

Minutes of the Meeting of the FINANCIAL POLICY PANEL held on 11 September 2018

PRESENT -

Councillor Eber Kington (Chairman); Councillors Tony Axelrod (as nominated substitute for Councillor Hannah Dalton), Richard Baker, John Beckett, Omer Kokou-Tchri (Items 18-19 only), Barry Nash, Vince Romagnuolo and Clive Smitheram

Absent: Councillor Hannah Dalton

Officers present: Lee Duffy (Chief Finance Officer), Brendan Bradley (Chief Accountant) and Tim Richardson (Democratic Services Officer)

17 DECLARATIONS OF INTEREST

No declarations of interest were made by councillors regarding items on the agenda for the meeting.

18 BUDGET TARGETS 2019/20

The Panel received and considered a report that updated the financial forecast and recommended financial targets for preparing the draft budget for 2019/20.

The Panel considered the following matters:

- **Reduction in baseline funding.** The Council had experienced a 66% reduction in baseline Government funding in the past 4 years, following the removal of the Revenue Support Grant (RSG). A further comparison indicated that there would be an 89% reduction in baseline funding between 2010/11 and 2019/20 if the Government's Tariff Adjustment (Negative RSG) was introduced as anticipated.
- **Negative RSG and reduction in New Homes Bonus.** The Chief Finance Officer informed the Panel that as consultation on the Government's Negative RSG settlements and Fair Funding Review were still ongoing, the report had been produced with the assumption that the Council would face a Negative RSG of £625,000 in 2019/20. The Panel was also informed that use of funds from the New Homes Bonus Grant had been removed from the budget outlook from 2021-22, due to uncertainty as to whether 'legacy' payments to the Council would be honoured by the Government following 2020-21.

The Chief Finance Officer informed the Panel that the projected increases in Negative RSG for the period 2019/20-2021/22 were realistic in view of the likely pressure on public sector funding from other services (such as Adult Social Care), and the funding cuts experienced by the Council in the past 10 years.

- **Responses to Government consultation.** The Chief Finance Officer informed the Panel that the Council had responded to the Government's consultations on both the Fair Funding Review and Negative RSG. It was noted that the Council's responses would be circulated to members of the Panel for information.
- **Unqualified External Audit opinion – Final Accounts 2017/18.** The Panel was pleased to note that the External Auditor had again issued an unqualified opinion of the Council's final accounts, for the seventeenth year in a row.
- **Increase in income from discretionary fees and charges.** The Panel noted that the annual 3% increase in income forecast from discretionary charges from 2019/20 - 2021/22 largely related to inflation, and comprised of income generated from both increased fees/charges and increased usage of services. It did not imply that individual fees would be raised by 3% year-on-year. The increase would be reviewed during the setting of the new Medium Term Financial Strategy to be produced next year.
- **Brexit impact.** Following a question from a Panel member, the Chief Finance Officer informed the meeting that the Council was not in receipt of any European Union funding, and that as such there it was unlikely for there to be any direct impact of Brexit. It was not possible to quantify the potential indirect impact of Brexit, due to the number and scale of variables involved, and its unknown impact on the wider economy.

Following consideration, the Panel agreed to recommend to the Strategy and Resources Committee:

- (1) The following overall revenue budget target for 2019/20:-
 - a) Estimates are prepared including options to reduce organisational costs by £406,000 subject to government grant announcement, in order to minimise the use of working balances and maintain a minimum working balance of £2.5 million in accordance with the medium term financial strategy;
 - b) That at least £200,000 additional revenue is generated from an increase in discretionary fees and charges;
 - c) That a provision for pay award is made of £280,000 that represents an increase to the staffing budget of 2.5%;
 - d) That further savings and efficiencies be identified to address the budget shortfall of £113,000 in 2019/20;

19 MINUTES

The Minutes of the Meeting of the Financial Policy Panel held on 26 June 2018 were agreed as a true record and signed by the Chairman.

The meeting began at 6.30 pm and ended at 7.26 pm

COUNCILLOR EBER KINGTON (CHAIRMAN)