

Overview and Scrutiny Committee

Held at:	Council Chamber - Civic Centre, Folkestone
Date	Tuesday, 16 October 2018
Present	Councillors Miss Susan Carey, Peter Gane (Chairman), Clive Goddard, Michael Lyons, Carol Sacre (In place of Ian Meyers), Russell Tillson and Mrs Rodica Wheeler
Apologies for Absence	Councillor Ms Janet Holben, Councillor Mrs Claire Jeffrey, Councillor Mrs Mary E Lawes and Councillor Ian Meyers
Officers Present:	Kate Clark (Committee Services Officer), Sue Lewis (Committee Services Officer), Tim Madden (Corporate Director - Customer, Support and Specialist Services), Charlotte Spendley (Assistant Director) and Lee Walker (Group Accountant)
Others Present:	

130. **Declarations of Interest**

There were no declarations of interest.

131. **Minutes**

The minutes of the meeting held on 11 September 2018 were submitted, approved and signed by the Chairman.

132. **Medium Term Financial Strategy 2019/20 to 2021/22**

The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. It puts the financial perspective on the council's Corporate Plan priorities, expressing the aims and objectives of various plans and strategies in financial terms over the four year period ending 31 March 2023. It covers both revenue and capital for the General Fund and the Housing Revenue Account. Also included are the Council's reserves policies. The MTFS is a key element of a sound corporate governance and financial management.

Mr Tim Madden, Corporate Director for Customer, Support, and Specialist Services, summarised the report and asked members to note the deficit figures

in 1.7 of the report. The budget strategy papers will be presented to this committee prior to Cabinet in November 2018.

Mr Madden mentioned the Fair Funding Review which is the Government's national review of funding which is likely to take effect from 2020, he pointed out that this would increase the level of uncertainty when looking at the District's financial position.

Members comments arising from the report included:

- Growth of Council Tax base. The assumption is that there is an increase of 1.5%, a clearer figure will be available at the end of this year once the tax base is agreed. The level of increase to Council Tax has been assumed at 2% although it was recognised that this was a Political decision to be taken annually.
- Appendix 1 of the report shows a marked increase for Democratic Services and Law. This is due to the new Waste Contract which is estimated to cost approximately £1.5 million.
- The Government has stated its intention to replace New Homes Bonus from April 2020. It is expected there will be a replacement means of incentivising housing growth but this is yet to be published.
- Members had heard that some businesses are struggling with their business rates, however the District had little control over the rates. A hardship scheme and discretionary relief provides assistance to eligible businesses however the business rates system is a national system and there is limited local discretion over the system.

Members agreed that this was an excellent report and thanked officers for their work on this.

Proposed by Councillor Clive Goddard
Seconded by Councillor Michael Lyons and

RESOLVED:

- 1. To receive and note Report C/18/36.**
- 2. To recommend that the Medium Term Financial Strategy, as appended to the report, is adopted.**

(Voting: For 6; Against 0; Abstentions 1)

133. Treasury Management Monitoring Report 2018/19

This report provides an update on the Council's treasury management activities that have taken place during 2018/19 against the agreed strategy for the year. The report also provides an update on the treasury management indicators approved by Council earlier this year.

Mr Lee Walker, Group Accountant, summarised this report highlighting; that net borrowing to 31 August 2018 had reduced as detailed at 3.2 of the report due to improved cashflow, investment balances to 31 August 2018 averaged £43m

with a return of 1.16%, the council's best performing investment continued to be the CLLA Local Authorities' Property Fund, £10m had recently been invested in multi-asset income funds which should provide returns in excess of inflation, helping to mitigate the risk of capital erosion while maintaining good quality security and liquidity.

Members noted the borrowing from Folkestone Town Council and were happy with the rate secured.

The Bail-in Exposure at 5.5.1 was questioned and Mr Walker explained the variances in figures were due to an increase in investments in short term unsecured investments in the period to 30 June 2018 and that all investments made were within the parameters of the approved Investment Strategy for 2018/19.

In response to a question concerning the appropriate balance between risk and return referred to in section 5.3 of the report, Mr Walker advised members that council's relatively healthy cash reserves and its future cash flow forecast meant it was prudent to invest the £10m in the multi-asset funds for a duration of between 3 to 5 years as these would provide improved returns helping to mitigate capital erosion while maintaining good quality security and liquidity.

Members discussed aspects of the Non-Treasury investments and were advised that a further document will be produced during the budget process.

The Chairman congratulated the team on this report and the work involved.

Proposed by Councillor Russell Tillson
Seconded by Councillor Mrs Carol Sacre and

RESOLVED:

1. To receive and note report C/18/34.

(Voting: For 7; Against 0; Abstentions 0)