

Minute of Meeting



Midlothian Council

Date	Time	Venue
21 February 2023	11.00 am	Council Chambers, Midlothian House

Present:

Provost McCall (Chair)	Depute Provost McManus
Councillor Parry – Council Leader	Councillor Cassidy – Depute Council Leader
Councillor Alexander	Councillor Bowen
Councillor Curran	Councillor Drummond
Councillor McEwan	Councillor Imrie
Councillor McKenzie	Councillor Milligan
Councillor Pottinger	Councillor Russell
Councillor Scott	Councillor Smaill
Councillor Virgo (video link)	Councillor Winchester

In attendance:

Dr Grace Vickers, Chief Executive	Kevin Anderson, Executive Director Place
Morag Barrow, Joint Director Health and Social Care	Fiona Robertson, Executive Director Children, Young People and Partnerships
Alan Turpie, Monitoring Officer	David Gladwin, Acting Chief Financial Officer (Section 95 Officer)
Joan Tranent, Chief Officer Children's Services, Partnerships and Communities	Fiona Clandillon, Head of Development
Derek Oliver, Chief Officer Place	Saty Kaur, Acting Chief Officer Corporate Solutions
Sinead Urquhart, Education Executive Business Manager	Michelle Strong, Education Chief Operating Officer

Ross Neill, Democratic Services Team Leader (Minutes)
Janet Ritchie, Democratic Services Officer

Religious Representatives:

1. Welcome and Apology for Absence

The Provost welcomed everyone to the meeting, advising that this meeting was a public meeting and would be webcast live.

2. Order of Business

The Provost made a change to the Order of Business allowing colleagues to remember and pay tribute to the late Alex Bennett who had previously served as a Councillor for Midlothian.

Councillor Parry led tributes to Mr Bennett who served as a Midlothian Councillor for many years. She passed on her condolences on behalf of all to the family. She recalled working with Mr Bennett noting the many public causes he was committed to, in particular those of the mining community.

Councillor Milligan described Mr Bennett as an inspirational figure to all who knew him. He added that those sentiments were reflected in the large public turnout for Mr Bennett's funeral.

Councillor Russell and Councillor Curran added their own tributes to Mr Bennett.

3. Declarations of interest

All groups provided a declaration of transparency in relation to various 3rd sector and community groups that receive support from individual Councillors.

4. Deputations

Report No.	Report Title	Report by:
4.1	School Captains of Lasswade High School - Letter to the Council	Mr Gibson and Ms Gilmour
Outline of Report and Summary of Discussion		
<p>The Provost welcomed the Captains of Lasswade and Newbattle High Schools. She also welcomed all other student representatives, one from each of the Midlothian schools and invited the two spokes people, Mr Gibson (Newbattle Community High School) and Ms Gilmour (Lasswade High School) to address the Council.</p> <p>Mr Gibson thanked the Council for allowing him and his fellow students to attend and speak directly to them. He began by thanking Councillors for securing the teacher numbers.</p> <p>Ms Gilmour spoke about her and her fellow pupils' concerns and the effect some of the proposed budget cuts would have on extra-curricular activities.</p>		

She highlighted that these activities were crucial to young peoples' growth and development.

Both speakers raised various concerns about where cuts would be made and to what service. These included transportation cuts, taxi service cuts and music tuition. They added that the latter, music tuition, helps to build confidence and widens horizons, it also allows those pupils from lower income families access to this type of activity.

Ms Gilmour stated that underfunding education affects the next generation and limits options to those who wish to attend further education.

Both acknowledged the need for producing a balanced budget. Mr Gibson concluded with a quote from Malcolm X, "*Education is the passport to the future, for tomorrow belongs to those who prepare for it today*".

Councillor Parry thanked all the young people for attending today.

There were no questions.

Decision
All to note
Action
None

5. Minutes of Previous Meetings

Report No.	Report Title	Report by:
5.1	Minute of Council	Executive Director Place
Outline of Report and Summary of Discussion		
Moved by Councillor Parry Seconded by Councillor Cassidy		
Decision		
All to note		
Action		
None		

Report No.	Report Title	Report by:
5.2	Minute of Special Council 31 January 2023 for approval	Executive Director Place
Outline of Report and Summary of Discussion		

Councillor Drummond highlighted for accuracy that during 8.1 (on p.38 and p.39) Councillor Milligan requested the Council Leader write to the Scottish Finance Minister to seek a cross party meeting involving trade unions and that Councillor Parry had confirmed she was happy to do so either through the Business Transformation Steering Group (BTSG) or via Group Leaders.

Councillor Smail noted an inaccuracy on p.38, regarding reference to the article in the Midlothian Advertiser. He clarified that at the previous meeting he had stated the article was accurate not inaccurate as currently recorded. The quote was from an MSP who had said Midlothian been prioritised.

Minute as amended moved by Councillor Parry
Seconded by Councillor Cassidy

Decision

All to note

Action

Amend Minute for accuracy – Democratic Services

Report No.	Report Title	Report by:
5.3	Minute Volume Index Midlothian Council 21 February 2023	Executive Director Place
Outline of Report and Summary of Discussion		
Moved Councillor Parry Seconded Councillor Cassidy		
Decision		
N/a		
Action		
N/a		

Report No.	Report Title	Report by:
5.4	PRIVATE Minute Volume Index Midlothian Council 21 February 2023	Executive Director Place
Outline of Report and Summary of Discussion		
Councillor Milligan raised a concern with the accuracy of the minute. He suggested to the Provost that as it was in the private minute, he would raise it during the private section of this meeting.		
Decision		
N/a		
Action		
N/a		

Report No.	Report Title	Report by:
5.5	Action Log - Council	Executive Director Place
Outline of Report and Summary of Discussion		
No comments		
Decision		
All to note		
Action		
None		

6. Questions to the Leader of the Council

None

7. Notices of Motion

None

8. Reports

Report No.	Report Title	Report by:
8.1	Financial Monitoring 2022-23 – General Fund Revenue Q3 Report	Acting Chief Financial Officer
Outline of Report and Summary of Discussion		
<p>The purpose of this report is to provide Council with information on projections of performance against service revenue budgets in 2022/23 and to provide commentary on areas of material variance against budget. The projected budget performance figures as shown in appendix 1 result in a net underspend of £1.592 million for the year which is a £0.150 million improvement on the position at quarter 2 reported to Council on 15th November. The projected underspend is 0.58% of the revised budget.</p> <p>The projected General Fund Balance at 31st March 2023 is £6.049 million, of which £0.259 million is earmarked for specific use.</p> <p>The projection of the General Fund Balance at 31st March 2023 is predicated on the ongoing financial impact of the Covid-19 pandemic continuing to be met from the available funding, whether ring fenced for specific purposes, or from general funding provided.</p> <p>Mr Gladwin spoke to the report highlighting key areas, asking Councillors to note the recommendations before taking questions.</p> <p>Councillor Parry thanked Mr Gladwin and his team. She welcomed the report noting that it highlighted the need for all to focus. A variance in the cost of the public holiday proposed this year and the similar public holiday last year was</p>		

queried. Mr Gladwin explained the difference reflected the variation in services that would be operating during this public holiday.

Councillor Smail asked whether or not the winter budget had been used up. Mr Gladwin confirmed that a small overspend had been projected. The end of year position will depend on the weather for the remainder of the year.

Councillor Parry moved the paper
Councillor Cassidy seconded

Decision

Council agreed to :-

- a) Note the projected financial position for the General Fund Reserve in financial year 2022/23 and the associated risks with projections at this stage in the year; and otherwise
- b) Note the contents of the report.

Action

None

Report No.	Report Title	Report by:
8.2	Housing Revenue Account – Revenue Budget and Capital Plan 2022-23 Q3 Report	Acting Chief Financial Officer

Outline of Report and Summary of Discussion

The report provides a summary of expenditure and income to the end of quarter 3 in 2022/23 for the Capital Plan and a projected outturn for both the Revenue Account and Capital Plan for 2022/23.

It also contains an update on the Capital Plan and Revenue budget 2023/24 - 2025/26 which reflects approval of the recommendation to increase rents by 4.8% (as presented to Council today in the Housing Revenue Account (HRA) - Rent Setting Strategy 2023-24 – 2025/26 paper at agenda item 8.3).

The projected financial performance for 2022/23 is:

- Capital Investment in the year totalling £41.400 million;
- A net overspend of £0.103 million on the Revenue Account;
- A projected HRA general reserve at 31st March 2023 of £31.990 million.

The HRA Capital Plan 2023/24 - 2025/26 provides for:

- £110.644 million for Phases 2 - 4 of New Build Social Housing;
- £77.640 million for a further Phase 5 of New Social Housing;
- £19.618 million for investment in Energy Efficiency Standards in Social Housing; and
- £66.425 million for other investment in existing stock and off-market purchases.

The Revenue Budget reflects:

- An update of the multi-year financial model;
- A 4.8% rent increase as presented to Council today in the Rent Strategy paper at agenda item 8.3;

- A projected HRA Reserve of £35.769 million at 31st March 2024, which will be required to finance the majority of approved investment commitment and is projected to reduce to £2.256 million at 31st March 2038.

Mr Gladwin presented the report noting the key points and figures before highlighting the recommendations, in particular I and II, then invited questions from the members.

Councillor McKenzie congratulated Mr Gladwin and his team noting the current level of inflation and rises to energy prices affecting the figures.

Councillor Smail also thanked Mr Gladwin and his team. He asked if the projected 1000 new homes target was slipping and could Midlothian still make this target. Mr Anderson responded that it is projected that 661 homes would be completed this year. He added however there is the potential that the target will be missed due to external factors.

Councillor McKenzie moved the paper
Councillor Milligan seconded

Decision

Council agreed to :-

- I. Approve the Housing Revenue Account (HRA) Capital Plan for 2023/24 - 2025/26 as detailed in Appendix E.
- II. Approve the HRA Revenue Budget for 2023/24.
- III. Note the indicative HRA Revenue Budget for 2024/25 and 2025/26 as detailed in Appendix F; and otherwise
- IV. Note the remaining contents of this report.

Action

None

Report No.	Report Title	Report by:
8.3	Housing Revenue Account – Rent Setting Strategy 2023-24/ 2025-26	Executive Director Place

Outline of Report and Summary of Discussion

This report presents the Rent Setting Strategy for Midlothian Council housing from April 2023 which will support the continuing investment in the Council's existing housing stock as well as a significant programme of refurbishment, while also determining the level of new build investment beyond the Council's current social housing programme commitment.

Mr Anderson spoke to the report highlighting the investment in housing stock and refurbishment. He added that cost of living considerations feature in the recommendations and options presented.

Councillor McKenzie thanked the team, noting the inflation pressures.

Councillor Curran raised the issue of energy efficiency and the practicality of retrofitting some of the current housing stock.

Mr Anderson responded that various options are being considered and that there are some properties with challenges to retrofit. These options will be presented later this year in the Strategic Housing Implementation Plan (SHIP).

Councillor McKenzie moved the report at 4.8% rise to rent
Councillor Parry seconded

Decision

Council agreed the Rent Setting Strategy with a 4.8% rise in rent.

Action

None

Report No.	Report Title	Report by:
8.4	General Services Capital Plan 2022-23 Quarter 3 Monitoring, and 2023-24 to 2026- 27 Budgets	Acting Chief Financial Officer

Outline of Report and Summary of Discussion

The report contains an update of the General Services Capital Plan incorporating information on further additions to the Capital Plan for approval (Section 3);

- Information on the projected performance against budget for 2022/23 (Section 4);
- Forecast expenditure and income for the General Services Capital Plan for 2022/23 through to 2026/27 (Section 5)
- An update on the Capital Fund (Section 6).

Mr Gladwin spoke to the report explaining further related information was also contained within 8.8 on the meeting's agenda.

There were a number questions from Councillors including the current challenge presented within the figures and the effects of inflation on funds. Mr Gladwin confirmed all the figures are scrutinised externally and the challenge is to limit the impact to manageable levels.

Councillor Parry moved the report
Councillor McKenzie seconded

Decision

The Council agreed to:-

- a) Note the inclusion of the projects listed in Section 3.1 in the General Services Capital Plan;
- b) Approve the adjustment to the project expenditure and funding budgets for the projects as outlined in Section 3.2;
- c) Approve the addition of the new projects to the General Services Capital Plan, as outlined in Section 3.3;
- d) Note the forecast outturn for 2022/23 for expenditure, funding and borrowing as outlined in Section 4;

- e) Note the possible expenditure and funding levels in the General Services Capital Plan for 2022/23 to 2026/27 (as outlined in Section 5 and shown in Appendices 1 and 2), prior to reaching a financially sustainable outcome from the Capital Plan Prioritisation exercise.

Action

None

Report No.	Report Title	Report by:
8.5	Treasury Management and Investment Strategy 2023-24 and Prudential Indicators	Acting Chief Financial Officer

Outline of Report and Summary of Discussion

The purpose of this report to Council is to provide an update on the implementation of the Council's Treasury Management and Investment Strategy (TMIS) 2022/23, and to make recommendations to facilitate consideration of the 2023/24 Strategy, specifically the TMIS for 2023/24, the 2021 update to the Prudential and Treasury Management Codes, the Prudential and Treasury indicators contained therein, and the approach to the statutory repayment of loans fund advances.

In accordance with the Treasury Management Code of Practice, the annual TMIS and Prudential Indicators report is required to be adequately scrutinised before being recommended to the Council. For Midlothian, this role is undertaken by the Audit Committee, with this report being presented to Audit Committee on 7 February 2023, and approved as presented.

Mr Gladwin spoke to the report confirming that the Audit Committee had scrutinised the strategy. These figures reflect existing services as they operate at the moment, future changes are inevitable. For decision are the recommendations A & E.

Mr Gladwin then invited questions.

Councillor Parry asked why Midlothian had slipped to 5th in the benchmark across other Local Authorities noting that previously Midlothian was 1st or 2nd. Mr Gladwin responded that without knowing or understanding other Local Authority strategies it would be difficult to say.

There was a short discussion among members concerning evaluation of future ethical investments.

Councillor Parry moved the paper
Councillor Milligan seconded

Decision

Council agreed to:-

- a) Approve the restriction of the Authorised Limit to the value of the Capital Financing Requirement at 31 March 2024 (£472.662 million), pending finalisation of the General Services Capital Plan Prioritisation;

- b) To note the ongoing review in respect of incorporating Environmental, Social and Governance (ESG) criteria into the decision making process for making deposits, and that officers will continue to monitor and evaluate emerging approaches as the marketplace develops;
- c) Note that there are no other material changes proposed to the Treasury Management and Investment Strategy (TMIS) for 2023/24 from the strategy currently in place, other than to update the Prudential Indicators (Section 5 and Appendix 2), to reflect the revised capital plans;
- d) Note the retention of the current approach for the repayment of loans fund advances as outlined in Section 7; and
- e) Accordingly approve the Treasury Management and Investment Strategy for 2023/24.

Action

None

Report No.	Report Title	Report by:
8.6	Service Concessions Report	Acting Chief Financial Officer

Outline of Report and Summary of Discussion

This report is to provide Council with information on the changes permitted to how councils account for the repayment of debt on service concessions and to seek approval to implement the change.

Re-profiling of debt in relation to Public-Private Partnerships (PPP) and similar contracts would mean a retrospective gain of £20.463 million and an annual benefit of £2.608 million starting in 2023/24 rising to £3.649 million in 2027/28 and profiled annually as shown in the “Total (reduction) / cost” column in Appendix B.

While there will be extra costs after the PPP contracts end these can be managed within budget no longer required to pay for PPP unitary charges.

As the retrospective benefit is on an accounting basis, in order to use this to spend on real expenditure items, the council will have to fund this. Funding this will result in lost interest from short term deposits from short-term surplus cash flow generated funds and grant receipts in advance, phased depending on the timing of applying retrospection.

The approach proposed in this paper demonstrates that implementing the service concessions guidance is:

- Affordable – Ongoing costs of repaying debt after the end of the PPP contract are affordable from the remaining net PPP budget. Any impact of lost income on deposits can be managed within Loan Charges budgets;
- Sustainable – The Loan Charges Budget can be maintained at close to current levels and the generation of the retrospective benefit helps sustain the council budget for a period of time;
- Prudent – the approach better matched the costs of repaying debt to the useful lives of assets.

Mr Gladwin introduced the report during which he explained the lifecycle of PPP’s, drawing attention to the table within the report where this was demonstrated, he

added that extending their period does come at a cost. He reminded councillors of the briefing held previously. He concluded that Members were being asked to approve recommendations A & E, all others were for noting.

Councillor Parry moved the report and its recommendations. She noted this was a one off situation and did not add additional cash funding.

Councillor Pottinger queried whether the time period of Dalkeith School campus was 25 or 30 years before the asset became Midlothian Councils'. Mr Gladwin and Mr Turpie concurred that the time period was 30 years.

Councillor Smail raised the issue of how we achieve better quality repairs, using potholes as an example. He asked to discuss out with the meeting with relevant officers.

Councillor Smail seconded the report

Decision

Council agreed to:-

- a) Approve implementation of the guidance on Service Concession Arrangements (SCA) as detailed in section 3.1 with effect from 1st April 2023;
- b) Note the retrospective benefit of £20.463 million to the end of 2022/23 (section 3.15) and the recurring in year saving of £2.608 million in 2023/24 rising to £3.649 million in 2027/28 recognising that whilst this does not release cash (contractors do not refund any payments), it means that the Council's General Fund Reserve increases;
- c) Note that additional costs incurred in years beyond the contract terms of Public Private Partnership (PPP) arrangements can be met from PPP unitary charge budget released (section 3.19);
- d) Note that the cost of borrowing to access the retrospective funds released by implementing SCA guidance and also the in-year benefits can be met from surplus cash flows that are routinely placed on short term deposit in accordance with the Councils Treasury Management and Investment Strategy. The cost of this is estimated to be £0.147 million in 2023/24 rising to £0.795 million in 2027/28 (section 3.24); and
- e) Approve that the utilisation of retrospective benefits is applied prudently on an equal basis over the term of the existing Medium Term Financial Strategy (MTFS) through to 2027/28 to help delivery of achieving longer term financial sustainability as approved by the Business Transformation Steering Group.

Action

None

Report No.	Report Title	Report by:
8.7	Medium Term Financial Strategy – 2023-24 to 2027-28	Acting Chief Financial Officer
Outline of Report and Summary of Discussion		

The main purpose of this report is to provide Council with the budget position for 2023/24 to allow discharge of their statutory duties to set a balanced budget for 2023/24. The report also provides budget projections for financial years 2024/25 through to 2027/28.

Commentary is provided to members on the latest position on Scottish Government funding for Midlothian Council in 2023/24 and government timescales to finalise this.

Business Transformation Steering Group (BTSG) approved savings proposals and future planning assumptions around the use of service concession retrospection partially bridge the budget gap.

The remaining budget gap for 2023/24, after reflecting BTSG recommendations, is £7.836 million rising to £27.452 million by 2027/28. Approval of all savings measures presented in Appendix B reduce the remaining gap to £2.883 million in 2023/24 rising to £18.016 million by 2027/28.

An increase in Council Tax of 5% in 2023/24 generates additional recurring income of £2.990 million thus generating a small budget surplus of £0.107 million in 2023/24 rising to a projected gap in 2027/28 of £15.026 million.

The budget surplus of £0.107 million is earmarked within the General Fund to support ongoing transformational work that is crucial to delivering a long term financially sustainable position for the Council.

The use of one-off measures to balance the 2023/24 budget does not contribute to the underlying financial challenge of bridging the gap between recurring expenditure and income to reach a financially sustainable position for Midlothian Council.

Recommendations -

- a) Note that at its meetings of 9th and 14th February 2023 the BTSG further considered savings measures necessary to support delivery of a balanced budget for 2023/24;
- b) Consider recommendations from BTSG that Council approves:
 - i. Savings proposals to increase fees and charges income by £0.274 million as detailed at section 3.39 below;
 - ii. Savings proposals to increase fees and charges by £0.038 million as detailed at section 3.40 below and in proposal number five in appendix B;
 - iii. Removal of small grants of £0.089 million as detailed in proposal number 31 in appendix B;
 - iv. The phased application of retrospective service concessions equally over a five year period with £4.093 million in years 2023/24 to 2026/27 and £4.091 million in 2027/28 (section 3.44).
- c) Approve an allocation to Midlothian Integration Joint Board for 2023/24 of £57.926 million in respect of delegated services (subject to final confirmation of the distribution of Scottish Government funding to support additional cost pressures) (section 3.38);
- d) Note that after incorporating BTSG approved measures in recommendation (b) above that the remaining budget gap for 2023/24 is £7.836 million;

- e) Approve the updated savings proposals of £4.953 million in 2023/24 rising to a full year impact of £9.436 million in 2025/26 as presented at Appendix B;
- f) Approve an increase in the Band D Council Tax of 5% in 2023/24 thus generating an additional £2.990 million additional income. Revised Council Tax bandings are shown at Appendix E;
- g) Approve that the remaining budget surplus in 2023/24 of £0.107 million is set aside to support transformational work required to reach ongoing financial sustainability;
- h) Note that the financial outlook remains challenging for this term of Council with the projected budget gap of £15.026 million by 2027/28 (Table 7);
- i) Note the recommendation of the external Auditor that, “as a matter of urgency, officers and elected members need to work together to develop and agree the medium-term financial strategy and progress the Council’s transformation plans”. The auditor also observed that “The Council continues to demonstrate good financial management arrangements and control of the in-year budget, including understanding of the ongoing impact of Covid and other financial pressures”;
- j) Note the latest position on Scottish Government funding for Local Authorities and the associated grant settlement for Midlothian Council;
- k) Note the outcome from the budget consultation that has taken place as detailed in appendix D; and
- l) Otherwise, note the remainder of the report.

Amendment to 8.7 agreed at a Special BTSG meeting held earlier that morning was presented to the Council –

**BUSINESS TRANSFORMATION STEERING GROUP AMENDMENT to 8.7
MEDIUM TERM FINANCIAL STRATEGY 2023-24 TO 2027-28**

1. Accept recommendations a), b), d), f), g) and h)
2. Delete recommendation c) and e) and replace with the following: The Cross-Party Business Transformation Steering Group recommend to Council that the following measures be approved

Remaining Gap per Council Report		£m
BTSG 21st February Approved Proposals		7.836
4. Seek to reduce net cost of benefits by 6%	-0.070	
10. Reduce shrub bed maintenance	-0.036	
11. PPP School closures during holidays	-0.040	
18. Public Toilets closure	-0.081	
23. Trading Standards Regional Collaboration, Efficiencies & Income Generation	-0.090	
24. Cease the Night Security Service at Stobhill Depot	-0.150	
25. Remove 5FTE Grade 1 Cleaners	-0.125	
26. Land Services Review	-0.075	
35. Third Party Contracts Review	-0.500	
37. Admin Review	-0.034	
39. 1% DSM Budget	-0.400	

41. Transformation of the School Week - estimated £1.5m from 24/25	0.000	
47. Continuous Improvement Team	-0.028	
48. Internal Audit	-0.055	
		-1.684
46 Reduction in offer to Midlothian Integration Joint Board		-1.333
New BTSG proposed savings		
Communities and Lifelong Learning Review	-0.250	
Communications review	-0.050	
Parking Fines to achieve full cost recovery	-0.100	
Roads Maintenance - replace maintenance costs with £2.5m capital expenditure per annum for 5 years	-0.300	
Additional Loan Charges from additional £2.5m Capital Spend	0.037	
		-0.663
Gap		4.156
Council Tax increase of 5%		-2.990
Gap		1.166
Pay Flexibilities (up to £1.8m although need to consider £1.333m MIJB reduction in this context)		0.000
Covid Budget (up to £2.5m)		-1.166
Loans Fund Principal (up to £2.9m)		0.000
Balance		0.000

3. Add a new recommendation

- i) the Cross-Party Business Transformation Steering Group recommend to Council that the remaining measures outlined in appendix B (pages 229—300) which are not contained in recommendation 1 and 2 above be brought back to Council no later than June 2023 in the form of an updated Medium Term Financial Strategy Transformation Programme. Members of the Business Transformation Steering Group recommend that a number of transformation projects should be delivered at pace in the form of 6 month sprints.

4. Increase Brown Bin Charges to £40 from 2024/25

Mr Gladwin introduced the report with the main focus on financial year 2023 to 2024 and follows on from reports presented to Council in December 2022 and January 2023. Mr Gladwin noted the national funding position for Local Government for 2023/24 and the impact on Midlothian. He highlighted the main changes of which teachers' pay was previously not included in the Local Government finance settlement and Midlothian Council's share is £656k. He also referenced the Scottish Governments' position on maintaining teacher numbers. Mr Gladwin further explained that Scottish funding figures are not final. The final figure is expected later this week. Due to the fluidity of current pay negotiations the budget for 2023/24 carries a higher risk than normal.

Mr Gladwin highlighted the sections of the report that covered the funding gap. Mr Gladwin referred to the Scottish Government guidance on the amount of funding for Integrated Joint Boards as stated in the Deputy First Minister's letter.

Mr Gladwin also referred to the recent agreement reached at the BTSG meeting, in which some of savings proposed were agreed. BTSG also recommended the removal of the savings proposal to reduce teacher numbers as this was now undeliverable without penalties. He confirmed the public consultation had been completed.

Mr Gladwin stated that the current and future financial climate will be very challenging in the coming years.

Council was asked to approve –

Recommendation B to accept the BTSG recommendation

Recommendation C to approve an allocation to the Midlothian Integration Joint Board

Recommendation E to approve updated budget proposals

Recommendation F to increase Band D Council tax by 5%

Recommendation G to set aside the small surplus to assist with transformation work to reach financial sustainability

Council was asked to note the remaining recommendations.

Mr Gladwin then invited questions from Councillors.

Councillor Parry thanked all colleagues for the hard work and the very difficult decisions that had to be taken. She also thanked the community for their engagement with the public consultation. Councillor Parry explained that from the feedback received, and summarised the budget proposals, noting that other Groups may also wish to reflect on these during the meeting.

She confirmed that some budget saving proposals put forward by Council Officers need further work, in some cases this does not mean that they are completely off the table but that members recognise that they need to find a different way to deliver that service, work with communities or in some cases take further difficult decisions. Therefore Councillors feel that proposals to reduce staff in libraries and school libraries and move to e-books for the next financial year deserve more thought and they have not taken this saving forward for this financial year. Similarly they feel strongly about supporting and working with bus companies to increase their service to Midlothian, and this work cannot be realised, so in order to move ahead Council will continue to invest in community transport funding, supported bus travel and the savings assigned for school and ASN transport this year have not been taken by Councillors.

She confirmed that they are acutely aware of the impacts from the third sector from other proposals such as non-statutory early years funding, these have not been taken, and while there may be different models of working in the future, that is one that has not been taken today. She also confirmed that regarding the third sector funding, to the recipients of the three year grants that are funded up until 2025, they are not affected by today's budget. Members do think the Council can work towards better models of third sector partnership working but that work will now be focused ahead of 2025 and a letter of comfort to that effect was sent to recipients

of large grants last Friday, however but given the recent misguided or otherwise publicity on third sector funding, she felt that this was important to point out.

Councillor Parry went on to say that the Council has an opportunity to increase its income through advertising revenue and as entrepreneurial group of Councillors, they have been focused on that work.

She confirmed that there are some savings proposals where advertising/sponsorship might be a solution but they cannot be realised for this year so therefore proposals for school crossing patrols, gala days and Christmas lights have been removed. Young people are the future of Midlothian as has been heard so passionately this morning. Young people have said overwhelmingly that music tuition is important to them so councillors have not taken that saving proposals forward nor have they removed P4 swimming provision.

There are some savings that will be taken forward such as transforming the school week making it fit for modern purposes particularly for senior pupils and to implement changes in terms and conditions of teacher's contract time and as Mr Gladwin set out Council will not take forward the proposal to reduce teacher numbers today. On the issue of St Matthew's Primary School, the Council's vision is to have a joint campus with Rosewell Primary and for it to retain its identity and provision and that is something that can be hopefully explored in the future, however there is clearly much more work to do on this proposal. Councillors do not feel like they can take this proposal forward today.

Other issues that the public fed back included public safety and the environment so the Council will continue to invest in the Midlothian Community Action Team, Penicuik recycling centre, grass cutting, Trading Standards and Midlothian Rangers this year, instead Council has targeted Land Services for a budget reduction. As Midlothian is still recovering from Covid and still fully need to investigate what impact this has had on the leisure facilities as well as increased competition in some places, Council will continue to investigate in Gorebridge and Newtongrange leisure facilities as well as remove the proposal to reduce overtime.

Councillor Parry confirmed the other proposals not taken forward today include out of hours gritting and Dalkeith Bowling Club saving reductions. As part of the cross party amendment agreement was to take forward saving proposals on PPP school closures during school holidays, public toilets, night security, third party contract review, 1% DSM budget and remove the continuous improvement team and internal audit vacancies. Other saving proposals have been added from the cross party working discussions for example parking fines to achieve full recovery. The removal of these proposals must however be balanced financially within the restraints of our budget and so it is proposed to increase Council Tax by 5%. The Council will continue to fund the welfare rights services.

Councillor Parry moved the amendment.

Councillor Milligan stated this was the most challenging budget in his career. He added that many of the cuts were being delayed, he felt by 2027/28 those cuts would far larger. He commended the pupils from the school delegation. He spoke of the income that Midlothian receives, 77% of which is the Council grant. He stressed the need to focus on urging the Scottish Government to properly fund Midlothian Council.

Councillor Milligan raised the issue of certain sectors within the budget being ring fenced and the severe impact this had on other services the Council provides. He felt there would be a need to work closely with 3rd sector partners as no one wants to see any of them disappear. He thanked Mr Gladwin and his team for their work, he commended fellow councillors for their work, reiterating that all parties must continue to work together alongside MSP colleagues to push that Midlothian receives fair funding.

Councillor Milligan seconded the amendment and also asked Council to note that the additional £2.5 million capital was for road and land services.

Councillor Virgo addressed the chamber via video link. He thanked his fellow leaders and concurred with much that had already been said. He stated that the budget and savings today would provide time to develop greater efficiencies in the services delivered. Councillor Virgo added that all members shared a commitment for Midlothian to continue to be a great place to live.

Mr Turpie clarified that the expectation of the Integrated Joint Board proposal would be a reduction in the offer not an expectation of a variation during the financial year, citing clause 9.9 of the Integration scheme.

Councillor Parry confirmed this had been discussed earlier at the BTSG and all present understood.

Mr Gladwin referred to the BTSG amendment that noted recommendation G was to be deleted.

Councillor Winchester noted her disagreement with the £1.3 million to be withheld from the Midlothian Integrated Joint Board (MIJB), she felt this would create problems in the future and she wished her dissent on this point to be noted.

Councillor Smail also wished his dissent raising his concern that the budget did not reflect the reality of the Hillend investment.

The Provost added her thanks to Mr Gladwin and his team for all the work they have done.

Decision

Council agreed :-

As per the amendment

Action

The Cross-Party Business Transformation Steering Group recommend to Council that the remaining measures outlined in appendix B (pages 229—300), which are not contained in recommendation 1 and 2 in the amendment be brought back to Council no later than June 2023. This will take the form of an updated Medium Term Financial Strategy Transformation Programme.

Report No.	Report Title	Report by:
8.8	Capital Plan Prioritisation – Update Report	Executive Director Place

Outline of Report and Summary of Discussion

This report sets out the requirement to reduce the level of Prudential Borrowing required to support the delivery of the approved capital plan. The report sets out the collaborative process that has been taken to review and prioritise the Capital Plan and the outcomes of this process. With a target of £71.901m of Prudential Borrowing reduction, the prioritisation process has removed, or deferred, the requirement to borrow £10.604m against the above target to date.

Mr Anderson introduced the report and methodology adopted in the ranking exercise, adding that further work needed to be done for prioritisation decisions to achieve the target, he then deferred to Ms Clandillon.

Ms Clandillon spoke to the report noting the achievement of a reduction in capital expenditure of £10.6 million. There is ongoing work with services to reduce the loan charge cost to 3%, adding this was an ambitious target. In terms of the capital plan there were requirements that needed to be delivered, in particular those with statutory requirements attached.

Councillor Imrie asked about the imminent report on further work and would it be ready for March, as these costs would have an impact on further decisions. Mr Anderson acknowledged the impact that report would have, responding that it was not feasible to have a report ready for March Council.

Councillor Scott suggested a more creative approach to capital projects by moving small short term projects forward while larger ones are on hold. She gave examples of sound proofing for schools and Additional Special Needs (ASN) provision facilities. Councillor Scott added that there was an argument for purchasing land now to facilitate some of these smaller projects.

Councillor Smail asked about the outstanding statutory obligations, asking what projects needed to be carried out and which did not. He welcomed a further report on this as soon as possible.

Mr Anderson stated that the paper could be considered further at BTSG, part of which would lend itself to statutory considerations.

Responding to questions Ms Clandillon confirmed Dalkeith Town Centre Regeneration was not in the capital plan as it was not yet a costed, approved project. A strategy would be presented to May Council.

After further discussion concerning roads upgrades, Mr Anderson cautioned councillors that there would need to be some reflection on today's decisions in the preceding Medium Term Financial Strategy report approval.

Councillor Parry moved to accept the report
Councillor Cassidy seconded

Decision

Council agreed to :-

1. Note that the Council is required, by the CIPFA 2021 Prudential Code, to have capital plans that are affordable, prudent, sustainable and proportionate to the authority's overall financial capacity;

2. Note that in order to deliver a capital plan in line with the requirements of the Prudential Code, a review of all projects in the General Services Capital Plan has been undertaken;
3. Note the prioritisation process that has been implemented and applied as outlined in this report, in order to reduce the possible levels of Prudential Borrowing within the plan and the associated Loan Charges arising from capital investment between the years 2023/24 to 2027/28.
4. Approve the deletion, pause or deferral of the capital projects and adjustment of block budgets identified in this prioritisation process at Table 16.
5. Note that based on the outcome of this prioritisation process, the Loan Charges as set out in Table 18 of this report are still expected to exceed what was deemed as affordable in the Medium Term Financial Strategy by £1.0m, £3.1m, £3.5m and £3.6m respectively between the years 2024/25 - 2027/28; and
6. Note that the Loan Charges forecasts are significantly higher with the inclusion of any future approvals of planned Learning Estate Strategy projects, as outlined in Table 19 of this report.
7. Agree the prioritisation methodology contained within this report and support through BTSG a further round of prioritisation within the General Services Capital Plan to achieve the targeted Prudential Borrowing reduction of £71.901m between 2023/24 to 2027/28.

Action

Report back to a future Council – Executive Director Place

Report No.	Report Title	Report by:
8.9	National Public Holiday for HM The King's Coronation	Executive Director Place
Outline of Report and Summary of Discussion		

With the Scottish Government confirming an additional bank holiday, consideration needs to be given to whether the additional day should be recognised locally.

Convention of Scottish Local Authorities (CoSLA) has advised that it is unlikely to provide guidance on this, as leave is a matter for local determination by each Council. If guidance is provided it is likely to be flexible and retain local determination, in line with guidance for the recent Jubilee.

Bank holidays or local public holidays do not have to be given as paid leave as these can be included as part of a worker's statutory annual leave and the approach to be taken is for each local authority to determine. Consequently options for members to consider are:

- offering an additional fixed day, or
- offering an additional public holiday onto annual leave entitlement, or
- making no adjustment to holidays for the Coronation

Mr Anderson spoke to the report noting the options within the recommendations.

Councillor Parry stated that despite being uncomfortable about the expense she would support the report.

Councillor Parry moved to accept the report
Councillor Smaill seconded

Decision

Council agreed :-

The introduction of 8th May, 2023 as a public holiday, in light of the announced national bank holiday on that date to mark the Coronation of His Majesty King Charles III, which will take place on Saturday 6th May, 2023.

Action

Progress the exceptional school closure request for the day from the Scottish Government - Executive Director Children, Young People and Partnerships

Report No.	Report Title	Report by:
8.10	Edinburgh and South East Scotland City Region Deal Regional Prosperity Framework Delivery Plan	Executive Director Place

Outline of Report and Summary of Discussion

The Regional Prosperity Framework Delivery Plan is the articulation of the next phase of the development of the regional economy, building upon the successes of the City Region Deal. It sets out a prospectus for investment which can deliver on the City Region's ambitions to become the data capital of Europe; support inclusive growth; and a just transition to a net zero economy over the next 20 years.

The document is a live document that will be updated every 12 months to reflect changes to the local, regional, and macro economy and to ensure that regional activity can react and remain relevant to city region partners. The full Delivery Plan can be found in Appendix 1. Over the next 12 months four key programme areas have been identified:

- Green Regeneration of the Forth Estuary;
- Infrastructure & Recovery;
- Visitor Economy & Culture; and
- Data-Driven Innovation

To realise the ambitions of the Delivery Plan, Regional Partners will ask both the Scottish and UK Governments to:

- Commit to work in tripartite (UKG/SG/ESES) partnership to progress the Delivery Programme which is aligned with Scotland’s National Strategy for Economic Transformation and UK Government Levelling Up and Shared Prosperity priorities; and
- For our Delivery Plan to be supported through a medium to long term, integrated, place-based funding allocation based on shared outcomes. ,
- For approval by the other five constituent Local Authorities in the region ahead of the meeting of the Edinburgh and South East Scotland City Region Joint Committee on 3 March 2023. Subject to the necessary approvals at the above committees, regional partners will undertake the following:
 - Ask both the Scottish and UK Governments to commit to work in tripartite (UKG/SG/ESES) partnership to progress the Delivery Programme which is aligned with Scotland’s National Strategy for Economic Transformation and UK Government Levelling Up and Shared Prosperity priorities.
 - Ask for our Delivery Plan to be supported through a medium to long term, integrated, place-based funding allocation based on shared outcomes.

Mr Anderson introduced the report noting there was no financial commitments for the council and that the paper was for approval.

Councillor Imrie spoke of the long journey to get here commending the work of the oversight committee who meet regularly. He stated this was for the benefit of Midlothian to create a visitor economy and the data driven innovations that may provide thousands with future employment at the Easter Bush estate. A recent UK delegation stated the City Deal met with their own vision of Scotland. Contributions by the education and the private economic sector had been very encouraging.

Councillor Imrie moved to accept the report

Councillor Parry seconded

Decision

Council agreed to :-

Approve the Regional Prosperity Framework Delivery Plan draft (RPF) as included in Appendix 1; and

Note that the Delivery Plan will be considered by the other five constituent Local Authorities in the Edinburgh and South East Scotland City Region (ESESCR) ahead of the ESESCR Joint Committee meeting on 3 March 2023.

Action

None

Report No.	Report Title	Report by:
8.11	UK Shared Prosperity Fund	Education Chief Operating Officer
Outline of Report and Summary of Discussion		
<p>The Oversight Board agreed at its meeting on 21 September 2022 that part of its remit is to ensure governance for the funding recommendations to be presented for final approval.</p> <p>This funding round addressed three of the four investment priorities; Communities and Place, People and Skills and Multiply.</p> <p>The supporting local business investment priority will be taken forward on a different basis as per the approved investment plan.</p> <p>The funding panel has considered and scored the applications and made recommendations.</p> <p>Ms Strong spoke to the report highlighting each of the recommendations for noting and approval in turn.</p> <p>No questions.</p>		
Decision		
<p>Council agreed :-</p> <p>Approve the outcome of the funding panel's decisions as detailed in Appendix 1 for 17 organisations totalling £1,826,811 revenue and £174,276 capital expenditure over 3 years, including 3 Midlothian Council projects.</p> <p>Approve the disbursement of funds for Year 1 as per original applications.</p> <p>Note that an additional round of funding/tender will be conducted in the new financial year and will include Economic Development.</p> <p>Note the £20,000 for preparing the investment plan will be split proportionately between the Council and the Third Sector Interface (TSI) £5,000.</p>		
Action		
None		

Report No.	Report Title	Report by:
8.12	Building Maintenance Service - Dampness & Condensation Policy Report	Chief Officer Place
Outline of Report and Summary of Discussion		
<p>The purpose of this report is to outline service activities and improvements being implemented; and to seek Council approval for a new policy to tackle dampness and condensation within our domestic properties as part of our ongoing approaches to protect the health and wellbeing of our council tenants.</p> <p>Mr Oliver spoke to the report asking the Council to note the recommendations and approve the new policy.</p>		

Councillor McKenzie acknowledged that the policy contained responsibility for both the Council and the tenant.

Councillor McKenzie moved to accept the paper and the new policy

Responding to questions Mr Anderson confirmed the tenant handbook would be updated to reflect the changes within the new policy.

Responding to further questions Mr Oliver confirmed extra resources had been brought into deal with blocked drains and guttering. He added the previous back log had almost been cleared.

Councillor McEwan seconded

Decision

Council agreed to :-

Note the Council's approach in responding to tenant enquiries or requests for inspections regarding dampness and condensation.

Note that the Council implemented sensor technology in 2022 to monitor damp and condensation as outlined in section 6.

Approve the new Dampness and Condensation Policy.

Action

Tenant handbook would be updated to reflect the changes within the new policy - Executive Director Place

Public section of the meeting concluded at 1.11pm

Date of Next Meeting

The next meeting will be held on Tuesday 21 March 2023 at 11am