

## Finance Working Group Meetings 5<sup>th</sup> / 12<sup>th</sup> January 2021, 5pm – Notes of meetings

Meetings held remotely, via Zoom, due to Covid-19

Present: Karen Ripley (Clerk/RFO); Cllr Nick Brown; Cllr Sean O’Hara; Cllr David Todd

### Documents referred to:

- 1) *Accounts Management Reports (computerised accounts programme):*
  - i) *Income and Expenditure Report* – detailed report of income and expenditure under each head of budget to 31/12/20, showing actual expenditure against that planned in the budget (Financial Regulations 4.8 refers) and funds unspent at end of year.
  - ii) *Budget Detail Report* - detailed report showing 20/21 precept figures against each head of budget, brought-forward amounts from 19/20, all virements made during 20/21, plus proposed precept figures for 21/22.
  - iii) *List of Earmarked Funds.*
- 2) *Spreadsheet compiled by Cllr David Todd* showing budget prediction based on 3.3% increase on 19/20 ‘actual’ (last full year).
- 3) *Emergency Response / Covid-19* – details of expenditure to 31/12/20

### 1. MATTERS ARISING FROM FWG MEETING 13/7/20 (not specifically covered elsewhere)-

- a) **further (third) banking institution** - this will be considered further before the March PC Meeting, taking into account likely balances at year-end and the effect on overall balances in Unity Trust Bank when the first instalment of the 21/22 precept comes in on 1<sup>st</sup> April. (The current bank balances are now below the £85,000 threshold so all covered under the FSCS.)

### 2. BANK RECONCILIATION (Financial Reg. 2.2)

The RFO confirmed that monthly bank reconciliations for each account have been completed up to 31/12/20. These have been verified (with sight of the bank statements and direct access to view the bank account), as part of the monthly payment review by a Member of the FWG up to 30/11/20).

### 3. BUDGET MONITORING 20/21 (Financial Reg. 4.2; 4.8; 4.9)

The Income and Expenditure Report and budget virements were discussed. The recommended virements agreed are shown in the following tables (F/R 4.2):

FROM			TO		
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
307/4070	*General Contingency	65.00	4019/101	I.T/Software/Licenses	Underbudgeted
		444.00	4043/302	Bishops Meadow	New entrance fences
		500.00	4075/307	Misc. Amenity	Shop Robertsbridge Campaign
		267.00	4073/310	Notice boards	Cover installation of B/Meadow and Jubilee lectern
		30.00	4020/311	Pipers Field	Bramble clearance
		195.00	4042/308	Maint. Playground Rec. Ground	New gate post / rehang gate
		<b>1,501.00</b>			

FROM			TO		
BUDGET CODE	DESCRIPTION	AMOUNT	BUDGET CODE	DESCRIPTION	REASON
4022/307	Emergency Response	393.00	4000.101	Salaries (Admin)	Covid-19 overtime
		56.00	4001/101	Employer's NIC	
		87.00	4023/101	Employer's Pension	
		<b>536.00</b>			
4040/301	Grass Cutting Recreation Ground (surplus)	5.00	4041/306	<b>Pocket Park path cuts</b>	Various grass cutting codes underbudgeted - to clear small overspends
		20.00	4040/303	<b>Jubilee Garden Grass</b>	
		11.00	4059/307	<b>High St. lawns grass cut</b>	
		10.00	4060/307	<b>Bank of High St. grass</b>	
		<b>46.00</b>			
9003/900	EMF Car Park Recreation Ground	<b>522.00</b>	4045/307	<b>Rec. Ground car park</b>	Cover new Cricket Club fencing between car park and CC
9004/900	EMF Street Lighting	<b>1,175.00</b>	4132/401	<b>Capital expenditure Street Lights</b>	New Column 34 hump bridge Station Road

After the above virements the balance in General Contingency will be £22,290. Members agreed the virements and were happy to recommend to Council for approval 18/1/21. Various balances were explained by the Clerk as follows:

Explanation of various balances showing:			
4018/101	Website / Internet	£1,381.00	To cover new website (Accessibility Regs) - high priority!
4090 & 4091/102	Grants & Donations	£3,150.00	None made to date (no Road Closures Bonfire / Capers)
4030/201	Lights Power Supply	£1,385.00	There will be an overspend at year-end of approx. £70
4042/306	Maint. General Pocket Park	£1,300.00	Budgeted in anticipation of major works (and/or match funding)
4067/307	Highways	£2,319.00	Most of this will be surplus at year-end
4077/310	Grit bins	£2,787.00	Each refill of all bins costs over £1,000. Number unknown (weather dependent)
4062/312	Rates Stn.Rd Car Par	£1,770.00	Surplus (Small Business Rate Reduction)
4026/313	Stn.Rd Toilets - daily servicing	£2,056.00	£1,944 invoice due in March for October to March
4132/401	New Street Lights	£1,175.00	Invoice £1,175 due for new column 34 Station Road
4144/401	New Notice Boards	£533.00	£468 balance due on Bishops Meadow board

Members also discussed Earmarked Funds and agreed that £825 that has been held in 9007/900 Clerk's Qualification should be transferred, as it won't be used in the coming year. It was agreed to recommend moving it to a new Earmarked Reserve for Cemetery Works.

#### 4. BUDGET / PRECEPT 21/22

Cllr Todd's projection of overall budget requirements was discussed, which indicated that a small increase in the precept would be required. The Clerk advised that the Tax Base figure from RDC for 21/22 is 1024.9, which is down from 1041.3 last year, which means each household will pay 1.6%

more in 21/22, even if the precept remained at the same level. Cllr Todd had drafted an explanation of the Tax Base for members – it is shown as an appendix to these notes (see page 5).

The draft budget detail completed by the Clerk was discussed. Only minor increases had been made to some codes to cover increased costs, and some anticipated surpluses at year-end were reflected in the 21/22 figures. Details for some codes discussed are as follows:

- Mileage, hall hire and conferences and training have all been down this year due to Covid-19, so small reductions have been made to 21/22 – surpluses can be carried forward from 20/21.
- 4030/201 Lights Power Supply – this has been kept at the same figure as proposed upgrades should reduce the energy costs.
- 4020/304 Cemetery – a small increase has been included towards extra maintenance.
- 4042/312 Station Road Car Park - maintenance increased to cover weed spraying; rates removed as subject to Small Business Rate Relief.
- 4042/313 Station Road Toilets – reduced as major refurbs completed 20/21 and funds held in EMF for future maintenance.
- Village Steward – surpluses anticipated in NI, mileage and misc. costs and materials which can be carried forward, so nil precept.
- 4132/401 New Street Lights – small increase included towards refurbs.

Budget monitoring in March will pick up where any anticipated surpluses can be carried forward and/or vired to other codes for anticipated expenditure, including General Contingency and/or EMF.

Members were satisfied with the figures, with a Precept of **£98,370 for 21/22**. This represents an increase of 1.83% which, allowing for the reduction in the tax base, will result in an increase of £3.21 per year – or 27p a month – for each council tax paying (Band D) household.

20/21  $£96,606 \div 1041.3 = £92.77$  per year (Band D)

**21/22  $£98,370 \div 1024.9 = £95.98$  per year (Band D)**

## **5. REVIEW OF THE EFFECTIVENESS OF INTERNAL CONTROLS**

This has to be carried out annually and is one of the ‘assertions’ made by Members in Section 1 of the Annual Governance and Accountability Return (AGAR). Cllr Todd had carried out the review by considering paragraphs 1.14 to 1.20 of the Joint Panel on Accountability and Governance Practitioners’ Guide. The FWG was satisfied that each item is adequately covered and could be positively answered.

## **6. HODGE BANK INVESTMENT**

The one year, fixed rate (1.45%) account opened last year to invest £85,000 protected under the Financial Services Compensation Scheme, matures on 22 January; interest will be approximately £1,200 and will be paid to our Unity Trust current account. Hodge Bank has offered the same one year fixed rate account again, but the interest rate will be just 0.25%. Or they will do a 90 day Notice Account on a 0.6% variable interest rate. Members felt that although the primary reason for the investment was protection under the FSCS, the rate of interest is also important. If we reinvest with Hodge Bank, with the same administration and signatories, we will not need to complete new

paperwork. Members agreed to recommend that we reinvest £85,000 in a 90 Day Notice Account with Hodge Bank, with the interest for the last year to be paid to our current account with Unity Trust.

**Recommendations by the FWG for Parish Council Meeting 18/1/21:**

- To approve the budget virements as detailed in item 3 above
- To transfer £825 from EMF Clerk's Qualification to a new EMF towards Cemetery Works
- To approve a Precept for £21/22 of £98,370
- To confirm completion the Review of Internal Controls for 20/21
- On maturity of the Hodge Bank investment on 22/1/21, to reinvest £85,000 with Hodge Bank in a 90 Notice Account.

**Date of next FWG Meeting: tba**

**See page 5 for Appendix – explanation of Tax Base**

**Rother District Tax-base 2021/22**

The Parish Council's income comes from the residents of the parish. We raise a 'precept' on Rother District Council (RDC), which they collect with the council tax on our behalf, and pay over to us. The amount raised is decided by the PC entirely – RDC has no say.

Each year Rother District Council calculates the level of households in each parish that they expect to collect council tax from – this is called the tax-base, and the number fluctuates year to year. The amount of precept we request is divided between this number of households.

Apart from building lots more houses, there are two principal reasons for the tax-base to change, both of which are predicted to be impacted by the pandemic:

1. the number of households claiming support through the Council Tax Reduction Scheme (CTR); this relief is granted when the level of income in that household falls below a certain level. Relief may be a percentage of the amount charged or a fixed amount.
2. the actual collection rate.

RDC has advised that our calculated tax base number has fallen from 1,041.3 in 20/21 to 1,024.9 for 21/22; a reduction of 1.6%.

This means that even if we left our precept at the same level as last year, the actual amount households will have to pay will increase, because there will be less households contributing.

In 20/21 our precept was £96,606, which resulted in each (Band D) council tax paying household paying £92.77 for the year (£7.73 per month).

If we requested the same precept for 21/22 of £96,606, each household would have to pay £94.26 (1.6% increase).

So when considering the amount of our precept, we need to be aware of the full impact on our residents.

As a very rough guide, for every £1,000 added to the precept, each resident would pay approximately £1 per year.