

LYME REGIS TOWN COUNCIL

STRATEGY AND FINANCE COMMITTEE

MINUTES OF THE MEETING HELD ON WEDNESDAY 18 DECEMBER 2019

Present

Chairman: Cllr B. Larcombe MBE

Councillors: Cllr Ms B. Bawden, Cllr J. Broom, Cllr R. Doney, Cllr Miss K. Ellis, Cllr Mrs M. Ellis, Cllr D. Ruffle, Cllr D. Sarson, Cllr R. Smith, Cllr Ms G. Stammers, Cllr G. Turner, Cllr S. Williams

Officers: Mr M. Green (deputy town clerk), Mr J. Wright (town clerk)

Absent: Cllr L. Howe

19/67/SF Public Forum

There were no members of the public who wished to speak.

19/68/SF Apologies for Absence

There were none.

19/69/SF Minutes

Cllr B Bawden referred to minute 19/39/SF, Filming Money-Expressions of Interest, and explained that Cecilia was spelt incorrectly, the correct spelling was Cecilia.

Proposed by Cllr G Turner and seconded by Cllr S Williams, the minutes of the meeting of the Strategy and Finance meeting held on 13 November 2019 were approved as a correct record subject to the corrected spelling referred to above.

19/70/SF Disclosable Pecuniary Interests

Cllr M. Ellis declared a non-pecuniary interest in agenda item 13, List of Payments, in relation to her employment at Woodmead Halls.

19/71/SF Dispensations

There were none.

19/72/SF Matters arising from the minutes of the Strategy and Finance Committee meeting held on 13 November 2019

19/41/SF-Update Report

In response to questions from Cllr B Larcombe, the town clerk explained that the council's retained valuer was now attempting to negotiate an agreed figure with the

valuer acting for the powerboat club. He felt that the two sides were probably not a long way apart, but it was too early to predict whether agreement would be reached.

NOTED

19/73/SF Update Report

Blue Sea Café

In response to various questions, the deputy town clerk explained that the tenant preferred by the selection panel had been notified but, as yet, had not responded. Those not preferred, including the 'reserve' had not been notified, pending a response one way or another from the preferred tenant.

NOTED

19/74/SF Internal Audit Report, Visit One 2019-20

The town clerk explained the issues of capacity and lack of continuity which had occurred within the finance team since mid-2018. He acknowledged the impact of these issues on routine processes such as bank reconciliation, paying supplier invoices, raising sales invoices, chasing debts, etc.

Whilst the audit report was disappointing, it was not unexpected given the circumstances, and he was confident that all of the council's systems of internal control and management were sound and robust.

He explained that the council's internal auditor had been retained to produce a detailed management plan to address the outstanding issues, including a prioritised programme which set out the resource and time required to achieve each identified task.

This was being used to inform ongoing work within the finance team. A new temporary finance manager was now in post and had already made a significant impact in the short time he had been employed. In addition, existing staff resources were being deployed to assist the finance team to get everything up-to-date by the target date of end of March 2020.

In response to questions from members, the town clerk confirmed that where a target date had already passed, that element of work had been achieved. He also acknowledged that there remained work to do in getting up-to-date with bank reconciliation, but he was confident that the target date of the end of February 2020 would be met or bettered. He emphasised that the purchase ledger was completely up to date and there was no longer an issue with the payment of invoices from external suppliers.

Some members were concerned about the reliability of the quoted figure for the council's reserves; especially given the timing and scale of planned expenditure.

The town clerk referred back to the budget performance report submitted to the last meeting of this committee. Those projected figures had subsequently been tested and had proved to be accurate.

The deputy town clerk also emphasised that the current reserve figure was an actual 'cash in bank' figure and made absolutely no assumptions about the collection of any

debts or the receipt of monies recently invoiced. The projected end of year reserve made reasonable assumptions about income from invoices recently raised, car parking income, etc but did not assume any additional one-off payments or debt recovery. It was possible that the projected figure would be bettered come year end.

Members emphasised the need to receive regular updates demonstrating that targets were being met and that progress was being made. It was accepted that the auditors report was an 'historic snapshot'; the important thing was to ensure that improvement was actually achieved, and targets and deadlines met.

NOTED

19/75/SF Statement of Internal Control, Risk Management Policy and Annual Risk Assessment

The town clerk introduced the report and emphasised that it was the members' report in the sense that the issue of risk sat with the governing body and not with him personally.

It was his view that, generally speaking, good progress had been made since last year, but that slippage had occurred on some of the financial issues. This was reflected in the suggested risk 'scores' and in the written risk report.

He explained the methodology used in arriving at the suggested risk 'scores'.

Members ran through the various reports and identified a number of concerns relating to the use of social media, succession planning and reputational issues.

It was agreed that the issue of the use of social media and how the council used it, tracked issues and responded to them could be picked up in detail when the social media policy was next reviewed in 2020.

With regard to the reputational risk of 'negative council image' it was agreed that the probability was overstated, and the 'score' should be reduced from 4 to 3, giving an overall score of 12.

Members **NOTED** the statement of internal control.

Proposed by Cllr J Broom and seconded by Cllr M Ellis, members agreed to **RECOMMEND TO FULL COUNCIL** that the risk management policy and the standard annual risk assessment be approved without amendment.

Proposed by Cllr B Larcombe and seconded by Cllr G Turner, members agreed to **RECOMMEND TO FULL COUNCIL** that the risk register for 2019/20 be approved subject only to the amendment of the overall risk 'score' for the reputational risk of 'negative council image' being reduced to 12 (Impact 4, probability 3).

19/76/SF Objectives 2020-25-Public Feedback

In response to questions from members, the town clerk explained the methodology in choosing the Lyme Voice participants, confirmed that the response rate has been around 50%, which was good. He clarified that the results would be publicised, and the participants thanked for their contribution to the process, both in the council's news column and via a personal letter from the Mayor.

He confirmed that both sets of participants had received the same written information; although those attending the event at Woodmead Halls had the added benefit of being able to ask questions of those staff and councillors present. It was not possible to identify how many residents may have submitted their views through both processes, although he emphasised that the Lyme Voice participants had been chosen 'at random' and their views ought to be entirely representative.

Cllr B. Larcombe highlighted the consistency between the outcomes of the two separate consultation exercises and felt that it demonstrated that the council's suggested priorities were broadly in line with those of the public. He highlighted various projects which had achieved both higher and lower 'approval ratings' and felt there were no surprises in the views expressed.

Cllr B. Bawden expressed concern that the consultation had omitted many environmental issues because these had been moved out of the 'direct action' column. She was concerned about how these issues would be picked up going forwards.

There was general agreement that the consultation exercises had been very worthwhile, had provided useful information and confirmed the council's general views about priorities for future years.

Members **NOTED** the results of the public consultations exercise.

19/77/SF Budget and Precept 202-21 and Five-Year Financial Plan 2020-25

The town clerk introduced his report and clarified that only objectives with an actual financial cost had been included in the list. He emphasised the projected impact on the council's reserves of the suggested budget and plan and explained that this would require the council to formally amend its existing policy on the level of reserves, even if only for a limited period.

The budget made prudent assumptions about the likely levels of future income and he acknowledged that this had not been increased by inflation beyond 2021, but he explained that expenditure had been treated similarly.

Expenditure was front-loaded because of the two major projects which the council was planning to deliver quickly but, after that, had been 'smoothed' having regard to likely levels of reserves. Given the projected levels of reserves, it was more critical than ever to maintain good financial discipline and avoid unbudgeted, in-year, expenditure. He agreed with Cllr S. Williams that it was equally important to look at sensible ways in which income could be increased or one-off receipts generated.

Cllr S Williams expressed his concern that the budget was too 'tight' in future years and that it would only take an unexpected event, or a season of exceptionally bad weather, for the council to be in a difficult financial position.

Cllr R Doney also expressed his nervousness about allowing the council's reserves to fall to the level suggested in future years; particularly with the potential for the roof or office projects to experience cost overruns not wholly within the council's control.

Cllr B. Larcombe felt that the council's reserves had been built up to an artificially high level in the knowledge that there were one-off, 'once-in-a-generation' major projects to be paid for. Other similar councils would have to borrow to fund such works; this council was in the fortunate position of not needing to. He felt that the proposed budget and plan would return the council's reserves to more normal and justifiable levels.

He also pointed to steps which the council was taking to reduce its expenditure, i.e., the revision of the grants budget. He referred to the intended asset management plan, which he hoped would better identify costs going forward and which would allow the allocation of budgets to specific projects in specific years.

Cllr M. Ellis initiated a general discussion about the suggested residents' day and the indicated cost of £8k per year for 4 years. It was agreed the budget should be left for 21/22 but then reviewed for future years in the light of the experience of holding the initial event.

Proposed by Cllr B. Larcombe and seconded by Cllr D. Sarson, members agreed to **RECOMMEND TO FULL COUNCIL** to approve the 2020-21 budget.

Proposed by Cllr R. Smith and seconded by Cllr K. Ellis, members agreed to **RECOMMEND TO FULL COUNCIL** to approve the 2020-21 objectives and the draft objectives for 2021-25.

Proposed by Cllr M. Ellis and seconded by Cllr R. Doney, members agreed to **RECOMMEND TO FULL COUNCIL** to approve a precept of £132,779 for 2020-21.

Proposed by Cllr B. Larcombe and seconded by Cllr M. Ellis, members agreed to **RECOMMEND TO FULL COUNCIL** that the proposed five-year financial plan for 2020-25 be approved with the sole amendment that the budget of £8k identified for residents' day in, 2022/23, 2023/24 and 2024/25 be not included at this stage but be looked at in future in the light of the experience and cost of holding the initial event planned for 2021/22.

Proposed by Cllr B. Larcombe and seconded by Cllr M. Ellis, members agreed to **RECOMMEND TO FULL COUNCIL** that the council's policy on the holding of a reserve be amended, temporarily, to permit a reserve no lower than 20% of annual turnover for the period up until 2024/25.

19/78/SF Investments, Cash-Holdings and Investments

Members **NOTED** current investments, cash-holdings and investments.

In addition, proposed by Cllr M. Ellis and seconded by Cllr B. Larcombe, members agreed to **RECOMMEND TO FULL COUNCIL** that:

- a) the principle of rationalising accounts and banks be supported subject to a further, more detailed, report to the next meeting of the Strategy and Finance Committee.
- b) no monies be put on fixed-term deposit unless or until cash flow modelling of forthcoming major expenditure on the Marine Parade roof, the office

refurbishment and any other agreed projects support such an approach to be prudent.

19/79/SF List of Payments

Members **NOTED** the list of payments for May and June 2019.

19/80/SF Debtor's Report

Proposed by Cllr B. Larcombe and seconded by Cllr M. Ellis, members **RESOLVED** 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 as it included confidential matters relating to 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.

19/81/SF Exempt Business

a) Debtor's Report

The deputy town clerk introduced the report and explained the historic context to the situation at Monmouth Beach and the ongoing issues still being raised by a small number of 'owners'.

He reported that one of the major debts referred to in his report had now been settled and he was pursuing the only other similar debt.

He emphasised that the problems related to a very small number of individuals but, nonetheless, needed to be addressed. He suggested that specialist advice be sought given the potentially complicated legal position.

He explained the other debts referred to in his report and the action being taken to deal with them.

Members reinforced the need to deal with debts promptly and robustly and fully supported taking legal advice and action where necessary. They emphasised that outstanding debts at Monmouth Beach had to be dealt with.

Proposed by Cllr B. Larcombe and seconded by Cllr Mrs M. Ellis, members agreed to **RECOMMEND TO FULL COUNCIL** that specialist legal advice and action be sought about pursuing the small number of outstanding 2018 debts relating to premises at Monmouth Beach.

The meeting closed at 9.30pm.