

Haverhill Town Council

Minutes of Haverhill Town Council's

FINANCE WORKING PARTY

Held remotely on Tuesday, 24 January 2023 at 7.00pm



HAVERHILL
TOWN COUNCIL

Present: Councillor J Burns (Chair)
Councillor P Hanlon
Councillor A Luccarini
Councillor J Mason
Councillor D Smith
Councillor A Brown
Councillor B Davidson (Mayor)

Apologies: Councillor L Smith
Councillor D Roach

In Attendance: Colin Poole (Responsible Financial Officer)
Kerry Wallis (Finance Administrator)
Vicky Bright (Committee Administrator)

No members of the public were present.

Welcome:

Councillor J Burns welcomed everyone to the meeting and noted that the Working Party has no delegated authority and may only make recommendations to Full Council. Urgent actions may be taken by the Clerk under delegated powers and reported to the next Full Council meeting. The Clerk advised that the meeting was being streamed live on the Council's YouTube channel.

F23 **Apologies for Absence**
/001 The above apologies were noted.

F23 **Declaration of Pecuniary Interests and requests for Dispensations**
/002 None.

F23 **Minutes of the Last Meeting**
/003 It was proposed by Councillor P Hanlon, seconded by Councillor J Mason that the minutes of the meeting held on 11th October 2022 be agreed as a true record.
RESOLVED

F23 **Actions Arising**
/004 F22/024 meeting Calendar: The Assistant Clerk has circulated a meeting calendar.
F22/026 b) Tarmac opposite Splashpad: Cllr. Burns has provided the Clerk with the contractor details for the Railway Walk.
F22/026 c) Transfer of funds to interest-bearing accounts: The Clerk/RFO confirmed the transfer had been completed and the main account was now being maintained at a lower balance to allow investment to accumulate interest.

Action

Clerk

F22/027 Energy bills: The Clerk advised that he had approached West Suffolk regarding the Urban Chain process of direct purchase of energy from West Suffolk, but that nothing will happen until the current contract is reviewed in the next financial year. Cllr. Mason enquired if it was cost effective to keep the Zone open, due to the cost of energy and the current cold snap in the weather. The Clerk advised that it was essential to keep the Zone at a comfortable temperature for users. Cllr. Burns advised it is so busy that it should be paying for itself.

F23 **Public Forum**

/034 No public were present.

F23 **Report from Responsible Financial Officer**

/035 **a) Haverhill Town Council budget report to 30th November 2022**

The RFO presented his report to the meeting.

b) Narrative to RFO Report

The Clerk advised that the council is £46,503 less spent at this time than the budget anticipated. However, the narrative is everything and this figure includes budgeted contributions to earmarked reserves plus income to be accrued into 2023/4, so this apparent surplus will get eroded to nil. The cash position is looking ok; there is a £350,000 deposit due to mature on 7th February, which we might reinvest, however, his opinion is that we would be better to take back into the Instant Access account at 0.05% interest, as we can only buy fixed term Bonds now. Currently bonds are only available in 3 months at 1% or 6 months at 2%. So at 1st April, when we know our position better, it would be better to buy a 6-month bond than reinvest for only 3 months. The Clerk is currently monitoring the situation and will decide in March.

Cllr. Burns asked if the CCLA and its performance could be added to the report in future, the Clerk advised this is reported quarterly. The Finance Administrator advised that historical debtors are all in hand, it was just a case of locating in Rialtas and allocating appropriately.

c) Bank Reconciliation

Cllr. Burns confirmed he had signed off the bank reconciliations yesterday.

d) Debtors and Creditors

Of the £16,400 remaining outstanding, half is the Community Trust owing the Town Council and half is a County Council grant payable by invoice. The Clerk advised the remaining £42.76 is owed by a local charity. There are no issues to report with the creditors.

e) Haverhill Community Trust

The Clerk advised that the budgeted income for the Trust includes grant income from the town council, which is only paid across if the Trust runs short of funds. We run the accounts this way to allow the council to maximise what it can put into interest-bearing accounts and then pay the grants across at end of year. The Leiston Community Centre income has not recovered since the pandemic and this will be addressed with renewed marketing vigour. Nothing to report on Haverhill in Bloom. The Zone income appears to have shown a marked increase since Christmas, which we will look at to see what has changed and whether this can be relied upon for the budget.

**Finance
Administrator**

F23 **Budget 2023/24**

/036

The RFO presented the latest version of the draft budget for 2023/24 and agree a recommendation to Full Council (see **Appendix 1**).

The RFO reported the following;

- Staff costs have been reviewed and assumptions revised on pensions uptake, reducing the amount we normally set aside for staff taking up pension options, which has allowed £3,000 to be taken out of the budget.
- The Climate Change Reserve is fairly healthy, and using the argument that we are heating our buildings to provide a warm space for others who cannot heat their homes, he has drawn down £10,000 from this reserve to offset the additional cost of heating.
- Income Deficit – the amount of support for the Arts Centre and Zone to defray the impact of poor sales growth after the pandemic was increased by £48,000 in the original budget, but we're seeing Green Shoots from the Zone in terms of recovery in sales, so this may allow us to reduce the Income Deficit Support. The RFO will wait to see more data before making a decision on this.
- Events: Saved £2,500 by removing a duplicate entry in the budget for the Remembrance event. The family Christmas Event has been reduced by £2,000 through combining the charity market with the Saturday event rather than it remaining a standalone event on the Friday evening. The budget for marking the Coronation is £9,000, but the Palace is encouraging local street parties rather than big events, so this is budgeted from reserves, in case it is not needed, to avoid precepting for it unnecessarily.
- £61,500 from earmarked reserves. However, this means we are now getting close to the maximum spending from earmarked reserves, that we can prudently make. To keep the General Reserves no lower than they can prudently go, this budget makes a small contribution to general reserves to bring them back up to 24% of net expenditure.

These cuts and savings mean the increase in the precept has been pegged back from 22.2% to 18% which equates to £181.60 (£178.20 Band D 57p per week). The total cost for a Band B dwelling would rise to £2.67 per week, or £11.55 per month.

Cllr. Mason asked if there would be an increase for Christmas lights as more had been requested in Queen Street, so should we be seeing an increase to cover this. The Clerk advised the provision of lights is as per an agreed contract price. The Council has a small Christmas lights earmarked reserve to cover additional or replacement infrastructure, so it isn't impossible to add some lights to some buildings in Queen Street, but there remains the need for an electrical supply to make them work. If businesses are willing to allow fixings and supply electricity, we may be able to extend the lights.

The Halloween Trail was already being looked at to see if could be delivered at lower expense, but this was discussed after the current budget briefing paper had been published. This will take the budget for this down from £19,000 to £15,000.

Cllr. Brown accepted that the rise in expenditure is in no small part due to the economic climate but asked why the energy costs had risen by x5. The Clerk advised that the Government had stepped in to help domestic customers, but there was not the same level of protection and support for commercial businesses and the public sector resulting in a very small

reduction. Effectively the council is getting little or no support. Cllr. Brown stressed that it is essential to communicate why there is the increase to residents and promote how the Council's services make a difference to residents lives. Cllr. Burns agreed with this and urged that there be a good press release and suggested a summary page on the Councils website, listing all the services offered by the Council and details of extra costs incurred i.e. energy bills etc.

It was proposed by Councillor P Hanlon, seconded by Councillor A Brown that the Budget be agreed.

RESOLVED

F23 **Date of next Meeting**
/037 The next meeting of the Finance Committee will be held on Monday 24th April 2023.

F23 **Closure**
/038 The Chairman declared the meeting closed at 8:06pm

Signed

Date.....

Chairman

Appendix 1

Budget briefing 24th January 2023

Item 8 Budget briefing 2023/24

Councillors are reminded of legal principles:

Principles:

This first draft budget has been compiled on the following basis

1. The Local Government Finance Act 1992 requires all local councils in England and Wales set a lawful budget. Estimates of expenditure and income must be 'best estimates' made in good faith. The budget must balance, with the balancing sum being the precept.
2. Take into account the additional costs of any new activity.
3. Take into account comments by Councillors on September 26th 2022:
 - a) Maximise value for money and seek cost containment wherever possible.
 - b) Maintain services and events but look to make them more cost effective.
 - c) Provide plenty of information to residents so they understand what services we provide locally.
 - d) Seek alternative sources of funding to complement the precept.
 - e) A precept rise is inevitable, so a robust presentation of how it is used to benefit people must be made.
4. Take into account the discussion at Full Council on December 19th 2022 which produced some savings in respect of events.
5. Take into account the effect of inflation (estimate 10%) and salary uplift (NJC= guess 4%, RLW/NMW = known 10.1%) on existing budget lines.
6. Take into account revisions to the tax-base – West Suffolk have confirmed the new tax base as 7780.05.
7. Zero-based budgeting recalculating costs each year, using inflation-uplift basis only where no other information is available
8. Take a view that the budget being set on 30th January 2023, ahead of the May election, will be one the incoming council has to live with, so it is good practice to aim to leave a healthy financial position to hand over.

Commentary

Pay: Increases in pay rates for 2022-23 were higher than we budgeted (3% for NJC); for many lower paid staff the nationally-agreed increase was between two and three times this, with half the staff seeing increases between 5.3% and 10%. This disproportionately impacted the Arts Centre and Zone cost centres, where lower-paid staff work. I have budgeted on a 4% uplift for 2023/24 for NJC staff and included the already-announced 10% increase in the Real Living Wage. For 40% of staff wages will have risen 20% over the period 2022-24, with us playing catch-up in the next financial year, so in total the wage budget increase is 6.3%. The cost of Employer NICs will increase by around 10% (£5k) as the thresholds are frozen and more staff move into a relevant pay band.

Since the last meeting I have reviewed pension options by staff and tightened the budget on the basis staff who have opted out of joining a pension scheme are unlikely to change their mind when the cost of living is high. We do have a staffing reserve budget which can cover any unexpected changes here. This has saved £3k.

Heat & Light: It won't come as any surprise that our budget for heat and light has quintupled from £31k to £153k, reflected in a big increase in our support to the Haverhill Community Trust for the cost of heating the Arts Centre, Leiston and Zone.

Since December I have amended the budget to draw down £10,000 from the Climate Change Reserve to slightly reduce the impact of the cost of heating this year, to reflect the assistance we are giving people to not have to have their own heating on but to use the Arts Centre and Zone as warm spaces.

Income: I did hope to see better recovery on the income side through 2022/23 which might enable us to reduce the *income deficit support* going to the Arts Centre and Zone. However, whilst both have done better on ticket sales than predicted, that prediction was pessimistic, so the actuals are not much better. Given the cost-of-living crisis may impact our income, I have increased the support by £48,000.

Other costs: Where the budget is driven purely by our decision on allocation rather than supplier costs, I have frozen the budget on 70 out of 138 budget lines, including training, all civic expenditure, subscriptions and allowances for repairs and depreciation. The budget for grants to other organisations remains unchanged at £30,750.

Since December I have revised the civic events budget as the cost of the Remembrance event featured in this and as a line within the budget, saving £2,500. I have also removed the Family Christmas Night and recosted the Christmas Saturday event to include the traditional charity market, saving £2,000. The coronation event budget of £9,000 is now coming entirely out of the Event Reserve, as we do not expect to put on an event there is no point charging one to the precept. If it does happen after all, it can be funded from reserves.

£30,000 is coming from the Precept Mitigation Reserve, rather than the original £20,000 planned.

To reduce the impact on the precept, I've now included a total of £61,500 from earmarked reserves, up from £37,245 at the December meeting, however we are getting to the point where our options on spending from reserves is limited.

Impact on precept

The overall impact on the budget is set out below. As can be seen, the savings mean that whilst costs have gone up, the main impact on the precept is from the reduction in predicted income:

	2021/22	2022/23	2023/24	2024/25
Net Expenditure	£1,659,958	£1,838,942	£2,081,871	£2,185,965
Net Income	£ 543,225	£ 582,378	£ 639,312	£ 671,278
From reserves	£ 77,000	£ 117,255	£ 61,500	£ 0
Balance	£1,039,733	£1,139,309	£1,381,059	£1,514,687
Precept	£1,042,834	£1,139,309	£1,386,405	£1,514,710
Band D	£ 143.40	£ 148.60	£ 178.20	£ 191.25
Increase/week	14p	£ 10p	57p	25p
%age	5.5%	3.63%	19.9%	7.32%
Band B		£ 115.58	£ 138.60	£ 148.75

Band B is the CT band for 48.6% of dwellings in Haverhill

The amendments since December have brought the precept for Band D down from £181.60 to £178.20 and the percentage increase down from 22.2% to 19.9%. This is an additional 57p a week.

The budget as it stands means the cost of all the services we offer to the people of Haverhill will cost the average band **B** household £2.67 a week, which is £11.55 a month.

Please note the purpose of this agenda item is to allow councillors to discuss the draft so it is understood, and any amendments discussed. It is not to make any final decisions, which will happen on January 30th.

Colin Poole
Town Clerk 16th January 2023