

Lyme Regis Town Council

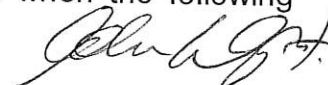
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Strategy and Finance Committee

Notice is hereby given of a meeting of the Strategy and Finance Committee to be held in the Guildhall, Bridge Street, Lyme Regis, on Wednesday 24 April 2019 commencing at 7pm when the following business is proposed to be transacted:



John Wright
Town Clerk
16.04.19

AGENDA

1. Public Forum

Twenty minutes will be made available for public comment and response in relation to items on this agenda

Individuals will be permitted a maximum of three minutes each to address the committee

2. Apologies

To receive and record apologies and reasons for absence

3. Minutes

To confirm the accuracy of the minutes of the Strategy and Finance Committee meeting held on 13 March 2019

4. Disclosable Pecuniary Interests

Members are reminded that if they have a disclosable pecuniary interest on their register of interests relating to any item on the agenda they are prevented from participating in any discussion or voting on that matter at the meeting and to do so would amount to a criminal offence. Similarly if you are or become aware of a disclosable pecuniary interest in a matter under consideration at this meeting which is not on your register of interests or is in the process of being added to your register you must disclose such interest at this meeting and register it within 28 days.

5. Dispensations

To note the grant of dispensations made by the town clerk in relation to the business of this meeting

6. Matters arising from the minutes of the Strategy and Finance Committee meeting held on 13 March 2019

To update members on matters arising from the meeting that are not dealt with elsewhere on this agenda and to allow members to seek further information on issues raised within the minutes of the meeting.

7. Update Report

To update members on issues previously reported to this committee

8. Internal Audit Report, Visit Two 2018-19

To inform members of the outcome of the internal auditor's second visit for 2018-19 which took place on 26 February and 1 March 2019

9. Budget Performance, 1 April 2018 to 28 February 2019

To inform members of performance against budget from 1 April 2018 to 28 February 2019 and to provide a forecast to 31 March 2019

10. Investments, Cash Holdings and Loans

To inform members of investments, cash holdings and loans

11. Debtors' Report

To inform members of outstanding debts and steps being taken to recover them

That in view of the confidential nature of the business about to be transacted, it is advisable in the public interest that the press and public be temporarily excluded while members consider this item in accordance with the Public Bodies (Admission to Meetings) Act 1960

12. Exempt Business

To move that under Section 1, Paragraph 2 of The Public Bodies (Admission to Meetings) Act 1960, the press and public be excluded from the meeting for this item of business in view of the likely disclosure of confidential matters about information relating to an individual, and information relating to the financial or business affairs of any particular person, within the meaning of paragraphs 1 and 8 of schedule 12A to the Local Government Act 1972 (see Section 1 and Part 1 of Schedule 1 to the Local Government (Access to Information) Act 1985), as amended by the Local Government (Access to Information) (Variation) Order 2006.

a) Agenda item 11 – Debtors' Report

LYME REGIS TOWN COUNCIL

STRATEGY AND FINANCE COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 13 MARCH 2019

Present

Chairman: Cllr Mrs M. Ellis (vice-chairman)

Councillors: Cllr J. Broom, Cllr R. Doney, Cllr B. Larcombe, Cllr S. Larcombe, Cllr Mrs C. Reynolds, Cllr J. Scowen, Cllr S. Williams

Officers: Mrs A. Mullins (admin officer), Mr J. Wright (town clerk)

Absent: Cllr P. Ridley

18/90/SF

Public Forum

Mr G. Symonds

Mr Symonds spoke in relation to agenda item 14, Events' Management, regarding events on the seafront and on the roof of the amusement arcade, antiques and crafts centre and Swim. He said when commercial organisations rented out areas and trade stands, they were operating a business and should comply with conditions. He said they should pay a deposit to ensure they complied with the conditions the council set and they would forfeit their deposit if they did not. Mr Symonds said some of the organisations who ran events last year left rubbish, dismantled equipment on a busy Bank Holiday, and on a busy Sunday afternoon turned the Marine Parade into a car park when people were trying to walk along it. He said as most events took place at weekends, there were no council officers to intervene when these issues arose so there was no deterrent for event organisers. He said management of these issues was left to council staff on the ground, who often had no information about the event taking place or what had been agreed. Mr Symonds said some event organisers were nuisances and had no regard for businesses on the seafront, blocking entrances and blocking the council's toilets. He asked how the new roof of the amusement arcade and other two units would be protected from damage from events using it. He suggested there should be no vehicle movements by event organisers between 9am and 6pm, when there were likely to be less pedestrians. Mr Symonds also suggested a one-way system so vehicles were not reversing, and staggering the arrival and leaving of vehicles. He said he had brought these issues to the council's attention in the past. Mr Symonds said he didn't believe this would put organisations off wanting to run events in Lyme Regis, including commercial organisations. Referring to the report on the agenda, he said he understood the council had a money laundering policy in place already.

Cllr Mrs M. Ellis said a manager had been in attendance for major events last year and the same would happen this year.

Mr N. Ball and Mr N. Gear spoke in the public forum about items not on the agenda.

18/91/SF Apologies for Absence

Cllr D. Hallett – holiday
Cllr O. Lovell
Cllr S. Miller – holiday
Cllr G. Turner – coastguard training

18/92/SF Minutes

Proposed by Cllr B. Larcombe and seconded by Cllr R. Doney, the minutes of the meeting held on 30 January 2019 were **ADOPTED**.

18/93/SF Disclosable Pecuniary Interests

There were none.

18/94/SF Dispensations

There was no grant of dispensations made by the town clerk in relation to the business of this meeting.

18/95/SF Matters arising from the minutes of the Strategy and Finance Committee meeting held on 30 January 2019

Audio recording of council meetings

In response to member questions, the town clerk said before spending money on upgrading the existing system to achieve good quality sound recordings, officers were trying to find a low-cost alternative, which would be trialled at a meeting.

Hydrock report

Members were concerned the report had taken so long to compile and asked why it had not yet been circulated to them.

Cllr B. Larcombe asked if the report could go straight to the Full Council instead of via this committee, although this was not agreed.

The town clerk said officers also had concerns about the time taken to complete the report, despite regular chasing up, and were not satisfied the company had not carried out public consultation. He said although the report had been marked 'final', officers were not satisfied it was the final draft until consultation had been carried out.

The town clerk said the report would be circulated to members this week, after officers had had the opportunity to review it.

Members asked if Hydrock had been given a deadline for completion, if there was a penalty for not meeting a deadline, and whether the company had been paid.

The town clerk said he would find out this information and report back to members.

Election 2019

Several members were concerned existing councillors had not been allowed to attend the open event for prospective candidates.

Cllr J. Scowen was concerned the council was not doing enough to promote the election.

The town clerk said the event, and the election in general, had been publicised on the council's website, social media and newspaper column, and the event had been included in the election report to the last meeting of this committee. He said the event was aimed at people who wanted to stand for council, not existing councillors.

The town clerk said the council was doing all the publicity the guidance suggested. However, he was aware of several people who were interested in standing for council and they would be invited to meet with officers to talk through the process. He said if there was a sufficient number of people, he would organise an event for them to receive that information.

18/96/SF Update Report

Members noted the report.

18/97/SF Minutes of the Dorset Council working group meeting held on 26 February 2019

Cllr S. Williams said he had asked the town clerk for details of the area the town council leased to West Dorset District Council (WDDC) but he had not received this.

The town clerk said the details had been discussed many times by the assets-on-and-around Monmouth Beach working group and the issue was scheduled to be further discussed at the next meeting of the Dorset Council working group on 30 April 2019.

18/98/SF Corporate Plan 2018-23

Cllr B. Larcombe asked if agreeing this plan would bind the new administration to it.

The town clerk said when the council first started producing a corporate plan, it had agreed the council would think four years ahead and make decisions that would impact on the first year of the new administration. He said objectives had been set for 2019/20, but there was nothing beyond 2020 the new administration couldn't review.

Members discussed the possibility of no longer charging a precept.

The town clerk said the issue of whether to reduce or remove the precept was discussed by this administration, but the council chose to retain it. However, this was something he anticipated the new administration would consider early in its term.

Cllr J. Scowen asked how the plan would be publicised.

The town clerk said it would be available at the council office, tourist information centre and library, on the council's website and social media, and it would form the basis of the annual report to electors.

Proposed by Cllr B. Larcombe and seconded by Cllr S. Larcombe, members agreed to **RECOMMEND TO FULL COUNCIL** to approve the Corporate Plan 2018-23.

18/99/SF New Policies – Environment and CCTV

Cllr R. Doney said he had some minor re-wording to suggest to the CCTV policy, which would not alter any meanings. It was agreed these would be discussed directly with the operations manager.

Cllr R. Doney said he believed the council could be more ambitious in its environment policy and hoped the new administration would consider this further. He referred to other councils in the country making a declaration of climate emergency, guidance from the Local Government Agency on communities becoming resilient to climate change, and the possibility of installing electric car charging points in town council car parks.

Cllr B. Larcombe said he hoped when Guildhall Cottage was refurbished, solar panels would be installed.

Proposed by Cllr B. Larcombe and seconded by Cllr R. Doney, members agreed to **RECOMMEND TO FULL COUNCIL** to approve the following policies: environment and CCTV, with minor amendments to be made to the wording of the CCTV without changing its meaning.

18/100/SF Plastic Products

Cllr B. Larcombe said it should be made a condition of any new concession or lease that plastic products should not be used.

Cllr S. Larcombe asked if there could be bins specifically for recyclable plastics.

Cllr J. Scowen wanted the council to consider water refill stations so people could fill up their own bottles. Cllr Mrs M. Ellis said there were numerous outlets in the town which were part of the Refill scheme.

Cllr R. Doney said it required a cultural change in the way people thought about things and a heavy approach towards businesses and forcing them to increase their costs was not necessary. He said the council should let Plastic Free Lyme Regis (PFLR) get on with its campaign, and only get involved if a stronger approach was needed.

The town clerk said PFLR was a voluntary group which had developed an approach and policies, and if the council introduced policies which cut across this, it would undermine their work.

Cllr R. Doney said he had obtained information from Dorset Waste Partnership about what happened to the waste collected from the town and he was happy to circulate this to members. He said in places where public recycling had been tried, the waste

was contaminated, but the most valuable recyclable products were plastic bottles and glass bottles, which the council may wish to give further thought to.

Cllr J. Scowen asked what PFLR's policy was on water stations.

Cllr R. Doney said PFLR didn't have a policy on this, but it did support the Refill scheme.

Proposed by Cllr R. Doney and seconded by Cllr J. Scowen, members agreed to **RECOMMEND TO FULL COUNCIL** that the council takes its lead on the use of plastic products from Plastic Free Lyme Regis; to support Plastic Free Lyme Regis's seafront action plan; and to reinforce the non-use of plastic products through the council's events' management policy and procedure.

18/101/SF **Dorset and East Devon National Park Proposal**

Members shared some of their concerns about how a national park would impact on the town, including on planning matters, housing prices and the Local Plan. Concerns were also raised about how the national park authority would be elected.

Cllr B. Larcombe said it was important to have a collective view on whether a national park was right for the area and asked Cllr J. Broom what the view of the Dorset Association and Parish and Town Councils (DAPTC) was.

Cllr J. Broom said the DAPTC had not formed a view, but he was aware only Weymouth and Purbeck councils had given their support to the national park so far.

The town clerk said the matter had been brought to this meeting because the national park team was eager for the council to send a letter of support to the Glover Review, as the council's support had already been assumed.

Members agreed they didn't have enough information to form a view at this point, and the public should be consulted before the council confirmed its position or contributed to the Glover Review. They agreed a response of this nature should be sent to the national park team.

Cllr R. Doney asked what the timetable and process was for submitting views to the Glover Review.

The town clerk said he would write a more detailed report for members including the pros and cons of a national park, any deadlines for comments, and cost implications, and if time allowed, a public meeting could be organised to help inform the council's decision.

Proposed by Cllr B. Larcombe and seconded by Cllr R. Doney, members agreed to **RECOMMEND TO FULL COUNCIL** to send the following response to the Dorset and East Devon national park team: 'to avoid any misunderstanding, the council's expressed support so far has only been for further information; this does not indicate any level of support the council has yet to declare. The council wishes to consider the matter further and will respond to the Glover Review by the deadline'.

18/102/SF Grant Review, Lyme Regis Football Club

The town clerk confirmed the council was not being asked to provide any more money; this was a request to alter the schedule of works, to agree a project variation, and to extend the period of the grant agreement to allow works to be completed.

Proposed by Cllr B. Larcombe and seconded by Cllr J. Scowen, members agreed to **RECOMMEND TO FULL COUNCIL** to approve the request from the football club to defer the build of its grandstand from 2018 to 2019; to approve the football club's proposal not to widen the football pitch and undertake drainage works, only, in 2020; and to approve the extension of the grant period from 31 March 2020 to 31 August 2020 to allow drainage works to the football pitch to be completed and that any remaining grant allocation following the erection of the grandstand is allocated to this project.

18/103/SF Events' Management

Several members were in support of introducing a deposit scheme, which should apply to all areas the council rented out on the seafront, and not complying with the council's conditions should result in losing a deposit and not being allowed to hold the event again.

Members generally agreed the one-way system and vehicle restriction times on the parade should be better enforced.

The town clerk advised members that if they were inclined to introduce a deposit scheme, it should be applicable from 2020, as discussions had already started taking place with organisations for 2019.

The town clerk advised members to be cautious of introducing a deposit scheme as decisions to withhold deposits would be contentious. He suggested those decisions should involve the chairmen of the Town Management and Highways and Tourism, Community and Publicity Committees, who were already involved in event planning meetings.

Several members understood the problems involved when major events were held on the seafront, but were concerned small organisations and charities would not have the means to pay a deposit. It was suggested better enforcement of the events' policy and procedure would be more effective.

It was suggested a deposit could be paid only by large events/organisations and commercial organisations, but some members were concerned about how a large or small event/organisation would be determined, leaving the council open to claims of unfairness.

Cllr B. Larcombe said it was not beyond the capability of a small organisation to raise a £500 deposit as it would go back to them if they complied with the council's conditions.

It was proposed by Cllr B. Larcombe to introduce a deposit of £1,000 to be paid for by event organisers using the Marine Parade.

This motion was not seconded.

Cllr Mrs M. Ellis suggested a scale of deposit charges for various size organisations.

Cllr B. Larcombe suggested any decision to withhold a deposit should be considered by the Tourism, Community and Publicity Committee.

Members agreed further consideration needed to be given to a policy for a deposit scheme, with a clear distinction made between commercial and non-commercial events.

Members agreed the chairmen of the Town Management and Highways Committee and the Tourism, Community and Publicity Committees should work with officers on this.

The meeting closed at 9.35pm.

AGENDA ITEM 6

Committee: Strategy and Finance

Date: 24 April 2019

Title: Matters arising from the minutes of the Strategy and Finance Committee meeting held on 13 March 2019

Purpose of the Report

To update members on matters arising from the meeting that are not dealt with elsewhere on this agenda and to allow members to seek further information on issues raised within the minutes of the meeting.

Recommendation

Members note the report and raise any other issues on the minutes of the meeting that they require further information on.

Report

18/95/SF – Matters arising from the minutes of the Strategy and Finance Committee meeting held on 30 January 2019

Audio recording of meetings

A simple voice recording device has been purchased and will be trialled at this meeting.

Hydrock report

Cllr J. Broom, the town clerk and deputy town clerk are meeting on 17 April 2019 to consider the council's response to the Hydrock report.

Election 2019

Sixteen candidates have been nominated for the 14 town council seats, so an election will be held.

Four candidates have been nominated for the one Dorset Council seat for the Lyme Regis and Charmouth ward.

18/97/SF – Minutes of the Dorset Council working group meeting held on 28 February

The working group set 30 April 2019 as the date for its next meeting. This date has already been allocated to a Planning Committee meeting. When the new administration has agreed its calendar of meetings, the town clerk will set a new date for the working group meeting.

AGENDA ITEM 6

18/101/SF – Dorset and East Devon National Park proposal

The council's position has been communicated to the Dorset and East Devon National Park team. A more detailed report will be presented during the new administration's first cycle of meetings.

18/103/SF – Events' Management

A report on a deposit scheme for events is to be considered by the Tourism, Community and Publicity Committee on 17 April 2019.

John Wright
Town clerk
April 2019

Committee: Strategy and Finance

Date: 24 April 2019

Title: Update Report

Purpose of Report

To update members on issues previously reported to this committee

Recommendation

Members note the report

Report

Ice cream parlour

The lease expired on 28 February 2019 and an initial inspection of the premises has taken place. The property is in poor condition which, in part, is not attributable to the former tenant.

Further inspection has been undertaken and the coping stones above the ice cream parlour on the edge of Marine Parade will be removed to establish if the source of the water ingress to the building can be identified.

Financial regulations

Revised financial regulations will be presented to the Full Council on 1 May 2019.

Power Boat Club

On 12 April 2019, the town clerk contacted the council's solicitors, Kitson & Trotman, who confirmed there had been no further communication from the power boat club's solicitors

Bowling Club

There has been no response from the bowling club following the council resolution on the lease conditions of the car park from 1 January 2020.

Office accommodation

A building survey has been commissioned and will be undertaken in May 2019.

Park and ride

The Charmouth Road park and ride is operating during the Easter holidays, closing on Easter Monday. It re-opens at the start of the Whitsun bank holiday for one week. Discretion will be applied to weekend opening during June and early

AGENDA ITEM 7

July, i.e. weather and events will inform whether or not to run the service. The park and ride will run for the whole of the summer school holidays.

John Wright
Town clerk
April 2019

Committee: Strategy and Finance

Date: 24 April 2019

Title: Internal Audit Report, Visit Two 2018-19

Purpose of Report

To inform members of the outcome of the internal auditor's second visit for 2018-19 which took place on 26 February and 1 March 2019

Recommendation

Members note the internal auditor's report and the management responses

Background

1. Internal audit is an important part of the council's governance and managerial framework and, as such, it is important the town clerk takes responsibility for any observations and recommendations arising from the internal auditor's visits.
2. The council's internal auditor is Darkin Miller – Chartered Accountants. The internal auditor's remit is to establish there is proper book-keeping, risk management arrangements, bank reconciliation and year-end procedures, and controls are in place for payments, budgets, income, petty cash, payroll and assets.
3. Darkin Miller were appointed as the council's internal auditors for the financial years 2015/16, 2016/17 and 2017/18 at the Full Council meeting on 22 July 2015.
4. Following a recommendation from this committee, on 13 December 2017 the Full Council appointed Darkin Miller as the council's internal auditor for a further two years, i.e. 2018/19 and 2019/20. The internal auditor appointment for 2020/21 and beyond will be undertaken through a competitive procurement process.
5. The council normally engages Darkin Miller for up to eight days a year; this covers four audit visits which usually last for two days.

Report

6. Darkin Miller's report is attached, **appendix 8A**. The report contains five recommendations, three high, one medium and one low.
7. The internal auditor's comments and suggested management responses are detailed on the report.

AGENDA ITEM 8

8. There are two outstanding recommendations from the previous internal audit reports:
 - 8.1 2017-18 visit 3 – recommendation 7.1 set a date of 1 April 2018 to agree new contracts of employment for all staff. All but one of the new contracts of employment have been signed
 - 8.2 Copies of leases – The council intends to create electronic versions of all leases by 31 March 2018. This hasn't been completed; a completion date has been reset for 30 June 2019.
9. Any recommendations from this committee will be considered by the Full Council on 1 May 2019.

John Wright
Town clerk
April 2019

FINAL

Internal audit report 2018/19

Visit 2 of 4

LYME REGIS TOWN COUNCIL

Date: 20th March 2019

Report author: R Darkin-Miller
Email: r.darkin@darkinmiller.co.uk

The number of recommendations made at this audit visit and their priority are summarised in the following table:

Rating	Number
High	3
Medium	1
Low	1
TOTAL	5

I would like to thank John Wright – Town Clerk, Naomi Cleal – Finance Assistant, Mark Green – Deputy Town Clerk, and Adrienne Mullins – Administrative Officer for their assistance during this audit.

Auditor note

Note that, at the time of the second of the internal audit visits for 2018/19, the Council's Finance Manager had been on sick leave for eight months. The officer's absence has been covered by the (part time) Finance Administrator increasing her hours and nature of the work undertaken; by the use of an experienced locum Finance Manager (working only part time and remotely due to that officer's other work commitments); and by the Council's senior staff (Town Clerk and Deputy Town Clerk) having a higher-than-normal level of involvement in e.g. the Budget-setting process.

Given the loss of a critical full time member of staff, I consider that the Council's systems are operating more effectively than I would have expected. In terms of the areas tested at this visit, the staff have been focussed on reconciling the main bank accounts. The testing indicates that some of the checks and balances (e.g. reconciliation of the bank accounts with periodic movements) have not been completed in a timely manner, and that there is a small unreconciled difference on one of the current accounts, but (of those areas tested), these appear to be the only key tasks which have not been fully caught up following the Finance Manager's absence.

Darkin Miller ~ Chartered Accountants
2018/19 INTERNAL AUDIT OF LYME REGIS TOWN COUNCIL
FINAL REPORT VISIT 2 OF 4: 20th MARCH 2019

Appendix 1 – Recommendations and Action Plan

Recommendation number	Detail	Priority (Low/Medium/High)	Management Response	Responsible Officer	Due Date
2.6 – check formula for payments list totals	<p>I found that the formula for the payments list totals for September 2018 and October 2018 had not been updated, so the amounts approved per the minutes was incorrect. The amended payments lists will be taken to the next meeting of Council.</p> <p>I recommend that the total of the payments list is double-checked to ensure that the formula is picking up the correct cells.</p>	L	The formula has been updated and it will go to the 24 th April meeting of Strategy and Finance Committee.	Finance Administrator	24/04/19
7.3 – Contracts of employment	I checked to see that all employees have contracts with clear terms and conditions. I found that contracts were in place for 4/6 new starters for the salary month tested, but that 2 of those contracts had not been signed (in spite of Council efforts to secure the employee's signature). 1 temporary member of staff was only provided with a letter from the Council setting out the hours and hourly rate of the employment. There does not appear to	H	Agreed.	Administrative Officer	With immediate effect

	<p>be any paperwork in relation to the final employee (also a temporary member of staff who was working on an ad hoc basis).</p> <p>I recommend that all members of staff are provided with contracts of employment in order to ensure that there is evidence that roles, responsibilities, hours and rates of pay have been agreed.</p>					
9.1 – Formal bank reconciliation to include all accounts	<p>I checked the bank reconciliation to confirm that there is a bank reconciliation for each account, which is done regularly and in a timely fashion, that there are no unreconciled transactions, and that all investment balances are included. I found that bank reconciliations are frequently carried out for the current accounts within the accounting system. A formal reconciliation is printed for the main bank accounts at each month end and checked and signed by the Clerk (as RFO). Reconciliations have not been carried out for the majority of accounts (three of which are only updated at the year-end, and most of which only have a bank interest receipt as their activity for the month).</p>	H	Agreed	Finance Manager	31 March 2019	

	<p>The formal bank reconciliation should include all bank accounts. Ideally the reconciliation will comprise a front sheet (which notes the balances for each bank account per the bank statement and per the cashbook, plus any reconciling items, with space for the preparer to sign and date; and reviewer to sign and date to evidence timely completion).</p> <p>I recommend that a formal bank reconciliation is prepared monthly to include all bank accounts.</p>					
9.3 – Post transactions for all bank accounts	<p>Bank movements on the Council's non-current accounts (which mainly comprise monthly interest) have not been posted for several months. The total amount of interest and other income not yet posted to Sage is less than £3k.</p> <p>I recommend that the transactions are posted to ensure that all accounts are up to date.</p>	M	Agreed	Finance Manager	31 March 2019	
9.4 – Investigate reconciliation difference on	<p>There is an unreconciled difference of £345 on one of the Council's current accounts. The bank statement shows a month end balance of £1k; the</p>	H	Agreed	Finance Administrator	31 March 2019	

current account	<p>unreconciled transactions report a net unrecorded lodgement (monies recorded as banked in the Council's bank account but which haven't yet cleared the bank account) of £1,298. This gives an expected cashbook balance of £2,298. The trial balance shows a figure of £2,643. This indicates that the Council may have recorded and noted as reconciled £345 net of duplicated income.</p> <p>I recommend that the Finance Administrator goes back to the last bank reconciliation where the unreconciled transactions report plus balance per bank statement agreed to the trial balance figure, and works back through (month by month) to find where the error has occurred, by comparing the nominal activity on the bank account to the transaction listing on the downloaded bank statements; and that any corrections necessary are then made.</p>				
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Committee: Strategy and Finance

Date: 24 April 2019

Title: Budget Performance, 1 April 2018 to 28 February 2019

Purpose of Report

To inform members of performance against budget from 1 April 2018 to 28 February 2019 and to provide a forecast to 31 March 2019

Recommendation

Members note the report and instruct the town clerk

Report

1. Attached, **appendix 9A**, is the budget report for 1 April to 28 February 2019 and a forecast for the full year. This is summarised below:

	Actual to 31.01.19 £	2018-19 Budget £	Forecast 31.03.19 £
Income	1,494,365	1,478,784	1,640,742
Expenditure	1,444,869 ¹	1,573,402	1,678,341
Surplus	49,496	(94,618)	(37,599)

Background

2. The 2018-19 income and expenditure profiles are similar to previous years, i.e., a greater proportion of income is received in the early part of the year, while expenditure is more evenly spread throughout the year. This produces an early surplus which reduces during the financial year.
3. The council applies prudent principles to its budget-setting: if income isn't anticipated, it isn't included in the budget; conversely, all anticipated expenditure is included in the budget. In addition, a prudent assumption is made on the council's principal income heading; car parking income is budgeted at 95% of anticipated income.
4. The impact of this approach becomes increasingly apparent at the end of each financial year with the accumulation of non-budgeted income.

Analysis

5. Since 1 April 2018, there have been project variations and overspends, as well as unbudgeted expenditure items; these have been reported to council. Although this report details performance to end-February 2019, because of the

¹ Expenditure does not include salaries for January 2019; salaries for January are c£50,000.

proximity to the end of the financial year the report concentrates on the year-end forecast at 31 March 2019.

Income

6. At £128,773 above budget, the favourable car park income forecast is a product of a budget set at 95% of anticipated income and the increase in volume of car park users in the spring and early-summer which, in turn, was a product of the exceptionally good weather.
7. At £24,778 above budget, the favourable income forecast for chalets/beach huts/caravan income is a product of the income from sales and transfers.
8. At £16,628 above budget, the favourable variances on cemetery income is mainly the product of memorial bench sales: this is almost entirely matched by expenditure. In addition, there has been a noticeable increase in burials.

Expenditure

9. At £27,696 above budget, the unfavourable variance on office administration expenditure forecast is largely the product of consultancy fees: John Stark and Crickmay Partnership has been commissioned to design, procure and project manage the roof renewal project, and Kitson and Trotman's services have been heavily called upon this year.
10. At £76,095, the unfavourable variance on outside works forecast expenditure is the product of project variations and unbudgeted expenditure. These are:

Project variations

Project	Budget	Expenditure	Variance
Marine Parade toilets	£45,000	£82,000	£37,000
Marine Parade beach huts	£15,000	£27,840	£12,840

Unbudgeted expenditure

Project	Spend/commitment
DCC harbour dredging	£4,000
Tractor wheels	£5,721
Cashpoint	
• BT Openreach	£4,021
• Western power	£1,336
SMA roofing	£6,500
War memorial	£4,166
Amenities' hut	£1,248
AS security review	£2,225
Memorial benches	£9,940
Kemp sail	£3,523
Two-way radios	£1,530
Cash collection	£8,500
Park and ride additional land cost	£4,900
Consultancy - Hydrock	£15,000

AGENDA ITEM 9

11. At £25,559, the unfavourable variance on the staffing expenditure forecast is mainly attributable to one-off payments to employees to buy out leave entitlements relating to the new contracts of employment and cover for the finance manager's sickness absence.
12. The February income and expenditure account has been reviewed in detail by the town clerk and deputy town clerk and there are a number of factors which will further improve the year-end position.
13. This is because there are several projects included in the 2018-19 budget that the council will not complete this year: a concert bowl (£25k), gym equipment (£25k) and boules (£3k) in the gardens. In addition, the town clerk believes the project budget for health and safety compliance is overstated by c£15k. The collective impact of removing these budgets is £68k, reducing the forecast deficit from £37,599 to a surplus of c£30,000k.
14. Any recommendations from this committee will be considered by the Full Council on 1 May 2019.

John Wright
Town clerk
April 2019

APPENDIX 9A

	<u>Actual to date</u>	<u>Budget</u>	<u>Forecast</u>	Variance Favourable / (Unfavourable)	%age variance Favourable / (Unfavourable)
February 2019					
Income					
Precept	120,708	120,708	120,708	0	0%
Car parks	654,212	612,634	741,407	128,773	21%
Chalets/Beach huts/Caravar	324,302	316,607	341,385	24,778	8%
Concessions	35,565	38,466	39,565	1,099	3%
Commercial rents	179,449	212,651	209,587	(3,064)	(1%)
Marketing	12,949	18,800	18,703	(97)	(1%)
Amenity area	81,242	86,346	81,242	(5,104)	(6%)
Cemetery	21,494	4,866	21,494	16,628	342%
Licences	10,055	14,272	10,202	(4,070)	(29%)
Other	51,572	49,406	53,633	4,227	9%
Income from Investments	2,818	4,028	2,818	(1,210)	(30%)
		1,494,365	1,478,784	1,640,742	11%
Expenditure					
Office administration	109,895	108,424	136,120	(27,696)	(26%)
Rents	2,072	4,109	2,122	1,987	48%
Licenses/Leases	0	3,950	3,950	0	0%
Democratic representation	4,935	15,632	10,495	5,138	33%
Outside works	331,515	362,056	438,151	(76,095)	(21%)
Grants/SLA	121,080	146,014	131,065	14,949	10%
Utilities	125,100	134,757	139,844	(5,087)	(4%)
Staffing	662,115	687,321	712,880	(25,559)	(4%)
Marketing & Tourism	40,935	59,639	53,367	6,272	11%
Other	12,848	14,000	12,848	1,152	8%
Loan charges inc interest	34,375	37,500	37,500	0	0%
		1,444,869	1,678,341	(104,939)	(7%)
Gross Profit/(Loss):		49,496	(94,618)	(37,598)	
Trading Surplus/(deficit)		49,496	(94,618)	(37,598)	(60%)

Committee: Strategy and Finance

Date: 24 April 2019

Title: Investments, Cash Holdings and Loans

Purpose of Report

To inform members of investments, cash holdings and loans

Recommendation

- a) That the Lloyds fixed term deposit of £101,485.44 maturing at the end of April 2020 be reinvested in a similar 12-month deposit at 1.00% (currently 0.90%) and that a further £100k of the balance in the Lloyds instant account (currently £501,595.88) be reinvested in a similar 12-month deposit; this will increase the interest on this sum from 0.05% to 1.00%
- b) That any decision to transfer a further £100k from the Lloyds instant account to a 12-month deposit account be deferred until there is greater certainty about the 2018/19 year-end balance and the tendered cost of the roof repairs to the shelters' building
- c) That discussions continue with Santander to obtain a better rate of interest for the approximately £160k banked with them at an interest rate of 0.8% and which matured at the end of February 2019; if this cannot be achieved, then the balance be re-invested with another provider on the most preferential terms reasonably and prudently achievable

Report

- 1. Details of monies held in the council's bank accounts and the council's outstanding loans at 16 April 2019 are attached, **appendix 10A**.
- 2. The total current balance, **£1,445,789**, is in excess of the council's target reserve of £1,000,000, as proposed in December 2016 as part of the budget-setting process. This target reserve remains unchanged.
- 3. The current balance is about £195k lower than the last figure reported to committee in January 2019 (£1,639,688) but slightly higher than the figure reported in June 2018 (£1,441,450). To some extent, the total balance reflects the timing of the council's routine income and expenditure, i.e., a greater proportion of income is normally received during the early part of the financial year, while expenditure is spread more evenly throughout the year. It does also reflect higher than anticipated overall income, particularly car parking income, during a better than average summer period.
- 4. Although there has been a recent reduction in the level of balances, the figure is more typical of recent balances and is likely to increase again once all year-end reconciliation has been carried out, any still outstanding debts recovered and after payment from Dorset Council of the car parking income for February

and March 2019, which is still awaited. This latter amount totals approximately £60k alone.

5. From 1 May 2019, the collection of car parking income from the town council's ticket machines will be carried out by G4s under a contract directly with the town council rather than under a contract with Dorset Council (previously West Dorset District Council), as has been the case in recent years. This will simplify the transfer of income to the town council and avoid the delays which have hitherto taken place. The collection cost is at the same rate as had been the case under the previous arrangement.
6. The council predominantly uses Lloyds Bank for its day-to-day banking, although some transactions are still undertaken through NatWest Bank's online facility and cash holdings and investments are split fairly evenly between the two banks.
7. Further to the Full Council's decision on 18 November 2015 to appoint Arlingclose as its treasury advisors, a meeting was held on 12 April 2016. Following that meeting, and with advice from Arlingclose, funds were moved into time-limited deposits with Lloyds and Santander. This provided a balance between a diversity of organisations and best interest rate returns. Interest rates have marginally increased but remain at historically low levels, with the Bank of England base rate remaining at 0.5%. The council's current investments average a return of approximately 0.75%.
8. The Santander account expired at the end of February 2019 and paid an interest rate of 0.8%. Discussions are ongoing with Santander to try and obtain a better rate of interest. If this cannot be achieved, it is suggested the balance of approximately £160k be re-invested with another provider on the most preferential terms. Lloyds currently pay 1.00% for a similar short-term investment; albeit with a longer notice period.
9. Although interest rates may increase in the future, along with inflation, this increase is unlikely to make a significant change to the interest earned on council funds.
10. At the Full Council meeting on 13 December 2017 it was resolved not to pursue the project for a café and toilets in the gardens, which would have required sizeable monies to fund it. However, as part of the budget-setting process for 2019/20 members have approved works to the roof of the shelters' building of similar cost commencing in autumn 2019, together with other one-off expenditure. The estimated total value of all approved one-off expenditure is approximately £588k.
11. As a result, while the council currently has a larger than required cash balance (earning relatively little interest), this situation is likely to change during the second half of the 2019/20 financial year. This situation was set out in more detail as part of the budget-setting reports, which projected income of £1.602m but expenditure totalling £2.171m, resulting in an 'in-year' deficit of £569k and an end-of-year balance of £816k. It was noted that while this figure was lower

than the council's own target reserve of £1m, it remained above the council's other target to hold a reserve of not less than 50% of annual income.

12. Given the current balance, the anticipated car parking income for the remaining period and the debt recovery action currently being taken, it is probable that the 2018/19 year-end balance will be above the current level. If that is the case, the balance at 2019/20 year-end **may** exceed BOTH the 50% target and the £1m target. More confident projections will be possible after the return of tenders for the roof repair works to the shelters' building and after all year-end reconciliation has been completed.
13. However, the approved 2019/20 budget does not include recently agreed expenditure on major capital items such as a new beach rake or flail. These unbudgeted items will clearly reduce the balance at 2019/20 year-end, as will any move towards the setting up of a prudent 'sinking fund' to pay for the replacement of major assets such as machinery and vehicles.
14. As a result of these planned works and other expenditure, the scope to tie up large amounts of reserves in longer-term investments with extended notice periods is relatively limited. There are marginal benefits in terms of available interest rates in any event, generally in the range 0.25-0.5% for periods of two to three years.
15. The suggestion at this stage is that the Lloyds fixed term deposit of £101,485.44 maturing at the end of April 2019 be reinvested in a similar 12-month deposit at 1.00% (currently 0.90%) and that a further £100k of the balance of 501,595.88 in the Lloyds instant account be reinvested in a similar 12-month deposit. This will increase the interest on this sum from 0.05% to 1.00%.
16. There may be scope to transfer a further £100k from the Lloyds instant account to a 12-month deposit account, but it is suggested that this decision be deferred until there is greater certainty about the year-end balance and the actual cost of the roof repairs.

Other

17. As previously reported, the loans from the Public Works Loan Board were paid off in April 2017, as recommended by this committee and subsequently resolved by Full Council on 2 November 2016.
18. The loan from West Dorset District Council has approximately £247,500 outstanding as at the end of the current financial year and is at an interest rate of approximately 3%. While there may be marginal financial benefits in repaying this loan as compared with further fixed-term investments, tactically it may be preferable to retain this loan to be used in any future discussions with the new Dorset Council.

Mark Green
Deputy town clerk
April 2019

Lyme Regis Town CouncilBank Balances16-Apr-19

	£	Access
NatWest- General	952	Instant
NatWest Liquidity Manager 0.1%	19,997	Instant
NatWest Special Interest Bearing Account 0.5%	537,418	Instant
NatWest Christmas Lights	8,284	Instant
Lloyds - Current	11,605	Instant
Lloyds - Liquidity Manager (0.5%)	501,596	Instant
Lloyds - Fixed Term Deposit - C (0.9%)	101,485	Apr-19
Lloyds - Fixed Term Deposit - D (1.0%)	101,710	Jul-19
Santander 0.65%	289	Instant
Santander 0.80% (account due for renewal end Feb '19)	159,968	180 Days
Wilkinson Legacy 0.2%	524	One month
WDDC Deposit 0.7818% (now Dorset Council)	1,961	10 Days
TOTAL	1,445,789	

Loans to Lyme Regis Town Council

West Dorset District Council			
Marine Parade Shelters	Apr-14	397,499	Approx 3%
	Mar-18	277,500	
	Mar-19	247,500	
Public Works Loans		Zero	
All Repaid April 2017			
Total		247,500	