

Minutes of the **FINANCE AND GOVERNANCE COMMITTEE**
held at the Town Hall, Swanage on **WEDNESDAY**
6th NOVEMBER 2024 at 11.30 a.m.

PRESENT:- Councillor T. Foster (Town Mayor) – Chair

Councillor M. Bonfield
Councillor D. Monkhouse
Councillor C. Tomes

Also in attendance: -

Councillor C. Sutton

Dr M Ayres Town Clerk
Miss A Spencer Finance Manager

There were no members of the public present at the meeting.

1. **APOLOGIES**

Apologies for their inability to attend the meeting were received from Councillors Moreton and Trite.

2. **DECLARATIONS OF INTEREST**

Members were invited to declare their interests and consider any requests for Grants of Dispensations in accordance with paragraphs 9 – 13 of the Council's Code of Conduct and regulations made under chapter 7 of the Localism Act 2011.

There were no declarations to record on this occasion.

3. **TO RECEIVE THE MINUTES OF THE MEETING OF THE CAPITAL PROJECTS SUB-COMMITTEE HELD 16TH OCTOBER 2024 AND CONSIDER ANY RECOMMENDATIONS**

It was noted that no recommendations had been made by the Capital Projects Sub-Committee to the Finance & Governance Committee.

Swanage Information Centre

It was noted that the proposed works had been revised in order to fall within the budgeted sum of £17k. It was further noted that the scope of works and contract award would be reviewed by Council on 18th November 2024.

4. **INTERNAL AUDIT 2024/25**

a) **Strategic Audit Plan 2024/25**

Consideration was given to the Strategic Audit Plan 2024/25 submitted by the Council's Internal Auditor. It was noted that all core testing was covered, plus additional testing on high value income streams that was Swanage Town Council specific. It was stated that car parking income was included every year due to the high levels of income involved. It was further noted that, following discussion with the Town Clerk and Finance Manager, additional testing of TIC income and cemeteries had also been included, due to changes in staff and the volume of previous audit recommendations. It was recorded that 11.17 days had been programmed for the audit visits.

b) Internal Audit Report 2024/25 - Visit 1 of 5

The first interim Internal Audit Report of the 2024/25 financial year prepared by Darkin-Miller – Chartered Accountants was submitted for information.

The following areas had been reviewed during the audit visit:-

- Proper Bookkeeping
- Risk Management (minute review) - work in progress
- Petty cash - work in progress
- Exemption
- Public Rights
- Publication
- Cemetery Income

Members noted that 4 high and 3 medium priority recommendations had been made by the auditor. The management response and implementation dates were noted.

In connection with the signing of the council's official minutes, the Town Mayor confirmed that she would seek to sign them upon their approval at each full council meeting.

It was AGREED UNANIMOUSLY:

That the Strategic Audit Plan 2024/25 and the first Internal Audit Report for the 2024/25 financial year be accepted.

5. FINANCIAL REPORTS

(a) Income and Expenditure Account Q2 2024/25

Consideration was given to a report setting out the Council's financial position at the end of the first half of the financial year and forecast year-end position.

It was noted that at the end of Q2, net expenditure was £23k over budget. It was also noted that the Council generally received the majority of its budgeted revenue during the first half of the financial year, with expenditure predominating in the second half of the year.

It was reported that provision had been made for the 2024/25 pay award, with payment to be made in November following agreement between the employers and unions.

The smaller projects being undertaken by the Council were detailed in Appendix A to the report. It was highlighted that the ongoing costs of monitoring the ground stability of the seafront was accumulating, with additional costs expected during the second half of the year.

Members noted the position with regards to the general fund and reserves. It was reported that the Treasury Risk Management Reserve held £152k and it was noted that the unrealised capital loss on two investments was £180k. It was further noted that a ceiling would be applied to the appropriation to this reserve, in order to ensure that funds were not unnecessarily transferred out of the general fund. The Budget Report and commentary on the Council's financial activity was received and noted.

(b) Treasury Management Outturn Report H1 2024/25

Members considered a Treasury Outturn Report for the first half of the financial year and noted the content. It was reported that income from investments continued to be above budget, with short term interest rates being higher than those budgeted and reserves greater than estimated due to the reprofiling of the

capital programme. It was noted that interest rates were expected to fall in the second half of the year.

It was reported that the sale of 200,000 units in the CCLA property fund had completed on 30th September. Due to delays in the capital programme the next tranche of redemptions had not been transacted. The timing and scope of redeeming strategic investments was discussed and Officers reported that this would be reviewed on a quarterly basis. It was reported that a capital gain of £61k had been realised from the sale of the units and that it was proposed that these funds would be transferred to the Green Seafront Stabilisation and Enhancement Scheme (GSSES).

It was Proposed by the Town Mayor, seconded by Councillor Monkhouse and RESOLVED UNANIMOUSLY:

To transfer the realised gain of £61k from the sale of units in the CCLA Property Fund to the GSSES earmarked reserve.

The Treasury Management Outturn Report H1 2024/25 was received and noted.

(c) **Capital Programme Monitoring Report**

A Capital Programme Monitoring Report for the first half of 2024/25 was submitted for information and the contents noted.

6. **PROJECT INITIATION DOCUMENT**

Members considered a briefing note outlining the importance of assessing the viability, need and affordability of future projects due to restricted funds, given the depletion of reserves expected to fund the GSSES. A draft Project Initiation Document (PID) was submitted for evaluation as to the usefulness in meeting the objective of applying the equitable assessment of proposed projects. It was noted that Weymouth Town Council operated a similar system and had found it useful.

Although Members considered the draft document a very useful approach for assessing projects, considerable discussion arose around the categorisation of projects, with 3 categories having been proposed by officers: i) Regulatory/Safety requirement, ii) Routine/planned maintenance (brought forward through the Asset Management Plan) and iii) non-essential/asset improvements. The possibility of Environmental projects being categorised as non-essential as a matter of course was raised as a concern. It was, however, noted that whilst a Members/Officers would propose a categorisation, this would be reviewed at the appropriate Committee/Working Group and the PID would then be submitted to the Finance & Governance Committee for review, enabling scrutiny in terms of delivering the corporate plan and affordability.

Further discussion arose regarding the number and wording of the categories. Ultimately, it was acknowledged that the PID was an iterative document and if adopted could be reviewed again by this committee at a future meeting. It was proposed by Councillor Monkhouse, seconded by Councillor Tomes and RESOLVED UNANIMOUSLY:

To adopt the Project Initiation Document, to be completed in respect of all proposed projects categorised as routine/planned maintenance and non-essential/asset improvement and submitted to the Finance & Governance Committee for approval.

7. **DAY'S PARK COMMUNITY SPORTS FACILITY – TO CONSIDER SOURCE OF GRANT FUNDING**

Further to Minute No. 87 of the Council Meeting held on 16th September 2024, Members considered a briefing note outlining the possible sources of funding available to finance the approved grant to Swanage Town & Herston Football Club Ltd. It was reported that £8,800 of the grant award could not be directly funded from the Capital Receipts Reserve, the approved funding source, given the revenue nature of the expenditure, and the grant would need to be paid from a revenue reserve. It was noted that £3,120.34 was currently held in the Football Club Facilities earmarked reserve.

After a brief discussion it was proposed by Councillor Bonfield, seconded by the Town Mayor and RESOLVED UNANIMOUSLY:

To fund the revenue proportion of the total grant awarded to ST&HFC, £8,800, from revenue reserves split £3,120.34 from earmarked reserves and £5,679.66 from the general fund.

8. **ITEMS OF INFORMATION AND MATTERS FOR FORTHCOMING AGENDAS**

The following matters were listed as matters for forthcoming agendas.

- a. **Review of Corporate Plan and Committee Structure** – It was noted that a workshop would most likely be held in January 2025, with a full review to be undertaken in Spring 2025.
- b. **Update on Action Points from Internal Audit Report 2023/24**

9. **RETAIL CLIENT SUITABILITY REPORT**

Members discussed a Retail Client Suitability Report that had been prepared by the Council's treasury advisors, Arlingclose, following several meetings with the Town Clerk/RFO and Finance Manager. The requirement to produce the Report was noted because of the classification of the Council as a retail client and to enable Arlingclose to continue to give investment advice to the Council. This also ensures that the Council understands the risks involved with making investments and that the Council's Treasury Management Strategy is appropriate. It was noted that this was a periodic update to a report previously adopted in March 2021.

It was reported that sections 5 and 8 were the most pertinent sections of the report, given the decision to sell holdings in long term investments to finance the Capital Programme. Section 5, Table 9, the proposed redemption schedule was noted as prone to change, due to the timing of the proposed works for the GSSSES. It was noted that the proposed schedule of redeeming 1/5th units every six months would be reviewed on a quarterly basis. Section 8, Table 12 outlined the options available to the Council in financing its capital programme. Option 1 was noted as the full redemption of strategic investments, and Option 2 the retention of holdings in strategic investments. In discussing Option 2 it was stated that this would require a high level of borrowing, and that due consideration would need to be given to the balance between the level of investments retained and the amount borrowed. This would need to be worked through as a part of the business case for the GSSSES and Arlingclose would work with the council in determining the correct balance. The importance of the GSSSES in determining all strategic financial decision making was highlighted.

It was proposed by the Town Mayor, seconded by Councillor Bonfield, and RESOLVED UNANIMOUSLY:-

That the contents of the draft Retail Client Suitability Report be approved.

10. **DATE OF NEXT MEETING**

The date of the next scheduled meeting was noted as 11th December 2024.

The meeting concluded at 12.50 p.m.
