

**Minutes of the Meeting of the FINANCIAL POLICY PANEL
held on 24 May 2016**

PRESENT -

Councillor Eber Kington (Chairman); Councillors Richard Baker, John Beckett, Alex Clarke, Graham Dudley, Barry Nash and Keith Partridge

Absent: Councillor Omer Kokou-Tchri and Councillor Vince Romagnuolo

Officers present: Frances Rutter (Chief Executive), Lee Duffy (Head of Financial Services) and Fiona Cotter (Democratic Services Manager)

1 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the Agenda.

2 MINUTES

The Minutes of the meeting of the Financial Policy Panel held on 2 February 2016 would be presented to the next meeting.

3 FINANCIAL PLANNING 2017/18

The Panel received and considered a report which set out progress made on identifying savings within the 2016/17 budget to reduce the use of New Homes Bonus to £500,000. The report also sought guidance on the approach to be used in preparing a budget for 2017/18.

The report highlighted that the Medium Term Financial Strategy aimed to maintain the financial health of the Council whilst delivering the priorities in the Corporate Plan. It was to be used to provide a framework for the annual budget review. It was noted that one of the key components of the Strategy was to produce a balanced revenue budget each year and to maintain a prudent level of strategic reserves. It was noted that the Council's level of reserves was not excessive and borrowing was only permitted for capital expenditure. Whilst income from fees and charges was increasing by 6% in 2016/17 the Council remained committed to ensuring that its Council tax remained in the lower half of Surrey Districts. It was suggested that the terminology in the document setting out these key components should be clarified to make this latter point clear.

There was no planned use of the working balance in 2016/17 but New Homes Bonus was being used to help fund general fund services. The Council had

agreed that the use of New Homes Bonus should be restricted to £500,000 per annum and savings and additional income had been identified to reduce its use close to this in 2016/17 (the original forecast anticipating use of £634,000). The report highlighted that it was prudent for the Council not to rely on New Homes Bonus as the future of this funding stream was uncertain.

It was noted that the annual savings target for 2017/18 of £895,000 included within the Financial Plan comprised £512,000 already agreed in principle by individual policy committees, leaving £383,000 still to be identified. The Panel was pleased to note that, as at the date of the meeting, this target had been further reduced to £220,000.

A significant number of these savings had been delivered/identified in areas which were the responsibility of the Environment Committee but areas within the responsibility of the Strategy and Resources Committee had also made a large contribution towards these. However, it was also noted that a service review of venues was expected to generate significant savings to assist in addressing the funding gap.

The Panel wished to record its thanks to Officers for the work done in identifying and delivering these savings at this point in the budgetary process. However, it was highlighted that, whilst significant inroads had been made, the Council still faced challenges ahead.

Accordingly, the Panel:

- (1) Noted the progress made to identify in-year budgeted savings for 2016/17 to reduce the use of New Homes Bonus to £500,000;
- (2) Agreed that cost reduction through efficiencies and service expenditure reviews be used as the main tools to achieve a balanced budget in 2017/18.

4 NOMINATIONS TO THE CAPITAL MEMBER GROUP

The Panel received a report which sought nominations to the Capital Member Group to assist in the formulation of the new capital programme for 2016/17 to meet the capital budget reporting timetable.

The proposed capital review timetable and provisional dates for Capital Member Group meetings were set out in the report as follows:

Capital Member Group Action	Deadline
Meet to discuss approach for 2017/18 bids and review schemes carried forward from the 2015/16 capital programme.	20 July 2016 (Wed)
Meet to discuss approach and identify which of the potential bids should be worked into full bids for review in November.	7 Sept 2016 (Wed)
Review of appraisals, funding and draft FPP report.	9 Nov 2016 (Wed)

Accordingly the Panel nominated Councillors Eber Kington (Chairman), Neil Dallen, John Beckett, Omer KoKou-Tchri and Barry Nash to sit on the Capital Member Group.

The meeting began at 7.30 pm and ended at 7.58 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)