



Finance Steering Group

MINUTES of Plaistow and Ifold Parish Council's Finance Steering Group Meeting held on 7th January 2021, 19:30, via remote conference call (Zoom).

Present Cllr. Phil Colmer (FSG Chair); Cllr. Nicholas Taylor, Cllr. David Ribbens and Catherine Nutting (Clerk & RFO)

1. **Apologies**

Cllr. Allan Pearson (Chair of the PC) and Cllr. Paul Reynolds

2. **Declarations of Members' Interests.**

Cllr. David Ribbens in respect of 1st Ifold Scout group and North Hall Singers who receive annual grant funding from the Parish Council.

Clerk as Secretary of Plaistow Pre-School who receive an annual grant.

3. **3rd Quarter Budget Forecast Comparison at Qtr. 3**

FSG Members worked through the Budget Forecast Comparison at Qtr. 3 spreadsheet and focused on the new movements since Qtr. 2, highlighted blue. Please refer to Appendix A.

The accounts are up to date as of 31st December 2020 (column I). The FSG have projected the budget forecast for Year End (column K) and amended some figures due to over/underspend owing to the unprecedented year.

In particular, the Traffic Calming budget has been bolstered to reflect the overspend associated with the Rickman's Lane Speed Survey. The Postage budget reflects the initial Newsletter being mailed 2nd class to all residents of the Parish; this will be a one-off expenditure. The Winterton Hall offered to forego their usual annual £1,500 grant, due to receiving a one-off £10,000 pandemic support grant from central Government.

The FSG agreed that the costs associated with the Lady Hope Playpark refurbishment should be moved to 2021/22. Although there is scope for the project to begin before the end of the current financial year (mid-March 2021) this still requires confirmation from Redlynch; the payment schedule and loan requirements will fall in 2021/22.

The projected Year End reserves as at 31.03.2021 are £41,701.26.

At the beginning of the current financial year, the FSG budgeted to increase the PC reserves and end the year at around £25,955.51. The £15,745.75 underspend is due to the nuances of the current year and the affect the pandemic has had on the PC's expenditure / projects.

The underspend will be pulled forward into 2021/22.

4. **Precept review and recommendations, including loan requirement & new 2021/22 projects**

FSG Members worked through the Draft Budget Precept 2021/22 Comparison spreadsheet (Appendix B).

Based on the projected Year End figures (column H - which has been pulled over from column K of Appendix A) the FSG have prepared a draft budget for 2021/22 (column J). The draft budget figures usually reflect a 10% uplift to ensure a built-in contingency for any cost fluctuations and/or unforeseen circumstances.

Budget figures of note are highlighted in blue.

The FSG have included a budget of £2,500 for a Parish Council 'event' in 2021/22 and £5,000 for an as-of-yet unspecified project such as the Plaistow Cricket Pavilion. The Traffic Calming budget has been assigned £2,000, subject to the PC's agreement.

Any unspent budgets from 2020/21 will be pulled over into 2021/22 once the accounts are closed at Year End.

The FSG unanimously agreed that the annual Precept should not be increased due to the current economic climate.

Due to natural fluctuations in our tax base (used to calculate how much a household pays in taxation) if the Precept is left **unchanged** at £93,000 it will mean, in real terms, a 0.33% increase in the amount people pay.

Band D properties are used as the standard benchmark:

2020/21 – tax base: 1,125.9 – Band D pays £82.60 pa

2021/22 – tax base: 1,122.2 - Band D pays £82.87 pa (27p (0.33%) increase)

Therefore, the FSG's recommendation is to reduce the Precept to £92,000

2021/22 – tax base: 1,122.2 - Band D pays £81.98 pa (62p (0.75%) **reduction**)

The projected 2021/22 budget does not include any grant income (New Homes Bonus / CIL Payments etc) which can be used to fund projects e.g., the cricket pavilion and off-set some of the projected allocated expenditure budgets.

The final cost of the Lady Hope Play Park renovations will be presented to the full PC on 13th January; however, the costs are reasonably estimated to be about £55,000.

The FSG recommends that the PC take out a Public Works Board Loan (PWBL) of £50,000. The increased reserve as at 31.03.2021 (£41,701.26) will enable the PC to meet some of the costs of the project from the Precept and take a smaller loan than previously budgeted for in 2020/21 (£65,000).

The Draft Budget Precept 2021/22 Comparison Spreadsheet (Appendix B) shows 5 scenarios across columns J, N, P, R and T.

Column J shows the Precept as unchanged and the PC *not* taking out a loan. This would result in negative end of year reserves as at 31.03.2022. This is not financially acceptable. Therefore, the PC must take out a loan to finance most of the Lady Hope Playpark renovations. The need for a loan is not 'new' information; the PC already resolved to take out a loan of £65,000 in 2020/21 which has not come to fruition over the current financial year.

All the other scenarios show the Precept as 'unchanged' (in real terms reduced by £1,000 to £92,000 to ensure the actual annual amount people pay does not increase) but then shows the affect different loan amounts will have on the Year End reserves as at 31st March 2022.

It is recommended that Parish Councils have reserve levels of 50% their Precept; therefore, at £92,000 the PC should have a Year End reserve of £46,000. However, due to the cost of Crouchlands Farm, the PC's reserves are still in recovery.

The PC should aim to improve/increase its reserves year on year. The current projected year end reserve level of £41,701.26 is inflated due to the unusual year we have had. It was expected to be around £25,995.51, roughly an 18% increase from 2019/20.

Therefore, looking at scenarios 1 – 4 (columns N, P, R and T of Appendix B) only scenario 4, which shows taking a £50,000 loan, improves the PC's projected reserves as at the end of March 2022. This is therefore the FSG's recommendation.

The interest rates for taking a PWLB loan have decreased since 2020/21. The loan is fixed rate over 10 years. The overall cost to the PC of taking a £50,000 loan will be around £2,572.50 (based on the interest rates as at 07.01.2021).

5. Leaving Gifts & Budget

The FSG reconsidered its initial recommendation that the budget for leaving gifts be up to a maximum of £50 but the actual amount spent within that bracket is at the Chair's discretion.

The FSG agreed that whilst this should be the default/standard position, the Chair should have discretion, in very particular circumstances, to spend over £50, provided this is supported by the full PC.

6. AOB

None.

7. **Date of next meetings**

After Year End (April 2021) exact date TBC.

Clerk

There being no further business, the Chair closed the meeting at 20:40 hours.