

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

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 March 2021), 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.

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

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 tables below show the different sources and percentages of Income. Gross income covers everything, but net income is the most common way council finances and budgets are presented.

Figure 1: Sources of Gross Income

Sources of Gross Income	%
Revenue Support Grant	56
Council Tax	16
Other Income (incl. recharges)	8
Other Grants	6
Non-Domestic Rate Income	5
Fees & Charges	4
Specific Grants	3
Contribution from Funds/Balances	2

Figure 2: Source of Net Income

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

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

The council relies on the Scottish Government, Angus Council 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.

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 (which is one percent) reduction in Government Grant would need 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 part of their total allocation of funding from the Scottish Government. The Government therefore decides how much of the non-domestic rate income collected locally comes back to Angus Council. 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 or permitted **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. 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

Service	%
Schools – Primary, Secondary, ASN, Early Years	43
Adult Social Care Services	19
Children, Families & Justice Services	7
Roads & Transport Services	7
Waste Management	6
Borrowing Costs	4
Finance incl. Revenues, Benefits and Welfare Rights	2
Legal Services	1
Council Tax Reduction & Welfare Fund	2
Leisure & Cultural Services	2
Facilities Management & Other Support Services	3
IT, Digital Enablement & Human Resources	2
Parks & Gardens	1
Planning & Communities	1

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

Most of the costs are for staff directly employed by the council. In addition, the council also buys in services from other organisations and makes payments to these third parties. Figure 4 shows the main areas of expenditure.

Figure 4: Main Types of Expenditure

	%
Employee Costs	44
Property Costs	6
Transport Costs	3
Supplies & Services	7
Third Party Payments	37
Borrowing Costs	3

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

The Challenges

The council operates in an increasingly complex environment and one where it continues to be asked to do more through new legislation but where funding for existing services is being squeezed in real terms. The Council has achieved significant savings (£66.1 million in the last eight years) but savings on this scale simply cannot continue to be made without impacting on the services the Council provides. This is where the Council's policy priorities help to guide the allocation of the scarce financial resources the Council has to use.

The main challenges are as follows:-

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 include ANGUSalive, 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 over a number of years, although for 2021/22 we have seen an increase in grant available to assist Local Authorities with increasing costs. In addition, priority has been given to some areas of public services by the Scottish Parliament.

In a recent report Audit Scotland commented "Funding from the Scottish Government to local government between 2013/14 and 2019/20 decreased by 4.7 per cent, in real terms. The increased funding in 2019/20 improved this position that existed in 2018/19, when the total reduction was 7.6 per cent. Scottish Government funding to other areas of the total Scottish budget decreased by 0.8 per cent between 2013/14 and 2019/20, demonstrating that local government funding has still undergone a larger reduction than the rest of the Scottish Government budget over this period."

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

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.

The combined effect of the financial challenge has meant that in addition to the £66.1m saved in the last eight years Angus Council will need to find another £5.2m of savings in setting its 2021/22 revenue budget. Further significant savings in future years are also expected to be necessary.

The fact the council has up to now been able to keep most services running well is due to the hard work of staff and the willingness of councillors to make difficult decisions when required.

Section 5 - General fund capital budget for 2020/21 – 2024/25

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 have fun. A substantial investment will be made in building a replacement for Monifieth High School, which will ensure we provide our young people with the best facilities we can. 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 £159.3m on capital projects up to March 2025 on General Fund services. Figure 5 shows the main planned projects:

Figure 5

Area of Investment Budgeted Spending	Budgeted Gross Spending
Road Maintenance across Angus	23.0
Replacement of Monifieth High School (Angus) Schools for the Future)	46.9
Angus School Estate (excluding Monifieth High School)	10.9
Property Maintenance across Angus	4.4
Early Learning & Childcare Centres – Carnoustie & Forfar	4.1
IT Hardware Refresh Programme, including Schools	2.5
Arbroath Active Travel Active Town	8.5
Tay Cities Deal Projects (including Brechin Business Park)	9.0
Arbroath Flood Strategy	11.7
Waste and General Vehicle Replacement	10.9

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

The council's capital spending is funded from Scottish Government Grant, borrowing, capital receipts from selling surplus assets plus the opportunity to use revenue budget money to pay for capital projects. Figure 9 shows how the total spend of £159.3m is expected to be met in the current five year period of the capital budget.

Figure 6: Split of Capital Funding

	%
Borrowing	42
Government Capital Grant	40
Other Grants and Contributions	9
Capital Receipts from Assets Sales	3
Capital Funded from Current Revenue	5
Capital Fund	1

Section 6 – Our Approach to Change (2021/22 to 2023/24)

The Council's Change Programme was established during 2017/18, building on the progress made by previous corporate transformation initiatives.

During the 3-year period 2018/19 to 2020/21, the Change Programme has developed to provide a focal point for the Council's transformation plans, including a range of enabling, investment and savings projects.

The whole portfolio of Council programmes and projects are aligned to the Council's priorities:

- Economy: 'We want Angus to be a 'go-to' area for business'
- 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'

It is now also linked to the Council's purpose which is set out in the 'Strategy on a Page' under the banners of Eliminate, Reduce, Raise and Create.

Developing our Change Programme (2021/22 to 2023/24)

The financial challenges facing Angus Council means we need to be ready and responsive to implement even more radical change over the forthcoming years. It is only through that transformational change, which will also need to include the reduction or cessation of lower priority services, that the Council will be in a position to meet these challenges.

Council officers have for the last several months been working on a COVID-19 Recovery & Renewal strategy for the Council and this work is identifying new ideas and options for change much of which can enable better service delivery for customers as well as achieve financial savings. Recovery & Renewal ideas are already beginning to feature in the Change Programme and this will continue as the work progresses.

Linked to the other work that has been progressed in relation to strengthening our strategic planning arrangements, the four main categories of change will continue to be utilised so that the new change initiatives may be categorised, understood and analysed in a manner that supports ongoing creativity, development and delivery. These categories are as follows:

(i) 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

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

efficient and effective by reducing duplication and wastage, while still improving the lives of citizen and communities.

The COVID-19 pandemic has delayed progress with this area of work during 2020/21. It is still however a major category of change and improvement work that is now being developed.

(ii) 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.

The Council agreed a Commercialisation Strategy, under the banner of “Enterprising Angus” in March 2020 ([Report 104/20](#) and [Appendix A](#), [Appendix B](#) and [Appendix C](#) refer). The COVID-19 pandemic has again stalled progress with this area of work. It will also continue to be a key category of change and improvement work that we aim to develop.

(iii) Partnership/ Collaboration

Angus Council funds partners to deliver services on its behalf. These include Tayside Contracts, Angus Alive, 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.

This is a category of change that the COVID-19 pandemic has highlighted as being one full of potential for the Council and its partners. Partnership working was accelerated and the ‘art of the possible’ clearly evidenced throughout the pandemic with live examples of good practice (e.g. the Humanitarian Assistance Angus Response Team during the first wave, [Report 191/20](#) and [Appendix 1](#) & [Appendix 2](#) refer). It is planned that this work is also now developed and progressed as another key category of change.

(iv) 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 function? 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?

While the Council has and will continue to look for ways to save money which minimises any impact on front line service delivery we have to be realistic about what further savings can be made over and above the £66.1m already made in the last 8 years. Service contraction options will therefore predominantly involve reductions in services, perhaps the complete withdrawal of some services and a high degree of prioritisation towards those services most required by Angus citizens. Those services which are retained are also likely to be having to be significantly redesigned to make them financially sustainable.

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

Proposed Content for Social Pinpoint Tool - Appendix B to Report 215/21

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.