

NOTES of the FINANCE KEY AREA GROUP MEETING held in the Council Chamber on Monday 14 November 2022 at 19.00 hours.

KAG MEMBERS: Cllr Graham Allen*
Cllr Andrew Barrett-Miles
Cllr Roger Cartwright
Cllr Anne Eves
Graham Fairbairn - Responsible Finance Officer (RFO)
Cllr Janice Henwood*
Cllr Simon Hicks - Chairman

Also Present: Cllr Peter Chapman
Steve Cridland - CEO
Cllr Robert Duggan
Cllr Robert Eggleston
Cllr Sylvia Neumann
Cllr Matthew Cornish
Cllr Tofojjul Hussain

*Denotes absence
Meeting started 19.00 hrs

103. APOLOGIES FOR ABSENCE

Janice Henwood

104. SUBSTITUTES

None

105. DECLARATIONS OF INTEREST

There were none.

106. CHAIRMAN'S ANNOUNCEMENTS

A full listing of payments made, including those via the town council's business card, are displayed on the council's website on a quarterly basis and can be reviewed accordingly.

107. NOTES OF THE PREVIOUS MEETING

The Notes of the previous Finance Key Area Group meeting, dated 23 June 2022, were approved by Members and will be signed by the Chairman as a correct record.

The Chairman noted the report into future burial ground provision would follow at a later meeting.

108. EXTERNAL AUDIT

Members received a report, as set out in the agenda item 6, dated 14 November 2022, presenting the External Audit Report for the 2021/22 financial year received from the council's external auditor. The report summarised a few minor issues of an administrative nature in regard to the timing of the review of the council's Standing Orders and Financial Regulations and an error made by the Internal Auditor on the Annual Governance and Accountability Return.

RESOLVED:

- a) To bring forward the annual review of the Standing Orders and Financial Regulations to before the end of the financial year and,
- b) Note the contents in regard to the Internal Auditor.

109. BUDGET MONITORING REPORT 2022/23

Members received a report, as set out in the agenda item 7, dated 14 November 2022, with regard to the projected year end result for the or the 2022/23 financial year.

The report highlighted an estimated surplus of £655, but with still some 5 months to go there was opportunity to work towards improving this figure.

The report noted the Public Sector Pay Award had been considerably greater than budgeted for, and there had been an unplanned by-election during the year, both of which increased costs substantially, this was, however, mitigated by the release of an unrequired provision and an improvement on income.

RESOLVED:

- a) To approve the 2022/23 financial year end forecast.

110. INTERIM AUDIT 2022/23

Members received a report, as set out in the agenda item 8, dated 14 November 2022, with regard to the Internal Audit undertaken on the 21 October 2022 by the council's new auditor, Mulberry and Company.

The report highlighted 3 outstanding issues, reviewing the council's Standing Orders and Financial Regulations against the NALC model, increasing the council's Fidelity insurance to match the maximum level of cash held by the council at any onetime and for the RFO to sign the monthly banking reconciliation on a more regular basis to provide a clearer audit trail.

In addition to the above 3 items, the internal auditor questioned the level of General Reserve held by the town council where it was felt a minimum of 25% net budgeted expenditure would be more appropriate as opposed to the stated council policy of 20%.

During the ensuing discussion, it was confirmed a review of the Standing Orders would be presented to Council on Monday 21 November 2022 with a review of the Financial Regulations being presented at the January 2023 Finance KAG meeting.

Members also confirmed they were comfortable with the current General Reserve policy of 20% of net budgeted expenditure as it was felt the council was at the lower end of risk with over 90% of income derived from the Precept and there being a comprehensive insurance policy in-place. It was noted, also, the town council has a number of other reserves that could be utilised should an untoward issue arise.

RESOLVED that:

- a) To review the council's Standing Orders and Financial Regulations against the NALC model,
- b) To increase the council's Fidelity insurance to at least the maximum level of cash held by the town council at any one time,
- c) For the RFO to sign more regularly the bank reconciliations, and
- d) For the town council's policy of having 20% net budgeted expenditure in the General Reserves to remain.

[111. 1st DRAFT REVIEW BUDGET 2022/23](#)

Members received a report, as set out in agenda item 9, dated 14 November 2022, providing an initial review of the financial pressures facing the town council for the 2023/24 financial year.

The report noted the council had/was instigating a number of programmes to assist residents during this high cost of living period and that this 1st draft budget had been prepared to lessen, where possible, the impact on the council's Council Tax charge.

The report noted, also, the decrease in the funds going to the Community Building and Capital Projects Fund to support the wider budget.

A number of issues were raised during the ensuing discussion:

- 1) With the potential increase by 2 in the number of Town Councillors (Northern Arc), the budgeted costs for Members' Allowances may need to be increased,
- 2) There was the potential for monies from the Local Council Infrastructure Fund to assist in the development of the new Burial Ground which would lessen the financial burden on the town council,
- 3) For the format and delivery of the About Town magazine to be reviewed as external costs had risen substantially since the last review was undertaken with each issue now costing in the region of £6k (3 issues per year).

Attention was drawn, also, in regard to a number of budget risks; potential lower increase in the tax base than planned, some £46k from partner organisations that are on annual contracts which could be withdrawn, inflationary pressures on supplier costs and the level of award for the National Pay Deal for 2023/24 (yet to be agreed). Depending on how these items materialised, the budget for 2023/24 would need to be adjusted accordingly.

RESOLVED that:

- a) The RFO to check the level of funds allocated to Members' Allowances,
- b) The Community Engagement KAG to revisit the format and delivery of the About Town magazine, and
- c) For the annual allocation to the Community Building and Capital Projects Fund be reduced from £104k to £60k for the 2023/24 financial year.

112. RESERVES (AS AT 31 OCTOBER 2022)

Members received a report, as set out in agenda item 10, dated 14 November 2022, providing an update on the council's Earmarked and General Reserves.

The report noted that even with the Beehive Project moving to the right, there were, still, a number of community infrastructure projects of interest to the town council, and there was, therefore, a need to maintain a substantial level of funds within the Community Building and Capital Projects Fund. Members accepted that with an excess of required funds in the General Reserve, there was the potential to transfer some £100k into the Community Building and Capital Projects Fund.

The report covered, also, a number of items (detailed below) that were currently outside of the Revenue Budget that could be, for the 2023/24 financial year, funded from the reallocation of the Green Circle Improvement Fund (£9k) and the Air Con Replacement Fund (9k) (neither of which had been utilised for a number of years) and the potential, if required, to access monies from the Severe Weather Fund which stood at £12k:

- 1) the Town Events Fund could be in the region of £5k short in the delivery of its 2022/23 and 2023/24 programme,
- 2) flooding issues at the Junction Road Allotment Site with an estimated cost of £13k to resolve,
- 3) A new district-wide Crime and DISK Partnership being proposed to help fight crime with a potential cost of £2,300 per annum, and
- 4) Funding for the annual Sandpit at a cost of around £4k.

During the ensuing discussion, it was noted that prior to any replacement of the air conditioning system (which is an airflow system that provides, also, heating for the council chamber and Help Point), a full report would be required to establish the economic and environmental credentials of any system proposed.

It was noted, also, the £25k recently allocated to the Cost of Living Fund may need to be revisited should the economy continue to weaken and demand for help from residents grows.

RESOLVED THAT:

To reallocated funds from the Green Circle Improvements Fund, Air Con Replacement Fund and, if required, the Severe Weather Fund to fund towards:

- a) Town Events (£5k),
- b) Addressing the flooding issues at Junction Road Allotment (£13k),
- c) Subscribing to the new Crime and DISK Partnership (£2.3k),
- d) Funding the Sandpit (£4k), and
- e) Transfer £100k from the General Reserve to the Community Building and Capital Projects Fund.

It should be noted, items a, c and d are recurring items and the Revenue Budget for 2024/25 will need to address these costs.

114. BANK RECONCILIATION AND OTHER BALANCES

Members received a report, as set out in agenda item 11, dated 14 November 2022, providing a recent bank reconciliation for review and details of the town council's current balances.

The report noted the potential to place some £250k on a Time Deposit to earn greater interest, this would be in addition to the £291k currently with Santander.

During the ensuing discussion, it was confirmed the placing of £250k on deposit would not impact on the town council's working capital requirements and there may be potential to place additional monies on longer term investments in the future, however, a greater understanding of ongoing project costs and timings was required.

RESOLVED that:

- a) To place £250k on a 6 month time deposit, and
- b) Approve the bank reconciliation.

115. DATE OF NEXT MEETING

Members were informed the date of the next meeting would be in January 2023. [Now confirmed as Monday 23 January 2023].

Meeting ended 19.55 hrs