

# SCOTTISH BORDERS COUNCIL EXECUTIVE COMMITTEE

MINUTES of Meeting of the EXECUTIVE  
COMMITTEE held via MS Teams on  
Tuesday, 8th February, 2022 at 10.00 am

Present:- Councillors M. Rowley (Chairman), G. Edgar, E. Jardine, C. Hamilton,  
S. Hamilton, S. Haslam, J. Linehan, S. Mountford, R. Tatler, G. Turnbull and  
T. Weatherston.  
Apologies:- Councillor S. Aitchison  
Also Present:- Councillor S. Bell  
In Attendance:- Chief Executive Officer, Director Finance & Corporate Governance, Director  
Infrastructure & Environment, Democratic Services Team Leader, Democratic  
Services Officer (D. Hall)

## 1. **MINUTE**

There had been circulated copies of the Minute of the meeting held on 18 January 2022.

## **DECISION**

**APPROVED for signature by the Chairman.**

## 2. **MONITORING OF THE GENERAL FUND REVENUE BUDGET 2021/22**

- 2.1 There had been circulated copies of a report by the Director, Finance & Corporate Governance providing budgetary control statements for the Council's General Fund based on actual expenditure and income along with explanations of the major variances identified between projected outturn expenditure/income and the current approved budget. The Council had continued to experience impacts from the COVID-19 pandemic into the new financial year with a number of variations from budget evident. The report explained that due to the very challenging operating environment it remained essential that the Council continue to operate as efficiently as possible to ensure that any financial implications not yet clear could be managed as the financial year progressed.
- 2.2 Forecasts had been completed at the third quarter of 2021/22 at 31 December which projected the Council to be in a balanced position at the financial year end. The position was a net increase of £0.729m in the Covid-19 reserve compared to the reported position at the end of the second quarter of the current year. The forecast position included the carry forward of resources from 2021/22. Impacts from Covid-19 were expected to continue in to 2022/23, the Covid-19 reserve would be drawn down as required to meet identified financial pressures. The latest forecast detailed all known pressures including loss of income, confirmed Scottish Government funding, the effects of the continued freeze on discretionary spend and assumptions around delivery of Financial Plan savings.
- 2.3 The report outlined that significant confirmed funding was in place for 2021/22, with a commitment that additional expenditure incurred through the Integration Joint Board (IJB) delivering Health & Social Care services be funded by the Scottish Government. The report detailed the breakdown of confirmed COVID-19 funding for 2021/22, stating that a total of £32.913M was available. The total COVID-19 funding was split between funding which had been ring-fenced to be used for a specific purpose (£14.733m) such as education recovery, IJB funding, admin funding and funding to support communities, and that which could be used more generally by the Council to address COVID-19 pressures (£18.180m). Full details of funding available was provided in Appendix 2 to the report.

- 2.4 There had been an ongoing impact on the delivery of Financial Plan savings during 2021/22 as a result of the diversion of management time to the pandemic during 2020/21 and into 2021/22. The level of savings required by the financial plan, totalled £9.301, in 2021/22 and an analysis of delivery of savings was provided in Appendix 3 to the report. Following the December month end savings of £2.687m were delivered permanently, £0.696m was profiled to be delivered by 31 March 2022 and £5.918m was to be delivered on a temporary basis through alternative savings.
- 2.5 The Director, Finance & Corporate Governance, Mr David Robertson, presented the report, answered questions from Members, and drew particular attention to the appendices attached to the report. Regarding the Bellwin scheme, an emergency financial assistance programme that allowed local authorities to claim for financial support associated with unforeseen costs arising from emergency incidents, the Director advised members that the Council had incurred approximately half of the costs required to make a claim, and that the costs associated with the flooding event in Hawick and Storm Arwen would therefore have to be absorbed by the Council. In response to a question on forward purchasing of electricity by the Council, the Director explained that the Council had purchased the vast majority of its electricity for the next financial year in advance, alleviating the need to put additional money into that area of the budget. The Director acknowledged that rises in energy prices could become more of a pressure in future years, but that he hoped ongoing work to increase the energy efficiency of Council owned buildings would minimise the impact of rises in price.

## **DECISION**

### **AGREED to:-**

- (a) note the projected corporate monitoring position reported at 31 December 2021, the remaining pressures identified, the underlying cost drivers of this position and the identified areas of financial risk as reflected in Appendix 1 to the report;**
- (b) the Covid-19 funding detailed in Appendix 2;**
- (c) the progress made in achieving Financial Plan savings in Appendix 3; and**
- (d) approve the virements attached as Appendices 4 and 5.**

## **3. MONITORING OF THE CAPITAL FINANCIAL PLAN 2021/22**

- 3.1 There had been circulated copies of a report by the Director, Finance & Corporate Governance providing an update on the progress of the 2021/22 Capital Financial Plan and seeking approval for virements and the reallocation of funds. The monitoring tables in Appendix 1 to the report detailed actual expenditure to 31 December 2021. Key issues identified in those tables were summarised within the main report. The report explained that the December month end of position reflected a projected outturn of £66.171m, with a net budget variance of £18.058m. Past expenditure trends indicated that delivering the remaining expenditure of £26.9m in the final quarter of 2021/22 would be challenging, potentially leading to further slippage at year end. There were a number of macro-economic factors affecting the Capital Plan. It was noted that the construction materials supply chain had been subject to unprecedented disruption in recent months. A surge in demand, coupled with constraints on supply had led to price increases, shortages and longer lead times and the impact of this on the Capital Plan was being assessed.
- 3.2 Current legally committed projects had a small risk of impact and block programmes of work could operate within a cash constrained budget and were considered lower risk. The report stated that the most significant risk lay in the small number of contracts to be tendered this year which might result in budget pressure. Any financial implications from those market conditions would be reported through the regular budget monitoring cycle, with any longer term impacts reflected in the financial planning process.

- 3.3 The list of block allocations approved for the year and various approved and proposed projects to be allocation from them within the 2021/22 Capital Plan was outlined in Appendix 2 to the report. The list of estimated whole project capital costs for single projects which would not be completed in the current financial year was outlined in Appendix 3 to the report. The Director, Finance & Corporate Governance presented the report, highlighted the success of ongoing projects and answered questions from Members. Regarding capital costs listed as Wheeled Bins – Street Cleansing, the Director explained that the costs related to the ongoing need to replace bins that had reached the end of their useful life span or otherwise had to be replaced. In response to a question on the repair works on the Union Chain Bridge, the Director explained that the project was being managed by Northumberland County Council, works were ongoing to understand the full extent of repairs required and that money had been earmarked from the Emergency and unplanned budget as contingency. Any additional funding not required would be released back into the capital programme. In response to a question regarding delays to Hawick Regeneration works, the Director of Infrastructure and Environment explained that errors present in the initial tenders received had led to delays in the process due to the inability to compare like for like costs between those tenders. The tender process was now almost complete, and it was hoped that a preferred contractor would be appointed before the end of the financial year.

#### **DECISION**

- (a) AGREED the projected outturn in Appendix 1 to the report as the revised capital budget and approved the virements required.**
- (b) NOTED:**
  - (i) the budget virements previously approved by the Executive Director, Finance & Corporate Governance and the Director Infrastructure & Environment detailed in Appendix 2 to the report under delegated authority;**
  - (ii) the list of block allocations detailed in Appendix 2 to the report; and**
  - (iii) the list of whole project costs detailed in Appendix 3 to the report.**

#### **4. BALANCES AT 31 MARCH 2022**

There had been circulated copies of a report by the Director, Finance & Corporate Governance providing an analysis of the Council's balances as at 31 March 2021 and advising Members of the projected balances at 31 March 2022. The report explained that the unaudited Council's General Fund useable reserve (non-earmarked) balance was £8.831m at 31 March 2021. The General Fund useable reserve was projected to be at least £6.315m at 31 March 2022, in line with the Council's Financial Strategy. The total of all useable balances, excluding development contributions, at 31 March 2022 was projected at £48.948m, compared to £47.672m at 31 March 2021. The report noted the projected balance on the Capital Fund of £8.831m would be affected by any further capital receipts, developer contributions, interest credited and any expenditure authorised to be financed from the Fund during the remainder of the financial year.

#### **DECISION**

##### **NOTED:-**

- (a) the projected revenue balances as at 31 March 2022 as contained in Appendices 1 & 2 to the report; and**
- (b) the projected balance in the Capital Fund as contained in Appendix 3 to the report.**

5. **SUNDRY DEBT WRITE OFF - BEAUNE PROPERTIES LTD**

There had been circulated copies of a report by the Director, Finance & Corporate Governance that informed the Committee of an outstanding sundry debt for Beaune Properties Ltd, and requested approval to write the debt off against the existing balance sheet provision. Appendix 1 to the report contained a statement of account for Beaune Properties Ltd. The Director, Finance & Corporate Governance explained that the write off related to two companies which had both had the same directors. The debts related to works undertaken to secure a site at Harriers Hut, Hawick, and works to stabilise a dangerous building at Wilton Mill, Hawick. The Director explained that as a result of court proceedings, a mediation process had taken place. The outcome of the mediation process was that the Company had agreed to pay the Council £40k, but had not subsequently done so. The Companies were subsequently dissolved in 2013 and 2016, with the debt irrecoverable. Regarding the delay in processing the write off, the Director acknowledged that the process should have happened faster, and cited workload pressures and changes of personnel as an explanation for the delay. In response to a question on future exposure to similar circumstances, the Director explained that the processes for reviewing historic debt were more robust, and that no similar cases were identifiable.

**DECISION**

**AGREED to approve the write off amount of outstanding sundry debt for Beaune Properties Ltd amounting to £100,731.45.**

6. **PRIVATE BUSINESS**

**AGREED under Section 50A(4) of the Local Government (Scotland) Act 1973 to exclude the public from the meeting during consideration of the business detailed in Appendix 1 to this Minute on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 4 of Part I of Schedule 7A to the Act.**

7. **CYCLING WORLD CHAMPIONSHIPS 2023**

A report by the Director, Resilient Communities was approved.

***The meeting concluded at 11.20 am***