

MINUTE
of
EAST RENFREWSHIRE COUNCIL

Minute of Meeting held at 10.00am in the Council Chamber, Council Headquarters, Giffnock, on 9 March 2016.

Present:

Provost Alastair Carmichael	Councillor Ian McAlpine
Deputy Provost Betty Cunningham	Councillor Gordon McCaskill
Councillor Tony Buchanan	Councillor Stewart Miller
Councillor Danny Devlin	Councillor Mary Montague
Councillor Jim Fletcher (Leader)	Councillor Paul O’Kane
Councillor Charlie Gilbert	Councillor Tommy Reilly
Councillor Barbara Grant	Councillor Ralph Robertson
Councillor Elaine Green	Councillor Jim Swift
Councillor Kenny Hay	Councillor Gordon Wallace
Councillor Alan Lafferty	

Provost Carmichael in the Chair

Attending:

Lorraine McMillan, Chief Executive; Caroline Innes, Deputy Chief Executive; Julie Murray, Chief Officer – Health and Social Care Partnership; Mhairi Shaw, Director of Education; Andy Cahill, Director of Environment; Margaret McCrossan, Head of Accountancy (Chief Financial Officer); Barbara Clark, Chief Accountant; Fiona Morrison, Head of Education Services (Provision and Resources); Phil Daws, Head of Environment (Housing and Property Services); Eamonn Daly, Democratic Services Manager; and Jennifer Graham, Committee Services Officer.

Apologies:

Councillor Vincent Waters.

DECLARATIONS OF INTEREST

1936. Provost Carmichael and Councillors Gilbert, Hay and Montague declared a non-financial interest in items 1938 and 1939 below by virtue of their membership of the Board of East Renfrewshire Culture and Leisure Trust.

Councillors Buchanan, Fletcher, Lafferty and McAlpine declared a non-financial interest in items 1938 and 1939 below by virtue of their membership of the East Renfrewshire Integration Joint Board.

TREASURY MANAGEMENT STRATEGY REPORT 2016/17

1937. The Council considered a report by the Head of Accountancy (Chief Financial Officer) seeking approval of the Treasury Strategy Statement Report 2016/17, including the amendment of treasury management practices in accordance with Annex F accompanying the report, which set out those organisations approved for the investment of surplus funds, required credit ratings, limits, and deposit periods.

The report explained that in terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management Code of Practice 2011, the Audit & Scrutiny Committee, who were responsible for ensuring effective scrutiny of the treasury management strategy and policies, had considered the attached report at its meeting on 3 March 2016, with comments made in relation to the strategy contained in the Minute of that meeting (Page 1807, Item 1930 refers). Thereafter, the annual investment strategy which set out treasury management activities for the coming year was being submitted to the Council for consideration.

Having heard Councillor Wallace, Chair of the Audit & Scrutiny Committee, the Council approved the Treasury Management Strategy Statement Report 2016/17, including the amendment of treasury management practices in accordance with Annex F accompanying the report.

EAST RENFREWSHIRE COUNCIL REVENUE ESTIMATES 2016/17 AND 2017/18

1938. The Council considered a report by the Head of Accountancy (Chief Financial Officer), submitting for consideration proposed revenue estimates of income and expenditure as the basis for the Council Tax declaration for 2016/17, and indicative estimates of income and expenditure for the 2017/18 financial year.

The report reminded Members that in approving estimates for previous years, it had been recognised that the financial position in future years was likely to become increasingly difficult in terms of spending pressures, demand for services and level of government grant. Accordingly the Council had introduced a financial policy to make spending decisions based on an assessment of medium to long-term needs and would seek to avoid taking a short-term outlook in policy making, service planning and budget setting

Members were further reminded that in his Autumn Statement 2014, the Chancellor of the Exchequer had reviewed his financial forecasts and had indicated that public sector funding restraints would likely continue until 2020. Recognising these ongoing financial pressures, as well as considering and approving the revenue budget for 2016/17, it was proposed that an indicative budget for 2017/18 was also approved. This would be finalised at the Council meeting in February 2017 once the grant for that year had been confirmed. In keeping with a longer term financial strategy, modelling of the Council's financial position would continue internally beyond the budget period.

The report went on to explain the process for constructing the budget proposals for 2016/17 where departments were required to provide detailed budget information by August 2015 in respect of the cost of services to be provided in 2016/17. In practice, this represented the cost of maintaining approved service levels and in addition providing for amongst other things the impact of inflationary pressures; Scottish Government initiatives; the cost of Council decisions and legal commitments; revenue implications of the Capital Programme; and increased demand for services from a growing population.

The report further explained that Scottish Government grant funding for 2016/17 (i.e. Aggregate External Finance (AEF)) was the mainstream grant support for the Council and was determined by the Scottish Government and that the Council's total grant for 2016/17 would be £176.521 million which incorporated funding to support a Council Tax freeze. The grant included additional resources to meet a number of additional responsibilities, such as maintaining teacher numbers in line with pupil numbers and securing places for all probationers who required one under the Teacher Induction Scheme, and the delivery of the Living Wage for all social care workers. The Scottish Government had indicated that it would not be possible for councils to select elements of the funding on offer. If the Council's budget was not designed to meet the conditions, the grant would be reduced accordingly. The budget proposals submitted for Council's consideration assumed delivery against the identified grant commitments in 2016/17.

It was also highlighted that the grant settlement did not make provision for any inflationary pressures, or for changes in National Insurance contributions to be implemented from 1 April 2016, which would require to be self-funded by the Council.

The report also referred to funding arrangements for Integration Joint Boards (IJBs) explaining that the Scottish Government had reallocated £250 million from the health budget, the funds to be allocated to social care services for the purposes of addressing new demand, increasing charging thresholds to assist poorer clients, further integrating services, extending the Living Wage to social care workers in the independent and voluntary sectors, and reducing existing budget pressures.

The report explained the "Floors" arrangement whereby in determining grant distribution the Scottish Government had again put in place an arrangement to ensure year-on-year stability in grant at individual council level. The cost of bringing local authorities up to the "floor" was borne by the remaining councils. Under this arrangement East Renfrewshire would contribute £2.135 million by way of deduction from AEF grant in 2016/17 and this contribution had been reflected in the grant figure.

The report also referred to the financial outlook for the Council and to the practice in recent years of setting multi-year budgets. This had assisted in managing difficult financial circumstances, demonstrated the value of adopting a longer-term approach to financial planning, and would continue in future. In this regard, a forecast of the Council's financial position for 2017/18 had been made which would be reviewed on an ongoing basis, it being noted that the forecast was a further cut in grant for 2017/18.

With regard to savings proposals, details of which were attached as Annex A, the report explained that savings requirements for 2016/17 and 2017/18 had been revised in light of the 2016/17 settlement announcement and updated expenditure forecasts, with additional savings of £1.022 million required in 2016/17 and a further £5.997 million in 2017/18 still to be identified. Total savings for 2016/17 were £10.008 million; and for 2017/18 were £10.284 million with the total savings for the 2015/18 period now £23.915 million. It was explained that the additional 2016/17 savings would be met from efficiencies in insurance procurement and capital financing costs. However these were not recurring and would increase the 2017/18 savings target. A total shortfall of £7.019 million for 2017/18 remained and work would continue over the 2016/17 year to address the shortfall prior to the budget meeting in 2017/18.

The report explained that the draft revenue estimates for 2015/16, 2016/17 and 2017/18 provided for net expenditure of £225.360 million; £222.009 million; and £218.691 million respectively with details of how the figures were made up being outlined. It further explained that significant reforms to Council services would result from Welfare Reform legislative

changes although as changes were still at an early stage much of the impact had yet to be evaluated. As a result the 2016/17 and 2017/18 budgets included contingency provision to allow the Council to take forward necessary investment to enable the changes and to progress measures to mitigate their impact on the public. Once the financial impact of the changes had been clarified, contingency provision would be allocated to specific services.

Setting aside earmarked reserves, the balance on the unallocated General Fund as at 31 March 2015 stood at £9.034 million and it was anticipated that in closing the 2015/16 accounts £0.166 million would be drawn from the Fund resulting in an estimated balance at 31 March 2016 of £8.868 million. It was not planned to budget for a further contribution to the General Fund Reserve in 2016/17 and the closing balance on the General Fund at 31 March 2017 was projected to remain at £8.868 million.

In terms of the Modernisation Fund, this was earmarked funding which had been identified to enable the upfront investment required to drive forward the Council's transformation activities. The report proposed to incur Spend to Save expenditure of £400,000 and Transformation expenditure of £400,000 in 2016/17, this being supported by robust business cases in respect of that investment. Details for proposals in respect of the Insurance Fund and the Repairs and Renewals Fund were also outlined.

It was proposed to use £200,000 from the Insurance Fund whilst in respect of the Repairs and Renewals Fund, expenditure of £600,000 for targeted property repairs to education premises; £500,000 for road repairs and £300,000 as a contingency that would be drawn down if next year's winter was more adverse than "average" was proposed. A further £611,000 was also planned to be applied to other developments including Auchenback Family Centre.

The report explained that with regard to the Capital Reserve it was anticipated that in closing the 2015/16 financial accounts a contribution of £1.86 million would be made to the Reserve. In the budget for 2016/17 it was not proposed to contribute further to the Reserve.

Having referred to the introduction of a new Council-wide change programme and to the Equality impact Assessments that had taken place in respect of the budget savings measures, the report explained that the revenue estimates appended to the report were based on a Band D Council Tax level of £1,126 being set for 2016/17 and 2017/18 representing a cash standstill when compared to the current year's level.

Councillor Fletcher, Leader of the Council, was then heard on the proposals. By way of introduction, Councillor Fletcher emphasised that the budget being proposed strived to protect front line services and jobs. He referred to the unprecedented financial challenges facing the Council due to long-term funding reductions to local authorities, recent grant reductions from the Scottish Government, and new paybill pressures.

He confirmed that no compulsory redundancies were required as part of the budget and confirmed the commitment to increase the Living Wage to £8.33 per hour from April 2016. He referred to the difficult decisions that had been taken to enable a balanced budget to be prepared in light of the significant financial challenges facing the Council, and with regard to increased savings targets for future years explained that the Council was constantly striving to innovate and maximise efficiency at every level.

Having thanked his Administration Group colleagues, trade union partners, staff, the Corporate Management Team and staff in Accountancy Services on how they had approached the process and how the delivery of services to those residents most in need had been the main priority in developing the proposals, Councillor Fletcher was heard more on the financial background to the budget preparations. He highlighted that the level of

reduction in grant settlement the Council had received, being reduced from 1% to 2.1% was unprecedented and unexpected. This was a real terms reduction of around 5.2% for 2016/17.

He referred to the challenge of responding to the late settlement announcement and in particular to the work required to identify additional savings as a consequence of the increased grant reduction. Particular reference was also made to the challenge in obtaining information around the way in which the Scottish Government's £250 million fund for Integration Joint Boards was to be administered, and the proportion of the fund available to councils. The information had now been obtained and would assist East Renfrewshire's financial position for 2016/17.

Councillor Fletcher confirmed that it had now become clear that the Council's 3 year savings targets had increased from £22 million to £24 million. Whilst £17 million of savings had been identified, a funding gap of £7 million remained.

He then outlined the conditions attached to the Scottish Government grant settlement that had to be met in order to avoid further financial penalty as well as a number of other financial challenges including the withdrawal of National Insurance relief which would cost the Council £2.4 million per annum. Furthermore the grant settlement did not take into account, inflation, pay increases and service pressures, this latter issue becoming more and more acute as demand for services increased particularly from the elderly and the young.

Councillor Fletcher then referred to the work already undertaken by the Council in previous years to achieve savings targets and to the further work necessary to identify current and future years' savings. It was noted that £37 million of savings had already been delivered in the preceding 6 years. Referring specifically to savings required in 2017/18, Councillor Fletcher explained that these could not be achieved solely by departmental efficiencies but by a range of other measures possibly to include service reductions, use of reserves as a one-off measure and increased revenue through Property Tax. He clarified that work to address the savings requirements for 2017/18 would start in the near future with the focus being on the protection of front line services and jobs.

Councillor Fletcher was also heard on some of the changes to service delivery models that had been introduced by the Council as part of the drive to improve services and be more efficient, commenting on particular on home care services, the expansion of online and digital services and the Council's new Modern Ambitious Programme (MAP).

Referring to capital investment, Councillor Fletcher explained that there would be significant investment of £155 million over the next 8 years across the Council's 5 Priority Outcomes.

Concluding his remarks, and again thanking all those who had been involved in the budget process, Councillor Fletcher moved that the Council:-

- (a) approve the 2016/17 revenue estimates;
- (b) approve the indicative revenue estimates for 2017/18;
- (c) approve the recommended level and utilisation of reserves;
- (d) determine the 2016/17 Council Tax Band D at £1,126; and
- (e) note that management of the Council's finances and service plans would continue to be undertaken on a longer term basis.

Seconding the motion, Councillor Buchanan commended the Revenue Estimates to the Council. He emphasised that the long-term financial planning adopted by the Council had helped in the response to the financial pressures being experienced.

He referred to the track record of delivering efficiencies which at the same time improving services, and highlighted the record levels of capital investment being proposed.

Thereafter, Councillor Miller, seconded by Councillor McCaskill moved as an amendment that the estimates be approved subject to additional savings in the totalling £1,810,807 with reinvestment of £800,000 all as set out in Appendix 1 accompanying this Minute.

Councillor Miller was then heard in further explanation of each of the savings and expenditure proposals outlined in the amendment. In particular he highlighted that by accepting his proposals, the Administration Group would be going some way to identifying the some of the savings required for the 2017/18 financial year.

Concluding his remarks, he emphasised that the Conservative Group's amendment adopted much of the Administration's budget but included additional savings as outlined. He commended the amendment to the Council for its approval.

Councillor McCaskill, seconding the amendment, suggested that the financial planning model adopted by the Administration had not been long term or robust enough. He referred to the need for significant savings to be identified and in support of Councillor Miller suggested that the adoption of the Conservative amendment would help to address the Council's difficult financial position.

Thereafter, full discussion on the proposals followed.

Councillor Swift was heard on potential savings through the adoption by the Social Work service of the Manchester model which, amongst other things, would see routine administration carried out by administration staff at an appropriate grade or possibly by Customer First. He also referred to further work that could be carried out to encourage service users towards the Direct Payment scheme.

Commenting on the amendment, Councillor Lafferty rejected Councillor McCaskill's claim that the Council's long-term planning was inadequate. He suggested that the introduction of the Manchester model could de-professionalise social work services and potentially put people at risk. He also commented on proposals to further reduce support services explaining that whilst protection of front line services was the Council's priority support services played a vital role in supporting the delivery of services and resources were already stretched in this area.

Councillor Montague reminded Members that 1 April would be the 20th anniversary of the Council. She stated that the Council had built up an excellent reputation over that time, due not least to the excellent workforce and that the amendment proposals not to pay staff for the first day of an absence were ill-conceived. She also expressed concern at proposals to reduce road gritting.

Councillor Robertson was heard in support of Councillor Montague in respect of staff absence and road gritting. In addition, he suggested that the Council should move quickly to introduce parking charges, both as a source of income and also to address the problem of spaces in commercial areas being taken up with shop staff.

Councillor McAlpine was also heard in support of the budget proposals. He referred to the significant reductions in staff numbers since 2009 and that staff were now being asked to do more with fewer resources. The amendment would only make matters worse.

Councillor O’Kane was also heard to criticise the Conservative proposals. He stated that heating levels in schools were set at safe levels and a reduction in levels would not be a move that would be supported by parents. He highlighted that the Council’s community planning service dealt with more than just community councils and referred to the work carried out by the Council’s media service particularly in respect of more modern communication methods such as Facebook and Twitter.

At this stage, Provost Carmichael invited Councillor Fletcher to sum up.

In summing up, Councillor Fletcher commented on the initiatives proposed by Councillor Miller in the course of which he suggested that the savings proposed would not be well received by either residents or staff. He suggested that the amendment made a number of assumptions regarding savings that could be achieved and that the budget he had proposed could be achieved without the need for further cuts.

Thereafter on a vote being taken, 13 Members voted for the motion and 6 Members voted for the amendment. The motion was accordingly declared carried and it was agreed to:-

- (a) approve the 2016/17 revenue estimates;
- (b) approve the indicative revenue estimates for 2017/18;
- (c) approve the recommended level and utilisation of reserves;
- (d) determine the 2016/17 Council Tax Band D at £1,126; and
- (e) note that management of the Council’s finances and service plans would continue to be undertaken on a longer term basis.

GENERAL FUND CAPITAL PLAN 2016/17 TO 2023/2024

1939. The Council considered a report by the Head of Accountancy (Chief Financial Officer) seeking approval of the General Fund Capital Plan covering the 8 years from 2016/17 to 2023/2024. A copy of the plan accompanied the report.

In proposing the Plan to the Council, Councillor Fletcher was heard on the significant levels of capital investment to take place over the next 8 years. Councillor Buchanan also referred to the Plan as an example of the work being carried out to improve services and the quality of life for residents in East Renfrewshire.

Having heard Councillor McCaskill on the likelihood of the Plan being delivered, Councillor Swift sought clarification of the costs associated with the new joint faith denominational and non-denominational schools. In reply, the Head of Accountancy explained the reasons why costs had increased. She also explained how the government took cognisance of Band D properties and population figures based on government projections when determining grant levels.

Responding to questions from Councillor McAlpine on levels of government contribution to the new schools and whether or not the proposals were being well received by parents, the Director of Education explained that the Scottish Futures trust had allocated £300,000 to the joint faith campus and both the Jewish and Roman Catholic communities in the area were supportive of the joint faith campus proposal.

The Council:-

- (a) noted the 2016/17 to 2023/24 General Fund Capital Plan; and
- (b) approved the 2016/17 programme and authorised officers to progress the projects contained therein.

HOUSING REVENUE ACCOUNT – BUDGET APPROVAL

1940. The Council considered a report by the Director of Environment, seeking approval for the Housing Revenue Account (HRA) budget for 2016/17.

The report reminded Members that at the meeting of the Council in February 2015 it had been agreed to implement a rent increase of 4.9% for each of the 3 financial years 2015/16, 2016/17 and 2017/18. As such proposals for a rent increase were not being submitted for consideration. However, approval of the HRA budget for 2016/17 was being sought.

Having referred to both national and local objectives for housing, reference being made in particular to the need to meet the Scottish Housing Quality Standard (SHQS), the report outlined some of the improvement works that had taken place during 2015/16. In particular, the service's improving performance in terms of the key local government benchmarking figures was highlighted.

The report explained that determining affordability was helpful to gauge what could be defined as a reasonable rent charge and provided comparative details of both the Scottish average and other providers in the area. The figures provided indicated that the Council's rent levels were lower than other local providers.

Referring to the full HRA budget details which accompanied the report, specific areas of expenditure increase in the coming year were provided. These included increased staffing costs due to pay awards and increased National Insurance contributions, and further investment in response and planned maintenance.

The report concluded by indicating that the financial environment continued to be challenging. However the service continued to perform at levels above the Scottish average whilst charging a rent below the Scottish average.

Having heard Councillor Devlin, in response to a question from Councillor Swift on rent harmonisation the Head of Environment (Housing and Property Services) reminded the Council of a decision taken by the Cabinet in November 2014 to delay the introduction of rent harmonisation

Thereafter, the Council approved the 2016/17 Housing Revenue Account budget.

HOUSING CAPITAL PROGRAMME 2016/17 – 2020/21

1941. The Council considered a report by the Director of Environment, seeking approval of the proposed Housing Capital Programme 2016/17 to 2020/210 and authority for officers to progress the projects programmed for 2016/17. A copy of the programme accompanied the report.

The Council approved the proposed Housing Capital Programme for the period 2016/17 to 2020/21 and authorised the Director of Environment to progress the projects programmed for 2016/17.

PROVOST

1828

CONSERVATIVE GROUP AMENDMENT

Proposed savings

Review of absence/overtime and use of agency staff	£250,000
Managing absence (withholding 1 st days' pay)	
Education	£107,147
Remainder Local Government	£215,660
2% reduction in school heating	£ 30,000
Radical overhaul of fees & charges including burial charges	£125,000
Savings from recycling initiative recently reported to Cabinet	£ 50,000
Radical overhaul of winter maintenance expenditure	£ 70,000
Reduction of 2 posts Community Wardens	£ 50,000
Reduction of 2 posts Community Planning (no CC's)	£ 40,000
Corresponding reduction in support services	£ 40,000
Reduction of 1 post PR Dept (no ER mag)	£ 30,000
Withdrawal of job advertisement	£ 20,000
Corporate support services	£283,000
Workforce planning Social Work	£500,000
Total savings	£1,810,807

Reinvestment

School librarian service	£ 50,000
Purchase of grit bins	£ 50,000
Roads Dept	£700,000
Total Reinvestment	£800,000

Net savings to council in year 2016/17	£1,010,807
--	------------