

Finance & Investment Advisory Committee

Minutes of the meeting held on 24 October 2024 commencing at 7.00 pm

Present: Cllr Grint (Chairman)

Cllr Maskell (Vice-Chairman)

Cllrs Clayton, Kitchener, Malone, Manston, Cathy Morgan, James Morgan, Scott, Silander and Williams

Apologies for absence were received from Cllrs. Bayley

Cllrs. Robinson and Skinner were also present.

24. Minutes

Resolved: That the minutes of the Finance and Investment Advisory Committee meeting held on 3 September 2024 be approved and signed by the Chairman as a correct record.

25. Declarations of Interest

There were none.

26. Actions from Previous Meeting

There were none.

27. Update from Portfolio Holder

The Portfolio Holder updated the Committee advising that two training sessions had been provided on the budget which had incorporated feedback received from previous training sessions. He also advised that the Cabinet Members were having informal discussions together and each Portfolio Holder was examining their areas closely for ways to address the budget gap.

28. Referral from Cabinet or the Audit Committee

There were none.

CHANGE IN ORDER OF AGENDA ITEMS

The Chairman, with the Committee's agreement, brought forward consideration of agenda item 8, Treasury Management Mid-year update.

29. Treasury Management Mid-Year Update

The Senior Principal Accountant presented the report which detailed treasury activity in the first half of the current financial year, recent developments in the financial markets and fulfilled reporting requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Treasury Management.

The report gave an economic update provided by Link, the treasury advisors in order to understand some of the influences that may impact on the investment markets. It also gave a review of the council's investment and borrowing portfolios and provided an update on the council's capital position as well as the funding of the capital programme together with an update on the public works loan board (PWLB) borrowing rates. She was pleased to advise that as of 30th September, the investment returns were £164,000 above budget as shown in paragraph 46 of the report. The multi-asset investment funds were performing well both in terms of income and the underlying capital value.

Members considered the report and discussed the possible ringfencing of income from the multi-asset funds.

Resolved: That it be recommended to Cabinet that the report be noted.

30. Financial Monitoring 2024/25: to the end of August 2024

The Head of Finance presented the report which provided information on the revenue and capital position of the Council as at the 31 August 2024 together with the forecast financial position to the 31 March 2025.

The Officer confirmed that whilst the current forecast position was an unfavourable variance of £288,000, this represented an improvement of £29,000 from the July position. The Cost of Services under the Leisure contract was still expected to come in within the £1.8m budget over two years. Since publication of the report, the pay award for 2024/25 had now been agreed, and was £70,000 below the budget assumption.

The level of staff vacancies had given rise to an underspend of £1.2m. The largest variances were in Revenue and Benefits, Direct Services, Audit and Building Control. The savings forecasted were partly being used to offset agency costs and consultants. There was an unfavourable variance on Development Management due to planning fees being lower than anticipated. The Swanley Meeting point was also showing an adverse variance.

In terms of the more favourable variances, interest receipts from the Council's investment strategy continued to perform well and the Leisure Contract was forecasting a favourable variance of £124,000 due to the cost of borrowing to fund

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the White Oak Leisure Centre capital scheme being less than allowed for in the revised budget.

Members discussed the report and considered the way the financial figures were presented to Members, and how this information could be enhanced to assist with interpretation of the budget, including ringfenced monies, statutory service functions and further training. Members also expressed concern over the housing figures provided by West Kent Housing Association. Discussion took place on the projected overspend on refuse collections, and Members were reminded that this was being looked at by the Cleaner & Greener Advisory Committee. In response to a question Members were advised that an email would be circulated with details of what was included within Miscellaneous finance.

Action: For the Head of Finance to circulate to the Committee the details of miscellaneous finance as set out in the budget monitoring.

Following further discussion, the Portfolio Holder took the opportunity to remind Members that administration costs were regularly reviewed by management as well as productivity and reported through the performance indicators.

Resolved: That the report be noted.

31. Financial Performance Indicators 2024/25: to the end of August 2024

The Head of Finance presented the report which provided figures on internally set performance indicators covering activities that supported information provided in the regular financial monitoring statements. Information was provided on the targets for the financial year. It was confirmed that the use of the indicators would assist management in highlighting areas where performance has an impact on the financial outturn of the authority.

Members expressed concern over the implementation of Internal Audit recommendations. A number of actions across completed audit reviews had been deferred. They would continue to be monitored to ensure they were delivered in accordance with the revised timescales. The Audit Committee also receive this information.

Members also expressed concern about the time taken to process Housing Benefit claims, and inquired whether processing claims were quicker for those in extenuating circumstances. The Officer advised he would report back.

Action: For Head of Revenues and Benefits to inform the committee regarding processing of claims in extenuating circumstances.

Resolved: That the report be noted.

32. Budget 2025/26: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

The Head of Finance presented the report which set out updates to the 2025/26 budget process within the existing framework of the 10-year budget and savings plan. The position in the report set out an annual budget gap of £297,000 but recognised that this was likely to change as more information became available and options for further savings may be required.

Informed by the latest information from Government and discussions from Cabinet, it was proposed that the Council once again set a balanced 10-year budget.

As part of the feedback received last year, all Members had been invited to make suggestions which related to the relevant Advisory Committee and would be set out in Appendix K. The appendix would form the basis to report to Cabinet all suggestions that were received even if not taken forward by the Advisory Committee.

The report presented growth items that had been identified which needed to be considered, and requested further suggestions from the Advisory Committee and from members attending the meeting, before finalising the budget for 2025/26.

The Committee considered the 2 proposals set out in Appendix H, the first of which was an increase to the cost of the Finance System as a result of the onsite solution no longer being supported, and the second an increase in external audit fees. The Head of Finance responded to questions regarding the new system and implications if the cloud based solution was not implemented. Members discussed the Finance System, voicing their dissatisfaction at the substantial increase of costs proposed by the software provider and the lack of time that had been allowed to enable an alternative provider to be sought. Members also asked questions in regards to the increase in the external audit fee. The Chief Officer Finance & Trading advised that as part of the agreement through the Public Sector Audit Appointment (PSAA), there was work being undertaken to get back part of the fees paid for the audits which had not been completed. Overall there was support, albeit reluctant, for both budget growth proposals.

Members gave further consideration to additional suggestions for savings which had been suggested and required consideration by the Committee. Those which were relevant to this Advisory Committee were as follows:

- Withdrawing investment funds from two investment counterparties and the basis of ethical banking.

Following discussion, Members were advised that the Treasury Management Strategy was updated annually and Members could make suggestions as to where investments were made. This would be coming to the January meeting where it could be more fully discussed with additional relevant information.

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Other suggestions which were put forward, but were not relevant to the Advisory Committee included: IT costs for systems, solar panels on Council Assets, and systematic software/approach for value for money.

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

- a) The growth proposals (SCIA R11 and R12) identified in Appendices G&H to the report applicable to this Advisory Committee, be considered; and that
- b) No further income or growth proposals were supported relevant to this Advisory Committee.

33. Work Plan

The Work Plan was noted.

THE MEETING WAS CONCLUDED AT 8.19 pm

CHAIRMAN