

SCOTTISH BORDERS COUNCIL **EXECUTIVE COMMITTEE**

MINUTE of MEETING of the EXECUTIVE COMMITTEE held in THE Council Chamber, Council Headquarters, Newtown St. Boswells on Tuesday, 21 August 2018 at 10.00 a.m.

Present:- Councillors S. Haslam (Convener), S. Aitchison, G. Edgar, C. Hamilton, E. Jardine, T. Miers, S. Mountford, M. Rowley, G. Turnbull, T. Weatherston

Also Present:- Councillors W. McAteer, .

In Attendance:- Chief Executive, Executive Director (R. Dickson), Chief Financial Officer, Democratic Services Team Leader.

ADJOURNMENT

The Chairman adjourned the meeting for a short time to allow Members to consider the position of Councillor McAteer following his resignation from the Independent Alliance. Following the recommencement of the meeting the Chairman advised that the Administration was formed by Members of the Conservative Group and the Independent Alliance and the Executive Committee was composed of Members of the Administration. As Councillor McAteer was no longer a Member of the Administration he could not be a Member of the Executive Committee. Councillor McAteer was asked to withdraw from the table.

1. MINUTE

The Minute of the Meeting held on 19 June 2018 was considered.

DECISION

AGREED that the Minute be approved and signed by the Chairman.

2. MONITORING OF THE GENERAL FUND REVENUE BUDGET 2018/19

There had been circulated copies of a report by the Chief Financial Officer providing the budgetary control statements for the Council's General Fund based on actual expenditure and income to 30 June 2018 and providing explanations of the major variances between projected outturn expenditure/income and the current approved budget. The report explained that after the first quarter of 2018/19 the Council was projecting pressures in excess of budget of £1.36m. However, action had been identified to offset the projected variance and these measures allowed a projected balanced position at 31st March 2019 to be forecast. Full delivery of these measures would allow all known pressures to be managed within the Council's overall 2018/19 revenue budget. However, this balanced position was dependent on the management actions identified being delivered during the remainder of the financial year. The revenue monitoring process during 2017/18 had continued to use the existing methodology of agreeing financial projections with managers due to delays in developing reporting functionality within Business World. As a result of further development of system functionality in 2018/19, a new budget forecasting tool had been developed and tested and was now being used by finance staff. Final adjustments were now being made to the forecasting modeller before it was fully rolled out to all budget managers. Real time financial reporting with drill-down functionality to individual transaction level within Business World was also now available to Budget Managers. This additional financial information would assist Managers with the process of effective budget management. As shown in Appendix 3 to the report, as at 30 June 2018, 56% (£9.182m) of the savings required by the approved budget had been delivered within the current year. A further 44% (£7.232m) was profiled to be delivered during the remainder of 2018/19. Emphasis during 2018/19 needed to be placed on delivering the savings permanently per the 2018/19 Financial Plan especially considering the scale of the full year savings required (£16.414m). Full details of pressures, risks and challenges and the significant majority of areas of the Council's operation where

budget plans remained on track were detailed in Appendix 1 to the report. In response to a concern that 23% of savings were being made on a temporary basis the Chief Financial Officer noted that, although some savings had been slower than anticipated, permanent savings would be made over time. Councillor Weatherston highlighted the challenges faced in trying to balance the Health and Social Care Budget.

DECISION

AGREED to:-

- (a) note the projected corporate monitoring position reported at 30 June 2018, the pressures identified, the underlying cost drivers of this position and the identified areas of financial risk as reflected in Appendix 1;**
- (b) approve the virements detailed in Appendix 2 to the report;**
- (c) note the progress made in achieving Financial Plan savings in Appendix 3 to the report;**
- (d) ask the Corporate Management Team to ensure measures continued to be taken to deliver a balanced budget in the current year; and**
- (e) reiterate support for a culture of sound financial management in all council departments to ensure the ongoing sustainability of the Council.**

3. BALANCES AT 31 MARCH 2018

There had been circulated copies of a report by the Chief Financial Officer providing an analysis of the Council's balances as at 31 March 2018 and details of the projected balances at 31 March 2019. The report explained that the unaudited Council's General Fund useable reserve (non-earmarked) balance was £6.672m at 31 March 2017. This reflected an increase of £0.005m from the draft revenue outturn projected position of £6.667m presented to Members on 19 June 2018 prior to the production of the unaudited accounts. The increase was as a result of some minor technical adjustments (£0.005m). The projected General Fund useable reserve was projected at £6.315m at the 31st March 2019 in line with the Council's Financial Strategy. The Council's Allocated reserve balance was £5.058m at 31 March 2018. The projected balance in the allocated reserve at 31st March 2019 was £3.063m, the movement was as a result of:

- £2m had been released to support the 2018/19 Financial Plan as previously agreed by Elected Members;
- £0.005m had been transferred from the General Fund balance to ER/VS within the Allocated balances;
- £0.135m had been transferred from CFCRs not applied to ER/VS following year end finalisation of balances required (net nil impact on overall allocated reserve balance).

The total of all useable balances, excluding developer contributions, at 31 March 2019 was projected to be £17.650m, compared to £28.793m at 31 March 2018. As the financial year progressed, earmarked balances to be carried forward to 2019/20 would increase. The projected balance on the Capital Fund of £4.203m 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 unaudited 2017/18 revenue balances at 31 March 2018;**
- (b) the projected revenue balances as at 31 March 2019 as contained in Appendices 1 & 2 to the report; and**

- (c) **the projected balance in the Capital Fund as contained in Appendix 3 to the report.**

4. MONITORING OF THE CAPITAL FINANCIAL PLAN 2018/19

There had been circulated copies of a report by the Chief Financial Officer providing an update on the progress of the 2018/19 Capital Financial Plan and seeking approval for projected outturns and associated virements, and the reallocation of funds. The monitoring tables in Appendix 1 to the report detailed actual expenditure to 30 June 2018. Key issues identified in these tables were summarised within the main report. The tables identified a projected net variance of £4.922m against the approved budget. The net in year budget decrease of £4.922m was primarily due to net budget timing movements to future years of £6.302m, the most significant of which was the Central Borders Business Park, £4.554m and Hawick Regeneration Block £1.862m offset by a net in year budget increase of £1.38m due to additional external funding secured to fund projects. Appendix 2 contained a list of the block allocations approved for this year and the various approved and proposed projects to be allocated from them within the 2018/19 Capital Plan. Appendix 3 contained a list of estimated whole project capital costs for single projects which would not be completed in the current financial year. Reflected in the current Capital Plan was additional budget as a result of timing movements within programme from previous financial years. Further timing movements were emerging at the end of the first quarter with budget now being transferred into future financial years. As a result a review of the capital investment planning process would be undertaken during this financial year to assess how well the Council was complying with the best practice principles set out in the Audit Scotland guide. A Capital Investment Strategy per the requirements of the CIPFA prudential code would also be produced as part of the 2019/20 financial planning process. The Chief Financial Officer highlighted the additional funding from the Strategic Timber Transport Scheme of £0.601m to repair damaged roads and Sustrans funding of £0.424m for works related to the Hawick Flood Prevention Scheme.

DECISION AGREED:-

- (a) **the projected outturns in Appendix 1 to the report as the revised capital budget and approves the virements required;**
- (b) **to note the budget virements previously approved by the Chief Financial Officer and Service Director Assets & Infrastructure detailed in Appendix 2 to the report under delegated authority;**
- (c) **to note the list of block allocations detailed in Appendix 2 to the report;**
- (d) **to note the list of whole project costs detailed in Appendix 3 to the report;**
- (e) **that a review of Capital planning and investment be carried out to be considered alongside the September month end reporting presented to the Executive Committee in November 2018; and**
- (f) **to note that a Capital investment strategy would be developed in line with the requirements of the CIPFA prudential code as part of 2019/20 financial planning process.**

5. PROPOSED FUNDING CONTRIBUTIONS FOR DELIVERING EXTRA CARE HOUSING IN DUNS

With reference to paragraph 3 of the Minute of 8 March 2016, there had been circulated copies of a joint report by the Service Director Regulatory Services and the Chief Financial Officer recommending that the Council financially assist the delivery of the proposed extra care housing development at Todlaw, Duns, which would provide 49 affordable housing,

through the use of the Council's Affordable Housing Investment Budget. The report explained that proposed extra care housing developments had been identified in the Council's SHIP submissions, and Scottish Government More Homes Division officials, who were supportive of the Council's strategic housing intentions, had allocated £1.5m grant funding in 2018/19 to assist the delivery of Trust Housing Association's proposed development at Todlaw Duns. Once the project was legally committed, the balance of additional grant would be allocated in 2019/20 to suit spend profiling requirements. Trust Housing Association had secured Planning Consent for 49 houses and flats and associated communal facilities on the Todlaw site. The Council was in the process of selling the site to the Association. Trust had carried out a traditional tendering exercise and recently received tender proposals were currently being checked. Trust was understood to have secured enhanced grant contribution of around 6% from Scottish Government More Homes Division. In the meantime the current probable costs financial modelling exercise for the Todlaw site estimated total project costs of £8,190,938. The anticipated funding contributions were Scottish Government housing grant £3,393,936, Trust Housing Association private borrowing £3,061,765 and Scottish Borders Council £1,735,237. These figures required to be finalised subject to tender checking and grant offer from Scottish Government. In response to concerns raised by Councillor Turnbull regarding the specification for the scheme it was agreed to add a further recommendation to keep this matter under review to ensure best value.

DECISION

AGREED to:-

- (a) approve the contribution of up to £1,735,237 grant funding from the Council's Affordable Housing Investment Budget to Trust Housing Association to enable the commencement of development of the extra care housing development at Todlaw, Duns;**
- (b) delegate authority to the Chief Financial Officer to liaise with Trust Housing Association to agree arrangements to make payment to dovetail with project spend profile requirements; and**
- (c) request that officers keep the specification for future extra care developments under review to ensure the maximisation of best value.**

6. ANNUAL PROCUREMENT REPORT

There had been circulated copies of a report by the Chief Financial Officer presenting the first Annual Procurement Report (APR), as required by the Procurement Reform (Scotland) Act 2014. A copy of the APR for the period 1st January 2017 – 31st March 2018, developed in the format required by Scottish Government guidance, was attached to this report as Appendix 1. The report explained that organisations required to prepare a procurement strategy must also publish an annual procurement report. These documents were now part of the reporting landscape for public sector organisations to support increased transparency and visibility of public expenditure, and to embed sustainable procurement into public sector procurement. The purpose is to demonstrate to stakeholders that procurement spend was being used to best effect to achieve better public services, social, economic and environmental outcomes in the area and a range of local and national policies. The key ambition of the Procurement Strategy was to support the Borders local market and economy. During the 2017/18, and through delivering on the strategic objectives, the level of local spend had increased by 2.9% with 44.3% (£69.7m) of the overall Council spend with third parties (£157.4m) being with businesses operating in the geographical boundaries of the Scottish Borders. Following approval the report had to be submitted to the Scottish Government and, as a minimum, published on the internet. Members welcomed the report which provided better transparency.

DECISION

AGREED to approve the Annual Procurement Report 2017/18, as contained in the appendix to the report.

7 COMMUNITY GRANT SCHEME – GENERIC BUDGET 2018/19

There had been circulated copies of a report by the Service Director Customer and Communities recommending approval of an application for funding from the Community Grant Scheme (CGS) generic budget. Home Basics (Tweeddale) Co Ltd was a charitable company limited by guarantee, under the Companies Act 2006, and a recognised charity in Scotland. The project collected furniture and household items which could be reused and sold them on, at very low prices, to people that were disadvantaged and lived in the Scottish Borders. The re-use service reduced the number of items going to landfill. The organisation provided volunteering opportunities for people to gain work experience, use their skills and experience to give something back to the community, or to get out and meet people and reduce social isolation. The request was for a contribution of £5,000 towards the overall project cost of £27,843 for the purchase of a replacement van for collections/deliveries across the Scottish Borders. The application was being submitted to the generic fund as the work of the charity benefited communities across the Scottish Borders.

DECISION

AGREED to approve a grant of £5,000 to Home Basics (Tweeddale) Co Ltd on the condition that the remaining funds were in place.

8. BROADBAND IMPROVEMENTS REVIEW

There had been circulated copies of a report by the Executive Director (R. Dickson) proposing that the Audit and Scrutiny Committee undertakes a review of the progress made in delivering improved broadband services in the Scottish Borders by the Digital Scotland Superfast Broadband programme. The report explained that improved digital connectivity was critical to the economic development and competitiveness of the Scottish Borders. Scottish Borders Council had contributed significantly to the roll-out of the Scottish Government's Digital Scotland Superfast Broadband (DSSB) programme, spending £8.4M over two years to help extend the roll-out as far as possible in the Scottish Borders. The Council's Administration had identified digital connectivity as a key priority in its 'Connected Borders' plan. The DSSB Programme had now completed its main contract and the Scottish Government would be providing a final report on what the Programme had delivered for the Scottish Borders. This was an opportune time for the Council to consider how effective the delivery of the DSSB Programme had been in the Scottish Borders, and to consider whether the Council's investment had delivered the outcomes and value for money expected. Any lessons learnt that could be identified could be usefully highlighted to the Scottish Government as they commenced preparations for the successor programme to DSSB (R100) which aimed to connect 100% of premises across Scotland to superfast broadband. It was proposed that this review would be appropriately taken forward by the Audit and Scrutiny Committee.

DECISION

AGREED:-

- (a) to ask the Audit and Scrutiny Committee to undertake a review of the progress made in delivering improved broadband services in the Scottish Borders by the Digital Scotland Superfast Broadband Programme;**
- (b) the scope of the review as set out in section 5.1 of the report; and**
- (c) to ask the Audit and Scrutiny Committee to report its review findings at Executive on 4 December 2018.**

The meeting concluded at 11.20 a.m.