

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 Thursday 6th June 2019 at 1000 hours.

PRESENT:-

Members:-

Councillor Jenny Wilson in the Chair

Councillors Rose Bowler, Nick Clarke, Tricia Clough, Paul Cooper, David Dixon, David Downes, Ray Heffer, Chris Kane, Tom Munro, Evonne Parkin, Graham Parkin, Peter Roberts, Janet Tait and Rita Turner.

Officers:- Lee Hickin (Joint Strategic Director – People), T. Fletcher (Chief Accountant and Section 151 Officer), Joanne Wilson (Scrutiny & Elections Officer) and Alison Bluff (Governance Officer).

0027. APOLOGIES

Apologies for absence were received on behalf of Councillors Derek Adams, Jane Bryson, Tracey Cannon, Anne Clarke, Jim Clifton, Pat Cooper, Maxine Dixon, Andrew Joesbury, Tom Kirkham and Ross Walker.

Members and officers observed one minutes silence in respect of D-Day Remembrance.

0028. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

0029. DECLARATIONS OF INTEREST

There were no declarations of interest made.

0030. MINUTES – 30TH JANUARY 2019

Moved by Councillor Rose Bowler and seconded by Councillor Tom Munro
RESOLVED that the Minutes of a Budget Scrutiny Committee held on 30th January 2019 be approved as a correct record.

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0031. FINANCIAL OUTTURN 2018/19

Committee considered a report and slide presentation provided by the Section 151 Officer in relation to the Authority's financial outturn for 2018/19.

The focus of the report was on providing management information to Members and other stakeholders to assist in the financial management of the Council.

The Council had published its draft Statement of Accounts in respect of 2018/19 on 17th May 2019, in line with the statutory deadline of 31st May 2019. The draft Statement of Accounts was now subject to an independent audit from the Council's external auditors, Mazars and remained subject to possible amendment until they were agreed by the external auditors.

It was anticipated that the external audit would be completed during June 2019 in order to allow the final audited accounts to be reported to and approved by the Audit Committee at its meeting on 29th July 2019.

The report considered the 2018/19 outturn position in respect of the General Fund, the Housing Revenue Account (HRA), the Capital Programme and Treasury Management activities, the level of balances at the year end and the impact which the closing position had upon the Council's budgets in respect of the current financial year.

General Fund

In February 2018, council tax was set up for the year 1st April 2018 to 31st March 2019. To enable this to be done, financial officers produced the 'Medium Term Financial Plan' (MTFP). This included revenue budgets made up of income and expenditure for 2018/19 and projections for 2019/20, 2020/21 and 2021/22.

The report showed the financial outturn position for 2018/19 and Appendix 1 and 2 of the report were the general fund elements which showed the summary and detail for 2018/19.

Housing Revenue Account

In February 2018 the housing rents were set up for the year 1st April 2018 to 31st March 2019. This fed into the MTFP and included revenue budgets made up of income and expenditure for 2018/19 and projections for 2019/20, 2020/21 and 2021/22.

The report showed the financial outturn position for 2018/19. Appendix 3 of the report showed the summary for 2018/19 of the housing revenue account element.

The Section 151 Officer noted that the slide should say additional interest cost and not additional income cost.

Capital Programme

Capital was shown separately for general fund and housing and also how the Council was going to pay for expenditure. In February 2018, the MTFP included estimates for

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both. It also included expenditure and financing for 2018/19 and projections for 2019/20, 2020/21 and 2021/22.

The report showed the financial outturn position for 2018/19. Appendix 4 of the report showed the capital programme detail of individual schemes and financing for 2018/19.

Treasury Management

In February 2018, the MTFP included estimates of interest payable on loans and interest receivable on the Council's investment balances. Estimates for 2018/19 and projections for 2019/20, 2020/21 and 2021/22 were included.

The report showed the financial outturn position for 2018/19. Appendix 5 of the report covered treasury management for 2018/19.

The Council's overall borrowing requirement was £115.866m, which was £2.98m less than budgeted due mainly to less capital expenditure than anticipated.

Public Works Loan Board (PWLB) debt did not change during the year and remained at £102.1m. Effective internal borrowing was £13.766m being the difference between the PWLB debt and the borrowing requirement. PWLB debt interest paid was £3.642m. Investment income received was £0.368m.

Members queried the variances between the budget and outturn figures in respect of Streetscene and Democratic Services to which the Section 151 Officer and Joint Strategic Director – People provided a detailed response.

Moved by Councillor Ray Heffer and seconded by Councillor Rita Turner

RESOLVED that (1) the outturn position in respect of the 2018/19 financial year be noted,

(2) the proposed carry forward of capital budgets as detailed in Appendix 4 to the report totalling £3.910m, be noted.

0032. CORPORATE DEBT MONITORING – QUARTER 4 (2018/19)

Committee considered a report and slide presentation provided by the Section 151 Officer which provided an update to Members on the Council's corporate debt position at the end of quarter 4 (2018/19).

The main sources of income for the Council's General Fund were business rates (National Non Domestic Rates (NNDR)), council tax, a small number of government grants and service related income. The main source of income for the Council's Housing Revenue Account was dwelling rent, often referred to as 'housing rents'. Government grants were paid over to the Council on agreed dates directly so there was no need to include them on any of the debtor systems. For business rates and council tax, these debts were part of the collection fund and were shared with major preceptors including Derbyshire County Council, Police and Fire; so only a percentage of these debts belonged to the Council. Legislation governed the collection of business rates, council tax and housing rents.

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For most other sources of income (service related income), invoices were raised. Examples of these were; housing benefit overpayment, trade refuse, industrial unit rent, garage site rent, warden's service (and alarms) and leisure hire of facilities. This income was reported in two amounts with housing benefit overpayment identified from the rest.

Recovery of housing benefit overpayment was governed by legislation. Where possible and reasonable it was recovered from ongoing housing benefit but there were strict limits per week and so it could take a long time to recover. Direct Earnings Attachment (DEA) was another method of collecting the debt – these had proven a successful method of collection over the last 6 months. As more customers move off housing benefit onto Universal Credit, it would mean recovery from ongoing housing benefit would not be an available method of recovery.

Table 1 in the report showed the sources of income for the Council as at 31st March 2019 and also for 2018 for comparison.

Table 2 in the report showed the level of arrears for the Council at 31st March for the last two financial years. This information was published in the Council's Statement of Accounts document each year.

Part of managing the debt was assessing the likelihood of future non-collection and at each year end an estimate of non-collection was made based on historic payment information for the same class of debt. This provision was often referred to as the bad debt provision. At each year-end, the provision balance for each class of debt was reviewed, compared against latest arrears balances to ensure it still covered the amount of non-collection in case of 'write-off' debts and either increased or decreased, whichever was appropriate.

Table 3 in the report showed the bad debt provision for each class of debtor at 31st March for the last two financial years:

Indicators for debt collection were monitored through the 'Perform' system and reported at quarterly performance meetings. Targets for collecting income and reducing arrears for each class of debt were set and monitored. Performance data on debt collection was also reported quarterly to the Executive meetings.

Table 4 in the report showed for 2018/19, the movement since last financial year, in the value of each source of income, the amount that was outstanding as arrears and the bad debt provision, which related to that source of income. Overall in 2018/19, the Council had received £6.6m more in income; arrears had been reduced by £0.184m and the bad debt provisions had reduced by £0.032m as they were no longer needed.

In response to a Member's query, the Section 151 Officer advised that NNDR arrears were shown in the report as a credit – this was because some customers pay NNDR in advance. It was noted that the Council's NNDR arrears were quite low.

Moved by Councillor Ray Heffer and seconded by Councillor Ton Munro
RESOLVED that Council's Corporate Debt as at 31st March 2019 be noted.

The Section 151 Officer and the Strategic Director – People left the meeting.

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0033. BUDGET SCRUTINY COMMITTEE WORK PROGRAMME 2019/20

Committee considered their Work Programme for 2019/20.

The Scrutiny & Elections Officer drew Members attention to the Budget Scrutiny Committee meeting in November 2019 where Arlingclose, the Council's Treasury Management Advisors, would be in attendance to provide a presentation to the Committee.

Members were requested to inform the Scrutiny & Elections Officer if they required additional training around financial scrutiny. A Member replied that he felt that 'hands-on' training was needed for Members and should include 'mock ups' and 'tests'.

Moved by Councillor Rita Turner and seconded by Councillor Ray Heffer
RESOLVED that the Budget Scrutiny Work Programme for 2019/20 be noted.

0034. UPDATE FROM SCRUTINY CHAIRS

Growth Scrutiny

Councillor Jenny Wilson, Chair of the Growth Scrutiny Committee, advised the meeting that the first meeting of the Committee would take place on 12th June 2019. Agenda items would include;

- The Monitoring Report on the Growth Strategy for Q3 and Q4 2018-19
- Q4 Performance Report for the Corporate Plan
- Setting our Work Programme and Review topics for the year

Last year's work had now moved in to the Post-Scrutiny Monitoring phase and the Committee would be receiving reports throughout the year for its Review of Income Generation.

Customer Service & Transformation Scrutiny

Councillor Rose Bowler, Chair of the Customer Service & Transformation Scrutiny Committee, advised the meeting that the first meeting of the Committee would take place on 17th June 2019. Agenda items would include:

- The final Monitoring Report from our Review of Disability Adaptations to Council Properties
- Q4 Performance Report for the Corporate Plan
- Setting our Work Programme and Review topics for the year

Last year's work had now moved in to the Post-Scrutiny Monitoring phase and the Committee would be receiving reports throughout the year for its Review of Delivery of Environmental Health & Licensing and Review of Standards Committee.

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The Committee was also finalising dates to receive updates on the work of the Transformation Governance Group and would keep colleagues updated on the work of the Committee on this area of service delivery.

Healthy, Safe, Clean & Green Communities Scrutiny

Councillor David Downes, Chair of the Healthy, Safe, Clean & Green Communities Scrutiny Committee, advised the meeting that the first meeting of the Committee would take place on 21st June 2019. Agenda items would include:

- Q4 Performance Report for the Corporate Plan
- Setting the Committee's Work Programme and Review topics for the year

Last year's work had now moved in to the Post-Scrutiny Monitoring phase and the Committee would be receiving reports throughout the year for its Review of The Authority's Perception of Young People.

The meeting concluded at 1050 hours.