

FINANCE AND RESOURCES ADVISORY COMMITTEE

Minutes of the meeting held on 2 September 2014 commencing at 7.00 pm

Present: Cllr. Ramsay (Chairman)

Cllr. Firth (Vice Chairman)

Cllrs. Bosley, Edwards-Winsor, Firth, Maskell, McGarvey, Mrs. Morris,
Mrs. Purves, Mrs. Sargeant and Scholey

Apologies for absence were received from Cllrs. Mrs. Bayley

13. Minutes

Resolved: That the minutes of the meeting of the Finance and Resources Advisory Committee held on 3 June 2014 be approved and signed by the Chairman as a correct record, subject to the addition of the word 'to' at Minute 15 (c) between 'lending' and 'up'.

14. Declarations of Interest

No additional declarations of interest were made.

15. Actions from Previous Meeting

The actions from the previous meetings were noted. A Member asked whether the advised figure of £4m was going to be enough for the Buckhurst 2 car park development. The Chairman replied that he had been advised by Officers that it was at present. However more information would be known once planning permission had hopefully been granted.

16. Update from Portfolio Holder

The Chairman, and Portfolio Holder for Finance and Resources, updated the Committee on his work since the previous meeting of the Advisory Committee listed below:

- The planning application for the Buckhurst 2 car park proposal had been submitted and was due to be considered at the Development Control Committee on 6 November 2014. If approved the funding proposal would be brought to this committee on 11 November 2014.
- Dependant on any decision as to the use of land at Timberden Farm at Cabinet on 11 September 2014, it was planned to sell the land in lots.
- Meeting Point had been given notice to quit by 30 September 2014. No offers had been made for the building under the community right to buy scheme. Consideration was being given to applying for outline planning permission for offices on the ground floor and residential above in order to enhance the

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resaleable value. There had been talks with the Working Men's Club opposite but it appeared that they were now selling to a well known Public House chain.

- The siting of Swanley Leisure Centre, whether at White Oak or the Olympic site was currently being looked at in a feasibility study.
- He had recently taken a Portfolio Holder decision to endorse the leasehold acquisition of the car park in London Road, Sevenoaks, adjacent to the new Marks & Spencer's store for operation of the pay and display car park. In response to a question he advised that the Council would be liable for any repairs under the lease, and the projected income was deemed sufficient
- The Statement of Accounts would be considered by the Audit Committee on 9 September 2014, he had sat in on the Committee's working group who had been reviewing the 2013/14 Draft Statement of Accounts.
- The main contractor and electrical consultants had been appointed for the new generator which would hopefully be installed within the next 6 months. The old generator would be put to use at Dunbrik.

17. Referrals from Cabinet or the Audit Committee

There were none.

18. Annual Treasury Management Report 2013/14

The Principal Accountant presented a report which provided the customary review of investment activity during 2013/14 as required by the Council's Financial Procedure Rules. He pointed out a small error on paragraph 21 of the report, the omission of the word 'risen' between 'have' and 'from'. The report outlined the strategy adopted during the year, showed the position of the investment portfolio at the beginning and the end of the year and gave details of how the fund performed in comparison with previous years and against various benchmarks. It also highlighted that the overall return on the Council's investments exceeded the budget in 2013/14 by approximately £7,000; the economic situation both globally and within the Eurozone remained volatile; and that treasury management in the past financial year had been conducted against this background with a cautious investment approach. It also advised that the recovery of the Icelandic deposit was ongoing and further updates would be provided as and when monies were received.

With reference to the recovery of the Icelandic deposit the Principal Accountant advised that at the moment 54% of the outstanding amount had been received and the projections were that 100% would be received by 2018/19. It was frustrating however that there was enough money available to pay a further 20% now but that this was held up by Iceland's currency controls requiring approval from the central bank.

An account had now been opened with Handelsbanken, £3m had been invested at 0.45% which in the current environment was the best that could be achieved for an instant access account.

Public Sector Equality Duty

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

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Resolved: That Cabinet be asked to approve the Annual Treasury Management Report for 2013/14.

19. Financial Performance Indicators 2014/15 - to the end of July 2014

The Head of Finance presented a report which presented figures on seven internally set performance indicators covering activities that supported information provided in the regular financial monitoring statements. A [replacement Graph 2 – Average monthly cost per employee \(excludes agency staff at Dunbrik\)](#) was tabled.

A Member queried how the Council was performing under the new system where an 8% penalty was imposed on payments not made within 30 days. The Head of Finance advised that 99% of payments were made within the 30 day period, and usually when this was not met it was due to a query or dispute on the amount.

Action 1: That the Head of Finance circulate a note detailing how the new regulations impacted, and how the Council was performing under them.

In response to a question she confirmed that Dunbrik did require use of agency staff to cover annual leave but that this did not come out of salaries budget but the trading account budget for supplies and services.

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.

20. Financial Results 2014/15 to end of July 2014

Members considered the report on the financial results to the end of July 2014. Four months into the financial year the results to date showed an overall favourable variance of £587,000. The year-end position was forecast to be £169,000 better than budget; which was 1.2% of the net budget for the year. The expected outturn was within 0.333% of the gross budget.

A Member asked which Committee would look at whether it was counter productive to raise car parking fees each year when income was less than budgeted. It was pointed out that the loss was largely due to the closure of Old Bligh's and Pembroke Road car parks. Members queried why this loss had not been budgeted for which led to a debate on the accuracy of the budget setting process as there appeared to be a wide variation in individual areas. The Chief Finance Officer advised that the variance in car parking income was less than 2% of the budgeted income. The Chairman advised that this should be looked at by Officers and by the relevant Cabinet Advisory Committees and the Scrutiny Committee process. The Head of Finance advised that the original budgets were set with integrity at a point in time, there would always be unbudgeted events and outturn would not be exactly to target. Chief Officers were asked to provide narratives on any variances in order to highlight any issues.

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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.

21. Financial Prospects and Budget Strategy 2015/2016 and Beyond

The Chief Finance Officer presented a report which was the first report for the 2015/16 budget setting process. It was the 5th year of using the current Business and Financial Planning Strategy that included the 10-year budget which had proved successful to date and put SDC in a much stronger financial position than most other Councils. He advised that the report was intended to start the debate and the assumptions would be updated as more accurate information became available during the process. Last year the government provided illustrative funding figures for 2015/16 which had been included in the budget, however with it being an election year it remained to be seen what announcements would be made over the coming months.

Since the last 10-year budget had been agreed at Full Council in February, changes that had been made since then were: rolling 10-year budget on for one year and using the Budget Stabilisation - Reserve and Financial Plan Reserve balances.

Appendix B to the report showed a shortfall of £647k (i.e. £65k pa) however, the position was likely to change as Chief Officers were currently reviewing the growth and savings requirements for their services. These would be reported back to the relevant Advisory Committees.

The report would be considered at Cabinet on 11 September 2014, and in the autumn the Cabinet Advisory Committees would get the opportunity to review the Service Plans and Service Change Impact Assessments (SCIAs). A budget update report would then be submitted to Cabinet in December which should almost finalise the budget subject to any late announcements coming from central government.

In response to a question concerning whether the potential setting up of a trading company had been taken into account, the Chief Finance Officer advised that no assumptions had been made for additional income at this stage.

A Member was not happy with the assumption that Council Tax would be increased by 3% in 2016/17 onwards, which was viewed as unrealistic. Members debated this issue, noting that other ways to make up the shortfall would be service cuts. The Chief Finance Officer advised that the Government had set a referendum limit of 2% up to 2015/16 and had not stated what the likely position would be going forward. The Chairman pointed out that Council Tax assumptions had been agreed by Members at Full Council in February.

Councillor Firth moved, and it was duly seconded that the ten year financial planning approach and principles set out in the report be endorsed subject to the Council Tax budget assumption being restated to 2% for 2016/17 onwards. This motion was carried.

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Action 2: The Chief Finance Officer to produce details of the impact of the lower Council Tax assumption to Advisory Committee Members.

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 ten year financial planning approach and principles set out in the report be endorsed subject to the Council Tax budget assumption being restated to less than 2% for later years.

22. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.36 PM

CHAIRMAN