee approve the deferment of the remaining budget of £30,000 from 2019/20 to 2020/21 for works planned to upgrade the ASN base at Hythehill Primary School.
- 5.6 **Early Learning and Childcare (ELC) Expansion** – This programme includes 4 new build nurseries and 7 refurbishments. As reported to Children and Young Peoples Services Committee on 30 October 2019 (paragraph 10 of the draft Minute refers), due to an increase in building works and construction costs, the capital budget for this expansion programme is under pressure. Other local authorities are experiencing similar budget pressures. The Scottish Government has confirmed that ELC revenue grant funding can be used to bridge the gap in capital grant funding. Officers intend to reprofile the ELC capital budget and use ELC revenue funding where necessary. For Moray, this means that capital expenditure currently estimated to be in the region of £1.1 million will be funded from revenue. An updated budget position will be provided firstly to Children and Young Persons Services Committee on 18 December 2019.
- 5.7 **Integrated Waste Facility Moycroft Elgin** – Works are ongoing to create a new integrated waste facility at Moycroft with completion of the main building contract works expected for January 2020. In addition, there are three related projects at Moycroft within the plant and equipment section of the capital programme: a replacement green waste shredder, replacement baler and materials recovery facility upgrade. The anticipated cost of the

replacement shredder, budgeted at £200,000, is £235,000 while the anticipated cost of the material recovery facility upgrade, budgeted at £100,000, is £150,000. It is anticipated that this projected overspend of £85,000 can be matched by an estimated underspend of £85,000 from the main Moycroft integrated waste facility budget of £2,666,000. It is requested that committee approve the transfer of budget of £85,000 from the Integrated Waste Facility with £35,000 allocated to the green waste shredder and £50,000 to the material recovery facility upgrade.

- 5.8 **NESS Energy from Waste** – Following the signing of inter authority agreement IAA3, the construction phase of the Energy from Waste project in Aberdeen has commenced, with completion expected in 2022. The current budget in 2019/20 is £9,966,000 with an anticipated spend in the current year of £7,606,000. It is requested that committee approve the deferment of budget of £2,360,000 from 2019/20 to 2020/21.
- 5.9 **Replacement Recycling Centre in Elgin** – This project to provide a new recycling centre in Elgin is budgeted at £500,000 but only preliminary fees of £50,000 are anticipated in this financial year. Therefore it is requested that committee approve the deferment of budget of £450,000 from 2019/20 to 2020/21.
- 5.10 **Industrial Portfolio** – Following discussions at a meeting of the Asset Management Working Group, it was agreed that the projects for land acquisition, serviced sites and new units in Forres should be recommended to be deferred to 2020/21. Therefore it is requested that committee approve the deferment of budget of £3,079,000 from 2019/20 to 2020/21. Condition surveys of the industrial portfolio have been delayed leading to an anticipated underspend in the budget to refurbish industrial units of £123,000. Therefore it is requested that committee approve the deferment of budget of £123,000 from 2019/20 to 2020/21.
- 5.11 **Depots** – Expenditure on depots has been deferred pending the results of the Property Asset Management Appraisal currently being carried out. Therefore it is requested that committee approve the deferment of budget of £908,000 from 2019/20 to 2020/21.

Infrastructure

- 5.12 **Elgin Transport Strategy** – The majority of year-to-date expenditure within this budget heading relates to the construction of a new footpath at Pinefield in Elgin, fully funded by developer obligations. The projected overspend of £9,000 relates to the final instalment of professional fees incurred to refresh the traffic model data for Elgin, budgeted for in 2018-19 (Moray Council 14 February 2018 paragraph 9 of the Minute refers).
- 5.13 **Forres (River Findhorn & Pilmuir) Flood Alleviation Scheme** – Expenditure of £8,000 has been incurred relating to outstanding land compensation claims with the budget held in future years. It is recommended that budget of £8,000 is brought forward to 2019-20 to match the expenditure incurred.

- 5.14 **Flood Risk Management** – The project at Lossiemouth Seatown is estimated to spend £100,000 in this financial year from the current budget of £284,000. Therefore it is requested that committee approve the deferment of budget of £184,000 from 2019/20 to 2020/21. Following a decision of the Council not to progress the scheme at Portgordon, it is requested that committee approve the removal of the budget of £115,000 currently allocated to this project in 2019-20, with a consequent revenue saving estimated at £6,000 per year over a period of 30 years.
- 5.15 **Buckie Harbour Life Expired Items** – Planned works to the harbour walls infrastructure are now complete with a projected outturn of £135,000 from the current year budget of £276,000. Further infrastructure works at Buckie Harbour will be required in the future and it is requested that committee approve the deferment of budget of £141,000 from 2019/20 to 2020/21.
- 5.16 **Buckie Harbour Ice Plant and Fuel Tank** – This project is dependent on external grant funding which remains unconfirmed, therefore the project is rated as amber for confidence of achieving the projected spend in 2019-20.

Vehicles Plant and Equipment

- 5.17 **Moray Leisure Centre Equipment** – A small overspend of £2,000 from the budget, allocated over 2 years, of £500,000 for gym refurbishment and equipment is anticipated for the purchase of fitness equipment at Moray Leisure Centre.
- 5.18 **Domestic & Trade Waste Bins** – Expenditure of £43,000 has been incurred, representing an overspend of £8,000 from the capital budget of £35,000. However this is offset by a revenue budget allocation for waste bins of £8,000 which will not be used and will be taken as a revenue saving in future years.
- 5.19 **Upgrade Recycling Centres** – Work to upgrade the recycling centres has been deferred to 2020/21 with expenditure of £4,000 anticipated from the budget of £275,000. Therefore it is requested that committee approve the deferment of budget of £271,000 from 2019/20 to 2020/21.
- 5.20 **ICT Programme** – Within the Schools ICT Strategy a budget saving in the region of £28,000 is anticipated as a result of a re-procurement exercise for interactive panels. It is expected that the actual saving will be confirmed in the next quarterly monitoring report to committee. Within the Servers Infrastructure budget an underspend of £15,000 is anticipated relating to Citrix licences required for the implementation of the Windows 10 project, although this may change as the project progresses.
- 5.21 **Proposed budget deferments to 2020/21** – This report includes details of projects which have slipped or been deferred and therefore it is proposed to defer budget from 2019/20 to 2020/21 to reflect this fact.

A summary of the proposed budget deferments is listed below:

| | |
|--|-------|
| | £000s |
|--|-------|

| | |
|--------------------------------------|-------|
| Schools Accessibility | 30 |
| NESS Energy from Waste | 2,360 |
| Replace Recycling Centre Elgin | 450 |
| Industrial Estates Portfolio | 3,202 |
| Depot Upgrades | 908 |
| Flood Risk Management | 184 |
| Buckie Harbour Life Expired Elements | 141 |
| Upgrade Recycling Centres | 271 |
| Total | 7,546 |

- 5.22 The proposed budget deferments, if approved, are estimated to equate to a reduction in loan charges in 2019/20 and 2020/21 of £217,000 in each year.

6. RISK AND EMERGING ISSUES

- 6.1 Budget managers have been requested to identify any specific areas of risk for the projects in the Capital Plan for which they are responsible.
- 6.2 The main risk for the vehicle replacement programme is manufacturers failing to deliver to agreed timescales.
- 6.3 Land compensation claims remain a risk for the major flood alleviation scheme at Forres.
- 6.4 Projects can be subject to risks which are outwith the direct control of the Council:
- Poor weather conditions can impact project timescales.
 - Lack of staff resources and staff turnover can impact on project timescales.
 - Other emerging work priorities can impact on scheduled works.
- 6.5 There is a potential risk to grant funding of the new Lossiemouth High School should the project not complete on time.
- 6.6 No other project risks have been specifically identified by budget managers, however, property professionals at a national level are predicting increased tender prices. If this is seen in the local market, there is a risk to the affordability of future capital projects.
- 6.7 The recent increase in Public Works Loans Board (PWLB) interest rates also poses a risk to the affordability of future capital projects.
- 6.8 An emerging risk and opportunity has materialised in the harbours with the current Pilot Boat being at the end of its working life. An increased number of failures and repairs mean that the boat is at risk of becoming beyond economic repair and not being available to fulfil its role in Pilotage operations – which is a financially generative activity for the council (and a legal requirement). The opportunity has arisen to purchase a former lifeboat, which whilst second-hand is in good condition with a reasonable life expectancy of

around 15 years. This option has been considered alongside other options from do nothing to new-build, and the purchase of the second-hand vessel presented the best business case. The annual cost would be £7,000 per annum depreciated over 15 years, set against an annual direct loss of £43,000, and an estimated indirect impact on cargo income of £15,000 – totalling £58,000 per annum if the Pilot Boat is not replaced. Short term hire of a vessel is cost prohibitive (c.£4,000 per week), and there is no certainty of another suitable second-hand vessel becoming available before the current vessel falls beyond economic repair.

7. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

Effective budget management is an essential component of delivery of Council priorities on a sustainable basis.

The capital plan is one of the vehicles through which the council's priorities can be delivered. The approved capital plan for 2019/20 and the outline ten year plan incorporates measures designed to address the Moray 2026 priorities of achievement and attainment by children and young people, adults leading safer lives and sustainable economic development.

(b) Policy and Legal

There are no policy or legal implications arising directly from this report.

(c) Financial Implications

The financial implications are highlighted within the report and Appendices 1 and 2 to the report.

The proposed amendments to the capital plan will result in a reduction of loan charges in 2019/20 and 2020/21, estimated to be £217,000 in each year.

(d) Risk Implications

Budget managers are aware of their responsibilities for managing budget allocations and approval for variance will be sought from committee in line with the financial regulations. Risks specific to items within the capital plan are highlighted in paragraph 6 of the report.

(e) Staffing Implications

There are no staffing implications arising directly from this report.

(f) Property Implications

There are no property implications arising directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues arising from this report.

(h) Consultations

All capital budget managers have been consulted in the development of estimated actuals as part of the preparation of this report. All Heads of Service and CMT have been consulted and any comments incorporated in the report.

8. CONCLUSION

- 8.1 Capital expenditure in the first quarter of the year amounts to £26,102,000 to the end of September 2019.**
- 8.2 Capital expenditure is currently projected to be £9,272,000 lower than the approved capital plan for 2019/20.**
- 8.3 The projected reduction in capital expenditure will result in a decrease in revenue costs arising from reduced financing charges.**

Author of Report: Douglas McLaren, Accountant
Ref: DMcL/LJC/

Moray Council Capital Programme 2019/20
As at 30 September 2019

| | Current Capital Plan 2019/20 £000 | Actual £000 | Projected Expenditure | | | | Total Projected Expenditure £000 |
|---|--|----------------|-----------------------|---------------|---------------|---------------|--|
| | | | Q1 £000 | Q2 £000 | Q3 £000 | Q4 £000 | |
| Land and Buildings | | | | | | | |
| Children and Young People's Services Committee | 39,068 | 16,787 | 4,784 | 12,152 | 10,222 | 10,285 | 37,443 |
| Economic Development and Infrastructure Committee | 17,455 | 4,303 | 269 | 4,133 | 3,668 | 3,288 | 11,358 |
| Policy and Resources Committee | 2,207 | 4 | 2 | 0 | 25 | 1,272 | 1,299 |
| Infrastructure | | | | | | | |
| Economic Development and Infrastructure Committee | 12,118 | 3,804 | 1,017 | 2,864 | 5,099 | 2,715 | 11,695 |
| Vehicles Plant and Equipment | | | | | | | |
| Children and Young People's Services Committee | 392 | 51 | 8 | 41 | 7 | 338 | 394 |
| Economic Development and Infrastructure Committee | 4,632 | 816 | 493 | 379 | 1,112 | 2,470 | 4,454 |
| Policy and Resources Committee | 1,377 | 337 | 132 | 325 | 544 | 333 | 1,334 |
| | 77,249 | 26,102 | 6,705 | 19,894 | 20,677 | 20,701 | 67,977 |
| Funding | | | | | | | |
| Prudential Borrowing | 48,739 | 10,690 | | | | | 39,227 |
| General Capital Grant (exc PSHG and CYPA) | 11,949 | 5,868 | | | | | 11,949 |
| Specific Capital Grant - Children and Young Persons Act | 2,800 | 2,800 | | | | | 2,800 |
| General Capital Grant - Lossiemouth High School | 11,365 | 5,682 | | | | | 11,365 |
| Specific Capital Grant - Town Centre Fund | 1,233 | 617 | | | | | 1,233 |
| Specific Capital Grant - CWSS | 157 | | | | | | 157 |
| Other Grants & Contributions | 1,006 | 445 | | | | | 1,246 |
| | 77,249 | 26,102 | 0 | 0 | 0 | 0 | 67,977 |

Moray Council Capital Programme 2019/20
As at 30 September 2019

| | Capital Plan 2019/20 £000 | Actual Receipts £000 |
|---|--|-------------------------------------|
| Sale of assets | | |
| Receipts received | | 1,007 |
| Total sale receipts received | 0 | 1,007 |
| Grants | | |
| General Capital Grant (excl PSHG and CYPA) | 11,949 | 5,868 |
| Specific Capital Grant - Children & Young Persons Act | 2,800 | 2,800 |
| General Capital Grant - Lossiemouth High School | 11,365 | 5,682 |
| Specific Capital Grant - CWSS | 157 | |
| Specific Capital Grant - Town Centre Fund Initiative | 1,233 | 617 |
| Portessie Primary Playground Equipment Grant | 8 | 8 |
| STTS | 240 | |
| Carriageway works re windfarm routes | 153 | 153 |
| LCTT ERDF Sustainable Travel | 560 | |
| Total Grants | 28,465 | 15,128 |
| Developer Obligations Used | | |
| New Linkwood Primary School | 311 | 311 |
| New Lossiemouth High School | 23 | 23 |
| Elgin Transport Strategy - Pinefield Footpath | 104 | 103 |
| Developer Obligations Received | | |
| Buckie High Area | | 3 |
| Elgin Academy Area | | 1 |
| Elgin High Area | | 445 |
| Forres Academy Area | | 260 |
| Keith Grammar Area | | 2 |
| Lossiemouth High Area | | 8 |
| Milnes High Area | | 1 |
| Speyside High Area | | 8 |
| Total Developer Obligations | 0 | 1,165 |
| Total Capital Receipts | 28,465 | 17,300 |

Moray Council Capital Programme 2019/20
As at 30 September 2019

| | Current Capital Plan 2019/20 £000 | Actual Expend- iture £000 | Projected Expenditure | | | | Total Projected Expend-iture £000 | R/A/G |
|--|---|------------------------------------|-----------------------|------------|------------|------------|--|-------|
| | | | Q1 £000 | Q2 £000 | Q3 £000 | Q4 £000 | | |
| Land & Buildings | | | | | | | | |
| Children and Young People's Services Committee | | | | | | | | |
| Schools Estate - Make Do and Mend | | | | | | | | |
| Speyside High School M&E Works 619381 | 268 | 186 | 9 | 179 | 0 | 20 | 208 | G |
| Cluny Primary School M&E Works 619086C | 701 | 438 | 9 | 445 | 0 | 50 | 504 | G |
| Forres Academy M&E Works 619429C | 765 | 474 | 33 | 455 | 0 | 55 | 543 | G |
| New Elgin Primary School M&E Works 619274B | 284 | 189 | 31 | 150 | 0 | 23 | 204 | G |
| Keith Grammar School Roofing Works 619481 | 642 | 358 | 0 | 360 | 103 | 50 | 513 | G |
| Andersons Primary School M&E Works & Windows 619027/619025B | 616 | 305 | 0 | 310 | 20 | 40 | 370 | G |
| Hythehill Primary 619394 Roof works | 0 | 2 | 0 | 2 | 184 | 25 | 211 | G |
| Hythehill Primary 619393 Window replacement | 0 | | 0 | 0 | 0 | 200 | 200 | G |
| Schools - New Build | | | | | | | | |
| Lossiemouth High School | 21,273 | 9,468 | 3,554 | 5,931 | 5,376 | 6,412 | 21,273 | G |
| Linkwood Primary School Elgin | 10,067 | 3,346 | 641 | 2,743 | 3,321 | 3,362 | 10,067 | G |
| Findrassie Elgin | 0 | 28 | 2 | 26 | 0 | 0 | 28 | G |
| Other Schools | | | | | | | | |
| Milnes Primary School Early Learning & Childcare | 127 | 38 | 37 | 40 | 40 | 10 | 127 | G |
| Legionella works - Schools | 15 | 4 | 2 | 2 | 0 | 11 | 15 | G |
| Fire safety - Schools | 25 | 1 | 1 | 6 | 18 | 0 | 25 | G |
| Schools fire audits - works required above normal budget provision | 140 | 122 | 21 | 97 | 22 | 0 | 140 | G |
| Schools Accessibility | 38 | | 0 | 0 | 8 | 0 | 8 | G |
| Early Learning & Childcare | | | | | | | | |
| Expansion of Early Learning & Childcare Provision | 4,067 | 1,822 | 444 | 1,400 | 1,100 | 23 | 2,967 | G |
| Libraries & Leisure | | | | | | | | |
| All public facilities | 10 | 6 | 0 | 6 | 0 | 4 | 10 | G |
| Community Centres | 30 | | 0 | 0 | 30 | 0 | 30 | G |
| Total Children and Young People's Services Committee | 39,068 | 16,787 | 4,784 | 12,152 | 10,222 | 10,285 | 37,443 | |

Economic Development & Infrastructure Committee

Car Parks

| | | | | | | | | |
|--|-----|--|---|---|-----|-----|-----|---|
| Replace waterproofing and expansion joints at multi-storey car parks | 228 | | 0 | 0 | 114 | 114 | 228 | G |
|--|-----|--|---|---|-----|-----|-----|---|

Waste Management

| | | | | | | | | |
|--------------------------------------|-------|-------|-----|-------|-------|-------|-------|---|
| Dallachy Landfill Site | 657 | 112 | 27 | 150 | 250 | 230 | 657 | G |
| Integrated Waste Facility, Moycroft | 2,666 | 1,088 | 230 | 900 | 900 | 551 | 2,581 | G |
| NESS energy from waste - IAA2, IAA3 | 9,966 | 3,062 | 0 | 3,054 | 2,366 | 2,186 | 7,606 | G |
| Replacement Recycling Centre - Elgin | 500 | | 0 | 0 | 0 | 50 | 50 | G |
| Upgrade Recycling Centre facilities | 77 | | 0 | 0 | 0 | 77 | 77 | G |

Grounds Maintenance/Public Areas

| | | | | | | | | |
|--|----|--|---|---|---|----|----|---|
| Replacement burial grounds - ground investigation Elgin site | 11 | | 0 | 0 | 0 | 11 | 11 | A |
|--|----|--|---|---|---|----|----|---|

Industrial Portfolio

| | | | | | | | | |
|--------------------------------|-------|----|----|----|----|----|-----|---|
| Land acquisition - Forres | 251 | | 0 | 0 | 0 | 0 | 0 | G |
| Serviced Sites - Forres | 1,921 | | 0 | 0 | 0 | 0 | 0 | G |
| Serviced Sites - Elgin | 24 | | 0 | 0 | 0 | 24 | 24 | A |
| New Units - Forres | 907 | | 0 | 0 | 0 | 0 | 0 | G |
| Refurbishment Industrial Units | 247 | 41 | 12 | 29 | 38 | 45 | 124 | A |

Total Economic Development and Infrastructure Committee

| | | | | | | |
|--------|-------|-----|-------|-------|-------|--------|
| 17,455 | 4,303 | 269 | 4,133 | 3,668 | 3,288 | 11,358 |
|--------|-------|-----|-------|-------|-------|--------|

Policy and Resources Committee

Corporate

| | | | | | | | | |
|--|-----|---|---|---|----|----|----|---|
| Depots | 919 | 1 | 1 | 0 | 0 | 10 | 11 | G |
| Energy Efficiency Projects | 15 | | 0 | 0 | 5 | 10 | 15 | G |
| Legionella and Fire Risk Assessment upgrades - corporate | 40 | 3 | 1 | 0 | 20 | 19 | 40 | G |

| | | | | | | | | |
|-----------------------------|-------|--|---|---|---|-------|-------|---|
| Town Centre Fund Initiative | 1,233 | | 0 | 0 | 0 | 1,233 | 1,233 | G |
|-----------------------------|-------|--|---|---|---|-------|-------|---|

Total Policy and Resources Committee

| | | | | | | |
|-------|---|---|---|----|-------|-------|
| 2,207 | 4 | 2 | 0 | 25 | 1,272 | 1,299 |
|-------|---|---|---|----|-------|-------|

Total Land & Buildings

| | | | | | | |
|--------|--------|-------|--------|--------|--------|--------|
| 58,730 | 21,094 | 5,055 | 16,285 | 13,915 | 14,845 | 50,100 |
|--------|--------|-------|--------|--------|--------|--------|

Moray Council Capital Programme 2019/20
As at 30 September 2019

| | Projected Expenditure | | | | | | | |
|---|--|------------------------------------|------------|------------|------------|------------|--|-------|
| | Current Capital Plan 2019/20 £000 | Actual Expend- iture £000 | Q1 £000 | Q2 £000 | Q3 £000 | Q4 £000 | Total Projected Expenditure £000 | R/A/G |
| Infrastructure | | | | | | | | |
| Economic Development & Infrastructure Committee | | | | | | | | |
| Road Safety | | | | | | | | |
| Disability Adaptations | 61 | 15 | 0 | 15 | 31 | 15 | 61 | G |
| New Road Signs and Markings | 37 | 5 | 0 | 10 | 10 | 17 | 37 | G |
| Road safety barrier provision | 197 | 106 | 77 | 32 | 58 | 30 | 197 | G |
| Road safety provision | 221 | 16 | 15 | 30 | 120 | 56 | 221 | G |
| CWSS | 157 | 4 | 0 | 5 | 110 | 42 | 157 | G |
| Road Improvements | | | | | | | | |
| Carriageway resurfacing / reconstruction / surface dressing | 2,227 | 1276 | 427 | 850 | 900 | 50 | 2,227 | G |
| Carriageway works re windfarm routes | 153 | 153 | 0 | 153 | 0 | 0 | 153 | G |
| Drainage and other works | 915 | 299 | 29 | 270 | 250 | 366 | 915 | A |
| Footways | 300 | 85 | 6 | 80 | 150 | 64 | 300 | G |
| Timber Traffic Structural Works | 490 | 59 | 0 | 60 | 430 | 0 | 490 | G |
| Elgin Transport Strategy | 104 | 113 | 0 | 113 | 0 | 0 | 113 | G |
| Street Lighting | | | | | | | | |
| Replace SOX and SON street lights with LED lights | 1,100 | 349 | 92 | 260 | 300 | 448 | 1,100 | G |
| Replacement columns and lights | 618 | 252 | 0 | 250 | 200 | 168 | 618 | G |
| Bridges | | | | | | | | |
| A941 New Craigellachie Bridge | 1,800 | 49 | 2 | 50 | 850 | 898 | 1,800 | G |
| Arthur's Bridge | 86 | 40 | 39 | 1 | 38 | 8 | 86 | G |
| B9136 Glenlivet Bridge | 254 | | 0 | 0 | 254 | 0 | 254 | G |
| Remote footbridges | 92 | | 0 | 0 | 46 | 46 | 92 | G |

Flood Risk Management & Coastal Protection

| | | | | | | | | |
|---|-------|-----|-----|-----|-----|----|-------|---|
| Findhorn Flood Alleviation | 0 | 8 | 0 | 8 | 0 | 0 | 8 | G |
| Lossiemouth Seatown Flood Risk Management | 284 | | 0 | 0 | 50 | 50 | 100 | G |
| Portgordon Flood Risk Management | 115 | | 0 | 0 | 0 | 0 | 0 | G |
| Portknockie Landslip | 1,144 | 712 | 330 | 414 | 400 | 0 | 1,144 | G |

Harbours - replacement of life expired elements and upgrade

| | | | | | | | | |
|-----------------|-----|-----|---|-----|-----|----|-----|---|
| Buckie | 276 | 131 | 0 | 131 | 4 | 0 | 135 | G |
| Burghead | 258 | 1 | 0 | 1 | 257 | 0 | 258 | G |
| Cullen | 35 | | 0 | 0 | 0 | 35 | 35 | G |
| Findochty | 57 | | 0 | 0 | 0 | 57 | 57 | G |
| Harbour offices | 20 | | 0 | 0 | 0 | 20 | 20 | G |
| Portknockie | 397 | 1 | 0 | 1 | 396 | 0 | 397 | G |

Sustainable Travel Projects (grant funded)

| | | | | | | | | |
|--------------------------------|-----|-----|---|-----|-----|-----|-----|---|
| LCTT ERDF Speyside Way Upgrade | 360 | 127 | 0 | 127 | 117 | 116 | 360 | G |
| LCTT ERDF car charge points | 200 | 3 | 0 | 3 | 100 | 97 | 200 | G |

Harbours Economic Development

| | | | | | | | | |
|---|-----|--|---|---|----|-----|-----|---|
| Economic Development | 28 | | 0 | 0 | 28 | 0 | 28 | G |
| Buckie Harbour Infrastructure Improvements - Ice Plant & Fuel Tar | 132 | | 0 | 0 | 0 | 132 | 132 | A |

| | | | | | | | | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--|
| Total Economic Development and Infrastructure Committee | 12,118 | 3,804 | 1,017 | 2,864 | 5,099 | 2,715 | 11,695 | |
|--|---------------|--------------|--------------|--------------|--------------|--------------|---------------|--|

Moray Council Capital Programme 2019/20
As at 30 September 2019

| | Current Capital Plan 2019/20 £000 | Actual Expend-iture £000 | Projected Expenditure | | | | Total Projected Expenditure £000 | R/A/G |
|---|--|--------------------------------|-----------------------|------------|------------|------------|--|-------|
| | | | Q1 £000 | Q2 £000 | Q3 £000 | Q4 £000 | | |
| Vehicles Plant & Equipment | | | | | | | | |
| Children and Young People's Services Committee | | | | | | | | |
| Libraries & Leisure | | | | | | | | |
| Swimming pool equipment | 50 | 37 | 0 | 35 | 7 | 8 | 50 | G |
| Moray Leisure Centre Equipment | 12 | 14 | 8 | 6 | 0 | 0 | 14 | G |
| Moray Leisure Centre Dehumidifiers | 60 | | 0 | 0 | 0 | 60 | 60 | G |
| Moray Leisure Centre Combined Heat Power | 270 | | 0 | 0 | 0 | 270 | 270 | G |
| Total Children and Young People's Services Committee | 392 | 51 | 8 | 41 | 7 | 338 | 394 | |
| Economic Development & Infrastructure Committee | | | | | | | | |
| Vehicle & plant replacement programme | 3,827 | 751 | 450 | 350 | 1,100 | 1,927 | 3,827 | G |
| Facilities Management Equipment | 8 | | 0 | 0 | 4 | 4 | 8 | G |
| Traffic | | | | | | | | |
| Traffic Data Collection Equipment | 7 | 1 | 1 | 0 | 0 | 6 | 7 | G |
| Traffic Signal Replacement Forres | 5 | 2 | 0 | 5 | 0 | 0 | 5 | G |
| Waste Management | | | | | | | | |
| Domestic & Trade Waste Bins | 35 | 43 | 28 | 15 | 0 | 0 | 43 | G |
| Materials Recovery Facility upgrade | 100 | | 0 | 0 | 0 | 150 | 150 | G |
| Replacement Green Waste Shredder at Moycroft | 200 | | 0 | 0 | 0 | 235 | 235 | G |
| Upgrade Recycling Centres | 275 | 4 | 0 | 4 | 0 | 0 | 4 | G |
| Replacement Baler for recyclable material streams | 130 | | 0 | 0 | 0 | 130 | 130 | G |
| Waste Strategy Development | 10 | | 0 | 0 | 0 | 10 | 10 | G |
| Parks & Open Spaces | | | | | | | | |
| Children's Play Areas (Parkland) | 35 | 15 | 14 | 5 | 8 | 8 | 35 | G |
| Total Economic Development and Infrastructure Committee | 4,632 | 816 | 493 | 379 | 1,112 | 2,470 | 4,454 | |

Policy and Resources Committee

ICT Programme

| | | | | | | | | |
|---------------------------------|-----|-----|----|-----|-----|-----|-----|---|
| Desktop and Mobile Devices | 212 | 128 | 99 | 40 | 60 | 13 | 212 | G |
| Digital Public Services | 75 | 4 | 1 | 0 | 25 | 49 | 75 | A |
| Network Infrastructure | 115 | 3 | 3 | 0 | 60 | 52 | 115 | G |
| School ICT Strategy | 248 | 150 | 11 | 173 | 24 | 12 | 220 | G |
| Servers Infrastructure | 256 | 27 | 0 | 96 | 31 | 114 | 241 | G |
| Software | 120 | 19 | 14 | 13 | 65 | 28 | 120 | A |
| Unix server replacement | 100 | | 0 | 0 | 85 | 15 | 100 | G |
| Telephony/Contact Centre System | 235 | | 0 | 0 | 191 | 44 | 235 | G |

Corporate

| | | | | | | | | |
|----------------------------|----|---|---|---|---|---|----|---|
| Audio visual equipment | 6 | | 0 | 0 | 0 | 6 | 6 | G |
| Corporate office furniture | 10 | 6 | 4 | 3 | 3 | 0 | 10 | G |

Total Policy and Resources Committee

1,377 337 132 325 544 333 1,334

Total Vehicles Plant & Equipment

6,401 1,204 633 745 1,663 3,141 6,182

Major Capital Projects spanning more than 1 financial year (as at 30 September 2019)

APPENDIX 2

| Description | Approved Total Budget | Total Expenditure in previous financial years | Current Budget 2019-20 | Actual spend 2019-20 | Remaining Budget 2019-20 | Project Life Spend to 30/09/19 | Projecte d Future Years Budget Required | Estimated Final Cost | Projected Variance |
|---|-----------------------------|---|------------------------------|----------------------------|--------------------------------|---|---|----------------------------|-----------------------|
| | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 | £000 |
| Milnes PS 61582 early learning & childcare | 2,500 | 2,373 | 127 | 38 | 89 | 2,411 | 0 | 2,500 | 0 |
| New Linkwood Primary School | 12,810 | 1,549 | 10,067 | 3,346 | 6,721 | 4,895 | 1,194 | 12,810 | 0 |
| New Lossiemouth High School | 43,000 | 10,171 | 21,273 | 9,468 | 11,805 | 19,639 | 11,556 | 43,000 | 0 |
| Early Years Learning & Childcare | 7,143 | 1,176 | 4,067 | 1,822 | 2,245 | 2,998 | 1,900 | 7,143 | 0 |
| LED Street lighting replacement programme | 5,000 | 3,117 | 1,100 | 349 | 751 | 3,466 | 0 | 4,217 | 783 |
| Moycroft Integrated Waste Facility | 3,032 | 366 | 2,666 | 1,088 | 1,578 | 1,454 | 0 | 2,947 | 85 |
| NESS Energy from Waste | 27,224 | 660 | 9,966 | 3,062 | 6,904 | 3,722 | 16,598 | 27,224 | 0 |
| Total | 100,709 | 19,412 | 49,266 | 19,173 | 30,093 | 38,585 | 31,248 | 99,841 | 868 |



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: FINANCIAL PLANNING

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To report to the Council on the development of savings proposals aimed at reducing the predicted budget gap for 2020/21.
- 1.2 To update the Council on current financial forecasts. This report should be read in the conjunction with the draft Medium to Long Term Financial Strategy which is also on the agenda for this meeting.
- 1.3 This report is submitted to Committee in terms of Section III (A) 2 of the Council's Scheme of Administration relating to considering Capital and Revenue Budgets and long term financial plans.

2. RECOMMENDATION

- 2.1 **As regards the savings listed in APPENDIX 1, it is recommended that, having considered the Equality Impact Assessment at APPENDIX 2, the Council agrees:**
 - (i) those savings which do not require consultation for implementation by 1 April 2020;
 - (ii) that staff consultation is undertaken for the remainder of the savings and thereafter, as the scale of change proposed is at a level normally dealt with through service level Change Management Plans and changes are based on vacancies, that authority is delegated to service managers to consider responses, make any necessary adjustments and then proceed with implementation in accordance with the Council's agreed policies and procedures; and
 - (iii) that any savings in APPENDIX 1 not agreed today may be reconsidered at a later date if the funding gap still remains.

- 2.2 It is recommended that the Council notes the updated projections for 2020-2023 as set out in APPENDIX 3.**
- 2.3 It is recommended that in light of the draft Medium to Long Term Financial Strategy and pending greater clarity on the budget process for Local Government for 2020/21, the Council continues the short term financial planning process agreed in September 2018 which is based on a combination of:**
- (i) savings already identified in APPENDIX 1;**
 - (ii) consideration of further savings which could be implemented in 2020/21 and 2021/22 many of which would involve service reductions;**
 - (iii) savings generated through the Improvement and Modernisation Programme; and**
 - (iv) use of budget flexibility including general reserves within the agreed Reserves Policy.**
- 2.4 In order to assess the financial position as the Scottish Government Budget process for 2020/21 becomes clear and to receive an update on progress with the short term financial plan, it is recommended that a special meeting of the Council is convened on 22 January 2020 or such other date in January as may be agreed.**

3. BACKGROUND

- 3.1** The Council began planning its approach to setting a budget for 2019/20 in September 2018. At that time a short term plan was formed to reduce expenditure in 2019/20 and 2020/21. This recognised the two fundamental issues underpinning the Council's budget gap: an underlying historical overspend in the revenue budget (£5.2m) and the pressure of accommodating increasing costs and growth against shrinking funding (£7m). In light of this it was agreed that work should also be undertaken on medium and longer term financial planning. The draft Medium to Long term Financial Strategy is also on the agenda for this meeting.
- 3.2** When the Council approved its budget for 2019/20 on 27 February 2019, £10.3m of savings were projected for that financial year with further projected savings in 20/21 of £2.3m and in 2021/22 of £0.4m. At that point a budget shortfall of £12.2 million was forecast for 2020/21. Following cumulative savings of £53 million since 2009/10, there are clearly diminishing returns in terms of the ability to identify further savings based on redesigning and redefining services particularly given the scale of savings made in 2019/20 and so the focus must increasingly turn to income generation and transformation through the Improvement and Modernisation Programme.

- 3.3 The predicted shortfall for 2020/21 has been reviewed in the light of the out-turn for 2018/19 and other changes notified to date. A more detailed review of the assumptions, risks and uncertainties inherent in the financial planning process is the subject the Medium to Long Term Financial Strategy reported earlier on the agenda. The current estimated budget gap for 2020/21 is £9.5 million. Savings of £1.897 million have previously been approved for 2020/21 and as a result, the historic underlying overspend brought forward to 2020/21 has been reduced to £1.9 million.

4. CURRENT POSITION

- 4.1 Due to the general election, the UK Government has postponed the UK Budget announcement from 6 November. The date on which the announcement will now be made is not yet clear. As a result of this delay, the Scottish Government cannot set their budget as proposed on 12 December. The Scottish Government normally provides the Scottish Fiscal Commission and Parliament with ten weeks notice of the date on which it will set its budget. This situation is unprecedented and discussions are ongoing via Cosla to clarify what the process for Scottish Budget may be. This is likely to involve a degree of scenario planning but no clarity has emerged as yet.

UPDATED SHORT TERM FINANCIAL PLANNING PROCESS

- 4.2 **Additional Savings – APPENDIX 1:** The long term financial stability of the Council will require transformation of the delivery of services but meantime immediate savings are required to further reduce the Council's reliance on the use of reserves to balance the budget. The savings listed in **APPENDIX 1** total £804,000, against a planned use of reserves in 2019/20 of £2.09 million for recurring expenditure.
- 4.3 £452,000 of the proposed savings accrue from increased income. One of the savings is an efficiency measure related to the Council's aim to reduce carbon emissions. These savings would be aligned for implementation on 1st April 2020 if agreed by Council, with communication as indicated in **APPENDIX 1**.
- 4.4 Staff numbers are anticipated to be decreased by 6 FTE posts as a result of proposed savings but this reduction will be accommodated through vacancies and automatic matching. Workforce consultation will be undertaken in accordance with existing policies and procedures. Given the profile of the staffing savings which is at a scale normally managed through service level Change Management Plans and the fact that they are based on existing vacancies, delegated authority is sought to enable service managers to proceed with implementation subject to any adjustments identified in the consultation as required having been made.
- 4.5 An Equality Impact Assessments (EIA) was required for one of the proposals and this is included as **APPENDIX 2** to this report.

- 4.6 **Further savings** – As was the case in 2019/20, achieving savings of the scale required to bridge the gap is incredibly challenging and so it is likely that we will manage this over a two year period by making savings in 2020/21 and using our reserves to help balance our budget while further savings options are identified both in year for 2020/21 and for 2021/22. Workforce management is an area which has consistently borne savings as vacancies provide the opportunity to release efficiencies. Procurement is another area in which further savings may be possible through more effective contract management. A dialogue will also continue with local communities around areas where they may have capacity to assist if services are reduced or stopped, such as has been the case with grass cutting and public conveniences. Ultimately however, a radical change in thinking will be required and services which are not otherwise protected may require to be further tailored, targeted and stopped in order to control costs, recent examples being the restriction in opening hours at public libraries and council access points and removal of school crossing patrols. Moving forward consideration has been given to the level at which core services must be delivered and where possible, savings configured on this basis. These and other challenges facing the Council will be part of the conversation beginning with the public on the draft Corporate Plan in November and December.
- 4.7 **The Improvement and Modernisation Programme** - An Improvement and Modernisation Programme was approved by Council on 12 December 2018 (paragraph 5 of the Minutes refers) and updates provided thereafter to Policy and Resources Committee and Transforming the Council Board.
- 4.8 Although the Council has made significant savings over the past ten years, many of these have been based on service efficiencies and reductions. The Council consulted with members of the public during 2017/18 on potential measures to reduce the Council's reliance on the use of reserves – “Bridging the Gap” – and to enable the Council to manage within further reduced support from Scottish Government for core services. The immediacy of the need to reduce reliance on reserves has required a focus on savings which can be generated within a short time scale. The Council is close to having bridged the gap created by use of reserves to fund recurring budgets and must now focus its attention on longer term transformation of service delivery. The Improvement and Modernisation Programme is the approved vehicle for such work currently being carried out.
- 4.9 This Programme includes major areas for service transformation – Education and Children's Services – which are in the process of being developed and which will form a significant part of the Council Transformation agenda. Work continues to confirm potential savings and timescales and will be reported when fully developed.
- 4.10 **Budget Flexibility** – the whole thrust of the Council's short and medium to long term financial planning process is to minimise use of reserves to plug the budget gap, as this is ultimately unsustainable. However, the heightened lack of certainty in terms of Scottish Government funding for 2020/21 arising from the UK General Election and the lack of clarity on timing of budget announcements at UK and Scottish level increase the likelihood that the Council may require to fall back on reserves to balance the budget in 2020/21.

Use of reserves of £1.9 million is already included in the draft budget, leaving an estimated free balance on general reserves of £6.4m. The Council's current reserves policy is to retain free reserves of £5 million. The Council therefore has the flexibility to use a further £1.4m free reserves. In addition to this, the Council has ear-marked reserves of £2 million for Council priorities – the Council could utilise these reserves to bridge the budget gap. However, this would significantly reduce the Council's capacity to fund change. Use of this money would entail additional savings of a minimum of £3.4 million required in 2021/22 and potentially a greater amount if these are transitional costs associated with change. **APPENDIX 3** shows a balance of savings to be found for 2020/21 of £6.2 million (£9.5 million gap, less £1 million reserves to balance budget less £2.32 million previously approved savings). If the proposed savings included in **APPENDIX 1** are approved, and general reserves are reduced to £5 million, that balance reduces to £4 million. If the Council uses flexibility in use of £2 million ear-marked reserves to plug that gap on an interim basis, prior to longer term, sustainable solutions to the budget gap being found, there is still a balance of £2 million outstanding. That remaining estimated gap of £2 million highlights the imperative to consider further savings which are achievable in the short term to be identified in early course. The projections and estimates on which this gap has been based are set out in the Mid to Long term Financial Strategy.

- 4.11 **Other Actions** – The Chief Executive remains in ongoing discussion with representatives of the Scottish Government regarding the budgetary challenges which the Council faces. Work has also commenced through Cosla to review the funding methodology used for Local Government funding, and lobbying continues through the Administration Group and otherwise on issues relevant to our budget settlement. These communications are particularly important at present given the uncertainty around the Scottish Budget process for 2020/21.

5. **SUMMARY OF IMPLICATIONS**

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Council's Corporate Plan 2019-24, approved in draft by Council on 2 October 2019, will provide direction and focus for financial planning and the alignment of resources to priorities.

The Corporate Plan 2018-23 included as a priority "work towards a financially stable council that provides valued services to our communities". The savings proposed in this report contribute to achieving that priority.

(b) Policy and Legal

The Council is required by statute to set its Council Tax rates for 2020/21 by 11 March 2020. Before it can do so it must ensure that it has sufficient money to meet its total estimated expenses for the coming year. This requirement (setting a balanced budget) is set out in the Local Government Finance Act 1992 (Section 93).

As previously reported, other legislation sets out the requirements for the proper administration of financial affairs, the requirement to secure Best Value and for sound financial stewardship in revenue and capital budgets. There is also a requirement to comply with the CIPFA Prudential Code.

This report has been prepared as part of ensuring the Council is undertaking the preparation that is necessary to enable the Council to comply with these duties.

(c) Financial implications

The Council is forecast to require finding savings of £9.5 million in 2020/21. This report identifies £804,000 which if approved will contribute towards this target.

(d) Risk Implications

There are numerous risks associated with financial planning and setting a balanced budget, particularly as the Council's reserves reduce.

The following are of particular note:

- Short and uncertain timescale due to UK General Election;
- One year settlement expected;
- Likely scale of savings still to be achieved;
- Strain on resources in undertaking required scale of budget and change work while also managing day to day services, which is also likely to affect service delivery;
- Challenge of implementation of savings options with little scope for slippage or review;
- Little or no scope to accommodate unavoidable in-year budget variance;
- Reduction of reserves to minimal level limits scope for investment in change or to accommodate unforeseen circumstances;
- Cost of employee exit payments place added budget pressure to be accommodated through savings.

Reliance on use of reserves is itself a risk for the Council as it removes flexibility to deal with the cost of change and increases future savings requirements.

(e) Staffing Implications

The workforce implications in the budget proposals for 2020/21 contained within this report are as follows:

Vacancies – the proposals in Appendix 2 would lead to 5 full time equivalent posts being removed that are currently vacant. For two of the posts, the service is being redesigned with the impact on remaining posts part of a consultation with employees affected. One post reflects a slight redesign where there was a vacant post following retirement and the other post has been empty for some time and duties and responsibilities have already been re-allocated.

Service change – one post is being removed and the employee is being automatically matched to another post.

Given the limited scale of the workforce implications of the proposals it is proposed that any consultation responses are considered by service managers and reported to heads of service with delegated authority to make any necessary adjustments and proceed with implementation.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

An Equality Impact Assessment Statements (EIA) has been prepared for the proposed saving, where an EIA is required, due to the potential impact on people with protected characteristics. Mitigations are considered to be reasonable.

(h) Consultations

The Corporate Management Team, Heads of Service and the Acting Head of HR & ICT have been consulted in the preparation of this report and their comments have been incorporated into the report.

6. CONCLUSION

- 6.1 A number of savings which can be implemented immediately are proposed, in order to lessen dependence on reserves.**
- 6.2 Projections for 2020-2023 have been updated to accommodate the most up to date information available to the Council.**
- 6.3 Future financial planning reports are intended to focus on service transformations. The potential scale for transformation and likely timescales require to be developed. Meantime further savings will require to be considered.**

Author of Report: Rhona Gunn, Depute Chief Executive (Economy,
Environment and Finance)
Background Papers:
Ref: LP/LJC/

APPENDIX 1

| Ref | Details of saving | 2020/21 £000s | 2021/22 £000s | Comms |
|------------|--|------------------|------------------|-------|
| A2 1 A3 | <p>Primary and secondary schools staff absence</p> <p>Currently staff absence for the first 10 days is paid for from school budgets and from the 11th day this is met from the central staffing budget. It is proposed that this changes as follows: Primary schools with roll less than 145 – first 15 days of absence All other schools – first 20 days of absence</p> <p>No budget saving is recorded against this as the central staffing supply budget was overspent by £78,000 in 2018/19. However, it would reduce pressure on the central budget.</p> | 0 | 0 | 2 |
| A20 | <p>Charge cost of music tuition for SQA pupils to school</p> <p>The cost of music tuition for SQA pupils is currently met from a central budget. It is proposed to charge this cost (£300 per pupil) to the relevant school DSM budget. There are currently 40 pupils studying for SQA music.</p> | 9 | 3 | 2 |
| C3 2 | <p>Housing information Officer</p> <p>The post assists with gathering information regarding service trends and performance and reporting to the Scottish Housing Regulator.</p> <p>There would be a reduction of 1 fte based on a vacancy.</p> | 34 | | 3 |
| C3 3 | <p>Homelessness central admin restructure</p> <p>The proposal is to return management responsibility for the admin team to service managers and remove the 2 senior clerical posts from the admin team.</p> <p>There would be a reduction of 2fte staff based on vacancies.</p> | 53 | | 3 |

| Ref | Details of saving | 2020/21 £000s | 2021/22 £000s | Comms |
|----------|--|------------------|------------------|-------|
| D1&D2(2) | <p>Cleaning and Catering management restructure</p> <p>To formalise the interim arrangements for the management of the service, subject to Job Evaluation.</p> <p>There would be a net reduction of 1 fte based on a vacancy.</p> | 21 | | 3 |
| D4b | <p>Increase green waste fee from £36 pa to £40 pa</p> <p>Benchmarking: current charge in Highland is £40, Aberdeen City £30. Aberdeenshire do not provide a separate bin for garden waste.</p> | 94 | | 2 |
| D6a | <p>Increase burial charges 5%</p> <p>Note: this is now the default increase for 2020/21 approved by Policy and Resources Committee on 29 November 2019.</p> <p>Current charges have been benchmarked. Moray's charge for a coffin lair is 11th lowest in Scotland and below the national average and the charges made by Highland, Aberdeen City and Aberdeenshire. Moray's charge for coffin interments is 23rd lowest in Scotland, above the national average and higher than Aberdeen City and Aberdeenshire, but lower than Highland Council.</p> <p>Closed casket lairs are 6th highest in Scotland, above the national average and neighbouring authorities. Closed casket interments are 15th lowest in Scotland, at just below the national average, and lower than Highland and Aberdeenshire, but higher than Aberdeen City.</p> | 25 | | 2 |
| D6a | Increase burial fees for those resident outwith Moray, in line with Aberdeenshire | 52 | | 2 |
| D6b 2 | <p>Countryside path repairs – fund from Dorenell monies</p> <p>No impact on level of service provided.</p> | 13 | | 1 |
| D7b | <p>Reduce street lighting maintenance budget</p> <p>Programme replacement of faulty units rather than replace individually.</p> | 50 | | 1 |

| Ref | Details of saving | 2020/21 £000s | 2021/22 £000s | Comms |
|-----|---|------------------|------------------|-------|
| D8 | Reduce vehicle fuel consumption by 5% Target to reduce fuel consumption by more efficient routing, reduction of idling, improved efficiency of fleet. Reduction in carbon consumed. | 77 | | 1 |
| D9b | Car park income – increase budget to match performance | 48 | | 1 |
| D9c | Transportation management restructure Merge Traffic and Transport teams – subject to Job Evaluation. No overall reduction in staff numbers. | 7 | | 3 |
| E1 | Reduce Building Standards establishment by 1 fte Reduction of 1 FTE based on a vacancy. | 34 | | 3 |
| E1 | Introduce discretionary charging for Building Standards Introduce charges for building warrant amendments. | 10 | | 2 |
| E3 | Strategic planning – charge for processing viability assessment This will increase development cost for those choosing to challenge developer obligations on the basis of site viability. There are few challenges at present but if the CAP is removed as proposed they will become more frequent and will have an impact on staff resources, a charge may act as a control on challenge and cover costs. | 3 | | 2 |
| E3 | Reduce consultancy budget (Strategic Planning) | 3 | | 1 |
| F4a | Employee Assistance Programme Reduce provision of support, using national and local services on an as and when required basis. EIA completed. | 15 | | 2 |

| Ref | Details of saving | 2020/21 £000s | 2021/22 £000s | Comms |
|-----|--|------------------|------------------|-------|
| F5a | ICT contract review Replace contract for video conferencing software with another being piloted; reduce SWAN circuits at vacated buildings; rationalise telephony contracts. | 20 | 6 | 1 |
| F5b | Telephone book review Council entries in BT phone book have been streamlined, reducing the annual charge for this. Savings will be allocated across departments as costs are currently recharged. | 16 | | 1 |
| F6b | VAT exempt supply of leisure services The decision to opt for exemption was taken last financial year; continued work on this has confirmed the level of savings likely to be achieved. Opt to exempt took force from 1 October 2019. | 220 | | 1 |
| | | | | |
| | TOTAL | 804 | 9 | |

Communications required:

- 1 None
- 2 Information
- 3 Consult staff
- 4 Consult public

SECTION 1 - DO I NEED AN EIA?

DO I NEED AN EIA? (see note 1)

Name of policy/activity

F4E Remove Employee Assistance

Please choose one of the following:

Is this a:

- New policy/activity?
- Existing policy/activity?
- Budget proposal/change for this policy/activity? ✓
- Pilot programme or project?

Decision

Set out the rationale for deciding whether or not to proceed to an Equality Impact Assessment (EIA)

Removing employee support could impact on particular groups i.e. staff with;

- Mental health or general health issues
- Carers
- Age – stress at home and work for middle age high due to family and career commitments
- Social economic – with staff reductions, lower paid staff may feel less empowered and more impact of stress

EIA Required - YES

Date of Decision: 10.11.2018

If undertaking an EIA please continue onto the Section 2. If not, pass this signed form to the Equalities Officer.

SECTION 2: EQUALITY IMPACT ASSESSMENT

General Information

Assessment undertaken by *(please complete as appropriate)*

| | |
|--|--|
| Director or Head of Service | |
| Lead Officer for developing the policy/activity | |
| Other people involved in the screening (this may council staff, partner or others i.e contractor, partner or community) | |

Brief description of policy/activity

Describe the policy/activity *(see note 2)*:

Reduce employee assistance provision by using local services on an as and when required basis. 2017/18 usage figures were 79 contacts in total. Some of those may have been the same person more than once. This equates to 1.6% of the workforce accessing the service at an approximate cost of £170 per person making initial contact with the service, falling to 1.3% in terms of actual take-up of counselling. This is a slight decrease from 2016/17 where 84 contacts were made. The majority of this was for face-to-face counselling.

Who are your main stakeholders? *(see note 3)*

Staff

| |
|--|
| |
|--|

Evidence base for assessment (see note 4)

Please cite any quantitative and qualitative evidence relating to groups having different needs, experiences or attitudes in relation to this policy/activity. What baseline evidence do you have already for this policy/activity?

Describe briefly the evidence you will draw on to inform this EIA.

EAP annual report (confidential). The report shows how often the service has been used and what the main reasons for use were.

Engagement and consultation (see note 5)

Thinking about people inside the council, partners and the wider community use the table below to outline any previous engagement or consultation which is relevant to this policy/activity.

| Protected groups | Engagement and consultation |
|--|-----------------------------|
| Race | |
| Disability | |
| Carers (for elderly, disabled or minors) | |
| Gender or gender identify/gender reassignment | |
| Pregnancy and maternity (including breastfeeding) | |
| Sexual orientation | |
| Age (include children, young people, midlife and older people) | |
| Religion, faith and belief | |
| Marriage or civil partnership | |

| | |
|--|--|
| | |
| Human rights | |
| Socio- economic disadvantage (low income, deprived area, rural or remote area) | |
| Inequalities of outcome (poorer outcomes for certain people or communities) | |
| Staff | |
| Partners/contractors | |
| Other | |

Procurement and partnerships (see note 6)

Is this policy/activity currently or anticipated to be carried out wholly or partly by contractors or other partners? Are they aware of their obligations to address equalities?

Briefly explain:

External contractor. Timefortalking

Evidence gaps (see note 7)

Are there any significant gaps in the known evidence base, engagement or procurement that would prevent this EIA being completed? If so, you will need to address the gaps before finalising this EIA. Please go to Appendix 1 to assist you in developing a work plan to address the gaps.

It is unsure to what extent each contact represents different members of staff or if there have been multiple contacts by one or more individuals.

There is limited information about how successful the service is. Information is confidential and cannot be linked to specific individuals. There is some limited feedback from those who have used the service and this is mainly positive.

Who is affected and what is the impact? (see note 8)

From this evidence or engagement you have already, list how this policy/activity might impact equality and/or the elimination of discrimination for each of the equality groups.

| Protected Groups | Positive | Negative |
|--|----------|----------|
| Race | | |
| Disability | | ✓ |
| Carers (for elderly, disabled or minors) | | ✓ |
| Gender or gender identify/gender reassignment | | ✓ |
| Pregnancy and maternity (including breastfeeding) | | |
| Sexual orientation | | |
| Age (include children, young people, midlife and older people) | | ✓ |
| Religion, faith and belief | | |
| Marriage or civil partnership | | |
| Human rights | | |
| Socio- economic disadvantage (low income, deprived area, rural or remote area) | | ✓ |
| Inequalities of outcome (poorer outcomes for certain people or communities) | | |
| Whole population (universal service) | | |
| Staff | | ✓ |
| Partners/contractors | | |
| Other | | |

Summary of impacts (see note 9)

Summarise the impacts of the policy/activity and resulting activities affect different communities and groups.

Does it create positive impacts? Yes/No

Please explain

The proposals will mean that staff will be signposted to local and national service provider(s).

Does it create negative disadvantage or inequalities? Yes/No

Please explain

Possible impacts on the following

- Mental health, health, middle age, carers, low income, job losses will increase stress within the workforce. This may impact on particular staff groups who feel less empowered. Also high number of staff already suffers with stress as note in sick leave figures.
- The service is predominantly used by female workers, and staff from Education and Social Care
- The service is also provided to (and to a small extent used by) foster carers and members of staff's families.
- The reasons for using the service are predominantly to do with stress, anxiety and depression.

If you have indicated there is a negative impact on any group, is that impact (see note 8):

Legal? Yes/No

Please explain

A booklet has been compiled signposting people to alternative provision.

Intended? Yes/No

Please explain

As above

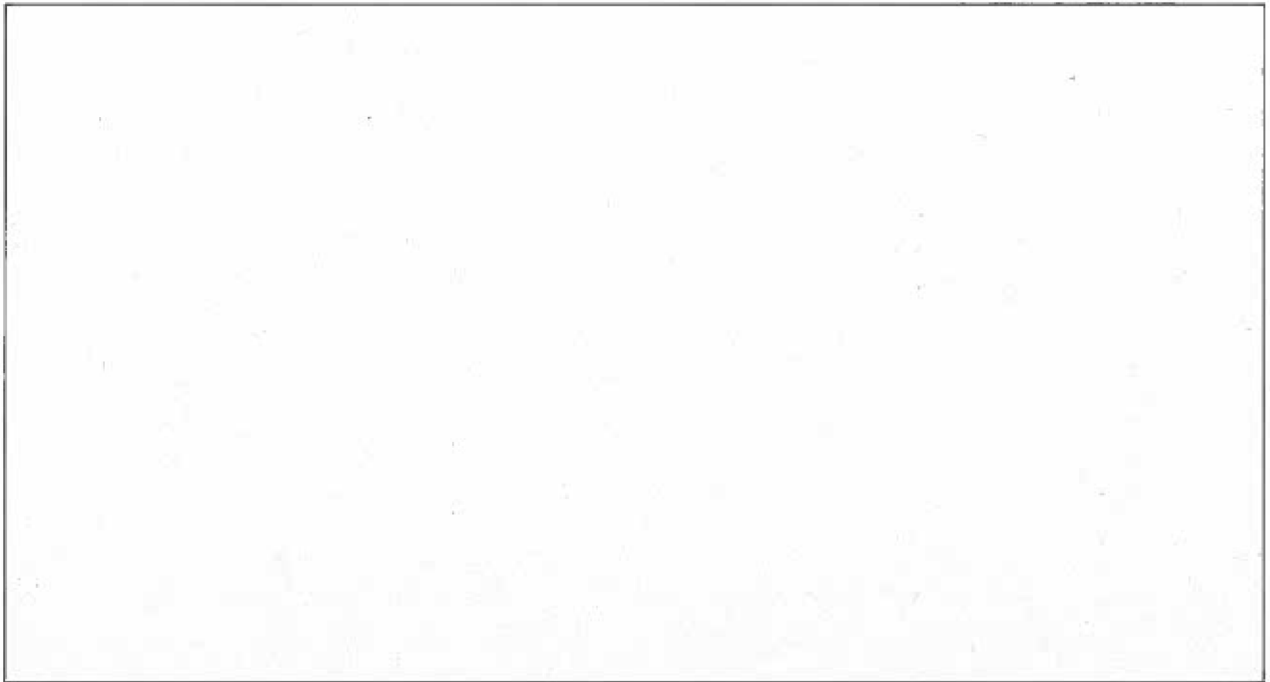
Mitigating action (see note 10)

Can the impact of the proposed policy/activity be mitigated? Yes/No

Please explain

HR have compiled a booklet signposting people to alternative provision.

What practical actions do you recommend to reduce, justify or remove any adverse/negative impact? If more than one action, please list them in the action plan in appendix 2.



Justification (see note 11)

From the evidence you have and the impacts identified, what are the key risks (the harm or 'adverse impacts') and opportunities (benefits and opportunities to promote equality) this policy/practice/activity might present?

There will no longer be a one-stop shop for this service, but employees will be signposted to alternative provision.

Keeping in mind the proportionality of any action proposed to mitigate the impact, describe the scale and likelihood of these risks.

The scale of the impact is relatively small and difficult to quantify without the risk of identifying individual users of the service.

If nothing can be done to reduce the negative impact(s) but the proposed policy/activity must go ahead, what justification is there to continue with the change?

NA

SECTION 3 CONCLUDING THE EIA

Concluding the EIA (see note 12)

Summarise your findings and give an overview of whether the policy will meet the council's responsibilities in relation to equality and human rights referring to the four possible outcomes.

Some impacts have been identified but adjustments have been made to remove the barriers.

Decision

Set out the rationale for deciding whether or not to proceed to full impact assessment

Date of Decision: 19/01/2018

Sign off and authorisation:

| | |
|--|-----------------------------|
| Service | |
| Department | |
| Policy/activity subject to EIA | |
| We have completed the equality impact assessment for this policy/activity. | Name: Position: Date: |

Authorisation by head of service or director.

Name: Frances Garrow

Position: Acting Head of HCT (Joint)

Date: 10-09-18

Please return this form to the Equal Opportunities Officer, Chief Executive's Office.

Appendix 1: evidence gaps

Evidence gaps *(see note 13)*

Have you got a 'baseline' position and understanding of the service users and their views? If not what would be needed to complete that baseline? How do you plan to obtain that evidence?

Engagement and consultation *(see note 14)*

Do you need to further engagement with your stakeholders before the policy/activity can be considered? If so, what is needed and how do you plan to undertake the engagement?

NA

Procurement and partnerships *(see note 15)*

Have you done any work to include equality and human rights considerations into the contracts already? If not, consider steps you can take to build into all stages of the procurement process the requirement to consider the general equality duties and equality more broadly.

NA

Additional research

Do you need any additional research or data to fill any gaps in your understanding of the potential or known effects of the policy? Have you considered commissioning new data or research?

NA

Appendix 2: mitigating action – action plan

Action plan *(see note 16)*

| |
|--|
| Describe the actions/measures you will put in place to reduce these negative impact(s). |
| Action/measure: 1 |
| Compile an overview of available alternative services locally or nationally |
| Describe how this action/measure will reduce impact. |
| Provide an alternative through signposting employees to national and local provision. |
| State whether this action/measure will completely or partially reduce impact. |
| Completely. |
| Describe how you will know whether this action/measure has had the desired effect i.e. how will you be able to demonstrate that the negative impact(s) has been reduced? |
| Not possible |
| When will the impact of this action/measure be reviewed? |
| Who will be responsible for this action/measure? |
| Action/measure: 2 |
| Describe how this action/measure will reduce impact. |
| State whether this action/measure will completely or partially reduce impact. |
| Describe how this action/measure will reduce impact. |
| Describe how you will know whether this action/measure has had the desired effect. |

| |
|--|
| |
| Who will be responsible for this action/measure? |
| |
| When will the impact of this action/measure be reviewed? |
| |
| Action/measure: 3 |
| |
| Describe how this action/measure will reduce impact. |
| |
| State whether this action/measure will completely or partially reduce impact. |
| |
| Describe how this action/measure will reduce impact. |
| |
| Describe how you will know whether this action/measure has had the desired effect. |
| |
| Who will be responsible for this action/measure? |
| |
| When will the impact of this action/measure be reviewed? |
| |

APPENDIX 3

| | 2019/20 £000s | 2020/21 £000s | 2021/22 £000s |
|--|------------------|------------------|------------------|
| Revenue Expenditure | | | |
| Service allocations (assuming prior year savings are achieved) | 201,476 | 205,438 | 206,501 |
| Adjustments to brought forward figure: | (273) | (544) | (900) |
| Opening budget | 201,203 | 204,894 | 205,601 |
| Pay and price increases | 4,900 | 5,000 | 4,000 |
| Increase in Loan Charges | (1,021) | 1,731 | 1,563 |
| New Burdens | 5,216 | | |
| Budget pressures: | | | |
| Approved or noted for future years when budget set | 4,496 | 2,470 | 1,490 |
| Approved since budget set | 272 | 47 | |
| Emerging | 45 | | 600 |
| Investment in Change | 2,000 | 1,500 | 400 |
| Funded by Capital Receipts | (1,500) | (600) | (400) |
| | 215,611 | 215,042 | 213,654 |
| Revenue Income | | | |
| General Revenue Grant / NDRI | 153,129 | 158,005 | 157,715 |
| New burdens funding not included in grant above | 5,216 | | 0 |
| Funding for changes to Teachers Pensions not included in grant above | 1,025 | 1,682 | 1,682 |
| Council Tax | 43,356 | 44,914 | 46,528 |
| Release from Repairs and Renewals Reserve | 704 | | |
| Funding from Reserves: | | | |
| Amount From Reserves Required to balance budget | 1,390 | 1,000 | |
| Other one-off funding from reserves | 118 | | |
| Investment in Change | 500 | 900 | |
| | 205,438 | 206,501 | 205,928 |
| SAVINGS REQUIRED | 10,172 | 8,541 | 7,728 |

Savings Summary

| | | | |
|--|--------|-------|-------|
| Savings Approved | 9,774 | | |
| Part year effect of decisions made for implementation in prior years | | 1,155 | |
| Savings commencing in year | | 742 | 306 |
| Reversal of one off prior year savings | | (57) | 74 |
| Temporary savings | 149 | | |
| Other savings proposed | | 75 | |
| Indicative savings from I&M Programme | 250 | 450 | |
| Savings to be identified | | 6,176 | 7,348 |
| | 10,172 | 8,541 | 7,728 |
| Estimated Free Balance on General Reserves | 8,268 | 6,368 | 6,368 |



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: MEDIUM TO LONG TERM FINANCIAL STRATEGY

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To ask Council to consider a draft financial strategy to facilitate medium to long term financial planning.
- 1.2 This report is submitted to Committee in terms of Section III (A) 2 of the Council's Scheme of Administration relating to long term financial plans.

2. RECOMMENDATION

- 2.1 **It is recommended that Council approves for consideration and review the draft Medium to Long Term Financial Strategy at APPENDIX 1 to this report with a view to this being finalised in January as a partner piece to the Corporate Plan.**

3. BACKGROUND

- 3.1 The Council's Corporate Plan 2019-2024 was approved in draft by Council on 2 October 2019 (paragraph 9 of the Minute refers). Previous Corporate Plans have incorporated a section on Financial Strategy but the report on 2 October indicated that a separate Financial Strategy was being prepared, to allow a more detailed consideration of the factors impacting on financial planning. The Corporate Plan provides direction and focus for financial planning through clarification of corporate priorities, and the Financial Strategy sets out how the Council will realign its finances to fit with those priorities. Community engagement on the draft Corporate Plan is launched on 26 November 2019 with two key outcomes: that Community priorities are understood and to gather thoughts on a new model for council services of the future.

- 3.2 The Financial Strategy looks at the context in which the Council is planning for the future and identifies the principal cost drivers for the Council's services and looks at the impact of these under a number of different scenarios - essentially taking a range of options for these cost drivers from a more optimistic to a more pessimistic point on a scale. This enables an assessment of the possible financial position of the Council over the next ten years
- 3.3 The Strategy also sets out the main vehicles which the Council will use to make strategic shifts in expenditure, in order to achieve financial sustainability, with development of the Improvement and Modernisation Programme which was approved by Council on 12 December 2018 (paragraph 12 of the Minute refers) being the current principal focus of activity.
- 3.4 The Strategy identifies how performance under the Strategy will be measured and proposed some indicators which will be used as indicative of the financial health of the Council and its progress to sustainability.
- 3.5 Given the relationship between the Corporate Plan and Financial Strategy, the latter should not be finalised until engagement on the former has been concluded. This will also provide a period during which the approach proposed can be discussed further with members and CMT/SMT. To facilitate these discussions, a workshop with members is proposed early in the New Year.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Financial Strategy is a companion document to the Corporate Plan

(b) Policy and Legal

There are no direct policy and legal implications arising from this report.

(c) Financial implications

There are no financial implications arising directly from this report. The Financial Strategy sets out the financial parameters within which the Council's financial planning activity is expected to take place over the next ten years.

(d) Risk Implications

Although the Strategy looks at the long term, the farther off the financial projections are the greater risk of inaccuracy. Over the ten year period there will be many influences on the Council's services which are at present unknown.

(e) Staffing Implications

No staffing implications arise directly from this report.

(f) Property

No property implications arise directly from this report.

(g) Equalities/Socio Economic Impact

There are no equalities issues or impact on the socio-economic duty arising from this report.

(h) Consultations

This report has been prepared in consultation with CMT and further consultation will be undertaken with members and SMT, with content further reviewed in light of the final Corporate Plan 2019-2023.

5. CONCLUSION

- 5.1 The Draft Financial Strategy provides a detailed consideration of the factors which will impact on financial planning over the medium to long term and sets out how it is proposed the Council will realign its finances to achieve financial sustainability.**

Author of Report: Lorraine Paisey, Chief Financial Officer

Background Papers:

Ref:

APPENDIX 1

MORAY COUNCIL

MEDIUM TO LONG TERM FINANCIAL STRATEGY

2021/22 – 2029/30

DRAFT

NOVEMBER 2019

CONTENTS

- 1 Introduction**
- 2 Economic, social and environmental context**
- 3 Cost drivers and planning assumptions**
- 4 The budget gap**
- 5 Thematic approach to planning and transformation**
- 6 Performance monitoring and indicators**
- 7 Conclusion**

1 INTRODUCTION

1.1 A medium to long term financial strategy is essential to ensure that the challenges the Council faces in terms of managing its budgets are addressed in the most effective way. The intended outcome of the financial strategy is a sustainable financial plan, with planned revenue expenditure met by budgeted revenue income, with use of reserves to balance the budget kept to a minimum and targeted towards transformation of council services. The outcome of the strategy will be monitored through a range of measures including scrutiny of in year net expenditure through the council's established programme of budget monitoring; tracking progress of the Improvement and Modernisation Programme and reporting on Benefits Realisation of transformation projects, and by keeping the balance of expenditure across services under review, to ensure that the strategic direction of spend is maintained over the medium term. Health check Performance Indicators are detailed in Section 6 of this Strategy.

1.2 The Financial Strategy is a companion document to the (draft) Corporate Plan and sets out how the Council aims to fund achievement of the priorities expressed in the Corporate Plan and the Local Outcome Improvement Plan (LOIP).

{Insert table providing overview of these priorities}

1.3 The financial strategy will:

- Highlight the key cost drivers and drivers of change for the Council's service delivery
- Outline the Council's high level financial position over the years 2020/21 to 2029/30, based on a range of assumptions across different scenarios
- Facilitate planning ahead to enable the impact of change to be managed more proactively and effectively
- Plan for a sustainable revenue budget and capital investment programme which will support the Council's priorities and address the key issues for Moray
- Assist in increasing the people of Moray's understanding of the Council's financial position and the challenges facing it over the next ten years.

1.4 The strategy covers the period 2020/21 to 2022/23 in detail and provides very high level estimates for 2023 to 2030. Following the UK Government Spending Review in 2018, which announced that a three year forecast would be produced in 2019, the Cabinet Secretary for Finance, Economy and Fair Work announced that he would follow suit. As the UK Government Spending Round on 4 September was for 2020/21 only it is unlikely that the Scottish Government will announce figures for the longer term. Consequently there is considerable uncertainty about the council's budget position even in the early years of the strategy.

1.5 The key challenge for the strategy is identifying the approach which the Council must take to achieve a sustainable financial position, with balanced budgets in future years. It is unclear what the future holds for local government finance in Scotland, but it is clear that the Council cannot continue to do all that it currently does in the same ways as it traditionally has. To that extent the financial strategy is dependent

on a programme of business transformation; service prioritisation and redesign, and reduction in service delivery. Underpinning this is a direction of travel which looks to target resources at greatest need and to shift away from a universal provision of services.

- 1.6 The Community Empowerment agenda is also central to the programme of transformation, with an expectation that local communities will take the lead in some areas in which traditionally the council has led. The Council has been committed to Community Asset Transfer (CAT) for many years and in 2018 successfully promoted CAT of town halls and some community centres as part of its budget setting process for 2018/19, a process in which the public were consulted through a variety of channels to establish community priorities for service delivery. The Council is currently developing its Participatory Budgeting (PB) Charter and process, in conjunction with community groups. The strategy recognises the need for the Council to invest further in this process if it is to achieve its aims.
- 1.7 The strategy must also allow for investment in the Council's asset base, appropriately directed towards meeting national and local priorities in a planned fashion, in accordance with the Local Development Plan, Asset Management Plans and associated infrastructure planning. Although the Council has a clear need to reduce its asset base, continued economic development in Moray requires appropriate infrastructure and facilities and so overall a reshaping and repositioning of the asset base is required and this must be accommodated within the capital plan.
- 1.8 The strategy will be reviewed annually as part of the Council's financial planning process, with regular updates of the medium term position reported to the Corporate Management Team on a monthly basis and to the Policy and Resources Committee on a quarterly basis.
- 1.9 Moray Council is not alone in facing significant financial challenges. The approach towards savings and service transformation which the Council is advocating is one which can be seen across Scottish local authorities. One of the tools used in developing the Strategy has been horizon scanning / peer review, to ensure that ideas for change developed in other local authority areas are considered for use in Moray, where appropriate.
- 1.10 The inclusion of information in the Strategy does not imply approval. All financial estimates are subject to approval by Council as part of the budget setting process.
- 1.11 The scope of this Financial Strategy is the Council's General Fund. The Council's Housing Revenue Account (HRA) is ring-fenced, according to statutory requirements, and consequently financial planning for the HRA is a separate exercise from financial planning for the Council's other services and is managed through a series of strategies developed solely for this service area such as the Strategic Housing Investment Plan.

2 ECONOMIC, SOCIAL AND ENVIRONMENTAL CONTEXT

2.1 The national context

Global Economy

- 2.1.1 The global economy has been slowing, with a downturn in the United States, Eurozone and UK economies. Forward-looking economic indicators strongly suggest a weaker outlook for economic growth. In the UK, uncertainty over Brexit is a key factor, but the Eurozone is also showing signs of economic downturn, particularly in German manufacturing, and the US and China trade position has wide ramifications. This is reflected in the fall in bond prices, with US treasuries and UK gilts generally on a downward trajectory and German bunds at a negative yield.
- 2.1.2 The value of bonds directly impacts on the Council's financial position, as Public Works Loans Board (PWLb) loan interest rates are linked to the yield on Treasury gilts.

Scottish Dimension

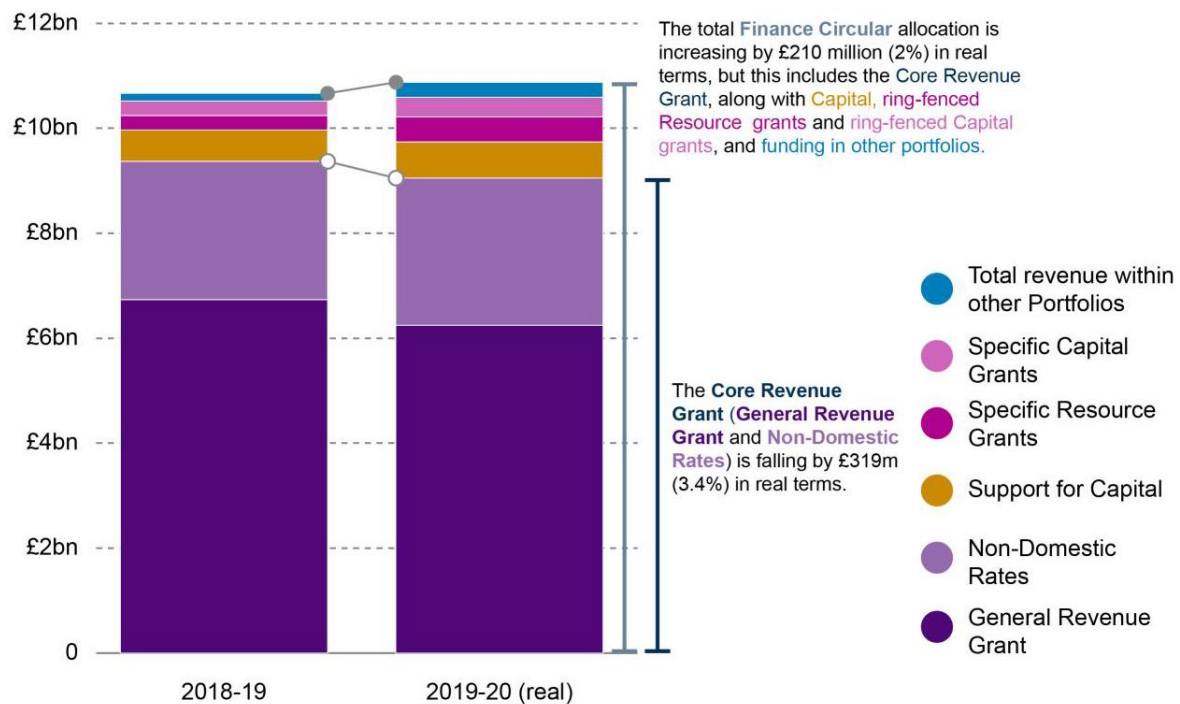
- 2.1.3 The economy also has an indirect impact on the Council, as a downturn in the Scottish economy will reduce the Scottish tax take and with this the level of funding which Scottish Government has available. The first estimate of Scottish tax take was higher than actually achieved. The assumptions used to estimate the Scottish tax take have been refined and future estimates are expected to be more accurate but clearly this is not an exact science.

Brexit

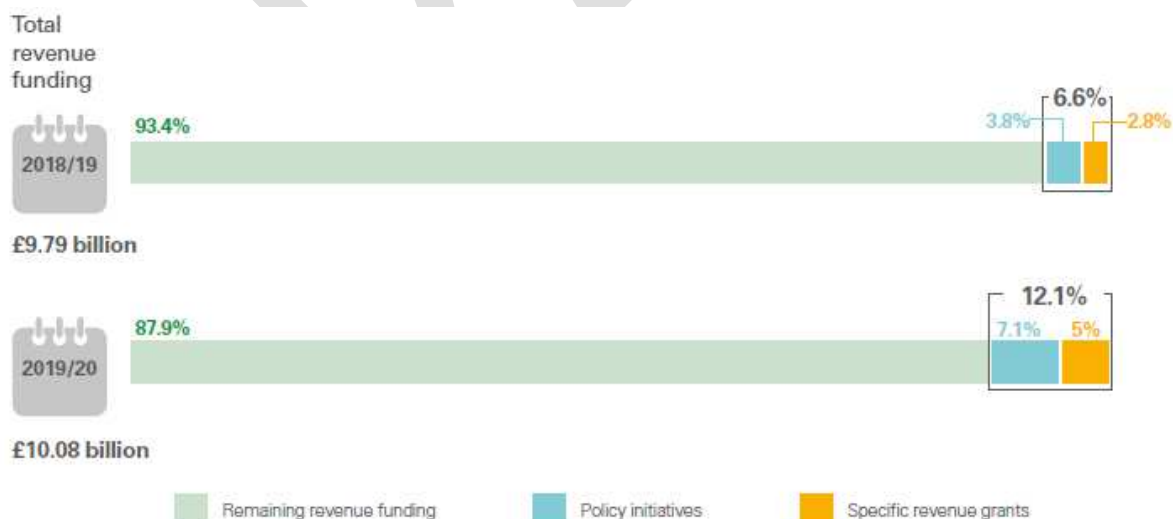
- 2.1.4 Further uncertainty for both UK and Scottish economies arises from Brexit, with timing and conditions of Brexit – and indeed whether Brexit will happen – still undecided, and the ramifications for business and for the amount and pattern of central government spend unclear.

Scottish Government Policy Control

- 2.1.5 Scottish Government's medium term financial strategy, published in autumn 2018, indicates a reduction in core local government funding as a result of protecting NHS and Police Scotland funding and increased ring-fencing for Scottish Government initiatives.
- 2.1.6 The impact of increased ring-fenced funding was presented by SPICe in their report Local Government Facts and Figures 2013/14 to 2019/20



2.1.7 COSLA in their response to the Local Government and Communities Committee pre-budget scrutiny also drew attention to areas where Scottish Government priorities are not funded through ring-fenced funding but where there are still explicit constraints on local government and / or funding is tied to new duties. Audit Scotland captured the impact of new duties on local government in 2019/20 in the following diagram:



Source: Audit Scotland, Local Government finance circular 2/2019, Scottish Budget 2019/20

- 2.1.8 The diagram does not include other protected budget areas such as the Scottish Welfare Fund and teaching staff posts. COSLA estimate that 61% of local government expenditure is protected by Scottish Government or committed under PPP funded initiatives or as a result of borrowing to fund capital expenditure in prior years.

Insert pie chart showing Moray situation for 2019/20.

Other Impacts

- 2.1.9 There are other decisions made at a national level which directly or indirectly impact on the Council's costs. Pay awards are a key area where the Council has no control over the awards negotiated for Council staff. The Living Wage is also set centrally. The UK Government sets the discount rate used in calculating the liabilities of unfunded pension schemes – for the Council that means the cost of teachers' pensions.

New Fiscal Powers

- 2.1.10 Scottish Government is introducing measures which allow an element of local discretion in raising revenue (Workplace Parking Levy, Transient Visitor Levy). The extent of these new powers and how they will work has yet to be set out in detail. A further addition to local funding is the devolution of income from the Crown Estate. The first tranche of income has been announced. It has been ring-fenced by Scottish Government for use in coastal communities. The Workplace Parking Levy may be ring-fenced for transport projects, and there has been discussion of the Transient Visitor Levy being ring-fenced for expenditure related to tourists. The extent to which these additional measures will assist in meeting the shortfall in core funding is therefore unclear at present, although it is likely that some of this income could be used to offset some elements of core spending. Non Domestic Rates (NDR) empty property relief may also be devolved to local authorities.

Environmental Issues

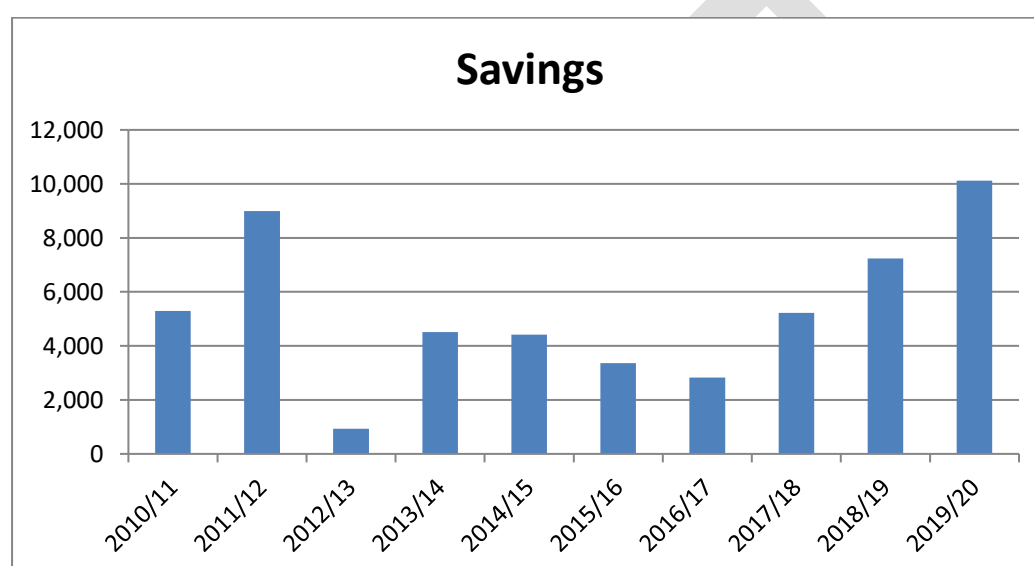
- 2.1.11 Matters of national concern such as climate change and carbon emissions are echoed at a local level. The response to such issues will vary in the local context and can be influenced by local decisions and priorities, although these are areas where central policy – such as the ban on landfill and commitment for Scotland to become carbon neutral by 2032 - will also dictate action at a local level. Funding to support the Scottish Government's climate change objectives is not yet clear.

2.2 The local context

2.2.1 Background

The Council has been making savings year-on-year since 2010/11. To date these have largely been based on service efficiencies and service reductions with savings growing for the past 3 years and particularly significant savings taken in 2019/20. As the Improvement and Modernisation Programme continues to develop, the focus will shift to transformational change. Until those savings start to be generated at scale however, there are challenges in developing further savings from efficiencies. As a result, service reduction will inevitably require to form a major strand of the Council's approach to balancing its budget in the short term to medium term.

(savings are shown in £000s):



2.2.2 Demographics

Moray's population has grown over the past 10 years and is forecast to grow by 4.4% over the period 2016 to 2026. This contrasts with an average projected population growth for Scotland as a whole of 3.2%. Moray also has an above the Scottish average projected change in the number of households over the period 2016 to 2041. Moray's population is aging, with life expectancy and healthy life expectancy for both men and women above the Scottish average. However, primary and secondary schools rolls are projected to increase, in numbers and also as a percentage of the projected total of all Scottish school rolls. This will impact on demand for services and also on grant support from Scottish Government under the present method of allocating general revenue grant.

2.2.3 Economy

Moray is a low wage economy. The features of the local economy have been well documented by the Moray Economic Partnership and are set out in detail in Moray Economic Strategy. A key strand in current planning for economic development is the Moray Growth Deal. Following agreement on Heads of Terms expected in 2020, detailed modelling will be required to reflect the Moray Growth Deal in the Council's budget processes and plans.

2.2.4 Infrastructure

Moray's population is concentrated in Elgin, with four major satellite towns and large areas of dispersed rural communities. This influences how services are delivered and underpins the need for investment in roads infrastructure for connectivity and also to facilitate the movement of goods for export, which forms a significant part of the Moray economy.

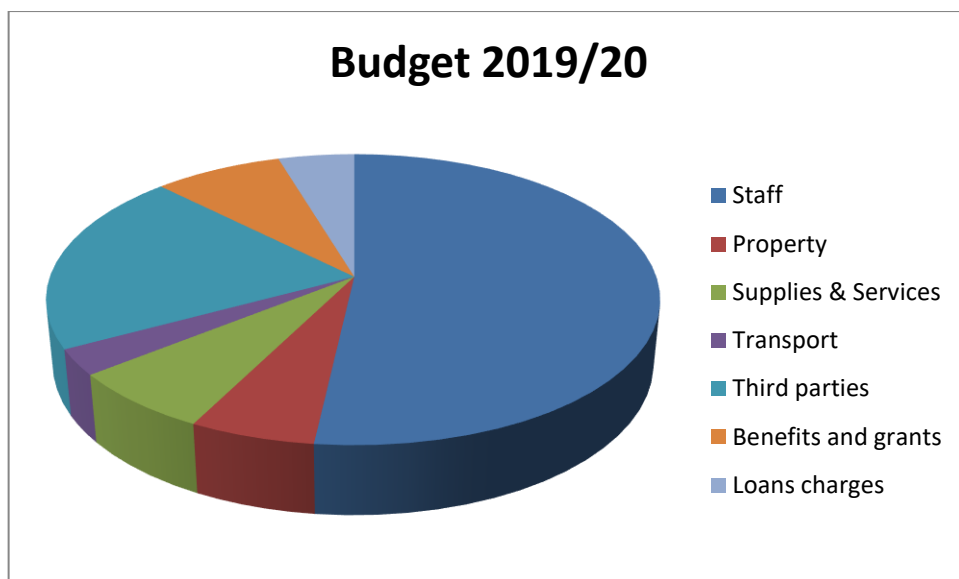
2.2.5 Learning Estate

The condition of the schools in Moray is the worst in Scotland. There has been recent investment in two new secondary schools in Elgin and a new primary school in Keith. A new secondary school in Lossiemouth is under construction. Four primary schools – in Elgin, Lossiemouth and Buckie – were significantly refurbished. Despite this the overall condition of the school estate is poor. The improvement of the school estate as part of the agenda to improve educational attainment is one of the Council's key priorities.

3 COST DRIVERS AND PLANNING ASSUMPTIONS

Cost Drivers

- 3.1 The Council's budget of £280 million gross revenue expenditure for 2019/20 includes £145 million for staff. Pay awards and pension costs are key cost drivers for the Council. Pay awards agreed in the course of 2018/19 were multi-annual, covering the period 2018 to 2021.



- 3.2 A significant proportion of the Council's services are out-sourced, with 20% of the Council's expenditure being on services delivered by third parties. The procurement process therefore has a strong influence on the costs borne by the Council. Significant savings have been made by procurement (on the purchase of supplies and services as well as on out-sourced services) and the Council has a target of 3% procurement savings on relevant ie local (influenced by the Council) contracts.

Over half of the Council's out-sourced services are social care services. The provision of health and social care is done by NHS Grampian and the Moray Council under the direction of the Moray Integration Joint Board. The Council therefore has no direct control over the strategic delivery of social care services. This continues to present a significant risk for the Council in terms of budget management.

Planning Assumptions

- 3.3 As recommended in CIPFA guidance on the development of medium to long term financial plans, the Council looks at the financial implications of various scenarios, allowing the Council to assess the financial impact of various key drivers of change on cost. The main cost drivers used in constructing outline scenarios for budget setting for the last two years have been staff pay awards, grant support from Scottish Government and level of capital expenditure.
- 3.4 This financial strategy incorporates consideration of these and other key variables which may impact on the Council's financial position going forward.
- 3.5 The rationale behind the Optimistic, Mid-range and Pessimistic assumptions for each cost driver are set out below:

- 3.5.1 Pay awards have been agreed for 2020/21. Thereafter the assumptions used are that pay awards will be linked to actual inflation or to the government's inflation target, currently starting at 2%: optimistic is no real terms increase in pay, mid-range a 0.5% real increase, pessimistic a 1% increase. The optimistic assumption aligns with the low budget assumptions used by the Office of Budgetary Responsibility (OBR) and Scottish Government (as at April 2019). The mid-point aligns with the Scottish Fiscal Commissions prediction for wage inflation in 2020/21 (as a December 2018). The pessimistic case is lower than OBR's high assumption (3.5%) and Scottish Government's upper limit (4%) but has been chosen as it matches the three year pay award agreed for non-teaching staff for 2018-2021.
- 3.5.2 Capital expenditure is based on the current indicative 10 year plan presented to Council on 27 February 2019. This will be adjusted as a result of the work being carried out under the aegis of the Improvement and Modernisation Programme, specifically the review of stores, depots and offices ongoing in terms of the Property Asset Management Appraisal and the review of the Learning Estate. The Council currently has a budget for loan charges of £13.5 million. This is a long term commitment, but over time historic loans will be paid off. New borrowing increases the Council's liability to loan charges – at the current low rates of interest, by about £60,000 per million borrowed. There is a long-lead in time to many capital projects, and the range of assumptions for 2020/21 is consequently fairly narrow, allowing for slippage / savings of 10% (the capital plan for 2018/19 out-turned 9% under the final approved budget) at the optimistic end and, at the pessimistic end, an overspend of 2.2%.
- 3.5.3 Funding from Scottish Government, in the form of General Revenue Grant and Non Domestic Rates (NDR), is projected to be at best the same actual amount each year – generally referred to as “flat cash” - and at worst a cash reduction of 3%. The range of assumptions generated from a variety of sources – OBR, Scottish Government's Five Year Strategy scenarios for non-priority spend – earlier in the year have been overtaken by the UK spending plans for 2020/21 announced on 4 September 2019. This includes £1.1bn Barnett consequentials (of which around half relate to the NHS and which are likely to be passed on in full to NHS Scotland) which may give additional flexibility to Scottish Government.
- 3.5.4 Council Tax assumptions have been separated out into Council Tax percentage increase, growth in Council Tax base and Council Tax collection rate. The previous 3% capped percentage increase has been used as the mid-range. In 2019/20 Scottish Government allowed a real increase of 3% - ie a nominal 3% plus inflation, measured using the Consumer Price Index (CPI). The optimistic case is therefore shown as with 3% plus the UK government's target CPI of 2%. A cap at inflation is shown as the pessimistic case. The level of growth currently projected is based on the projected growth of households in Moray from 2016 to 2014 per the Registrar General's Annual Review of Demographic Trends 2018. This tallies with the level of growth seen in recent year and is used as the mid-case with small percentage variations for the optimistic and pessimistic cases. Likewise the collection rate is set at the current level for the mid-case with small percentage variances for optimistic and pessimistic.

- 3.5.5 Inflation affects a small number of significant contracts – in particular the PPP schools contract – and also covers potential increases in utilities. The cost of utilities and fuel has been volatile over the past year, but the underlying trend is still forecast to increase above general inflation. Consequently the government target for inflation has been used as the optimistic scenario, with relatively modest increase for the mid-point and pessimistic scenarios, reflecting the current low inflation environment.
- 3.5.6 The employers' pension contribution is assessed every three years and is currently due for revision from 1 April 2021. A variety of issues are tending to increase the cost of pensions – in particular recent legal decisions – and the contributions for 2021/22 onwards will be dependent on the actuarial assumptions used when the fund is valued in December 2020. However, the North East Scotland Pension Fund is currently funded at 120% of estimated liabilities and informal suggestions are that a decrease in employers' contribution would not be unlikely. Given the informal suggestion of a decrease on contribution locally, the current contribution rate has been used as the pessimistic scenario, with reductions for mid-point and optimistic.
- 3.6 Ranges of budget assumptions used are set out in the tables below, with current planning assumptions noted:

| Year 1 – 2020/21 | Optimistic | Mid-range | Pessimistic |
|---|---------------------------------|--------------------------|--------------------|
| Pay award (Agreed for 2020/21) | 3% £4.6m | | |
| Capital Expenditure | £48.42m | £53.8m | £55m |
| Loans pool rate | 3.72% | 3.72% | 3.72% |
| Increase in loans charges | £1.63m | £1.73m (as current) | £1.8m |
| General revenue grant / NDR (all scenarios assume increased funding for teacher's pensions) | Flat cash (as current) (£0.32m) | Decrease 1.5% £1.71m | Decrease 3% £4.08m |
| Council Tax increase | 5% (£2.41m) | 3% (£1.28m) as current | 2% (£0.85m) |
| Growth in Council Tax base | 0.7% (£0.05m) | 0.6% (£0.29m) as current | 0.4% (£0.19m) |
| Council Tax collection rate | 98.7% (£0.1m) | 98.5% As current | 98% £0.24m |
| Inflationary pressures | 2% £0.4m (as current) | 2.5% £0.5m | 3% £0.6m |
| Pension contributions (NESPF) (Agreed for 2020/21) Teachers (Agreed for 2020/21) | 19.3% | | |
| Additional budget pressures currently noted, less opening position adjustment | £2.52m | £2.52m | £2.52m |
| Total budget pressure, to be added to budget gap | £6.27m | £8.49m | £12.8m |

| Year 2 – 2021/22 | Optimistic | Mid-range | Pessimistic |
|-----------------------------|------------------------|-------------------------|-----------------------|
| Pay award | 2% £3m (as current) | 2.5% £3.8m | 3% £4.6m |
| Capital Expenditure | £31.28m | £34.76m | £35.52m |
| Loans pool rate | | | |
| Increase in loans charges | £1.4m | £1.56m As current | £1.7m |
| General revenue grant / NDR | Flat Cash £0.29m | Decrease 1.5% £2.08m | Decrease 3% £4.75m |
| Council Tax increase | 5% (£2.27m) | 3% (£1.33m) as current | 2% (£0.90m) |
| Growth in Council Tax base | 0.7% (£0.23m) | 0.6% (£0.3m) as current | 0.4% (£0.19m) |
| Council Tax collection rate | 98.7% (£0.1m) | 98.5% as current | 98% £0.25m |
| Inflationary pressures | 2% £1m (as current) | 2.5% £1.1m | 3% £1.2m |

| Year 2 – 2021/22 | Optimistic | Mid-range | Pessimistic |
|---|-----------------|-------------------|---------------------|
| Pension contribution (NESPF) | 17% (£0.20m) | 18.3% (£0.10m) | 19.3% As current |
| Additional budget pressures currently noted | £2.09m | £2.09m | £2.09m |
| Total budget pressure to be added | £4.97m | £9m | £13.5m |

| Year 3 – 2022/23 | Optimistic | Mid-range | Pessimistic |
|---|------------------------------|--------------------------------|--------------------------|
| Pay award | 2% £3m (as current) | 2.5% £3.8m | 3% £4.6m |
| Capital Expenditure | £32.86m | £36.51m | £37.31m |
| Loans pool rate | | | |
| Increase in loans charges | £0.9m | £1.1m (as current) | £1.2m |
| General revenue grant / NDR | Flat Cash £0.29m | 1.5% Decrease £2.34m | 3% Decrease £4.61m |
| Council Tax increase | 5% (£2.389m) | 3% (£1.376m) as current | 2% (£0.92m) |
| Growth in Council Tax base | 0.7% (£1.01m) | 0.6% (£0.31m) as current | 0.4% (£0.19m) |
| Council Tax collection rate | 98.7% (£0.11m) | 98.5% as current | 98% (£0.25m) |
| Inflationary pressures | 2% £0.8 m (as current) | 2.5% £1.1m | 3% £1.2m |
| Pension contribution (NESPF) | 17% | 18.3% | 19.3% As current |
| Additional budget pressures currently noted | £0.27m | £0.27m | £0.27m |
| Total budget pressure to be added | £2.5m | £6.92m | £10.52m |

| Years 4 - 10 | Optimistic | Mid-range | Pessimistic |
|-----------------------------|----------------------|--------------------|----------------|
| Pay award | 2% | 2.5% | 3% |
| Capital Expenditure | £34.161m | £37.957m | £38.79m |
| Loans pool rate | | | |
| Increase in loans charges | £0.9m | £1.1m (as current) | £1.2m |
| General revenue grant / NDR | Flat Cash £0.290m | 1.5% Decrease | 3% Decrease |
| Council Tax increase | 5% | 3% as current | 2% |
| Growth in Council Tax base | 0.7% | 0.6% as current | 0.4% |
| Council Tax collection rate | 98.7% | 98.5% as current | 98% |
| Inflationary pressures | 2% (as current) | 2.5% | 3% |

| Years 4 - 10 | Optimistic | Mid-range | Pessimistic |
|------------------------------|------------|-----------|---------------------|
| Pension contribution (NesPF) | 17% | 18.3% | 19.3% As current |

- 3.7 The above scenarios do not include consideration of growth in demand for services arising from demographic changes, except where included in budget pressures. Current medium term budget projections include some projections of growth in demand as budget pressures, but further work requires to be done in this area.

Capital

- 3.8 The impact of the Council's capital programme on revenue expenditure is included as a key variable in the assumptions above. The level of capital expenditure is a particularly tricky variable in terms of estimating the impact on revenue spend, as this is influenced by the level of capital grant or other external funding; the current cost of borrowing (which in turn depends on the interest charged on external borrowing and the extent to which the Council can fund capital by internal borrowing ie use of cash reserves); the expected life of the assets created, and the remaining cost of historic debt. The situation is further complicated by the need (Scottish Government requirement) to use a different method to calculate loans charges on new borrowing from 2021/22 onwards.
- 3.9 The Council's ten year Capital Plan is given a light touch review each year, with a thorough review at more infrequent intervals. Following Transformation work based on the Property Asset Management Appraisal and development of the Learning Estate Strategy a thorough review will be required. The Council's policy decision to move away from the Make Do and Mend policy, which has underpinned the capital plan in recent years, also requires such a review to enable appropriate work to be forward planned and commissioned. Work on the review will continue in 2020 as the variables described become clearer.
- 3.10 Expenditure on servicing debt to fund capital over the last five years is shown as a percentage of total net revenue spend in the graph below:

Insert graph, with current projections (based on current capital plan)

- 3.11 The results of the Capital Plan review will be fed back into a revised Financial Strategy. The Council also prepares a Capital Strategy, updated annually, setting out an overview of the council's capital expenditure, capital financing and treasury management activity, its relationship to asset management and the governance arrangements for the Capital Programme.

4. THE BUDGET GAP

- 4.1 As noted in paragraph 2.2.1, the Council has been making year-on-year savings since 2010/11. However, a budget gap still remains, and historically the Council has not managed to fill that gap with savings. The budget gap for the past five years is set out below:

Insert bar chart showing budget gap and how much met from savings / reserves

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- 4.2 The Council currently (2019/20) has a planned budget shortfall of £2 million. That shortfall will roll forward to 2020/21. The variables from the assumptions set out in 3.7 above serve to increase / decrease the budget gap. **The current planning assumption used is shown in the first column – it sits between optimistic and mid-point.**

| 2020/21 current planning assumption | Budget Gap £million | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 | 2028/29 | 2029/30 |
|--|---------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| 9.541 | Optimistic | 8.27 | 4.97 | 2.50 | 2.23 | 2.92 | 1.85 | 1.37 | 1.14 | 0.88 | 0.63 |
| | Mid point | 10.49 | 9.00 | 6.92 | 7.68 | 9.58 | 9.76 | 10.58 | 11.68 | 12.84 | 14.04 |
| | Pessimistic | 14.80 | 13.5 | 10.52 | 12.59 | 15.51 | 16.73 | 18.62 | 20.82 | 23.08 | 23.63 |

- 4.3 The above figures assume that each year's shortfall is met in full by savings. The budget gap is therefore not cumulative, but represents an annual savings target. If savings are not achieved in full in one year, the balance requires to be carried forward into the next year as an additional target to be met.
- 4.4 The Council has limited flexibility to fail to meet savings targets in any one year, as the Council's reserves are close to the minimum which require the be held under the Council's Reserves Policy. The Council must always carry some free reserves – reserves not ear-marked for a particular purpose – in order to be able to cope with unplanned emergency expenditure such as expenditure arising from severe weather. The Council assesses how much free reserve it needs, based on an assessment of the risks to which the Council is exposed.
- 4.5 One risk of particular note to which the Council is now exposed is the Council's liability to bear the cost of a set proportion of any overspend on the MIJB budget. The MIJB has no reserves and is reliant on NHS Grampian and Moray Council for funding. Any overspend is split between NHS Grampian and Moray Council, in proportion to the amount of funding which they pass to MIJB which is currently 61:39 NHS:TMC.

- 4.6 It should be noted that long-term financial planning is indicative and cannot be taken as an accurate prediction of the Council's budgetary requirements.
- 4.7 The steps the Council has taken to meet the budget gap are set out in the next section of this strategy.

5. THEMATIC APPROACH

- 5.1 The Council's need to reform services has been well known for some time, and a thematic approach to the issue has been taken, with the process now embedded in the Council's planning processes. This approach builds upon previous transformation programmes – Designing Better Services (DBS) and Digital Services – and started with a comprehensive categorisation of all Council services as to the scope and type of reform which was considered possible. This programme of review is also supported by Service Planning across the Council, and in particular by Workforce Planning, which is reported on annually to Policy and Resources Committee. The orderly reduction of staff numbers is facilitated by Workforce Planning and the Transform process.
- 5.2 Since 2017 the Council has applied a Reform Matrix to services, to identify potential reforms to service delivery to improve financial sustainability.

Reform Matrix

| | |
|---|---|
| Transformation (Different service) | Centralise / amalgamate in-house; share services; outsource / commission; Arms length External Organisations (ALEOs) / Trusts |
| Redesign of service (efficiency – same service, leaner/ new approach) | Digital services,; redesign jobs; streamline processes; rationalise asset base; simplify governance |
| Redefine services | Stop; reduce; community contribution / provision of services |
| Income generation and commercialisation | Charges, sponsorship, Council Tax, investment portfolio, new services to compete with private sector, sale of assets |

From application of this matrix a range of measures or areas for development were identified and these form the basis of the Improvement and Modernisation Programme (IMP).

- 5.3 Development of the IMP took into account four key factors determining the importance to the Council of transforming service: statutory, reputational and political risk of failure to deliver a service at a particular level; Council priorities; the relative cost of the service / proportion of the Council's budget spent on that service and how well spend is controlled, and any other benchmarking information available and relevant.



5.4 The overall direction for the IMP was approved by Council on 12 December 2018. It currently consists of seven workstreams, which are being developed using the Council's approved project management governance procedures and documentation:

- Asset Management (Property Asset Management Appraisal)
- Customer Service (Digital, redesign)
- Alternative Service Delivery (Museums, Leisure)
- Internal Transformation (Flexible working, Management Structure, Governance)
- Income / commercial (Income maximisation, Sponsorship etc)
- Service Efficiency
- Transforming Education
- Transforming Children's Services

These are being refined and developed as projects develop. The update for 2019/20, to be reviewed annually, is as follows:

5.5 The Property Asset Management Appraisal estimated recurring revenue savings of £200,000 from this project. The first action will be the closure of Auchernack in 2019.

Depots and general office provision are also under review for rationalisation. Backlog maintenance requirements will be reduced and capital receipts generated from the disposal of properties. Further savings are anticipated from a restructure of the delivery of property services.

5.6 Work is ongoing to develop on the customer service and digital projects with a view to continuing to generate savings. Digital working was estimated to deliver savings of £250,000. School administration is being reviewed and potential savings from this have been identified.

5.7 The museums projects is small as it relates to the Falconer Museum only. Savings are included in the target for 2020/21. The Leisure review is potentially a more financially significant project but the scope for savings is still under development at this stage.

- 5.8 The first and second tier management review has been reported, with savings of £0.2 million. There is a cross-over between this review and the review of property services being carried out under the aegis of Asset Management. The related governance review is underway.
- 5.9 A Commercial officer has been appointed to drive forward the income generation and commercialisation agenda and it is considered that there is the prospect of additional income being generated from 2020/21 onwards.
- 5.10 Service efficiencies for cleaning, waste collection and street sweeping have been budgeted for. Service efficiencies from the new HR/Payroll system are anticipated.
- 5.11 Transformation of education and children's services are anticipated to be the areas where significant savings are most likely to be found. Work has commenced on reviewing Additional Support Needs (ASN) and current (early) indications are of savings commencing in 2020/21 and full year effect in 2021/22. Benchmarking of the cost of Looked After Children shows spend per capita in Moray to be above the Scottish average for both residential and community based placements, and a high proportion of Looked After Children in residential settings. As an indication of potential savings from reform in this area, a move towards comparator authority averages for proportion of Looked After Children in community settings could generate annual savings of £3 million.

Funding for Change

- 5.12 The Council has budgeted for significant resource to be spent on IMP / transformation, in recognition of the timescales required for transformation change and the need to free up officer time to send on this. Projected capital receipts of £2.5 million are budgeted to be utilised for service transformation over the three year period for which Scottish Government granted flexibility for the application of capital receipts. In addition to this, the Council has ear-marked £2.7 million reserves for transformation / council priorities and budget to spend a further £0.5 million in 2019/20 and £0.9 million in 2020/21 on investment in change. The total "war chest" for transformation is therefore £6.6 million.
- 5.13 Community Empowerment has been a key part of the Council's transformation agenda and good progress is being made with the transfer of town halls to community groups. Work will continue with our communities looking at areas where community groups could be approached to deliver services which traditionally have been delivered by the Council.
- 5.14 Continued work on the IMP will establish more firmly the level of savings which this Programme can be expected to generate. Whilst this will be the focus of work on financial sustainability in the near future, further work will be developed to complement the IMP and supplement savings which might be generated. Such work is likely to include:
- Further definition of what can be considered to be the core level of service offered by the Council in all areas, which the aim of reducing to the core,

discontinuing or transferring to the community services which are not priorities for the Council or Scottish Government;

- Enforcing specific efficiency targets across the Council – eg absorption of growth in demand, procurement savings targets, energy or carbon efficiency targets
- Constraints on capital expenditure for non-priority services.

5.15 Meanwhile work will continue in other areas which will help to reduce the budget gap including:

- Moray Growth Deal – the deal is expected to bring in excess of £100million of investment to Moray, creating skills, jobs and infrastructure to stimulate the economy
- Consideration of devolved funding streams such as Empty Homes Relief and Transient Visitor Levy
- Shared services and partnership working

6. PERFORMANCE MONITORING AND INDICATORS

6.1 Budget monitoring is an embedded feature of the Council's performance monitoring regime, and transformation projects are reported on to committee and to Transformation Boards. The detail of medium to long term financial planning – by virtue of the scale and amount of numbers - can obscure the impact of decisions and make it difficult to judge what progress is being made. Accordingly, it is proposed that a small suite of performance indicators (PIs) is used as a health check for progress on the financial strategy.

6.2 The Council has been reducing its reliance on the use of reserves to fund core expenditure. It is proposed that this becomes a Financial Strategy PI. The PI proposed is £m reserves required to fund recurring expenditure and also that amount as a %age of recurring expenditure, to be reported on as both budget and actual.

Use of reserves (recurring spend)

| | Budget | | Actual | |
|---------|--------|-------|--------|------|
| | £m | %age | £m | %age |
| 2018/19 | 4.726 | 2.4% | 3.787 | 1.9% |
| 2019/20 | 2.094 | 0.97% | | |

6.3 The Council's Corporate Asset Management plan for 2019/20 includes as an action the development of a PI to measure the proportion of general fund expenditure being used to service debt. Loans repayment and interest as a percentage of total general fund expenditure will be reported and benchmarked against other Scottish local authorities.

6.4 Budget pressures for future years will be highlighted. The percentage of budget pressures against the total planned general fund for each year will be reported and the make-up of the total budget pressure by department analysed.

- 6.5 The percentage of IMP savings which have proceeded to approved mandate against total savings target for each will also be used as a financial Strategy PI.
- 6.6 These PIs will be reported to CMT on a monthly basis and to Policy and Resources Committee or Moray Council when quarterly budget monitoring reports are made and as part of the year end variance report.

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7. CONCLUSION

- 7.1 The financial environment for local Government continues to be extremely challenging with many unknown variables. Whilst this makes it very difficult to forecast ahead, the uncertainty strengthens the need to develop a medium to long term financial strategy to ensure that the Council is aware of potential scenarios and can take decisions with long-term consequences in the context of an awareness of issue which may lie ahead.
- 7.2 The strategy encompasses consideration of the key variables affecting the cost of the Council's services, including the cost of capital expenditure. Work continues to be required to model the impact of changing demand for the Council's services.
- 7.3 The strategy is written in the context of work being carried out to transform the way in which the Council delivers its services. The work requires to continue and will be supplemented by continued review of level of service and opportunities to generate income in order to balance the Council's budget now and in the future, on a sustainable model of service delivery for the people of Moray.



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: TOWN CENTRE FUND CAPITAL GRANT

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To provide Council with an update on the Town Centre Fund Capital Grant and seek approval for the recommendations.
- 1.2 This report is submitted to the Council in terms of Section III A (2) of the Council's Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council :-

- (i) **note the progress of the Town Centre Fund Capital Grant commitments and work in progress;**
- (ii) **agree to providing 100% grant award for Sulva Cottage Elgin to bring it back into use; and**
- (iii) **agree to allocate any funds that become available for footfall counters in the towns of Elgin, Lossiemouth, Forres, Buckie and Keith and any remaining funds to be invested in further Public Realm proposals.**

3. BACKGROUND

- 3.1 The Scottish Government allocated £1,233,000 to Moray for capital expenditure of the local authority and/or to be used to fund third party capital expenditure, either directly or through the provision of grants to third parties (public sector bodies, private/third sector bodies or individuals) to stimulate and support place based economic investments, which encourage town centres with a population of over a 1000 residents to diversify and flourish, creating footfall through local improvements and partnerships. Specifically, this fund will contribute to transformative investments which drive local economic activities and re-purpose town centres to become more diverse, successful and sustainable. An overarching grant condition is that ideally all works will be completed in 2019/20 with some leeway in case of adverse

weather conditions and all final claims to be submitted by no later than September 2020.

- 3.2 Council agreed on 8 May 2019 (para 13 of the minute of refers) to offer the town centres under the theme of Town Centre Living in Elgin, Forres, Buckie, Lossiemouth and Keith a grant scheme to turn empty space into living space for residential and or student accommodation. These grants were originally at a 50% intervention rate and capped at £150,000, however due to unexpectedly high demands were capped under delegated authority at £100,000 or 25% of the eligible costs, whichever is the lesser amount.
- 3.3 For all towns including settlements with a population of 1000 or more, which comprises Lhanbryde, Burghead, Fochabers, Hopeman, Dufftown, Kinloss, Cullen, Aberlour, Rothes, Portknockie, Findochty and Mosstodloch under the theme of Vibrant Local Economies, a shop front improvement and/or small grants scheme has been offered at an intervention rate of 50% with a maximum grant availability of £25,000.
- 3.4 Under the theme of Enterprising Communities and Accessible Public Services a range of public realm investment has been agreed with the priorities of the Council to spend to save, including digital smart systems, which would create a network that can be used independently of mobile signals for small packets of data for footfall, temperature, road traffic, air quality, social care uses and opportunities for businesses.
- 3.5 Under the theme to enhance low carbon accessibility and transport hubs it was agreed to invest in Buckie to create a bus stop bay, which will improve journeys to and from the town centre and in Elgin to transform the bus station into a travel hub with improved access for pedestrians and vehicles, install a PA system, external lighting, replacement of the existing canopy, seating, etc.
- 3.6 Due to the time constraints and any unused monies having to be returned to the Government, it was agreed to award grants based on the merits of the application and the sums remaining for distribution, without any overarching nominal allocation to each eligible town or settlement. The deadline for applications and proposals was 21 June 2019.
- 3.7 A working group was set up to aid the delivery of projects and consisted of Economic Growth and Regeneration team, which administers the funds, Finance, Building Standards and Development Management, Direct Services, Legal and Transport sections. Roadshows throughout May/June 2019 were provided for initial support and guidance for applicants.
- 3.8 The main criteria for assessment of applications was that the proposal was transformational and at the heart of any town centre or settlement; and that the project had clear outputs and outcomes and was achievable in the given time frame. Additionally for residential properties, that the Landlord would act responsibly. Applicants were asked to provide photos before works and after completion. Also all necessary consents such as planning permission, building warrant, etc. have to be in place before any work commences.

- 3.9 16 applications for transforming empty space to living space have been submitted at a total value of over £3.7 million requesting £1.2 million. For shopfront & small grants 40 applications were received at a total value of £1.2 million requesting £437,000. Over 56 Public realm proposals were received requesting well over £1million with 2 transport proposals at £95,000. The working group assessed the proposals and made recommendations as to compliance with the criteria, prioritisation and scale of award. Full details are contained in **APPENDIX I and APPENDIX II.**

SULVA COTTAGE

- 3.10 One proposal which was considered by the working group which would require a 100% grant award rather than the level set out in paragraph 3.2 is a Council Trust property; Sulva Cottage in Elgin requires significant work to bring the property back into a useable state. The property sits at the foot of Ladyhill and is currently vacant; the proposal would bring the property back into use and provide a rental income to the trust sufficient for future maintenance and for the future improvement of the adjacent cottage. Without this funding the property will remain empty and deteriorate.

REMAINING FUNDING

- 3.11 Subject to funding becoming available through variations in cost or non take up of grants, it is proposed that unallocated money be used for footfall counters to utilise the Internet of Things LoRaWAN network discussed in a separate report to this meeting. Footfall counters in Buckie, Keith, Lossiemouth, Elgin and Forres may cost in the region of £15k and would provide permanent and continuous footfall counts in town centres to inform Town Centre performance reports and impacts of events and avoid staff time in manual counts.
- 3.12 It is proposed that any last remaining funds be further used to enhance public realm with prioritisation given to those projects that meet the Town Centre criteria and save Council money.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Town Centre Funds proposals will contribute to achieve the corporate plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. Applications packs with grant conditions were finalised with support and in consultation from Legal.

(c) Financial implications

The total allocation for Moray is £1,233,000 for capital expenditure only. For transforming empty space to living space, if the proposed refurbishment of the Sulva Cottage is approved at 100% grant award,

the total investment on completion will be £1,652,453 consisting of £477,015 grant offer and attracting £1,175,438 match funding. For shopfront improvements the total investment on completion will be £1,241,834 consisting of £353,918 grant offers attracting £887,916 in match funding.

For transport the total cost is £95,000 with the Town Centre Fund allocation of £88,000 and match funding from HITRANS/Stagecoach of £7,000.

For public realm work £316,080 has been committed.

For all schemes, monitoring systems have been set up to assess progress and any potential underspend, to allow re-allocation of funds for further public realm works and footfall counters. The full details of any associated cost for these counters have not been finalised yet and will be subject to funds being available.

(d) Risk Implications

All possible care is taken across departments delivering externally funded projects to mitigate any risks. One of the main risks is the time constraints in which the fund has to be ideally spent by, which is the end of this financial year 2019/20. Final claims have to be submitted by no later than September 2020 providing some leeway for potential adverse weather conditions.

(e) Staffing Implications

The work has to be accommodated within existing staffing resources, as the fund is for capital expenditure only

(f) Property

The fund has enabled work on Council properties, which would not have been possible otherwise under the present financial constraints.

(g) Equalities/Socio Economic Impact

An impact assessment is not required, however all proposals have considered equality implications such as accessibility

(h) Consultations

Consultation has taken place with the Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Head of Legal and Democratic Services, the Equal Opportunities Officer, the Head of Financial Services and Tracey Sutherland, Committee Services Officer have been consulted and comments received have been incorporated into the report.

5. CONCLUSION

5.1 The Town Centre Fund provides much needed opportunity to stimulate and support place based economic investments, which encourages town centres to diversify and flourish.

5.2 If the recommendation are approved, the Town Centre Fund of £1.23 million will have supported a total of 59 projects and on completion created an investment of over £3.2 million, transforming the heart of Moray's communities to become more diverse, successful and sustainable.

Author of Report:

Background Papers: Documents on file in Economic Growth & Regeneration
Section

Ref:

APPENDIX I

Town Centre Capital Fund Applications & Proposals

ES – 16 applications, 8 approved/approved with conditions, 1 withdrawn, 1 proposed, 7 rejected

SF/SG – 43 applications – 35 approved/approved with conditions, 8 rejected

PR - 55 proposals/projects – 13 approved. Remainder to be considered/prioritised if further money becomes available and assessed on a 'spend to save' basis

TR – 2 projects

| PROJECT | APPROVE | APPROVE SUBJECT TO | WAITING LIST | PROPOSED | TOTAL |
|--------------------------------|--------------------|-----------------------|-----------------|-------------------|----------------------|
| EMPTY SPACE TO LIVING SPACE | £81,243.48 | £331,376.67 | £0.00 | £64,395.60 | £477,015.75 |
| SHOP FRONTS & SMALL GRANTS | £144,692.79 | £192,206.26 | £17,019 | | £353,918.05 |
| TRANSPORT | £88,000.00 | £0.00 | £0.00 | | £88,000 |
| PUBLIC REALM | £316,080.00 | £0.00 | £0.00 | | £316,080 |
| TOTAL | £630,016.27 | £523,582.92 | £17,019 | £64,395.60 | £1,235,013.79 |

| TOWN | EMPTY SPACE | SHOP FRONTS & SMALL GRANTS | TRANSPORT | PUBLIC REALM | TOTAL |
|---------------------|--------------------|-------------------------------------|----------------|-----------------|----------------------|
| ELGIN | £290,166.67 | £83,285.38 | £63,000.00 | | £436,452.04 |
| ELGIN - PROPOSED | £64,395.60 | | | | £64,395.60 |
| FORRES | | £9,375.00 | | £71,580.00 | £80,955.00 |
| BUCKIE | £22,453.48 | £128,530.77 | £25,000.00 | £45,000.00 | £220,984.24 |
| LOSSIE | | £58,021.69 | | £10,000.00 | £68,021.69 |
| KEITH | £100,000.00 | £13,300.00 | | | £113,300.00 |
| ABERLOUR | | | | £51,500.00 | £51,500.00 |
| BURGHEAD | | £1,440.00 | | | £1,440.00 |
| CULLEN | | £25,786.00 | | £35,000.00 | £60,786.00 |
| DUFFTOWN | | £2,552.00 | | £50,000.00 | £52,552.00 |
| FINDOCHTY | | £425.00 | | | £425.00 |
| FOCHABERS | | £3,735.00 | | | £3,735.00 |
| HOPEMAN | | £1,926.88 | | | £1,926.88 |
| LHANBRYDE | | | | £5,000.00 | £5,000.00 |
| MOSSTODLOCH | | | | £45,000.00 | £45,000.00 |
| ROTHES | | £25,540.34 | | £3,000.00 | £28,540.34 |
| TOTAL | £477,015.74 | £353,918.05 | £88,000 | £316,080 | £1,235,013.79 |

APPENDIX II

Town Centre Capital Fund - Public Realm

| Town/settlement | Proposals | Approved Cost |
|--------------------|--|---------------|
| Buckie | Ian Johnston Park Buckie - old play equipment past its use by and beyond economical repair. Currently some equipment fenced off for safety reasons with a view to removal. All remaining equipment has timber and plastic seriously deteriorating. This play park is in central Buckie near to Cluny Primary, Lady Cathcart nursery and Buckie High School. No other play areas are nearby so if this is removed and not replaced then children will lose out on an outdoor space which they can go and use and interact with other children. Scottish Government has a current strategy relating to the importance of outdoor play. Outdoor play also helps meets agendas on keeping fit, active and healthy. This project would take minimal officer time as supplier frameworks are already established. Good value for budget could be achieved by going to a quick tender process followed by a community consultation. To supply and install new equipment age range 5 years to 14 years that allows for a structured way of providing active, developmental play. Some equipment can encourage inclusive play and be suitable for less able children (a theme could be related to sport/football as nearby is Buckie Thistle FC , the local swimming pool and several outdoor pitches) and safety surface | £43,000 |
| Buckie | Works for priority signage/panels/works as identified and prioritised by Buckie Community Council, from their list. | £2,000 |
| Mosstodloch | Mosstodloch Playing Field - old play equipment is at end of its life expectancy and beyond economical repair. All equipment has timber and plastic which is seriously deteriorating and will soon be unsafe. This play park is the only public play park in Mosstodloch. No other play areas nearby so if this is removed and not replaced, the children will lose out on an outdoor space which they can go to and use and interact with other children. Scottish Government has a current strategy relating to the importance of outdoor play. Outdoor play also helps meet agendas on keeping fit, active and healthy. This project would take minimal officer time as supplier frameworks are already established. Good value for budget could be achieved by going to a quick tender process followed by a community consultation. To supply and install new equipment age range 5 years to 14 years that allows for a structured way of providing active, developmental play. Some equipment can encourage inclusive play and be suitable for less able children (a theme could be related to village life interacting with the surrounding countryside) and appropriate safety surface | £45,000 |

| | | |
|--------------------|---|------------|
| Forres | Duck pond at Forres - by Mosset Tavern - transform/revamp and clean out duck pond, prune overgrown bushes and trees, dredge water inlet area to increase flow of water. Area is important for biodiversity and this could be enhanced by the addition of water and marginal planting. Footpath upgrades to some sections would allow better and improved access. Also helps meet agendas on keeping fit, active and healthy. Core path FR31 goes alongside the duck pond. Area is popular with locals and visitors and is promoted as one of the Moray Health Walks | £25,000 |
| Lhanbryde | Lhanbryde War Memorial - supply and install hand rail at steps and refurbish gates. Lhanbryde War Memorial is located on St Andrews Road (the main street through the village). The steps leading to the war memorial and old cemetery have no hand rails and concerns have been raised regarding the safety of them for people who may not be steady on their feet. This is more critical at Remembrance Sunday when a large group of people meet at the steps along with the minister to pay their respects and lay wreaths | £5,000 |
| Rothies | Protection and tidy up of war memorial: install chains/permanent wreath holders and containers for crosses inside chained area. (indicative quote from Ken Kennedy_ | £3,000.00 |
| Forres | Market Cross FORRES - repair work as per Forres CARS appraisal | £11,580.00 |
| Dufftown | Tininver Park Pavillion - unused and dilapidated, beyond economic refurbishment, magnet for antisocial behaviour. Community have been looking to have it removed as they have invested in new equipment for the park and the old pavilion detracts from the appearance of the area | £50,000.00 |
| Lossiemouth | Lossie Esplanade – upgrade seating – remove and replace old seating which has metalwork corroding and beyond economical refurbishment with new all plastic seating. New seating would be all plastic (environmentally friendly recycled plastic) with no maintenance and extremely durable for a seaside location. Lossie Esplanade is a busy location for both locals and tourists with numerous shops and cafes/restaurants/bars at the seafront. New seating would greatly improve the aesthetics of the beautiful seafront area overlooking the east beach. | £10,000.00 |

| | | |
|-----------------|--|--------------------|
| Aberlour | Alice Littler Park - car park and roadway - repairs and resurfacing to improve quality of access. The current surface is badly potholed with ponding water due to collapsed drains and gullies. Improved surface would allow better access for all users and help meet agendas on keeping fit, active and healthy in terms of access to Alice Littler Park and to Speyside Way. The car park is a popular meeting point for people participating in using the park outdoor access. Alice Littler Park is popular for events such as Highland Games, fun days, fun fairs and charity walks/ events. | £50,000.00 |
| Forres | Remove obsolete street furniture and redesign areas at Museum Square, Forres High Street. | £35,000.00 |
| Cullen | E-bus shelter that could be part of Cullen E-strategy and could be a focal point for a Cullen Town centre wide Web service. This is basically a bus shelter that makes provision for internet access, charging points and access to local information. This link will take you to an example of such a shelter. https://www.jcdecaux.co.uk/news/state-art-bus-shelters-manchester . | £35,000.00 |
| Aberlour | Street /Signage North Entrance to Village High Street 2 Conval Drive Conval Drive 2 Hill Street Hill Street / Gas Lane 2 Johnnies Lane Johnnies Lane 2 Mid High Street High Street 2 Captain's Brae Captain's Brae 1 Victoria Terrace Victoria Terrace 1 Queens Road Queens Road 2 Elchies Road Elchies Road 2 Pacific Terrace Pacific Terrace 1 South Entrance to Village High Street 2 Die pressed aluminium is £42.50 per sign. | £1,500.00 |
| | Total | £316,080.00 |



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: EUROPEAN STRUCTURAL INVESTMENT FUNDS

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To provide Council with an update on Council led European Structural Investment Funds (ESIF) projects and seek approval for the recommendations.
- 1.2 This report is submitted to Council in terms of Section II (A) (2) of the Council's Scheme of Administration relating to long-term financial plans.

2. RECOMMENDATION

2.1 It is recommended that Council:-

- (i) note the progress for the Employability and Poverty & Social Inclusion projects;
- (ii) homologate the decision to forward fund as set out in paragraph 3.6 of the report;
- (iii) consider refraining from accepting the current offer of grant for the Employability Challenge fund and the Poverty and Social Inclusion Challenge Fund when received until there is further clarity on the implications of the recent changes;
- (iv) delegate authority to the Head of Growth & Development Services in consultation with the Chief Financial Officer and Chair of this committee to agree if and when the Challenge Funds can be opened once there is greater clarity on risk, such agreement only being given if they are satisfied that opening these funds falls within acceptable parameters as informed by the discussion at (iii) above, noting that if this is in doubt a further urgent report will be submitted for consideration; and
- (v) agree that for the Challenge Fund projects any third sector organisation claims can be paid in advance of receiving monies from the Government.

3. **BACKGROUND**

- 3.1 **Employability** – The project aims to move out-of-work people with barriers towards and into work. Participants must have at least two barriers to be eligible and the Scottish Government have supplied a list of 25 defined barriers including: living in a rural area; being ex-armed forces; having mental health issues; being a primary carer of an older person etc.
- 3.2 **Phase I** of the project was approved by this Committee on 19 January 2016 (para 7 of the minute refers) and ran from Feb 2017 to the end March 2019. The project was delivered by two partner organisations. Elgin Youth Café - Development Group who provided work experience and training in their catering facility to out-of-work young people and Social Enterprise Academy who provided training courses to out-of-work people aimed at helping them to find work in the Social Enterprise and Childcare sectors. They provided their own 50% match funding to the projects.
- 3.3 Moray Council oversaw the projects ensuring that they meet with the ESIF criteria. A part time administrator was funded by Moray Council and ESIF. The phase 1 project worked with 49 out of work people, 40 of whom finished their training and received a qualification and 1 has moved onto employment. The project was working with people who have many barriers to employment so they are more likely to be moved closer to work rather than into work.
- 3.4 The original targets were that 84 out-of-work people would be supported with 33 finding work, 67 gaining a qualification and 37 would move onto further education / training. Through the Governments Notification of Change system updates were provided to the Managing Authority of the changes within the outputs and results due to the fact that several large organisations originally anticipated as participating did not proceed as delivery bodies due to lack of match funding and a drop in the unemployment rate. Also the outputs and results were affected by the two delivery organisations as they were supporting those who are furthest removed from the labour market. All these changes outlined above were agreed by the Managing Authority. An update on the performance of phase I of the project was provided to Council on 28 June 2018 (paragraph 15 of the minute refers)
- 3.5 **Interruption of European Social Fund Payments** – The Scottish Government advised all Lead bodies on 24 May 2019 that all payments of claims have been suspended by the European Commission to the Scottish Government due to audit reasons which they hoped to solve by late 2019.
- 3.6 As the interruption of payment relates to Employability Projects Challenge Fund it has affected the 2 delivery bodies from phase I - Elgin Youth Café and Social Enterprise Academy. Although no errors or issues have been raised by the Scottish Government for this project, the last claim paid was for the period to 30 June 2018. In discussion with the Council Leader, the Chief Officer of Finance and Depute Chief Executive (Economy, Environment and Finance) agreed to authorise payments to be made to the third sector delivery agents in advance of claims to the Managing Authority to avoid the third sector

organisations suffering cash flow problems on the view that as Lead Agency the Council was better placed to manage this issue. The total sum paid in this way was £19,390.

- 3.7 It should be noted that all other authorities in Scotland agreed to forward fund in this way to third sector delivery agents following the interruption of payments and this was a clear expectation of the Scottish Government. The reason for it is that the third sector organisations time line between spending money, being able to claim defrayed expenditure and receiving any funds under normal circumstances is a minimum of over 3 to 4 months and with the present system are more likely to be up to a year or more.
- 3.8 The Scottish Government advised Moray Council officers on 5 November 2019 by email that the reason for the Employability phase 1 claims being suspended was that the European Commission has identified an issue with projects which contain multiple cost models. The Employability phase I project contained multiple costs models (staff costs plus 40% model mixed with an actual staff costs model), although this was agreed at the time by the Scottish Government. The outstanding claims come to £23,784. By letter dated 14 November authorities were advised that the “pre-suspension” phase has now moved into the next phase of suspension. The timeline for resolution of the audit issues remains unclear.
- 3.9 **Phase II** of the project was approved by Council on 28 June 2018 (paragraph 15 of the minute refers) and consists of 2 elements, a Moray Council led operation and a Challenge Fund. The project started in July 2019 with an operational end date of 31 March 2023 and financial end date June 2023. For phase II no claims have been submitted yet, as the systems does not allow any further submissions until the last claim has been authorised. The Council led part includes three different elements:
- 3.10 **Moray Training** - beneficiaries will be part of a small training squad who are fully supervised by an experienced training supervisor working on a diverse range of rural skills for the private sector and the Moray Council, including tasks such as pathway construction and maintenance; small bridge repairs and maintenance; repairs for flood damage; fence construction and repairs; installing benches, gates and signs; and stone walls repairs. Beneficiaries will also under take regular job searches and receive support to apply for jobs.

Activity Agreements. This will provide a tailored learning programme for young people aged 15-19 years, who are not ready for full-time learning, training or work and are within stage 1 or 2 of the employability pipeline. The young people referred to the programme will have a range of barriers to progressing with their pathways, this includes additional support needs, care experienced, young offenders and mental health issues.

A large number of organisations from the public, private and third sector are signed up as Activity Agreement providers and there is a wide range of tailored opportunities and accredited qualifications. The learning activities on offer support young people with their personal development and skills for work.

Learning Centre Advisors will provide digital support to job seekers and claimants of Universal Credit. This will be done through 1-1 appointments and group support at Job Clubs. Basic computer skills are also offered and aimed at helping people in their job search. The Learning Centre will offer clients accredited training and support to apply for ITA (Independent Training Account) funding to cover these costs. Accredited courses will include Computer & Online Basics; PC Passport Unit 3: Internet and Email and ECDL.

- 3.11 The proposed annual targets for the Employability Phase II have been set cautiously and are based on experiences. They are as follows:

| | Challenge Fund projects | Activity Agreements | Learning Centres | Moray Training | Total |
|--|-------------------------|---------------------|------------------|----------------|-------|
| No. of participants | 72 | 70 | 150 | 30 | 322 |
| No. entering employment | 26 | 12 | 30 | 15 | 83 |
| No. entering employment/education/training | 28 | 24 | 80 | 5 | 137 |
| No. gaining a qualification | 52 | 20 | 80 | 25 | 177 |

- 3.12 For the Employability Challenge Fund, the Government has confirmed that the revised offer of grant has now been approved and that we will receive the offer of grant for the Moray Employability Challenge Fund shortly.
- 3.13 **Poverty & Social Inclusion** – The project provides free and confidential help and advice to people with money, debt or benefits problems. The ESF rules state that the clients must be from within one of three types of household: workless households; low income households; or single parent households.
- 3.14 **Phase I** of the project was approved by Council on 12 October 2016 (para 8 of the minute refers) and ran from February 2017 to the end March 2019. The project was funded 50% by ESF and 50% by Moray Council. The targets were that 600 people registered with the project, resulting in 540 have improved money management skills and for 240 debt is no longer a barrier to social inclusion.
- 3.15 The project helped 606 eligible clients in Moray. Of those 570 were deemed to have improved money skills after being helped by the project and 275 were deemed to have had their debt barrier removed. The 'debt barrier' removed only included people whose financial situation had improved by at least £1,000 a year after being helped by the project. In total during phase I, the Moray's clients benefitted from £2,934,922. The majority of this money was an increase in clients' benefits after receiving advice and help from the project.
- 3.16 For Poverty & Social Inclusion phase I there are no outstanding claims.

- 3.17 **Phase II** of the project was approved by Council on 28 June 2018 (paragraph 15 of the minute refers) and consists of 2 elements: a Moray Council led operation and a Challenge Fund. The project started in April 2019 with an operational end date of 31 March 2023 and financial end date June 2023. The Council led project will work with participants who have single and multiple debts. Advisers complete a full Financial Statement with the client and discuss budgeting along with maximising income and minimising outgoings. The adviser's role is then to consider and discuss all relevant debt solution options. These range from setting up repayment plans through an informal repayment plan such as the Debt Management Plan or a formal statutory solution, the Debt Arrangement Scheme (DAS), arranging moratoriums (break in payments) or priority payments (such as rent arrears, Council Tax arrears, Mortgage and secured debt arrears) and bankruptcy. DAS and bankruptcy are both statutory solutions covered by legislation and only an approved Money Adviser is able to provide this service and complete applications. The service role is to assist the client to regain control of their finances and where possible remain in their home.
- 3.18 The proposed annual targets for the Poverty and Social Inclusion phase II project have been set cautiously and are based on experiences. They are as follows:

| | Challenge Fund projects | Income Maximisation project | Money Advice Project | Total |
|---|-------------------------|-----------------------------|----------------------|-------|
| Number of clients worked with | 80 | 300 | 140 | 520 |
| No. with "improved financial skills" | 64 | 270 | 80 | 414 |
| No "no longer affected by debt" | 30 | 120 | 50 | 200 |
| No. moving onto jobs/education/training | 8 | 10 | 10 | 28 |

- 3.19 For phase II the 6 months financial claim with progress report on activities will be submitted shortly. The Government has approved the Challenge Fund for the Poverty and Social Inclusion project, which provides an opportunity for third sector organisations to deliver services. However the process for opening this fund hasn't started yet as we were waiting for further guidance from the Government.

IMPACT OF COMPLIANCE CHANGES

- 3.20 The updated guidance for the Challenge Funds have now been issued alongside with a check list and a named officer to verify the processes from an audit perspective before opening the Challenge Funds.
- 3.21 At the end of September 2019, the Government advised that they had revised their Management Control system with the National Rules having undergone some major changes. In terms of Moray's Employability and Poverty & Social Inclusion projects, the most significant change is that any underperformance on targets may incur a fine, if there is not a good reason for it. If only 60% of

the target is reached it will result in a fine of 5%, at 50% a 10% fine and less than 50% a 25% fine. It is not clear if any of the new rules will be applied retrospectively i.e. for phase I of ESIF or only from the point when they were issued and officers are still seeking clarification on these rule changes. Also whilst both projects had any notifications of changes in terms of targets approved and passed audit visits by the Managing Authority, until further clarification is received there remains a risk that the council is exposed to fines which were not anticipated when the programme began as the Employability project significantly underperformed in reaching its targets during phase I.

- 3.22 To mitigate risks, further advice has been sought from the Managing Authority regarding the potential postponement of the Challenge Funds. Their advice is as Moray Council's Phase 2 extensions have already been approved, which included a re-profile of both expenditure and targets; any delay to commence delivery will likely result in our realignment forecasts being breached and may end up with the situation that we will fall behind expected achievement. Any delay of the start of our Challenge Funds will impact on our ability to meet the current expenditure, output and result targets approved for the phase 2 extensions. This should be revised through a change request as it may attract penalties if outputs are not met – in accordance to the National Rules.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The Council led ESIF projects will contribute to achieve the Corporate Plan priority to promote economic development and growth, also the LOIP priority of a growing and sustainable economy and in particular to the focus on targeted approaches to those furthest from the job market.

(b) Policy and Legal

The Council considers support for economic development issues on their merits, against the objective to facilitate sustainable economic growth and the desired outcomes of the Ten Year Plan and Corporate Plan. For any Challenge Fund agreements with outside organisations as delivery agents for either Employability or Poverty & Social Inclusion projects Legal section will be consulted.

(c) Financial implications

For phase I & II of the Employability Project the total grant award in principle is £1,742,174.17 with an operational end date of 31 March 2023 and financial end date June 2023. It consists of £717,172.41 for Council led operation and on cost in phase I at 50% intervention rate & for phase II at 80%. For phase I & II the Challenge Fund is £1,025,001.76 with a letter of grant offer for phase II being received on 1 November 2019.

For phase I and II of the Poverty & Social Inclusion Project the total grant award is £1,455,441 with an operational end date of 31 March 2023 & financial end date June 2023. It consists of £953,406 for operation i.e. for Council staff from Money Advice and Income Maximisation teams

and on cost in phase I at 50% intervention rate & for phase II at 80% intervention rate with a phase II Challenge fund of £502,035.

(d) Risk Implications

All possible care is taken across departments delivering externally funded projects to mitigate any risks and management systems have been evolving to avoid any penalties. Whilst all funding is processed under the guidance of the Managing Authority and both projects have passed any of the audits which the Government has undertaken so far, however from past experience, amongst auditors they can have different opinions and interpretation of rules and regulations which can subsequently present a financial risk to the Council.

For the Employability and Poverty & Social Inclusion projects, services have set their targets cautiously and based on their experiences. Ongoing monitoring will allow adjusting the targets if it's required through the Governments Notification of Change system. As part of the claims, evidence is provided on all aspects of the activities.

As outlined in para 3.21 and 3.22 of this report, with the latest introduction of fines for any underperformance in targets, it potentially presents a high risk to Council, in particular if payments are made in advance to third sector organisations to overcome cash flow problems. The Challenge Funds for phase I and II for Employability is £1,025,001.76 and for Poverty and Social Inclusion £502,035.

The overall total allocation for both projects for operations and Challenge Fund is £3,197,615. Given the current and expected future state of the Council reserves, if we fail to receive the expected grant then it could have a significant impact to Council's finances.

For activities delivered by outside organisations under the Challenge Funds, payments will only be made after all required evidence has been received. In the event that Scottish Government Managing Authority and / or Audit Authority decides to apply any fines to activities by outside organisations, the Council would be entitled to pass any fines onto them, however in the past as a matter of policy the Council has not done so as the impact for third sector bodies would potentially be sufficient to render their future operations unsustainable.

To mitigate any risks for the Challenge Fund, the Managing Authority has offered the support of a named officer to verify any processes, which are planned for these funds. However, the opinion of the named officer as to compliance is not determinative.

The risk environment for these funds is not static and this presents financial challenges for the Council. However, to date the Council has viewed the funding which can be leveraged in and the local benefits provided as more than outweighing this financial risk.

(e) Staffing Implications

No staffing implications arising from this report.

(f) Property

No property implications arising from this report

(g) Equalities/Socio Economic Impact

For the ESIF Employability and Poverty and Social Inclusion projects a named person from the Council is required to be responsible for monitoring equalities. For phase I & II the Equal Opportunities Officer carries out the task. The projects contribute to tackling inequalities in our communities.

(h) Consultations

The Depute Chief Executive (Economy, Environment and Finance), the Head of Economic Growth and Development, the Head of Financial Services, the Legal Services Manager, the Equal Opportunities Officer, Head of Housing and Property and Tracey Sutherland, Committee Services Officer have been consulted and comments received have been incorporated into the report

5. CONCLUSION

5.1 ESIF funding for phase I and II of the Council led Employability and Poverty and Social Inclusion projects has made a significant contribution to support those who are furthest removed from the labour market and help people with money, debt or benefits problems. It has directly contributed to tackling inequalities in our communities.

5.2 However whilst ESIF funding has enabled provision of these services, it does come with a high risk factor as recently experienced with the suspension of claims and significant changes in rules.

| | |
|--------------------|---|
| Author of Report: | Reni Milburn, Economic Growth & Regeneration Manager |
| Background Papers: | Proposals, correspondence and documents on file in Environmental Services, Economic Growth & Regeneration Section |

Ref:



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: INTERNET OF THINGS- SCOTLAND NETWORK

BY: DEPUTE CHIEF EXECUTIVE (ECONOMY, ENVIRONMENT AND FINANCE)

1. REASON FOR REPORT

- 1.1 To inform the Council of a proposal to develop a Longer Range Wide Area Network (LoRaWAN) in Moray.
- 1.2 This report is submitted to Council in terms of Section II (20) of the Council's Scheme of Administration relating to any new matter which does not fall within the terms of reference of any Committee.

2. RECOMMENDATION

- 2.1 **It is recommended that the Council delegates authority to the Head of Economic Growth and Development Services to progress a site sharing agreement to form part of the national Internet of Things network in Moray.**

3. BACKGROUND

- 3.1 In August 2018 the Scottish Government invested £2.8 million to create a national Internet of things in partnership with Boston Networks.
- 3.2 The proposal seeks to establish a national network using LoRaWAN technology placed on Local Authority buildings.
- 3.3 Boston Networks propose to utilise approx. 30 buildings in Moray to provide reasonable coverage in the Moray area.
- 3.4 LoRaWAN technology is used to send small packets of data and can be utilised for a variety of sensor technology such as weather monitoring, building monitoring, footfall counters, Legionella checks, traffic flows and signals, social care and health data.
- 3.5 The use of such technology can improve performance and reduce costs by automating systems.

- 3.6 Boston Network would install small aerials on the chosen buildings to form the network, a site sharing agreement would be entered into setting out the payment for the use of the buildings balanced with discounts associated with use of the network.
- 3.7 The network would be open for any business or individual to use through agreement with Boston Networks, costs for use varies with the number of sensors an individual requires and the data transferred. In many cases the costs will be less than existing systems or using existing 3g and 4g solutions.
- 3.8 A plan showing the anticipated coverage is given in **Appendix 1**.
- 3.9 Future Council uses of the network will be considered on their own merit with appropriate business cases established.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

The provision of suitable networks favours opportunities and for the public and private sector to utilise new technology contributing to economic growth.

(b) Policy and Legal

A site sharing agreement will be established to negate risk and liability for the Council and provide favourable rates for network use.

(c) Financial implications

The energy use for low power networks is very small and is likely to be around £300 per year for 30 aerials, this cost will be covered through the site sharing agreement.

Opportunities arising from using sensor information across the network could provide savings in staff time and operational costs.

(d) Risk Implications

There are no risks associated with this programme.

(e) Staffing Implications

None.

(f) Property

Arrangements for access to buildings to install aerials will be put in place.

(g) Equalities/Socio Economic Impact

The availability of the network will assist in economic development and growth across the region.

(h) Consultations

Depute Chief Executive (Economy, Environment & Finance), the Head of Economic Growth and Development, the Head of Legal and Democratic Services, the Equal Opportunities Officer, the Head of Financial Services and Tracey Sutherland, Committee Services Officer have been consulted and comments received have been incorporated into the report.

5. CONCLUSION

5.1 The proposal offers the opportunity to develop a LoRaWAN network in Moray making it available for public and private sector.

Author of Report: Jim Grant, Head of Economic Growth and Development
Background Papers:
Ref:



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: MORAY INTEGRATION JOINT BOARD

BY: CHIEF OFFICER, MORAY INTEGRATION JOINT BOARD

1. REASON FOR REPORT

- 1.1 To inform the Council of the latest approved minutes of the meetings of the Moray Integration Joint Board.
- 1.2 This report is submitted to Committee in terms of Section II (22) of the Council's Scheme of Administration relating to the Moray Integration Joint Board (MIJB).

2. RECOMMENDATION

- 2.1 **The Council is asked to consider and note the contents of this report.**

3. BACKGROUND

- 3.1 The MIJB was established on 6 February 2016 under the terms of the Public Bodies (Joint Working) (Scotland) Act 2014 with full delegation of functions and resources to enable integration of primary and community health and social care services effective from 1 April 2016. The MIJB is a separate legal organisation and acts as principal in its own right.

The principal ambitions of health and social care integration are to:

- Support the improvement of the quality and consistency of services for patients, carers, service-users and their families.
 - Provide seamless, joined-up quality health and social care services in order to care for people in their homes or a homely setting where it is safe to do so.
 - Ensure resources are used effectively and efficiently to deliver services.
- 3.2 The approved minutes from the MIJB meetings held on 27 June 2019 and 29 August 2019 are attached as **APPENDIX 1 and 2**. These minutes were accepted as accurate records at the meetings on 29 August 2019 and 31 October 2019 respectively. A few key highlights from these meetings are:

27 June 2019

- Agreed the confidential report to the re-provision of services currently delivered at Towerview.

- Noted an update on key priorities, including work on the IJB Strategic Commissioning Plan for 2019 onwards and the Keith and East Locality review.
- Noted a summary of the matters considered and actioned during 2018/19 at the Clinical and Care Governance Committee (CCG Committee) and 2018/19 at the Audit Performance and Risk Committee (APR Committee).
- Agreed the draft review of progress with the integration self-evaluation submission to the Ministerial Strategic Group (MSG) for Health and Community Care and requested an update on the improvement actions identified within the submission to be presented to the Board in November 2019.
- Considered and noted the financial outturn for 2018/19 for the core budgets and the impact this outturn will have on the 2019/20 budget. The Chief Officer (CO) advised that it was her intention to hold quarterly meetings with the Chair, Vice-Chair, Chief Financial Officer (CFO), the Chief Executives of Moray Council and NHS Grampian. They also approved the updated Local Code of Corporate Governance to continuously support the production of the Annual Governance Statement.
- A report by the CFO informed the Board of the Unaudited Annual Accounts for the year ended 31 March 2019. The Board delegated responsibility to the APR Committee for sign off of the Audited Annual Accounts at its meeting on 19 September 2019.
- Considered the proposed framework for the strategic planning, monitoring and performance management of those services delegated to the three Grampian Integration Joint Boards from NHS Grampian for both strategic planning and operational management. It was discussed that formal decision-making would remain with the IJB and production of a schedule of work for the system-wide Senior Leadership Group (SLG) would provide opportunity for the Moray IJB to discuss topics with the Chair and Vice-Chair of the Moray IJB prior to attendance at SLG. The Board agreed to endorse the approach for the monitoring and performance management of delegated services which are hosted by one of the three Grampian IJBs on behalf of the other two IJBs. The North East Partnership should meet 4 times per annum.
- Noted progress to deliver the implementation of the 2018 General Medical Services (GMS) contract and will receive an update on the plan for 2019/20.
- Were informed of the progression of the redesign of Health and Social Care Services in the Forres locality with work required over the next 5 months to provide a detailed report to the Board so an informed decision can be made with regards to the future model for Health and Social Care in Forres.

- Agreed the final version of the Annual Performance Report 2018/19 be presented to the APR Committee on 25 July for final approval prior to publication by 31 July 2019.

29 August 2019

- The CO provided detail on the considerable work ongoing in Moray in response to the publication of the Drug Related Deaths in Scotland figures.
- A report by the CFO updated the Board on the current Revenue Budget reporting position as at 30 June 2019 for the MIJB. The Board noted the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations with the Council and NHS Grampian for the period 1 April to 30 June 2019.
- The Board agreed and implemented changes required to Membership of MIJB and APR Committee. The Board also agreed to issue invitations to Mr Roddy Burns and Professor Amanda Croft to attend future meetings of the MIJB in an Ex-Officio capacity.
- A report by Interim Integrated Services Manager informed the Board of an alternative approach to the provision of overnight care and support for people with a learning disability in Moray. The Board approved the 12 week pilot for an overnight responder service.
- Approved the Draft Strategic Plan 2019-2029 go out to public consultation.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This report forms part of the governance arrangements of MIJB; good governance arrangements will support the Board to fulfil its objectives.

(b) Policy and Legal

There are no policy or legal implications associated with this report.

(c) Financial implications

There are no financial implications associated with this report.

(d) Risk Implications

There are no risk implications associated with this report.

(e) Staffing Implications

There are no staffing implications arising from this report.

(f) Property

There are no property implications arising from this report.

(g) Equalities/Socio Economic Impact

An Equalities Impact Assessment is not required as there is no change to policy and procedures resulting from this report.

(h) Consultations

Consultation on this report has taken place with Corporate Manager, Health and Social Care Moray and Tracey Sutherland, Committee Services Officer, who are in agreement with the content in relation to their area of responsibility.

5. CONCLUSION

5.1 This report provides a summary of the business addressed by the MIJB at their meetings on 27 June 2019 and 29 August 2019.

Author of Report: Isla Whyte, Interim Support Manager, Health and Social
Care Moray
Background Papers: with author
Ref:



MINUTE OF MEETING OF THE INTEGRATION JOINT BOARD

Thursday, 27 June 2019

Inkwell Main, Elgin Youth Café, Francis Place, Elgin, IV30 1LQ

PRESENT

Ms Tracey Abdy, Mr Tony Donaghey, Councillor Tim Eagle, Ms Pam Gowans, Councillor Louise Laing, Ms Jane Mackie, Councillor Shona Morrison, Mr Jonathan Passmore, Mr Sandy Riddell, Councillor Dennis Robertson, Dr Graham Taylor, Mrs Val Thatcher, Dr Lewis Walker
Ms Heidi Tweedie (for Ms Elidh Brown)

APOLOGIES

Mr Ivan Augustus, Ms Elidh Brown, Mr Sean Coady (NHS), Mrs Linda Harper

IN ATTENDANCE

Ms Jeanette Netherwood, Corporate Manager; Ms Maggie Bruce, Audit Scotland; Mr John Campbell, Provider Services Manager; Mr Bruce Woodward, Performance Officer; Ms Lesley Attridge, Service Manager; Mr Adam Coldwells, Chief Officer, Aberdeenshire IJB; Mr Alex Stephen Ms Eilidh MacKechnie, Corporate Communications Officer; and Mrs Caroline Howie, Moray Council as clerk to the Board.

ALSO PRESENT

Councillors Theresa Coull and Sonya Warren

1 Chair of Meeting

The meeting was Chaired by Councillor Shona Morrison.

2 Welcome

The Chair welcomed Councillor Dennis Robertson, Non-Executive Member, NHS Grampian, to his first meeting. She advised Councillor Robertson replaces Mrs Susan Webb.

3 Declaration of Member's Interests

There were no declarations of Members' Interests in respect of any item on the agenda.

Members of the press and public left the meeting at this juncture in order to allow discussion of the confidential item.

4 Towerview Day Service

Under reference to paragraph 14 of the Minute of the meeting dated 30 August 2018 a confidential report by John Campbell, Provider Services Manager, informed the Board of the outcomes from the formal consultation process with staff; and the outcomes from the formal consultation process with service users and families.

Following discussion the Board agreed to the:

- i. re-provision of services currently delivered at Towerview;
- ii. outcomes of the consultation process being delivered through the Change Management Plan implementation; and
- iii. lease of the property being terminated.

The press and public re-entered the meeting following discussion of this item.

5 Minute of Board Meeting dated 28 March 2019

The Minute of the meeting of the Moray Integration Joint Board dated 28 March 2019 was submitted and approved.

6 Action Log of Board Meeting dated 28 March 2019

The Action Log of the meeting of the Moray Integration Joint Board dated 28 March 2019 was discussed and it was noted that all actions due had been completed.

7 Minute of Meeting of Audit, Performance and Risk Committee dated 13 December 2018

The Minute of the meeting of the Moray Integration Joint Board Audit, Performance and Risk Committee dated 13 December 2018 was submitted and noted.

8 Minute of Meeting of Clinical and Care Governance Committee dated 28 February 2019

The Minute of the meeting of the Moray Integration Joint Board Clinical and Care Governance Committee dated 28 February 2019 was submitted and noted.

9 Chief Officers Report

A report by the Chief Officer (CO) provided the Board with an update on key priorities.

The CO advised the Programme Board tasked with exploring opportunities had a range of people in its membership.

She further advised the Keith and East Locality Review may provide an opportunity for a campus approach to health and care for the area; advising Keith was in a good locality for provision of services in Aberdeenshire and Moray.

10 Change of Board Membership

Under reference to paragraph 5 of the Minute of the meeting of the Board dated 28 June 2018 a report by the Chief Officer asked the Board to consider arrangements for a change in Grampian Health Board representation on the Board.

The Chief Officer advised that contrary to information contained in the report it had been decided since writing the report that Mrs Webb would not be in attendance at this meeting as it was not required.

There followed discussion on the appointment of a Chair of the Audit, Performance and Risk Committee and the Chair of the Board advised appointment would be for the next two meetings only as the Chair of the Board was due to change to a NHS Grampian member in October and therefore the position of Committee Chairs would then be taken by Moray Council Members.

Councillor Dennis Robertson advised he was willing to sit as Chair of the Audit, Performance and Risk Committee.

Thereafter the Board agreed to:

- i. note the appointment of Councillor Robertson to the Board; and
- ii. the appointment of Councillor Robertson as Chair of the Audit, Performance and Risk Committee.

11 Clinical and Care Governance Committee Assurance Report

Under reference to paragraph 5 of the Minute of the meeting of the Board dated 28 June 2018 a report by the Chief Officer (CO) informed the Board of the summary of matters considered and actioned during 2018/19 at the Clinical and Care Governance Committee.

Mr Passmore was of the opinion that the Committee was providing a good evaluation of work being undertaken however he thought it should also look at the quality of services as they undergo change and future reports should provide assurance changes are being made in a safe manner.

The CO undertook to take the comment on board and ensure that where change is being undertaken that this was reflected in future reports to the Committee.

Thereafter the Board agreed to:

- i. note the contents of the report; and
- ii. the Chief Officer ensuring future reports to the Clinical and Care Governance Committee include assurance that any change is being undertaken in a safe manner.

12 Audit Performance and Risk Committee

Under reference to paragraph 5 of the Minute of the meeting of the Board dated 28 June 2018 a report by the Chief Officer informed the Board of a summary of matters considered and actioned during 2018/19 at the Audit, Performance and Risk Committee.

Following consideration the Boards agreed to note the:

- i. content of the report;
- ii. External Audit Plan attached as appendix 1 to the report; and
- iii. Strategic Risk Register will be reviewed as part of the preparation of the new Strategic Plan and presented to the Board in October 2019.

13 Review of Progress with Integration of Health and Social Care - Self-Evaluation

A report by the Chief Officer (CO) sought endorsement on the draft review of progress with the integration self-evaluation submission to the Ministerial Strategic Group (MSG) for Health and Community Care.

Discussion took place on the scoring used for the evaluation and clarification was sought on whether those scoring themselves as exemplary would be subject to challenge.

The CO advised that scoring on the self-evaluation was not open to challenge but more that it was about what could be learned and how to strengthen the areas where a lower score was deemed appropriate.

The expectation of the exercise being repeated in 12 months was discussed and the Board were of the opinion that further discussion was required and a workshop should be arranged to facilitate discussion prior to completion of another self-assessment.

Thereafter the Board agreed to:

- i. approve the draft review of progress with integration of Health and Social Care submitted to the MSG on 14 May 2019, and shown in appendix 1 to the report;
- ii. seek an update from the CO on the improvement actions identified within the submission, to be presented to the meeting of the Board on 28 November 2019; and

- iii. a workshop being convened to allow discussion prior to a further self-evaluation in May 2020.

14 Revenue Budget Outturn for 2018-19

A report by the Chief Financial Officer informed the Board of the financial outturn for 2018/19 for the core budgets and the impact this outturn will have on the 2019/20 budget.

During discussion the Chief Officer (CO) advised it was her intention to hold quarterly meetings with the Chair, Vice-Chair, Chief Financial Officer, the Chief Executive of Moray Council and the Chief Executive of NHS Grampian to work towards a shift in culture, focussing on outcomes rather than on how the work is carried out.

The CO further advised she currently attends NHS Grampian Board meetings and provides information on what the IJB is doing and it is her intention to attend Moray Council meetings to provide information and the opportunity for Elected Members to seek answers on areas they are unsure of.

Thereafter the Board agreed to:

- i. note the unaudited revenue outturn position for the financial year 2018/19;
- ii. note the impact of the 2018/19 outturn on the 2019/20 revenue budget; and
- iii. approve for issue, the Directions shown in appendices 4 and 5 of the report to NHS Grampian and Moray Council respectively.

15 Local Code of Corporate Governance - Update

A report by the Chief Financial Officer provided the Board with an opportunity to comment on the updated sources of assurance for informing the governance principles as set out in the Chartered Institute of Public Finance (CIPFA)/Society of Local Authority Chief Executives (SOLACE) 'Delivering Good Governance in Local Government Framework' document.

Following discussion the Board agreed to:

- i. note the content of the report;
- ii. note the sources of assurance utilised in reviewing and assessing the effectiveness of the Board's governance arrangements; and
- iii. approve the updated Local Code of Corporate Governance (appendix 1 of the report) to continuously support the production of the Annual Governance Statement.

16 Unaudited Annual Accounts

A report by the Chief Financial Officer informed the Board of the unaudited Annual Accounts for the year ended 31 March 2019.

Following discussion the Board agreed to:

- i. note the unaudited Annual Accounts prior to their submission to the external auditor, noting that all figures remain subject to audit;
- ii. note the Annual Governance Statement contained within the unaudited Annual Accounts;
- iii. note the accounting policies applied in the production of the unaudited Annual Accounts, pages 32 to 40 of the accounts (appendix 1 of the report); and
- iv. delegate responsibility to the Audit, Performance and Risk Committee for sign off of the Audited Annual Accounts at its meeting on 19 September 2019.

Mr Coldwells and Mr Stephen entered the meeting during discussion of this item.

17 Order of Business

In terms of Standing Order 2.2, the Meeting agreed to vary the order of business as set down on the Agenda and take Item 18 "Hosted Services Governance Arrangements" as the next item of business in order to allow Mr Coldwells and Mr Stephen to vacate the meeting at the earliest opportunity.

18 Hosted Services Governance Arrangements

A report by the Chief Officer informed the Board of the proposed framework for the strategic planning, monitoring and performance management of those services delegated to the three Grampian Integration Joint Boards (IJB) from National Health Service Grampian (NHSG), for both strategic planning and operational management.

During lengthy discussion it was stated that formal decision-making would remain with the IJB and production of a schedule of work for the System-wide Senior Leadership Group (SSLG) would provide the opportunity for the Moray IJB to discuss topics with the Chair and Vice-Chair of the Moray IJB prior to attendance at SSLG meetings.

Consideration was given to the frequency of meetings for the North East Partnership and it was agreed this should be 4 meetings per annum.

Thereafter the Board agreed:

- i. to endorse the approach for the monitoring and performance management of delegated services which are hosted by one of the three Grampian IJBs on behalf of the other two IJBs;
- ii. that the frequency of meetings for the North East Partnership should be 4 per annum;
- iii. to instruct officers to include discussion of this during a development session in September; and
- iv. to instruct officers to prepare a draft role and remit for the Partnership.

Mr Coldwells and Mr Stephen left the meeting at this juncture.

19 Health and Social Care Moray Primary Care Improvement Plan Update

A report by Sean Coady, Head of Service, informed the Board of the progress made by Health and Social Care Moray (HSCM) to deliver the implementation of the 2018 General Medical Services (GMS) contract and to provide an update on the plan for 2019/20.

Lengthy discussion took place on the implementation and it was advised that a great deal of work is being undertaken which will highlight risks associated with recruitment of workforce and funding, which can be raised nationally.

The year two plan has been accepted by the Local Medical Committee and public events are planned to ensure the public is kept informed.

Thereafter the Board agreed to:

- i. note the revised HSCM Primary Care Improvement plan (PCIP) for 2019/20;
and
- ii. approve the revised HSCM PCIP as the framework of how the six priority areas detailed in the report will be delivered in Moray.

20 Forres Locality Pathfinder - Interim Progress Report

Under reference to paragraph 11 of the Minute of the meeting dated 29 November 2018 a report by Lesley Attridge, Service Manager, informed the Board of the progression of the redesign of Health and Social Care services in the Forres Locality.

The Chief Officer gave an overview of work undertaken in the last few years, to provide context for newer members of the Board.

There was discussion on whether or not the general public understand what is being done to transform services. Ms Attridge advised meetings are ongoing with the community to ensure their views are being considered when transformation is being undertaken and that consideration of understanding of the public was due to be discussed in July.

Thereafter the Board agreed to note progress on the journey of transforming Health and Social Care services in the Forres Locality based on the information provided within the report.

21 Annual Performance Report 2018/19

A report by the Chief Officer advised the Board of the approach adopted for the production of the Annual Performance Report 2018/19 and confirmed the process prior to publication.

Following consideration the Board agreed:

- i. to note the approach taken to produce the 2018/19 Annual Performance

Report; and

- ii. the final version to be presented to the Audit, Performance and Risk Committee on 25 July 2019 for final approval prior to publication by 31 July 2019.

22 Items for the Attention of the Public

Under reference to paragraph 10 of the minute of the Moray Integration Joint Board dated 26 October 2017 the Board agreed that the following items be brought to the attention of the public:

- i. Unaudited Accounts
- ii. Primary Care Contract
- iii. Forres Locality Pathfinder



MINUTE OF MEETING OF THE INTEGRATION JOINT BOARD

Thursday, 29 August 2019

Inkwell Main, Elgin Youth Café, Francis Place, Elgin, IV30 1LQ

PRESENT

Ms Tracey Abdy, Mr Ivan Augustus, Ms Elidh Brown, Mr Sean Coady (NHS), Mr Tony Donaghey, Mrs Pam Dudek, Councillor Tim Eagle, Councillor Louise Laing, Mr Steven Lindsay, Ms Jane Mackie, Dr Malcolm Metcalfe, Councillor Shona Morrison, Mr Jonathan Passmore, Mr Sandy Riddell, Mr Dennis Robertson, Dr Graham Taylor, Mrs Val Thatcher, Dr Lewis Walker

APOLOGIES

Mrs Linda Harper

IN ATTENDANCE

Ms Jeanette Netherwood, Corporate Manager; Ms Heidi Tweedie, Moray Wellbeing Hub CIC; Ms Eilidh MacKechnie, Corporate Communications Officer; Mr Charles McKerron, Interim Integrated Services Manager; and Mrs Caroline Howie, Moray Council as clerk to the Board.

ALSO PRESENT

Councillor Graham Leadbitter

1 Chair of Meeting

The meeting was Chaired by Councillor Shona Morrison.

2 Declaration of Member's Interests

There were no declarations of Members' Interests in respect of any item on the agenda.

Mr Augustus entered the meeting at this juncture.

3 Minute of Meeting dated 27 June 2019

The Minute of the meeting dated 27 June 2019 was submitted for approval.

Under reference to paragraph 11 of the Minute Mr Passmore asked that it be noted that the Clinical and Care Governance Committee would look at intended plans for change.

Thereafter the Board agreed to approve the Minute as submitted and that paragraph 11 would not require to be changed.

4 Action Log of Meeting dated 27 June 2019

The Action Log of the meeting dated 27 June 2019 was discussed and it was noted that all actions due had been completed.

5 Minute of Meeting of Audit, Performance and Risk Committee dated 28 March 2019

The Minute of the meeting of the Audit, Performance and Risk Committee dated 28 March 2019 was submitted and noted.

6 Chief Officers Report

A report by the Chief Officer (CO) provided the Board with an update on key priorities.

Discussion took place around drug related deaths and it was stated that in Moray there had been 5 deaths from road traffic accidents (RTA) and 17 deaths from drugs. RTA deaths were often described as terrible and shocking however there appeared to be an acceptance of drug related deaths as the same language was not used in referring to them.

The Chief Officer undertook to bring a report from the Moray Alcohol and Drugs Partnership regarding the self-assessment of Drug Related Deaths in Moray to a future meeting of the Clinical and Care Governance Committee.

7 Quarter 4 (January - March 2019) Performance Report

A report by the Chief Financial Officer updated the Board on performance of the Moray Integration Joint Board as at Quarter 4 (January - March) 2018/19.

The Chair advised the report would normally have been reviewed at the Audit, Performance and Risk Committee however the last meeting had not been quorate and had to be postponed. She asked that Members ensure they provide apologies in good time and endeavour to have a substitute to attend in their place.

Discussion took place on Psychological Therapy Treatment and it was stated there had been an impact on performance due to a long term vacancy.

Following further discussion on performance the Board agreed to note:

- i. the performance of local indicators for Quarter 4 (January - March 2019) as presented in the summary report at appendix 1 of the report;
- ii. the detailed analysis of the local indicators that have been highlighted as requiring further analysis as contained within appendix 2 of the report; and
- iii. that a review of local indicators is underway and a report, with recommendations, will be presented to the next Audit, Performance and Risk Committee.

8 Revenue Budget Monitoring Quarter 1 for 2019-20

A report by the Chief Financial Officer updated the Board on the current Revenue Budget reporting position as at 30 June 2019 for the Moray Integration Board budget.

Discussion took place on community hospitals and it was stated an options appraisal on the Turner Memorial Hospital in Keith would be undertaken during the next quarter.

A query was raised on the possible impact of Brexit in relation to staff from the E.U. During discussion it was stated that as there are rules about asking certain questions; it was unknown how many E.U. workers are employed or likely to leave following Brexit. The possibility of holding a development session was discussed and the Chief Officer advised this would require exploration.

Thereafter the Board agreed to:

- i. note the financial position of the Board as at 30 June 2019 is showing an overspend of £837,040;
- ii. note the progress against the recovery plan;
- iii. note the revisions to staffing arrangements dealt with under delegated powers and in accordance with financial regulations with the Council and NHS Grampian for the period 1 April to 30 June 2019 as shown in appendix 3 of the report; and
- iv. approve for issue, the directions arising from the updated budget position shown in appendices 4 and 5 of the report.

9 Membership of Board and Committees

Under reference to paragraph 10 of the draft Minute of the meeting dated 27 June 2019 a report by the Legal Services Manager, Moray Council, informed the Board of changes required to Membership due to the requirement for the Chair and Vice-Chair position to rotate between NHS Grampian and Moray Council.

It was stated that as the current Vice-Chair, Mr Jonathan Passmore would assume the role of Chair from 1 October 2019, and Councillor Shona Morrison would take up the post of Vice-Chair from the same date.

Nominations were sought for a Chair of the Audit, Performance and Risk Committee

from the Council members and Councillor Louise Laing offered to take on the role. As no one was otherwise minded the Board agreed Councillor Laing would be appointed as Chair of the Audit, Performance and Risk Committee from 1 October.

The Chief Officer advised there was a recommendation to invite Mr Roddy Burns, Chief Executive of Moray Council and Professor Amanda Croft, Chief Executive of NHS Grampian to attend future meetings of the Board in an Ex-Officio capacity. The Board agreed to invitations being issued to improve collaborative working.

Thereafter the Board agreed to note:

- i. Mr Jonathan Passmore would take up the post of Chair and Councillor Shona Morrison would take up the post of Vice-Chair of the Board from 1 October 2019;
- ii. Councillor Louise Laing would take up the post of Chair of the Audit, Performance and Risk Committee from 1 October 2019; and
- iii. invitations would be issued to Mr Roddy Burns and Professor Amanda Croft to attend future meetings of the Board in an Ex-Officio capacity.

10 Order of Business

In terms of Standing Order 2.2 the Board agreed to vary the order of business as set down on the Agenda and take Item 11 'Overnight Responder Service Pilot' immediately before Item 10 'Draft Strategic Plan' in order to allow the officer presenting the report to leave the meeting at the earliest opportunity.

11 Overnight Responder Service Pilot

A report by Charles McKerron, Interim Integrated Services Manager, informed the Board of concerns raised by family members about risks associated with the pilot for an alternative approach to the provision of overnight care and support for people with a learning disability in Moray and how these risks will be addressed by the pilot project.

Lengthy discussion took place on how the pilot would work and what this would mean for service users. It was stated there would be no intrusion of privacy but that passive monitoring would be put in place e.g. pressure mats and door sensors to alert the overnight services that someone was out of bed.

The Interim Integrated Services Manager advised that two families were opposed to the pilot however it was felt there are always insecurities when trying to change and this was about doing what was right for the majority of people.

Thereafter the Board agreed to:

- i. approve the 12 week pilot for an overnight responder service;
- ii. note the potential long term benefits; and
- iii. note the evaluation of the pilot will be presented to the Board in January 2020.

12 Draft Strategic Plan

A report by the Chief Officer requested that the Board note the approach taken in the development of the Strategic Plan for 2019 to 2029.

Discussion took place on the content of the Plan, attached as appendix 1 of the report. The Plan has been created through a collaborative process with Partners and as such Mr Passmore was of the opinion the content was ready for public consultation however thought there was a need to be more specific and explicit about intentions as the Plan acts, in effect, as a formal agreement with Partners.

Thereafter the Board agreed to:

- i. note the approach described in revising the Strategic Plan;
- ii. approve the content of the Draft Strategic Plan attached at appendix 1 of the report for public consultation; and
- iii. note the final Strategic Plan will be presented in October for approval.

13 Items for the Attention of the Public

Under reference to paragraph 10 of the minute of the meeting of the Moray Integration Joint Board dated 26 October 2017 the Board agreed that the following items be brought to the attention of the public:

- i. Strategic Plan;
- ii. Drug related deaths; and
- iii. Overnight Responder Service Pilot



REPORT TO: MORAY COUNCIL ON 27 NOVEMBER 2019

SUBJECT: DELEGATION OF SERVICES TO THE MORAY INTEGRATION JOINT BOARD

BY: CHIEF OFFICER, MORAY INTEGRATION JOINT BOARD

1. REASON FOR REPORT

- 1.1 To inform the Committee of the pending process and estimated timescale for the proposed delegation of additional Moray Council Services to the Moray Integration Joint Board (MIJB).
- 1.2 This report is submitted to Committee in terms of Section II (10) of the Council's Scheme of Administration relating to changes in Committee structure, distribution of functions and responsibilities.

2. RECOMMENDATION

2.1 It is recommended that the Council note:

- i) **the process and the timescale for completion of the preparatory work for the proposed delegation of Moray Council Services to the Moray Integration Joint Board, allowing formal decision making to take place; and**
- ii) **that Grampian Health Board on 5 December 2019 will meet to agree their position in relation to this proposal, the report seeking approval to proceed to next steps for implementation.**

3. BACKGROUND

- 3.1 At its meeting 25 September 2019, the Council agreed the proposed management structure for the Council following a review process of the existing structures (paragraph 5 of the minute refers)
- 3.2 The Council also agreed to proceed with the next steps to implementation, generating the necessary information required for formal approval of delegation to take place.
- 3.3 As part of the redesign of the management structure, the Council has supported the proposal to delegate Children and Families Social Work and Criminal Justice Social Work Services to the MIJB pending the preparatory work is completed and is found to support this decision.

- 3.4 In order for this to proceed the legal process associated with the Public Bodies (Joint Working) (Scotland) Act 2014 must be followed. Already in place from the previous process of establishing the new integration authority that is the MIJB is the Moray Integration Scheme (IA). The IA is the legal document setting out the terms of the partnership between the two parties that is Grampian Health Board and the Moray Council.
- 3.5 The MIJB was established 1 April 2016 following approval of the IA by Parliament on 6 February 2016. The group of services delegated at that time were those that made up Adult Community Care Services.
- 3.6 NHS Grampian Board at 5 December 2019 will be asked to approve in principle the proposal to delegate these services into the partnership arrangements. Following on from this decision a significant piece of work will be taken forward to prepare an updated Integration Scheme, agree the group of services in scope and applying due diligence to the process. This will ensure that all necessary information is presented to all parties, the Council, the Health Board and the MIJB to assist with final decision making.
- 3.7 In the meantime the Chief Officer, MIJB alongside the Chief Executive of the Council and the Chief Social Work Officer will support the interim Head of Service in assuring business as usual, developing and implementing change through the improvement and modernisation process and contributing to the planning of any transition of services into the MIJB through the Health and Social Care Partnership.
- 3.8 The anticipated timeline for this process is 12 - 18 months with key milestones to be achieved. At key points in the process interim reports will be provided to the Council and Grampian Health Board for information and decision making. Moray Integration Joint Board will also be kept informed of the progress.
- 3.9 The work to be undertaken is not to be underestimated and it is likely that there will be a need for short term resourcing. The requirements for this are currently being considered and will be presented to the CMT of the Council, with the expectation that any additional resourcing required will be requested through the transformation fund of the Council.

4. SUMMARY OF IMPLICATIONS

(a) Corporate Plan and 10 Year Plan (Local Outcomes Improvement Plan (LOIP))

This proposal sits consistently with the ambitions of the MIJB Strategic Plan and the Moray Council Corporate Plan and the overall ambitions underpinning Integration of Health and Social Care in Scotland.

(b) Policy and Legal

The implementation of recommendations made in this report will ensure that the Grampian Health Board and Moray Council complies with legal requirements relating to the delegation of service to the integration authority.

(c) Financial implications

In preparation for the delegation of additional functions to the MIJB it will be necessary for the MIJB to obtain assurance that financial resources are adequate to allow it to carry out the functions and to assess the risks associated with this. The MIJB Chief Financial Officer will work with both the Council Section 95 Officer and the Health Board Director of Finance in establishing the required assurance.

(d) Risk Implications

A profile of risks will be established and presented as part of the process.

(e) Staffing Implications

As with any transformation and change plan there are implications for staff in how they go about their work and how supported they are within a pressured and changing picture. Staff Side, Unions and Human Resources will be working alongside the leadership team in delivering change observing the associated policies and procedures of the Council and NHS should delegation proceed.

An organisational change steering group and joint workforce forum exists and will support the implementation of the plan should it proceed.

There are also significant staffing issues in regard to the work need to prepare the revised Integration Scheme, if it is to go ahead, which will impact heavily on the Council's legal service and will have implications for the workload of that service.

(f) Property

There are no direct property implications however there is an established Infrastructure Programme that has the task of linking with the asset management arrangements of both NHS Grampian and Moray Council to ensure a joined up approach in the estate and enable the priorities and supporting infrastructure for transformation are co-ordinated and prioritised through formal routes.

The MIJB itself does not have those resources delegated and places reliance on the partner bodies processes.

(g) Equalities/Socio Economic Impact

At this point there are no requirements to complete an assessment.

(h) Consultations

The following have been consulted and are in agreement with the report where it relates to their area of responsibility, Systems Leadership Team, Health and Social Care Moray, Corporate Management Team, Moray Council System Leadership Team, NHS Grampian, the Legal Services Manager and Tracey Sutherland, Committee Services Officer

5. CONCLUSION

- 5.1 The Council has proposed the delegation of further functions to the MIJB. In line with the legal process, work will commence in preparation of a detailed report for the delegation of Children's and Families Social Work and Criminal Justice Services to the MIJB with a timescale of completion set for 12 to 18 months.**

Author of Report:

Background Papers:

Ref: