

## Minutes of the Meeting of the FINANCIAL POLICY PANEL held on 26 June 2018

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### PRESENT -

Councillor Eber Kington (Chairman); Councillors Richard Baker, John Beckett, Hannah Dalton, Barry Nash and Clive Smitheram

Absent: Councillor Omer Kokou-Tchri and Councillor Vince Romagnuolo

Officers present: Kathryn Beldon (Chief Executive), Brendan Bradley (Chief Accountant) and Fiona Cotter (Democratic Services Manager)

#### 14 DECLARATIONS OF INTEREST

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

#### 15 FINANCIAL PLANNING 2019/20

The Panel received and considered a report that sought guidance on the approach to be used in preparing the budget for 2019/20.

The Panel noted the key components of the Medium Term Financial Strategy set out in Annex 1 to the report. The MTFS would be used to provide a framework for the annual budget review.

The current Financial Forecast anticipated the need for savings of £0.5 million in 2019/20 in order to achieve a balanced budget with no use of general reserves. It was also highlighted that New Homes Bonus was currently being used to fund general fund services and concern was expressed over the impact of the significant reductions in funding available from New Homes Bonus when coupled with “negative Revenue Support Grant”.

It was further noted that it was considered prudent to hold a contingency to deal with any potential consequences resulting from the introduction Universal Credit. Likewise, the Business Equalisation Reserve had been increased significantly to cover a significant potential claim currently going through the courts.

Based on the provisional outturn figures for last year, the highest risk to the 2018/19 budget appeared to be maintaining anticipated levels of income for areas such as planning and in the cemetery. With respect to generating income from burial services, it was stressed that the Business Case for a crematorium did not currently stack up.

The Panel further noted the updated Efficiency Plan set out in Annex 2 to the report. The annual savings target for 2019/20 of £461,000 comprised £406,000 agreed in principle by the individual service committees: £55,000 still had to be identified and the report highlighted the areas that Officers expected to see these savings generated from. In this regard, the Chairman highlighted that a Marketing Officer had been appointed to support income generation. It was also highlighted that the figures in Annex 2 reflected the savings to be made from the cessation of sweeping up highway verge cuttings after cutting. It was commented by Panel members that reductions in the standards of this service had generated complaints from residents.

The Panel was relieved to note that the new statutory guidance on Local Authority Investments did not impact on the two out-of-Borough Investments already made, as these occurred prior to the guidance coming into effect, but was disappointed regarding its implications for future investment. However, it was hoped that this might not preclude investment just outside the Borough's boundaries if there was a strong business case for doing so although Officers would carefully consider whether it might be prudent to delay any further out of Borough investment property purchases until the guidance had been properly tested.

The Financial forecast did not reflect the additional income the Council was expecting to receive as a result of being part of an approved Retained Business Rates Pilot Scheme. The Council had agreed to be part of the pilot on the understanding that there would be a guaranteed financial gain for this authority of at least £0.5 million in excess of what would have been received under the old method for redistribution of business rate income.

In regard to negative revenue support grant, at the time of this meeting, there was no further information on any changes to the expectation that, under the four year settlement, the Council would be expected to make a payment of £625,000 to the Government in 2019/20.

Accordingly, the Panel:

- (1) Confirmed the approach to be taken in formulating the 2019/20 budget as set out in the report;
- (2) Endorsed the approach being taken in relation to the four-year financial plan;
- (3) Confirmed the budget reporting timetable set out in Annex 3 to the report;
- (4) Noted with relief but disappointment the immediate implications of MCHLG's updated Statutory Guidance on Local Government Investments.

**16** MINUTES

The Minutes of the Meetings of the Financial Policy Panel held on 5 December 2017 and 6 February 2018 were agreed as a true record and signed by the Chairman.

*The meeting began at 7.30 pm and ended at 7.54 pm*

COUNCILLOR EBER KINGTON (CHAIRMAN)