

# HEREFORD CITY COUNCIL

## FINANCE AND POLICY COMMITTEE 16<sup>th</sup> October 2018

### MINUTES OF MEETING

**PRESENT:** Councillors Edwards, Lloyd-Hayes, Michael, Stevens (Chair), Tawn (Vice Chair) and Wilcox

**IN ATTENDANCE:** Steve Kerry, Town Clerk and Responsible Finance Officer and Lesley Robinson, Administration, Finance and Information Officer

At the start of the meeting the Chair, Cllr Stevens, reiterated the fire evacuation procedure.

**FP2018/19.44 APOLOGIES FOR ABSENCE**

Apologies were received from Cllr Dykes, (after the meeting the Clerk was made aware of apologies from Cllr Butler)

**FP2018/19.45 APPOINTMENT OF SUBSTITUTES**

None

**FP2018/19.46 DECLARATIONS OF INTEREST**

None

**FP2018/19.47 MINUTES OF PREVIOUS MEETING**

It was proposed by Cllr Wilcox, seconded by Cllr Edwards and

**RESOLVED:**

**That the minutes of the meeting of 4<sup>th</sup> September be confirmed as an accurate record and signed accordingly by the Chair.**

**FP2018/19.48 SCHEDULE OF PAYMENTS**

The Clerk thanked those members who had raised queries before the meeting which enabled answers to be established. In that context, it was noted that Grenke are a leasing finance company so although the defibrillators were leased from and installed by Almas Industries, and the franking machine from Neopost, the financing of the leases is with Grenke. The Clerk would check that the installation bill from Almas was for both machines. The machine at Saxon Gate had been purchased by the Community Association directly and they had been reimbursed through the grants budget. Notwithstanding that, there was an overpayment in respect of equipment insurance which the Administration, Finance and Information Officer had spotted and had resolved. She would be undertaking a further review of all our payments to Grenke to ensure everything else was correct.

It was noted that the payment for Christmas Lights to Festive Lighting is in advance of this year's installation etc. This is in as required by their terms of trade which are standard in the industry (also noted that BBLP insist on advance payment for everything they do). It was suggested that in the new contract we look at having that payment bonded to better protect the Council's interest.

It was confirmed that the payment for driving lessons for a member of staff, agreed by Governance and Procedures Committee is now completed, a test is due shortly.

**Members noted the payment schedule for information.**

**FP2018/19.49 BANK RECONCILIATIONS**

The bank reconciliations for 31st August and 30th September, having been signed by the nominated member, Cllr Wilcox, were received and noted.

**FP2018/19.50 KEY PROJECTS UPDATE**

The Clerk introduced the report, adding that recent discussions with the contractor had confirmed that they would be willing to make his report, on the condition of the front of the Town Hall, available to the City Council and our architects. This would be useful in guiding our discussions about a possible asset transfer. The present position is that scaffolding work is now completed, and full cleaning will begin immediately. Once that is done the detailed examination of the stonework will commence.

Considerable discussion took place around the issue of the Town Hall car park and the possibility of splitting it in some way as suggested by Herefordshire Council's cabinet member. Concern was expressed that this could be a "deal breaker" meaning that the City Council might miss out on the possibility of an asset transfer over a point where compromise might be possible. However, it was reiterated that the Council have made it clear from the start that the car park must be included completely in any transfer of the Town Hall. The Clerk reminded the Committee that if that position was to change, a new resolution of the Committee would be necessary as he and the members negotiating with Herefordshire were working to a specific Council mandate on this point.

Members queried the exact nature and scope of the legal advice given regarding options for No 8 and No 10. The Clerk reminded the Committee that the proposal put forward at the last meeting had been to acquire the assets which were known to be surplus to City Council requirements, invest either reserves or borrowed funds (or both) in their substantial overhaul and then seek to dispose of them on the open market. The present legal advice was that this would probably be unlawful. In the absence of case law that was as clear a statement as the Council is likely to get, and this would certainly preclude the Clerk from certifying to the Public Works Loans Board that a loan would be lawful. Members expressed support for a housing association or other registered social landlord being invited to take the properties at No 8 and No 10 and restoring them to housing use, which was their original purpose. The Clerk undertook to make further detailed enquiries to establish whether the City Council was definitely precluded from being a registered social landlord, as the current advice from the legal team at the Society of Local Council Clerks appeared to suggest. Any advice received before the next meeting will be reported directly to members. It was also noted that some recent examples of parish councils acquiring pubs in order to maintain a community hub had run into costly legal difficulties and might yet be held to have been unlawful.

It was noted that research by members had unearthed anomalies in the treatment of some of the market towns with the possibility that Hereford was being treated less

favourably because car parks here are easier to manage for Herefordshire Council and so they are less willing to release them than they are in the market towns where transport and wage costs make enforcement more expensive and the smaller sites generate less income.

Members expressed some frustration that the negotiations were with officers but the decisions on Herefordshire's side were being taken by the cabinet member. The Clerk was asked to seek a face to face meeting with himself, Cllrs Stevens and Hey from the City Council with Cllr Bramer and such other officers as he may wish to bring from Herefordshire. If this was not forthcoming the Clerk and members would escalate the matter to the Leader of Herefordshire Council.

It was proposed by Cllr Stevens, seconded by Cllr Tawn and

**RESOLVED:**

**That the key projects update report be accepted.**

**That the Council's position on the car park as part of the asset transfer for the Town Hall had not changed.**

**That the Clerk undertakes further research into the legal position regarding the City Council operating as a registered social landlord.**

**That the Clerk seeks a meeting as described above with the cabinet member for Herefordshire Council.**

**That interim progress, or any issue with progress, be reported directly to members between meetings of the Committee.**

**FP2018/19.51 BUDGET STRATEGY AND PRIORITIES**

The Clerk introduced the report. The reason for varying the calendar in future was to enable officers to present a half yearly expenditure and income report for this consideration. The Clerk reported orally that the figures had just been calculated and the overall position was that the Council had spent 49.6% of its budget at the half year, despite absorbing a significant charge from the previous year at the start of this financial year. There was therefore every indication that spending would be within budget this year on present data.

The Clerk asked members to give indications of any areas they wished to see increased or decreased in the budget to guide the process of formulating next year's proposal. The budget would in any case be reformatted to align headings and subjective codes more clearly with current patterns of spending.

Members noted the current position and considered whether it would be sufficient to rely on a probable, but not certain, rise in the tax base to fund any predicted inflation in Council costs next year. It was noted that a further salary settlement for 2019 has been agreed as part of a two year package so some wage inflation was inevitable. Many contractors would also be putting up prices roughly in line with prevailing inflation, running now between 2-3%.

Members discussed in detail the relationship with the BID and the Council's overall impact on the street scene and open spaces within the City. It was noted that specific requests for information from Herefordshire about their intentions which had been repeated several times by Clerks and Parish Council Chairmen at the last summit meeting had not solicited any further details. General statements about cutting sums from the public realm were unhelpful, as were statements about cutting back to statutory service levels as many mandatory duties under the Environmental Protection Act do not have specific service levels attached. The state of many parts of the city was commented on adversely and it was noted that some market town councils do more in their towns than we do, but also charge substantially more in Council Tax, often double the City Council precept.

Members expressed a clear wish to see more funds directed to the street scene and open spaces, with a figure of around £50,000 to supplement the current combined budget of £62,000 across these activities being broadly acceptable. This could be raised by a combination of a modest council tax increase in line with inflation (2% of £860,625 equals £17,212.50), a reasonable expectation from tax base adjustment (1% equals £8,606.25) leaving just over £24,000 to be found from savings in other areas.

Members briefly discussed what those other areas might be; with further work to be done to clarify the effectiveness and importance of spending on some aspects of civic life, twinning, support for Three Choirs Festival and Hereford in Bloom. At this stage no decisions were made to reduce any of these, and it was noted that support for Three Choirs in future would be managed through a large grant application and a decision of full Council. In addition, members identified that a new arrangement with the BID to build on existing resources could be beneficial but, must be in the context of a firm service level agreement in return for additional financial support as the commitment to using machines partly funded by the Council had been disappointing.

It was noted that the link with Jaworzno was a very positive development, as was the increase in activity with Vierzon. However, members felt that much of this work would be on a voluntary basis and that the existing budget for twinning was adequate.

It was proposed by Cllr Stevens, seconded by Cllr Edwards and

**RESOLVED:**

**That members agree to the calendar of meetings for the next year being adjusted to enable meetings of the Finance and Policy Committee to be scheduled sufficiently far after quarter end dates to enable convenient presentation of reports.**

**That members agree in principle a budget uplift for open spaces and street scene of £50,000 to be funded partly from a 2% council tax increase, partly from tax base adjustments and partly from savings, and that the Clerk use this as a guide when preparing more detailed budget proposals.**

**That Three Choirs funding be dealt with by Community Development Committee receiving a large grant application for onward recommendation to Council.  
That Community Development Committee and Council also consider a long term basis for funding Hereford in Bloom, possibly in the context of a service level agreement for a full year's activities.**

**That the twinning budget remains as stated but its scope be expanded to include developing the link with Jaworzno.**

**That the Clerk examines all areas of the budget to see what savings can be recommended to fund the above increase in open spaces and street scene.**

**FP2018/19.52 EXTERNAL AUDIT REPORT**

The Clerk reported that the new external auditor PKF Littlejohn had not completed their work in time despite being sent everything due from the Council two days early. There had been problems with this company with many parish councils. The external auditor issued on Saturday 29th September a notice that they were unable to complete their audit. This is normally only issued when there are serious unresolved discrepancies. On Sunday 30th September in the early evening they had issued a letter stating they had completed all their work and the accounts were passed without any comment or qualification. In answer to the Clerk's question on Monday 1st October, they were adamant that both notices had to be displayed even though they were contradictory. Later advice from the SLCC member on the specialist authority that oversees external audit appointments was that only the final notice of approval needed to be displayed. This was now displayed on the website and in High Town.

It was proposed by Cllr Stevens, seconded Cllr Lloyd-Hayes and

**RESOLVED:**

**That members noted with pleasure that the accounts had been approved by the external auditor without qualification or comment.**

**That the Clerk communicate to NALC our dissatisfaction with the performance of the external auditor, calling for it to be independently scrutinised.**

**FP2018/19.53 DATE OF NEXT MEETING**

Tuesday 20th November 2018 at 6 pm

There being no further business the Chair closed the meeting at 8.05 pm

Signed .....

Dated .....