

## Finance & Investment Advisory Committee

Minutes of the meeting held on 3 September 2024 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Maskell (Vice-Chairman)

Cllrs. Bayley, Clayton, Malone, Manston, James Morgan, Silander and Williams

An apology for absence was received from Cllr. Scott

Cllr. Robinson was also present.

### 13. Minutes

Resolved: That the Minutes of the Finance & Investment Advisory Committee held on 21 May 2024, be approved and signed by the Chairman as a correct record.

### 14. Declarations of Interest

There were none.

### 15. Actions from Previous Meeting

There were no actions. Members were advised that the working group which was created regarding Land East of High Street, Sevenoaks, met twice and its report went to Cabinet and Full Council in July.

### 16. Update from Portfolio Holder

The Portfolio Holder updated the committee on the progress in addressing the costs of the waste collection service as this continued to be raised as an area of concern. At present there continued to be work through the Cleaner & Greener Portfolio and Advisory Committee, to introduce a different approach to the way waste is handled by residents and to increase the efficiency of collection, together with increasing recycled collection rates.

The Cabinet and Officers, in the longer term, were exploring a coherent overall strategy for the service that provided innovative approaches to waste collection that reduce costs whilst at the same time maintaining the level of service that residents require. With the aim of not only reducing costs but considerably improving the environmental impact of waste in the District.

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He advised that there were a number of unknowns currently which could impact the decisions waiting to be taken, including the unknown approach/requirements for waste collection of the new Government, and any funding that might follow the changes. It therefore seemed that a solution to reducing costs and improving waste collection in the medium term might be slower than hoped.

Members took the opportunity to ask questions. In response to questions on trade waste, the Portfolio Holder advised that discussions were taking place and different avenues were being explored, whilst being mindful of changes in legislation.

The Portfolio Holder further advised that in regards to Audit, the Council had started the process of a full financial audit for 2023/24 that would continue into the year. As Members were aware, there was a national backlog of Local Authority audits for a variety of reasons. This would be the catch up Financial Audit, with the last being for 2020/21. He advised that as this Audit process would be taking place at the same time as the Budget processes this would impact on Finance staff time and resources and he asked Members to be mindful of this.

### 17. Referral from Cabinet or the Audit Committee

There were none.

### 18. Financial Monitoring 2024/25: to the end of July 2024

The Head of Finance presented the report and associated appendices, which presented the financial position of the authority and the forecast to March 2025. The Committee were advised that as of the end of July 2024, the position was a forecast year end unfavourable variance of £317,000.

He informed Members that the pay award for 2024/25 had not yet been agreed and the current offer was below the 4% budgeted increase. The current union request was 10% or £3,000 which ever was greater, which would represent a significant overspend against budget. There were a number of staff vacancies, with the larger variances in Revenue and Benefits, Direct Services, Audit and Building Control. The savings forecast from these staff vacancies were partly being used to offset agency costs and consultants to cover the vacancies. The Leisure operator costs was still expected to come within the £1.8m budget over the two years.

In terms of favourable variances, he advised that the Council's investment strategy continued to perform well, as well as the leisure contract forecasting a favourable variance of £124,000 due to the cost of borrowing to fund the White Oak Leisure Centre capital scheme being less than allowed for in the revised budget.

Members were informed that there were some key unfavourable variances including those affecting Direct Services due to the cost of running the service at current waste levels, increased cost of trade waste disposals and reduced income; and vehicle repairs. Other areas also affected were building control, due to income being lower

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than expected and contractors covering vacant posts. The Swanley Meeting Point was also reporting an unfavourable variance of £90,000 due to an overspend of salaries and lower than budgeted income levels.

Members considered the report and asked questions of clarification, with a focus on salaries and staff vacancies. Members were advised that the Council Officers were part of the National Pay Scheme and so the pay award could not be determined by the Council. Salaries were reviewed as part of the budget process and any vacant posts were reviewed by Strategic Management Team to assess if the post was still required. Discussion also focused on Swanley Meeting Point and it was noted that it remained under review. It was not uncommon for a business similar to this to not break even in the early years of business.

### 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 Performance Indicators 2024/25: to the end of July 2024

The Head of Finance presented the report which set out key internally set performance indicators as of July 2024. He highlighted to Members that for Internal Audit there were a number of recommendations outstanding from completed audit reviews that had been deferred; these would continue to be monitored to ensure they were delivered in accordance with the revised timescales. In regards to Housing Benefits and the average number of days to process new claims or a change in circumstances, these had been impacted by staff sickness and vacancies. The indicator was in calendar days.

Members discussed the report and expressed concern at the number of days it was taking to process housing benefit claims. Members were advised that work was being undertaken to look at recruitment and a new Head of Service had been appointed. The Portfolio Holder also assured Members that Cabinet were fully aware of the issue and of the need for progress and improvements. Members also discussed the interest rates achieved in Treasury Management and the benchmarks used for monitoring performance.

### 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, with concern that the Housing Benefit processing targets were being missed.

20. Treasury Management Annual Report

The Senior Principal Accountant presented the report and associated appendices which provided a review of investment and borrowing activity during 2023/24. A cautious investment approach was continued as in previous years and no institutions to which the Council had lent money to had difficulty in repaying the principal and interest due.

Members attention was brought to paragraphs 37 to 42 of the report. Due to increased interest rates during 2023/24, investment receipts were greater than budgeted. In addition, the multi-asset income funds continued to perform well following placement of those investments in May 2022. Overall interest income of £901,000 was achieved, at an average interest rate of 5.12%. On the debt side there was an additional loan taken for Quercus Housing for the provision of affordable housing. This was a medium-term, three-year loan, with all the costs covered by Quercus Housing.

Members considered the report.

Resolved: That it be recommended to Cabinet that the Treasury Management Annual Report for 2023/24, be approved.

21. External Borrowing (Borrowing Strategy Update)

The Head of Finance presented the report which brought together all the various elements that were considered when evaluating the borrowing requirements and how that requirement would be fulfilled. Historically the capital programme had been relatively small but as the aspirations of the Council had developed in recent years this had meant larger schemes.

When interest rates were low and therefore investing money did not provide significant returns it had been appropriate to fund capital schemes through internal borrowing, utilising the Council's cash balances to deliver schemes and increase the yield from those schemes as they incurred no external financing costs. When considering external borrowing and funding of capital expenditure, operational cash flows were also considered and regular cash flow forecasts were produced to ensure that there were sufficient cash balances when needed.

However, as the schemes became larger and cash balances had reduced it was no longer viable to fund capital schemes internally, and therefore going forward all capital schemes would have external borrowing taken out to fund them.

Members were advised that on page 71, in the Capital Programme table in paragraph 8, the figure for 21/22 should read £34.5m, not £345m.

Members discussed the report.

Resolved: That report be noted.

22. Financial Prospects and Budget Strategy 2025/26 and Beyond

The Chief Officer - Finance and Investment presented the report, and associated appendices, which was the first report of the Council's budget-setting process for 2025/26 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. The report was intended to start the debate and the assumptions would be updated if more accurate information became available. The intention remained that this Council was aiming to continue to have a balanced 10-year budget, and that Members would be required to play a major role in reaching a successful outcome by putting forward their ideas during the process and accepting that some difficult decisions may be required.

Members were advised that the Council faced an annual budget gap of £297,000 which was significantly less than the £1.4m gap at this stage last year due to the range of actions agreed in the budget process. It was highlighted to Members that there was still a number of unknowns at this stage, which included the April 2024 pay award, with negotiations for the April 2025 pay award not yet commencing; any changes by the new government to Local Government Finance, the new leisure contract, and financial impact of any changes to domestic waste and recycling collection methods. During the budget process it was expected that these would become more certain.

It was proposed that the Council used the 10-year financial planning approach and financial strategy which had proved successful to date and put the Council in a much stronger financial position than most other Councils. Some additions had been made to the approach following from the responses received to the member survey, which included Members would be able to put forward their suggestions at the relevant Advisory Committees and engage in the debate, even if they were not a member of that committee. Suggestions not supported by Advisory Committees would be included in an additional appendix to Cabinet in December, and all email suggestions will receive a response from the Finance Team.

Members discussed the report. Consideration was given to budget impacts at Kent County Council and any possible impact this could have at the Council. As well as how climate change could be fed into the budget process. Members were advised that climate change would be considered alongside service impact change assessments (SCIAs).

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 ten-year financial planning approach and principles as set out in the report, be adopted.

23. Work Plan

The work plan was noted.

THE MEETING WAS CONCLUDED AT 8.07 pm

CHAIRMAN