

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 1st August 2019 at 1000 hours.

PRESENT:-

Members:-

Councillor Rose Bowler (Vice Chair) in the Chair to Minute No 205.

Councillor Jen Wilson in the Chair from Minute No 206.

Councillors Jane Bryson, Tracey Cannon, Anne Clarke, Jim Clifton, Tricia Clough, David Downes, Ray Heffer, Andrew Joesbury, Chris Kane, Tom Munro, Evonne Parkin, Graham Parkin, 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 Donna Cairns (Senior Governance Officer).

0201. APOLOGIES

Apologies for absence were received on behalf of Councillors Derek Adams, Paul Cooper, Pat Cooper, David Dixon, Maxine Dixon, Natalie Hoy and James Watson.

0202. URGENT ITEMS OF BUSINESS

There were no urgent items of business to consider.

0203. DECLARATIONS OF INTEREST

Members were requested to declare the existence and nature of any disclosable pecuniary interests and/or other interests, not already on their register of interests, in any item on the agenda and withdraw from the meeting at the appropriate time.

There were no declarations of interest made.

0204. MINUTES – 6TH JUNE 2019

Moved by Councillor Tom Munro and seconded by Councillor Chris Kane

RESOLVED that the Minutes of a Budget Scrutiny Committee held on 6th June 2019 be approved as a correct record.

BUDGET SCRUTINY COMMITTEE

0205. BUDGET MONITORING REPORT – QUARTER 1 APRIL – JUNE 2019

Committee considered a report of the Chief Accountant and Section 151 Officer which provided an update on the financial position of the Council following the first quarter's budget monitoring exercise for the General Fund, the Housing Revenue Account (HRA), Capital Programme and Treasury Management activity.

General Fund

The overall position on the General Fund at the end of Quarter 1 showed that there was a favourable variance of £0.365m. This was mainly due to receiving income in advance of spend for the year. There were no real budget pressures identified in Quarter 1, however officers were to continue to monitor the position during the next quarter.

The savings target for 2019/20 in the Medium Term Financial Plan had been met, however there was still a need for on-going savings. The shortfall in future years was to be addressed through the Transformation Programme which included a combination of income maximisation, business redesign and business cost reduction options.

The Strategic Director – People gave Members an update on the Transformation Programme and outlined some of the projects which were proposed or were underway. This included the Combined Heat and Power project and the proposal to review the Joint Head of Finance and Resources post which was vacant. Reviews of service areas and base line budget reviews were also to take place as part of the Programme and this was anticipated to generate around £100k of savings. The Council was not looking to make redundancies or reduce service standards as part of the Transformation Programme, but rather to identify savings by improving efficiencies.

It was noted that the Business Rates Reset and Fair Funding Review were expected to be postponed for a further year.

Housing Revenue Account (HRA)

At the end of Quarter 1, the HRA was showing a net deficit of £0.361m. There were no significant issues to report in respect of this period.

Capital Programme

In headline terms, the Capital Programme profiled budget for Quarter 1 was £3.913m and the actual spend and known commitments totalled £2.830m, which was £1.083m behind the planned spend position.

There were no significant financial issues to report regarding capital expenditure, however it was noted that the delivery of the approved Capital Programme was slightly behind the profiled position as at Quarter 1.

Treasury Management

The Treasury Management activity undertaken in the first quarter of 2019/20 was in line with the plans agreed as part of the Treasury Management Strategy 2019-2023. The

BUDGET SCRUTINY COMMITTEE

income received from investments was higher than budgeted, however, interest rates were variable and therefore it was too early in the financial year to predict if this trend would continue. A full assessment of this was to be carried out during the next quarter with a view to amend budgets accordingly.

Moved by Councillor Tom Munro and seconded by Councillor Ray Heffer

RESOLVED that Budget Scrutiny Committee note the monitoring position at the end of the first quarter of 2019/20 in respect of the General Fund, the Housing Revenue Account, the Capital Programme and Treasury Management activity, and the key issues highlighted within the report.

Councillor Jen Wilson entered the meeting at this point and assumed the Chair.

0206. REDUCTION IN DEBT CHARGES THROUGH USE OF RESERVES

Committee considered a report of the Chief Accountant and Section 151 Officer which provided Members with a report due to be submitted to Executive on a proposal to reduce the cost of debt charges that the Council pays, by using reserves to financial the Capital Programme.

The proposal was to swap the financing of the General Fund Capital Programme to the use of reserves rather than borrowing in order to make substantial savings through reduced debt charges.

As at 31st March 2019, the Council's Transformation Reserve had a balance of £8.354m, of which £5.998 was uncommitted. This reserve was available to support investment in cost reduction or income growth, reflecting the Council's proactive approach to addressing the financial challenges it faced.

It was proposed that part of the Transformation Reserve could be used to fund the Capital Programme which would lead to a reduction in the debt charges.

The General Fund Capital Programme expenditure to be funded from borrowing was £6.573m for the whole three years of the programme. The debt charges associated with this level of borrowing were already included in the General Fund budget at £1.441m.

As the Council did not have enough reserves to be able to avoid the need for all of this borrowing, an assessment was carried out to calculate the largest savings on the highest value assets with the shortest lives. Vehicles was an example of this.

The report at Table 2 showed the proposal to use £2.732m of reserves in 2019/20 which would save £0.191m in that year. With further use of reserves in 2020/21 and 2021/22 as outlined in Table 2 of the report, a total of £0.841m would be saved over the three year period.

Committee were advised that there was no financial risk associated with using reserves in this way. There was however always the opportunity to spend/invest the money on other things before the reserve is replenished. It was considered that if a scheme in excess of £3m of capital spend were to be required, subject to a business case, the money would be borrowed and debt charges would be incurred at that time.

BUDGET SCRUTINY COMMITTEE

As a comparison, officers had consider the investment of a neighbouring authority in a number of commercial properties over the last five years. The return on the individual investments ranged from 4.98% to 8.78%

It was anticipated that the use of reserves to fund the capital programme expenditure in place of borrowing was a return rate between 7% and 17%.

Moved by Councillor Ray Heffer and seconded by Councillor Tom Munro

RESOLVED that Budget Scrutiny Committee note the report concerning reducing the Council's cost of debt charges by using reserves to finance the capital programme.

0207. BUDGET SCRUTINY COMMITTEE WORK PROGRAMME 2019/20

Committee considered their Work Programme for 2019/20.

The Scrutiny & Elections Officer advised Members that further work would be carried out on the Corporate Debt Monitoring Reports that would be brought to Committee to ensure that the information is laid out in a meaningful way for Members to consider. This would include comparisons with the same period in previous years. Quarter 1 and Quarter 2 information would be brought in the same report at the next meeting.

Members were requested to contact the Scrutiny & Elections Officer should they have any queries regarding future meetings.

Moved by Councillor Ray Heffer and seconded by Councillor Tom Munro

RESOLVED that Members note the report and the Programme attached at Appendix 1 to the report.

0208. UPDATE FROM SCRUTINY CHAIRS

Growth Scrutiny

Councillor Jen Wilson, Chair of the Growth Scrutiny Committee, advised the meeting that the Committee had identified one topic for review which was still to be formally approved, looking at Current and Future External Funding. The review was to understand the Council's approach to identifying funding, how projects are developed and bidding processes.

Customer Service & Transformation Scrutiny

Councillor Rose Bowler, Chair of the Customer Service & Transformation Scrutiny Committee, advised the meeting that the Committee had agreed to look at two review topics for this year:

- The Re-letting of Council Properties
- The customer experience and our approach with New Bolsover Model Village redevelopment

BUDGET SCRUTINY COMMITTEE

Dates had been agreed for updates from the Transformation Governance Group and the Chair would provide further updates 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 Committee had agreed to look at two review topics for this year:

- The Council's approach to mitigation of air pollution
- The Council's role in relation to children and care leavers.

The meeting concluded at 1020 hours.