**HEREFORD CITY COUNCIL**

**FINANCE AND POLICY COMMITTEE 11th November 2014**

**MINUTES OF MEETING**

**Present :**  Councillors Boulter, Chappell, Chave, Edwards, Oliver, Toon, and Wilcox

**Attending :** Steve Kerry Town Clerk, Lesley Bruton Finance Officer

**F2014/15.59 APOLOGIES**

Apologies were received from the Right Worshipful the Mayor and Councillor Michael

**F2014/15.60 SUBSTITUTIONS**

None

**F2014/15.61 DECLARATIONS OF INTEREST**

None

**F2014.15.62 MINUTES**

Councillor Chappell proposed, Councillor Chave seconded and it was

**RESOLVED That the minutes of the meeting of 23rd September be accepted as a true record and signed accordingly by the Chairman.**

**F2014/15.63 ACCOUNTS PAID**

The Finance Officer presented the schedule of payments made since the last meeting of the Committee. It was noted that no questions had been raised before the meeting and members were reminded that this is useful in enabling officers to prepare full answers.

The emergency safety works related to in grounds maintenance refers to hedge trimming to clear overhanging brambles from a footpath on the Holmer Road site.

The reference to a “Deputy Mayor’s Officer” refers to the relief officer who covers for the Mayor’s Officer when he is on leave etc, not to an officer assigned to the deputy mayor.

The item for repairs to a hose in relation to toilet cleaning confirms that Councillor Kenyon is still undertaking toilet cleaning as a voluntary effort, although there is a report to Community Development Committee next week on a possible contract development.

Regarding printing and copying, it was pointed out that the rental figure is for the large printer copier which is needed for large runs such as the last Community Development Grants Committee, although the Chairman confirmed that he had suggested to the Chairman of that committee that supporting documents such as bank statements could be shared at the meeting rather than copied to all members and circulated with the agenda to reduce this cost. It was also pointed out that cartridges are purchased as refills as cheaply as possible and that when staff are in a single office it may be possible to reduce the number of desktop printers although the consumption of ink will remain broadly the same. Jon Finch the Council’s IT adviser was already engaged with the Finance Officer in working out the most economical fit for the new offices.

Comments about the cost of CCTV were ruled by the Chairman to be matters for the budget debate later in the meeting.

The review of equipment needed for the new offices would also include the development of wifi if possible and a price test of the value of our arrangement with Talk Talk.

The schedule was noted.

**F2014/15.64 BANK RECONCILIATIONS**

The Finance Officer presented the reconciliations for September and October. In answer to a query about why this was necessary the Finance Officer pointed out that this was required under the new Financial Regulations recently approved by Council and was part of the commitment to increased transparency in our affairs. Councillor Toon stated that she supported this as part of process and transparency and thanked the Finance Officer for preparing the reports.

It was noted that the Finance Officer has carried out the mandate of committee regarding moving funds from the special reserve to the deposit account in order to maximise interest income and this is reported in the reconciliations.

The reconciliations were noted.

**F2014/15.65 REVENUE BUDGET MONITORING REPORT TO 31st OCTOBER 2014**

The Finance Officer presented the report. The following points were noted in discussions.

While office running costs should be minimised, the rising figures in this area are projected part-year costs arising from the new lease and the rental and service charges agreed by Council. Full year implications are noted in the budget report later on this agenda.

It was noted that having deleted the budget for HR consultancy after no expenditure for some years there had been sending this year. The Finance Officer will consider whether to make some provision for this in the following year’s budget.

The position on salaries where an under spend is projected this year was explained as the City Events Manager post which will not now be filled was wholly funded by the City Council, Herefordshire’s contribution ceasing last year. Although part of this saving is covering the cost of the new part-time post, a saving nonetheless results.

Spending on larger items such as notice boards is taken from street scene, the devolved ward budgets cover smaller items like bins. The ward spending does not therefore constitute all the activity undertaken by the Council in that ward.

The City Council is not on ModGov IT system and it is doubtful of savings achieved by this would be sufficient to cover the costs of bringing single hatted city members onto such a system. Printing and copying costs for Governance and Procedures had risen because of activities in support of teh Mayoralty.

Councillor Chave suggested that much of the discussion was veering into items for next year’s budget and that members should focus on this report as a summary of what has been spent and is projected to be spent in the current Financial Year. The Chairman endorsed this view and urged members to note the two items on the agenda and not discuss two issues at the same time.

One large item of under spend is the commitment to High Town paving which is held up by Herefordshire Council and Balfour Beatty. The Committee asked the Clerk to attempt to progress this, noting that it was not within the City’s control.

It was noted that we are projecting at the moment an under spend of roughly £100,000, with around £20,000 of commitments awaiting decision or delivery of works.

Next year the majority of wards will be single member which will require a reappraisal of the ward budgets.

Councillor Toon proposed, Councillor Boulter seconded and it was

**RESOLVED**

**That the Committee notes the contents of the report.**

**That the Committee notes the expenditure to 31st October 2014.**

**That the Committee notes the forecasted over and under spends and endorse the actions proposed to account for these.**

**F2014/15.66 FINANCIAL STRATEGY AND COUNCIL TAX 2015/2016**

The Finance Officer introduced the report and additional information which was accurate at the time of printing. This included an estimate of changes to the tax base, and details of staffing expenditure which members were asked to note was confidential. Where inflators are built into service level agreements or contracts these have been calculated on the basis of the current consumer price index. The risk assessment includes reference to unpredictable price inflation in relevant areas.

In discussion the following points were noted.

CCTV is vital to the protection of the City, its retailers and night time economy. While the Council would not make any extra provision in case other funders withdraw their support it was noted that this might be a call on reserves in future, and was detailed in the risk assessment in the report.

The purpose of the retained budget for events was explained in some detail, noting that although there is not a City Events Manager there is still an events programme which will be delivered to some extent by partners including the Friends of Castle Green, the River Carnival team etc. This was not restricted to city centre events as that had been a condition of Herefordshire Council’s funding and community groups were free to approach the Council for support in this area.

It was proposed by Councillor Edwards, seconded by Councillor Boulter and

**RESOLVED That £10,000 be vired from salaries to the City Events budget.**

After discussion about the street scene budget and the completion of the initial programme of children’s play areas improvements, it was noted that parks improvements were likely to be a call on funds in future. The success of the Moor Farm outdoor gym was noted as an example of this and there is a possibility that other parks groups might wish to do something similar. It was agreed that 40% of the street scene budget should be reallocated to parks and play areas.

**RESOLVED That a budget of £56,350 be identified for street scene and £37,565 for parks and open spaces.**

There was a query about the proposed 1% pay increase which is below information, representing the sixth successive year of wage reductions compared to inflation. However, it was also noted that salaries are fixed by national pay negotiations and are comparable with those in other areas. There was no support for deviating from national conditions of service and salary.

The previous decision of committee to continue funding the allotments at the current levels once a long lease is signed was again noted and is built into the budget estimates, at a grant level of £6,650.

It was noted that the Christmas lights were now in the third and final year of the contract. The Clerk indicated that he would recommend to committee that a fixed sum be announced and tenders sought for how much companies could supply within that budget in order to give more financial control over the programme.

Regarding Shopmobility it was noted that although the budget reflects their commitment to become self financing and the latest information received from them, press reports indicate that they may be struggling. It was agreed that the Clerk would make enquiries as to their financial position as this may be a call on reserves if more funding is required.

**RESOLVED To retain the current budget of £4,500 for Shopmobility**

The rising cost of the seagulls contract was noted, although the need for the programme to continue was also supported.

**RESOLVED To increase the budget by at least £700.**

Regarding Dial-a-Ride, the Clerk reported that some services have begun but he has not had an answer to his proposed service level agreement. The possibility of further services being provided was discussed but with no concrete information on which to base an assessment of needs it was decided to leave the budget as it is for the time being.

**RESOLVED That a budget of £6,000 be included in next year’s estimates for Dial-a-Ride.**

There was a lengthy discussion about the future of the Parish Plan, which will be a jointly produced Local Planning Document not a Neighbourhood Plan, and the influence on the timetable of the development of Herefordshire’s core strategy. An agenda item for council is needed to inform members on where we are with this. Some members felt the balance held was sufficient and a saving can be made. It was proposed Councillor Toon, seconded Councillor Chave that the budget be reduced. On being put to the vote it was

**RESOLVED That the proposed budget for the Parish Plan item stands at £21,760.**

It was noted that the community grants budget was coming under considerable pressure especially as other sources of funding for voluntary groups were reducing or disappearing altogether. It was proposed by Councillor Edwards, seconded by Councillor Chappell and

**RESOLVED That the community grants budget be increased from 60,000 to £80,000.**

It was noted that the budget for public conveniences appears to be greater than the need, given the level of income which had been unknown at the time the first budget for its area was prepared. It was proposed Councillor Edwards, seconded Councillor Toon and

**RESOLVED That the budget for public conveniences be reduced to £25,000 and that projected income be built into the figures.**

There was a lengthy discussion on the allocated reserves and the general reserve. This included a possible reserve to support a future bid for European City of Culture status, about which there is some information but no confirmed figures yet. The Finance Officer suggested that the Hereford Special Projects Reserve (which is not allocated to any specific programme) could be reallocated to City of Culture. It was proposed by Councillor Chave, seconded by Councillor Edwards and

**RESOLVED That £5,000 of the Hereford Special Projects Reserve be reallocated to City of Culture bid reserve, with £1,800 remaining in Hereford Special Projects.**

The election reserve was discussed, the Finance Officer asked committee to note that four years ago the cost of the election had been £37,000 which was a great deal more than anticipated then. With no reliable data to test the figure against there was general agreement that the proposed figure should remain.

The Tree Choirs reserve was also discussed, noting that a contribution of £15,000 per annum, plus the balance currently held would lead to some £70,000 being available in 2018. The festival then may well feature additional items regarding the centenary of the end of the First World War and other costs may well rise. It was also noted that this will be the 300th anniversary of the founding of the festival. After considerable debate it was proposed by Councillor Wilcox, seconded by Councillor Chappell and

**RESOLVED That the proposed contribution of £15,000 per annum to Three Choirs remains.**

Public ceremonies, public ocnveniences and transport reserves were discussed, as balances appear to be sufficient to meet anticipated needs without a further contribution in 2015/2016. It was proposed by Councillor Edwards, seconded by Councillor Chappell and

**RESOLVED That the contributions to the public ceremonies reserve of £4,000, pubic conveniences reserve of £5,000 and the transport reserve of £1,000 be deleted from the budget for 2015/2016.**

The Finance Officer confirmed that if the tax base moves as anticipated, if the council tax support grant from Herefordshire Council is at the anticipated level, the proposed budget would require an increase in precept of £20,000, requiring a £1.26 per annum increase on Council Tax, or 2.6%. members clarified that a reduction of £20,000 would therefore lead to 0% increase, provided the assumptions listed above were confirmed. After considering using reserves to supplement the revenue budget, which the Finance Officer and Clerk advising against as it leads to a build of pressure on the budget in future years, the Finance Officer suggested that a budget item be funded from the general reserve as a one off cost, without affecting the base revenue budget. Councillor Toon proposed, Councillor Edwards seconded and it was

**RESOLVED That the £20,000 in the revenue budget for the final grant contribution to St Michael’s Hospice be funded from the general fund reserve.**

In response to a general query about inflation it was pointed out that recent reductions in fuel costs demonstrate the volatility of that market and do not lead to reliable data on which to make significant cost reductions.

Concluding the discussion, Councillor Edwards proposed, Councillor Chappell seconded and (noting amendments agreed above on specific items) and it was

**RESOLVED**

**The Committee reviews the current base budget and confirms the recommendations listed above to be included in the 2015/2016 estimates.**

**The Committee notes the key budget pressures and confirms the actions listed above to address these.**

**The Committee agrees the key assumptions in calculating the revenue budget for 2015/2016.**

**The Committee seeks a O% increase in Council Tax, noting that figures for tax base and council tax support grant are still to be confirmed by Herefordshire Council.**

**The Committee thanks the Finance Officer for a very well presented report and for concise and detailed answers to questions raised during the meeting.**

**F2014/15.67 LEASING OF OFFICES**

The Town Clerk reported that he had received answers to the points he had raised on the lease with Herefordshire Council which were broadly satisfactory. Together with the Finance Officer he had met Mr Jim Lee of Gabbs solicitors who had confirmed that the necessary terms were in place to protect the Council’s interest but had suggested some additional points. These were of use, but would not be “deal breakers” if they were declined. There had not yet been a response from Herefordshire to those final suggested changes.

The Committee noted that Mr Lee had waived a fee for this and asked that he receive the formal thanks of the Council.

**F2014/15.68 ITEMS FOR FUTURE MEETINGS**

This would be principally to confirm the recommended budget for 2015/2016 and the consequent precept and council tax levels to Council in January.

**F2014/15.69 DATE OF NEXT MEETING**

16th December 2014 at 6 pm

Signed ..........................................

Date .................................................