



Minutes of the meeting of the Finance Working Party

held on **Thursday 28th October 2021 at 7:00pm**, online via Zoom Meetings.

Present Cllrs G Earl; O Henman (elected Chairman); J Herbert; I Makepeace; Dr G Mayhew; and K Wood, and (not appointed to Working Party) Cllrs Catlin and Lamb.

In attendance: S Brigden (Town Clerk [TC]); Ms L Chrysostomou (TC Designate)

FWP2021/01 Election of chairman: Cllr Henman was elected Chairman.

FWP2021/02 Apologies for absence: There were none; all members were present.

FWP2021/03 Declarations of interest: There were none.

FWP2021/04 Questions: There were none.

FWP2021/05 Remit of the working party:

The working party is tasked to consider the detail of estimated expenditure and income for the Council's operations, levels of fees & charges, and to agree a draft budget and level of Council Tax precept, for recommendation to Council.

The Working Party is asked to ensure appropriate provision for items constituting the Council's Major Items Plan for 2022 to 2023.

FWP2021/06 As the Working Party was to discuss low-level detail of the Council's finances, and during the meeting personal details related to present employees, and proposed expenditure on contracts for supply of goods and services (potentially commercially-sensitive) might be disclosed, the Chairman proposed, and it was consequently **resolved that:**

FWP2021/06.1 "In view of the confidential nature of the business to be transacted during the remainder of the meeting, pursuant to the Public Bodies (Admission to Meetings) Act 1960; any members of the press or public present be excluded and instructed to withdraw. The nature of this business is: personal details related to present employees, and proposed expenditure on contracts for supply of goods and services"

FWP2021/07 Business of the meeting:

1 Working notes were presented 'live', illustrating various assumptions and background values; together with draft service budgets for 2022 to 2023 and miscellaneous comparative values to help with context. It was explained that this meeting was intended to address basic assumptions and underlying principles, and further meetings could be held as required before a final recommendation to Council was formulated.

2 The Town Clerk elaborated upon the working-draft budget and explained underlying assumptions and reasoning; demonstrating factors such as value assumptions and estimated levels of increase for 'standard' elements such as insurances, utilities, staffing costs etc. and described the principles that had been applied in estimating the budget. It was noted that there were several unavoidable factors such as maternity leave cover; government imposed increase to National Insurance contributions for employers; increase to employer's contribution rates for the local government pension scheme and prudent provision for nationally-agreed pay awards.

Working Party Members satisfied themselves that these were reasonable, although noted that they wished to reserve opinions on a prudent increase to allow for utility charges, pending a review of prospective future energy charges etc, before finally confirming any budget recommendations.

3 The Town Clerk stressed that the Council must continue to heed the fact that the uncommitted General Fund (GF), depleted in recent years due to the cost of major repairs to buildings, should be maintained as per standing audit guidance at or around £400,000, and the Council's own Investment & Reserves Policy aimed to establish this at approximately four months' gross expenditure – i.e. between £470,000 and £500,000 at current budget levels. The strategy to achieve this had been, for the past few years, an annual appropriation from precept of £50,000 solely for the purpose of rebuilding the recommended GF balance – shown in tables and the published accounts as Reserve P10 '*General Fund reinstatement*'. Additionally, operating factors in recent years and reduced costs during the Covid-19 pandemic had improved the balance at the start of the current financial year to just over £375,000.

It was noted that this situation could be allowed to continue developing slowly, because the Council held significant other Reserves which could be appropriated *in extremis* (and auditors recognized this position) but could not be ignored or delayed unduly.

4 With these points in mind, the Working Party considered the draft service budget estimates presented for 2022 to 2023

Principal in these deliberations was recognition that many taxpayers in 2022 could be facing continued financial hardships due to Covid-19, and there was a common desire to avoid or minimize increases if possible. It was acknowledged, however, that there were unavoidable increases and a continuing need to address the proper maintenance of the Council's physical assets and adequately fund continuing services; to continue the restoration of the General Fund balance, and to provide for unavoidable, foreseeable, expenses.

5 It was remarked that the Council's operating expenditure seemed biased toward buildings costs not services, but the Town Clerk emphasized that the buildings were predominantly used to provide community services and facilities that would otherwise be unavailable in the town. They were an intrinsic part of the town's cultural fabric – offering a 'home base' for many community groups and organisations at affordable rates, as well as being significant architectural landmarks with a rich history.

6 Building and engineering works were of particular concern, as the Council's assets had all been taken-on with considerable historic dilapidation, and contexts such as heritage listing status. Recent quotations for additional works necessary to complete a replacement of the Town Hall heating system were a particular factor, and this was being addressed by the Council's Buildings Working Party who awaited a revised report from consultants on technical options.

7 The working party considered the proposed contributions to reserves, and operational requirements, in some detail. The draft budgets presented took account of:

- Provision for known/anticipated increases in public utility supplies
- Adjustments for completed and imminent (previously approved) projects
- Provision for elements identified in the Council's 'major items' plan
- Appropriate reserves for agreed/anticipated projects
- Provision for anticipated increases in insurance and other overhead costs
etc

- Provision for known increase in employers' pension and NI contributions
- Refinement of overhead allocation to services and base service cost estimates
- An estimated adjustment to salaries (a national agreement reached annually through the local government joint negotiating body).
- Provision for known and/or anticipated increases in cost of contracted services
- Maintenance of the small grants fund, recognizing the consistently high level of applications received
- Re-establishment of exhausted reserves and/or continuation of prudent contributions
- Provision for costs associated with the acquisition of assets or services through devolution
- Fees & charges income

The draft budget combined specific amounts for known costs and committed project items, with prudent allowances for reserves, and provided for a flexible response to unforeseen issues.

8 Provision was made for all 'unavoidable' increases to give a base value, and 'live' modelling of various options was conducted throughout the meeting with the implications and overall impact assessed at each point.

9 The draft budget initially presented had indicated a precept increase significantly above general inflation. Refinement of some Reserve provisions during the meeting reduced this substantially, and the Town Clerk indicated some areas where further modest refinement would reduce this. The adjustments were discussed in detail and a revised figure resulted in a precept that would increase slightly less than inflation, although this was inadequate to cover some of the unavoidable increases in overheads.

Members agreed that this position would hold until the Buildings Working party were in a position to evaluate revised plans for a Town Hall heating system replacement.

FWP2021/08 Conclusions/recommendations:

- The draft budget, as revised during the meeting, would be distributed shortly to Working Party members.
- A further meeting would be scheduled once the Buildings Working party were in a position to evaluate revised plans for a Town Hall heating system replacement.
- Before any budget recommendation to Council was finalized, the provisional values applied to allow for utility charge increases would be tested against tariff projections prevailing at that time.

FWP2021/09 The Chair thanked everyone for their contributions and declared the meeting closed.

The meeting ended at 9:30pm

Signed:

Date: