

## **Proposed Content for Social Pinpoint - Appendix B to Report 330/20**

### **Introduction**

Angus Council has set out its priorities in our Council Plan, which we update and refine every year. You can find the current Council Plan on our website. The money the council uses to provide services has been reducing in real terms for a number of years and the amount of money available affects what services can be provided and what investments can be made across Angus.

We think it is more important than ever for the public of Angus to have a say on the council's priorities and how we use the limited funding available to us.

To help with this work, we would like to ask you for your views on the priorities you think Angus Council should be putting its resources to. The options for you to choose from can be found ([link to simulator to be added once live](#)).

We also want to share more information about our budgets, where the money comes from, where it gets spent and some of the challenges that need to be addressed for the council to continue to live within our means.

The following pages contain information from our most recent Finance and Change Plan (published in February 2020), which we hope will be helpful if making the council's budgets and finances easier to understand. Perhaps the most striking fact is that Council Tax pays for only 20% of the cost of running council services – read on to find out more.

## **Section 1 - How our Finances work**

It costs money to deliver the services that the council provides, and there are strict rules as to how this money is spent and accounted for.

There are four main parts to the council's finances:

### 1. General Fund revenue

This covers the day-to-day spending and income on all services provided, except council housing. The costs of staff, materials, fuel, debt, etc. for services such as schools, waste collection, roads, planning and social work sit here.

### 2. General Fund capital

This covers spending and income on assets (buildings, vehicles, equipment, etc.), which will be used over several years to provide General Fund services.

### 3. Housing revenue

This covers the costs of staff, repairs, administration, etc. required to run the council's housing service and the rental income received from tenants.

### 4. Housing capital

This covers the cost of building new, and improving existing, council houses.

## **Section 2 - General Fund – Where Does the Money Come From?**

Most of our money is General Fund revenue and the council relies on the Scottish Government, Angus taxpayers, businesses, the UK Government and customers paying for services for all of its income. This is the total income the council receives in order to provide services. The sources of gross income are shown in Figure 1.

This money comes from the public, either through national taxation, directly from Council Tax or from the fees and charges the council applies to some services.

The pie charts below show the different sources and percentages. (Gross income covers everything, but net income is the most common way council finances and budgets are presented). The contents of each pie chart are listed separately for accessibility purposes.

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Figure 1: Sources of Gross Income

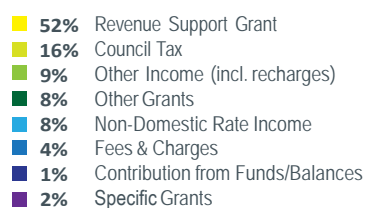
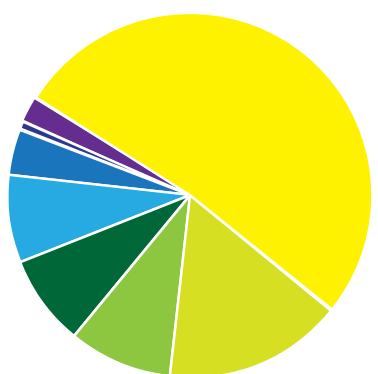
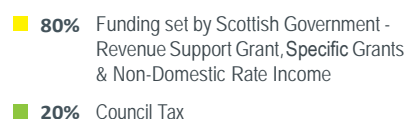
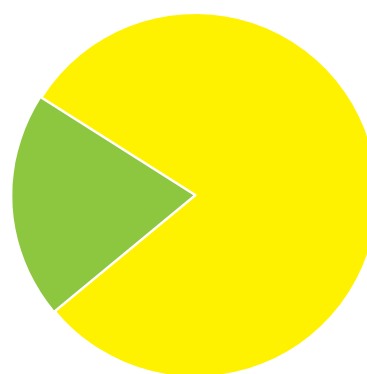


Figure 2: Sources of Net Income



### **Figure 1 shows Sources of Gross Income with**

52% from Revenue Support Grant  
16% from Council Tax  
9% from Other Income (incl. recharges)  
8% from Other Grants  
8% from Non-Domestic Rate Income  
4% from Fees & Charges  
1% from Contribution from Funds / Balances  
2% from Specific Grants.

### **Figure 2 shows Sources of Net Income with**

80% from Funding set by Scottish Government – Revenue Support Grant, Specific Grants & Non-Domestic Rate Income  
20% from Council Tax.

Figure 2 shows just how dependent the council is on the money it receives from the Scottish Government. At 80 percent of net income, this is the biggest factor affecting the council's budget decisions. Although Council Tax is a big bill for each household every year, the money raised only meets 20 percent of the cost of providing council services.

The 80/20 ratio of grant funding to Council Tax creates a "gearing" effect. In Angus this means that a £2m or one percent reduction in Government Grant needs a four percent increase in Council Tax to make up the loss.

Although the council collects non-domestic rates from Angus businesses, this income goes into an 'all Scotland fund' and is then redistributed to councils as an allocation decided by Scottish Government. The council has no control over this part of its funding.

## **Section 3 – General Fund – How do we spend the money?**

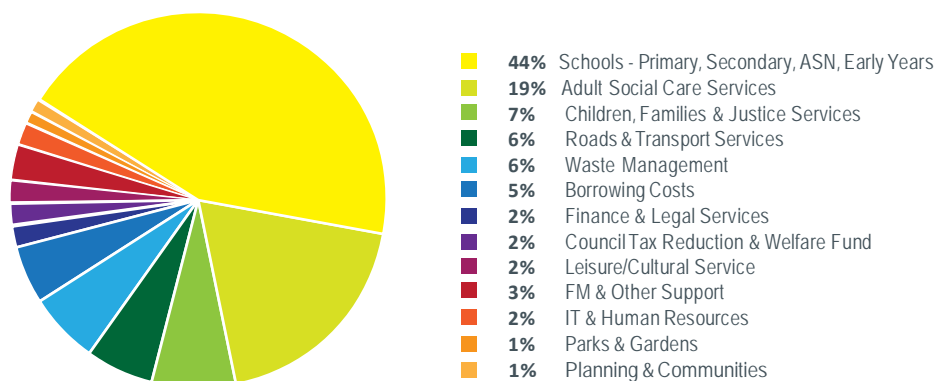
Angus Council, in common with all Scottish councils, is required **by law** to provide a very wide range of services. These include large service areas such as schools, down to small services such as the maintenance of war memorials. Almost every aspect of our daily lives is touched by a council service.

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Many of the Council's services people may be unaware of or may go unnoticed because they are provided for the benefit of all citizens rather than directly to a single individual.

Figure 3 below shows the percentages spent on the main council services.

Figure 3: Main Services and % of Budget



The Pie Chart shows that:-

44% is spent in Schools – Primary, Secondary, Additional Support Needs, Early Years

19 % is spent in Adult Social Care Services

7% is spent in Children, Family & Justice Services

6% is spent in Roads & Transport Services

6% is spent in Waste Management

5% is spent on Borrowing Costs

2% is spent on Finance & Legal Services

2% is spent on Council Tax Reduction & Scottish Welfare Fund Payments

2% is spent on Leisure & Cultural Services

3% is spent on Facilities Management & Other Support Services

2% is spent on Information Technology & Human Resources Services

1% is spent on Parks & Gardens; and

1% is spent on Planning & Communities Services

The council does not provide all of these services directly – it also buys in some services from other organisations and makes payments to these third parties.

If you would like to understand more about what these services provide, please post a question in on the discussion Board for more information.

### Section 4 - Matching our spend to council priorities and the challenges of funding constraints

The council's priorities are set out in detail in our [Council Plan](#) under four main themes as follows:

- Economy – Angus to be a go-to place for businesses
- People – We want to maximise inclusion and reduce inequalities
- Place – We want our communities to be strong, resilient and led by citizens
- Our Council - We want Angus Council to be efficient and effective

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### The Challenges

The council is a very complex organisation, providing a wide range of diverse services. Its finances have been reduced by £55.9 million over the past seven years while the council continues to deliver services, working hard to improve the lives of its residents and communities. The main challenges are highlighted below:

#### a) Policy and legislative changes

There are a wide variety of major national policy and legislative changes, which are affecting the council. Changes in legislation can mean higher costs, which the council must meet in order to comply with the law.

Some aspects of Scottish Government funding have increased, but much of this extra funding can only be spent on specific projects as part of national policy decisions so the council must spend this money only on those projects.

#### b) Partnership working

There has been a big increase in the number of partnerships that the council works with in order to deliver services. Examples are the Angus Health & Social Care Partnership, Community Planning Partners and Tay Cities Deal Board. This makes tracking performance and governance more complex, but it also gives the council the opportunity to learn and deliver services in new, more effective ways.

#### c) Reductions in government grant

As stated above, 80 percent of the council's General Fund net revenue budget comes from Scottish Government grant support. The policy of austerity has affected all public services and all councils in Scotland have seen their core grant funding reduce in real terms.

In their 2018/19 Local Government Financial Overview Report Audit Scotland commented, "Funding from the Scottish Government to local government between 2013/14 and 2018/19 decreased by 7.6 percent. Scottish Government funding across other areas decreased by 0.4 percent over the same period, demonstrating that local government funding has undergone a more significant reduction than the rest of the Scottish Government budget over this period".

#### d) Rising costs due to inflation

Council services are subject to rising costs in the same way as any household budget. Cost for staff, food, fuel, energy, vehicles and other materials are rising each year, with some costs rising much higher than general inflation.

#### e) Rising costs due to increasing demand

The number of older adults needing support to live in their home has increased and we have introduced new initiatives, such as the increase in hours for Early Learning and Childcare funded by the Scottish Government. These have required more staff, buildings and equipment to deliver, all of which costs more money.

In order to meet these challenges, the council has tried to achieve savings by making changes in areas we felt would have the least impact to the front-line services people in Angus rely on. However, because of the scale of the financial challenge this has meant some changes have had to be made in all areas of service. We have also introduced some charges for non-essential services such as garden bin collections and increased fees and charges to reflect the effects of inflation.

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### **Section 5 - General fund capital budget for 2019/20 – 2023/24**

The Council also has a capital budget where money for investment in council assets is accounted for.

The council is planning for significant investment in its schools, roads, vehicles, equipment and land for economic development in the current five year planning period to best serve the people of Angus now and in the future.

A large part of the investment, paid directly from Scottish Government grants, is for the expansion in funded hours to early learning and childcare services. This is to give children access to additional learning, opportunities to socialise and fun. Another significant investment is for flood protection schemes that will also protect homes and businesses at risk across Angus.

In total, the council plans to invest £140.2m on capital projects up to March 2024 on General Fund services. Figure 5 shows the main planned projects:

Figure 5

<b>Area of Investment Budgeted Spending</b>	<b>Budgeted Gross Spending £m</b>
Road Maintenance across Angus	26.6
Angus School Estate	40.7
Property Maintenance across Angus	5.9
Early Learning & Childcare Centres – Carnoustie & Forfar	7.7
IT Hardware Refresh Programme, incl Schools	1.8
Arbroath Active Travel Active Town	12.6
Tay Cities Deal Projects	6.0
Arbroath Flood Strategy	10.0
Brechin Business Park Extension	3.0

### **Section 6 – Our Change Programme**

As stated earlier, the scale of the financial challenges on the council are unprecedented. In the last seven years, £55.9m has had to be saved from our revenue budget, that is 23% of the net budget 7 years ago. Staff numbers have also reduced by more than 500 in that same period. In setting its 2020/21 revenue budget and Council Tax, another £10.2m of savings had to be found.

No organisation can achieve that level of reduction and change in its finances without big changes in the level of services provided. In Angus Council we have an ambitious programme of work which helps us make the changes needed to be financially sustainable (our Change Programme). The Change Programme has 3 purposes:

- To identify and implement projects that enable changes in service provision, e.g. investment in digital technologies to improve efficiency
- To identify those projects and areas of service we want to invest in, e.g. low carbon, recycling
- To identify those projects that will cut costs or increase income to help the council balance its budget year on year

The task of keeping the council financially sustainable is becoming harder and harder each year despite our Change Programme. The levels of savings already made make it more difficult to find new options. The COVID-19 pandemic has made that task even more difficult because the council has had to use its reserves to cover some of the costs.

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### **What's our approach?**

The council has made significant improvements to its internal efficiency and this work continues. Finding new ways of working and delivering services is also critical and will feature strongly in our plans going forward.

Although our Change Programme will continue to review all areas of service, the latest edition of the programme focuses on four key areas that are essential to address future challenges and take advantage of the opportunities available:

#### **1) Demand Management – more timely and targeted support**

The aim of demand management is to provide more timely and targeted support to our citizens while reducing activity that does not add value. This includes internal processes and ensuring the right service reaches the right resident when and where they need it, for the best cost. This makes the council efficient and effective by reducing duplication and wastage, while still improving the lives of citizens and communities.

#### **2) Innovation/Commercialisation**

The commercialisation of public services is not a new concept, but in recent years the public sector has become more entrepreneurial and inventive in the ways in which it delivers and funds services. Commercialisation involves the deployment of internal resources in different ways – a more flexible approach to the way finances, assets and people are used. It can range from getting the best value for the goods and services we buy, to generating additional income from what we do. The Change Programme will include designing new ways of working that will involve a more commercial outlook.

#### **3) Partnership/Collaboration**

Angus Council funds partners to deliver services on its behalf. These include Tayside Contracts, ANGUSalive, Tayside Children's Collaborative and with our Angus Community Planning Partners amongst others.

As partnership working increases, there is an increased focus on "Following the Public Pound". This makes sure that every pound spent, whether it be through direct service provision, a contract with a third party supplier or a grant with a third sector/voluntary organisation contributes to meeting our council priorities and Community Plan outcomes.

#### **4) Service Contraction**

Over the past few years, significant effort has been made to stop, reduce or change the way we deliver our services. Good progress has been made and the council has continued to deliver all its statutory functions.

Further analysis will now be undertaken such as: are we delivering over and above our statutory functions? Are there alternative approaches that deliver the same 'product' but in a more cost effective way? Are we delivering a service that is not a statutory requirement and could potentially be stopped?

The latest version of our Change Programme can be found here ([link to be added for live version](#))

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**Section 7 – Discussion Board**

We want to hear your views on the council's priorities and its budgets to inform our thinking for future consultations so the space below is a discussion board to hear those views and to allow questions to be asked.

Do you think our priorities are the right ones? If not, why not.

Are you surprised at how much of the council's budget comes from Council Tax?

Did you know how large the council's finance challenges are?

Do you have suggestions about how the council can use its resources differently?

We are unable to promise to respond to every question that gets raised, but we will post responses to questions and issues as quickly and fully as we can. Please take the opportunity to raise questions and make comments.