
Agenda Item: Financial Report & Associated Matters

Meeting Date: 30 September 2024

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12 noon on Monday 30 September to allow for a full response at 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 their diligence. The period to which this report relates is 1 April to 31 July 2024 and is attached as Appendix A.

At this meeting there are also five other matters which the Committee is requested to consider:

1. To consider whether to request West Oxfordshire District Council to issue poll cards, at an estimated cost of £3,250 in relation to the Witney Central Ward by-election due to take place on 14 November 2024.
2. To consider the Council's position in relation to the proposed increase in subscriptions to the Oxfordshire Association of Local Councils (OALC) for 2025-26 and to instruct the Council's representative at the vote in accordance at the OALC extraordinary general meeting on 7 October 2024.
3. To note and approve the report on investment returns since the last report to Committee in July 2024.
4. To consider items to be included in next year's revenue and capital/special revenue project budgets, noting that approval of such items will be for the Council to consider in the budget cycle of meetings.

These are covered by separate sections within this report.

Current Situation

A Management accounts

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, by committee.

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:

Cost centre (CC)	Service
401	Civic activities
407	Grants and donations
502	Town Hall Maintenance
505	Precept
506	Interest received
601	Works department
602	Central support
604	Works depot, vehicles , equipment etc
605	<i>General maintenance – now part of 601 and 604</i>
606	<i>Grounds maintenance – now part of 601 and 604</i>
700	Strategic planning initiatives
701	Corporate management
702	Democratic representation and management
800	Capital Projects

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, 215,216
Stronger Communities	402, 408
Halls, Cemeteries and Allotments	102, 103, 104, 105, 106, 301,302, 303, 305
Climate, Biodiversity and Planning	206, 403

The overall summary for the whole Council is as follows:

	2023/24 Actual	2024/25 Actual year to date	2024/25 % of budget to 31 July 2024	2023/24 Actual – same period	2023/24 % of budget to 31 July 2023	2024/25 Budget £
Income	£2,513,975	£1,186,833	35.3%	£1,068,043	47.5%	£3,365,393
Less expenditure	(£2,538,957)	(£900,626)	20.4%	(£706,296)	30.1%	(£4,432,519)
Net annual surplus/ (deficit) – BEFORE EARMARKED RESERVE MOVEMENTS	(£24,982)	£286,207				(£1,067,126)**

**** Important Note: The 2024/25 budget allows for some major capital schemes. Following earmarked reserve movements and other adjustments in relation to the funding of capital schemes the 2024/25 budget is projected show a deficit and therefore to draw on balances of £124,093 from the general fund.**

In relation to the accounts the following points are made:

1. There will always be an inevitable “lag” between expenditure being incurred and being shown in the accounts. However the introduction of the computerised purchase order which is now being rolled out will mean that committed expenditure will be shown on future reports, improving the timeliness of financial information.
2. 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 in April. There will also be similar patterns on the income such as football and cricket fees paid and for some annual charges for rentals etc.
3. Members will likewise recall that the Council is now accounting for earmarked reserve movements differently. The previous system, used by this and other councils, was to represent in-year funding from earmarked reserves as negative expenditure (4995 – transfer from earmarked reserves) and transfers to earmarked reserves as expenditure (code 4991). These fund movements are now shown in these reports as a “below the line” adjustment “Transfer from/to EMR” so they do not impact on expenditure but are correctly shown as funding. Appropriate adjustments were made in the 2023-24 accounts. The intention is also that such transfers are undertaken at or shortly after expenditure has been incurred. An example with regard to the Closed churchyards (cost centre 303) is shown on page

21 of the management account report and relates to funding the major works recently undertaken in St Mary's churchyard from earmarked reserve 376.

4. All central support and works-related apportionments have been processed in relation to the period.
5. As previously mentioned, almost two years on from the transfer of grounds maintenance from a contractor to an inhouse team, cost centres 605 and 606 (general and grounds maintenance teams) have been combined into a new cost centre 601. Non-staff related costs have been transferred to cost centre 604 (depot and associated).
6. Grounds maintenance costs are now directly allocated to service codes such as cost centre 202 (the Leys) rather than being apportioned from cost centre 604 (depot). As part of the budget process the corresponding budgets will be transferred to the relevant cost centres. In the meantime this means that some costs in relation to affected lines, primarily 4037 (grounds maintenance), 4039 (horticulture) and 4899 (depot reallocation) will show overspends and underspends against budget until these have been realigned during the budget cycle.
7. Insurance – code 4025/602. The insurance premium for 2024-25 was £22,098. These costs have now been allocated to the cost centres leaving a residual amount in cost centre 602, relating to insurances such as employer's and public liability, which is then apportioned as part of the central support overhead.
8. As a result of the various changes detailed above, Members will find that some of the detail presented in the reports to the standing committees during this cycle will have changed but there is no effect on the Council's "bottom line"; the effect is neutral.
9. On this occasion the RFO is not providing a detailed commentary on the accounts. Please let the RFO have any queries ahead of the meeting.

B. By-election – Central Ward – poll card

Following the casual vacancy in Witney Central ward an election has been called for 14 November 2024. The Council has to meet the cost of this by-election in terms of hall hire, staffing, printing of ballot papers and associated expenditure. However, the Council has an area of cost over which it does have discretion, this relates to whether poll cards are printed and posted to electors. This is in addition to the basic cost of the election and is estimated to be £3,250 .

For information the last full town elections cost the Council £20,496 (code 4180/702) but note that these took place alongside District Council elections and so some of the expenses are shared with the District. Town-only by-elections are more expensive per elector because the costs are not normally shared with other elections and fall only on the Town Council.

The last two by-elections took place in 2022 and poll cards were issued for both. The by-election in West Ward cost £5,819 (electorate 4,495) and in East Ward cost £8,097 (electorate 5,643). The electorate for Central Ward at May 2023 was 4,265.

The Council has a budget of £5,124 set aside for by-elections during 2024-25 and an earmarked reserve of £3,795 (EM 324), so the total available is £8,919.

C. Subscription to Oxfordshire Association of Local Councils (OALC)

The Council is a member of the [OALC](#) which itself is then a member of and gives the Council access to the services of the [National Association of Local Councils](#) (NALC).

The Council pays an annual subscription which is based on the number of electors in the parish and is capped for larger councils with electorates of over 20,000, being Witney, Abingdon, Banbury and Bicester.

The subscription for 2024-25 was £3,702, part of code 4024/702 (Subscriptions/ Democratic Representation and Management).

The OALC are considering an increase in subscriptions as outlined in the attached Appendix B.

Members are requested to consider this matter. OALC have convened OALC extraordinary general meeting on 7 October 2024 at which a vote will be taken in relation to the proposal with option to vote for one of the following:

1. Our parish meeting/parish or town council supports the proposed subscription increase OR
2. Our parish meeting/parish or town council does not support the proposed subscription increase

Members are requested to instruct the Council's representative at that meeting as to how the Council's vote should be cast.

D. Investments

At each meeting members receive the latest updates in relation to the Council's investments.

The Council holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of £1,141,326 as of 31 August 2024 (£1,131,491 as of 30 June 2024) an increase of £9,835 over the two-month period (0.9% between the two months).
2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) – Value as of 31 August 2024 = £57,374 (31 March 2024 - £57,600). This represents a fall in value of

£226 over that period, i.e. 0.4%. The total income credited to the Council for that period was £777 (i.e. 1.3% of the opening sum during this five-month period).

The RFO is due to attend an online session regarding the Local Authorities' Property Fund in October 2024.

Previously it was agreed that during this financial year the RFO to come forward with proposals at a future meeting regarding investment in [the CCLA Better World Cautious Fund](#). It is understood that this fund has enhanced sustainability criteria. At a future meeting I will report back to Members regarding investment in this fund, including the criteria, liquidity and yields from the Fund.

E. Revenue budget 2025-26 and Capital & Special Revenue Projects 2025-26 and beyond.

In line with normal Council procedures, the RFO will shortly be commencing the annual review of all the Committees to prepare the revenue budget for 2025-26.

Draft budgets are prepared based upon current activities and patterns of income and expenditure. Any additional revenue expenditure is considered separately as Revenue Growth Items.

It is also normal practice that during the budget cycle the Council considers the Capital and Special Revenue budget to identify which projects or schemes are to be implemented and undertaken during the next financial year.

Therefore Members are requested to consider items to be included in next year's budget so that Officers can obtain costings accordingly. This will then enable the RFO to draft as accurate budget estimates as possible.

Members are reminded that the Council agreed a number of [revenue growth items](#) (Appendix C) in January 2024 and also the [capital and special revenue projects programme](#) (Appendix D) to 2026. These documents will be reviewed as part of the budget cycle to take account of changes in timescales and the impacts on funding, investment income and potential loans and well as any changes in Council priorities regarding spending.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – no implications directly resulting from this report.
- b) Biodiversity - no implications directly resulting from this report.

- c) Crime & Disorder - no implications directly resulting from this report.
- d) Environment & Climate Emergency - no implications directly resulting from this report.

Risk

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

The provision of regular financial reports is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

Recommendations

Members are invited:

1. To note and approve the report and the management accounts of the Council for the period 1 April to 31 July 2024.
2. To consider whether to request West Oxfordshire District Council to issue poll cards, at an estimated cost of £3,250 in relation to the Witney Central Ward by-election due to take place on 14 November 2024.
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