JOINT EXECUTIVE ADVISORY BOARD

21 November 2018

* Councillor Nils Christiansen (Chairman)
* Councillor Adrian Chandler (Vice-Chairman)

Councillor Alexandra Chesterfield	Councillor Julia McShane
Councillor David Elms	* Councillor Bob McShee
* Councillor Andrew Gomm	Councillor Dennis Paul
* Councillor Angela Goodwin	Councillor Tony Phillips
Councillor Murray Grubb Jnr	* Councillor Mike Piper
* Councillor Angela Gunning	* Councillor David Quelch
* Councillor Christian Holliday	* Councillor Caroline Reeves
* Councillor Mike Hurdle	Councillor Tony Rooth
Councillor Jennifer Jordan	* Councillor Matthew Sarti
* Councillor Nigel Kearse	Councillor Pauline Searle
Councillor Sheila Kirkland	* Councillor Jenny Wicks

* Present

18 ELECTION OF CHAIRMAN

The Joint Executive Advisory Board

RESOLVED

that Councillor Nils Christiansen be elected as Chairman for the meeting.

19 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies for absence were received from Councillors Alexandra Chesterfield, Jennifer Jordan, Sheila Kirkland, Julia McShane, Tony Phillips and Pauline Seale. In accordance with Council Procedure Rule 23(i), Councillor Caroline Reeves was present as a substitute for Councillor Julia McShane.

20 LOCAL CODE OF CONDUCT AND DECLARATION OF DISCLOSABLE PECUNIARY INTERESTS

There were no declarations of disclosable pecuniary interests or non-pecuniary interests.

21 MINUTES

The minutes of the meeting of the Joint Executive Advisory Board (EAB) held on 23 April 2018 were confirmed as a correct record, and signed by the Chairman. The reference in minute number 17 to the advancing redevelopment of North Street, Guildford, was raised.

22 BUSINESS PLANNING - GENERAL FUND OUTLINE BUDGET 2019-20

The EAB was invited to consider a report outlining the current position with the 2019-20 outline budget and submit its comments thereon to the Executive to assist it with the preparation of the General Fund estimates for 2019-20. The outline budget had been considered by the Joint EAB Budget Task Group at its meeting on 8 November 2018 when it had examined capital bids for consideration by the EAB at its next meeting, in January 2019. There were no revenue bids for the EAB to consider at this meeting.

The report explained that the budget included government grant at a level based on the 4-year local government finance settlement issued by the Government in February 2016.

However, the amount of grant would not be confirmed until the Government released the draft local government finance settlement which the Ministry of Housing, Communities and Local Government had provisionally indicated would take place on 6 December 2018. As it was early in the budget process, the report also set out the areas of uncertainty that may influence the final position.

The budget assumed a £5 (3.0%) increase in Council Tax in line with the Budget Assumptions 2019-20 to 2022-23 report approved by the Executive on 17 July 2018. The draft Council Tax base was 56,795, which was 0.53% lower than 2018-19. This had reduced the resources available by approximately £52,200. The outcome of the Surrey Business Rates Pilot bid for 2019-20 was awaited.

The financial monitoring report for the first six months of 2018-19 would be reported to the Corporate Governance and Standards Committee on 29 November 2018. The projected net expenditure on the General Fund for the current financial year was estimated to be £1.2 million less than the original estimate. The current outline budgetary position showed no shortfall between the likely resources and the proposed net expenditure.

The major reasons for movements between 2018-19 and 2019-20 and the variances at service level were set out in the report and appendices. Although no revenue growth bids had been received for 2019-20, some capital bids may have revenue implications attached to them. These would be considered by the Executive as part of the Capital and Investment Strategy report in January 2019, along with a schedule of proposed fees and charges for 2019-20.

The Director of Finance gave a presentation which provided a progress statement in respect of the 2019/20 budget. The presentation explained the service and financial planning process, the factors affecting the General Fund revenue budget, the Capital and Investment Strategy, the capital scheme process and the capital programme. The Director advised that a balanced budget for 2019/20 had been achieved following the reduction of the deficit of approximately £700,000 to zero. However, a longer term gap of £8.5 million was anticipated by 2022/23.

The following points arose from questions and discussion:

- The Deputy Leader, the Lead Councillor for Finance and Asset Management, and the Financial Services Manager had recently met the Under Secretary of State for Housing, Communities and Local Government to explain the Council's challenging financial position and seek increases in funding by various means. The response had indicated that it was unlikely that any further government funding would be made available to this Council as the Government was focusing on funding the statutory services provided by upper tier local authorities such as social care.
- In terms of Council Tax income, the outline budget took account of housing delivery trajectories with reference to the Local Plan, however, several years could elapse before planned housing was constructed and occupied.
- Risks associated with external factors which could impact on the Council's finances were monitored and a budget assumption was that the grant of £2.1 million received from Surrey County Council would significantly reduce in the future. The level of Government grant was expected to change in April 2020 following review and would be the subject of a consultation. Looking ahead four to five years, it was assumed that the authority would not benefit from Business Rates and would need to rely on Council Tax for future funding. Also, there was potential for the Government to collect Council Tax payments from local authorities.

- The twelve week public consultation being undertaken by Surrey County Council in respect of its budget related to possible service reductions being proposed by that Council. However, such reductions could have implications for this Council such as waste disposal.
- Although the Car Park Reserve fund was not utilised to support the Park and Ride service, there was a separate Park and Ride reserve held by this Council for the Joint Committee and surplus income from on-street parking could be used to support the service.
- Slippage in the delivery of the capital programme could result in decreased debt costs and interest charges and in delayed income streams between years. In response to a Councillor's question, information concerning the level of debt charges associated with the £396 million borrowing anticipated on the Council's existing capital programme would be provided.
- A corporate project involving a local business to explore the possibility of utilising the Council's assets and events for sponsorship and advertising purposes was proposed.
- The payment of the salaries of three officers from reserves was a temporary measure pending the identification of alternative funding sources such as rental income or joint funding.
- Attention was drawn to budget variances in the property portfolio of the Community Services Directorate. Although much of the budget was rolled forward from the previous year with adjustments for inflation, interest rates and underspends etc., the property elements were zero based and involved examining leases and projecting rent levels to minimise the risk of variances in the portfolio. The repair and maintenance fund was controlled. Some variances were the result of recharges and not due to growth pressures whilst others, such as Middleton Industrial Estate, were owing to a decline in rental income during redevelopment. Lease break clauses were complications as new rental levels depended on future market factors and were difficult to predict and early engagement took place with leaseholders with break clauses to retain their business. As the retail and office markets were not currently strong, the Council was focusing on the stronger industrial and residential quarters. These matters were monitored by the Property Review Group.
- A budget variance relating to The Village in 2019/20 was the result of printing recharges being wrongly coded to the cost centre in error and the recharge would be recoded to the correct budget.
- Staff vacancies and a reduction in posts were the reasons for the budget variance of £89,860 relating to Affordable Housing Development.
- The Budget Pressure Reserve and the Invest to Save Reserve could be utilised to support the Future Guildford programme. An all councillor briefing in respect of the programme was proposed for 6 February 2019.

In conclusion, the EAB noted the current 2019/20 outline budget position and indicated support for the proposal to use the Business Rates reserve and other earmarked reserves for specific projects as detailed in the report.

Councillors expressed appreciation of this new approach, involving a brief report and presentation, to considering the outline budget. This was in line with feedback from the Local Government Association corporate peer review.