

## **Cover Report to the Financial Statement as at 16<sup>th</sup> February 2017**

### **EXECUTIVE SUMMARY**

The cash balance as at 1st February is £8,586.53 (see Appendix A, copy bank statement). As there are NO outstanding transactions this is also the balance figure as at 16<sup>th</sup> February, the date of this report.

The Financial Statement as at 16<sup>th</sup> February (Appendix B) includes further transaction totalling £2,736.50:-

- Three payments, totaling **£785.60** are being submitted to the Council meeting on February 21<sup>st</sup> for approval and authorization (para 12),
- further payments **£1,477.50**; being those also expected to be made before 31<sup>st</sup> March 2017 (para13), offset by the anticipated NALC grant income **£650.00**, and
- anticipated expenditure **£1,123.40**; being the setting up and hosting the HPC website, for which the cash grant HAS already been received.

Deducting the £2,736.50 from the bank statement cash balance of £8,586.53, arrives at a figure of £5,850.03; the projected cash balance as at 31<sup>st</sup> March shown on the Financial Statement.

Council in September agreed (Minute 17.b) to make a £1,000 specific " Provision for Repair and Maintenance of Unadopted Roads". This would reduce the General Fund Balance to £4,850.03 as at 31<sup>st</sup> March 2017.

### **RECOMMENDATION:**

That the Parish Council:-

- i. Receives and approves the latest budget monitoring statement, and notes the level of the projected General Fund cash balance of £4,8450.03 as at 31 March 2017, subject to the 'known unknowns' outlined in paragraph 14,
- ii. Agrees the following three payments (para12), totaling £785.60; HALC training course attended by Cllr Hertz 'Transparency Code' £18.99 incl VAT, Cllr Hertz expenses incurred in two land registry searches £10, and Clerk's salary for the fourth quarter totalling £757.60 inclusive of HMRC tax, and
- iii. Notes that further payments totaling (para 13) £1,471.50 are expected to be made before 31<sup>st</sup> March 2017; being the Hire of village hall £37.50, and £1,440 (incl VAT) for the estimated cost of the purchase of IT equipment.

### **BACKGROUND**

#### **Original Budget 2016/17**

1. The '2015/16 Budget' projected a year end cash balance as at 31 March 2016 of £4,729. However the actual year end position increased to £6,070, as reported in the '2015/16 Act Outturn - Final Accounts'. This increase of £1,341 would therefore have a direct impact on the financial position for the current year 2016/17. The higher cash balance figure of £6,070 has been reflected in the column headed '2016/17 Original Budget'. For ALL figures quoted in this cover report refer to 'FINANCIAL STATEMENT AS AT 6<sup>th</sup> December 2016 (Appendix A attached).

## May 2016

2. The Clerk did NOT present an amended Financial Statement to the May meeting as the only material change had been the successful application for £500 grant towards the set-up costs for the Parish Council electronic web page and library, which would be offset by equivalent estimated costs. Taking into account the increased cash balance of £6,070 as at 31 March 2016, the cash balance predicted as at 31 March 2017 was £5,410.

## September 2016

3. A '*2016/17 Revised Budget*' was presented at the meeting that reflected four known changes:-
  - i. The increase in the Clerk's salary from £3,003 to £3,032 reflecting the adoption of the national pay award for local government officers;
  - ii. The grants for implementing the website had been confirmed at a total of £1,123.40 to cover the one-off cost of purchasing the website itself (£500), hosting the website (£300) in year one and estimated staff related costs of website support (£323.40). The nett effect of these changes was to increase the year end cash position by £300, as this amount had been included in the 'staff costs' of the original budget; but with no compensating grant income ;
  - iii. Inclusion of the cost of the hire of the village hall for the Annual Parish meeting £12.50; and
  - iv. HCC legal services had indicated their costs would be, as previously estimated, £1,000 plus costs £40. Provision had been made at £1,500. As a result there was a planned reduction in expenditure of £460.
4. The overall effect of the above changes was to increase the year end cash position from £5,410 to £6,128.

## December 2016

5. The outcome was a projected cash balance at 31 March 2017 £6,611. This was £483 higher than the £6,128 predicted in September. The report identified the five largest variations between September and December as Expenses lower by £59; Audit fees higher by £130; Neighbourhood Plan (Local Development Plan) lower by £1,000; Legal Fees for registration of village green higher by £200 and VAT on expenditure higher by £246.
6. A further payment for the third quarter of the Clerk's salary up to the end of December was due to be paid by 31<sup>st</sup> December. This cost had been included in the column in the Financial Statement (Jan – March) as the cheques had not yet been drawn.

## "Known unknowns"

7. The December report identified two 'known unknowns' that may have a material effect on the financial position. They were the **Clerk's salary and the construction of the HPC website. To these should now be added purchase of IT equipment and application for NALC grant contribution, and repairs to footpath FP7106a.**

## CURRENT POSITION

## February 2017

8. The attached Financial Statement records:-
  - a. Receipts and payments made in April to September;
  - b. Receipts and payments made in October to December; and
  - c. Actual and estimated payments to be made in the remainder of the current financial year to 31<sup>st</sup> March 2017.
9. The sum total of these transactions are shown in the column "*2016/17 PROJECTED OUTTURN*". The outcome is a projected cash balance at 31 March 2017 £5,850. This is £768 lower than the £6,618 predicted in December, and is almost entirely (£790) due to bringing into the current year the planned spend on IT equipment (£1,440 incl VAT) partially offset by the grant towards implementing the Government's Transparency Code for Smaller Authorities.
10. The column headed "*ACTUAL VARIANCE TO REVISED BUDGET*" shows in detail the changes against each subjective heading. So as not to over complicate the explanation of variances, the Financial Statement has included the costs and income on the Transparency Code in the Revised Budget column too. The largest variations remain as reported in the December Financial Statement paragraph 7 a. to e, with the expenses figure now predicted to be 'underspent' by £106 (previously £59) and VAT on expenditure higher at £489 (previously £246) due to the VAT element on the purchase of IT equipment.
11. For purposes of audit, ALL payments must be recorded in the Minutes. The following payments have been made since the December meeting of the Council:-
  - i. Clerk's salary for the third quarter quarter totalling £758 inclusive of HMRC tax [cheques numbered 357 and 358 dated 16<sup>th</sup> January 2017]
  - ii. Hannington Parochial Church Council £250 [cheque number 359 dated 16<sup>th</sup> January 2017]
12. The following payments, totaling £785.60 are being submitted to the Council meeting on February 21<sup>st</sup> for approval and authorization:-
  - i. HALC training course attended by Cllr Hertz 'Transparency Code' £15 plus VAT [cheque number 360 dated 21<sup>st</sup> February 2017 for £18.00].
  - ii. Cllr Hertz expenses incurred in two land registry searches £10 [cheque number 361 dated 21<sup>st</sup> February 2017 £10.00]
  - iii. Clerk's salary for the fourth quarter totalling £757.60 inclusive of HMRC tax,[cheques numbered 362 and 363]
13. Further payments totaling £1,471.50 are expected to be made before 31<sup>st</sup> March 2017 are as follows:-
  - ii. Hire of village hall £37.50; being the balance outstanding for the four Council meetings and the Parish Meeting,  
and
  - iii. Transparency Fund £1,440; being purchase of IT equipment estimated at £1,200 plus VAT.

### **Cash Balances as at 31 March 2017**

14. The report in December reported in detail on the auditor's previous concerns regarding unnecessarily high cash balances being held by the parish council, the projection at that time of £6,611, and the rationale and appropriateness of Hannington Parish council working to that level of balance. The Council concluded that the level of cash balances was appropriate for the size and nature of spend of

the parish council, and agreed to the significant increase in Precept to offset the aggregate loss in grant being planned by BDBC over the next three years.

- 15.** The Financial Statement attached projects a cash balance as at 31<sup>st</sup> March 2017 of £5,850 of which the General Fund Balance would be £4,850 and the Provision for Repair and Maintenance of Unadopted Roads would be £1,000, in accordance with Council's decision in September (Minute 17.b)

**Bank reconciliation statement**

The Jan – March column in the Financial Statement includes expenditure that is NOT supported, as yet, as an actual payments ie cheques have NOT been drawn. It is therefore necessary to add these items of 'anticipated expenditure' back to the projected year end Balance shown on the Financial Statement to arrive at a true 'current cash balance'. These items of 'anticipated expenditure' total **£2,736.50**, and can be summarised as:-

- i. **£785.60** being the payments being submitted to the Council meeting on February 21<sup>st</sup> for approval (para 12),
- ii. **£1,477.50** being the further payments expected to be made before 31<sup>st</sup> March 2017 (para13),
- iii. Offset by the anticipated NALC grant income **£650.00**, and
- iv. **£1,123.40** being the anticipated expenditure on setting up and hosting the HPC website, for which the cash grant HAS already been received.

Adding back £2,736.50 to the Balance reported of £5,850.03 on the Financial Statement creates a current 'cash balance' £8,586.13. The Bank Statement as at 1<sup>st</sup> February (no further transactions) shows a cash balance of £8,586.53, at which point there are NO OUTSTANDING cheques.

Chris Pottinger,

Clerk, Hannington Parish Council

16<sup>th</sup> February 2017