

## Agenda item 5

For information - Financial update at 31 January 2018

Author: Jackie Wheeler, Responsible Finance Officer

### Summary

This report provides an update on finances of the Town Council. This includes income and expenditure data, spending on items over £500, status of reserves and any specific items to bring to Cllrs' attention. This report also includes the summary forecast for year end income and expenditure, which indicates that income and expenditure will balance.

The Internal Auditors have confirmed we are managing our financial affairs well and the year-end forecast indicates that the budget will be balanced.

I am very happy to answer any questions at the meeting but if you require any specific information please let me know beforehand.

### Auditors

The Council's appointed External Auditor for the financial year 2017/18 will be PFK Littlejohns.

The Internal Auditors, Fair Account, have completed the audit up to 31 January 2018 and their report can be found at [Appendix 2](#).

### Income and expenditure

A breakdown of budgeted income and expenditure from 1 April 2017 to 31 January 2018 is shown at [Appendix 3](#).

Income highlights from October to January:

- £84k HMRC VAT repayment of quarters 2 and 3
- £3.5k (1043/700) Somerset Community Foundation Grant held for Frome Community Cars
- £4k (1099/802) Mendip Tourism Grant to be earmarked for 2018/19 for Marketing & Communication Discover Frome projects

Expenditure highlights from October to January:

- £146k (4125/700) Dave Lucey Ltd Phase 1 Boyle Cross improvements
- £18k (4125/700) IMA Ltd Project Management Boyle Cross improvements
- £54.6k (4053/600 and 4066/700) Public Works 6 mthly Loan Repayments for C&G building renovation and land at Saxonvale purchase
- £16.4k (4510/610) Public Works 6 mthly Loan Repayments for Town Hall purchase and renovation

- £9k (4510/610 and 4050/500) Public Works 6 mthly Loan Repayments for Town Hall and Showfield
- £4k (4063/600) Public Works 6 mthly Loan Repayments C&G Tower renovation loan
- £15k (4052/600) Fair Frome Multi Year Agreement
- £8k (4850/600) Harrys Hydro Multi-Year Agreement
- £1.5k (4327/600) Frome Carnival Club Multi Year Agreement
- £8k (4840/600) SPARK Volunteer Frome delivery 2<sup>nd</sup> and 3<sup>rd</sup> quarters

Councillors are asked to note that additional expenditure was required for the architectural services for the Little Keyford Lane feasibility study, as this budget was expended, the Planning and Development Manager in consultation with the Chair of Council Matters and Chair of the Planning Advisory Group have requested to vire £3,500 from the Public Realm Earmarked Reserve to the Self Build Housing Project budget (4132/700).

### The Balance Sheet

The Balance Sheet at [Appendix 4](#) is a breakdown of assets and liabilities as at 31 January 2018.

The first part of the Balance Sheet details short term investments and assets totalling £1.1m. This is broken down as £202k (Triodos), £201k (CCLA), £201k (Charity Bank Saver), £273k (Barclays) plus £202k long term 12-month investment in the Charity Bank Community Account. Interest received to date exceeds the budget by £1.8k.

### Reserves

The second part of the Balance Sheet identifies the net amount of £1.04m is allocated to the reserves. The reserves are a combination of General Reserve £536k, a variable figure which is required to fund the remaining two months of this financial year, and Earmarked Reserves totalling £511k.

It is anticipated that most of the EMRs apart from Market Place phase 2 and Saxonvale will be expended during the next two months.

### Payments over £500

Payments over £500 for 1 October 2017 – 31 January 2018 are shown at [Appendix 5](#).

### Financial forecast

Most of the budgeted expenditure remains on track and projected to remain within budget for the remaining two months. The end column on [Appendix 3](#) titled 'Funds Available' identifies the balance remaining in that budget until the end of the financial year.

The income from the Council Chamber, meeting rooms and office space rent remain below budget as previously highlighted. On receipt of the change of use, and alcohol licence approval, hire and booking income is expected to increase.

A budget review with managers, identified predicted underspends in certain budgets which will help to compensate the lower income from the town hall bookings, these are contained in the "Funds Available" column on [Appendix 3](#) as described above.

#### Significant savings made

- putting on hold the recruitment of an Internal Fundraiser
- no venue hire cost for Community Groups training courses (held in Town Hall)
- FTC's internal trainers are running these courses
- Council match funding not required as a project was fully funded

#### Budget underspends

- Victoria Park toilets, vandalism cost reduced in 2017/18
- Frome College's Work Experience Co Ordinator, used balance from 2016/17 funding

#### Money returned to General Reserves:

- The EU funding the Council agreed to underwrite from general reserves in 2013 was received at the end of 2017
- Additional income from the investment interest
- Tickets income from Business Breakfast events

#### Money agreed to be spent from General Reserves:

- Changing Places funding
- Professional coaching for staff and councillors following review of management structure

These savings and underspends will allow the agreed £24k to be transferred from General Reserves at the beginning of the new financial year to finance the 2018/19 budgeted expenditure. It is anticipated there will be approximately £10k - £15k over the agreed £180k in the General Reserve at the start of 2018/19.

#### Conclusions

FTC remains financially sound with adequate funds for budgeted 2017/18 expenditure. Whilst the forecast indicates an income shortfall Cllrs should be confident that this shortfall will be balanced by expenditure budget underspends and savings at the end of this financial year.

Next year (2018/19) the budget expenditure will be very carefully monitored. In previous years there has been flexibility in the General Reserve that helped us take opportunities when they arose. In 2018/19 the General Reserve is likely to be between £10k - £15k over and above the agreed £180k. We still expect to be able to react quickly to opportunities as they arise through the year, but we will need to make savings elsewhere to do so.

## Recommendations

1. Note that the year end forecast indicates that FTC will be on budget
2. Approve viring £3,500 from the Public Realm Earmarked Reserve to the Self Build Housing Project budget (4132/700).
3. Note the budget for 2018/19