



Garstang Town Council

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Finance Committee Meeting, 12th October 2021 Minutes

Minutes of the Finance Committee meeting, held at Garstang Methodist Church, on 12 October 2021, 7.30pm

Present

Chairman: Councillor Atkinson

Councillors Present: Allan, Atkinson, Halford, Mitchell and Pearson,

Also Present: Town Clerk/RFO Edwina Parry.

18(2021-22) Apologies for Absence

None received.

Councillor Lees was not present

19(2021-22) Declaration of Interests and Dispensations

25(2021-22)c, 27(2021-22) and 30(2021-22) Councillor Atkinson declared an 'other interest'. He is the Town Councillor representative on Kepple Lane Park Trust.

25(2021-22)c, 27(2021-22) and 30(2021-22), Councillor Pearson declared an 'other interest'. He is the Town Councillor representative on Kepple Lane Park Trust.

25(2021-22)b Councillor Pearson declared an 'other interest'. He is the Chair of the Garstang Scouts and Guides Headquarters

20(2021-22) Appointment of Deputy Chairman

Resolved: Councillor Pearson was appointed deputy Chairman.

21(2021-22) Public Participation

There were no members of the public present at the meeting.

22(2021-22) Receipts and payments account year end 2021/22 (Q2)

The Committee were asked to consider and approve the following reports. The Committee noted, as per minute 5(2021-22), Councillor Atkinson had verified the accounts for Q2 June to September 2021.

a) Bank reconciliation year ending 30 September 2021 for the 4 cashbooks (copies of bank statements have been included).

Resolved: The bank reconciliations for the 4 cash books were approved.

- b) Summary receipts & payments to 30 September 2021.
Resolved: The summary receipts & payments report (1 April 2021 to 30 September 2021) was approved.
- c) Detailed receipts & payments budget report (1 April 2021 to 30 September 2021).
Resolved: The receipts/payments by budget report (1 April 2021 to 30 September 2021) was approved subject to the renaming of code 4800 from S137 Grants to Grants.
- d) List of receipts & payments from the 4 cashbooks (1 April 2021 to 30 September 2021).
Resolved: The list of receipts and payments from the 4 cashbooks (1 April 2021 to 30 September 2021) were approved.
- e) Councillor Atkinson reported on the issues with the Rialtas accounting system, as per the appendix, which included the presentation of figures for General Reserves, EMR's and Current Year Fund. He reported that the Current Year End can be cross referenced with the detailed receipts and payments, Net Receipts and Payments Figure in the Actual Year to Date column for future reference.
Resolved: Councillor Atkinson engages with Rialtas to see if the issues can be corrected, and if not explore alternative accounting systems to see if there would be a benefit in moving to another package, or if similar issues would still occur.

Bank verifications

Resolved: Further to resolution 5(2021-22), Councillor Atkinson continues to carry out the verifications until the end of 2021. By the end of 2021 the committee would have more clarity on future banking arrangements (Unity) and can hopefully reduce the level of verification required.

The Finance Committee agreed to suspend financial regulations 2.2 until January 2022.

23(2021-22) Risk Register, quarterly review

Councillors were asked to consider the Council's risk register and make any comments/updates on the register. Items to review are:
 Item 22 working alone item

Resolved: The Committee approved the amendments that the RFO had made to the register.

The Committee **further resolved** that the Clerk messages (by Teams or text) the Chair of the Personnel Committee at the start and end of her working day. The Finance Committee to ensure that a risk assessment is carried out for the Clerk now that she works from home.

The Personnel Committee were asked to address the following:

- a) Health and Safety issues that now arise from the Clerk working from home.
- b) PACT testing of electrical equipment

c) The wellbeing and mental health of the Clerk as she is now a 'lone worker'.

24(2021-22) Asset Register, quarterly review

Councillors reviewed the asset register. The Committee noted the valuation for the War Memorial and asked that the item 38 be amended to detail PA system.

Resolved: The Asset Register, subject to the amendment at item 38, was approved.

25(2021-22) Income fees

The Town Council's financial regulations state:

9. INCOME

9.3. The council will review all fees and charges at least annually, following a report of the Clerk.

Councillors were asked to consider the fees, as detailed below and make recommendations for the Full Council to approve (October's meeting).

a) Allotments rent

Currently as per tenancy agreement (11th January 2010), annual increase of £1 (2021; £42)

Recommendation to Council: To approve the annual increase of £1 (2022; £43)

b) Scout Hut rent (Councillor Pearson did not take part in the discussion or voting for this item)

Currently the rent is £60 (approved Full Council 106 (2019-20)). The tenancy agreement states that the rent is to be reviewed every 5 year period. Next review May 2024.

Recommendation to Council: As per the tenancy agreement, the rent is £60

c) Kepple Lane Park Councillors Atkinson and Pearson did not take part in the discussion or voting for this item)

Lease agreement states a yearly rent of £1 (if demanded) on the 5th July in each year. The Town Council has never 'demanded' the rent.

Recommendation to Council: That the Town Council do not 'demand' the rent.

26(2021-22) Public Works Loan Scheme, Councillor Atkinson

The Committee considered a paper on the Public Works Loan which the Town Council is eligible to apply for. The loan from the government could be utilised by the Town Council to fund any significant capital expenditure projects, where grant funding or reserves would not be sufficient if this was ever necessary.

Resolved: The Committee agreed to gather further information on additional capital expenditure funding sources.

27(2021-22) VAT, Councillor Atkinson and RFO

Garstang Town Council/Finance Committee are taking the opportunity to review its VAT procedures; and specifically the VAT reclaim for the Christmas lights in Garstang and for Kepple Lane Park Trust.

Garstang Town Council is not a vat registered business.

A local authority can recover the VAT attributable to its non-business activities under Section 33 VAT Act 1994.

Christmas Lights

The Town Council works in partnership with Garstang Chamber of Trade - Christmas Lights Group to facilitate the Christmas festive lights.

Currently the 'asset' ; the Christmas lights are 'hired'. The hire agreement is for 5 years. In 2020 it was year 3 of a 5 year contract with the suppliers, LITE (Lighting and Illumination Technology Experience), this agreement is not between LITE Ltd and the Town Council

The structure of the group is to change. The Chamber of Trade (IGT) has formally agreed to release the Christmas Lights Fund so that a charitable trust can be established.

Up until the present day, the Town Council has always paid the invoice (addressed to the Town Council) and reclaimed the VAT on the lights.

The Town Council holds the bank account (Cashbook 4) whereby grant monies from Wyre Council and the Town Council are paid into the account and the shortfall is topped up by the Chamber of Trade.

Recommendation to Council:

That the Town Council, from the date of approving this resolution 18/10/2021, no longer reclaim the VAT monies. The reasons being as per the status quo today,

- a) The Town Council does not order the goods or services (the leasing contract is not held between LITE Ltd and the Town Council).
- b) The Town Council do not receive the supply of goods or services. The receipt of lights is between LITE Ltd and Mr Damian Carr, Christmas Lights Group.
- c) Section 33 does not entitle a local authority to recover VAT on purchases made on behalf of other organisations, where that organisation reimburses the council for its costs.

Kepple Lane Park

The Town Council have a lease agreement with Kepple Lane Park Trust whereby the TC (landlord) lease the playing field to the Trust.

Physical assets - to be confirmed at next Meeting, subject to further information.

Maintenance of the Park

The Town Council are not involved in the details of the maintenance agreement. The main example being the maintenance contract with Garden Inspirations. The Trust arrange for the quotation to be supplied, based on the

Trusts needs all correspondence (by email). Approval on the quote used to be given at the council meeting, now this is delegated further to minute resolution 57(2020-21); 20/07/2020 Kepple Lane Park Review.

Recommendation to Council: That the Town Council, from the date of approving this resolution 18/10/2021, no longer reclaim the VAT monies for the maintenance of the Park. The reasons being as per the status quo today (as agreed with KLPT as part of the Kepple Lane Park Review 20/07/2020:

- a) The Town Council does not order the goods or services, this is done by Kepple Lane Park Trustees.
- b) The Town Council do not receive the supply of goods or services. The receipt of the maintenance is Kepple Lane Park Trust.
- c) Section 33 does not entitle a local authority to recover VAT on purchases made on behalf of other organisations, where that organisation reimburses the council for its costs.

28(2021-22) 2022/23 Budget, Councillor Atkinson

a) Precept Comparison, Councillor Atkinson

The Committee noted the report which included information relating to comparative precept, tax base and band D equivalent. The Committee was asked to bear this information in mind for the when carrying out the budget calculations.

Councillor Atkinson noted that a grammatical error needed to be corrected in the document.

b) Rate of inflation to be used for April 2022 to March 2023, RFO

The rate of inflation, for the financial year 2022/2023, was discussed by the Committee. For budget salaries calculation, Committee members were mindful of 12/01/2021 Finance Committee resolution, 25b (2020-21) and 'The National Agreement on Pay and Conditions of Service of the National Joint Council ("the NJC") for Local Government Services ("the Green Book") which applies to employees contracts of employment.

Resolved: The Committee approved an inflation rate, when preparing the budget for 2022-23 of 1.8 for non-staff costs and 1.75 for staff costs. The Committee noted that there would be an overspend in the current financial year for staff costs, that would be taken into account when preparing the 2022-23 budget.

The Committee wished it to be noted that the staff costs inflationary rate was only for the budget figure, and that the actual pay award figure is determined according to The National Agreement on Pay and Conditions of Service of the National Joint Council ("the NJC") for Local Government Services ("the Green Book") as per employees contracts of employment.

c) Finance Budget Briefing and Budget Timeline, Councillor Atkinson and RFO

Councillor Atkinson reported that previously, the Town Council has held a budget briefing meeting in November whereby the Clerk would brief committee members on the draft budget, which would then be taken to Full Council in December for outline approval. The Finance Committee would then meet in January to finalise the budget and take into account the tax base (usually received by Wyre in December) before recommending a final budget, precept and band D equivalent to Full Council at the January meeting.

Going forward, the suggestion is that for the 2022/23 budget, the budget briefing in November becomes a Finance Committee Meeting, whereby the Clerk will present a draft budget which has been drafted in consultation with the Chair of Finance. This budget need not include projected figures at budget code level for spend at year end, as this often produces minimal value to the precept figure. Instead a top-level view will be taken of the expected position at year end, which would rather than be taken off the precept, go directly into EMR Reserves Contingency (correlates to item 5e). This would then be taken to December's Full Council meeting for outline approval, then onwards as per previous years.

For future budgets (2023/24 onwards) Full Council would be asked to provide budget figures at October's meeting, with the usual October's Finance Committee meeting being moved to the middle of November for the budget to be addressed as part of the usual Finance Committee Meeting, removing the need for an additional meeting, the process would then be the same onwards.

The removal of the projected figures at budget code level would not materially affect the budget process. Previously the amount generally has either been minimal or been transferred at year end to Reserve Contingency anyway, thus not affecting the annual budget and precept setting; this would also simplify the accounting as it would mean that General Reserves (as shown on the Summary of Receipts and Payments) would always stand at £0 at the start of the new financial year.

The timeline for the 2022/23 budget was discussed

Recommendation to Council:

The Finance Committee recommend to Full Council that the timeline detailed in the Appendix and the process set out above relating to projected figures is approved. The RFO and Chair of the Committee, will check that it is drawn up, in accordance with Standing Orders and

Financial Regulations. A timeline for the 2023/24 budget will be drawn up in July 2022 in accordance with the process agreed as part of this proposal.

d) 3 Year Budget, For Decision

Financial Regulations state:

3.3 The Finance Committee shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.

The Committee discussed whether a 3-year budget should be completed.

Resolved: The Committee agreed to defer this item and that it is considered at the next Finance Committee meeting on 29/11/2021 (pending Council approval)

Councillor Mitchell gave her apologies and left the meeting.

29(2021-22) Review of bank accounts Unity bank

Background: Ref 5 (2021/22) The RFO was asked to make an enquiry with Unity bank about opening a new bank account.

The Committee noted that since the above resolution was made, HSBC are introducing charges to the community accounts that the Town Council hold. The RFO has provided a background paper in consultation with the Chair of Finance, which compares the fees of both providers and shows the example of Dogmersfield Parish Council who have made the transition from a High Street bank to Unity bank.

Recommendation to Council:

- a) The Committee recommend to Full Council that the Council open a new bank account with Unity. This bank account would be utilised as the main current account of the Council for financial transactions.
- b) That Councillors Allan, Atkinson, Halford and Pearson and the RFO are authorised signatories on the account.
- c) The Committee recommend to Full Council that cashbooks 1 and 2 are closed (HSBC current and deposit account) and that the monies are transferred into cashbook 3 (Royal Bank of Scotland current account and the newly opened Unity bank, taking into account the £85,000 limit of Financial Services Compensation Scheme (FSCS)).
- d) That the Council note that a cheque (or transfer) for £500 written, in favour of the council, will be necessary to open the account.

Standing item: outstanding resolutions – for information

30(2021-22) Tree surveys – for information

The order for the tree surveys was placed on 5 August 2021. Kepple Lane Park tree survey is scheduled for end of September/beginning October 2021.

31(2021-22) New bank signatories for the Royal Bank of Scotland account

The RFO has to process Councillor Pearson's documentation and start the process with Councillor Atkinson. This resolution ties in with Unity banking.

32(2021-22) Cashbook 4 from telephone banking account to internet account.

Minute 5(2021-22), 13/7/2021 refers The Committee further resolved to process cashbook 4 from telephone banking account to internet account. In the short term a hand written reconciliation on the bank statement was acceptable. This resolution ties in with Unity banking.

33(2021-22) Variances

Minute 5(2021-22), 13/7/2021 refers Variances were discussed and how they were detailed.

Resolved: Councillor Atkinson and RFO to review how the figures are presented.

34(2021-22) Risk assessments

12 Risk Assessments have now been completed by the Clerk and reviewed by Councillor Atkinson. Further Risk Assessments are expected to be completed by the next Finance Committee Meeting

Minute 7(2021-22), refers 31/7/2021. The Committee further resolved that once the risk assessments had been completed, the Chair will review the fall back actions of the risk register and bring back to October's meeting.

35(2021-22) Appointment of Internal Auditor

Minute 014(2020-21), 13/10/2020 refers

Resolved: That the RFO ask Jan Finch if she would be willing to undertake the internal audit for year end 2021, for a fee of £150.00. The Committee further resolved that market quotes be sought for 2022.

The Clerk will approach recommended supplier list and local suppliers to complete the Internal Audit according to latest JPAG Guidance and with documents provided electronically, and report this to January's meeting for decision.

36(2021-22) War Memorial Quotation – Councillor Atkinson

16(2021-22) War Memorial Quotation

Resolved: Councillors Allan and Atkinson to address.

Councillor Atkinson has sought a replacement value for the war memorial. The ballpark figure for replacing the back wall of the war memorial (stonework, granite plaques and inscriptions) would be £20,000 + VAT.

This has now been reflected in the Asset Register.

37(2021-22) Date of next meeting

29 November 2021

11 January 2022

The Meeting Finished at: 8.47pm

Appendix

1) Item 5e Quarter 1 queries

The discrepancy on the Summary Receipts and Payments which we had identified to be relating to Journal 69 (for the Lengthsmans lawn Mower) was as a result of the journal taking place from the budget code to EMR rather than General Reserves to EMR.

Rialtas have informed us that a journal should only take place from General Reserves to the EMR, meaning that you cannot directly transfer budget to EMR. This General Reserves is the surplus remaining, after your Current Year Fund (CYE is Receipts- Payment) and EMRs have been taken off. As a result of this information, we noted that this could mean the General Reserves line could show a minus figure, if the amount transferred to EMRs was greater than this surplus, this minus would be offset by a remainder in the CYE as the budget's which have been transferred from GE would drop in from CYE to General Reserves in the next financial year. Going forward, at the start of a new financial year, we should ensure that once we have received our precept any balance in General Reserves is transferred to EMR Reserves Contingency, the frustration with this is that you cannot easily identify how much you actually have left in Current Year Fund and General Reserves without doing this or manually adding up the journals.

For reference the Current Year End can be cross referenced with the detailed receipts and payments, Net Receipts and Payments Figure in the Actual Year to Date column for future reference.

With regards to the Trial Balance, the Trail Balance is used by Rialtas (not the Clerk or CoF) to check that there are no obvious incorrectly allocated amounts in terms of credit and debit, the Trail Balance shows both the Bank Account Totals, as well as those totals from the accounts package (e.g. EMRs, budget codes etc), as a result the Trial Balance takes a double count, resulting in an incorrect total. The Clerk now has info on how to filter these the bank accounts out if required to cross reference, going forward I believe there is no requirement for the Clerk to run this report, except at year end.

The question was asked of the Support Team whether it was possible to group EMRs like budget codes are, the response was that this was not a feature they could offer, and not something they could look to include in the future. Further discussion with the support team is required around the Current Year Fund value and transfers to EMRs.

2) 12c) Budget 2022/23 Timeline

Date	Meeting	Information
18 October 2021	Full Council Meeting	Timeline as recommended by Finance Committee to be taken to Full Council for approval. Councillors are given notice that they will need provide budgetary figures at Novembers meeting. Councillors are asked to ensure that suitable estimates are obtained to support budget requests.

15 November 2021	Full Council Meeting	Agenda item to be included at Full Council seeking budget figures for projects from Councillors. Following this agenda item, the Clerk/RFO to prepare draft budget according to % increase provided by Finance Committee, for the Finance Committee Meeting, in accordance with Financial Regulations 3.2, in consultation with the Chair of Finance.
29 November 2021	Finance Committee Meeting	The Clerk/RFO will issue the Finance Committee agenda and supplementary papers to finance committee members on the 24 th November. Councillors who are not finance committee members who wish to attend the Finance Committee Meeting should inform the Clerk/RFO by 13.00, Monday, 29 November in order to receive the agenda and supplementary papers prior to the meeting. The agenda will be published on the Town Council website.
6 December 2021	Full Council Meeting	Draft precept figure and budget for comment by Full Council to be included in agenda published on 1 st December. Confidential Budget including staff costs (as per financial regulations 7.4) to be included with agenda on Teams for all Councillors to review. Draft budget (with redacted staff costs as per 7.4 Financial regulations) to be circulated to the public via the Town Council website.
11 January 2022	Finance Committee Meeting	Finance committee meeting will include agenda item for finance committee to make any final changes to the budget, which will at this time include the Tax Base as provided by Wyre Council. Finance Committee will approve a draft to be submitted to Full Council for approval. This to include the following: <ul style="list-style-type: none"> • Budget paper • Band D equivalent using tax base provided by Wyre Council. • Any changes to EMRs Councillors who are not finance committee members who wish to attend the Finance Meeting should inform the Clerk/RFO by 13.00, Monday, 11 January in order to receive the agenda and supplementary papers prior to the meeting. The agenda will be published on the Town Council website.
17 January 2022	Full Council Meeting	Confidential Budget including staff costs (as per financial regulations 7.4) to be included with agenda on Teams for Councillors to review and then approve along with the Band D Equivalent and any

		<p>changes to EMRs This is in line with Financial Regulations 1.13 and 3.4.</p> <p>Draft budget (with redacted staff costs as per 7.4) to be circulated to the public via the Town Council website.</p> <p>Following Full Council meeting approved budget (with redacted staff costs as per 7.4) to be uploaded to the Town Council website.</p> <p>Information to be shared via the Focus Magazine on the changes to the Town Council budget, precept and band D equivalent.</p>
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