

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 7 September 2021 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Abraham, Bayley, Clack, Clayton and Reay

Apologies for absence were received from Cllrs. Carroll, Penny Cole, Harrison and Hogarth

Cllr. Griffiths was also present via a virtual media platform, which does not constitute attendance as recognised by the Local Government Act 1972.

12. Minutes

Resolved: That the minutes of the meeting of the committee held on 15 June 2021 be approved and signed by the Chairman as a correct record.

13. Declarations of Interest

No additional declarations of interest were made.

14. Actions from Previous Meeting

The Head of Finance updated Members on the action and it was noted that the Council Tax and Business Rate collection rates were recovering and was expected to be at budgeted levels for the year.

15. Update from Portfolio Holder

The Finance and Investments Portfolio Holder advised that the areas that gave members the greatest concern currently were homelessness, the anticipated change to the Prudential Code and Covid 19. The streamlined budget process would be adopted next year.

16. Referral from Cabinet or the Audit Committee

There were none.

17. Treasury Management Annual Report 2020/21

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The Head of Finance presented the report which provided the customary review of investment and borrowing activity during 2020/21 as required by the Council's Financial Procedure Rules. The report outlined the strategy adopted during the year, showed the position of the investment and debt portfolios at the beginning and the end of the year and gave details of how the investment fund had performed in comparison with previous years and against various benchmarks.

Whilst the overall return on the Council's investment exceeded the recognised benchmarks, interest receipts were substantially below budget. In response to a question, the Head of Finance advised that a more demanding style of investment to obtain better results was being investigated.

Public Sector Equality Duty

The decisions recommended through this paper have a remote or low relevance to substance of the Equality Act. There is no perceived impact on end users.

Resolved: That it be recommend to Cabinet that the Treasury Management Annual Report for 2020/2021, be approved.

18. Financial Performance Indicators 2021/22 - to the end of June 2021

The Head of Finance presented nine key internally set performance indicators, as at the end of June 2021, which Members considered. It was explained that the performance indicator for internal audit was showing as red because audit recommendations deferred, were now classed as being late. He also confirmed they were looking at investing over periods longer than 21 months, and were also examining other possible forms of investment, in order to achieve better returns. Interest rates were unlikely to rise much this year.

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.

19. Financial Results 2021/22 - to the end of June 2021

The Head of Finance presented the report on the Council's 2020/21 financial results to the end of June 2021 which showed the year-end position was currently forecast to be an unfavorable variance of £0.246m which was largely due to COVID-19; and represented 1.4% of the Council's net service expenditure budget totaling £17.015m.

In response to questions, Members were advised that income for Land Charges were below budget as there were a lower number of enquiries and there was a loss of income to Kent County Council. There were a number of reasons why

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homelessness was forecast with an adverse variance of £300,000, in particular the Council only recovered a proportion of its spending on homelessness from Government.

Public Sector equality duty

The decisions recommended through this paper have a remote or low relevance to substance of the Equality Act. There is no perceived impact on end users.

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

20. Financial Prospects and Budget Strategy 2022/23

The Deputy Chief Executive and Chief Officer Finance & Trading presented the report which was the first report of the Council's budget setting process for 2022/23 onwards. It set out the financial pressures the Council was likely to face in the coming years and suggested an appropriate strategy, utilising the 10-year budget framework, which had proved successful to date and put the Council in a much stronger financial position than most other Councils.

To achieve this and ensure a balanced budget position over the next 10-year period would continue to be challenging largely due to the uncertainties and ongoing financial impacts of the Covid-19 pandemic.

The budget process would be the same as two years ago as opposed to the shortened process last year, however it was planned to shorten the process in future years to run from November to February.

The annual budget gap included in the report was £100,000, which related to the annual savings target. However, it was expected that the gap would increase due to the impacts of homelessness, ongoing Covid-19 impacts and inflationary pressures. Growth and savings proposals were to be presented to the Advisory Committees and Cabinet, and their recommendations would be considered as part of the process to remove the gap.

Members discussed the report and took the opportunity to ask questions of clarification. It was clarified that the Asset Maintenance budget was looked at every year and the figure given of 64% was currently proving adequate. With regard to inflation, it was explained there were various inflation assumptions built into the Council's budget however if inflation went higher than the assumption, then the service area it affected would have to find the extra cost in other ways. It was noted that the staffing pay increase for 2021 had not yet been agreed and that there was expected to be a cap set by Government on any rise in Council Tax.

Public Sector Equality Duty

The decisions recommended through this paper have a remote or low relevance to substance of the Equality Act. There is no perceived impact on end users.

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Resolved: That Cabinet be advised that the Finance & Investment Advisory Committee endorsed the ten-year financial planning approach, and principles as set out within the report.

21. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 7.33 PM

CHAIRMAN