

## FINANCE ADVISORY COMMITTEE

Minutes of the meeting held on 30 January 2018 commencing at 7.00 pm

Present: Cllr. Scholey (Chairman)

Cllr. Eyre (Vice Chairman)

Cllrs. Mrs. Bayley, C. Barnes, Esler, Eyre, Kelly, Lake, Pearsall and Pett

Apologies for absence were received from Cllr. Bosley

### WELCOME

The Chairman welcomed the new Head of Finance, Alan Mitchell.

#### 23. Minutes

Resolved: That the Minutes of the meeting of the Finance Advisory Committee held on 14 November 2017 be approved and signed by the Chairman as a correct record.

#### 24. Declarations of Interest

No declarations of interest, not already registered, were made.

Cllr. Eyre advised that he would leave the meeting for the consideration of agenda item 6 (Minute 25).

#### 25. Actions from Previous Meeting

There were none.

#### 26. Update from Portfolio Holder

The Portfolio Holder, and Chairman, advised that as the Council's representative on the Upper Medway Drainage Board he had been helping set their precept for 2018/19. This was the organisation which kept ditches and streams free-flowing in order to reduce the risk of flooding in the river Medway area, and was largely funded by levies on Borough and District Councils. Due to factors such as failure to take account of inflation aggravated by the change in exchange rates since Brexit the initial proposal had been to increase these levies by 20%. After prolonged debate this was reduced to 6%. However, above inflation rate increases would be needed for years to come.

He had also been considering financial challenges which would be faced by the Council in a few years' time. In the budget for 2018/19 there were growth items to provide for an extra £47,000 per annum to cover inflation on the cost of

vehicles (e.g. refuse collection lorries) and £50,000 per annum as a first instalment towards bringing asset maintenance provision to a sustainable level. Future years would require more substantial increases. There had been good news in the Local Government Finance settlement as the Kent and Medway Business Rates Retention bid had been successful for 2018/19, however there was still the proposal from Ministry of Housing, Communities & Local Government (MHCLG) to implement a 'negative Regional Settlement Grant (RSG)' charge on SDC of about £1M in 2019/20. He was working with the Chief Executive, Chief Finance Officer and the Leader looking at ways to ameliorate these financial issues without affecting the Council's key priorities and hoped to bring proposals forward in a few months' time.

In response to a question the Chief Finance Officer advised that there could be around 150 local authorities affected by the negative RSG proposal in 2019/20, however amendments to business rates retention may be made instead.

27. Referrals from Cabinet or the Audit committee

There were none.

28. Annual Discretionary Rate Relief

The Revenues Manager presented a report which set out the proposals for awarding discretionary rate relief for 2018/2019. 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 are to be reported annually.

She advised Members of three amendments to Appendix B: Target Your Potential Ltd should have been listed as 'recommended; Badgers Mount Memorial Hall should be listed as Badgers Mount Parish not Shoreham; and Age Concern Sevenoaks & District Shop was not now recommended for relief.

In response to a question she advised that a trading name could only be changed by the valuation office.

*Action 1: Revenues Manager to investigate the 'Petrol Filling Station' Four Elms Road, Edenbridge.*

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 approve the proposals for granting relief from business rates for 2018/2019 set out in Appendix B to the report, subject to the reported amendments above.

(Cllr. Eyre was not present during consideration of this item, due to a disclosable pecuniary interest.)

29. Local Discretionary Business Rates Relief Scheme

The Revenues Manager presented a report which set out the proposals for amending Sevenoaks' local discretionary business rates scheme for 2017/18 to 2020/21 to ensure that funds were allocated for the benefit of local ratepayers. The Government had set aside £300m in funding over the period 2017/18 to 2020/21 to support those businesses most affected by the revaluation of Business Rates from 1 April 2017. The Government had confirmed that there was no provision for unallocated funds to be rolled over into the next financial year and that any underspend would be returned to MHCLG as part of the usual NDR 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 to approve the proposals to:

- a) increase the maximum percentage relief available for 2017/18 to 2020/21 and allow this to be retrospectively applied to existing recipients;
- b) make automatic awards for 2017/18 (subject to a State Aid declaration) to potential recipients who have not yet claimed;
- c) apply relief automatically for 2018/19 to 2020/21 (subject to a State Aid declaration);
- d) give delegated authority to the S151 officer to amend the scheme in future years to ensure relief if properly targeted and fully utilised for the benefit of ratepayers.

30. Property Investment Strategy Update

The Chief Finance Officer presented the report which provided an update on the progress of the Property Investment Strategy to date and looked at the future direction of the strategy. The Chief Officer Communities and Business was available to answer any questions.

In response to a question Members were reminded that Council had agreed 'Investment opportunities are restricted to those within a 50 mile radius of the Council's Argyle Road offices' (Minute 43(a)b(i)).

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.

31. Financial Performance Indicators 2017/18 - to end of November 2017

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of November 2017, which Members considered.

With regard to the awaited guidance on the recent ruling affecting the VAT treatment of car park income overpayments deeming them to be liable for VAT, a Member enquired as to the risk to the budget and the possible amount in question.

*Action 2: Officers to look at the cost of the potential risk.*

In response to a question about council staff vacancies the Chief Finance Officer advised that there was an officer working group looking at the recruitment and retention of staff.

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.

32. Financial Results 2017/18 - to end of November 2017

The Head of Finance presented a report on the Council's 2017/18 financial results to the end of November 2017, which showed the year end position forecast to be a favourable variance £56,000 which represented just under 0.4% of the Council's net service expenditure.

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.

33. Treasury Management Strategy 2018/19

The Head of Finance presented the report which set out the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. The Council was required under the Local Government Act 2003 (the Act) and supporting regulations 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 were affordable, prudent and sustainable; its treasury strategy for borrowing; and to prepare an Annual Investment Strategy (as required by investment guidance issued subsequent to the Act).

He further advised that CIPFA had recently published a revised Prudential Code as a revised Treasury Management Code of Practice. The primary purpose was to ensure sound governance around "non-treasury" investments such as property acquisitions. The Codes were published too late to enable the full impact to be

built in to the strategy statement, therefore changes would be brought before Members during 2018/19 as and when required.

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 recommend that Council approve the Treasury Management Strategy for 2018/19.

34. Capital Programme and Asset Maintenance 2018/21

The Head of Finance presented a report which set out the proposed Capital and Asset maintenance programme for 2018/21 together with proposed funding.

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 Capital Programme 2018/21 and funding set out in Appendix B to the report, be approved; and
- b) the proposed Asset Maintenance budget of £561,000 be agreed for 2018/19.

35. Risks and Assumptions for Budget 2018/19

The Chief Finance Officer presented a report which set out the risks and assumptions built in to the 2018/19 draft budget that would be presented to Cabinet on 6 February and Council on 20 February.

The assumptions included the following changes to the budget approved by Council in February 2017:

- A Council Tax increase of 2.97% in 2018/19 instead of 2%. This followed the announcement in the Local Government Finance Settlement (LGFS) that districts can increase their Council Tax by the higher of £5 or 3%.
- Pay costs increased from 1% to 2% in 18/19 and 19/20 based on the offer made by the Local Government employers.
- Business Rates Retention pilot in 2018/19. Due to future uncertainties, this increase is being put into the Budget Stabilisation Reserve so there is no overall impact on the 10-year budget.

The risk factors were listed in Appendix A to the report and included a column on the right showing the cash impact of a 1% change to each risk issue as requested at a previous meeting.

## Finance Advisory Committee - 30 January 2018

Upon discussion, Officers agreed to revisit the 'potential annual impact and sensitivity analysis' column in Appendix A, with a view to demonstrating a value to the risk.

### 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.

### 36. Work Plan

The work plan was noted. A Service Update for the June meeting was discussed but not agreed upon and a Service Update from Finance in November 2018.

THE MEETING WAS CONCLUDED AT 8.12 PM

CHAIRMAN