

BOURNEMOUTH, CHRISTCHURCH AND POOLE COUNCIL
CORPORATE AND COMMUNITY OVERVIEW AND SCRUTINY COMMITTEE

Minutes of the Meeting held on 13 June 2022 at 6.00 pm

Present:-

Cllr L Williams – Chairman

Cllr R Rocca – Vice-Chairman

Present: Cllr L Allison, Cllr L Dedman, Cllr J Edwards, Cllr M Earl,
Cllr A Filer, Cllr N Hedges and Cllr M Cox (In place of Cllr M
Andrews)

Also in
attendance: Cllr G Farquhar

Present virtually: Cllr S Bartlett

Also in attendance Cllr D Mellor
virtually:

11. Apologies

Apologies were received from Cllr H Allen, Cllr M Andrews and Cllr S Bartlett. Cllr S Bartlett joined the meeting virtually.

12. Substitute Members

Cllr M Cox substituted for Cllr M Andrews.

13. Declarations of Interests

For the purpose of transparency Cllr M Earl advised in respect to agenda item 6, Medium Term Financial Plan MTFP update, that she worked for Bournemouth Food Bank who was the recipient of grants from the Council and had an application pending.

14. Confirmation of Minutes

15. Public Issues

There were no public statements, petitions or questions.

16. Medium Term Financial Plan (MTFP) Update

The Leader of the Council and Portfolio Holder for Finance and Transformation presented a report, a copy of which had been circulated to each member and a copy of which appears as Appendix 'A' to these minutes in the Minute Book. In the ensuing discussion the Portfolio Holder and the Director of Finance responded to a number of points raised by members of the committee including:

- Whether the budget was prudent as regards the issued 'Section 25' report. There was a series of risks and assumptions as part of the 22/23 budget which had been tested and would be carefully monitored. It was noted that the 2021/22 budget appeared prudent given the third quarter forecast. The Leader commented that they had brought in a balanced budget whilst delivering on their priorities.
- That it was concerning that weekly meetings to assess spending were required, indicating spending set within a high-risk scenario. It was noted that there had been costs associated with this and these were kept under control with regular monitoring.
- That the risk associated with the current cost of living crisis had not been factored in when setting the budget. A good start had been made to look at the impact of cost of living but if it was ongoing, it would add further pressure to the MTFP.
- It was good news that provisions were set aside last year and there had been a positive financial outcome. Mitigation measures in place were pushing the pressure further down the line. Mitigations had mostly been one-off measures but there were also some ongoing issues.
- There was concern regarding the increase to the Council's debt threshold which was increasing significantly. Future generations would be responsible for the debt. The borrowing was to fund capital investments and housing, and these needed to be backed up with a sound business case. Borrowing to fund revenue pressures was not allowed. The Leader commented that as a group of councils previously there was under borrowing and the current administration wanted to invest and build in regeneration.
- There was a projected funding gap, for which the Council plan was to generate significant revenue receipts. New commercial models had been mentioned but it was not explained what these receipts would be. Transformation had been delayed by Covid, once the end of transformation was reached there would be a balanced position even with the cost-of-living pressures. Discussions were currently underway on this, and it was expected that there would be more detail available on this within the next quarter paper.
- That residents didn't view the Council as a money generating enterprise or a commercially focused organisation. The Leader advised that there were ambitions to deliver £50 million of investments ongoing every year and there was record levels of investment into new and improved services.
- That half of council tax-payers didn't pay by direct debit and therefore would not automatically receive the rebate. The Council Tax Team were working very hard to get the money out to people and noted the need to encourage people to pay by direct debit.
- There was concern raised regarding the potential loss and funding set aside for the BDC and the impact of debt on future places debt. It was noted that no money had been lost regarding BDC but both joint owners had set aside £5million as prudential measure.

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- Whether the activities of the BDC were compatible with the requirements for borrowing. Borrowing was available for housing and regeneration schemes. The government were trying to focus Councils on schemes which would deliver regeneration and it was important to set this within that context.
- Whether the increase in borrowing to £1.34billion at end of the MTFP period was mainly associated with supporting the need for regeneration and much dependence there was on third party finance to support this. The Chief Finance Officer advised that extending borrowing thresholds would be based on robust business cases and each case would be assessed, these would be predominately focused on new housing schemes.
- It was confirmed by the Chief Financial Officer that the increase to the borrowing threshold was not a direct recommendation of the report but a separate report would be made to the Audit and Governance Committee regarding an increase to the borrowing threshold.
- Whether any examples could be provided of other councils who had increased debt thresholds previously, both where this had gone well or where it had not. Benchmarking data with other authorities was provided as part of the report.
- Whether there were any mitigation measures being put in place to address risks associated with the increased debt thresholds.
- That last year the Council had failed to reach transformation savings targets. There were concerns that this was, in part due to staff vacancies. The Leader advised that the original level of savings was not required in that year and was cut from £15 million to £7.5 million in order to ensure that transformation was delivered properly.
- Concern was raised that there were different levels of Council Tax for second homes across the conurbation. Any increase on the rate for second homes would not be introduced until 2024/25. There was a need to create homes for local people and this would be considered carefully as it came forward. The Council wanted to create homes for local people.
- A query was raised about the statutory section 25 report from the Chief Financial Officer which was considered by full Council and in which an alternative budget configuration was suggested. It was confirmed that this was not a recommendation but advise which the Council was required to consider, which was not accepted when Council voted on the budget. There was concern that there was not sufficient opportunity for Councillors to fully consider this. A Councillor requested that the Committee look further into the advice put forward by the Chief Financial Officer at the Council meeting.
- Whether a risk register or similar could be provided to help evidence what the risks were through prudential borrowing. It was confirmed that the council would need to consider mitigation strategies on each one of the projects individually.

Following the questions and discussion points considered a proposed recommendation was put forward and duly seconded, “That the current

debt level should be frozen and not increased". The Councillors commented that the current debt level had been increased already from £850m to £1.3bn and it was suggested that further increases would be too much and too risky.

The Leader of the Council advised that the increase was a cap rather than a target and would depend upon the assessment of individual projects.

The recommendation was put to the vote which was lost by 4 in favour to 5 against.

A further motion was proposed and duly seconded as follows, "This committee has concerns on the level of borrowing and concerns on the sustainability of the plans and concerns using all these complex transaction for the budget.

The motion was put to the vote, which was lost by 4 in favour to 5 against. Cllr L Dedman wished to be recorded as voting in favour of the motion.

One Councillor did not vote as they were not present in the meeting for the duration of the item.

17. Outturn Report 2021/22

The Leader of the Council and Portfolio Holder for Finance and Transformation presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'B' to these Minutes in the minute Book. The Leader placed on record his thanks to officers for supporting everyone through this process and especially to all officers in the finance team. The Committee also unanimously offered their thanks and support to the officers in the finance team. There were a number of points raised and responded to in the ensuing discussion including:

- An explanation of the provision for £5.45m in respect of Bournemouth Development Company was requested as it appeared to be an expense which was not recoverable and would therefore be counted as a loss. The Portfolio Holder was asked whether this provision would mean BDC was making a loss. The Leader explained that effectively the scheme had been paused to allow Future Places to look at this in the round. The entire £10m from both joint owners of BDC could remain capitalised, if the scheme was to go ahead then the additional funds would just be overly prudent. It was expected that profits coming forward would offset any losses. The Leader advised that if anyone wanted to discuss this with him he would be happy go into further depth .
- An additional concern was raised regarding the implications of this for other planned work by the BDC and also Futureplaces and the level of confidence in being able to deliver schemes going forward especially in the current financial climate. The Leader advised that there was plenty of third-party finance available as long as the right schemes were coming

through. There would be a higher bar set for schemes moving forward as they would need to fit with wider regeneration.

- Whether the Council had needed to make the £5.45 million provision because MUSE had already decided to make provision of the same, which seemed to indicate a lack of confidence.
- Whether there was any risk in losing any underspends outlined in the Capital Programme around the Transforming Cities Fund. The Leader advised that they were committed to the TCF and this was not his understanding but he would seek clarification on this issue with the Portfolio Holder.
- What plans there were to address the Dedicated Schools Grant and bring down overspend. The Leader agreed that it was a material risk to the authority. The Government gave local authorities the ability to place this off of balance sheets and the Council were trying to bring this down before the flexibility ends. It was suggested that it would be a useful piece of scrutiny to look at the work going on to address this. It was noted that this was a problem nationally.
- Concerns were raised that some of the savings outlined had only been able to be achieved because certain things were not done, for example the seafront team had not been able to do all of the work they had set out to. The Leader advised that there had been significantly more investment going into different areas across the conurbation and suggested that no services had been cut. However, this was disputed by a Committee member.

18. Work Plan

The Chairman of the Committee presented a report, a copy of which had been circulated to each Member and a copy of which appears as Appendix 'C' to these Minutes in the Minute Book.

The Corporate and Community Overview and Scrutiny Committee was asked to consider and identify work priorities for its next meeting. The Chairman advised that he would discuss the work plan with Officers and circulated recommendations to the Committee members. A Committee member advised that there appeared to be some items missing from those agreed by the previous O&S Board and it was agreed that these would be looked into and added to the work programme.

The Chairman also advised that he had agreed to a special meeting to consider the Beach Huts SPV Cabinet report. The date for this would need to be agreed but would be in advance of the July Cabinet meeting.

19. Future Meeting Dates

The Chairman outlined the proposed dates for future meetings as follows:

- Monday 17 October 2022 6.00pm
- Monday 5 December 2022 6.00pm
- Monday 30 January 2023 6.00pm

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The meeting ended at 7.56 pm

CHAIRMAN