

To: [REDACTED]
Subject: FW: Local Government Finance Settlement Consultation - Moray Council Leader's Response

From: Graham Leadbitter <Graham.Leadbitter@moray.gcsx.gov.uk>
Sent: 10 January 2019 10:36
To: Cabinet Secretary for Finance, Economy and Fair Work <CabSecFEFW@gov.scot>
Cc: Kate Forbes <kate.forbes.msp@parliament.scot>
Subject: Local Government Finance Settlement Consultation - Moray Council Leader's Response

FAO – Derek Mackay MSP, Cabinet Secretary for Finance, Economy & Fair Work

Local Government Finance Settlement Consultation - Moray Council Leader's Response

Dear Derek

I am writing to set out my concerns over the proposed grant settlement for Moray Council.

The settlement, as proposed, poses significant challenges for us. At the time of writing this response Moray Council has already approved budget savings totalling £6.4M at meeting of the Council on 18th December. Against a total budget of around £200M this is obviously a significant saving that has already been achieved.

Having now digested the letter from you to the COSLA President dated 12th December and the subsequent detail in Local Government Finance Circular No. 8/2018 setting out the proposed Local Government Settlement for 2019/20, our Chief Financial Officer's advice is that there remains a funding gap of £8.1M which requires to be addressed at our budget meeting in late February.

In total this equates to £14.5M of efficiencies, savings and service cuts being made in a single financial year, nearly 10% of the value of our total revenue grant.

For a comparatively small council this is a huge financial pressure and the level of savings required will unquestionably result in major service cuts.

We recognise the Scottish Government's commitment to Early Years Expansion and the funding that is supporting that, however the underlying core revenue budget for Moray Council is of very significant concern.

While we continue to invest in education in support of the early years expansion commitments, the impact on other services will be very significant and very obvious to our communities.

We recognise that the UK Government's grant to Scotland is extremely challenging and that continuing austerity makes your own choices are difficult, however I believe it is incumbent upon me as Leader of Moray Council to express my grave concern that unless the Local Government share of spending improves, then valued public services, including library and leisure facilities,

could be lost. In a region that has dispersed rural communities this is a particularly challenging situation.

In that vein I would urge that the priority given to local government spending is reviewed. If we lose preventative services at Local Government level that will simply add to pressures in the health sector that could otherwise be avoided and could set back the prevention agenda.

I would also urge that every conceivable area of local government finance continues to be explored with a view to maximising the flexibility of our funding.

In relation to Moray's proposed settlement I would once again restate my view that for a Council having such a significant budget pressure, combined with a significantly lower than average budget per head of population, to have a further near £2M reduction as a result of the floor calculation is utterly perverse and cannot be the purpose of the floor mechanism.

Some improvements in the floor formula have occurred this year but the impact is still more than 1 percent of our total grant, which remains a very significant figure.

The floor formula must continue to be reviewed to reduce this impact, which I believe is discriminatory to the people and communities of Moray. I fully recognise that this is a joint arrangement with COSLA and I will continue to push this issue through COSLA as well.

In addition the funding formula agreed with COSLA continues to have a disproportionately negative impact on Moray. I fully accept that this is an issue that needs to be pursued through COSLA and I am pro-actively doing that, however it would be useful if the Scottish Government's officials who are working with COSLA on the formula could carry out some assessment of the impact of the formula on areas like Moray to help inform debate on the formula.

In relation to the current budget period I would also urge you to resist calls from others in the Scottish Parliament to cut public spending and give tax cuts to the most wealthy, which would clearly further damage the financial sustainability of public services in Moray and elsewhere in Scotland.

Yours sincerely

Graham

Cllr Graham Leadbitter (SNP) | Council Leader | Moray Council

graham.leadbitter@moray.gov.uk | [website](#) | [facebook](#) | [twitter](#) | [newsdesk](#)

01343 563520 | 07779 999282



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