

MAESTEG TOWN COUNCIL

Minutes of a **HYBRID** meeting of the **Finance committee** held remotely via Microsoft Teams and at the Council Chamber, Council Offices, Talbot Street, Maesteg, on **Tuesday 31ST JANUARY 2023**.

PRESENT:

COUNCILLORS: **G Thomas (Chair)**

F Abedalkarim, P Davies, C Knight and R Martin

APOLOGIES: Cllr L Thomas

DECLARATION OF INTEREST: **None declared**

426. QUARTERLY REVIEW OF ACCOUNTS

Members were provided with all signed bank reconciliations from Q3 and a Q1, Q2 + Q3 summary sheet.

Report to the finance committee on current and possible future budget
Q3 results as at 31/12/2022.

Cash on Hand

Treasurers Account	£2,000.00
Business Account	£15,909.43
CCLA	£620,000.00
Cash on Hand TOTAL	£637,909.43
Unpresented payments	-£1,713.05
Available Balance	£636,196.38

Budget Position

Budget Spend for the year was set at £431,750.00 during January 2022 Council meeting, however throughout the year a number of budget lines were increased from reserves to make the budget £456,362.21. (see Receipts and Payment Account sheet)

Position at end Q3.

Council spent £227,190.01

Increased budget: £456,362.21

Spend to Date / Budget x 100	% budget spent
227,190.01 / 456,362.21 x 100	49.78

which is equivalent to 49.78% of the budget.

Forward View and comments.

The councils spend has been categorised as:-

- **long term commitments**, those being contractual spend or items committed by the council that can't easily be amended.
- **Discretionary spend** – short term spending that may be contractual or not but that can be varied by the council should it wish.
- **Other items** – items that don't fit the above categories or deserve special mention such as one-off purchases.

For each Budget line a comment is made on how much is expected to be spent on that item within the full financial year, so includes a best estimate or latest view to enable a year end position to be calculated for budget setting purpose. Appendix A shows an easy-to-read table format that shows, budget allocation, spend to date, expected spend and better/worse than budget.

Appendix A - shows an easy-to-read table format that shows, budget allocation, spend to date, expected spend and better/worse than budget.

Colour coding:

Long term commitments,

Discretionary spend.

Other items

~ = approximately

OVERSPEND in Red

UNDERSPEND in Green

Budget Line	Budget remaining	Expected to spend £	Over / Under budget	NOTES
Capital Projects	No formal budget set for capital projects. Money is from reserves			
Car Park toilet	23,704.81	~ 16,000.00	Underspend £7,704.81	Last payment to JC Decaux was made in August 2022 and covered rental and maintenance 01/07/22 - 31/12/22. therefore, we are now waiting for a further 6months rental & maintenance invoice and electricity bills and Water & Sewerage invoice

CAT Grant	25,000.00		unknown	Still waiting on 4 clubs to complete
Cenotaphs	563.00	800.00	Overspend £237.00	Still have outstanding payment to Marmor Memorials The Road Closures for remembrance Sunday were included within this budget for 2022/23
Childrens playschemes	6,240.00	6,240.00	£0.00	BCBC will be invoicing before March 2023
Christmas Celebrations	14,740.18	~ 31,923.00	Overspend £17,183.00	MTC engaged with EPM Marketing for Grotto, Parade Day etc that was not budgeted for in 2022/23. Have yet to receive invoices for Centregreat (lighting) and electricity for Christmas lighting. Expected spend is based on last year's figure.
CMO Equipment	9,672.01	~ 1,500.00	Underspend £8,172.01	CMO has requested some additional items in January full Council
Defibrillator	601.05		Unknown	As and when needed
Dog Waste bags	1,402.30	~ 1,797.70	Overspend	Supplying more areas with bags and another order was ordered in December
Elections	7,763.00		Unknown	we are yet to know whether there will be a by-election or co-option for Maesteg East Ward
Floral Displays	1,446.00	~ 1,720.00	Overspend £274.00	have yet to receive invoice for Winter displays = approx. £1,720.00

General Fees	12,381.00		Unknown	have yet to be invoiced for Audit Wales fees
Grade II* Building	96,251.18		Unknown	Work is to restart in Q4, date yet to be advised.
Insurance	565.36		Underspend £565.36	Paid in September for a 5-year LTA
Maesteg Cemetery	375.00	375.00	0	Final quarterly payment to be made in February
Maesteg Festival	12,372.61		Underspend £12,372.61	No further festival activities planned for 2022/23
Mayoral Office	20.00		Underspend £20.00	Gifts are now funded via S137
Members Expenses	350.00	500.00	Overspend £150.00	Still have final quarter payments to the Mayor and Deputy Mayor. In December a member changed their mind about receiving the IRP payment for 2022-23
Office Costs	2,637.90	Unknown, office now open to the public – meeting papers are posted via royal mail and cost varies each month depending on the weight of the paperwork		
Premises	2,332.09	Unknown, office now open to the public and the boilers are now working		
S137	21,545.00	~ 3,000.00	Underspend ~ £18,545.00	Depending on number of requests for the final Quarter.
Staff	10,131.11	~ 18,000.00	Overspend ~ £8,000.00	this needs to be looked at as we have 3 months of salaries to pay = approx. £18,000.00
Telephones & IT	1,724.14	1,210.29	Underspend ~ £513.85	based on current spend per month
VAN	262.18	~ 260.00	Unknown	Van needs new plugs & diesel

Ward – Caerau	8,219.50		Unknown	Depending on what the Wards decide to spend the budget on
Ward – Maesteg East	9335.00		Unknown	Depending on what the Wards decide to spend the budget on
Ward – Maesteg West	9,902.35	123.95 + 605.00 = 617.95	Unknown	Depending on what the Wards decide to spend the budget on
Ward – Nantyffyllon	10,000.00	1,960.00 + 123.95 = 2,083.95	Unknown	Depending on what the Wards decide to spend the budget on

Income

The rent for the vault, the BCBC ROW agreements and the Llan MCC agreement. So, income is expected to continue in line with expectations. This income is not considered in the budget spend and will be added to reserves.

Q3 year latest view position.

If spend was “to budget” from existing bank balance (neglecting income due to the small value) then the council would be left with a year-end reserve of

	£
Cash at end of Q3	636,196.38
Budget spend	- 263,206.25
End of year cash in bank	375,990.13

Members discussed the above and queried the following budget lines:

- Car park toilet – Chair of Finance advised that the contract is ending in August 2023, however MTC have yet to decide whether or not to replace with a different style of public toilet – the Projects Committee should be looking into this.
- Christmas – Chair of Finance advised that money could be moved from the Festival budget to the Christmas budget for this year. Next year the parade and grotto are listed under Festival – Christmas Parade.

- Grade II* Listed Building - Chair of finance advised that the current contractor has now backed out of the contract and new tenders would need to be sourced. MTC have applied for grant funding from BCBC on a 70-30 basis, however the application will need to be amended when the new tenders are received.
- Elections fees: why there is a % spend missing, clerk advised that it was a typing error and that the Receipts and Payments sheet will have the spend to date as £7,237.00 making 48.25% of the budget spent as Maesteg East and Maesteg West were uncontested elections in May 2022. Chair of Finance also advised that money has to be kept in the budget in case of a by-election.
- Salaries – Chair of Finance advised that when the budget was set the NALC pay award for 2022-23 had yet to be published. Clerk also advised that in the Personnel minutes a member queried whether there was enough in next years budget to include the pay increases – Chair of Finance advised that there is, however Council need to discuss the recommendations.

427. CURRENT BANKING PROVISION:

Currently MTC banks with Lloyd's bank, whereby there are 2 accounts. (MTC does not get charged for these accounts):

1. **Treasurer's Account** – this is where all payments are made from and the account is maintained at the end of every day at £2,000.00.
2. **Business Account** – this account feeds the treasurer's account and where we receive bank interest.

Current Bank Mandate Signatories (Cheque & online) currently all payments need the Clerk / Deputy Clerk plus 2 members to authorise payments:

Cllrs: F Abedalkarim, C Davies, C Knight, R Martin & G Thomas

The authorisation processes.

- 1) Payment needs identified as either standard payment within the budget such as, standard contracts, utility bills and wages. Or identified as specific spend.
- 2) If outside standard payments, invoice details are added to list of payments to be presented to full council.
- 3) List of payments are approved by the council at the next monthly meeting and that is recorded in the minutes.
- 4) Once approved clerk or deputy clerk will raise invoice for payment, and send copy of the invoice (if applicable) to the authorisers, and enter the details in the cash book.
 - a. Note only the clerk and deputy can raise payments, but neither counts as a signatory in the authorisation process. This prevents the person raising the payment being involved in its approval.

- b. If the payments are more than £2,000.00 then the Clerk / Deputy Clerk have to transfer money from the Business Account into the Treasurer's Account to cover the payments to be authorised. If the payments have not been authorised by the end of the day the treasurer's account, then transfers this excess back into the Business Account. The next day or when an authoriser tries to make the payment, they will be told there is insufficient funds for the payment. They then phone the office and the Clerk / Deputy Clerk then have to transfer money again.
- 5) Once payment has been raised any 2 from 5 (as mentioned above) will need to log onto the secure banking system and approve the payment via the secure portal, which records the approver and date time stamp.
 - 6) Once payment is approved, the RFO will print a copy of the invoice and file it in the requisitions book. This book is open to all councillors at any time during office hours.
 - 7) At the end of the month the RFO will print a copy of the bank statement for the month and add it to the requisition file, along with that's months cash book.
 - 8) The RFO will then complete the bank reconciliation and publish the finance report for the next council meeting the first week of the following month. The chair of finance receives a copy of the cashbook prior to the full council meeting and reviews the reconciliation and bank balance.
 - 9) After every full council meeting the chair of finance will complete a review of every invoice and the corresponding bank statement, checking entry's, values and payee are correct, match with the bank statement, and then each invoice is signed.
 - 10) The RFO will then start a new entry in the requisitions file for the following month. – All these are open to inspection by any councillor during office hours.

In addition to the authorisation process we have procured the services of Mr GW Davies MBE, to conduct a thorough audit of our systems and procedures. Once this report has been completed then it will be published to all councillors and also made public on our website. If any councillor wishes to speak with the internal auditor the please feel free to do so.

In November 2021 MTC opened an account with the churches, charities, and local authority investment fund (**CCLA**) has been a great success for us. The recently introduced investment strategy was designed on the basis of:

- Security – The fund manages £14.2 Billion pounds of investment and through a diverse portfolio it spreads the risk amount multiple investments minimising the risk to each individual stakeholder. In addition, the account has control such that payments out of the CCLA fund can only be made to the investing bank account, that being our treasury account so any withdrawal will be transferred to that account and then be subject to the same controls as mentioned above.
- Liquidity – the fund offers access to withdraw our investment at 24hr notice, so this allows the RFO to manage the working capital in the business account without having to factor long term cash flows.

- Yield – the account offers a monthly dividend payment that is paid directly into our business account, there is an option to reinvest this dividend, but at present the council has decided against that and gets the dividend as a cash payment. At present the yield from the investment is tenfold the interest paid on the treasury bank account.

Members discussed the banking arrangements and agreed that the 2 Lloyds Bank Accounts worked well when all payments were made by cheque. However now that most are made via online banking there seemed to be a lot of transfers being made to enable payments to be made. Members **agreed** to **recommend** that the Chair of Finance the Clerk/RFO and Cllr C Knight look into other business account provisions and see if there are any others that may be beneficial to MTC. Clerk did highlight that currently Lloyds Bank do not charge MTC for the banking provision.

A member queried the type of account the CCLA Account was – Chair of Finance advised that it is a non-profit account that has low risk, fluidity and a better financial dividends than the interest received from Lloyds Bank. Another member queried why MTC didn't invest in a FTSE 500 company? Chair of Finance advised that there are strict rules to investment of public money and that it would require a fully qualified treasury manager within the Council.

428. TO REVIEW CURRENT BUDGET POSITION

Budget Position

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which is equivalent to 49.78% of the budget spend to date.

Budget remaining:

$£456,362.21 - £227,190.01 = \mathbf{£229,172.20}$

Chair of Finance advised that the budget is always set as a worst case scenario expecting to spend the full budget. In reality most T&CC's have an underspend.

429. TO REVIEW RISK ASSESSMENT SCHEDULE 2021/2022 AND ASSET REGISTER

Members were provided with the current Risk Assessment Schedule 2021/2022 and Asset Register (dated 31st March 2014)

Members were happy with the current Risk Assessment Schedule and **agreed to recommend** that the current register is updated to 2023-24.

Members looked at the Asset Register dated 31st March 2014 and **agreed to recommend** that the Property Committee look to update the register to include the new grit bins / ICT equipment and other items that may be missing from the register.

430. CONTRACTS

Members were provided with the following information:

Verbal Contracts with no formal written contract:

Cenotaphs	Stone Mason is contacted in October to ask if he is still ok to clean the Maesteg and Caerau war memorials in readiness for remembrance Sunday No formal contract written
Cemetery – opening and closing gates	See minute 126, Full Council 1 st August 2017 <u>FULL COUNCIL – 1st AUGUST 2017</u> <u>MINUTE 126</u> <u>MAESTEG CEMETERY</u> Following a report presented to Council of a meeting held with Mr P Beaman of Bridgend County Borough Council regarding Maesteg <u>RESOLVED:</u> With regard to the security of the cemeteries, Members agreed that the preferred option would be to open and close each day. Council confirmed that Mr Geraint James, and in his absence Mr David James, of Llys Marmor, Cemetery Road, Maesteg, CF34 0DN, do this on behalf of Maesteg Town Council at a cost of £125 per month with effect from 1 st September 2017. No formal contract written and Mr D James continues to open/close the cemetery daily.
Internal Auditor	Internal Auditor was verbally asked by Chair of Finance to take over from previous auditor. To date no formal contract has been written.

Members discussed the above and agreed that a formal contract be written for all of them. In addition to this, members discussed that moving forward MTC should go to tender for the Cenotaph cleaning and Internal Auditor, it was also agreed not to go to tender for the opening and closing of the cemetery as the stonemason lives next door to the cemetery.

Trade Waste:

	Duty of care cost	Roll of trade waste (50) bags
OPTION 1	£80.00 plus VAT per annum (current Duty of Care until end of March 2023)	£300 plus VAT (£6 per bag)
OPTION 2	£96.00 plus vat per annum. (This is a legal document every business in the UK is required to have by law)	1 X Roll of 50 General waste bin emptied weekly £150.00 plus vat (£3 per bag)
OPTION 3	unknown	1 x Roll of 50 General Waste bags collected fortnightly £163.50 plus VAT £3.27 per bag collected fortnightly

Following the above trade waste options, members agreed to recommend that option 2 is agreed in full council as they offer weekly collection of trade waste bags.

Clerk also mentioned that an email had been received today advising that the feminine hygiene waste disposal company have advised that they are increasing the service by 7.5% due to ongoing rising costs. Clerk asked whether MTC need to re-tender this contract and members asked how much the contract is – Clerk advised that we pay a yearly fee of £70 excluding VAT so a 7.5% increase will be approximately an extra £5.25 a year. Members advised that as this is below the threshold there is no need to re-tender.

Clerk also advised that within the correspondence for the next full council meeting there is a request for baby changing facility. This would also require a contract for nappy disposal.

431. INVOICE STANDARDS

Chair of Finance advised that recently some of the payments for authorising had been rejected as they were not on a standard invoice. Chair of Finance asked members what they thought should be on a standard invoice? It was agreed that the following be a minimum on invoices:

- Name
- Sort Code

- Bank Account Number
- VAT Registration

Members also discussed that there had also been a couple of errors that were highlighted by the procedures which the Chair of Finance advised that this was ok as it proved that the procedures worked.

A member also stated that if a company is VAT registered and they don't separate the VAT and Nett amounts that MTC calculate it and reclaim the VAT.

432. ANY OTHER FINANCE QUERIES

The Chair of Finance asked members if there were any other queries and advised that he had spoken to Utility Aid (Energy Broker for the Not for Profit Sector) and recent email advising that they are recommended by OVW. The company get discounts by negotiating for collective council as one account and that there was no cost to individual T&CC's to use them. It was **agreed to recommend** that MTC ask them to complete an energy survey on behalf of MTC.

433. RECOMMENDATIONS

- 1) Chair of Finance the Clerk/RFO and Cllr C Knight look into other business account provisions and see if there are any others that may be beneficial to MTC.
- 2) Risk Assessment Schedule agreed and updated for 2023-24
- 3) Asset Register – Property, H&S Committee to update.
- 4) Contracts be written for the verbal contracts
- 5) Go to tender for the Cenotaph cleaning and Internal Auditor contracts
- 6) To purchase trade waste bags from Option 2
- 7) To proceed with Utility Aid for an energy survey

Minutes emailed to all Councillors to Read on 1st February 2023
Minutes accepted at a hybrid meeting of the Council held on 7th February 2023

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Mayor