

MORAY COUNCIL

Minute of Meeting of the Moray Council

Wednesday, 26 September 2018

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 John Cowe, Councillor Gordon Cowie, Councillor Paula Coy, Councillor Lorna Creswell, Councillor John Divers, Councillor Tim Eagle, Councillor Claire Feaver, Councillor Donald Gatt, Councillor Louise Laing, Councillor Graham Leadbitter, Councillor Marc Macrae, Councillor Aaron McLean, Councillor Maria McLean, Councillor Ray McLean, Councillor Shona Morrison, Councillor Amy Patience, Councillor Ron Shepherd, Councillor Sonya Warren

APOLOGIES

Councillor Ryan Edwards, Councillor Derek Ross, Councillor Walter Wilson

IN ATTENDANCE

Also in attendance at the above meeting were: Chief Executive, the Corporate Director (Corporate Services), the Corporate Director (Economic Development, Planning and Infrastructure), the Acting Corporate Director (Education and Social Care), the Head of Legal and Democratic Services, the Head of Financial Services and the Democratic Services Manager as Clerk to the Meeting.

Also in attendance: Maggie Bruce, External Audit

Declaration of Group Decisions and Members Interests *

In terms of Standing Order 20 and the Councillors' Code of Conduct, Councillor Leadbitter on behalf of the SNP Group declared that the SNP Group had discussed Item 7 - "Financial Planning 2019/20" on the agenda. Councillors Eagle and Alexander on behalf of the Conservative and Councillors Open Groups respectively also declared that their respective Groups had discussed Item 7. The Meeting noted that there were no further 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.

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 item 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.

Paragraph Number of Minute

7

Paragraph Number of Schedule 7A

1

The Chair stated that given the sensitivities around the budget proposals and the implications of these on the workforce, any decisions taken would need to be communicated with staff before announcing to the public, especially those which the proposals have a direct impact on. She further stated that any such decisions would be communicated to staff as a matter of priority following the meeting.

Meantime it was respectfully requested that any press releases issued by any member or group follow after the Council press release in order that time is given to communicate to staff the decisions taken through the appropriate channels rather than reading them through the press.

External Audit - Annual Report to Council on 2017/18 Audit

A report was submitted by the Corporate Director (Corporate Services) providing the Council with a copy of the External Auditor's report to Council on the 2017/18 Audit.

On the invitation of the Chair, Maggie Bruce, External Auditor provided the meeting with a summary of the main elements of the audit work undertaken which included an audit of the key controls operating within the main financial systems and review of governance arrangements; audit work covering the arrangements for securing Best Value relating to financial management, financial sustainability and vision and leadership and an audit of the 2017/18 annual accounts, the section 106 charities it administers. She further outlined the key messages relating to the 2017/18 annual accounts, financial management and financial sustainability, governance and transparency and value for money and summarised the recommendations for improvement as outlined in the Action Plan at Appendix 1 of the External Auditor's report.

Following discussion the Council agreed to note the External Auditor's report.

Moray Council's Audited Annual Accounts for the period 1 April 2017 to 31 March 2018

A report was submitted by the Corporate Director (Corporate Services) submitting to the Council the Audited Annual Accounts for the Moray Council for the year ended 31 March 2018 and asking the Council to approve the sign off of the Annual Accounts.

Following consideration the Council agreed to approve the Annual Accounts, having regard to the Annual Report from the external auditor considered earlier at the meeting.

Moray Council's Connected Charities' Audited Annual Accounts for the period 1 April 2017 to 31 March 2018

A report was submitted by the Corporate Director (Corporate Services) submitting to the Council for approval the audited Annual Accounts for Moray Council's Connected Charities for the year ended 31 March 2018.

Following consideration the Council agreed to approve the audited Annual Accounts for the Connected Charities for the financial year 2017/18.

Financial Planning 2019/20 Onwards [Para 1]

A report by the Chief Executive was submitted providing the Council with the progress on the development of a medium to long term financial plan that will work towards ensuring financial stability for the council and asking the Council to consider and approve for development and communication as appropriate a range of measures aimed at reducing the predicted budget gap for 2019/20 and 2020/21 in order to balance the council budget pending the realisation of the savings from a longer term financial plan.

Councillor Leadbitter stated that it had been challenging for his Group to reach this point in the budget process and thanked his colleagues within the Group for the work they had undertaken in getting to this point. He further stated that there was still much work to be done with this being the first step in balancing the 2019/20 budget, there was a lot of further information and items to be discussed and debated before February 2019 not least of which was understanding what the settlement would be from the Scottish Government which would not be known until December. He also thanked the Group Leaders and those who had accompanied them to meetings where useful discussions had taken place and whilst not always agreeing consensus had been reached on some of the proposed savings presented.

He stated that further work on the medium to long term financial plan will continue and the results of that will be brought to the Council in due course in time for the February budget.

He thanked the Officers for the work they had undertaken with Members during which had been a particularly challenging time for the Council. In referring to Appendix 2 of the report he outlined the undernoted minor changes:

- D7 4 – Roads Maintenance Revenue Budget – Reduce to £21,000
- A5 c - Remove Forres Community Centre to allow further work on this to be brought back in December

Following lengthy discussion there was circulated to the meeting a list of alternative recommendations proposed by the Conservative Group. In order to allow all members time to study the alternative recommendations, the meeting agreed to a short adjournment.

On reconvening the meeting the Chair advised that each recommendation would be moved in turn.

Following discussion Councillor Brown asked the Chair for a degree of latitude on the basis that the proposed amendments put forward by the Conservative Group were all interlinked and that he wished to set out why the he considered it was important to to

reflect the intentions of the Conservative Group in bringing forward these amendments to the existing motions. He further stated that the basis for the amendments was to mitigate as much as possible the impact of these severe financial reductions over the next two years on the people of Moray, the services they get and the resources that are available to them whilst at the same time seeking to mitigate the number of job losses that will be a consequence of these restrictions.

The Convener stated that as the meeting had moved to the consideration of the recommendations and that the purpose of the short adjournment had been to allow that discussion to take place and that there would be opportunity for the Conservative Group to provide explanations as the meeting considers each of the recommendations.

Councillor Brown stated that he was unhappy and wished it to be recorded that in his opinion the Conservative Group had not been given the opportunity to set out the reasoning behind the amendments nor the opportunity to explain them within the overall context which was in his opinion unhelpful.

Thereafter the meeting considered each recommendation as follows:

Medium to Long Term Financial Planning

- (i) Councillor Leadbitter, seconded by Councillor A McLean, moved that the Council direct that financial plans are being developed to address the council's funding gap based on the assumptions in para 4.19 of the report and the mid-point financial forecast in Appendix 1 and an update on progress be reported to the Council in December 2018.

As an amendment Councillor Eagle, seconded by Councillor Macrae, moved that the Council directs that financial plans are developed to address the Council's funding gap based on the assumptions in para 4.19 in the report and the mid-point financial forecast in Appendix 1 and reported to the December 2018 Council meeting.

On a division there voted:

For the Motion (13)	Councillors Leadbitter, A McLean, Alexander, Allan, Bremner, Coull, Cowe, Cowie, Coy, Laing, Morrison, Patience and Warren
For the Amendment (7)	Councillors Eagle, Macrae, Brown, Feaver, Gatt, M McLean and R McLean
Abstentions (2)	Councillors Divers and Shepherd

Accordingly the Motion became the finding of the Meeting and the Council agreed to direct that financial plans are being developed to address the council's funding gap based on the assumptions in para 4.19 of the report and the mid-point financial forecast in Appendix 1 and updated on progress is reported to the Council in December 2018.

- (ii) Councillor Leadbitter, seconded by Councillor Alexander, moved that an Improvement and Modernisation Programme (as detailed in Appendix 4 of

the report) is being developed to provide the basis for a medium to long term financial plan to enable the financial sustainability of the council and that this will continue to be refined until the council budget is set for 2019/20 is set in February 2019;

As an Amendment Councillor Eagle, seconded by Councillor Brown, moved that the next version of the Improvement and Modernisation Programme (Appendix 4) is developed with a greater level of detail including dates, costs and potential return on investment and brought to the December 2018 Council meeting in the form of a 3 year recovery plan.

On a division there voted:

For the Motion (15) Councillors Leadbitter, Alexander, A McLean, Allan, Bremner, Coull, Cowe, Cowie, Coy, Creswell, Divers, Laing, Morrison, Patience and Warren

For the Amendment (7) Councillors Eagle, Brown, Feaver, Gatt, Macrae, M McLean and R McLean

Abstentions (1) Councillor Shepherd

Accordingly the Motion became the finding of the Meeting and the Council agreed that an Improvement and Modernisation Programme (as detailed in Appendix 4 of the report) is being developed to provide the basis for a medium to long term financial plan to enable the financial sustainability of the council and that this will continue to be refined until the council budget is set for 2019/20 is set in February 2019;

Short Term Financial Planning

- (iii) Councillor Leadbitter, seconded by Councillor A McLean moved, subject to the changes highlighted in relation to D7 4 and A5 c in Appendix 2, that the Council agree, pending the identification and realisation of long term savings based on transformation, a short term financial plan by approving the greatest level possible of the savings in Appendix 2 for implementation, development and communication in order to assist in addressing the council's budget gap. In this respect the Council is asked to approve savings falling into a number of categories as indicated on Appendix 2 (list of savings options).

As an Amendment Councillor Eagle, seconded by Councillor Feaver, moved that the council proceed to consultation with those savings identified in Appendix 2 as iii or v and delay implementation of those savings which could be taken now (i and ii) until the return of the financial plans to address the council's funding gap and the return of the next version of the Improvement and Modernisation Programme as outlined in recommendation 3.1.ii

On a division there voted:

For the Motion (14) Councillors Leadbitter, A McLean, Alexander, Allan, Bremner, Coull, Cowe, Cowie, Coy,

Creswell, Laing, Morrison, Patience and Warren

For the Amendment (8) Councillors Eagle, Feaver, Brown, Gatt, Macrae, M McLean, R McLean and Shepherd

Abstentions (1) Councillor Divers

Accordingly the Motion became the finding of the Meeting and the Council agreed subject to the changes highlighted in relation to D7 4 and A5 c in Appendix 2, that the pending the identification and realisation of long term savings based on transformation, a short term financial plan by approving the greatest level possible of the savings in Appendix 2 for implementation, development and communication in order to assist in addressing the council's budget gap. In this respect the Council is asked to approve savings falling into a number of categories as indicated on Appendix 2 (list of savings options).

- (iv) Councillor Leadbitter, seconded by Councillor A McLean, moved that the council approve commencement of the process to amend the Car Park Order in relation to any approved car parking charges.

Councillor Divers stated that in his opinion the proposal did not take into consideration the Council's Car Parking Strategy and would create problems in the streets around the council and moved as an amendment , that the council do not approve to commence the process to amend the Car Park Order in relation to any approved car parking charges. Councillor Eagle seconded the amendment.

On a division there voted:

For the Motion (17) Councillors Leadbitter, A McLean, Alexander, Allan, Bremner, Coull, Cowe, Cowie, Coy, Creswell, Laing, M McLean, R McLean Morrison, Patience, Shepherd and Warren

For the Amendment (4) Councillors Divers, Eagle, Feaver and Macrae

Abstentions (2) Councillors Brown and Gatt

Accordingly the Motion became the finding of the Meeting the council approved commencement of the process to amend the Car Park Order in relation to any approved car parking charges.

- (v) The Council agreed to endorse the action taken by the Chief Executive to instigate short term in year savings for 2018/19 to ensure that only essential expenditure is incurred in this financial year.

Implementation of Short Term Financial Plan

- (vi) In relation to the implementation of the savings agreed to form the short term financial plans, although strongly advised against by the Corporate

Management Team and the Chief Financial Officer due to the impact which this is likely to have on the ability of the Council to set a balanced budget in February 2019, Councillor Leadbitter, seconded by Councillor A McLean, moved if the Council is minded to agree a policy of no compulsory redundancies, to recommend that this is noted meantime, but that formal agreement of this position is deferred until an assessment of the achievability of savings within this policy in place is completed, and that this position is reviewed at a special meeting of the Council in December 2018. In the meantime, consultation would proceed including compulsory redundancies as a last resort in order to ensure that option is available to the council if required in December.

As an amendment Councillor Alexander, seconded by Councillor Cowe moved that the council agree to manage workforce change using the Council's Transform procedures to manage and mitigate the need for redundancies, with earlier inclusion of voluntary exits and retaining compulsory redundancies as the last resort if it is not possible to manage all of the workforce implications and implement savings in full by 1 April 2019 by any other means.

On a division there voted:

For the Motion (10)	Councillors Leadbitter, A McLean, Bremner, Coull, Coy, Divers, Laing, Morrison, Patience and Warren
For the Amendment (12)	Councillors Alexander, Cowe, Eagle, Allan, Brown, Cowie, Creswell, Gatt, Macrae, M McLean, R McLean and Shepherd
Abstentions (1)	Councillor Feaver

- (vii) The Council agreed to proceed with communications, providing information and engagement as set out in Appendix 2 of the report in relation to each saving option approved.

Next Stage Financial Planning

- (viii) Given that even the full savings identified in Appendix 2 fall short of the anticipated funding gap for 2019/20, in order that the council is positioned to be able to meet its statutory responsibilities under the Local Government Finance Act 1992 (section 93) in relation to setting a balanced budget and the Local Government (Scotland) Act 2003 (section 35) in terms of the duty on local authorities to manage their capital expenditure the Council agreed:
- to reconsider any savings not accepted in Appendix 2 at a later date if the funding gap remains;
 - that work will continue to try to identify any further savings that could be implemented for 2019/20; and
 - medium term financial plans be developed over the coming months in order to identify savings that can be realised during the course of

2019/20.

Monitoring and Reporting

- (ix) the Council further agreed:
 - a) that monitoring reports on developing medium and long term financial plans are provided to future meetings of the council in order to ensure progress is made towards enabling the setting of a balanced budget in 2019/20 and future years;
 - b) to instruct a further report to be submitted to the Council in December 2018 on the outcome of the further work and consultation requirements against the relevant savings that the council identifies to be progressed as part of the short term financial plan.