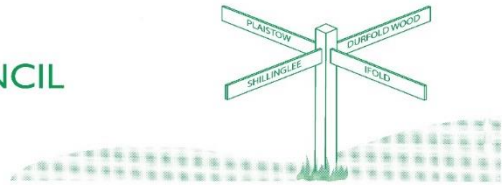


## PLAISTOW AND IFOLD PARISH COUNCIL



**MINUTES** of the Finance Steering Group Meeting of Plaistow and Ifold Parish Council held on **Thursday 6th January 2022**, via remote conference calling (Zoom)

**Present** Cllr. Phil Colmer (Finance Committee Chair); Cllr. Paul Jordan (Chair of the PC); Cllr. Nicholas Taylor; Cllr. David Ribbens; Cllr. John Bushell and Catherine Nutting (Clerk & RFO)

**F/22/001** **Apologies for absence & housekeeping**  
None received.

**F/22/002** **Disclosure of interests**  
Recommendation: - To deal with any disclosure by Members of any disclosable pecuniary interests and interests other than pecuniary interests, as defined under the Plaistow and Ifold Parish Council [Code of Conduct](#) and the Localism Act 2011, in relation to matters on the agenda.

None received.

**F/22/003** **To review and agree to recommend the draft budget for 2022/23**  
The Finance Steering Group **REVIEWED** the following documents:

1. Budget Forecast Comparison spreadsheet at Quarter 3
2. Clerk's Report FC/001/22
3. **Draft budget and precept 2022/23 spreadsheet**

The deadline for notifying CDC of the Council's 2022/23 precept requirement is 14th January 2022. The full Council will meet to agree the precept on 12th January.

The meeting agreed that it is a difficult exercise to compile a draft budget with ¼ of the year's financial information 'missing' (January – March 2022). The draft budget is based on the figures up to and including Quarter 3 (April – December 2021). However, it is necessary to compile a 'best guess' draft budget to determine the most appropriate precept requirement for the Council's needs in 2022/23.

The Finance Committee will fine tune the draft budget and recommend a final budget for 2022/23 after Year End (31.03.2022). The full Council will consider and approve the final budget at its April meeting. However, at this time, the precept will have been fixed for the year.

The meeting worked through the draft budget in conjunction with the Clerk's Report. Please refer to the Clerk's Report for full analysis / explanations.

The meeting agreed that its responsibility was not to interrogate the draft budget 'line-by-line', but to take an overall view of the 'best guess' budget requirements for 2022/23.

The meeting agreed that the draft budget represents the best guess budget for 2022/23 by which to set the precept requirement against and therefore **RECOMMENDS** to the **COUNCIL** that it **APPROVES** and **ADOPTS** the **DRAFT BUDGET** as detailed in the appended spreadsheet.

#### **F/22/004**

#### **To agree a Precept recommendation for the full Council to consider and approve on 12<sup>th</sup> January**

The meeting discussed the need for the Council to increase its true reserves (without the influence of the £50,000 loan) over the five-year lifetime of the loan.

At the end of 2022/23 (31st March 2023) the Council will have 3.5 years remaining to bring its true reserves up to an acceptable level. (Please refer to paragraphs 1.2.5 – 1.2.8 of the Clerk's Report (on page 2)).

At the end of the current financial year (31st March 2022) the Council's reserves will be £69,182.47. This figure is made up of the outstanding loan amount (£44,739.73) plus the Council's 'true' reserves (£24,442.72).

The meeting **NOTED** that if the precept remains unchanged at £92,000, by the end of 2022/23 the Council's projected reserves are £39,760.39. This is a -42.53% reduction in reserves (a loss of £29,422.08). The Council's 'true' reserves (without the loan) would fall from £24,442.72 to £4,163.96.

The RFO reminded the meeting of the best practice reserve position of 50% of the precept. However, in practice, both the Finance Committee and RFO are happy for the Council to operate with a reserve level of between £30,000 - £40,000, which represents a reserve level of between 30%-40% of the precept; (if the precept remains pitched within the £90,000 – £100,000 range).

The RFO counselled the meeting of the need to be mindful and cautious of the fact that at some point there may be a requirement to go to referendum if the Council wishes to increase its precept. Whilst that time is not now, if the precept remains unchanged at £92,000 and the Council's 'true' reserves are reduced within 2022/23 to £4,163.96, with only 3.5 years before the loan expires, the Council runs the risk of having no choice but to make a significant increase to its precept to ensure sufficient reserves and that could be at a time when the referendum requirement has been implemented. (Please refer to paragraphs 1.2.4 – 1.3 of the Clerk's Report (on pages 2-3)).

The meeting agreed that neither the draft, nor the final budget ever comes to fruition fully and that the Council consistently makes savings throughout the year, which increases the projected reserve amount. Therefore, the meeting agreed that it was satisfied that the Council's 'true' reserve position (without the loan) as of 31st March 2023 would be more than £4,163.96.

Nevertheless, the meeting agreed that prudent financial planning ensures that the budget works for 'worst case scenario' – plan for the worst but hope for the best.

The meeting reflected upon the fact that the precept had been 'artificially' reduced to £92,000 for the current financial year because to freeze it at its 2020/21 level of £93,000 – which was the Finance Committee's preferred recommendation – would have seen a 0.33% increase in the amount people paid. (Please refer to paragraphs 1.2.11 – 1.2.12 of the Clerk's Report on page 3). Of note, the same would apply in 2022/23. If the Council were to freeze the precept at £92,000, the amount people would pay would increase by 0.38%; (for a band D property - from £81.98 per year to £82.29 per year) due to natural population fluctuations within the year. Please refer to paragraph 10.6 on Page 9 of the Clerk's Report.

The meeting acknowledged that the cost of living will increase in 2022/23 and that the Council will not be immune to these increases. For example, the cost of electricity for the cricket pavilion will be more.

The meeting discussed the public mandate it has for the draft budget / projects in terms of the public consultation results. The Council has improved its community dialogue and, as a result, has a programme of works / 'business plan' for the next 3 – 5 years informed by public opinion. The Council is first tier local government and has both statutory duties and decision plans which it must bring to fruition.

The meeting discussed the Council's opportunity to receive grant funding over the year, which had not been taken into consideration within the draft budget. This money would impact the final reserve position. The RFO reminded the meeting that the combined New Homes Bonus and CIL monies in 2021/22 was £6,749 and that there is no guarantee that this funding will be available to the Council in 2022/23. Please refer to paragraph 8 of the Clerk's Report, on page 8.

The meeting considered the Members views:

Cllr. Colmer and the RFO recommended that the precept should be increased and suggested that the appropriate level is £98,000. This would be 6.92% increase from its current level (or 5.38% increase from £93,000). For a band D property, it would cost an additional £5.68 per year. However, at £98,000, it would provide the Council with 'true' reserves as at 31st March 2023 of £10,163.96. The precept needs to reflect the current financial situation / realities, which will see an unavoidable increase to the Council's general costs across the board.

Cllr. Taylor was in favour of freezing the precept at £92,000 due to the anticipated rise in the cost of living generally in 2022/23 and that the Council should be mindful of the impact this will have on household budgets and not exacerbate or add to these financial pressures.

Cllr. Jordan agreed that the precept should be increased, however would prefer to see it kept below a 5% increase. Therefore, felt an increase to £96,000 was appropriate. This represents a 4.74% rise.

In real terms this is an additional £3.89 per year for a band D property (or a weekly increase of £0.07 i.e., from the current £1.58 per week to £1.65 per week).

Cllr. Jordan advised that across the board the cost of fuel, energy, labour, and materials is increasing – in some cases significantly – and this would have a direct impact upon the costs to the Council e.g., grass cutting / tree surgery / project costs i.e., materials for the bus shelters and playpark etc. The precept needs to reflect and cope with this reality.

Cllr. Bushell agreed with the increased costs, which he too is experiencing in his business. Cllr. Bushell queried the £15,000 reserve for Crouchlands and asked that if it is unlikely to be required in 2022/23 should it be removed and would this increase the Council's projected 'true' reserve forecast as of 31.03.2023 (£4,163.96).

The meeting discussed that considering the water neutrality issue, it is unlikely that development of the Crouchlands site would come forward within 2022/23 necessitating the Council to use the agreed £15,000 budget to support its response to the planning application(s) (traffic and planning consultancy fees). However, the timescales for the water neutrality issue to be resolved remains completely unknown and therefore because there remains a small chance it could become an issue in 2022/23 the budget should remain ring-fenced. However, in any event, it was explained that it would not make a difference to the projected reserves as at 31.03.2023 whether the £15,000 is either ring-fenced (to be taken forward into 2023/24) or within the Council's general reserves.

Cllr. Bushell agreed that an annual increase of £3.89 to a band D property was not unreasonable and therefore supported Cllr. Jordan's proposal of a £96,000 precept.

Cllr. Ribbens stated that he viewed £98,000 as too high, however agreed the precept should be increased. He was happy to support a precept of £96,000.

Cllr. Taylor stated that he was happy to support the consensus of a precept increase to £96,000.

Of note, an increase to £96,000 represents a 3.2% increase on the 2020/21 precept level of £93,000.

The meeting discussed the usefulness of positive PR regarding the precept and accurate information about the role and responsibilities of the Council in its next newsletter.

In conclusion, the Finance Steering Group **RECOMMENDS** that the **COUNCIL APPROVE** an **INCREASED PRECEPT** level of **£96,000** in 2022/23.

**F/22/005**

**Meeting Dates**

The next meeting will be scheduled for March 2022, to consider and approve the grant applications.

Actions:

Clerk

There being no further business to discuss the Chair closed the meeting at 20:40