



9 am to 4 pm Mondays to Fridays

TO ALL MEMBERS OF THE FINANCE & GOVERNANCE COMMITTEE

Cllr S Gallant (Chairman)

Cllr M Richardson (Vice Chairman)

Cllr N Barber

Cllr S Bird

Cllr M Deacon

Cllr D Savage

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 at the **Town Hall, Felixstowe** on **Wednesday 22 January 2020** at **7.30pm** for the transaction of the following business:

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 on 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 11 December 2019 as a true record. **(Pages 3-5)**

5. Budget Monitoring to 31 December 2019

To receive budget monitoring report to 31 December 2019 and consider any actions deemed necessary. **(Pages 6-9 & Appendix A)**

6. Earmarked Reserves Report

To note a report on Council's Earmarked Reserves. **(Pages 10-11)**

7. Investment Policy and Strategy

To review the Investment Policy & Strategy and make any recommendations to Council. **(Pages 12-13 & Appendix B)**

8. Insurance Adequacy Review

To review the adequacy of the Council's insurance provision and make any recommendations to Council. **(Page 14)**

9. Business Plan 2020-2024

To consider a draft of a Business Plan for the Town Council for the period 2020-2024 and make any recommendations to Council. **(Page 15)**

10. Closure

To close proceedings and confirm the date of the next meeting scheduled for Wednesday 25 March 2020 at 7.30pm.



**Ash Tadjrishi
Town Clerk
17 January 2020**

For information (via email): All Town Councillors
Local Press

Committee is reminded to consider the Council's commitment to climate action in its decision-making.

Meetings of the Town Council and its Committees are open to the press and public who are welcome to attend.

AGENDA ITEM 4: CONFIRMATION OF MINUTES

MINUTES of the **FINANCE & GOVERNANCE COMMITTEE** meeting held at Felixstowe Town Hall on **Wednesday 11 December 2019** at **7.30pm**

PRESENT: Cllr M Richardson (Vice-Chairman) Cllr D Savage
 Cllr N Barber Cllr A Smith
 Cllr S Bird Cllr S Wiles
 Cllr M Deacon Cllr K Williams

OFFICERS: Mr A Tadjrishi (Town Clerk)
 Mrs D Frost (Deputy Town Clerk)

352. PUBLIC QUESTIONS

There were none.

353. APOLOGIES FOR ABSENCE

Apologies were received from **Cllr S Gallant**.

354. DECLARATIONS OF INTEREST

Member(s)	Minute No.	Nature of Interest
Cllr S Bird Cllr M Deacon Cllr S Wiles	All	Local Non-Pecuniary (as a Member of Suffolk Coastal District Council)
Cllr S Bird Cllr S Wiles	All	Local Non-Pecuniary (as a Member of Suffolk County Council)

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

355. CONFIRMATION OF MINUTES

It was RESOLVED that the Minutes of the Finance & Governance Committee Meeting held on 23 October 2019 be signed by the Chairman as a true record.

356. BUDGET MONITORING TO 30 NOVEMBER 2019

Committee received the budget monitoring report to 30 November 2019. A report of any variance to budget estimates for the period greater than 10% or £500 was considered.

RESOLVED that the budget monitoring report to 30 November 2019 be approved, with no other action required at this time.

357. BUDGET ESTIMATES 2020/21 (DRAFT)

Committee considered the papers showing a first draft full budget, including earmarked reserves requirements for 2020/21. Members also considered comparisons against the current-year budget, actual expenditure and projected outturn for the full year 2019/20.

Members noted that the draft budget proposals for 2020/21 required a precept of £600,570. Using the confirmed tax base of 8,474.25, this would equate to £70.87 per Council Tax Band D equivalent ratepayer, an increase of 2.04%, i.e. £1.42 per year, which was slightly less than the prevailing rate of inflation. It was also noted that this was in line with Council's 4-year Financial Forecast which had projected a 2% increase to the precept for the year 2020/21.

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.

The Clerk confirmed that the cost of the PCSO was being met from the Community Fund Earmarked Reserve, not through the precept.

Members requested that a report be brought to a future Finance & Governance meeting showing how the Council's Earmarked Reserves have varied over a 4 to 5-year period.

Members also suggest that an explanatory article be produced for the Town Magazine, advising how we manage our budget and earmarked reserves. It could also compare our precept to the 3 lowest parish precept charges and the top 3 parish precept charges.

Committee recorded a vote of thanks to the Town Clerk and Deputy Town Clerk for their work on developing the 2020-21 budget.

It was RESOLVED that:

- i. 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 2020/21 proposals be recommended for approval as presented; and,**
- ii. A report on Earmarked Reserves over a 5 year period be brought to a future Finance & Governance committee meeting; and,**
- iii. an explanatory article be produced for the Town Magazine, advising how we manage our budget and earmarked reserves.**

358. COMMUNITY INFRASTRUCTURE LEVY (CIL)

Committee considered the report on the Community Infrastructure Levy and the CIL Annual Report for 2018/19.

It was noted that the CIL Annual Report would be published on the Council's website and sent to East Suffolk Council by the 31st December 2019 deadline.

It was RESOLVED that the Community Infrastructure Levy Annual Report for 2018/19 be approved as presented and published on the Council's website before 31st December 2019.

359. BUSINESS PLAN 2020-2024

The Town Clerk showed Members the framework for the first draft Business Plan for Council for the four-year period 2020-2024. The Clerk advised that a comprehensive draft would be circulated to Members of the Committee for consideration at the next meeting on 22 January 2020.

Following this, a six-week public consultation will run from 23 January until 5 March 2020, with the final Business Plan going to Council on 11 March 2020 for approval.

It was RESOLVED that a first draft of the Business Plan 2020-2024 be circulated to Members for consideration at the next Finance & Governance Committee on 22 January 2020.

360. CLOSURE

The meeting was closed at 8.35pm. The next meeting was noted as being scheduled for Wednesday 22 January 2020 at 7.30pm.

AGENDA ITEM 5: BUDGET MONITORING TO 31 DECEMBER 2019

A summary Income & Expenditure Report to 31 December 2019 is shown below with a detailed report provided at **Appendix A**.

	Felixstowe Town Council				Page 1			
03/01/2020 11:51	Summary Income & Expenditure by Budget Heading 31/12/2019							
Month No: 9	Committee Report							
	Actual Last Year	Actual Year To Date	Current Annual Bud	Variance Annual Total	Committed Expenditure	Funds Available	% Spent	
<u>Finance & Governance</u>								
Income	570,109	616,051	585,463	(30,588)			105.2%	
Expenditure	256,676	214,539	283,942	69,403	0	69,403	75.6%	
Movement to/(from) Gen Reserve	313,433	401,512						
<u>Assets & Services</u>								
Income	134,510	108,721	117,835	9,114			92.3%	
Expenditure	255,623	186,834	270,767	83,933	0	83,933	69.0%	
Movement to/(from) Gen Reserve	(121,113)	(78,113)						
<u>Civic & Community</u>								
Income	15,042	20,545	14,692	(5,853)			139.8%	
Expenditure	123,343	145,051	169,837	24,786	0	24,786	85.4%	
Movement to/(from) Gen Reserve	(108,301)	(124,507)						
<hr/>								
Grand Totals:- Income	719,661	745,317	717,990	(27,327)			103.8%	
Expenditure	635,642	546,425	724,546	178,121	0	178,121	75.4%	
Net Income over Expenditure	84,019	198,892	(6,556)	(205,448)				
Movement to/(from) Gen Reserve	84,019	198,892						

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 less. As the Council's budgets are not produced on a phased basis, the expectation is, being nine months into 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 75.4%. Explanatory notes and any recommended action for individual qualifying items in **Appendix A** are as follows:

Cost Centre 101 - Administration
<p>4460 Subscriptions (97.8%) Front loaded – five annual subscriptions paid to date. Recommendation: No action required.</p>
<p>4461 External Audit (100%) Audit for 2018/19 complete Recommendation: No action.</p>
<p>4462 Internal Audit (99.7%) 2 half yearly audits complete. Note increase for next year Recommendation: No action, increased budget for 2020/21</p>
<p>4481 IT Maintenance and Software (98.5%) Front loaded annual IT support, mailboxes, Defence 360, RBS, Edge & Clearskies BACAS paid. Recommendation: No action.</p>
<p>4500 Election Expenses (100%) Election May 2019 expenses complete Recommendation: No action.</p>
Cost Centre 201 - Town Hall
<p>4110 Rates (89%) Rates are paid over 10 months only. Recommendation: No action.</p>
<p>4122 Electricity (86.4%) 1-year fixed contract due for renewal June with Octopus 100% renewable. Recommendation: Continue to monitor on a monthly basis.</p>
<p>4180 Licences (100%) Paid in full for 2019-20. Recommendation: No action.</p>
Cost Centre 202 – Walton Community Hall
<p>4110 Rates (97.7%) 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 (83%) 1-year fixed contract due for renewal June with Octopus 100% renewable. Recommendation: Continue to monitor on a monthly basis.</p>

Cost Centre 204 – Cemetery
<p>1100 Interment Fees (46.3%) Further £10,719 (26.8%) invoiced, awaiting payment Recommendation: Continue to monitor.</p>
<p>1140 Upkeep of Grave Spaces (68.4%) Further £260 (34.2%) invoiced, awaiting payment Recommendation: Continue to monitor.</p>
<p>4110 Rates (89%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4320 Vehicle/Tool Hire (84.8%) Skip and Digger hire, can also use Allotment budget £1570 remaining for skips Recommendation: Continue to monitor.</p>
Cost Centre 205 - Allotments
<p>4115 Water and Sewerage (103.8%) High Water bill at Cowpasture – Allotment Association have been informed, water now turned off for winter, staff monitoring usage on a weekly basis when water on. Recommendation: Continue to monitor.</p>
Cost Centre 301 – Civic & Community
<p>4512 Engraving/Sign Writing (85%) Engraving of Mayoral Board. Recommendation: No further action</p>
<p>4531 Remembrance (679.5%) Overspend of £1250 for the remembrance signs and £700 for remembrance barriers which were both sponsored, this was received into budget code 1810/301 Donations and Sponsorship, with the remainder cost of the signs £417.25 being taken from the Suffolk Armed Forces Weekend Legacy Fund Earmarked Reserve. Current actual spend in Remembrance is £92 out of a £300 budget (31%) Recommendation: No further action</p>
<p>4600 CCTV (100%) Paid in full June 2018. Recommendation: No further action</p>
<p>4645 Christmas Lights (100%) Paid in full June 2018. Recommendation: No further action</p>
Cost Centre 302 – Grants
<p>4620 Annual Grants (100.0%) All annual grants have been paid. Recommendation: No further action.</p>

Cost Centre 303 – Felixstowe in Flower
4512 Engraving/Sign Writing (86.8%) Complete for 2019-20. Recommendation: No further action.
Cost Centre 305 – Community Fund Projects
4625 Felixstowe Harwich Ferry (100.0%) Paid over at start of Financial Year. Recommendation: No further action.
4630 Level Two (100.0%) Paid over at start of Financial Year. Recommendation: No further action.
4670 Felixstowe Forward (100.0%) Paid over at start of Financial Year. Recommendation: No further action.
4680 Community Projects (100.0%) Cost of PCSO complete for 2019/20. Recommendation: No further action.
4625 Landguard Partnership (100.0%) Paid over at start of Financial Year. Recommendation: No further action.

Committee is requested to consider the budget monitoring report to 31 December 2019 and decide on any action it deems necessary.

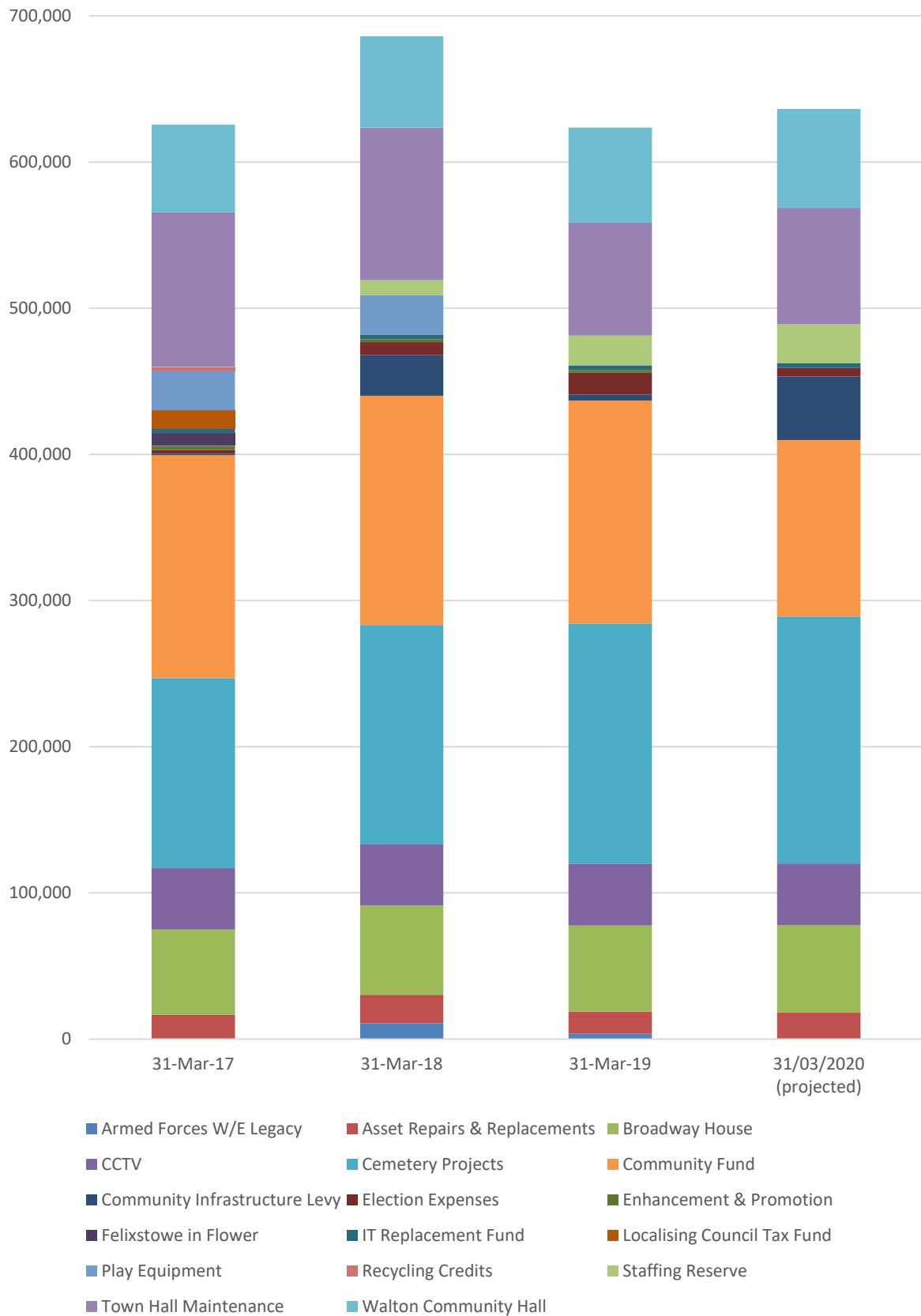
AGENDA ITEM 6: EARMARKED RESERVES REPORT

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-17 (£)	31-Mar-18 (£)	31-Mar-19 (£)	31/03/2020 (£ projected)
Armed Forces W/E Legacy	0	10,796	3,680	0
Asset Repairs & Replacements	16,532	19,532	15,032	18,032
Broadway House	58,520	61,020	59,106	60,107
CCTV	42,000	42,000	42,000	42,000
Cemetery Projects	129,922	149,922	164,436	169,060
Community Fund	152,461	156,821	152,672	120,699
Community Infrastructure Levy	911	27,808	4,057	43,354
Election Expenses	2,862	8,862	14,862	5,862
Enhancement & Promotion	2,721	1,941	1,941	0
Felixstowe in Flower	8,428	0	0	0
IT Replacement Fund	3,117	3,117	3,117	3,117
Localising Council Tax Fund	12,565	0	0	0
Play Equipment	27,000	27,000	0	0
Recycling Credits	2,434	0	0	0
Staffing Reserve	375	10,375	20,375	26,874
Town Hall Maintenance	105,732	104,242	77,187	79,639
Walton Community Hall	60,000	62,500	65,000	67,500

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 2020-21

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 @1.25% with Close Brothers Treasury, which matures in July 2020.

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 20 December 2019)	A	F1
	Moody's (at 15 November 2019)	Aa3	P1
Barclays Bank UK PLC	Fitch (at 20 December 2019)	A+	F1
	Moody's (at 15 November 2019)	A1	P1

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

Though the market is growing in this area, ethical banks tend to be either unrated, or below the acceptable risk level. For example, Charity Bank, Triodos Bank and the Ecology Building Society are all unrated. the Co-operative Bank is the only high street bank in the UK with an explicit ethical policy, however they also do not satisfy the credit-rating test (rated B by both Fitch and Moody's).

Investment in such banks would contravene statutory guidance as security is the Council's primary consideration. However, if an ethical bank had an acceptable rating, the Council could invest in it. Members should note also that financial returns may be lower.

Additionally, whilst most of the Council's transaction are conducted electronically, cash payments are still regularly received. This fact, together with the regulated nature of Council's banking arrangements, means that a bank with a local high-street presence is still considered to be important.

An updated Investment Policy & Strategy is presented at **Appendix B**, based on the 2019-20 version with some suggested changes tracked for further consideration.

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-			
Baa1	P-3	BBB+	A-2	BBB+	F2	Lower medium grade	
Baa2		BBB		BBB			
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		C	CCC+	C	CCC+	C	Substantial risks
Caa2			CCC		CCC		
Caa3			CCC-		CCC-		
Ca	D	CC	D	CC	D	Extremely speculative	
C		C		C		Default imminent	
/		RD		DDD		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.

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 2019 a new three-year Long-Term Agreement was taken out with Zurich with an annual premium of **£5,742.69** per annum.

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 2020 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.

AGENDA ITEM 9: BUSINESS PLAN 2020-2024

Council's current Business Plan runs until May 2020. To support the development of the Council's next Business Plan, covering the period May 2020 – May 2024, Council set up a Business Plan Steering Group (*Minute #37 2019/20 refers*).

The Steering Group met on 17 July 2019 and 2 October 2019 to scope the project and agree a framework for delivery of a draft Plan.

Timeline

The Steering Group agreed the following delivery timetable:

17 July 2019	Member-led Steering Group meeting to scope arrangements for drafting and developing the Business Plan
13 Sept 2019 - 31 Oct 2019	6+ weeks public consultation on Business Plan priorities via online and printed survey.
25 Sept 2019	Assets & Services committee consider priorities for the Business Plan 2020-24
2 Oct 2019	Business Plan Steering Group Meeting – Review progress and consider workshops
16 Oct 2019	C&C consider priorities
23 Oct 2019	Finance & Governance Committee consider priorities
31 Oct 2019	Survey closes
5 Nov 2019	Staff and Member Workshop 1 - 10mins brainstorming per question/table. Then collate all feedback in readiness for...
20 Nov 2019	Staff and Member Workshop 2 – Prioritising the Results. Then create a rough first draft BP in readiness for...
11 Dec 2019	Finance & Governance Committee reviews First Draft
22 Jan 2020	Finance & Governance reviews Final Draft
23 Jan – 5 March 2020	6-week public consultation
11 March 2020	Final Business Plan to go to Council for approval.

The Draft Business Plan has been sent to all Members for review in advance of the meeting.

Committee is requested to consider the first draft Business Plan 2020-2024 and decide on any action it deems necessary.
