

## Agenda item 4

For approval - Financial update to 30 September 2020

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### Summary

This report provides an update on the finances of the Town Council. It includes the Income and Expenditure and Balance Sheet reports to September 2020, a list of spending on items over £500 (September), the status of reserves and any specific items to bring to Cllrs' attention.

We include confirmation of the External Auditors report for the year end March 2020 and for the minutes, confirmation of the first and second Notices of Public Rights.

We also report on the lost income and additional expenses incurred and estimated due to the Coronavirus pandemic.

We will endeavour to answer any questions at the meeting but if you require any specific information, please let us know beforehand at [swilliams@frometowncouncil.gov.uk](mailto:swilliams@frometowncouncil.gov.uk) or [hpaniccia@frometowncouncil.gov.uk](mailto:hpaniccia@frometowncouncil.gov.uk).

### Internal Audit – April to August 2020

The internal auditors Fair Account carried out their first interim audit review on the Council's accounting records on Thursday 17<sup>th</sup> September. They confirm that in their view there is an adequate standard of control and their report can be viewed in [Appendix 1](#).

### External Auditors report for the year end March 2020

PKF Littlejohn completed their external audit and sent through their closure letter with satisfactory confirmation on 24<sup>th</sup> July 2020. [Appendix 2](#).

For the minutes please note that the first Notice of Public Rights was published on 27<sup>th</sup> May 2020 and the second Notice of Public Rights on 14<sup>th</sup> August 2020 (both on the Finance page of the FTC website and the Town Hall notice board). [Appendix 3](#).

### Income and expenditure

A summary of Income and Expenditure to 30 September 2020 is at [Appendix 4](#).

### Income highlights – September 2020

Budget code	Payer	Description	Net Amount
Precept	Mendip District Council	2 <sup>nd</sup> half of the 2020-21 Precept demand	£815,554

### Expenditure highlights – September 2020

Budget code	Payee	Description	Net Amount
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500-4033	GRC Bailiffs	Bailiff fee to remove unauthorised occupiers from Weylands	£2,295
700-4119	Alun Griffiths (Contractors) Ltd	Market Place Phase 2 works 31/07/2020 - 31/08/2020	£92,793
700-4119	Macemain & Amstad	Market Place bus shelters	£17,490

### Payments over £500

A full list of payments over £500 in September is at [Appendix 5](#).

### The Balance Sheet

The Balance Sheet is at [Appendix 6](#). It is a breakdown of assets and liabilities as at 30 September 2020.

#### Assets

Our assets are money in our bank accounts, money we have invested, and money owed to us. The first part of the Balance Sheet lists these assets including short term investments of cash on deposit, totalling £1,914,407. This figure includes the 2<sup>nd</sup> half of the year's Precept income from Mendip District Council to cover revenue expenditure October 2020 to March 2021.

The cash balances at 30 September 2020 are shown on the Balance Sheet:

- £754,043 Barclays Current Account
- £60,496 Barclays Savings Account
- £202,940 CCLA Public Sector Deposit Account
- £7,055 Charity Bank Community Account (Easy access)
- £306,836 Charity Bank Saver Account (90-day access)
- £305,874 Triodos
- £200,599 Unity Trust Bank
- £1,046 Mendip Credit Union
- £48 Office petty cash
- £95 Park petty cash

Other assets at 30 September 2020 were as follows:

- £8,944 Trade debtors
- £48,704 VAT control
- £1,349 Debtors C&G Trust loan (amount due to us from the Cheese & Grain)
- £16,000 Debtors Community Loan
- £180 National Express tickets
- £199 iZettle control (card payment processor)

#### Liabilities

Our liabilities are money that we owed at 30 September 2020. We aim to pay invoices within a week where possible and this has not changed during the pandemic.

- £5,286 Trade creditors
- £362 Mayor's Charity

Total net assets (assets minus liabilities) at 30 September 2020 were £1,908,759

### Reserves

The final part of the Balance Sheet shows our reserves:

- General Reserves are £1,227,088
- Ear Marked Reserves (EMR's) are £681,671
- Total reserves £1,908,759

### Year End forecast to March 2021

At the September 2020 Council Matters, we reported that our year end forecast revisions were adjusting on a weekly basis in response to the Coronavirus pandemic. We had *initially* identified £70k of emergency funding (incorporating income losses also) as being required and submitted a grant request to Mendip District Council (MDC) who subsequently requested more detail.

Additional costs have since been identified by the pandemic Recovery Panels during the summer and we are now revising budget and year end forecast (and revising our planned work programme for 2020-21) to try to incorporate the extra expenses of both the emergency and the Recovery Panel tasks. At the time of writing (23/10/20), we are still waiting for an answer from MDC and are therefore not yet able to *accurately* re-forecast the financial year end position to March 2021.

However, we *estimate* that the increased costs will be in the region of £149k come year end. Whilst we have identified possible budget savings and the use of reserves to offset this figure a little if we need to, an *accurate* level of deficit by year end at 31 March 2021 cannot be forecast until it is clear what assistance MDC is going to provide.

Even so, as usual at the mid-point of the year, we shall be tabling the first year-end budget forecast alongside a half year review of the current work programme at Council on 18 November. A draft version of both will be forwarded to Cllrs as soon as possible in advance of the meeting.

As most staff are still working from home, we have a duty of care to ensure that employee's home working set up is as ergonomically comfortable and healthy as possible and we have offered staff a small budget for a suitable desk and chair if needed. There has been less requirement than budgeted to date as staff have been able to use either their own or existing office furniture and equipment, but we should retain a budget for extra costs as needed.

### Conclusion

Despite the impact of the Coronavirus pandemic, FTC remains financially sound with adequate funds and assets so long as it is accepted that unless we receive Government support via Mendip District Council (MDC), we will have to make budget savings in the second half of the year and use our reserves to balance the budget at year end.

## Recommendations

Approve the:

1. Internal Auditors report for the period April – August 2020
2. External Auditors report for the year end March 2020
3. First and second Notices of Public Rights 27<sup>th</sup> May and 14<sup>th</sup> August 2020
4. Income and expenditure sheet to 30 September 2020
5. Balance sheet including the breakdown of reserves at 30 September 2020
6. Payments made over £500 during September 2020