

Democratic Services
Andrew Jones – Deputy Chief Executive & Monitoring Officer

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To: All Warwick District Councillors

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our ref:
your ref:

Dear Councillors,

Council Agenda 16 November 2016

Further to the published agenda for the above meeting please find attached:

- Item 10 Executive Report (b) Minutes of the 2 November 2016 (Item 10b/Pages 1 to15)
- Item 11 – Licensing & Regulatory Committee report (Item 11/Pages 1 to 7)
- Additional information for as requested by the Executive with regard to Item 10(A):
Minute 45 Fees and Charges 2017/18 and Item 10(B) – Minute 57 - Review of support to town and parish councils

Yours sincerely



Graham Leach
Democratic Services Manager and
Deputy Monitoring Officer

Executive

Minutes of the meeting held on Wednesday 2 November 2016 at the Town Hall, Royal Leamington Spa, at 6.00 pm.

Present: Councillor Mobbs (Chairman); Councillors Butler, Coker, Cross, Phillips, Shilton and Whiting.

Also present: Councillors; Barrott – Labour Group Observer, Boad - Chairman of Overview & Scrutiny Committee & Liberal Democrat Observer, Mrs Falp - Whitnash Residents Association (Independent) Observer, and Quinney - Chair of Finance & Audit Scrutiny Committee.

(Apologies of absence were received from Councillor Grainger).

54. **Declarations of Interest**

Minute Number 57 - Review of Support to Town and Parish Councils

Councillor Mrs Falp declared an interest because she was a Whitnash Town Councillor and was therefore in receipt of the concurrent services Grant. Councillor Mrs Falp, with the agreement of the Chairman, addressed the Committee on this item and then left the room while the matter was debated.

55. **Minutes**

Neither the public nor confidential minutes of the Executive meeting on 28 September 2016 were submitted for approval.

Part 1

(Items on which a decision by Council is required)

56. **Budget Review to 30 September 2016**

The Executive considered a report from Finance that provided an update on the latest financial position and sought approval for amendments to the 2016/17 budgets.

The figure reported to July's Executive was £900 (F). Since then, after appropriating extra parking revenue to the Parking reserve, additional variances had altered this figure to £246,400 (F). The latest variances that had been identified were as follows:

	£
Building control restructure – ringfenced - for information only	42,500 (F)
Total Variance to July Executive	900 (F)
Town Hall lease income – Bromford vacated, not replaced by another tenant yet	9,800 (A)
Electricity	207,000 (A)
Minor Variances	6,500 (A)
Travel token usage Apr-June 2016 closure of scheme – no budget	5,000 (A)
Johnston Publishing vacated 32 Hamilton Terrace –lost rental income	14,000 (A)

Resettlement Service no longer provided - budget given up as saving	4,400 (F)
Racing Club Warwick – additional electrical, drainage, tarmacking & fencing works	25,000(A)
Crematorium income – Fees & Charges	20,500 (F)
Business rates – Jubilee House	11,600 (F)
Increased B&B costs which are not eligible for Benefits Subsidy	50,000 (A)
Legal Services – shared services	40,000 (A)
Street Name & numbering	10,000 (F)
Payments Processing transaction charges	15,000 (A)
Investment interest	131,000 (A)
Parking Income (Surplus to Parking reserve)	176,000 (F)
Recycling Credits	20,000 (F)
Council Tax subsidy less than anticipated	16,000 (A)
Development Control – income – budget review & Fees & Charges	293,000 (F)
Development Control– Agency Staff (increased workload)	49,400 (A)
Planning Viability Appraisals	10,000 (A)
One-off Housing Benefit New Burdens Grant	16,900 (F)
Jubilee House –rents/service charge – Warks Ambulance Service vacated	10,300 (A)
Althorpe Enterprise Hub –rents/service charge – large office vacated	9,500 (A)
Cleaning Contract Contingency saving	80,000 (F)
Electric cars – insurance costs	4,200 (A)
Subsidence Claim – Settled – balance on provision	62,300 (F)
Gym Reserve write back	122,500 (F)
Non salary variances	215,400 (F)
Salary Variances	207,000(F)
Overall Variance	422,400(F)
If extra Parking income appropriated to Reserve	176,000(A)
Forecast position as at 31st March 2017	246,400(F)

The following variances to salaries budgets had also been identified:

	£
Vacant posts and staff turnover in Contract Services	77,100 (F)
Green Space Development salary overspend	9,200 (A)
Assistant Conservation Officer post saving	13,800 (F)
OSS/Reception salary – vacancies	54,000 (F)
Neighbourhood Services -Community Rangers re-graded	26,900 (A)
Housing Assessment Officer omitted from original budgets	28,900 (A)
Development Services – Vacancies	41,600 (F)
Financial Services – Vacancies	57,200 (F)
Committee Services – new staff at bottom of scale	5,800 (F)
Media Room– new staff at bottom of scale	6,200 (F)
Customer Support Team – new staff at bottom of scale	8,200 (F)
Warwickshire Direct– new staff at bottom of scale	8,100 (F)
Total estimated Salary variance	£207,000 (F)

The Executive were asked to agree the changes to the General Fund Budget, which would result in £246,400 being allocated to the General Fund. The use of

this funding would be considered as part of the 2017/18 Budget Report in February 2017.

Appendix A to the report provided details of the allocations out of the contingency budget, with a balance of £71,500 (15% of the original budget of £471,300) left for the rest of the year. This was after two further calls on this budget, authorised under the Head of Finance's delegated powers, for Accountancy sickness cover (£10,000) and historical non-compliances for Payment Card Industry Data Security Standard (PCIDSS) £8,400.

None of the 2016/17 Training Contingency Budget of £4,900 had currently been allocated. However, this budget was fully allocated in 2015/16 and was expected to be so this year, mainly for professional training.

There were other Contingency Budgets for Price Inflation (£24,000) and Contract Cleaning (£92,600). The Housing Support & Neighbourhoods' Manager was now able to return £80,000 of the Contract Cleaning Contingency as the contract was not being re-let. The remainder could be surrendered later in the year. The position for 2017/18 and onwards would be made clear later in the year. Any forthcoming demands for the use of these budgets would be reported upon during the year.

Upon closure of the 2015/16 Accounts, revenue slippage from 2015/16 was added into the 2016/17 budget, totalling £322,600 for the General Fund, as detailed in Appendix B1 to the report, along with progress on expenditure for this year. £258,700 of revenue slippage was approved for the Housing Revenue Account (HRA) at the same time, and this was set out in Appendix B2 to the report, along with progress this year.

Managers had stated that approval of the earmarked reserve requests, at year-end, had taken a long time and this had delayed commissioning of works etc. until early July. It was therefore recommended that the Head of Finance, in consultation with the Finance Portfolio Holder, was delegated authority to agree revenue slippage at year end, above items already allowed for in the Budget process, with these retrospectively reported as part of the subsequent Final Accounts report to Executive.

The Original Budget for 2016/17 Planning income was set at £702,000. The projected Planning income for the year had been increased by a further £293,000, in addition to the £100,000 recurring increase previously reported. The 2016/17 budget would be amended to £1,095,000 accordingly. Due to the buoyant state of the market, income levels were likely to remain high in the short-term (2017/18). Longer term forecasting was more difficult. However, the Head of Development had agreed, when competing work pressures allowed, e.g. the Examination In Public of the Local Plan, to try to profile this income over the next 3-5 years.

Waste recycling income for the first quarter was understood to be in the process of being agreed with Warwickshire County Council (WCC). Income was estimated to be up by £20,000 for 2016/17. Confirmation had been obtained to similarly increase this budget for future years based on prior year outturn, tonnages to date, the continued growth in new properties and the increase in the multiplier in line with inflation. This had now been built into the Medium Term Financial Strategy (MTFS).

Car Parking income had improved on the previous year despite the price

increase agreed previously only recently being implemented. Whilst any uplift in this income was due to be earmarked for investment in parking, the projected outturn had been reviewed upwards by £176,000. Forecast income for 2017/18 was again estimated to be up, despite the decision not to increase charges for next year at this stage. Any forecast increase in parking above inflation was appropriated into parking reserves, to fund improvements and new builds. Since Fees and Charges were agreed in September, it had been agreed with the Head of Neighbourhood Services that it was reasonable to increase the Parking Income Budget by an extra £90,000 from 2017/18. This had now been built into the MTFS.

Cremation fee income for this year and next was holding up well and was potentially up by £20,000, but was obviously influenced by a number of external factors e.g. cold winter, effectiveness of the 'flu vaccine' etc. A number of new products offered at the Crematorium and introduced by the Bereavement Manager were agreed in the September Fees and Charges report to Executive, ensuring income levels were maintained/exceeded for 2017/18. There were plans for further proposals, which would be reported to the Executive.

Leisure centre income, based on last year's profiled income, was forecasting an underachievement against the budget by a potential £200,000 (some of this was due to the decision not to increase Fees and Charges from January 2017, to reflect disruption due to building works). However, this was to be reviewed as part of the Base Budget, with Finance seeking to accommodate the various Leisure Centre options changes. A reserve had been created to mitigate some of this lost income with a more definitive position being reported in the Base Budget report. Income from the Royal Spa Centre was following a similar profile to previous years and the net position (reflecting payments to artists and income) was forecast to be close to the budget for this year.

Appendix C to the report provided details of income received compared to a profile budget to the end of September, and compared this to previous years. The latest budget was the estimated out-turn, unless notified in paragraphs 3.4.1 to 3.4.5 of the report.

The External Auditors presented their Audit Findings Report to Finance & Audit Scrutiny Committee on 20 September 2016. The report referred to the large surplus over budget for 2015/16, largely as a result of unplanned income. They stated that the increased levels should have been known and reported sooner. Income monitoring was something that was being taken very seriously by the Senior Management Team. It was apparent that in the past, there had been overly cautious projections. Whilst overly optimistic projections were not sought, the skill was in making forecasts that were realistic and not overly risky.

For 2016/17, HRA electricity was forecast to be overspent by £35,000 due to increased usage throughout the year, and higher rates which were forecast to increase by approximately £1,400 per month from October 2016. Communal and other cleaning was likely to be £45,000 under budget in 2016/17.

The following General Fund Capital project variances had been reported:-

Culture
Castle Farm Sports Pitch drainage - £73,000 budget slipped to 2017/18
Play Area Improvement Programme increase by £195,800 funded from £66,300 section 106's and £129,500 request from Public Amenity Reserve.
New Gym Equipment - 2016/17 budget £29,300 saving

St Nicholas Park Tennis Courts -£23,000 Addition to Capital Programme following portfolio holder approval for Equipment Renewal Reserve draw-down.
Edmondscote Track Athletics Equipment - £10,900 - Addition to Capital Programme following Portfolio Holder approval for Equipment Renewal Reserve draw-down.
Victoria Skate Park £7,300 increase to budget funded from Section 106
GF -Play Area Improvement Programme- further Section 106 monies of £1,884 to be used instead of Public Amenity Reserve
Development
Jubilee House Phase 2 £331,300 budget - returned and to be earmarked within Capital Investment Reserve
2 nd Warwick Sea Scout HQ £49,800 budget slippage to 2017/18
Chief Executive's Office
ICT - Overall underspend back to ICT Reserve. £21,300

The following Housing Revenue Account Capital project variances had been reported:

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Scheme	Amount £	Reasons
Water Services	-9,700	Reduction in 2016/17 budget. This is for responsive work and very unlikely to be spent.
Thermal Insulation	-89,900	Not required -in 2016/17 - see below
Thermal Insulation	-40,000	Virement to Door Entry/Security/Safety Systems
Door Entry/Security/Safety Systems	40,000	Virement from Thermal Insulation
Environmental Improvements - tenant participation	1,000	Increased budget funded from a 'gesture of goodwill' payment from Severn Trent. No overall cost to WDC.

The main factor for not undertaking a thermal insulation programme in 2016/17 was the lack of underlying data required to target properties. The Stock Condition Survey data should alleviate this, enabling the Council to identify properties lacking loft or cavity insulation as well as the solid brick wall properties.

A number of programmes in which the Council had clad the external envelope of solid brick wall properties had been undertaken. Housing and Property Services had also been looking at how to access ECO (Energy Company Obligation) grant funding for WDC (officially designated) in fuel poverty areas.

Net Business Rate Retention had not been amended within the forecast for the current year on the basis that any variation to the original estimated income was compensated for by changing the contribution from the Business Rate Volatility Reserve. Business Rate income for future years was currently being reviewed and would be included within the MTFs. Whilst Business Rate Retention had now been in operation for three complete years, there remained many uncertainties in respect of the figures for the following reasons:

- There were still some substantial appeals awaiting determination by the VOA.
- All properties were being revalued from 1 April 2017. This would create a new round of new appeals to be submitted.
- For 2017/18, alongside the new rateable values, the rate poundage was still to be determined.
- The Top-ups and Tariffs used in the Rate Retention system all needed to be amended by DCLG to ensure authorities were not unduly benefited or lost out. Whilst there had been a consultation over this, the precise details were not expected to be known until the 2017/18 indicative Grant Settlement expected in December 2016.
- 100% Business Rates Retention was expected to come in from 2020/21. Again, there were significant uncertainties as to how this would work in practice, with functions having to transfer from central to local government.

Consequently, forecasting Business Rates Retention was not straightforward. It was therefore imperative that the Council maintained a level of reserves (notably the Business Rates Volatility Reserve), to enable it to have some stability in its finances moving forward. Within the Medium Term Financial Strategy, there would be more detail on the projected levels of Retained Business Rates.

The Council had been in the Coventry and Warwickshire Business Rates Pool since the start of Business Rates Retention. By pooling, councils sought to reduce the levy due to central government and retain more funds locally. For 2017/18, the pool should continue to operate with the same membership. However, it was noted that Coventry would be part of the new West Midland Pool as part of the Combined Authority. However, for the first year, that new pool was effectively a "desk top exercise" and consequently should have no impact on the Coventry and Warwickshire Pool.

As in previous years, the Council had to confirm their membership of the Pool in October, ahead of the new financial year. Under delegated authority to the Head of Finance, in consultation with the Finance Portfolio Holder, this had been agreed.

Further proposals would be reported to Councillors ahead of the Council committing to the following projects:

- Re-development of Newbold Comyn and St Nicholas Park Leisure Centres.
- Office Relocation project.
- Re-development of Covent Garden Multi Storey Car Park.
- Re-development of Linen Street Car Park.

The Council had liabilities for asset maintenance, ICT and Equipment renewal reserve, for which there was some funding.

Following the review of Corporate Assets, the future cost of maintaining all the Council's property assets and land holdings had been established, as previously reported to Executive. The cost of these works was only funded up to and including 2018/19. To fully fund the works required in subsequent years would amount to an additional cost, averaging out at approximately £1 million per annum.

A separate ICT Reserve had been established to provide funding for the Council's ICT infrastructure. Contributions of £250,000 per annum were being

made to this reserve.

For some years, the Council had maintained an Equipment Renewals Reserve to fund service equipment replacement. Contributions of £100,000 per annum were being made to this reserve.

It was important that the Council's financial projections were as inclusive of all potential funding demands upon the Council as possible. It was important that Portfolio Holders and Heads of Service reviewed all items currently budgeted for in current and future years. Any further items which were not currently budgeted for should be identified, and where these were unavoidable they should be included in projections and future Budget reports.

Under the Accounts and Audit Regulations 2015, a local authorities' audited Statement of Accounts from 2017/18 must be published by 31 July 2018, and annually thereafter. Under the current regulations, the draft accounts must be completed and signed by the responsible finance officer by 30 June, with the audit and formal publication completed by 30 September.

With this new tighter timetable, it would be necessary for the draft accounts to be ready by the end of May, leaving June and July for the audit to be completed.

The Annual Governance Statement (AGS) formed part of the Statement of Accounts. It was prepared separately to the Accounts, and was currently agreed by Finance and Audit Scrutiny Committee before the end of June. The deadline for the completion and agreement of the AGS would also be brought forward. In considering the Annual Governance Statement, the Finance and Audit Committee also agreed the Internal Audit Report from the Council's Audit and Risk Manager which supported the AGS.

These new arrangements would impact on the reporting arrangements to Members. Currently, the following reports were presented to members:

Early June	Executive	Final Accounts report – to review revenue and capital outturn against budget and agree appropriation of any balances
June	Finance & Audit Scrutiny Committee	Agree Annual Governance Statement and Internal Audit Annual Report
July	Finance and Audit Scrutiny Committee	Note draft Statement of Accounts (including AGS)
End of September	Finance and Audit Scrutiny Committee	Consider External Auditor's Audit Findings Report on the Statement of Accounts
Before 30 September	Council	Formally approve audited Statement of Accounts

With the new reporting deadlines, it would not be possible to compress the above arrangements. Consequently, an amended reporting regime had been proposed.

The Accountants would need to give priority to the completion of the Statement of Accounts over the Final Accounts report to Executive. Consequently, the current Final Accounts report was proposed to be reported to Executive in late July 2017.

Within the current June Executive Final Accounts report, the use of any balance was agreed. Fortunately, this had always been a surplus balance in recent years, and had been appropriated to selected reserves. In future, it was proposed that any surplus or deficit on the General Fund balance was appropriated to or from the General Fund Balance within the Statement of Accounts. It would then be possible for that appropriation to be reviewed as part of the later July Executive Final Accounts report, with any further allocation reflected in the new year accounts. Similar arrangements would need to apply to the Housing Revenue Accounts, with the balance being automatically appropriated to or from the HRA Capital Investment Reserve. This changed arrangement for the treatment of balances in from 2016/17 Accounts would need to be agreed by Council.

Also within the Final Accounts report in June, proposals for revenue slippage (Earmarked Reserves) and capital slippage were put forward. In recent years, greater effort had gone into identifying these so as to include them in the new year Budget in February. With the Final Accounts report having to be delayed as part of the early closedown, there were likely to be problems if some items of revenue or capital slippage were delayed. Consequently, it was proposed that in future the Head of Finance, in consultation with the Finance Portfolio Holder, could agree items of revenue and capital slippage.

The Annual Governance Statement would need to be agreed by the end of May each year. The proposed committee timetable for 2017-19 incorporated a May Finance and Audit Scrutiny Committee which would enable this to be achieved.

The Audited Statement of Accounts was currently agreed by Council. Under the Accounts and Audit Regulations, it was possible for this to be delegated to a council's audit committee, but not to a scrutiny committee. Consequently, Warwick District Council had continued to seek Council approval. Most local authorities delegated this function to their audit committee, which was generally believed to be a more efficient use of members' time given the complexity and length of the document. The Council's Constitution made it clear that the Finance and Audit Scrutiny Committee acted as the Council's audit committee. The agenda of this Committee was structured such that audit and scrutiny items were considered separately. Consequently, it was proposed that the approval of the audited Statement of Accounts should be carried out by the Finance and Audit Scrutiny Committee in future. The Council's External Auditor had considered this proposal and supported this change. This would also require Council to agree a change to the Committee's functions within the Constitution.

Whilst the early closedown did not formally come into place until the production of the 2017/18 Statement of Accounts in the Spring of 2018, it was intended that early closedown should be piloted in closing the 2016/17 Accounts, with the reporting deadlines duly brought forward.

If these changes were approved, the future reporting cycle for the Statement of Accounts would be as follows:-

May	Finance and Audit Scrutiny Committee	Agree Annual Governance Statement and Internal Audit Annual Report.
July	Executive	Final Accounts report - to review revenue and capital outturn against budget and agree any further appropriation of any balances in new year accounts.
July	Finance and Audit Scrutiny Committee	Consider External Auditor's Audit Findings Report on the Statement of Accounts. Formally approve audited Statement of Accounts.

Closing the Council's accounts, producing the Statement of Accounts (and associated working papers), and producing relevant reports for Members were significant tasks. Whilst the bulk of this was done by Accountants, the work was reliant on contributions from officers across the Council. Consequently, early closedown was being managed as a project within the 2016/17 Finance Service Plan, with contributions and commitment required from all key stakeholders, including the officers from all service areas and the Council's External Auditors. The Executive could choose to task Portfolio Holders with ensuring that their Managers agreed to meet this commitment.

As part of the early closedown, the following changes and initiatives would need to be pursued: greater reliance on estimates; certain elements of the work by external audit being undertaken earlier in the year; more tasks undertaken on a rolling basis throughout the year, rather than just at year end; reduction in the size of the notes to the accounts ("de-cluttering"); and information from other Service Areas being produced much earlier and within earlier deadlines. Monitoring expenditure and income and maintaining financial projections was good financial practice and part of good governance. With regard to recommendation 2.1 in the report, the Finance & Audit Scrutiny Committee made the following comments:

With respect to car parking income, whilst the Committee noted that the income expectation was prudent because of the variable nature of this service, which was dependent on a number of factors, they felt that this provided an example of where further work was required to provide more accurate forecasts of income.

The Finance & Audit Scrutiny Committee had significant concern over the £25,000 additional expense for Racing Club Warwick because they did not believe that Members had been made aware of this additional expenditure, and therefore this sensitive subject matter, on which a final cost had previously been agreed, had avoided due consideration and scrutiny.

The Finance & Audit Scrutiny Committee noted the investigatory work by Finance into the additional insurance cost of electrical vehicles and how this aspect had been missed from either the business case or budgetary allocation of the agreed project costs.

The Finance & Audit Scrutiny Committee noted the revised Appendix B1. However, this needed to be revised further to show the correct percentage level of expenditure.

The Finance & Audit Scrutiny Committee asked if work was under way on income modelling as a result of population growth with regard to: (1) potential increases in income; and (2) additional demands for services (and associated costs of these).

The Finance & Audit Scrutiny Committee also questioned the statement to Overview & Scrutiny Committee by Councillor Coker that "Income was 2% up on budget" for leisure centres, as this was not verified by the figures in the budget report.

With regard to recommendation 2.2, the Finance & Audit Scrutiny Committee asked for the detailed mitigation and/or reasons for the slippages with regards to the 2nd Warwick Sea Scouts and Castle Farm projects.

The Finance & Audit Scrutiny Committee supported all the other recommendations in the report

The Executive received detailed responses from officers to the questions raised by the Finance & Audit Scrutiny Committee.

In response to the questions regarding Racing Club Warwick it was explained that:

The reasons for this were:

1. Being unable to carry out the works as originally planned, owing to the need to get legal agreements in place which had taken far longer than anticipated, resulting in a delay of nine months from the original date of authorisation. The works had then been then affected by the impact of other works on an overlapping scheme being undertaken at the same time. This included having to:

- Undertake additional tarmac and preparation works due to changing rooms being moved further away from the main club house.
- Clear additional land from within the Racecourse.
- Excavate and provide foundations for new changing rooms.
- Undertake additional drainage works due to the new location and size of changing rooms.

2. The extra cost associated with each and every building being filled with rubbish and waste unaccounted or unable to be viewed prior to the works starting, including underneath units and behind units within overgrowth.

3. Having to undertake additional works to re-build and adapt the electrical intake room as the original was found to be unsuitable upon demolition of the adjoining timber building.

4. Scheme variation - Additional fencing was required to enclose the large piece of grassland earmarked for the 'MUGGA' together with a new 3.6m wide double gate allowing direct access to the 'MUGGA' area from within the car park."

With regard to the electric car insurance provision, investigations had showed that there was budgetary provision for this, was being corrected.

With regard to population growth and the challenge that this would bring, a cautious approach had to be taken within the MTFs, with changes factored in where appropriate.

With regard to the statement from Councillor Coker to Overview & Scrutiny Committee, it was noted that the 2% overachievement on income was for 2015/16, not for the current year, whereas presumably the £200k in the Budget report was the figure for the current year.

With regard to the Sea Scouts and Castle Farm, the Sea Scouts were struggling to raise funding despite intensive efforts, the timescale had been extended; and the drainage works at Castle Farm had slipped in light of the ongoing dialogue with Kenilworth Wardens. Therefore, it made sense to wait to do any improvements until the Council had confirmed the way forward with Wardens.

In addition, to this revised Appendices B1 and B2 to the report were circulated at the meeting which set out the correct level of spend, as a percentage, on earmarked reserves.

Resolved that

- (1) the latest variances for the General Fund budget, the projected outturn on budget and changes detailed in the report be noted;
- (2) the latest variations on the Housing Revenue Account (HRA) as detailed in section 3.5 of the report, be noted;
- (3) the changes to the Capital Programme detailed in paragraph 3.6 of the report, be approved; and
- (4) the new requirement for the Council's Audited Statement of Accounts to be approved by 31 July from 2017/18, be noted.

Recommended that

- (1) the plan for the Council's Audited Statement of Accounts for 2016/17 to be approved by 31 July 2017, be approved;
- (2) any revenue surplus or deficit balance on the General Fund on closing the Accounts from 2016/17 is appropriated to/from the General Fund Balance, and any revenue surplus or deficit balance on the HRA is appropriated to/from the HRA Capital Investment Reserve; and authority is delegated to the Head of Finance, in consultation with the Finance Portfolio Holder, to amend these arrangements if necessary, with this subsequently reported to Executive/Council;

- (3) the Head of Finance, in consultation with the Finance Portfolio Holder, has delegated authority to agree revenue and capital slippage at year end, above items already allowed for in the Budget process, with these being reported to Members as part of the subsequent Final Accounts report to Executive, with the Constitution being amended to reflect this; and
- (4) the Finance and Audit Scrutiny Committee, as the Council's audit committee, in future be responsible for approving the Council's Audited Statement of Accounts, with the Constitution being amended to reflect this.

(The Portfolio Holder for this item was Councillor Whiting)
Forward Plan Reference Number 779

57. **Review of Support to Town and Parish councils**

The Executive considered a report from Finance that set out proposals for the provision of funding to town and parish councils in the form of concurrent services and Council Tax Reduction.

In July, the Executive had considered a report on the funding that that the District Council provided to parish and town councils. Following the agreement of the recommendations, parish and town councils were consulted on the proposal to reduce the funding.

The report considered by the Executive in July explained how the District Council provided funding to parish and town councils for concurrent services (£50,000) and Council Tax Grant (£95,000). Many local authorities had ceased to provide this funding as their own funding streams had significantly reduced in recent years.

In July, the Executive agreed that the Parish and Town Councils should be consulted in line with the Warwickshire Local Councils' Charter on the following proposed changes in funding: That the Council agrees to reduce the concurrent service grants to parish and town councils by 50% for 2017/18, and stop the grants from 2018/19; and that the Council agrees to reduce the Council Tax Reduction funding for parish and town councils by 50% for 2017/18, and to stop the grants from 2018/19.

All 25 parish and town councils were consulted on this, together with the Warwickshire Association of Local Councils (WALC) and Warwickshire Rural Community Council (WRCC).

Responses had been received from 16 of the local councils and from WALC. Those Councils that had not responded tended to be the smaller councils. In monetary terms, the respondents received 96.1% of concurrent services allocation and 97.3% of Council Tax Grant. The responses received were summarised within Appendix A to the report and the details of the individual responses were available on request.

Within the responses, the councils acknowledged and understood the financial pressures faced by the District Council and the justification for the withdrawal of Council Tax Grants. Many also acknowledged that several other district councils had already ceased the support.

The main concern arising from the proposals was the timescale for the withdrawal of both streams of funding over the two year period. It was pointed out that the potential increase in the local council element of the Council Tax may not be acceptable to local residents, and there was a lack of time to consult over potential increases. In line with the WALC response, many suggested that the concurrent services funding was reduced over a three year period, and the Council Tax Reduction Grant over 4 years. The impact of this over future years for individual parish/town councils was shown within Appendix B1 to the report.

Taking into account the need for the Council to make savings, as reflected in the Medium Term Financial Strategy (MTFS), and the proposal to extend the period over which the funding was phased, it was proposed to reduce the concurrent services funding over two years, and the grant over three years. This extended the largest element of the funding, the grant, over an additional year to the period originally proposed. By doing this, it increased the savings the Council needed to find in 2017/18 and 2018/19 above those currently assumed in the MTFS. This was considered in section 5 of the report. The impact of this over future years for individual parish/town councils was shown within Appendix B2 to the report.

Whilst there was overall acceptance of the reduction, Whitnash Town Council was strongly opposed to the removal of the concurrent services support (but accepted the loss of the Council Tax Reduction Grant), as shown within their response. They also noted the sums paid by the District Council to maintain neighbourhood open spaces, in addition to the destination parks. The neighbourhood open spaces maintained by the District Council included some sites that did not really fit into the 'park' category, e.g. cemeteries. The District Council also looked after other areas of open space which had been included because they were classed as green corridors, e.g. cycle-paths and connecting footways. The response also suggested that the District Council could maintain Whitnash open spaces instead, for which the cost could prove to be far higher than that paid by Whitnash.

Several responses had made reference to the Local Government Finance Settlement Technical Consultation paper issued on 15 September. Within this consultation, the Government was proposing that some parish/town councils would be subject to the same requirement as district councils to hold a referendum to agree any council tax increase of £5 or 2%, whichever was the higher. This was based on specific criteria, and the government estimated that this would affect 120 of the 8,800 parish councils nationally. None of the parish or town councils in Warwick District had council tax or precepts of the level specified, and they would continue to be well below these levels if the parish funding ceased and local council taxes were increased to compensate for this.

However, in order to avoid parishes being unduly constrained by referendum principles for taking on responsibilities from other tiers of local government, the Technical Consultation proposed that parishes should not be subject to the referendum principles where there had been a transfer of responsibilities and certain conditions were satisfied.

The Consultation also sought views as to whether to extend the referendum principles to all parish and town councils, in order to reflect the impact of higher increases on local tax payers. Whilst the Government was not advocating this response within the consultation, there was a risk that local parish/town councils could be restrained in increasing their council tax to compensate for the proposed reduction in support from the District.

How the final referendum principles were to be applied should be known as part of the Local Government Grant Settlement (provisional in December, final in February 2017), ahead of the District Council agreeing its budget for 2017/18. If it was apparent that the local parish and town councils were to be restrained in their ability to increase their element of the Council Tax from 2017/18, the District Council should review the extent to which support was reduced.

The Council could choose not to progress the savings proposed, or to propose other levels of savings or savings profiles. This would mean that the Council would need to seek to identify alternative savings. Paragraph 5.4 of the report showed the savings profile should the funding be reduced over a three year period for concurrent services and four year period for the grant.

Alternatively, the Council could consider phasing the reduction of all funding over three years:

	2017/18 £000	2018/19 £000	2019/20 £000	2020/21 £000	Total £000
MTFS(rounded)	70	75			145
Savings Profile	48	48	49	0	145
Additional savings required in year	22	27	(49)	0	0

Under this scenario, additional savings above those in the recommendations would need to be made by the District Council until 2019/20, but this amount would be lower than the savings required from the WALC proposal. The impact of this over future years for individual parish/town councils was shown at Appendix B3 to the report.

If the grants were maintained, albeit at a lower level, the administrative work involved (for the District and parish/town councils) would still exist

The Finance & Audit Scrutiny Committee thanked the Head of Finance for the clarification that this item would now be a part 1 agenda item and would be considered by Council on 16 November 2016.

In addition, they appreciated the addition to recommendation 2.1 to include, at the end, "thereby ending the concurrent services scheme".

The Finance & Audit Scrutiny Committee recommended to the Executive that:

With regards to recommendations 2.1 and 2.2, the proposal from WALC should be followed; concurrent services should be phased out over three years and Council Tax support should be phased out over four years. This would provide the parish/town Councils with time to build these changes into their budgets at a more sustainable rate.

The Head of Finance provided verbal clarification regarding the information circulated by Whitnash Town Council. The Executive thanked the Head of Finance for this and asked that it be circulated to all Councillors ahead of the Council meeting.

Resolved that the proposal from the Finance & Audit Scrutiny Committee could not be accepted because:

- (1) of the additional financial requirements that this would place on Warwick District Council;
- (2) the actual precept increases for tax payers would be small in actual value compared to the percentage increase;
- (3) the parish/town Councils could, in line with the District Council, look to reduce their costs to support these changes; and
- (4) some councils had already planned for these changes and therefore why should this Council continue to fund those councils who had not taken these steps?

Recommended to Council that

- (1) it reduces the concurrent service grants to parish and town councils by 50% for 2017/18, and stops this funding from 2018/19, thereby ending the concurrent services scheme;
- (2) it reduces the Council Tax Reduction grants for parish and town councils by 33.3% for 2017/18, 33.3% for 2018/19 and that it stops the grants from 2019/20.
- (3) it reviews the reductions if necessary, as part of the Local Government 2017/18 Grant Settlement referendum principles will apply to local parish and town councils for 2017/18.

(The Portfolio Holder for this item was Councillor Whiting)

(The meeting ended at 6.48pm)

Licensing & Regulatory Committee

Excerpt of the minutes of the meeting held on Monday 31 October 2016, at the Town Hall, Royal Leamington Spa at 2.30 pm.

Present: Councillor Illingworth (Chairman); Councillors Ashford, Boad, Mrs Cain, Mrs Falp, Gallagher, Miss Grainger, Quinney, Mrs Redford, Mrs Stevens and Weed.

16. **Apologies and Substitutes**

- a) Apologies for absence were received from Councillor Davies and Councillor Gill; and
- b) Councillor Boad substituted for Councillor Gifford.

17. **Declarations of Interest**

There were no declarations of interest made relating to the minutes contained within this excerpt.

18. **Proposed Boundary Review of Warwick District Council Wards & Community Governance Review of Parish and Town Council Boundaries/Wards within Warwick District**

The Committee considered a report from the Chief Executive which brought forward a proposal for a combined review of Warwick District Council Ward boundaries by the Local Government Boundary Commission for England (LGBCE), together with a Community Governance Review of all Parish/Town Council boundaries (and their Wards) by Warwick District Council, in light of electoral inequality across the District and the lack of coterminous boundaries.

The Licensing & Regulatory Committee was responsible for "all the powers and duties of the Council relating to Parliamentary Elections and Boundary Reviews". This included requesting a review of the Ward boundary arrangements for WDC. However, the advice from the Council's Solicitors was that to avoid any potential challenge of decision, this should be a decision taken by Council because of the proposed reduction in the number of Councillors. Section 8 of this report set out the broad guidelines that the LGBCE would follow during such a review.

The last Boundary Review of Warwick District came into force at the combined District, Town and Parish Council elections held in May 2015. Under the previous review of Warwick District Wards, the LGBCE set a District average ratio of 2313 electors per Councillor, with an acceptable variance of +/- 10% from the average. This was based upon the request (at the time) from this Council to retain 46 Councillors.

However, it was clear that there were two issues now arising which strongly suggested that a further review should be requested by this Council. Firstly, the level of electoral growth in the District had already surpassed the level predicted by the LGBCE for 2018. This growth had already resulted in three District Wards exceeding the acceptable 10% variance from the average for the ratio of electors to Councillors. It was forecast that the number of District Wards out of

tolerance would grow even further by the time of the next District elections, thus undermining the principle of electoral equality, i.e. that no matter the ward, all votes had equal (or as near as practically possible) weight in terms of the number of representatives that could be elected. Secondly, this Council had sought to establish and maintain the principle of coterminous boundaries at all levels of electoral representation. This had now been seriously breached by the implications of the LGCBE proposals for the WCC Divisions for Town Council Wards in the three largest towns in the District.

During the last review, strong representations were made by the Council over anticipated growth/development, especially to the south of the District. This was not accepted by the LGBCE because at that time development had not started, nor was the Local Plan at a significantly advanced stage for all of its proposals to be taken into account. The Local Plan had now progressed with a number of large developments already approved, built or under construction. This development, combined with a general increase in the number of people registered to vote, had resulted in the ratio of electors to Councillors in three wards in this area already exceeding the tolerance level of 10% set by the LGBCE.

Appendix 1, to the report, illustrated the forecasted growth in the electorate across Warwick District over the next five years using a number of different, but linked data sets, including the Register of Electors, population growth forecasts, forecasts from the LGBCE and the level of approved development in the District. All of these sources indicated significant electoral growth in Warwick District over the next five years up to 2021, with the lowest estimate predicting a further 2,000 electors and the highest estimate predicting an increase of 8,000 electors.

Appendix 2, to the report, provided an overview of the number of electors per ward as outlined in the 2013 LGBCE review of Warwick District. It also provided the current status of each ward and detailed how they compared in relation to the acceptable variance from the approved ratio of 2313 electors to one Councillor, as approved by the LGBCE for 2018.

In order to challenge the levels predicted by the LGBCE for WDC in 2018 and seek an early Boundary Review, the Council needed to demonstrate/evidence the significant level of growth expected in order for the Council to seek an early review of its boundaries. This early review would need to be agreed by the LGBCE. Therefore, it was important to cross reference the level of growth anticipated in the District against the values set by the LGCBE for 2018.

Ideally, the Council would include a comparison of the anticipated electorate in Warwick District in 2020, as predicated by the LGCBE as part of their review of Warwickshire County Council Divisions. However, the Council did not have this data broken down by current WDC Ward.

As shown in the report, Table 1 of the report, illustrated the current percentage variances from the ratio of Councillors to Electors set for this Council's wards by the LGBCE for 2018 for the present value and predicted electoral growth up to 2021.

Those wards of immediate concern were Brunswick, Manor and Saltisford, because they already exceeded the 2018 electorate predicted by the LGBCE. However, the table also showed predicted level variances for each ward in 2018 and 2021, and thus illustrated how many more wards would fall out of the tolerance levels by these dates.

The importance of contrasting WDC's position to the LGBCE forecast was primarily that the Council needed an agreement from the LGBCE to undertake the review. The argument that had to be put forward was that its previous estimates now differed significantly from the current reality and as a consequence, the principle of electoral equality had been seriously compromised as demonstrated by the key points that the data in Appendix 2 to the report showed:

- (i) the total electorate for Warwick District was already at a greater level than that predicted by the LGBCE for 2018;
- (ii) three WDC wards already had an electorate greater than 10% of the ratio of Councillor to electorate predicted by the LGBCE for 2018;
- (iii) based on current approved development, it was forecast that by 2018, 10 of 22 District Wards would be outside the tolerance accepted by the LGBCE, with two wards at least 19% above the average ratio, and that by 2021 there would be three wards at 25% or greater of the average ratio; and,
- (iv) the level of approved development within Warwick District would see further significant increases in the electorate across the District in the period to 2021.

In the last review, this Council committed itself to the principle of coterminous electoral boundaries, wherever reasonably practicable, to ensure clarity of representation for communities and also to enhance community identity.

The LGBCE decision on WCC Divisions conflicted significantly with the District Council Ward Boundaries. The proposals for the WCC Divisions radically altered some of the Town and Parish Council ward boundaries, resulting in a large number of small wards in the three largest towns in the District. This was a direct result of WCC Division and WDC Ward Boundaries not being coterminous, and the requirement under legislation for Town/Parish Council Ward Boundaries not to cross a District Ward or WCC Division Boundary.

The outcome of the revised WCC Division Boundaries was not conducive to making participation in elections easy for the community, when in the WDC area the District Council had its elections at the same time as the Parish/Town Councils, whilst WCC did not. The problem this created was that, if unchanged, at the next set of local elections in 2019, the wards for the District Council and the Town Councils of the three largest towns would be on different boundaries. In the Returning Officer's view, this was a recipe for voter confusion, would deter electoral participation, create more difficulties for electoral administration, and make it harder for candidates and their supporters to engage effectively with the electorate. None of this would be good for local democracy.

A copy of the following plans were attached to the report:

- the current WDC Ward Boundaries, at Appendix 3;
- the current Parish & Town Council Boundaries, along with their wards, at Appendix 4;
- the approved WCC Division Boundaries for 2017, at Appendix 5; and
- the proposed Town/Parish Wards and Boundaries, at Appendix 6.

The LGBCE had previously informed this Council that it would not reconsider the boundaries within the District without radical proposals for change coming forward. The Returning Officer considered that the prospect of significant electoral inequality and the outcome of the review of County Council Division

Boundaries had made a further review necessary, including the consideration of radical alternative options.

Given that this Council could not ask for the County Division Boundaries to be reviewed, the only options available to the District Council were to either:

- do nothing, which for the reasons stated above would be contrary to achieving effective electoral equality and the Council's own disposition to seek coterminous electoral boundaries at all levels of representation; or,
- seek to re-set the District and Parish/Town Council Ward Boundaries to be on those of the new County Council Divisions (14). This would mean that in retaining 3 Councillors per ward, the overall number of Councillors would be reduced from 46 to 42.

Having undertaken an assessment of the implication of having 14 wards, based on the WCC Divisions, with three District Councillors for each ward, the ratio provided would be 2574 electors to each Councillor. The ratio of WDC Councillors to electors had been set using the LGBCE predicted electorate for Warwick District as at 2020, according to their review of WCC Divisions. This ratio would place the Budbrooke and Bishop's Tachbrook ward significantly out of tolerance within five years. This analysis was outlined at Appendix 8 to the report.

Therefore, it was considered more logical for the Council to seek a reduction to 43 Councillors with 15 wards. The additional ward would be formed by splitting the Budbrooke and Bishop's Tachbrook Division area in half and having two District Councillors to represent each of these wards. The Budbrooke Ward would comprise of the Parishes of Budbrooke, Norton Lindsey, Shrewley and Hatton. The Bishop's Tachbrook Ward would comprise of the parishes of Bishop's Tachbrook, Barford, Sherbourne and Wasperton. This adjustment would result in an average ratio of 2513 electors per Councillor, and all wards being well within 10% tolerance during the next five years. This ratio was set using the LGBCE predicted electorate for Warwick District as at 2020. The analysis of this information was set out at Appendix 9 to the report.

In addition, it was suggested that the Lapworth and West Kenilworth Division area be split into two District Wards, to enable Kenilworth town to retain its coterminous electoral boundaries. The two District Wards would be formed thus: one covering the majority of the current Kenilworth Abbey ward and Burton Green Parish Council area, represented by two Councillors, and the other formed by the parishes of Beausale, Hasely, Honiley & Wroxall, Baddesley Clinton, Rowington, Bushwood and Lapworth, represented by a single Councillor. This geographical split was commensurate with the Council's principle of coterminous electoral boundaries. These proposals would lead to the District Council being made up of 16 wards.

Appendix 7 to the report provided a comparison across the Council's 15 nearest CIPFA neighbours, as well as the four other Districts/Boroughs of Warwickshire. The data was in order of ratio of electors to Councillors, and demonstrated that the recommended proposal from the Council would be reasonable and in-line with its nearest CIPFA neighbours.

It was considered good practice to make the County Council and all Parish & Town Councils aware of the revised boundary proposals by the District Council at an early stage, so that they had sufficient notice to engage in the process fully. This would also enable them to make a request to the Returning Officer regarding any boundary issues that they would like the Council to consider.

Recommendation 2.4 had been brought forward, after discussion with the LGBCE, to ensure that at the very least the related alterations would bring District and Parish/Town Boundaries in line with each other wherever possible.

The Council was required to evidence what impact, if any, a proposed reduction in the number of Councillors would have on the Council. This had been considered and the impact of the potential reduction of the size of the Council by three Councillors. The Council did not believe this would impact upon its governance framework and ability for democratic responsibilities. This was because this small reduction in the number of Councillors could be accommodated because at present some Councillors had few if any Committee responsibilities and in addition, the Council had experienced, since 2013, some Councillors being away from the authority for several months (for various reasons) without it impacting on the wider workload of Councillors. While there might be a small increase in workload, it would in essence be spread amongst the Wards of Kenilworth, Leamington and Warwick. In addition, this process would be aided through there being coterminous boundaries which would enable improved cross Council working for Councillors.

A separate report on the agenda set out the proposed new Parliamentary Boundaries. In the context of the argument above regarding coterminous boundaries, it was suggested in that other report that the Council should make representations to make sure that the Parliamentary Boundary Review took into account the review proposed by this Council, to ensure that coterminous boundaries were applied to all levels of electoral representation and used the same boundaries. This would then help to avoid some of the current confusion that the local community had to experience, such as in the areas around Hopton Crofts and New Cubbington.

As an alternative option the Council could consider maintaining the status quo, i.e. stay as it was, this was not considered a realistic option for the reasons set out in section 3 of the report.

Another alternative option could have been given to realigning Warwick District wards with Warwickshire County Council Divisions, but subdividing them into smaller wards of equal number of electors, each represented by a Councillor. This had been proposed in so far as it has remained compatible with achieving coterminous boundaries and achieving electoral equality for Lapworth and Kenilworth West and for Budbrooke and Bishop's Tachbrook. However, further subdivision was not considered appropriate as it was not believed that this could be achieved whilst retaining an appropriate ratio of electors to Councillors and the current Town/Parish Council Boundaries.

Another alternative option could have been given for having two District Councillors representing each County Division. However, this would have led to a significant increase in workload for Councillors and could potentially have given rise to a full time role, with a similar ratio of electors to Councillors as in single tier and County authorities. Councillors would need to understand that this would be a much more radical change to their role if they chose to pursue this option. It was also unlikely that this route would generate much in the way of financial saving, as officers predicted that Member Allowances would need to increase significantly and would likely offset any saving that might be made by reducing the overall number of Councillors. For all of these reasons, this option was not recommended.

The Council could alternatively consider deviating from the coterminous boundary principle and redrawing boundaries it felt were appropriate based on a ratio of electors to Councillors that best met the needs of the community. This option was not brought forward because of the issues discussed in section 3 of the report. In addition, there were a number of historic Parishes within the District that the Council would not wish to impact upon by drawing boundaries which could result in new Parish Boundaries or "Warding" of these Parishes.

The Committee should be mindful that a Parish/Town Ward cannot cross a District Ward or a County Divisional Boundary. Therefore, amending these Boundaries, depending on the election to take place, would not have been permissible nor would it have been approved by the LGBCE, who had to provide consent for the change of a Parish/Town Boundary or Ward if a change had been made to that Boundary within the previous five years.

The Deputy Monitoring Officer and Democratic Services Manager explained that there was a formulaic error within the data for Appendix 8 which did not significantly alter the information provided and this would be revised before submission.

Members of the Committee had concerns that if the Council was committed to coterminous boundaries this should apply at all levels of election and therefore at Parish level this should include New Cubbington and Whitnash East wards. This was proposed duly seconded and

Recommended to Council that:

- (1) it should approach the Local Government Boundary Commission for England (LGBCE) to undertake a review of Warwick District Council (WDC) Ward Boundaries, and alongside it this Council undertakes a Community Governance Review of all Parish/Town Council boundaries (and their wards), in the light of electoral inequality across the District and the lack of coterminous boundaries, as explained in Section 3 of the report;
- (2) the proposal to be put to the LGBCE is for the WDC Ward Boundaries and names to follow those of the Warwickshire County Council (WCC) Divisional Boundaries within the District, with each ward having three WDC Councillors, except for:
 - (a) the Budbrooke & Bishop's Tachbrook Division which should be split into two District Wards, each represented by two District Councillors – one to be named Budbrooke and the other Bishop's Tachbrook; and
 - (b) the Lapworth and Kenilworth West Division which should be split into two wards; one ward will cover the current Warwick District Kenilworth Abbey Ward area (to be represented by two District Councillors) and the other ward will represent the remaining rural area to be known as Lapworth, represented by one District Councillor.

- (3) subject to approval of (1) and (2) by Council, the Chief Executive is asked to notify WCC and all Parish & Town Councils within Warwick District of this Council's intention to approach the LGBCE, outlining the proposed principles of the review and seeking views on any specific issues relating to the proposed boundary revisions and/or revised electoral arrangements, which would include:
 - (i) A proposal to move the area of New Cubbington Parish Ward into Royal Leamington Spa;
 - (ii) A proposal that the area of Whitnash East Town Ward is moved into Royal Leamington Spa;
- (4) if the LGBCE does not approve the request for a Boundary Review of Warwick District or that this review will not be completed until after the 2019 elections, the Chief Executive is authorised to
 - (a) Bring related alterations forward to ensure where possible the revisions made under the previous community governance order are coterminous with the District Wards;
 - (b) Bring forward the necessary Community Governance orders to amend the Town Council Wards in line with the requirements of the WCC Divisions review order.
- (5) in the submission of a request to the LGBCE the Chief Executive outlines the reasons why the Council does not feel the reduction of three Councillors will impact on its ability to operate democratically or for the Councillors to represent the local community effectively, as outlined in paragraph 3.23 of the report.

(After the vote on this item had been taken Councillors Mrs Cain, Mrs Falp, Illingworth and Stevens asked for their votes (against this proposal) to be recorded in the minutes.

(The meeting ended at 3.50 pm)

Additional Papers for Warwick District Council 16 November 2016

Item 10(A): Minute 45 Fees and Charges 2017/18

Licensing Matters - Methodology for calculation

The council is entitled to levy fees to recover its reasonable costs associated with specific licensing functions. Some fees are set by government, while others the council has discretion over. This includes, but is not limited to hackney carriage and private hire vehicle and driver licences, and private hire operator licences.

In order to work out the licensing service cost, a full review is carried out annually to capture the detail involved in the licensing process where the Council has the discretionary power to set fees. The licensing service is considered from receipt of application to the issue of the final licence with both variable and fixed costs being considered. These costs include officer and management time spent on licensing administration and monitoring compliance of those operators and vehicles already licensed. A reasonable proportion of indirect costs associated with service provision is also included. Taking this information into account licensing fees are then calculated based on the costs forecast for the following year.

The overall principle is that fees should be broadly cost neutral and the Council has a duty to administer its funds so as to protect the interests of council tax payers. Following recent case law regarding the setting of licensing fees, an examination of the individual licensing regime accounts for the last 6 years was conducted to ensure that the position in relation to surpluses and deficits was clear thereby identifying any risk to the council following the ruling.

(Six years is the period over which the council can be asked to repay fees if fees have been incorrectly calculated)

Having identified that some of the licensing accounts were in deficit, the associated proposed fees for 2017 include a deficit recovery amount. If the fully identified 6 year deficit was to be applied it would increase the licence fee significantly and the council can only claw back 3 years deficit. As a council we can determine if it is appropriate to recover the full 3 year deficit with due reference to the tax payer and to the LGA guidance which states that Councils should consider, where there is significant deficit, how to undertake deficit recovery over more than one year so as not to harm financially viable businesses.

Those accounts which were identified as having a surplus, the surplus has been returned in the 2017 fees.

Impact on the trade

In the interest of fairness and consistency across the licensing spectrum, it was determined that the deficit or surplus for each regime should be applied to the fees for 2017. This is the first time that this piece of work has been undertaken, and therefore it was shown as a separate amount rather than including the deficit or surplus into the licence fee. In future years, the deficit or surplus will not be shown separately.

Officers reviewed all of the methodologies through which the deficit could be recovered and determined that it would be most practicable and financially viable for the trade, to recover the appropriate proportion of the deficit (with reference to the number of that type of licence holder) in a single licensing period rather than spreading the cost over a number of licence applications.

Non-Resident burial V non-resident cremation

It is correct that there is a non-residents surcharge for graves and burials, this is because cemetery land is a finite resource. Once the graves have all been used and no further income can be generated by the provision of new graves and burials there is a permanent ongoing maintenance liability.

There are no capacity issues for the crematorium and therefore we do not have the same concerns to warrant a non-residents surcharge, which was removed several years ago.

Babies

The registration and administration process for the communal cremation of foetal remains is more complex and takes more time than for individual foetus, stillborn and up to 1 month, this is reflected in the difference in price.

Item 10(B) – Minute 57 - Review of support to town and parish councils

Head of Finances comments on Whitnash Town Council Letter 27 September 2016 (appended).

1. Whitnash quote an increase in council tax of 28.45%. This is on the basis of their 12% increase in 2016/17, and assuming all the funding ceases in 1 year.
2. Based on the recommendations for the profiling of the reduced funding (2 years concurrent, 3 years grant), the local council tax increases are shown in Appendix B2, with increases for Whitnash of 6.2%, 5.9%, 2.1% for the years 2017/18 to 2019/20. Of course, any increase in their own spending would increase these figures.
3. Whitnash quote various figures they have obtained by an FOI of WDC spend on "Neighbourhood assets". As quoted in the details they were sent, these include many areas which are not open spaces, eg cemeteries, cycle paths, connecting footways. These areas have been included within their analysis of spend in the 3 main towns. Whitnash have not included all relevant areas in their analysis of WDC spend on Whitnash. They have also classed areas that are in some parishes (eg Hatton, Cubbington) within the 3 main towns, thereby over inflating the figures for those towns, and under-stating Whitnash. Consequently, the analysis they have produced is open to challenge, and I suggest overstates spend on the 3 main towns, whilst under stating Whitnash.
4. Local Government (Miscellaneous Provisions Act) – states local authorities may provide recreational facilities, not have a responsibility to provide.
5. S136 Local Government Act – says local authorities "may make arrangements for defraying any expenditure incurred by one of them in exercising any functions exercisable by both or all of them". There is no expectation or requirement for this to be done.
6. Risk of referendum principles being applied to town/parish councils. This is acknowledged in the Executive report with the proviso that if it is to apply to our local parishes, this will be brought back to members to reconsider as part of the Budget process. However, under the Government's stated preference for this, our local towns/parishes would not be subject to the referendum principles as their expenditure and council tax is still too low.
7. WDC maintaining Whitnash open spaces? As this land belongs to Whitnash, it is Whitnash's responsibility, not WDC. Would Whitnash be prepared to give up their land? If it is proposed for the District Council to take over these spaces, this would need to be subject to a full business case.



WHITNASH TOWN COUNCIL

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27th September 2016

Mr M Snow
Head of Finance
Warwick District Council
Riverside House
Milverton Hill
Leamington Spa
CV32 5QW

Dear Mr Snow

Review of support to Town and Parish Councils

Whitnash Town Council is aware that Council Tax reduction grants are being cut across the Country as the Central Government support is being withdrawn and accept this cut.

Whitnash Town Council strongly objects to the reduction and eventual cessation of the concurrent services grant. The removal of both the Concurrent Services funding and the Council Tax Reduction Grant simultaneously is a harsh blow to Town and Parish councils.

The current proposal to cut both grants by half next year leaves Whitnash Town Council and the Parishes with no time to consult with their communities with a view to adjusting precepts to align with our priorities.

The impact of these cuts on Whitnash can be seen in the table below:

	2016-17	Withdrawal of Concurrent Services and Council Tax support grant	Retain Concurrent Services Grant
Total Budget requirement	£151,249	£151,249	£151,249
Concurrent Services Grant received	£10,070	0	£10,070
Council Tax Support Grant received	£9,474	0	0
Precept received	£131,705	£151,249	£141,179
Tax Base	3,028.87	3,028.87	3,028.87
Band D Charge 2016 - 2017	£43.48	£49.94	£46.61
Band D Charge 2015 - 2016	£38.88	£38.88	£38.88
Annual Increase	£4.60	£11.06	£7.73

If both Concurrent Services and Council Tax support Grant had been withdrawn for the current year it would have been necessary to increase our precept by an additional £19,544. This would have meant that Whitnash residents would have seen an increase in Band D charge of **28.45%** over the previous year.

Whilst the Council Tax Support Grant is to be withdrawn, if we were able to retain Concurrent Services then the impact on Whitnash residents would be much less.

If Concurrent Services Grant is to be withdrawn then Whitnash Town Council, if it is to continue to be able to maintain the playing fields at Acre Close and Washbourne Fields to the same standard, will need to budget for this increase resulting in further additional Council Tax costs for our residents.

Warwick District Council have helpfully provided information about expenditure on parks and leisure areas in Leamington, Kenilworth, Warwick and Whitnash as per the Freedom of Information request submitted. The District Council expenditure on neighbourhood services totals £159,749.

*Warwick District Council provides £10,070 for concurrent services which are delivered by Whitnash Town Council.

Expenditure within the four towns in the district as well as expenditure on neighbourhood services per head of population is shown in the table below (census 2011).

	Population	Neighbourhood Total Spend	Neighbourhood per head	Destination Total Spend	Destination per head	Neighbourhood &Destination per head
Kenilworth	22,000	£14,168	£0.64	£24,452	£1.11	£1.76
Leamington	46,000	£83,908	£1.82	£101,066	£2.20	£4.02
Warwick	30,000	£58,530	£1.95	£35,534	£1.18	£3.14
Whitnash (Cox's Orchard only)	9,500	£3143	£0.33		£0.00	£0.33
Total		£159,749		£161,052		
*Whitnash Concurrent Services grant from WDC	9,500	£10,070	£1.06		£0.00	£1.06

The withdrawal of the Concurrent Services Grant will mean that Warwick District Council spends only 33p per resident in Whitnash compared with between 64p and £1.95 in the other towns. As the table illustrates when the expenditure on the destination parks is included then the discrepancy is even greater.

The reduction and cessation of concurrent services grant is clear discrimination against our residents who will incur double taxation because our local parks are not classified as 'destination parks'!

How will Warwick District Council implement the adjustment to council tax in Whitnash in order to avoid double taxation?

Under section 19 and section 44 (1)(b) of the Local Government (Miscellaneous Provisions) Act 1976 the provision of recreational facilities, which includes playing fields under section 19(1)(b) is conferred on local authorities in general. Warwick District Council and Whitnash Town Council therefore both have a responsibility to provide recreational facilities so how can the cut in concurrent services be justified?

Tax payers in Whitnash also contribute towards the so called 'destination parks' so why are concurrent services for local parks being cut – this seems grossly unfair.

The statutory basis for concurrent functions is **section 136 of the 1972 Act** which is set out by statute and official government guidance:

Section 136 of the Local Government Act 1972 allows principal local authorities to pay grants to local town and parish councils, funded from their general expenses, in respect of concurrent functions. This will compensate local councils (or part compensate them), where they are delivering services, which would otherwise fall to the principal local authority to provide. It negates or reduces the need for local councils to fund such services out of their precept. Hence, it avoids or reduces double taxation.

In the report to WDC Executive (7.1) mention is made of the administrative work that will still exist if savings are not progressed – residents in Whitnash pay council tax which contributes to the coffers of Warwick District Council, but now even the administrative work like paying concurrent services annually seems too much. The concurrent services payment is made annually with the precept payment. Surely the 'destination parks' also require administrative work?

Town and Parish Councils have also been notified by Warwickshire Association of Local Councils that under the Localism Act 2011, Government can make an annual decision on whether to introduce automatic precept referendums where they deem precept increases to be 'excessive' for local councils. Government is able to decide what the threshold will be for triggering referendums and to which councils this trigger will be applied. Although these referendums have been applied to other types of local authorities, Government has threatened to apply them to local councils but, to date, has not done so.

This could be all about to change with plans outlined in 2017/18 Local Government Finance Settlement: Technical Consultation Paper which was published on 15 September 2016.

If Warwick District Council, no longer pays for concurrent services maybe the District Council would prefer to maintain Acre Close and Washbourne Playing Fields at the standard currently applied including litter picking from Monday to Saturday. No doubt this will be at a much higher cost than Whitnash Town Council currently pays.

Warwick District Council should consider retaining concurrent services payments in view of the loss of the Council Tax Reduction Grant and so avoid double taxation.

Yours sincerely

A handwritten signature in black ink that reads "Jenny Mason". The signature is written in a cursive style with a large, stylized 'J' and 'M'.

Jenny Mason
TOWN CLERK

Copy: Mr C White MP