

# EXECUTIVE COMMITTEE

Minutes of meeting held via Microsoft Teams on 10 February 2021

## Chair:

Councillor John Ross

## Councillors Present:

Councillor Alex Allison, Councillor John Anderson, Councillor John Bradley, Councillor Robert Brown, Councillor Stephanie Callaghan, Councillor Maureen Chalmers, Councillor Gerry Convery, Councillor Margaret Cooper, Councillor Poppy Corbett, Councillor Peter Craig, Councillor Maureen Devlin (Depute), Councillor Isobel Dorman, Councillor Joe Fagan, Councillor Allan Falconer, Councillor Lynsey Hamilton, Councillor Eileen Logan, Councillor Katy Loudon, Councillor Joe Lowe, Councillor Monique McAdams, Councillor Kenny McCreary, Councillor Jim McGuigan, Councillor Gladys Miller, Councillor Lynne Nailon, Councillor Richard Nelson, Councillor David Shearer, Councillor Jim Wardhaugh, Councillor Josh Wilson

## Attending:

### Chief Executive's Service

C Sneddon, Chief Executive

### Community and Enterprise Resources

M McGlynn, Executive Director

### Education Resources

T McDaid, Executive Director; C McKenzie, Head of Education (Broad General Education)

### Finance and Corporate Resources

P Manning, Executive Director; T Little, Head of Communications and Strategy; P MacRae, Administration Adviser; G McCann, Head of Administration and Legal Services; K McLeod, Administration Assistant; S Somerville, Administration Manager

### Housing and Technical Resources

D Lowe, Executive Director

### Social Work Resources/Health and Social Care

V de Souza, Director

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## 1 Declaration of Interests

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No interests were declared.

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## 2 Minutes of Previous Meeting

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The minutes of the meeting of the Executive Committee held on 16 December 2020 were submitted for approval as a correct record.

**The Committee decided:** that the minutes be approved as a correct record.

Councillor Brown enquired about progress in making recordings of Council and Committee meetings publicly available. Officers advised that there had been a delay in doing so as, to meet with disability accessibility regulations, the recordings had to be sub-titled. A company had now been identified to undertake this work and it was anticipated that the recordings would be made publicly available in early course. Officers responded to further questions from members on this matter.

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### **3 Minutes of Special Meeting**

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The minutes of the special meeting of the Executive Committee held on 13 January 2021 were submitted for approval as a correct record.

**The Committee decided:** that the minutes be approved as a correct record.

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### **4 Capital Programme 2020/2021 Monitoring for Period 10 – 1 April 2020 to 1 January 2021**

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A report dated 20 January 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the progress at 1 January 2021 on the various capital programmes.

At its meeting on 16 December 2020, the Committee had approved a General Fund Capital Programme totalling £83.433 million and a Housing Capital Programme of £48.172 million. A revised programme for the General Fund Capital Programme, totalling £80.648 million, was proposed. This included adjustments to the programme totalling an increase of £0.627 million, as detailed in Appendix 1 to the report. The revised programme of £80.648 million also included accounting adjustments to the programme totalling a net decrease of £3.412 million. No new adjustments were proposed for the Housing Capital Programme

The capital programme currently included an element of budget for capital costs associated with COVID-19, estimated at £7.891 million. Current estimates anticipated an outturn of £6.600 million. In terms of the Resource position, Housing and Technical Resources suggested an outturn of £67.000 million. Against the budget of £72.757 million, excluding the budget of £7.891million for COVID-19, this outturn meant an underspend across Resources of £5.700 million.

In terms of the Housing Capital Programme, current estimates from Housing and Technical Resources suggested an outturn on budget of £48.172 million.

At 1 January 2021, £40.066 million had been spent on the General Fund Capital Programme and £27.039 million had been spent on the Housing Capital Programme.

The programme spend and funding for the General Fund for the period to 1 January 2021 was detailed in Appendices 2 to 4 to the report. Details of the position for the Housing Capital Programme at 1 January 2021 were provided in Appendix 5 to the report.

Savings achieved on works completed within the Roads Investment Programme in the current financial year amounted to £0.300 million. It was proposed that this saving be carried forward into 2021/2022 to allow additional works to be undertaken.

**The Committee decided:**

- (1) that the period 10 position of the General Fund Capital Programme, as detailed in Appendices 2 to 4 to the report, and the Housing Capital Programme, as detailed in Appendix 5 to the report, be noted;
- (2) that the adjustments to the General Fund Capital Programme, as detailed in Appendix 1 to the report, be approved;
- (3) that the saving of £0.300 million on the Roads Investment Programme be carried forward and used to undertake additional projects in 2021/2022; and
- (4) that the revised programmes be monitored by the Financial Resources Scrutiny Forum.

*[Reference: Minutes of 16 December 2020 (Paragraph 3)]*

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## **5 Revenue Budget 2020/2021 - Monitoring for Period 10 – 1 April 2020 to 1 January 2021**

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A report dated 13 January 2021 by the Executive Director (Finance and Corporate Resources) was submitted providing an update on the 2020/2021 Revenue Budget for the General Fund and the Housing Revenue Account for the period 1 April 2020 to 1 January 2021, taking account of the financial implications of the COVID-19 pandemic and a projection for the year to 31 March 2021.

Details of the COVID-19 pressures across Resources were included in Appendix 1 to the report. The revised shortfall due to COVID, after funding for lost income, amounted to £1.902 million. In terms of the overall probable outturn position, this showed an underspend of £0.261 million. This could, however, change depending on the impact, timing and extent of further COVID-19 restrictions.

Included in the Resources' probable outturn position was a proposed transfer of £7.574 million to reserves which, when added to the £3.000 million transfer to reserves in terms of a contribution to the Insurance Fund, Winter Maintenance Fund and Strategic Waste Fund, amounted to £10.574 million. Details of the proposed transfers to reserves were given in Appendix 3 to the report.

At 1 January 2021, the figures showed the position on the General Fund Revenue Account, including COVID-19 spend and funding, before transfers to reserves, was an underspend of £9.183 million and a breakeven position on the Housing Revenue Account. The forecast to 31 March 2021 on the Housing Revenue Account was a breakeven position.

There was a possibility that revenue COVID funds could be used to cover some additional COVID costs currently absorbed within the capital account. This would continue to be monitored.

### **The Committee decided:**

- (1)** that the revised COVID-19 position, taking into account the reported COSLA position, strategic funding solutions and additional income, resulting in the revised COVID-19 shortfall of £1.902 million and the total Council revised outturn underspend of £0.261 million, including Resources, Council Tax and the COVID-19 shortfall, be noted;
- (2)** that the potential for the outturn position to change, based on the current COVID-19 restrictions, be noted;
- (3)** that the total transfers to reserves, as detailed in section 4.11 and Appendix 3 to the report, in the sum of £10.574 million, be approved;
- (4)** that it be noted that the potential to reduce the burden on the capital programme, due to COVID-19, would continue to be monitored;
- (5)** that the underspend position on the General Fund Revenue Account as at 1 January 2021 be noted; and
- (6)** that the breakeven position on the Housing Revenue Account as at 1 January 2021 and the forecast to 31 March 2021 of breakeven be noted.

*[Reference: Minutes of 16 December 2020 (Paragraph 4)]*

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## **6 Revenue Budget 2021/2022 Update and 2021/2022 Grant Settlement and Impact on 2021/2022 Budget Strategy and Savings**

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A report dated 14 January 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the 2021/2022 revenue budget position. Since that report was prepared, the Council had received its grant settlement figures from the Scottish Government and a further, updated report dated 4 February 2021 by the Executive Director (Finance and Corporate Resources) was circulated to members on the finance settlement for 2021/2022 and the impact on the 2021/2022 capital programme and revenue budget strategy and savings.

The Council's General Capital Grant for 2021/2022, as announced in the Scottish Government's Finance Circular 1/2021, was £21.362 million. This was an increase of £0.062 million on the level of capital grant included in the Council's approved General Services Capital Programme for 2021/2022. There was also an award of £2.141 million of specific grant as follows:-

- ◆ Vacant and Derelict Land (£0.737 million)
- ◆ Cycling, Walking and Safer Streets (£1.404 million)

Those sums would be used to undertake specific programmes of work in accordance with the grant conditions attached to the funding. The overall capital settlement for 2021/2022 was, therefore, £23.503 million.

The General Revenue funding figure for 2021/2022 was £625.811 million and was part of a package of funding whereby the Scottish Government would work in partnership with local government to implement the budget and the joint priorities in return for the full funding package. Those included:-

- ◆ supporting the expansion of Early Years Provision
- ◆ continuing financial investment and support for social care
- ◆ commitment to maintaining pupil/teacher ratios
- ◆ contributing to teachers' pay and pension increases

The settlement also included funding for those councils which agreed to freeze their council tax at the 2020/2021 levels.

Details were given on:-

- ◆ the movement in grant year on year on a like for like basis between 2020/2021 and 2021/2022
- ◆ 2021/2022 budget adjustments following the settlement

Those were summarised in Appendix 1 to the report.

The grant settlement and budget adjustments resulted in an improved position of £12.591 million in relation to the Revenue Budget Strategy which, after taking account of £3.000 million to cover the potential shortfall in respect of the level of pay award, as detailed in the report, produced potential capacity for further investment of £4.633 million.

The level of grant allocation could change as the Budget Bill progressed through Parliament, however, the Council could set its budget for 2021/2022 using the settlement information received to date.

Officers responded to members' questions on various aspects of the report.

**The Committee decided:**

- (1) that the capital grant settlement for 2021/2022 be noted;
- (2) that the revenue budget grant settlement for 2021/2022 and the improved position to the budget strategy of £12.591 million, compared to the assumed level, be noted; and
- (3) that the next steps in the budget setting process be noted.

*[Reference: Minutes of 24 June 2020 (Paragraph 12) and 13 January 2021 (Paragraph 2)]*

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## **7 Additional Funding from Scottish Government and Other External Sources**

A report dated 12 January 2021 by the Executive Director (Finance and Corporate Resources) was submitted on additional revenue funding, totalling £9.963 million, which had been made available to the Council by the Scottish Government and other external sources.

The funding had been allocated as follows:-

### **Revenue Funding**

| <b>Resource</b>                 | <b>2021/2022<br/>(£m)</b> |
|---------------------------------|---------------------------|
| <b>Community and Enterprise</b> | 2.051                     |
| <b>Finance and Corporate</b>    | 5.947                     |
| <b>Housing and Technical</b>    | 0.727                     |
| <b>Education</b>                | 0.162                     |
| <b>Social Work</b>              | 1.076                     |
| <b>Total</b>                    | <b>9.963</b>              |

**The Committee decided:** that the report be noted.

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## **8 Prudential Indicators, Treasury Management Strategy and Annual Investment Strategy 2021/2022**

A report dated 7 January 2021 by the Executive Director (Finance and Corporate Resources) was submitted on the:-

- ◆ Prudential Code indicators for 2021/2022 to 2023/2024
- ◆ Council's Treasury Management Strategy for 2021/2022
- ◆ Council's Annual Investment Strategy for 2021/2022

The Prudential Code for Capital Finance in Local Authorities was introduced through the Local Government (Scotland) Act 2003 with the aim of supporting strategic planning for capital investment at a local level.

The key objectives of the Prudential Code were to ensure, within a clear framework, that:-

- ◆ local authorities' capital expenditure plans were affordable, prudent and sustainable
- ◆ treasury management decisions were taken in accordance with good professional practice and in full understanding of the risks involved and how those risks would be managed to levels that were acceptable to the organisation

Details were provided on the Prudential Code Indicators for 2021/2022 to 2023/2024 which had been categorised as follows:-

- ◆ capital expenditure and external debt
- ◆ affordability

The Prudential Code also recognised that, in making capital investment decisions, the authority should be informed by sound asset management planning and options appraisal.

The Prudential Indicators for 2021/2022 to 2023/2024 were shown in Appendix 1 to the report together with explanations for each indicator. An updated position for 2020/2021 was also included.

In terms of the Chartered Institute of Public Finance and Accountancy (CIPFA) Treasury Management in Public Services Code of Practice and the Council's Financial Regulations, a Treasury Management Strategy required to be submitted to Committee every year for approval. The Treasury Management Strategy for 2021/2022 was detailed in Appendix 2 to the report.

The main areas covered by the Strategy were:-

- ◆ debt and investment projections
- ◆ expected movement in interest rates
- ◆ borrowing strategies
- ◆ statutory repayment of loans fund advances

The Local Government Investments (Scotland) Regulations 2010 provided a formal investment framework for councils. While the regulatory framework provided greater freedom for local authorities in their investment activities, there was an onus on local authorities to act prudently in relation to their investment and treasury management activities.

The 2 fundamental principles of the Investment Regulations were that councils were:-

- ◆ required to manage their investments and deposits in a way that minimised the risk to the capital sum and optimised the return on the funds, consistent with those risks. Security should be considered first, then liquidity, and lastly the yield or return
- ◆ able to determine what investments they made, including both the type and duration of the investment

In terms of the Regulations, the Council was required to prepare an Annual Investment Strategy prior to the start of the financial year. The Annual Investment Strategy for 2021/2022, attached as Appendix 3 to the report, covered the following areas:-

- |                                  |                                                 |
|----------------------------------|-------------------------------------------------|
| ◆ investment policy and strategy | ◆ borrowing in advance                          |
| ◆ treasury management risks      | ◆ investment projection 2021/2022 and 2023/2024 |
| ◆ permitted investments          | ◆ prudential indicators                         |
| ◆ risk management                | ◆ Common Good investments                       |

Officers responded to members' questions on various aspects of the report.

**The Committee recommended to the Council:**

- (1) that the Prudential Code indicators for 2021/2022 to 2023/2024 be approved;
- (2) that the 2021/2022 Treasury Management Strategy be approved; and
- (3) that the Annual Investment Strategy, which included the change to counterparty limits as detailed in the report, be approved

*[Reference: Minutes of 21 November 2018 (Paragraph 9) and 4 November 2020 (Paragraph 6)]*

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**9 Recommendations Referred from Education Resources Committee**

A report dated 21 January 2021 by the Chief Executive was submitted on recommendations referred to this Committee by the Education Resources Committee of 19 January 2021.

The recommendations of the Education Resources Committee were as follows:-

- ◆ that the acquisition of Our Lady of Lourdes Primary School be approved
- ◆ that the review of the admissions policy for Early Learning and Childcare Establishments be approved

**The Committee decided:** that the recommendations referred by the Education Resources Committee in relation to the acquisition of Our Lady of Lourdes Primary School and the review of the admissions policy for Early Learning and Childcare Establishments be approved.

*[Reference: Minutes of the Education Resources Committee of 19 January 2021 (Paragraphs 6 and 7)]*

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**10 Urgent Business**

There were no items of urgent business.