

TH AND HC DRAFT BUDGETS: CLERK'S NOTES**Reserves**

Members will recall that during last's budget setting process I advised that, because of the Council's land and property acquisition plans, the General Reserve would become depleted and there would be a need to vire (transfer) monies to the General Reserve. That time has come. However, the forecast TH and HC deficits (caused by expenditure additional to that set out in the adopted TH and HC 2017-18 budgets) have necessitated a 'brutal' approach for Members' consideration.

RTC's reserves (total cash holding) are forecast to roughly halve by March 2018. The reserves had been built up slowly over decades and their depletion will mean that RTC is less able to respond to a need/desire for unplanned expenditure – for example, purchasing another small parcel of land which RDC designates for disposal.

Heritage Centre

The reasons for the larger than anticipated 2017-18 forecast deficit are explained within the HC Manager's Budget Notes (*Louisa will be present at the Council meeting*).

Given the prevailing circumstances upon Louisa's appointment, during this year RTC accepted that there was likely to be a deficit by March 2018 (extent unknown) and agreed that preparations should continue to ensure that the Centre was prepared to maximise sales in 2018-19.

The Draft 2018-19 HC Budget provides for a modest surplus and reduces staff costs (by decreasing substantially winter opening times) – but provides for the Centre to be fully stocked to trade in 2019-20.

It is suggested that, given the resources that have been allocated already towards preparing for next season, this plan should proceed but that the trading performance should be reviewed monthly from April 2018 – with a major review in early September (when it is likely that it will be known if the sales target will be met).

Note The option of converting the HC into a charitable entity is looking less likely. An assessment will be presented to the next PRGP meeting.

It should be noted also that the surpluses/deficits reported by the HC do not represent the true cost of running the Centre: the Town Hall funds separately 'repairs to the fabric of the building' – which average £3,000pa.

It is suggested also that it would be helpful to clarify RTC's approach to the HC. It was established originally primarily as a public service – providing visitor information (which benefits the local economy) but it also has an educational function which benefits both visitors and residents.

Although, to protect Council Tax payers, the overall aim should be to try and ensure it is (at least) cost neutral - by running it in a 'business-like' manner – it should be acknowledged that most information centres are subsidised by local government. Where this is no longer the case, in the main, those centres affected have closed. The number of centres that have managed to continue independently is tiny.

There is an economic argument for RTC being prepared to (continue to) subsidise the public services provided at the HC – and it would be useful to have a discussion about this and the acceptable extent.

(In one year shortly after the current Town Clerk was appointed the HC made a surplus of £27,000; however, this was at a time when it received grant funding from RDC of £52,000.)

Town Hall

The Draft TH 2018-19 Budget provides for an estimated Band D increase of 29p/week.

This is considered necessary to meet known upcoming expenditure needs (eg Skate Park, Christmas Festival 2018, Town Hall repairs) without needing to deplete further RTC's General Reserve. Without such an increase RTC will be find itself in a weaker – and less flexible – position.

The forecast TH deficit may be reduced a little if savings can be made on legal fees; however, it should be noted that no allowance has been made in the event of accommodation rental payments not being received.

Although no formal announcement has been made (may be as late as January), NALC has the impression from the DCLG that parish/town councils will not be subjected to the Excessive Council Tax Referendum Regulations in 2018-19 – ie they will be free to precept without restriction.

Note Members might like to bear in mind that they will be invited to agree the subsequent budget (2019-20) in an election year – with Town/Parish Council Elections taking place in May 2019.

Neighbourhood Planning	0	3,862	6,963	0	45
New Events SLA (2015-16)	0	4,000	4,000	0	46
Non-Domestic Rates	5,300	5,009	5,009	5,250	
Office Equipment	3,150	3,366	3,500	500	47
Professional Fees	3,510	15,280	20,630	5,000	48
Pump Housing Restoration	1,000	905	1,810	0	49
Robes & Regalia	1,000	92	250	850	50
Rye Christmas Festival	2,000	0	2,000	5,000	51
Salaries	105,062	62,218	103,500	110,964	52
Skatepark	1,000	67	250	5,626	53
Southern Water	875	866	866	880	
Stationery, Printing & Postage	2,300	1,208	1,850	2,000	
Street Furniture	592	2,721	2,721	0	54
Subscriptions	1,882	1,624	1,862	1,928	55
Telephone	2,050	1,085	1,580	1,300	56
Tilling Green Community Sign	0	0	0	0	57
Town Hall Repairs & Renewals	5,750	4,586	7,000	5,000	58
Town Steward	4,750	3,771	4,750	4,981	59
Web site	0	328	500	0	60
Winter maintenance	0	0	0	0	61
Expenditure	178,544	386,716	460,144	203,231	
Surplus/Deficit(-)	0	-220,918	-277,847	0	
<i>After stripping out £210,000 loan</i>		-10,918	-67,847		

NOTES General (a) As @ 30.9.17 RPI stood at 3.9% and CPI 3%
 (b) The Forecast deficit comprises mostly expenditure not provided for within the agreed 2017-18 TH Budget but which has been agreed by Council since its adoption - such as: most of the Discounted Accommodation Scheme costs above the value of the loan (£210,000); the purchase of the land adj to 7 Wish Ward and Ferry Road Nursery; legal costs relating to the aforementioned plus advice received in relation to Strand House and the Heritage Centre; finger post repairs; HC repairs; Neighbourhood Planning; New Events SLA balance; TH repairs (c£1,000); Pump Street Pump Housing restoration.

1 Estimate 70 Ceremonies x £350 (av charge) = £24,500. Assumes greater flexibility - eg accommodating bookings immediately prior to Mayor Making and between Christmas and the New Year - as well as taking more bookings during the Jazz Festival.

Notes Income may be received in the financial year preceding the ceremony date - payments can be received 1-14 months prior to the ceremony date.

Total ceremonies booked 2017-18 (as at 26.10.17): 66 (target: 70).

Ceremonies web site outstanding.

Charges to increase by £25 effective 1.1.19.

2 Forecast Assumes current tenant continues to pay the rent when due - as well as the monthly underpayment instalment of £100.

Estimate Assumes rent is frozen at £1,150pcm plus £500 rent underpayment is recouped.

3 Estimate To be confirmed by RDC.

Note This Government grant (passed on by RDC on a discretionary basis) will no longer be available after 31 March 2019 - up to that date it will be phased out.

4 Note Assumes the discounted rent scheme will not become effective until 1.11.18.

Forecast 5 months x £725pcm = £3,625 (after deduction of one month letting fee).

Estimate Assumes 'market rent' tenancy until 31.10.18 - then discounted rent tenancy 1.1.19-31.3.19.

7 x £725pcm* =	£5,075
4 x £698pcm =	£2,792 **
	<u>£7,867</u>

* Not a market rent - reflects tenancy being restricted to 1 year.

** After deduction of one month letting fee. Assumes discounted rent set at 90% of £775pcm. c10% (£78 x 4 = £312) to be placed in a separate Grant Reserve.

5 Note Next rent review: 1.1.20.

6 Actual Refunded (High Street replacemnt bench saga).

Forecast Sponsorship of benches at Masons Field and Gibbet Marsh.

- 7 *Actual/Forecast* Reimbursement for cost of Gen Asst providing mainly admin and bookkeeping at the HC.
Estimate The costs appears in the HC budget. The TH will continue to pay the post-holder and recoup the cost from the HC ('canceling out' the transactions).
- 8 *Note* A deficit is forecast for 2017-18 - and it is considered that it would be prudent to provide for a 'break-even' scenario in 2018-19.
- 9 *Note* Any receipts (typically Mayor Making Luncheon payments) are offset against the Mayoral Allowance.
- 10 *Actual/Forecast* Includes a refund of £324.58 from EDF for a Christmas Lighting payment made in error (it was paid later by the Chamber) and a contribution of £905 from Rye Conservation Society towards the Pump housing restoration.
- 11 RDC has stated that it will not offer RTC further New Events SLAs and will administer the £9,000pa allocated to Rye in house.
- 12 *Actual/Forecast* Additional grant from Locality for pre-submission consultancy.
- 13 *Notes*
- (a) The current (2017-18) RTC Band D Council Tax is **£67.96pa** (£1.31pw) - based on a Council Tax base of 1,834.27.
 - (b) The Council Tax Support Grant has been treated as an additional income stream.
 - (c) It is not yet known if parish & town councils will be subjected to the Excessive Council Tax Referendum Regulations in 2018-19. If it is introduced it will be likely that it will apply only to those parish/town councils with a Band D precept of over c£130pa.
- Estimate* Based on the 2018-17 Council Tax base (2018-19 will not be known until December 2017), the proposed precept of £152,921 produces a RTC Band D Council Tax of **£83.37pa (£1.60pw) - an increase of 29p per week/£1.26 per month.**
- 14 *Note* (Not as intriguing as it sounds.) Current policy is to seek at least £100 from commercial concerns wishing to reproduce images of Council-owned artefacts. However, it is an irregular source of income.
- 15 Range comprises: *Ryennium*, Millennium Medals, Lord Warden Installation booklet and Golden Jubilee mug.
- 16 *Note* The Mayor is allowed to grant up to 12 free lets a year to charities (and similar).
- 17 *Note* The Agreement with Camber expired on 31.3.17 and was not renewed. There is likely to be a one-off job in another parish in Spring 2018.
- 18 *Note* Completion of the installation of the audio systems (paid for in 2016-17) remains outstanding.
- 19 *Forecast* Includes Sussex Brides, wedding fayre, Rye Bay Guide, RTC web presence.
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|-----------------|----------------------|---------------|
| <i>Estimate</i> | ESCC (Sussex Brides) | £675 |
| | Rye Bay Guide | £625 |
| | Other (incl fayres) | £700 |
| | | <u>£2,000</u> |
- 20 *Forecast* Includes 2017 ATM flyer and Asst Town Steward recruitment
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|-----------------|-----------------------|---------------|
| <i>Estimate</i> | ATM 2018 flyer | £380 |
| | Ad hoc event | £380 |
| | Recruitment provision | £500 |
| | Misc | £240 |
| | | <u>£1,500</u> |
- 21 *Note* Forecast Earmarked Reserve - £2,500.
Estimate Further provision towards valuing assets other than land and buildings (eg antique furniture, silverware, ceramics, collectibles, regalia).
- 22 *Actual/Forecast* The £225,000 loan temporarily pushed RTC into a higher fee band.
Estimate Fee bandings for 2018-19 are yet to be announced.
- 23 *Note* Moving to online banking will reduce this.
- 24 *Note* Venue registration renewal is every 3 years (next expiry 25.6.20 - due Jan 2020).
Forecast Earmarked Reserve: £633.
Estimate £633pa provision (for Earmarked Reserve).
- 25 *Note* Typical civic fund expense items: wreaths, refreshments for civic functions, Confederation events travel, Cinque Ports volunteers, hot pennies, ATM refreshments, flags.
Actual/Forecast Includes an Hon Freewoman scroll.
- 26 *Estimate* From 1.4.15 RDCT began providing the 326 service without a subsidy from ESCC.
- 27 *Note* Forecast Earmarked Reserve: £116.

28	<i>Note</i> Forecast Earmarked Reserve: £2,250.	
29	<i>Note</i> Forecast Earmarked Reserve: £2,000.	
30	<i>Actual Forecast</i> Includes: purchase cost, legal fees, loan repayment, repairs, Council Tax, cleaning, utilities.	
	<i>Estimate</i>	
	Loan repayment (payable in two instalments)	7,769.06
	Agreed annual scheme contribution (precepted)	2,000.00
	Maintenance provision	1,000.00
		<u>10,769.06</u>

Note Buildings and business interruption cover provision is included within 'Insurance'.
The £210,000 loan was received in the previous financial year (2016-17).

31 *Note* Forecast Marketing/Economic Development Earmarked Reserve: £15,000.

Originally ring-fenced to fund jointly (with the Chamber) a business/development post.

32 Forecast Earmarked Reserve: £4,369.

Estimate Tops up the Earmarked Reserve to cover the cost of a bye-election or fund the May 2019 Parish/Town Council Elections.

33 *Note* Forecast Earmarked Reserve: £700.

34 *Actual/Forecast* Re-setting the Conduit Hill and Watchbell Street posts.

Note Forecast Earmarked Reserve: £0.

35 *Note* Forecast Earmarked Reserve: £500.

36 *Note* Forecast Earmarked Reserve: £0.

37 *Actual/Forecast* Mostly comprises the cost of plants for the TH.

Estimate Includes also provision for plants at the Wish Ward Pump and Military Road-Rye Hill junction and the Tilling Green 'triangle' (assuming the licence application is successful).

Note Forecast Earmarked Reserve: £278.

38 *Actual/Forecast* Comprises stairclimber annual service and an eye test.

39 *Note* Forecast Earmarked Reserve: £3,000.

When Peter Cosstick was appointed as HC Manager repairs to the fabric of the HC were funded from Town Hall funds - and this has continued.

40 *Note* Forecast Earmarked Reserve: £6,753.

41 *Note* The policy includes the TH, TH Cottage, HC and 97 South Undercliff (£450).

The provision for the Town Steward's vehicle is included in the Town Steward account.

42 *Forecast* Land adj 7 Wish Ward and Ferry Road Nursery.

Estimate RTC is unlikely to have sufficient funds to purchase land without increasing further the proposed precept.

43 *Notes* Financial year and Mayoral year not concurrent and expenditure offset by (any) Mayor Making receipts. A 'second term' Mayor may have monies available from the preceding year. It has become increasingly common for Mayors not to claim their full allowance and then to donate the balance to local charities. Strictly speaking this is not a proper use of the allowance (intended to defray the expenses incurred whilst carrying out the duties of the office).

44 *Note* Forecast Earmarked Reserve: £185.

45 *Note* Forecast Earmarked Reserve: £5,000.

46 *Note* Forecast Earmarked Reserve: £120.

See also note 11.

47 *Actual/Forecast* Includes replacement telephone system, desks and IT equipment.

Note Forecast Earmarked Reserve: £0.

48 <i>Actual:</i>	Accountancy & payroll	£1,995
	97 South Undercliff/discounted accommodation scheme legal & letting costs - and land adj	
	7 Wish Ward legal costs	£13,285
		<u>£15,280</u>

Forecast - Actual plus:

	Accountancy & payroll	600
	Discounted accommodation scheme legal advice	£2,500 *
	Strand House legal advice	£1,500 **
	Ferry Road Nursery legal costs	£750
		<u>£5,350</u>
	Total Actual & Forecast	<u><u>£20,630</u></u>

* Assumes RTC will draft suitable eligibility criteria before they are passed to Counsel. The Clerk considers that he is able to draft legally-compliant eligibility and allocation criteria without needing to engage Counsel.

** Progressing slowly due to RTC's solicitor being unresponsive.

49 Forecast Includes £1,810 for the Pump Housing restoration (Rye Conservation Society will be contributing 50% - see note 10).

50 Note Forecast Earmarked Reserve: £1,668.

Estimate Provision to ensure there is sufficient in the Earmarked Reserve to purchase a new Town Crier uniform when the current Crier retires.

51 Note The Forecast Earmarked Reserve balance should be £0.

52 Confidential Note

53 Note Forecast Earmarked Reserve: £2,241.

Estimate Ideally, sheets of ply would be replaced by the Town Steward Team. However, there are a number of practical difficulties: having somewhere to store the large ply sheets; cutting it to the right size - and having a large enough vehicle to transport the cut ply to the site. Cllr Rivett has offered to store ply. He has observed that many of the bottom sheets of ply appear to be rotten - and this makes it more difficult to fix securely the top sheets.

If the original installer replaced all of the (42) top sheets of ply the cost would be c£6,300. However, replacing the bottom sheets as well would cost £120 per 10' x 5' sheet - and so the total estimated cost could be c£9,500. Councillor

Fiddimore has offered to transfer £1,633 of her unspent Mayoral Allowance - and so this - after deducting the earmarked balance would bring the budget provision down to £5,626.

54 Note Forecast Earmarked Reserve: £464.

Actual Forecast:

Donation to RDCT instead of a John Izod memorial bench	£1,000
2 hardwood benches (originally intended for High St)	£1,130
Bench plaques and anchors	£165
Replacement (double) litter bin at Skate Park	£426
	<u>£2,721</u>

Funded from Fiddimore Earmarked Reserve:

Bench (plastic wood effect) - location TBD	£425
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Funded from the Adjusted Street Furniture Earmarked Reserve:

Picnic bench (plastic wood effect, 1.8m) at Skatepark	£750
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TH replacement noticeboard	£650
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£1,825

55 Estimate	Confederation of the Cinque Ports	£225
	Rother Association of Local Councils	£45
	Society of Local Council Clerks (75%)	£210
	Sussex Associations of Local Councils	£1,100
	National Association of Local Councils	£250
	Information Commissioner	£35
	<i>Local Council Review</i>	£63
		<u>£1,928</u>

56 Forecast Lower than budget following replacement telephone system and broadband provider.

57 Note Forecast Earmarked Reserve: £1,000.

58 Note Forecast Earmarked Reserve: £27,511.

Building Condition Survey (Aug 2014) estimated cost of remedial works: £75,000-£100,000.00

Forecast Includes replacement of 2 TH windows and 5 cills - £2,000.

2018-19 major work required:

Cupola restoration: £20,000 (est - incl spec)	<u>£20,000</u>
	<u>£20,000</u>

59 Note Excludes salaries.

Forecast Earmarked Reserve: £481.

Actual Included: shed rent; fuel; hi vis clothing; signage; lawnmower; vehicle repairs; hand tools, consumables; hammer drill; generator; vehicle insurance.

<i>Estimate</i>	Rent (incl power)	£1,236
	Vehicle tax	£320
	Vehicle insurance	£600
	Vehicle maintenance	£500
	Vehicle fuel	£675
	Equipment/Signage	£500
	Training	£400

PPE
Materials/Consumables

£250
£500
£4,981

- 60** *Note* Forecast Earmarked Reserve: £1,298.
Actual Domain renewal and hosting .gov.uk.
- 61** Forecast Earmarked Reserve: £920.
Estimate Assumes stock of salt will last until 31.3.18 or Earmarked Reserve sufficient.
- 62** *Estimate* RTC's Forecast General Reserve affords it little flexibility in the event of an unplanned need for funds - for example, to compensate for unpaid rental income; increase available grant funding, or support the Heritage Centre. Provision of £10,000 would bring the General Reserve as at 1.4.18 up to £33,095.

FORECAST 2017-18 DEFICITS as at 31.3.18

Town Hall	£67,847
HC	<u>£34,808</u>
	£102,655

RESERVES	forecast as at 31.3.18	actual as at 31.3.17
Earmarked	73,064	158,186
General	<u>23,095</u>	<u>40,618</u>
	<u>96,149</u> *	<u>198,804</u> (Total excludes the £210,000 loan received 2016-17)

*After suggested Earmarked Reserve virements