

SCOTTISH BORDERS COUNCIL

MINUTES of Meeting of the SCOTTISH COUNCIL held in Council Headquarters, Newtown St. Boswells on Thursday, 12th February, 2015 at 11.00 am

Present:- Councillors J Brown (Vice Convener), S. Aitchison, W. Archibald, M Ballantyne, S Bell, C Bhatia, J Campbell, K Cockburn, M J Cook, A Cranston, V Davidson, G Edgar, J A Fullarton, I Gillespie, J Greenwell, G Logan, S Marshall, W McAteer, J G Mitchell, S Mountford, A J Nicol, D Parker, D Paterson, F Renton, S Scott, R Stewart, J Torrance, G Turnbull, T Weatherston and B White

Apologies:- Councillors G H T Garvie, B Herd, D Moffat and R Smith

In Attendance:- Chief Executive, Depute Chief Executive People, Depute Chief Executive Place, Director of Public Health, Corporate Transformation & Services Director, Chief Financial Officer, Service Director Strategy & Policy, Clerk to the Council

1. **COUNCILLOR GARVIE**

Councillor Brown advised Members regarding the absence of Councillor Garvie due to ill health and Members wished him a speedy recovery.

2. **BUDGET COMMUNICATION STRATEGY 2015/16**

There had been circulated copies of a report by the Chief Financial Officer outlining the steps taken to engage with stakeholders as part of a consultation exercise on the budget. The report detailed the forms of communication used and provided feedback on the use of the Budget Simulator. This was made available on the Council's website and allowed a person to give feedback on how they would like Council revenue spending prioritised. The Budget Simulator generated 216 responses with 70 comments. This feedback had been considered as part of the 2015-20 Financial Planning process. The simulator would remain open and ongoing feedback would be considered during future Financial Planning cycles. In response to a request to broaden the questions asked on the simulator the Chief Financial Officer undertook to consider further developments for next year.

DECISION

NOTED:-

- (a) the budget Communication Strategy used;**
- (b) the feedback from the Budget Simulator; and**
- (c) that the Chief Financial Officer would consider further development of the budget simulator for use during the following year's budget process.**

3. **FINANCIAL STRATEGY 2015/16 - 2019/20**

There had been circulated copies of a report by the Chief Financial Officer seeking approval for the Financial Strategy covering the period 2015/16 to 2019/20. 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; managed the effective deployment of those funds in line with the Council's corporate objectives and approved service plan; and provided stability in resource planning and service delivery.

The strategy addressed a number of important issues which had to be considered in setting the budget for the coming year. The 5 year revenue financial plan had been rolled forward to assess the likely level of resources available over that period and the budgetary adjustments that would be required to ensure spending plans remained affordable and sustainable in the longer term. Firm figures were only available from the Finance settlement for 2015/16 and consequently it was recognised that the financial strategy would be adapted over time to respond to changing circumstances. The strategy used an approach based on a quantified financial risk register to set the level of unallocated balances. A copy of the Risk Register was appended to the report.

DECISION

AGREED to approve the financial strategy for 2015/16 – 2019/20 as set out below:-

- (a) a freeze on council tax in each year of the budget had been reflected pending a longer term national review of Local Government funding through the Council Tax Commission which might result in changes to Local Government finance during the 5 year period;**
- (b) set a prudent, sustainable budget in line with available resources;**
- (c) continue to invest in infrastructure through a sustainable capital programme financed by £20.71m loans charges in 2015/16;**
- (d) maximise income while keeping fees charged to service users at an affordable level;**
- (e) continue to invest in corporate transformation and efficiency projects to deliver long term financial savings and service benefits;**
- (f) focus on preventative revenue and capital spend; and,**
- (g) maintain unallocated reserves of £6.756m for 2015/16 in line with the assessed risk register as contained in appendix 1 to the report.**

4. GENERAL FUND REVENUE RESOURCES AND COUNCIL TAX 2015/16

There had been circulated copies of a report by the Chief Financial Officer on the estimated General Fund Revenue Resources available for 2015/16 to 2019/20 following publication of the local government finance settlement on 11 December 2014. The report also outlined the process supporting the construction of the draft 5 year revenue budget 2015/16 – 2019/20 and outlined the financial constraints and major risks which needed to be addressed and assumed that the Council Tax freeze would continue. The settlement from the Scottish Government confirmed resources of £203.321m and included redeterminations of £2.227m. The redeterminations were for Free School Meals (£1.233m), Scottish Welfare Fund (£0.472m), Single Fraud Investigation Service (£0.004m), Teachers Induction (£0.223m), Council Tax Reduction Scheme admin (£0.117m), Looked After Children (£0.217m), hostel grant (£0.016m), Self-Directed Support (£0.096m), the reduction of Children's Legal representation for school pupils (-£0.002m) and an adjustment to reflect the final Children and Young People's Bill funding (-£0.149m). Each redetermination had associated budget implications which had been reflected in the Financial Plan. Assuming that Council Tax was frozen again at 2007/08 levels, the total revenue resources available to the Council for 2015/16 was £254.571m excluding specific grants. There were two conditions specified by the Government for 2015/16 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 and maintain teacher numbers in line with pupil numbers, securing places for all probationers who required one under the teacher induction scheme. Sanctions in relation to maintaining teacher numbers were currently suspended pending the work to agree an Educational Outcomes based approach which is being reviewed in early 2015. Overall resources from central government reflected an increase of £1.1m (0.55%) compared to 2014/15 comparable totals. The offer of funding contained in the finance circular was provisional at this stage pending approval of the Government's budget bill and the publication of the final 2015/16 funding circular. It was noted that a Commission on Local

Tax Reform had been set up and Councillors Ballantyne and Bhatia had been invited to be members.

DECISION

(a) **NOTED** the estimated revenue resources for 2015/16 to 2019/20.

(b) **AGREED:-**

- (i) to approve a Band D council tax of £1,084 for financial year 2015/16, freezing the council tax at 2007/08 levels for eighth successive year; and
- (ii) that the Council Taxes to be paid for 2015/16 in respect of chargeable dwellings be set at the following levels:-

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

- (iii) to proceed to consider the Administration's Revenue Financial Plan 2015/16-2019/20 and associated fees and charges schedule for 2015/16.

5. **ADMINISTRATION'S DRAFT REVENUE FINANCIAL PLAN 2015/16 - 2019/20**

There had been circulated copies of the Administration's Draft Revenue Financial Plan for 2015/16 to 2019/20 together with the list of fees and charges for 2015/16. Councillor Mitchell commented on the need to deliver services in more efficient ways and emphasised the importance of economic growth and the protection of front line services. He listed a number of important areas within the budget including additional nursery provision, care for the elderly, the creation of a children's outreach team, the new ALEO, and replacement energy efficient street lighting. The introduction of more streamlined administrative processes, the use of new technology and the importance of partnership working was also highlighted. He thanked the Council staff involved in the preparation of the budget for their hard work. Councillor Ballantyne spoke on behalf of the Opposition and advised that her group broadly supported the Administration's proposals. However, she considered that more could be done in terms of a clear strategy for education and asked that the proposed efficiencies in respect of commissioned services for young people and the cost of a primary school meal should be reconsidered as the benefits from these far outweighed the costs. Members then discussed various aspects of the budget in advance of the vote.

VOTE

Councillor Mitchell, seconded by Councillor Bell, moved approval of the budget as published.

Councillor Ballantyne, seconded by Councillor Turnbull, moved as an amendment that:-

- (a) *Page 13 – reduce targeted efficiencies on Commissioned Services by £50k per annum over the three years 2015-2018 to eliminate reduction on the commissioned services within the Children and Young Peoples Planning Partnership; and*
- (b) *Increase the allocation to supporting Primary School Meals by £35k per annum to enable the cost of a school lunch at Primary School to be reduced to £1.50. These to be funded from a reduction in the line relating to Older demographic increases on Page 7.*

On a show of hands Members voted as follows:-

Motion - 21 votes

Amendment - 9 votes.

The Motion was accordingly carried.

DECISION

DECIDED to approve the:-

- (a) Administration's Revenue Financial Plan, containing the detailed Revenue Budget for 2015/16 and provisional budgets for 2017/18-2019/20, all as set out in the Plan document which forms Appendix I to this Minute in the Minute Book; and**
- (b) the fees and charges as contained in Appendix II to this Minute in the Minute Book.**

6. FINANCIAL PLAN 2015/16 - 2019/20 REVENUE SAVINGS EQUALITY IMPACT ASSESSMENT

There had been circulated copies of a report by the Chief Financial Officer providing assurance to Members that any potential equality impacts of the savings proposals brought forward within the Council's Financial Plan 2015/16 – 2019/20 had been identified and would be managed. The report explained that the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012 required that all changes to Council policy were Impact Assessed for relevance to each part of the Public Sector General Duty under the Act. Initial Equality Impact Assessments on all Financial Plan 2015/16 – 2019/20 proposals had been undertaken as an integral part of the budget planning process in order to fully inform evaluation decision making by officers and members of the Administration Budget Working Group and Scottish Borders Council. These assessments had been undertaken in respect of the 25 key component Financial Plan savings proposals, of which 3 had been held to have some relevance to the Council's duties under the Equality Act 2010, potentially might impact on 1 or more equality groups and required ongoing management through their implementation stage, in terms of mitigating and alleviating these impacts. Each of these proposals were considered to have a possible negative impact on 1 or more of the recognised 8 equality groups and would, in accordance with the Council's policy on equality assessment, therefore require further assessment as the summary savings proposals were developed and their implementation planned. Where any potential negative impact was identified going forward, proposals for mitigation and alleviation would be put in place and if any residual impact was still considered to be possible, this would be reported back to members to inform ongoing budget planning and decision-making.

DECISION

AGREED:-

- (a) to note the summary outcomes of the 25 Initial Equality Impact assessments undertaken in respect of the 2015/16 – 2019/20 Financial Plan savings proposals;**
- (b) to undertake further and ongoing Equality Impact work in respect of the 5 proposals where it had been identified that they had a relevance to the Council's duty under the Equality Act 2010, with specific reference to the equality groups on whom there might be possible negative impact;**
- (c) to undertake further assessment of those proposals where the equality impact evaluation was 'Not Certain' at this point, regardless of whether there was believed to be a relevance to the Council's duties under the Equalities Act 2010; and**

- (d) that where there was an identified relevance to the Council's statutory duties and where there was a possible impact on one or more equality characteristic group, actions to mitigate and alleviate this impact were identified and implemented as part of the project planning and delivery of each proposal.

7. **TREASURY MANAGEMENT STRATEGY 2015/16**

There had been circulated copies of a report by the Chief Financial Officer seeking approval for the Treasury Management Strategy 2015/16. The report explained that the Treasury Management Strategy was the framework which ensured that the Council operated within prudent, affordable limits in compliance with the CIPFA Code. The Treasury Management Strategy 2015/16 was appended to the report and reflected the impact of the Administration's Financial Plans for 2015/16 onwards on the prudential and treasury indicators for the Council. There were four main changes to the Strategy as follows:-

- the reduction in the allocation for Registered Social Landlord (RSL) on-lending to £5m (from £13m) within the other relevant capital expenditure amounts following the publication of new guidance relating to on lending. The Council was a full participant in the COSLA/ Scottish Government working group which established this new framework;
- the cross referencing to the Council's overall Financial Strategy and the alignment of the Indicators to the five years of this Strategy;
- the incorporation of reference to the Treasury Management Earmark Balance; and,
- the ability to undertake treasury management for subsidiary companies.

DECISION

AGREED to approve the Treasury Management Strategy for 2015/16 as contained in the Appendix to the report.

8. **CAPITAL FINANCIAL PLAN RESOURCES 2015/16 - 2024/25**

There had been circulated copies of a report by the Chief Financial Officer on the estimated capital resources for 2015/16 to 2024/25 and additional information to supplement the Administration's 10 year Draft Capital Plan. The report outlined the process supporting the compilation of the draft Capital Financial Plan comprising a long term 7 year Strategic Plan plus the traditional 3 year Operational Plan. The estimate of the funds available for the future 10 year Capital Plan totalled £352.1m. The Administration's Draft 10 year Capital Plan in comparison to the current approved Capital Financial Plan showed a £105.1m increase over the 10 year planning period. Of this increase £31.4m was assumed to be funded from additional borrowing, £21.7m from the General Capital Grant from Scottish Government, £30.3m from specific or external grants, £18m from the Plant and Vehicle Fund, and £1.8m from additional Developer Contributions. The report detailed the prioritisation process for projects and the funding assumptions which had been made.

DECISION

(a) **NOTED the estimated Capital Resources for 2015/16 to 2024/25 and the requirement to adhere to the prudential code for capital borrowing; and**

(b) **AGREED to proceed to consider the Administration's 10 year Draft Capital Plan for 2015/16 to 2024/25.**

9. **ADMINISTRATION'S DRAFT CAPITAL FINANCIAL PLAN 2015/16 - 2024/25**

There had been circulated copies of the Administration's Draft Capital Financial Plan 2015/16 to 2024/25. Councillor Mitchell advised that this was a bold plan for the Borders with planned expenditure of £352m over the next 10 years. He commented on the Councils success in achieving match funding and listed many of the projects contained in the plan.

VOTE

Councillor Ballantyne, seconded by Councillor Turnbull, moved in terms of Standing Order 57(a) that Standing Orders be suspended to allow the consideration of a Motion relating to funding in respect of the Great Tapestry Building.

On a show of hands Members voted as follows:-

For suspension - 11votes

Against suspension - 19 votes

Standing Orders were therefore not suspended and there was no further debate on the matter.

Members commented on various projects within the Plan and the Chief Financial Officer explained the process for the reallocation of funds should there be delays with a project.

DECISION

AGREED to approve the Capital Financial Plan for 2015/16 to 2024/25, as detailed in the report which forms Appendix III to this Minute in the Minute Book.

10. **CAPITAL FINANCIAL PLAN 2015/16 - 2024/25 EQUALITY IMPACT ASSESSMENT**

There had been circulated copies of a report by the Chief Financial Officer providing assurance to members that any potential equality impacts of the proposed new projects and block allocations within the Council's Capital Financial Plan 2015/16 – 2024/25 had been identified and would be managed. The report explained that as part of the 2015/16 Financial Planning process full consideration of any potential equality impact had to be made when evaluating potential options for inclusion in the Council's capital financial plan. In order to ensure that the Council fully complied with its policy on equalities, an initial Equality Impact Assessment had been undertaken in respect of 11 new proposed projects and 32 block allocation budgets, of which 14 had been identified as having some relevance to the Council's duties under the Equality Act 2010. Each of these proposals was considered to have a possible impact on 1 or more of the recognised 8 equality groups and would therefore now require further assessment as the projects were developed and their implementation planned. Where any potential negative impact was identified going forward, proposals for mitigation and alleviation would be put in place and if any residual impact was still considered to be possible, this would be reported back to members to inform ongoing budget planning and decision-making.

DECISION

AGREED:-

- (a) to note the summary outcomes of the 43 Initial Equality Impact assessments undertaken in respect of the 2015/16 – 2024/25 Capital Financial Plan proposals;**
- (b) to undertake further and ongoing Equality Impact assessments where it had been identified that they had a relevance to the Council's duty under the Equality Act 2010, with specific reference to the equality groups on whom there might be possible negative impact; and**
- (c) that where there was an identified relevance to the Council's statutory duties and where there was a possible impact on one or more equality characteristic group, actions to mitigate and alleviate this impact were identified and implemented as part of the project planning and delivery of projects.**

11. **CORPORATE TRANSFORMATION PROGRAMME**

There had been circulated copies of a report by the Corporate Transformation and Services Director on the implementation of a Corporate Transformation Programme that supported the delivery of the Council's Financial Strategy 2015/16 to 2019/20. The report explained that the Council's Business Transformation Programme had achieved

significant and far reaching change over the last 5 years and delivered substantial savings of £17.8m. Moving forward, in order to respond effectively to the social, demographic and economic challenges facing the Council a much more comprehensive and ambitious transformation programme was now required that would deliver corporate change and service improvement right through the Council and into the wider community. The proposed Corporate Transformation Programme had been developed around the four themes in the Council's Financial Strategy and provided a framework for the development and delivery of activities and projects to achieve a sustainable financial position over the next 5 years and beyond and underpinned the delivery of Elected Member, Corporate and Partnership priorities. A key part of the work in developing the programme had been to begin to describe in tangible terms what the Council would be like in five years' time and what the experience should be for communities, service users, staff and partners as a result of delivering the programme. This in itself had then helped shaped the principles and the detail of the proposed programme. A narrative had been developed to try to illustrate in a more practical way the vision as it should be experienced by a "family" in the Borders in future years as a result of the Corporate Transformation Programme. The narrative would be used as one of the means of communicating the programme. The developing narrative was attached at Appendix 1 and illustrated how the programme would be presented. Appendix 2 set out the themes in more detail showing the activity in each theme along with a brief description of what each programme was about and was intended to achieve. The use of real rather than fictional experiences was highlighted.

DECISION

AGREED:-

- (a) to approve the implementation of the Corporate Transformation Programme;**
- (b) the four themes of Corporate Transformation; and**
- (c) that quarterly monitoring reports should be considered by Executive**

The meeting concluded at 12.45 pm