

## **FINANCE AND RESOURCES ADVISORY COMMITTEE**

Minutes of the meeting held on 20 January 2015 commencing at 7.00 pm

Present: Cllr. Ramsay (Chairman)

Cllr. Firth (Vice Chairman)

Cllrs. Mrs. Bayley, Bosley, Cooke, Edwards-Winsor, Firth, McGarvey,  
Mrs. Morris, Mrs. Sargeant and Scholey

Apologies for absence were received from Cllrs. Maskell and Mrs. Purves

### 36. Minutes

It was agreed that in the minutes for 11 November 2014, in the first paragraph in minute 29 the word "savings" should be inserted between "budgets" and "were" and the word "to" inserted between "down" and "£645,000".

Resolved: That the minutes of the meetings of the Finance and Resources Advisory Committee held on 11 November 2014, as amended, and 3 December 2014 be agreed and signed by the Chairman as a correct record.

### 37. Declarations of Interest

No additional declarations of interest were made.

### 38. Actions from Previous Meeting

The completed actions were noted.

### 39. Update from Portfolio Holder

The Chairman and Portfolio Holder for Finance & Resources confirmed to the Committee that Mark Bradbury had been appointed as Head of Economic Development & Property in December 2014 and so the other posts within the Team could now be filled. A sale would be considered on land at West Kingsdown and at Crockenhill after interest had been expressed by the local communities. A planning application would soon be submitted for the development of 35-37 High Street, Swanley and it was hoped that an application would be brought for the Buckhurst 2 car park in Spring 2015. The external review by PWC of the Internal Audit Team would soon be completed and following this two vacancies in the Team may be filled. No new appointment had yet been made to fill the post of Head of Revenues and Benefits. He confirmed that the Landsbanki hf debt had been sold by competitive sale in November 2014 and he gave congratulations to the Principal Accountant for recovering all the money.

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### 40. Referrals from Cabinet or the Audit Committee

There were none.

### 41. Risks and Assumptions for Budget 2015/16

The Head of Finance presented a report which requested Members' views on the risks and assumptions, set out in the appendices to the report, which were to be included in the budget report to be presented to Cabinet on 5 February 2015. The Draft Budget 2015/16 reported to Cabinet on 11 December 2014 provided information on the key assumptions and risks included within the draft budget proposals and Cabinet were given a further update on 15 January 2015. The risk assessment report before Members provided more detail on the assumptions and risks.

The Head of Finance advised that the report predated the decision at Cabinet on 15 January 2015 where Members agreed to vary the assumption relating to council tax such that it would rise by 1.95% in the year 2015/16, 2% until 2018/19 and 3% thereafter.

*Action: The Head of Finance to ensure that the likely effect of the risk factors, as a percentage of Council Tax increase, be included in future reports of the risks and assumptions for the budget.*

A Member noted that the assumptions for the rise in Council Tax were not at 2% for the entire period as had been recommended at the meeting of the Advisory Committee on 2 September 2014. Cllr. Mrs. Bayley moved, and it was duly seconded, that it be recommended that the assumption be amended to 2% for the entire period. Following discussion the motion was put to the vote and was lost.

Following a request for clarification, the Chief Finance Officer confirmed that the reason the figures for assumed interest receipts were different in the present report to those in the Treasury Management Strategy report was that the figures were an average for the year, whereas those in the other report were assumed rates at year end.

### 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.

### 42. Capital Programme and Asset Maintenance 2015/18

The Head of Finance presented a report which set out the proposed 2015/18 Capital Programme including projected capital receipts, indicating the proposed financing of the Programme. The schemes included the annual schemes for commercial vehicles and for Disabled Facilities work, works to the Dunbrik Vehicle workshop, a contract to design and build elevated car decks on the Buckhurst 2 car park and the Property Investment Strategy. The asset maintenance budget was also set out.

The Head of Finance drew Members' attention to the scheme bid documents and that the figure of £4 million for the decking of the car park was based on a feasibility carried

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out in November 2013 and that the actual cost would be greater due to modifications and there would be construction uplifts depending on the actual construction date.

### 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 2015/18 and funding method set out in Appendix B be approved, and
- b) the proposed Asset Maintenance budget of £479k be agreed for 2015/16.

### 43. Treasury Management Strategy 2015/16

The Principal Accountant presented a report which explained that the Local Government Act 2003 (the Act) and supporting regulations required the Council 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. The Act therefore required the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy which set out the Council’s policies for managing its investments and for giving priority to the security and liquidity of those investments.

Members’ attention was drawn to paragraph 61 of the report, which provided further details on Enhanced Money Market Funds (EMMFs). These funds had not been utilised because of concerns from some Members that they carried more risk than other permitted investments, but it was proposed they would be utilised from 2015/16. Alternatively he suggested that the limit for lending to any of the top five Building Societies not meeting minimum credit rating requirements be increased from £2 million to £4 million each and the limit for lending to Handelsbanken be increased from £3 million to £5 million to give options rather than lending to the Government at 0.25%.

A Member highlighted that investing in a regular MMF carried a risk as well in that the spending power of the investment would be eroded by inflation. The Principal Accountant advised that regular MMFs would generally have a return of between 0.4 to 0.5% whereas EMMFs had 0.7 to 0.9%. However EMMFs would require one or two days’ notice for settlement of an withdrawal requests and, because their returns varied month to month, it was expected investments would usually be kept in for three or six months to even out returns. Some of the funds fell below AAA rating, most were based in Ireland but were regulated by the FCA and they were sterling funds. In response to a suggestion that the proposed £5 million be spread across different EMMFs, the Principal Accountant warned that it would increase work in monitoring the funds and a Member noted it would increase management costs.

Members asked whether it would assist Officers to have the amendment to investment criteria for Building Societies and Handelsbanken in addition to EMMFs. The Principal Accountant confirmed that it would.

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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 it be recommended to Cabinet that

- a) investments in AAA rated Enhanced Money Market Funds be commenced with an overall limit of £5 million which may be in a single fund or split between different funds;
- b) the limit for investments in any of the top five Building Societies not meeting minimum credit rating requirements be increased from £2 million to £4 million each;
- c) the limit for lending to Handelsbanken be increased from £3 million to £5 million; and
- d) subject to those comments, Cabinet recommend that Council approve the Treasury Management Strategy for 2015/16.

#### 44. Financial Results 2014/15 - to the end of November 2014

The Head of Finance presented a report which detailed the financial results as at the end of November 2014 which showed a favourable variance of £835,000. The end of year position forecast was to be £460,000 better than budget. Contributing to the year end forecast, Direct Services expected a surplus £101,000 above budget, budgets for Discretionary Rate Relief (£106,000) were no longer required and the renegotiation of the Partnership Agreement with Dartford Borough Council would continue. The [budget commentaries from December 2014](#) were also tabled for Members' consideration.

In response to a question, the Head of Finance confirmed that any savings stated in the report from joint working were the savings for the Council alone.

The Chairman confirmed that a target favourable variance of between £400,000 and £500,000 in 2014/15 had been set to enable funds to be put aside for development projects and asset maintenance, funding of a Housing Stock Condition survey and any further favourable variance to be applied to the Budget Stabilisation Reserve.

### 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 comments made by the Committee be considered and the report be noted.

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### **45. Financial Performance Indicators 2014/15 - to the end of November 2014**

The Head of Finance presented a report which detailed the internally set performance indicators as at the end of November 2014, with most indicators being met or on target to be met.

Members were informed that there was a spike in sundry debts over 21 days in September 2014 due to a late payment of £5,000 from Kent County Council and payment of rent deposit guarantees to landlords where tenants had not made arrangements to pay the Council. The rise in November 2014 was also because of a late payment by a public sector body. The average time for payments, including those paying in instalments, was 24 days.

In response to a question, the Head of Finance informed Members that the full time equivalents included staff employed as agency staff within Operational Services, which were funded through the trading account rather than the salaries' budget, and Revenues and Benefits. She agreed that in future the target could be better described as the number of staff set out in the budget book. The Chairman felt it important to include the agency staff within the figures so that there would remain the pressure to reduce their use.

Resolved: that the report be noted.

### **46. Work Plan**

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.28 PM

CHAIRMAN

