

Finance Working Group Meeting 7th October 2015, 7.30pm – Notes of meeting

Present: Karen Ripley (Clerk), Angie Goodwin (Asst. Clerk), Nick Greenfield; Sean O'Hara; Ross McNay

Documents provided to members:

- 1) *Accounts Management Reports (computerised accounts programme):*
 - i) *Income and Expenditure Report* – detailed report of income and expenditure under each head of budget to 31/8/15, showing actual expenditure against that planned in the budget (Financial Regulations 3.3 refers) and funds remaining for the year.
 - ii) *Annual Budget Report* – detailed report showing 15/16 precept figures against each head of budget, brought-forward amounts from 14/15, virements made in the current year and current revised budget figures, as at 31/8/15.
- 2) *Notes of the Finance Working Group Meeting 8th July 2015.*
- 3) *Summary of Reserves and Contingencies at 31/3/15.*

Documents available / referred to:

- 1) *All accounts and financial documents and records, Clerk's working papers, Minutes Book and all reference materials.*
- 2) *Copy of Grant Application Form and supporting documentation, for funds towards Xmas lights from RDC Community Grant Scheme.*
- 3) *Letter from Robertsbridge Community Association requesting £5000 'match-funding' grant.*

BUDGET MONITORING

With reference to income and expenditure for the year to date (to 31/8/15), the Clerk / RFO had not had time to complete the month end process and examine the position in any depth. The detail report was examined briefly and the following specific items were discussed:

- *101/4004 Insurance* – the available amount of £3,167 is the £2600 saving made on the current year renewal, plus £500 allocated to cover the Station Road Car Park; none of this will be required in the current year.
- *101/4007 Conferences and Training* – there are still funds available for additional training; the Clerk is booked for a Clerk's Day on 3rd November, and would like to attend a Legal and Finance Day on 20th October, which Members were in agreement with.
- *201/4030 Lights Power Supply* – there is a substantial surplus showing which the Clerk / RFO will investigate.
- *Various codes Station Road Car Park and Toilets* - £9,700 was included in the current year precept for the running of the Station Road car park and toilets, to be devolved from RDC; however, this has been further delayed by RDC and is now due from April 16, so the funds will not be needed in the current year. However, with £12,250 needed for the Neighbourhood Plan (see FWG notes 8/7/15), this can be utilised in the 16/17 budget to avoid a large increase in the precept.

It was agreed that the Clerk / RFO will do some further budget monitoring when the accounts paperwork is up to date and circulate details to the FWG members.

14/15 ANNUAL RETURN REPORT FROM EXTERNAL AUDITOR AND COMPLETION OF THE AUDIT

The External Auditor has completed the review of the Annual Return, and certified at Section 3 that there were no matters arising from the review. The Audit is concluded once (a copy of) the certified Annual Return has been displayed for a minimum of 14 days, with a Notice of Conclusion of Audit, on the Notice board in Station Road and on the Parish Council website. The report must also be presented to full Council at the next meeting.

The Clerk advised that as a result of The Local Audit and Accountability Act 2014, and the abolition of the Audit Commission, there will be changes to the Audit system. However, all existing external audit arrangements and appointments (of External Auditor) continue until the end of the Financial Year 2016/17. All local councils will be contacted in 2016 to confirm whether, from 17/18 they wish to be part of a new central appointment arrangement (being worked up NALC/SLCC) or whether they want (as allowed under the Act) to opt out and make their own external audit arrangements.

GRANTS

1) *Xmas Lighting – application to Rother District Council Community Grants Scheme*

The recent application for £496, to add to the £500 allocated for Christmas Lighting in Station Road, was refused by Rother District Council Cabinet, despite having been recommended for approval by the Grants Panel. The minutes of the Cabinet meeting were discussed, which state that “it was reported that Salehurst and Robertsbridge Parish Council had over £100k in reserves, although half had been earmarked”. This statement was made by Cllr Ganly, District Councillor for Ewhurst and Sedlescombe, but it is completely inaccurate and very misleading. It presumably derived from the balance sheet at year end, without any reference to the supporting documents that clarify how and where the funds are committed, including funds that do not represent usable resources, such as the Clerk’s Gratuity and the Uth Voice Grant money, and funds that are deliberately saved for future years anticipated major expenditure, e.g. the playground fund for repairs or replacement of play equipment. In fact, the true uncommitted reserves are only within recommended limits for parish councils. It is not legal for a parish council to ‘go into the red’, or to borrow money for revenue expenditure if they find themselves short of funds, so a reasonable reserve is essential. The Clerk had not been approached for any clarification or confirmation of the position before the RDC meetings at which the matter was discussed.

It was agreed that the Clerk should write to RDC to clarify the position and ask for the minutes of the RDC Cabinet meeting to be annotated to reflect that the statement was unsubstantiated and gave a very unfair impression of the true position. The lighting project will be put on the next PC agenda for discussion on what to do about the additional funds required.

2) *Community Association – application for a Parish Council Grant*

Robertsbridge Community Association (RCA) has recently applied to the Rother District Council Community Grants Fund for money towards phase two of their major Hall refurbishment project (kitchen). RDC has awarded a grant of £5,000, but one of the conditions of making the grant is that the PC matches it i.e. also gives £5,000! So RCA has now written to the PC asking whether a donation of £5000 could be included in the budget for April 16, so that they will qualify for the RDC grant.

Earlier this year (March 2015) the PC made a grant of £1,000 to RCA towards the same project, in view of the importance of this facility to the whole community and the size of the project (toilets and kitchen, expected at the time to cost over £15,000). £1,000 represented an unusually large amount for the PC; the entire budget for grants in 14/15 was £900, and this had already been used, so the money was taken from contingency funds.

The Clerk has spoken to RDC, to clarify the position if the PC couldn’t provide the match funding; they confirmed that if RCA advised that they couldn’t fulfil the conditions, the matter would probably be referred

back to the Grants Panel, to consider the PC's reasons; RDC would not necessarily want to penalise RCA, if the PC had good grounds to refuse the match-funding.

During the last 12 years (and possibly ever) the PC has only once awarded £1000; this was in 2012 to the Cricket Club towards the high safety netting between the cricket ground and the new children's play area; this was funded from the playground repair and replacement fund, as it improved safety in the playground.

Members felt that a further grant of £5,000 to RCA would not be possible, especially having given a proportionally high amount already. The annual budget for donations to local organisations in 15/16 is £600, with £250 already spent and further requests expected, so there are unlikely to be funds to carry forward. Demands on the 16/17 budget/precept are already high, with the Neighbourhood Plan and the Station Road car park and toilets. There may also be a need to consider budgeting for a Village Steward, depending on the results of the Neighbourhood Plan Questionnaire.

BANKING ARRANGEMENTS

The matter of internet banking was discussed. It is a really useful tool for monitoring the bank accounts and is a cheaper and easier method of making regular payments than using cheques, but NatWest has no facility to deal with the requirement to have more than one person to authorise payments. Staying with NatWest is no longer so attractive without the benefit of a branch in the village. Following some research, the Clerk/RFO has been advised that several other local councils use the Unity Trust Bank, which is a specialist bank for 'social' enterprises, used by many councils, charitable and community organisations. Mainly based online, Unity Trust offer online and telephone banking, plus branch based services by arrangement with other local banks. They offer a very good online system that can cater for the equivalent of more than one signatory for payments and transfers, so that payments can be set up by selected people (e.g. Clerk and/or Asst. Clerk), but have to be authorised by either one or two Members online. Monetary and/or quantity limits can be set and there is also a 'view only' capability, so that Members can 'monitor' and check the bank accounts too, which can be a useful part of internal controls. Feedback from other councils about the set-up process has been very positive and the system appears to be much simpler than the complicated and lengthy process required by NatWest just to change named signatories.

Members were in agreement that a change to Unity Trust Bank would be beneficial and would address the issues around multiple signatories. The Clerk/RFO will obtain further detailed information with a view to seeking approval at the November full council meeting.

Conclusions:

- Some under-spends have already been identified in the current year, but are likely to be needed to avoid a large rise in the precept for 16/17 (Neighbourhood Plan, Car park/toilets etc)
- The External Auditors were satisfied with the 14/15 Annual Return and no matters were raised.
- Further budget monitoring is required, including investigating the apparent surplus in street lighting power supply (201/4030).
- Further funds will be required if the Xmas Lighting project for Station Road is to be completed.
- It is unlikely that a grant of £5,000 to Robertsbridge Community Association can be managed in the 16/17 budget.

- Transferring the bank accounts to Unity Trust Bank would be beneficial, as it would address the risks associated with using single authorisation online banking to make payments and transfers.

Recommendations:

- That further budget monitoring information and a draft budget be circulated to the FWG.
- That the Report of the External Auditor is received.
- That new bank accounts be opened with the Unity Trust Bank and the banking arrangements be transferred from NatWest.
- To decline the request for a grant from Robertsbridge Community Association for £5,000 (to match-fund a grant from Rother Community Grants Scheme), with an explanation of the financial position of the Council.