

2 – Budget Report – Haverhill Town Council

The following notes should be read in conjunction with the Budget report in section 1 above. Minus figures below means we are better off than we might have expected, had we correctly forecast what our financial situation would be.

The condensed budget report provides an overview of the Council's financial situation as at 28th February as we have not closed the March accounts at the time of writing.

The Council's finances continue to look healthy, with savings achieved across most cost centres. However, caution should be exercised as to using these figures to anticipate the eventual year-end surplus. The reasons for this are:

1 - Following the departure of the previous finance officer the emphasis has been on carrying out a full review of the financial record-keeping and getting the replacement officer up to speed.

2 - Given that the review took place in February and the year end is March 31st, some month-end reconciliations between accounts were deliberately left undone, in the interests of prioritising maintaining a good day-to-day finance service to creditors and managers. It would have been costly in additional man-hours to do this for month 11, when, in this instance, it was much easier to just wrap it up at year-end. We will be starting from a clean sheet in April.

3 – HTC Bank Reconciliation for financial period ending 28th February 2015.

Balances as per statement at 28th February 2015.

Account name		Statement date	Page no.	Balance	Deposit maturity date
Business Account		05/03/2015	35	£10,000.00	
Bus Instant Access		13/03/2015	76	£329,153.83	
Payroll Account		31/10/2014	47	£33.14	
Scottish Widows		31/12/2014	27	£117,776.12	
High interest Deposit	9737030000			£500,000.00	14/04/2015
High interest Deposit	9521851000			£150,000.00	07/05/2015
High interest Deposit	9521908000			£400,000.00	12/05/2015
				£1,506,963.09	
Less un-presented Cheques				31,432.47	
Plus receipts not banked/cleared				NYR	
Balance as per cash book				£1,467,473	
Difference				8057.62	

The Difference between the bank statements and the cash book balance is that the receipts have not yet been reconciled, so there are payments into our bank which have not yet been entered onto our accounts package. This is the preferable way around and something we are working to simplify, to make reconciliation easier.

4 – HTC Payments made in February 2015

A total of £81,061 was expended in February. Cheque list goes to Full Council.

5 – HTC Debtors & Creditors to 28th February 2015

Current Debtors	£11,406.36
30 days	£977.19
60 days	£265.25
90 days	£3,543.20

Nick and I will go through the 90 day lists, as £2,750+ relate to public sector unpaid bills, a situation which really isn't acceptable.

6 - Earmarked Reserves

Earmarked Reserves are funds tagged for a specific purpose by the Council. The Committee considered Earmarked Reserves at the Finance Committee meeting held on 4th November 2014. The attached sheet reflects the decisions made. The following recommendations to Full Council reflect the impact of those decisions:

1 - Balances from relevant cost centres will be credited/debited to their respective reserves in full. Any excess balance will go to General Reserves.

2 - Earmarked Reserves subject to Annual Review require specific decisions.

a) ONE Haverhill - Currently £nil, however £8,000 remains unallocated from the £30,000 funding agreed in principle. Proposal: Transfer £8,000 to this reserve.

b) Town Centre Development - Currently £15,931.52. The review of town centre planters may require a capital sum to be spent on planters. Proposal: if funds allow, transfer £5,000 to this reserve.

c) Property Acquisition Fund - Currently £300,000. No further proposals for property acquisition have come forward. Proposal: No further addition to this fund at this time.

3 - Earmarked Reserves subject to Periodic Review require specific decisions.

a) H1 Project (Activities) - Currently £110,412.19. Proposals will come forward for revenue expenditure on projects for young people. Proposal: Delay any decision until costs are known.

b) H1 Project (Property) - Currently £222,894. Three properties have been identified as potentially suitable for use as the H1 property and it makes sense to increase this fund by a sensible amount, as there was an expectation of significant expenditure on this project in 2014/15. Proposal: Increase fund by £77,106 to £300,000.

c) Long-Term Maintenance - Currently £170,000. The following projects have been identified as requiring expenditure in 2015/16:

- i. Outside Equipment (gazebos and other equipment) £5,000
- ii. Studio & bistro redecoration and upgrade of equipment £20,000
- iii. Auditorium lighting renewal (this is in dire need and will save a great deal on electricity bills), integration of film and live event sound systems £40,000

These estimates amount to £65,000 and would represent spending a considerable slice of the current Maintenance reserve. It is prudent to raise the reserve to the ceiling of £200,000 in order to accommodate the expenditure without leaving the Maintenance fund comparatively low.

4 - New Reserves.

If funds suffice (and it makes sense to have more proposals than funds) there are two further funds the Committee are asked to consider:

a) Section 17 Reserve - Parish and Town Councils have a duty under Section 17 of the Crime and Disorder Act 1998 to consider how they can contribute to reduction of crime and disorder, and must be able to demonstrate this. In Haverhill, this manifested itself in the provision of facilities for the SNT Priority-Setting meetings. These are now going to discontinue and the Council will need to consider how it fulfils its obligation under Section 17 in the future. The decision to stop these meetings came too late for us to consider funding alternatives when setting the 2015/16 budget. I suggest Councillors consider earmarking £4,000 towards section 17 expenditure in order to reduce the impact in Y1 of any proposals, to facilitate decision-making by the new Council on this topic.

b) Leiston Centre Refurbishment - It would be prudent to create a fund for the refurbishment of the Community Centre. As a start, any surplus income from 2014/15 should be committed to this fund.

If the Committee endorse the above proposals, costed at £128,106, the necessary calculations will be made and presented to the Full Council as part of the adoption of the annual accounts. On current figures this will still accommodate £90,000 contribution to General Reserves, to achieve the required 3 months reserve set out in the Council's Reserves Policy. Of course, at this stage the figures are not yet cast in stone; what Members are asked to agree is that these proposals are what I should be aiming to achieve.

7 – Risk Register

The Committee is asked to consider the Risk Register (attached) and consider whether the risks are properly identified and suitable mitigation actions are in place. The committee should also consider whether the frequency of checks by the internal auditor are proportionate to the latent risk after mitigation.

6b Hartseats Limited

1 – Budget Report

2014/15 YTD 28th February 2015									
Code	Cost Centre	Annual Expend	Expenditure YTD		Income YTD		Net YTD Expenditure		Variance (= good)
			Budget	Actual	Budget	Actual	Budget	Actual	
Sales									
3000	Bistro	24000	22000	29308	54083	57930	-27576	-28622	-1046
3010	Bar	17000	15583	11325	35750	34486	-17188	-23161	-5974
3020	Tuck	3000	2750	2854	5958	7175	-2712	-4321	-1609
Overheads									
4001	Staff	38400	35200	28916			35200	28916	-6284
4002	Employers Cost	10600	9717	7170			9717	7170	-2547
4021	Administration	0	0	35			0	35	35
4013	Rent	1200	1100	1100			1100	1100	0
4014	Public Perf Licence	0	0	95			0	95	95
4015	Equipment	0	0	1686			0	1686	1686
4020	Sundries	600	550	512			550	512	-38
	Sub Total	94800	86900	83001	95792	99591	-909	-16590	-15681
	Net Profit					16590			

2 - Notes to budget report

Hartseats' performance continues to be very positive.

1 - Some transfers are still to be done, in particular the staff costs are under-stated. This will be corrected at year-end.

2 - The Bistro is in desperate need of a makeover and an allowance needs to be made in the reserves for this. The chairs in particular need replacement. If there had been time to do this in the current financial year, the figures would look very different.

3 – Bank Reconciliation for financial period ending 28th February 2015.

Balances as per statement at 28th February 2015.

Account name	Statement date	Page no.	Balance
Business Account	27/02/2015	44	£20,981.19
Less Un-presented Cheques			£28.70
Plus receipts cleared			0
Balance as per cash book			£20,952.49
Difference			£0.00

4 – Payments made in February 2015

A total of £ 4,410 was expended in February.

5 – Debtors and Creditors

As at 28th February 2015 Debtors amounted to £ 510.26 relating to invoices owed by:

Haverhill Town Council £ 510.26

As these are internal transfers there is no concern on chasing the debts. Until month end, the recharge to the Arts Centre and Town Council are not known, so these will always run a month behind.

As at 28th February the current Creditors amounted to £ 3636.08 relating to payments suppliers

6c Haverhill Town Hall Charity

1 – Budget Report

2014/15 YTD Budget 28th February 2015							
Code	Cost Centre	Annual Expend	Expenditure YTD		Income YTD		Variance
			Budget	Actual	Budget	Actual	
Income							
1000	Town Council				99917	81000	-18917
1010	Hartseats				800	900	100
104/5/60	Leiston				6333.33	10317	3984
1020	Other rental income				3720	3720	0
	Total				110770	95937	-14833
Expenditure							
4100	Maintenance	57000	38000	23998			-14002
4110	Heat & Light	25800	17200	24271			7071
4115	Cleaning	25000	16666.67	26008			9341
4116	Trade Waste Collect	1400	1400	1481			81
4120	Insurance	9000	6000	6644			644
4125	Rates	4600	3066.67	2282			-784.67
4150	Professional Fees	0		1527			1527
4130	Other Admin	500	0	4			4
4140	Equipment	0	0	185			185
4200	Insurance claim	0	0	6013			6013
	Sub Total	123300	82333.34	92413			10080
	Net Profit			3524			

2 - Notes to Budget Report

There is little to comment upon; The Leiston Community Centre expenditure is not currently shown separately, as there was no budget for this expenditure set for 2014/15. Hence overspends in cleaning and rates.

3– Bank Reconciliation for financial period ending 28th February 2015.

Balances as per statement at 28th February 2015.

Account name	Statement date	Page no.	Balance
Business Account	04/03/2015	35	£18291.64
Less Un-presented Cheques			£443.00
Plus receipts not cleared			£0
Balance as per cash book			£17848.64
Difference			£0.00

4 - Town Hall Charity Payments made in February 2015

A total of £ 10,787 was expended in February.

5 – Town Hall Charity Debtors and Creditors

As at 28th February 2015 the current Debtors amounted to £ 1372.75 The situation here is improved and the main debtor continues to pay off the backlog.

As at 28th February the current Creditors amounted to £ 5101.38 relating to invoices due to suppliers. This is mostly accounted for by some significant electricity bills for Leiston caused by users deploying electric heaters, which will be a priority issue for our new Operations Manager to get to grips with.

6 - Rent Review

The Trustee meeting on 3rd March 2015 gave delegated power to the Clerk to establish new rent levels based on advice from an independent reviewer, following a direction from the Charity Commission that this must be done. Oswick Surveyors Ltd provided this for us. The rent levels advised are as follows:

Town Council annual rent from 1st April: Office Space - £4,680 and Arts Centre - £17,940

Hartseats annual rent from 1st April: Bistro £7,200

Local History Group annual rent from 1st April: Room & store - £1,980

These rents will all be applied from 1st April.

Colin Poole

Responsible Financial Officer

Haverhill Town Council