



Ashington Parish Council Finance Committee Meeting

**Minutes of Ashington Parish Council Finance Committee Meeting
held at 7.30pm on Thursday 4th January 2024, Ashington School, Foster Lane**

Present:

Councillors: G. MacPherson, T. Moss, N. Spiers, M. Woolley

Clerk: Lee English

Members of the public: None

Declarations of Interest: None

1. Apologies for absence

Cllr Morris.

2. Draft Budget & Precept 2024-25

All budget lines were analysed and rationalised to produce a balanced budget without the need to increase the precept % significantly. All proposals will be presented to full council for approval at the meeting on 11th January 2024.

a. Staffing hours and costs.

- i) **Clerk** – It was proposed to increase the clerk hours from 18 to 22 hours per week from 1st April 2024.
- ii) **Locum costs** – It was proposed to continue to use the “Administration” earmarked reserve (EMR) for locum costs at this time.

b. Review of general reserves annual budgets.

Budget amounts have been proposed with regards to known future expenditure or with a % increase based on previous years increases.

Proposed amendments –

- i) **Training** – Remove budget amount this year (use contingency budget if required).
- ii) **The Parish Yard** – To allocate a budget of £600 pa to cover utilities. This is to preserve the capital balance in the “Parish Yard café” EMR.
- iii) **Landscape Contractor** – To propose all contractor’s basic hours to be allocated from general reserves. Previously half of contractor’s expense have been taken from “Open Spaces” EMR. This would aim to preserve the bulk of capital remaining in this EMR. Previous budget £5,000 – proposed increase to £9,000 (this would also allow for an increase of approx. 5% when the contract is reviewed in 2024).

To note –

iv) Youth Worker – £8,500 approved for Year 3 funding of which, part will have been paid in 2023-24 year. Therefore £5,000 allocated in budget for 2024-25. Any further requests for funding after the agreement ends to be reviewed with consideration to PC budget.

c. Review of earmarked reserves – annual budgets and any reallocations required.

Allocation of transfer of funds to EMRs to remain the same as previous year except the following –

i) Play Areas and Skatepark Maintenance – Reduce payment for this year to £5,000 (previously £7,000 pa).

ii) Software/IT – Reduce payment for this year to £1,000 (previously £1,500 pa).

iii) Administration – Put £250 pa into this reserve.

iv) Girls Only Budget – Unused, so propose this be moved to the “Grants” EMR.

v) Closed EMR, Hanging Baskets / Lampposts testing – Balance of -£30. Propose this negative amount be “allocated” to current “Bus shelters, seats etc” EMR to enable full closure of “Hanging baskets” EMR.

To note –

vi) Open Spaces EMR – only to be used for maintenance costs such as tree, pond, path, fencing works. Landscape Contractor basic hours not to be taken from this EMR.

d. The Parish Yard – review of income, expenditure, earmarked reserves, future plans.

The current situation is that despite a permitted planning application for the building of a café and parish office on the site, water neutrality issues have halted development currently. This has had an impact on the revenue that can be achieved from the site. Significant expenditure has already taken place with regards to preparation of the site, and upgrading of utilities and drainage on site, and a realistic review of potential uses will need to be undertaken before further expenditure is proposed.

i) Parish Yard Café EMR – to only be used for costs relating to development of site (utilities now to be allocated a general reserves budget).

ii) Water neutrality situation – HDC to be contacted regarding the situation and the prospect of building the café at the Parish Yard in the near future.

iii) Parish Yard working party to be tasked to provide viable proposals for use of the yard in the meantime.

e. To review predicted situation with regards to year end finances for 2023-24.

Figures show a predicted spend in 2023-24 of £143,495 compared to a budget of £124,252. Of this difference of £19,243 –

- £13,782 is accounted for from monies already held in EMRs. (£23,582 spent, £9,800 annual budgeted amount to EMRs, and balance of £13,782 taken from existing EMR funds).

Therefore, the predicted spend over budget is £5,460 (approx. 4.4%).

Of this figure it should be noted that –

- £4,600 was for 2 quarters for the youth club worker budgeted for in the previous financial year (invoiced late).

- £2,373 was for February 2023 salaries already budgeted for in the previous financial year (invoiced late).

This indicated a projected spend under budget of £1,512. In reality however, there have been a number of areas of spend, with small amounts over and under budget, with staffing being the main contributor to overspend, as identified and agreed earlier in the year. This has been offset by the fact the Neighbourhood Wardens budget is invoiced in arrears and therefore the Warden’s expenditure in any given financial year is generally lower than that budgeted for.

Proposed precept amount to be requested from Horsham District Council

The parish council are very aware that this has been, and continues to be, a difficult time financially for many Ashington residents, with high energy bills, rent and mortgage costs, and increased expenditure in many areas of daily life. The council have been very aware of this and other difficulties (such as Covid) in recent years and therefore have not increased the parish precept since 2017. This however means that the precept amount has not kept pace with inflation; indeed, had the precept risen in line with inflation it would be 29% higher than it is today.

Ideally, the parish council would have a balanced budget where income matches expenditure but, whilst aiming to reach this point, reserves have been used, and we are at point where our budget deficit has increased in recent years, and similarly our reserves have decreased.

The Finance Committee propose that the parish precept be increased by 5% for the 2024-25 financial year. This would be an increase in the precept request from £102,984 to £108,133.

Predicted budget deficit for 2024-25	-£122,311
Proposed precept figure for 2024-25 (5% increase)	£108,133
Budget deficit after precept received	-£14,178

We hold 6 months reserves of annual expenditure (currently approx. £21,878) and this can be used to offset the budget deficit.

For an average “Band D” household that will mean an increase from the current £88.83 to approx. £91.99 per year for the parish council portion of the council tax; an increase of £3.16 per year or 6p a week.

It should be noted that the 5% increase in precept amount requested by the parish council may show as slightly above or below 5% to residents on their council tax bills, depending on the number of band D households recorded with HDC at the end of the financial year.

3. Review of investment opportunities.

A review has been undertaken with regards to average monthly expenditure levels, projected income and expenditure for the 2024-25 financial year and required access to funds at any given time. With recent increases in interest rates, a review of investment opportunities has been undertaken with the aim of maximising income from parish council funds, but in a prudent and considered manner.

The recommended investment strategy is to:

- Minimise risk
- Maintain liquidity for short term needs
- And only then to maximise returns

Further to proposals recommended at the Finance Committee meeting of 23rd November 2023, and approval of those proposals at full council meeting of 7th December 2023, the following actions are now recommended and will be put to full council for approval on 11th January 2024 –

- a) **Closure of NS&I account** as previously approved. Minutes ref 367/23 3. d).
- b) **To open 6 new savings/investment accounts** as detailed in the table below.

Further to agreement to invest £255,000 at the December PC meeting, minutes ref 367/23 3. e), it has been identified that an amount of £67,000 could be invested for 5 years, to tie in a favourable fixed rate of interest at this time. This amount is roughly equivalent to that remaining in the Open Spaces EMR and it has been identified that this EMR, which holds s106/Developer Funds, has diminished in recent years due to low interest rates, and the use of the fund for half the Landscape Contractors expenditure. As this EMR is for the ongoing upkeep of land transferred at various times by developers, it is vital that this EMR is replenished.

Financial Institution	Term of investment	Amount	Interest rate
Redwood Bank	95 day notice	£20,000 *	4.3% var.
Lloyds Bank	6 months fixed term dep.	£55,000 **	3.5% fixed
Redwood Bank	1 year bond	£60,000 *	4.8% fixed
The Cambridge Building Society	1 year bond	£80,000 ***	5.0% fixed
Cambridge and Counties Bank	5 year bond	£67,000 ****	4.7% fixed
Unity Trust Bank	Instant access	TBC *****	2.75% var.
Total		£282,000	

The amounts are proposed with consideration to keeping investments under £85k (including accrued interest) within any banking group, to ensure funds are covered under the Financial Service Compensation Scheme (FSCS).

* **Redwood Bank** – total of both investments (incl. interest) remains under £85k.

** **Lloyds Bank** – investment amount proposed with regards to approx. £25k to stay in Lloyds current account for monthly expenditure, and therefore balance of both accounts remain under £85k.

*** **The Cambridge Building Society** – investment (incl. interest) remains under £85k.

**** **Cambridge and Counties Bank** – interest paid annually. Investment amount ensures balance at maturity, including compound interest, remains under £85k.

***** **Unity Trust Bank** – Account to be opened with nominal amount (£10). Once all other accounts are opened, funds will be transferred to ensure Lloyds totals stay below £85k.

4. Any other financial matters

It was noted that there is still £14,040.63 of unsecured Singer & Friedlander funds showing as current bank funds. Clerk to investigate whether this amount can be “written off” or whether we still need to account for it as the receivers are still dealing with the matter.

Confidential Matter (exclusion of Press and Public) – none

Meeting finished at 8.40pm

Signed Date