

Minutes of the Finance & General Purposes Committee held on 12<sup>th</sup> January 2010 at the Old Abbey House, Abingdon.

**Present:**

Councillor Peter Fulk	- Chair of Amenities & Recreation
Councillor Jim Halliday	
Councillor Angela Lawrence	
Councillor Patrick Lonergan	- Chair of Best Value Sub Committee Councillor
Councillor Julie Mayhew-Archer	- Chair of Museum Management Committee
Councillor Alison Rooke	
Councillor Martin Smith	- Chair of Planning & Highways

**In attendance:**

Nigel Warner - Town Clerk

103 **Reconvened meeting**

Following the adjournment of the meeting the previous week, the meeting reconvened to complete its business.

104 **Apologies**

Apologies were received from the Mayor of Abingdon, Cllr Patricia Hobby and the Chair of the Committee, Councillor Lesley Legge.

105 **Declarations of interest**

Councillors Jim Halliday, Angela Lawrence, Patrick Lonergan, Julie Mayhew-Archer and Alison Rooke all declared personal interests in any matters relating to the Vale of White Horse District Council as elected Members of that Council, specifically the item in relation to the consideration of consideration of property matters which included reference to the Guildhall and the Old Abbey House, both of which are owned by the District Council; and the item in relation to the Abbey Meadows Swimming Pool, which is owned by the District Council.

106 **Exclusion of the public, including the press**

Taking into account the business on the confidential agenda the Chair will proposed and it was **resolved**:

*That in accordance with section 1 (2) of the Public Bodies (Admissions to Meetings) Act 1960 (as extended by Section 100 of the Local Government Act 1972), the public (including the press) be excluded from the meeting because of the confidential nature of the business to be transacted, as summarised below:*

- Property matters;
- Abbey Meadows outdoor swimming pool;
- Police Community Support Officers;
- Radley Lakes.

107 **Open session**

The Chair moved that the meeting reverts to open session and the Committee **resolved** accordingly.

108 **Budget estimates 2010/11**

Members considered the budget and precept for 2010/11. It was noted that estimates had been considered by the service committees and the Finance and General Purposes Committee at its meetings in December 2009 and January 2010. The estimates had been drafted and considered in detail.

The Council had carefully considered all of its existing spending and commitments in arriving at the proposed net expenditure for 2010/11 (excluding major property items) of £1,090,354. Members noted that the Council was keeping spending down on existing services and had over the last few years suffered from reduced income as a result of matters outside of its control, two examples being the national withdrawal of the Best Value grant (loss of £30,000) and the reduction of bank interest (the amount estimated for 2009/10 being some £35,000 less than two years ago). Fees and charges had been reviewed and increased.

It was noted that the Council's proposed net expenditure for 2010/11 (excluding major property items) was £1,090,354. This compared with £1,079,737 for 2009/10, a slight increase.

**Property Matters**

Members considered that the Council had significant property-related budget requirements for 2010/11 onwards. These were as follows:

- War memorial – structural stability and improvements: estimate £60,000 capital;
- Possible transfer of Guildhall to Town Council: potential cost up to £200,000 a year. In relation to the Guildhall it was emphasized that the Town Council was currently considering its position and had been speaking with the District Council regarding the possible transfer of the service to the Town Council. However there was significant further work and negotiations to carry out before the Town Council would be in a position to make a decision on this matter. Members felt that, whilst it should not be assumed that the Town Council would take this service on, it would be prudent to ensure that sufficient financial resources were available should the Council so decide.
- New cemetery: between £500,000 and £1,000,000 (requirement in next ten years);
- Area of land outside County Hall (Market Place phase 2): up to £50,000;
- Old Abbey House tenant's contributions: depend on maintenance costs of building but a minimum of £10,000 would be prudent;
- Cemetery lodges – external work £20,000 (estimate);
- Cemetery chapels – external work £44,000 (estimate);

- Cemetery chapels – steeples £50,000 (estimate).

It was also noted that the base budget did include some property-related items, specifically :

a) £117,000 had been allowed for the County Hall and Museum Access and Improvement Scheme, but this was wholly allocated for the Heritage Lottery Fund project.;

b) £10,000 had been set aside for the new cemetery and the balance on this fund as at 31<sup>st</sup> March 2010 was projected to be £40,000. However, expenditure would shortly be incurred on searching for land for the new cemetery.

c) £53,000 for property maintenance and improvement and although this could be used towards some of the above projects, specifically the lodges and the chapels, the sum in the budget was clearly insufficient with regard to the overall demands on the property budget.

It was noted that at this stage many of the schemes were based on estimates and these could vary either way.

Members considered that a number of the proposed schemes were capital and non-recurring in nature. However any involvement in the Guildhall would likely be an ongoing revenue commitment and would need to be reflected in the Council's medium-term budget. Longer-term any new cemetery would have significant revenue costs beyond the capital costs of acquiring land and developing the site.

Members considered that the most prudent course of action would be to create an ongoing pooled property and capital works reserve from which allocations could be made to various schemes, and that the Council should make adequate provision for this. An amount of £245,525 was agreed by Members for 2010/11 (see recommendation 2 below).

### **Balances and Reserves**

The Committee considered the Council's position with regard to its balances so as to assess whether any spending could be financed from balances. It was noted that at the last meeting that at this stage the accounts for 2009/10 showed a projected net expenditure for the year of £428, representing a net increase against original budget. If this were to be the only other reserve movement the balance on the general fund at 31<sup>st</sup> March 2010 would be £168,759. It was noted that the above did not make any provision for transfer to the repair and renewals fund. The Committee had previously recommended that a sum of £6,393 be transferred to this fund for 2009/10, increasing the amount in this reserve to £27,770 and reducing the general fund balance to £162,366. The Town Clerk had stated that he did not advise that the general balances be budgeted to fall below this level and stated that overall the Council's general fund balance was modest for a Council of this size. The Committee had also recommended that general fund balances should not be budgeted to be utilised to fund either revenue or capital expenditure during 2010/11 and the Committee endorsed these recommendations going forward.

With regard to other Council balances the Committee had received a schedule of earmarked reserves as at 31<sup>st</sup> March 2009. These were balances set aside for existing projects or known future expenditure. Having reviewed the earmarked reserves and the calls upon the reserves the Committee considered that the various reserves should remain in place.

It was noted that the Capital Receipts Reserve at 31<sup>st</sup> March 2009 was £244,266 and that in June 2009 the Council had agreed the Medium-Term Financial Strategy “to fund capital expenditure from the Capital Receipts Reserve, if available. At such times as when the Capital Receipts Reserve is exhausted, projects and schemes will be financed via the Precept and/or the General Reserve, if an Earmarked Reserve is not available. Any drawings from the capital receipts reserve will be matched, where considered prudent, by a contribution from revenue funds, for which the Council may precept, into an earmarked reserve for future capital expenditure.” This had been resolved on the basis that the use of capital receipts is restricted whereas revenue balances may be used for any agreed Council spending. Members considered that this strategy should continue in the context that the Council’s capital reserves were modest and consequently that any drawing on capital receipts should be matched by revenue funds contributing to a capital reserve. In particular it was noted that a new Cemetery could potentially cost upto £1M.

### **The Precept**

Members considered how the above spending requirement should be met. It was noted that all Town Council spending had to be met from the Council’s own resources; there was no government grant and no business rates paid over to the Council.

Members considered raising the precept by an extra £245,525 towards the pooled property and capital works reserve. Members appreciated that this was a difficult economic time and there was an understandable reluctance to contemplate an increase. However there were significant and growing demands on the Council and these needed to be met. In some areas, such as work required to cemetery buildings, delay could potentially lead to increased costs.

It was noted that the Council Tax base 2010/11 was 12,527 and that the precept resulting from the additional budget for property and capital would result in a Band D Council Tax of £106.64. Members felt that should be viewed in the context that during 2009/10 the total bill for Council Tax for a Band D property in Abingdon was £1,480.90. Therefore although the other authorities had yet to agree their budgets, the proposed Council Tax relating to Abingdon Town Council services was unlikely to exceed 7% of the total Council Tax bill. Members felt that the property requirements and projects which were being brought forward for 2010/11 were all very important to the town and therefore considered that the prudent approach would be to raise the £245,525 from the Council Tax.

It was therefore **recommended:**

1. *That a pooled property and capital works reserve be created*
2. *That the draft budget estimates for 2010/11, as circulated in the report of the Town Clerk, and incorporating both revenue and capital schemes, be approved in the sum of £1,090,354 (net expenditure) and that an additional £245,525 be allowed in the budget towards the pooled property and capital works reserve.*
3. *That the total net spending provided in the estimates for amounting to 2010/11 £1,335,879 be funded by way of the precept and that the Council request the District Council to levy a precept, for Town Council purposes, amounting to £1,335,879 for the financial year 2010/11.*

4. That reserve movements at 31<sup>st</sup> March 2010 be approved as follows:
- (a) A sum of £6,393 be transferred to the Vehicle Repair and Renewal Fund.
  - (b) The capital receipts reserve be utilised in accordance with the medium-term financial strategy.
  - (c) That any unspent sums in relation to capital/special revenue projects budgeted for during 209/10 be reviewed by the Finance and General Purposes Committee at its next meeting.

### Section 137 Matters

It was noted that each year the Council must separately detail any expenditure items which it is funding under the “free resource” (section 137 of the Local Government Act 1972) but for which it does not have other specific legal powers. This allows the Council discretion to fund expenditure on items which in its opinion (the test of the legality) are in the interests of the area or its inhabitants, or of part of it or of some of them, and which will benefit them in a manner commensurate with the expenditure.

The Council's spending on such items is capped according to the size of the electorate and an amount per elector. The amount allowable is £6.15 per elector – £157,655. The Town Council operates within this limit.

In this regard it was **recommended**

5. That the Council, in accordance with its powers under Section 137 and 139 of the Local Government Act 1972 (as amended), incur the following expenditure which, in the opinion of the Council, is in the interests of the area or its inhabitants, or of part of it or of some of them, and will benefit them in a manner commensurate with the expenditure:

Gross Expenditure budget for 2010/11	
Grants to organisations (general)	£9,000*
Other grants – age and youth	£10,000*
Town Twinning	£6,219
(note the net expenditure on the above budget was budgeted to allow for a £2,000 grant from the District Council)	
Town Centre Partnership	£20,000
Joint Environmental Trust	£5,000
Christmas lights (including Maintenance, installation and new lights	£33,803
Total	<u>£84,022</u>

Note that for those items marked \*, depending on the organisations being funded and the purpose of the grants, some of this expenditure may be costed against another specific power of applicable.

**Fees and Charges**

It was noted that Members had previously considered the Council's fees and charges. Admission to the Museum is free. With regard to cemeteries and markets the Council's existing fees in these areas are at or below the average of many other local Councils. Cemetery burials have historically been provided at a relatively small deficit (net £1,000 2008/09) but the Council's strategy had been to move to "breakeven" in this area and the budget for 2010/11 provided for this with an increase in fees and charges.

It was therefore **recommended:**

6. *That fees and charges in relation to cemeteries and markets be increased by 5% and 2.5% respectively.*

In conclusion it was **recommended:**

7. *That the Town Clerk be instructed and authorised to draft the budget book and the summaries which appear in the Council Tax demand, the Town Crier and the website, in consultation with the Chair of the Finance and General Purposes Committee.*

The meeting rose at 7.00 pm.

Signed ..... Date .....