

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

Subject **BUDGET MONITORING REPORT F&GP/28/19**

SUMMARY: This report gives February's budget monitoring information, includes the bank reconciliation for February 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/28/19
2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report
3. To authorise the RFO to vire the PWLB costs to the budget codes 7902 and 7903 from unallocated reserves.

INTRODUCTION

Both Unity Trust Bank and Tridos accounts have now been opened and funds have been transferred to reduce the balance held at the Natwest Bank. Once the PWLB has been repaid bank accounts will hold under £85k and be covered by the FSCS. Apart from Natwest Bank which still hold £52K in the current account and £54k in the reserve account. This will be reduced once the direct debits have been collected for March.

On 12 February Hythe Town Council received £48,735.90 in CIL monies and it was agreed at F&GP 20 February 2020 minute no.297/19 to transfer CIL funds into an allocated reserve account until expenditure has been agreed by Council. The monies already received will show on the March accounts under Allocated Reserves.

The repayment to the PWLB will be made in instalments of

- 1st instalment 3 March 2020 £50k.
- 2nd instalment 4 March 2020 £50k
- final instalment 5 March 2020 £11452.60

as the confirmed total repayable of £111,452.60 (as at 2 March 2020) is over the daily limit on payments released per day via Natwest banking. This arrangement has been confirmed with the PWLB as acceptable.

Pavilion Reserves of £94,000 have been released to unallocated reserves to cover the repayment as per F&GP/21/19 report and meeting dated 20 February 2020 minute no 259/19.

£111,452.60 from unallocated reserves will need to be vired as below to cost codes

- 7902 Loan Principal £89,537.54
- 7903 loan interest paid £21,915.06 (which includes early repayment premiums)

to reflect the increase in repayment for the year end 2019.20 accounts.

The only remaining loan that Hythe Town Council now has is to Davis Oaklands Charitable Trust which stands at £89,000, repayments of £3600 are made each year in December and interest is paid at 5% or 3% above the Bank of England's base rate (whichever is higher) in April of each year.

As of 29 February 2020 there is still an estimated £14,678 still to be received in March against the budget with a further expenditure of £61,788 left to spend. Savings are likely to be made on some individual cost centres' but others were miscalculated in the 2019.20 budget calculations and have taken cost centres over the anticipated costs. For example general rates is over by £1,811, gas (£2,421) and repayment of loans (£3,138) loan interest (£5,548).

Total outstanding debtors of £2,986 if received will leave an amount of £11,692 of income not reached through the budget and this reflects mainly the £10,000 of property rent that was also overstated in the original calculations.

The 2020.21 budget corrects the above miscalculations.

Funds held in Hythe Town Councils accounts as at 29 February 2020 total £557,619 with £321,862 held in reserves leaving £235,757 to fund the remainder of the budget (£61,788-14,678) Once the PWLB loan has been repaid in full there will be £77,194 left in unallocated reserves.

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

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.