

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & SCRUTINY COMMITTEE

14 JANUARY, 2020

TOWN CLERK'S OPEN REPORT

1) Internal Audit

- **To review and recommend to Council the terms of engagement and scope of the Internal Audit for 2020.**

Members are asked to review annually the requirements for the Internal Audit. Since 2018, this has included the Mayor's Charity Administrative Arrangements (now renamed Mayor's Good Causes), which was an extension of the scope of previous internal audits.

The relevant Internal Audit documents for review are attached as **Appendices 'A', 'B', 'C' and 'D'**.

Members are asked to consider whether the scope of the Internal Audit for 2020 should be extended or whether any changes are required.

2) To receive the Management Accounts for the Period 1 April 2019 – 31 December 2019

- **To note the report**

The Management Accounts for the period 1 April 2019 – 31 December 2019 are attached as **Appendix 'E'**.

There is currently YTD Net Surplus of £141,964 compared to YTD Budget Deficit of (£23,554), though some of this is down to timing of expenditure through the financial year.

The most significant YTD variances are explained in the Management Accounts Review, attached as **Appendix 'F'**.

Members are requested to note the report.

3) Budget virement for further Town Hall expenditure

- **To approve a recommendation for a further budget virement for Town Hall expenditure for 2019-20**

Members are reminded that the additional expenditure which is being incurred following the Building Condition Survey in 2018 is being funded from the Building Maintenance Reserve. A quotation for further works relating to heating, lighting and ventilation has been submitted and some of this work could potentially be done before the end of the current financial year on 31 March, 2020. As the previously revised and approved budget limit could be exceeded, Members are asked to approve a recommendation by the Town Hall Income, Facilities and Wellbeing Panel for a further budget virement of £50,000, which includes contingency for further works which may begin before the start of the new financial year. Note the proposed budget for 2020-21 already includes known cost estimates for works expected to be undertaken in the next financial year.

4) Town Hall tariff and Cemetery and Tranquility Garden fees

- **To approve the proposed draft Town Hall tariff and draft Cemetery and Tranquility Garden fees for 2020-21**

Following the cancellation of the General Purposes Committee meeting on 10 December 2019, it falls to the Finance & Scrutiny Committee to undertake the annual review of the Town Hall tariff and Cemetery and Tranquility Garden fees, which is part of the budget process. Unless there is a directive by the Finance & Scrutiny Committee or the General Purposes Committee to undertake a specific evaluation of the existing tariff and fee structure, they are reviewed each year in line with inflation.

The proposed Town Hall tariff is attached as **Appendix 'G'**, while the current tariff is attached as **Appendix 'H'** for comparison.

The proposed Cemetery fees and current fees are attached as **Appendix 'I'** and **Appendix 'J'**, while the proposed Tranquility Garden fees and current fees are attached as **Appendix 'K'** and **Appendix 'L'**.

Members are reminded that the draft tariffs have been adjusted to include an inflationary uplift, based on annual RPI of 2.6% as of

August 2019. These are rounded figures based on a cumulative increase with RPI having risen by just under 10% over the past 3 years.

Members are asked to confirm or revise the proposed fees, for recommendation to Council.

5) Stratford Business Awards

- **To consider sponsorship of the new Stratford Business Awards event**

The Town Clerk has been approached by the organiser of a new Stratford Business Awards event to see if the Town Council would be willing to sponsor an award. The event is likely to take place in late June or July 2020.

The organiser has been asked to confirm the costs of sponsorship but a response is still awaited. It is thought they are initially looking for a one-off contribution, with the possibility of ongoing support should the event prove to be successful. Further information, if available, will be tabled at the meeting.

As any financial contribution will need to be included in the Budget for 2020-21, Members are asked to make a recommendation to Council as to whether this initiative should be supported and an appropriate sum which may be offered.

6) Request for Pro-Bono Use of the Town Hall

- **To grant the request**

An 'eleventh hour' request for the Finance & Scrutiny Committee to consider pro-bono use of the Town Hall on 13 May, 2020 was received on the day of the F&S Committee paper despatch. Therefore if further information is forthcoming, it will be tabled.

The request has come about following an impressive presentation by a representative of the Literary Festival to the Mayoral, Civic Ceremonial & Events Committee Meeting on 7 January, 2020.

The Literary Festival has gone from strength to strength. In the embryonic stages of the Festival, the Town Council did give some financial sponsorship, but this was not sustained.

The Literary Festival has booked the Town Hall for three days in May, 2020 – Sunday 10, Tuesday 12 and Wednesday 13 May. The Wednesday event is specifically aimed at education involving the local primary schools. The Festival has requested that the Town Council provides the Town Hall free of charge on that occasion.

It is further understood that they were also requesting a £250.00 grant to provide prizes for the event, but at the Mayoral, Civic Ceremonial & Events Committee, the Mayor advised that she would personally like to sponsor the prize giving in her Mayoral capacity.

7) Draft Budget 2020-21

- **To review the Draft Budget and recommend the Precept requirement for the year 2020-21**

The Fourth Draft Budget for the Financial Year 2020-21 is attached as **Appendix 'M'**, and a summary of additional information required when requesting the Precept is attached as **Appendix 'N'**. Note that this shows Gross Expenditure could exceed £1 million for the first time.

Since the last Finance & Scrutiny Committee meeting on 19 November 2019, a number of revisions and changes have been made, including confirmation of the Tax Base by the District Council. The Third Draft Budget was made available in December 2019 with most of these changes. The figures highlighted in the latest Draft relate to adjustments based on YTD Actuals for 2019-20, updated to 31 December 2019 as per the Management Accounts for December.

Note that EXPENDITURE – Contingency for Inflation is automatically increased depending on other budget expenditure adjustments.

By proposing to fund the revised estimated deficit of £293,664 from Reserves, these changes have enabled a Precept requirement to be calculated of £506,813, which equates to an Annual Rate Charge of £38.32 per Household in the Tax Base, the same as the rate for 2019-20 and unchanged for the seventh year in a row.

Any further amendments recommended at the Mayoral, Civic Ceremonial and Events Committee meeting on 7 January 2020 will be tabled at the Finance & Scrutiny Committee meeting on 14 January.

The Deputy Town Clerk will also provide a verbal update of the latest Draft Budget at the meeting.

Members are advised of a number of items which required further explanation when the Draft Budget for the current financial year was reviewed:

- Christmas Festival – as the expenditure on the latest event in is still to be finalised, it is too early to factor in any revised estimates of potential increases in costs going forward, and no additional provision has been made. However, the current Designated Reserve is expected to cover any shortfall for the next financial year at least;
- Operational & Administration – General Repairs, Maintenance & Sundry – the significant increase in this Budget can only be a very broad estimate, based on quotations, estimates and ballpark figures for a number of significant items of expenditure identified by the Buildings Consultant as part of the Condition Survey undertaken on the Town Hall in 2018. Members are reminded that other related matters are being reviewed by the Town Hall Income, Facilities and Wellbeing Panel. This budget figure will need to be closely monitored, along with the Designated Building Maintenance Reserve.
- Operational & Administration – Election Expenses – “all out” Council elections every four years incur a considerable cost to the Town Council when the expenditure is recharged by the District Council. Members agreed the approach to budget for Election Expenses should be changed going forward. Rather than a single large value being taken in one year, an averaged regular annual amount could be included in the Budget, to be transferred to a Designated Election Expenses Reserve and used for funding future election expenses as and when required;
- Hatton Rock – Rent – as a significant proportion of the total cost is recharged to the Shakespeare Birthday Celebrations

'pot' because of the use of this facility for storage of equipment for this event, a surplus is currently created each year because the full cost of the contracted rent is included in the Budget. This has historically been done on the basis that the Town Council would still be liable to cover the full costs of the facility, even if the responsibility for managing the event changed.

Members are also advised of the following:

- Operational & Administration – Salaries, Wages and Related Costs – the triannual revaluation of the Local Government Pension Scheme is still to be completed so the employer contribution percentage may change. If information is received from the administrators, Warwickshire County Council, before the Draft Budget is approved by Council, it is recommended the figures should be adjusted.

Members are requested to undertake a detailed review of the Draft Budget so that decisions can be made on any further amendments and to finalise the proposed budget for recommendation to Council which must sign off the budget at the meeting on 28 January, 2020 in order to submit the precept requirement to the District Council.

8) Reserves Policy

- **To review and recommend amending the Reserves Policy**

Extensive use of Reserves to fund the Deficit in the proposed Draft Budget is expected to result in the overall reduction of the General Reserve well below the current level required by the Reserves Policy, which is approximately equal to the annual Precept amount.

The Precept request in the proposed Budget is £506,813. The General Reserve at 31 March, 2019 was £520,714 and is expected to be reduced when the Year End accounts are prepared for 2019-20 to cover some of the Budgeted Deficit for the current financial year.

Much of the "overspend" for the current year relates to maintenance costs on the Town Hall, together with associated professional fees, which will be taken from the Building Maintenance Designated Reserve (currently £150,860). However, as there are substantial further costs to complete all the works

currently identified for the Town Hall, there is a requirement to ensure the Building Maintenance Reserve is replenished to fund future maintenance and repair costs.

Therefore, Members are requested to review the Reserves Policy, attached as **Appendix 'O'**, and the latest forecast of the impact on Reserves, attached as **Appendix 'P'**, and recommend amendments which will ensure Council maintains a prudent approach to use of Reserves and establishes the means by which Reserves can be replenished or maintained at revised levels.

Deputy Town Clerk
7 January, 2020