

# STRATFORD-UPON-AVON TOWN COUNCIL

## VIRTUAL MEETING OF THE FINANCE & AUDIT COMMITTEE

In accordance with s78 of the Local Authorities and Police Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulation 2020

12 JANUARY, 2021

### MINUTES

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Present:  
Councillors:

|                  |                 |
|------------------|-----------------|
| Coles (Chairman) | Jackson (Mayor) |
| Dowling          | Lee             |
| Fojtik           | Vos             |
| How              |                 |

Clerk: Deputy Town Clerk

Press: None

Public: None

The Town Clerk was also present.

(The meeting was live streamed on YouTube)

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#### 56. To Accept Apologies for Absence

Apologies were received from Cllr Alcock, Curtis and Dyer.

#### 57. Declarations of Interest on items on the Agenda

None.

#### 58. To Receive Written Requests for Dispensation for Disclosable Pecuniary Interests.

There were no written or verbal requests for dispensations.

#### 59. To Grant Any Requests for Dispensation

There were no requests for dispensation required.

60. Public Participation

No one wished to speak during public participation.

61. To Approve Draft Open Minutes of the Finance & Audit Committee Meeting held on 17 November, 2020

It was Proposed, Seconded and unanimously

RESOLVED:

That the Open Minutes of the Finance & Audit Committee Meeting held on 17 November, 2020 be approved as a correct record.

In accordance with current procedures, the Chairman's signature and the date will be appended electronically to the Minutes.

62. Scope of the Internal Audit for 2020/21

It was queried whether there were any outstanding issues following the internal audit undertaken in 2019/20. Members were advised that there is further work to be done to the Risk Register to make improvements which have previously been suggested, and this is subject to annual review at the committee meeting in March. There is also the ongoing cyclical review of the Asset Register, and there has been some good progress with this over the last year including the introduction of a new database with review and reporting features.

There were no further suggestions to adjust the scope of the internal audit and it was Proposed, Seconded and unanimously

RECOMMENDED: That the terms of engagement and scope should continue as determined in 2020.

63. Management Accounts for the period 1 April – 31 December, 2020

It was reiterated that the latest report shows a YTD Net Deficit which is considerably lower than the budgeted Net Deficit because of the ongoing impact of coronavirus restrictions on income and expenditure.

Although there were some significant expenditure items expected over the rest of the year, such as further grant payments and Town Hall maintenance costs, it seems likely at this stage that the budgeted amount of £295,705 for Funding from Reserves and subsequent virement requests of £13,000 will be significantly more than the forecast deficit based on YTD Actuals and expected outstanding expenditure.

Members noted the report.

64. To review the Reserves Policy in line with the proposed Budget recommendation

Further to their meeting on 7 January 2021, the Community Services Committee had requested changes to the draft budget and to Designated Reserves. An updated version of Appendix 'J' Reserves Summary document was therefore tabled at this meeting and is included with these minutes as **Appendix 'M'**.

Members considered the significant impact on reserves with a potential funding deficit which has risen to nearly £305,000 in the Seventh Draft of the Budget for 2021-22.

Following on from government guidance and previous discussions suggesting the level of the General Reserve should be linked to budgeted expenditure rather than the annual precept, Members were advised that this approach called for the General Reserve figure to be between 3 to 12 months of Net Revenue Expenditure, depending on the size of the local authority's spending requirements. For expenditure over £200,000 per annum, the guidance was for the reserve to be at least 3 months (25%).

While this level of funding had been more than adequately met by the level of reserves the Council had succeeded in establishing in previous years, the continued use of reserve funds to cover budget deficits in the last few years, combined with the introduction of new Designated Reserves for 2020-

21 and going forward, had meant that a significant fall in the General Reserve was forecast for the next 2 years.

There was a consensus that an amendment to the Reserves Policy to adapt to fluctuations in Council's expenditure was reasonable and it was therefore Proposed, Seconded and unanimously

RECOMMENDED: That the Reserves Policy is amended to require a General Reserve to be maintained at the minimum level of 25% of Budgeted Expenditure.

65. To consider the latest Draft Budget for the year 2021-22

Further to their meeting on 7 January 2021, the Community Services Committee had requested changes to the draft budget and to Designated Reserves. Therefore, revised versions of the draft budget papers were tabled at this meeting to replace Appendix 'K' Budget Summary and Appendix 'L' Precept information. These versions are the Seventh Draft Budget Summary, Precept and Overview documents which were reviewed by the Deputy Town Clerk during the meeting through screen sharing and a verbal update. These versions are included with these minutes as **Appendix 'N'**, **Appendix 'O'** and **Appendix 'P'**.

The following specific points were raised regarding changes made to the Draft Budget:

- The Tax Base had been confirmed by the District Council in December 2020 but this was a very small increase and meant there would be little additional income from the Precept if the Charge Rate was unchanged.
- Civic Expenditure – the recommendation by the Civic, Heritage and Events Committee at their meeting on 5 January, 2021 to use the proposed figures in the draft budget meant that a budget surplus in this section was extremely likely given the continued impact of coronavirus restrictions on civic events in the first 6 months of the mayoral year 2021-22.

- There were other contingencies in the budget which could be reviewed and reduced to lower the total deficit.

During prolonged consideration of the Draft Budget 2021-22 and concerns over the size of the deficit and its impact on reserves, it was confirmed by the Town Clerk that the Finance & Audit Committee did not have the power to veto the spending requests agreed and submitted by the other Committees. Members were also advised that there was insufficient time left to arrange further meetings for other committees to review their spending requirements with a view to making cuts to reduce the overall deficit.

There was a consensus that a small increase in the Precept request for 2021-22 was justifiable but Members were mindful of the financial impact on households, many of which are struggling with the social and economic impacts of the COVID-19 pandemic.

It was noted that any change to the Precept request would not address the substantial budget deficit forecast for 2021-22, but would at least offset some of the additional budget costs.

It was subsequently suggested that the cost per Band D household should be increased by 2.5%, which is an increase of £0.97 from £38.89 to £39.86. With a Tax Base of 13235.72, this gives a total Precept request of £527,576.

It was eventually Proposed, Seconded and

RECOMMENDED: That a 2.5 percent increase in the precept per household is recommended to Council at the meeting on 26 January, 2021.

It was further Proposed, Seconded and

RECOMMENDED: That an Eighth Draft of the proposed budget for 2021-22 is produced by the Deputy Town Clerk, with the proposed increase in the precept per household and with the removal of contingencies which would not affect

spending requirements of the other committees, and that this version is presented and recommended to Council at the meeting on 26 January, 2021 alongside the Seventh Draft version. Council will be asked to debate and agree which version to approve.

66. Deputy Town Clerk's Verbal Report – for information only

Members were advised that there were some issues in getting smartcards renewed for authorising online payments but officers were working with councillors already set up on the system to ensure payments could continue to be processed online. It is intended to add the Mayor and Deputy Mayor as administrators on the system, as well as authorisers, to try to avoid a repeat of this problem in the future.

67. Date of Next Meeting

The next meeting is 9 March, 2021 at 6:30pm at the Town Hall or 6:00pm using Zoom software if virtual meetings are still in place.

*The Chairman declared the meeting closed at 7.50pm*