

North Ayrshire Council
1 February 2012

IRVINE, 1 February 2012 - At a Special Meeting of North Ayrshire Council at 2.00 p.m.

Present

Pat McPhee, Ian Clarkson, Robert Barr, Tom Barr, John Bell, Matthew Brown, Andrew Chamberlain, Margie Currie, Anthea Dickson, John Ferguson, Alex Gallagher, William Gibson, Tony Gurney, Jean Highgate, Alan Hill, John Hunter, Ruby Kirkwood, Margaret McDougall, Peter McNamara, Ronnie McNicol, Elisabeth Marshall, John Moffat, Jim Montgomerie, Alan Munro, David O'Neill, Ryan Oldfather, John Reid and Joan Sturgeon.

In Attendance

E. Murray, Chief Executive; I.T. Mackay, Solicitor to the Council; I. Colvin, Corporate Director, S. Gault, Head of Service (Children, Families and Criminal Justice), O. Clayton, Head of Community Care and Housing and Lisbeth Raeside, Head of Finance and Performance (Social Services and Health); L. Friel, Corporate Director, Y. Baulk, Head of Finance, C. Hatton, Head of Environment and A. Bodie, Head of Infrastructure and Design, A. Grossart, C. McCourt and K. MacDonald, Finance Managers and H. Hair, Principal Accountant (Finance and Infrastructure); C. Kirk, Corporate Director, M. Armstrong, M. Docherty and A. Sutton Heads of Service (Education and Skills); J. M. Macfarlane, Head of Human Resources and A. Young, Team Manager (Human Resources); J. Montgomery, General Manager (Policy and Service Reform); C. O'Kane, Change Programme Manager; L. McEwan, Communications Manager, K. Dyson, Communications Officer; M. McKeown, Committee Services Manager and M. Anderson, Committee Services Officer (Chief Executive's Service).

Chair

Provost McPhee in the Chair.

1. Declarations of Interest

There were no declarations by Elected Members in terms of Standing Order 16.

2. Minutes of Special Meeting of The Executive of North Ayrshire Council

Submitted report, being the Minutes of the Special Meeting of the Executive of North Ayrshire Council held on 1 February 2012.

Noted.

3. Petitions

In terms of Standing Order No. 11, the Provost agreed that the Council receive a petition.

The Chief Executive accepted the petition on the Council's behalf and read the terms of the petition to the Council.

4. Leader's Introduction

The Leader of the Council welcomed Elected Members and members of the public to the meeting.

He introduced the budget papers in relation to General Services Revenue Estimates 2012/13 to 2014/15 (Budget Paper 1); General Services Capital Investment Programme 2012/13 to 2015/16 (Budget Paper 2); and Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2012/13 (Budget Paper 3). He also summarised the service development proposals put forward by the Executive at its earlier meeting.

The Leader outlined the challenging climate against which the Council had been required to set its budget, and outlined the measures being taken by the Council to respond to these challenges, including shifting resources to meet the Council's key priorities. He thanked Members and officers for their contribution to this process.

Councillor Brown, on behalf of the SNP Group, welcomed the Council Tax freeze. He expressed his view that overall the proposed budget lacked innovation and imagination, and would place more pressure on the Council's workforce. He intimated that he would be bringing forward amendments.

Councillor Kirkwood, On behalf of the Liberal Democrats Group, expressed the view concern that the financial settlement from the Scottish Government did not reflect the particular challenges facing North Ayrshire. She expressed concern about the local impact of nationally imposed cuts in college funding. She welcomed investment provision in the budget for early intervention.

Councillor Hunter, on behalf of the Three Towns Independents Group, stated that whilst he felt the budget process was well presented, he was not entirely happy with the proposals before the Council. He intimated that he would bring forward amendments.

Councillor Highgate, on behalf of the Independents Group, welcomed the increase in funding for the Early Years Change Fund and the Change Fund to assist in improving Older People's Services. She welcomed the programme of new Council House building and the return on the Council's deposits with Icelandic banks. She intimated that more needed to be done to invest in the local roads network. She reflected on the challenges facing the Council in future years.

Councillor R. Barr intimated his view that the proposed budget offered nothing to the electorate within his Ward.

5. Questions

In terms of Standing Order No. 12 submitted:-

(a) a question by Councillor Hunter to the portfolio-holder for Education in the following terms:-

"Can the portfolio-holder for Education confirm that the cost for the PPP schools project will rise annually, due to indexation, from the 2011-2012 figure of approximately £10.34 million to the estimated 2036-2037 year figure of £15.66 million and that when the non-indexed contribution from the Scottish Government Support grant of £5.86 million per annum is factored in that it will bring the whole life cost to over half a billion pounds; £548 million or thereabouts?"

Councillor Bell, responded in the following terms:

"No, officers advise that projections based on the project financial model indicate that the likely whole life charges for the four PPP Schools will be in the region of £383 million. This figure includes the Support Grant contributions from the Scottish Government, which over the 30 year contract period will total £171.6m. Therefore, the total projected North Ayrshire Council funding requirement is in the region of £211.4 million.

This figure includes all running costs associated with the operation, repair and maintenance to a standard 'as good as new' of the properties over the 30 year contract period.

Had the Council not entered into a PPP arrangement, we would have missed out on the significant Scottish Government contributions of £171.6m to the Council over the term of the contract – and would have been unlikely to construct the four schools.

Furthermore, the Council would have borne the costs of servicing debt if the traditional borrowing approach had been used to build the schools instead.

Using the RPI trend over the last 25 years to project forward 25 years to 2037 indicates an estimated unitary charge in the final year of the contract of around £12.6m. Members will recall at a briefing, SFT Chief Executive Barry White commented that North Ayrshire had a got a good deal with the schools project."

Councillor Hunter, advised that he had sourced his information from the Scottish Government, the Office of National Statistics, the Council's PPP contract, North Ayrshire's PPP Team and Education and Skills. He indicated his strong disagreement with the information provided by the Portfolio holder in his response. As a supplementary question, he asked Councillor Bell where he sourced his data.

Councillor Bell responded that the data was provided by the Council's Finance Section. He pointed out that the decision to enter the PPP contract was taken 8 years ago and that the schools were all now in place. He indicated his belief that the information provided was accurate.

The Chief Executive then suggested that Councillor Hunter liaise with the Corporate Director (Finance and Infrastructure) to clarify the information provided, and that clarification be issued to all Members thereafter.

(b) a question by Councillor Hunter to the portfolio-holder for Education in the following terms:-

"Can the portfolio-holder for Education say why the Non Domestic Rates bill for the PPP schools has risen from £494,500 per annum in Year 1 to the current figure of £950,000 per annum and whether or not this cost is borne by the Contractor or the Council?"

Councillor Bell responded in the following terms:-

"The Unitary Charge includes a sum of money paid to the Contractor, which he is obliged to use to pay Non-Domestic Rates bills on behalf of the Council, relating to the four schools under their management.

At Project Commencement, these costs had not yet been assessed by Ayrshire Joint Valuation Board and the amount set aside within the Project Finance Model was set at £465,000 (indexed at full RPI) to reflect the rates costs of the 5 existing schools at the time.

In 2010/11 a new rating valuation scheme was introduced and the PPP Schools were some of the first buildings to be assessed under the new scheme. This led to an increase in the construction rate from £750 to £1,200 per square metre. Clearly, the resources set aside were not sufficient to address this change, leading to an additional invoice from the Contractor to cover the rates shortfall."

Councillor Hunter outlined his understanding of the process through which the Council effectively passed through the NDR costs to the contractor, then collected the NDR payment from the contractor and contributed these to the Scottish Government's National NDR pool to be redistributed in whole or in part to local authorities. As a supplementary question, he asked the Portfolio holder if he agreed therefore that the Council and not the contractor bears the costs of the Non Domestic Rates bill.

Councillor Bell responded that he believed the first paragraph of his response addressed that point.

6. General Services Revenue Estimates 2012/13 to 2014/15 (Budget Paper 1)

Submitted report by the Corporate Director (Finance and Infrastructure) on (a) the Council's revenue spending requirements and anticipated funding available for the years 2012/13 to 2014/15, and the options for efficiencies and savings measures proposed by officers to address the funding shortfall; and (b) the level of reserves and fund balances held by the Council.

Councillor O'Neill, seconded by Councillor Reid, moved that the Council approve the General Services Revenue Estimates 2012/13 and note the indicative spending requirements and efficiency options for 2013/14 and 2014/15, as presented in the report and inclusive of the proposed service development initiatives for 2012/13 to 2014/15 which were summarised in Appendix EX1 to the Minute of the Executive meeting.

As an amendment, Councillor Gibson, seconded by Councillor Marshall, moved that the General Services Revenue Estimates 2012/13 to 2014/15 be revised to include a £19,000 contribution to Children's Hospice Association Scotland (CHAS) in 2012/13 (to be met from the budgeted surplus of £87,000), and annually thereafter subject to further national discussions in relation to the future funding of CHAS. There being no division, the amendment was declared carried and became the substantive motion.

As an amendment Councillor Hunter, seconded by Councillor Gurney, moved that the Council approve the General Services Revenue Estimates 2012/13 to 2014/15, as amended, subject to the inclusion of provision to trial "an enhanced Community Warden Service to cover the area south of the High Road/Eglington Road in Ardrossan, down as far as the harbour area, with extra staffing, this to be funded from reserves or any other such funding as can be sourced e.g. the Scottish Government Proceeds of Crime Fund". In this regard the Chief Executive presented the Council with a range of option for extension of the Community Warden Service, including a mobile service. The Leader suggested that £145,000 to fund a mobile service be set aside from the £1.1m capital contribution within the £3.776m investment funds, with a report on its implementation to be submitted to the Executive in due course. There being no division, the amendment was declared carried on the basis suggested by the Leader, and became the substantive motion.

As an amendment, Councillor Currie, seconded by Councillor Highgate, moved that the Council agree to approve the General Services Revenue Estimates 2012/13 to 2014/15, as amended, subject to the Council providing a fund of £40k per annum for the next three years to subsidise swimming facilities for the general public of Arran which includes the opportunity for Arran children to learn to swim, this sum of money to be met from the surplus identified for 2012/13, and subject to discussions taking place as to how this can best be delivered for the purposes for which it is intended i.e. to the benefit of Arran residents. There being no division, the amendment was declared carried and became the substantive motion.

Councillor Brown submitted a list of proposed amendments. It was noted that some of the proposed amendments had already been addressed. At the Leader's request, the Provost agreed to a short adjournment to allow discussions on the terms of Councillor Brown's amendments.

Following the adjournment, Councillor Brown, seconded by Councillor Gibson, moved that the Council agree to approve the General Services Revenue Estimates 2012/13 to 2014/15, as amended, subject to the removal of proposed savings in Education and Skills of (1) £147,922 relating to reduced supplies budget allocations to Primary, Secondary and Special Needs schools by 15% (Ref SP-ES-12-11); and (2) £20,000 relating to reduced budgets for education general ASN purchases (Ref SP-ES-12-16), to be met from the £3.766m investment funds. There being no division, the amendment was declared carried and became the substantive motion.

Councillor McNicol, seconded by Councillor Hunter, moved that the Council agree to approve the General Services Revenue Estimates 2012/13 to 2014/15, as amended, subject to the removal of charges levied in relation to Special Uplifts on the basis that the charges are failing to discourage the public from fly-tipping and that the costs of dealing with fly tipping are more than is being recovered through charging for special uplifts. The Chief Executive noted that the Executive had agreed the charging policy for special uplifts in October 2011, and suggested that a further report containing details on how fly tipping was being tackled be brought to the Executive for consideration. Councillor McNicol agreed to withdraw his amendment on that basis and requested that the report to the Executive also deal with the operation of amenity tips, including the impact of barriers at these sites.

Accordingly, the Council agreed to (a) approve the General Services Revenue Estimates 2012/13 to 2014/15, as amended, inclusive of the proposed service development initiatives for 2012/13 to 2014/15 which were summarised in Appendix EX1 to the Minute of the Executive meeting; (b) note the anticipated funding available to meet expenditure requirements; (c) note the level of reserves and fund balances held by the Council and approve any contributions to/from these balances; (d) approve the level of Council Tax for 2012/13; (e) approve the package of efficiencies and savings measures to be applied to ensure a balanced budget for 2012/13, subject to the amendments raised by Members; (f) approve the future year effects of the efficiency and savings measures; (g) note the efficiency options for 2013/14 and 2014/15; (h) authorise the Leader to confirm to the Scottish Government that the approved budget includes provision to deliver all of the Scottish Government requirements as outlined in the report; and (i) that reports be submitted to the Executive in relation to the amendments proposed by Councillors Hunter (Community Wardens), Currie (Swimming on Arran) and McNicol (Special Uplifts and Fly tipping).

7. General Services Capital Investment Programme 2012/13 to 2015/16 (Budget Paper 2)

Submitted report by the Corporate Director (Finance and Infrastructure) on the Capital Investment Programme for General Services for 2012/13 to 2015/16.

Councillor O'Neill, seconded by Councillor Reid, moved that the Council agree to (a) approve the capital investment programme for 2012/13 to 2015/16 as detailed at Appendix 1 of the report; (b) allocate £6m from earmarked reserves in support of the programme; and (c) note that the revised programme currently has uncommitted funding of £3.915m.

As an amendment (and following discussion on its terms), Councillor McNicol, seconded by Councillor Gibson, moved that "given that North Ayrshire Council has uncommitted resources over 2012/16 of £3.915 million in the Capital Budget, we propose that £1.9 million (indicative) be allocated for the refurbishment of Saltcoats Town Hall, subject to a feasibility study detailing future use, and that the Council instruct the Chief Executive to commission a feasibility study on future uses and costs to bring Saltcoats Town Hall back into public use". There being no division, the amendment was declared carried and became the substantive motion.

As an amendment Councillor Barr, seconded by Councillor Hunter, proposed that the Council approve the Capital Investment Programme for General Services for 2012/13 to 2015/16, as amended, subject to the half million pounds removed in 2009 to later years for the Barrmill Community Centre being reinstated from the uncommitted reserves of £3.9m with immediate effect.

On a division and roll call vote, there voted for the amendment Councillors R. Barr, Brown, Dickson, Ferguson, Gibson, Gurney, Hill, Hunter, McNicol, Marshall, and Sturgeon (eleven), and for the substantive motion Councillors McPhee, Clarkson, T. Barr, Bell, Chamberlain, Currie, Gallagher, Highgate, Kirkwood, McDougall,

McNamara, Moffat, Montgomerie, Munro, O'Neill, Oldfather and Reid (seventeen), and accordingly the substantive motion was declared carried.

Accordingly, the Council agreed to (a) approve the capital investment programme for 2012/13 to 2015/16 as detailed at Appendix 1 of the report, subject to the allocation of £1.9 million (indicative) for the refurbishment of Saltcoats Town Hall; (b) instruct the Chief Executive to commission a feasibility study on future uses and costs to bring Saltcoats Town Hall back into public use; and (c) allocate £6m from earmarked reserves in support of the programme; and (d) note that the revised uncommitted funding for the 2012-2016 programme is £2.015m.

8. Housing Revenue Account (HRA) Capital Investment Programme, Revenue Budget and Rent Levels for 2012/13 (Budget Paper 3)

Submitted report by the Corporate Director (Finance and Infrastructure) on the HRA capital investment programme and revenue budget for 2012/13 and the consequential rent levels.

Councillor O'Neill, seconded by Councillor Reid, moved that the Council approve the HRA capital investment programme and revenue budget for 2012/13 and the consequential rent levels. There being no amendment, the motion was declared carried.

The Council agreed to approve (a) the HRA capital investment programme for 2012/13, as detailed in the Appendix 1 to the report; (b) the HRA revenue budget for 2012/13, as detailed in the Appendix 2; (c) a rent increase of 2.25% in 2012/13 for council houses (including sheltered housing), temporary furnished units, homeless hostel and travelling people's sites; (d) a 5.5% increase in sheltered housing amenity charges to address the historical shortfall in the recovery of these costs; (e) a garage site increase of £0.05 per week and a lock-up increase of £0.11 per week to £2.42 and £4.85 per week respectively, also equivalent to 2.25%; and (f) indicative rent increases of 3.5% for financial years 2013/14 and 2014/15.

The Meeting ended at 4.35 p.m.