

SWAFFHAM TOWN COUNCIL

Minutes of the Finance & General Purposes Committee meeting of the Town Council held on **Wednesday 22nd June 2011 at 7.00pm** in the Council Chamber, Town Hall, Swaffham.

Present:- Cllr. I Sherwood (in the chair)

Councillors: - Mr S Bell, Mr P Darby, Mrs T Jennison, Mrs S Lister, Mrs S Matthews, Mrs J Skinner.
(Non-Committee Cllrs Mr C Gunner, Mrs A Tighe)

Town Clerk:- Mr R Bishop.
Assistant Town Clerk:- Mrs R Noble.
Internal Auditor:- Mr T Lawlor.
SCALGA Rep:- Mrs C Wright, Mr R Trowell.

1. APOLOGIES FOR ABSENCE.

1.1. Cllr. M Edwards - Personal Reasons.

The Chairman stated those Councillors not on the committee are welcome to attend but are unable to vote.

2. DECLARATIONS OF INTEREST – for items included on the Agenda.

2.1. There were no declarations of interest.

3. Election of ‘Chairman & Vice Chairman’ for the forthcoming year.

3.1. Cllr. P Darby proposed and Cllr. S Lister seconded for Cllr. I Sherwood to become Chairman for the forthcoming year, 2011/12.

It was unanimously agreed for Cllr. I Sherwood to be Chairman for the forthcoming year, 2011/12.

3.2. Cllr. I Sherwood proposed and Cllr. T Jennison seconded for Cllr. S Matthews to be Vice Chairman for the forthcoming year, 2011/12.

It was unanimously agreed for Cllr. S Matthews to be Vice Chairman for the forthcoming year, 2011/12.

4. Terms of Reference for the Finance & General Purposes Committee as part of the Council’s Committee Structure Review.

4.1. The terms of reference have been circulated with the agenda pack. It is important that all other Committees or bodies where income and expenditure occurs or is likely to occur give regular reports to the Finance Committee as part of their monitoring process. It is equally as important that all of the same Committees or bodies submit their suggestions in respect of the budget at the appropriate time within the budget timetable. The Committee need to look at the terms of reference and make any necessary changes as part of the Committee structure review.

5. MINUTES

5.1. The Minutes of 6th April 2011 were agreed and signed as a true record by the Chairman.

6. Reports from Committees, representatives or outside bodies:-

6.1a. SCALGA report on allotments by Christine Wright.

Christine Wright reported SCALGA had held their AGM and introduced their new Chairman, Roger Trowell to the Committee. They now have a strong committee of 13 members, which includes Katie Fullilove, ESCAPE project and Mark Keddie, Community Orchard both will be beneficial to the committee. Mark Keddie gave a presentation on the Community Orchard. The membership to SCALGA is increasing and there is now a welcome pack for all new tenants.

The Chairman will be joining Rosie, the Assistant Town Clerk at the next inspection

6.1b. The Town Clerk met with the Secretary (Christine Wright) and Chairman (Roger Trowell) of SCALGA on 7th June, to discuss various issues of concern including unrest amongst allotment holders regarding the new tenancy rules. There were other issues relating to how SCALGA can play a positive role in the

Page 678

management of the allotments and work with the Town Council staff and move gradually towards taking more responsibility. To this aim it was agreed to have quarterly meetings and continue dialogue to work together for the betterment of the allotments.

The Town Clerk requested for SCALGA to look at the wording of certain rules and put forward amendments to the allotment agreement. The Town Clerk recommended the amendments for approval with the 2nd option on item 8 as the preferred option. This matter was referred back to the Committee by full Council following their meeting on 18th May. Below are the amendments suggested by SCALGA:

The New Tenancy Rules

Further to our meeting on the 7th June SCALGA's suggestions are listed below. We would request that you pass these proposals to the Finance committee for consideration when they review the new tenancy rules on June 22nd. Our re wording are in typed in *italics* following each original version:

Item 6. Present. Tenant may use the water from the supply on the allotment site, but the use of sprinklers and hose pipes is prohibited at all times. The Tenant must comply with any drought order.

Proposed amendment

The Tenant may use the water from the supply on the allotment site, but the use of sprinklers is prohibited at all times. Hose pipes must be used sparingly and only used to top up water butts and other water containers. Excessive use of water is prohibited and should be reported to the council. The Tenant must comply with any drought order.

Item 8. Present. The Tenant shall not use carpets on the allotment plot or any area surrounding the plot.

Proposed amendment. *The Tenant shall not use rubber backed carpets on the allotment plot or any area surrounding the plot. A limited amount of ordinary carpeting may be used as a weed suppression agent or as a mulch mat. On the termination of the tenancy all carpeting must be lifted and removed from the site.*

OR The Tenant shall not use rubber backed carpets on the allotment plot or any area surrounding the plot. Ordinary carpeting may only used as a weed suppression agent and must be lifted each spring and stored tidily In any event it must be removed from the plot on termination of the tenancy.

Item 29. Present. The Tenant is not allowed access to the allotment site except between the hours of 5.00 am and 10 pm daily in the summer and daylight hours in the winter. Except when in use, gates on the allotment sites, shall be kept locked at all times by means of the key allocated to the Tenant.

Proposed amendment. *For security reasons the Tenant is not allowed access to the allotment site during the hours of darkness. Except when in use, gates, on the allotment sites, shall be kept locked at all times by means of the key allocated to the Tenant.*

Following a discussion it was suggested to change the wording of item 29 to read .. during the hours of darkness except for those tenants with livestock.

It was agreed to change the wording of item 29 to read ...during the hours of darkness except for those tenants with livestock.

Subject to the above change it was agreed to accept the amendments as suggested by SCALGA with the 2nd option on item 8 as the preferred option.

A discussion took place relating to the water being used for horses on the allotments which have been leased out.

It was agreed for the use of water for horses on the next agenda for discussion.

6.1c. **ESCAPE project** - launch event yesterday at the Tumbler Hill allotments attended by the Mayor and Town Clerk - initial lease was for two years free of rent. This community project is led by Family Action with support from their two partners the Garden Science Trust and Norfolk Mind. The progress on these two allotments is quite incredible; they have been transformed into an area of learning, therapy and good practice by the three organisations working together as one community project. There will be a planning application received shortly for their compost toilet. It was recommended that a further two years free rent is granted to

Page 679

bring this in line with the Community Orchard project who were granted a four year rent free, with a contribution of £10 per allotment towards water usage i.e. £20.

It was agreed to grant the ESCAPE Project a further 2 years free rent with a contribution of £10 per year towards water usage (£20).

6.1d. **Vacant Allotments** - the 2 allotments which have been taken back from Mr. Davies are now in the process of being put into good order. There has currently been approximately half a skip load of rubbish removed and there will be at least another skip load of rubbish to remove at some point. This is being heaped up on one of the two allotments to allow Mr. Davies a period of time to remove any items himself, as letters to him and to his solicitor have largely been ignored in relation to this point. The recent contact has been through his solicitor (29th March & 19th May), although he has now taken to telephoning the Mayor. Mr. Davies was on site today complaining to our outside staff saying an agreement had not been reached. The meeting still has not taken place between Mr. Davies, his solicitor, the Mayor and the Town Clerk. Various dates have been offered, but none have been suitable. The meeting is simply to discuss the allotment that Mr. Davies is retaining. Mr. Davies' solicitor has been informed that the Council will charge Mr. Davies for the removal of rubbish and for bringing the allotment into good order ready for another tenant to take on. Vacant possession of the allotments was taken back on 25th March 2011.

6.2. Swaefas Swale Community Orchard Group

The Council are awaiting the legal documentation for the land transfer by lease and whether Breckland Council are prepared to pay their legal costs in this regard.

6.3. Youth Council

The Youth Council will be working with ACOSY when the youth organisations are re-launched at the Community Centre in the autumn. It was reported that Sally Palmer is employed part time by the Icen Partnership.

6.4. Market Committee.

The Market Committee met on Monday 20th June 2011. There were one or two notable changes that may affect finance as follows:-

- The casual trader rate has been increased from £17 to £20 from 1st September + £1 per foot over 16feet
- The amount of time a casual trader can stay as a casual trader before becoming a licensed trader is reduced from 12 weeks to 4 weeks.
- There will be a meeting arranged shortly to try and resolve a disagreement over the auctioneer and Icen Partnership selling plants, this will involved all interested parties.
- There is an on-going discussion regarding the duplication of stalls and the possibility of introducing an exclusiveness fee
- the end time for the Market has been changed from 3pm to 2.30pm in the winter months.
- It was agreed for non-voting members to be invited to each Market Committee meeting representing the Indoor Market and the Poultry Market.
- It was agreed to introduce an item on the agenda to allow all Market traders the opportunity to address the Committee
- Outstanding issues from the Market Traditions Working Group were taken on by the Committee.

6.5. Recreation Ground Committee.

The Recreation Ground Committee met on 13th June 2011, they have reviewed their Terms of Reference and are prepared to take on the responsibility for the two new play areas, Campingland and Northwell Pool. It would be known as the 'Recreation Committee'. Consideration was given to other open spaces, but it was decided that it would not fit the current ethos established by the Recreation Ground Committee over the years, it was also decided to accept the day to day management issues of the areas they have agreed to take on, so that it was a little more than just project development. There will be a Funday on Saturday 6th August 11am - 3pm to celebrate the addition of the new teenage equipment and all the other facilities at the Rec.

A discussion took place relating to a quote for £1,100 we have received for a notice board for the teenage equipment which has been installed on the Rec. It was suggested that maybe one notice board at the entrance would be sufficient instead of having one notice board for each area, it was further suggested to

Page 680

take a view about this from the insurance company prior to placing an order or carrying out any other work relating to the notice board.

It was agreed for the Town Clerk to take a view from the insurance company prior to placing an order or carrying out any other work relating to the notice board.

6.6. Advance Swaffham Action Group.

ASAG met on 14th June and were reminded of the necessity to put forward any possible funding proposals in respect of match funding at the earliest opportunity. It was stressed that it was important to supply sufficient background information with each project that would allow the Town Council to make an informed decision.

6.7. Internal Auditors' report from Tony Lawlor.

The Internal Auditor gave a verbal report as his email has not arrived yet due to problems with our email system. Tony Lawlor reported he had checked the petty cash and payroll to year end 5th April 2011 and stated that the Town Clerk had done a very good job with the payroll.

7. FINANCIAL REPORT from the RFO:

7.1. Accounts to date for Income & expenditure 2010/11.

Unfortunately there is no up to date income and expenditure report, as the Council's new server was installed on Monday of this week, the vast majority of files are now transferred.

Mr T Lawlor left the meeting at 8.00 p.m.

Cllr. C Gunner, Mrs C Wright & Mr R Trowell left the meeting at 8.05 p.m.

7.2. Review of Financial Risk Assessments for 2011/12.

All financial risk assessments have been completed by the Town Clerk and circulated to the committee with amendments highlighted in red. It was two years since the last assessment was carried out, this is now an annual requirement. It was recommended that the changes are accepted en-bloc.

It was agreed to accept the Financial Risk Assessment changes highlighted in red as recommended for 2011/12

7.3. Cash-flow and Cost Centre progress report for 2010/11:-

*Capital Projects * Asset Management Fund * Town Hall * Administration & Miscellaneous * Market * Northwell Pool * Youth Council * Allotments * Recreation Ground * Toilets & TIC * Cemetery & Churchyard * Open Spaces * Amenity & Agency * Precept*

Unfortunately because we have been unable to access the accounts system to update it, we are unable to give a detailed report in respect of cash-flow. The cost of £1,375 agreed by the Council for a new Computer server has to come from a different budget heading, dealt with as urgent business by the Council at their June meeting.

7.4. Increasing income & sponsorship in 2011/12.

The Town Clerk has circulated a document with ideas of how to increase the income of the Town Council through a variety of ways in particular with sponsorship.

1. Already in progress

- Added to this list is the possibility of charging for toilets
- The car parking review and decriminalisation of parking - charging after the two hour period or as they do in Fakenham just on Market Day

2. Disposal of land offered for sale

3. Sponsorship in cash or in kind

4. Sponsorship/donations

5. Fundraising & appeals to reduce the revenue deficit

6. Charity & using volunteers

7. Business & Community Development

It was agreed for the Town Clerk to carry out work relating to sponsorship.

Page 681

It was suggested for Councillors to choose what they think could increase income and carry out some research and discuss findings at the next meeting.

It was agreed to for Councillors to choose what they think could increase income and carry out some research and discuss findings at the next meeting.

A discussion took place relating to the land which was purchased for the Swimming Pool Association.

7.5. Annual review of the list of Assets held at 31st March 2011.

A list of the Council assets as at 31st March 2011 was circulated to the Committee. There are already amendments to make in the current year with the recent addition of the teenage equipment including a zipwire at the Recreation Ground. The new insurers are also about to revalue the buildings and certain assets are listed at community value or a nominal £1; whereas the best practice is now to list all assets using the insurance value. It is recommended that the Committee receive the document as read and note the changes to take place in the current financial year.

7.6. Annual review of the list of Suppliers and Contractors for 2011/12.

The updated list of Suppliers and Contractors for 2011/12 has been circulated for consideration by the Committee. Councillors can make any additions to the list prior to any estimates being obtained for the forthcoming budget. It is recommended that subject to any proposed changes that the Committee receive the document as read.

7.7. Annual review of the effectiveness of Internal Audit and the Internal Audit terms of reference for 2011/12.

The annual review of the effectiveness for internal audit has to be looked at by the Committee by going through each of the bullet points on the check list circulated. Similarly the terms of reference for the internal auditor are duly circulated and subject to amendment or updating is recommended as read.

7.8. Detailed report on Capital and Revenue Reserves.

The detailed balances showing the summary figures of £258,877 for Capital reserves, £98,215 showing as Revenue earmarked and a deficit General Reserve balance of -£170,726. With the overall balance showing as £186,366. This effectively means that if every budget is spent as agreed back in December 2010 in this current year then the Town Council would be using Capital Funds to fund Revenue Expenses which is wrong, it is ultra-vires (beyond the powers of the Council). It is essential that the Council address this in the budget this year and throughout their four year term.

Some important steps were taken amounting to £65,795 to start to address the budget deficit on General Reserves, but it is clear that it was not enough.

1. It was necessary to look at the baseline budget figures and re-adjust balances previously brought forward to the value of £30,270.
2. Staffing costs were cut by 7% or £12,140
3. Insurance costs were almost cut in half by a reduction of £7,000 by shopping around for a better deal
4. Other contracts produced smaller savings totaling approximately £5,000, as the Council went through an exhaustive exercise leading into the audit
5. All sundry budgets were cut amounting to £2,385 leaving no room for waste or overspend of any kind
6. The Council increased the Precept by £9,000

The following chart demonstrates where the Council were at the start of the year with the adjusted c/fwd balances to reflect the changes Mazars our external auditors wanted the Council to adopt as a starting point. The projected figures for income and expenditure for Capital and Reserves have then been applied to the budget set for this current year by the previous Council. The deficit is showing almost a £4,000 increase, largely due to a similar amount being written off by the previous Council as un-collectable debt.

| BUDGETED INCOME 2011/12 | | BUDGETED EXPENDITURE | |
|--|---------------------------------|---|-----------------|
| CAPITAL Income | 4,680 | CAPITAL Expenses | 30,538 |
| PRECEPT - REVENUE Income OTHER REVENUE Income | 207,000 75,356 | REVENUE Expenses | 308,943 |
| Sub-total = | 287,036 | Sub-total = | 339,481 |
| <u>ACTUAL Balances as at 1/4/2011</u> | | <u>Projected Balances as at 31/3/12</u> | |
| Capital Reserves | 258,877 | Capital Reserves | 233,019 |
| Revenue Earmarked Reserves | 98,215 | Revenue Earmarked Reserves | 75,623 |
| General Reserves | -170,726 | General Reserves | -174,721 |
| | 473,402 | | 473,402 |

There are clearly some issues to address between now and when the budget is considered in December later this year. There may be savings or cuts that are necessary in expenditure, every budget heading needs to be fully justified. Every avenue should also be explored (as per 7.4) to increase the Council's income. When both expenditure and income avenues are exhausted then the Council should plot its course back to financial stability by increasing the Precept accordingly.

The Council could consider many different approaches over a four year period but it was recommended by the Town Clerk/RFO that the Council consider a substantial one off rise this year, immediately followed by a two year freeze at the same level, with a view to working hard on true savings within their expenditure and allowing sufficient time for innovative ideas to come into fruition in respect of increasing income. In the fourth year it may be possible to start reducing the level of Precept. If the Council make no changes to their current year expenditure and do not increase their income, then under this method of addressing the problem without taking into account any RPI increases or changes to I&E we are looking at a 27% increase. This would give a Precept of £263,000 with a £56,000 increase.

Following a discuss relating to Capital & Revenue Reserves it was suggested to hold a workshop to discuss ideas for improving income.

It was agreed to hold an informal meeting on Monday 25th July at 7.00 p.m. to discuss ideas for improving income.

7.9. External Audit for 2009/10 – report on actions taken to date.

For the purpose of updating new Councillors much of this item has been repeated from the last meeting, although there is further updates contained in the report for members who were present at the April meeting, the last Finance meeting of the previous Council. The auditors report is in *italics*:-

The external auditors report confirmed in his opinion the information contained in the annual return is in accordance with the Audit Commission's requirements and no matters have come to his attention giving cause for concern that relevant legislation and regulatory requirements have not been met. Except for the matters reported below:-

- 1. In our report on the audit for the years ended 31 March 2008 and 2009 (issued on 17 May 2010), we drew attention to the fact that whilst the Council held significant reserves, most of these could only be used for capital purposes. From information provided to us, we concluded as of 31 March 2009, the total revenue reserves were only £42,000.*

During 2009/10, the Council's revenue expenditure exceeded its revenue income by approximately £61,000, meaning that in overall terms, the Council has a negative revenue reserve balance at the year end. Our report recommended that the Council took steps to ensure the revenue reserves are

returned to a level which it deems adequate to meet its requirements. (The replenishment of the revenue reserves cannot be funded through capital receipts). We also recommended that a clear audit trail is maintained to explain and support movements in capital and revenue funds going forward. We understand that the Council started to address the problem in 2010/11 and in setting the 2011/12 precept. However, the Council must ensure that it continues to take appropriate action to rectify the position fully.

ACTION TAKEN – in Finance Committee meetings leading up the budget of December 2010 for the year 2011/12. The Town Clerk has summarized actions taken to date and reported in item 7.8. From this meeting onward through to the budget meeting in December 2011 work needs to be done on an overall strategy to rectify the position of Revenue Reserves fully; the beginning of these considerations are also outlined in 7.8.

- 2. The council must ensure that it complies fully with the requirements of the accounts and Audit regulations 2003 (as amended), concerning the proper exercise of electors' rights – refer to our guidance notes sent to you with the Annual Return. This requires the inspection period to be 20 working days, not 19 as shown on the notice of electors' right for 2009/10.*

ACTION TAKEN – as reported previously this is already agreed in discussion with the auditor Stephen Christopher that the Council already comply, but did not state on the form the information that confirmed they comply. The council need to make it clear that whilst their office is not open on a Wednesday that members of the public can make appointments and similarly for out of opening hours Monday to Friday.

Other matters not affecting our opinion to which we draw to the attention of the council/meeting:

- 1. The Council failed to submit the Annual Return and supporting information for audit by the date requested.*

ACTION TAKEN – as reported previously circumstances dictated that the submission date was delayed. This was due to issues needing to be resolved by RBS Accounting Systems prior to the year end. These issues were one-off glitches that have been rectified and it has resulted in the year end accounts being presented to the full Council in June 2011, well before the statutory 30th June 2011 deadline and comfortably meeting the submission date this year of 4th July 2011; with electors rights concluding on 25th July 2011.

- 2. The Council should ensure that the review of effectiveness of internal audit is formally documented and minuted in future (refer to the NALC/SLCC Practitioners Guide paragraphs 2.79 to 2.96).*

ACTION TAKEN – as reported previously this matter has been discussed with the external auditor. It was highlighted across the country last year and Swaffham was one of thousands of local councils who brought in a system of reviewing the effectiveness of internal audit after the year ending 31st March 2010 for the first time. Thus it is highlighted in the external audit report. It was agreed at the Finance Committee meeting held in May 2010 and the annual review has taken place under item 7.7.

7.10. Budget timetable for 2011/12, early budget considerations and to set a date for first meeting of Budget Working Group (BWG).

Working backwards starting with the budget meeting:-

Wednesday 7th December - 7pm - BUDGET meeting

Friday 25th November - final draft budget circulated to all Councillors

Wednesday 23rd November - final comments on early draft agreed with BWG

Friday 18th November - first full draft of the Budget circulated to BWG

Wednesday 9th November - final deadline for consideration within the budget

Wednesday 26th October - Finance & G.P. - committees submission deadline

Wednesday 12th October - any estimates to be considered by full Council (or in Nov)

Wednesday 31st August - Finance & G.P. - early findings by BWG

First meeting of Budget Working Group (BWG) - 25th July 2011.

8. DATE OF NEXT MEETING

8.1. The date for the next meeting is Wednesday 31st August 2011 at 7p.m.

The date scheduled for future meetings are as follows:-

Wednesday 26th October and Wednesday 7th December, both at 7p.m

Meeting closed at 9.10 p.m.

Chairman