

SCOTTISH BORDERS COUNCIL SCRUTINY & PETITIONS COMMITTEE

MINUTES of Meeting of the SCRUTINY &
PETITIONS COMMITTEE held via Microsoft
Teams on Thursday, 17 August 2023 at
10.00 am

Present:- Councillor E. Thornton-Nicol (Chair), J. Anderson, J. Cox, J. PatonDay, N. Richards, S. Scott, F. Sinclair

Apologies:- Councillors P. Brown, M. Douglas and E. Robson

In Attendance:- Chief Executive, Director Finance and Procurement, Director Resilient Communities, Clerk to the Council, Finance Analyst (T. Hutchison) and Democratic Services Officer (L. Cuerden)

1. **MINUTE AND SCRUTINY ACTION SHEET**

1.1 Copies of the Minute of Meeting held on 1 June 2023 had been circulated.

DECISION

APPROVED the Minute for signature by the Chair.

1.2 Copies of the Action Tracker for Scrutiny decisions had been circulated.

DECISION

NOTED the update to the Action Tracker

2. **COVID-19 RESERVE/RECOVERY FUND**

2.1 There had been circulated copies of a report by Director Finance and Procurement, the purpose of which was to provide Members with detailed financial information that showed the funding received from Scottish Government and that allocated from within the Council budget to the Covid-19 reserve/ Recovery Fund, the criteria for its spend and the actual spend and outcomes achieved. The 2020/21 budget had been approved by Council at the start of the pandemic and detailed work was undertaken for its review and initial 2020/21 forecasts which included best estimates of the impact of Covid-19 on Council finances. Quarterly monitoring to the Executive Committee continued during 2021/22. The Covid-19 reserve was created at the end of 2020/21 to allow the carry forward of available budget through earmarked balances. In August 2022 the Covid-19 reserve, held to provide one-off funding, was re-designated as a 'Recovery Fund' to support Covid recovery, inflationary pressures and wider operating constraints. The Council's contribution to the Covid-19 reserve over the full period was £11.884m. With the assumption that all Scottish Government funding of £60.821m had been deployed first, there remained £11.215m of Scottish Borders Council funding to be allocated to the Recovery Fund from redirected budgets. During the financial year 2022/23, it had become increasingly challenging to distinguish between pressures that arose from Covid - 19 and from those associated with the operating environment. This contributed to the reasoning behind the establishment of the Recovery Fund. At the end of the first quarter of 2023/24, the balance in the Recovery Fund was £1.187m. With reference to the meeting of the Executive Committee held on 15 August 2023, there was agreed the decision that a number of earmarked balances brought forward from 2022/23 were to be

reduced by 20% to address some service pressures highlighted during the first quarter. The balance of the Recovery Fund was to be reduced to £950k going forward.

- 2.2 Appendix 1 provided a high-level audit trail of movements in the Covid-19 Reserve/Recovery Fund from August 2020 to 15 August 2023. Appendix 1 also provided the same information in a detailed breakdown, tracking funding and expenditure from August 2020 to date. Appendix 2 detailed Scottish Government funding provided to Scottish Local Authorities: the national allocation, SBC's share of this and the funding received shown over the three financial years. Also included was the breakdown of £74.3m Covid-19 business grants which supported 5,770 businesses. There was no financial cost or benefit to the Council from these grants, though funding was received for the significant administrative burden incurred. It was to be noted that the Finance and CAS teams had been under significant pressure, with an increased workload, the adjustment to working from home and recruitment challenges throughout. Notwithstanding, business had continued to be conducted in a timely and professional manner. With reference to paragraph 5.2 of the report, all drawdowns from the Covid-19 reserve and the Recovery Fund had been approved by Elected Members through full Council or the Executive Committee. Audit Scotland had reported favourably on the Council's approach to managing the reserve over 2020/21 and 2023/33 annual audits.
- 2.3 There followed a brief discussion during which gratitude was expressed to the Director Finance and Procurement, the Finance department, the Chief Executive and staff across the Council for their work to bring the Council through the crisis in a secure manner. With reference to the classification of grants awarded from the Recovery Fund, there had been a request for criteria used to assess whether funding was Covid-19 related or due to the new operating environment, so Members could judge their appropriateness. In response, Ms Douglas reported that there were no criteria on the appropriateness in funding other than the Elected Member decisions. A choice had to be made on whether money was spent from allocated reserves and 'topped up' later or spent from the Recovery Fund. On the matter of the £58k expenditure attributed to Elected Members, £38k was associated with Councillors' pay award pressures and a £20k increase in Councillors' travel expenses. This was possibly due to an increase in travel because of the return to in-person. The matter of the travel expenses budget was continually reviewed as part of the ongoing financial planning process. It was highlighted that the annual travel budget pre-Covid was between £60k and £70k. In response to a question on fluctuating percentages of SBC's share of Scottish Government funding, it was reported that while the general allocation was 2.2%, there were other allocations based on different criteria e.g. the number of teachers at the last census; a percentage allocation on top of base level funding; a higher number of SMEs in the Borders resulted in a higher % share of funding. Concern was expressed by some Members at the funding provided for street parties from the Recovery Fund, but this had received approval at full Council. In the main the Recovery Fund had been used in an appropriate way to support communities through an unprecedented time. The Chair thanked all staff and members of the community for their work during Covid to make the Borders safe, secure and protected.

DECISION

NOTED the financial information provided showing the funding received from Scottish Government and that allocated from within the Council budget to the COVID-19 reserve, the criteria for its spend and the actual spend and outcomes achieved.

3. DATE OF NEXT MEETING

The next scheduled meeting of the Scrutiny & Petitions Committee was due to be held on 19 October 2023 at 10am. However, there would be a Special meeting held on 26 September 2023 to hear a petition.

The meeting concluded at 10.40 am