

SCOTTISH BORDERS COUNCIL

MINUTE of MEETING of the SCOTTISH BORDERS COUNCIL held in the Council Headquarters, Newtown St. Boswells and via Microsoft Teams on 23 February 2023 at 10.00 a.m.

Present:- Councillors W. McAteer (Convener), J. Anderson, D. Begg, P. Brown, C. Cochrane, J. Cox, L. Douglas, M. Douglas, J. Greenwell, C. Hamilton, S. Hamilton, E. Jardine, J. Linehan, N. Mackinnon, S. Marshall, D. Moffat, S. Mountford, A. Orr, D. Parker, J. PatonDay, J. Pirone, C. Ramage, N. Richards, E. Robson, M. Rowley, S. Scott, F. Sinclair, E. Small, A. Smart, Steel, R. Tatler, V. Thomson, E. Thornton-Nicol and T. Weatherston

Apology:- Councillor A. Orr.

In Attendance:- Chief Executive, Director Education and Lifelong Learning, Director Infrastructure and Environment, Director Resilient Communities, Director Strategic Commissioning and Partnerships, Chief Officer Health and Social Care, Acting Chief Financial Officer, Acting Chief Corporate Governance Officer, Employee Relations Manager, Clerk to the Council.

1. **ORDER OF BUSINESS**

The Convener varied the order of business as shown on the agenda and the Minute reflects the order in which the items were considered at the meeting.

2. **SCOTTISH BORDERS COUNCIL PLAN**

With reference to paragraph 3 of the Minute of 22 February 2022, there had been circulated copies of a report by the Chief Executive seeking approval of the Scottish Borders Council Plan from April 2023. In February 2022, Council approved the Scottish Borders Council Plan 2022-2023. At the time, it was agreed that the 2022-2023 Plan would serve as template for future years, and that the Plan would be reviewed yearly to ensure that it remained responsive to events and provided the basis for the Council's Performance Management. The Council Plan from April 2023 continued to build on and develop this approach. It was divided into three main sections. First, a 'Strategic Context and Vision' section which, in responding to strategic challenges and opportunities, outlined a long-term vision for the Council. Second, a 'Scottish Borders-Wide Actions' section listed key strategic priorities and outcomes for the Council over the next financial year. The final section comprised a 'Locality Actions' section featuring key actions and priorities in each of the Borders' five Area Partnership localities. The Plan was contained in Appendix A to the report. Members spoke in support of the Plan which outlined the direction the Council wished to take and highlighted that all Members were working together for the benefit of the Borders people. In response to a question on timescales, the Chief Executive confirmed that if actions could be delivered earlier than stated then they would be and that the dates in the Plan were the end dates for delivery.

DECISION

AGREED to approve the Scottish Borders Council Plan from April 2023 as contained in Appendix A to the report.

3. **BUDGET COMMUNICATION STRATEGY 2023/24**

There had been circulated copies of a report by the Acting Chief Financial Officer outlining the steps taken to engage with stakeholders as part of a consultation exercise on the budget. The paper highlighted the budget Communication Strategy used and provided feedback gathered from the recent survey. This feedback had been considered as part of the 2023/24 Financial Planning process. As part of the budget consultation exercise on the Council's

updated Financial Plan, a survey was made available to members of the public on the Council website from late December 2022 to the end of January 2023. Members of the public were asked to complete a new survey and help shape the next Council budget, to be set in February 2023. The survey also provided Borderers with the opportunity to provide feedback on a number of other areas, including public transport, health and social care, and the development of local plans within communities. By the end of January 2023, 866 members of the public had given their views on how they thought resources should be prioritised to address the challenges the Council was facing. A further consultation on the draft Council Plan for 2023/24 had also been undertaken with communities and partner organisations. Members thanked those members of the public who had taken part and highlighted the need to get more people involved next year particularly in both the younger and older age groups. It was suggested that the aim for participation next year should be 2000 responses.

DECISION

AGREED to NOTE:-

- (a) the budget Communication Strategy used; and**
- (b) the feedback provided by respondents to the survey in setting the Council's budget for 2023/24 and subsequent financial years.**

4. LONG TERM FINANCIAL STRATEGY (REVENUE) 2023/24

There had been circulated copies of a report by the Acting Chief Financial Officer providing the Council with a Long Term Revenue Financial Strategy document including detailed financial modelling to supplement the 2023/24 Financial Plan. The Council first adopted a five year planning period for revenue in 2013/14. This strategy now adopted a ten year look forward, aligning the time frame for revenue planning with the ten year period already adopted for planning the capital investment programme. The approach to longer term financial planning was advocated as good practice by Audit Scotland and this approach had allowed the Council to deliver balanced budgets in each year since 2013/14 and to plan effectively for the financial consequences of multi-year transformational change across the Council. Since adopting a longer term planning horizon the Council had successfully delivered £78m of savings on a permanent basis, assisting significantly with financial sustainability. Adopting a consistent 10 year revenue planning horizon would further assist the Council to plan service and strategic change appropriately and ensure the financial implications of the Council Plan were properly considered, affordable and reflected in future budgets. Members supported the 10 year planning model.

DECISION

AGREED to approve the long term financial strategy, as contained in Appendix 1 to the report, to assist revenue financial planning over a 10 year period from 2023/24.

5. FINANCIAL STRATEGY AND RESOURCES 2023/24 – 2027/28

There had been circulated copies of a report by the Acting Chief Financial Officer recommending the financial strategy to be followed by the Council next financial year, confirming resources available to the Council following the publication of the Local Government Finance Settlement and identifying the financial constraints and major risks to be addressed. The report also outlined the process supporting the construction of the draft revenue and capital Financial Plans for 2023/24 as well as draft plans for future years. The Council Management Team had supported Members to set a corporate revenue and capital budget, meeting identified pressures facing the Council. These pressures had arisen from a variety of factors. The principal pressures identified were due to the anticipated continuing constraints on external revenue and capital funding from central government, the unprecedented level of inflationary increases first experienced in 2022/23 and extending in to 2023/24, the ongoing uncertainty around national pay negotiations, and the increasing pressures from demographics, particularly the increasing numbers of older people requiring care services and children requiring to be looked after and accommodated out with the

authority. The budget development process had been conducted to ensure that the Financial Plans of the Council were aligned with its business and people planning objectives and the level of resources available. The report highlighted that total revenue resources of £343.761m were available assuming the Council accepted the 2023/24 settlement offer from Scottish Government. The settlement gave Councils full flexibility to set the Council Tax rate that was appropriate for their local authority area for 2023/24 with no cap on Council Tax increases. The impact of potential variations in the Council Tax were detailed in the report. The benefits, in terms of financial stability and effective change management, derived from adopting a longer term corporate approach to the revenue and capital planning process were widely accepted. This approach had been developed for financial year 2023/24 with a 10 year revenue financial strategy being approved at paragraph 4 above and this brought the long term planning horizon for both revenue and capital in line at 10 years. Financial year 2023/24 represented the first year of the current Administration's revenue 5 year financial plan for the Council. It was anticipated that a longer term approach to financial planning would be continued and estimates would continue to be updated annually as the detail of the financial settlement from Scottish Government became known. Council approved a report on 16 February 2023 to change the statutory accounting treatment for Service Concession Arrangements (SCAs) as set out in Finance Circular 10/2022. This flexibility permitted Councils to undertake internal accounting changes that extend the period over which the principal repayment of the unitary charge could be made over the life of an asset rather than the life of the contract. This resulted in a one-off accounting credit to the Council and ongoing annual savings for a period of time. The 2023/24 budget proposals presented reflected benefits from adopting this change in accounting treatment. The Council approved a revised approach to organisational change under the banner of 'Fit for 2024' when the budget was set for 2019/20 in February 2019. This approach continued to reshape the transformation programme ensuring individual projects were more cross-cutting and focused on joined up business process review. The report also sought approval of the financial strategy for the Council covering the period 2023/24 – 2027/28. The strategy provided the overall framework for the financial management of the Council and covered the revenue budget, capital investment plan, treasury management arrangements and the recommended policy on reserves. A risk based approach had once again been used to set the level of recommended balances to be held in contingency.

**DECISION
AGREED to:-**

- (a) note the estimated revenue resources for 2023/24 to 2027/28;**
- (b) note the estimated capital resources for 2023/24 to 2032/33 and the requirement to adhere to the prudential code for capital borrowing;**
- (c) note the flexibility provided through the LGFS process giving Councils full flexibility to set the Council Tax rate that was appropriate for their local authority area for 2023/24;**
- (d) approve the Financial Strategy, as set out in the report, including the recommendation to maintain unallocated reserves at £8.448m for 2023/24, having considered the risk register highlighted in Appendix 1 to the report; and**
- (e) proceed to consider the proposed Financial Plan for 2023/24.**

6. CAPITAL INVESTMENT STRATEGY 2023/243

There had been circulated copies of a report by the Acting Chief Financial Officer presenting Scottish Borders Council's updated Capital Investment Strategy (CIS) supporting the 2023/24 financial planning process. The requirements of the Prudential Code were updated in December 2017 including the recommendation that Councils publish a Capital Investment Strategy to support their Capital Plan. This strategy therefore supported the strategic investment priorities of Scottish Borders Council through the Capital Plan. The Capital

Investment Strategy was designed to highlight the capital investment priorities and explained how these priorities would assist with the delivery of the Council Plan, which was approved at paragraph 2 above. As such, the CIS was structured to reflect the themes of the Council Plan. The document was to be read in conjunction with the Council's 10 year capital Investment Plan 2023 – 2033 and the Treasury Strategy which provided details of the Council's Prudential Indicators and set out how the Capital Investment plans of the Council would be financed. Members welcomed the report and thanked officers for their input. Ms Douglas answered Members' questions and agreed to provide further information on the timetable for the works to school kitchens relating to the extra funding for free school meals.

DECISION

AGREED to approve the Capital Investment Strategy as part of the suite of 2023/24 budget papers on the Council agenda.

7. TREASURY MANAGEMENT STRATEGY 2023/24

There had been circulated copies of a report by the Acting Chief Financial Officer proposing approval of the Treasury Management Strategy 2023/24. 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 Strategy for 2023/24, a copy of which was appended to the report, reflected the impact of the Administration's Financial Plans for 2023/24 onwards on the prudential and treasury indicators for the Council. Councillor Thornton-Nicol confirmed that the report had been fully scrutinised by the Audit Committee and was happy to recommend approval.

DECISION

AGREED to:-

- (a) approve the Treasury Management Strategy 2023/24 as set out in Appendix 1 to the report;**
- (b) note that the draft Treasury Management Strategy was considered by Audit Committee on 13 February 2023;**
- (c) review the capital expenditure plans going forward to ensure they remained realistic, affordable and sustainable; and**
- (d) ensure that the revenue consequences of all capital projects be fully reviewed in all investment decisions.**

8. FINANCIAL PLAN INTEGRATED IMPACT ASSESSMENT (IIA)

There had been circulated copies of a report by the Director People, Performance and Change seeking to provide assurance to Members that any potential equality impacts of the proposals contained within the Council's Financial Plan from 2023/23 had been identified and would be managed accordingly. The Council had a legal obligation under the Equality Act 2010, when exercising functions, to have due regard to the need to:

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act;**
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;**
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.**

This was known as the Public Sector Equality Duty. Carrying out and considering the findings of an Equality Impact Assessment (EIA) as part of the decision making process was the method of ensuring "due regard" was paid to the effect of the relevant policy or practice

on the Council's obligations under the Public Sector Equality Duty. The Council also had an obligation under the Fairer Scotland Duty to consider how socio- economic inequalities could be reduced through strategic decisions that it made. The Council accordingly subjected prospective policies and practices to assessment through an Integrated Impact Assessment (IIA). This addressed potential impacts, both positive and negative, on the Council's duties under the Equalities and Fairer Scotland legislation. Initial Integrated Impact Assessments on the 2023/24 Financial Plan proposals had been undertaken as an integral part of the revenue and capital budget planning processes in order to fully inform decisions proposed by officers and approved by Members. Some of the revenue proposals had been carried forward from previous years and so had already been subject to an impact assessment. Where that was the case they had been re-assessed where appropriate. The small number which had not been re-assessed could be as the detailed proposals developed. The capital proposals had all been carried forward from previous years and had not been re-assessed. While some of the assessed proposals indicated no impact, it was recommended that any potential impact continue to be monitored, given the nature of the proposals. Those 36 proposals may potentially impact in a positive or negative way on one or more of the Protected Characteristics or Socio- Economic Factors and any potential negative impact would require ongoing management through their implementation stage, in terms of mitigating and alleviating these impacts. Any positive impacts identified at this stage should be maximised during the planning and implementation stage of the proposals. Members welcomed the report and asked that IIAs be brought forward with every committee report in future.

**DECISION
AGREED:-**

- (a) to note the summary outcomes of the 36 Initial Integrated Impact Assessments undertaken in respect of the 2023/24 Financial Plan proposals as detailed in Appendix 1 to the report;**
- (b) that officers undertake further and ongoing Impact Assessment work, as necessary, in respect of those proposals with specific reference to the equality or socio- economic groups on whom there may be a possible impact:**
 - (i) that where there was an identified relevance to the Council's statutory duty and there was a possible positive impact on one or more equality characteristic or socio- economic groups, actions to maximise this impact should be identified and implemented as part of the project planning and delivery of each proposal or project; and**
 - (ii) that where there was an identified relevance to the Council's statutory duty and where there was a possible negative impact on one or more equality characteristic or socio- economic group, actions to mitigate and alleviate this impact should be identified and implemented as part of the project planning and delivery of each proposal or project.**

9. URGENT BUSINESS

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.

10. SCOTTISH GOVERNMENT BUDGET ANNOUNCEMENT 2023/24

There had been circulated copies of a briefing paper by the Acting Chief Financial Officer advising that following the approval of the Scottish Government Budget in Parliament on the 21 February 2023, the Council had received a letter from Deputy First Minister (DFM) John Swinney, outlining the implications for Local Government. In recognition of significant budget

challenges faced by Local Government, the DFM announced in Parliament that an additional £100 million would be provided in 2023/24 as a contribution to support Councils to make a meaningful 2023-24 pay offer for non-teaching local government staff, recognising the critical role that those staff played in delivering front line services. COSLA understood that the £100m was the first instalment of the £155m required by Local Government to match the current 5.5% offer to teachers for 2023/24. It was hoped that this additional funding commitment would enable a swift agreement in the Scottish Joint Council (SJC) pay negotiations so that relevant staff received a pay increase in 2023-24 as early as possible. The DFM also confirmed a further £156 million in Scottish Government funding (£33 million for 2022-23, and £123 million for 2023-24) to support the enhanced offer to the SNCT (teachers) pay negotiations for both years. The £100m would provide an additional estimated £2.1m for SBC based on the Councils normal Grant Aided Expenditure share and the £156m would provide an additional £3.1m based on normal teaching staff allocations. These amounts would be grossed up into the budget in the appropriate financial years, in line with the normal process, when the Council received distribution details. Members welcomed the additional funding and noted that with regard to timescale, CoSLA was in negotiations with the Scottish Government.

DECISION

NOTED the position.

11. DRAFT 5 YEAR REVENUE AND 10 YEAR CAPITAL FINANCIAL PLAN

11.1 Councillor Jardine, seconded by Councillor Rowley, moved approval of the following Motion which had been circulated with the agenda:-

“Members this is a budget for the Borders which maintains services and delivers our commitments on major capital projects, despite rising costs. In spite of significantly increased costs, particularly due to average inflation of 10 per cent, budget plans being presented today include a commitment to deliver all capital projects previously announced and protect frontline Scottish Borders Council services. The draft revenue and capital budget proposals have been developed following collaborative work over a number of months by a cross-party group of Councillors. The 866 responses received through the annual budget survey and feedback from Community Conversations this summer have also shaped the plans. Councillors across the Chamber have put aside political differences and have successfully come together to develop this single financial plan for 2023/24. The impact of the rapid rise in inflation and associated costs cannot be overstated, and these hit the Council budget from all angles: catering in schools, energy prices and construction of our capital projects. Despite the financial challenges we will still deliver what was an already ambitious capital investment plan, including new secondary schools in Peebles, Galashiels and Hawick and primary schools in Earlston and Eyemouth. We will deliver care facilities in Tweedbank and Hawick as previously set out, and we will still be able to invest in the regeneration of our town centres and support our communities and the most vulnerable. We are also maintaining our roads maintenance funding and protecting frontline services, where savings would have been felt by all. Given the current financial climate that really is incredibly positive news. The key aspects of our budget for the Borders are:-

- Following feedback from residents the budget proposals protect frontline services, including education, and social work and roads,
- Invest £21.9m over the next three years in the roads network
- Teacher numbers have been protected.
- Early Learning and Childcare partners have been supported with additional funding to pay staff the Real Living Wage
- Three new secondary schools (Peebles, Galashiels and Hawick), two new primary schools (Earlston and Eyemouth) and two care villages (Tweedbank and Hawick) – a total of just over £205m for these projects alone
- Ongoing investment in existing schools, further flood protection works and flood studies, and targeted town centre regeneration works
- Continued investment into the environment and to programmes aimed at helping the Council achieve its Net Zero target

- Protection of funding for third sector and voluntary partners across the region
- Funding for an extension of the Demand Responsive Travel pilot scheme while a regional transport review is carried out (£304k), and funding to sustain the 101/102 bus service in Tweeddale
- Commitment to a feasibility study into fixed CCTV provision in our main town centres (£80k)
- One-off increase of £178k in the Community Enhancement (Small Schemes) Fund to support priority local issues not funded through other budgets. This brings the total budget for this Fund to £378k for 2023/24
- Financial assistance for Live Borders, including postponing previously planned savings, in recognition of current financial challenges such as increased energy costs
- Continued investment into improved outdoor community spaces and play parks (£2.2m over the next three years)
- Additional one-off funding of £100k to enhance existing respite care
- One-off funding of £20k to enhance neurodiversity education and awareness in schools
- Commitment to working with key partners on refreshed sport, library and culture strategies for the region
- Investment into making back office processes more efficient
- Commitment to paying all staff the Real Living Wage, including Modern Apprentices
- Council Tax levels remaining one of the lowest in mainland Scotland

Council is asked to approve the revenue and capital plan budget for 2023/24 shown at item 11 on today's agenda and agree a Council Tax increase of 5% with the following rates applicable per band from 1st April 2023."

Council Tax Band Rates 2023/2024 (at 5% Council Tax Increase with effect from 1 April 2023)

Council Tax Band	Applicable Annual Charge per property £
A	904.07
B	1,054.75
C	1,205.43
D	1,356.11
E	1,781.78
F	2,203.68
G	2,655.72
H	3,322.47

11.2 The Leader presented his Motion and commended the work of the cross-party Budget Working Group which had reached a consensus on the budget this year through collegiate working. He acknowledged that it was not possible to do everything but highlighted the services which were being protected and the main projects planned for the year. Councillors spoke in support of the proposed budget and highlighted individual projects in what was referred to as a people based budget which protected front-line services. Officers were also thanked for their hard work in preparing the budget.

**DECISION
AGREED:-**

- (a) **to approve the Administration's financial plans from 2023/24 for revenue and capital set out in the Motion above and in Appendix 1 to this Minute in the Minute Book;**

- (b) the Council Tax charges to be paid in financial year 2023/24, from 1 April 2023 in respect of all chargeable dwellings in the Scottish Borders for Council Tax Bands A – H, as set out in the table below, with a Band D equivalent of £1,291.53;

Scottish Borders Council Tax applicable Charges from April 1 2023:

Council Tax Band	Applicable Annual Charge Per property £
A	904.07
B	1,054.75
C	1,205.43
D	1,356.11
E	1,781.78
F	2,203.68
G	2,655.72
H	3,322.47

- (c) to approve the Fees and Charges for Council services applicable from 1 April 2023 set out in the papers accompanying the Motion.

The meeting concluded at 11.45 a.m.