

## **SCOTTISH BORDERS COUNCIL**

MINUTE of MEETING of the SCOTTISH BORDERS COUNCIL held in the Council Headquarters, Newtown St. Boswells, on Thursday, 9 February 2012 at 10.00 a.m.

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Present:- Councillors A. Hutton (Convener), S. Aitchison, W. Archibald, J. Brown, N. Calvert, M. Cook, V. Davidson, Z. Elliot, J. Fullarton, G. Garvie, K. Gunn, W. Herd, J. Houston, J. Hume, T. Jones, F. Lackenby, G. Logan, J. Mitchell, A. Nicol, D. Parker, D. Paterson, F. Renton, C. Riddell-Carre, S. Scott, R. Smith, G. Turnbull, N. Watson, T. Weatherston, L. Wyse.

Apologies:- Councillors C. Bhatia, S. Marshall, D. Moffat, J. Paton-Day, D. Raw.

In attendance:- Director of Education and Lifelong Learning, Director of Environment and Infrastructure, Director of Social Work, Chief Financial Officer, Clerk to the Council.

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### **FINANCIAL STRATEGY 2012/13 – 2014/15**

1. With reference to paragraph 16 of the Minute of 24 November 2011, there had been circulated copies of the Financial Strategy for the period 2012/13 to 2014/15. The report explained that the Council aimed to provide the best possible services within the resources available and this required a financial strategy which raised the funds required by the Council to meet approved service levels in the most effective manner and managed the effective deployment of those funds in line with the Council's corporate objectives and approved service plans. The strategy addressed a number of important issues which had to be considered in setting the budget for the coming year. The strategy adopted a revised approach to setting council balances based on a new financial risk register, a copy of which was appended to the report. The strategy also set out the proposed levels of reserves for the coming year based on the risk register. The Chief Financial Officer highlighted the main points including the employer contribution of 18% to the pension fund continuing for the next 3 years and the provision made for a Change Fund of £0.964m. The Depute Leader (Finance) advised that although the strategy had been changed from previous years it still covered all the important points. The strategy also covered the level of capital borrowing which could be sustained over the next 3 years. He also commented on the contribution to the Pension Fund which was not considered to be sustainable in the longer term. Members discussed the strategy and whether or not the level of reserves should be maintained or some of the funds allocated to specific projects.

### **VOTE**

*Councillor Calvert, seconded by Councillor Parker, moved approval of the Financial Strategy as set out in the report.*

*Councillor Mitchell, seconded by Councillor Herd, moved as an amendment the following alterations to reserves:-*

- (a) transfer £1m from revenue reserve to capital budget to allow commencement of Dirtpot Corner capital works in the financial year 2012/13 and similarly transfer concomitant £100k to cover the cost of this borrowing for the year; and*
- (b) allocate £25k to re-instatement of night scouting of street lamps.*

*On a show of hands Members voted as follows:-*

*Motion - 23 votes*  
*Amendment - 5 votes*

*The Motion was accordingly carried.*

## **DECISION**

**DECIDED to approve the Financial Strategy for 2012/13 – 2014/15 as set out in the report including the reserves strategy and level of balances for 2012/13.**

### **GENERAL FUND REVENUE RESOURCES AND COUNCIL TAX 2012/13**

2. There had been circulated copies of a report by the Chief Financial Officer on the estimated General Fund Revenue Resources available for 2012/13 to 2014/15, the process used to support the construction of the draft revenue budget and seeking approval for the level of Council Tax for 2012/13. The report explained that based on the resources from Central Government and retaining a council tax level frozen again at 2007/08 levels the total resources available to the Council totalled £264.105m excluding specific grants. There were three conditions specified by the Government which had to be agreed by Scottish Local Authorities in order to access the full level of AEF per the settlement. In addition to the pursuit of joint priorities set out in the local outcome agreement the Council was required to maintain a council tax freeze in each of the three years of the spending review, maintain teacher numbers in line with pupil numbers, securing places for all probationers who require one under the teacher induction scheme and to pass on the full share of funding to police boards in line with the previously agreed level for 2011/12. Overall resources from central government reflected a decrease of £0.97m (0.45%) compared to 2011/12 comparable totals. Provisional figures for AEF beyond 2012/13 had also been provided in the settlement. These indicated a small increase in total resources from Central government to Scottish Borders Council of £214.169m in 2013/14 falling back to £213.815m in 2014/15. Although a balanced budget would be presented for 2012/13 gaps remained based on provisional planning assumptions of £2.192m and £9.024m in 2013/14 and 2014/15 respectively. Preparatory work including service reviews in respect of passenger transport, property, and corporate ICT had commenced. If the level of Council Tax was not be frozen at 2007/08 this would result in resources being withdrawn by central government. The potential “claw-back” from Scottish Borders Council in this eventuality was detailed in the settlement at £1.529m per annum. This would be equivalent to 3% on the council tax levels.

## **DECISION**

**(a) NOTED the estimated revenue resources for 2012/13 to 2014/15.**

**(b) AGREED:-**

- (i) to approve a Band D council tax of £1,084 for financial year 2012/13, freezing the council tax at 2007/08 levels for fifth successive year; and**
- (ii) that the Council Taxes to be paid for 2012/13 in respect of chargeable dwellings be set at the following levels:-**

<b>Band</b>	<b>£</b>
<b>A</b>	<b>£722.67</b>
<b>B</b>	<b>£843.11</b>
<b>C</b>	<b>£963.56</b>
<b>D</b>	<b>£1,084.00</b>
<b>E</b>	<b>£1,324.89</b>
<b>F</b>	<b>£1,565.78</b>
<b>G</b>	<b>£1,806.67</b>
<b>H</b>	<b>£2,168.00</b>

- (iii) to proceed to consider the Administration’s budget proposals.**

### **REVENUE FINANCIAL PLAN 2012/13 – 2014/15**

3. There had been circulated copies of the Administration's Draft Revenue Financial Plan for 2012/13 to 2014/15. The Deputy Leader (Finance) highlighted the areas of additional expenditure such as extra funding for clothing and footwear allowances, minor school refurbishments, extra funding for children in care and foster carers allowances, extra funding for roads maintenance and contributions to the Change Fund. An amendment was tabled at the meeting to cover an extra £50k support for economic activity and events to be funded from a reduction in the amount approved for Business Transformation. Members discussed various aspects of the budget proposals in detail and tribute was paid to the Administration Budget Group and the finance staff for their work in producing this budget. Particular mention was made regarding Councillors Calvert's contribution over the last 9 years which had kept the Council in a sound financial position. During the discussion a number of amendments were proposed as follows:-

#### VOTES

*Councillor Aitchison, seconded by Councillor Watson, moved as an amendment £100k be allocated to the Education and Lifelong Learning Revenue Budget for 2012/13 to provide study support to High Schools. This additional budget to be drawn from the projected £200k underspend in the Education and Lifelong Learning Budget for 2011/12.*

*On a show of hands Members voted as follows:-*

*For - 2 votes*

*Against - 24 votes*

*The Amendment accordingly fell.*

*Councillor Watson, seconded by Councillor Paterson, moved as an amendment that the funds raised by Members paying for their own tea and coffee be used as seed funding to start two or more visiting schemes for the elderly in the Borders run by the voluntary sector and that the Members Support budget on page 9 and the Older People's budget on Page 31 be adjusted accordingly for 2012/13. .*

*On a show of hands Members voted as follows:-*

*For - 3 votes*

*Against - 20 votes*

*The Amendment accordingly fell.*

*Councillor Watson, seconded by Councillor Aitchison, moved as an amendment that the business support budget for the Environment and Infrastructure Department be reduced by £200k per annum, and that this sum be transferred to the Roads budget.*

*On a show of hands Members voted as follows:-*

*For - 2 votes*

*Against - 26 votes*

*The Amendment accordingly fell.*

*Councillor Mitchell moved that on Page 14 "Jubilee Celebrations" should be changed to read "Jubilee or other celebrations" and this was unanimously approved.*

4. Following consideration of these amendments, Councillor Calvert, seconded by Councillor Parker, moved that the Administration's Revenue Financial Plan, as amended, containing the detailed Revenue Budget for 2012/13 and provisional budgets for 2013/14 and 2015/16 be approved and this was accepted without further opposition.

## **DECISION**

**DECIDED to approve the Administration's Revenue Financial Plan, containing the detailed Revenue Budget for 2012/13 and provisional budgets for 2013/14 and 2015/16, all as set out in the Plan document which forms Appendix I to this Minute in the Minute Book.**

### **TREASURY MANAGEMENT STRATEGY 2012/13**

5. There had been circulated copies of a report by the Chief Financial Officer seeking approval for the Treasury Management and Investment Strategies 2012/13. The report explained that the CIPFA Code required the Council to approve an annual Treasury Management Strategy which had been through the appropriate scrutiny and was presented at the same time as the Council's Financial Plans. The Treasury Management Strategy 2012/13, a copy of which was appended to the report, incorporated the Prudential and Treasury Indicators for the next three years. The report explained that as part of the process of developing the Treasury Management Strategy the Audit Committee had a scrutiny role prior to the Strategies being approved by Council and Audit Committee considered and recommended the Strategies for Council approval at their meeting on 26 January 2012. The Chief Financial Officer advised that the Strategy had been amended to incorporate the Permitted Investments and limits for the Common Good and Trust Funds following the approval of their Investment Strategy by Council in December 2011. Members sought further clarification regarding monitoring and the rating of financial institutions.

## **DECISION**

**AGREED to approve:-**

- (a) the Treasury Management Strategy as contained in the Appendix to the report; and**
- (b) the Prudential and Treasury Management Indicators as set out in paragraph 4.8 of the report.**

### **CAPITAL FINANCIAL PLAN RESOURCES 2012/13 - 2021/22**

6. There had been circulated copies of a report by the Chief Financial Officer on the estimated capital resources for 2012/13 to 2021/22. The report outlined the process supporting the compilation of the draft Capital Financial Plan plus the introduction of a long term 7 year Strategic Plan to support the traditional 3 year Operational Plan. The financing constraints were identified along with the major issues facing the Council and its capital planning process. It was acknowledged that a plan covering a 10 year period would be subject to change as political, financial and service priorities evolved. The report detailed the three year General and Specific Capital Grant allocation to the Council. The principles of affordability and sustainability had been applied in developing an affordable draft Capital Financial Plan 2012/13 to 2021/22 and were financed by Loan Charges of £21.3m per annum. The £15m per annum 'ceiling' for capital spend (excluding Plant and Vehicle Replacement) for the 7 years of the Strategic Plan had been maintained at an average of £14.2m per annum and reflected future assumptions concerning a reduction in the General Capital Grant and the impact of the central "top slicing" of Flood Prevention funding. The report highlighted the various considerations in respect of flood and coastal protection, waste management, land and property and business infrastructure which had been taken into account when developing the draft Capital Financial Plan. Councillor Logan, seconded by Councillor Garvie, proposed that the words "which included provision to redesign the A72 at Dirtpot Corner" to the end of recommendation (a) and this was unanimously accepted.

## **DECISION**

- (a) NOTED the estimated Capital Resources for 2012/13 to 2021/22, which included provision to redesign the A72 at Dirtpot Corner; and**
- (b) AGREED to consider a detailed Capital Financial Plan for 2012/13 to 2021/22.**

## **MEMBER**

Councillor Fullarton left the meeting.

## **CAPITAL FINANCIAL PLAN 2011/12 – 2015/16**

7. There had been circulated copies of the Administration's Draft Capital Financial Plan 2012/13 to 2021/22. The Depute Leader (Finance) highlighted some of the schemes including the Galashiels Interchange, flood prevention schemes, new Primary Schools for West Linton and Duns, employment land, townscape schemes and Broadband. He expressed the hope that increased funding might be available in year 3 of the Plan.

## **DECISION**

**AGREED to approve the Capital Financial Plan for 2012/13 to 2021/22, as detailed in the report which forms Appendix II to this Minute in the Minute Book.**

## **ADMINISTRATION'S END OF TERM REPORT**

8. There had been circulated copies of a report detailing the work carried out by the Administration during their term of office. The Leader highlighted the progress that had been achieved during the last 5 years and the changes to the economic climate during that time.

## **DECISION**

**NOTED the report.**

## **URGENT BUSINESS**

9. Under Section 50B(4)(b) of the Local Government (Scotland) Act 1973, the Convener was of the opinion that the item dealt with in the following paragraph should be considered at the meeting as a matter of urgency, in view of the need to keep Members informed.

## **JOHNSTON'S OF ELGIN**

10. The Leader reported that Johnston's of Elgin had announced a £1m investment programme in their Hawick factory which would include the formation of a visitor centre and the creation of 15 new jobs which was good news for Hawick.

## **DECISION**

**NOTED the report.**

*The meeting concluded at 12.35 p.m.*

