

Agenda item 5

For Information: Financial update at 28 February 2017

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Summary

This report provides an update on finances of 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. Report from the Internal Auditors

The Internal Auditors, Fair Account, reviewed and confirmed that the accounting statements up to 28 February 2017 are in accordance with proper practices and no matters have come to their attention giving cause for concern. Fair Account's report can be seen at Appendix 2.

2. Income and expenditure

A breakdown of budgeted Income and Expenditure from 1 April to 28 February 2017 is shown at Appendix 3.

a. Income Highlights

The sale of the Town Council offices completed on 27 February. A balance of £333k (1016/802) was received after the deduction of the associated legal and commission fees.

Successful grant applications resulted in funding for two Council projects:

- Great Western Rail Customer and Communities Improvement Fund made an award of £15k (1010/600) to fund fingerposts and signage between the railway station and the town centre.
- Groundwork UK awarded £10k (1009/700) to support the feasibility study of the Council's self-build housing project at Little Keyford Lane.

The final £200k (1096/610) loan from Public Works Loan Board was drawn down to complete the Town Hall renovation.

£1,283 (1025/802) was received from Npower for electricity sold back to the grid in the third quarter, generated from the Council's PV panels on the Cheese and Grain roof.

The Co Op Community Account investment matured (£200k) and deposited in the bank.

Frome Medical Practice donated £5k to the Community Car Scheme, which is being held in Council's accounts until the Scheme establishes a bank account.

HMRC repaid VAT for quarters 2 and 3 totalling £115k, an amount higher than usual, relating to VAT reclaimed on the Town Hall renovation expenditure.

b. Expenditure Highlights

Town Hall

£443k has been paid for the Town Hall renovation project to date. This includes a payment of £375k to contractors, Hammonds (4499/610). Accounting for outstanding invoices, the Hammonds £518k contract remains within budget. The balance of the £443k Town Hall expenditure - £68k (4499/610) related to professional fees including NVB Architects, HMW Quantity Surveyor and E3 Consulting Engineers.

Other expenditure

Mangopay manage the Crowdfunder Frome fund and £20k (4742/600) was deposited to enable match funding of up to £5k for Council approved projects. £15k (4740/600) was paid to Crowdfunder UK, to cover the set-up fees and maintain the website for the next two years.

Mack Civils were paid £16k (4038/500) for tarmac work and improving the footpath at The Dippy.

2. Payments over £500

Payments over £500 for October – February are shown at Appendix 4.

3. Budget year end forecast

The final accounts for financial year ending 31 March 2017 will be presented at the May Council meeting. The anticipated net result of budget savings, less General Reserve funding of non- budgeted expenditure i.e. establishing Crowdfunder Frome, transferring an amount to 2017/18 budget and writing off the budgeted Town Hall income for the first three months of 2017, should see a small increase in the General Reserves at the end of this financial year.

It is proposed to establish new Earmarked Reserves for the Council Support Tax Grant, the Cheese and Grain Tower PWLB loan, and for funding projects held over from this financial year including the Marketing Intern, plus a retention amount to be retained for the Town Hall. These EMRs proposals will also be presented in May.

4. The Balance Sheet

The Balance Sheet at Appendix 5 is a breakdown of assets and liabilities as at 28 February 2017.

Investments

The Co Op has discontinued offering short-term investments. Therefore, when the Community Account investment matured it was repaid into General Reserves. Short term investments totalling £1m remain on deposit comprising £201k (Triodos), £200k (CCLA), £200k (Charity Bank Saver), £200k (Barclays) plus £200k long term 12-month investment in the Charity Bank Community Account. These savings accounts are in line with the Council's ethical investment policy and attract interest rates ranging from 0.34% to 1.25%.

Reserves

The second part of the Balance Sheet shows how the net amount of £1,599,485 is allocated to the reserves. The reserves are a combination of General Reserve (GR) which fluctuates depending on income and expenditure, and Earmarked Reserves (EMRs). £587k of EMRs has been spent from April 2016 to February 2017.

Bank Account

Barclays Bank is now the Council's main bank account and the transfer of direct debits from Lloyds are complete. The closure of the Lloyds accounts is partially completed and a small balance remains in the current account.

6. Other items

Following consultation, the Department for Communities and Local Government decided not to extend the council tax referendum principals to local parish and town councils and not to cap a precept increase for the forthcoming financial year 2017/18.

The HMRC Wealthy Midsize Business Compliance Public Bodies Team, visited in January and inspected VAT returns and associated documents for the previous three financial years and reported that all was in order.