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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 Nick Barber
Cllr S Bird

Cllr M Deacon
Cllr A Smith
Cllr S Wiles
Cllr K Williams

You are hereby summoned to attend the **FINANCE & GOVERNANCE COMMITTEE** meeting of the **FELIXSTOWE TOWN COUNCIL** to be held at the **Town Hall, Felixstowe** on **Wednesday 8 June 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.

Members of the 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.

Our online meeting guidance can be found here: <https://www.felixstowe.gov.uk/wp-content/uploads/2020/05/Remote-Meeting-Guidelines.pdf>

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.

Ash Tadjrishi
Town Clerk
1 June 2022

For information (via email):

All Town Councillors
Local Press



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 23 March 2022 as a true record. **(Pages 3-7)**
- 5. Internal Audit Report: Full Year 2021/22**
To receive the Full Year Internal Audit report for 2021/22.
(Page 8 & Appendix A)
- 6. Review of Internal Audit Effectiveness**
To review the effectiveness of Council's appointed Internal Auditor and make any recommendations to Council. **(Pages 8-9)**
- 7. Annual Governance Statement and Annual Return 2021-22**
To consider the Accounts, Annual Governance Statement and Annual Return for 2021-22 for onward referral to Council. **(Page 10 & Appendix B)**
- 8. Budget Monitoring to 31 May 2022**
To receive budget monitoring report to 31 May 2022 and consider any actions deemed necessary. **(Pages 11-13 & Appendix C)**
- 9. Quarterly Bank Reconciliation**
To note that Cllr D Savage has confirmed reconciliation between actual bank statement and Scribe accounts for the period 1 April 2021 – 31 March 2022.
(Verbal confirmation)
- 10. Statement of Internal Control 2022/23**
To review the Council's Statement of Internal Control and make any recommendations to Council. **(Page 14 & Appendix D)**
- 11. Closure**
To close proceedings and confirm the date of the next meeting scheduled for Wednesday 13 July 2022 at 7.30pm.

AGENDA ITEM 4: CONFIRMATION OF MINUTES

MINUTES of the **FINANCE & GOVERNANCE COMMITTEE** meeting held at **Town Hall, Felixstowe on Wednesday 23 March 2022 at 7.30pm**

PRESENT: Cllr M Richardson (Chairman)
Cllr S Harkin
Cllr A Smith

OFFICERS: Mr A Tadjrishi (Town Clerk)
Mrs D Frost (Deputy Town Clerk)
Mr S Congi (Financial Administration Assistant)

432. PUBLIC QUESTIONS

There were none.

433. APOLOGIES FOR ABSENCE

Apologies for absence were received from **Cllr S Bennett, Cllr S Bird, Cllr M Deacon, Cllr T Green, Cllr S Wiles** and **Cllr K Williams**.

434. DECLARATIONS OF INTEREST

| Member(s) | Minute No. | Nature of Interest |
|-------------------|-------------------|--|
| Cllr M Richardson | All | Local Non-Pecuniary (as Members of East Suffolk Council) |

As no Pecuniary declarations were made, there were no requests for dispensation.

435. CONFIRMATION OF MINUTES

It was RESOLVED that the Minutes of the Finance & Governance Committee Meeting held on 8 December 2021 be signed by the Chairman as a true record.

436. BUDGET MONITORING TO 18 March 2022

Committee received the budget monitoring report to 18 March 2022. A report of any variance to budget estimates for the period greater than 10% or £500 was considered.

It was RESOLVED that the budget monitoring report to 18 March 2022 be approved, with no other action required at this time.

437. 2021/22 OUTTURN PROJECTION

Committee noted a report outlining the expected outturn to 31 March 2022.

Committee noted that grants for the Apprentices and CJRS (Claim for wages through the Coronavirus Job Retention Scheme) had been received and it was agreed that these be transferred to the Staffing Earmarked Reserve before year end.

It was RESOLVED that:

- i. the report on the projected outturn for the year 2021/22 be noted; and,**
- ii. the grant for Apprenticeships and the CJRS, a total of £12,689.69 is transferred to the Staffing Earmarked Reserve before year end.**

438. INSURANCE REVIEW

Committee considered the quotes received to renew Council's Insurance.

RESOLVED that Council's insurance is renewed with Zurich at the premium of £5,918.73 for a 3 year Long Term Agreement, subject to adjustment after the Reinstatement Cost Assessment Valuations of all Council's buildings and the addition of insurance for Allenby and Gosford Road Parks when the transfers are completed.

439. COMMUNITY GOVERNANCE REVIEW

Committee considered the report on East Suffolk Council's Term of Reference to undertake a Community Governance Review (CGR) covering the East Suffolk district.

It was noted that page 4 of the Terms of Reference states: *"As new development takes place, it may be that existing parish boundaries are no longer the most appropriate division between parishes. The CGR provides an opportunity for existing boundaries to be reviewed."*

The Suffolk Coastal Local Plan, adopted 23 September 2020, includes proposals for a North Felixstowe Garden Neighbourhood. This encompasses 143ha, a comprehensive development of which is expected to deliver a leisure led development, provide up to 2,000 dwellings incorporating dwellings for older and younger people, affordable housing and self-build plots. 12.62 of the Suffolk Coastal Local Plan shows how the North Felixstowe Garden Neighbourhood could be developed and illustrates that a small portion of this land at the north-west would straddle the civil parish boundary between Felixstowe and Trimley St. Mary. Given that the majority of the residential settlement in Trimley St. Mary is to the south-west, across the dual-carriageway of the A14, it is anticipated that residents of the North Felixstowe Garden

Neighbourhood will consider themselves to be within the parish of Felixstowe rather than Trimley St. Mary.

Page 7 of the CGR Terms of Reference states that East Suffolk Council “*will consider the effect of new and forecast development activity on existing parish boundaries. Parish boundaries should be easily identifiable and reflect the separation of settlements recognised locally as having their own identity. These boundaries should generally reflect the areas between communities with low populations or physical barriers such as rivers or manmade features such as railways or motorways.*”

On that basis, members recommended that the Town Council requests that the CGR gives consideration to amending the parish boundary so that the North Felixstowe Garden Neighbourhood would reside wholly within the civil parish of Felixstowe.

Committee carefully considered this matter with a view to ensuring that local governance arrangements within East Suffolk continue to be reflective of the identity and interest of local communities and that they are as efficient and effective as they can be. Members understand that consent would be required from the LGBCE to implement any proposed changes recommended by this CGR. Whilst this proposed adjustment to the civil parish boundary may also necessitate a corresponding adjustment to the County Division and District Wards at this location, it is not believed that this would undermine the changes resulting from the recent District and County Council electoral reviews which were carried out within the past five years.

Members considered all other relevant existing and forthcoming arrangements to be satisfactory at this time.

The above response should be sent to East Suffolk Council by the deadline of 1 April 2022 and a copy be sent to the Clerk of Trimley St. Mary for information as a matter of courtesy.

It was RESOLVED that:

- i. A response as detailed above be sent to East Suffolk Council by the deadline of 1 April 2022 as a formal response from Felixstowe Town Council as agreed at Ordinary Council (*Minute #355 & #414 2021/22 refers*); and,**
- ii. A copy of the response be sent to the Clerk of Trimley St Mary.**

440. TERMS OF REFERENCE 2022/23

Committee reviewed the Terms of Reference for Council and its Committees for 2022/23.

Members discussed the clarification of individual committee’s currently being able to approve expenditure from their Earmarked Reserves, up to a limit of

£20,000 in total per financial year, in accordance with Council's Financial Regulations without requiring further approval from Council. Where a committee such as the Assets & Services Committee have a number of Earmarked Reserves for each property (5 in total) £20,000 could be limiting if there were many requirements in one year.

Committee agreed that it would be more practical if the wording should be amended to ' up to £20,000 per Earmarked Reserve.'

A small typo under General Provisions 4. Should be changed from 'the' to 'a'.

It was RESOLVED that, subject to the change in delegation to Committees giving authority to spend against specified Earmarked Reserves, up to £20,000 per Earmarked Reserve and the typo, the Terms of Reference for 2022/23 be recommended to the Annual Council meeting for adoption as presented.

441. STANDING ORDERS 2022/23

Committee considered Standing Orders for 2021/22, and agreed the amendment to correct the year of the NALC model on page 1 and to update the contract thresholds under 18. Financial Controls and Procurement.

It was RESOLVED that Standing Orders for 2022/23 be recommended to Annual Council meeting for adoption as presented, updated with the correct year, based on the NALC 2020 model and updated thresholds for Contract Procurement.

442. FINANCIAL REGULATIONS 2022/23

Committee reviewed its Financial Regulations for 2022/23. The Town Clerk reported that enquiries had been made to Council's Internal Auditor regarding the feasibility of no longer keeping paper invoices and keeping all records digitally, and that amendments as required would be made before the Financial Regulations are considered by Council.

The thresholds on page 15 will also be updated. In accordance with Regulation 6.8, Committee reviewed the continued use of BACS.

It was RESOLVED that

- i. the Financial Regulations for 2022/23 be recommended to the Annual Council meeting for adoption as presented with updated thresholds and amendments as would be necessary to enable digital signing; and,**
- ii. the continued use of BACS also be recommended to Council.**

443. RISK MANAGEMENT POLICY & FINANCIAL RISK REGISTER

Committee considered Council's Risk Management Policy and Financial Risk Register for 2022/23.

It was RESOLVED that the Risk Management Policy and Financial Risk Register be recommended to the Annual Council meeting for adoption.

444. COMPLAINTS PROCEDURE

Committee reviewed the Council's Complaints Procedure for 2022/23.

It was RESOLVED that Council's Complaints Procedure be recommended to Annual Council for re-adoption in 2022/23 with no changes.

445. FREEDOM OF INFORMATION AND PUBLICATION SCHEME

Committee reviewed the Publication Scheme based on the Information Commissioner's Office (ICO) model publication scheme, and the schedule of information available from Felixstowe Town Council.

RESOLVED that the ICO model publication scheme be recommended to Annual Council for re-adoption without change for 2022/23.

446. CLOSURE

The meeting was closed at 8.20pm. The next meeting was noted as being scheduled for Wednesday 25 May 2022 at 7.30pm.

AGENDA ITEM 5: INTERNAL AUDIT REPORT: FULL YEAR 2021/22

The Internal Audit for the year ending 31 March 2022 took place on Thursday 5th May 2022 and the signed report is presented at **Appendix A**.

The Internal Auditor has completed page 3 of the Council's Annual Governance and Accountability Return confirming that the Council has met all its internal control objectives.

Committee is requested to consider the final Internal Audit Report for the year 1 April 2018 - 31 March 2019 and make any recommendations to Council it deems necessary.

ITEM 6: REVIEW OF INTERNAL AUDIT EFFECTIVENESS

The purpose of internal audit is to review whether the systems of financial and other controls over a council's activities and operating procedures are effective. Mr Colin Poole, as appointed by the Suffolk Association of Local Councils (SALC), has acted as the internal auditor to Felixstowe Town Council since October 2015. SALC have been providing internal audit services to the Town Council since December 2012.

Local councils are required, at least once a year, to conduct, in accordance with proper practices, a review of the effectiveness of internal audit. The Council is required to sign the annual governance statement (on the annual return submitted to the external auditor) to evidence that this review has been undertaken. This item is to let members know that this item will go to the next Ordinary Council meeting.

Review of effectiveness of internal audit

Paragraph 4.22 of "Governance and Accountability for Smaller Authorities in England – a Practitioner's Guide (March 2019)" states that the "*review should be designed to assure the authority that it has maintained the standards of an adequate and effective internal audit of its risk management, control and governance processes. It should include, as a minimum, making an assessment of each of the following:*

- *the scope of internal audit;*
- *independence;*
- *competence;*
- *relationships with the clerk and the authority; and*
- *audit planning and reporting.*

The Council must also satisfy itself that the quality of delivery of the internal audit service provides reliable assurance about the Council's internal controls and its management of risk.

An assessment against the above criteria is provided, as follows, to assist Council in reviewing the effectiveness of the Town Council's internal audit arrangements:

Scope of Internal Audit: *It is a matter for the authority to determine the necessary scope and extent of its internal audit. When securing an internal audit service, the authority should make sure that it is proportionate to the needs, size and the circumstances of the authority.*

The scope of the internal audit work carried out by Mr Poole follows that which was suggested in paras. 4.14-4.17 of the “Governance and Accountability for Local Councils – a Practitioner’s Guide 2019.”

Independence: *Independence requires the absence of any actual or perceived conflict of interest. It means that whoever carries out the internal audit role does not have any involvement in or responsibility for the financial decision making, management or control of the authority, or with the authority’s financial controls and procedures.*

Mr Poole is not involved in the Council’s financial controls, procedures or decision making.

Relationships with the Clerk and the Authority:

Mr Poole is not related to, nor associated with, any Member of the Council, its staff or the Clerk. The internal auditor has direct access to the Council should they think this necessary.

Competence: *There are various ways for an authority to source an internal audit service, for example, appointing a local individual administered by a local association or branch of NALC, SLCC or ADA. An individual will need to demonstrate adequate independence and competence to meet the needs of the authority.*

Mr Poole has extensive experience of carrying out audit work for parish councils across Suffolk on behalf of the Suffolk branch of the National Association of Local Councils.

Audit Planning and Reporting: *The minimum reporting requirement for internal audit to the smaller authority is met by completing the annual internal audit report on page 3 of the Council’s Annual Governance and Accountability Return.*

In addition to completing the annual internal audit report on the annual return, the SALC internal auditor prepares a report in their own name following completion of each internal audit. Each audit report is presented to the Council’s Finance & Governance Committee and any recommendations are reviewed and considered at that time. Any actions taken prior to the meeting, such as may be appropriate under delegated authority or for matters of urgency, are reported to the Committee at this time. Any actions to be taken on the recommendations made are recorded in the minutes of the meeting and reported to Council for approval, if required.

An internal audit of Felixstowe Town Council was carried out twice during 2021/22 on a half-yearly basis.

Committee is requested to review the effectiveness of the internal audit and recommend appropriate arrangements to Council for 2022/23.

ITEM 7: ANNUAL GOVERNANCE STATEMENT AND ACCOUNTABILITY RETURN FOR 2021/22

The Annual Governance Statement and Accountability Return for 2021-22 is being prepared for submission to Council and is presented at **Appendix B**.

Council's Full Year Internal Audit for 2021-22 was carried out 5 June and there were no matters arising from the report requiring an action plan to be submitted with the Annual Return 2021-22 to the External Auditor. Accordingly, Council's Internal Auditor has completed and signed page 3 of the Annual Governance and Accountability Return confirming that all internal control objectives have been met.

Committee is requested to receive the Annual Governance Statement and Accountability Return for 2021-22 for onward referral to Council on 22nd June 2022.

ITEM 8: BUDGET MONITORING TO 31 MAY 2022

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

In accordance with Council's Financial Regulations, Committee is to receive

1 April - 31 May 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 | 310,056.70 | -305,973 | 50.33% | 312,678.00 | 56,303.15 | 256,375 | 18.01% |
| 201 Town Hall | 22,740.00 | 1,613.95 | -21,126 | 7.10% | 78,997.00 | 8,142.92 | 70,854 | 10.31% |
| 202 Walton | 7,500.00 | 1,472.50 | -6,028 | 19.63% | 10,567.00 | 1,731.30 | 8,836 | 16.38% |
| 203 Broadway House | 2,270.00 | 0.00 | -2,270 | 0.00% | 8,869.00 | 1,514.32 | 7,355 | 17.07% |
| 204 Cemetery | 86,481.65 | 10,385.33 | -76,096 | 12.01% | 195,897.00 | 30,895.15 | 165,002 | 15.77% |
| 205 Allotment | 16,750.00 | 57.38 | -16,693 | 0.34% | 37,754.00 | 5,785.67 | 31,968 | 15.32% |
| 206 Parks & Recreation | 0.00 | 0.00 | 0 | N/A | 14,780.00 | 61.92 | 14,718 | 0.42% |
| 301 Civic & Community | 3,992.00 | 41.67 | -3,950 | 1.04% | 32,430.00 | 20,068.74 | 12,361 | 61.88% |
| 302 Grants | 0.00 | 0.00 | 0 | N/A | 36,200.00 | 6,500.00 | 29,700 | 17.96% |
| 303 Felixstowe in Flower | 8,250.00 | 1,458.36 | -6,792 | 17.68% | 5,900.00 | 702.50 | 5,198 | 11.91% |
| 304 Communication | 10,000.00 | 235.08 | -9,765 | 2.35% | 13,200.00 | 0.00 | 13,200 | 0.00% |
| 305 Community Projects | 0.00 | 0.00 | 0 | N/A | 16,000.00 | 17,563.50 | -1,564 | 109.77% |
| NET TOTAL | 774,013.65 | 325,320.97 | -448,692.68 | 42.03% | 763,272.00 | 149,269.17 | 614,002.83 | 19.56% |

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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 two months in to the year, for overall expenditure to be around 16.2%, with an explanation for any items overspent by £500 or 10% or over this level (i.e. 18.4%). Total expenditure for the first two months stood at 19.5%. Explanatory notes and any recommended action for individual qualifying items in **Appendix C** are shown below.

| Cost Centre 101 - Administration |
|---|
| 4030 Training (22%) SLCC Training Course - DF Recommendation: No action. |
| 4460 Subscriptions (95%) Front loaded – three annual subscriptions paid to date. Recommendation: No action. |
| 4464 Insurance (99%) Full year payment up front. Recommendation: No action. |
| 4481 IT Maintenance & Software (19%) New Cemetery Tablet purchased Recommendation: Continue to monitor on a monthly basis |
| 1805 Bank Interest received (0%) Interest on one-year bond due in July 2020. |

| |
|--|
| Recommendation: No action. |
| Cost Centre 201 - Town Hall |
| 4110 Rates (28%) Rates are paid over 10 months only. Recommendation: No action. |
| 4180 Licences (100%) Paid in full for 2021-22. Recommendation: No action. |
| 4122 Electricity (20%) Gas & electricity prices have soared and continue to climb Recommendation: Continue to monitor, and look into supplier prices |
| 1000 Hirings (11%) Regular hirers gradually returning, one-offs continue to be a rarity Recommendation: Continue to monitor on a monthly basis. |
| Cost Centre 202 – Walton Community Hall |
| 4111 Rates (20%) Rates are paid over 10 months only. Recommendation: No further action |
| 4123 Electricity (46%) Gas & electricity prices have soared and continue to climb Recommendation: Continue to monitor, and look into supplier prices |
| Cost Centre 203 – Broadway House |
| 1030 Leases, Rents & Licences (0.0%) Annual receipt to be invoiced in July. Recommendation: No further action. |
| Cost Centre 204 – Cemetery |
| 4112 Rates (10%) Rates are paid over 10 months only. Recommendation: No further action |
| 4300 Vehicle Running Costs (41%) Some costs are front loaded e.g. Truck Tax & MOT paid for the year. Recommendation: Continue to monitor on a monthly basis. |
| 1032 Mobile Phone Mast (0.0%) Paid annually, invoiced in June. Recommendation: No further action |
| Cost Centre 205 – Allotments |
| 1080 Allotment Rents (1%) Majority of Allotment rents are billed annually in September. Recommendation: No further action |
| Cost Centre 301 – Civic & Community |

| |
|--|
| <p>1800 Agency Income (0%) CCTV contribution from ESC, invoice in July Recommendation: No further action</p> |
| <p>4513 Civic Awards (50%) Events & expenditure frontloaded Recommendation: No further action</p> |
| <p>4513 Civic Events (36%) Events & expenditure frontloaded Recommendation: No further action</p> |
| <p>4600 CCTV (104%) Initial invoice paid, awaiting generating split invoice Recommendation: No further action</p> |
| <p>4645 Christmas Lights (100%) Paid up front Recommendation: No further action</p> |
| <p>Cost Centre 302 – Grants</p> |
| <p>4620 Donations & Sponsorship (59%) Annual grants paid early in the year Recommendation: No further action.</p> |
| <p>Cost Centre 303 – Felixstowe in Flower</p> |
| <p>1810 Donations & Sponsorship (3%) Donations currently “early payers”, most sponsors are awaiting invoices to be generated in due course. Recommendation: No further action.</p> |
| <p>Cost Centre 305 – Community Fund Projects</p> |
| <p>4625 Felixstowe Harwich Ferry (100.0%) Paid over at start of Financial Year. Recommendation: No further action.</p> |
| <p>4630 Level 2 (100.00%) Annual grant paid early in the year Recommendation: No further action.</p> |
| <p>4680 Floral Bedding (84%) Frontloaded costs of Felixstowe in Flower planters Recommendation: No further action.</p> |

Committee is requested to consider the budget monitoring report to 30 May 2022 and decide on any action it deems necessary.

ITEM 10: STATEMENT OF INTERNAL CONTROL 2022/23

The Accounts and Audit Regulations 2015 states that a Council must ensure that it has a sound system of internal control which

- facilitates the effective exercise of its functions and the achievement of its aims and objectives;
- ensures that the financial and operational management of the authority is effective; and
- includes effective arrangements for the management of risk.

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

The Council must operate an overall system of internal control appropriate to its expenditure and activity. As part of its system of internal control, the Council arranges for an internal audit where someone, other than the Responsible Financial Officer (RFO) and acting independently of the Council, scrutinises the Council's financial systems.

The system of internal control is designed to ensure that the Council's activities are carried out properly and as intended. Internal controls are set up by the RFO but it falls on the Council Members to ensure that they have a degree of control and understanding of those controls. Controls will include the checking of routine financial procedures; the examination of financial comparisons; the recording of assets and liabilities; the identification of risk and to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

Council's Statement of Internal Control for the year ending 31 March 2023 is shown at **Appendix B**.

Committee is requested to review and recommend to Council, its Statement of Internal Control for the 2022/23 financial year.
