

**The Highland Council
No. 6 2016/2017**

Minutes of Meeting of the Highland Council held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 16 February 2017 at 10.30am.

**1. Calling of the Roll and Apologies for Absence
A' Gairm a' Chlàir agus Leisgeulan**

Present:

Mr R Balfour	Mr B Lobban
Mrs J Barclay	Mrs L MacDonald
Mr A Baxter	Mr N MacDonald
Mr D Bremner	Mrs D MacKay
Mr I Brown	Mr D Mackay
Mrs C Caddick	Mr W MacKay (via VC)
Mrs I Campbell	Mr G MacKenzie
Miss J Campbell	Mr A Mackinnon
Mrs H Carmichael	Mr T MacLennan
Mr A Christie	Mr K MacLeod
Mr B Clark	Mrs B McAllister
Dr I Cockburn	Mrs I McCallum
Mrs G Coghill	Mr J McGillivray
Mr J Crawford	Mr D Millar
Mrs M Davidson	Mr H Morrison
Dr J Davis	Ms L Munro
Mr N Donald	Mr B Murphy
Ms J Douglas	Mr F Parr
Mr A Duffy	Mrs M Paterson
Mr D Fallows	Mr G Phillips
Mr G Farlow	Mr T Prag
Mr B Fernie	Mr M Rattray
Mr M Finlayson	Mr M Reiss
Mr C Fraser	Mr I Renwick
Mr H Fraser	Mr A Rhind
Mr L Fraser	Mrs F Robertson
Mr S Fuller	Mrs T Robertson
Mr J Gordon	Mr G Ross
Mr B Gormley	Mr R Saxon
Mr K Gowans	Dr A Sinclair
Mr A Graham	Mrs J Slater
Mr M Green	Ms M Smith
Mr R Greene	Ms K Stephen
Mr A Henderson	Mr J Stone
Mr D Kerr	Mr B Thompson
Mr R Laird	Mr H Wood

In Attendance:

Chief Executive	Director of Finance
Depute Chief Executive/Director of Corporate Development	Director of Community Services
Director of Development & Infrastructure	

Mrs I McCallum in the Chair

Apologies for absence were intimated on behalf of Dr D Alston, Mr J Gray, Ms A MacLean, Mr G Rimell, Mr J Rosie, Mrs G Sinclair and Mrs C Wilson.

2. Declarations of Interest Foillseachaidhean Com-pàirt

The Council **NOTED** the declarations of interest as set out in Appendix 1 to these Minutes.

3. Revenue Budget 2017/18 Buidseat Teachd-a-steach 2017/18

There had been circulated Report No. HC/1/17 dated 8 February 2017 by the Director of Finance which outlined the budget gap facing the Council in 2017/18 and introduced the Administration Group's proposals for meeting the gap and delivering a balanced budget. The report also made proposals for Council Tax rates in 2017-18.

There had also been tabled Additional Paper in terms of the proposals for Development & Infrastructure – Employability Service – which replaced the Budget Template D&I/3 which had been contained in Booklet B.

In presenting the report, the Director of Finance highlighted a number of key messages, including the scale and complexity of the current budget information which was considered to be unprecedented, the fact that it cost more each year to maintain the same levels of service delivery, the fundamental differences between cash and the total resources available to deliver services, the unexpected additional revenue and capital funding which had been made available for local government by the Scottish Government which had now improved previous budget forecasts, the need to recognise that Local Government did not have total control over expenditure, the requirement to note that the Council could not continue in future years to protect frontline services at the expense of other service delivery, the specific budgetary information in relation to NHS Highland which included the funding for the delivery of adult social care and the need for the Council to consider the implementation of a long term financial strategy, supported by a workforce strategy, as a matter of major importance for future years.

In terms of the detail which had been contained within the report and which supported these key messages, it was noted that 2017/18 would be the second consecutive year when the Council would be receiving a reduction in cash terms of the funding grant it received from the Scottish Government. In this regard, it was explained that once the new funding carrying new expenditure commitments was removed from the funding settlement, the cash reduction being faced was estimated at just under £11m or 2.47% which reflected the late change made on 2 February following negotiations.

However, changes to the way in which Council Tax was calculated for certain properties would mean that the Council would receive an additional £5.4m in 2017/18 which would help to mitigate this reduced funding. In real terms, and once inflationary costs and the extra income generated by changes to the Council Tax multiplier and other relevant items were taken into account, a budget gap of £20.344m (3.66% of the 2016/17 budget) had been identified. This gap reflected the difference between the estimated costs of continuing current service levels plus the additional costs of any new expenditure commitments and the income which the Council expected to have available in 2017/18.

In this respect, Appendix 1 to the report detailed the budget cap calculations and explanations of the individual elements of the calculation (Expenditure, Scottish Government Grant Settlement and Council Tax) were provided within the report.

In addition, Appendix 2 summarised the Administration's proposals for meeting the budget gap with more explanation of the constituent items (Budget Gap Summary and Savings Identified in Prior Years) being provided within the report. In this regard, it was confirmed that the Administration proposed to increase the rate of Council Tax by the maximum allowed (3%) in order to generate additional income of £3.510m. In order to meet the remaining budget gap of £10.410m, Booklet A summarised proposals by Service (with more detail of these proposals being provided within Booklet B).

Overall, the proposals delivered a small surplus of £0.279m in 2017/18 which it was proposed should be used to increase reserves. In this regard, it was confirmed that rebuilding Council reserves had to be a key component of a long term financial strategy and it was proposed that work to identify ways to increase balances during the financial year 2017/18 should be commenced.

In terms of the Employee Early Release Scheme which had been open for applications from 5-20 January 2017, it was confirmed that 326 applications had been received and details of those which were recommended for acceptance had been contained within Appendix 6 to the report. The total cost of the recommended applications was estimated at £0.327m for the 26 individuals affected (22.9 FTE posts).

Finally, in relation to the Long Term Financial Strategy, it was confirmed that significant progress had been made on service redesign with final reports due to be reported to the next meeting in March. This would form a key element of the work required for the Council to prioritise service delivery for the future. As such, it was highlighted that the Council needed to plan for demographic changes which would place further demands on services, particularly in relation to school rolls and social care, and part of this work needed to link with the review of the Capital Plan and to consider the level of borrowing which would be affordable in the context of Revenue Budget pressures. Also, as further cuts in Government funding were anticipated, the Council needed to plan to reduce its workforce, linked to service priorities, in such a way that minimised any call on depleted reserves.

The Leader of the Council, in formally moving the recommendations within the report, confirmed that she would also be moving a proposal for an extra £1.174m from Council balances to be allocated to NHS Highland. In this regard, she advised that she would be seeking early meetings with NHS Highland to discuss proposals for the way in which future funding would be distributed across the Highlands.

In thanking the Director of Finance and his team for the considerable work which had been undertaken, she also made reference to other Services within the Council and Members across the Chamber, most particularly the Liberal Democrat and Labour Groups, for their part in the budget process. In this respect, thanks were also conveyed to the Trade Unions and members of the public for their input and, at a national level, the Green Party for their continued support for local government.

In reiterating the need for long term budget planning for the Council, she confirmed that the retention of Council jobs across the Highlands had been a high priority during the budget process and this had now been achieved to a large extent, whilst also ensuring the protection of education services, roads maintenance services,

winter maintenance services and adult services (with a particular emphasis on care of the elderly).

In terms of discussions to be undertaken over the next few weeks, it was hoped that all Members would be involved in investment proposals for extra capital funding and also in the urgent need for a 'Highland voice' in relation to the significant increases which were being proposed at a national level for non-domestic rates. In this latter regard, she confirmed that she would be bringing a Notice of Motion to the next Highland Council meeting in March.

Finally, it was hoped that in future there would be more fairness and respect in the presentation of budget proposals from the Scottish Government in the future as this had been a very complex process to work through since the end of the previous year. Particular reference was made to the position in regard to Council Tax whereby some properties in the Highlands were facing increases of approximately 26% and it was important that it was clarified in the next few weeks that 23% of this increase was from the Scottish Government with the remaining 3% coming from the increase being proposed by the Council.

The Budget Leader expressed thanks, on behalf of himself and also the budget team, to the Director of Finance and his staff for their help in dealing with what had been an unprecedented budget situation for the Council. In this regard, work which had been undertaken by the budget team had been combined with information from the redesign process, consultation with the Citizen's Panel and the results from the budget simulator (which had been made available to the public online) in order to formulate proposals which had minimised the impact on education services, support for young people and the protection of vulnerable adults across the Highlands. Also, in terms of the extra funding which had been received at the start of the month, cuts to the third sector budgets had been avoided and this was welcomed.

In relation to the way forward, it was reiterated that there had to be a higher emphasis on workforce planning across the Council in future and it was hoped that this could be progressed in a number of ways, including through the redesign process.

The Leader of the Opposition highlighted the extra funding which had been received from the Scottish Government, including the confirmation that the full amount of the Council Tax multiplier could be retained by the Council, which meant that many of the original proposals for cuts to services could now be avoided. In this regard, the protection for education services, at both a national and local level, was welcomed and it was suggested that if possible other budget issues, such as the Ranger Service and Deprived Area Funding, should be revisited in the coming months if circumstances allowed. It was also suggested that, together with long term planning through redesign, consideration should be given to a commercial approach in the provision of services and that any future proposals should be 'poverty proofed' in reports.

In terms of the additional capital funding which had been received, it was suggested that consideration should be given as to whether final decisions should be made on this by the current Council or whether instead recommendations should be made to the new Council. It was also suggested that lessons should be learned from the Employee Early Release Scheme whereby a considerable number of applications had been received but only a relatively small number accepted which whilst being of benefit for the Council as a whole had nonetheless led to a high level of disappointment amongst those staff members who had applied.

At this point, it was also confirmed that amendments to some of the proposals within the report would be put forward at the end of the debate.

The Leader of the Liberal Democrat Group, in thanking both Members and staff for the discussion over recent weeks on areas of concern, made reference to the unacceptable scale of the increase in Council Tax in some cases. After a period of ten years without an increase, this level was likely to cause considerable hardship for a large number of people across the Highlands and it had to be made clear that the majority of this increase was being levied by the Scottish Government through the Council Tax Multiplier with only a very small percentage (3%) coming from the Council.

In relation to the importance of workforce planning and the future delivery of services, the current situation with vacant posts across the Council was highlighted and it was suggested that more detailed information on the exact number and category of these posts should be provided.

Whilst acknowledging that the current budgetary situation was not as bad as had originally been expected, there was a need for more clarity from the outset from the Scottish Government in terms of future budget allocations as this would allow more certainty for local government in terms of service planning and delivery, not least in the protection of the most vulnerable members of society and investment in infrastructure across the Highland area. It was also suggested that there was a need for more joint meetings to be undertaken with NHS Highland in future and wherever possible.

Mrs D MacKay (Labour Group) referred to the extremely confusing and complex situation which had arisen over recent weeks as a result of the budget announcements from the Scottish Government and which had caused considerable uncertainty for not just local government but also members of the public and staff. In this regard, it had to be highlighted that there was no additional money coming to local government and that independent financial experts had now confirmed that local government had in fact suffered significant and disproportionate cuts to budgets in recent years. As such, it was imperative that in future local government should be allowed to forward plan and not be allocated only one year budgets which had a resultant effect on the Highland economy, including jobs. Also, centralisation of priorities was a concern and had the effect of marginalising local government and this had to be remedied wherever possible in future years.

Priorities for the future had to include all aspects of social care, making any charges to be levied by the Council clear and easy to understand, pursuing all income opportunities from Crown Estates issues wherever possible and ensuring that fuel poverty was addressed across the Highlands.

It was also confirmed that there was concern in relation to the potentially significant impact of the proposal being put forward in relation to the Employability Service and that an amendment, namely to use the £0.279m surplus planned for 2017/18 to mitigate the effects of this proposal in conjunction with a review of the service, would be put forward later in the meeting.

The Leader of the Highland Alliance drew attention to the low level of reserves and highlighted the risk for the Council in terms of any potential exposure to significant events in the coming year. As such, it was essential that the identification of ways in which to increase these reserves during 2017/18 was commenced as soon as possible.

In terms of the public engagement exercise in using the budget simulator, there was a need to now ensure that members of the public were fully aware of the potential impact of any service reductions on local communities at an early date.

Also, in terms of public perception and specifically the use of public money, it was suggested that there should be an increased level of scrutiny in relation to the joint funding arrangements with NHS Highland and the associated provision of services across the Highland area.

Thereafter, and during discussion, Members raised the following issues:-

- in terms of the proposal in relation to Harbours and Ferries, and specifically an increased margin on marine fuel sales, it was questionable as to whether this could deliver the scale of saving which had been included in the report. It was also suggested that a report should be submitted to the next meeting of the Harbours Board to allow consideration and discussion of this issue;
- the proposed reduction of the Ranger Service and Access Team and restructuring of the Environmental Projects team was disappointing, particularly in relation to the potential impact on fragile areas, and it was hoped that this could be further reviewed;
- there was widespread support for the excellent European Business Gateway and Tourism Services and it had to be recognised that these worked very well at a local level;
- the proposed Council Tax increases, at both a national and local level, would have a detrimental impact on a significant number of people across the Highlands;
- the proposed increase in charges for bulky uplifts and the introduction of charges for green waste would also cause difficulties for many people and had the potential to lead to an increase in fly-tipping across the area;
- in relation to the savings identified in prior years, and particularly the removal of PTs and Q10 in Early Years, there was a need to highlight the staff impact of this and also with other proposals;
- in terms of potential savings options, consideration should be given to the current level of payments in relation to Members Allowances. Also, in terms of potential income generation, opportunities for a franchised café within the Headquarters Building should be investigated on the basis that this could be used by Members, staff and the public on a regular basis;
- there was a need to thank staff across all Services for their contribution to the budget process;
- in terms of the partnership working arrangements with NHS Highland, and taking account of the revised proposals for funding which had been now been put forward, it was essential that both organisations took account of respect and fairness in future discussions. As such, performance monitoring of the current arrangements should be undertaken, involving all Members, in order to ensure the adoption of a much broader and more strategic arrangement going forward;
- in noting that the Development and Infrastructure budget was to be reduced by 30%, it should be highlighted that this was the Service which was instrumental in delivering the City/Region Deal for the Highlands, as well as having major involvement in issues such as job creation, support for tourism and Business Gateway, etc;
- in regard to a long term financial strategy, and as part of the redesign process, it was imperative that the Council considered options for changing ways of working in order to reduce costs wherever possible;

- there should be a further review of car parking charges across the Highlands in light of the considerable income which could be achieved;
- in terms of the reduction in the number of staff across the Council, including within the Human Resources and Corporate Communications sections, consideration should perhaps be given to more imaginative ways of delivering services where feasible in future;
- in relation to the Employee Early Release Scheme, there was concern about staff morale going forward and it would be helpful if Members could be provided with a breakdown of the numbers of staff within each Service from the beginning of the previous year to date;
- significant representations, together with a petition, had been received in regard to the Care and Learning proposal for a reduction in Early Years budgets and as such it was suggested that the relatively small saving which was being proposed would result in a disproportionate and detrimental impact on mainly mothers and children;
- there was concern about the potential impact from the proposed reductions in grass cutting and street cleaning resources, not least in terms of the staffing impact;
- in relation to the proposed integration of the Staffin Resource Centre, it was felt that there could have been more discussion on this issue at an earlier date as the involvement of Local Members was considered to have been limited;
- amendments were to be put forward later in the meeting in regard to the proposals for bulky uplifts and the green waste collection;
- it was imperative that future discussions with NHS Highland placed as much emphasis on the major and long term importance of issues related to children's services as well as for adult services;
- further clarification was required in regard to the revised proposals for the Employability Service which had been tabled at the meeting;
- it was considered that the provision of music tuition within schools both improved self-esteem and helped in addressing the attainment gap and it was a concern that the savings proposals could have the effect of limiting opportunities in this regard;
- in light of previous experience, it was questioned as to whether increasing the charges associated with commercial waste collection would lead to increased income;
- there were currently different levels of street cleaning and ground maintenance in different areas of the Highlands and it was suggested that a review of this should perhaps be undertaken in the coming months;
- in terms of savings proposals, consideration should be given to the costs associated with the advertising of Members' Surgeries;
- consideration should be given to a review of deprived area funding in order to assess the effectiveness of delivery and associated outcomes; and
- it would be important for Members to bear in mind the current low level of reserves and balances if and when putting forward alternative savings proposals which might impact in this regard.

Thereafter, and during detailed consideration of Booklet A - the following amendments were indicated:-

- (i) Mr R Laird - Community Services – delete the proposed saving of £60k against Bulky Uplifts and instead increase the proposed saving for Garden Waste Collection by the same amount;
- (ii) Mr K Gowans – Care and Learning – delete the proposed saving of £300k against the Early Years budget and instead utilise the £279k surplus

- planned for 2017/18, together with an increase (£21k) in the proposed saving for Treasury Management – Investment, as an alternative; and
- (iii) Mrs D MacKay – Development & Infrastructure – delete the proposed saving of £270k against the Employability Service and instead utilise the £279k surplus planned for 2017/18 as an alternative.

(At this point, the meeting adjourned for lunch and resumed at 2.00pm).

Having considered the proposed amendments during the lunch recess, Mrs M Davidson, seconded by Mr B Fernie, confirmed, on behalf of the Administration, that they would be moving the budget as detailed in the report, with the addition of £1.174m of funding for the NHS Highland settlement which would be sourced from balances.

In addition, the removal of the £60k saving from Bulky Uplifts was accepted on the basis of an increase in the proposed saving for Garden Waste Collection by the same amount.

Further, it was accepted that the £279k surplus from residual funds could be used to mitigate the reduction to the Employability funds and that early clarity would be provided on the full employability spend and the additional ESF monies.

Finally, and in relation to the Early Years budget, reassurance was provided that there would be no proposals to close partner centres whilst scoping exercises were being undertaken and that any future proposals would be submitted to Area Committees for discussion in due course.

At this point in the meeting, the Director of Finance clarified the proposal in relation to the additional funding for the NHS Highland settlement. In this regard, it was confirmed that a review of the Council's Insurance Fund had been undertaken over the previous six months following which it had been concluded that this could be reduced with the intention of transferring approximately £1m to reserves at the end of the year.

However, following discussion with the Administration, the decision had been taken to use this funding for NHS Highland on a one-off basis in the current year. It was stressed that this was one-off funding and that should there be a proposal to repeat this arrangement, the new Council would start the 2018/19 budget with a deficit of this amount.

Decision

The Council **AGREED** the following:-

- (i) a 3% increase in Council Tax for 2017/18 as per Paragraph 8.1;
- (ii) the savings proposals from February 2016 as outlined in Paragraph 7.2;
- (iii) the specific proposals for additional income and reduced expenditure as per the savings proposals outlined in Booklet A and detailed in Booklet B – subject to the following additions/amendments –
 - an additional sum of £1.174m for the NHS Highland settlement to be sourced from balances;
 - Community Services – to remove the £60k saving from Bulky Uplifts and increase the capacity of the Green Waste Collection by £60k;

- Development & Infrastructure – to add £279k from residual funds to mitigate the reduction to the Employability Funds on the basis that early clarity would be sought on the full employability spend and the additional ESF monies; and
 - Care & Learning – Early Years budget - to provide reassurance that there were no proposals to close partner centres whilst scoping exercises were being undertaken and any future proposals would go to Area Committees for discussion in due course;
- (iv) the list of posts to be removed under the Employee Early Release Scheme as detailed in Paragraph 10.8 - on the basis that further information on the details of costs would be provided in due course;
- (v) to meet the cost of the Scheme from Reserves as detailed in Paragraph 10.9; and
- (vi) to rebuild balances as detailed in Section 11.6 of the report.

4. Membership of Committees, Sub Committees, etc Ballrachd air Comataidhean, msaa

It was **NOTED** that Mr B Lobban had now joined the Independent Group and Ms L Munro had joined the Liberal Democrat Group.

On that basis, the political make-up of the Council was now as follows:-

Independent – 34/SNP – 16/Liberal Democrat – 14/Labour – 7
Highland Alliance – 5/Non Aligned – 3

It was also **NOTED** that the formula in respect of the number of places on Strategic Committees was now 10/5/4/2/1 and changes to memberships for the remaining meetings in the current term of the Council would be confirmed in due course.

5. Timetable of Meetings Clàr-ama Choinneamhan

The Council **AGREED** the following changes to the Timetable of Meetings:-

Highland Council – Special Meeting (Planning) - Noss Head High Voltage DC Substation – to be arranged for Tuesday, 7 March (Wick)

Planning Review Body – to move from Tuesday, 7 March to Friday, 10 March (Council HQ).

The meeting ended at 2.25pm.

Declarations of Interest – Item 2

The following Members declared **non-financial** interests in relation to this item but, having applied the test outlined in Paragraphs 5.2 and 5.3 of the Councillors' Code of Conduct, concluded that their interests did not preclude their involvement in the discussion and voting (on the basis that they would leave the room should there be any detailed discussion on the specific item in which they had declared an interest):-

Mr R Balfour – Director of Inverness, Badenoch and Strathspey Citizens Advice Bureau

Miss J Campbell – Ex-officio Member of Merkinch Enterprise

Mr A Christie – General Manager of Inverness, Badenoch and Strathspey Citizens Advice Bureau, Director of Highland Small Communities Housing Trust, Director of Highland and Islands Society for Blind People, Director of Highland Third Sector Interface, Board of Management of Highland Children's Forum and parent of child in primary education

Ms J Douglas – Director of High Life Highland and Board Member of Inverness College

Mr A Duffy – music tuition

Mr G Farlow – Director of North West Sutherland Citizens Advice Bureau

Mr B Fernie – Director of Home Start Caithness and Laurandy Day Care Centre

Mr B Gormley – Council's advisor to Lochaber Citizens Advice Bureau

Mr K Gowans – Director of High Life Highland and a parent of a child in primary education

Mr M Green – Director of Nairn Citizens Advice Bureau and Director of High Life Highland

Mr R Laird – Director of Merkinch Enterprise and Chair of Merkinch Partnership

Mrs D Mackay – Director of East Sutherland Citizens Advice Bureau and Director of Voluntary Groups East Sutherland

Mr W MacKay – Director of Caithness Citizens Advice Bureau and Director of Caithness Horizons

Mr K MacLeod – Director of Inverness, Badenoch and Strathspey Citizens Advice Bureau, Member of Inverness City Heritage Trust and Member of Highland Buildings Preservation Trust

Mrs B McAllister – D&I/3 Member of Merkinch Partnership

Mrs M Paterson – Director of Puffin Pool and Director of Highland Football Academy

Mr G Phillips – Director of East Sutherland Citizens Advice Bureau, Director of Young Karers East Sutherland (Golspie Tykes) and Council nominated Director on Golspie Links Trust

Mr M Reiss – Director of Caithness Citizens Advice Bureau

Mr I Renwick – Director of Skye and Lochalsh Citizens Advice Bureau

Dr A Sinclair – Member of Board of Highland Small Communities Housing Trust

Ms M Smith – Director of Highland Small Communities Housing Trust and Company Secretary of Albyn Housing Society

The following Members declared **financial interests** in relation to this item and confirmed that if there was any specific discussion in relation to specific lines within the budget proposals on the following issues (in which they had either a personal or family connection) they would leave the room:-

Mr I Brown – employee of NHS Highland

Ms Jaci Douglas – Board Member of NHS Highland (with dispensation) and parent of children receiving music tuition

Mr B Gormley – wife employee of Care and Learning Service

Mr Ken Gowans – wife employee of High Life Highland

Ms Linda Munro – NHS Highland Care at Home Service