

Minute of Meeting



Midlothian Council

Date	Time	Venue
31 January 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 Drummond	Councillor McKenzie
Councillor McEwan	Councillor Pottinger
Councillor Milligan	Councillor Scott
Councillor Russell	Councillor Virgo
Councillor Smail	Councillor Imrie
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 Finance Officer (Section 93 Officer)
Joan Tranent, Chief Officer Children's Services, Partnerships and Communities	Sinead Urquhart – Executive Business Manager
Derek Oliver – Chief Officer Place	Myra Forsyth – Quality & Scrutiny 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 being webcast live.

Apologies were made for Councillor Curran

The Provost asked all to stand for a minutes silence to mark Holocaust memorial day and remember the victims of the Holocaust that claimed the lives of over 6 million Jews and other subjugated groups murdered by the Nazis. She also drew attention to other conflict areas around the world where tragically similar acts have occurred.

2. Order of Business

The Provost confirmed the Order of Business was as per the agenda circulated.

Noting that there were 2 delegation's for Members consideration

3. Declarations of interest

Councillor Scott declared a transparent interest due previous work within the 3rd sector.

Councillor Bowen declared a transparent interest due to a close family tie to the 3rd sector

Councillor Milligan declared a transparent interest on behalf of the Labour group in light of the issues to be raised by both deputations.

4. Deputations

Provost asked members to vote on whether or not to allow the deputations to be heard, the members voted to hear both deputations.

Report No.	Report Title	Report by:
4.1	Third Sector Interface	Dr Lesley Kelly/ Ms Cheryl Brown
Outline of Report and Summary of Discussion		
<p>Dr Kelly spoke to Members noting the difficult decisions they would need to make in the coming budget debate. She asked them to recognise the work done in the 3rd sector, how it often works in a preventative role with many vulnerable groups, in many cases providing help and support that offsets crisis and escalation of personal and family situations, ultimately providing savings to the community by the many examples of early intervention. Cuts or removals of grants would have a detrimental impact and a huge loss of skilled experienced staff who would be made redundant and seek employment elsewhere. She highlighted the Dalkeith CAB and dial-a-ride (Community Transport).</p>		

Ms Brown added, it was estimated that for every £1 spent providing funding for these services, £6,08p is returned. She added that the most vulnerable in the community will be affected by any reduction in funding, a number of examples of early intervention were cited to the Members. Organisations dependent on funding did not know if they should issue redundancy notices and if they are to do so how many.

The Provost thanked Dr Kelly and Ms Brown, asking members present if they had any questions. No questions were asked

Decision

None

Action

None

Report No.	Report Title	Report by:
4.2	Midlothian Federation of Community Councils	Mr Brian Farrell - Vice Chair of Federation of Community Councils

Outline of Report and Summary of Discussion

Mr Farrell began by noting each Councillor had received an email and an open letter had outlined the Federation's concerns. He thanked those councillors who had responded. Mr Farrell stated the Federation stood shoulder to shoulder with other groups in the same position highlighting various concerns and areas noted for cuts in the Medium Term Financial Strategy Report, adding his concerns about road construction consent fees levied stating they did not currently cover all the costs and urged Midlothian to benchmark with other local authorities with a view raising these fees to raise more funds. He urged elected members to stand up for the county. As the Council with the highest Council Tax in Scotland fees levied should reflect that. He reminded members that when called upon during the Covid crisis Community Councils had responded in kind and ask Members to do the same now. Mr Farrell added that proposals to fill service gaps with volunteers was not viable. Community Councils are deeply concerned that vulnerable groups and inequality will get much worse. He finished the deputation by stating that there can be no more cuts to services.

The Provost thanked Mr Farrell and the Midlothian Federation of Community Councils for the presentation and asked Members if they had any questions. There were none.

Decision

None

Action

None

5. Minutes of Previous Meetings

No Items for Discussion

6. Questions to the Leader of the Council

None

7. Notices of Motion

None

8. Reports

Report No.began	Report Title	Report by:
8.1	Medium Term Financial Strategy – 2023/24 to 2027/28	Acting Chief Financial Officer
Outline of Report and Summary of Discussion		
<p>The main purpose of this report is to provide Council with latest projections of future year budget gaps, specifically focussing on 2023/24.</p> <p>Commentary is provided to Members on the latest position on Scottish Government funding for Midlothian Council in 2023/24 and ongoing work to finalise this.</p> <p>Officer proposals to partially bridge the budget gap, as presented and discussed at the BTSG and with political groups, are appended in detail.</p> <p>The projected budget gap for 2023/24 is £14.481 million rising to £26.575 million by 2027/28. Approval of all savings measures presented in Appendix C would reduce the remaining gap to £7.196 million in 2023/24 rising to £10.554 million by 2027/28.</p> <p>Council will meet on 21st February 2023 to set Council Tax for 2023/24 and a balanced budget.</p> <p>Recommendations –</p> <p>a) Note that the work of The Business Transformation Steering Group (BTSG) will continue to consider savings measures necessary to support delivery of a balanced budget for 2023/24 before any policy measures are presented to Council;</p> <p>b) Note that the financial outlook remains challenging for this term of Council;</p> <p>c) 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”.</p> <p>d) Note the latest position on Scottish Government funding for Local Authorities and the associated grant settlement for Midlothian Council;</p> <p>e) Note the update in respect of fiscal flexibilities;</p>		

- f) Note that the projected budget gap for 2023/24 is £14.481 million rising to a projected £26.575 million by 2027/28;
- g) Note the savings proposals of £7.285 million rising to £16.021 million in 2025/26;
- h) Note that the remaining budget gap, if all savings proposals presented are approved, of £7.196 million in 2023/24 rising to £10.554 million in 2027/28;
- i) Approve the commencement of a period of public consultation on proposed savings measures;
- j) Note the outcomes from the high level budget consultation; and
- k) Otherwise, note the remainder of the report.

The Provost reminded all present to be aware of their language and behaviour in the debate.

Dr Vickers introduced the report noting the budget deficit for the coming year of approx. £14.4 million and that it would rise to over £26 million in 2024/25. The Council has statutory duty to provide a balanced budget. She added that in her tenure as Chief Executive this is by far the most extremely challenging fiscal environment. Dr Vickers outlined ongoing issues such as the Teachers pay and explained the 'Floor Calculation' that supports shrinking council's but is currently detrimental to growing councils such as Midlothian.

Mr Gladwin presented the report to members noting the report's recommendations most of which are for noting and highlighting key points and noting continuing fiscal uncertainties that include the current Teaching staff pay dispute. Member's approval to the proposal measures will reduce the budgetary gap. He added that current government grant is a significant reduction in funding, previous years Midlothian was successful in securing funds through the rates appeals mechanism but this is no longer the case. He noted the Deputy First Minister's advice received via COSLA that allows Councils to raise Council tax with no cap set. A funding increase is expected to cover Teachers pay settlement when agreed.

Mr Gladwin noted items 3.34 to 3.37 officer savings, PPP related service concessions were still being developed and a Member briefing is scheduled for February. National discussions are ongoing to assess the cuts. Cross Party Business Transformation Steering Group will be made aware of any funding changes and subsequently the full Council. Mr Gladwin offered to take questions.

The Provost clarified for those members of the public in the chambers and those watching the Webcast that no budget decision would be made today, merely, if agreed, the decision to begin a public consultation.

Councillor Parry moved to accept the report and the recommendations. She thanked Mr Gladwin and his team. She noted her ongoing concerns and repeated the legal obligation Midlothian Council had to deliver a balanced budget. Councillors were not in a position to pick and choose which savings proposals. Without any savings the Council Tax would have to rise to 12%, she stated that council tax alone accounts for $\frac{1}{4}$ of Midlothian's income and as a growing area services will only become more in demand. The main income is the Scottish Government grant. Councillor Parry offered an opinion on the grant the UK government provides to the Scottish Government adding that Midlothian was declined in its attempt to access the national 'Levelling up' fund.

She urged all members to work together and lobby both governments adding all councillors are listening. They all want to strike a balanced between savings and services.

Councillor Cassidy seconded the report and its recommendations

Councillor Milligan query the 12% Council Tax increase figure noting that he thought it was more like 20%.

Mr Gladwin clarified that taking savings into account it would be 125, if no savings were made it would be much higher.

Councillor Milligan thanked both delegations and acknowledged the protesters outside Midlothian House. He spoke that the budget with the savings outlined did not meet the savings required, these cuts alone would decimate services. Financial Flexibility actually meant pushing debt further down the line, eventually they would catch up. He went onto acknowledge potential redundancies and the impact of shrinking services reduced to only statutory services. Councillor Milligan noted the 4% increase in the Scottish Government grant from the UK Government and noted Councils had received a 7% reduction. He acknowledged the deputation's argument that early preventative action offsets greater expense further on.

Councillor Milligan noted that the many services provided that see citizens from birth to grave and all the years in between. He spoke about how Councils were not being properly funded and the adverse effect the 'Flooring Mechanism' was having. He urged all Councillors to persuade Scottish Government representatives that Local Councils needed to be properly funded.

Councillor Smaill began by noting an inaccuracy in an article the Midlothian Advertiser. He stated that he felt Local Government was being poorly treated noting various initiatives that were not fully funded by the Scottish Government that required Councils to bridge the financial gap. He argued for a properly funded formula that benefited all citizens.

Councillor Smaill added that his group were open to the 'Financial Flexibility' option. He then went onto note projects such as Hillend should not be pursued at this time due to the many financial uncertainties. He agreed with Councillor Milligan that if there is need to fund the full amount, the Council tax would be high and it already was. He finished by stating that this was a terrible situation but budgets needed balanced and despite Scotland being a relatively wealthy country members had to make terrible decisions.

Mrs Lawrie quoted Nelson Mandela, then spoke about her concern over a school closure within the savings proposals. She stated the archdiocese would oppose these. She also noted the proposed reduction in the transport fund adding this would have a detrimental effect on all who rely on it.

Councillor Winchester asked the monitoring officer what the possible consequences were if a balanced budget could not be agreed.

Mr Turpie explained the possible outcomes that included investigations by the Accounts Commission, the Standards Commission and in effect the Scottish Government stepping in and taking control. There could also be possible sanctions

for Council Members. There was also the possibility of legal action against Midlothian Council by members of the public and businesses who were paying for but not receiving services.

Members debated various issues current and historic voiced views their views on Midlothian Council's current financial and budgetary situation. In general Members expressed a view to work together for the benefit of Midlothian citizens.

Councillor Pottinger moved that a delegation was organised to approach the Finance Minister. After a short debate amongst members noting government letters and lobbying would already be underway, the motion was withdrawn.

Decision

Recommendation (i) agreed all others noted

Action

Commencement of a period of public consultation on proposed savings measures

Public section of the Meeting concluded at 1230 pm

Date of Next Meeting

The Next meeting will be held on Tuesday 21 February 2022 at 11 am