

Haverhill Town Council

Minutes of Haverhill Town Council's

FINANCE COMMITTEE

Held on Tuesday 10th January 2017 at 8.12pm at Haverhill Arts Centre, Haverhill



HAVERHILL
TOWN COUNCIL

Present: Mayor Councillor D Roach (Chairman)
Councillor J Burns (Vice Chairman)
Councillor A Brown
Councillor M Byrne
Councillor A Bramwell
Councillor P Hanlon
Councillor I McLatchy
Councillor B Robbins

Apologies: Councillor C Turner

Absent: None

In Attendance: Councillor B McLatchy
Councillor Q Fox
Councillor J Crooks
Colin Poole (Responsible Financial Officer)
Martin Page (Finance Administrator)

3 members of the public were present.

Welcome:

Mayor Roach welcomed everyone to the meeting and advised members of the public attending that the meeting was being recorded.

F17 **Apologies for Absence**

/001 The above apologies were noted.

F17 **Declaration of Pecuniary Interests and requests for**
/002 **Dispensations**

No Councillor declared an interest in items on the agenda.

F17 **Minutes of the Last Meeting**

/003 It was proposed by Councillor J Burns, seconded by Councillor P Hanlon that the minutes of the meeting held on 15th November 2016 be agreed as a true record.

RESOLVED

Action

F17 **Matters Arising**

/004 F16/045b Hartseats staffing costs: The RFO reported that there was no easy way to split the staffing costs of the bar and café without going through the paper time sheets and apportioning costs manually. If in the future we move to electronic timesheets, this may be easier.

F17 **Public Forum**

/005 No member of the public wished to speak.

F17 **Report from Responsible Financial Officer**

/006 The RFO presented his report to the meeting (see separate document).

- a) Councillor J Burns confirmed that the bank balances reported match the printed statements received from the banks.
- b) The meeting approved the existing signatory to authorise the closing of the account and transfer to the main HTC bank account, as interest on this obsolete account had been reduced.

It was proposed by Councillor P Hanlon, seconded by Councillor B Robbins to accept the report of the RFO

RESOLVED

F17 **Hearing Assistance System**

/007 The RFO presented a proposal to provide a Infra-Red based hearing system in the main auditorium and Studio. This system had been chosen as the more common Loop Induction system was tested but there was unresolvable overlap between the rooms, meaning interference for users.

It was proposed by Councillor I McLatchy, seconded by Councillor P Hanlon that a budget of £11,500 be approved for the installation of a an infra-red hearing system in the auditorium and studio.

RESOLVED

F17 **Telephone System**

/008 The RFO presented a proposal to consolidate the telephone system and providers into a single contract. This contract would save £2000 per year.

It was proposed by B Robbins, seconded by J Burns that the RFO be authorised to enter into a contract for 7,200 over 36 months, to consolidate telephony provision within the Arts Centre.

RESOLVED

F17 **2017/18 Budget and Precept**

/009 The RFO took the meeting through a report (see appendix 1) detailing three options for precept setting.

- 1) £8.80 per band B household (10%) uplift in precept to protect services and position the Council to avoid requiring precept increases beyond 2% for the next 3 years.
- 2) 2% uplift in precept
- 3) 8.67% uplift in precept

The RFO explained that he was recommending option 1 as the other

options left the council with no choice but to constantly seek to make cuts over the next three years, with little funds available for new projects without cutting something else to pay for it. The associated budget figures were:

Income	258,813
Expenditure	1,171,860
From Reserves	122,000
Balance	891,047
Precept	901,900
Band B	£96.76
Band D	£124.41

Councillors expressed support for the recommendation but confirmed they agreed with the RFO that efficiency savings must still be sought in order to maximise the value for money that the Council offers to the town.

Councillors agreed that the free events, grants to voluntary groups and the breadth of activity at the Arts Centre was well worth a modest increase.

Councillors asked that in publicising the need to increase the precept the actual cash values be used – £8.80 a year, equivalent to 17p a week was the proposed increase for Band B households.

It was proposed by Councillor I McLatchy, seconded by Councillor B Robbins, that a recommendation of Budget option 1 be submitted to Full Council.

RESOLVED unanimously

F17 **Date of next Meeting:**

/010 The next meeting of the Finance Committee will be held on Tuesday 4th April 2017.

F17 **Closure**

/011 The Chairman declared the meeting closed at 21:07

Signed

Chairman

Date.....

Appendix 1 – Budget Report

Haverhill Town Council meeting 10th January 2017 Agenda Item 8

Third Draft 2017/18 Budget.

Commentary

Following the DCLG announcement on 15th December, the draft budgets can finally be set out without allowing for an additional £18k for referendums. However, the potential for capping is now very high for 2018/19 and it is imperative for the security of the services we offer to the people of Haverhill that the Council takes the opportunity to future-proof against capping. There are three drivers for this:

1 – Cost of living: The Bank of England inflation forecast for the next two financial years is that inflation will be above the 2% capping limit in both years, at 2.7%. Over two years this has a cumulative effect of 5.47%. This means a 1.43% cut in expenditure would still be needed despite 2% rises in the precept, to balance the books if capped.

2 – Double Devolution: Anticipation that very local services will be cut from county or borough provision with some form of un/underfunded offer to parishes to assist them taking on very local services.

3 – Ambitions of the Council to do more for the town: The emerging Town Centre masterplan, the evolution of the Youth Strategy and the opportunities presented by the proposals in the draft ONE Haverhill Partnership business plan all encapsulate aspirations Councillors have for improving Haverhill. The ability to push these to fruition relies on having funds as leverage to get other partners contributing too, as well as giving the town council a stronger say in when and how things are delivered.

Non-precepted income has reduced. The biggest element of this is £32,000 reduction in the removal of the final tranche of Local Council Tax Support Grant (LCTSG). This has been long-heralded but remains just as impactful.

The overall budget non-precept income expected for 2016/17 was £266,886. The Overall income for 2017/18 is predicted at £258,813. An overall reduction of £8k, which reflects a predicted increase in revenue from the Arts Centre, which has helped offset the removal of LCTSG.

Proposals for 2017/18

Three draft budgets have been constructed

Scenario 1 – recommended budget

This HTC 2017/18 budget has been designed to deliver the same level of service to residents despite increasing costs and reducing income. The proposed planned expenditure for 2017/18 is £1,171,860. This is less than originally predicted as the referendum has been removed from the budget.

Budget figures

	2016/17	2017/18
	£	£
Income	266,886	258,813
Expenditure	1,070,357	1,171,860
From Reserves	0	22,000
Balance	803,471	891,047

Precept	810,895	901,900
Band D	113.10	124.41

Increase	1.21%	10%
General reserves	£231k	£242k

This budget is recommended because it provides a simple but significant increase that covers the significant additional costs the council faces in 2017/18 and backfills the reduction in income. It also provides a modest £10,800 contribution to reserves which provides a cushion against the impact of inflation in subsequent years.

This budget positions the Council to stay under the budget cap in the following two years despite inflation:

Year	Band D	% change	General and Earmarked Reserves	
2016/17	£113.10	1.2%	£231k	£1,030k
2017/18	£124.41	10%	£242k	£1,008k
2018/19	£126.90	2%	£236k	£1,008k
2019/20	£129.44	2%	£235k	£1,008k
2020/21	£132.00	1.98%	£246k	£1,008k

Additional total cost to taxpayers over 3 years: £41.45

Scenario 2 – 2% uplift only

This budget should be regarded as illustrative as it would require significant cuts, ongoing expenditure from earmarked reserves and would still require increases in the precept.

Budget figures

	2016/17	2017/18
	£	£
Income	266,886	259,482
Expenditure	1,070,357	1,127,956
From Reserves	0	60,604
Balance	803,471	807,870

Precept	810,895	836,293
Band D	113.10	115.36

Increase	1.21%	2%
General reserves	£231k	£259k

Year	Band D	% change	General and Earmarked Reserves	
2016/17	£113.10	1.2%	£231k	£1,030k
2017/18	£115.36	2%	£259k	£970k
2018/19	£117.67	2%	£259k	£931k
2019/20	£120.02	2%	£250k	£921k
2020/21	£122.42	2%	£252k	£911k

Additional total cost to taxpayers over 3 years: £13.75

Scenario 3 – no provision against future cost pressures

This budget should be regarded as illustrative as it does not strengthen reserves against future cost pressures such as needing to take on new services or inflation being greater than forecast. Whilst marginally less impactful on the precept compared to scenario 1, an 8.67% uplift is unlikely to be received particularly differently to a 10% uplift.

Budget figures

	2016/17	2017/18
	£	£
Income	266,886	258,813
Expenditure	1,070,357	1,171,860
From Reserves	0	22,000
Balance	803,471	891,047

Precept	810,895	891,026
Band D	113.10	122.91

Increase	1.21%	8.67%
General reserves	£231k	£231k

Year	Band D	% change	General and Earmarked Reserves	
2016/17	£113.10	1.2%	£231k	£1,030k
2017/18	£122.91	8.67%	£231k	£1,008k
2018/19	£125.37	2%	£232k	£990k
2019/20	£127.88	2%	£232k	£978k
2020/21	£130.44	2%	£231k	£977k

Additional total cost to taxpayers over 3 years: £38.36

Recommendation

Scenario 2 puts the council's reserves into a downward spiral without any protection to future costs that may come along. Further cuts to service provision would be likely

Scenario 3 provides sufficient funds to allow the Council to maintain stable finances but by not bolstering general reserves does not quite provide enough forward-protection to prevent an ongoing reduction in reserves.

Scenario 1 costs the taxpayer £3.09 more than scenario 3, over a period of 3 years, so about £1.03 a year more expensive. However, it has been calculated to cover inflation and maintain existing services. It puts the council in a position where it is not being pushed by necessity to spend reserves.

Colin Poole
RFO