

SCOTTISH BORDERS COUNCIL EXECUTIVE COMMITTEE

MINUTES of Meeting of the EXECUTIVE COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St. Boswells and via Microsoft teams on Tuesday, 15th November, 2022 at 10.00 am

Present:- Councillors E. Jardine (Chair), , L. Douglas, M. Douglas, J. Greenwell, C. Hamilton, S. Hamilton, J. Linehan, S. Mountford, J. Pirone, E. Robson, M. Rowley, F. Sinclair, R. Tatler, E. Thornton-Nicol, and T. Weatherston.

Also Present: Councillor W. McAteer

Apologies: Councillors C. Cochrane, D. Parker

In Attendance:- Acting Chief Executive, Acting Chief Financial Officer, Interim Corporate Governance Officer, Director Infrastructure and 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 4 October 2022.

DECISION

APPROVED for signature by the Chairman.

2. **PROPOSED USE OF SECOND HOMES COUNCIL TAX TO GRANT ASSIST DELIVERY OF AFFORDABLE HOUSING AT KIRKHOPE STEADING, ETRICK BRIDGE**

With reference to paragraph 6 of the Minute of the meeting held on 1 March 2022, there had been circulated copies of a report by the Director, Infrastructure and Environment which sought approval to use available Second Homes Council Tax funding to grant assist Ettrick and Yarrow Community Development Company to deliver 5 affordable homes at Kirkhope Steading, Ettrick Bridge. The Council's Strategic Housing Investment Plan 2022-27 had identified Kirkhope Steading as a priority project. The project was under construction, with completion anticipated late November 2022. The report advised that as a result of the national context of increasing costs, inflationary pressures, increasing interest rates and contract overrun, a funding gap of around £126,000 had been identified in order to complete the project. £36,711 of that shortfall related to final outturn costs associated with the construction of the 5 new homes on the site. Members highlighted the positive impact of the development on a rural area of the region, and recognised that the funding was a relatively small amount to secure a considerable development. In response to a question regarding the promotion of collaborative working between stakeholders and providers, the Director, Infrastructure and Environment acknowledged that more needed to be done and that further meetings were planned with Scottish Power Energy Networks. Regarding risk planning for other projects given ongoing economic pressures, the Director confirmed that work was ongoing internally on budget setting, and that discussions were planned with partners.

DECISION

AGREED:-

- (a) **to grant assist the Ettrick and Yarrow Community Development Company up to £36,711 towards the final costs of delivering the 5 homes at Kirkhope Steading, Ettrick Bridge; and**

- (b) that the Council's grant would be funded from the Second Homes Council Tax available balance.**

3. MONITORING OF THE GENERAL FUND REVENUE BUDGET 2022/23

- 3.1 There had been circulated copies of a report by the Acting Chief Financial Officer which provided budgetary control statements for the Council's General Fund based on actual expenditure and income to 30 September 2022 along with explanations of the major variances identified between projected outturn expenditure/ income and the approved budget. The report explained that the Council continued to be impacted by the current operating environment. Those impacts included continuing impacts from the Covid-19 recovery period and unprecedented inflation levels in the wider economy, which had caused internal Council pressures and pressures on critical service delivery partners. Due to the very challenging operating environment it remained essential that the Council continued to operate as efficiently as possible to ensure that any financial implications not yet clear could be managed as the financial year progressed. Forecasts had been completed at the second quarter of 2022/23, as at 30 September, which projected the Council to be in a balanced position at the financial year end. That forecasted position included the deployment of £4.022m of the Recovery Fund in order to balance the 2022/23 budget, which resulted in a balance of £3.626m which remained to address future pressures.
- 3.2 The Recovery Fund would be drawn down as required to meet identified financial pressures. Confirmed funding was in place for 2022/23 and was categorised as follows: funding provided by Scottish Government, £0.156m; funding carried forward from 2021/22 through Covid-19 reserve, £9.465m; funding included in the 2022/23 Financial Plan for Covid-19 response, £0.069m; and Assumed Local Mobilisation Plan (LMP) funding, £2.237m. Recovery funding was split between funding which had been ring-fenced to be used for a specific purpose (£3.845m), for example education recovery, LMP and admin funding, and that which could be used more generally by the Council to address Covid-19 pressures (£8.082m). All residual Covid-19 funding carried forward from 2021/22 and full details of funding available was shown in Appendix 2 to the report. Financial plan savings of £12.027m required to be delivered in 2022/23. An analysis of deliverability was shown in Appendix 3 to the report. Following the September month end £7.433m savings had been delivered permanently, £2.215m were profiled to be delivered by 31 March 2023 and £2.379m had been delivered on a temporary basis through alternative savings. The Acting Chief Financial Officer presented the report and responded to Members questions. Regarding the £0.722m saving identified under realignment of homecare, achieved by alternatives on a temporary basis, the Acting Chief Executive explained that a paper would be brought to Elected Members in the future regarding the scheme. In response to a question regarding whether the Council could assist its partners manage volatility in the energy markets via its energy procurement contracts, the Director, Infrastructure and Environment undertook to consult with the Finance Department and respond to Members directly. The Acting Chief Financial Officer confirmed that the rules regarding which organisations could benefit from the Council's energy procurement contract restricted those who could be assisted, and undertook to ensure that all of the suitable organisations were included. Regarding the reporting process for savings, the Acting Chief Financial Officer confirmed that the reports were brought to the Committee on a Quarterly basis.

DECISION

AGREED to:-

- (a) note the projected corporate monitoring position reported at 30 September 2022, the remaining pressures identified, the underlying cost drivers of that position and the identified areas of financial risk as reflected in Appendix 1 to the report;**

- (b) note the pressures of £4.022m as detailed in Appendix 1 to the report being funded from the Recovery Fund in 2022/23 in order to balance the budget;
- (c) note the Recovery Fund resources detailed in Appendix 2 to the report;
- (d) note the progress made in achieving Financial Plan savings in Appendix 3 the report; and
- (e) approve the virements attached as Appendices 4 and 5 to the report.

DECLARATION OF INTEREST

Councillor Rowley declared an interest in the following item of business in terms of Section 5 of the Councillors Code of Conduct and left the meeting during the discussion.

4. MONITORING OF THE CAPITAL FINANCIAL PLAN 2022/23

There had been circulated copies of a report by the Acting Chief Financial Officer which provided an update on the progress of the 2022/23 Capital Financial Plan and sought approval for virements and the reallocation of funds. The monitoring tables in Appendix 1 to the report reported on actual expenditure to 30 September 2022. Key issues and highlights identified in those tables were summarised within the report. The September month end position reflected a projected outturn of £98.011m with a net budget variance of £15.379m. This included net timing movements from 2022/23 of £8.860m. An outturn spend of over £98m in 2022/23 would be challenging to deliver and represented a higher capital spend than had ever been delivered previously. Work continued with project managers to ensure 2022/23 forecasts were as realistic as possible, any further movement in forecasts would be presented through future monitoring reports. The report explained that a number of macro-economic factors continued to affect the Capital Plan in 2022/23. Unprecedented levels of inflation along with disruption in the construction materials supply chain continued to impact on the wider economy and consequently the Council. A surge in demand coupled with constraints on supply had led to price increases, shortages and longer lead times. The impact of that on tender prices for major projects and the wider Capital Plan continued to be assessed. 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, however would impact on the scale of project delivery from the blocks. The most significant risk therefore lay in the contracts being tendered this year which could result in a 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. In anticipation of inflationary pressures an inflation contingency of £1.253m was established at the 2021/22 year end to support potential budget pressures. This contingency was increased by £0.179m at the first quarterly monitoring and was being increased by a further £0.317m in the second quarterly monitoring, giving a revised contingency of £1.749m to support the Capital Plan as the year progressed. Appendix 2 to the report contained a list of the block allocations approved for the year and the various approved and proposed projects to be allocated from them within the 2022/23 Capital Plan. Appendix 3 to the report contained a list of estimated whole project capital costs for single projects which would not be completed in the current financial year. Members welcomed the report and acknowledged that difficult decisions remained outstanding regarding the Plan, and how to balance the ongoing financial pressures related to inflation and procurement difficulties. In response to a question regarding properties demolished in Ednam, Kelso, the Director, Infrastructure and Environment undertook to confirm whether those demolitions related to temporary school buildings. Regarding surfacing works at the old canteen, the Director explained that concerned ongoing works at Council Headquarters to install solar panels, electric vehicle charging station and to surface the area with tarmac as part of a wider smart grid project.

**DECISION
AGREED:-**

- (a) **the projected outturn in Appendix 1 to the report as the revised capital budget and approved the virements required;**
- (b) **to note the list of block allocations detailed in Appendix 2 to the report; and**
- (c) **to note the list of whole project costs detailed in Appendix 3 to the report.**

MEMBER

Councillor Rowley re-joined the meeting following the discussion of the item above.

5. BALANCES AT 31 MARCH 2023

There had been circulated copies of a report by the Acting Chief Financial Officer which provided an analysis of the Council's balances as at 31 March 2022 and advised of the projected balances at 31 March 2023. The unaudited Council's General Fund useable reserve (non-earmarked) balance was £9.848m at 31 March 2022. The General Fund useable reserve was projected, at this early stage in the financial year, to be at least £8.421m at 31 March 2023 in line with the Council's Financial Strategy. The total of all useable balances, excluding development contributions, at 31 March 2023 was projected to be £41.181m as summarised in the report. The projected balance on the Capital Fund of £8.961m 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

AGREED to:-

- (a) **note the unaudited 2021/22 revenue balances at 31 March 2022;**
 - (b) **note the projected revenue balances as at 31 March 2023 as contained in Appendices 1 & 2 to the report; and**
 - (c) **note the projected balance in the Capital Fund as contained in Appendix 3 to the report.**
- 6. CORPORATE DEBTS - WRITE OFFS IN 2022/23 MID YEAR UPDATE**
- With reference to paragraph 5 of the Minute of the meeting held on 18 January 2022, there had been circulated copies of a report by the Acting Chief Financial Officer which detailed the aggregate amounts of debt written off during the first 6 months of 2022/23 under delegated authority, as required by the Financial Regulations. The report covered the areas of Council Tax, Non-Domestic Rates, Sundry Debtors, Housing Benefit Overpayments and aged debt from the balance sheet. The total value of write-offs between 1 April 2022 and 30 September 2022 was £131.5k. In response to a question regarding how Scottish Borders Council compared to other Local Authorities in terms of collection rates and whether conversations took place to ensure that lessons could be learnt on best practice, the Acting Chief Executive explained that benchmarks and performance indicator comparisons were undertaken by the Chartered Institute of Public Finance and Accountancy and it was agreed that those would be shared with the Elected Members.
- DECISION**
- AGREED to note the debtor balances written off under delegated authority for the period 1 April 2022 to 30 September 2022.**

7. TAXI FARES REVIEW 2022/23

With reference to paragraph 14 of the Minute of the meeting held on 20 August 2019, there had been circulated copies of a report by the Director, Infrastructure and Environment which advised Members of the outcome of the statutory review of the current

scale of taxi fares, and sought approval for an increase in fares. The report explained that the Council as Licensing Authority was required in terms of Section 17 of the Civic Government (Scotland) Act 1982 ("the Act") to review the scales for fares and other charges in connection with the hire of a taxi at intervals not exceeding 18 months of the last review. In March 2022, a review of the current taxi fare rates was carried out using the Council's established formula which indicated that a 4.6% increase should be applied. This report required members to consider the proposed 4.6% increase and note the responses received from the consultation. The Director presented the report, responded to Members questions and highlighted the cost of living crisis had been of utmost concern when assessing the considered rate rise. Members expressed concerns regarding how the rise would affect vulnerable users' dependant on taxis for transport, and highlighted that taxi operators across the region were operating under considerable strain due to rising fuel costs. In response to a question regarding the potential impact of the rise on the Council's finances as a user of taxi services, the Chief Legal Officer explained that the Council was required to be impartial, and could not take into account its own financial interests when reaching a decision on a rate rise. Following lengthy discussions on whether the rate increase could be deferred until following the Christmas period, members unanimously agreed the recommendations.

DECISION

AGREED:-

- (a) that the taxi fare rates should increase by 4.6% as assessed during the review carried out in March 2022 and thereafter agree that taxi operators were informed of the Council's decision in writing; and**
- (b) If no appeal was received by the Office of the Traffic Commissioner within the 14 day period, then a statutory notice would appear in the local press giving the Council's intention to increase taxi fares by 4.6%. Operators would be required to display an updated tariff sheet in their vehicles from 20th December 2022.**

The meeting concluded at 11.20 am