

## FINANCE ADVISORY COMMITTEE

Minutes of the meeting held on 6 September 2016 commencing at 7.00 pm

Present: Cllr. Searles (Chairman)

Cllr. Scholey (Vice Chairman)

Cllrs. Mrs. Bayley, Esler, Eyre, Krogdahl and Scholey

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

### 13. Minutes

Resolved: That the Minutes of the meeting of the Finance Advisory Committee held on 24 May 2016 be approved and signed by the Chairman as a correct record.

### 14. Declarations of Interest

No additional declarations of interest were made.

### 15. Actions from Previous Meeting

There were none.

### 16. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance advised that

- he had been involved in looking at growth and savings. Ideas for the £100,000 savings required had been identified, and would be put before the Cabinet Advisory Committees for consideration;
- the last vacancy in the Finance Team had been filled subject to contract;
- he had attended a Local Government Association (LGA) business rates retention seminar but it was quite clear that there was still a lot of unknowns. Further details were still awaited from central government. The consultation ended later in the month and then central government would come back with proposals;
- due to the Council's robust procedures, a Council Tax fraud had been identified and the offender caught out and sentenced. The Council had alerted other local authorities the agency employee had worked at. The Court

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decision on claiming the money back was awaited. Procedures had been further tightened to prevent this happening again;

- the Chairman and Vice Chairman had visited Otford Palace Tower and had thought it in better condition than expected. The Head of Parking and Surveying had commenced an options investigation. It was hoped that a self funding solution could be found.
17. Referral from Cabinet or the Audit committee

There were none.

18. Treasury Management Annual Report 2015/16

The Principal Accountant presented the report which provided the customary review of investment activity during 2015/16 as required by the Council's Financial Procedure Rules and the CIPFA code. 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.

The overall rate of return was in line with a neighbouring authority and exceeded the recognised benchmarks, but interest receipts did not meet budget by approximately £43,400. This was due to increases in bank rates being forecast for the latter part of the financial year that never materialised.

In response to questions about the lending limit breaches, the Principal Accountant agreed that more forward planning could be looked at. The Chief Finance Officer also pointed out that the Team was now fully staffed which should help. It was clarified that these were only breaches of internally set restraints.

A Member asked how much the change in interest rates had affected the interest receipts. He advised that as investments were on set rates there had been no immediate effect. The budget report had already made a lower base rate assumption.

### 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 2015/16 be approved.

19. Financial Prospects and Budget Strategy 2017/18 Onwards

The Chief Officer presented the first report for the 2017/18 budget setting process, it was the 7<sup>th</sup> year of using the current Financial Planning Strategy that included the 10-year budget.

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The report was intended to start the debate and the assumptions would be updated as more accurate information became available during the process. The main message was that the Council was able to remain financially self-sufficient. The 10-year budget at Appendix B of the report, included no Revenue Support Grant (RSG) or National Homes Bonus (NHB) in any year. Any amounts received from those 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 supporting the Property Investment Strategy. Using the funding for these purposes would result in additional year on year income that was not impacted by Government decisions.

Changes made since the agreed 10-year budget in February, were rolling the 10-year budget on for one year and updating base figures, and reduction of the interest receipts assumptions following the Bank Base Rate reduction last month. The changes resulted in a £553,000 (or £55,000 pa) improvement in the budget position at this stage. Chief Officer's are currently putting the finishing touches to a list of growth and savings items that will hopefully achieve the £100,000 required for 2017/18. Advisory Committees would have the the opportunity to review the Service Dashboards and Service Change Impact Assessments (SCIAs), and then a budget update report would be considered by Cabinet in December. By that time a new pension fund valuation should have been received and more should be known about any financial implications of the new Council Tax Reduction Scheme (CTRS) that was currently being consulted on.

Member training sessions were being held on Wednesday 14 September at 7pm and Tuesday 20 September 2016 at 11am. It was suggested that remote access to the training should be investigated for Members who could not attend.

### 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 ten-year financial planning approach and principles set out in the report be endorsed; and
- b) the Government's multi-year settlement offer be accepted.

### 20. Financial Results 2016/17 - to the end of July 2016

The Head of Finance presented a report on the Council's financial results 2016/17 to the end of July 2016, which showed the year end position forecast was £1,000 better than budget.

### Public Sector Equality Duty

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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.

### 21. Financial Performance Indicators 2016/17

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of July 2016, which Members considered.

#### 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.

### 22. Work Plan

The work plan was noted. The Chief Finance Officer advised that an update on the new pension fund valuation should be available by the next meeting. However a report may miss the agenda print deadline and therefore be verbal or an urgent item.

THE MEETING WAS CONCLUDED AT 7.56 PM

CHAIRMAN