

# SCOTTISH BORDERS COUNCIL EXECUTIVE COMMITTEE

MINUTE of Meeting of the EXECUTIVE COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St Boswells, TD6 0SA on Tuesday, 17 November, 2015 at 10.00 am

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Present:- Councillors D. Parker (Chairman), S. Aitchison (from para 2), S Bell, C Bhatia, M J Cook, G Edgar, J Mitchell, D Moffat, D Paterson, F Renton, R Smith.

Also Present:- Councillors J. Fullarton, I. Gillespie, G. Logan.

Apologies:- Councillors J. Brown, V. Davidson.

In Attendance:- Depute Chief Executive (People), Depute Chief Executive (Place), Chief Financial Officer, Cultural Services Manager, Democratic Services Team Leader, Democratic Services Officer (K Mason).

## 1. **MINUTE**

The Minute of meeting of the Executive Committee of 3 November 2015 had been circulated.

## **DECISION**

**APPROVED for signature by the Chairman.**

## 2. **MONITORING OF THE GENERAL FUND**

There had been circulated copies of a report by the Chief Financial Officer providing budgetary control statements for the Council's General Fund based on actual expenditure and income to 30 September 2015 and explanations of the major variances between projected outturn expenditure/income and the current approved budget. The report explained that the revenue monitoring position set out in the report was based on actual income and expenditure to 30 September 2015. All departments were projecting a balanced outturn position with management teams confident that pressures highlighted in the remainder of this report would be managed within existing departmental budgets. The management team was progressing with the programme to modernise and transform the Council. Corrective action had been identified where budgets were diverting from plan and the management team had confidence that pressures would be managed and that a balanced out turn would be delivered. Pressures evident at month 6 continued to be within out of area children's placements, higher than anticipated cost of care for Older People in Residential Care and people with Physical Disabilities and also within Neighbourhood Services for Materials, Sub-contract and Hire in the Roads service. Action was being taken by the People and Place departments to contain these pressures. At 30 September, 70% (£5.482m) of planned efficiency savings had been delivered as per the Financial Plan, with a further 12% (£0.927m) profiled to be delivered over the remainder of the financial year. Of the remaining 18%, 4% (£283k) had been achieved by alternative, permanent measures and 14% (£1,084k) temporarily. A further £29k remained profiled to be achieved by alternative means. The previous Executive Committee reported position as at 30 June showed 50% (£3.829k) of planned efficiency savings having been delivered and 44% (£3.406) profiled to be delivered over the remainder of the financial year. Full details of pressures, risks and challenges and the significant majority of areas of the Council's operation where budget plans remained on track was detailed in Appendix 1 to the report. Regarding people with physical disabilities and in noting that that there was continued pressure arising from demand for community based services based on current clients' complex needs and that there was no agreement to 50/50 fund a particular high-cost package had been reached with NHS Borders, Councillor Bhatia pointed out that any risks should be fed through to the Integrated Joint Board from April 2017. The Chief Financial Officer confirmed there were a number of challenges but once the budgets were joined this should assist. In response to questions raised the Chief Financial Officer undertook to highlight in the Council's risk register the

unbudgeted costs associated with Planning Public Enquiries. The Chief Financial Officer would report back on (a) why there was a revised budget of £13,000 for Fairer Scotland; and (b) the base budget for the European Fisheries Fund.

**DECISION  
AGREED:-**

- (a) **to note the projected corporate monitoring position reported at 30 September 2015, the underlying cost drivers of this position, the significant pressures highlighted and the identified areas of financial risk;**
- (b) **that the Depute Chief Executives for People and Place and their Service Directors would continue to work with their management teams to ensure a balanced budget position was delivered in 2015/16;**
- (c) **to approve the budget virements set out in appendices 2 & 3 to the report;**
- (d) **to note the progress made in achieving Financial Plan savings in appendix 4 to the report;**
- (e) **to note that the Corporate Management team would develop proposals to permanently address budget pressures as part of the 2016/17 Financial Planning process; and**
- (f) **to approve the draw down of reserves to address a phasing issue between the budgeted 1% pay award and the agreed 1.5% pay award for all staff in 2015/16/**

**MEMBER**

Councillor Aitchison joined the meeting during discussion of the above item.

**3. PROJECTED BALANCES TO 31 MARCH 2016**

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 2015 and on the projected balances at 31 March 2016. The Council's General Fund useable reserve (non-earmarked) balance was £8.121m at 31 March 2015. The total of all useable balances excluding developer contributions at 31 March 2016 was projected at £6.876m. The movement was as a result of an increase in reserves due to additional income from Heritable, (£0.201m) and the draw down of reserves to fund changes in legislation in care services (£0.307m) and a transfer to allocated reserves to support in the ER/VS scheme (£1.139m). Approval was sought in the accompanying revenue monitoring report to draw down an estimated £0.700m to fund the shortfall in funding associated with the phasing of the pay award in 2015/16. In setting the 2015/16 budget Council approved a 1% provision for pay award in 2015/16 followed by an estimated 1.5% in 2016/17 equating to 2.5% over 2 years. This was in advance of national negotiations concluding. Negotiations led by COSLA had now been concluded with the SJC and SNCT negotiating bodies and a pay award for all staff had been agreed to pay 2.5% over a 2 year period at 1.5% in 2015/16 and 1% for 2016/17. This presented a one year phasing issue in terms of the Council's Financial Plan and a draw down from Reserves was consequently required to align budgetary provision with the negotiated settlement position. It was understood that the settlement of the pay award would be processed in November 2015 payroll backdated to 1 April 2015. The balances represented in this report were stated before any draw down of funds for this purpose. The Council's allocated reserve balance was £3.379m at 31 March 2015 and was projected to be £3.819m at 31 March 2016. This movement was as a result of the draw down of allocated reserves to fund the 2015/16 Financial Plan (£0.508m), Police & Fire Reserves (£0.091m) and provision for Roads Maintenance (£0.100m) and an increase in allocated reserves to support the ERVS scheme (£1.139m). There were a number of areas of potential financial pressures identified in the accompanying revenue monitoring report identified for 2015/16, which if uncontained by management action might require a call on these reserves. The projected balance on the Capital Fund of £5.743m 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:-**

- (a) **to note the projected revenue balances as at 31 March 2016 as detailed in Appendices 1 & 2 of the report;**
- (b) **to note the projected balance in the Capital Fund as detailed in Appendix 3 to the report;**
- (c) **to note the establishment of an ER/VS allocated reserve of £1.139m as reflected in the revenue monitoring report detailed in the report; and**
- (d) **to approve the draw down of an estimated £700k reserves to address a shortfall in funding associated with the phasing of the pay award in 2015/16, actual draw down would be reflected in the next Executive Committee report when the value was confirmed.**

#### **4. MONITORING OF THE CAPITAL FINANCIAL PLAN 2015/16**

There had been circulated copies of a report by the Chief Financial Officer on the progress of the 2015/16 Capital Financial Plan and seeking approval for projected outturns and associated virements, and the reallocation of funds. The monitoring tables in Appendix 1 of the report advised on actual expenditure to 30 September 2015. Key issues identified in these tables were summarised within the main report. The tables identified a net variance of £6.802m against the approved budget. The net in-year budget increase of £0.672m was primarily due to a number of items due to be delivered for the Plant & Vehicle fleet totalling £0.536m, fully funded from the Plant & Vehicle Replacement Fund. The net budget timing movements to future years amounted to £7.474m of which the most significant were £3.2m for Duns Primary School, £1.777m for Early Learning and Childcare and £1.024m for Peebles 3G Synthetic Pitch. Appendix 3 of the report contained a summarised list of timing and budget movements within the 2015/16 Capital Plan. Appendix 2 of the report 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 2015/16 Capital Plan. In response to a question raised about the construction of the Complex Needs – Central Education Base, the Depute Chief Executive People undertook to bring forward a report to a future meeting updating Members on the project.

#### **DECISION**

- (a) **AGREED the projected outturns and associated virements as identified in Appendix 1 to the report as the revised capital budget.**
- (b) **NOTED the list of block allocations detailed in Appendix 2 to the report.**

#### **5. JIM CLARK MUSEUM**

There had been circulated copies of a report by the Corporate Transformation and Services Director providing an update on the proposals to create a Jim Clark Museum by refurbishing and extending the existing displays at 44 Newtown Street, Duns. The report further sought approval for officers to submit a stage 1 application to Heritage Lottery Fund (HLF) by 27 November 2015 for a grant to support both the capital works and a 4 year supporting revenue programme. During 2015 officers had worked with the Jim Clark Memorial Room Trust (JCMRT) to develop proposals for a new Jim Clark Museum in Duns. Based on a design proposal prepared by the Council's Architects the total capital costs of the project had been estimated at £1.4m. Including the 4 year revenue programme the total project cost was £1.65m. In February 2012 Scottish Borders Council approved a capital investment of £620k within its Capital Plan, of which a balance of £603k was available to be allocated to the next phases of the project's delivery. To bridge the funding gap a twin track approach was proposed:-

- (i) a Stage 1 Heritage Lottery Fund application and accompanying business plan had been prepared. The HLF application was for 41% of the project costs or c£700k, this also included an allocation towards the accompanying revenue programme. To meet the project and HLF timetable the stage 1 application required to be submitted by 27 November 2015.
- (ii) a separate fund raising programme led by the new Jim Clark Trust with a target of £300k.

The JCMRT Trustees, and in particular the family trustees, felt there was significant added value they could bring to the project in terms of experience, networking and fundraising which was difficult to deliver through the limited scope of the JCMRT. As a result a new SCIO, a Scottish Charitable Incorporated Organisation, had very recently been established by the family Trustees. This new trust would be known as the Jim Clark Trust and would work in partnership with the Council, the proposed Culture and Sports Trust and the JCMRT. It was important that an effective and robust written Agreement clarifying roles and responsibilities was developed and this was seen as a key outcome of the HLF stage 1 period. The Cultural Services Manager was in attendance and answered Members' questions relating to the facility. The importance of good advance signage to allow tourists to recognise the attraction was discussed and it was noted that this would be made clear in the design plans. Members commended the report.

## **DECISION**

### **(a) NOTED**

- (i) **the progress that had been made to create a Jim Clark Museum at 44 Newtown Street, Duns including the financial implications detailed in the report;**
- (ii) **the reasons for the establishment of a new charitable trust, The Jim Clark Trust, and agreed the need to establish an effective and robust Agreement between this new Trust, Scottish Borders Council, the new Culture and Sports Trust and the existing Jim Clark Memorial Room Trust.**

### **(b) AGREED**

- (i) **that the acceleration of the construction programme to deliver the project by May 2018 would require to be incorporated into the considerations for the construction of the 2016/17 ten year Capital Plan and might have an impact on the timing of other capital projects or the capital funding assumptions underpinning it;**
- (ii) **to submit the stage 1 HLF application by 27 November 2015;**
- (iii) **to instruct offices to return to the Executive with an updated report and business plan before submitting a stage 2 HLF application; and**
- (iv) **to proceed with a fund raising effort with the two Jim Clark trusts for the additional £300k required to bridge the funding gap.**

*The meeting concluded at 11.00 a.m.*