SCOTTISH BORDERS COUNCIL

MINUTE of MEETING of the SCOTTISH BORDERS COUNCIL held in Council Headquarters, Newtown St. Boswells on 11 February 2016 at 10.00 a.m.

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

Apologies:- Councillors M. Cook, V. Davidson, J. Fullarton .

In Attendance:- Chief Executive, Depute Chief Executive (People), Depute Chief Executive (Place), Corporate Transformation and Services Director, Service Director Neighbourhood Services, Service Director Commercial Services, Service Director Regulatory Services, Service Director Children & Young People, Chief Financial Officer, Chief Officer Human Resources, Clerk to the Council.

DECLARATION OF INTEREST

Councillor Edgar declared an interest in the following item of business in terms of Section 5 of the Councillors Code of Conduct and left the Chamber during the discussion.

1. **COUNCIL TAX – LONG TERM EMPTY DWELLINGS**

There had been circulated copies of a report by the Service Director Neighbourhood Services on the new powers to increase Council Tax up to a maximum of 200% on long term empty dwellings and the positive financial impact from implementing the change which was being captured as part of the 2016/17 Financial Planning process. The report outlined the background of the new discretionary powers and the current position within Scottish Borders Council regarding discounts and exemptions applied to long term empty dwellings. It was explained that when the new powers were granted in April 2013 Scottish Borders Council was not in a position to implement the increase as the data held was insufficient to apply the regulations. Since then a data gathering and cleansing exercise had begun and was on-going to enable implementation on 1 April 2016. It was noted that the enhanced powers only related to long term empty properties and owners with second homes would not be affected by this change. The powers defined what constituted a long term empty property as one which had not been lived in for a period of at least 25 days in any rolling 12 month period. Owners would still be able to claim existing mandatory discounts and exemptions under the Council Tax (Exempt Dwelling) (Scotland) Order 1997. However, where the property was no longer eligible for the exemption, but remained unoccupied it would become eligible for the Council Tax increase after the property had been empty for one year from the date it became unoccupied. Homes that were being marketed for sale or let, or were undergoing renovation to bring them to a habitable standard, would be exempt from the Council Tax increase until they had been unoccupied for two years or more. Those homes would remain liable for Council Tax and would attract a discount of between 50% and 10%. New build properties were also exempt from the increase if they were genuinely being marketed for sale or let at a realistic price. Members generally approved the proposals. Councillor Ballantyne suggested that there be a review carried out in 3 years' time to ascertain how the scheme was working with particular regard to the use of discretionary exemptions, and this was unanimously approved.

DECISION
AGREED that:-

(a) a levy of 200% to be applied on council tax charges for domestic properties that met the long term empty property criteria;

(b) a civil penalty of £500 was imposed for non-compliance with the requirement to disclose relevant information on property status;

(c) discretion to modify different classes of dwellings exempt from the additional charge was delegated to the Service Director Neighbourhood Services to be used in exceptional circumstances on a case by case basis;

(d) the implementation date be from 1 April 2016; and

(e) a review be carried out in 3 years' time to ascertain how the scheme was working, with particular regard to the use of discretionary exemptions.

2. **BUDGET COMMUNICATIONS STRATEGY**

There had been circulated copies of a report by the Chief Financial Officer on the steps taken to engage with stakeholders as part of the consultation exercise on the budget. The report highlighted the budget Communication Strategy used and provided feedback gathered from the Dialogue Community Engagement tool. As part of the agreed budget consultation exercise on the Revenue Financial Plan, the Dialogue Community Engagement tool was made available for a 13 week period to members of the public on the Council website. This interactive tool allowed residents and other stakeholders to provide ideas and suggestions on how the Council could do things differently to save money in a challenging economic climate. As at the end of January 2016 the Dialogue Community Engagement tool had generated 34 ideas and suggestions with 91 comments on these ideas. This feedback had been considered as part of the 2016-21 Financial Planning process. The Dialogue tool would remain open online and ongoing feedback would be considered during future Financial Planning cycles. Disappointment at the low level of engagement was expressed.

DECISION
NOTED:-

(a) the budget Communication Strategy used;

(b) the feedback from the Dialogue Community Engagement tool and how the Council had used this feedback to inform the Financial Planning process; and

(c) that actual responses from residents with all comments were available on the Council's website and a copy had been made available in the Member's Library.

3. **FINANCIAL STRATEGY 2016/17-2020/21**

There had been circulated copies of a report by the Chief Financial Officer seeking approval for the financial strategy for the Council covering the period 2016/17 – 2020/21. The strategy provided the context for the overall financial management of the Council and covered the revenue budget, capital investment plans, the Council's treasury management arrangements and reserves policy. The report explained that the Council, in common with other public sector organisations, continued to face significant and on-going financial challenges as it aimed to provide the best possible services within the resources available. To deliver this plan the Council adopted a 5 year timeframe for revenue financial planning and had embarked upon an ambitious programme of transformation which aimed to modernise services and restructure the organisation. The corporate transformation programme required the Council to make best use of its people and its resources, focus efforts to look after the Borders and improve both efficiency and effectiveness. The plan had been amended and updated each year and despite the resource challenges facing the Council and wider public services had so far delivered underspends in in 2013/14 and 2014/15. In the current year (2015/16) the latest monitoring projection indicated, despite pressures in a number of areas that a balanced out turn position would be achieved. Since inception in 2013/14 the corporate transformation programme had supported the Council in delivering savings of £15.6m (this included the 2015/16 savings which were on track to be delivered). Firm figures had been published via the Local Government Finance Settlement for 2016/17 only and consequently it was recognised that beyond the next financial year the financial strategy could only be based on estimated resources. The updated 5 year plan was therefore based on the best information currently available and it would continue to be adapted over time to respond to changing circumstances. The strategy used an approach based on a quantified financial risk register to set ensure the Council retained sufficient reserves and the level of unallocated balances underpinning the 5 year plan. It was also highlighted that on 1st April 2016 the Integration Joint Board set up with NHS Borders would go live and this would have a major impact on financial planning and service delivery within the Borders going forward. The prudent approach which had been taken was highlighted and a copy of the Risk Register was appended to the report.

DECISION
AGREED to approve the financial strategy for 2016/17 – 2020/21 as set out below:-

(a) continue to freeze council tax in 2016/17;
(b) set a prudent, sustainable budget in line with available resources;
(c) continue to invest in infrastructure through a sustainable capital programme financed by up to £20.485m loans charges per annum;
(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 £5.64m for 2016/17 in line with the assessed risk register in contained in Appendix 1 to the report.

4. **CORPORATE TRANSFORMATION PROGRESS REPORT**
With reference to paragraph 11 of the Minute of 12 February 2015, there had been circulated copies of a report by the Corporate Transformation and Services Director providing an update on progress in developing and delivering the Council's Corporate Transformation Programme. Significant progress had been made against the 8 priorities as set out in the Corporate Plan and, through the exceptional efforts of staff, savings of £15.6m had been realised across the first 3 years of the 5-year financial plan 2013/14-2015/16, including current year savings which were on track to be delivered. At the same time, significant operational efficiencies had been delivered while improving standards of service delivery in many areas. A combination of funding restrictions and increasing demand for services meant that if these continued to be delivered in the same way as currently provided, a funding gap would develop. As a result, £29.0m of savings needed to be made by 2020/21. Moving forward, the Council needed to become a leaner and more flexible organisation that continually sought to improve and innovate to provide better more efficient services. Technology would play a vital role in enabling this and would provide the Council with opportunities to rethink and redesign its business processes and make services available on an anytime, anywhere basis. Although the Corporate Transformation Programme was only in its first year, it had already delivered some significant achievements, most notably, around the implementation of the Borders Railway which was already bringing benefits for the economy of the area. Future work would ensure that these benefits were spread as widely as possible across the region. Other significant achievements included the launch of SB Cares as a wholly-owned, arm's- length organisation for the provision of adult social care services. This model, which could be replicated elsewhere, provided an innovative way of providing services with the commercial and operational flexibility to allow the Council to pursue income streams that offset the costs of providing critical services. Key programmes such as Customer First and ICT would bring about a comprehensive review of business processes, improving services and productivity as well as delivering savings. Further online services, including building standards, benefits and fault reporting, would be made available

to customers over the web in the year ahead. Rationalisation of property would continue and further opportunities to accelerate this would be identified and pursued. Steps to improve energy efficiency were already being planned and would be implemented to ensure that property running costs were reduced. In addition to this, projects such as reducing the number of business miles travelled by at least 20% and reducing the volume and cost of printing across the organisation would contribute to the delivery of savings. Members noted that this programme had placed the Council in a more favourable position than some other Councils in terms of the level of budget cuts required and would continue to help in future years.

DECISION
AGREED:-

(a) to note the progress of the Programme to date; and

(b) the role of the Corporate Transformation Programme in delivering significant savings whilst continuing to provide high quality services.

5. **REVENUE AND CAPITAL RESOURCES AND COUNCIL TAX**

There had been circulated copies of a report by the Chief Financial Officer on the estimated revenue and capital resources available from financial year 2016/17 following publication of the Local Government Finance Settlement on 16 December 2015. The report outlined the process supporting the construction of the draft revenue and capital Financial Plans from 2016/17 and identified the financial constraints and major risks which needed to be addressed. The Local Government Finance Settlement had confirmed resources from the Scottish Government through Revenue Support Grant and Non Domestic Rates of £201.711m. Additional funding over and above the Settlement had been confirmed to fund, Free School Meals, Teachers Induction Scheme, 1 + 2 languages and Discretionary Housing Payments (DHP). The only element of this additional funding which had been allocated to date and therefore reflected in the Financial Plan papers was £1.2m for Free School Meals. All other budgets would be created during 2016/17 when funding was confirmed. A further adjustment had been made to reflect predicted resources associated with Health and Social Care partnerships assumed at £5.3m. If this full level of funding was not forthcoming it would be reduced accordingly in line with the final distribution from Government. Assuming that Council Tax was frozen again at 2007/08 levels, the total revenue resources available to the Council for 2016/17 totalled £263.203m, as detailed in the report. The Corporate Management Team had worked together to support Members to set a corporate revenue and capital budget to meet identified pressures facing the Council. These pressures had arisen due to the continuing constraints on external revenue and capital funding from central government, the continuing freeze on Council Tax and the increasing pressures from demographics, inflation and employment costs. The revenue and capital budgets had been designed to ensure the effective deployment of funds available in line with the Council's corporate objectives and approved service plans.

DECISION
AGREED:-

(a) to note the estimated revenue resources for 2016/17 to 2020/21;

(b) to note the estimated Capital Resources for 2016/17 to 2025/26 and the requirement to adhere to the prudential code for capital borrowing;

(c) a Band D council tax of £1,084 for financial year 2016/17, freezing the council tax at 2007/08 levels for the ninth successive year;

(d) to approve the following council taxes to be paid for 2016/17 in respect of chargeable dwellings:-

Band	**Proportion of Band D Tax**	**£**

A	6/9	7
B	7/9	8
C	8/9	9
D	**9/9**	**1,0**
E	11/9	1,3
F	13/9	1,5
G	15/9	1,8
H	18/9	2,1

(e) to proceed to consider the Administration's Financial Plan for 2016/17 and associated fees and charges schedule for 2016/17.

6. **TREASURY MANAGEMENT STRATEGY 2016/17**

There had been circulated copies of a report by the Chief Financial Officer seeking approval for the Treasury Management Strategy 2016/17. 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 2016/17 was appended to the report and reflected the impact of the Administration's Financial Plans for 2016/17 onwards on the prudential and treasury indicators for the Council. The significant changes from the 2015/16 Strategy were (a) the increase in Capital Financed from Revenue (CFR) for 2016/17 due to increased capital expenditure in 2016/17 resulting new projects and from acceleration of a number of projects such as Broomlands, Langlee and sports pitches, additionally borrowing requirements associated with the re-phasing of projects from 2015-16 into 2016-17 and future years have impacted on the total CFR; and (b) the increase in the Authorised Limit in 2017/18 associated with the completion of Kelso High School and the resulting Long Term liability and the increase in external borrowing resulting from the capital plan. It was noted that the draft Strategy had been reviewed by the Audit and Risk Committee and its recommendations were included in the report.

DECISION
AGREED:-

(a) to approve the Treasury Management Strategy 2016/17 as set out in Appendix 1 to the report;

(b) that the Council reviews its capital expenditure plans going forward to ensure they remained realistic, affordable and sustainable; and

(c) to ensure that the revenue consequences of all capital projects were fully reviewed in all investment decisions.

7. **FINANCIAL PLAN FROM 2016/17 EQUALITY IMPACT ASSESSMENTS**

There had been circulated copies of a report by the Chief Financial Officer providing assurance that any potential equality impacts of the proposals brought forward within the Council's Financial Plan from 2016/17 had been identified and would be managed accordingly. Initial Equality Impact Assessments had been undertaken in respect of the 36 key component revenue Financial Plan savings proposals and 36 Capital Plan proposals. Of these total proposals 64 had been held to have some relevance to the Council's duties under the Equality Act 2010. They potentially might impact in a positive or negative way on 1 or more equality groups 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. The outcomes of the assessments were contained in the appendix to the report. In response to a query it was confirmed that these would be published on the Council website.

DECISION

AGREED:-

(a) to note the summary outcomes of the 72 Initial Equality Impact assessments undertaken in respect of the 2016/17 Financial Plan proposals ;

(b) to undertake further and ongoing Equality Impact work in respect of the 64 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 may be possible negative impact;

(c) 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 group, actions to maximise this impact were identified and implemented as part of the project planning and delivery of each proposal or project; and

(d) 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 group, actions to mitigate and alleviate this impact were identified and implemented as part of the project planning and delivery of each proposal or project.

8. **ADMINISTRATION'S DRAFT FINANCIAL PLAN FOR REVENUE AND CAPITAL**

There had been circulated copies of the Administration's Draft Financial Plan which included the Draft revenue Financial Plan 2016/17 to 2020/21 and the Draft Capital Financial Plan 2016/17 to 2025/26. A copy of the list of Fees and Charges 2016/17 was also attached. Councillor Parker presented the budget. This had been a challenging year following the Government's comprehensive spending review and final figures had been received much later than usual. The new budget process had now been in place for 5 years and this had served the Council well in the current climate. It was acknowledged that staff were the Council's greatest asset and every effort had been made to minimise job losses. Councillor Parker paid tribute to the Corporate Management Team and the Finance staff for their efforts in pulling this budget together. Significant sums of money would continue to be spent by the Council and the closure of any facilities had been avoided. Councillor Parker highlighted many of the schemes and projects included in the budget. He also commented on the recent winter storms and flooding and paid tribute to the work of the Hawick Volunteer Flood Group. In light of the impact of these weather events he proposed two amendments to the draft budget as follows:-

(a) to invest an additional £0,5m of revenue expenditure, £2.5m over the next 5 years, directly in works to improve the condition of the Borders road network. This would equate to a 14% increase over and above the inflation provided in the budget for roads materials; and

(b) that in recognition of the damage to Borders homes, towns and businesses caused by recent winter storms and as the Council placed the safety of its resident above all else it was proposed to honour the commitment to the people of Hawick by advancing £0.4m of capital funding to 2017/18 to deliver the Hawick Flood Prevention Scheme 6 months earlier than originally planned.

Both of these amendments were unanimously approved. Councillor Ballantyne spoke on behalf of the Opposition and advised that they were in agreement with all the budget proposals except the proposed capital funding of £5.8m in respect of the Great Tapestry of Scotland Building. She did not consider that the business case was sufficiently robust and that it needed to be re-examined. Members discussed the budget in detail.

<u>Vote</u>
Councillor Parker, seconded by Councillor Mitchell, moved approval of the draft Financial Plan for Revenue and Capital as amended.

Councillor Ballantyne, seconded by Councillor Marshall, moved as an amendment that the allocation of £5.8m for the Great Tapestry of Scotland Building be removed from the Capital Plan.

Prior to the taking of the vote Councillor Logan, seconded by Councillor Turnbull, moved that Standing Order 41 be suspended to allow the vote to be taken by roll call.

On a show of hands Members voted as follows:-

For suspension	-	*13 votes*
Against suspension	-	*17 votes*

As the required majority had not been achieved the motion fell and voting then proceeded by a show of hands as follows:-

Motion	-	*21 votes*
Amendment	-	*10 votes*

The Motion was accordingly approved.

DECISION
DECIDED to approve the Revenue Financial Plan 2016/17 to 2020/21 and the Capital Financial Plan 2016/17 to 2025/26, as contained in the appendix to this Minute.

The meeting concluded at 12.40 p.m.