

12 September 2019 at 7.00 pm

Conference Room, Argyle Road, Sevenoaks  
Despatched: 12.09.19



# Cabinet

## Supplementary Agenda

	Pages	Contact
6. Treasury Management Annual Report 2018/19	(Pages 1 - 2)	Roy Parsons Tel: 01732 227204
7. Financial Results 2019/20 - to the end of July 2019	(Pages 3 - 4)	Alan Mitchell Tel: 01732227483
8. Financial Prospects and Budget Strategy 2020/21 and Beyond	(Pages 5 - 6)	Alan Mitchell Tel: 01732227483

If you wish to obtain further factual information on any of the agenda items listed above, please contact the named officer prior to the day of the meeting.

Should you need this agenda or any of the reports in a different format, or have any other queries concerning this agenda or the meeting please contact Democratic Services on 01732 227000 or [democratic.services@sevenoaks.gov.uk](mailto:democratic.services@sevenoaks.gov.uk).



## **Item 6 - Treasury Management Annual Report 2018/19**

The attached report was considered by the Finance & Investment Advisory Committee on 3 September 2019. The relevant Minute extract is below.

### Finance & Investment Advisory Committee (3 September 2019, Minute 17)

The Principal Accountant presented a report which provided the review of investment and borrowing activity during 2018/19 as required by the Council's Financial Procedure Rules. The report outlined the strategy adopted during the year, showed the position of the investment and debt portfolios at the beginning and the end of the year and gave details of how the investment fund had performed in comparison with previous years and against various benchmarks.

The overall rate of return exceeded the benchmarks and interest receipts exceeded the budget by approximately £113,700. This had been achieved due to investment rates being higher than anticipated as well as higher than expected investment balances. The Council also had a £50,000 stake in the Municipal Bonds Agency and was an equity shareholder. The agency was set up as an alternative to the Public Works Loan Board and could be considered should there be a requirement for additional borrowing. Members considered the report.

### 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 Treasury Management Annual Report for 2018/19 be approved, and note that whilst returns exceeded budget, inflation continued to outpace investment returns, leading to the gradual erosion of capital in real terms.



## **Item 7 - Financial Results 2019/20 - To the End of July 2019**

The attached report was considered by the Finance & Investment Advisory Committee on 3 September 2019. The relevant Minute extract is below.

### Finance & Investment Advisory Committee (3 September 2019, Minute 18)

The Chief Officer Finance and Trading presented a report on the Council's financial results 2019/20 to the end of July 2019, which showed the end of year position was currently forecast to be a favourable variance of £44,000, this represented just under 0.3% of the net service expenditure budget totalling £15.5m. This included £90,000 of interest from loans to Querus 7 for property investments. If this was excluded there would be an unfavourable variance forecast of £46,000.

In response to questions, the Chief Officer explained that the New Homes Bonus was funding received from Central Government, and the Council was not reliant on this income to balance the revenue budget, but rather was moved to the Financial Plan Reserve to help fund the Property Investment Strategy which delivers ongoing revenue income.

### 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 to note the report and comments from the Finance and Investment Advisory Committee.



## **Item 8 -Financial Prospects and Budget Strategy 2020/21 Onwards**

The attached report was considered by the Finance & Investment Advisory Committee on 3 September 2019. The relevant Minute extract is below.

### Finance & Investment Advisory Committee (3 September 2019, Minute 20)

The Chief Officer Finance and Trading presented the first report for the 2020/21 budget setting process advising that it would be the tenth year of using the current Financial Planning Strategy that included the 10-year budget which had proved successful to date and placed the Council in a much stronger financial position than most other councils.

The report was intended to start the debate and the assumptions would be updated as more accurate information become available during the process. The main message within the report was that the Council was able to remain financially self-sufficient. The 10-year budget continued to include no Revenue Support Grant (RSG) or New Homes Bonus (NHB) in any year as the council continued to be no longer reliant on direct Government funding.

Any amounts that were received from these sources were placed into the Financial Plan Reserve which could be used to support the 10-year budget by funding invest to save initiatives and support for the Property Investment Strategy. Using the funding for these purposes would result in additional year on year income that is not impacted by Government decisions.

Members agreed the last 10-year budget in February and the only changes that have been made since then are rolling the 10-year budget on for one year and updating base figures. No changes to assumptions had been made at this stage.

Appendix A showed the Budget Setting Timetable, this report goes on to Cabinet. Between October & November the Advisory Committees would be presented with their Service Dashboards and Service Change Impact Assessments (SCIAs). A budget update report would then go to Cabinet in December to include the comments from the Advisory Committee's.

The 10-year budget approved by Full Council in February included the need for £100,000 of new savings or additional income each year but only £93,000 was required in 2020/21 as additional savings were made last year. Over the next couple of months, the Cabinet Advisory Committees would be presented with their Service Dashboards and Service Impact Assessments (SCIAs) for their comments and recommendations which would be included in the budget update report to Cabinet on 5 December 2019.

A Member Budget Training session had been arranged for 24 September 2019 aimed at new Members but all Members were invited.

The purpose of this was to ensure that Members were able to fulfil their role in the Governance of the council and the budget decision making process.

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

- a) the financial planning approach and principles set out in the report be endorsed;
- b) the Advisory Committees be requested to review the Service Dashboards and advise Cabinet of possible growth and Savings options; and
- c) officers be requested to continue to review the assumptions as detailed within the report back to Cabinet on 5 December 2019.