

STRATFORD-UPON-AVON TOWN COUNCIL
FINANCE & AUDIT COMMITTEE PRE-DECISION /
CONSULTATION VIRTUAL MEETING

18 JANUARY, 2022

MINUTES
Open Pages 1 - 6

Present:
Councillors:

Coles (Chairman)	Jackson
Curtis	Lee
Dyer	Taylor (Mayor)
Fojtik	Vos
How	

Clerk: Responsible Financial Officer
Press: None
Public: None

41. To Accept Apologies for Absence

There were no apologies for absence. Cllr Dowling did not attend.

42. Declarations of Interest on items on the Agenda

There were no declarations of interest.

43. To Receive Written Requests for Dispensation for Disclosable Pecuniary Interests.

There were no written or verbal requests for dispensations.

44. To Grant Any Requests for Dispensation

There were no requests for dispensation required.

45. Public Participation

No one had asked to attend or speak during public participation.

46. To Approve Draft Open Minutes of the Finance & Audit Committee Meeting held on 16 November, 2021

It was Proposed, Seconded and unanimously

RECOMMENDED: That the Open Minutes of the Finance & Audit Committee Meeting held on 16 November, 2021 be approved as a correct record.

In accordance with procedures for virtual meetings, permission was granted by the Chair of the Committee for her signature to be appended electronically to the minutes.

47. Terms of Engagement and Scope of Internal Audit for 2022

Members were advised that a new person from H.L. Barnes would be undertaking Council's internal audit as the previous auditor had retired.

They were also reminded of two ongoing matters following the internal audit undertaken in 2021, relating to the cyclical review of the Asset Register and to updates to the Risk Register Log. It was AGREED that a meeting of the Asset Register Review Subgroup should be arranged before the next Finance & Audit Committee meeting in March in order to review progress. It was also suggested that a separate internal meeting is arranged to review further work on the Risk Register Log, which is subject to annual review at the committee meeting in March.

Given the substantial expenditure of over £200,000 on the Town Hall external maintenance, repairs and associated professional fees in 2021, it was AGREED that the internal auditor should be

requested to include a specific note on this major project as part of their internal audit report for 2022.

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 2021 and detailed in the documents provided by H.L. Barnes, subject to the addition of a specific note in the report on the Town Hall external maintenance project.

48. Management Accounts for the period 1 April 2021 – 31 December 2021

Members were advised that the monthly forecast for the year end continued to indicate that the total deficit would be substantially lower than the adjusted budgeted deficit, which will mean the reduction in the General Reserve at year end will be lower. This point was important for the debate on the Reserves Policy, covered under a separate agenda item.

The report was noted.

49. Draft Budget 2022-23 and Reserves Policy Review

As a result of updates to the Civic Expenditure section of the draft budget following a meeting of the Chair of the Civic, Heritage & Events Committee, the Mayor, the Deputy Mayor, the Civic Officer and the Responsible Financial Officer on 14th January, the Sixth Draft Budget was tabled at the meeting, along with associated summary details relating to the Reserves and the Precept from previous years, to replace Appendices 'H', 'I' and 'J'. These are attached as **Appendices 'L', 'M' and 'N'**.

A verbal update was given and a number of matters were raised and queries addressed, including the following:

- The revised deficit for 2022-23 is £26,895 (Page 1 of Appendix 'L'), assuming a Precept increase of 2.5% on the Annual Rate Charge per Household.
- The latest forecast for total Reserves at the end of the financial year is just over £402,225 (Page 8 of Appendix 'L').

It was subsequently AGREED that Members were comfortable with the level of the Budget Deficit, given the level of Reserves.

- The ratio of the General Reserve to Net Budgeted Expenditure is 23% (Page 8 of Appendix 'L'), below the Reserves Policy requirement of 25%. Rather than suggesting further expenditure cuts, various suggestions for reducing some of the Designated Reserves were proposed. It was subsequently AGREED that there were options to transfer a proportion of some of the Designated Reserves back into the General Reserve to raise the level of the General Reserve. These transfers could potentially be reversed as part of the year end process if the current year's actual deficit is lower than the latest forecast.
- The figure of £11,797 in the forecast of the Building Maintenance Reserve represents the 5% retention from the extensive Town Hall external maintenance works which have recently been completed. This sum will be paid in twelve months' time. To address the requirement to start to replenish the Building Maintenance Reserve, it was proposed that a figure of £10,000 is added when the adjustments to Designated Reserves are debated prior to the start of the year end process in March 2022. It may be possible to achieve this if the actual deficit reported at the end of the current financial year is lower than the latest forecast. It was AGREED that this matter will be reconsidered at the next Finance & Audit Committee meeting in March 2022.
- The draft budget assumes a return of income from Town Hall bookings to pre-pandemic levels and for the Charter Market fees to return to contracted rates from April 2022.

- It was noted that the budget deficit had been reduced by cutting expenditure, in some cases reducing the level of support given to initiatives supported by the Town Council. It was AGREED that further work is needed to identify ways of increasing Council's income streams in future years other than by raising the Precept.
- It was noted that a below inflation increase to the Precept was effectively a cut to Council's spending capacity in future years. However, Members were mindful of the financial impact on households, many of which are struggling with the ongoing economic impacts of Brexit and the COVID-19 pandemic on government and local council funding, while higher inflation including huge energy price increases is causing concerns of an impending cost of living crisis.

As recognised in previous years, the Draft Budget, Precept requirement and Reserves Policy are all inter-related and each of these items were discussed during the course of the debate. Subsequently, each item was considered and voted on as follows:

49.1 Final Draft Budget for 2022-23

It was Proposed, Seconded and unanimously

RECOMMENDED: That, subject to adjustments to designated reserves and the General Reserve carried forward at year end, a Final Draft Budget using the figures reported in the Sixth Draft should be presented and recommended to Council at the meeting on 25 January, 2022.

49.2 Precept Requirement for 2022-23

It was further Proposed, Seconded and unanimously

RECOMMENDED: That a precept request of £556,242, which includes a 2.5 percent increase in the rate charge per household, is

recommended to Council at the meeting on 25 January, 2022.

49.3 Reserves Policy

It was also Proposed, Seconded and unanimously

RECOMMENDED: That the Reserves Policy is not amended and that the requirement to maintain a General Reserve of 25% of Net Budgeted Expenditure is achieved by adjustments to the Designated Reserves and the General Reserve at year end, once the final deficit for 2022-23 is known.

The Chair thanked her fellow councillors and the Chairs of the other Standing Committees for their work on the budget to reduce the deficit for 2022-23.

50. Responsible Financial Officer's Verbal Report – for information only

There was nothing further to report.

51. Date of Next Meeting

The next meeting is Tuesday 8 March, 2022 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 7:20pm