

This report will be made
Public on 12 January 2024

Hythe Town Council

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Report number **F&GP/23/13**

To **Hythe Town Council**
Date **05 January 2024**
Status **Non-Exempt**
Responsible officer **Town Clerk/RFO**

Subject **BUDGET MONITORING REPORT F&GP/23/13**

SUMMARY: This report gives November's budget monitoring information, includes the bank reconciliation for November 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/23/13.**
- 2. To authorise the Chairman of the Committee to sign the bank reconciliation detailed in the report.**

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 **November**, the seventh month of the financial year. The expectation for October for most cost centres would be **66.64%** of the budget but some cost centres such as Subscription expenditure are front loaded and higher income and costs are obtained in the first few months of each year.

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 receive 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 of 30 November 2023 was £597,250 £90,962 less than November 2022, with £372,575 held in reserves for allocated purposes. Allotments should not form part of the budget therefore an allotment

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)

reserve account has been created where all income has been transferred to, and expenditure will be drawn from.²

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



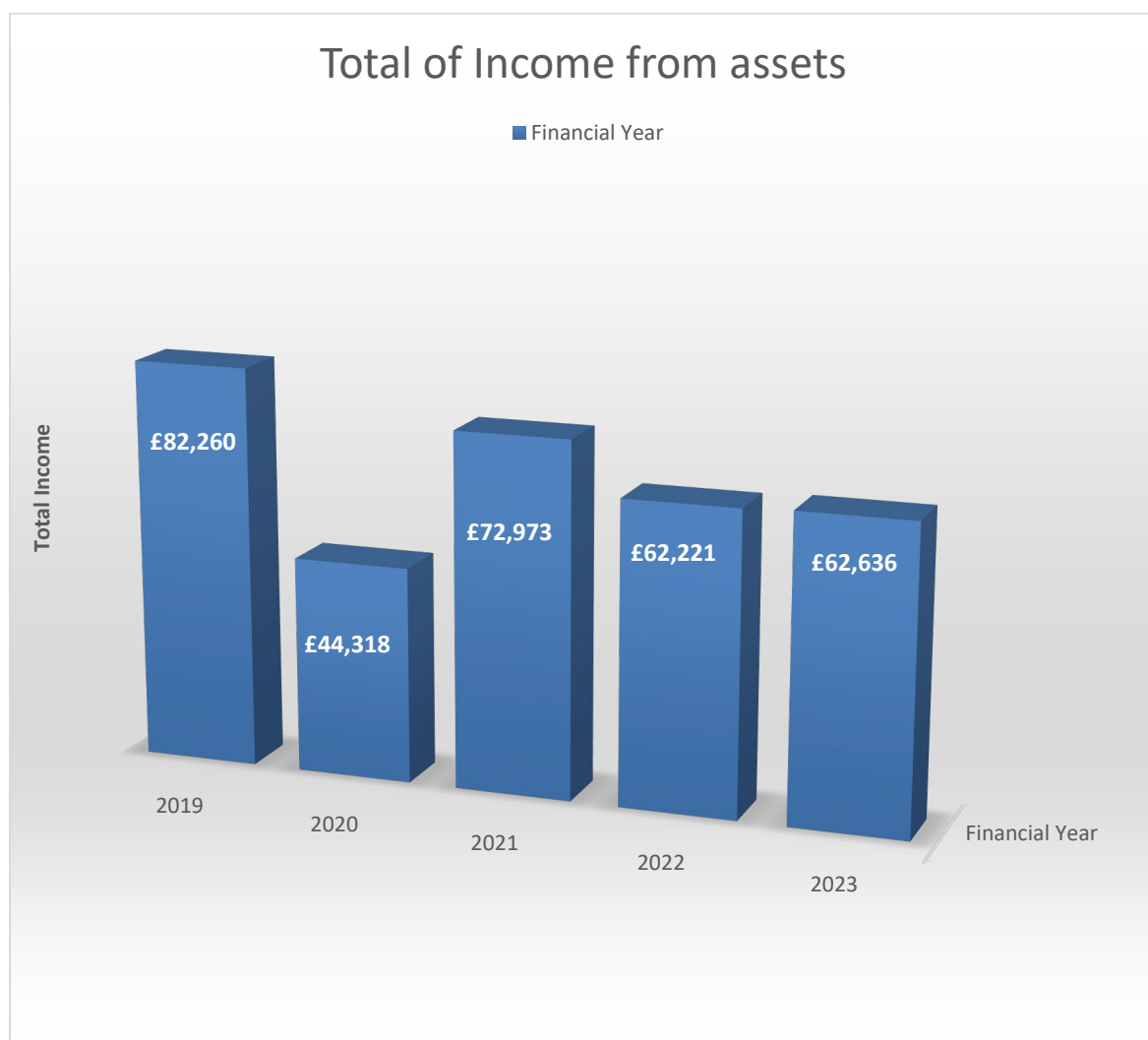
Income

We have received income from assets total of £62,636 to date, an increase of £7,673 from November 2022 year to date income. (not including allotment income)

Our biggest asset income in November is from property rent.

² This was agreed by the committee at the August 2023 Finance and General Purposes meeting.
Min.no.205/23.

The table below shows a comparison of the income received from assets in the last five years of November³. (2023 does not include allotments income).



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.

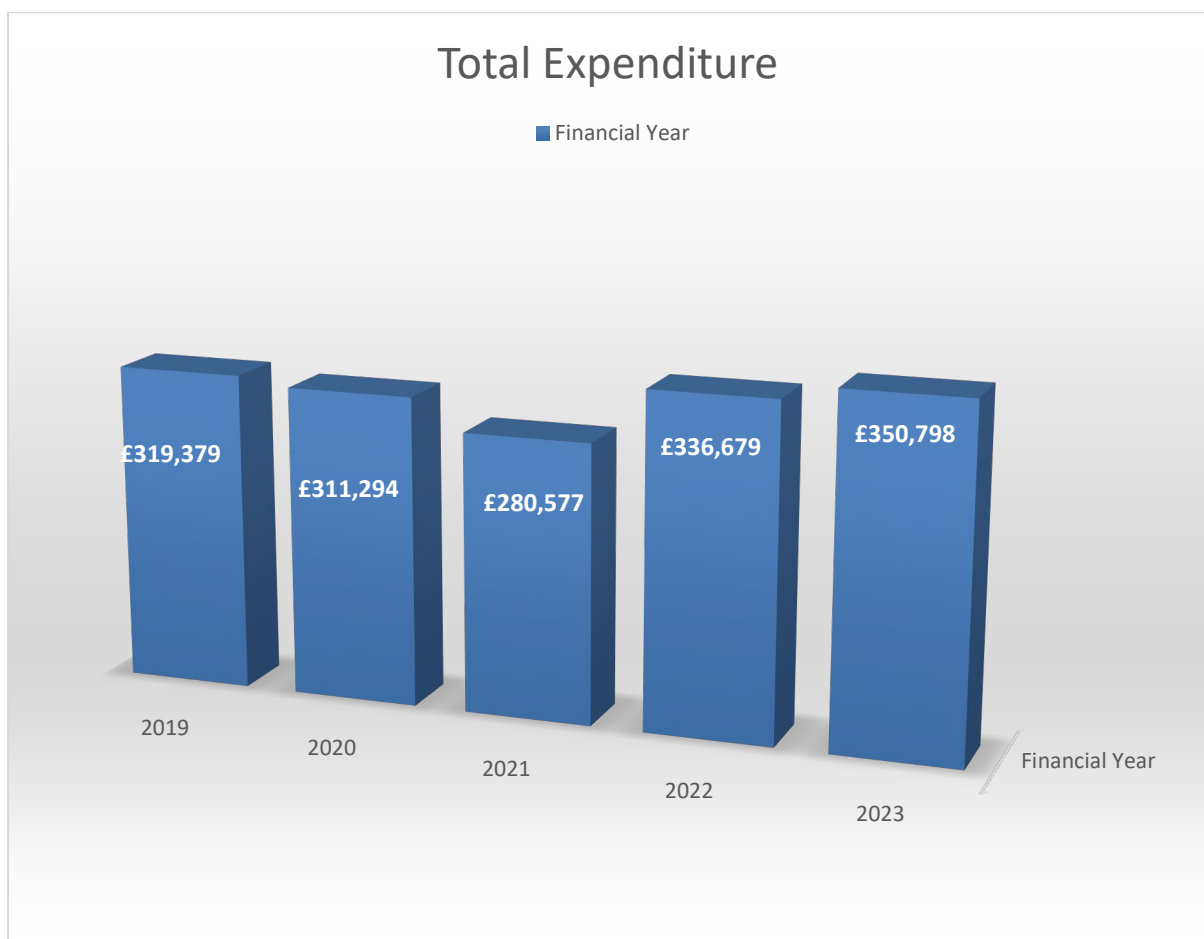
The original budget agreed expenditure figure started at £514,278 but has increased due to virements for CCTV installation costs £12,109, £3,000 from IT Reserves and a transfer from reserves to cover play equipment repairs.

³ In 2019 Davis Oaklands Library rent £11,625 was still being collected by Hythe Town Council.

£350,798 has been spent to date, equivalent to 65.88% use of the total amended budget. This is mostly due to the annual front based costs in the first six months of the year.

The highest cost code in November other than staff costs is the Grounds Maintenance contract reaching a total of £35,900.

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



Expenditure is the highest it has been in the last 5 years, but this is due to the Community Infrastructure Levy (CIL)⁴ received being spent on new playground equipment for Hythe Town Council managed parks.

⁴ 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).

Tree and Audit Works is under budget in November as contractors have been awarded work but have not invoiced or completed the works yet. The remaining tree audit work will be completed before March 2024, and before the nesting season.

Professional Fees are over budget due to solicitor fees for the renewal of leases and licences. The Clerk will check which leases are up for renewal, if any, in 2024 and let the committee know at the next meeting.

Property Repairs and Subscriptions have gone over budget due to reason explained in the November addendum that supplements this report.

Reserves Balance to 30 November 2023.

Reserves remain healthy Only £17,369 remaining income is anticipated by the end of March 2024 with £181,663 still expected to spend. The reserves report has been updated to reflect all virements to date. There is likely to be savings at the end of March on cost centres such as National Commemorations £5000, as Hythe Festival took over this initiative. Any expenditure remaining unspent will be sent to reserves at the end of March and recommendations will be made as to which reserves (if other than the general fund) when the March Budget Monitor is submitted to the committee). Suggested reserves will include,

- Building (due to the anticipated Town Hall renovation),
- Democratic Contingency Reserve (to ensure there are enough funds for bi-elections and the 2027 elections.
- Pavilion Project Fund (to ensure vital repairs and maintenance can be completed when occurs).

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