

To Hythe Town Council
Date 10 May 2020
Status **Non Exempt**
Responsible officer Responsible Financial Officer

Subject **BUDGET MONITORING REPORT F&GP/02/20**

SUMMARY: This report gives April's budget monitoring information, includes the bank reconciliation for April and recommends the Chairman of the Committee to sign the bank statements in accordance with good practice.

REASON FOR RECOMMENDATION:

The Committee is asked to agree the recommendations set out below because:-

- a) The Council is committed to control and manage its financial affairs in accordance with The National Association of Local Councils (NALC) guidelines.

RECOMMENDATIONS:

- 1. To receive and note the report F&GP/02/20**
- 2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report.**

INTRODUCTION

Due to the Government announcing lockdown measures on 23 March 2020 with restrictions added in April and a review on 7 May 2020, as expected the income and expenditure for Hythe Town Council's budget has been affected.

Approximate income for April of £3,151 usually generated from the Pavilion, Town Hall, Boot fair and Sports revenue has not been received, with an anticipated loss for May of £5,413.

Minimal expenditure has consisted mainly of basic running costs and yearly subscriptions that have become due. There has been no civic expenditure and only urgent repairs to the Skate park and tree works for public health and safety reasons have commenced.

The bank accounts are holding £571,922 (*compared to 2019.20 £778,014*), consisting of reserves currently held at £346,988 (*compared to 2019.20 £480,321*) leaving £224,934. Once the second half of the Precept of £180,577 has been received (expected income for September 2020) the balance will need to fund the remaining budget expenditure of £428,108. If Council continues to spend the amount budgeted for this current financial year it is likely to use **all** of its unallocated reserves and will have to release funds from current reserves held to fund the budget. (Hence the projected minus balance of £22,596 in this month's report).

This will be avoided by re-evaluating, limiting and closely monitoring expenditure. Council are asked to consider an example of suggestions listed below;

- To defer projects totalling £13,370 anticipated for 2020.21 to the next financial year 2021.22 (not including CIL projects where reserves can be released).
- To refrain from holding events until 2021.22
- To reduce paper and printing costs by emailing agenda, minutes, reports via electronic devices.

SUMMARY

The Government are predicting a severe recession and if the pandemic continues the income from the Town Council's assets could show a loss of up to £25k for the year.

Council are advised that the unallocated funds held projected for year end, will be extremely low because of the current financial climate and are advised to not use the unallocated reserves of £29,130 as originally resolved to fund the budget (*F& GP 20 November 2019/ Full Council December 2019*) and to keep expenditure to a minimum until a re-evaluation can be made in July 2020 after this financial year's first quarter accounts have been reported.

RISK MANAGEMENT

A summary of the perceived risk follows;

Perceived Risk	Seriousness	Likelihood		Preventative Action
The Council does not set a robust budget.	High	Low		Town Clerk and Responsible Financial Officer to draw up and monitor performance against the budget
Imprudent or risky investment decisions	High	Low		The council's investment priorities are: first the security of reserves second the liquidity of its investments and thirdly return, in that order

CONTACT OFFICER

If you have any queries about this report please contact The Responsible Financial Officer of the Council

Tel: 01303 266152 or email RFO@hythe-tc.gov.uk prior to the meeting.