

Minutes of the Meeting of the FINANCIAL STRATEGY ADVISORY GROUP held at the Council Chamber, Epsom Town Hall on 27 June 2025

PRESENT -

Councillor Neil Dallen (Chair); Councillors Kate Chinn, Alex Coley, Liz Frost, Lucie McIntyre (as nominated substitute for Councillor Clive Woodbridge) and Alan Williamson (as nominated substitute for Councillor Peter O'Donovan)

Absent: Councillor Peter O'Donovan and Councillor Clive Woodbridge

Officers present: Cagdas Canbolat (Director of Corporate Services (S151)) and Anna Clements (Senior Accountant)

1 DECLARATIONS OF INTEREST

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

2 MINUTES OF THE PREVIOUS MEETING

The minutes of the Financial Policy Panel meeting held on 31 January 2025 were agreed as a true record to be signed by the Chair.

3 2026/27 STRATEGIC FINANCIAL PLANNING

The Group received a report providing guidance on setting the Council's budget for 2026/27 and the following two years.

Members discussed the following issues:

- The possibility of borrowing to invest in capital projects to reduce the costs of maintenance of the Council's assets which contribute to the forecasted revenue budget gap.
- The possibility of selling some of the Council's properties to raise the cash needed to maintain assets such as Bourne Hall and the Playhouse.
- The reasons why the February MTFS budget deficit was significantly lower than the current figures, considering that the time between the two reports is only 4 months.

- The question was asked as to what else can be done to improve the chances of success of achieving a sustainable balanced budget.
- The possibility of the new local authority taking over the forecasted budget gap. Other councils in the area are reporting similar budget gaps, some councils have drafted only a year budget plan, it was noted that Epsom and Ewell Borough Council had produced a more comprehensive forecast and opted for a 3-year plan.

Following consideration of the above matters and the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

To recommend to the Strategy and Resources Committee:

- (1) The amendment to the Medium Term Financial Strategy position and note the budget gap for the relevant years as set out in table 4.2;**
- (2) The proposed Medium Term Financial Strategy is in line with council priorities, prudent and sets a framework for a strong financial control.**

The Group also noted the following items:

- (3) The latest 2024/25 outturn position.**
- (4) The latest reserves balance.**
- (5) The budget reporting timetable in Appendix 2.**

4 REVIEW OF RESERVES

The Group received a report presenting a review of reserves and recommending minimum reserve balances to ensure sound management of the Council's finances.

Members discussed the following issues:

- In February the decision was taken to set the minimum reserve balance at £1m, since then a benchmarking exercise has been undertaken and the results indicate that the council should adopt a more prudent strategy, 15% of the net revenue budget, £1.5m.
- The constitutional procedure that permits changing the minimum General Fund unallocated reserve level within 6 months of the previous Council decision on this matter.

Note: Following the meeting, it has been confirmed that a motion may be moved to Full Council to rescind or alter a decision of Full Council if it is recommended by a committee, provided that it complies with the requirements of FCR 14.2 of Appendix 4 of the Constitution.

Following consideration of the report's contents, the Group moved to consider the report recommendations, which were agreed as follows:

- (1) Consider and review whether the recommended General Fund unallocated reserve level of £1.5 million is appropriate for the sound management of the Council's finances;**
- (2) Review the methodologies and levels of other reserves in light of the latest MTFS and report back to FSAG.**

The Group also agreed to request the Strategy & Resources Committee to recommend to Full Council:

- (3) Proposed changes to the General Fund unallocated reserve levels.**

The meeting began at 2.00 pm and ended at 2.40 pm

COUNCILLOR NEIL DALLEN (CHAIR)