

The Highland Council
No. 1 2024/2025

Minutes of Meeting of the Special Highland Council held in the Council Chamber, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 29 February 2024 at 10.35 am.

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

Present:

Ms Sarah Atkin	Mr Bill Lobban
Mr Michael Baird	Mr Patrick Logue
Mr Andrew Baldrey	Mr Derek Louden
Mr Chris Ballance	Mr Angus MacDonald (Remote)
Dr Chris Birt	Mr Willie MacKay (Remote)
Mr Bill Boyd	Mr Graham MacKenzie
Mr Raymond Bremner	Mrs Isabelle MacKenzie
Mr Ian Brown	Mr Andrew MacKintosh
Mr John Bruce	Mr Ryan MacKintosh
Mr Michael Cameron (Remote)	Mrs Angela MacLean
Mrs Isabelle (Biz) Campbell	Ms Kate MacLean
Mrs Glynis Campbell-Sinclair	Mr Thomas MacLennan (Remote)
Mr Alasdair Christie	Mr Duncan Macpherson
Mrs Muriel Cockburn	Mrs Bet McAllister
Ms Tamala Collier	Ms Jan McEwan
Ms Helen Crawford	Mr Jim McGillivray (Remote)
Ms Sarah Fanet	Mr Drew Millar (Remote)
Mr John Finlayson	Mr Hugh Morrison (Remote)
Mr David Fraser	Mr Calum Munro
Mr Laurie Fraser	Mrs Pauline Munro
Mr Richard Gale	Ms Leslie-Anne Niven
Mr Ken Gowans	Ms Molly Nolan (Remote)
Mr John Grafton	Mr Paul Oldham
Mr Alex Graham	Mrs Margaret Paterson
Mr David Gregg	Mrs Morven Reid
Mr Ron Gunn	Mr Matthew Reiss
Mrs Jackie Hendry	Mr Alasdair Rhind
Ms Marianne Hutchison	Mrs Trish Robertson
Mr Andrew Jarvie	Mr Karl Rosie
Mrs Barbara Jarvie (Remote)	Ms Maureen Ross
Ms Lyndsey Johnston	Mrs Liz Saggars (Remote)
Mr Russell Jones	Mr Andrew Sinclair (Remote)
Ms Emma Knox	Mr Ruraidh Stewart
Ms Liz Kraft	Ms Kate Willis

In Attendance:

Chief Executive

Interim Depute Chief Executive

Executive Chief Officer Communities and Place

Executive Chief Officer Health and Social Care

Executive Chief Officer Housing and Property

Executive Chief Officer Infrastructure, Environment and Economy

Interim Executive Chief Officer Performance and Governance

Interim Head of Corporate Finance

Interim Head of People

Mr B Lobban in the Chair

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

Apologies for absence were intimated on behalf of Mr M Green, Mr S Kennedy, Mr S Mackie, Ms M MacCallum and Ms M Smith.

2. **Declarations of Interest/Transparency Statement** **Foilseachaidhean Com-pàirt/ Aithris Fhollaiseachd**

There were no Declarations of Interest.

The Council **NOTED** that the undernoted Members declared Transparency Statements in respect of item 3 but, having applied the objective test, did not consider that they had an interest to declare:-

Mr Cameron, Mr Macpherson, Ms McEwan, Mr Morrison and Mr Stewart, as a close family member was an employee of Highland Council

Mr Christie, as a Non-executive director of NHS Highland, General Manager of Inverness Badenoch and Strathspey CAB, a Non-executive Director of Inverness Business Improvement District, a Trustee/Non-executive director of Eden Court Theatre and as a parent of a child in secondary education

Mr Gowans, as a close family member was an employee of High Life Highland; however, had a specific discussion taken place regarding HLH he would have declared an interest and left the room during discussion of that issue.

Mr Gregg, as an employee of NHS Highland

Mr Loudon, as a second home owner which was currently up for sale

Mr Munro, as a director of SkyeConnect, the tourism DMO for Skye and Raasay

Mrs Paterson, as a director of Puffin Pool and Highland Football Academy

3. **Revenue Budget, Council Tax and Medium-Term Financial Plan 2024/25 to 2026/27**

Buidseat Teachd-a-steach, Cìs Comhairle agus Plana Ionmhasail Meadhan-Ùine 2024/25 gu 2026/27

There had been circulated Report No. HC/01/24 by the Interim Head of Corporate Finance.

Prior to debate the Head of Corporate Finance, as S95 Officer, informed Members the report followed a series of earlier reports to Council and followed a number of written and in-person briefings for Members. He gave an assurance that the report and recommendations were set out to allow the Council to fulfil its legal obligations regarding the setting of a balanced budget and Council Tax.

Since the report had been issued, further information had become available and supplementary information detailing correspondence with the Scottish Government's Depute First Minister had been circulated. He explained there was a proposal of additional funding of £62.7m. However, that funding was not certain until the outcome of the UK Government budget, set for 6 March 2024. Consequently, he did not believe there was a basis to revise budget assumptions or recommendations. Turning to the funding rate for Early Learning and Childcare provided by the Private, Voluntary and Independent Sectors, confirmation had now been received, via CoSLA, that the agreed national approach for 2024/25 was a 7.6% uplift to provide for the payment of £12 per

hour. Lastly, the Local Government Finance Order had been approved on 28 February 2024 and this would lead to a revised grant circular for Councils. This had yet to be received but he again assured Members that this would not impact on the recommendations. He did not anticipate a material change to arise from that final grant circular but, should there be, this could be addressed in future reports.

In moving the recommendations, the Leader of the Council pointed out that all local authorities were facing financially challenging times with some local authorities in England entering into special measures and some in Scotland facing a critical financial time. In developing the budget for the 2024/25 there were uncertain outcomes such as pay awards, interest rates and potential government elections with the inevitable unknown in terms of policy. In October 2023 the Council was facing an estimated budget gap of £61.7m. However, the final revised budget gap was now £113m over three years with an increased in-year budget gap for 2024/25 being £65.6m.

He recognised how important it was for Highland communities to see the continuation of services. During the process of setting the budget, Members were faced with putting in place a number of actions that would mitigate the financial challenges so that a balanced budget could be delivered. The proposals had been arrived at following a long and thorough process after engagement with members of the public, meetings with organisations, stakeholders, partners, staff and unions and briefings to Council Members. The areas that the Administration had consulted on had been made available through presentations and everyone who fed into that process were thanked.

Continuing he pointed out that in January 2024, Audit Scotland had said “Councils recognised the risks ahead, but they need to innovate at pace and make difficult decisions about cuts to services to remain financially sustainable” and “Some councils have experienced opposition from within their communities when seeking to reduce services to balance budgets. This reinforced the need for frank consultation and engagement with communities when planning change.” He contended that this was exactly what the Administration had done and the engagement process undertaken was detailed in the budget papers. The Administration therefore sought, in this budget, to provide sustainability and confidence in the way ahead for the Council by providing for a three year budget plan, committing to continuous improvement and to increase the pace of change within the Council’s operations.

Difficult decisions had been needed to implement savings but also to protect certain services. It wasn’t possible, or affordable, to continue to provide all services at the same level but there were also areas of considerable opportunity for improvement and investment, and on a more sustainable basis given the approach of setting a three year budget plan.

Turning to Council Tax, following discussions with CoSLA and Government Ministers, it was not proposed to raise Council Tax as Scottish Government funding provided what would have been the equivalent of a 4.8% Council Tax rise. It was hoped this would help communities and the most vulnerable during the current financial crisis. In regard to other fees, taxes and charges there would be only limited increases for particular services in order to ensure they were continued. Increases in some fees and charges, like car parking, contributed to a general fund that paid for other services to be delivered. In addition, through representations made by CoSLA, the amount of ring-fenced funding that local authorities were directed to use by Scottish Government had been reduced. This gave local authorities much more flexibility with grant funding.

He pointed out that a change in accounting rules by the Scottish Government now permitted Council reserves to be increased by approximately £68m. A number of local authorities had used these flexibilities but, if Highland Council also wanted to use these, it had to be done before 31 March 2024. These flexibilities would support the Council in its medium term financial planning and achieving a financially sustainable position. While it did extend the time period the Council would account for PPP costs, it was important to consider that it had no impact on the contracts, when buildings were handed back to the Council or on how school buildings were run. It brought the accounting into line with the life of the school asset and how the Council accounted for its own capital costs. Whilst the Administration was proposing to agree to have these flexibilities to benefit the Council's reserves, the funds, cost and financial impact of using them needed careful consideration. In respect of the Transient Visitor Levy and other flexibilities, the fiscal flexibilities in Year 1 (2024/25) were based on specific and deliverable savings or income streams that the Council had already made decisions on, such as the Council Tax on second homes and Non-Domestic Rates empty property relief. Regarding subsequent years, indicative figures were provided and were dependent on future decisions. The legislation for the Tourist Levy had not as yet passed and it would be for a future Council to make decisions upon. The Scottish Government's own financial assessment suggested that income across the Highlands and Islands from the levy could range from £3m up to £21m. It was not unreasonable therefore for the Council, given its support in seeing legislation for a levy being introduced, to consider that the levy form part of its financial planning.

Reference had been made in the budget papers of investing £1m per annum over the next three years to create an investment fund of £60m. The outline of the work being undertaken on the delivery of that wide-ranging programme would be reported to the Full Council on 14 March 2024. The intention was to bring forward plans for investment in roads, infrastructure and other areas of Council that would provide a focus going forward and to have confidence in a more sustainable approach.

He reminded Members that the strategy for the Council's reserves had been agreed at Full Council on 14 December 2023. In line with that strategy, the proposals hoped to grow the level of reserves and ensure that the Council met the 3% minimum level. They also would earmark reserves to support the medium term financial plan, investment and change and transformation and would use reserves to support the budget and to reach financial sustainability. There was a substantially lower annual use of reserves proposed so that by Year 3 of the budget, the forecast was for Council's use of reserves for balancing the budget be reduced and down to £1.1m. He emphasised that it was not possible to continue to use reserves to avoid making savings and reductions in service provision.

He acknowledged the importance of protecting as many jobs as possible and a commitment was given to avoid redundancies wherever possible and council policy and process would be followed when staff numbers needed to be reduced.

The budget also reflected on the work being done with partners, particularly High Life Highland (HLH) and NHS Highland. The budget reflected on continued support for HLH in respect of supporting their planned financial commitments with reducing reserves support towards a surplus position within three years. In addition, there was a commitment of £20m from reserves to work with NHS Highland to deliver transformation in Adult Social Care, learning from successes seen in improving Children's Services.

In conclusion, he acknowledged that the budget year ahead would be difficult with challenges in delivering savings but through change, transformation and determination, progress would be monitored and assessed regularly. The longer term approach of delivering a three Year budget would support that process of change and transformation and provide more confidence in being financially sustainable.

The Leader of the Opposition referred to his intention to move an amendment, the details of which had been circulated to Members. He summarised the key elements that comprised a budget: a rolled-forward base budget, assumptions, pressures, savings and financial flexibilities.

Starting with financial flexibilities, the Leader of the Opposition suggested that, in the report, there was no back up information or rationale for the £10m income calculation for the Transient Visitor Levy. The PPP Service Concessions Accounting Flexibility was akin to equity release on a home, but rather than obtaining cash, this accounting method was more like adding a credit to a balance sheet, necessitating further borrowing to release the credit.

In response to the reported intention to avoid the use of Council Reserves, he highlighted that the presented budget included around £80m of reserve usage, with £23m proposed to close the budget gap, and £67m proposed to provide reserves for NHS Highland and transformational areas.

Mr Christie referred to his amendment, which included investment proposals to rebuild St Clements School, £30m investment in roads over three years and the importance of expressing disappointment to the Scottish Government as a result of its removal of local authority power in relation to Council Tax flexibility.

In relation to risk, he expressed concern that three areas of proposed savings measures, namely campervans and motorhome charging, Adult Social Care and the maximisation and expansion of Solar PV, accounted for around £20m of the £54m of savings detailed in the report. If any of these areas failed, the repercussions for the budget would be significant.

While welcoming the public response to the budget engagement process, he pointed out that the response rates of 1.3% (of the adult population) for phase one and 0.45% for phase two could not be considered to have reached 'everyone' as suggested. He added that the budget lacked reference to the cost of living crisis and poverty.

In terms of providing robust scrutiny of the proposed budget, Mr Christie spoke of the importance of honesty and transparency. He welcomed the proposed efficiency of £2m in relation to recycling services, but highlighted specific areas of concern including: lack of detail for the £2m Family First savings proposal; the need for milestones and operational plans for the Adult Social Care initiative; opposition to the removal of primary school management principal teachers given the 5-6% response rate to the proposal corporate management savings contained little depth, excessive uncertainty and lacked information on how they would be achieved; the school reconfiguration lacked detail, including on which schools would be affected; of the £4m savings target for procurement, only £1m had been identified, with a 2024-25 target of £2m; and it was unclear whether the social work procurement savings would involve third sector funding reductions.

He considered some of the income generation proposals ambitious, making reference to the campervans and motorhome charging target of £1.5m, which would require 12.5k passes to be sold per year, yet no marketing plan or explanation of this had been provided. The Unique Tourist Visitor Experiences proposal also lacked detail.

Regarding the proposal to increase fees and charges for garden waste by 2.5%, and burials and cremations by 4.5%, he suggested these should be reversed.

Mr Christie summarised his amendment, which included inviting Early Learning and Childcare providers to present their proposals to the Education Committee, funding to rebuild St Clements School, £30m investment in Roads, and writing to the Scottish Government's First Minister to express Highland Council's concerns, particularly regarding council tax flexibility and teacher numbers.

In closing, Mr Christie acknowledged the challenges of setting a budget during difficult financial times, but he considered that the budget presented by the Administration relied too heavily on the use of reserves, lacked depth and some of the savings proposals would leave the Council in a vulnerable financial position.

During further discussion, the following main issues were raised:-

- it was important to recognise and continue to develop the unprecedented levels of engagement that had taken place with communities, staff and Elected Members throughout the budget process. The Administration had reached out across Highland using a broad range of communication platforms over a prolonged period of time to ensure that everyone had had the opportunity to engage. Over 2000 people had responded to a range of questions and 500 people had taken part in the budget simulator, and this evidence had informed the budget before the Council, which reflected the priorities of constituents;
- it was necessary to work together, and there was more in the budget that Members agreed on than disagreed on;
- it was important to acknowledge that the proposed budget was less than optimal. There were challenges associated with setting a budget in the current financial climate but the Administration had not gone far enough in protecting the things that mattered to communities, such as roads and schools;
- whilst it was acknowledged that there had been more community engagement than ever before, only 39 community groups had responded and, given there were 156 Community Councils in Highland that were a source of valuable information, it was suggested this was an area that ought to be reviewed in the future;
- in relation to the health, social care and wellbeing element of the budget, the strategies proposed underpinned transformational change to deliver improved health and wellbeing outcomes for all and was not about saving money;
- there was a £600k saving arising from improved procurement practice working with Aberdeen City and Aberdeenshire shared services. The Third Sector were looking for longer term and more effective commissioning of services and it was hoped this change would help deliver that. Success would be measured by improved outcomes and value for money;
- Members were reminded of the successful Home to Highland project started back in 2016. This was now delivering improved long term outcomes for children and families as well as significant financial benefits. The Council was also building on the Family First approach and it was hoped this would further reduce the need for placements due to the increased focus on working with children and their families to remain at home. The strategy would also help to increase the number of foster carers and develop kinship care. The Family First strategy was already a successful model of improved care and sought to deliver a £2m efficiency;

- changes to the service delivery model for Adult Services were contained in the approved NHS /Highland Council Adult Social Care Strategic Plan 2024–2027. As already indicated, the implementation of this strategy was supported by up to £20m of reserves with an additional £10.8m from the Scottish Government. When fully implemented the Plan was expected to deliver improved health outcomes and a £12.6m saving to the annual budget;
- Highland had the second lowest balance of care as measured by the Scottish Government meaning too many people were going into care, too soon and for too long. The Adult Social Care Strategy, one of a number of co-dependant strategies including the Highland Outcome Improvement Plan, NHS Highland Working Together, the Carers Strategy, and the Housing and Transport Strategies, would support people to live healthy and independent lives within their communities. The budget delivered on the commitment to the adult strategy and provided the financial support necessary to deliver improving outcomes;
- a lead agency model was in operation in Highland, and NHS Highland had been commissioned to deliver adult social care services. A lot of work had gone into developing and implementing the Adult Strategic Plan which would be regularly monitored by the Joint Monitoring Committee and the Health, Social Care and Wellbeing Committee. Work was also taking place with the Highland Third Sector Interface, and the contribution and learning from third sector organisations was commended. The most successful transformation of any organisation was achieved by working with staff and developing solutions that worked for the rich and varied communities in the Highlands. Transforming services was not easy but it was evident from the work in respect of children’s services that outcomes could be improved whilst delivering cost savings;
- whilst it was recognised that a lot of good work was taking place to try and improve adult social care services across the Highlands, it was questioned how a £12.6m saving was going to help. An increasing number of people needed care, and reference was made to the issue of bed blocking and the growing waiting list to get a place in a care home. It was questioned what services would be lost, whether care packages would have to be cut and what the position would be in three years’ time. It was added that in Caithness a new campaign group had been formed representing over 30 families and highlighting the problems they had had trying to get care and respite;
- concern was expressed at the deliverability of the proposed savings through the Redesign of Adult Social Care and Family First Approach given this was dependent on NHS Highland’s strategic and operational plans. Specific reference was made to the impact on waiting times for care packages and recruitment of care staff;
- the Adult Services Strategic Plan required partnership funding support to be delivered effectively. Its foundation was community led support and there was reliance on third sector organisations and the public to deliver the project. The proposed reduction in ward discretionary funds would impact on funding for those organisations and local community projects;
- the Council could not continue to provide additional funding for Adult and Social Care delivered by NHS Highland and it was suggested an alternative model was required as the current model was not sustainable;
- being more ambitious and increasing the proposed efficiency target from 1% to 1.16% would be sufficient to protect the roles of Principal Teachers, a matter many Members had received representations on;
- concerns had been expressed about the removal of Principal Teacher posts. Principal Teacher posts were vital in the running and management of primary schools and were responsible for discrete areas of work;
- at the Opposition Briefing, Members had been informed that the proposal in respect of Principal Teachers would improve career progression in teaching. However,

reference was made to a representation from a Head Teacher which stated that it would remove a vital step in the career progression structure, impact on mentoring, increase the workload for Head Teachers and leave those with any ambition to progress to headships with no ability to verify their leadership potential by having worked as a Principal Teacher;

- the proposed education cuts were targeted in the wrong place, and support was expressed for the proposed amendment by Mr Baldrey. It was added, in relation to earlier comments regarding the job description for Principal Teachers, that the first line of the online job description mentioned management;
- in response to the concerns regarding the removal of Primary School Principal Teacher posts, it was emphasised that there would be no wholesale change from August. The saving was to be achieved by Year 3, which meant there was time to take a measured and sustainable approach to implementing change. There would be engagement with school staff starting well in advance of the summer break and, as indicated by the Chair of the Education Committee, a meeting had taken place that week with Principal Teachers and representatives. Irrespective of any changes that might happen, the management time would remain with the school and there would be engagement with the Head Teacher on the best way to utilise it. Principal Teacher posts in Additional Support Needs bases, 3-18 settings and clusters would not be included at this stage and any staff member whose status changed would receive three years of conserved salary. Schools might also consider if they wished to use their Pupil Equity Funding to maintain a level of Principal Teacher post within the school. Current Principal Teacher postholders would be encouraged and supported to undertake leadership training which would equip them to move onto other promoted posts such as Depute Head Teacher and Head Teacher, as the Council was keen to grow its own talent. Part of the review would be looking at developing career pathways for all primary teachers who wished to progress;
- concern was expressed at the level of savings proposed on the Education and Learning budget and the proposals for Additional Support for Learning (ASL) and principal teacher (primary) posts should be replaced by alternative savings that would not impact on children in Highland;
- ASL required additional funding due to growing demand for services and the statement on how the public would be affected did not reflect the views of parents;
- engagement with teachers was paramount to demonstrate they were valued and to seek views on potential improvements and support required;
- since the previous uplift for early learning and childcare settings, the cost of the Scottish Living Wage, food and utilities had risen well above the 11% uplift offered. The proposed reinvestment rate would not cover the costs involved. If these rates were not reviewed then more settings might have to close;
- in relation to Education and Learning, a targeted approach would be developed in consultation with school staff. Most savings were one-off or scheduled in Year 3, and it was not known how the financial and political landscape might change. The Service's share of the total combined Council's Services proposed savings was 6.4%;
- the proposed early learning and childcare private, voluntary and independent (PVI) sector rates would allow providers to pay the real living wage and invest in their settings;
- ASL changes would be managed as part of the agreed allocation process and there were no plans to close any ASN bases or offsite provisions. The proposed saving represented 1% of the budget;
- the DSM Scheme was being amended to bring it into line with almost every other local authority in Scotland and it would also allow the Head Teacher, as budget holder, to decide how best to make these savings;

- management time would remain and head teachers consulted on its best use and schools could use pupil equity funding to maintain a level of posts in schools. Principal teachers would be supported to move onto promoted posts and consideration given to career pathways for all primary teachers;
- the current level of loan charges was unsustainable and having a significant impact on the budget and the Redesign Board consider this issue as a priority going forward;
- it was important for the Council to become leaner and greener and look at potential opportunities for smarter working and spend to save initiatives to deliver the Council's and public's priorities and services to the highest standard;
- the roads budget required significant additional funding and delaying essential road repairs would cost the Council and the public significantly more over the next three years. Income generation was critical to improving the roads infrastructure in Highland;
- the proposed reduction in ward discretionary grants and coastal communities funding was effectively centralisation and would not be popular in rural areas;
- UK and Scottish Government decisions had impacted on the Council's budget and the funding available for schools and roads. The budget was based on political priorities and not those of the people and culture in Highland;
- concern that support and services for special needs was not mentioned or considered as a priority in the budget;
- whether engagement on the budget had reached the various campaign and pressure groups in Highland particularly on schools, health and roads that highlighted key areas of concern;
- support was expressed for many areas of the budget, however there were some considerable risks and a lack of detail which raised concerns about its deliverability;
- the Opposition amendment sought to deliver additional roads investment and a new St Clement's School. Members should set aside party allegiances and put the people of the Highlands first;
- the proposals for investment in climate change and green energy be supported;
- an opportunity had been missed to tie in the installation of air source heating in Council houses with the provision of solar panels;
- a cautious approach be taken to alternative ways of storing electricity that would generate a profit for the Council;
- concern that Members were required to vote on the budget proposals in the absence of a delivery plan which was to be presented to the Council separately;
- specific reference to the lack of detail on the proposals for digital innovation, sustainable bus transport model and procurement;
- projected income from campervan and motorhome charges was optimistic and further information was required on local area committee budgets in terms of local visitor experiences;
- wider issues had impacted on the Council's funding, including Brexit, the pandemic, cost of living crisis, inflationary and wage increases, all of which were outside the Council's control;
- positive progress was being made with economic development in the area and the Inverness and Cromarty Firth Green Freeport would create employment opportunities;
- the proposals for income generation had to be ambitious given the level of savings the Council had to achieve;
- the Council Leader had raised with the Scottish Government the general power of competence as a measure to reduce costs;
- the potential to generate income from renewable energy schemes would allow the Council to take a share in the large profits being made by developers;

- an excellent budget had been delivered given the financial challenges facing the Council and it was recognised there would be challenges with implementation and delivery;
- transformational change in the current model of service delivery was required to bridge the budget gap. Members had to take ownership of the budget and work towards its delivery on behalf of their constituents;
- concern that freezing Council tax benefited the richest and reducing public services impacted on those at the fringes of society and concern at the lack of information on the impact of the budget on those most in need;
- the Transient Visitor Levy legislation was being progressed by the Scottish Government who had estimated that the amount generated for Highland would be between £3m and £23m pounds, but it was reasonable to assume that the benefit to Highland could be in the region of £11m. However, the actual amount would depend on how Members of the Council decided to implement the policy in the future. Some Members expressed the need for caution, referring to the issues that had been experienced with other Scottish Government initiatives such as the Deposit Return Scheme, Highly Protected Marine Areas and the Gender Recognition Reform (Scotland) Bill;
- the proposed £40 motorhome levy/bumper sticker was not what the public wanted to address irresponsible tourism and the issues associated with motorhomes, and it was necessary to do better;
- the allocation for the roads budget beyond the base budget would be determined at a future meeting. What the Council was being asked to agree today was the quantum that would cover roads, schools, and a range of other projects;
- concern was expressed regarding the impact of the closure of rural schools. A school was the heart of a community, and young families would not move to an area that did not have a school or where a school was mothballed or under threat of closure. In response, it was emphasised that schools would only close for sound educational reasons and that, for example, having three children in a school did not provide a good educational experience for those children;
- the proposed top-slice reduction from the Coastal Communities Funding and Ward Discretionary Budgets was an attack on localism and local decision-making. Communities relied on this funding to deliver local projects, and Coastal Communities Funding in particular provided a lot of benefit in terms of economic growth and development and was often used to leverage in more funding;
- renewable energy and climate change were the Council's biggest opportunity and challenge. The Generating Income theme set out in the report provided a crucial element of creating, delivering and developing the Council's own Highland Investment Plan and the ability to combat the effects of climate change. The Council now had the ability to consider how to create energy parks that utilised four elements, namely, wind, solar, hydrogen and battery storage. It was necessary to enable research and development and closer working relationships with industry that would, in turn, provide real and meaningful solutions to many of the issues that currently impacted Highland communities, and sending a message that the Council was open for business was key;
- concern was expressed regarding Opposition Members proposing that money being freed up from the revenue budget be spent on capital projects;
- referring to earlier discussions on pay, it was emphasised that the Council and NHS Highland paid higher levels of salary than private sector organisations and their terms and conditions were more advantageous;
- all Members wanted to improve and support the health and wellbeing of all citizens in the Highlands, and this could be done by supporting the methodology in the proposed budget, specifically, improved procurement ensuring best value for the public purse;

- as central government budgets became tighter every year, the only way to retain quality service delivery was for the Council to improve its own finances, and the efforts in respect of income generation were welcomed;
- the proposed increase in car parking charges and the extra income this would generate was welcomed. However, it was questioned why the minimum charge was not being increased further to £4 or £5. It was added that, to implement the new charges, the parking team needed increased capacity. It was understood that was going to happen but it was not evident in the budget report and it was suggested the position needed to be clarified;
- it was understood that, in 2010/11, prior to the previous period of Council Tax freezes, Ward Discretionary Budgets had been almost £60k per annum plus another almost £5k to develop services for young people. They were now £16k per year and about to be reduced by a further 10%. The proposed budget highlighted the role of the third sector and, with the cuts proposed across a range of Council services, the demands on third sector and community groups were only going to increase, but it was questioned where these groups were going to find the funding needed to support the essential work they did. The small saving to the Council by reducing Ward Discretionary Budgets would be a big loss to communities and it was requested this be reconsidered;
- reference was made to representations from private, voluntary and independent (PVI) Early Learning and Childcare providers indicating they felt undervalued and disappointed with the engagement with the Council, and support was expressed for the proposed amendment by Mr Christie which sought to invite them to a meeting of the Education Committee. This seemed to be a reasonable request, and it was questioned why it would not be supported by the Administration if there was confidence the PVI package was robust;
- in response to comments that Opposition Members had not proposed a credible alternative budget, it was contended that an equitable amount of time would be needed;
- it was emphasised that teachers' marking efforts had not been criticised as had been insinuated by some Members and, in fact, teachers' efforts had been praised and the excellent work taking place in schools had been acknowledged;
- neither the UK or Scottish Government had given the Council or Councils across the country the appropriate powers and funding whilst expecting long-term transformative change to be delivered based on their priorities. This was highlighted in the budget paper which stated that the budget gap had increased by £5m following the Scottish Government grant settlement, and that there had been a significant reduction in ring-fenced funding but with an expectation to deliver the same number of services. This was not fair or equitable, and it was necessary to continue to make cross-party representations in that regard;
- there were a lot of positives in the proposed budget, but concern was expressed regarding the deliverability of much of it. For example, a quarter of the savings came from working with NHS Highland, an organisation which the Council did not have control of, on an area of social care that was being transformed by the Scottish Government;
- Brexit was not mentioned in the budget paper, and it was questioned why the impact had not been analysed if it was as significant as had been suggested earlier in the discussion;
- it was pleasing to see how much of the proposed budget focussed on climate change. However, concern was expressed regarding 10% of the savings coming from solar panels given the supply chain sensitivities due to them coming from China in an area where minorities were being persecuted;
- the proposed implementation of PPP accounting flexibility would ease some in-year budget pressures but incur further expenditure in future years, thereby making funding future capital projects more difficult. It was a big risk for little reward, and

- concern was expressed about agreeing it at this stage given that in recent years projected significant deficits had turned into surpluses in the end of year accounts. In response to a question, the Head of Corporate Finance confirmed that PPP accounting flexibility could only be implemented in financial years 2022/23 and 2023/24, and the usual accounting arrangements would apply from 1 April 2024;
- in relation to generating revenue, it was questioned what the Council was doing that showed it could in any way compete with the private sector. There had never been more opportunities but, if the Council wanted to embrace commercial endeavours, a shift to a less negative and risk-averse mindset was needed;
 - Thurso High School had today been evacuated due to a problem with a roof in a different building to the block that had been condemned last year, which highlighted the ongoing problem with school buildings;
 - concern was expressed regarding the small proportion of the roads in Caithness and Sutherland that were scheduled to be improved in the coming year;
 - reference was made to the potholed condition of the B9176 Struie Road and the damage to the High Bridge which had resulted in temporary traffic lights being in place for a number of months at a cost of £90 per week. Similarly, a traffic system had been in place for several weeks near Strathroy, and these jobs needed to be done sooner rather than later; and
 - in relation to St Clement's School, there was no reference in the budget report to the UN Convention on the Rights of the Child. In the Bute House Agreement, there was a commitment to produce a strategy to mainstream equality, inclusion and human rights and embed them across the public sector in all policies, decisions and spending. Whilst St Clement's School was one of five schools mentioned previously that would have £100k of revenue investment over the next five years, the situation in the school was dire and five years was too long to wait for the possibility of a new school building. Earlier comments about the Carers Strategy, the wellbeing of families and the Family First redesign applied to the children and families of St Clement's School, which was not a school for Dingwall but for communities throughout Highland. Members, as Corporate Parents, had a duty of care to every child in Highland, and the proposal contained in the amendment by Mr Christie that a portion of the Investment Fund be designated towards the phased development of a new St Clement's School should be strongly looked at. Budgets were a clear sign of a government's values, and the Leader, in his opening remarks, had said that the Council wanted to protect the most vulnerable. Supporting the amendment would show that the Council was committed to the most vulnerable children and families in Highland, the children and families of St Clement's School.

Following summing up by the Leader of the Council and the movers of the amendments, the Council proceeded to the vote as follows:-

Mr R Bremner, seconded by Mr B Lobban, **MOVED** the recommendations as detailed in the report.

Mr A Baldrey, seconded by Ms H Crawford, moved as an **AMENDMENT**, the following:-

The item on Page 85 'Education – Primary Management Restructure' be removed from the budget. Savings which only begin to appear in the financial year 26/27 of an estimated £0.495m be replaced by funding from the "Future Investment Capacity Fund" currently showing £18.691m of reserve as this is an element of earmarked reserves that is not committed.

On a vote being taken, the **MOTION** received 39 votes and the **AMENDMENT** received 27 votes, with no abstentions, and the **MOTION** was therefore **CARRIED**, the votes having been cast as follows:

For the Motion:

Ms S Atkin, Mr C Birt, Mr B Boyd, Mr R Bremner, Mr I Brown, Mr M Cameron, Ms B Campbell, Ms G Campbell-Sinclair, Ms M Cockburn, Ms T Collier, Ms S Fanet, Mr J Finlayson, Mr D Fraser, Mr L Fraser, Mr K Gowans, Ms J Hendry, Ms M Hutchison, Mr R Jones, Ms L Johnstone, Ms L Kraft, Ms E Knox, Mr B Lobban, Mr D Louden, Mr W MacKay, Mr G MacKenzie, Mr A MacKintosh, Ms K MacLean, Mr T MacLennan, Mr D Millar, Mr H Morrison, Ms P Munro, Mr C Munro, Ms L Niven, Ms P Oldham, Ms M Paterson, Ms M Reid, Mr A Rhind, Mr K Rosie, Ms M Ross

For the Amendment:

Mr M Baird, Mr A Baldrey, Mr C Ballance, Mr A Christie, Ms H Crawford, Mr R Gale, Mr J Grafton, Mr A Graham, Mr D Gregg, Mr R Gunn, Mr A Jarvie, Ms B Jarvie, Mr P Logue, Mr A MacDonald, Ms I MacKenzie, Mr R MacKintosh, Ms A MacLean, Mr D MacPherson, Ms J McEwan, Mr J McGillivray, Ms M Nolan, Mr M Reiss, Ms T Robertson, Ms L Sagers, Mr A Sinclair, Mr R Stewart, Ms K Willis

Mr R Bremner seconded by Mr B Lobban, **MOVED** the recommendations as detailed in the report.

Mr A Christie seconded by Mr R Stewart, moved as an **AMENDMENT**, the following additional recommendations:-

- xviii. With regard to the previous delays in progressing the capital works for the 5 schools associated with the LEIP bid namely Beaully Primary, Dunvegan Primary, Park Primary, St Clement's School and Tornagrain Primary, and noting that Council at the September meeting approved Tornagrain Primary being included in the Capital Programme. That Council now agrees to designating a portion of the Investment Fund referred to at Section 11 and Annex 3 to start the building of one of the schools with phasing to be reported to the next Council Meeting– St Clements School at an estimated cost of £20 Million. It is imperative that solutions are found to secure funding for the other 3 schools and a report should come to the next possible meeting of Council addressing that issue as well as financial phasing implications for St Clements School;
- xix. In order to address the lack of roads investment in the Administration Budget that Council agrees to utilising a portion of the Investment Fund referred to at Section 11 and Annex 3 that the capital sum of £30 million be allocated to increasing the amount spent on our roads over 3 years, the phasing of which to be considered at a future meeting;
- xx. In relation to ELC that Council notes the rate proposed by PVI Representatives in contrast to the amounts in the Budget Papers at Section 10.12 and invites the groups to make a presentation to the next Education Committee in support of their claim; and
- xxi. That Council resolves to write to the First Minister drawing attention to the severe financial plight of the Council which has been made worse through the Government's decision to freeze Council Tax without consultation, the threat to penalise the Highland Council financially if teacher numbers are not maintained, the need on one hand to meet the expectations of Government flagship policies whilst on the other hand being told ring fenced funding rules have been removed, the continual push towards a National Care Service causing destabilisation in our communities and workforce and the continual inability to

provide an indication of figures for a multi-year grant settlement. These factors indicate a lack of partnership working which is the ethos of the Verity House Agreement and show disrespect to the Local Government structure in Scotland.

On a vote being taken, the **MOTION** received 41 votes and the **AMENDMENT** received 24 votes, with 1 abstention, and the **MOTION** was therefore **CARRIED**, the votes having been cast as follows:

For the Motion:

Ms S Atkin, Mr C Ballance, Mr C Birt, Mr B Boyd, Mr R Bremner, Mr I Brown, Mr M Cameron, Ms B Campbell, Ms G Campbell-Sinclair, Ms M Cockburn, Ms T Collier, Ms S Fanet, Mr J Finlayson, Mr D Fraser, Mr L Fraser, Mr K Gowans, Ms J Hendry, Ms M Hutchison, Mr R Jones, Ms L Johnstone, Ms L Kraft, Ms E Knox, Mr B Lobban, Mr D Louden, Mr W MacKay, Mr G MacKenzie, Mr R MacKintosh, Ms K MacLean, Mr T MacLennan, Mr D Millar, Mr H Morrison, Ms P Munro, Mr C Munro, Ms L Niven, Ms P Oldham, Ms M Paterson, Ms M Reid, Mr A Rhind, Mr K Rosie, Ms M Ross, Ms K Willis

For the Amendment:

Mr M Baird, Mr A Christie, Ms H Crawford, Mr R Gale, Mr J Grafton, Mr A Graham, Mr D Gregg, Mr R Gunn, Mr A Jarvie, Ms B Jarvie, Mr P Logue, Mr A MacDonald, Ms I MacKenzie, Mr A MacKintosh, Ms A MacLean, Mr D MacPherson, Ms J McEwan, Mr J McGillivray, Ms M Nolan, Mr M Reiss, Ms T Robertson, Ms L Saggars, Mr A Sinclair, Mr R Stewart

Abstention:

Mr A Baldrey

Decision:

The Council:

- i. **NOTED** the budget assumptions as set out within the report;
- ii. **NOTED** the extensive process of budget engagement as set out within the report, and the update from the most recent period of engagement which concluded on 7 February 2024;
- iii. **AGREED** the three-year package of budget saving proposals put forward by the Council Administration as set out at Annex 5 of the report;
- iv. **AGREED** the implementation of the PPP accounting flexibility as per the terms of guidance specified in Scottish Government Finance Circular 10/2022 that permitted changes to internal accounting and the extension of the period over which accounting charges for PPP contracts were made;
- v. **NOTED** that as a result of recommendation (iv) there would be an estimated increase into Council reserves on a retrospective basis of approximately £68m;
- vi. **NOTED** the short to medium term benefits that result, as well as the longer-term implications and additional charges that would extend into future years, arising from recommendation (iv);
- vii. **AGREED** the package of budget pressures and investment funding proposed by the Council Administration as set out on Annex 3 of the report;
- viii. **AGREED** to the Partner Funding arrangements relating to NHS Highland, High Life Highland and Early Learning and Childcare (ELC) partners as set out in section 10 of the report, noting that in relation to ELC the proposed rates were pending confirmation from Scottish Government relating to funding and relevant guidance;

- ix. **AGREED** to Earmark reserves as set out in section 16 and Annex 6 of the report;
- x. **AGREED** to utilise reserves to support change and transformation and meet short-term pressures, as set out in section 11 and 16 of the report;
- xi. **AGREED** to utilise reserves totalling £9.927m in 2024/25 and, on an indicative basis, £12.922m in 2025/26 and £1.129m in 2026/27 to balance the revenue budget in those years;
- xii. **AGREED** in relation to Council Tax, to freeze Council Tax levels in 2024/25 at 2023/24 levels, with details of the resulting Council Tax as shown in Annex 7 of the report;
- xiii. **NOTED** the indicative assumptions on Council Tax for 2025/26 and 2026/27 as per Annex 7 of the report, with these subject to future review and formal decision as part of annual budget setting;
- xiv. **AGREED** the Revenue Budget for 2024/25 as set out within the report and on Annex 8 of the report;
- xv. **AGREED** the Indicative Revenue budgets for 2025/26 and 2026/27 as set out within the report and on Annex 8 of the report;
- xvi. **NOTED** the risks associated with the budget and the Medium Term Financial Plan as set out on section 19 of the report; and
- xvii. **NOTED** the update provided in relation to a Delivery Plan.

The meeting concluded at 2.35 pm.