

This report will be made  
public on 8 January  
2021

# Hythe Town Council

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Report number F&GP 27/20

To Hythe Town Council  
Date 4 January 2021  
Status **Non Exempt**  
Responsible officer Responsible Financial Officer

Subject **BUDGET MONITORING REPORT F&GP/27/20**

**SUMMARY:** This report gives December's budget monitoring information, includes the bank reconciliation for December 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/27/20
2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report.
3. To recommend to Council to cap the budget expenditure cost centres for the remainder of the financial year to 31 March 2021 by the following;
  - Civic Allowance from £1,500 to £200 (a reduction of £1,300)
  - Civic Entertainment from £1,200 to £50 (a reduction of £1,150)
  - Grant monies donated by HTC from £24,302 to £21,000 (a reduction of £3,302)
  - Projects £13,370 to £3,870 (a reduction of £9,500)

## **INTRODUCTION**

Local councils need to hold an amount in reserves to meet unexpected expenditure, otherwise they could run out of money before the end of the financial year. A council should typically hold between 3 and 12 months expenditure as a general reserve. If the general reserve is too low then it may not be enough to cover unexpected expenditure or emergencies, whilst if the general reserve is too high then local electors have paid a tax which is not being used for the benefit of the local community.

Local councils have no legal powers to hold revenue reserves other than for reasonable working capital or for specifically earmarked purposes, therefore the year-end general reserve should not be significantly higher than the annual precept.

The council may have 'earmarked reserves' for specific projects, where money is allocated for a specific purpose but may not be spent in that financial year. This may include reserves to purchase or renovate a building, develop a sports facility or community centre.

The general reserves figure held at 31 December was £120,387, this is the correct amount for the minimum of 3 months based on the years' total budgeted expenditure of £481,552 when the budget was set. With virements and movement throughout the year the budgeted expenditure is now £483,891 therefore the general reserves figure should be £120,972 (A difference of £585). Any unspent balances at the year-end is usually transferred to the general reserve, although under the current Covid climate a deficit is likely.

A budget monitoring report is an essential tool for controlling the Council's finances and demonstrates that the Council will have sufficient income to meet its objectives and carry out its activities.

As of 31 December 2020;

Banking;

Total of all bank accounts as it stands is at £466,485, with £316,356 held in reserves for allocated purposes. Leaving £150,129 to fund the budget figure of £136,145. Once all guaranteed income has been received (£3003 from rentals) this leaves an unallocated reserves figure of £16,987.

Below are the comparisons to the 2019.20 figures for income received from Hythe Town Council assets year to date which show a loss so far of £27,884.

	<b>2019.20</b>	<b>2020.21</b>
<b>April</b>	£18,672	£14,133
<b>May</b>	£10,772	£1,130
<b>June</b>	£2,882	£4,965
<b>July</b>	£ 7,392	£7,390
<b>August</b>	£6,458	£2,622
<b>September</b>	£16,512	£5,923
<b>October</b>	-£1,121	£3,259
<b>November</b>	£3,561	£5,162
<b>December</b>	£7,346	£6
<b>Total Year to date</b>	£72,474	£44,590

(These figures do not include the first half of the precept or Library rent collected on behalf of Davis Oaklands Charitable Trust)

December Expenditure:

Any expenditure requests that had already been committed to before the F&GP meeting of 19 November have been honoured although due to timing invoices may appear in the December/January accounts.

## **SUMMARY**

The RFO will continue to monitor expenditure over the forthcoming months.

In the meantime, the RFO recommends that Council review the current years' budget and caps the budget expenditure cost centres by the following;

- Civic Allowance from £1,500 to £200 (a reduction of £1,300)
- Civic Entertainment from £1,200 to £50 (a reduction of £1,150)
- Grant monies donated by HTC from £24,302 to £21,000 (a reduction of £3,302)
- Projects £13,370 to £3,870 (a reduction of £9,500)

This will reduce and cap the current budget expenditure costs by £15,252, any further savings that will be made at the end of the year will be matched against any loss of income from the Town Council's assets.

By reducing the current expenditure costs the balance in general reserves will move above the three-month minimum threshold required and therefore become within the Audit and Accounting regulation guidelines.

Anticipated savings may arise from items such as listed below;

- CCTV £3,929
- Band/Concerts £4,900
- National Commemorations £1,000
- Car park expenditure £1,307
- Advertising £1,100
- Travel £800
- Legal Fees £3,000
- Professional fees £900
- Property repairs £2,000
- Cleaning £2,000
- Loan principle & interest paid £1,191

A possible saving of £22,127 at the end of this financial year. (The above figures are subject to change)

## **RISK MANAGEMENT**

A summary of the perceived risk follows;

**Perceived Risk** Council does not set a robust budget.

**Risk** High

**Likelihood** Low

**Preventative Action** Town Clerk and Responsible Financial Officer to draw up and monitor performance against the budget.

## **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](mailto:RFO@hythe-tc.gov.uk) prior to the meeting.