

This report will be made
Public on 13 October 2023

Hythe Town Council

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Report number **F&GP/23/09**

To **Hythe Town Council**
Date **11 October 2023**
Status **Non-Exempt**
Responsible officer **Town Clerk/RFO**

Subject **BUDGET MONITORING REPORT F&GP/23/09**

SUMMARY: This report gives August's budget monitoring information, includes the bank reconciliation for August and recommends that the Chairman of the Committee signs 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/23/09.
2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report.
3. To create an allotment reserve account
4. To vire all income from allotments to the reserves account.
5. To vire expenditure on allotments on a draw down basis from the allotment reserves account to allotment expenditure budget cost centre to cover costs incurred throughout the year.
6. To vire £4,075 from playground reserves to the playground maintenance budget cost centre to cover the cost of repairs and painting to Peregrine Play equipment.

INTRODUCTION

The Budget

The budget 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.

The budget

- Is set by full Council which enables the precept¹ to be set for the following financial year.
- Gives the Clerk and other officers overall authority to make spending commitments in the line with decisions of the Council.
- Enables progress monitoring during the year by comparing actual spending against planned spending.

A local council must arrange for the proper administration of its financial affairs and secure that one of its officers has responsibility for the administration of those affairs. The Officer is called the "Responsible Financial Officer.

(Taylor, R. 2022:73)

Each month the Responsible Financial Officer (RFO) reports to the committee on the council's accounts.

This month's Budget Monitor report shows income and expenditure for **August**, the fifth month of the financial year. The expectation for August for most cost centres would be **41.65%** of the budget but some cost centres such as Allotment income and Subscription expenditure are front loaded and higher income and costs are obtained in the first few months of each year.

¹ A precept is an order for a billing authority to pay to a local council a named sum. It is payable in two instalments the first half in April, the second half in September. It should cover a) next year's expenditure, including an allowance for contingencies, b) outstanding expenditure incurred in previous years, c) expenditure likely to be incurred and d) payments to financial reserves (LGA 1972 s.49A) (Localism Act 2011, s.78)

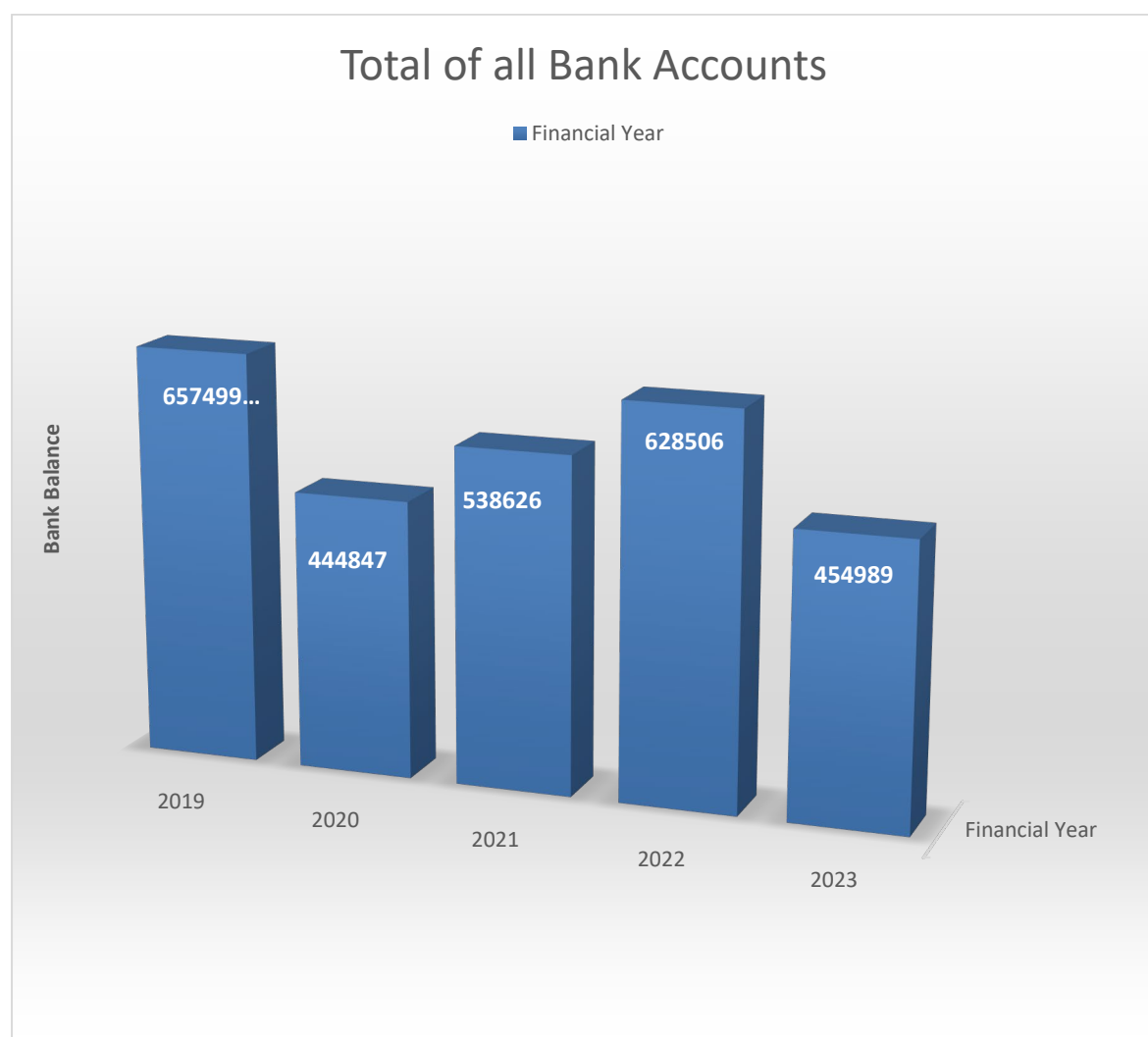
Acting within the Financial Regulations of the Council, expenditure is carefully monitored by the RFO to ensure spending stays within the budget set for the year.

The RFO also aims to ensure that Council funds are protected by the FSCS scheme, receiving high bank interest rates and have sufficient funds readily available for council expenditure on services provided to the residents of Hythe.

Banking.

Total of all bank accounts and cash held as it stands is at £454,989. £173,517 less than August 2022, with £367,519 held in reserves for allocated purposes. £50k has been release from the General Reserves to bring the General Funds to a healthy balance.

The table below shows a comparison of the total bank balances for the last five years of August.

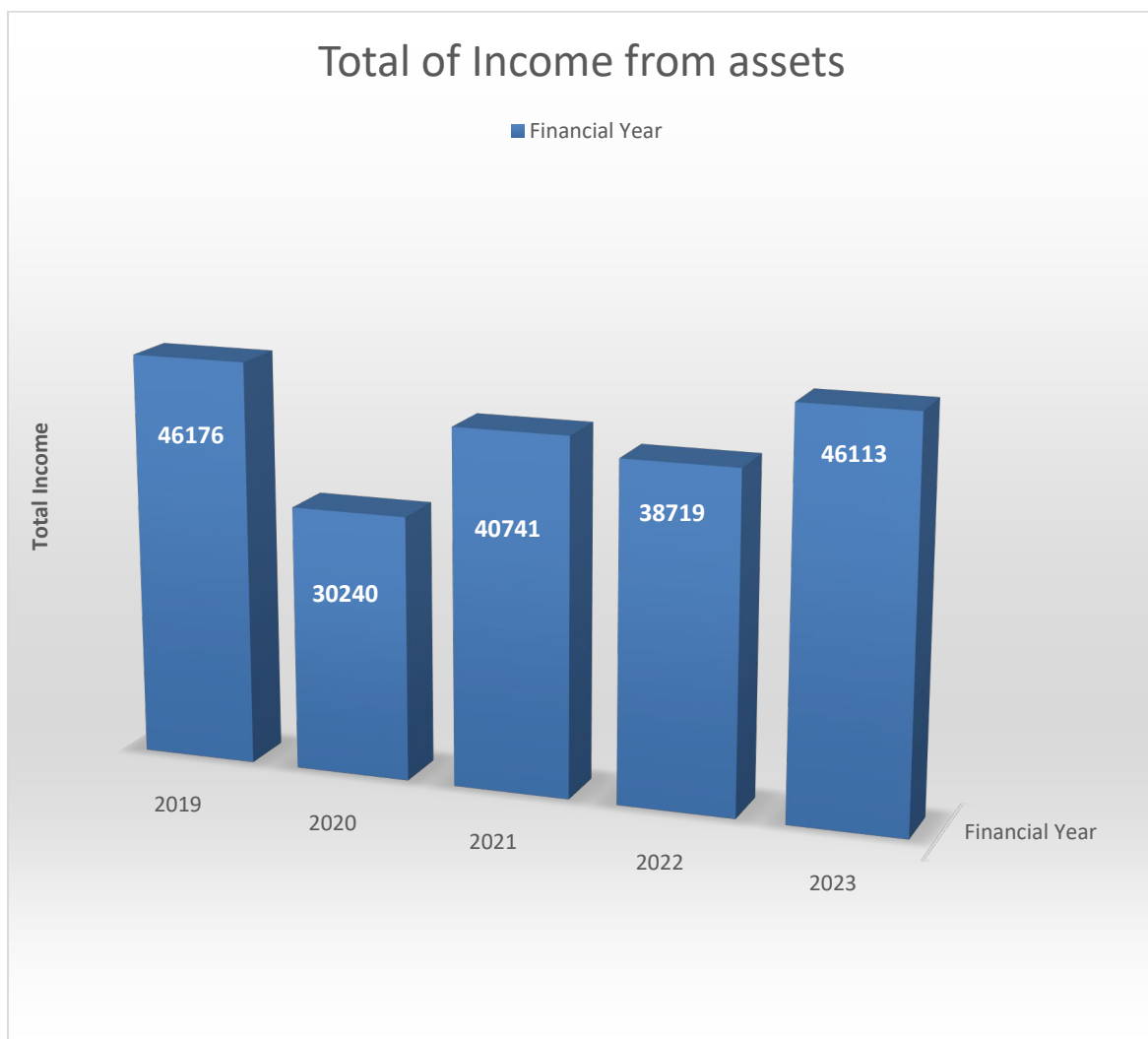


Funds held by Hythe Town Council are **not** the lowest they have been in 5 years.

Income.

We have received income from assets total of £46,113 to date an increase of £7,394 from August 2022 year to date income. Our biggest asset income in August is from property rent.

The table below shows a comparison of the income received from assets in the last five years of August.



Income is similar to that before the Covid Pandemic.

NB; Each year's income includes allotment rent which should be transferred to a restricted reserve account to cover the cost of allotment maintenance only.

Therefore, the above figures for actual income from assets should be reduced by approx. £12k per annum.

It is recommended to vire allotment income into a restricted reserve account with any costs drawn down from the balance throughout the year.

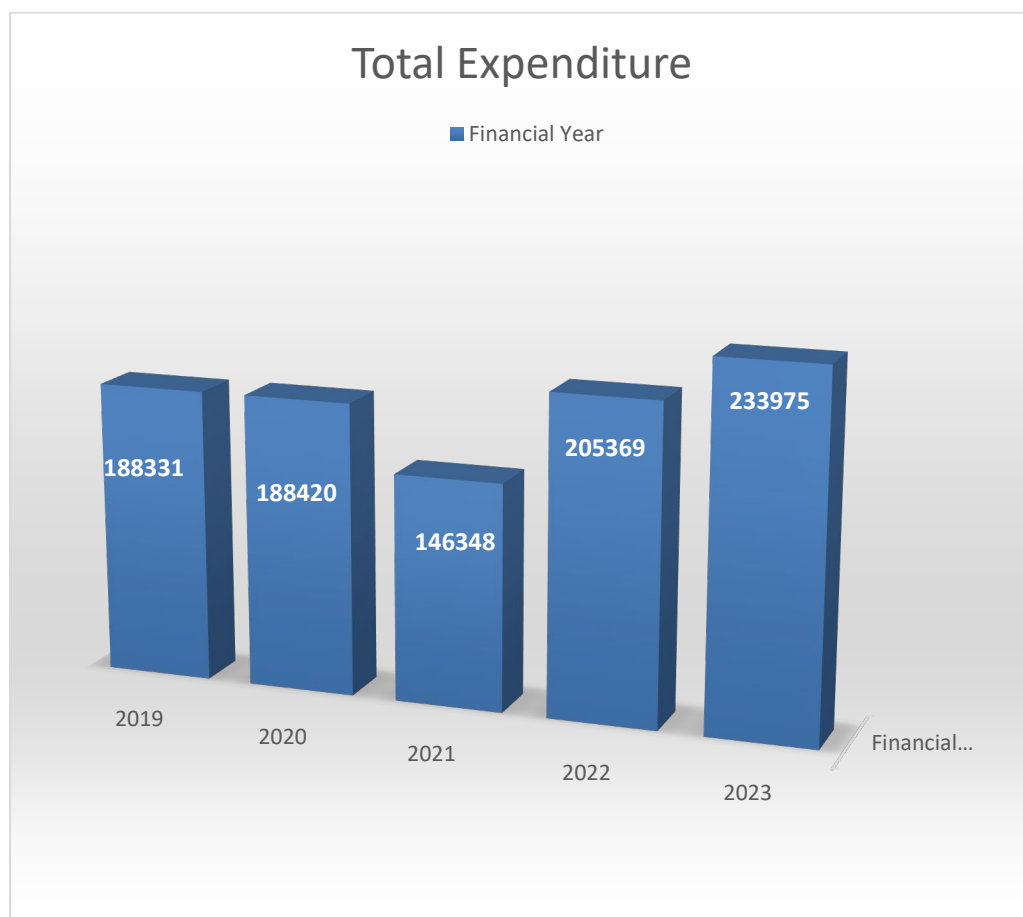
Expenditure.

Each budget cost centre is constantly monitored, and expenditure is being kept to an absolute minimum where possible. The Council are dedicated to maintaining lower running costs and making savings where possible.

The original budget agreed expenditure figure started at £514,278 but has increased due to virements for CCTV installation costs £12,109, £233,975 has been spent to date, equivalent to 44.45% use of the total budget. This is mostly due to the annual front based costs in the first six months of the year.

The highest cost code in August other than staff costs is the Grounds Maintenance contract reaching a total of £21,818.

The following table shows a comparison of the total expenditure in the last five years of August.



Expenditure is the highest it has been in the last 5 years, but this is due to the Community Infrastructure Levy (CIL) received being spent on new playground equipment for Hythe Town Council managed parks.

CIL expenditure to date of £70,218 is made up of new play equipment for Eaton Lands (£25,838.14), Reachfields (£15,970.20), Palmarsh (£25,428.26) and St Georges Place (£2,981.38).

The playground equipment maintenance budget cost centre has gone over budget by £1, 008. This is due to £4,075 for the repairs and painting of Peregrine Close. It is recommended to release this amount from playground equipment reserves to allow for other maintenance on other sites throughout the remainder of the year.

The professional fees budget cost centre has also gone over by £758.60 this is due to Hr Support and the renewal of leases for Sanford House Garage and Room 9, Oaklands.

Reserves Balance to 31 August 2023.

£50k has been released from the General Reserves (which must sit between 3-9 months of income) to the General Funds to cover the remaining year and to keep a healthy balance in the General Fund of £40-60k.

SUMMARY

The Council's bank accounts and reserves remain at a healthy balance. The Town Clerk will continue to monitor expenditure in the current financial year 2023-24.

RISK MANAGEMENT

A summary of the perceived risk follows;

Perceived Risk Council does not set a robust budget and the council runs out of funds to provide services to the residents of Hythe.

Risk High

Likelihood Low

Preventative Action 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 Town Clerk/
Responsible Financial Officer of the Council

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

BIBLIOGRAPHY

Taylor, R (2022), Arnold-Baker on Local Council Administration. Thirteenth edition.
Lexis Nexis, 1-3 Strand, London. WC2N 5JR