

POLICY, GOVERNANCE & FINANCE COMMITTEE

Date: Monday 24 July 2023

Title: Financial Report & Associated Matters

Contact Officer: Responsible Financial Officer (RFO)

Should Members have any queries about this report advance notice would be appreciated, in writing, on this occasion by midday on Monday 24 July, to allow for a response to be prepared for the meeting.

BACKGROUND

The purpose of this report is to provide information to Members on the financial position of the Council as part of its internal control system and to allow Members to exercise due diligence.

The report also considers recommendations from other standing committees which have financial implications.

The period to which this report relates is 1 April 2023 to 30 June 2023.

CURRENT SITUATION

The Council has appointed five standing committees which have delegated powers to make decisions, including financial decisions, regarding the services which are included within their terms of reference, subject to the committee having the necessary budget. The Council's coding system and management accounts reflect the committee structure.

The Committee's terms of reference details the various responsibilities of this Committee.

- The Committee has budgets which are its direct responsibility.
- The Committee also has the responsibility for oversight of the all the Council's resources, its terms of reference including: "b. To conduct effectively the Council's budgetary, financial and precepting responsibilities in accordance with statutory requirements, and to keep the smooth functioning of the Council's work under review" and "d. To consider the resources available to meet the Council's objectives in terms of land, property, finance and manpower and to advise other committees and the Council as required." Consequently the management accounts of other committees are also brought forward to the Policy, Finance and Governance Committee, in cost centre order.

Within each committee, there are individual **cost centres**, comprising three digits, typically representing a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

The cost centres for which this committee has **direct responsibility** are:

Page of report	Cost centre (CC)	Service
15	401	Civic activities
17	407	Grants and donations
18	502	Town Hall Maintenance
18	503*	Agency services (to 30/09/22)
19	505	Precept
19	506	Interest received
19	601*	Works department (to 30/09/22)
20	602*	Central support
21	604*	Works depot and vehicles
22	605*	General maintenance (from 01/10/22)
22	606*	Grounds maintenance (from 01/10/22)
23	700	Strategic planning initiatives
23	701	Corporate management
23	702	Democratic representation and management

** Note on cost centres which are recharged. Costs in relation to the works team and the office are in the first instance consolidated in discrete costs centres and then recharged to the Council's services.*

With the cessation of the grounds maintenance contract on 30 September 2022 there were several changes to the cost centres (CC), and these are summarised below:

- CC 503, Agency services. The cost centre ceased on 30 September 2022, with recharges being made to that date. From 1 October 2022 these costs are accounted through CC 604, Works depot (includes most property, vehicles and equipment) and CC606 Grounds maintenance (mainly staffing costs).*
- CC 601, Works department – cost centre ceased 30 September 2022. These costs are now accounted through CC 604, Works depot (includes most property, vehicles and equipment) and CC605, General maintenance (mainly staffing costs).*
- CC 602, Central support. This cost centre remains in place.*

The Committee is also responsible for the Council's rolling capital accounts, pages 23 to 24, these being cost centres: CC 800 – Capital Projects and CC 900 – Asset management revenue accounts.

In relation to the Committee's **oversight responsibilities** these are in the detailed management accounts as follows:

Committee	Cost centres
Parks and Recreation	201, 202,203, 204, 205, 207, 208, 209, 211, 212, 213, 214, 215
Stronger Communities	402, 408
Halls, Cemeteries and Allotments	102, 103, 104, 105, 106, 301,302, 303, 305
Climate, Biodiversity and Planning	206, 403

A report is submitted to every ordinary meeting of the above standing committees and previous reports are available on the relevant committee section of the website.

CURRENT SITUATION: MANAGEMENT ACCOUNTS TO 30 JUNE 2023

The detailed management accounts are attached.

The overall summary for the whole Council is as follows:

	2022/23 Actual £	2023/24 Actual year to date £	2023/24 Budget £
Income	2,257,433	1,022,820	2,249,010
Less expenditure	(2,225,472)	(539,659)	2,341,138
Net annual surplus/ (deficit)	31,960	487,161	(92,128)

Reports to the different standing committees during the cycle have included a commentary of matters of note in the management accounts for the year to date.

Additional to those matters raised previously Members may wish to note the following:

- Page 1 – Bar/Café (cost centre 103). The bar income previously allocated to the Burwell Hall (cost centre 105, page 3) has been transferred to the Bar/ Café as that is where the expenditure is allocated. Note that the relevant budgets for the Burwell bar remain in cost centre 105 and need to be moved over. When this is done this will show overall bar/café sales for the first three months, £32,089 (excluding VAT) are favourable as they represent 36% of the whole year budget across cost centres 103 and 105, and compare with £21,988 for the same period last year (+45.9%).

- A number of apparent overspend against full year budgets will largely be met from brought forward underspends/commitments from 2022-23 and earmarked reserves. Those adjustments will be reflected in the management accounts during the next cycle but the material ones are:
 - Page 2 code 4036/104: spend £8,185 budget £4,000.
 - Page 8 code 4047/205; spend £642 budget £500.
 - Page 8 code 4036/206; spend £872 budget £500.
 - Page 11 code 4047/212; spend £1,546 budget £250.
 - Page 16 code 4166/402; spend £1,211 budget £1,000.
 - Page 17 code 4110/407; spend £3,167 budget £1,800. Subsidised lettings relating to the Witney Music Festival and Witney Pride, amounting to £2,884 and relating to the Leys are due to be reallocated to code 4110/202, where there is a budget of £10,000 available (page 6).
 - Page 17 code 4106/408; spend £1,000 budget £1,000. This relates to the OPA Play Day, the approved grant for which has been paid.
 - Page 20 code 4025/602; spend £18,925 budget £3,250. The amount showing against this code is the Council's insurance premium and engineering inspections for the year. Most of this will be apportioned to insurance in the relevant cost centres when the necessary information is received from the Council's insurers, Zurich Municipal. These other insurance codes (4025 and engineering/insurance inspections 4048) at present show no expenditure. The total of the insurance code estimates for 2023-24 is £16,970 so overall expenditure exceeds budget by £1,955. This is largely the result of increased sums insured, which have been subject to strong inflationary pressures.
 - Page 21 code 4017/604; spend £3,139 budget £2,000.
 - Page 21 code 4050/604; spend £5,594 budget £5,000. Higher than anticipated due to major vehicle repair costs and installation of EV charging point.
- There will always be an inevitable "lag" between expenditure being incurred and being shown in the accounts. Members may expect much higher expenditure to show when the next report comes to Committee in September 2023). In addition with the introduction of the computerised purchase order system later in the summer this will mean that committed expenditure will be shown on future reports, improving the timeliness of financial information. With various other accountancy and book-keeping tasks taken back inhouse and a review by officers, there will be other changes which Members will notice to the accounts in the next cycle of meetings.
- Expenditure is not necessarily incurred evenly over the course of the year. For example, most expenditure in relation to nominal ledger code 4025 (insurance) is incurred when the annual premium is paid.
- There are similar patterns on the income side such as football and cricket fees paid, which are seasonal. Pertinent to the Council's current financial position, the precept (code 1176/505) is paid in two instalments of £930,854 in April and October. As the precept represents 83% of budgeted income this means that 45.5% of the Council's budget income had already been received in the first three months of the financial year.

- From 1 October 2022 works recharges are across four nominal ledger codes:
 - a. Maintenance recharges are from cost centre 605, which is a cost centre under the responsibility of the Policy, Finance and Governance Committee. This includes the costs relating to the Town Council works team who were in post prior to the ground's maintenance contract being brought in-house on 1 October 2022. There are two recharge nominal ledger codes from this cost centre: 4896 – maintenance staff recharge and 4897 – maintenance overhead recharge, this being the non-staffing overhead/ running costs relating to the staff.
 - b. Grounds maintenance recharges are from cost centre 606, which is a cost centre under the responsibility of the Policy, Finance and Governance Committee. This includes the costs relating to the staff who were transferred to the Town Council from the previous ground's maintenance contractor on 1 October 2022. There are two recharge nominal ledger codes from this cost centre: 4894 – grounds maintenance staff recharge and 4895 – grounds maintenance overhead recharge, this being the non-staffing overhead/ running costs relating to the staff. As yet no recharges have been made during 2023-24 for cost centre 606 but this will be reflected in the report to the next meeting.

INVESTMENTS

The Council holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of £1,074,824.58 as of 30 June 2023 (*31/05/2023 - £1,070,600.88*).
2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) - £59,939.98 as of 31 March 2023 (mid-market value [net asset value]) (*31/12/2022 - £61,121.02*).

Please see attached to this report the Public Sector Deposit Fund factsheet, dated 30 June 2023, which Members may find of interest.

A further update will be given at the next meeting.

Members are requested to note this section of the report.

FURTHER MATTERS (ADDED BY THE DEPUTY TOWN CLERK)

Defibrillator – King George V Recreation Ground. Since agreement was made on installing a defibrillator at this location, further information on the project has been received concerning the electric installation required. A supply must be run and set into a separate post to hold the casing and it cannot be attached to a streetlamp as originally suggested.

One quote has so far been received for the work which totals £2,187.93 net. Officers would obtain further quotes in line with financial regulations but there are no other funds allocated towards this project. It could be funded from the Community Infrastructure earmarked reserve if Members are in agreement.

ENVIRONMENTAL IMPACT

A Climate Change Emergency was declared at the Council meeting on 26 June 2019; with this in mind Councillors should have due regard to the environmental impact of any decisions they make regarding its facilities and services it operates.

RISK

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability.

All the Council's Committees receive financial reports to conduct its checks and balances and consideration is given to budgets and funding availability when agreeing expenditure.

FINANCIAL IMPLICATIONS

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets.

Any specific financial implications are detailed in the report.

RECOMMENDATIONS

Members are invited to note the report and approve the management accounts for the Council for the period 1 April to 30 June 2023 and,

To consider allocating funds from the Community Infrastructure earmarked reserve towards installing a defibrillator at King George V Recreation Ground up to the value of £2,200.