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TOWN HALL
FELIXSTOWE
SUFFOLK
IP11 2AG

9 am to 4 pm Mondays to Fridays

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 at **TOWN HALL, FELIXSTOWE** on **Thursday 8 December 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
2 December 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 three minutes 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 26 October 2022 as a true record. **(Pages 3-5)**
- 5. Budget Monitoring to 30 November 2022**
To receive budget monitoring report to 30 November 2022 and consider any actions deemed necessary. **(Pages 6-9 & Appendix A)**
- 6. Appointment of External Auditor for the period until 2026-27**
To note that the SAAA has appointed an external auditor to the authority for the 5-year appointing period from 2022-23 until 2026-27. **(Page 10)**
- 7. Budget Estimates 2023/24 (Draft)**
To consider draft budget proposals for 2023/24 following recommendations from Council's Assets & Services, Civic & Community and Personnel Committees and make any recommendations to Council. **(Pages 11-14 & Appendices B and C)**
- 8. Closure**
To close proceedings and confirm the date of the next meeting scheduled for Wednesday 18 January 2023 at 7.30pm.

AGENDA ITEM 4: CONFIRMATION OF MINUTES

**MINUTES of the FINANCE & GOVERNANCE COMMITTEE meeting held at
Town Hall, Felixstowe on Wednesday 26 October 2022 at 7.30pm**

PRESENT: Cllr M Richardson (Chairman) Cllr A Smith
 Cllr T Green Cllr S Wiles
 Cllr S Bird Cllr K Williams
 Cllr M Deacon

OFFICERS: Mr A Tadjrishi (Town Clerk)
 Mr S Congi (Financial Administration Assistant)

242. PUBLIC QUESTION TIME

There were none.

243. APOLOGIES FOR ABSENCE

Apologies for absence were received from **Cllr N Barber** and **Cllr S Bennett**.

244. DECLARATIONS OF INTEREST

Member(s)	Minute No.	Nature of Interest
Cllr S Bird Cllr M Deacon Cllr M Richardson	All	Non-Pecuniary (as Members of East Suffolk Council)
Cllr S Bird	All	Non-Pecuniary (as a Member of Suffolk County Council)

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

245. CONFIRMATION OF MINUTES

It was RESOLVED that the Minutes of the Finance & Governance Committee Meeting held on 13 July 2022 be signed by the Chairman as a true record.

246. BUDGET MONITORING TO 30 SEPTEMBER 2022

Committee received the budget monitoring report to 30 September 2022. A report of any variance to budget estimates for the period greater than 10% or £500 was considered.

Committee noted that, as reported to the Civic & Community Committee, income from sponsorship for Felixstowe in Flower and the Council's Magazine had yet to reach pre-pandemic level and was under budget.

It was RESOLVED that the budget monitoring report to 30 September 2022 be noted.

247. QUARTERLY BANK RECONCILIATIONS

It was confirmed that Cllr D Savage, as the Council's nominated Quarterly Bank Reconciliation Signatory (*Min #13 2022/23 refers*), had signed the reconciliation between the bank statement and Scribe accounts to confirm the amounts agreed each month.

RESOLVED that it be noted that the reconciliations between the bank statement and accounts statements for the period 1 April - 30 September 2022 had been reviewed and signed by Cllr D Savage.

248. ANNUAL GOVERNANCE & ACCOUNTABILITY RETURN

Committee noted that the External Audit for the Financial Year 2021/22 had been completed on 23 September 2022, with the External Auditor, PKF Littlejohn, having expressed the view that the information was in accordance with proper practices and no matters had come to attention giving cause for concern that relevant legislation and regulatory requirements had not been met.

It was noted under 'other matters' that the approval date of the AGAR was after the start of the notified period for the exercise of public rights. The AGAR was published on the Council website on the 17th June and issued to Councillors with the Agenda for the 22nd June Full Council meeting. The notice on the exercise of public rights was displayed for exactly 6 weeks from 20th June. The Auditor's comments indicate that the two-days before the Council meeting approved the accounting statements should not be counted towards the 6-week period.

Members recorded a vote of thanks to the Town Clerk, Deputy Town Clerk, and Finance Administration Assistant for their work in achieving Council's ongoing unqualified audits.

It was RESOLVED that:

- i. the Annual Governance & Accountability Return, including Audit Certificate, be approved and accepted as presented; and,**
- ii. it be noted that, in accordance with the Local Audit and Accountability Act 2014 as defined by the Accounts and Audit Regulations 2015 and the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, the Notice of Conclusion of Audit had been put on the Town Hall noticeboard from 29 September 2022 and is available to view on the Financial Page of the Town Council website**

249. INTERIM INTERNAL AUDIT REPORT 2022/23

Committee considered the interim Internal Audit Report for 2021/22.

Members noted the comments of the internal auditor, including the recommendation that Council should display the notice of public rights for a period that positively exceeds the minimum requirement so that there can be no

doubt the regulations have been complied with. Committee accepted the recommendation and no further action was deemed necessary.

The Clerk advised that he had sent a reminder to all Councillors that their Register of Interests should be updated and checked annually, or as-and-when new registerable interests occur.

Committee thanked Council's Officers for their ongoing efforts in achieving positive audit reports.

It was RESOLVED that the Interim Internal Audit Report for the period 1 April 2022 - 30 September 2022 be noted.

250. COMMUNITY INFRASTRUCTURE LEVY (CIL) ANNUAL REPORT

Committee considered the report on the Community Infrastructure Levy and the CIL Annual Report for 2021/22.

It was agreed that, in advance of the next meeting of the CIL Working Group, all Councillors should be invited to put forward further ideas for CIL-appropriate projects. It was further suggested that all Councillors should be free to participate in the Working Group sessions, once the meeting dates had been finalised.

In response to a question on anticipated future CIL receipts, the Clerk advised that the Council had sought this information from East Suffolk Council, however, the figures supplied were indicative only and subject to change depending on progress with developments. The Clerk would forward this information to Members subsequent to the meeting.

It was RESOLVED that:

- i. Community Infrastructure Levy Annual Report for 2021/22 be approved as presented, published on the Council's website before 31st December 2021, and sent to East Suffolk Council;**
- ii. all Councillors to be invited to put forward further ideas for CIL-appropriate projects for consideration by the CIL Working Group, and invited to participate in the Working Group sessions, once the meeting dates had been finalised; and,**
- iii. a report from the CIL Working Group with recommendation on CIL project priorities to be brought back to the Finance & Governance Committee in due course.**

251. CLOSURE

The meeting was closed at 8.29pm. The next meeting was noted as being scheduled for Wednesday 7 December 2022 at 7.30pm.

AGENDA ITEM 5: BUDGET MONITORING TO 30 NOVEMBER 2022

A summary Income & Expenditure Report to 30 November 2022 is shown below with a detailed report provided at **Appendix A**.

Felixstowe Town Council Summary of Receipts and Payments Summary - Cost Centres Only (Between 01/04/2022 and 30/11/2022)

Cost Centre	Receipts			Payments		
	Budgeted	Actual	Variance	Budgeted	Actual	Variance
101 Administration	616,030.00	736,103.07	120,073.07 (19%)	312,678.00	212,232.28	100,445.72 (32%)
201 Town Hall	22,740.00	21,143.24	-1,596.76 (-7%)	78,997.00	50,422.15	28,574.85 (36%)
202 Walton	7,500.00	7,012.50	-487.50 (-6%)	10,567.00	8,635.85	1,931.15 (18%)
203 Broadway House	2,270.00	2,392.56	122.56 (5%)	8,869.00	7,206.11	1,662.89 (18%)
204 Cemetery	86,481.65	43,567.35	-42,914.30 (-49%)	195,897.00	131,263.98	64,633.02 (32%)
205 Allotments	16,750.00	15,838.41	-911.59 (-5%)	37,754.00	26,169.31	11,584.69 (30%)
206 Parks and Recreation			0.00 (N/A)	14,780.00	669.51	14,110.49 (95%)
301 Civic & Community	3,992.00		-3,992.00 (-100%)	32,430.00	24,420.79	8,009.21 (24%)
302 Grants			0.00 (N/A)	86,200.00	20,270.00	65,930.00 (76%)
303 Felixstowe in Flower	8,250.00	3,437.57	-4,812.43 (-58%)	5,900.00	4,967.03	932.97 (15%)
304 Communication	10,000.00	3,986.44	-6,013.56 (-60%)	13,200.00	9,806.00	3,394.00 (25%)
305 Community Projects & Partners			0.00 (N/A)	16,000.00	13,811.21	2,188.79 (13%)
NET TOTAL	774,013.65	833,481.14	59,467.49 (7%)	813,272.00	509,874.22	303,397.78 (37%)

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 8 months in to the year, for overall expenditure to be around 66.67%, with an explanation for any items overspent by £500 or 10% or over this level (i.e. 73.34%). Total expenditure for the first eight months stood at 53.8%. Explanatory notes and any recommended action for individual qualifying items in **Appendix A** are as follows:

Cost Centre 101 - Administration
<p>4460 Subscriptions (102%) All annual subscriptions for 2022/23 now paid. Recommendation: No action.</p>
<p>4461 External Audit (98%) External Audit now paid. Recommendation: No action</p>

4462 Internal Audit (98%)

Internal Audits for the year now paid.

Recommendation: No action.**4464 Insurance (111%)**

Overspend due to insuring Van & Parks

Recommendation: No action.**4550 Banking Fees (76%)**

Higher fees throughout October & November, will likely level out

Recommendation: Continue to monitor on a monthly basis**Cost Centre 201 - Town Hall****4110 Rates (71%)**

Rates are paid over 10 months only.

Recommendation: No action.**4122 Electricity (81%)**

Increased usage - 3 year Opus contract keeping prices fixed.

Recommendation: Continue to monitor on a monthly basis**4170 Repairs & Maintenance (78%)**

Includes annual servicing costs i.e. for lifts.

Recommendation: Continue to monitor on a monthly basis**4180 Licences (100%)**

Paid in full for 2022/23

Recommendation: No action.**Cost Centre 202 – Walton Community Hall****4111 Rates (78%)**

Rates are paid over 10 months only.

Recommendation: No further action**4123 Electricity (108%)**

Increased cost & massive increase in regular hirers

Recommendation: No further action**Cost Centre 203 – Broadway House****4172 Repairs & Maintenance (91%)**

Broadway House doors required repeated callouts

Recommendation: Continue to monitor on a monthly basis.**Cost Centre 204 – Cemetery****1100 Interment Fees (44%)**

Invoices awaiting payment total £4,292 (14%)

Recommendation: Continue to monitor on a monthly basis

<p>1120 Purchase of Graves (53%) Invoices awaiting payment total £7,030 (20%) Recommendation: Continue to monitor on a monthly basis</p>
<p>1130 Memorials (37%) Invoices awaiting payment total £5,117.50 (34%) Recommendation: Continue to monitor on a monthly basis</p>
<p>4112 Rates (68%) Rates are paid over 10 months only. Recommendation: No further action</p>
<p>4124 Electricity (90%) Electricity rates are now locked in 3-year contract, electric van causing increase Recommendation: Continue to monitor on a monthly basis</p>
<p>4300 Vehicle Running Costs (95%) Front loaded costs such as MOT, Truck Tax paid, also work to tyres & trailer Recommendation: Continue to monitor on a monthly basis</p>
<p>4320 Vehicles/Tool Hire (90%) More skip hire than anticipated Recommendation: Continue to monitor on a monthly basis</p>
<p>4330 Vehicle Running (70%) Should continue to lower as electric van is used more than truck Recommendation: Continue to monitor on a monthly basis</p>
<p>Cost Centre 205 – Allotment</p>
<p>4118 Water & Sewerage (93%) Summer drought caused massive increase in consumption Recommendation: Continue to monitor on a monthly basis</p>
<p>4321 Vehicles/Tool Hire (74%) More green waste skip hire and site clearouts than anticipated Recommendation: Continue to monitor on a monthly basis</p>
<p>Cost Centre 301 – Civic & Community</p>
<p>4471 Advertising & Promotion (147%) FTC signage on new electric van Recommendation: Complete for 2022/23. No further action</p>
<p>4530 Civic Events (71%) Civic events are frontloaded in the year Recommendation: Complete for 2021/22. No further action</p>
<p>4600 CCTV (104%) Paid in full June 2022. Recommendation: No further action</p>

4645 Christmas Lights (100%)

Paid in full June 2022.

Recommendation: No further action

Cost Centre 303 – Felixstowe in Flower**4290 Flowers and Containers (100%)**

Plants and plaque stickers purchased, also new wooden tubs for town centre.

Recommendation: Continue to monitor on a monthly basis.

1811 Donations & Sponsorship (38%)

No outstanding invoices or extra income expected. Low sponsorship numbers

Recommendation: Continue to monitor on a monthly basis.

Cost Centre 304 – Communication**1812 Donations & Sponsorship (40%)**

Fewer magazine advertisements than expected

Recommendation: Continue to monitor on a monthly basis.

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

AGENDA ITEM 6: APPOINTMENT OF EXTERNAL AUDITOR FOR THE PERIOD UNTIL 2026-27

The Smaller Authorities Audit Appointments (SAAA) is the independent, sector led organisation responsible for the appointment and contract management of external auditors to smaller authorities since the Local Audit and Accountability Act 2014 established new arrangements for the accountability and audit of local public bodies in England. Smaller authorities are those whose gross annual income or expenditure is less than £6.5 million.

Under the Local Audit (Smaller Authorities) Regulations 2015, SAAA is responsible for appointing external auditors to all opted-in smaller authorities, for setting the terms of appointment for limited assurance reviews and for managing the contracts with the appointed audit firms.

The Town Council is notified that the SAAA has appointed an external auditor to the authority for the 5-year appointing period from 2022-23 until 2026-27, following a procurement exercise to appoint auditors to each contract area from 1 April 2022.

The audit firms all have previous experience of conducting limited assurance reviews for smaller authorities and have dedicated support personnel. SAAA will monitor the performance of the appointed firms in providing the audit services in terms of quality and compliance with their statutory terms of appointment.

SAAA announced the conclusion of its procurement process and the award of limited assurance review contracts for five years to the successful external audit firms on 30 November 2022.

Responsibilities under the new contracts will relate to accounts for the financial year beginning on 1 April 2022. The Council's appointed auditor will be **PKF Littlejohn LLP**.

The fees have been determined by SAAA following consultation for the Audit Years 2022-23 to 2026-27. For Felixstowe Town Council, within the income/expenditure band of £750,001-£1,000,000, the fee will be £1,680.

The fee scales exclude Value Added Tax, which will be charged at the prevailing rate on all work undertaken.

This audit fee has been included within the administration budget estimates for 2023-24.

Committee is requested to note that the SAAA has appointed PKF Littlejohn LLP at the Town Council's external auditor for the 5-year appointing period from 2022-23 until 2026-27.

AGENDA ITEM 7: BUDGET ESTIMATES 2023/24 (DRAFT)

Committee is to consider draft budget estimates for the Financial Year 2023/24 and to make any recommendations to Council.

Sections of the budget have been considered and reviewed by Council's Assets & Services, Civic & Community and Personnel committees. Further adjustments to these drafts (shown in red) have been incorporated within a full initial draft budget for 2023/24. This is presented for consideration alongside current-year expenditure and projected outturn for the full year to 31 March 2023 and a comparison against the previous year provided in the summary at **Appendix B**. A detailed draft full budget and notes to the estimates are provided at **Appendix C**. This includes proposals for movements, reallocations, and transfers to Earmarked Reserves.

Each year East Suffolk Council is required to calculate the tax base by 31 January 2023 at the latest for the financial year ahead.

Based on current forecasts, with no further Government support, East Suffolk Council currently anticipate that the tax base for Felixstowe Town Council for the year 2023/24 will be 8,771.40 band D equivalent properties. An increase in the tax base of 125.49 since 2022/23.

Should the Town Council look to freeze its portion of council tax at 0% change (i.e. the same £70.87 charge per Band D property as 2022/23) a precept of £621,629.12 would need to be requested.

Members will note that the budget estimates presented provide for the following:

	Budget 2022/2023	Budget 2023/24
Estimated Total Expenditure Requirement	£813,272	£818,314
Add on Earmarked Reserves Exp.	£85,651	£77,320
Less Estimated Income	£161,279	£167,633
Less Contribution from General Fund	£124,909	£106,372
Gross Precept Requirement	£612,735	£621,629
Band D Equivalent Properties	8,645.91	8,771.40
Annual Council Tax charge per Band D	£70.87	£70.87
% change 2022/23 to 2023/24		0%

Committee will note that to achieve a 0% change to the Band D Council Tax rate, the draft budget assumes a contribution from the General Fund of £106,372 to offset the estimated net expenditure requirements next year. A portion of the General Fund contribution is being put towards Earmarked Reserves, rather than direct expenditure.

To give Members an idea of how this may impact on yearend balances, should the tax base and precept remain the same for 2024-25, a projection has been calculated as follows:

	Actual 2020-21	Actual 2021-22	Est. Outturn 2022-23	Draft Budget 2023-24	Forecast Budget 2024-25
TOTALS					
General Reserves (c/f)	447,003	449,926	437,340	346,431	275,880
Earmarked Reserves (c/f)	618,334	680,229	795,445	834,513	798,693
TOTAL RESERVES (c/f balance)	1,065,337	1,130,155	1,232,785	1,180,945	1,074,573
Income (excluding Precept or CIL)	148,846	199,458	153,544	167,633	175,039
Precept	600,570	601,608	612,735	621,629	621,629
Expenditure	668,137	719,462	775,688	818,314	842,476
Expenditure (from Earmarked Reserves)	16,461	-21,026	42,431	77,320	54,302
Transfers from GF to Earmarked reserves	78,356	94,190	81,500	41,500	41,500
General Reserves (balance 31 March)	449,926	437,340	346,431	275,880	188,572
Earmarked Reserves (balance 31 March)	680,229	795,445	834,513	798,693	785,891
<i>Surplus (+) Shortfall (-)</i>	<i>64,818</i>	<i>102,630</i>	<i>-51,840</i>	<i>-106,372</i>	<i>-100,110</i>
<i>Surplus (+) Shortfall (-) excl. ER</i>	<i>81,279</i>	<i>81,604</i>	<i>-9,409</i>	<i>-29,052</i>	<i>-45,808</i>
<i>% Expenditure change excl. ER</i>		<i>7.68%</i>	<i>7.82%</i>	<i>5.50%</i>	<i>2.95%</i>
TOTAL RESERVES (closing balance)	1,130,155	1,232,785	1,180,945	1,074,573	974,463

Members will note that a budget deficit is projected from the current financial year and beyond, from a surplus in previous years. Council's reserves are such that it is possible to run a deficit for a couple of years but, given that expenditure increases (predominately due to inflation, energy and staffing costs) are not anticipated to reduce in future, this may not be sustainable in the medium-term. The taxbase (number of houses on which the precept is calculated) will undoubtedly increase as housing developments are completed, which will mitigate the deficit, however it is unlikely that Council will be able to continue to freeze the Council Tax indefinitely.

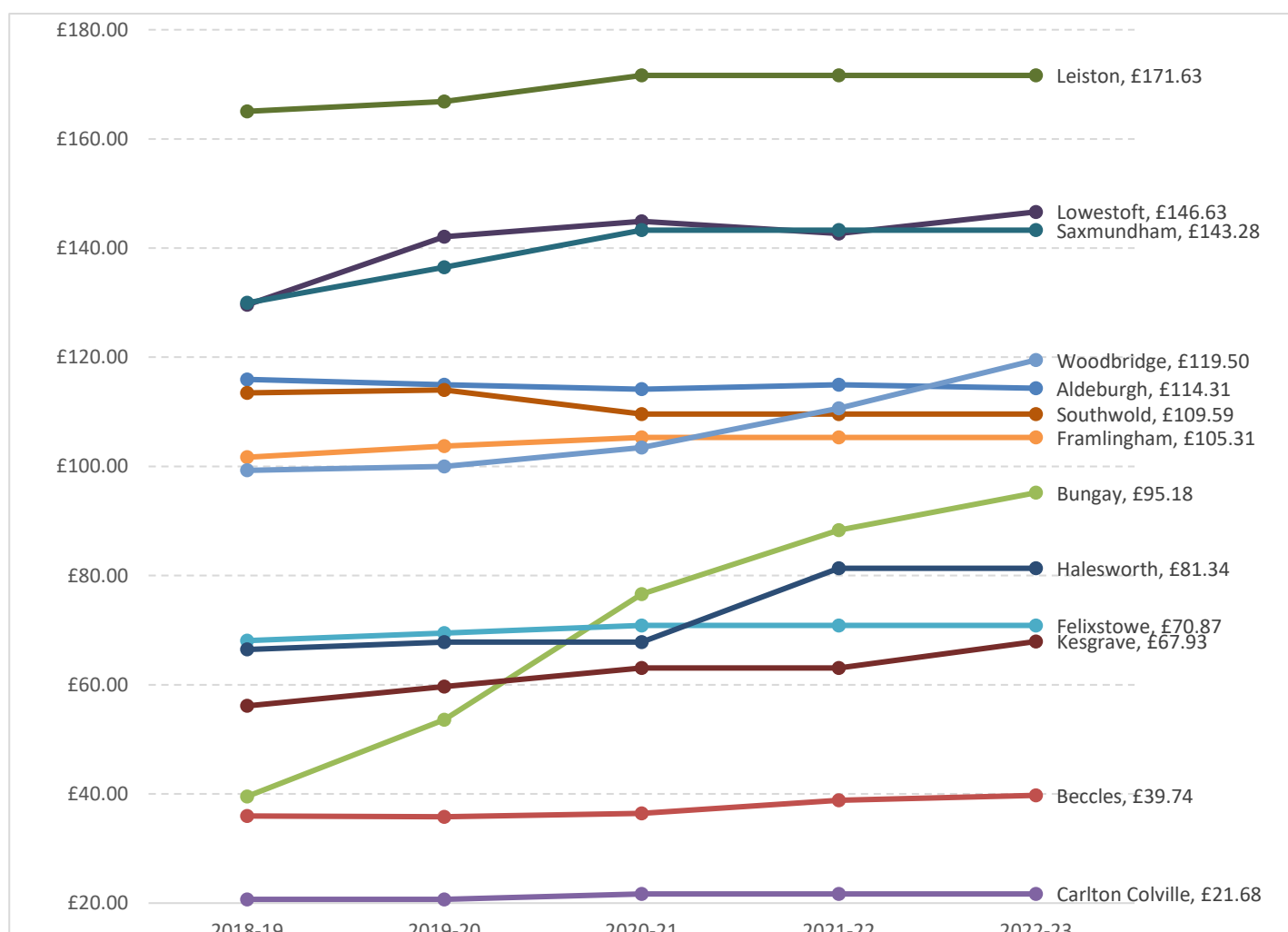
Felixstowe Town Council set a 0% Council Tax increase for the current year, whereas the increase in the average Band D Council Tax charge for all Town and Parish Councils in East Suffolk from 2021/22 was 3.49%, resulting in an average figure of £75.81 for 2022/23.

Members will also be interested to note that, at £70.87, Felixstowe Town Council is one of the lowest costing town councils in East Suffolk:

	Annual Band D Tax Charge				
Town Council	2018-19	2019-20	2020-21	2021-22	2022-23
Leiston	£165.05	£166.83	£171.63	£171.63	£171.63
Lowestoft	£129.60	£142.07	£144.91	£142.68	£146.63
Saxmundham	£129.96	£136.46	£143.28	£143.28	£143.28
Woodbridge	£99.28	£99.97	£103.45	£110.67	£119.50
Aldeburgh	£115.94	£114.98	£114.14	£114.95	£114.31

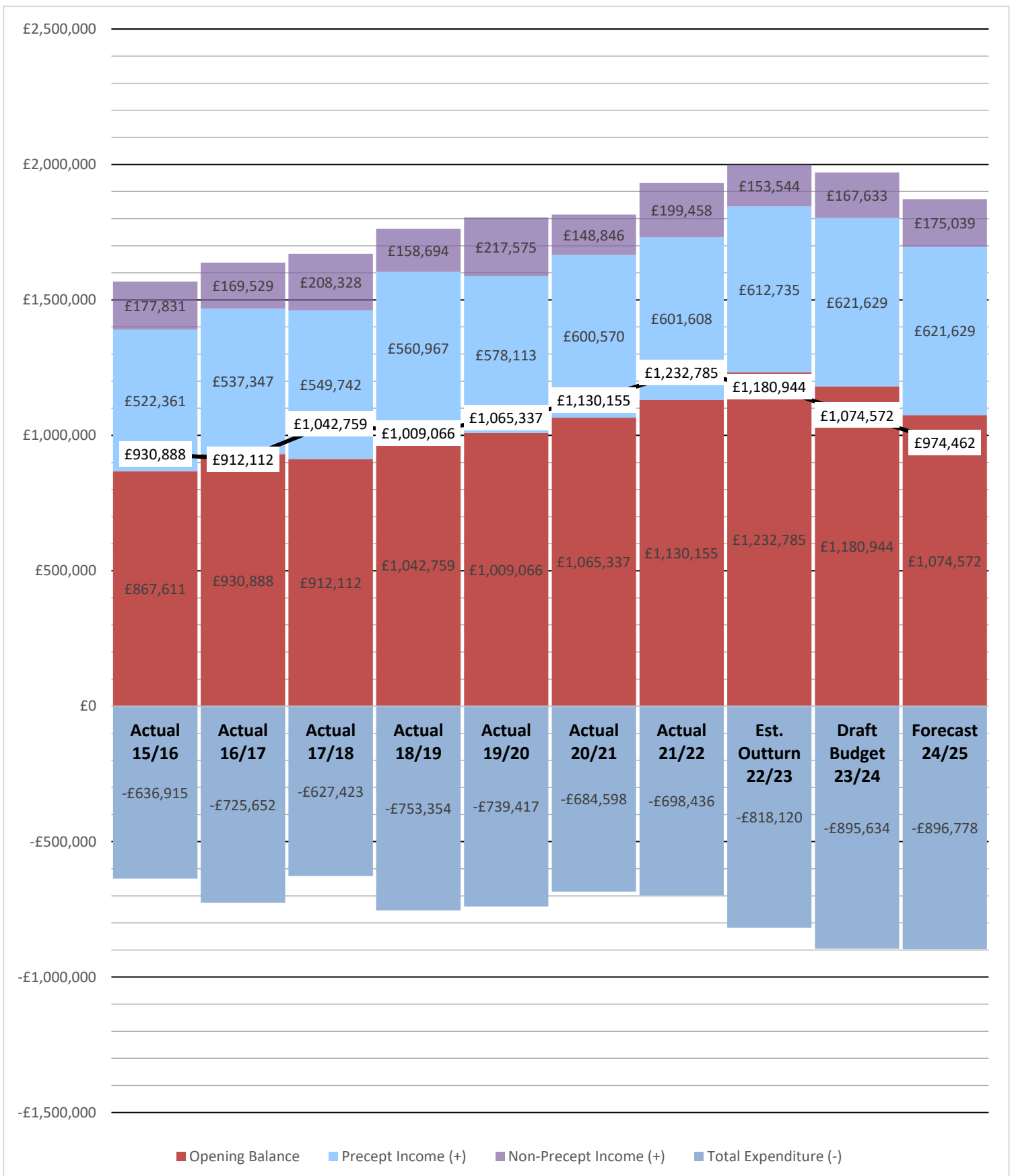
Southwold	£113.45	£114.01	£109.59	£109.59	£109.59
Framlingham	£101.68	£103.72	£105.31	£105.31	£105.31
Bungay	£39.55	£53.61	£76.61	£88.34	£95.18
Halesworth	£66.46	£67.83	£67.83	£81.34	£81.34
Felixstowe	£68.09	£69.45	£70.87	£70.87	£70.87
Kesgrave	£56.13	£59.67	£63.07	£63.07	£67.93
Beccles	£35.96	£35.82	£36.44	£38.82	£39.74
Carlton Colville	£20.69	£20.69	£21.68	£21.68	£21.68

The annual change to the council tax charge for each town council in East Suffolk is reflected in the graph below:



To better understand how the Town Council's income and expenditure and precept has affected its overall balance over time, a ten-year view, from 2015/16 to a projection at the 2024/25 year-end, is provided in the graph below.

The dark red block is the opening balance for the specified financial year, with the closing balance, net of income (light-blue), precept (purple) and expenditure (dark-blue), shown in the white boxes:



Pending any further adjustments, as a result of new information or recommendations of the Finance & Governance Committee, Committee is requested to consider draft budget estimates for the Financial Year 2023/24 and make any recommendations to Council as it considers necessary.