

Agenda item 4

For decision - Work programme, budget and precept demand for 2018/19

Author: Paul Wynne, Town Clerk and Jackie Wheeler, Responsible Finance Officer

Summary

This report is in three parts. First, it considers the proposed Work Programme for 2018/19; second, some minor proposed changes to the staff body; and, third, the budget required to deliver work programme along with the precept demand.

These documents were sent to Cllrs in draft form in mid-December and minor amendments have been made that reflect Cllrs views.

It is recommended that Council approves these and, with them, the annual precept demand.

1. The Work Programme for 2018/19

The Town Council Strategy 2015-2019 was approved in December 2015. Each year a work programme is drafted that implements the Strategy. This report focusses on the third annual work programme, for 2017/18, which is attached at Appendix 1. The layout and content of the work programme has changed a little since last year. There are additional sections on Finance and on Communications and Marketing, and the Resilience work has been separated from the Prosperity section.

The work programme is a big document containing a lot of detail. It has been drafted for the first time by the Management Group of staff and is endorsed by the Town Clerk and the Deputy Town Clerk. The document presented contains hidden sections that cross reference with the proposed budget, identify lead Cllrs (sponsors) and staff and a “live” section that will allow for progress against the measure of success to be recorded.

The bulk of the work programme reflects on going work that has been brought up to date with measures of success identified for the year ahead. There are some new projects and areas of work proposed and these are identified in bold with the prefix “NEW” in the work programme. In summary, these new areas are as follows:

- Expand significantly the work around health and wellbeing by starting new work on helping to improve the mental health of young people, expanding our work on promoting healthy lifestyles and integrating our work on literacy with supporting new apprenticeships on the town.
- Start work on community development at the neighbourhood level. This will be the subject of a discussion item at the Town Matters Committee meeting on 7 February.
- We shall be beefing up our work on marketing Frome to visitors and businesses and providing higher quality communication to residents.
- Investing in Frome Town Hall and marketing it as a venue in order to meet the challenging income streams in the 2018/19 budget.

At the time of writing (17 January) there have been no additional comments from Cllrs on the draft that was sent to them in mid-December. However, the Clerk and Deputy Clerk have considered the document as a whole and refined some wording and tightened up actions and measures for success. We have not changed the sense though.

While staff will be on hand to answer questions on the night, it would be appreciated if Cllrs could raise specific points with staff prior to the Council meeting.

Recommendation

1. Approve the work programme for 2018/19.

2. Staff chart

The staff body is able to deliver the work programme as proposed. There are two minor changes to posts proposed. It is recommended that Council approves the principle of these proposals and notes that there has been sufficient budget allocated for 2018/19. The proposed staff structure is at Appendix 2.

Currently, we have a Finance Apprentice. The post holder has worked for FTC for three years in March and passed all her accountancy exams so far. She is now a very competent book keeper and has a firm grasp of the various processes of managing budgets, paying invoices, VAT and salaries. She has effectively completed her apprenticeship. She is studying for the final level at present and is expected to pass these too – the results will be in September – and will then be qualified to the same level as the RFO.

It is proposed that the post holder is promoted on to the Administrator salary band starting from April. At this stage, it is recommended that Council approves the principle of this proposal, notes there is sufficient budget allocated in 2018/19 and asks the Council Matters Committee to consider the case for support at its next meeting on 21 February.

We also employ an intern from Bath University in the Marketing and Communications Team. The intern has been in post for 6 months and leaves in June to continue her studies. We are delighted with her work.

Considering the success we have had on steering through four apprenticeships in recent years, it is proposed that we recruit a fifth. The proposal is to create an apprenticeship in the Marketing and Communications team when the intern leaves. At this stage, it is recommended that Council approves the principle of this proposal, notes there is sufficient budget allocated in 2018/19 and asks the Council Matters Committee to consider the case for support at its next meeting on 21 February.

Recommendations

2. Note there is sufficient budget to promote the Finance Apprentice to a Finance Administrator and ask the Council Matters Committee to consider the case for support at its next meeting on 21 February.
3. Note there is sufficient budget to promote the Finance Apprentice to a Finance Administrator and ask the Council Matters Committee to consider the case for support at its next meeting on 21 February.

3. Budget and precept demand for 2018/19

This part of the report explains the components of the expenditure budget and the income required to match it. This includes the proposed precept amount.

The first section discusses the various parts of the expenditure budget. The second section discusses how it is proposed to match expenditure with income. The third section is about managing risk and the fourth section is the recommendations.

i. Total budgeted expenditure for 2018/19

The expenditure required to deliver the work programme for 2018/19 is £1,452,361. This is £78,673 more than 2017/18. This increase reflects the new areas of work summarised in the work programme, a larger budget to maintain and market the Town Hall in order to meet the income budget. It also factors in an amount to cover a probable nationally agreed pay settlement.

Each year, the budget planning starts with a clean sheet. Known or very firm costs are added in, followed by costs required to deliver the work programme.

The proposed line by line budget for 2018/19 is at Appendix 3. This does enable relative increases and decreases compared to this current year. However, because we have removed some budget lines and established new ones, it is not possible to understand the whole picture by comparing so please contact the Town Clerk in advance of the meeting if there are any questions about the detail.

Once total expenditure is calculated, total income is considered. It is paramount at the start of the new financial year that budgeted expenditure equates to budgeted income.

ii. Total budgeted income for 2018/19

Income comes from four different sources:

		Total income 2018/19
a	Precept (from Council tax payers in Frome)	£1,268,273
b	Income from room hire, rents and investments	£79,790

c	Surplus in the General Reserve	£35,481
d	Income from Earmarked Reserves	£68,817
	Total (matching total expenditure)	£1,452,361

a. *Income from the precept*

The precept is the amount we receive from Council Tax payers in Frome. It is usually discussed in terms of the amount a Band D household in Frome will pay. The Banding (value of the property) range is from A – H with Band D as the middle band. In 2017/18 Frome Town Council's portion of the annual council tax bill is £143.65. It is proposed to increase the amount paid by a Band D household by £7.04 to £150.69. This is equivalent to under 15p a week. It is worth noting that over 77 per cent of households in Frome are in Bands A to C, and pay less than this.

This means the precept will be £1,268,273 for 2018/19 - an increase of £75,005 on last year.

b. *Income from investments, sales, PV panels, rents and room hire*

Income during 2018/19	£79,790
Of which:	
• Investments and Discover Frome sales	£4,000
• Room hire and rental income from Frome Town Hall	£66,490
• PV panels	£6,800
• Victoria Park Café rent	£2,500

The income from the existing four tenants is guaranteed. We are confident that the income from room hire will increase once the appropriate licences and change of use permission are in place. It is worth noting that the income from room hire at the Town Hall remains the highest risk in the budget.

c. *Income from the General Reserve*

The General Reserve is for unplanned and emergency expenditure such as emergency tree work and repairs to buildings or play equipment. The General Reserve is also used to pay for maternity leave cover, for example. The Council's Standing Orders say that it should be £180k. It is forecasted that at 1 April 2018 there will be a small surplus of about £40k in the General Reserve and it is proposed to use £21,081 of this to support the 2018/19 budget.

d. *Income from spent Earmarked Reserves (EMR)*

EMRs are amounts that have been established – sometimes over a number of years – to pay for specific projects. We have, for example, built up a Saxonvale EMR to support this project. Some projects have been completed over the past year and have left small surpluses in some EMRs that are no longer needed. This surplus includes S106 agreement money of £27k which has been spent in 2017/18 and will be reimbursed by MDC. It is proposed to transfer this combined surplus of £68k into the 2018/19 budget.

There will be the following EMRs at the end of this financial year:

Description	Amount	Budget code
EMR Town and District Elections	£13,811	9003
EMR Machinery and Vehicle	£3,181	9008
EMR S106 Foundry Barton and Riverside	£29,700	9017
EMR River Corridor	£5,143	9039
EMR Saxonvale	£70,988	9056
EMR Cheese and Grain Tower Renovation loan	£43,920	9070
EMR Town Centre Improvements phase #2	£211,554	9115

4. Managing risk

There will always be risks and uncertainties when building budgets for the year ahead. For example, a project cost might over run demanding increased expenditure, there may be gaps between one member of staff leaving and a new one starting, creating a saving and new unplanned projects or areas of work arise. These risks need to be managed as far as possible.

For example, at this stage, we do not know the full cost or the Council's involvement in the redevelopment of Saxonvale. This cost will become clearer over the year and we may not need the full amount that we have established an Earmarked Reserve for.

As noted above, the highest risk we will be managing is around the income from bookings at the Town Hall. Based on our experiences over the past months, we have been as thorough as we can be in calculating the income budget. To mitigate this risk, the top priority of the Town Clerk and the Marketing and Communications Manager for 2018/19 will be to market and present the Town Hall as well as we possibly can in order to deliver this income .

Recommendations

4. Note the report above
5. Approve the budget to deliver the work programme for 2018/19
6. Approve the precept amount of £1,268,273