

Agenda item 4

For information - Financial update at 31 July 2016

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Summary

This report provides an update of finances for the Town Council – income, expenditure, spend items over £500, reserves and any specific items to bring to your attention. Finance Sponsors, Cllrs Jean Boulton and Shelia Gore regularly inspect these statements in more detail and I am pleased to report they have raised no concerns. I am very happy to answer any questions at the meeting but if you require any specific information please let me know beforehand.

1. *Income and expenditure*

A breakdown of budgeted Income and Expenditure from 1 April to 31 July 2016 is shown at [Appendix 1](#).

a. *Income Highlights*

Frome Selwood Tennis Club contributed £31,222 (1046/500) to part fund the new tennis courts in Mary Baily Playing Field (1046/500). The Lawn Tennis Association is committed to contributing the final £10k of the project spend. This is why there appears to be a shortfall on the tennis courts (4907/500) in the accounts.

We received £2,395 (1025/802) from Npower for electricity sold back to the grid in the first quarter, generated from the Council's PV panels on the Cheese and Grain roof. This income is repaying the Council's £32k investment purchasing the panels and is expected to be fully paid repaid in June 2017.

b. *Expenditure Highlights*

The interest and principal repayments on Council loans with the Public Works Loan Board are repaid twice a year:

Cheese and Grain building £39,458 (4053/600),

Land at Garsdale £14,759 (4066/700)

Town Hall £16,435 (4510/610)

Fair Frome annual support grant £15,000 (4052/600) and Purple Elephant £3,000 (4720/600) who organised the Children's Festival.

Electrical engineers E3 Consulting were paid £12,600 (4499/610) professional fees for designing and being responsible for the electrical and IT installations at the Town Hall transferred from the EMR (9011/901).

I would like to assure Councillors that now the Town Hall renovation project has commenced and the building contractors Hammond & Son started work on 5 June, I will be working closely with our Quantity Surveyor in order to monitor the £518k budget and scrutinising every invoice raised before payment.

2. Payments over £500

The Financial Regulations state payments can be signed off retrospectively. As part of our commitment to be open and transparent, all payments over £500 are noted at these meetings and posted on our website. Payments over £500 are shown at [Appendix 2](#).

3. Budget

Early indicators of overspend

Employee's contracts are bound by the terms and conditions of the National Joint Council for Local Government (NJC), and in June, unexpectedly, we were notified that a 1% increase, back dated to April, had been agreed with NJC and Unison. This increase, coupled with the Government's increase in employers National Insurance contributions indicate a salary overspend of £10k for 2016/17, this represents 2% of the total salary budget and is an acceptable variation to budget at this stage.

The meeting room hire budget (4018/800) is anticipated to go £2k over the budget of £4k due to the increase in meetings and the limited availability of venues.

The appeal to the Valuation Office Agency for a reduction in the rateable value of the Elliot building has been withdrawn on VOA advice. The rateable value of the Town Hall remains unchanged at £20k and the associated business rates are included in the Town Hall and Office utilities (4505/610) budget for Palmer Street and the Town Hall. This budget is overspent by £2,848.

4. The Balance Sheet

The Balance Sheet at [Appendix 3](#) shows a breakdown of assets and liabilities.

Investments

Three new investments totalling £600k will be deposited in early August. This comprises £200k with the Co Op and £400k with the Charity Bank, £200k invested for 12 months in their Community Account, plus £200k for 93 days in their Charity Saver account. Investment interest ranges from 1.25% to 0.34%.

Reserves

The second part of the Balance Sheet shows how the net amount £1,587,118 is allocated to the reserves. The reserves are a combination of General Reserve (GR) which fluctuates depending on income and expenditure, and Earmarked Reserves (EMR's), £76k has been spent from EMRs as shown on [Appendix 4](#).

5. Bank Account

The Barclays account is expected to be opened early August.

6. Any other items

The Internal Auditors, Fair Account have completed the internal audit for the first quarter of this financial year and concluded that everything is in order. Their report can be seen at [Appendix 5](#).

The External Auditors, Grant Thornton are currently auditing the Council's accounts for 2015/16 and have requested more detailed information relating to the purchase of the Town Hall and the Old Showfield. This doesn't raise any concerns and is common practice.

Recommendations

1. Note the Council's financial position as at 31 July 2016
2. Note the payments over £500
3. Note the Internal Auditor's report for the first quarter