

Finance and Investment Advisory Committee

Responsibilities and Challenges

June 2023

Finance & Trading

Chief Officer: Adrian Rowbotham

Finance

Head of Finance: Alan Mitchell

Areas of Responsibility

- Accountancy
- Financial Strategy
- Treasury management (financial investments)
- Exchequer

Issues and Future Challenges

- Continuing to set a balanced 10-year budget with significant financial pressures
- Remaining financially self-sufficient
- Funding capital projects
- Closure of annual accounts (national issue)

Internal Audit

Audit Manager: Jennifer Warrillow

Areas of Responsibility

- Internal Audit (Audit Committee)
- Governance Assurance
- Strategic Risk

Issues and Future Challenges

- Staff recruitment and retention
- Internal Audit adding more value
- Changing risks

Shared service with Dartford BC

Customer & Resources

Chief Officer: Jim Carrington-
West

Revenues and Benefits

Council Tax (Tim Dennington) - Areas of Responsibility

- Council Tax
- Recovery

Business Rates (Sue Cressall) - Areas of Responsibility

- Business Rates
- Visiting Officers

Issues and Future Challenges

- Collecting £328m - SDC: CT £115m, BR £36m / DBC: CT £86m, BR £91m
- Cost of Living
- Govt. support schemes

Shared service with Dartford BC

Revenues and Benefits

Benefits (Heather Gaynor) - Areas of Responsibility

- Housing Benefit
- Council Tax Reduction Scheme

Issues and Future Challenges

- HB subsidy - SDC approx. £22m
- Welfare Reform changes including Universal Credit
- Increased demand on Discretionary Housing Payments
- Aiding the delivery of Household Support Fund

Shared service with Dartford BC

Revenues and Benefits

Fraud (Glen Moore) - Areas of Responsibility

- Prevention
- Detection
- Investigation

Control Team (Sarah Page) - Areas of Responsibility

- Revs and Bens IT systems
- Government information

Issues and Future Challenges

- Working with other bodies
- Government changing requirements

Shared service with Dartford BC

Legal Services

Head of Legal and Democratic Services: Martin Goodman

Areas of Responsibility

- Legal
- Data Protection

Issues and Future Challenges

- Defending Council decisions
- Providing advice and responding to issues raised under the Data Protection Act 2018
- Supporting vital Council Services such as Planning Enforcement, Licensing and decision-making committees
- Providing Legal Services such as conveyancing, contracts and overseeing the procurement process

Commercial & Property

Strategic Head: Detlev Munster

Property Investment Strategy (Detlev Munster)

Areas of Responsibility

- Procuring property in line with Member set criteria

Issues and Future Challenges

- Change in regulations restricting “borrowing for yield”
- Acquisitions need to have a solid economic development and regeneration rationale
- Sourcing opportunities therefore significantly restricted impacting on risk mitigation strategy
- Changing property markets
- Portfolio size limitations

Areas of Responsibility

- Landlord and tenant portfolio management
- Corporate landlord compliance
- Asset maintenance (including Sewage treatment plants)
- Energy management
- Acquisitions and disposals
- Income generation, service charging and block management
- Management of asset terrier and property enquiries

Issues and Future Challenges

- Changing property markets
- Changing legislation (MEES and decarbonisation)
- Age of estate
- Outdated leases, lease modernization
- Limited maintenance budgets

Local Government Finance

Adrian Rowbotham

Background

The background of the slide features a photograph of two hikers on a grassy ridge. The hiker in the foreground is seen from behind, wearing a backpack and looking towards the horizon. Another hiker is visible further up the ridge. The background consists of rolling mountains under a clear sky. The entire image is overlaid with a semi-transparent teal gradient.

Legal Framework (1)

‘every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs’

S.151 Local Government Act 1972

Legal Framework (2)

Report if the Council is about to....

Set an illegal budget....

or

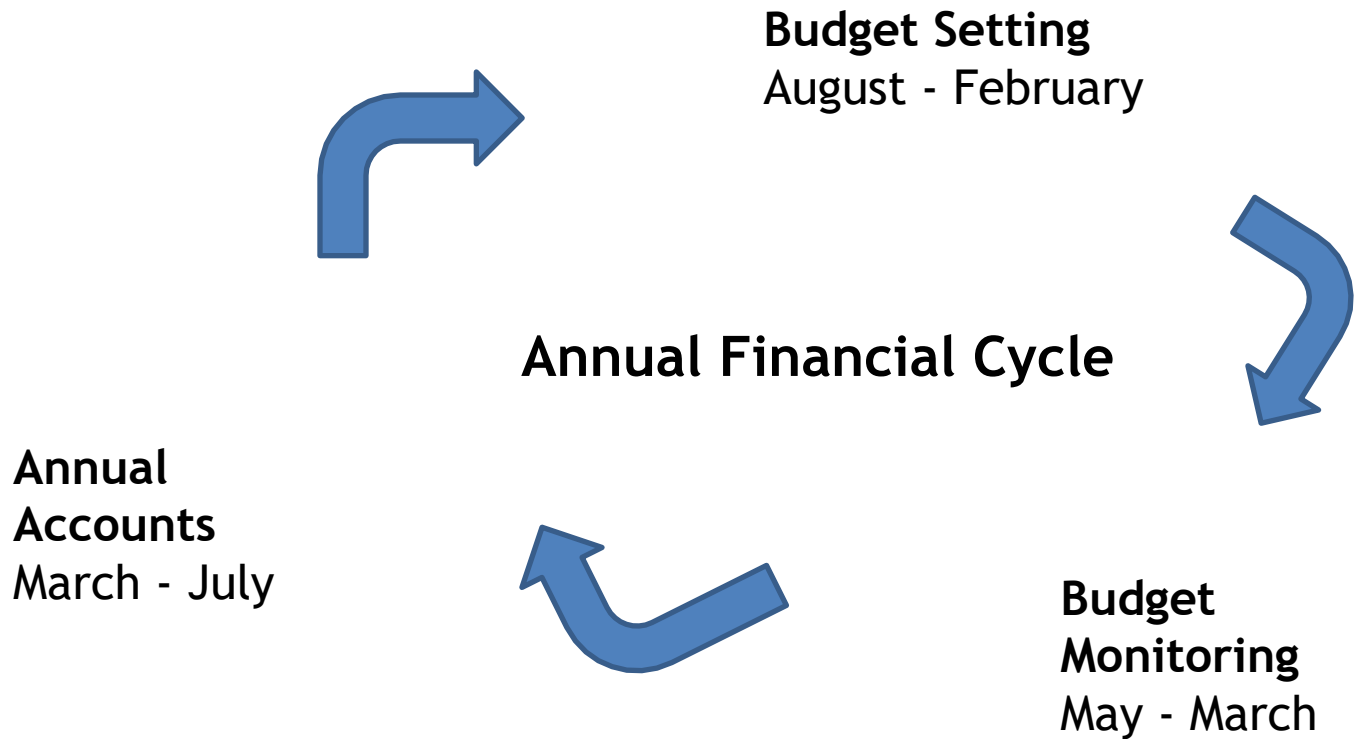
‘take a course of action which ...would be unlawful and cause a loss or deficiency’

s.114 Local Government Finance Act 1988

National Scene



Annual Financial Cycle



Budget Setting



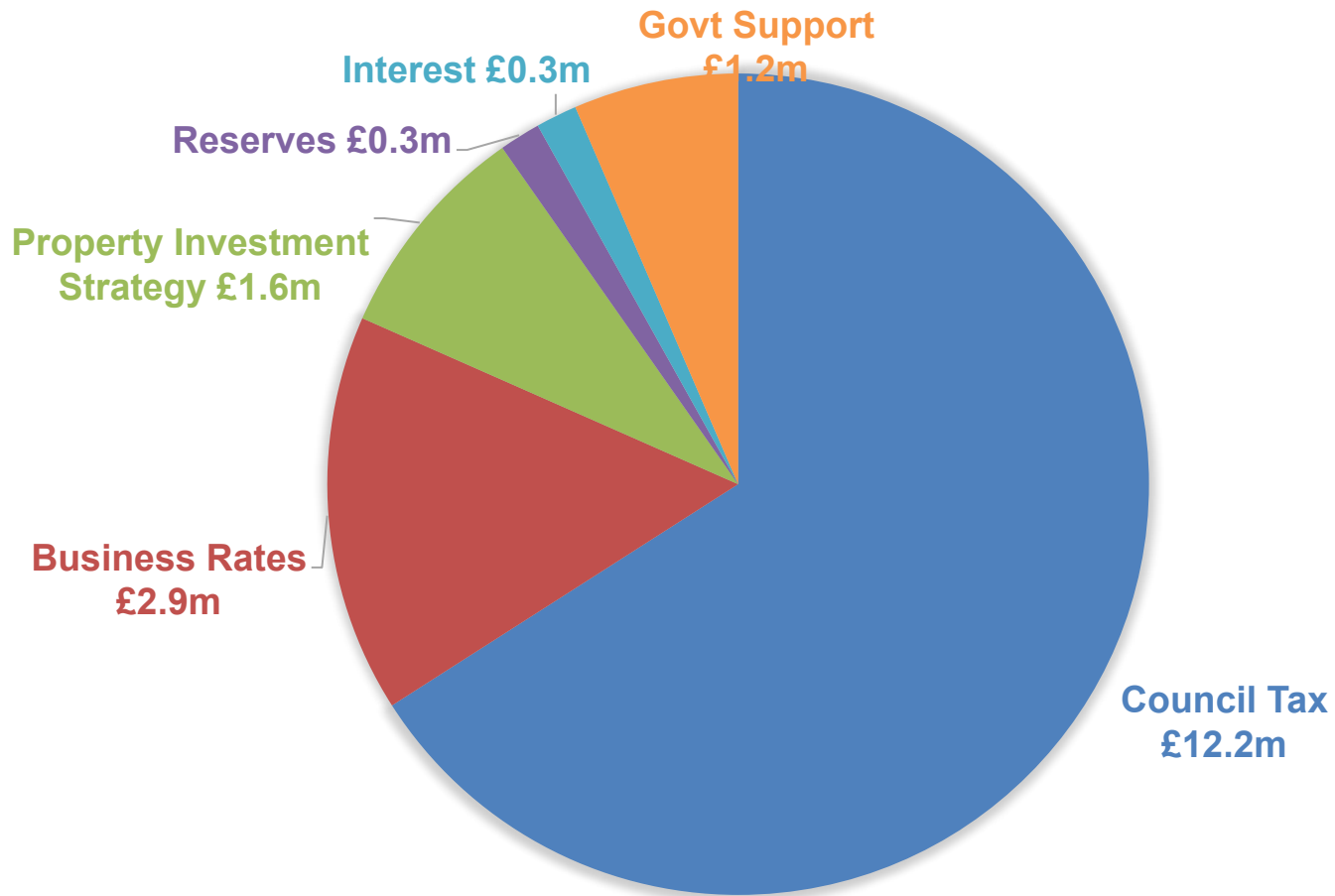
Revenue and Capital Expenditure

- Capital expenditure - an amount spent to acquire or improve a long-term asset such as equipment or a building.
- Revenue expenditure - an amount expensed immediately such as salaries or fuel.

Expenditure

- Revenue £51m Capital £32m **Total £83m**
- Turnover £185m
- Net Revenue Expenditure £18.5m

Funding Sources



Council Tax



Band A
6/9ths
£1,468
(SDC £158)



Band D
9/9ths
£2,202
(SDC £237)



Band H
18/9ths
£4,404
(SDC £474)

Business Rates



Collect £36m Retain £2.9m

Interest Receipts



Reserves



Property Investment Strategy



10-Year Budget

	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Expenditure												
Net Service Expenditure c/f	13,689	14,470	14,528	14,654	15,166	15,541	15,910	16,286	16,667	17,052	17,443	
Inflation	494	585	412	644	461	469	476	481	486	491	499	
Superannuation Fund deficit and staff recruitment & retention	300	0	0	200	0	0	0	0	0	0	0	
Net savings (approved in previous years)	(13)	(427)	(186)	(232)	14	0	0	0	(1)	0	1	
New growth	0	0	0	0	0	0	0	0	0	0	0	
New savings/Income	0	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	0	
Net Service Expenditure b/f	14,470	14,528	14,654	15,166	15,541	15,910	16,286	16,667	17,052	17,443	17,943	
Financing Sources												
Government Support												
Revenue Support Grant	0	0	0	0	0	0	0	0	0	0	0	
New Homes Bonus	0	0	0	0	0	0	0	0	0	0	0	
Council Tax	(10,013)	(10,333)	(10,661)	(10,998)	(11,345)	(11,701)	(12,066)	(12,442)	(12,828)	(13,224)	(13,607)	
Locally Retained Business Rates	(1,990)	(2,055)	(2,128)	(2,171)	(2,214)	(2,258)	(2,303)	(2,349)	(2,396)	(2,444)	(2,493)	
Collection Fund Surplus	0	0	0	0	0	0	0	0	0	0	0	
Interest Receipts	(130)	(130)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	(250)	
Property Investment Strategy Income	(500)	(735)	(1,185)	(1,185)	(1,185)	(1,185)	(1,285)	(1,329)	(1,329)	(1,529)	(1,529)	
Contributions to/(from) Reserves	(353)	(353)	(353)	(353)	(353)	(179)	(179)	(635)	148	148	148	
Total Financing	(12,986)	(13,606)	(14,577)	(14,957)	(15,347)	(15,573)	(16,083)	(17,005)	(16,655)	(17,299)	(17,731)	
Budget Gap (surplus)/deficit	1,484	922	77	209	194	337	203	(338)	397	144	212	
Contribution to/(from) Stabilisation Reserve	(1,484)	(922)	(77)	(209)	(194)	(337)	(203)	338	(397)	(144)	(212)	
Unfunded Budget Gap (surplus)/deficit	0	0	0	0	0	0	0	0	0	0	0	
Assumptions												
Revenue Support Grant:	nil all years											
Locally Retained Business Rates:	2% all years											
Council Tax:	2.5% in 17/18, 2% in later years											
Interest Receipts:	£130,000 in 17/18 - 18/19, £250,000 in later years											
Property Inv. Strategy:	£500,000 in 17/18, £735,000 from 18/19, £1,185m from 19/20, £1,285m from 23/24, £1,329m from 24/25, £1,529m from 26/27 onwards. Sennocke Hotel income included from 2019/20.											
Pay award:	1% in 17/18 - 19/20, 2% in later years											
Other costs:	2.25% in all years											
Income:	2.5% in all years											

Budget Monitoring



Budget Monitoring

- Commentaries for variances +/- £10,000
- Detailed to each code
 - Revenue
 - Capital
 - Salaries and staffing stats
 - Direct Services
 - Investment returns
 - Reserves
 - Income

Annual Accounts

A teal-tinted photograph of two hikers with backpacks walking up a grassy hill towards a mountain range in the distance. The hiker in the foreground is on the right, seen from behind, wearing a backpack and a light-colored shirt. The second hiker is further up the hill in the center. The background shows rolling hills and mountains under a hazy sky.

Statement of Accounts

- Statutory requirement
- Timescales
 - Year-end 31 March
 - Draft Accounts completed by 31 May
 - Audited Accounts
- External Auditors - Grant Thornton
 - True and fair view

Questions

A teal-tinted photograph of two hikers on a grassy ridge, looking out over a mountain range. The hiker in the foreground is wearing a backpack and looking towards the right. The hiker in the background is further up the ridge, also looking towards the right. The background shows a range of mountains under a clear sky.