

19 June 2023 at 7.00 pm

Council Chamber, Argyle Road, Sevenoaks

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# Finance & Investment Advisory Committee

## Supplementary Agenda

	Pages
8. <b>Role of the Advisory Committee and Key Challenges</b> As presented at the Meeting	(Pages 1 - 34)

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# Finance and Investment Advisory Committee

## Responsibilities and Challenges

June 2023

# Finance & Trading

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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

## IT 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

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- 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

# Estates Management (Detlev Munster)

## 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



# 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’*

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S.151 Local Government Act 1972

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# Legal Framework (2)

Report if the Council is about to....

Set an illegal budget....

or

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

s.114 Local Government Finance Act 1988

# National Scene

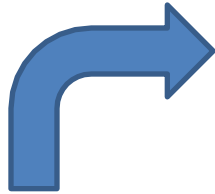


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# Annual Financial Cycle

**Budget Setting**  
August - February



**Annual Financial Cycle**



**Budget Monitoring**  
May - March



**Annual Accounts**  
March - July

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# Budget Setting



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# Revenue and Capital Expenditure

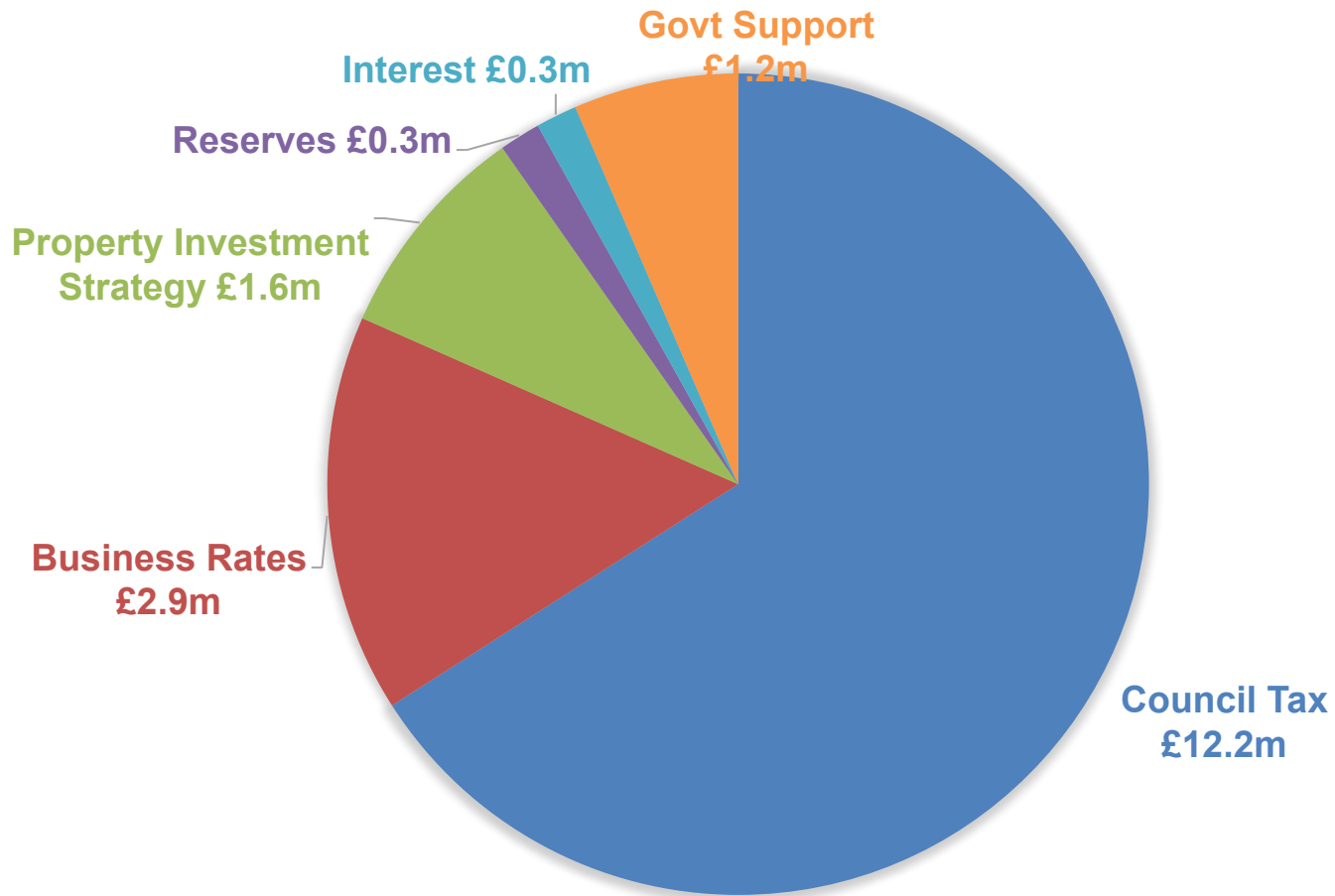
- Capital expenditure - an amount spent to acquire or improve a long-term asset such as equipment or a building.

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



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Band A

6/9ths

£1,468

(SDC £158)

Band D

9/9ths

£2,202

(SDC £237)

Band H

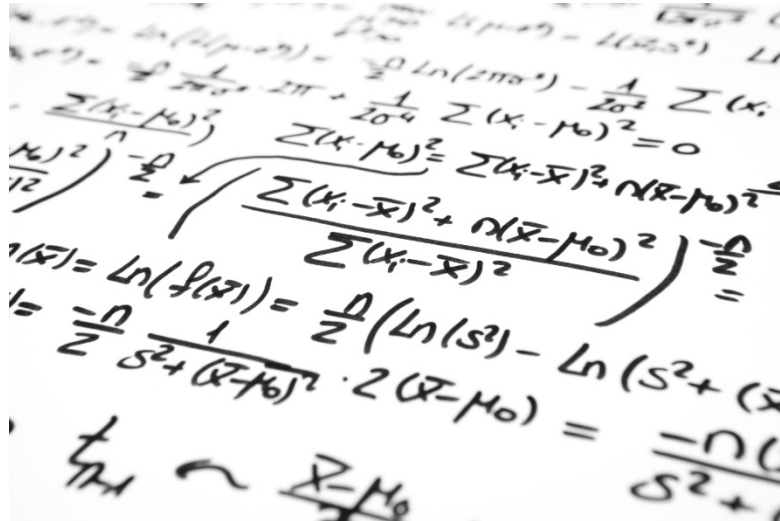
18/9ths

£4,404

(SDC £474)

Agenda Item 8

# Revenue Support Grant (RSG)



Historic formula

2010/11 £6m

2017/18 £nil

# Business Rates



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Collect £36m Retain £2.9m

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# Interest Receipts



# Reserves



# Property Investment Strategy



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# 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
<b>Expenditure</b>												
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	
<b>Financing Sources</b>												
<b>Government Support</b>												
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	
<b>Assumptions</b>												
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

# 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