

SCOTTISH BORDERS COUNCIL EXECUTIVE COMMITTEE

MINUTES of Meeting of the EXECUTIVE COMMITTEE held in the Council Chamber, Council Headquarters, Newtown St Boswells, TD6 0SA and via Microsoft Teams on Tuesday, 14th February, 2023 at 10.00 am

Present:- Councillors E. Jardine (Chair), , L. Douglas, M. Douglas, J. Greenwell, C. Hamilton, S. Hamilton, J. Linehan, S. Mountford, D. Parker 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

In Attendance:- Chief Executive, Acting Chief Financial Officer, Chief Planning Officer, Democratic Services Team Leader, Democratic Services Officer (D. Hall)

1. **MINUTE**

There had been circulated copies of the Minute of the meeting held on 6 December 2022.

DECISION

APPROVED for signature by the Chairman.

2. **EMPTY HOMES GRANT SCHEME PROGRESS UPDATE**

- 2.1 With reference to paragraph 4 of the Minute of the meeting held on 7 December 2021, there had been circulated copies of a report by the Director, Infrastructure and Environment which provided an update on the delivery of the Empty Homes Grant Scheme since its implementation in December 2021. The Housing (Scotland) Act 2001 placed a statutory requirement on Local Authorities to develop a Local Housing Strategy (LHS). That strategy set out the strategic direction for housing investment and service delivery, and identified the need to bring empty properties back into effective use. The report explained that the most common hurdle for empty home owners was the financial cost associated with bringing a property back into use. The Committee approved the creation of a specific fund to assist owners to bring homes back in to use either for occupation or let out as affordable homes in December 2021. The introduction of the Empty Homes Grant contributed to the strategic objectives highlighted in the LHS, the Strategic Housing Investment Plan and the Rapid Re-housing Transition Plan. Additionally, tackling empty properties supported the approach to town centre and place based regeneration. The report provided an update on progress made and information on applications for financial support made by empty home owners.
- 2.2 The Lead Officer, Housing Strategy and Development, Ms Donna Bogdanovic, presented the report, and highlighted that considerable work had taken place to develop and establish the appropriate legal, financial, and monitoring processes to allow the scheme to operate. The report provided an overview of the applications which had been received, and their current status. Since the report had been published a further application had been received, and 2 of the applications listed as not yet approved had been approved. Ms Bogdanovic expected that all of the applications identified on the list would be approved following the provision of more detail, acquisition of building warrants or approval of planning permission. 12 out of the 16 applications would result in a home available to rent at local housing rates, the remaining 4 would be used by an owner occupier. Over half of the applications related to properties which had been vacant for 15 years or more. Of the resources set aside for the Scheme, over 80% had been earmarked. Members highlighted that bringing empty homes back into use represented a

significant positive benefit for the region. In response to a question regarding the number of applications received, Ms Bogdanovic expressed satisfaction at the volume of applications, and expressed her thanks to Scottish Borders Council's finance and legal departments for their assistance. Regarding the challenges facing the scheme, the Empty Homes Officer outlined that each project presented its own unique challenges, as some elements of projects would not be eligible for funding, whilst others could. In response to a question regarding the use of the premium rate of council tax, the Empty Homes Officer confirmed that all of the empty homes which were on the valuation roll would have been subject to the premium rate. The Empty Homes Officer undertook to discuss with Members how they could check whether a home was on the valuation roll for council tax purposes. It was confirmed that the scheme could be used in instances where a change of use was proposed, however the necessary planning permissions were required, and other qualifying conditions needed to be satisfied. In response to a question regarding the timescales involved, particularly with reference to the recommendations included in the report, Ms Bogdanovic confirmed that the original intention of the scheme had been to work through a full cycle to March 2024. However, given the speed of progress, and resource allocation, since the Scheme was approved, it was expected that an evaluation would be undertaken and a report prepared for December 2023. Regarding the possibility that owners of homes whom were in receipt of a grant from the scheme could seek to rent out their properties at a higher rate following the expiration of the 5 year restrictive period, Ms Bogdanovic confirmed that there were no grounds on which that could be stopped, however policy discussions were ongoing at a national level regarding rent caps, and other protections existed which limited the amount by which rent could be increased. Ms Bogdanovic confirmed that discussions had taken place regarding the appropriateness of providing financial support to owner occupiers, and explained that in such instances a grant could only cover up to 50% of the total cost of works, compared to 75% where a property would be let out. In response to a question regarding how many individual applicants were involved in the scheme, the Empty Homes Officer confirmed that the 5 applications in Galashiels were from the same individual, and 3 applications in Eyemouth related to one individual property owner. Ms Bogdanovic explained that each property had been treated as an individual application, and that the presentation of that would be examined for future reporting purposes.

DECISION

AGREED to:-

- (a) note the progress made in the delivery of the Empty Homes Grant Scheme; and**
- (b) note that should the grant assistance prove successful, Officers would bring back proposals recommending an ongoing financial annual allocation from the revenues raised from the second homes council tax to continue to support the initiative.**

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 31 December 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 effects of 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 third quarter of 2022/23, as at 31 December, which projected the Council to be in a balanced position at the financial year end. That forecasted position included

the deployment of £1.528m of the Recovery Fund in order to balance the 2022/23 budget, which resulted in a balance of £1.844m 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, £1.987m. Recovery funding was split between funding which had been ring-fenced to be used for a specific purpose (£3.595m), 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 were required to be delivered in 2022/23. An analysis of deliverability was shown in Appendix 3 to the report. Following the December month end £8.276m savings had been delivered permanently, £0.504m were profiled to be delivered by 31 March 2023 and £3.247m had been delivered on a temporary basis through alternative savings. The Acting Chief Financial Officer, Ms Suzanne Douglas, presented the report and responded to Members questions. Regarding increased spending on Children's Panel; Appeal and Reporters expenses; Local Election costs; and Councillor travel, Ms Douglas confirmed that those items had been budgeted for but had incurred more costs than had initially been expected. It was highlighted that Elected Members could use Council e-vehicles to attend community council meetings to cut travel costs. In response to a question regarding £700k of pressures related to sickness and maternity pay within Education and Lifelong Learning, Ms Douglas confirmed that there was a budget set aside, however the pressures related to spend above what had been anticipated in the budget. The effects of Covid-19 and other long-term sickness continued to impact upon staff, however the issue was being monitored closely. Regarding the increased spend of £39k on pay awards and increased client specific care package within Joint Learning Disability, Ms Douglas confirmed that the figures represented the overall net position. In response to a question regarding further increases to the budget for Learning Disability services, and whether savings were still planned for the service, Ms Douglas explained that management were still focused on delivering savings where possible, and highlighted that changes to care package provision had delivered £40k of savings on a permanent basis, with £160k delivered on a temporary basis. The Chief Executive explained that considerable resources were required within the Children's and Young People Service for specialist care packages. Members highlighted that the packages could often be highly complex, and that the Council had a duty to provide them. In relation to undeliverable savings being offset by unallocated additional government funding on a temporary basis, Ms Douglas explained that this related to funding which was provided to Scottish Borders Council (SBC) as part of the settlement from Scottish Government which was required to be spent on services delegated to the Integrated Joint Board by SBC. The additional funding allocated recognised that there was a saving to be made by Strategic Commissioning and Partnerships which would not be possible in 2022/23, and that the in house spend by SBC on what was delegated to the IJB would be higher than expected. Members unanimously agreed to approve the recommendations.

DECISION

AGREED to:-

- (a) note the projected corporate monitoring position reported at 31 December 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 £1.528m 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.**

4. **MONITORING OF THE CAPITAL FINANCIAL PLAN 2022/23**

- 4.1 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 31 December 2022. Key issues and highlights identified in those tables were summarised within the report. The December month end position reflected a projected outturn of £75.119m, with a net budget variance of £22.892m. This included net timing movements from 2022/23 of £25.596m. The current forecasts continued to present challenging delivery timescales therefore there might be further slippage at year end. 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 laid in the contracts being tendered this year which might result in a budget pressure. Any financial implications from those market conditions will continue to 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. That contingency was increased by £0.496m at the first two quarters and was being increased by a further £1.752m in this third quarterly monitoring, giving a revised contingency of £3.501m which a timing movement was being requested for into 2023/24 to support the 2023/24-2032/33 Capital Investment Plan. Appendix 2 to 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 2022/23 Capital Plan, whilst Appendix 3 contained a list of estimated whole project capital costs for single projects which would not be completed in the current financial year.
- 4.2 Members highlighted that it was encouraging that various projects relating to the early years expansion and new school provision were continuing. In response to a question regarding the level of expected spending on the Hawick Flood Protection Scheme to 31 March 2023, the Acting Chief Financial Officer confirmed that significant works were expected within this financial quarter, and that the projected spend was expected to be reached. The Chief Executive confirmed that the scale and volume of work on the project was increasing, and it was expected that the forecast would be proved accurate. Regarding spending within Land and Property Infrastructure on free school meals, Ms Douglas explained that the spending referred to in the report related to works to improve the capacity of kitchens in schools to allow them to deliver meals to a greater number of pupils across the region.

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.

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 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 £49.691m as summarised in the report. The projected balance on the Capital Fund of £9.163m 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 projected revenue balances as at 31 March 2023 as contained in Appendices 1 and 2 to the report; and
- (b) note the projected balance in the Capital Fund as contained in Appendix 3 to the report.

6. **PRIVATE BUSINESS**

DECISION

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 the Appendix to this Minute on the grounds that it involved the likely disclosure of exempt information as defined in Paragraph 9 of Part I of Schedule 7A to the Act

SUMMARY OF PRIVATE BUSINESS

7. **PRIVATE MINUTE**

The Private Section of the Minute of the meeting held on 6 December 2022 was approved.

The meeting concluded at 10.50 am