

## **FINANCE ADVISORY COMMITTEE**

Minutes of the meeting held on 25 January 2016 commencing at 7.00 pm

Present: Cllr. Searles (Chairman)

Cllrs. Mrs. Bayley, Bosley, Esler, Eyre, Krogdahl and Scott (formerly Rosen)

Apologies for absence were received from Cllrs. Cooke, Kelly, Lake, Pett and Scholey

### 23. Minutes

Resolved: That the Minutes of the Finance Advisory Committee held on 17 November 2015 be approved and signed by the Chairman as a correct record.

### 24. Declarations of Interest

Cllr. Eyre declared for minute item Discretionary Rate Relief that he was the General Manager of the Stag Community Arts Centre Charity. Cllr. Eyre left the meeting, took no part in the discussions and did not vote on this item.

### CHANGE IN ORDER OF AGENDA ITEMS

With the agreement of the Committee, agenda item 9 was brought before agenda item 8.

### 25. Actions from Previous Meeting

These actions were noted.

### 26. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance updated the Committee on November's budget as a result of government reductions in funding to the council.

The Council had made representation to the Secretary of State for Communities and Local Government about the proposed 61% cuts to funding.

### 27. Referral from Cabinet or the Audit committee

There were none.

### 28. Procurement Strategy Update

The Chief Officer Environmental and Operational Services presented a report on updates to the Council's Procurement Strategy.

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The Council's current Procurement Strategy was adopted by Cabinet in September 2013. The Council's Officer Procurement Group has kept the strategy under review to ensure it continues to comply with relevant legislation and best practice in procurement as well as supporting the Council in meeting its priorities.

The current strategy required updating to ensure it took account of the Council's safeguarding duties and updated promises to residents which will form the basis on the Council's next Corporate Plan.

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommend to Cabinet that the updated Procurement Strategy be adopted.

### 29. Universal Credit and Welfare Reform Update

The Head of Revenues & Benefits presented a report the latest position on the Universal Credit and Welfare Reform.

Progress on implementing Universal Credit (UC) had been slower than anticipated. The number of UC cases had declined across the county over the last few months.

In preparation for the UC live service, the Council entered into a Delivery Partnership Agreement with Dartford. At the time of writing this report there had not been one case for the Council to deal with.

There had been a number of changes to housing benefit following the welfare reform. These included:

- Local Housing Allowance (LHA) Rates (effective from 1 April 2016)
- Removal of the family premium from new Housing Benefit claims (effective from 1 May 2016)
- Reducing the backdating period for Housing Benefit (effective from 1 April 2016)
- Changes to the Benefit Cap (effective date to be confirmed)

*Action 1: The Head of Revenues and Benefits to provide to the Committee the number of claims/cases affected by the Housing Benefit backdating provision.*

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the latest position on Universal Credit and Welfare Reform be noted.

30. Discretionary Rate Relief

The Head of Revenues and Benefits presented the report on discretionary rate relief.

The Council required potential recipients of discretionary rate relief to submit a formal application every two years. However, in view of the changes brought about by business rate retention, the proposals for awarding relief were to be reported annually. The report set out the proposals for awarding discretionary rate relief for 2016/17.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that the proposals for granting relief from business rates for 2016/17 set out in Appendix B of the report, be approved.

31. Risks and Assumptions for Budget 2016/17

The Head of Finance presented a report on the key assumptions and risks that were included within the draft budget proposals.

On 3 December 2015, Cabinet received the Draft Budget 2016/17 report which provided information on key assumptions and risks included with the draft budget proposals. The risk assessment report provided more details on those assumptions and risks.

Assumptions were as follows:

- Government Support: - no Revenue Support Grant from 2016/17 and no New Homes Bonus from 2019/20.
- Council Tax: 2% in 2016/17 and in later years
- Interest Receipts: Flat amount of £250,000 in all years
- Pay Costs: 1.0% in 2016/17 to 2019/20, 2% in later years.
- Non-pay costs: 2.25% in all years.
- Income: 2.5% in all years

The risk assessment was included for Members consideration.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That

- a) the risk assessment, as set out as Appendix A to the report, be agreed and recommended to Cabinet; and

b) the 10 year budget, as set out as Appendix B to the report, be agreed.

32. Treasury Management Strategy 2016/17

The Principal Accountant presented the report on the Council's Treasury Management Strategy for 2016/17.

The Local Government Act 2003 (the Act) and supporting regulations requires the Council to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.

The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act). This sets out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members' particular attention was drawn to paragraph 68 of the report, which discussed a new investment option.

An updated interest rate forecast from Capita Asset Services was tabled at the meeting together with an update on Santander UK Plc latest credit ratings.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that, with the inclusion of Santander UK Plc as an investment counterparty, Cabinet recommend the Council approve the Treasury Management Strategy for 2016/17.

33. Capital Programme and Asset Maintenance

The Head of Finance presented the report on the proposed 2016/19 Capital programme.

The report set out the proposed 2016/19 Capital Programme, with supporting documentation in a standard format for individual scheme bids. Projected capital receipts were included, indicating the proposed financing of the Programme. A proposed overall provision limit for Asset Maintenance was also made.

A revised Appendix B was tabled which incorporated a capital programme bid for 2016/17 for an additional £40K in relation to the replacement backup power generator at Argyle Road and included the Property Investment Strategy. A copy of the capital programme bid was also tabled at the meeting.

Members raised concerns about the need for additional funding for the backup power generator and asked for the rationale behind this bid.

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*Action 2: The Head of Finance to provide to the Committee details of the rationale of the capital programme bid for 2016/17 for the replacement backup power generator at Argyle Road.*

After some discussion Members were questioning the need for a replacement power generator.

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That it be recommended to Cabinet that:

- i) the Capital Programme 2016/19 and funding method set out in the tabled Appendix B to the Capital Programme and Asset Maintenance 2016/19 report be approved;
- ii) it reassess the capital programme bid for 2016/17 for the replacement backup power generator at Argyle Road; and
- iii) the proposed Asset Maintenance budget of £490k be agreed for 2016/17

### 34. Financial Performance Indicators 2015/16 to the end of November 2015

The Head of Finance presented a report on internally set performance indicators which covered activities that support information provided in the regular financial monitoring statements.

The information was provided on targets for the financial year, and figures for the previous year were given for comparison.

These performance indicators assist management in highlighting areas where performance has an impact on financial outturn for the authority.

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted.

### 35. Financial Results to the end of November 2015

The Head of Finance presented a report on the Council's financial results 2015/16 to the end of November 2015.

There had been a number of key issues that affected the financial results 2015/16 - to the end of November 2015. These included:

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- Property Investment Strategy Income
- Revenues and Benefits Partnership
- Income
- Pay costs
- Corporate Savings

The year end position was forecast to be £76,000 worse than budget. Unforeseen pressures included:

- Costs incurred at Farningham Woods – containing the infestation of Chestnut Gall Wasp
- Individual Electoral Registration Canvass exceeding budget
- Termination of agreement with Tandridge District Council
- Asset maintenance work at Hever Road site exceeding budget

### Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved: That the report be noted and recommended to Cabinet with no additional comments.

### 36. Work Plan

The work plan was updated to incorporate carry forwards as a topic at 18 April meeting.

THE MEETING WAS CONCLUDED AT 8.26 PM

CHAIRMAN