

Agenda item 8

For information - Financial update at 30 June 2018

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Summary

This report provides an update on finances of the Town Council. It includes income and expenditure data, spending on items over £500, status of reserves and any specific items to bring to Cllrs' attention.

The Internal Auditors, in their report dated 5 July 2018, confirmed we are managing our financial affairs well.

Paul Wynne and I are happy to answer any questions at the meeting but if you require any specific information please let us know beforehand.

1. Auditors

The Internal Auditors, Fair Account, have completed the audit up to 30 June 2018 and their report can be found at [Appendix 2](#). Cllrs are requested to note this report.

2. Income and expenditure

A breakdown of budgeted income and expenditure from 1 April 2018 to 30 June 2018 is shown at [Appendix 3](#). Cllrs are requested to note this report.

Income highlights from April to June:

- £634k (1076/900) Half year precept from MDC
- £29.7k Mendip Lodge S106 money received from MDC
- £26k HMRC VAT repayment of quarters 4 of 2017/18
- £5.5k (1421/600) Tudor Trust grant. FTC is holding this on behalf of Fair Housing for Frome
- £2.5k (4125/700) SSE refund as no need to lay cable down Bath Street for the Market Place.

Expenditure highlights from April to June:

- £54.2k (4053/600 and 4066/700) Half year Public Works Loan repayments for C&G building renovation and Garsdale land purchase
- £10.6k (4025/802) Annual insurance 07/04/18 - 06/04/19
- £10k (4326/600) Frome Festival multi-year agreement
- £9k (4510/610 and 4050/500) Half year Public Works Loan repayments for Town Hall and Showfield.

- £8.7k (4750/600) Annual contribution to Mendip CCTV service level agreement
- £8.1k (4033/500) Replacement swings for Mary Baily play area (including fitting) – Insurance claim will cover this
- £6k Black Swan Arts (4745/600) PB grant for Window Wanderland
- £5.8k (4058/802) Legal costs to transfer Rodden Meadow, Welshmill, The Old Showfield, Weylands and The Dippy to Theodora Ann Le Gros Trust
- £5.2k (4119/700) 3x Fountain checks by contractor and installation of tactile strips at Boyles Cross
- £4k (4940/700) Frome Community Cars balance transferred to Mendip Community Transport
- £3.8k (4333/600) Christmas lights hire year two
- £3.7k (4058/802) Legal fees relating to clawback of land sold to NHS. Final payment still outstanding
- £1.9k (4745/600) Rare Species PB grant for Free Fitness for All
- £1.8k (4531/610) Town Hall lift annual service 01/07/18 – 30/06/18
- £1.6k (4119/700) Planters for Boyles Cross

3. The Balance Sheet

The Balance Sheet at [Appendix 4](#) is a breakdown of assets and liabilities as at 30 June 2018.

Assets

Our assets are money in our bank account, money we have invested and money owed to us.

The first part of the Balance Sheet details short term investments and other assets totalling £1,036,456.

Broken down, the investments are £202,545 (Triodos), £201,340 (CCLA), £202,258 (Charity Bank Saver), £1,030 (Mendip Credit Union), £10130 (Barclays) plus £202,493 long term 12-month investment in the Charity Bank Community Account.

Other assets are as follows:

Trade debtors £7,413 – this is the balance of outstanding invoices we have sent out.

VAT control £16,883 – this is the amount due to us from HMRC.

Debtors C&G Trust Loan – this is the amount due to us from the Cheese and Grain.

Petty cash £237 – this is the amount of petty cash we have for the office and for the park office.

Current account £185,549 – this is the amount we have in our Barclays current account.

Liabilities

Our liabilities are money that we owe.

The liabilities include trade creditors which are £22,544. This is the balance outstanding at 30 June 2018 for invoices received from our suppliers. The remaining amount of £255 is the amount owed to companies for selling tickets on their behalf. There are a few minuses due to banking and invoicing differences.

Taking liabilities away from assets we have a net asset amount of £1,013,657

4. Reserves

The second part of the Balance Sheet shows in what reserves we have allocated our net asset amount of £1,013,657. There are two parts to the reserves. The General Reserve, which shows as £606,124, is a variable figure which rises and falls during the year but at year end should be £180k.

The Earmarked Reserves total £407,533. The EMR Machinery and vehicle is being used to pay the lease on the electric vehicle and will go down to zero in the next two months. Thereafter, the lease payments will be paid from the revenue budget 4925/500.

The General Reserve (£606,657) plus the total amount allocated to EMRs (£407,533) equals £1,013,657 – the same as the net asset amount.

5. Payments over £500

Payments over £500 for 1 April 2017 – 30 June 2018 are shown at [Appendix 5](#). We will try to answer any questions about these at the meeting. However, please let us know in advance to be on the safe side.

6. Financial notes

At the end of the first quarter, most income and expenditure budgets are on track with one exception: the income from the Town Hall is below budget.

Cllrs know that this income stream is under pressure. Until we have secured the wedding and alcohol licences, we cannot market the Town Hall with a vengeance. Even so, at the end of the first quarter, income from the Town Hall is increasing steadily. We have a full contingent of tenants and bookings are increasing. With the change of use now secure and the wedding and alcohol licences being awarded imminently, we fully expect income to increase faster in the next three quarters. It is still too early in the year to give a full blown year-end forecast but a more robust analysis will be carried out at the half year stage and tabled for discussion at the meeting in October. The report on the town hall on this agenda indicates that the worst case scenario at the end of quarter one is a deficit of £21k.

The IT budget at 4027/802 is looking a little weak at the moment. This cost code is used to pay annual licences, our IT support and new laptops that are needed through the year. This year it is likely that we'll have to buy a new server which will cost approximately £5k. Taking into account the £2500 in the IT EMR, there is a good chance that the IT budget might be overspent by about £1k. However, at this stage in the year, we simply want to flag this as a potential risk and Cllrs should note that we are monitoring it closely.

The Civic Affairs budget (4312/800) has been overspent due to the Annual Town Meeting costing £598.78 instead of £250 as budgeted and will be about £350 over spent. The Annual Town Meeting included costs for the Civic award winner's flowers and frames, performance costs, photography, crockery hire and refreshments. In previous years, this meeting had a

lower profile. We also received late invoices amounting to £108.00 which date back to last year's meeting.

In the context of known staff changes, the staff salaries are on budget, just. Given these are the largest expenditure budgets, we will be keeping a close watch on them through the year.

It was reported at year end that the work experience and apprentice co-ordinator budget (4138/700) was underspent by £2734.53. However, Frome College have since re-calculated and the underspend was only £1678.51. We have issued a credit note for the difference (£1056.02) which will need to be covered by the General Reserves.

Conclusions

FTC remains financially sound with adequate funds for budgeted 2018/19 expenditure so long as the Town Hall income continues to grow.

In summary, Cllrs are requested to note:

1. The report from the internal auditor
2. Income and expenditure highlights
3. The balance sheet
4. The breakdown of reserves
5. The payments made over £500
6. At the end of the first quarter, income and expenditure are on budget except for the uncertainty around income from the Town Hall.
7. A more detailed year-end forecast for 2018/19 will be carried out in time for the 31 October meeting on this committee

And finally.....

Mendip Credit Union

Jackie Wheeler was the Council's appointed representative on FTC's account with Mendip Credit Union. Now that Jackie has retired the account needs another. It is proposed that Cllrs authorise Paul Wynne, Town Clerk, to become the Council's appointed representative.