

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & SCRUTINY COMMITTEE

21 NOVEMBER, 2017

TOWN CLERK'S OPEN REPORT

1) Warwickshire and West Midlands Association of Local Councils and Society of Local Council Clerks – Review of Membership

- **To evaluate membership benefit and consider if the increase in the WALC fees is acceptable**

This matter was brought to the Finance & Scrutiny Committee meeting on 20 December, 2016, when Members were advised that WALC were reviewing their membership charges and had discovered an anomaly which had resulted in a shortfall in the amount charged to the Town Council over recent years.

Members are reminded of the minutes from that meeting, which were as follows:

70. To review Membership costs of Warwickshire and West Midlands Association of Local Councils (WALC)

70.1 NALC/WALC membership for 2017/18

The consensus of Members was that membership of WALC should only continue if there were no substantial increase in fees.

It was Proposed, Seconded and unanimously

RESOLVED: *That Stratford-upon-Avon Town Council will remain in the NALC/WALC Association at a cost of £1,398.28 for 2017/18.*

70.2 Society of Local Council Clerks (SLCC)

It was Proposed, Seconded and unanimously

RESOLVED: *That Stratford-upon-Avon Town Council will remain as a member of SLCC at a cost of circa £356 for 2017/18.*

It was further Proposed, Seconded and unanimously

RESOLVED: *That both memberships should be reviewed by the Finance & Scrutiny Committee in 12 months' time.*

At their AGM on 1 November 2017, WALC approved the revised fee structure, which will be held for 5 years from April 2018. The fees include an element for NALC, which is outside the control of WALC and may increase over this period. The fee structure is on a scale based on the size of the Town / Parish Council. For Stratford-upon-Avon Town Council, this will increase from £1398.28 in 2017/18 to £2166, an increase of 55%. However, given the significant percentage increase, it has been agreed that this will be phased in over the next 3 years, as follows:

2018/19	£1650	increase of £251.72	18%
2019/20	£1900	increase of £250	15%
2020/21	£2166	increase of £266	14%

In September, 2017 the Town Clerk and Deputy Town Clerk met with the WALC Chairman, Councillor Lowe and the County Secretary, John Crossling, to discuss the proposed increase and its implications. There was a frank exchange of views in terms of the perceived support from WALC and the length of time in receiving the support.

Concern was also raised with regard to the general 'one size fits all' in terms of training and briefings, but the Clerks were reassured that this is something that WALC has recognised and is taking steps to rectify this imbalance.

Undoubtedly, the NALC legal briefs are invaluable, which also led to the question 'why don't we just subscribe to NALC'? It appears however, that you have to be a member of both organisations. Although WALC have advised that they will retain their fees for five years, there is no such commitment from NALC. As both fees are combined, it is highly likely that the WALC/NALC membership will continue to rise.

Additionally, a concern was raised that if the Town Council were to withdraw membership, how it would affect the Council's Quality Status, which the Council worked extremely hard to achieve.

Mr Crossling did not respond either way as it is unlikely that this has ever occurred, for upon enquiry, it is understood that no other WALC parish or town council, apart from Stratford-upon-Avon Town Council, has achieved Quality Status (QS). The unanswered pressing question is 'would the Town Council lose its QS if it does not renew its membership'? Perhaps as importantly, what financial advantage is there to a Council in achieving the status that WALC is so anxious to promote. As it stands, this achievement actually has a financial bearing on the Council – hard copy newsletters being but one.

The Clerk suggested that WALC should adjust their fee structure so there is a definite advantage for QS Councils which could also be used as an incentive for other town or parish councils in the area to achieve QS and thus raise the standard of the parish sector generally. This suggestion was cautiously 'well received' but is an area beyond WALC's control and would no doubt have to be referred to NALC.

The Deputy Town Clerk attended the WALC AGM and, on the issue of fees, noted that no mention was made to this proposal. The Chairman advised that he had raised the issue, and will be in a position to provide a verbal update on the outcome at the Finance & Scrutiny Committee Meeting on 21 November. In short, however, it appears that this suggestion is not being taken further.

Although the rise in fees appears excessive, monetarily it is not exorbitant, for example the increase is £120 less than the annual cost of distributing the Council's newsletters each year, and the full revised fees are less than a quarter of the annual production costs of the newsletters and will be phased in over 3 years. Although there are other large councils nationwide who are not members, there is obviously a risk involved in choosing not to be part of the recognised association for local councils. Members are asked to consider whether Council should pay the increased fees and remain a member of WALC.

- **To evaluate membership benefit of the Society of Local Council Clerks**

Following the appointment of the Deputy Town Clerk on 17 October 2017, he has joined the Town Clerk in becoming a member of the professional body SLCC. The combined fees for 2017/18 total £600. Fees for 2018/19 are still to be confirmed.

In the past, it was generally considered that NALC served Councils, whilst SLCC served Clerks. During attendance at the SLCC National Conference in October 2017, it was confirmed that SLCC will seek to work in close partnership with NALC to improve local council administration and good governance on the part of both Councils and Clerks, in the best interests of local government and the relationship with central government.

As the Town Clerk has previously stated, the support of SLCC is considered invaluable to the work and research undertaken by officers on behalf of Stratford-upon-Avon Town Council, and it is the recommendation of both the Town Clerk and Deputy Town Clerk that Council retain membership.

2) To review Financial Regulations and Finance & Scrutiny Committee Terms of Reference

- **To recommend amendments to the Financial Regulations and Finance & Scrutiny Committee Terms of Reference**

Following the approval and adoption of the revised Staffing Structure at the Extraordinary Meeting of the Town Council on 17 October 2017, and the introduction of the role of Deputy Town Clerk and Finance & Facilities Officer, it is proposed that reference to the absence of the Town Clerk in the Financial Regulations (section 1.4) should be amended to temporarily defer the responsibilities of the Responsible Financial Officer (RFO) to the Deputy Town Clerk. Also, references to the Finance Officer (sections 6, 7, 13 and 21) should be amended to Deputy Town Clerk or Finance & Facilities Officer. Further, reference to payment exceeding £500.00 in section 7.3 should be amended to state either the RFO or Deputy Town Clerk. A version of this document with the proposed amendments is attached as **Appendix 'A'**.

Similarly, it is proposed that references to the Town Clerk in the Finance & Scrutiny Committee Terms of Reference (sections 2

and 3) should be amended to include the phrase “or the Deputy Town Clerk” and references to the Finance Officer should be amended to Finance & Facilities Officer. A version of this document with the proposed amendments is attached as **Appendix ‘B’**.

3) Re-investment of funds as part of the Council’s short to medium term investment strategy

- **To determine re-investment of funds**

Members will recall that the review of the Council’s investment strategy last year included investment of £75,000 in a 1 Year Fixed Rate Business Bond with Cambridge & Counties Bank.

This bond will mature on 27 November, 2017 and Members are therefore asked to consider re-investing the funds. The current rate for their 1 Year Fixed Rate Business Bond is 1.3%, which is slightly lower than the rate of 1.4% received over the last year.

The investment over the last 12 months has generated interest of £1,044.25. While the return over the next year on the same amount will be slightly lower, re-investing can be viewed as a low risk option which will be considerably better than the default interest rate of 0.25% which will be earned if the no further re-investment takes place.

In addition to re-investing the original £75,000, Members are requested to consider increasing the value of the investment to generate a better return from some of the other Reserves funds. The bond options are available for any amounts between £10,000 and £3million. The interest is calculated daily and added annually.

By way of a reminder, Members are asked to note that, if no action is taken to re-invest the Bond at the end of the term, the total funds can be transferred back to the Town Council’s bank account and then transferred to the short term investment option which is the CCLA Public Sector Deposit Fund. While no withdrawals are allowed during the term of the Bond, the current level of Reserves should ensure there is no adverse impact on the Council’s ability to fund its commitments over the next 12 months.

Given the continued uncertainty over Brexit negotiations and interest rates, increasing the amount invested in a 1 Year Bond will be beneficial in terms of increasing the total interest from

investments, with little additional risk. However, it should not be to such an extent that it prevents benefiting from potentially higher returns in other investments resulting from an increase in interest rates which may occur over the next year or so. On balance, it is suggested that the amount is at least doubled to £150,000, which should generate interest of approximately £1950.

4) Ring-fencing memorial fee income for the Tranquility Garden

- **To recommend ring-fencing Tranquility Garden fee income for ongoing maintenance**

Minute 45.2 of the General Purposes Committee meeting of 24 October 2017 relating to the Tranquility Garden stated that:

In seeking to maintain the good work undertaken to bring this project to completion, and to ensure its ongoing maintenance in the future, Members agreed that the Finance & Scrutiny Committee should be asked to consider ring-fencing all fees received, to be transferred to the Tranquility Garden Designated Reserve at year end, for reinvestment in the Tranquility Garden.

Members are therefore requested to confirm whether this proposal should be recommended to Council.

5) To receive the Management Accounts for the Period 1 April 2017 – 31 October 2017

- **Members are requested to note the report**

The Management Accounts for the period 1 April 2017 – 31 October, 2017 are attached as **Appendix 'C'**.

The most significant variances are the deficit in Town Hall Commercial Management Income [Net], the surplus arising from a current underspend on Operational & Administrative Expenses, a surplus in Cemetery Fees and a deficit in Tranquility Garden [Net] which will need to be funded from Reserves.

Members are requested to note the report.

6) Draft Budget 2018 - 2019

- **To review the financial implications arising from the initial budget reviews by the other Standing Committees**
- **To recommend any amendments that fall within the Finance & Scrutiny remit that can be made to the draft budget to facilitate an acceptable precept level**
- **To recommend the level of precept that is deemed acceptable for the year 2018 - 2019**

At the Finance & Scrutiny Committee meeting on 12 September, 2017, Members reaffirmed the policy of many recent years to compile budgets on a proven need basis, and also be mindful of any new projects or spending requirements that may occur in the next few years.

The General Purposes Committee and Mayoral & Protocol Committee discussed their budget requirements at their meetings on 24 October and 14 November, 2017 respectively. The proposals from both Committees have been included in the revised draft budget attached as **Appendix 'D'** and submitted for consideration by the Finance & Scrutiny Committee.

It should be noted that there will be further adjustments required once the Council Tax Reduction Grant and the Tax Base is confirmed by the District Council.

The principles recommended by the Finance & Scrutiny Committee in compiling the draft budget for 2018 - 2019 will be adhered to by all departments, and therefore each budget line should be reviewed as soon as possible. The endeavour is to ensure that the budget will be a true and accurate reflection of Council's projected costs for the forthcoming years and will, in turn, form the basis of the precept request from Stratford-on-Avon District Council.

In addition, as determined by the Reserves Policy adopted earlier this year, Council should also bear in mind the need to maintain General Reserves at a level equivalent to approximately one year's Precept. It is also expected there will be a draw on General Reserves at the current year end in order to maintain the ring-fenced Cemetery Reserves at the current level, following the approved overspend of this year's budget.

Deputy Town Clerk
15 November, 2017