

## Agenda item 5

For Information: Financial update at 31 July 2017

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### 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 first forecasts of year end income and expenditure.

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

### Income and expenditure

A breakdown of budgeted Income and Expenditure from 1 April to 30 July 2017 is shown at Appendix 4. The Internal Auditor's report April 2017 to July 2017 is shown at Appendix 5 and Cllrs are asked to note this.

### *Income Highlights*

- £88k received from HMRC for the final VAT quarter of 16/17. This is the final claim relating to the Town Hall renovation work. £10k was received from HMRC for the first quarter of 17/18.
- £9k (1098/500) donation was received from Lions Club for the Picnic and Play area in Victoria Park.

### *Expenditure Highlights*

- A second payment to the Cheese & Grain Community Trust of £10k (4065/600) from the PWLB loan secured for the renovation of the tower.
- Multi Year Agreements paid: £6k to Frome Community Education (4830/600); £8k to Purple Elephant (4800/610).
- £6k to Open Story Tellers (4745/600) which is a Participatory Budget grant.
- Public Works Loan Board repayments. £39k for Cheese & Grain renovation (4053/600) and £14.7k for land at Garsdale (4066/700).
- £31k on materials for Market Place redevelopment (4125/700).

Several requests have been received from Community Groups to hire rooms in the Town Hall free of charge. If we did this, it would incur a VAT charge payable by the Council. A solution is to transfer money from the community grants budget to a hall hire grant budget and groups to apply through the Mayor's grant application process. Please note that £1,000 has been transferred from the Community Grants budget (4720/600) to Town Hall Hire Grant (4734/600) for this purpose.

A provision of £10k was made in the Community Grants budget (4720/600) for projects that didn't fit the Crowdfunder mould. It was considered that Frome Reads was such a project and £2k has been transferred to budget line (4736/600).

## The Balance Sheet

The Balance Sheet at Appendix 6 is a breakdown of assets and liabilities as at 31 July 2017.

The first part of the Balance Sheet details short term investments totalling £1.3m on deposit. This is broken down as £201k (Triodos), £200k (CCLA), £201k (Charity Bank Saver), £200k (Barclays) plus £200k long term 12-month investment in the Charity Bank Community Account which is due to mature in August. Interest rates range from 0.34% to 1.25%.

## Reserves

The second part of the Balance Sheet identifies the net amount of £1.3m is allocated to the reserves. The reserves are a combination of General Reserve £486k, a figure which varies month on month, and Earmarked Reserves totalling £848k.

## Payments over £500

Payments over £500 for 1 May – 31 July 2017 are shown at Appendix 7.

## Financial forecast

We are about half way through the financial year and, as we stand, I forecast that year end expenditure will remain within budget with a small surplus. There will also be a small planned surplus of £35k in the General Reserve over the £180k that is retained for emergencies and unplanned expenditure.

When the Council moved into the Town Hall the emphasis was on securing long term tenants. This has been achieved and they are providing regular income. It was always going to be difficult to predict the first year's income from letting rooms for functions and events. Cllrs will recall Town Hall income was highlighted as a risk when the budget was agreed last January.

The need to have a Town Hall premises licence and change of use permission (which includes having to submit a travel/parking plan for event goers, internal CCTV and restrictions on opening windows) has meant we are unable to market the Council Chamber and Café for events. It is anticipated these licences will be granted very early 2018 when our marketing campaign will begin in earnest. Once the licences are in place it is forecast that the period January to March 2018 will show a marked improvement but at this stage it is important to note that year end income from the Town Hall will be lower than budgeted. (A full update on the Town Hall will be tabled at the next meeting on 1 November.)

As we are only half way through the year, and the size of the income deficit is uncertain I have not earmarked specific expenditure budgets where savings can be made. However, given the likely amounts involved I am confident by the end of the year any income shortfall can be covered by savings elsewhere.

## Conclusions

FTC remains in a financially healthy state. While I have forecast income to be down on budget, this will comfortably be covered by saving elsewhere during the second half of the year. To keep Cllrs up to date, the projects sponsors will regular monitor income and expenditure and I will table refined forecasts at all the upcoming meetings.