

Agenda item 5

For information - Financial update at 31 March 2018

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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 financial position at year end including the General and Earmarked Reserves.

The Internal Auditors have confirmed we managed our financial affairs well throughout the financial year 2017/18.

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 Council's Annual Governance and Accountability Return 2017/18 will be taken to Council on 24 May for approval. This in turn will then be sent to the External Auditor, PFK Littlejohns for audit.

The Internal Auditors, Fair Account, have completed the audit up to 31 March 2018 and their report can be found at [Appendix 3](#).

Income and expenditure

A breakdown of budgeted income and expenditure from 1 April 2017 to 31 March 2018 is shown at [Appendix 4](#).

Income highlights from February to March:

- £3k SCC funding for Frome Community Cars (1043/700). This money is held on behalf of FCC and will be transferred to Mendip Community Transport in April 2018.
- £6k Vision 4 Frome donation (1028/600). This has been lodged in an Earmarked Reserve and will fund a bi annual review of the Community Plan

Expenditure highlights from February to March:

- £15k the final payment of the Cheese and Grain tower refurbishment grant (4065/600)
- £10k Mendip Health Connections (paid via Frome Medical Practice) Multi Year Agreement (4724/600)

The Balance Sheet

The Balance Sheet at [Appendix 5](#) is a breakdown of assets and liabilities as at 31 March 2018.

The first part of the Balance Sheet details short term investments and assets totalling £751,561. The CCLA is an instant access account and £150k was drawn down in March. The same amount will be reinvested once the 18/19 Precept is received.

Reserves

The second part of the Balance Sheet identifies the net amount of the General Reserves (GR) which ended the year at £278k, £98k over the agreed £180k minimum. That does not mean there is £98k available in GR as it has been agreed to fund the 2018/19 budget using £92k from reserves. MDC are due to transfer payment of three S106 agreements, of which £24.5k will be returned to GR as it is repayment for expenditure made in the previous two financial years. Therefore, it should be noted that the actual amount over the £180k GR is £30k.

The Earmarked Reserves totalling £445k are set aside for specific projects. The proposed EMRs for 2018/19 will be taken to Council in May for approval.

Payments over £500

Payments over £500 for 1 February 2018 to 31 March 2018 are shown at [Appendix 6](#).

Financial position at year end

Most of the budgeted expenditure for 2017/18 remained on budget. Councillors have been advised throughout the year of areas where savings were likely and income areas at risk.

At the end of the year there were no surprises, the income from the Town Hall was less than budgeted and savings previously identified were made to balance that loss.

Significant 2017/18 budget underspends and returned to General Reserves:

- Contracted mowing/hedge cutting (4035/500)
- Contracted Victoria Park toilets servicing (4037/500)
- Sport & Leisure (4060/600)
- Internal Fundraiser recruitment (4725/600)
- Crowdfunding Fund (4742/600)
- Town Hall business rates (4505/610)
- Micro enterprise support (4137/700)
- Work Experience/Apprentice Co Ordinator (4138/700)

In addition, unbudgeted income returned to General Reserves:

- EU funding (1026/600)
- Business Breakfast events (1080/700)

- Investment interest (1090/802)

Money agreed to be spent from General Reserves:

- Changing Places funding (4440/600)
- Professional coaching for staff and councillors following review of management structure (4002/802)

The overall total salary budget balanced as the underspend on the Central Services salary equated to the agreed overspend on Outside Services.

Conclusions

Overall the expenditure for 2017/18 remained within budget and £92k was transferred from reserves, as agreed in January, and added to the 2018/19 budget.

Next year's budget expenditure will need to be very carefully monitored. The flexibility in General Reserves in previous years has been reduced. Taking the transfers to and from the GR into consideration Council will start the new financial year at £30k above the agreed minimum.

Recommendations

1. Note that the year end budget and reserves position.
2. Note the Internal Auditor's report as at 31 March 2018.
3. Note the General Reserves being £30k above the agreed minimum.