

# Godstone Parish Council

(incorporating the Villages of Godstone, South Godstone and Blindley Heath)

## Clerk to the Parish Council

S Endersby

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## Admin Assistant

### MINUTES

of the Finance Committee of Godstone Parish Council  
on **Tuesday 19 July 2022** at **6.45pm** at **The Bounty, Godstone Green**

**Members:** Cllrs D Stone, C White, C Farr, S Farr and B Davis

**In Attendance:** S Endersby (Clerk)

1. **Apologies for absence** - None

2. **Declaration of Interest** - None

3. **Minutes of the meetings held on 6 January 2022**

3.1 Minutes of the meetings held on 6 January 2022 were considered

**RESOLVED** – The minutes of the meetings held on 6 January 2022 were approved as accurate records of the meetings and it was agreed that they be signed by the committee chairman.

4. **Committee Terms of Reference**

4.1 The committee noted the Terms of Reference set by the Parish council at Annual meeting.

5. **Financial Position Review – 2022-23**

5.1 Review the latest receipts and payments report; agree any virement - The committee noted the Receipts and Payments sheet had been provided, correct up to 1 July 2022.

5.2 Review Designated Funds and note current balances

5.2.1 The committee noted that the Reserves Summary sheet and a Summary of Funds had been provided, correct up to 1 July 2022.

5.2.2 It was noted by the committee that these finance documents confirmed all Designated Funds as allocated following the review of designated and restricted funds that had been undertaken in March 2022.

5.2.3 Noting items discussed at the full council July meeting the Clerk confirmed that there was currently no allocation of funds for the survey fee of £840 in relation to the donated land and recruitment costs.

**RESOLVED** – Noting the full council's instruction to investigate using recruitment agencies to fill the admin vacancy that remains unfilled, the committee unanimously agreed that £1000 be designated for recruitment costs. A virement of £1000 from general funds be designated for Recruitment costs.

**ACTION 7/22 FC – 1** – Clerk to complete the virement for recruitment fees as instructed.

5.3 Review Restricted Funds and note current balances

5.3.1 The committee noted that the Reserves Summary sheet and a Summary of Funds had been provided, correct up to 1 July 2022.

5.3.2 It was noted by the committee that these finance documents confirmed all Restricted Funds as allocated following the review of designated and restricted funds that had been undertaken in March 2022.

5.3.3 It was noted that the Hilly Fields Car Park Project fund was a refund received in relation to the project and are CIL funds.

5.3.4 Noting the information that there was currently no allocation of funds for the survey fee of £840 in relation to the donated land the committee;

**RESOLVED** – Noting the full council's commitment to pay a share of the Ecological survey fees for the land which is to be donated at Blindley Heath, the committee unanimously agreed that £840 be allocated out of restricted CIL funds (having considered the criteria of how CIL can be spent) to pay for the first of three surveys which are required as per planning conditions of the site. A virement of £840 from the 'Hilly Fields Car Park Project' funds be allocated as restricted funds for the Ecological Survey costs.

**ACTION 7/22 FC – 2** – Clerk to complete the virement for Ecological survey fees for the land which is to be donated at Blindley Heath as instructed.

6. **Budget for 2022-23** - To discuss, consider and agree any changes to budget.

- 6.1 Noting the potential funds available, shown on the Summary of Funds, the committee considered the current budget, which had been updated to take in to account the review of March 2022 when a detailed look of projects was undertaken.
- 6.2 The committee discussed the allocation of funds for matters within the Budget, noting the budget is prepared carefully to allocate funds to ensure the council's can carry out its duties and responsibilities without excessive amounts included for emergency or unidentified issues that might arise.
- 6.3 The committee noted the instructions of the council to proceed with planning a tree survey. The committee were aware of historic costs associated with emergency or unplanned tree works, tree surveys and works required subsequent to a survey. Although there are earmarked funds for tree works in the budget plans, the committee considered it was an area that could require further funds than is currently allocated.
- 6.4 The committee noted the funds allocated to professional services in relation to the local plan are low and that until the Tandridge District Council's Local Plan is complete the council cannot completely discount the potential of further funds being required.
- 6.5 Hilly Fields fence repair was noted as having no budget allocated out of the precept, and the budget drafted is that work could be considered out of other income during the financial year for the works if there were enough funds.

**7. Application to the Secretary of State for Levelling Up, Housing and Communities to apply for Public Works Loan Board (PWLB) - Consider requirements and documentation required as part of the application.**

- 7.1 The committee noted the requirements of the PWLB application and the decision at the July meeting of the full council which amended the motion on the Agenda, to seek the approval of the Secretary of State for Levelling Up, Housing and Communities to apply for a Public Works Loan Board (PWLB) loan of £80,000 rather than £100,000 as originally detailed.
- 7.2 In order to proceed with item 7 of the Agenda and prepare the documentation required as part of the application, the Committee discussed the financial position of the council and if the councils current financial position makes it possible to change the loan amount to be applied for from £100k to £80k with £20k being allocated from the council's current reserves.
- 7.3 It was noted that the proposed borrowing term of Over 25years (not over 25½ years) for the loan remains the council's intention and applying the annuity method of repayment. It was further noted that the resolution had been that if £80k was borrowed, the council would not intend to increase the council tax precept for the purpose of the loan repayments.
- 7.4 Noting the allocation of funds, requirement to hold a precept reserve, recommended as 50% of the precept, the Summary of Funds showed that there was potentially £19,084.41 of funds available from the general reserve.
- 7.4 It was discussed that as the loan amount agreed at the full council meeting changed the clerk had not been able to provide the council with the PWLB FIXED RATE LOANS rate during the meeting and was subsequently checked, as of 12-Jul-2022 the annual loan repayments will come to around £4726.74, applying the Annuity<sup>1</sup> method of repayment.
- 7.5 Members of the committee and Clerk were concerned about the validity of the motion, for the loan application, as the loan repayment amount could not be confirmed at the time of voting at the full council meeting.
- 7.6 Covering Repayments - The committee noted the information provided in the business case for a loan amount of £80k still did not reduce the loan repayment amount to the current amount allocated in the budget for rent payments of £4400.00 (which would revert to cover the loan repayment amount). With an £80k loan estimated annual cost of £4726.74 consideration was required as to the provision to pay the difference of £326.74 [£4726.74 (loan repayment amount) - £4400 (rent allocation) = £326.74]. Information on the ability to pay this amount out of Other income was acknowledged.
- 7.7 The range of factors to consider were noted; careful but tight budget planning, the review of projects which had reduced council objectives to the bare bones. It was discussed that care should be taken in the consideration of using funds to not hinder the councils ability to be able to respond to issues.
- 7.8 The committee discussed further consultation of parishioners on the purchase of the Bounty due to the changes since the last committee meeting on the matter and that the consultation include the option to increase to the precept.
- 7.9 Following the full council meeting, now the Finance committee had now had the opportunity to consider more closely the financial position the majority of the committee members had strong reservations about

<sup>1</sup>ANNUITY (Fixed Rate Loans only), each payment is of a constant amount inclusive of principal and interest.

the proposal to use £20k of reserves and felt that it would be unsatisfactory financial care and management and irresponsible to proceed with using £20k of reserves.

- 7.10 A proposal was put to the committee that a report should be provided to full council on the committee's reservations and concerns of using £20k of reserves to take a £80k loan and that it be recommended that £20k of reserves not be used with a loan application of £80k, but the original £100k loan amount should be approved and applied for. (Proposed: Cllr D Stone, Seconded: Cllr C Farr)

**RESOLVED** – The committee agreed by a majority that it was not financially responsible to use £20k of reserves in order to take an £80k loan and it is recommended to the full council that a loan of £100k be applied for. Cllrs D Stone, B Davis, C Farr and S Farr voted in favor. Cllr C White voted against.

**ACTION 7/22 FC – 3** – Committee requested that the Clerk liaise with the council chairman to call an extraordinary meeting on the matter and the appropriate steps be taken to request that the motion is reconsidered.

**ACTION 7/22 FC – 4** – The committee noted the table of information provided of the requirements of a PWLB application. The Business case to be reviewed and redrafted on the basis of a £100k loan being applied for.

**ACTION 7/22 FC – 5** – The consultation of parishioners to be revisited in relation to the precept being increased to assist in the repayment of the loan.

- 7.11 Noting the proposed change in loan amount, the committee discussed the reason for wishing to proceed with the purchase of the parish office and it was still considered an appropriate action.

- 7.12 Options to mitigate the risk for not being able to afford the loan repayments for the business case were confirmed as:

- 7.12.1 Consider increasing rents or charges to increase Other income
- 7.12.2 Let the property in its entirety at an amount suitable to cover the loan repayment amount.
- 7.12.3 Sell the property and designate funds to cover the cost of the loan repayment for the remaining term of the loan. (It was noted that the sale of the property is an option to mitigate risk as the property is not held as security by the lender and will be the councils asset on purchase.)

## 8. Date of next meeting

Part 2 – None

----- Meeting ended -----

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Signed  
Committee Chairman

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Dated