

**HEREFORD CITY COUNCIL**

**FINANCE AND POLICY COMMITTEE 14<sup>th</sup> January 2020**

**MINUTES OF MEETING**

**Present:** Councillors Stevens, Butler, Dykes, Wilcox, Hornsey, Oliver (from 6-30 pm) and Toynbee (from 6-18 pm)

**In attendance:** Steve Kerry, Town Clerk and Responsible Financial Officer

**FP2019/20.53 APOLOGIES FOR ABSENCE**

Apologies were noted from Councillor Boulter

**FP2019/20.54 SUBSTITUTIONS**

None

**FP2019/20.55 DECLARATIONS OF INTEREST**

None were made at the start of the meeting

**FP2019/20.56 MINUTES OF MEETING**

It was noted that in Minute FP 2019/20.45 “unrepresented” cheques should read “unpresented” cheques. With that amendment noted, it was proposed by Councillor Stevens, seconded by Councillor Wilcox and

**RESOLVED That the minutes of the meeting of 12<sup>th</sup> November as amended be accepted as a true record and signed accordingly by the Chair.**

**FP2019/20.57 SCHEDULE OF PAYMENTS**

The Town Clerk introduced two reports for transactions up to the end of October and the end of November.

In answers to questions the Clerk reiterated that when an entry is made wrongly it must be shown, completed and the cancellation completed as a new transaction. This is why corrected entries appear as multiple items. This is an important protection for members as it would prevent an officer from simply erasing a transaction and preventing its scrutiny. Cllr Wilcox confirmed he had looked into this regarding the reconciliations and all had been presented accurately once a correction had been applied.

It was confirmed that the congestion charge on the Mayor’s car relates to a visit to the Annual Service of Remembrance for Special Forces which is held in London.

It was also noted that the Shooting Reels charge was for videoing the Freedom Ceremony, and that the direct debit for Royal Borough of Greenwich had been claimed by them in error and had been reversed and cancelled by the bank the following day.

Three points were noted for answers after the meeting; the precise items covered by the Chubb charge, the cost of wine for the Freedom Ceremony and the items covered by the Sprytar charge.

The Clerk will respond to these when he has checked the accounts, and asked that members raise queries with him before the meeting so he can supply detailed answers for the minutes.

The schedule was noted.

#### **FP2019/20.58 BANK RECONCILIATIONS**

The Clerk presented the bank reconciliations for the end of October and the end of November. Cllr Wilcox confirmed he had signed these and asked for it to be noted that it wasn't staff error that prevented the December report being presented, the bank holidays over Christmas meant that the statements had not been received in time to send the report out with the agenda.

The reconciliations were noted.

#### **FP2019/20.59 QUARTERLY FINANCIAL SUMMARY**

The Town Clerk introduced this report which was to provide background information in assessing the next item on the agenda as well as summarising the current financial position. The accounts for December had not been closed and thus this was a provisional statement and a degree of caution is therefore appropriate in taking the projected out-turn as a firm figure. Nonetheless, the evidence thus far, with three quarters of the financial year and no major items invoiced but not yet paid in December, is that the Council is likely to underspend on the current budget in the same £100-200k band predicted at the half year, as reported to an earlier meeting of this Committee. If this is delivered at the end of the year it would mean that the budgeted withdrawal from reserves would be largely replenished as underspent resources from the closed year are returned to reserves when the accounts are closed. There is certainly no anxiety that a looming overspend could derail the assumptions upon with the next item on budget for 2020-2021 is based.

In answer to a query about the elections, the Clerk confirmed that we have not yet received an invoice for the council election in May 2019, and that the subsequent calling of a parliamentary election in December may well have delayed that. The general reserve would be used to fund the invoice if it came in after the end of the financial year. It was noted that street scene is again substantially underspending, but that talks have been opened with Herefordshire's cabinet which suggested that progress in this and related areas of joint service provision is highly likely next year so a budget reduction in this areas would not be prudent.

After discussion the report was noted.

#### **FP2019/20.60 BUDGET, PRECEPT AND COUNCIL TAX**

The Clerk reminded the Committee that at the last meeting a resolution had been passed calling for a budget to be drawn up based on working assumptions of a 5% council tax increase and a drawing of around £150,000 from the general reserve to allow for a fund for asset and service transfers to be enabled. The accountant had in fact proposed a larger draw on the reserves to cover expected inflation especially a possible 5% salary increase as alluded to by both government and opposition parties in the recent election campaign. The budget did indeed deliver a 5% tax increase, but

the beneficial drift upwards of the tax base meant that this yielded an income increase from tax of 5.95%. Finally, noting the debacle last year when the accountant applied the wrong tax base figure, the Clerk confirmed he had personally repeated the calculation of dividing the new precept by the tax base to establish the Band D level and it was indeed a 5% increase. Cllr Stevens confirmed he had also checked the calculation.

The Clerk also reminded the Committee that the mandate from Council had been to prepare a budget reflecting the business plan which highlighted parks, markets, street scene, and the town hall as areas for probable substantial increases in spending. The Council has also taken over the running of the Tourist Information Centre.

In discussion, Cllr Oliver challenged the need for a 5% increase, he did not oppose drawing down reserves to enable additional spending on improving public services. He alluded to years of underspending and very large accumulation of reserves and suggested it would be possible to fund the Council's projected spending without a tax increase. He added that in his view the Council should make opening additional free public toilets a priority.

In response Cllr Stevens pointed out that investments are not technically reserves and that using the past surpluses to good effect had increased our revenue income without requiring an additional contribution from the tax payer. As a result, tax levels have not risen for three years. However, based on the business plan and recent discussion with Herefordshire Council there was a high likelihood that the City would be making substantial contributions across the areas listed in the business plan. Bromyard Town Council had invested in public toilets as Cllr Oliver suggested and now faced very large repair bills after vandalism and could not cover this through insurance because of the vulnerability of the assets. It was therefore prudent and necessary to budget on that assumption.

Cllr Wilcox pointed out that the £40,000 set aside for Town Hall running costs would not be needed this year but that the Council faced a Catch 22 situation; if we cut the budget we would not be able to undertake new activities but if Herefordshire delayed us taking those on we might be criticised for over-budgeting. The Clerk added that Herefordshire have indicated that if they do relinquish the freehold of the Town Hall to the City Council they would first empty the building of their own staff, so assumptions of rental income from Parking, IT rooms, Registrars, Elections and the Coroner's Service were now in grave doubt.

Noting that the call for a budget based on a 5% tax increase and a draw on the reserves for a fund to support asset and service transfers had been resolved at the last meeting, it would require a resolution to suspend standing orders to revise that now. Councillor Wilcox pointed out that no such motion was on the agenda and asked that the Committee focus on the existing budget as it delivered what had been requested.

After discussion it was proposed by Councillor Wilcox, seconded by Councillor Butler and

**RESOLVED**

**That the Committee recommends to Council a total expenditure budget of £1,109,519, and a precept requirement of £919,500.**

**That the Committee recommends that Council agrees to increase the Band D level to £56.01, an increase of £2.67 representing 5% per year.**

**That in negotiations about shared service costs or service transfers with Herefordshire Council the City Council regards £90,000 of the money proposed to be drawn from reserves in the next financial year as for one-off payments for equipment purchases or specific single activities such as remedial cleans or works or repairs, and does not factor that into the base budget in coming years.**

Cllr Oliver asked that his abstention from this resolution be noted in the minutes.

**FP2019/20.61 FINANCIAL RISK ASSESSMENT**

The Clerk introduced the report and explained that the basis for assessing risk had not changed, to allow for comparison year on year. This report would, when the Governance and Procedures Committee had completed their assessment of non-financial risks be combined into a Council-wide risk analysis annual report. This would not, as stated on the agenda, be at the next meeting of Council, as that occurred before the next G&P Committee.

The Council's risk level remained low, especially in the area of financial risks which is appropriate for an organisation acting as the custodian of public funds. The Clerk also reported that a recent attempt to perpetrate a cheque fraud had been easily detected and stopped, and that even if it had gone ahead the loss would have fallen to the bank not the Council. Therefore, it was his view that risk level remained low.

The risk report was noted.

**FP2019/20.62 ITEMS FOR FUTURE MEETINGS**

Asset and service transfers (detailed report from discussions with Herefordshire)

**FP2019/20.63 DATE OF NEXT MEETING**

Tuesday, 10<sup>th</sup> March 2020 at 6 pm

There being no further business the meeting closed at 6.55 pm

Signed .....

Date .....