

FINANCE & INVESTMENT ADVISORY COMMITTEE

Minutes of the meeting held on 19 June 2023 commencing at 7.00 pm

Present: Cllr. Grint (Chairman)

Cllr. Maskell (Vice Chairman)

Cllrs. Clayton, J.Morgan, Lindop, Malone, Scott, Silander and Williams

Apologies for absence were received from Cllrs. Bayley, Hogarth and Kitchener

Cllr. Manston was also present via a virtual media platform which did not constitute attendance as recognised via the Local Government Act 1972.

1. Appointment of Chairman

Resolved: That Cllr Grint be appointed Chairman of the Advisory Committee for 2023/24.

(Cllr Grint in the Chair)

2. Appointment of Vice Chairman

Resolved: That Cllr Maskell be appointed Vice Chairman of the Advisory Committee for 2023/24.

3. Minutes

Resolved: That the Minutes of the meeting held 23 March 2023, be approved and signed by the Chairman as a correct record.

4. Declarations of Interest

There were none.

5. Actions from Previous Meeting

There were none.

6. Update from Portfolio Holder

The Portfolio Holder presented an update on the services within their portfolio. The financial strategy was being examined to ensure it was suited to addressing the pressures on this year's budget process. He looked forward to working with the

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Committee, and encouraged Members to freely offer their questions and constructive feedback.

7. Referral from Cabinet or the Audit Committee

There were none.

8. Role of the Advisory Committee and Key Challenges

The Chief Officers for Finance & Trading and Customer & Resources gave a [presentation](#) on the services within the Committee's portfolio and their key challenges for the future. These included staff recruitment and retention, budgetary pressures, and the collection of council tax and business rates. The Chief Officer for Finance & Trading then gave a presentation to the Committee on Local Government Finance.

Members discussed the presentations.

Resolved: That the report be noted.

9. Financial Monitoring: Draft Outturn 2022/23

The Head of Finance presented the report, which set out the provisional financial outturn for 2022/23. This showed an unfavourable variance of £100,000, compared to an unfavourable variance of £43,000 in 2021/22. Additional business rates accrued from the Kent & Medway Business Rates Pool had been provisionally set at £250,000, but Members were advised that final figures had not yet been received, and that this figure was subject to change.

The unfavourable variance stemmed from several factors, including the staff pay award, global events leading to increasing utility costs, and the negative impact of high interest rates on the number of planning applications, building control services, and land charges. These were offset in part from good returns on the Council's vacancy savings contribution, investment income, in-year manager savings, and one-off grants.

In response to questions, the Officer clarified that vacancy contribution to the budget was calculated from the normal leave time when recruiting to a position that had been permanently left. Payments for the Sencio leisure centres had been repurposed to the current leisure provider.

Members discussed the Council's investment fund managers, and potential issues around the ethics of their portfolios. They further discussed the selection process for these funds, and were advised that the process involved Members and Officers. Investment fund managers had shifting portfolios and it was possible that the funds were not investing in unethical companies at the time the decision was made, but now were. The Committee heard that the investment scheme was a 5-year pilot scheme, and that changing funds early may result in penalisation and lost income. It was agreed that the Head of Finance would provide detailed information on the investment selection process to the Committee.

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Action: For the Head of Finance to provide detailed information on the investment selection process to the Committee.

Resolved: that the report be noted.

10. Financial Performance Indicators 2022/23 - to the end of March 2023

The Head of Finance presented the report, which set out the Financial Performance Indicators to the end of the financial year. Two indicators were outstanding at the end of March 2023, but had progressed since then. The delivery date for the time to process a change in circumstances for Housing Benefit had been revised, as the control team were focusing on their move to a cloud-based system. The communication of changes to the Financial Procedure Regulations had been delayed as the final accounts had to be processed earlier than previously.

The Officer explained the Council's performance on investment returns. The Council had a lower cash balance than in other years, as it had been used to finance investment acquisitions and the capital programme. This provided savings compared to financing these through borrowing, due to high interest rates.

Resolved: That the report be noted.

11. Financial Monitoring 2023/24: Early Indications

The Chief Officer for Finance & Trading presented the report, which set out the early indications for the 2023/24 financial year. Initial high-level work highlighted several financial pressures. Changes in the management of the leisure centres had an estimated cost of £1.83 million over the next two years. The Staff Pay Award for April 2023, not yet agreed, could lead to additional costs of at least £750,000 per year. (The cost of the pay award from April 2022 was partly addressed by borrowing from reserves, to be repaid over 10 years at £39,000 per year.) Other pressures included continuing high demand for refuse and recycling services, the ongoing need for temporary accommodation, general inflation, and the annual savings assumption of £100,000.

Members were advised that the total annual pressure would likely be in excess of £1 million. Part of the solution is expected to result from a review of fees and charges as requested by Members, but finding the remainder would be a major challenge.

In response to questions, Members were advised that the Council were a creditor of Sencio but were unlikely to recoup any money. The performance of the new operators was being continually monitored, which would help refine the estimated £1.83 million figure. Members discussed the limits on increases to council tax, and were advised that the 3% or £5 maximum increase per year was not expected to be changed for the upcoming year.

Resolved: That the report be noted.

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12. Work Plan

The Work Plan was noted.

THE MEETING WAS CONCLUDED AT 8.13 PM

CHAIRMAN