

Agenda item 7

For decision: Annual Return for the year ended 31 March 2017 and Earmarked Reserves

Author: Jackie Wheeler, Responsible Finance Officer

Summary

The Accounts and Audit Regulations 2015, stipulate that the Council must meet to consider, approve and sign the Annual Governance Statement and the Accounting Statements for the financial year ending 31 March 2017. These statements are sections 1 and 2 of the Annual Return at Appendix 2 and must be approved in the correct order and minuted separately.

Earmarked Reserves at the beginning of the financial year are amounts accumulated for specific projects.

Please will Cllrs contact me in advance about any questions they have on the Annual Return.

1. Annual Return Section 1

This section acknowledges that this Council has accepted responsibility for ensuring there is a sound system of internal control, including the preparation of the accounting statements in Section 2.

By ticking Yes to Boxes 1 to 9, Cllrs are confirming that the Council has:

1. Agreed that the accounting statements have been prepared in accordance with the Accounts and Audit Regulations
2. Made proper arrangements and accepted responsibility for safeguarding public money and resources in its charge.
3. In line with proper practices, done only what it has the legal power to do.
4. During 2016/17, given electors the opportunity to inspect the accounts.
5. Considered and managed financial and other risks.
6. Noted Internal Audits reports and responded to matters, if any, brought to their attention.
7. Disclosed everything relevant to its business activity.
8. Met all its responsibilities in its capacity as a sole managing trustee.

Recommendation

1. This Council instructs the Chair to sign on their behalf, the agreement to all the governance statements in Section 1 of the Annual Return and is recorded and signed by the Clerk.

2. Section 2

Section 2 of the Annual Return compares the 2015/2016 financial year to 2016/17 and variance between the two financial years of more than 15% have been explained.

The explanation for Box 5 - loan interest and capital repayments. This box identifies two areas where the variance was more than 15% compared to the year before. These were the first year of loan repayments for the purchase of the Old Showfield and a full year's repayment on the Town Hall loan compared to a half year repayment in the previous year.

In box 6 on other expenditure, the increase was due to the renovation of the Town Hall.

Box 9 on fixed assets. The increase in 2016/17 was due to the increase in insurance value of the Town Hall following renovation.

Recommendations

2. The Responsible Finance Officer has certified that the accounting statements fairly represent the financial position of Frome Town Council.
3. The Cllrs to instruct the Chair to sign on their behalf that they have approved the accounting statements.
4. Following their year-end audit, note the Internal Auditors letter at Appendix 3 supporting their declaration on the Annual Return that internal control objectives have been met by the Council.

3. Earmarked Reserves

Appendix 4 shows the Earmarked Reserves at the start of the new financial year 2017/18.

The Council establishes Earmarked Reserves over several years to enable funding of specific projects.

It has been agreed to proceed with Phase 1 and 2 of the Town Centre Improvements and EMRs 9020 and 9115 will deliver this project. EMRs 9017, 9018 and 9019 are Section 106 budgets for expenditure in defined areas. The Cheese and Grain Tower EMR is a loan held by the Council and released to the C&G Trust during the current restoration project.

Whilst the Council and tenants have moved in, the Town Hall still requires investment to enable it to be 'wedding ready', including premises and alcohol licences, for the installation of CCTV and other works, such landscaping external signage, and final restoration work that needs to be completed on the building. This EMR also includes the developer's retention held for 12 months and released at the end of the financial year.

It should be noted that whilst the General Reserve actual figure is £219k and £40k over the agreed £180k level, there is uncertainty whether the Town Hall income targets will be met in the first financial year and may require underwriting from the General Reserves. Any

future decisions about additional used of the General Reserve will be to be taken in this context.

Recommendations

5. Approve the Earmarked Reserves for the start of the financial year .
6. Note the amount in the General Reserve at the start of the financial year .