

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & SCRUTINY COMMITTEE

15 JANUARY, 2019

TOWN CLERK'S OPEN REPORT

1) Warwickshire and West Midlands Association of Local Councils (WALC) and National Association of Local Councils (NALC) – Review of Membership

- **To review membership benefit and determine whether to re-join WALC / NALC for 2019/20**

Members are reminded of the minutes from the meeting in January 2018, which were as follows:

55. To evaluate membership benefit and determine whether to renew membership of WALC / NALC for 2018/19

Members considered the response from the WALC County Officer regarding the increase in fees, the benefits of remaining a member, and the situation regarding its Quality Status. After some debate, there was a consensus to withdraw for a year, as Warwick Town Council has also recently decided to do.

It was Proposed, Seconded and unanimously

RECOMMENDED: *That Council does not renew its membership of WALC / NALC for 2018/19, and to review this decision in a year's time to assess what impact, if any, this has had.*

The Town Clerk has recently received a letter confirming that the cost to the Council for WALC/NALC membership for 2019/20 would be £1,900, which is unchanged from the figures provided a year ago.

As previously advised, the membership benefits include regular newsletters, legal briefing notes, advice on planning applications,

HR matters, and discounted rates for WALC training courses for Members and Officers.

As Members are aware, Council has retained the services of a specialist planning consultant to advise the Planning Consultative Committee, and has approved service providers for legal and HR advice.

The Town Clerk and Deputy are members of the Society of Local Council Clerks (SLCC), which provides regular updates and advice on matters arising within the local authority sector, as well as providing access to a network / forum of clerks in other local councils to share non-confidential information, advice and experience.

On the basis of matters arising during the last 12 months, the Town Clerk and Deputy are not aware of any adverse impact on the Council of not being members of WALC/NALC. Unless Members are concerned about reliance on information access by the current Officers, there is no obvious reason to recommend re-joining.

Members are asked to consider whether Council should re-join WALC/NALC.

2) Internal Audit

- **To review and recommend to Council the terms of engagement and scope of the Internal Audit for 2019.**

Members are asked to review annually the requirements for the Internal Audit. They are reminded that the audit last year included the Mayor's Charity Administrative Arrangements, which was an extension of the scope of previous internal audits.

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

Members are asked to consider whether any further changes to the Internal Audit for 2019 are required.

3) To receive the Management Accounts for the Period 1 April 2018 – 31 December 2018

- **To note the report**

The Management Accounts for the period 1 April 2018 – 31 December 2018 are attached as **Appendix 'C'**.

There is currently YTD Net Surplus of £23,711 compared to YTD Budget Deficit of (£11,796), though some of this is down to timing of expenditure through the financial year.

The most significant YTD variances are as follows:

- Income – Market & Christmas Festival [Net]: this significant surplus is misleading due to timing, as the invoice for the District Council's share of the quarterly market contract income has not yet been received, also the Town Council's share of expenditure on the Christmas Festival is still to be invoiced by the District Council, subject to reconciliation of costs. The expenditure has increased compared to the inaugural event in 2017, due to the continued success of the event, though unexpected costs were incurred in 2017 due to the disruption caused by the adverse weather. Current expectations are that it will be at least £17,000 compared to a Budget of £13,447. The Town Clerk has asked for the Town Council to be included in the budget process for the event in December 2019. There is currently a Designated Reserve of £13,086 which should be more than enough to cover any deficit this year (revised figures should be available in next month's Management Accounts);
- Income – Reserves for Localism Project (NDP): following the successful completion of the Referendum Campaign in November 2018, invoices for the majority of expenditure on this project have now been received. Subject to any outstanding costs for a Civic Reception for the many volunteers who gave considerable time and effort during the life of this project, there is expected to be a surplus of around £7,000 remaining from the Localism Project Reserve, which will be transferred back to General Reserves;
- Expenditure – Operational & Admin: there is an underspend at this point in the year, mainly due to contingency and timing;
- Expenditure – Civic: surplus primarily due to contingency for Event Security, which is likely to be required towards the Shakespeare Birthday Celebrations;

- Expenditure – Cemetery [Net]: deficit primarily due to a significant reduction in cemetery fees and an increase in the Management Charge due to the Budget being set before the decision was made to appoint an additional full time operative in the Open Spaces team;
- Expenditure – Hatton Rock: surplus due to cross-charge to the Shakespeare Birthday Celebrations for storage of equipment;
- Expenditure – Special Projects: deficit due to costs for the Localism Project (NDP) not being included in the Budget, as these will be funded from the Designated Reserve (see Income above).

Members are requested to note the report.

4) Town Hall tariff

- **To approve the proposed draft Town Hall tariff for 2019-20**

Further to the report to the General Purposes Committee for the meeting on 23 October 2018, the annual review of the Town Hall Tariff is part of the budget process.

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

A review of the Cemetery and Tranquility Garden fees is also undertaken on an annual basis. Unless there is a directive by the Finance & Scrutiny Committee or the General Purposes Committee to undertake a specific evaluation of the existing fee structure, they are reviewed each year in line with inflation.

Members are reminded that the draft tariffs have been adjusted to include an inflationary uplift, based on annual RPI of 3.5% as of August 2018.

Members are asked to confirm the recommendation of the proposed fees by the General Purposes Committee.

5) Draft Budget 2019-20

- **To review and recommend the Precept requirement for the year 2019-20**

The Third Draft Budget for the Municipal Year 2019-20 is attached as **Appendix 'F'**.

Since the last Finance & Scrutiny Committee meeting on 20 November 2018, and the General Purposes Committee meeting on 11 December 2018, a number of revisions and changes have been made, including confirmation of the Tax Base and the Council Tax Reduction Grant by the District Council.

Other significant changes are as follows:

- INCOME – Interest on Investments: increased to recognise the additional income from reinvestment of funds in medium term investments, agreed at the last Finance & Scrutiny Committee meeting;
- INCOME – Town Hall Commercial Management [Net] – increased to reflect the changes in this year's YTD Actuals for Lettings Income and Security Personnel;
- EXPENDITURE – Operational & Administrative Expenses – the main reasons for the considerable increase in the proposed Budget are:
 - Increase in Councillor & Staff Training, to reflect an expectation that there will be a number of new Town Councillors following the elections in May 2019 (note – the actual training costs are difficult to estimate without knowing the actual number of new Councillors, and even more training expenditure may well be required in 2019-20);
 - Increase in IT expenditure to reflect YTD Actuals and ongoing software licence costs;
 - A significant increase in General Repairs, Maintenance & Sundry, based on apportioning estimated costs for repairs and maintenance to the Town Hall over a 5 year Planned Preventative Maintenance plan;
 - A possible increase in premium for the Combined Insurance Policy, following the end of the existing 3 year agreement;
 - Election Expenses for May 2019, based on figures provided by the District Council following review of

the costs for the by-election for a new Councillor for Welcombe Ward in November 2018.

- EXPENDITURE – Cemetery [Net] – increased to reflect the Management Charge adjustment for an ongoing additional full time operative, and for additional improvements to the Cemetery driveway roundabouts as recommended by the General Purposes Committee (GP 11.12.18 Minute 50);
- EXPENDITURE – Tranquility Garden [Net] – adjusted to reflect YTD Actuals in the current financial year showing lower than budgeted memorial fees;
- EXPENDITURE – Special Projects – increased following the upgrade of the CCTV system and the addition of 2 new cameras (note the proportion charged to the Town Council is based on the total number of cameras within the town, as well as any inflationary cost adjustments);

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

By proposing to fund the revised estimated deficit of £188,901 from Reserves, these changes have enabled a Precept requirement to be calculated of £505,452, which equates to an Annual Rate Charge of £38.32 per Household in the Tax Base, the same as the rate for 2018-19.

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

Internal reviews with the Town Clerk and the Mayor prior to the meeting have identified additional matters which may require further explanation or debate:

- Civic Expenditure – Christmas Activities – the apparent significant cut in budget compared to 2018-19 reflects a one-off cost for additional equipment in 2018, which will actually be funded from a Section 106 agreement (i.e. taken from Reserves);
- 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. Although 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 asked to consider whether this approach should be changed going forward;

- Christmas Festival – as the expenditure on the event in 2018 is still to be finalised, it is too early to factor in any accurate 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 – Salaries, Wages and Related Costs – due to the element of contingency which is included annually but has not been required over the last 3 years, a cumulative surplus has arisen which has gone into General Reserves. Members may wish to consider whether the contingency should be removed from this proposed budget item, on the understanding that any subsequent deficit through unforeseen staffing issues or additional costs should be funded by a virement from General Reserves, if necessary;
- Operational & Administration – General Repairs, Maintenance & Sundry – as mentioned above, the significant increase in this Budget can only be a very broad estimate, based on apportioning over 5 years the 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, and also relating to other matters considered by him as part of the work 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 – obviously the “all out” Council elections every four years incur a considerable cost to the Town Council when the expenditure is recharged by the District Council. The estimate of £30,000, which also includes contingency for one

by-election in 2019-20, far exceeds the usual annual budget provision, which is effectively only a contingency which accumulates in General Reserves over a number of years, unless an unexpected election or poll is actually needed. Members are asked to consider whether the approach to budgeting 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.

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 29 January, 2019 in order to submit the precept requirement to the District Council.

Deputy Town Clerk
9 January, 2019