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9 am to 4 pm Mondays to Fridays



TOWN HALL
FELIXSTOWE
SUFFOLK
IP11 2AG

TO ALL MEMBERS OF THE FINANCE & GOVERNANCE COMMITTEE

Cllr M Richardson (Chairman)
Cllr T Green (Vice Chairman)
Cllr S Bennett
Cllr S Bird
Cllr M Deacon

Cllr N Barber
Cllr A Smith
Cllr S Wiles
Cllr K Williams

You are hereby summoned to attend a meeting of the **FINANCE & GOVERNANCE COMMITTEE** to be held online on **Wednesday 18 January 2022** at **7.30pm** for the transaction of the following business:

Public Attendance

Meetings of the Town Council and its Committees are open to the press and public who are welcome to attend. Members of the public are invited to make representations or put questions to the Committee during the public session.

There is a limit to the number of public attending in-person. If you wish to attend in person, please email townclerk@felixstowe.gov.uk to confirm capacity.

Public are very welcome join via Zoom using the following link:

<https://us02web.zoom.us/j/83090518311>

Alternatively, you may join via the meeting ID 830 9051 8311 or over the telephone by calling 0131 460 1196.

Council has a duty to pay due regard to preventing crime and disorder and to conserve biodiversity in its decision-making and Members are reminded to consider the Council's commitment to climate action.



The Council kindly asks that anyone planning to attend the meeting in-person to consider car-sharing or low-carbon modes of transport to the Town Hall.

Ash Tadjrishi
Town Clerk
13 January 2023

A G E N D A

- 1. Public Question Time**
Up to 15 minutes is set aside to allow members of the public (up to one minute each) to make representations or put questions to the Committee on any relevant matters.
- 2. Apologies for Absence**
To receive any apologies for absence.
- 3. Declarations of Interest**
To receive any declarations of interest and to consider requests for dispensations from Members for matters in which they have a disclosable pecuniary interest.
- 4. Confirmation of Minutes**
To confirm the Minutes of the Finance & Governance Committee meeting held on 7 December 2022 as a true record. **(Pages 3-5)**
- 5. Budget Monitoring to 31 December 2022**
To receive budget monitoring report to 31 December 2022 and consider any actions deemed necessary. **(Pages 6-10 & Appendix A)**
- 6. Earmarked Reserves Report**
To note a report on Council's Earmarked Reserves. **(Pages 11-12)**
- 7. Investment Policy and Strategy**
To review the Investment Policy & Strategy and make any recommendations to Council. **(Pages 13-14 & Appendix B)**
- 8. Insurance Adequacy Review**
To review the adequacy of the Council's insurance provision and make any recommendations to Council. **(Page 15)**
- 9. Closure**
To close proceedings and confirm the date of the next meeting scheduled for Wednesday 22 March 2023 at 7.30pm.

318. APPOINTMENT OF EXTERNAL AUDITOR FOR THE PERIOD UNTIL 2026-27

Committee noted that SAAA has appointed the external auditor for the next five years, and Council's external auditor will continue to be PKF Littlejohn LLP, which had been Council's auditor for the past four years.

RESOLVED that it be noted that the SAAA has appointed PKF Littlejohn LLP as the Town Council's external auditor for the 5-year appointing period from 2022-23 until 2026-27.

319. BUDGET ESTIMATES 2023/24 (Draft)

Members considered the papers showing a first draft full budget, including earmarked reserve requirements for 2023/24. Members also considered comparisons against the current year budget, actual expenditure, and projected outturn for the full year 2022/23.

Members noted that the budget had been looked at by Civic & Community, Assets & Services and Personnel committees and a few amendments had been made to these, shown in the report in red.

The Clerk confirmed that CIL funding was kept in a separate Earmarked Reserve and so is not accounted for in the budgeting.

The Town Clerk highlighted how General Reserves would continue to decrease in future years if no increase to the precept was made or expenditure reviewed. Members noted the research in to the tax charges of the other town councils in the East Suffolk district and that Felixstowe was one of the lowest. Members considered how year-on-year expenditure had increased and, although the current year was anticipated to have increased further, this had been within the current rate of inflation due to careful budget management.

The Town Clerk reported that this was a comprehensive budget, enabling the Council to meet additional aspirations such as the new addition of the upkeep of both Allenby and Gosford Parks. Should cost-savings be sought in future years, this may have to be by reviewing the range of services being offer, since each budget line had been carefully scrutinised for efficiency during the budget setting process.

Members discussed the budget proposal and, to continue to support the community during the cost-of-living crisis, it was agreed that it should be recommended to Council to freeze its portion of the council tax and use existing funds to offset an anticipated budget deficit for 2023/24.

The Clerk advised that a 0% change to the Town Council's element of council tax for 2023/24 was projected to be a net cost to the General Fund of £29,052 (budgeted income vs expenditure, net of Earmarked Reserves transfers and expenditure).

Members noted that the draft budget proposals for 2023/24 required a precept of £621,629. With the tax base confirmed by East Suffolk Council to be 8,771.40 this would equate to £70.87 per Council Tax Band D equivalent ratepayer, a nil increase on 2022/23.

Committee recommended that the budget be referred to Council for approval in January for final consideration, to include any adjustments to the budget deemed appropriate by the Town Clerk which would not cause the total requirement to change.

Committee recorded a vote of thanks to the Town Clerk, Deputy Town Clerk and Finance Administration Assistant, for their work developing the 2023/24 budget.

It was RESOLVED that it be recommended to Council that, subject to any further adjustments to the budget deemed appropriate by the Town Clerk which would not cause the total requirement to change, the draft budget 2023-24 proposals be recommended for approval as presented.

320. CLOSURE

The meeting was closed at 8.45pm. The next meeting was noted as being scheduled for Wednesday 18 January 2023 at 7.30pm.

AGENDA ITEM 5: BUDGET MONITORING TO 31 DECEMBER 2022

A summary Income & Expenditure Report to 31 December 2022 is shown below with a detailed report provided at **Appendix A**.

1 April - 31 December 2022 (2022 - 2023)

Felixstowe Town Council Summary of Receipts and Payments Summary - All Cost Centres

Cost Centre	Receipts				Payments			
	Budgeted	Actual	Variance	% Received	Budgeted	Actual	Variance	% Spent
101 Administration	616,030.00	737,646.30	121,616	119.74%	312,678.00	236,698.86	75,979	75.70%
201 Town Hall	22,740.00	21,568.24	-1,172	94.85%	78,997.00	54,992.62	24,004	69.61%
202 Walton	7,500.00	7,387.50	-113	98.50%	10,567.00	10,456.15	111	98.95%
203 Broadway House	2,270.00	2,392.56	123	105.40%	8,869.00	8,569.55	299	96.62%
204 Cemetery	86,481.65	50,122.35	-36,359	57.96%	195,897.00	149,731.37	46,166	76.43%
205 Allotment	16,750.00	16,586.09	-164	99.02%	37,754.00	30,125.22	7,629	79.79%
206 Parks & Recreation	0.00	0.00	0	N/A	14,780.00	1,553.40	13,227	10.51%
301 Civic & Community	3,992.00	0.00	-3,992	0.00%	32,430.00	25,310.78	7,119	78.05%
302 Grants	0.00	0.00	0	N/A	86,200.00	34,440.75	51,759	39.95%
303 Felixstowe in Flower	8,250.00	3,437.57	-4,812	41.67%	5,900.00	4,300.36	1,600	72.89%
304 Communication	10,000.00	3,986.44	-6,014	39.86%	13,200.00	14,709.00	-1,509	111.43%
305 Community Projects	0.00	0.00	0	N/A	16,000.00	13,811.21	2,189	86.32%
NET TOTAL	774,013.65	843,127.05	69,113.40	108.93%	813,272.00	584,699.27	228,572.73	71.89%

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In accordance with Council's Financial Regulations, Committee is to receive explanations of Material Variances for expenditure in excess of the estimated budget of 10% or £500, whichever is the lesser. As the Council's budgets are not produced on a phased basis, the expectation is, being nine months in to the year, for overall expenditure to be around 75%, with an explanation for any items overspent by £500 or 10% or over this level (i.e. 82.5%). Total expenditure for the first nine months stood at 71.9%. Explanatory notes and any recommended action for individual qualifying items in **Appendix A** are as follows:

Cost Centre 101 - Administration
<p>4460 Subscriptions (101.9%) All annual subscriptions for 2022/23 now paid. Recommendation: No action.</p>
<p>4461 External Audit (100%) Audit for 2021/22 complete Recommendation: No action.</p>
<p>4462 Internal Audit (98%) Audit for 2021/22 complete Recommendation: No action.</p>
<p>4464 Insurance (111%) Full year payment up front - extra required for Electric Van. Recommendation: No action.</p>

Cost Centre 201 - Town Hall
<p>4110 Rates (92%) Rates are paid over 10 months only. Recommendation: No action.</p>
<p>4180 Licences (100%) Paid in full for 2020-21 Recommendation: No action.</p>
<p>4122 Electricity (118%) Increased usage & rate cost than anticipated Recommendation: Continue to monitor on a monthly basis</p>
<p>1000 Hirings (66.2%) £460 (18%) invoiced awaiting payment. Recommendation: Continue to monitor on a monthly basis, chase outstanding invoices</p>
Cost Centre 202 – Walton Community Hall
<p>4110 Rates (87%) Rates are paid over 10 months only. There will be an overspend on Walton Rates but underspend on Town Hall & Cemetery will ensure rates will be under budget as a whole. Recommendation: No further action</p>
<p>4122 Electricity (136%) Increased usage & rate cost than anticipated Recommendation: Continue to monitor on a monthly basis</p>
Cost Centre 203 – Broadway House
<p>4127 Repairs & Maintenance (134%) Broadway House automatic doors have suffered repeated faults and required numerous unanticipated callouts Recommendation: Continue to monitor on a monthly basis. Potentially look into alternative automatic door solutions.</p>
Cost Centre 204 – Cemetery
<p>4030 Training (96.7%) Chainsaw course completed. Recommendation: Continue to monitor on a monthly basis</p>
<p>4110 Rates (88.4%) Rates are paid over 10 months only. Recommendation: No further action</p>

4122 Electricity (89.7%)

Monthly payments made in advance of billing, monthly payment now reduced, due to credit on account £147.72.

Recommendation: Continue to monitor on a monthly basis

4300 Vehicle Running Costs (89.8%)

Front loaded costs such as MOT, Truck Tax paid, also work to trailer, safety screen to protect against COVID-19.

Recommendation: Continue to monitor on a monthly basis

4320 Vehicle/Tool Hire (100.8%)

To cover Digger and Skip hire. Costs shared with allotment. There is £690 on the allotment Vehicle/Tool Hire budget still to use, however, there is likely to be an overspend on these two budgets which can be taken from surplus fuel budget which is expected to be approx. £800.

Recommendation: Continue to monitor on a monthly basis

1100 Interment Fees (47%)

Further £7,797 (25.9%) invoiced awaiting payment.

Recommendation: Continue to monitor.

1120 Purchase of Graves (64%)

Further £9,340 (26.7%) invoiced awaiting payment

Recommendation: Continue to monitor.

1130 Memorials (48%)

£4,812 (32%) invoiced awaiting payment. **Recommendation: Continue to monitor on a monthly basis.**

4117 Water (144%)

Increased water usage due to low rainfall

Recommendation: Budget adjusted accordingly.

4124 Electricity (90%)

Increased usage & rates, electric van

Recommendation: Continue to monitor on a monthly basis.

4262 Equipment Purchases (94%)

Look into allocating equipment purchases elsewhere subject to discussion with cemetery team

Recommendation: Budget adjusted accordingly.

4300 Vehicle Running Costs (95%)

Frontloaded costs such as MOT, expected to fall in line with budget

Recommendation: Continue to monitor on a monthly basis.

4320 Vehicle/Tool Hire (100%)

Digger & Skips higher than anticipated, skip hire increase

Recommendation: Continue to monitor on a monthly basis, look into alternative skip company

Cost Centre 205 - Allotments

4115 Water and Sewerage (93%)

High Water bill due to Summer drought, water now turned off for winter, staff monitoring usage on a weekly basis when water on.

Recommendation: Continue to monitor.

4321 Vehicles/Tool Hire (90%)
Skips higher than anticipated, skip hire increase
Recommendation: Continue to monitor.

Cost Centre 301 – Civic & Community

4471 Advertising & Promotion (85%)
FTC signage in parks & van
Recommendation: Complete for 2020/21. No further action

4530 Civic Events (89%)
Civic events that took place 2022/23
Recommendation: No further action

4600 CCTV (104%)
Paid in full June 2022.
Recommendation: No further action

4645 Christmas Lights (100%)
Paid in full June 2022.
Recommendation: No further action

Cost Centre 302 – Grants

4620 Annual Grants (88.0%)
Annual grants have been paid.
Recommendation: No further action.

4655 Occasional Grants (99%)
Occasional grants have been paid
Recommendation: No further action.

Cost Centre 303 – Felixstowe in Flower

1810 Donations & Sponsorship (42%)
Lower-than-expected sponsorship due to economic uncertainty
Recommendation: No further action.

4290 Flowers & Containers (100%)
Felixstowe in Flower 2022 Complete
Recommendation: No further action.

Cost Centre 304 – Communication

1810 Donations & Sponsorship (40%)

Magazine advertisements lower than expected, communications assistant looking into increasing awareness/interest.

Recommendation: Continue to monitor on a quarterly basis.

4421 Magazine Print (124%)

Price increase in paper & print

Recommendation: Continue to monitor on a quarterly basis.

Committee is requested to consider the budget monitoring report to 31 December 2022 and decide on any action it deems necessary.

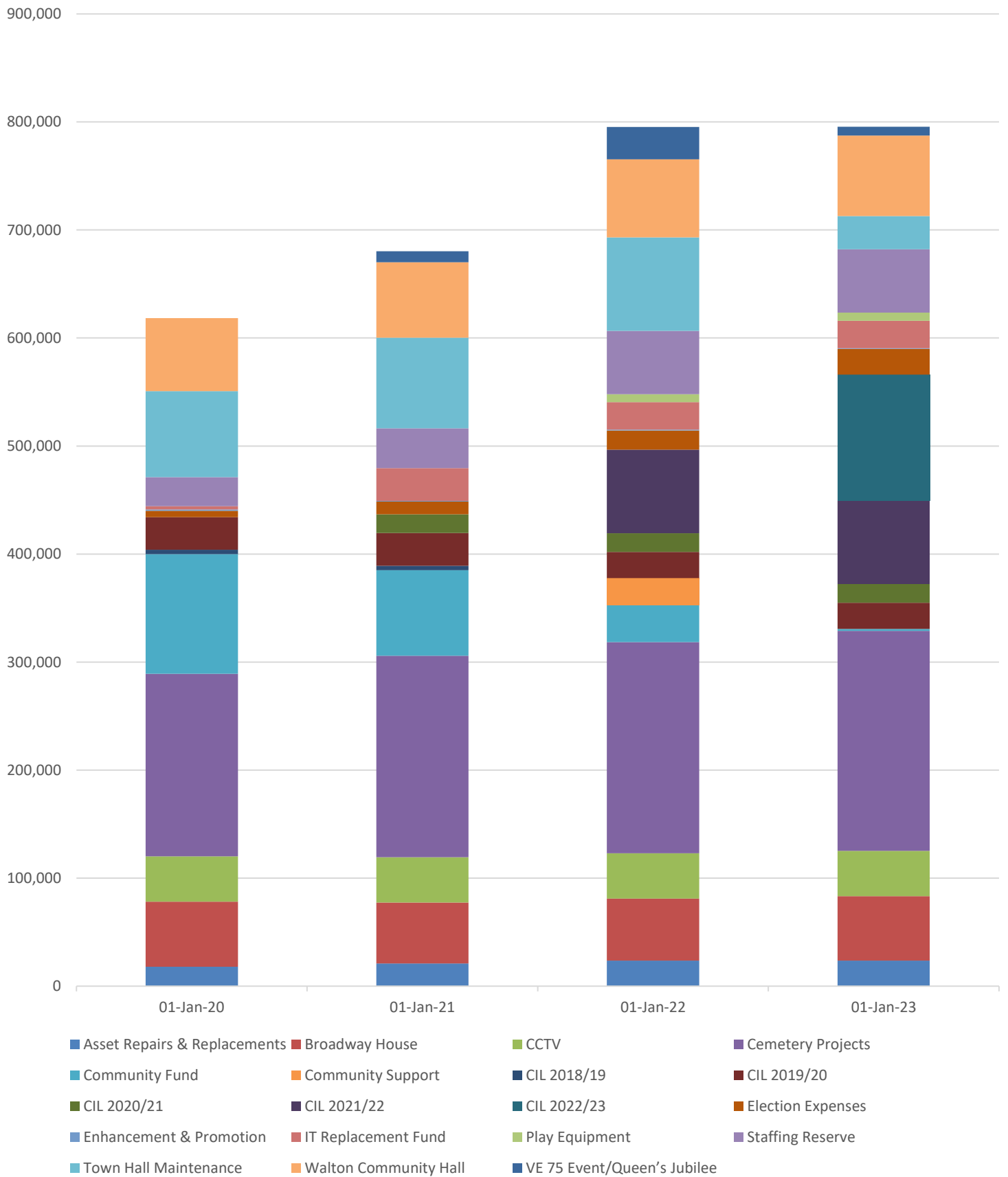
AGENDA ITEM 6: EARMARKED RESERVES REPORT

Members requested to see how the Council's Earmarked Reserve funds have changed over time. The table below shows the year end position of each of the Council's Earmarked Reserves, net of transfers in/out during those years:

Earmarked Reserve Fund	Year End Balances			
	31-Mar -20 (£)	31-Mar-21 (£)	31-Mar-22 (£)	31-Mar-23 (£ projected)
Asset Repairs & Replacements	18,032	21,032	23,615	23,634
Broadway House	60,107	56,296	57,451	59,682
CCTV	42,000	42,000	42,000	42,000
Cemetery Projects	169,060	186,475	195,344	203,562
Community Fund	110,699	79,301	34,297	1,797
Community Support	-	-	25,000	0
CIL 2018/19	4,057	4,057	0	0
CIL 2019/20	30,245	30,245	24,302	24,302
CIL 2020/21	-	17,291	17,291	17,291
CIL 2021/22	-	-	77,290	77,290
CIL 2022/23	-	-	-	116,511
Election Expenses	5,862	11,862	17,862	23,862
Enhancement & Promotion	1,142	692	692	692
IT Replacement Fund	3,117	30,314	25,403	25,403
Play Equipment	0	0	7,500	7,500
Staffing Reserve	26,874	36,874	58,564	58,564
Town Hall Maintenance	79,639	83,793	86,583	30,751
Walton Community Hall	67,500	70,000	72,251	74,482
VE 75 Event/Queen's Jubilee	0	9,996	30,000	8,254
TOTAL (exc. CIL)	618,334 (584,032)	680,228 (628,635)	795,445 (676,562)	795,577 (560,183)

The graph on the following page shows a visual representation of the total holdings.

Total Earmarked Reserve Balances at Year End



Committee is requested to note the report on Council's Earmarked Reserves.

AGENDA ITEM 7: INVESTMENT POLICY AND STRATEGY 2022-23

Council is required to review its Investment Policy & Strategy annually. The existing policy reflects the statutory guidance on local Government Investments (3rd Edition) issued under section 15(1)(a) of the Local Government Act 2003.

Council currently holds a £500,000 one-year fixed investment @ 1.9% with Close Brothers Treasury, which matures on 20 July 2023.

Council also took out £410,901.01 from a Barclays savings account to the Nationwide Building Society on 6 September 2022, this is a 35 day notice account. This started with an interest rate of 1.50% variable and is currently returning an interest rate of 2.40%.

The remainder of Council's funds are administered through business banking accounts with Barclays.

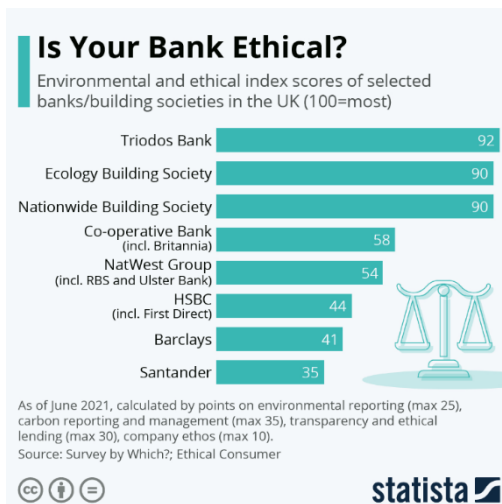
Credit ratings for the institutions holding Council funds have been monitored and the latest reported ratings were (a credit ratings guide is on the next page):

Institution	Agency	Long term	Short term
Close Brothers Ltd.	Fitch (at 16 May 2022)	A-	F2
	Moody's (at 23 November 2022)	Aa3	P1
Nationwide	Fitch (at December 2022)	A	F-1
	Moody's (at 23 November 2022)	Aa3	P1
Barclays Bank UK PLC	Fitch (at 13 December 2022)	A+	F1
	Moody's (at 12 December 2022)	A1	P1

In accordance with Councils' Climate Emergency Declaration, Members are asked to consider the environmental impact of its investments.

Nationwide Building Society rate well ethically with a rating of 90 as one of the top 3 banks and building society in Statista Environmental and ethical index score.

<https://www.statista.com/chart/27580/uks-most-ethical-banks/>



MOODY'S		STANDARD & POOR'S		FitchRatings		Rating description
Long-term	Short-term	Long-term	Short-term	Long-term	Short-term	
Aaa	P-1	AAA	A-1+	AAA	F1+	Prime
Aa1		AA+		AA+		High grade
Aa2		AA		AA		
Aa3		AA-		AA-		
A1	P-2	A+	A-1	A+	F1	Upper medium grade
A2		A		A		
A3		A-	A-2	A-	F2	Lower medium grade
Baa1	BBB+	BBB+				
Baa2	BBB	A-3		BBB	F3	
Baa3	BBB-		BBB-			
Ba1	Not Prime	BB+	B	BB+	B	Non-investment grade speculative
Ba2		BB		BB		
Ba3		BB-		BB-		
B1		B+		B+		Highly speculative
B2		B		B		
B3		B-		B-		
Caa1	Not Prime	CCC+	C	CCC+	C	Substantial risks
Caa2		CCC		CCC		
Caa3		CCC-		CCC-		
Ca		CC		CC		Extremely speculative
	C	C	Default imminent			
C	RD	D	DDD	D	In default	
/	SD		DD			
/	D		D			
/						

In general, a time horizon of one year or under is considered short term, and anything above that is considered long term. In the past institutional investors preferred to consider long-term ratings.

An updated Investment Policy & Strategy is presented at **Appendix B**.

Committee is requested to consider the Investment Policy & Strategy and make recommendations to Council for any action it deems necessary

AGENDA ITEM 8: INSURANCE ADEQUACY REVIEW

Council reviews the adequacy of its insurance arrangements on an annual basis.

On 1 April 2022 a new three-year Long-Term Agreement was taken out with Zurich, the premium for the year 2022/23 being of £5,918.73 plus a premium of £791.50 was paid from 15th August 2022 for insurance cover for the electric van and also for the play equipment for Allenby and Gosford Parks. The annual cost for the van before being pro rata'd was £571.76 and the Play Equipment £706.55.

The sums insured for contents, all risks and buildings are index linked, although the underlying rates stay the same. This is to help protect against 'under insurance' as costs are always rising and it is not possible to always check the sums insured each year to ensure they are correct. This year, valuations of all buildings were carried out and submitted to the Insurance Company, the sums insured will still be automatically increased on an annual basis.

All physical assets and equipment are insured, and cover is provided in accordance with Council's Risk Management Policy, to the following levels:

Public Liability (inc. personal accident liability cover for employees, Members and volunteers under the above policy)	£15 Million
Employers Liability	£10 Million
Fidelity Guarantee	£2 Million
Personal Accident (up to age 90)	£50,000/£200 pw
Hirers Liability	£2 Million
Libel and Slander	£500,000
Legal Expenses – enhanced EPL cover	£200,000
Money	£250,000
Officials Indemnity	£15 Million
Key Personnel Cover	£100,000/£500 -£100pw
Business Travel	Included
Motor	Included
Engineering - Inspection & Insurance	Included
Business Interruption	Included

The policy will renew on 1 April 2023 for the second year of the three-year LTA.

Committee is requested to confirm the adequacy of its arrangements in respect of all insured risks and make any recommendations to Council.
