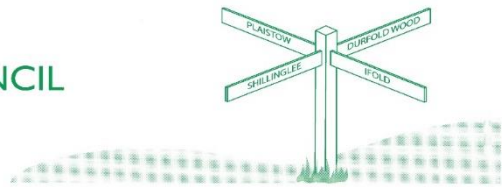


PLAISTOW AND IFOLD PARISH COUNCIL



MINUTES of the Finance Working Group (FWG) of Plaistow and Ifold Parish Council held on **Wednesday 5th July 2023**, via Zoom.

Please note: - The Working Group cannot make any decisions; it can make recommendations for the Finance Committee and/or full Council to consider and resolve upon. In relation to the Council's budget, Precept, borrowing and insurance only the full Council can resolve upon these matters – they cannot be delegated to a Committee/Working Group and/or Officer.

These minutes are to be read in conjunction with the 2023/24 Budget Forecast Comparison spreadsheet at Quarter 1 and the Clerk's Report appended at the end of the document [here](#).

The Finance Committee will meet at 7:00pm on 12th July 2023 - before the full Council meeting - to consider and resolve upon the recommendations set out below.

- Present** Cllr. Phil Colmer (Finance Committee /Working Group Chair); Cllr. Paul Jordan (Chair of the Parish Council); Cllr. Andrew Woolf; Cllr. Rick Robinson; Cllr. Nicholas Taylor and Catherine Nutting (Clerk & RFO)
- Item 1** **Appoint a Working Group Chair**
Cllr. Comer was appointed.
- Item 2** **Apologies for absence**
None.
- Item 3** **Disclosure of interests**
None received.
- Item 4** **VAT – Qtr. 1**
The FWG **ACKNOWLEDGED** the end of Qtr. 1 **HMRC VAT RECLAIM** for the period 01.04.2023 – 30.06.2023 for £1,135.96.
- Item 5** **Verification of bank reconciliations for Qtr. 1 (April – June 2023)**
The FWG **ACKNOWLEDGED** the bank statements, corresponding reconciliation statements, cash book and balance sheet for quarter 1 and **AGREED** to **RECOMMEND** these documents to the Finance Committee on 12th July and commend **CLLR. WOOLF** to **SIGN** the
- Actions:
Cllr Woolf
(after
12.07.2023)

documents, via Secured Signing in accordance with Standing Order 12(g).

Item 6

To consider the 2023/24 Budget Forecast Comparison spreadsheet at Quarter 1

The FWG **REVIEWED** the Budget Forecast Comparison spreadsheet at Quarter 1 and **NOTED** the minimal movement since the start of the financial year. Very little deviates significantly from the agreed budget.

The three areas to be **HIGHLIGHTED** to the Committee are: -

Insurance (spreadsheet row 15) – the actual annual premium paid is £280.20 higher than the budget figure. Implementing Cyber Insurance will increase the 2023/24 Insurance budget further.

Subscriptions (spreadsheet row 19) – the actual posted figure (J, 19) includes 2024/25 part prepayment for those subscriptions which run contrary to the financial year e.g., June - June. An adjustment is made at the end of the financial year, which will bring the budget back in line with the projected end-of-year position (L, 19).

Grant income (spreadsheet row 104) – the agreed budget incorrectly stated the Coronation grant funding from CDC. £500 has now been received. The Coronation agreed budget (£1,500) included this funding and the event was delivered within budget (£1,415.00).

The meeting discussed the budgeted overspend, which includes agreed expenditure brought over from 2022/23 (due to shifts in timescales, so the expenditure did not occur when first anticipated). The FWG agreed that the budgeted overspend always represents 'worse case' and improves throughout the year. In 2022/23, the budgeted overspend at the beginning of the year was £14,403.78; however, the actual end-of-year overspend was £4,322.30. The FWG discussed that the ringfenced reserves are conservative and include the following financial years' loan repayment and project expenditure agreed for future years.

Item 7

Banking

The FWG **AGRRED** to **RECOMMEND** to the Committee that the Council open a further bank/saving account with another provider to spread the risk, as Council funds exceed £85,000 with one

Actions:
FWG members

institution (NatWest). This will also safeguard 'business as usual' for the Council if a bank were to get into operational difficulty.

The FWG **RECOMMENDS** that instant access to funds is key. The FWG will look in more detail at both [Redwood Bank](#) and [Unity Trust Bank](#) to support the Committee's decision on 12th July.

Item 8

Kelsey Hall WIFI funding request

Action:
Clerk

The FWG **ACKNOWLEDGED** the Kelsey Hall's request that the Council fund its WIFI costs (as it supports the Winterton Hall).

The FSG noted the healthy financial position of the Kelsey Hall contrasted to the financial struggles of the Winterton Hall and the fact that essential WIFI would not have been provided by the Hall without financial assistance from the Council. The meeting discussed the Council's own budget constraints in 2023/24 and the principle of equity.

The FWG **AGREED** to **RECOMMEND** to the Committee that the Council offer a **ONE-OFF PAYMENT** of **50%** of the 2023/24 annual **WIFI COST** and consider further support when considering future annual budgets. The FWG **RECOMMENDS** that the **WIFI PASSWORD** is readily **AVAILABLE** to users (a condition of the funding); which is essential were the hall to be used as an emergency centre.

The FWG **AGREED** to **RECOMMEND** that the Committee **REMINDE** the Hall of its **CURRENT** (and future) **FUNDING** support from the Council: -

- annual grant of £1,500
- the Council's grant award scheme and application process
- some landowner expenditure will be borne by the Parish Council in due course due to a play area on site (tree surveys / tree surgery / grass and vegetation maintenance).

Item 9

Grant policy amendment

Actions:
Clerk

The FWG considered the PC's Grant's Policy and **AGREED** to **RECOMMEND** that **POLICY WORDING REFLECTS** the Council's General Power of Competence (**GPoC**). However, the wording should **RECOGNISE** that consideration of **SOME** forms of **FUNDING** e.g., to individuals / ongoing operational expenditure are **EXCEPTIONS**, rather than the norm and would need to show how it benefits the wider community / supports the funding principles of the Council.

The FWG **AGREED** to **RECOMMEND** that the Committee continue to seek **ADVANCE NOTICE** of what community groups *might* ask for, as this is helpful when preparing the annual Council budget. An agreed **ANNUAL** grant **BUDGET** is **RECOMMEND** (rather than holding amounts in reserve) by the FSG, against which grant applications can be considered.

Item 10

Winterton Hall accounts

The FWG **NOTED** the Winterton Hall's 2022/23 Balance Sheet, signed by David Edwards, Auditor. The document will be brought to the attention of the Committee. As the Custodian Trustee, it is good practice for the Parish Council to keep abreast of the charity's financial health and its insurance.

Item 11

Working Group Terms of Reference

The FWG **REVIEWED** the Working Group's Terms of Reference document and membership and **AGREED** to **RECOMMEND** the document to the Committee with the following amendments to paras 2.6 and 8.1: -

Action:
Clerk

2.6 The Working Group Chair shall be the Chair of the Finance Committee, chosen annually at the Annual Council Meeting. The Chair will be the main point of contact for the Working Group and will convene meetings in conjunction with the Clerk/RFO.

8.1 The Policy and these Terms of Reference shall be reviewed annually by the Council in May of each year, or if deferred by the Council to the Finance Committee for review at its first Committee meeting after the Annual Parish Council meeting in May.

Item 10

Meeting Dates

The FWG **NOTED** the meeting schedule for End of Qrt.2

- FWG meeting – 4th October 2023, 7:30pm Zoom
- Committee meeting – 11th October 2023, 7:00pm Winterton Hall

Actions:
Clerk

There being no further business to discuss the Chair closed the meeting at 19:55

Finance Working Group & Committee

CLERK'S REPORT

WEDNESDAY 5TH JULY 2023

Agenda Number

Item

1. **Appoint a Working Group Chair**

In accordance with para 2.6 of the Terms of Reference document, the Working Group Chair shall be chosen annually by its members as the first item of business on the agenda at its first meeting, following the Annual Council Meeting (in May). The Chair will be the main point of contact for the Working Group and will convene meetings in conjunction with the Clerk/RFO. The Working Group must notify the Committee of its Chair pursuant to paragraph 3.3 of the ['Formation and Operation of Working Groups & their Terms of Reference Policy'](#) ('the Policy').

It makes practical sense for the Working Group Chair to also be the Chair of the Finance Committee, which is Cllr. Colmer.

Please note the proposed amendment to the Terms of Reference document (para 2.6) to reflect this point.

2. **Apologies for absence**

Recommendation: - To receive apologies for absence.

3. **Disclosure of interests**

None received at the time of drafting this report.

4. **VAT – Qtr. 1**

To note the recent VAT reclaim for the period of 01.04.2023 – 30.06.2023 for £1,135.96.

5. **Verification of bank reconciliations for Qtr. 1 (April – June 2023)**

Please access the documents via the [Dropbox link](#)

CB1 = 'Cash Book 1' (Current Account)

CB2 = 'Cash Book 2' (Reserve Account)

The Working Group is asked to review and note the documents. Recommend them formally to the Finance Committee and recommend a Member*, who is not a bank signatory, to verify/sign the documents via Secured Signing after the Finance Committee meeting on 12th July.

*Cllr. Taylor verified Qtr.4

6. **To consider the 2023/24 Budget Forecast Comparison spreadsheet at Quarter 1**
- a. To review the Budget Forecast Comparison spreadsheet at Quarter 1.
 - b. To report to the Finance Committee and recommend specific areas for consideration.

Background

For those new to looking at the Budget Forecast Comparison spreadsheet (or needing a reminder) please note as follows: -

- Column B shows the actual expenditure incurred against each budget heading in the previous financial year (01.04.2022 – 31.03.2023); this is included as an *aide memoire* only (for comparison purposes, if needed).
- Column E details the budget codes used on the Council's accounting system.
- Column F are the various budget headings.
- Column H shows the final agreed 2023/24 budget; (prepared in draft in December/January against which the Precept is set and agreed as the final budget for the year in April 2023).
- Column J shows the actual expenditure to date, against each budget heading, at the end of quarter 1 (30.06.2023). Some budgets have incurred £0 in the first quarter and others have met or exceeded their annual budget e.g., some grant payments / insurance (discussed below).
- Column L shows the projected end of year forecast for each budget heading i.e., throughout the year, we amend where we think a budget will go over / significantly fall under.
- Column N shows comments associated with any movement in the projected end of year forecast (column L)
- Column O shows any variance for each budget - between the final agreed budget (column H) and the projected end of year forecast (column L).
- Row 93 shows the total committed annual expenditure.
- Rows 101 – 108 shows the Council's annual income.
- Row 112 shows the net over (or under) spend!

IMPORTANT – PLEASE READ THE RESERVE TABLE INDEPENDENTLY FROM THE INCOME & EXPENDITURE TABLE – THIS IS WHERE CONFUSION CAN ARISE. THE TABLES ARE OF

COURSE LINKED, BUT YOU NEED TO READ THE NEW HEADINGS FOR COLUMNS H, J & L CAREFULLY.

Reserves

It is essential that the PC has sufficient reserves (general and earmarked – also known as ‘ring-fenced reserves’) to finance both its day-to-day operations and future plans. However, given that Council funds are generated from taxation, reserves must not be excessive.

General reserve — The accepted recommendation regarding an appropriate minimum level is that general reserves should be maintained between three (3) and twelve (12) months of a Council’s Net Revenue Expenditure (NRE)*. Larger Councils (NRE in excess of £200,000) should hold around 3 months NRE in reserve; smaller Councils should hold reserves closer to 12 months of their NRE.

** Net Revenue Expenditure (NRE) is the Precept less any loan repayment and/or amounts included within the Precept for Capital projects and transfers to Earmarked (ring-fenced) Reserves.*

*Therefore, P&I’s NRE is **£62,604.23***

£118,000 (Precept) less

£10,399.77 (annual capital + interest loan repayment)

£44,996 (transferred to ring-fenced reserves (rows 144 & 151), which includes funding for Capital projects e.g., Ifold play park etc.)

= £62,604.23

Therefore, a working reserve of between £20,000 - £30,000 (between 4 – 6 months NRE) would be appropriate for P&I PC.

The Council is responsible for ensuring that its budget ensures that the adopted reserve level is maintained.

Earmarked (ring-fenced) Reserves (EMR) — There is, in practice, no upper or lower limit to EMR save only that they must be held for genuine and intended purposes, and their level should be subject to regular review and justification (at least annually) and should be separately identified and enumerated. Significant levels of EMRs could give rise to enquiries from Internal and/or External Auditors; although, the PC’s EMRs have remained significant for many years and have not incurred query and/or criticism from either auditor.

- Row 153 shows the Council’s actual reserves without taking the outstanding loan into account.

- Column H shows the actual reserve position as at the end of 2022/23 (31.03.2023)
- Column J shows what the 2023/24 agreed budget projected the end-of-year reserve position to be at 31.03.2024.
- Column L shows the projected end of year reserve position as budget movements occur within the current year.
- It is prudent to always consider the Council's own reserves, as the outstanding loan amount reduces each year, until it is paid back by 2026. The Council's own reserve amount needs to be c. 4-6 months of its NRE in/by 2026 i.e., between £20 – 30,000 (subject to its Precept / loan(s) / capital project expenditure / EMR position in 2026).
- At the end of 2022/23 (31.03.2023) the Council had £28,021.96 own reserves (H, 153).
- Own reserves as at 31.03.2024 (L, 153) is calculated by taking the end of 22/23 reserve position (£28,021.96) less the net over/underspend within the current year (L, 112 – anticipated to be -£15,428.20) which gives projected own reserves as at 31.03.2024 of £12,593.76.
- This figure is then added to the outstanding loan amount at the end of this current year (£25,196.66 L,155) to give an overall projected end-of-year reserve position of £37,790.42.

Quarter 1 movement to note

There has been minimal movement within quarter 1 which is noteworthy and deviates significantly from the agreed budget.

Insurance (row 15) – the actual annual premium paid is £280.20 higher than the budget figure. Setting budgets is always a 'best guess' and on this occasion we were slightly light. Given that the Council is advised to get separate Cyber insurance (current quote £367.36) it is likely that the Insurance budget will further increase within the year. Additionally, some cyber security measures may need to be implemented before the Council can be covered by cyber insurance – investigations ongoing. At this time, it is not possible to say by how much more this budget maybe stretched. In any event, the Finance Committee / Full Council will need to consider the information and decide in due course.

Subscriptions (row 19) – you will note that the actual posted figure (J, 19) is £234 over budget and yet the projected end-of-year position (L, 19) remains in agreement with the agreed budget (H, 19). This is because the actual posted figure includes a 2024/25 part

prepayment for those subscriptions which run contrary to the financial year e.g., June - June. This adjustment is made every year and will work its way through at year end.

Grant income (row 104) – an error was made in the agreed budget when recording the confirmed grant income from CDC regarding the Coronation. It should have been £500 but was recorded as £450. £500 has now been received. The Coronation agreed budget (£1,500) considered this funding and the event was delivered within budget (£1,415.00).

7. **Banking**

The FSCS protects 100% of the first £85,000 per UK-regulated financial institution (not per account). If the PC's bank (NatWest) were to fail, the FSCS aims to get any savings up to this amount back to within seven working days.

The Council has two accounts with NatWest and total funds exceeding £85,000.

Therefore, the Council should ensure that it mitigates any risk by opening another account (savings) with a different banking institution and certainly before the second installment of the Precept is paid in September.

The Parish/Town Council Clerk network has highlighted the following banks which both deal with local government and have good feedback: -

<https://redwoodbank.co.uk/>

<https://www.unity.co.uk/>

<https://www.nationwidecommercial.co.uk/business-savings>

At a glance -

- Redwood bank has a business savings account which pays 2.85% for deposits between £10,000* - £1 mil with 35-day notice period to access funds. Please read the details [here](#). The account must always have a minimum of £10,000 deposit.
- Unity can offer both instant access, or 30-day notice savings accounts with interest rates of 2.60% and 2.81% respectively. Details [here](#).
- Nationwide have a free to use instant access business savers account which offers up to 0.35% AER/gross p.a. – but with an anticipated application timescale of 20 weeks. Details [here](#).

8. **Kelsey Hall WIFI funding request**

The KHMC have sent the following email: -

We note the following statement in the April minutes:

Winter & Emergency Plan Committee (L:75) – this budget has been reduced slightly, as the £1,000 budget routinely shows an annual underspend and the only committed expenditure is the Winterton Hall's annual WIFI costs.

We also note that Winterton Hall and Kelsey Hall are both [designated as emergency centres](#).

We would therefore like to apply to have our WIFI costs paid in the same way that Winterton Hall has theirs paid.

Thank you for your consideration of this matter.

To note, para 3.4 of the Council's draft [Winter Plan](#) identifies both Winterton Hall and Kelsey Hall as designated emergency centres which could be brought into use in severe weather. Ifold has the largest population size within the Parish.

Kelsey Hall is an independent organisation. The Parish Council is the Custodian Trustee of the Winterton Hall; however, this does not mean that it has any financial responsibility towards the running of the charity, merely that it lends its legal identity to allow the unincorporated charity to hold land.

Both halls receive an annual grant of £1,500 from the PC.

The PC's funding of the W.Hall's WIFI is in addition to its annual grant.

The W.Hall WIFI costs the PC's £34.95pm (24-month contract with BT from 30.06.2023). Each April the price increases (regardless of contract) by 3.9% + the CPI rate, which is linked to the inflation rate as at the preceding January. Without the contract discount, the monthly cost would be £39.99.

BT can offer the same 'basic bundle' (cheapest they offer - line and broadband) on the same bill for two separate locations. The price for Kelsey Hall would be the same as the Winterton Hall. However, there would be a £19.95 set up fee.

The Clerk has asked the Kelsey Hall for details of its current provider and monthly costs and its up-to-date account information for the Working Group's consideration. This will be circulated once received.

9. **Grant policy amendment**

Now that the Parish Council has the General Power of Competence (GPOC)* it does not need to be concerned about the limitations imposed by s.137 Government Act 1972 to incur expenditure where it does not have a specific legal power to do so. It now has the power to do anything a legal person can. Subject, of course, to its own budget constraints.

**If you require a reminder of what the GPOC is/does, please refer to para 17 of my Clerk's Report prepared for the Annual Parish Council meeting in May ([here](#)).*

Anything highlighted **yellow** is a suggested amendment to be included.

Anything highlighted **blue** is a suggested discussion point for possible amendment.
Anything ~~struck through~~ is a suggested deletion.

10. **Winterton Hall accounts**

Circulated to Members in advance of the meeting.

11. **Working Group Terms of Reference**

The Clerk recommends the following slight amendment to paras 2.6 and 8.1 to reflect what happens in reality: -

2.6 The Working Group Chair shall be the Chair of the Finance Committee, chosen annually at the Annual Council Meeting. ~~by its members as the first item of business on the agenda at its first meeting, following the Annual Council Meeting.~~ The Chair will be the main point of contact for the Working Group and will convene meetings in conjunction with the Clerk/RFO. ~~The Working Group must notify the Committee of its Chair pursuant to paragraph 3.3 of the Policy.~~

8.1 The Policy and these Terms of Reference shall be reviewed annually by the Council in May of each year, ~~or if deferred by the Council to the Finance Committee for review at its first Committee meeting after the Annual Parish Council meeting in May.~~

12. **Meeting Dates**

Recommendation: - Schedule End of Qrt.2 meetings

FWG – 4th October 2023, 7:30pm Zoom

Committee meeting – 11th October 2023, 7:00pm Winterton Hall

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