

SCOTTISH BORDERS COUNCIL

MINUTE of MEETING of the SCOTTISH BORDERS COUNCIL held in Council Headquarters, Newtown St. Boswells and via Microsoft Teams on Thursday, 29 February at 10.00 a.m.

Present:- Councillors W. McAteer (Convener), J. Anderson, J. Bathgate, D. Begg, 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, H. Steel, R. Tatler, V. Thomson, E. Thornton-Nicol, T. Weatherston

Apologies:- Councillor E. Small.

In Attendance:- Chief Executive, Director Corporate Governance, Director Finance and Procurement, Director Infrastructure and Environment, Director People, Performance and Change, Director Education and Lifelong Learning, Director Resilient Communities, Director Strategic Commissioning and Partnerships, Democratic Services Team Leader

1. CONVENER'S REMARKS

- 1.1 The Convener welcomed Councillor John Bathgate to his first meeting of Scottish Borders Council following his election at the Jedburgh & District By-Election.
- 1.2 The Convener highlighted that Scottish Borders Council, in collaboration with CGI, had recently been awarded a Digital Collaboration prize sponsored by Holyrood Magazine for innovation across Health and Social Care.
- 1.3 The Convener paid tribute to the Director Strategic Commissioning and Partnerships, Ms Jen Holland, who was attending her final meeting of Council before leaving to take up a new opportunity.

DECISION NOTED.

2. SCOTTISH BORDERS COUNCIL PLAN (FROM APRIL 2024)

With reference to paragraph 2 of the Minute of 23 February 2023, there had been circulated copies of a report by the Chief Executive which sought approval of the Scottish Borders Council Plan from April 2024. The Council Plan articulated the Council's strategic ambitions for the year ahead, as well as a long-term vision for the Council. In February 2023, Council approved the 'Scottish Borders Council Plan from April 2023'. For financial year April 2024 to March 2025, a new iteration of the Council Plan had been prepared which updated actions to take account of the changing strategic and operational landscape, previous performance, and evolving priorities. Performance against the Council Plan was reported to the Executive Committee on a Quarterly basis. The 'Council Plan from April 2024' built on and developed a format first used in 2022 and was divided into three main sections. An introductory section comprising the Leader's Foreword and an Introduction from the Chief Executive which, together, set out how the Council Plan was constructed, the Council's long-term vision for where it wanted the Scottish Borders to be by 2033, together with the Council's values and priorities. The second section affirmed and detailed the key strategic priorities and outcomes for the Council over the next financial year and the final section featured key actions and priorities in each of the Borders' five Area Partnership localities. The 'Scottish Borders Council Plan from April 2024' was contained in Appendix A to the report. The Chief Executive, Mr David Robertson, presented the report and highlighted that through investment in projects such as Total Mobile the Council was determined to continue its drive to be a

modern, data driven organisation capable of making a difference to the quality of life of the people that it served. Further, increasingly complex challenges, remained, and it was key that the Council continued to ensure that its Plan remained financially sustainable.

- 2.1 Members welcomed the report and highlighted that the Council was on track to become more community led. In response to a question regarding a lack of reference in the locality actions to the Border Railway extension and the Hawick CCTV system, the Chief Executive explained that given the considerable size of the document it was not possible for all documents to be included. Mr Robertson confirmed that references to those two projects would be included in the Plan before its publication. Members welcomed the ongoing school build projects in Earlston, Galashiels and Peebles, and it was hoped that dates for the Eyemouth Primary school would become clearer in the following year. In response to a question regarding how improvements to school attainment levels were measured, Mr Robertson confirmed that the Director Education and Lifelong Learning was undertaking detailed monitoring on achievement and attainment and undertook to include it in the service plan for Elected Members. Members thanked volunteers for their considerable efforts across the Scottish Borders.

DECISION

AGREED to approve the Scottish Borders Council Plan from April 2024 as contained in Appendix A to the report.

3. COUNCIL PLAN AND BUDGET ENGAGEMENT AND CONSULTATION UPDATE

There had been circulated copies of a report by the Chief Executive which provided an update on the steps taken to engage and consult with stakeholders as a vital contribution to development of the Council Plan and Financial Planning. The report described the feedback received and how it had influenced development of the Council Plan and Budget. The Council Plan and Financial Planning process had benefitted from an inclusive and accessible engagement across a number of different processes, which included online surveys in the form of a Council Plan/Budget Consultation and Secondary Schools Students Survey. At their close, 1,163 people had responded to the Council Plan/Budget Consultation whilst 862 students had responded to the Secondary Schools Students Survey. Together with the Council's Community Conversations, Place-making, consultation with Trade Unions, and dialogue with Community Planning Partners, the online survey results provided a strong evidence base which informed the development of the Council Plan and Financial Planning. Members welcomed the report and highlighted the results of the consultations and engagement had supplied important information and context as part of the creation of the Council Plan/Budget. It was suggested that the Council consider using a wider range of tools and opportunities to seek public opinion, and that a number of 5–10 minute consultations spread throughout the year could potentially yield more useful data than one large one. Members were encouraged by the relatively high response rate of the Secondary Schools Students Survey, although there was considerable variations between school response rates and they urged that work be undertaken to improve school response rates across the region

DECISION

NOTED:-

- (a) the feedback provided by respondents through the Council's communications and consultation activities on the Council Plan and Budget priorities; and**
- (b) how that feedback had been translated into the Council Plan from April 2024.**

4. FUTURE COUNCIL AND FIT FOR 2024 CLOSE-OUT

With reference to paragraph 1 of the Meeting of 28 Feb 2019, there had been circulated copies of a report by the Director People Performance and Change which set out the progress SBC had made over the past 5 years under the Fit for 2024 Transformation Programme and discussed the evolution of SBC's future Transformation Programme to fully contribute to SBC's financial sustainability. The report looked at the aims of the Fit for 2024

Programme as they were set out to Council in February 2019; considered the changing operating environment for SBC during the past 5 years such as COVID-19; and acknowledged the need for the continuous evolution of a customer-focussed Operating Model in anticipation of an increasingly fast changing and challenging financial and operating context in coming years. As well as providing information around the transformation activity which had taken place over the past 5 years, it was also outlined how SBC would reshape transformation activity to contribute towards SBC's various strategic organisational priorities as set out in the Council Plan, Financial & People Plans. The Director People, Performance and Change, Mrs Clair Hepburn and the Senior Manager – Business Strategy and Resources, Mr Jason McDonald, presented the report. Mrs Hepburn explained that the focus of the programme had been on service reviews; enhanced community engagement; physical assets; digital investment; and process improvement, outlined in the Fit For 2024 programme approved in February 2019. Significant events such as the Covid-19 pandemic, Russia's invasion of Ukraine, high levels of inflation, and the cost-of-living crisis had considerably changed the context in which the Council operated. Mr McDonald outlined that all the services had successfully delivered significant change, with a vast programme of projects and improvement projects across the Council. Placemaking, the Jedburgh Grammar Campus, Inspire Learning and "Confirm" were provided as examples of the change which the Council had embraced to deliver modern services. The Council had reacted quickly to the impacts of Covid-19, with an entirely new operating model, involving new processes services and ways of working, deployed within weeks. The work on digital transformation had been at the forefront of the response. Mrs Hepburn outlined that SBC had a track record of delivering savings underpinned by transformation and there was a clear need for ongoing transformation and a new operating model to support the Council's long-term financial sustainability. It was highlighted that the transformation project would become more challenging as gains became more difficult to achieve. In response to a question regarding how well the Council learned from cases where change was managed optimally, Mrs Hepburn outlined that such cases were extremely important and led to improvements in the process.

DECISION AGREED:-

- (a) to note the range, scale and successful contribution of transformation activity undertaken by Scottish Borders Council over the past 5 years under the Fit for 2024 programme;**
- (b) that SBC close the Fit for 2024 Transformation programme; and evolve the Transformation activity towards a modernised and financially sustainable Operating Model; and**
- (c) that SBC's Financial Plan, People Planning and Council Plan Priorities, as well as statutory obligations, would continue to be underpinned by an ongoing focus on transforming and modernising services.**

5. FINANCIAL STRATEGY AND RESOURCES 2024/25

- 5.1 There had been circulated copies of a report by the Director Finance and Procurement which recommended the financial strategy to be followed by the Council for the next financial year, confirmed the resources available to the Council following the publication of the Local Government Finance Settlement and identified the financial constraints and major risks to be addressed. The report also outlined the process which had supported the construction of the draft revenue and capital Financial Plans for 2024/25 as well as the draft plans for future years. The report highlighted that total revenue resources of £370.2m were available to Elected Members, which included a £3.2m share of £144m funding made available nationally to Councils who freeze their Council Tax rates at 2023/24 rates provided by Scottish Government.

- 5.2 The Council Management Team (CMT) had supported Members to set a corporate revenue and capital budget, meeting identified pressures facing the Council. Those pressures had arisen from a variety of factors, the principal pressures included within the plan related to ongoing inflationary pressures in transport, utilities and construction costs, the anticipated continuing constraints on external revenue and capital funding from central government and increasing care requirements, especially in children and young people 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 to enable delivery of the Council Plan and should be considered within the reports presented. The challenging financial landscape across Scottish Local Authorities had been widely acknowledged and the long-term impact across the Scottish Borders should not be underestimated. The Financial Plan presented to Council, although balanced, relied heavily on one-off funding to support the first year of the plan allowing the Council time to make difficult decisions on service provision and delivery in a planned and engaged manner. A freeze on Council tax rates for 2024/25 at 2023/24 rates was approved by Council on 21st February 2024. Indicative increases to Council tax rates were included within the Financial Plan at 10% for 2025/26 and a further 5% for each following year. 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. In 2022/23 a 10-year revenue financial strategy was developed and the Council had continued with that approach for 2024/25, maintaining the long-term planning horizon for both revenue and capital at 10 years.
- 5.3 Those strategies, along with the Treasury Management Strategy comprised a suite of papers designed to guide the financial planning exercise undertaken by the Council on an annual basis and fed into the Financial Strategy 2024/25 and the resultant Financial Plans. Financial year 2024/25 represented the second year of the current Administration's 5-year Revenue Financial Plan for the Council. It was recommended that Members continue to adopt a longer-term approach to financial planning. Estimates would continue to be updated annually as the detail of the financial settlement from Scottish Government and service costs became known. The report also sought approval of the financial strategy for the Council covering the period 2024/25 – 2028/29. 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 been used to set the level of recommended balances to be held in contingency.
- 5.4 The Director Finance and Procurement presented the report and responded to questions. Regarding the expected timeline of receipt of its share of the £62.7m announced Scottish Government additional funding, Mrs Douglas explained that nothing had been confirmed, however once the UK Government budget was set on 6 March there would be further clarity. Mrs Douglas confirmed that, based on the standard calculations, the estimated value of Scottish Borders Council's share would be in the region of £1.3m.

DECISION

NOTED:-

- (a) **the estimated revenue resources for 2024/25 to 2028/29;**
- (b) **the estimated capital resources for 2024/25 to 2033/34 and the requirement to adhere to the prudential code for capital borrowing;**

AGREED:-

- (a) **to approve the financial strategy set out in the report, including the recommendation to maintain unallocated reserves at c£7.4m for 2024/25, having considered the risk register highlighted in Appendix 1 to the report;**

- (b) **that any further Scottish Government funding which became available for 2024/25, after the Council's Financial Plan was agreed, including the SBC share of the £62.7m additional funding committed by the Deputy First Minister on 21st February, would be repaid to Reserves to partly replenish the one-off funding used to balance the 2024/25 Financial Plan; and**
- (c) **to proceed to consider the proposed Financial Plan for 2024/25.**

6. **LONG TERM FINANCIAL STRATEGY (REVENUE) 2024/25**

There had been circulated copies of a report by the Director Finance and Procurement which presented Scottish Borders Council's updated Long Term Financial Strategy (Revenue) (LTFS) which supported the 2024/25 financial planning process. The Council first adopted a five-year planning period for revenue in 2013/14. The strategy adopted a ten-year forward view, aligning the time frame for strategic revenue planning with the ten-year period already adopted within the Capital Plan. The approach to medium- and longer-term financial planning was advocated as good practice by Audit Scotland and allowed the Council to deliver balanced budgets 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 in 2013/14 the Council had successfully delivered more than £84m of savings on a permanent basis, assisting significantly with financial sustainability. Adopting a 10-year revenue planning horizon would 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. In response to a question regarding the indicative 10% Council Tax increase in the report, the Director Finance and Procurement confirmed that Council Tax had only been set for the forthcoming financial year. Subsequent figures were purely for planning purposes and were indicative. The Director agreed that the Council needed to maximise its income generation and welcomed suggestions from Elected Members.

DECISION

AGREED to approve the Long-Term Financial Strategy (Revenue) as contained in Appendix 1 to the report.

7. **CAPITAL INVESTMENT STRATEGY 2024/25**

There had been circulated copies of a report by the Director Finance and Procurement which presented Scottish Borders Council's updated Capital Investment Strategy (CIS) supporting the 2024/25 financial planning process. The requirements of the Prudential Code were updated in December 2017 and included the recommendation that Councils publish a Capital Investment Strategy to support their Capital Plan. The strategy defined the strategic investment priorities of Scottish Borders Council, aligned to the Councils Vision for 2033 and helped guide decisions on Capital investment proposals. The Capital Investment Strategy highlighted the capital investment priorities and explained how those priorities would assist with the delivery of the Council Plan. The Capital Investment Strategy was structured to reflect the themes of the Council Plan. The document should be read in conjunction with the Council's 10-year capital investment plan 2024 – 2034 and the Treasury Strategy which provided detail of the Council's Prudential Indicators and set out how the Capital Investment plans of the Council would be financed. Members welcomed the strategy and highlighted that the management of the Council's estate was an incredibly complicated situation that would require difficult decisions to ensure that it was fit for purpose and sustainable.

DECISION

AGREED to approve the Capital Investment Strategy as contained in Appendix 1 to the report.

8. **TREASURY MANAGEMENT STRATEGY 2024/25**

There had been circulated copies of a report by the Director Finance and Procurement which proposed the 2024/25 Treasury Management Strategy for approval. CIPFA (Chartered

Institute of Public Finance and Accountancy) defined Treasury Management as 'The Management of the Local Authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'. The Treasury Management Strategy was the framework which ensured that the Council operated within prudent and affordable limits in compliance with the CIPFA Code. The strategy for 2024/25, contained in Appendix 1 to the report, reflected the impact of the Administration's draft Financial Plans for 2024/25 onwards on the prudential and treasury indicators for the Council.

DECISION

(a) NOTED that the draft Treasury Management Strategy was considered by Audit Committee on 12 February 2024

(b) AGREED to:-

(i) approve the Treasury Management Strategy 2024/25 as contained in Appendix 1 to the report;

(ii) review capital expenditure going forward to ensure they remained realistic, affordable and sustainable; and

(iii) ensure that the revenue consequences of all capital projects be fully reviewed in all investment decisions.

9. FINANCIAL PLAN 2024/25 - INTEGRATED IMPACT ASSESSMENTS

9.1 There had been circulated copies of a report by the Director People, Performance and Change which provided assurance that potential equality impacts of the proposals contained within the Council's Financial Plan 2024/25 had been identified and would be managed accordingly. The report explained that the Council had a legal obligation under the Equality Act 2010, when exercising functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and any other conduct that was prohibited by or under the Equality Act; advance equality of opportunity between persons who shared a relevant protected characteristic and persons who did not share it; and foster good relations between persons who shared a relevant protected characteristic and persons who did not share it 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.

9.2 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 Armed Forces Covenant Duty required the Council to actively consider matters relating to the specific position of armed forces personnel, veterans and their families when dealing with Education, Housing or Homelessness matters. 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 Equality Act, Fairer Scotland legislation and where appropriate the Armed Forces Covenant Duty. Initial Integrated Impact Assessments on the 2024/25 Financial Plan proposals had been undertaken along with the revenue and capital budget planning processes. In some cases, the second stage of evidence gathering, and consultation had also already taken place. There was one new capital proposal which had been subject to initial assessment. The other capital proposals had all been carried forward from previous years and had not been re-assessed given assessments were already in place. Re-assessment may, however, take place as the projects developed. While some of the assessed proposals indicated no impact, it was recommended that any potential impact continued to be monitored, given the nature of the proposals. Those 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 those impacts. Any positive impacts identified at this stage should be maximised during the planning and implementation stage of the proposals. It was highlighted that the Council went beyond the requirements in law and commended the report.

DECISION

AGREED to:-

- (a) note the summary outcomes of the 36 Initial Integrated Impact Assessments undertaken in respect of the 2024/25 Financial Plan proposals as contained in Appendix 1 to the report; and**
- (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 group, 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.**

10. DRAFT 5 YEAR REVENUE AND 10 YEAR CAPITAL FINANCIAL PLANS

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

“In spite of significantly increasing costs budget plans being presented today include a commitment to deliver all capital projects previously announced and protect frontline Scottish Borders Council services wherever possible. Council has already agreed a Council Tax freeze for 2024/25 in return for Scottish Government funding. 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 1,163 responses from the general population along with the very welcome 862 responses from Secondary pupils, received through the Council Plan and budget survey 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 2024/25. The impact of continuing high inflation and associated costs cannot be overstated, and these hit the Council budget from all angles: transport costs, energy prices and construction of our capital projects. Proposed financial plans for 2024/25 therefore rely on almost £10million of one-off funding from Scottish Borders Council reserves. This will give the Council time to engage with communities over the next 12 months to shape future service plans which will deliver essential permanent savings through the Council’s ongoing Transformation Programme. 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 villages 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.

The key aspects of our budget for the Borders are:-

- £300m capital investment over the next three years, including into new schools and care villages
- £21.6m to be spent on roads and transport infrastructure over the next three years
- Funding to maintain a Demand Responsive Travel scheme in Berwickshire, building on the Pingo trial
- Additional funding to manage pressures in social work and social care due to demographic changes and increased need
- Investment into businesses infrastructure to support inward investment and job creation in Tweedbank and Duns
- Increased funding to support Live Borders and other local sport and leisure trusts
- Additional funding to manage significant pressures in out of area care placements for children and young people with additional needs and school transport •
- Maintaining funding for additional community police resources, through a single Community Action Team of seven officers
- Continued commitment to making the Council more efficient to support budget savings, including through the use of technology.

Council is asked to approve the revenue and capital plan budget for 2024/25 shown at item 12 on today's agenda."

- 10.2 The Leader presented his Motion and commended the work of the cross-party Budget Working Group which had worked together for the second consecutive year to reach consensus on the budget. He expressed his thanks to all of the Working Group for being positive and working to deliver for the communities of the Scottish Borders. The forward thinking and progressive capital project represented efforts to build a better Council estate that was modern and equipped to serve the needs of the people. The Group Leaders spoke in favour of the Motion and the budget and highlighted that it was the people of the Scottish Borders that had elected Councillors to serve. Concerns were expressed regarding the freeze on general revenue support, and it was hoped that future settlements took account of that freeze. Councillors spoke in favour of the Motion and expressed their thanks to Officers for their hard work throughout the budget setting process.

DECISION

AGREED to:-

- (a) 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; and**
- (b) 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 12.15 p.m.