

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, 30 January 2020 at 10:00 hours.

PRESENT:-

Members:-

Councillor Jen Wilson in the Chair

Councillors Derek Adams, Rose Bowler, Jane Bryson, Anne Clarke, Tricia Clough, David Dixon, Maxine Dixon, David Downes, Ray Heffer, Natalie Hoy, Andrew Joesbury, Tom Kirkham, Tom Munro, Evonne Parkin, Graham Parkin, Janet Tait and Rita Turner.

Also in attendance at the meeting was Councillor Clive Moesby, Portfolio Holder for Finance & Resources.

Officers:- Theresa Fletcher (Head of Finance & Resources and Section 151 Officer), Joanne Wilson (Scrutiny & Elections Officer) and Alison Bluff (Governance Officer).

591 APOLOGIES FOR ABSENCE

Apologies for absence were received on behalf of Councillors Tracy Cannon, Jim Clifton and Chris Kane.

592 URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

593 DECLARATIONS OF INTEREST

There were no declarations of interest made.

594 MINUTES - 28TH NOVEMBER 2019

Moved by Councillor Rose Bowler and seconded by Councillor Tom Munro

RESOLVED that subject to the inclusion of Councillor Graham Parkin's name in Members present at the meeting, the Minutes of a Budget Scrutiny Committee held on 28th November 2019 be approved as a correct record.

595 PROPOSED BUDGETS - MEDIUM TERM FINANCIAL PLAN 2020/21 TO 2023/24

Committee considered a report in relation to the Council's proposed budget for 2020/21 for the General Fund, Housing Revenue Account and Capital Programme, as part of the Council's Medium Term Financial Plan covering the years 2020/21 to 2023/24. Any comments expressed by Budget Scrutiny Committee regarding the proposed budgets would be reported verbally to the Executive.

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To accompany the reports, the Head of Finance & Resources provided a slide presentation to the meeting which highlighted the following;

- 1) Revenue and Capital expenditure
- 2) General Fund (GF) expenditure and income
- 3) Housing Revenue Account (HRA) expenditure and income
- 4) Council Tax implications
- 5) Proposed HRA dwelling rents
- 6) Capital Programme
- 7) Government Funding
- 8) NNDR Growth Protection Reserve

In response to a Member's question regarding the monetary impact on a Council tenant due to the proposed increase in Council housing rent and Council Tax Band D, the Portfolio Holder for Finance & Resources suggested that would be around £2 per week. However, the Head of Finance & Resources could provide more accurate figures to Members if requested.

In response to a Member's question regarding the figure under IT Schemes, the Head of Finance & Resources replied that this was in relation to a new Housing Rents IT system that would be purchased.

A Member queried the increase in figures for Leisure Schemes and Vehicle and Plant. The Head of Finance & Resources replied that the increase for Leisure was the 5 year replacement of gym equipment and Vehicle and Plant was the 7 year replacement of refuse lorries.

In response to a Member's question, the Head of Finance & Resources advised the meeting that the increase in Council Tax on Band A to Band C properties was dependent on the increase on a Band D property. In terms of money, the 25% reduction in Council Tax for single people would be dependent on the Band of the property they lived in.

Moved by Councillor Ray Heffer and seconded by Councillor Tom Munro
RESOLVED that the report be noted.

596 TREASURY STRATEGY REPORTS 2020/21 - 2023/24

Committee considered a report in relation to the Council's Treasury Strategy Reports 2020/21 - 2023/24. Any comments expressed by Budget Scrutiny Committee regarding the reports would be reported verbally to the Executive.

The Chartered Institute of Public Finance and Accountancy Code (CIPFA) required the Authority to approve a treasury management strategy before the start of each financial year, and from 2019/20, the CIPFA Code also required that a Capital Strategy be produced alongside the Treasury Management Strategy. In addition, the 2018 Investment Guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG), required local authorities to produce a Corporate Investment Strategy. Thus from 2019/20, there had been a requirement to produce 3 separate treasury strategies. These strategies provided an approved framework within which officers undertook the day to day capital and treasury activities.

To accompany the reports, the Head of Finance & Resources provided a slide presentation to the meeting which highlighted the following;

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596a TREASURY MANAGEMENT STRATEGY

a) Treasury Management Strategy

The Treasury Management Strategy provided the framework for managing the Authority's cash flows, borrowing and investments for the period.

- The Authority was exposed to financial risks due to its investments and borrowing.
- The identification, monitoring and control of financial risk were central to the Authority's prudent financial management.

596b CAPITAL STRATEGY

b) Capital Strategy

The Capital Strategy was intended to provide a high level, concise overview of how capital expenditure, capital financing and treasury management activity contributed to the provision of the Authority's services.

- Introduced by 2017 edition of the Prudential Code.
- Capital expenditure was where the Council spent money on assets, such as property or vehicles that would be used for more than one year.
- Assets below £10,000 were not capitalised.

Capital Financing

All capital expenditure must be financed either from:-

- External sources such as government grants and other contributions.
- The Council's own resources (revenue, reserves and capital receipts) or
- Debt, which is borrowing and leasing.

When Capital is Financed by Debt

- Debt is only a temporary source of finance, since loans must be repaid.
- Therefore it was replaced over time by other financing, usually from revenue, which was known as minimum revenue provision (MRP).
- Alternatively, proceeds from selling capital assets (known as capital receipts) may be used to replace the debt.
- The Council's cumulative outstanding amount of debt finance was measured by the capital financing requirement (CFR).
- This increases with new debt-financed capital expenditure and reduces with MRP and capital receipts used to replace debt.

The Capital Strategy contained:

- Capital expenditure plans – summary.
- Capital expenditure plans – detail.
- How the capital expenditure would be financed – summary.
- The revenue implications of capital debt.
- Estimated capital financing requirements.

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- The minimum revenue provision statement.

596c CORPORATE INVESTMENT STRATEGY

c) Corporate Investment Strategy

Introduced by the 2018 edition of the Government's Guidance on Local Government Investments, the Corporate Investment Strategy focused on investments made for service purposes and commercial reasons rather than those made for treasury management.

The Investment Strategy contained:-

- Loans and shares for service.
- Property held for investment purposes.
- Loan commitments and financial guarantees.
- Investment indicators.

The Council's Commercial Investments were:-

- Property - the Council invested in local, commercial and residential property with the intention of making a profit that would be spent on local public services.

(The Ministry for Housing Communities and Local Government, defines property to be an investment if it is held primarily or partially to generate a profit).

Service Investments:-

- Loans - the Council lent money to support local public services and to stimulate local economic growth.
- Shares - the Council invested in the shares of Dragonfly Development Limited.

In response to a Member's query regarding support recharges, the Head of Finance & Resources advised that these were in relation to back office staff such as Finance, Payroll and Human Resources. The cost of these services were charged to all other departments based on how many staff those departments had.

The Portfolio Holder for Finance & Resources added that monies in the Transformation Reserve had been used to fund capital projects rather than borrowing money at additional cost to the Council.

Members thanked the Head of Finance & Resources for her presentation.

Moved by Councillor Tom Munro and seconded by Councillor David Downes
RESOLVED that the report be noted.

The Head of Finance & Resources and Section 151 Officer left the meeting.

597 BUDGET SCRUTINY COMMITTEE WORK PROGRAMME 2019/20

Committee considered their Work Programme 2019/20.

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A new area for consideration in the 2020/21 Budget Scrutiny Work Programme would be 'grant funding to the voluntary community sector'. The Scrutiny & Elections Officer had been working with the Deputy Leader on this who wished to raise its profile at Budget Scrutiny Committee.

An annual debt monitoring report would also be included in future Budget Scrutiny Work Programmes and presented to Committee at the first meeting in each new municipal year.

Moved by Councillor Ray Heffer and seconded by Councillor Andrew Joesbury
RESOLVED that the Work Programme 2019/20 be noted.

598 UPDATE FROM SCRUTINY CHAIRS

Healthy Safe Clean and Green Scrutiny Committee

The Chair of Healthy Safe Clean and Green Scrutiny Committee reported that the Committee was currently preparing for their annual review of the Community Safety Partnership. This was a statutory function of the Committee. If any Member was aware of any particular issues regarding community safety they feel should be addressed, they could speak to the Chair in advance of the meeting on 6th March 2020.

The Committee was also looking forward to assisting in shaping the new performance framework which would sit under the Leaders Ambition for the Council.

At the last meeting, Committee received the final monitoring report from the previous Review of Environment Enforcement. Due to the current service review being undertaken in Environmental Health, the presentation to all Members at Council had now been delayed until the summer.

Customer Service and Transformation Scrutiny Committee

The Chair of Customer Service and Transformation Scrutiny Committee reported that both Reviews being undertaken by the Committee were progressing well with the Review on Re-letting of Council Properties being at final report stage. The Committee was also looking forward to assisting in shaping the new performance framework which would sit under the Leaders Ambition for the Council.

Post Scrutiny monitoring of 2 previous reviews was currently due – these were the Operational Review of Standards Committee and the Review of Environmental Health and Licensing.

Growth Scrutiny Committee

The Chair of Growth Scrutiny Committee reported that the Committee's Review of Current and Future External Funding was at final report stage and outline recommendations had been made.

An extraordinary meeting of the Committee had been held on 22nd January to complete additional work in relation to the Review of the Private Rented Sector. This was an additional mini review for the Committee and a range of actions would be put forward with

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the help of the new Assistant Director of Development.

The Committee was also looking forward to assisting in shaping the new performance framework which would sit under the Leaders Ambition for the Council.

Moved by Councillor Ray Heffer and seconded by Councillor Tom Munro
RESOLVED that the updates be noted.

The meeting concluded at 1042 hours.