

Cover Report to the Financial Statement as at September 2017

PURPOSE OF REPORT

1. To provide the Council with an update on the current year's financial position including a projection of the cash balance as at 31st March 2018. The report identifies specific elements that may require further decisions.

RECOMMENDATIONS

2. Payments and Invoices for approval

ACTION: The Council is asked to note the four payments detailed in paragraph 11.

ACTION: The Council is asked to approve the three payments detailed in paragraph 13.

3. Noticeboards £200

DECISION REQUIRED: is this work to repair the noticeboards required and if so... what

ACTION is to be taken including investigating the potential for the work to be undertaken by the Lengthsman 2017/18?

4. Wellhead £400

DECISION REQUIRED: is this work required and if so,... what **ACTION** is to be taken to commission the work?

5. Repairs to Footpath £500

DECISION REQUIRED: is the provision in 2017/18 and in 2018/19 required following the remedial work completed by Tim May?

6. Balance of allowance for one-off/capital items £1,100

DECISION REQUIRED: how much of this 'allowance' still needs to be retained for the six month period October to March?

7. **RECOMMENDATION:** the Council notes the current uncertainty with regards the insurance provider for 2017/18 and agrees the budget provision is increased from £235 to £450... see paragraphs 13 to 15 inclusive.

8. **NOTES: further discussion on the level of cash balances, General Reserve, and Earmarked reserves are addressed in the Medium Term Financial Strategy Report that is elsewhere on the Agenda at 15.d.**

BACKGROUND

Position as at 9th May 2017

9. Reproduced below are extracts from the Minutes of the last meeting of the Council in May; against which the Clerk has made further observations (in red), where necessary. The decisions taken at the May meeting have been actioned on the latest Financial Statement (Appendix A). The statement is prepared as at 31st August 2017.

Minute 9th May 2017 15.b

- i. the **ACTUAL cash balance 31st March 2017** now standing at £6,206 (as per the Final Accounts 2016-17), ...**subsequently approved by auditors.**

- ii. the decision taken at the December 2016 meeting regarding a resources strategy based on the **Precept** requests for the three years 2017-2020 i.e. an increase from £5,397 to £6,703, ...**Council Tax application submitted to BDBC and first installment received**
- iii. the decisions taken at the 21st February meeting to include three allowances:
 - * £500 in each of 2016/17 and 2017/18 for **repairs to FP7106a** (subsequently amended to only TWO years (iv below); ...**substantial repairs were undertaken by Tim May prior to Country Fair... is this provision still required?**
 - * £1,500 in each of 2017/18, 2018/19 and 2019/20 for '**as yet unknown items of one-off expenditure**', and £700 to be transferred in each of the three years from the General Fund to the specific Provision for the Repairs and Maintenance of Unadopted Roads... **actioned**,
- iv. noting the subsequent decisions at the 28th February meeting with regard to FP7106a, Berthas Lane... and therefore changing the 21st Feb decision by retaining £500 in each of only the first TWO years for '**general repairs to footpaths**' rather than the THREE years; see iii above... **ACTION: a decision is required as to whether or not to retain this provision (albeit for only two years)?**
- v. two other material changes to the Budget being
 - * an increase of £377 in the **VAT recoverable in 2017/18** due to the expenditure incurred on the purchase of IT equipment i.e. an increase from £445 to £822 (actual)... **VAT Refund claim submitted by Clerk 14th August 2017**, and,
 - * £400 further costs (£320 staff costs and £80 minor IT equipment) to be incurred in 2017/18 on finalizing the **creation and implementation of the Hannington PC website**; in compliance with the Transparency Code, ... **£80 IT equipment purchased; report on compliance with Transparency Code is outstanding**
- vi. two further potential issues potentially affecting the Budget 2017/18. The Council agreed to the **cessation of the annual donation of £250 to churchyard**, and, to the inclusion under operating costs of £200 2017/18 for the repair and maintenance of the Parish Council noticeboards....
ACTION: a decision is required as to the action to be taken with regards the repair to the noticeboards, and whether or not the work could be undertaken by the Lengthsman 2017/18?

Minute 9th May 2017 15.e

Wellhead

The meeting was informed that the Wellhead needed repainting, and that this should be done during the summer this year. Mr Sarsfield-Hall had volunteered to 'oversee the work'. The Council thanked him for his kind offer. DECISION: The Clerk is to include a £400 provision in the Budget 2017-18 for the potential cost... **the Clerk has earmarked £400 of the £1500 'allowance for one-off items' in the Financial Statement**

ACTION: a decision is required as to whether or not this work is required and if so, to then formally commission the work?

10. A Revised Budget 2017/18 (Sept 2017) has been constructed and is attached at Appendix A.

The Revised Budget includes the above decisions. The nett effect of the changes has been to reduce the projected cash balance as at 31st March 2018 from £8,337 to £7,158.

11. The Financial Statement as at 31st August 2017 analyses projected payments and receipts into three periods: April to September, October to December and January to March. The period April to September period includes all the payments previously approved by Council up to May 2017 ie up to and including cheque number 370 dated 9th May. Four further payments have been made since the May meeting for which budget provision had been made. These four cheques

were certified by the Clerk and were authorized by two Councillors, in accordance with Standing Orders. They were:-

- i. Cheques numbered 371/372 totalling £765.50 dated 30th June; being payment to Clerk and to HMRC for the first quarter salary;
- ii. Cheque number 373 £246.00 dated 30th June; being payment to Auditing Solutions Ltd for the internal audit of the Accounts 2016/17;
- iii. Cheque number 374 £37.50 dated 13th August; being payment for hire of village hall on three occasions April, May and July.

12. As of 31st August there are no cheques drawn that have not been presented and cleared by Lloyds Bank.

ACTION: The Council is asked to note the above four payments.

13. The Financial Statement also includes in the column 'April to September' the following three payments for which Council approval is sought:-

- i. Cheque numbers 375/376 totalling £765.50 dated 30th September; being payment to Clerk and HMRC for the second quarter salary;
- ii. Cheque number 377 £11.04 dated 30th September; being reimbursement of expenses incurred by Clerk in processing the Audit papers.

ACTION: The Council is asked to approve the above three payments.

Insurance

14. The Council has received a standard letter from Aon, its insurance brokers, stating they have ceased their involvement in the Local Councils market, and have made arrangements for Councils to be provided with a renewal invitation from BHIB Ltd, another insurance broker, three weeks before the renewal date; in our case 9th December 2017. Aon have confirmed to the Clerk that the Council's insurers Maven Local Councils are similarly ceasing with effect from September and so BHIB Ltd will be looking for an alternative insurer.

15. BHIB will produce an offer, as stated, but it is prudent to anticipate the cost will be (much) higher than the current fee. In 2014-15 the Accounts recorded the actual premium was £572.06. In 2015-16, with the change to Aon as the insurer, the annual premium dropped to £234.21, and in 2016-17 was still only £235.28.

16. The Clerk will NOT have received the offer by the time of the September meeting, and so has increased the 'Budget' from £235 to £450; being midway between the current insurer's premium and the previous insurer's premium; uplifted for inflation.

RECOMMENDATION: the Council notes the current uncertainty and agrees the budget provision is increased from £235 to £450.

Projected Outturn 31st March 2018

17. The Financial Statement (Appendix A) shows in the final column the 'Projected' position as at 31st March 2018. The Original Budget 2017/18 submitted to Council in December projected a cash balance 31st March 2018 of £6,637. As reported earlier, this was amended to £7,158 following decisions taken at the December and subsequent meetings in 2016/17. The Financial

Statement presented to the Council projects a slightly lower cash balance of £7,030, with the material change being the increase in the estimated insurance premium.

18. After taking into account the previous decision of the Council to establish an 'Earmarked Reserve' for the Council's potential costs regarding the repair and maintenance of the unadopted roads, the General Reserve would reduce to £5,330, and the Earmarked Reserve would increase to £1,700.
19. However, the above financial position is based on the three budgets totaling £2,000 for one-off/capital expenditure being fully utilized in the year. As there are no specific plans at this stage to activate this expenditure, it is likely the cash position and General reserve could be increased by up to £2,000 ie to £9,030 (cash) and £7,330 (General Reserve).

COMMENT on the level of cash balances/General Reserve

20. A further paper extrapolating the position outlined in the Financial Statement into the Medium Term Financial Strategy 2017/18 through to 2019/20 is elsewhere on the Agenda 15.d. That paper considers the high level of projected cash balances and General Reserve, and the options for addressing the potential need for other Earmarked Reserves.

Chris Pottinger,
Clerk, Hannington Parish Council
31st August 2017