

NOTES of the FINANCE KEY AREA GROUP MEETING held in the Town Council Chamber on **TUESDAY 25 JUNE 2019** at **18.45 hours**.

KAG Members: Graham Allen
Andrew Barrett-Miles*
Roger Cartwright
Robert Duggan (substituting for Anne Eves)
Anne Eves*
Graham Fairbairn - Responsible Finance Officer (RFO)
Janice Henwood
Simon Hicks - Chairman

Also Present: Peter Chapman
Steve Cridland - CEO

*Denotes absence *[post the meeting, Andrew Barrett-Miles rang to apologise for his absence]*

start 19.00

1. APOLOGIES FOR ABSENCE

Anne Eves

2. SUBSTITUTES

Robert Duggan for Anne Eves

3. DECLARATIONS OF INTEREST

None

4. CHAIRMAN'S ANNOUNCEMENTS

The Chairman of the meeting announced that a list of payments made since the last finance meeting could be found in the yellow folder above the blue boxes.

5. ELECTION OF THE VICE CHAIRMAN OF THE FINANCE KAG for the ensuing year

Simon Hicks proposed and Janice Henwood seconded that Graham Allen be elected as Vice Chairman of the Finance KAG. This was approved unanimously by Members.

6. NOTES OF THE PREVIOUS MEETING

The Notes of the previous Finance Key Area Group meeting, dated 17 January 2019 (previously circulated to all Members), were approved by Members and signed by the Chairman as a correct record.

7. INTERNAL AUDIT – FINAL 2018/19

Members received a report, as set out in agenda item 7, dated 25 June 2019, advising Members of the outcome of the recent internal audit completed on 21 May 2019 by Auditing Solutions Ltd. The RFO was pleased to report that no items had arisen that needed to be drawn to the attention of Members.

During the ensuing discussion, it was confirmed to Members that during a particular financial year, 3 internal audits were carried out in addition to the end of year external audit.

Members were also asked to re-appoint Auditing Solution Ltd as the Council's internal auditors for the 2019/20 financial year.

RESOLVED that:

- A) The contents of the report be noted,
- B) To re-appoint Auditing Solutions Ltd as the Council's internal auditors for the 2019/20 financial year

8. FINANCIAL RESULT FOR THE 2018/19 FINANCIAL YEAR (SUBJECT TO EXTERNAL AUDIT)

Members received a report, as set out in agenda item 8, dated 25 June 2019, updating Members with the financial result for the 2018/19 financial year (subject to external audit).

The report showed the Council would post a surplus of £37,786, made up of an increase in income of £32,614, a reduction in costs of £70,558 and a transfer to the Venue Revenue Support Fund of £65,386.

During the ensuing discussion, Members received greater clarity in regard to some of the variances being shown, particularly in regard to the increase in income which included the Burial Ground at £12k (increased business), Room lettings at £11k (Council Chamber and Audiology room lease) and the Worlds End facility at £13k (extended contract with the on-site nursery, which had now passed back to MSDC).

The main cost reductions on expenditure related to staffing costs (£45k) where there had been changes in personnel levels. It was confirmed, also, there was no pension deficit.

The report considered, also, the disposition of the surplus and Members agreed, as per the report recommendation, to transfer £2,636 to the General Reserve to maintain the 20% of net budgeted expenditure target (re-approved in 2016), and to transfer the balance of the surplus, £35,150 to the (Beehive) Community Venue Fund.

RESOLVED that:

- a) to approve the 2018/19 financial result as presented,
- b) transfer £2,636 to the General Reserve, and
- c) transfer £35,150 to the (Beehive) Community Venue Fund.

9. ANNUAL GOVERNANCE and ACCOUNTABILITY RETURN 2018/19 Part 3

Members received a report, as set out in agenda item 9, dated 25 June 2019, presenting to them the Annual Governance and Accountability Return (AGAR) for 2018/19 financial year.

The report highlighted the financial statements contained within the AGAR and the work and procedures undertaken to ensure the Council was in compliance with the regulations as laid down by the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulation 2015. Members confirmed, also, their responsibility for ensuring there is a sound system of internal control, including the preparation of accounting statements.

RESOLVED that:

- a) To approve the Annual Governance Statement 2018/19 contained within the Annual Governance and Accountability Return,
- b) To approve the Accounting Statements 2018/19 contained within the Annual Governance and Accountability Return, and
- c) For the Chairman of the meeting and Chief Executive Officer to sign the documents accordingly.

10 EARMARKED RESERVES

Members received a report, as set out in agenda item 10, dated 25 June 2019, updating Members with regard to the status of the Town Council's Earmarked Reserves.

The report highlighted those reserve funds considered "Closed" with any residual balance to be released to support other activities of the Town Council, "Restricted" where, in the main, they could be used only for the purpose they had been set aside, and "Unrestricted", where, potentially, the purpose of the reserve funds could be re-determined.

During the ensuing discussion, it was confirmed the balance within the Queen Elizabeth Avenue fund (£10k) was restricted to project expenditure directly associated with Queen Elizabeth Avenue, and the Town Centre Partnership fund was made up of contributions from external 3rd parties (NewRiverRetail and NILGOS) and the funds could not be used without their agreement.

It was confirmed, also, the money held in the Street Scene/Minor works fund (£17k), could be used to improve the Church Walk street scene, subject to the land owner's permission (WSCC).

Subsequent to the meeting, the RFO can confirm the future of Town Centre Partnership fund will be discussed at the up and coming Strategic Development KAG meeting (2 July 2019) and that, also, the final monetary contribution by the Town Council into the Town Centre Partnership was in the 2015/16 financial year which was the final year the other parties contributed to the fund.

RESOLVED that:

- a) to note the contents of the report, and
- b) transfer £10,035 from the “Closed” Earmarked Reserves to the (Beehive) Community Venue Fund

11. VENUE LOAN REPAYMENT – FINANCIAL ASSESSMENT

Members received a report, as set out in agenda item 11, dated 25 June 2019, giving an assessment of the Venue Revenue Support Fund relating to the proposed community and performance venue (The Beehive).

The report specifically looked at the draw-down and re-payment of the Public Works Loan Board loan of £3million. It was accepted the draw-down of any part of the loan was unlikely to proceed within the current financial year and that the original Venue Revenue Support Funding Plan needed to be revisited vis a vis the amount that had been set aside to support the Revenue Budget in future years.

With a possible loan draw down in the 2020/21 financial year, the report detailed the level of reserve now needed to support the Revenue Budget was circa £88k and was needed until the growth in the tax base would rise sufficiently to generate enough income to fund the loan repayments (estimated to be in 2023/24).

With an amount £186k previously set-aside, it was recommended the difference, £98k, be transferred to the (Beehive) Community Venue Fund.

The RFO highlighted, also, the original loan approval from the Housing and Communities Department expired in September and that a formal request would need to be made to extend the loan deadline.

RESOLVED that:

- a) amend the Venue Revenue Support fund from £186k to £88k and transfer the balance of £98k to the (Beehive) Community Venue Fund, and
- b) for the RFO to write to the Housing and Communities Department to request an extension to the loan draw down period.

12. COMMUNITY VENUE FUND (THE BEEHIVE) – CURRENT STATUS

Members received a report, as set out in agenda item 12, dated 25 June 2019, providing an update of the status of the Community Venue Fund.

Members were informed the project had, effectively, reached RIBA stage 3 where a planning application could be prepared and submitted.

The report showed that at this point, after considering all the current known costs, the Town Council, after taking into account money from the prior year’s surplus (Minute 8(c) of this report) and the unrequired provision from Venue Revenue Support Fund (Minute 11 (a) of this report), had a balance of some £227k in its Community Venue Fund. With the addition of monies from the “Closed” Earmarked Reserves (Minute 10 (c) of this report), this would rise to £237k.

It was noted, however, the costs associated with demolition and an allowance for additional legal/consultancy fees, circa £115k, were not included in the above £237k calculations.

During the ensuing discussion, Members raised concern in regard to the overall project cost and the current financial status. The RFO gave a verbal overview stating the overall project cost was in the region of £5.6mil and after taking into account those costs already paid, the amount of funding available from the PWLB loan (£3mil) and the Town Council's own reserves (£325k), the project was still dependent on fund-raising in the region of £2.1mil.

The RFO and CEO both confirmed that unless substantial progress was made on delivering the £2.1mil, save for limited costs associated with legal and consultancy fees, additional project expenditure could not be authorised.

RESOLVED that:

To note the contents of the report.

13. REVIEW OF BUDGET YEAR 2019/20

Members received a report, as set out in agenda item 13, dated 25 June 2019, giving an update in regard to the current year's surplus.

The report detailed the current estimated surplus at the year end was in the region of £40k made up of an increase in income of £18k and a reduction in costs of £22k. It was highlighted by the RFO, this was an estimate based on information as at the 31 May 2019, and that it would be subject to change as the year progressed.

RESOLVED that:

To note the contents of the report.

14. BANK RECONCILIATION AND OTHER BALANCES

Members received a report, as set out in agenda item 14, dated 25 June 2019, highlighting a recent bank reconciliation and providing current balances on the Town Council's various accounts.

RESOLVED that:

To note the contents of the report.

15. DATE OF NEXT MEETING

It was agreed the next meeting would be in November and the RFO would contact Members accordingly.

Meeting ended 20.00