



**SHREWSBURY TOWN COUNCIL
FULL COUNCIL
15 JUNE 2020**

Agenda No

7

Responsible Officer: Helen Ball - Town Clerk

COUNCIL FINANCES

Purpose of Report

To inform members on the current and project finances of the council

Background

Council set its budget at the end of January in readiness for the start of the 2020/2021 financial year.

Lockdown commenced 23 March 2020 effecting the following services areas:

- Sunday Market closed
- General Market only operated food stalls (25% capacity)
- Community Centres & Youth Centres Closed
- Library (and Council HQ) closed
- Sports facilities closed
- Play areas
- Events in the park were cancelled
- Concessions in the park were suspended
- Toilets closed
- Bloom income streams(roundabout sponsorship & hanging basket supply) affected by business shut downs
- Fisheries closed
- Cattle Market operations closed

Current Position

As of 15th June the following update of services is known

- The majority of market traders began operating on 15th June albeit with reduced capacity in the market hall. Income has been 25% of budget. Footfall will be monitored to determine rental levels.
- Sunday Market began trading on 7th June with footfall better than expected. Rental income was 50% of budget. The budget reduction would be phased over the next few weeks.
- Bowling Greens & Croquet Lawns are open and discussions are ongoing with clubs regarding rent reductions.
- Tennis Courts are all open and run under the key scheme; this facility would be free for this summer.
- Concessions in the Quarry are open and discussions with concession holders are ongoing.



- No sponsorship income will be sought from sponsors due to business climate and uncertainty regarding floral displays. This impacts more on the Bloom Committee budget than the Council's Revenue Budget.
- No business hanging basket service will be offered.
- Cattle Market has begun trading. Discussions with tenant ongoing regarding the level of rental charged to reflect changes to trading volume.
- Pool fishing began on 1st June with river fishing is starting on 16th June. Anglers have been offered 16 months for the price of 12 if they renew their season tickets.

As of 15th June no further information is available regarding opening of the following

- Events
- Toilets
- Community Centres
- Youth Centres
- Football
- Cricket
- A number of the commercial properties are yet to open for business

Forecast Out-turn

On the calculation of the figures below, a number of assumptions have been made:

- There isn't likely to be a Phase 2 Lockdown. If there is these figures will need to be re-visited
- There is unlikely to be a return of activity until Q4
- Staff Impacts will reduce from Q3
- No Events will take place of any worth throughout the financial year
- There is some reduced R&M costs due to low usage of assets including Play & Sport
- Interest rates are likely to remain static for the remainder of the financial year.
- There is likely to be a 50% recovery of market income overall based on 25% Q1, 50% Q2, 50% Q3 & 75% Q4

Forecast on Income

Current predictions show that there is likely to be an end of year reduction of **£250,000** on the budget as agreed in January with the following budget lines being hit:

- General Market Income
- Sunday Market Income
- Cattle Market Income
- Concessions/Events in the Quarry
- Community/Youth Centre Income
- Sports Pitch Hire
- Bloom Income
- Interest on both short terms bonds and the investment return on the CCLA fund



Forecast on Expenditure

Currently predictions show that there is likely to be an end of year reduction/short-term cost savings of **£150,000** on the budget

COVID has also impacted on areas of the expenditure budget in the following areas:

- Many of the above closed facilities had required a reduced level of maintenance to reflect the government directive of only essential maintenance; this has impacted on
 - Reduced levels of overtime
 - Reduced fuel costs
- R&M budgets have reduced in some areas to reflect the reduce usage of some public facilities
- Staff availability hours have reduced significant to cater for shielded staff, self-isolating staff and staff covering child care where partners are key workers. Following latest guidance those staff that are shielded and cannot work from home have been furloughed; therefore 80% of their wages costs are reimbursed
- Closure of key buildings has seen a reduction in fuel costs
- Grounds Maintenance fuel budgets are reduced due to the requirements for essential maintenance only in Q1
- Rent of Riggs Hall and Rates across the estate have still been paid
- Homeworking meant a drawdown from the IT Reserve to pay for better remote connectivity
- Increased waste disposal costs to combat the huge increase in rubbish and littering in parks and open spaces
- Increased purchase of PPE not just for staff but also volunteer groups
- The Town Clerk submitted a bid to the Police & Crime Commissioner for funding from the COVID Fund to meet virus related costs and received £2789

Net Forecast Deficit

It is anticipated that on the assumptions made above together with short-term budget reductions a net deficit of **£100,000** on the budget is forecast

Members must therefore consider how it would wish to address that budget deficit:

1. Meet from reserves and stand the loss with reduced reserves. Council holds around 6 weeks revenue budget in General Reserves. This loss could be accommodated and whilst General Reserves would be lower than recommended, it is manageable in the short-term
2. Meet from reserves and recover during following years
3. Reductions in expenditure through cost savings/budget reductions. Officers have been looking at efficiency savings. It is however advised that blanket cuts across service lines shouldn't be considered and that Officers should be tasked with looking at where budget lines could be reduced in the short-term or expenditure be deferred to the following year to address this short-term deficit.



On-going Lobbying

The Town Clerk has raised the profile of reductions in income at different levels:

- Conversation with MP
- Conversation with Leader & Deputy Leader of Shropshire Council
- Letter to the MP
- Assistance in the drafting of letters from the Leader of Shropshire Council to:
 - Secretary of State
 - Shropshire MPs
 - County Council's Network
 - Local Government Association
- Proposal of motion from the SALC Shrewsbury Areas Committee to SALC
- Proposal of motion from the SALC Executive to NALC
- Assistance in the drafting of letter to the Secretary of State
- Campaign on BBC Radio Shropshire
 - Speaking on Breakfast Show on 5th May which resulted in the BBC Regional Political Editor picking the story up and asking about Parish Council Finances at the Downing Street Briefing on 7th May
- Interview of ITV Central News
- Further combined lobbying with some of the Town Councils with equally high budget losses

Government's position remains firm that Parish & Town Councils should enter into conversations with their principal councils as sufficient finances have been passed to them to mitigate and financial distress as a result of COVID. The view Shropshire Council has taken that it has not received sufficient income to meet their own losses let alone pass down any income to parish & town councils is a view that is reflected nationally.

The National Association of Local Council continues to lobby for a targeted and dedicated financial package which they believe is required to support around 100 parish & town councils across the country. NALC Management Board is due to meet later in the week to review its position.

RECOMMENDATIONS:

- 1. That the Report be noted**
- 2. That the RFO keep the forecast out-turn in review and report on progress at the scheduled Quarter Outturn Reporting Meetings**
- 3. That the Senior Management Team look further at budget lines to identify and short-term efficiency savings**
- 4. That the Town Clerk continue to press the need for fairer funding with Government**