

Overview and Scrutiny Budget Task Group – 13th January 2025

Minutes of a Virtual Meeting of the Overview and Scrutiny Budget Task Group held on Microsoft Teams on 13th January 2025.

Present:

Cllr. Chilton (Chair)

Cllrs. Bartlett, C. Bell, Ledger, Michael, Shilton.

In accordance with Procedure Rule 1.2(c) Councillor C Bell attended as a Substitute Member for Councillor N Bell.

Also Present:

Head of Finance, Senior Accountant, Democratic Services Manager.

1 Financial Policy Statement and Provisional Settlement

1.1 The Head of Finance introduced the item. There were not many significant variances in budget – the big one was National Insurance contributions. It had been expected that government would fully fund it, however it was only expected to be around 50% of the additional costs. This would be a risk in the budget and would be managed appropriately. The housing grant had already been discussed in a previous meeting of the Task Group, with recommendations being made to fund prevention costs. There was an assumption made that Council Tax would be increased by the maximum 3%. EPR funding was likely to get rolled into the wider core spending power calculation in the following financial year reducing the benefit to the Council. Questions/comments were invited from the Task Group and these were responded to as follows:

- The MTFP was renewed annually. The current one was to 2030, with assumptions that there would be a small increase in core spending power. That would need to be adjusted in light of the removal of EPR and there would be a budgetary gap of £400,000. This would mean that additional savings would need to be found.
- New Homes Bonus had been confirmed to be removed, however that had been reported to be the case for a number of years. The reduced figures showed the impact of Stodmarsh.
- The increase in National Insurance Contributions meant that there was not enough money to distribute to fund all direct costs, therefore all Councils would receive less than expected. Should external contractors seek restitution then that would become a budgetary pressure.

- In respect of Council borrowing – Quarter three had shown slightly more income through investments but that wouldn't outweigh the extra borrowing. This had been discussed at the previous meeting of the Task Group – the next year would be tight, due to the expectation of falling interest rates and the gilt market at an all time high. It would be prudent for the Council to have strong cash flow management. This would be an impact on the revised MTFP.
- Rural services grant was an allowance for areas with larger geographical boundaries – this was lost as it was wrapped up into other funding streams.
- From 2026 there would be a standardised recycling service, which meant that paper and cardboard would need to be separated from jars and tins – this in turn meant that there would need to be an additional bin. Whilst this was an issue for the contractor, there would need to be additional bins funded by the Council. It was suggested that this be referenced in the MTFP where appropriate.

Recommendations:

- I. That due to a worse than anticipated financial settlement within the MTFP (medium term financial plan), there is an expectation that the MTFP gap could increase and propose that 'new' savings plans are developed to mitigate this risk ahead of the 2026/27 budget setting process.**
- II. Note that the increase in Employers National Insurance Contributions for external contractors could be a risk to the budget if they seek contractual changes / support to cover additional costs.**

2 Ashford Cinema

- 2.1 The Head of Finance advised that progress had been made in respect of increasing footfall. There were still struggles from the writers' strike with the number of significant films not coming through. It was expected to be another challenging year in that respect. The Task Group were receptive of an extension to the funding agreement.

Recommendation:

- I. Ashford Cinema Ltd. could seek an extension to the existing funding agreement which presents a risk of additional costs coming forward, which could be met from reserves.**

3 Newtown Works

- 3.1 There were discussions regarding the increase in gilt rates and falling exchange rates. The loan was due to be reviewed and the Task Group felt that the terms should be reviewed at that time. There was a need to ensure that risk was being

managed, especially given the volatility in the market.

- 3.2 An extension had been requested in respect of the Levelling Up Fund and there had not been any indications that this would be rejected. There was a contingency should this be rejected, whereby a portion of debt would be repaid and the £14.7m would still be received.

Recommendation:

- I. **there is a risk that increasing borrowing costs could increase Council borrowing costs above the fixed rate provided to Ashford International Development Company which could add pressure to the budget.**

4 Wrap Up

- 4.1 The Head of Finance advised that there would be an adjustment to the final budget as the Lifeline operations would cease. There would be an extra cost to the Monitoring Centre as the HRA would be acquiring that service elsewhere. This was an additional cost to be borne to the Council and therefore a pressure on reserves. The Task Group felt that the active monitoring of CCTV was vital.

Recommendation

- I. **That Cabinet note the impact on the budget of ending the provision of lifeline services and provide assurance that the active monitoring of CCTV will be continued.**

Councillor Chilton (Chair)
Overview & Scrutiny Task Group – Budget Scrutiny