

## Agenda item 7

### For Information: Financial update at 30 September 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 six-month forecast of year end income and expenditure.

In summary, the External Auditors and Internal Auditors have confirmed we are managing our financial affairs well and the year end forecast at month six indicates that the budget will be balanced.

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

#### Auditors

The conclusion of the 2016/17 Audit was received on 29 September. The External Auditors, Grant Thornton, concluded the Council was financially sound with the proper practices in place.

The Internal Auditors, Fair Account, are due to audit the second quarter of 2017/18 early November. When they visited last time, I asked them to audit FTC's grant funding and Crowdfunder processes. They have advised that the reporting and feedback processes should be tightened up. I am exploring how we do this now. Their report can be found at Appendix 3.

#### Income and expenditure

A breakdown of budgeted Income and Expenditure from 1 April to 30 September 2017 is shown at Appendix 4.

#### *Income Highlights*

- £596k (1076/900) Final Precept payment for 2017/18
- £20k (1014/700) Mendip District Council partnership contribution towards the Boyle Cross improvements
- £14k (1026/600) EU grant to reimburse the Council's expenditure on the Thematic Network Twinning events
- £12.6k (1013/700) Mendip Tourism Grant which will fund the Discover Frome Information Point expenditure (4950/700)

## *Expenditure Highlights*

- £24k (4125/700) Dave Lucey Ltd Boyle Cross improvement costs
- £5.3k (4125/700) Southern Electric, new supply to Boyle Cross area
- £3k (4810/600) Active and InTouch Multi-Year Agreement

## The Balance Sheet

The Balance Sheet at Appendix 5 is a breakdown of assets and liabilities as at 30 September 2017.

The first part of the Balance Sheet details short term investments totalling £1.7m on deposit. This is broken down as £201k (Triodos), £200k (CCLA), £201k (Charity Bank Saver), £894k (Barclays) plus £202k long term 12-month investment in the Charity Bank Community Account. Interest received to date exceeds the budget by £1k.

## *Reserves*

The second part of the Balance Sheet identifies the net amount of £1.7m is allocated to the reserves. The reserves are a combination of General Reserve £984k, a variable figure which is inflated this month due to the Precept £596k being received to fund the final six months of this financial year and Earmarked Reserves totalling £804k.

## Payments over £500

Payments over £500 for 1 August – 30 September 2017 are shown at Appendix 6.

## Financial forecast

Most of the budgets for the first six months of the year are on target and due to remain within budget for the remaining six months. A small surplus in the region of £35k remains in General Reserves over the £180k retained for emergencies and unplanned expenditure.

The Town Hall long term tenants' rent has been separated on the Income and Expenditure statement as this income (£18k) is guaranteed for the next five years (1055/610).

The income from the Council Chamber, meeting rooms and office space rent are below budget at this stage in the year. We are actively marketing these rooms for meetings, seminars and training and usage is increasing. However, obtaining change of use approval and an alcohol licence is taking longer than expected and until we have these in place we will not be able to market the Council Chamber fully. We have made a few changes in order to increase income: the 'hot desk' spaces, being flexible users, are moving into the café area; Active and Intouch are moving into a more permanent base at the rear of the Town Hall which has released a third meeting room on the ground floor next to reception available for hire or rent.

A thorough six-month review of the budgets has identified likely underspends in some areas and these will help to compensate for slightly lower income from the town hall rooms.

As we are only half way through the financial year, these budget savings will become more definite over time but at the moment, I forecast that income will be lower from the town hall and this will be adequately compensated for by underspends in other areas.

### Conclusions

FTC remains financially sound with adequate funds and assets. Whilst the forecast indicates an income shortfall Cllrs should be confident that this shortfall will be balanced by expenditure budget underspends.