

## **BUDGET SCRUTINY COMMITTEE**

Minutes of a Budget Scrutiny Committee of Bolsover District Council held in the Council Chamber, The Arc, Clowne, on Monday 15<sup>th</sup> September 2014 at 1000 hours.

### **PRESENT:-**

Members:-

Councillor K. Bowman in the Chair

Councillors A. Anderson, J.E. Bennett, T.J. Connerton, C.P. Cooper, S. W. Fritchley, H. J. Gilmour and J.E. Hall.

Officers:-

B. Mason (Executive Director - Operations), D. Clarke (Assistant Director Finance, Revenues and Benefits). T. Fletcher (Chief Accountant) and A. Bluff (Governance Officer).

### **0326. APOLOGIES**

Apologies for absence were received from Councillors M.G. Crane, J.E. Clifton, M.J. Dooley, Mrs P.M. Bowmer, R. Brooks, R.A. Heffer, B.W. Hendry, D. McGregor, V.P. Mills, C. Munks, J.E. Smith, T. Rodda and S. Wallis.

### **0327. URGENT ITEMS OF BUSINESS**

There were no urgent items of business to consider.

### **0328. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

### **0329. MINUTES – 2<sup>nd</sup> June 2014**

Moved by Councillor J.E. Smith, seconded by Councillor R.A. Heffer

**RESOLVED** that subject to the inclusion of Councillor J.E. Bennett's apologies, the minutes of a meeting of a Budget Scrutiny Committee held on 2<sup>nd</sup> June 2014 be approved as a correct record.

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The Executive Director - Operations introduced the newly appointed Joint Assistant Director - Finance, Revenues and Benefits to Members. Members welcomed the Joint Assistant Director – Finance, Revenues and Benefits to the meeting.

### **0330. CLOSEDOWN POSITION 2013/14 – PRESENTATION (INCLUDING REPORT PRESENTED TO EXECUTIVE ON JULY 14<sup>TH</sup> 2014)**

Members considered a detailed report of the Executive Director – Operations in relation to the financial outturn position of the Council in respect of the 2013/2014 financial year. The report had been previously presented to Executive on 14<sup>th</sup> July 2014.

Within the report, consideration was given to the level of balances at the year end, to any impact on the Council's Medium Term Financial Plan of the outturn position, and an assessment of the impact which the closing position had upon the Council's budgets in respect of the current financial year.

The Executive Director – Operations noted that this was the first full year of KPMG being the Council's Auditors. KPMG had focused on the material aspects of the accounts. The Executive Director stated his appreciation to the accountancy staff for their hard work in preparing a robust set of accounts.

The Council's Draft Statement of Accounts in respect of 2013/14 was signed as complete by the Council's Chief Financial Officer (Executive Director – Operations) at the end of June 2014. The final audited accounts would be reported to and approved by the Audit Committee at its meeting on 24th September 2014.

### **General Fund**

The Council had achieved a total of £712k of net savings in the financial year over and above the savings target. A detailed breakdown was provided in the report and appendices. The distribution of the £712k favourable variance sum was set out in the report within the Financial Reserves and General Fund Balances sections.

The level of General Fund Reserve has improved by £257k which clearly represented a welcome improvement of the Council's financial position although it was noted that the balances were considered to be at an appropriate level for a District Council rather than at a generous level.

The continued improvement in the level of balances had provided the Council with the financial resilience necessary to safeguard local residents against a background of ongoing reductions in Government grant funding, however, given a level of General Fund balances of £1.7m against a requirement to secure almost £1m of financial savings for 2015/16, there was effectively no other option but for the Council to continue to tackle the underlying budget deficit it was facing in future financial years.

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### **Housing Revenue Account (HRA)**

The Housing Revenue Account was set out in an appendix to the report and comments were provided against a number of budget lines to explain the main variances with the HRA.

The overall position of the HRA was a net favourable variance of £166k.

Whilst the improving position was welcomed, again it should be noted that the level of balances were considered to be at an adequate – rather than a good - level based on the level of financial risks facing the HRA following HRA reform. The Council was continuing to work on delivering the HRA Business Plan to assist in the effective management of the HRA

### **Capital Programme/Financing**

The Capital Programme detailed a number of ongoing schemes and therefore funding for the approved schemes would need to be carried forward to 2014/15.

Officers had completed the capital financing with no new prudential borrowing undertaken during 2013/14. Where appropriate, capital resources were utilised to finance expenditure to ensure that the conditions attached to these resources were met by the Council.

### **Treasury Management**

In summary, the Council operated throughout 2013/14 within the Authorised Limit and Operational Boundary limits as set out in the Treasury Management Strategy approved by Council in March 2013.

Some key facts from the Treasury Management report were;

- The Icelandic Bank issue had been resolved in January 2014 and this had been significant progress for the Council.
- In 2013/14, repayment for the Arc began.
- No new Public Works Loan Board (PWLB) borrowing had been undertaken in 2013/14.
- HRA debt continued to be repaid.
- Interest received on investments was £67k.

A discussion took place.

In response to Members questions, the Executive Director – Operations noted the following points;

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- Approximately £1m was surplus from the sale of Sherwood Lodge to Morrison's.
- The Arc was a more modern and effective building than Sherwood Lodge and should not require any major spending on it for around 10 years.
- The Capital Receipt from the sale of Sherwood Lodge was £7m – the difference of £2m would be for the build of the mini hub in Bolsover, which would be carried out by Morrison's.
- Capital receipt monies from the sale of Sherwood Lodge would be invested in accounts via the Council's Cooperative Bank account; the Council's treasury management policies only allowed for limited amounts of funds to remain in the Cooperative bank overnight.
- Any major works spend on Council properties would need to come from Capital Receipts except in respect of the HRA where other funding was available.
- An explanation was provided as to what amounts made up the Legal Cost Reserve.
- In relation to the outcome of the Stock Condition Survey a comprehensive report would be requested from the Head of Housing for Members information.
- Monies for improvements to private sector properties at New Bolsover would come from Heritage Lottery funding and for Council owned properties from the HRA.
- Fees and Charges were set as part of the budget setting process and the MTFP would provide details of these.
- There was an approved programme for replacement HRA vehicles which had not yet been spent.

Moved by Councillor S.W. Fritchley, seconded by Councillor A. Anderson  
**RESOLVED** that the report be received.

### 0331. MEDIUM TERM FINANCIAL PLAN PRESENTATION

The Executive Director – Operations gave a slide presentation to the meeting in respect of the Medium Term Financial Plan (MTFP).

As previously reported, the Council had now received the receipt from the sale of Sherwood Lodge to Morrison's and the Icelandic Banking issues had also been

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resolved. This removed elements of risk which were facing the Council and provided a greater degree of certainty concerning our financial position.

The accounts had been successfully closed for the year 2013/14 and the budget for 2014/15 was now in the process of being developed. The budget would be considered by Budget Scrutiny in January 2015 before being approved by Council in February.

In respect of the General Fund, the position would continue to be a challenging one with savings targets of some £2m over the next 3 years. While the position in respect of the current financial year (2014/15) should be manageable it would get more difficult in subsequent years. The Council had a good record of achieving its previous savings targets which reflect good service and good financial management.

With respect to the HRA, while the original debt settlement had been a favourable one, a number of recent government initiatives had made the position more challenging including increased incentives for Right to Buy, ending the rent convergence policy, changing inflation from RPI to CPI and welfare reform. While these changes would have an increasing impact, since the localization of the HRA Bolsover had invested in new homes at New Houghton and had secured a scheme for New Bolsover whilst maintaining a financially sustainable HRA.

With respect to the Capital Programme, spend was anticipated to continue in excess of £5m p.a. of which £4m would be on the housing capital programme. On the General Fund, any major schemes would require external funding as the Council had a very limited level of capital receipts.

With regard to the future, it seemed inevitable that financial constraints would continue and the Council would be required to deliver more from less.

A short discussion took place regarding Shirebrook Contact Centre. The Executive Director – Operations advised Members that alternative sites were currently being investigated for the suitable relocation of the Contact Centre and a report would be presented to Members in the near future.

The new mini hub in Bolsover would secure the Council with ongoing rental income from existing tenants.

A discussion took place.

Moved by Councillor S.W. Fritchley, seconded by Councillor H.J. Gilmour  
**RESOLVED** that the update be received.

The Assistant Director Finance, Revenues and Benefits and the Chief Accountant left the meeting.

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### 0332. UPDATE FROM SCRUTINY CHAIRS

The Chair of Improvement Scrutiny Committee reported that the Committee's draft Review on the Impact of Welfare Reforms and other issues on the Contact Centres was currently being considered by Stakeholders. The Review would then be finalised at the Committee's next meeting on 22<sup>nd</sup> September and presented to Scrutiny Management Board and Executive in October.

The Chair of Sustainable Communities Scrutiny Committee reported that as part of evidence gathering for its light touch Review on Street Cleanliness, Members had carried out site visits in Shirebrook, Tibshelf and South Normanton to take photographs of flytipping and litter hotspots. Resources would be needed if monitoring of hotspots was introduced. A slide presentation would be given at the Committee's next meeting on 24<sup>th</sup> September. The Committee would then start its main Review in relation to the Growth Strategy.

The Vice Chair of Safe and Inclusive Scrutiny Committee reported that the Committee's Review on Enforcement had been presented to Executive on 8<sup>th</sup> September. The aim of the review was to reduce the incidence of fly-tipping, dog fouling and littering across the District by identifying other local good practice, establishing good practice by the Authority and identifying any best practice by other authorities and by assessing whether new measures could be implemented in the District. Eight out of the nine recommendations had been accepted by Executive. The recommendation regarding increasing litter bins and dog bins in the District was rejected because Executive endorsed the Committee's nine recommendations with the exception of the recommendation around promoting the use of all street bins and household general waste bins to dispose of bagged dog waste. An action plan would now be drawn up to monitor implementation.

Moved and seconded

**AGREED** that the updates be received.

The meeting concluded at 1200 hours.