

SOUTH LANARKSHIRE COUNCIL

Minutes of the special meeting held via Confero and the Council Chamber on 22 February 2023

Chair:

Provost Margaret Cooper

Councillors Present:

Councillor Alex Allison, Councillor John Anderson, Councillor Ralph Barker, Councillor John Bradley, Councillor Walter Brogan, Councillor Robert Brown, Councillor Archie Buchanan, Councillor Mathew Buchanan, Councillor Janine Calikes, Councillor Andy Carmichael, Councillor Maureen Chalmers, Councillor Ross Clark, Councillor Gerry Convery, Councillor Andrea Cowan, Councillor Margaret Cowie, Councillor Maureen Devlin, Councillor Colin Dewar, Councillor Mary Donnelly, Councillor Joe Fagan, Councillor Allan Falconer, Councillor Grant Ferguson, Councillor Gladys Ferguson-Miller, Councillor Elise Frame, Councillor Alistair Fulton, Councillor Ross Gowland, Councillor Geri Gray, Councillor Lynsey Hamilton, Councillor Celine Handibode, Councillor Graeme Horne, Councillor Mark Horsham, Councillor Martin Hose, Councillor Cal Johnston-Dempsey, Councillor Gavin Keatt, Councillor Susan Kerr, Councillor Ross Lambie, Councillor Martin Lennon, Councillor Richard Lockhart, Councillor Eileen Logan, Councillor Katy Loudon, Councillor Hugh Macdonald, Councillor Julia Marrs, Councillor Ian McAllan, Councillor Catherine McClymont, Councillor Kenny McCreary, Councillor Lesley McDonald, Councillor Elaine McDougall, Councillor Mark McGeever, Councillor Davie McLachlan, Councillor Richard Nelson, Councillor Carol Nugent, Councillor Norman Rae, Councillor Mo Razzaq, Councillor Kirsten Robb, Councillor John Ross, Councillor Dr Ali Salamati, Councillor Graham Scott, Councillor David Shearer, Councillor Bert Thomson (Depute), Councillor Helen Toner, Councillor Margaret B Walker, Councillor David Watson

Councillors' Apologies:

Councillor Poppy Corbett, Councillor Monique McAdams,

Chief Executive's Service

C Sneddon, Chief Executive

Community and Enterprise Resources

D Booth, Executive Director

Education Resources

T McDaid, Executive Director

Finance and Corporate Resources

P Manning, Executive Director; N Docherty, Administration Assistant; G McCann, Head of Administration and Legal Services; K McVeigh, Head of Personnel Services; S Somerville, Administration Manager; J Taylor, Head of Finance (Strategy); L Wyllie, Administration Assistant

Housing and Technical Resources

A Finnan, Head of Housing Services

Social Work Resources/Health and Social Care

S Sengupta, Director, Health and Social Care

1 Sederunt and Declaration of Interests

Prior to inviting declaration of interests, the Head of Administration and Legal Services, as Monitoring Officer, reminded elected members of restrictions on voting in setting the level of Council Tax in the event that any member present was at least 2 months in arrears with payment of Council Tax or had outstanding bills for Community Charge/Poll Tax.

No interests were declared.

2 Overall Position of Revenue Budget and Level of Local Taxation for 2023/2024

A report dated 6 February 2023 by the Executive Director (Finance and Corporate Resources) was submitted on:-

- ◆ the 2023/2024 budget position, following the Finance Settlement for 2023/2024
- ◆ options to address the Budget Gap for 2023/2024
- ◆ the proposed Revenue Budget for 2023/2024, including the base budget allocations to Resources.

At its meeting on 15 June 2022, the Council approved the Revenue Budget Strategy for 2023/2024. The Strategy assumptions resulted in an initial Budget Gap of £32.477 million, including the impact of several corporate solutions such as savings on Loan Charges and the outcome from reviews. The Strategy also included the impact of core budget additions as well as exceptional items of expenditure on utilities and inflation on significant Council contracts.

Subsequent to this, a number of update papers had been presented to members, most recently a paper to Council on 18 January 2023 which revised the Budget Gap to £16.318 million. This position assumed no increase in Council Tax and was based on the 2023/2024 Local Government Settlement received in December 2022. It also took account of additional budget pressures and further corporate solutions presented to members at committees during the year.

During January 2023, there had been changes to the Local Government Settlement as a result of the checking process. This had had an impact on the overall Council position, as outlined in the report.

The last budget paper to Council on 18 January 2023 had referenced the fact that £32.8 million of funding for the Teachers' pay award dating from 2021/2022 had been removed from the Local Government Settlement for 2023/2024. The impact of this removal on the Council would be a loss of funding of £1.8 million. Consequently, the proposed savings on additional teacher numbers would need to have an implementation timescale over a 2-year period, with one-off monies, £1.8 million, to be drawn from reserves to balance the position on this saving in 2023/2024.

In the week ended 27 January 2023, the Scottish Government had notified COSLA that the £32.8 million would now be reinstated by the Government into the 2023/2024 settlement. This meant that the money, which would have been drawn from reserves to balance the position on the saving in 2023/2024, would no longer be required and the additional teacher numbers' saving (EDR05) could now potentially be delivered in a single year, 2023/2024, rather than over 2 years. The money within reserves, £1.8 million, could be used instead to reduce the Budget Gap, although on a one-off basis. A permanent saving to that value would need to be identified.

The Council, at its special meeting on 18 January 2023, approved the implementation of the guidance on accounting for Service Concessions. This resulted in an ongoing annual financial benefit which had been built into the Budget Gap position as well as a retrospective benefit to the Council. At the Executive Committee on 1 February 2023, it was agreed that £5.7 million of the retrospective gain from Service Concessions be used to pay for the increased 2022/2023 pay award in that year. It was now recommended that £5.7 million of the retrospective benefit be used to meet the costs of the 2022/2023 pay award in 2023/2024. However, a permanent solution would need to be found for 2024/2025 and beyond.

Table 1 within the report outlined the revised Budget Gap of £8.818 million, taking into account the additional funding for teachers' pay and the use of Service Concessions.

At the Executive Committee on 1 February 2023, it was agreed that the underspend of £4.696 million identified following the probable outturn exercise be transferred to reserves to assist in the 2023/2024 Budget Strategy. It was proposed that this funding be used to cover the 2024/2025 Managerial and Operational Savings from Reviews, which reduced the 2023/2024 Budget Gap but required a temporary solution in 2023/2024. £1.8 million of this £4.696 million would be taken from reserves to be used to reduce the Budget Gap.

A balance of £0.756 million remained to meet the 2023/2024 costs of any savings, outlined in Appendix 1, where the substantive savings were not deliverable until 2024/2025, should they be accepted. Should this money not be required for that purpose, it would be retained in reserves to assist with the Budget Gap in 2024/2025.

It was noted that the 2023/2024 Finance Order had not yet been approved, therefore, further changes might arise. Those changes would include a reduction in distributed funding as a result of the Scottish Government introducing a requirement to maintain teacher numbers into 2023/2024. This funding would still be passed to councils, subject to commitments being kept, however, it would be later in the year and would not change the Council's funding gap.

Section 5 of the report outlined 2 options to address the Budget Gap, namely to increase the level of Council Tax and to approve savings proposals from the package attached as Appendix 1 to the report.

The Executive Director (Finance and Corporate Resources) highlighted that this year was different from any other due, in part, to the exceptional level of inflationary pressures.

Councillor Fagan, seconded by Councillor Brown, proposed the following, which had been agreed by those political/independent groups which had participated in the cross-party Budget Working Group:-

“As an amendment to Item 2 ‘Overall Position of Revenue Budget and Level of Local Taxation for 2023/2024’, the Council is asked to approve the following recommendation(s):

1. that the reinstatement of funding for 2021/22 teachers’ Pay Award of £1.8 million be noted, and that this be used to benefit the Budget Gap (section 4.4), be approved;
2. that £5.7 million of the retrospective benefit released by Service Concessions be used to support the impact of the 2022/2023 Pay Award in 2023/2024 (section 4.6), be approved;
3. that approving the use of £1.8 million additional funding, and £5.7 million of retrospective benefit (recommendations 1 and 2 would result in a revised Budget Gap of £8.818 million (section 4.7), be noted;
4. that the use of money from reserves as detailed in sections 4.8 to 4.12 be noted;
5. that the level of Council Tax and the amount of savings to be used to balance the 2023/2024 Budget, is as proposed in this paper be agreed;
6. that following the use of the service concessions retrospective benefit to fund the 2022/2023 Pay Award and the proposed use for Budget Strategies, there remains £10 million of unallocated monies (section 7.2), be noted;
7. that the current, unprecedented inflationary pressures facing the Council are noted, and that the budget gaps projected for Council in future years (section 10) are noted;
8. that the Revenue Budget for 2023/2024, including the base budget allocations to Resources, as shown in Appendix 3, be approved, subject to members’ decision on recommendation 5.
9. that the ‘additional items’ contained within this paper be approved.

Savings agreed

It is proposed that the savings outlined below totalling £1.95 million be agreed to.

Saving	Description	Value
CER01	Planning and Building Fees	£0.072m
CER06	Cremations – increase charges	£0.200m
CER10	Secondary School Meals – increase charges (at half the initial rise proposed)	£0.178m
HTR01	Second Homes / Reliefs	£0.500m
SWR01	Remove restriction in passing over funding to IJB	£1.000m
Total		£1.95m

Council Tax increase

It is noted that South Lanarkshire Council's Band D rate for Council Tax in 22/23 is the lowest level for a mainland Scottish council. It is further noted that pay awards for 22/23 averaged 7% for staff and contracts linked to RPI could see increases of between 12% and 15% and that utilities increases across 22/23 and 23/24 are expected to be in excess of 200% for gas and 88% for electricity. It is therefore proposed that Council Tax be increased by **5.5%**. This will generate approximately £8.050 million, while remaining substantially below current rates of inflation.

Investments

It is proposed that the following investments be agreed to:

Investment	Description	Value
Transformation Fund – Revenue for Capital Borrowing	<p>£1.182m raised through the proposed increase in Council Tax will be used to fund borrowing for capital investment. This capital investment will initiate a Leisure and Culture Transformation Fund of approximately £13m. The fund will help modernise the leisure and culture estate, optimise use of assets and assist in the transition towards net zero.</p> <p><i>Addition to the revenue budget on a permanent basis</i></p>	£1.182m
Frontline First Fund	<p>£3.5m of Service Concession benefit will be used to create a Frontline First Fund to spend over a period of three years. The fund will be used to support activities in Facilities, Waste and Grounds and Roads, Transportation and Fleet Services. Investment opportunities include: retaining seasonal workers and creating high impact environmental squads; vehicles and equipment; cemetery infrastructure; machinery and equipment for biodiversity / pollinator areas; 'safe routes for communities' demonstrators including streetlighting and drainage works. It is envisaged additional resource will allow fly-tipping and graffiti crews to be established.</p>	£3.500m

Investment	Description	Value
	<i>Funded on a one off basis through service concession benefit</i>	
Pre School Clothing Grant	School Clothing Grants will be extended to 3 and 4 year olds in early years establishments, at an approximate cost of £270,000. A fund of £1.35m will be set aside to fund the grant over the next five years. This will be funded through Service Concession benefit. <i>Funded on a one off basis through service concession benefit</i>	£1.350m
SLLC Transitional Support	A Transition Fund of up to £1.5m will be made available to SLLC Ltd to assist with budget pressures and support transition in its business model. This will be funded through Service Concession benefit. <i>Funded on a one off basis through service concession benefit</i>	£1.500m
Reinstatement of Community Led Activities Fund	£200,000 of Service Concession benefit will be used to reinstate the Community Led Activities Fund that was redirected to support the Warm Welcome Initiative. <i>Funded on a one off basis through service concession benefit</i>	£0.200m
Turkey-Syria Earthquake Appeal	£15,000 will be donated to the Disasters Emergency Committee in response to a humanitarian appeal following the Turkey-Syria earthquake. <i>Funded on a one off basis through service concession benefit</i>	£0.015m
Total		£7.747m

Additional Items

The Council is also asked to agree that:

- ◆ An all-party 'Sounding Board' is convened as a 'safe space' for discussion on transformational proposals to address budget challenges over multiple years. This should include progressive municipal income generation, service change and the financial benefits of a just transition to net zero.
- ◆ The Executive Committee will receive a report on arrangements to mark the King's Coronation, including proposals for coronation event lets, met from within existing resources, in each of the four administrative areas of South Lanarkshire.
- ◆ The Executive Committee will receive a report on next steps towards a new Service Level Agreement with South Lanarkshire Leisure and Culture following its conversion to a Scottish Charitable Incorporated Organisation (SCIO) on 3rd April 2023.
- ◆ To help address capital challenges, and minimise revenue budget consequences of underinvestment, the Executive Committee receives a further report on options to maximise external funding and maintain progress towards the renewal of Larkhall Leisure Centre.

- ◆ As the Scottish Government's proposed local government settlement falls substantially short of the £1 billion in additional resource funding, requested by the cross-party umbrella body for councils, COSLA, the Chief Executive is mandated to write to the incoming First Minister on behalf of the Council to express profound concern about the consequences of the Scottish Budget for council services, the council workforce and the wellbeing of South Lanarkshire's communities.
- ◆ It calls on the Scottish Government:
 - ◆ to rethink the National Care Service Bill and to reallocate the estimated £1 billion of cost in establishing a new bureaucracy to support the Bill into urgent investment in care services and in helping to stabilise Local Government finances.
 - ◆ to negotiate a partnership agreement and linked fiscal framework with Scottish Councils through COSLA which will enable councils to access an equitable and guaranteed share of Scottish Government funding to finance its vital local services.
 - ◆ to enable local Councils to reinvest the proceeds of service concessions in the improvement of their facilities to high standards rather than in helping to balance their budgets.
- ◆ A Loans Fund Review of the Housing Revenue Account is undertaken to ensure there is no detriment to housing investment plans arising from acceptance of saving HTR01 and that funds are released for future investment."

Appendix – Balanced Budget Reconciliation

Budget Gap from Officers' Report (Section 4.7)		(£8.818m)
Savings Accepted:		
CER01	£0.072m	
CER06	£0.200m	
CER10	£0.178m	
HTR01	£0.500m	
SWR01	£1.000m	
Total Savings (A)	£1.950m	
Proposed Council Tax Increase 5.5%	£8.050m	
Total savings and increase from council tax		£10.000m
= Balance after savings and council tax (Budget Gap) / Investment Opportunity		£1.182m
Further investment proposed:		
Transformation Fund – Revenue for Capital Borrowing	(£1.182m)	
Frontline First Fund	(£3.500m)	
Pre School Clothing Grant	(£1.350m)	
SLLC Transitional Support	(£1.500m)	
Reinstatement of Community Led Initiatives Funding	(£0.200m)	
Turkey-Syria Earthquake Appeal	(£0.015m)	
Total Further investment proposed (B)		(£7.747m)
<i>Add: Use of Reserves proposed (C) – Use of reserves due to Service Concession flexibility.</i>		£6.565m
Budget Gap – should be zero		£0m

Restatement of Net Expenditure Figure (report section 8)

Net Expenditure figure within Revenue Budget Paper (sections 8.2 and associated appendices) – assumed £8.818m of savings	£895.702m
Add back assumed level of savings in Budget Paper	£8.818m
Adjusted Net Expenditure figure (before savings)	£904.520m
Deduct : Actual Savings taken from table above (A)	(£1.950m)
Add : any further investment proposed (from table above (B))	£7.747m
Revised Net Expenditure figure for Revenue Budget (D)	£910.317m

Restatement of Net Sum Funded by Council Tax (report section 8.3)

Revised Net Expenditure figure for Revenue Budget (from D above)	£910.317m
Deduct: Government Grant	£702.856m
Deduct: Use of Reserves / Underspends in the Budget Strategy (£45.572m plus C from table above)	£52.137m
Resultant Net Sum to be Funded Locally from Council Tax	£155.324m

At the invite of the Provost, the Leader of the Council spoke on his proposals which were now considered as the motion. He advised that, following the Local Government Elections, the new Administration had worked across party lines to put the following new ideas into action within existing spending plans:-

- ◆ the Fair Tax Charter
- ◆ writing off £100,000 of school meal debt
- ◆ the Real Nappy incentive
- ◆ the 'right of workers to disconnect'
- ◆ Day Services remobilised
- ◆ a new Litter Strategy, Youth Strategy and a programme for 1,300 more council homes
- ◆ paternity leave for the Council's workforce doubled and a new deal for employees

He wanted to thank the Budget Working Group, officials, councillors and those who had responded to the consultation for their contribution to today's proposals.

He referred to there being more than a decade of council funding cuts and how he considered the proposals submitted were the right ones during tough times. He spoke of the measures proposed to close the funding gap of £8.8 million, however, advised that, once savings were agreed, there remained a residual Budget Gap which meant a necessary rise in Council Tax. The level proposed, 5.5%, equated to half the rate of inflation.

He highlighted investment proposals, such as the £13 million Transformation Fund, which would invest in the transition to a modern, greener, fit-for-purpose estate, and the £3.5 million Frontline First Fund which would:-

- ◆ create high impact environmental squads to clean up communities
- ◆ tackle graffiti and fly-tipping
- ◆ improve maintenance of edging, hedgerows, trees and weeds
- ◆ take forward the 'safe routes for communities' programme
- ◆ invest in the vehicles, machinery and equipment required for frontline workers

The proposed budget also:-

- ◆ created a new pre-school clothing grant
- ◆ reinstated £200,000 of investment in community led activities
- ◆ made up to £1.5 million in transitional support available for South Lanarkshire Leisure and Culture (SLLC)

- ◆ honoured a cross-party commitment to give £15,000 to the Turkey-Syria Earthquake Appeal

He asked that the Council consider future budgets and how to realise its vision of transitioning to net zero while generating municipal income with a Budget Sounding Board.

In seconding the proposals, Councillor Brown wished to recognise the contribution from colleagues across the chamber as well as the Executive Director (Finance and Corporate Resources) and his team. He advised that the proposals had a strong emphasis on frontline services and helping biodiversity. He referred to the crisis facing SLLC due to rising costs and the importance of transitional support and investment. He called on the Government to stop centralising services and to consider the interests of local communities.

The Head of Administration and Legal Services referred to the proposal to give £15,000 to the Disaster Emergencies Committee for the Turkey-Syria Earthquake Appeal and suggested that, as the Council was not permitted to provide direct relief to communities abroad, the funding be given to the British Red Cross to allow it to divert money used in UK-based activities. This was unanimously agreed.

Councillor Ross, seconded by Councillor Chalmers, proposed the following as an amendment:-

“As an amendment to Item 2 ‘Overall Position of Revenue Budget and Level of Local Taxation for 2023/2024’, the Council is asked to approve the following recommendation(s):

1. that the reinstatement of funding for 2021/22 teachers’ Pay Award of £1.8 million be noted, and that this be used to benefit the Budget Gap (section 4.4), be approved;
2. that £5.7 million of the retrospective benefit released by Service Concessions be used to support the impact of the 2022/2023 Pay Award in 2023/2024 (section 4.6), be approved;
3. that approving the use of £1.8 million additional funding, and £5.7 million of retrospective benefit (recommendations 1 and 2 would result in a revised Budget Gap of £8.818 million (section 4.7), be noted;
4. that the use of money from reserves as detailed in sections 4.8 to 4.12 be noted.
5. that the level of Council Tax and the amount of savings to be used in this amendment be agreed;
6. that following the use of the service concessions retrospective benefit to fund the 2022/2023 Pay Award and the proposed use for Budget Strategies, the remaining £10 million of unallocated monies (section 7.2), be used for the investments as detailed in this amendment;
7. that the current, unprecedented inflationary pressures facing the Council are noted, and that the budget gaps projected for Council in future years (section 10) are noted;
8. that the Revenue Budget for 2023/2024, including the base budget allocations to Resources, as shown in Appendix 3, be approved, subject to members’ decision on recommendation 5.

Savings agreed: £1.072m

Council Tax increase: 3.5% - £5.100m

Investments: (£7.354m)

<p>1. Supporting our Children and Young People</p> <p>1.1 Scope and pilot free breakfast provision in secondary school, in partnership with young people and third sector groups.</p>	<p>£0.100m</p>
<p>1.2 Bring free school meal entitlement into line with the School Clothing Grant in P6/P7 and Secondary Schools, including school holiday payments for all primary and secondary pupils entitled to school clothing grants. It should be noted this is single year funding – a recurring funding solution will require to be identified in future years.</p>	<p>£1.550m</p>
<p>1.3 Encourage school gardening initiatives and links for the Food Growing Network, to encourage children and young people to grow and learn about food, and care for local ecologies</p>	<p>£0.050m</p>
<p>2. Supporting people with Cost of Living</p> <p>2.1 Financial Wellbeing Support Fund Extend the scheme introduced in our 2022/23 Budget, which has been designed to specifically support households experiencing financial hardship.</p>	<p>£1m</p>
<p>3. Supporting Our Communities</p> <p>3.1 Community Managed Halls Reinstate the investment commitment in the 2022-23 budget to employ a community development worker (2years) to support management committees build capacity, develop local plans and access external funding sources</p> <p>3.2 Provide a grant-based fund for community hall management committees to improve facilities e.g. access to the building, toilets, kitchens and address any safety concerns.</p>	<p>£0.110m</p> <p>£0.150m</p>
<p>3.3. Supporting Winter Festivals</p> <p>Establish a new winter festival fund, to ensure all communities can plan, organise and celebrate events to bring communities of place and interest together, leading to greater equity across the geographical areas and better reflecting our multicultural community. To facilitate this transition to a new approach, the funding for current arrangements will be continued in 2023-24.</p> <p>3.4 Supporting community-based arts, leisure and culture Ensure the sustainability of our local libraries, leisure and cultural activities and access to health and wellbeing provision</p>	<p>£0.150m</p> <p>£2m</p>

<p>4. Supporting Community Priorities</p> <p>Continue support for the delivery of community priorities which have been identified through community led engagement and consultative processes.</p> <p>4.1 Place based participatory budgeting programme, which support the delivery of priorities in neighbourhood planning areas.</p> <p>4.2 Continue the Grants Scheme for other communities to access, recognising that across South Lanarkshire there are a range of communities which have carried out other consultative and engagement processes to identify their priorities.</p>	<p>£0.200m</p> <p>£0.150m</p>
<p>5. Supporting our Environment</p> <p>5.1 Extend the Climate Emergency Fund to investigate energy saving / generation opportunities or service changes to help meet net zero ambitions and save on energy costs.</p> <p>5.2 Pavements and Footpaths Continue to invest in improving pavements and footpaths support using a participatory budgeting approach.</p>	<p>£0.150m</p> <p>£1.5m</p>
<p>6. Supporting our Voluntary Organisation Provide a 5% increase to Grant Payments</p>	<p>£0.120m</p>
<p>7. Supporting Transformational Change in Council Services</p> <p>It was recognised in the Budget Strategy in June 2021 that a more fundamental transformation would be required to ensure sustainability of services but also to meet the expressed needs of our communities. The approach taken to developing the new Community and Council Plans provide the basis for a deeper and more deliberative discussion on what our Council should look like in 2027.</p> <p>While the governance of this work may be provided by a cross party working group of senior elected members, we need community leadership and participation to provide ideas, solutions and advice.</p> <p>We propose a two year programme of intense and deliberative discussions using a ‘citizens assembly’ approach.</p>	<p>£0.124m</p>
<p>8. Climate Impact Assessments in Budget Proposals</p> <p>1. Notes that the annual Public Bodies Climate Change Duties Reporting to the Scottish Government requires the Council to explain how</p>	<p>£0</p>

<p>spending plans and use of resources is aligned to emissions targets</p> <p>2. Agrees that, in relation to the Council budget setting process and medium term financial plan, Councillors and the public should understand the climate impact of spending proposals</p> <p>3. Therefore requests that Officers provide high level guidance for political groups to complete a climate impact assessment of proposed budgets in the run up to the Council's budget setting process in February 2024; and recommends that all budget motions should include an accompanying statement to their proposals which sets out how their spending plans align with the Council's climate strategies, including this as an appendix.</p> <p>4. Ensure all budget proposals which have been identified as having a negative environmental impact are subject to a more detailed climate assessment / carbon budget and ways to reduce the impact on emissions are put forward (e.g. embedding low carbon methods of construction, amendments to the project) and that this is presented to councillors before final budget decisions are made.</p>	
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Appendix – Balanced Budget Reconciliation

Budget Gap from Officers' Report (Section 4.7)		(£8.818m)
Savings Accepted:		
CER01	£0.072m	
SWR01	£1.000m	
Total Savings (A)	£1.072m	
Proposed Council Tax Increase 3.5%	<u>£5.100m</u>	
Total savings and increase from council tax		<u>£6.172m</u>
= Balance after savings and council tax (Budget Gap) / Investment Opportunity		(£2.646m)
Further investment proposed:		
Extending Free School Meals Entitlement	(£1.550m)	
Free Breakfast Funding	(£0.100m)	
Financial Wellbeing Support Fund	(£1.000m)	
School Gardening Initiative	(£0.050m)	
Supporting Community Managed Halls (1)	(£0.110m)	
Supporting Community Managed Halls (2)	(£0.150m)	
Supporting Community Led Festivities	(£0.150m)	
Supporting Community Priorities	(£0.350m)	
Supporting community-based arts, leisure and culture	(£2.000m)	

Supporting our Voluntary Organisations	<u>(£0.120m)</u>	
Supporting Transformational Change in Council Services	<u>(£0.124m)</u>	
Climate Emergency Fund	<u>(£0.150m)</u>	
Pavement & Footpath Investment (PB)	<u>(£1.500m)</u>	
Total Further investment proposed (B)		(£7.354m)
<i>Add: Use of Reserves proposed (C) –</i>		<u>£10.000m</u>
Budget Gap – should be zero		£0.000m

Restatement of Net Expenditure Figure (report section 8)

Net Expenditure figure within Revenue Budget Paper (sections 8.2 and associated appendices) – assumed £8.818m of savings	£895.702m
Add back assumed level of savings in Budget Paper	£8.818m
Adjusted Net Expenditure figure (before savings)	£904.520m
Deduct: Actual Savings taken from table above (A)	(£1.072m)
Add : any further investment proposed (from table above (B))	£7.354m
Revised Net Expenditure figure for Revenue Budget (D)	£910.802m

Restatement of Net Sum Funded by Council Tax (report section 8.3)

Revised Net Expenditure figure for Revenue Budget (from D above)	£910.802m
Deduct: Government Grant	£702.856m
Deduct: Use of Reserves / Underspends in the Budget Strategy (£45.572m plus C from table above)	£55.572m
Resultant Net Sum to be Funded Locally from Council Tax	£152.374m

Prior to speaking to his amendment, Councillor Ross advised that he was pleased to be back following his recent period of absence and wished to thank everyone for their kind words of support. He then outlined his Group's reasons for withdrawing from the Budget Working Group. He advised that his Group's aim was to safeguard communities while protecting frontline services and he considered his proposals would do that as the new funding investment would strengthen communities, with the Council Tax increase being the lowest on the mainland. He thanked the Executive Director (Finance and Corporate Resources) and his team, as well as the CMT and those who had participated in the consultation exercise, as this had helped shape his Group's proposals. He highlighted key points within his proposals and wished to recognise the importance of a Climate Change Assessment. Going forward, he asked that officers provide this guidance as an integral part of budget proposals.

The Provost then invited each Group representative, in turn, to speak on behalf of their Group, in respect of the proposals.

Councillor Allison referred to budget cuts and how every Council Leader in Scotland had supported the COSLA position in calling for more funding for local authorities. He spoke on the proposed 5.5% increase in Council Tax and advised that this was in line with every other Administration in Scotland, irrespective of political party. While it was higher than his Group would have liked, he acknowledged that it was necessary to achieve a balanced budget, as taking out of reserves would only lead to harder choices in future years. He highlighted that it would still leave South Lanarkshire as having the lowest Council Tax on mainland Scotland and also allowed for investment. He considered that if the Scottish Government did not properly fund councils, then there would be difficult years ahead, with a requirement for the Council to decide which services it retained.

The Provost then advised that she was going to make a statement, not in her role as Provost, but as Leader of the Independent Group. She referred to the current, most difficult financial circumstances ever faced and considered it was important that constituents understood why some tough decisions required to be taken. She wanted to reinforce the following 2 key messages:-

- ◆ that this Council and all Scottish local authorities were being severely underfunded, which had been the case for at least a decade
- ◆ COSLA had said that councils needed £1 billion added to their grants just to stand still which would have meant around £60 million more for South Lanarkshire this year. Instead, councils got just £71 million more in real-terms in their initial settlement

She referred to the Accounts Commission confirming last year that councils had seen their grants fall by 9.6% since 2013/2014. Taking that into consideration, a conservative estimate would suggest that South Lanarkshire had to find more than £150 million in savings in that period.

She advised that, in view of the current inflation rate, the prices of the basic commodities needed to deliver key services were higher.

As Chair of the Budget Working Group, she highlighted that this was the most difficult year to date, however, due to the enormous efforts of the political groups and their leaders, general agreement had been reached in achieving the best possible solution for constituents and delivering a balanced budget which protected frontline services. She expressed her regret that the SNP Group had not continued its participation in the Budget Working Group in order to achieve overall consensus. She wanted to thank officers across the Council, in particular the Executive Director (Finance and Corporate Resources) and his team, who had worked hard to provide options for the Working Group, especially given the fluid situation. She warned that more tough decisions would be faced in the years to come and urged every member and political group to lobby the Scottish Government for a fairer settlement for next year and the following years.

Councillor Robb wished to thank officers for their hard work and advice. She advised that her 3 priorities were in terms of preventative spend, protecting the most vulnerable, and transitioning to net zero. She referred to opportunities that needed more work but could be progressed in future years. As council budgets were under huge strains, she called for pressure to be put on both the Scottish Government and UK Government for more funding. She advised that, while she agreed with many aspects of the proposals, she would abstain, particularly as she was Depute Chair of the Climate Change and Sustainability Committee, as some City Deal projects had not been subject to a Climate Change Assessment.

Following discussion, on a vote being taken using the electronic voting system, 34 members voted for the motion, 27 for the amendment and 1 abstained. The motion was declared carried.

The Council decided:

- (1) that the reinstatement of funding for the 2021/2022 teachers' Pay Award of £1.8 million, be noted, and that it be approved that this be used to benefit the Budget Gap as detailed in section 4.4;

- (2) that it be approved that £5.7 million of the retrospective benefit released by Service Concessions be used to support the impact of the 2022/2023 Pay Award in 2023/2024, as detailed in section 4.6;
- (3) that it be noted that, by approving the use of £1.8 million additional funding and £5.7 million of retrospective benefit, this had resulted in a revised Budget Gap of £8.818 million, as detailed in section 4.7;
- (4) that the use of money from reserves, as detailed in sections 4.8 to 4.12, be noted;
- (5) that the following savings, totalling £1.95 million, be approved:-

Saving	Description	Value
CER01	Planning and Building Fees	£0.072 million
CER06	Cremations – increase charges	£0.200 million
CER10	Secondary Schools Meals – increase charges (at half the initial rise proposed)	£01.78 million
HTR01	Second Homes/Reliefs	£0.500 million
SWR01	Remove restriction in passing over funding to IJB	£1.000 million

- (6) that Council Tax be increased by 5.5%, which would set the Council Tax for Band D properties at 1,300.81;
- (7) that the following investments, totalling £7.747 million, be approved:-

Investment	Description	Value
Transformation Fund – Revenue for Capital Borrowing		£1.182 million
Frontline First Fund		£3.500 million
Pre-School Clothing Grant		£1.350 million
SLLC Transitional Support		£1.500 million
Reinstatement of Community Led Activities Fund		£0.200 million
Turkey-Syria Earthquake Appeal	£15,000 would be donated to the British Red Cross for UK-based activities in response to a humanitarian appeal following the Turkey-Syria earthquake <i>Funded on a one-off basis through service concession benefit</i>	£0.015 million

- (8) that an all-party ‘Sounding Board’ be convened as a ‘safe space’ for discussion on transformational proposals to address budget challenges over multiple years which would include progressive municipal income generation, service change and the financial benefits of a just transition to net zero;
- (9) that a report be submitted to the Executive Committee on arrangements to mark the King’s Coronation, including proposals for coronation event lets, met from within existing resources, in each of the 4 administrative areas of South Lanarkshire;

- (10) that a report be submitted to the Executive Committee on the next steps towards a new Service Level Agreement with South Lanarkshire Leisure and Culture following its conversion to a Scottish Charitable Incorporated Organisation (SCIO) on 3 April 2023;
- (11) that, to help address capital challenges and minimise revenue budget consequences of underinvestment, a further report be submitted to the Executive Committee on options to maximise external funding and maintain progress towards the renewal of Larkhall Leisure Centre;
- (12) that, as the Scottish Government's proposed local government settlement fell substantially short of the £1 billion in additional resource funding, as requested by the cross-party umbrella body for councils, COSLA, the Chief Executive be mandated to write to the incoming First Minister, on behalf of the Council, to express profound concern about the consequences of the Scottish Budget for council services, the council workforce and the wellbeing of South Lanarkshire's communities;
- (13) that the Council call on the Scottish Government:-
- ◆ to rethink the National Care Service Bill and to reallocate the estimated £1 billion of cost in establishing a new bureaucracy to support the Bill into urgent investment in care services and in helping to stabilise Local Government finances
 - ◆ to negotiate a partnership agreement and linked fiscal framework with Scottish councils through COSLA which would enable councils to access an equitable and guaranteed share of Scottish Government funding to finance its vital local services
 - ◆ to enable local councils to reinvest the proceeds of Service Concessions in the improvement of their facilities to high standards rather than in helping to balance their budgets
- (14) that a Loans Fund Review of the Housing Revenue Account be undertaken to ensure that there was no detriment to housing investment plans arising from acceptance of saving HTR01 and that funds were released for future investment;
- (15) that the current, unprecedented inflationary pressures facing the Council be noted, and that the budget gaps projected for Council in future years, as detailed in section 10, be noted; and
- (16) that the Revenue Budget for 2023/2024, including the base budget allocations to Resources, as detailed in Appendix 3, be approved.

Provost's Remarks

The Provost welcomed Councillor Ross back following a period of absence due to illness and wished him well for his continued recovery. Her sentiments were echoed by the Leader of the Council and other elected members.

[Reference: Minutes of special meeting of 18 January 2023 (Paragraph 2) and Minutes of the Executive Committee of 1 February 2023 (Paragraph 2)]

In terms of Standing Order No 14, the Provost adjourned the meeting at 10.20am. The meeting reconvened at 10.35am. The Provost adjourned the meeting for a second time at 11.20am, with the meeting reconvening at 11.27am

3 Recommendations Referred by the Executive Committee – Housing Revenue and Capital Account Budget 2023/2024

A report dated 2 February 2023 by the Chief Executive was submitted on recommendations referred to the Council by the Executive Committee of 1 February 2023. The recommendations were as follows:-

- ◆ **Housing Revenue and Capital Account Budget 2023/2024**
 - ◆ that the proposed rent increase of 3.5% for Council houses, gypsy/traveller sites, lockups and garage sites be approved and the Revenue Estimate proposals for the Housing Revenue Account Budget 2023/2024 be approved
 - ◆ that, based on the proposed rent increase of 3.5%, the 2023/2024 Housing Capital Programme, totalling £63.916 million, be approved

The Council decided: that the recommendations of the Executive Committee of 1 February 2023 in relation to the Housing Revenue and Capital Account Budget 2023/2024 be approved.

[Reference: Minutes of the meeting of the Executive Committee of 1 February 2023 (Paragraph 10) and minutes of the special meeting of the Housing and Technical Resources Committee of 23 January 2023 (Paragraph 2)]

4 2023/2024 Capital Programme Update

A report dated 26 January 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the proposed General Services Capital Programme for 2023/2024, reflecting the spend requirements identified by Resources and the availability of funding.

The proposed capital programme for 2023/2024 had taken account of ongoing programmes of work and priorities, commitments from the approved Glasgow City Region City Deal Programme, as well as incorporating the programme moves and additions from financial year 2022/2023.

Details of the proposed 2023/2024 capital programme, totalling £91.061 million, were as follows:-

	£million
Ongoing programmes of work (paragraph 4.2 and Appendix 1)	20.500
New priority projects (paragraph 4.3)	0.161
Specific capital projects (paragraphs 4.4 and 4.5)	7.758
Glasgow City Region City Deal (paragraph 4.6)	26.978
Larkhall Leisure Centre – External Funding (paragraphs 4.7 to 4.10)	2.200
Projects approved in previous financial years (paragraphs 4.11 and 4.12)	6.870
2022/2023 movements (paragraph 4.15)	33.202
2023/2024 movements (paragraph 4.16)	(6.608)

The level of funding available to support the programme was provided at Section 5 of the report, with a detailed breakdown of funding sources included as Appendix 4 to the report.

The Executive Director (Finance and Corporate Resources) responded to members' comments and questions in respect of Larkhall Leisure Centre, the sale of Montrose House, Hamilton and the replacement of Our Lady of Lourdes Primary School, East Kilbride.

The Council decided: that the 2023/2024 Capital Programme totalling £91.061 million, as detailed in section 4.17 and Appendix 3 of the report, be approved.

5 Prudential Indicators, Treasury Management Strategy and Annual Investment Strategy 2023/2024

A report dated 6 February 2023 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ Prudential Code indicators for 2023/2024 to 2025/2026
- ◆ Council's Treasury Management Strategy for 2023/2024
- ◆ Council's Annual Investment Strategy for 2023/2024

At its meeting held on 28 September 2022, the Council agreed to further demonstrate its own climate leadership by:-

- ◆ reviewing its Investment Strategy and developing and implementing a Responsible Investment Policy to ensure that South Lanarkshire money was invested for positive change and did not fuel the climate and ecological crises
- ◆ reporting back on work to incorporate sustainability into Treasury Management decisions to the Climate Change and Sustainability Committee

In the Annual Investment Strategy, set out in Appendix 3 to the report, an additional section on Responsible Investing had been included.

At its special meeting held on 18 January 2023, the Council considered a report on Service Concessions. This included details of a strategy to manage the costs of borrowing by building assumptions on the level of reserves, cash balances and the phasing of the use of the service concession flexibility into the Council's loan charge model. The indicators presented in the report reflected that approach.

The Prudential Code for Capital Finance in Local Authorities was introduced through the Local Government (Scotland) Act 2003 with the aim of supporting strategic planning for capital investment at a local level.

The key objectives of the Prudential Code were to ensure, within a clear framework, that:-

- ◆ local authorities' capital expenditure plans were affordable, prudent and sustainable
- ◆ treasury management decisions were taken in accordance with good professional practice and in full understanding of the risks involved and how those risks would be managed to levels that were acceptable to the organisation

A revision of the Prudential Code was issued by CIPFA in December 2021, however, the key objectives of the Code remained unchanged. The Prudential Code now required changes to the way that investments were categorised. Also, provisions within the Code regarding borrowing in advance of need had been strengthened to make it clear that borrowing to fund commercial investments purely to benefit from the return on those investments was not permissible.

The Prudential Indicators for 2023/2024 to 2025/2026 were shown in Appendix 1 to the report, together with explanations for each indicator. An updated position for 2022/2023 was also included.

The Prudential Indicators included estimates of capital expenditure and showed the level of borrowing required.

The Prudential Code also recognised that, in making capital investment decisions, the authority should be informed by sound asset management planning and options appraisal.

When considering potential capital investment, the Council ensured that the objectives of capital investment were relative to the Council's strategic plans and that the investment was informed through the asset management planning process.

In terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in Public Services Code of Practice and the Council's Financial Regulations, a Treasury Management Strategy required to be submitted to committee every year for approval.

The Treasury Management Strategy for 2023/2024 was detailed in Appendix 2 to the report.

The main areas covered by the Strategy were:-

- ◆ debt and investment projections
- ◆ expected movement in interest rates
- ◆ borrowing strategies
- ◆ statutory repayment of loans fund advances

The Treasury Management in the Public Services – Guidance Notes for Local Authorities detailed treasury management indicators that were to be reported within the Treasury Strategy. The update in 2021 included an additional indicator known as the Liability Benchmark.

The Liability Benchmark was a comparison of existing borrowing against committed and planned borrowing needs, while taking into account how reserves, cash balances and the need for short-term liquidity affected the future borrowing requirement. The level of borrowing required to fund the Council's capital programme, together with the variable nature of interest rates increased the risks associated with the treasury management function. Consequently, the Council would take a cautious approach to its Treasury Strategy by setting treasury management indicators to contain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of adverse movements in interest rates.

Key details included in the indicators included total external net debt which was expected to reach £1,102.685 million by the end of 2022/2023. External debt included the liability of £179.133 million that was incorporated in the Council's Balance Sheet for secondary schools and finance leases under International Financial Reporting Standards. While those liabilities were to be classed as external debt, there was no requirement to borrow those amounts and there was, therefore, no impact on borrowing costs.

The Local Government Investments (Scotland) Regulations 2010 provided a formal investment framework for councils. While the regulatory framework provided greater freedom for local authorities in their investment activities, there was an onus on local authorities to act prudently in relation to their investment and treasury management activities.

The 2 fundamental principles of the Investment Regulations were that councils were:-

- ◆ required to manage their investments and deposits in a way that minimised the risk to the capital sum and optimised the return on the funds, consistent with those risks. Security should be considered first, then liquidity, and lastly the yield or return
- ◆ able to determine what investments they made, including both the type and duration of the investment

In terms of the Regulations, the Council was required to prepare an Annual Investment Strategy prior to the start of the financial year. The Annual Investment Strategy for 2023/2024, attached as Appendix 3 to the report, made no changes to the permitted investments previously agreed for 2022/2023.

Section 10 of the Annual Investment Strategy set out the Council's approach to Responsible Investing, focusing on banks and building societies.

The Council decided:

- (1) that the Prudential Code indicators for 2023/2024 to 2025/2026, as detailed in section 4, be approved;
- (2) that the 2023/2024 Treasury Management Strategy, as detailed in section 5, be approved; and
- (3) that the Annual Investment Strategy, as detailed in section 6, be approved.

[Reference: Minutes of 28 September 2022 (Paragraph 8) and minutes of the special meeting of 18 January 2023 (Paragraph 3)]

6 South Lanarkshire Leisure and Culture – Concession Recommendations for 2023/2024

A report dated 9 February 2023 by the Executive Director (Community and Enterprise Resources) was submitted on proposed amendments to the concession rates for South Lanarkshire Leisure and Culture (SLLC) services.

Similar to local authorities, Leisure and Cultural Trusts across Scotland were facing significant increased pressures on their budgets due to inflation levels on areas such as pay, utilities and contracts. The majority were considering, or had implemented, price increases and many had also reduced the scope of their services. Trusts had also been significantly affected by the COVID-19 pandemic which had impacted on levels of customer use and the associated generated income.

As part of the review process conducted by the Council's Cross Party Working Group, approval was given at the Council meeting in June 2021, and further agreed at the SLLC Board meeting in August 2021, that the Board of SLLC would have full autonomy to review and set the pricing for all SLLC commercial activities in line with market tolerances and trends. It was agreed, however, that the Council would retain the authority to decide on concession pricing.

At its meeting held on 1 February 2023, the SLLC Board approved the retention of the fitness membership at £25 per month and a commercial price rise of 7% across all other services. This was a part of a package of measures that would include consideration of service efficiencies and rationalisation required to address an estimated Budget Gap of £4 million.

It was proposed that:-

- ◆ the individual general concession for SLLC services be amended from 50% to 25% of the adult rate
- ◆ the additional U16s club discount, which was currently 75% of the adult rate, revert to 50%
- ◆ the hall let under 5s and over 60s group discount, which was currently 75% of the full rate, revert to 50%

If agreed, this would enable SLLC to realise £616,000 of additional income, reducing the funding gap further by that amount. Should the concession proposals not be agreed, there would be a requirement for the SLLC Board to approve service reductions, commensurate with the amount of income associated with the concession proposals.

In response to a point made by Councillor Watson, the Head of Administration and Legal Services advised that the matter raised was one for an independent body and not for the Council. On the advice of the Chief Executive, the Provost then ruled that, as the matter was subject to an ongoing legal process, there was to be no further debate on the issue.

The Executive Director (Community and Enterprise Resources) responded to a member's question in relation to the Council's lease arrangements with SLLC.

Following discussion, Councillor Fagan, seconded by Councillor Convery, moved the recommendations in the report. Councillor Ross, seconded by Councillor Chalmers, moved as an amendment that there be no change to the existing service concessions. On a vote being taken using the electronic voting system, 34 members voted for the motion, 27 for the amendment and 1 abstained. The motion was declared carried.

The Council decided: that the following recommendations made by the Board of South Lanarkshire Leisure and Culture be approved:-

- ◆ that the individual general concession for SLLC services be amended from 50% to 25% of the adult rate
- ◆ that the additional U16s club discount be amended from 75% to 50% of the adult rate
- ◆ that the hall let under 5s and over 60s group discount be amended from 75% to 50% of the full rate

7 Family Leave for Elected Members – Councillor Hose

A report dated 3 February 2023 by the Executive Director (Finance and Corporate Resources) was submitted advising of arrangements in terms of family leave for Councillor Hose.

At its meeting on 26 February 2020, the Council approved the implementation of the new Elected Members' Family Leave Guidance produced by COSLA.

Councillor Hose had advised the Council that he intended to take 2 weeks paternity leave commencing on 13 February 2023.

The Council decided: that it be noted that Councillor Hose had commenced his family leave from 13 February 2023.

[Reference: Minutes of 26 February 2020 (Paragraph 7)]

8 Urgent Business

There were no items of urgent business.

Closing Remarks – Points of Order

Councillor Johnston-Dempsey raised the following 2 Points of Order in respect of:-

- ◆ a remark made by the Provost
- ◆ political points made by the Provost

In response, the Head of Administration and Legal Services, as Monitoring Officer, advised that there was a process set out in the Code of Conduct for making complaints to the Commissioner for Ethical Standards and, if required, she could provide contact details. She further advised that the Provost had 2 roles in that, as well as being Provost, she was also Leader of the Independent Group. The Provost had clearly stated prior to making the comments that she was speaking as Leader of the Independent Group. Given the comments she made were relatively short, it would have been impractical for her to remove herself from the Chair into the body of the room because this would have disrupted the meeting.