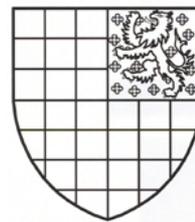


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**LEWES
TOWN
COUNCIL**

MINUTES

of the meeting of the **Finance Review Working Party**

held on **Tuesday 18th February 2014**, in the **Yarrow Room, Town Hall, Lewes** at **3:00pm**.

PRESENT Cllrs M Chartier; J Daly; A Dean; I Eiloart S Murray; R O'Keeffe (*from 3:55pm*); Dr M Turner (*Chairman*) and (*not appointed to the Working Party*) Cllrs Catlin and J Stockdale
In attendance: S Brigden (*Town Clerk [TC]*) Mrs F Garth (*Asst. TC and Civic Officer*)

FWP2013/15 APOLOGIES FOR ABSENCE: There were none.

FWP2013/16 DECLARATIONS OF INTEREST: There were none.

FWP2013/17 QUESTIONS: There were none (No public or press were present).

FWP2013/18 1 This meeting was convened to determine the Council Tax Precept following a recent written ministerial statement by Local Government Minister Brandon Lewis, deferred from December, on the final local government finance settlement 2014 to 2015. It was now necessary to establish the level of Precept in order to satisfy statutory deadlines for notification to the collection authority. Consequently; an additional meeting of Council had been convened for 7:00pm on 20th February to receive recommendations arising from the Working Party's consideration of the details affecting the 2014/15 financial position.

2 It was now known that Parish Councils would not be subject to a referendum/"capping" regime for the 2014/15 year, although this would be reviewed for the following year, under provisions of section 52ZBa of the Local Government Finance Act 1992, as inserted by Schedule 5 to the Localism Act 2011. This regime had been introduced alongside a revised national framework for funding Council Tax support; providing grants to principal Councils to offset enforced changes in accounting method, but with no compulsion for them to pass this on to affected Parish Councils. In this area, agreements were in place to pass-on the grants, but on the basis of significant, incremental, annual reductions.

3 As previously reported to Council, service budgets and the consequent amount required to support the Council's operations had been thoroughly evaluated in December, but not taken forward for approval until the impact of the government decision could be properly assessed. Members were now provided with a budget analysis; a copy of working notes covering areas fundamental to the budgets; and a set of working calculations outlining options related to the known reduction in grant expected from Lewes District Council (LDC) under the government's revised Council Tax Reduction Scheme (CTRS) and to questions regarding devolution of assets and services by LDC. *Copies of these data are in the minute book.* The Working Party refined four options, after much discussion.

4 The Service budgets did not increase the nett total expenditure; holding this at £782,000 for the fifth consecutive year. These had been drafted to take account of:

- ⊕ Provision for known/anticipated increases in public Utility supplies, NNDR *etc.*
- ⊕ Adjustments for completed and imminent (previously-approved) projects.
- ⊕ Provision for elements identified in the Council's forward plan, agreed in November 2013.
- ⊕ Establishment of appropriate reserves for anticipated projects.
- ⊕ Provision for anticipated increases in insurance premiums and other overhead

costs etc.

- ⊕ Provision for known increase in employers' pension contribution.
- ⊕ Refinements of overheads allocation to services and base service cost estimates.
- ⊕ Recognition of anticipated increase in salaries.
- ⊕ Provision for known and anticipated increases in cost of contracted services.
- ⊕ Re-establishment of exhausted reserves and continuation of prudent contributions.
- ⊕ Provision for costs of assets or services accepted through devolution by Lewes District Council, and for necessary transitional costs.
- ⊕ Fees & charges increase of 3%, rounded to an appropriate value for the service concerned.

It was acknowledged that there was a continuing need to address the proper maintenance of the Council's physical assets and to adequately fund continuing services. It was nonetheless desirable to seek mitigation of unavoidable increases *eg* public utilities; overheads *etc.* The budget was a product of this approach and combined specific amounts for known costs and committed project items with prudent allowances for reserves, and provided for a flexible response to any devolution proposals or potential changes in government policy. This had been achieved without the need for an overall increase. Reserves earmarked for the Council's significant service and project requirements were considered suitably robust and adequate to fulfil their purpose.

5 The first supplementary question to be addressed was that of the reduced CTRS grant. The 2014/15 reduction compared with the current year was £15,737, which would mean that to maintain the same level of expenditure and support the recommended budget the Council's *precept* must increase by that sum (equal to 2.27%) to £708,466; the effect of which would be to raise the Council's Band 'D' rate from £119.48 to £122.19. It was recognized that: had a "cap" been applied this year, a referendum *would* have been required despite no growth in the Council's operational expense – simply due to the reduction in CTRS grant. It was noted that the cost of such a referendum, to be borne by the Council, would actually exceed the amount at issue. If council chose to absorb this reduction the precept would remain at £692,729, and Members would need to identify how this was to be accommodated in the budget. Two options were identified as 'A' and 'C', to clarify these respective "base" choices.

6 Even if parishes were not required to hold a referendum due to any proposed growth in precept above 2% this year, it was recognized that the same situation may recur next December, with a General Election due in May 2015 – which raised a question over any commitment to the mutually-agreed process of devolution of assets and services from LDC. The District Council was to recoup the costs of maintenance of parks & open spaces by charging individual parishes the amount attributable to sites within their parish as a Special Expense in 2014/15. Lewes town constituents would therefore be paying approximately £400,000 extra, although LDC's overall tax levy (across the District) would not be increased.

7 Recognizing the uncertainty created by these factors, the Working Party proposed that only two sites be considered for transfer by devolution in 2014/15, with an estimated annual expenditure requirement of £42,000 in total. It was strongly argued that no sites could be accepted without having already established the income required to support them, as a change in government policy in following years could leave the Council unable to address its responsibilities. There were several ideas as to how such a situation might be avoided, and it was suggested that LDC might accept some form of reversion agreement. Failing such an agreement it was acknowledged that, in the year in which any transfer (devolution) took place, taxpayers may effectively pay more than the maintenance costs of any site, but this would be rebalanced in subsequent years, and there would also be costs associated with the process of transfer,

as the Council must proceed with due diligence. Some discussion took place on the merits and underlying principles of local (Town) *vs* District ownership, and it was generally-believed that the Town Council was better-accountable locally and more likely to invest in, and manage, local sites to the benefit of the community. It was stated that the evidence of the past thirteen years supported this view, with obvious benefits arising since the Council had assumed ownership of the Priory grounds; the Pells, and the Town Hall, and direct management of the All Saints Centre. Recent events associated with public dissatisfaction over the management of Landport Bottom were cited; where, it was suggested, had the Town Council been in complete control it would have been more sensitive to local needs and opinions.

8 The two sites proposed were: the half-share in Landport Bottom currently owned by LDC (the Town Council already own 50%), and the Malling Recreation Ground, where the Town Council already owned land at the Northern end, the Malling Community Centre, and much of the amenity furniture within the site. The estimated cost of annual maintenance (ignoring capital expenditure) for these transfers would be £42,000. A suggestion had been made that half that value might be adequate in the year of transfer, and two further options were identified as 'D1' and 'D2', to clarify these "supplementary" choices.

FWP2013/19 RECOMMENDATIONS/CONCLUSIONS

It was agreed to recommend that the budgets for service expenditure and income for the 2014/15 financial year, as considered, be approved; with Council deciding between two options, A and C as identified, in respect of the reduced CTRS grant. Further; the matter of provision for devolution of LDC assets should be assessed with regard to options D1 and D2 as identified.

FWP2013/20 The Chairman thanked everyone for their contribution and declared the meeting closed.

The meeting closed at 4:40pm

Signed:

Date: