

POLICY, GOVERNANCE & FINANCE COMMITTEE

Date: Monday 23 November 2020

Title: Financial Report: (a) Revised Budget 2020/21 and Proposed Budget 2021/22

Contact Officer: Town Clerk/RFO – Sharon Groth

Background

The purpose of this report is to present to Members the revised budget for 2020/21 and the first draft revenue budget for 2021/22. Additionally, the Town Clerk/RFO will try to explain the key variances in the various budget lines within each cost centre for information so that members can try to understand how the accounts are formed, and why she has taken the action she has.

Recharge from Works Department, Central Support and for the Grounds Maintenance

In order to get a true cost of its services, the Council recharges the total cost of its Works Department (Cost Centre 601) and Central Support (Cost Centre 602) across its services. For the Works Department this is done based on the weekly time sheets, and for the Central Support is based on the apportionment of responsibilities of the Officers – time spent administering each department or service of the Council.

It should be noted when reviewing the accounts that the recharge from the Works Department and Central Support are yet to be made in this financial year and therefore these accounts have been excluded from this summary. Only when the budget for both these departments have been agreed by this Committee will the Town Clerk/RFO be in the position to calculate the revised recharges and the estimates for 2021/22. However, there is an added complication/delay this year with the Council currently undergoing an organisational review which will undoubtedly have an impact on pay costs – until the new staffing structure is agreed the Town Clerk is unable to calculate salary costs – however for the purposes of the draft budgets presented herewith the Town Clerk has retained the original salary costs in the current year and inflated them by 2½% for the time being in order that Members can compare like for like.

Similarly with regard to the Grounds Maintenance Contract – [shown as 4891- Agency Services Recharge] – Members will note that the present contract comes to an end 30 September 2021 and this Committee agreed a root and branch review of this contract at the last meeting- so for the purposes of this report the current year's figures have been retained in order to be able to make comparison on a like for like basis across the two years. The review and appointing consultants will be considered at a later agenda item – at which point the Committee may wish to consider making a contingency for increase in costs in next years estimates if it is deemed appropriate.

Members should also remember that with regard to patterns of income and expenditure, there will always be some variations over the course of the year and for that reason the Council works to annual budgets rather than monthly or quarterly.

Format of the Council's Base Revenue Budget

With regard to the Halls, Cemeteries and Allotments budget, the Committee's services are divided into 12 base revenue cost centres, responsibilities as follows:

<u>Cost Centre</u>	<u>Area</u>	<u>Description</u>
401	Civic Activities	This cost centre relates to the Council's Civic Activities through the Office of the Mayor and the costs associated with this position of Office – maintaining the chain, civic functions such as the Annual Civic Reception which is a Town Council function hosted by the Mayor.
407	Grants & Donations	This includes the various grants the Council awards annually as well as the general grant budget.
502	Town Hall Maintenance	The Town Hall is leased from the Town Hall Charity – this cost centre therefore provides for the maintenance of the building and accounts for the include from the sublets of the retail units below.
503	Agency Services	This cost centre relates to the Grounds Maintenance Contract which is then charged out across the various services and functions.
505	Precept	This relates to the annual Precept agreed and the Council Tax Reduction Grant – both received in to the Council's bank account in April and October.
506	Interest Received	Accounts for bank charges and also interest received from the Council's surplus balances held in CCLA and Barclays.
601	Works Department	This relates to the costs of the Council's direct work force – and as explained in the introduction is charged back over the various cost centres analysed from the workmen's time sheets, in order to show a true cost of each service and function.
602	Central Support	This relates to the costs of the Council's Central Admin Support – and as explained in the

introduction will be charged back over the various cost centres.

700	Strategic Planning Initiatives	Many projects take time to come to fruition and therefore a lot of time is spent on strategic planning and this needs to be accounted for – this is done as a recharge from Central Support.
701	Corporate Management	This cost centre relates to the Council’s Corporate Management covering things like the annual external audit fees.
702	Democratic Representation & Management	This cost centre relates to the Democratic part of the Council’s business – which supports the Councillors and the running of meetings.

Budget Parameters – Draft Estimates 2021-22

Draft budgets are prepared on current activities and patterns of income and expenditure – in a normal year! Obviously COVID-19 has impacted on the generation of income from the Council’s facilities significantly due to the lockdown earlier in the financial year, and continues to be affected due to government guidelines operating within COVID-19 safe measures. In some areas additional expenditure has also been incurred.

Members will note from budget reports presented to the other spending Committees the significant loss of income from its Public Halls Service as well as the fees from Sports such as Football and Cricket for the year – and given the current second lockdown this situation will only continue to impact the Councils income for the remainder of the financial year.

The Town Clerk has pointed out that at this stage she is unable to account for the salary and on-costs of the new organisation structure and has therefore retained the original budgets agreed for 2020/21 and increased them by 2½% based on the current years NJC Salary Cost of Living Increase.

The format of this report is quite straightforward; the first two columns relate to the original budget from 2019/20 against the actual figures for last year. The middle section of three columns relate to the current years original budget, actual expenditure year to date, the projected budget to 31st of March 2021. The remaining section of the report relates to the draft budget for 2021/22.

The Committee’s revenue budget growth items for 2021/22, and its capital/special revenue projects programme for 2021/22 and beyond are dealt with as a separate budget item, and include the requests from all the spending Committees. However as part of the Organisational Review one of the recommendations is to agree and take forward a strategic plan on what the administration wish to achieve in the remainder of its term of office – and it is therefore advisable that before agreeing an extensive and ambitious capital programme the strategic plan is put in place – this will then enable the Town Clerk/RFO to be able to draft a Medium Term Financial Strategy and plan or control future Precept increases accordingly.

At the time of writing the report the Town Clerk/RFO has not received the tax base data from West Oxfordshire District Council for 2021/22 – and therefore without this information, along with the outcome of Organisation Review, it is likely that the Council will not be in a position to agree its budget at the Extra Ordinary Council meeting scheduled to be held on 14 December 2020 – there is the likelihood that this will have to be postponed until January 2021.

Revenue Budget Summary

The Base Revenue Budget for this Committee is summarised on the last page of the attached schedules.

Members should note that the Precept is received into Cost Centre 505 – therefore it looks like overall this offsets the expenditure of this Committee leaving it in credit! However, in summary, taking the Precept out of the accounts net expenditure has increased by £21268 if comparing the original estimate for 2020/21 with the draft budget for 2021/22.

Cost Centre 401 Civic Activities

Due to COVID-19 the Council has been unable to hold its annual Civic Reception and Remembrance Sunday, so the Civic Functions budget line at 4100 has been reduced by £3000.

Cost Centre 407 Grants & Donations

As the Council has the General Power of Competence most grants unless there is a specific power, are given under the GPC.

4099 - Miscellaneous. This budget line is in respect of a donation towards the Madley Park Play Area which was refurbished earlier in the year. The previous Council administration pledged this support a couple of years ago when the Residents Association started its fundraising campaign. The money was paid over to WODC who procured the play area.

4100 – Grants General. Members will be aware that this budget line was increased last year upto £10000. The underspend of £5000 was rolled over into the current year at year end, however given the situation around COVID not many grant applications have been received. The Town Clerk suggests in order to identify savings – this budget line could be cut in this financial year with only 4 months remaining. Do Members consider this budget line should be reduced in the current year?

4101 – Grants CAB. Members agreed to increase the grant to the Citizen Advice Bureau to £2000 – this will be paid over shortly. It is assumed the Council considers the same level should be budgeted for in the next financial year.

4104 – Grant Carnival/Xmas Rotary Club; 4105 – Xmas Lights & Advent Fayre; 4107 – Witney Dementia Alliance; 4108 – Grant OPA; 4160/4161 – Town Twinning; 4167 – Bus Service; 4169 – Children & Youth Provision. All these budget lines fall under the responsibility of the

Stronger Communities Committee and it considered these at its meeting on 16 November – the decision of which are reflected in the budget accordingly.

Cost Centre 502 Town Hall Maintenance

This Cost Centre shows the base revenue budget relating to the Town Hall. From previous reports and a later agenda item, Members will be aware of the situation relating to the empty unit below the Town Hall Offices.

Obviously rental income at 1050 has been affected quite considerably. 4011 – Rates; 4013 – Rent Paid and 4059 – Other Professional Fees make up the bulk of the costs and are still subject to change whilst the Town Clerk negotiates the rent with the Council's landlord and further consideration is given to the empty unit.

Cost Centre 503 Agency Services

This Cost Centre relates to the external grounds maintenance contract. These costs are fully recharged to the other cost centres on a costs basis. Members will be aware from previous reports and a later agenda item that the contract is due to end on 30 September 2021, and Council have agreed to carry out a full root and branch review in order to take into account the climate emergency declaration and to ensure that the maintenance is being undertaken in the most efficient way. For the purpose of the revised and estimated budget the current years actual figures have been retained – although Members may wish to make some contingency in case there is a rise in costs especially if some or all of the contract is taken back in house.

Cost Centre 505 Precept

For the purpose of this budget report the current years level of precept has been retained – no provision for growth has been assumed at this stage. The Town Clerk has requested the tax base information from WODC however due to COVID there seems to be some delay. Until this is known the Town Clerk would suggest the setting of the budget and Precept is delayed.

It is assumed that the Council Tax Reduction Scheme Grant may be withdrawn by WODC for next year given the financial situation – and it is not known how the Council tax benefits system will impact on the taxbase.

Cost Centre 506 Interest Received

Income from the Council's investments with CCLA have been impacted by the rate of return due to COVID. The Town Clerk has increased bank charges as it is planned to move to internet banking as agreed by this Committee some time ago and there are bank charges related to the system identified. The Council has been in the fortunate position for many years to pay just minimal bank charges.

Cost Centre 601 Works Department

The costs of the works team are recharged to the various services as already explained. The biggest cost is obviously salaries and on costs – for the time being the current years salary information has been retained and inflated by 2½% due to the staffing review.

Cost Centre 602 Central Support

As with the Works department the costs of Central Support are fully recharges back to the various services. Salary and on costs have been retained for the current year and inflated as per the Works.

Cost Centre 700 Strategic Planning Initiatives

This cost centre is subject to a recharge from Central Support for Officer time spent on strategic planning initiatives and projects before they come to fruition.

Cost Centre 701 Corporate Management

Nothing significant to report on this Cost Centre.

Cost Centre 702 Democratic Representation & Management

Nothing significant to report on this Cost Centre.

Environmental impact

Having declared a Climate Change Emergency at its Council meeting on 26 June 2019 – with this in mind Councillors should have due regard to the environmental impact of any decisions they make with regard to its facilities and services it operates.

As mentioned in the introduction the Council will be undertaking a root and branch review of its grounds maintenance contract. By reviewing the grounds maintenance contract this will enable the Council to take into consideration greener measures in order to work towards its objective for carbon neutrality by 2028.

Risk

In decision making Councillors should give consideration to any risks to the Council and any action it can take to limit or negate its liability.

All the Council's Committees receive financial reports in order to carry out its checks and balances. The Town Clerk has approached the budget with prudence so as accurate budget as possible can be set. However at this stage of the budget setting cycle there are still many unknowns – particularly around future staff costs.

The Council Officers continue to keep under review the guidance and regulations relating to COVID-19 in order to safeguard staff and the public from contracting the virus – this may result in additional unplanned expenditure – for the time being the Town Clerk has tried to best account in the current year making contingencies.

Financial implications

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

Recommendations

Members are invited to note the report and

1. Consider the level of budget for the Grants – General (4100/407);
2. agree in principal that the revised base revenue budget for 2020/21 and the estimated base revenue budgets for 2021/22, as detailed in the draft estimates be approved – subject to any further adjustments necessary – particularly when unknown factors have been confirmed.