

Minutes of the Meeting of the **POLICY, FINANCE AND PERFORMANCE MANAGEMENT COMMITTEE** held on the Zoom platform on **TUESDAY, 3<sup>rd</sup> NOVEMBER 2020** at 9.30 a.m.

PRESENT:- Councillor M.P. Bonfield (Mayor) – Chairman.

Councillor C. Finch (from 9.40 a.m.)  
Councillor A. Harris  
Councillor C. Moreton (from 9.45 a.m.)  
Councillor C. Tomes  
Councillor W.S. Trite (from 10.05 a.m.)  
Councillor M. Whitwam

Also in attendance:-

Councillor T. Foster  
Dr M. Ayres – Town Clerk  
Miss A. Spencer – Finance Manager

There were no members of the public present at the meeting.

1. **APOLOGIES**

An apology for his inability to attend the meeting was received from Councillor Suttle.

2. **DECLARATIONS OF INTEREST**

Members were invited to declare their interests and consider any requests for Grants of Dispensations in accordance with paragraphs 9 – 13 of the Council's Code of Conduct and regulations made under chapter 7 of the Localism Act 2011.

There were no declarations to record on this occasion.

3. **INTERNAL AUDIT REPORT 2020/21 – VISIT 1 OF 5**

The first interim Internal Audit Report of the 2020/21 financial year prepared by Darkin-Miller – Chartered Accountants was submitted for information.

The following areas had been reviewed during the audit visit:-

- Proper Bookkeeping
- Risk Management
- Income, with specific focus on:
  - (a) Boat Park
  - (b) Market
  - (c) TIC Rent
- Petty Cash
- Depot Stocks and stores
- Public Rights
- Exemption

It was noted that the audit for the areas of risk management, income and petty cash were work in progress and any findings and recommendations would be reported in the second interim report.

Members noted that eleven low priority recommendations had been made. The management response and implementation dates were noted, and it was AGREED:

That the first interim Internal Audit Report for the 2020/21 financial year be accepted.

4. **BUDGET REPORT – INCOME AND EXPENDITURE ACCOUNT Q2 2020/21**

Consideration was given to a report setting out the Council's financial position at the end of the first half of the financial year, and forecast year-end position.

The contrast between the 1<sup>st</sup> and 2<sup>nd</sup> quarters was highlighted. Due to Covid-19, at the end of Q1 the Council's revenue account was £96k down on budget, and at the end of Q2 this was £12k, with £84k having been made up during that quarter. It was noted that this was mainly due to the good performance of car parks in August and September, and an underspend on employee costs due to vacancies and the delayed recruitment of seasonal employees.

It was noted that proportionately beach hut income had been affected the hardest by the pandemic, with no capacity to make up for the losses seen in Q1, and further negative variances realised in Q2 due to social distancing regulations in force.

At the end of Q1, the possibility of having to suspend some works was noted as a potential consideration. However, due to the improvement in the Council's position it was noted that this was no longer being contemplated.

It was stated that the year-end outturn had now been revised to a deficit on the general fund of £61k against a budgeted deficit of £11k, a variance of £50k. It was noted that several assumptions had been made, and given the ever-changing circumstances due to Covid-19, these may or may not be met resulting in further variances.

The Budget Report and commentary on the Council's financial activity was received and noted.

5. **TREASURY MANAGEMENT OUTTURN REPORT H1 2020/21**

Members considered a Treasury Outturn Report for the first half of the financial year. It was reported that it was a difficult period for placing new short-term investments with very low/negative interest rates being available, with the Council's short-term investments currently yielding 0.04% overall. It was stated that new short-term investments, potentially with other local authorities, would be sought as an alternative to the use of banks and MMFs.

In reviewing the Council's strategic investments, it was reported that an annualised capital loss of -4.89% and an income return of 3.97% had been seen from these investments. It was noted that overall, however, these investments still held an unrealised capital gain, and the M&G Bond Fund was almost on par with the initial principal invested.

Councillor Finch joined the meeting 9.40 a.m.

It was reported that there had been little impact on the yields received from strategic investments to date, but that Covid-19 may have a long-term impact on these investments. The Treasury Management Outturn Report was received and noted.

Councillor Moreton joined the meeting 9.45 a.m.

6. **CAPITAL PROGRAMME MONITORING REPORT**

A Capital Programme Monitoring Report for the first half of 2020/21 was submitted for information.

It was noted that two projects ref 2 & 9, had been deferred to 2021/22 and the grant to Dorset Council for the improvement works to Institute Road had been paid. All other projects were noted as ongoing.

It was reported that, following a review of the vehicle requirements for the depot, it was being recommended by the Operations Manager that the purchase of a pool vehicle be amended to a fleet panel van. It was further noted that this would be reviewed by the

General Operations Committee on 11<sup>th</sup> November 2020. The effectiveness of the Capital Projects Sub-Committee in informing members about the status of projects was noted. The Capital Programme Monitoring Report was received and noted.

7. **BUDGET SETTING 2021/22–AGREEMENT OF BUDGET SETTING PRINCIPLES**

The draft budget setting principles for the 2021/22 financial year and the subsequent two years were outlined. It was noted that these would be used to prepare the draft 2021/22 estimates for consideration at the Policy, Finance and Performance Management Committee meeting to be held in December.

Although a 2% increase on fees had been submitted in the briefing paper, it was noted that that Rents & Licences Panel that had met the previous day, had recommended that fees for the boat park and private sites be frozen for 2021/22. It was also noted that the fees for beach huts had also been frozen. Following a brief discussion, it was noted that the option of a 2% increase on fees and charges would be put to the separate Committees, where they could recommend a freeze in charges if appropriate.

Consideration was given to the precept and tax base. It was noted that a precept increase of 2% was generally used in the first draft budget submitted to the Policy Committee in December. It was noted that a 0.5% decrease in the tax base was presently being estimated. Members discussed the implications of this and it was requested that several options pertaining to an increase/freeze in the precept be put to the next committee meeting, with members having due regard to the financial difficulties that many are experiencing due to Covid-19. It was AGREED:

That the budget setting principles for 2020/21 be approved, with the amendments outlined above.

8. **INSURANCE CLAIMS – VERBAL UPDATE**

It was reported that a claim for storm damage to the roof of a council building had been rejected, stating that the water leakage was an age-related issue rather than a result of a one-off event. It was further reported that quotes were being sought and it was expected that the cost for repairs may be up to £5,000.

9. **ITEMS OF INFORMATION AND MATTERS FOR FORTHCOMING AGENDAS**  
**Matters for Forthcoming Agendas**

- a) James Day Trust
- b) Review of Grant Policy - Grants to individuals and recurring applications
- c) Corporate Plan 2020/21
- d) Ethical Investments
- e) Freedom of Information Act 2000 - Adoption of revised Publication Scheme
- f) Update on Action Points from Internal Audit Report 2019/20

**EXCLUSION OF PRESS AND PUBLIC**

Proposed by the Town Mayor, seconded by Councillor Harris, and RESOLVED UNANIMOUSLY:-

That, under Standing Order No. 1 c), in the public interest, the press and public be excluded from the Meeting in view of the confidential nature of the business to be transacted under agenda items 10 and 11 (in relation to legal and financial matters).

10. **ETHICAL INVESTMENTS & CONSIDERATION OF ARLINGCLOSE'S ESG AND RESPONSIBLE INVESTMENT SERVICE**

Members gave consideration as to how the Council and its officers should move forward with incorporating Environmental, Social and Governance (ESG) ideologies into treasury investment decisions. It was reported that this matter had been discussed in the last strategy meeting held with Arlingclose on 14<sup>th</sup> October 2020.

The difficulty in moving forward without establishing the Council's ethical criteria was noted. It was further noted that it was an important starting point to understand the ethical status of the Council's current investment portfolio.

A briefing note outlined the deliberations on this subject to date, including the distribution of an Ethical Investments questionnaire to members. A discussion ensued regarding the potential benefits of engaging Arlingclose's ESG and Responsible Investment Service.

Councillor Trite joined the meeting at 10.05 a.m.

Following further discussion, during which it was emphasised that all Members' opinions were needed in order to set the criteria for ethical investments, it was agreed that the questionnaire would be redistributed to all Members. A meeting would be called to review the findings and give further consideration to engaging external advice.

11. **SCHEDULE OF DEBTORS & UPDATE FROM RENTS & LICENCES PANEL**

An aged debtors report as at 29<sup>th</sup> October 2020 was submitted for information. It was reported that only two of the debtors were presently of concern, being lessees. It was noted that officers had previously been given delegated authority to act in regards to one of the debtors. This debtor had previously been issued with a Section 146 Notice and it was stated that this course of action would once again be pursued should payment not be received.

It was reported that the second debtor of concern had been discussed at the Rents & Licences Panel meeting held on Monday 2<sup>nd</sup> November 2020, and that the Panel had concluded that the terms of the lease should be enforced. Following further discussion, it was proposed by the Town Mayor, seconded by Councillor Harris and RESOLVED UNANIMOUSLY:

That authority to act in this matter be delegated to officers.

Further to Minute No. 7 above, it was reported that members of the Rents & Licences Panel had also given consideration to requests for refunds in relation to boat park charges and the fees for the private beach hut sites due to the impact of Covid-19. However, in respect of both of these services the Panel had noted that the Town Council had not seen any reduction in its costs, lockdown had been lifted in advance of the summer season, and, in respect of the boat park, storage facilities had been available throughout. The Panel had therefore concluded that refunds should not be offered, but instead recommended a freeze in the relevant fees and charges for the next financial year.

12. **DATE OF NEXT MEETING & CONSIDERATION OF CHANGING THE DAY OF COMMITTEE MEETINGS**

The date of the next scheduled meeting was noted as 8<sup>th</sup> December 2020. However, it was reported that several members of the Committee had experienced difficulty in attending the meeting on a Tuesday. It was agreed the committee meetings should be revert to being held on a Wednesday, with the next meeting to be held on Wednesday 9<sup>th</sup> December 2020.

The meeting concluded at 10.20 a.m.