

BUDGET SCRUTINY COMMITTEE

Minutes of a meeting of the Budget Scrutiny Committee of the Bolsover District Council held in the Council Chamber, The Arc, Clowne on Wednesday 30th January 2019 at 1400 hours.

PRESENT:-

Members:-

Councillor S. Peake in the Chair

Councillors R. Bowler, J.A. Clifton, T.J. Connerton, C. Moesby, T. Munro, S. Peake, K. Reid, J.E. Smith, P. Smith, R. Turner, K.F. Walker, D.S. Watson and J. Wilson.

Officers:-

K. Hanson (Joint Strategic Director – Place), D. Clarke (Joint Head of Finance and Resources), L. Hickin (Joint Strategic Director – People), M. Broughton (Joint Head of Partnerships and Transformation), J. Wilson (Scrutiny and Elections Officer), D. Stanton (Governance Officer – NED).

0642 APOLOGIES

Apologies for absence were received from Councillors T. Alexander, A. Anderson, J.E. Bennett, P.M. Bowmer, T. Cannon, C.P. Cooper, P.A. Cooper, M.G. Crane, A. Joesbury.

0643 URGENT ITEMS OF BUSINESS (DRAFT COMMERCIAL PROPERTY INVESTMENT STRATEGY)

The Chair consented to the following item of business being heard.

The Committee considered a report from the Leader of the Council, presented by the Joint Strategic Director – Place, for approval and comment before it was presented to the Executive. The report outlined the Council's Draft Commercial Property Investment Strategy, which was brought to the Committee for consideration in light of Statutory Guidance on Local Government Investments which had come into force in April 2018.

The Committee discussed risk, and the need to provide a mix of high and low risk investments, so that the Council could look at a broad area of returns, and provide good value for the public's money.

Members enquired about 'risk exposure', and raised concerns over the Authority being too cautious when it comes to investment. It was agreed that the Council should be working with more organisations, through effective partnerships to share risk when appropriate. The Committee discussed the interpretation of the Statutory Guidance on Local Government Investments, and that whilst it was important to be compliant with the legislation, it did allow for some discretion.

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The Committee raised concerns with the membership of the Property Investment Panel (PIP), stating that there should be a wider membership of elected Councillors to facilitate a broader understanding of knowledge and investment. It was also acknowledged that better communication amongst all levels of Members and Officers would promote better decision making.

Enquiries were made in regards to Council borrowing, and if the standard 25 year payback still applied. The Joint Head of Finance and Resources advised Members that the length and amount of the payback would depend on a number of factors including the asset and the life of the loan. Further discussions were then made on the levels of Council borrowing and how it was serviced.

Members discussed the social responsibilities of the Council, and whether this played a role in investment decisions. It was stated that whilst some investments could fail on the proposed 'scoring matrix', they could be accepted on the basis that they had significant community value, or provided economic regeneration. The Committee also acknowledged the depreciation of property, and as such the Authority should be careful when assessing its short and long term returns.

The Joint Strategic Director – Place, was asked to provide a written response to a series of questions and comments;

- that on principles 3.1 of the report, more consideration is given to social value;
- that on principles 4.2 of the report, membership of PIP should consist of a broader range of elected Members, and that Officers be invited to provide advice and guidance rather than being part of the decision making process;
- that the considerations to investment criteria as outlined in table 1 of the report gives more of a balanced exposure to risk and not just affordability. Thus, there being a balance between low/medium/high risk investments;
- a desire to take more risks and work with more organisations – such as in Joint Venture Arrangements;
- to take a more balanced rather than closed approach to ethical investments;
- more focus to be placed on property depreciation – not necessarily long term but the appropriate term;
- that priority should be given to investing within the District, however, don't close the door on investments outside of the District if they make business sense;
- that Members see the Terms of Reference for the Property Investment Panel once they have been developed; and
- a broader picture of the borrowing requirements – so that the Council is mindful of the accumulative effects of borrowing.

RESOLVED that subject to the satisfaction of the written responses provided by the Joint Strategic Director – Place, the report be submitted to a future meeting of the Executive.

0644 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

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0645 MINUTES OF THE MEETING HELD ON 14 NOVEMBER 2018

Moved by Councillor J.E. Smith and seconded by Councillor R. Bowler.

RESOLVED that the Minutes of Budget Scrutiny Committee held on 14th November 2018 be approved as a true and correct record.

0646 UPDATE ON THE GO ACTIVE LEISURE FACILITY

The Committee considered a presentation by the Joint Strategic Director – People.

The presentation informed Members of the success of the Go! Active Leisure Facility. The Joint Strategic Director – People stated that the drivers for change arose over five years ago as the Authority had faced unprecedented financial challenge, which had created an ambition to protect the communities' leisure facilities, improve the quality of provision for local residents, and create a financially stable source to improve the health of residents.

Members noted that there had been a 173% increase in the use of the facilities, including a 412% increase in visits to the gym, a 949% increase in visits to fitness classes, and a 195% increase in swimming lesson attendances.

The Committee heard that there was more being planned to reduce costs and increase revenues, such as a 3G pitch which was expected to increase revenues by £40,000 per annum, and pool covers which was expected to achieve savings of £10,000 per annum.

The Joint Strategic Director – People, stated that the Authority was over £23,000 better off per annum by using the new facilities, than the old facilities in 2015; and that projections indicated the Council would potentially be over £293,000 better off per annum in the future.

Members enquired about the retention for Leisure on NNDR's, and were advised on how various factors formed the balance sheet for the Authority. Ongoing maintenance and repair costs were discussed, as well as the depreciation of buildings, and whether or not the budget had taken those into account, as well as potential savings. Members commented that they would like to see a year on year comparison of leisure facility use demonstrated in the report, rather than a previous to modern day general increase.

The Committee discussed the potential flat lining of growth of the Go! Active Leisure Facilities, and if this had been taken into account by Officers. It was advised that they were constantly seeking innovate ways to increase membership numbers and value for money. 'Virtual instructors' had also been introduced, which had enabled the Council to increase the number of classes it offered and thus increased membership retention and revenue.

Concerns were raised over the viability of the café. Members were assured that the café was competitively priced in comparison to those at other leisure facilities. The Joint Strategic Director – People stated that it was essential that the Council maximised its commercial use, as it often made a loss on the use of other leisure

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facilities, such as play areas that were free, and swimming pools where the cost equated to around £10 per use.

Members discussed the Go! Active impact on residents, and if it was working for the whole of the District. The Joint Strategic Director – People, stated that encouraging participation was about more than just marketing, as some residents may be inactive due to their own personal circumstances. The Committee raised ideas on how the Council could work with other neighbouring authorities to allow shared access to leisure facilities, for those unable to access the Go! Active facilities in the North of the District.

0647 MEDIUM TERM FINANCIAL PLAN – REVISED BUDGETS 2018/19

The Committee considered a report from the Head of Finance and Resources. The report outlined the original budget for 2018/19 which was agreed in February 2018, and the current budget which reflected budget transfers and approved changes during the financial year, and the proposed revised budget for 2018/19.

Members raised concerns with the funds allocated for vacancy management, and whether this was impacting staffing levels. The uncertainty surrounding business rates was also discussed, as well as its impact on the revised budget. The Committee also enquired about the waste management contract, and it was noted that Chesterfield Borough Council (CBC) had a different contract from that of Bolsover District Council (BDC) and North East Derbyshire District Council (NEDDC).

Moved by Councillor K. Reid and seconded by Councillor J. Wilson.

RESOLVED that the report by the Head of Finance and Resources be noted.

0648 MEDIUM TERM FINANCIAL PLAN – PROPOSED BUDGET 2019/20 TO 2022/23

The Committee considered a report by the Head of Finance and Resources, on behalf of the Portfolio Holder for Finance and Resources and Sustainable Energy that outlined the Medium Term Financial Plan 2019/20 to 2022/23. It was submitted to the Budget Scrutiny Committee for comment prior to consideration by the Executive and Council.

Members discussed the impact of some of the recent policies implemented by Central Government, and if the figures presented to the Committee had considered those factors. Concerns were raised over the lack of social responsibility taken on by the Government, as well as its policy on business rates, and resources allocated to the most deprived Authorities.

Moved by Councillor K. Reid and seconded by Councillor T.J. Connerton.

RESOLVED that the report by the Head of Finance and Resources be noted.

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0649 TREASURY MANAGEMENT STRATEGY 2019/20 – 2022/23

The Committee considered a report of the Head of Finance and Resources that outlined the Council's proposed suite of treasury strategies for the period 2019-20 to 2022/23.

The report contained details of the Treasury Management Strategy which provided the framework for managing the Council's cash flows, and borrowing and investments for that period. It also showed the Capital Strategy which intended to provide a high level, concise overview of how capital expenditure, capital financing, and treasury management activity contributed to the provision of the Council's services. The report also outlined the Investment Strategy which focused on investments made for service purposes and commercial reasons, rather than those made for treasury management.

Moved by Councillor K. Reid and seconded by Councillor J.E. Smith.

RESOLVED that the report by the Head of Finance and Resources be noted.

0650 CAPITAL STRATEGY 2019/20 – 2022/23

The Committee was presented with a report that outlined the Council's proposed Capital Strategy for the period 2019/20 to 2022/23.

The report stated that the Council was required to determine a policy on the repayment of its debt each year through the Minimum Revenue Provision (MRP). The MRP was the amount of debt being repaid and was a charge on the revenue accounts of the Council.

The Capital Expenditure Strategy set out the Council's Capital Expenditure Programme for the medium term and covered how that expenditure would be financed.

The Strategy also required the Council to include a number of prudential indicators that covered the next three financial years, which showed the impact of the changes on the level of the Council's debt on its revenue accounts.

Moved by Councillor K. Reid and seconded by Councillor J.E. Smith.

RESOLVED that (1) the Capital Financing Requirement be approved.
(2) the Minimum Revenue Provision Statement for 2019/20 be approved.
(3) the Prudential Indicators for 2019/20 detailed throughout the report be approved.

0651 CORPORATE INVESTMENT STRATEGY 2019/20 – 2022/23

The Committee considered a report outlining the Corporate Investment Strategy 2019/20 to 2022/23, which was a new style report introduced by the 2018 edition of the Government's Guidance on Local Government Investments. It focused on

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investments made for service purposes and commercial reasons, rather than those made for treasury management.

Moved by Councillor C. Moesby and seconded by Councillor J. Wilson.

RESOLVED that the report of the Portfolio Holder for Finance and Resources and Renewable Energy be noted.

0652 UPDATE FROM SCRUTINY CHAIRS

The following updates were received the Scrutiny Committee Chairs:

Customer Service & Transformation Scrutiny

- Committee have considered the final draft of the Review of Standards Committee – Operational Review. Formal approval took place at Committee in January, and will be submitted to February Executive.
- Committee are approving the final draft of our Review of Delivery of Environmental Health & Licensing in February, followed by submission to March Executive.
- Recent reports have included:
 - Customer Standards, Compliments, Comments and Complaints Q1 & Q2
 - Transformation project – Procurement of a Committee Management System: this was pre-decision scrutiny of the options.
 - Post-Scrutiny Monitoring: Review of Disability Adaptations to Council Properties. The recommendation is on track.
 - Consultation on revised Single Equality Scheme 2019-23
 - Transformation Plan 2018
 - Consultation on the Carbon Reduction Plan 2019-30
 - Post Scrutiny Monitoring: Review of The Strategic Alliance – all recommendations are on track

Healthy, Safe, Clean & Green Communities Scrutiny

- Committee have considered the final draft of their Review of The Authority's Perception of Young People and formal approval is planned for February, followed by submission to March Executive.
- Recent reports have included:
 - An update on current activity in Housing Needs – we looked at the impact of the new legislation and current projects.
- We are currently preparing for our Annual Review of the Community Safety Partnership.

Growth Scrutiny

- Currently finalising our Review of Income Generation with a view to formal approval in February, followed by submission to March Executive.
- Recent reports have included:
 - An update on the Growth Strategy for Q1 and Q2.
 - Monitoring report on Bolsover Sustainable Community Strategy 2006-20 and a discussion on future plans and a refresh of the Strategy.

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Members also discussed the recent changes in Government policy that required a review of the Councils Local Enterprise Partnerships (LEP) membership. The Joint Strategic Director – Place, provided an update to the Committee on the Councils intentions in light of the change of requirements.

The Committee agreed that an earlier start time for future Budget Scrutiny meetings may be beneficial.

Moved by Councillor K. Reid and seconded by Councillor S. Peake.
RESOLVED that the update from Scrutiny Chairs be noted.

The meeting concluded at 16:37.