



Frodsham Town Council Medium Term Financial Strategy, 2015- 2020

1. Introduction

- 1.1. As part of the preparation of the budget for the financial year 2015/16, each Committee is reviewing its expenditure to-date for the current financial year and is assessing its likely spend for the next year.
- 1.2. The current financial climate means that the spending plans of local authorities will be scrutinised more closely than ever. Town/Parish Councils are not immune from this process and it is therefore important that there is clear justification for all the elements of the budget for the next financial year. Continuing restraint on public spending will have a significant effect on Cheshire West & Chester Council's (CWaC's) plans for the services it can provide and the way in which they are delivered. It is also clear that the Government is expecting the voluntary sector to provide resources and services to alleviate the cuts in local government services. Frodsham Town Council (FTC) will be expected to work more closely with CWaC and voluntary groups in Frodsham to reduce the effects of the cuts in public expenditure whilst restraining its own expenditure.
- 1.3. Although the Coalition Government has excluded Town & Parish Councils from its proposal to reduce local authority spending, it has asked for restraint and does not expect to see major increases in the precept. The General Election in May 2015 may have an impact on all this, but constraints seem likely to continue.

2. Medium Term Financial Strategy

- 2.1. The Chartered Institute of Public Finance & Accountancy (CIPFA) advocates that a local authority should prepare a Financial Strategy to determine how to structure and manage its finances. The strategy should be derived from and support the objectives & priorities of the Council.
- 2.2. This document sets out the principles that FTC will use in formulating its spending plans. It provides a financial foundation for delivering FTC's policy objectives by enabling resourced plans to be put in place over a rolling three-year period. The strategy provides the basis of the Revenue Budget for 2015/16 and identifies schemes for inclusion in a Capita/Project Programme. The policy also includes the reserves held by the Charitable Trusts where FTC is the sole Managing Trustee. The Trusts are:
 - Hob Hey Wood Charity No 1099786
 - Recreational Grounds Charity No 504519
 - Overton Hill Memorial Field No 1079745.
- 2.3. In future years FTC will review this financial strategy and the progress on its spending plans as part of its annual budget setting process. It will consult the residents of Frodsham on the financial strategy, and its proposed revenue and capital spending plans for the coming year.

2.4. Main Strategic Themes

- The Council will begin each year's budget process starting from a presumption of no increase to precept.
- Any increases will be justified by inclusion of a priority activity in the Council's Business Plan.
- The Council will raise what value it can each year from its assets – promoting renting of fields, setting optimal prices for services provided etc.
- The Council will make use of any grant funding it can access, to help run its activities. HOWEVER, this will take account of the sometimes hefty costs of application. Any application made must be cost effective.
- The Council will manage risk and return from its investments, recognising that there is great potential cost in moving funds. Any movement of funds should be cost effective.

- The Council wishes to make full use of opportunities to contract externally for provision of services (such as land management) where this provides good value. This will include a list of preferred external suppliers.
- The Council will build its budget each year from zero, ensuring appropriate funds are ring-fenced, e.g. for play provision.

3. Objectives of the Strategy

3.1. The main objectives of the Medium Term Financial Strategy are:

- To help ensure that FTC's financial resources are sufficient to achieve its stated Aims & Objectives;
- To maximise income in order to provide investment in economic and efficient services;
- To ensure that FTC maintains an adequate level of General Reserves to meet unforeseen events;
- To provide a framework for FTC's capital programme;
- To provide a document to communicate the financial aims & objectives to residents of Frodsham;
- To assess resource requirements over a three-year period.

4. FTC's Aims & Objectives

4.1. Following a review by the Policy & Process Committee in December 2012, FTC adopted the Aims & Objectives (2012 - 2016) in January 2013.

4.2. To realise its aims & objectives FTC undertakes activities and provides a number of services. These activities and services fall into 2 categories, Revenue and Capital and are funded in different ways.

4.3. Revenue items are income & expenditure items that occur each year. Income items include burial fees, allotment fees and walk-book sales. Expenditure items include FTC's running costs such as salaries, office rent and maintenance works.

4.4. Capital items are those where there is a change to assets held by FTC. These changes will affect FTC's operations over a number of years. Examples of capital items include improvement schemes to play areas, the acquisition of land for the enhancement of a service or the purchase of new equipment.

4.5. The Aims & Objectives approved by FTC result in a commitment to the following activities and services.

5. Revenue Services

5.1. *Administration* covers the cost of:

- Running the Council office;
- Employing staff; Elections;
- Audit; and
- Insurance.

5.2. *Civic Duties* include:

- Mayoral & Junior Mayoral activities & regalia;
- Management of Freedom of Frodsham scheme; and
- Responding to consultations from CWaC & other government agencies.

5.3. *Communications*: FTC has a statutory responsibility to publicise its meetings & activities. This is carried out via:

- *Web site*: www.frodsham.gov.uk;
- *Webcasting* of FTC's monthly meetings;

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- *Local media; and*
 - *Noticeboards.*
- 5.4. *Events:* A number of events are organised by the Town Council to promote the development of the civic, cultural, educational & social life of Frodsham's residents.
- Christmas Lights as part of Frodsham Christmas Festival
 - *Walking Festival and Health Walks:* Each year the Town Council organises the "Festival of Walks" and the Boxing Day walk to provide opportunities for recreation. It also supports the weekly programme of "Get Fit on Foot" health walks designed to improve health through exercise.
- 5.5. *Support for other events & organisations:* The Town Council makes donations & grants to support other events & organisations in Frodsham. It also makes playing fields available for hire.
- 5.6. *Maintenance of allotments:* Three allotment sites are maintained for letting to Frodsham residents.
- 5.7. *Maintenance of the Burial Ground:* The Town Council maintains the burial ground at Tarvin Road, Frodsham.
- 5.8. *Town bowling green:* The Town Council owns the bowling green in Ship Street, Frodsham.
- 5.9. *Street scene works:* To improve the physical appearance of the town, hanging baskets are provided in the town centre. A programme of bulb planting is undertaken each year at selected sites on the main highways of the town.
- 5.10. *Maintenance of playing fields / play areas:* Playing fields at London Road/Fluin Lane and Churchfields are provided to encourage sporting activities and informal recreation in the town. Three play areas with play equipment for children up to 12 are maintained by the Council.
- 5.11. *Maintenance of other open spaces:* Other areas of open space (Crowmere Lake, Hob Hey Wood, Manley Road Copse, Marshlands, Marl Pits & Memorial Field) are maintained & improved as areas for informal recreation for the benefit of the residents of Frodsham.
- 5.12. *Tree planting:* Schemes of tree planting are undertaken to enhance areas of open space
- 5.13. *Police Community Support Officer:* The Town Council works in partnership with the Police to provide a Community Support Officer to assist in the policing of the town.

6. Capital Schemes

- 6.1. To support the revenue activities & services outlined above, FTC periodically has to invest in renewing its existing assets or providing additional assets to enhance services. The Council has considered the following schemes in previous years:
- Play area improvement schemes
 - Provision of seats
 - Purchase of land to extend the Burial Ground
 - Layout works within the existing Burial Ground
 - Automation of cemetery gates
 - Purchase of land to extend Hob Hey Wood
 - Footpath works
 - Tree planting
 - Provision of defibrillators
 - War Memorial repairs / enhancement
 - Sale of surplus assets

7. Budget Setting Principles

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7.1. Each year FTC has to review its income & expenditure and set a revenue and capital/project budget. These form the basis for the precept requirement.

7.2. Committees propose budgets having regard to the following principles with regard to Revenue & capital/project Budgets.

8. Revenue Budget

8.1. Revenue expenditure is divided into core expenditure, which consists of unavoidable costs that are required for FTC to continue its business, and non-core expenditure where there is discretion about spending.

8.2. Each year, FTC will assess its expenditure by taking account of external changes such as inflation, legislative changes, CWaC charges and contractual commitments. It will also review the charges for services and estimate the income it is likely to receive. The balance of forecast expenditure over income will determine the size of the budget for most activities & services. Where it is desirable to spread expenditure over a number of years to minimise the impact on the precept in any one year, budgets will be built up over time, year on year until the required amount has been set aside.

9. Budget for 2015/16 – Expenditure

9.1. *Inflation*: The Government's current target for annual inflation, based on CPI (Customer Price Index), is 2%. In the year to August 2014 inflation was 1.5%. Further ahead, downward pressure on wages and prices from persistent spare capacity is likely to cause inflation to fall below the target for a period. FTC will therefore set budgets with a 3% inflation rate in mind.

9.2. *CWaC charges*: CWaC will be setting its own budget and will be under pressure to reduce costs. It is possible that CWaC may seek to increase income by charging more for its services

9.3. *Contractual commitments*: FTC has employed a new member of staff and a full review of employees' roles & responsibilities is underway.

9.4. *Pensions*: There may be an increase in employer's contribution to the Pension Fund .

9.5. *Legislative changes, Advisory & Consultative meetings*: FTC has to take account of changes to legislation and emerging practice which emanates from advisory meetings & consultation exercises.

9.6. *Growth items*:

- *Community Noticeboards*.
- *Other growth items*: FTC recognises that there may be unanticipated growth items that emerge during the year and will seek to retain flexibility to respond to these issues as the need arises through the general reserves held for contingency and as a working balance.

10. Budget for 2015/16 – Income

10.1. *The main sources of income*, apart from the precept, will continue to be burial fees, allotment fees, grants & donations. Bank interest is again forecast to be low.

10.2. *Review of charges* will be carried out by Committees in-year.

11. Capital Budget

11.1. Expenditure on capital items (items not considered to be normal day to day revenue expenses), can be financed in a number of ways:

- Capital receipts - sale of an asset (e.g. land),
- Payment by instalments,
- Saving the funds in advance,
- Borrowing,
- Grants and donations, or
- A combination of the above

11.2. *Capital Receipts*: Receipts from the sale of assets such as land can only be used for the financing of capital projects or for reducing the level of the precept. They cannot be used to finance FTC's

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revenue expenditure. Although the Council has a reserve for capital projects, this has not been built from capital receipts.

11.3. *Saving in Advance*: If this method of financing is chosen for a particular project FTC, in setting the budget, will consider how much it can realistically include in the precept for each year until the required sum is accumulated. Earmarked reserves will only be established for projects which have been costed or where capital expenditure is predictable. FTC will employ this method of financing to fund its capital programme in future years.

11.4. *Borrowing*: A local council may not borrow money (except as an overdraft on its bank account to cover short-term problems encountered between paying for day-to-day expenditure and receipt of income or precept), unless Government gives permission. This is termed "Loan Sanction". Loan sanction is not the granting of a loan – it is merely permission to borrow. Once loan sanction is given, a local council is free to negotiate a loan from whichever source can give the best terms, though in reality, most local councils apply to the Public Works Loan Board. Once granted, a loan will have to be "serviced", ie, arrangements will have to be made for repayments, including interest. These must be included in the budget process and precept setting for future years. FTC will only consider borrowing as a last resort after other avenues of funding have been fully explored.

12. Capital Strategy / Programme

12.1. Each year, FTC will review capital expenditure having regard to needs and likely sources of finance. It will consider alternative uses and the possible sale of surplus land & other assets. The capital programme will, in part, be financed from earmarked reserves.

13. Capital Programme for 2015/18

13.1. The potential sources of income to fund the capital programme are considered below.

13.2. *Capital receipts*: As explained above there are no capital receipts predicted in 2015/16.

13.3. *Grants from external agencies*: FTC will apply for Lottery Funds and other grants from a variety of agencies as specific schemes are progressed.

13.4. *Existing earmarked reserves*: FTC has earmarked & discretionary reserves relating to the following schemes.

- Play Areas
- Land Bank / Burial Ground
- Infrastructure & Street Scene
- Neighbourhood Plan
- Elections
- Promoting Frodsham
- Grants to St Laurence Renovation Fund & Frodsham Youth Association
- Christmas Lights
- IT
- There are also reserves held in the Charitable Trust accounts.

13.5. *Review of Reserves*: This strategy proposes an annual review of the reserves in association with the development of a capital programme. The capital programme will be reviewed each year and will look ahead for at least the next three years. Consideration will be given to potential schemes for implementation within this period and beyond. In future years, FTC will conduct a consultation on the capital programme and the level of reserves.

13.6. *Additions to the Capital Programme*: The viability and priority of schemes will emerge from current studies relating to:

- The capacity and longevity of the burial ground
- The use and improvement of existing play areas

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13.7. It is proposed to establish reserves for each element of the capital programme where saving is required over more than one year.

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