

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 10 January 2023 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Dickins (Vice Chairman)

Cllrs. Abraham, Bayley, Clack, Clayton, Penny Cole, Griffiths, Reay and Williams

Apologies for absence were received from Cllr. Hogarth

Cllr. Perry Cole was also present.

32. Minutes

Resolved: That the Minutes of the meeting held on 3 November 2022 be signed by the Chairman as a correct record.

33. Declarations of Interest

There were none.

34. Actions from Previous Meeting

There were none.

35. Update from Portfolio Holder

The Portfolio Holder for Finance & Investment provided an update on the services within his portfolio. Work continued on the 2023/24 budget, and he thanked officers and members for their work during the budget setting process. The budget would be presented to Council on 21 February 2023.

36. Referral from Cabinet or the Audit Committee

There were none.

37. Discretionary Rate Relief

The Business Rates Manager presented the report which set out the proposals for awarding discretionary rate relief for 2023/2024. Discretionary rate relief could be awarded in isolation or given to supplement a mandatory award.

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She advised members that the gross relief granted was estimated to be £227,253 but that this figure did not take into account new reliefs as the Council were awaiting further guidance. This was an increase from an increase of £31,618 from 2022/23, largely due to the change in the rateable value of the new Swanley Leisure Centre.

She drew Members' attention to Seal supermarket, which was no longer eligible for the rate relief it previously received, and the recommendation that it receive 80% discretionary relief. She further highlighted three other shops that were no longer eligible for mandatory rural rate relief, but were recommended to receive 100% discretionary rural rate relief for their importance to their communities.

Resolved: That it be recommend that Cabinet approve the proposals for granting relief from business rates for 2023/2024 set out in Appendix B.

38. Financial Monitoring 2022/23 - to the end of November 2022

The Head of Finance presented the report, which outlined the Council's financial position to November 2022 and the forecast position as at 31 March 2023, which was an estimated unfavourable variance of £242,000.

Parking and Development Management incomes were expected to exceed budget. Investment returns were ahead of budget due to the Council's investing in Multi-Asset Income Funds. These favourable variances were offset by forecast unfavourable variances from land charges, the Print shop, Direct Services, and investment property income.

The Committee discussed the impact of agency staff costs on the variance for Direct Services, as well as the underachievement of income targets and the impact of the pay award. They further discussed avenues for increasing income from the Print shop, through stronger marketing towards the organisations the Council is able to serve.

Action: Head of Finance to provide a costing comparison between employed and agency staff for a selection of roles.

Resolved: That the report be noted.

39. Financial Performance Indicators 2022/23 - to the end of November 2022

The Head of Finance presented the report, which outlined the Financial Performance Indicators to the end of November 2022. He highlighted some of the indicators for the Committee.

He explained that the latest information showed that the Audit Actions indicator was above target, but that its year-to-date performance was below. This was due to deferred implementation dates as agreed with managers, and he explained that the work had been carried out in agreement with the plan. The Treasury

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Management indicator showed the effect of low interest rates and low cash balances, as cash resources were used to fund investment acquisitions and the capital programme. He clarified that the indicator showed an upward projection from May 2022.

Resolved: That the report be noted.

40. Budget 2023/24: Review of Service Dashboards and Service Change Impact Assessments (SCIAs)

The Head of Finance presented the report which set out updates to the 2023/24 budget process within the existing financial strategy. SDC is not immune from the financial challenges affecting the country therefore this budget process is expected to be particularly challenging.

No changes had been made to future assumptions at the stage which would be reviewed during the budget process, as usual. However, due to the April 2022 pay award being higher than previously assumed and an annual savings target of £100,000 already included, an annual budget gap of £735,000 was currently reported.

The report presented growth and savings/additional income proposals that had been identified which needed to be considered. It requested further suggestions from Members before finalising the budget for 2023/24. Informed by the latest information from Government and discussions with Cabinet, it is proposed that the Council once again sets a balanced 10-year budget and continues to aim to be financially self-sufficient.

The Committee considered the growth and savings/additional income proposals identified in Appendices E & F to the report. Further consideration was given to additional uses of the Council's buildings, such as photovoltaic panels, hosting telecom masts, and renting out portions of the office space.

Public Sector Equality Duty

Members noted that consideration had been given to impacts under the Public Sector Equality Duty.

Resolved:

(a) That it be recommended to Cabinet that the growth proposals (SCIA's 21,22,23) and savings/additional income proposal (SCIA 5) identified in Appendices E & F to the report applicable to this Advisory Committee, be considered.

(b) That it be recommended to Cabinet that consideration be given to the following further suggestions:

Savings/additional income

(i) Additional uses of the Council's buildings

41. Treasury Management Strategy 2023/24

The Head of Finance presented the report which outlined the Council's Policies for borrowing and managing its investments, and for giving priority to the security and liquidity of those investments.

He outlined the prudential indicators, the borrowing and repayment strategy, and the investment strategy for 2023/24. There were no major changes to the investment strategy. Multi Asset Income Funds were highlighted as a successful implementation of this strategy.

Resolved: That the report be noted.

42. Property Investment Strategy Update

The Head of Finance presented the report, which updated Members on the progress of the Property Investment Strategy to date and its future direction.

He advised the Committee that changes in government regulations and CIPFA prudential code meant that the Council could no longer borrow to make property investment purely for yield. He explained that the Investment Property income budget was derived from income from investment properties owned by the Council, interest from loans to Quercus 7, and dividends from Quercus 7.

The Committee discussed the restrictions on using Public Works Loans Board funding for property investment.

Resolved: That the report be noted.

43. Capital Programme and Asset Maintenance 2023-26

The Head of Finance presented the report, which outlined the Council's Capital and Asset Maintenance programmes for 2023/26. The Capital Strategy set out how the Council would manage the investment and financing of capital resources that contribute towards the achievement of its key objectives and priorities.

He explained that £631,000 had been recommended as the Asset Maintenance budget for 2023/24, which would result in the programme being 64% funded.

Resolved: That the report be noted.

44. Risk and Assumptions for Budget 2023/24

The Head of Finance presented the report, which outlined the key assumptions and risks within the 2023/24 draft budget, as well as any mitigating factors.

In response to questions, the Chief Officer for Finance & Trading clarified that assumptions of 2% inflation for pay costs, and 2.25% for non-pay costs, were measures against overcompensating for inflation. They would be re-examined when there was more certainty regarding future inflation rates, and adjustments

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could be made in future years if necessary. He further clarified that the draft budget did compensate for inflation rates of over 2.25% in some ways, such as SCIA 21 (Utility costs).

Resolved: That the Committee were content with the risks and assumptions contained within the report and appendices.

45. Work Plan

The Work Plan was noted.

THE MEETING WAS CONCLUDED AT 8.08 PM

CHAIRMAN