



Haverhill
TOWN COUNCIL

Finance Committee

Date: 12th January 2016

Agenda item 7

Report from Responsible Financial Officer

HTC Report to end November 2015

1 – Budget Report

| Town Council 2015/16 to 30 th November 2015 | | | | | | | | | | |
|--|---------------------|--------------------|----------------|-----------------|----------------|---------------|----------------|---------------------|---------------|---------------|
| Code | Cost Centre | Annual Expenditure | Annual Income | Expenditure YTD | | Income YTD | | Net YTD Expenditure | | Variance |
| | | | | Budget | Actual | Budget | Actual | Budget | Actual | (- = good) |
| Town Council | | | | | | | | | | |
| 101 | Administration | 619156 | 611998 | 412770 | 1016134 | 407999 | 637000 | 4771 | 379134 | 374363 |
| 102 | Democracy | 11700 | 7700 | 7800 | 11829 | 5133 | 7700 | 2667 | 4129 | 1462 |
| 103 | Mayor's Charity | 0 | 0 | 0 | 1110 | 0 | 58 | 0 | 1052 | 1052 |
| 200 | Arts & Leisure | 155610 | 166010 | 103740 | 97825 | 110673 | 134302 | -6933 | -36477 | -29544 |
| 300 | Arts Centre | 479835 | 479835 | 319890 | 317441 | 319890 | 454089 | 0 | -136648 | -136648 |
| 400 | Community | 98600 | 98600 | 65733 | 77580 | 65733 | 98600 | 0 | -21020 | -21020 |
| 500 | One Haverhill | 85558 | 0 | 57039 | 22858 | 0 | 1500 | 57039 | 21358 | -35681 |
| 501 | Youth Co-ordination | 47437 | 51500 | 31625 | 32373 | 34333 | 50000 | -2708 | -17627 | -14919 |
| 600 | Bevan House | 8005 | 5300 | 5336 | 9567 | 3533 | 6650 | 1803 | 2917 | 1114 |
| TOTAL | | 1505901 | 1420943 | 1003933 | 1586717 | 947294 | 1389899 | 56639 | 196818 | 140179 |
| | | | -84958 | | | | | | | |

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 mean 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 30th November 2015.

Items to note:

101 Administration: the obvious change is that net year to date expenditure has gone from being under-budget by £167,135 to over budget by £379,134. The explanation for this £546,269 leap in expenditure is the purchase of £500,000 of units in the CCLA Property Fund. This is not a bank account but a long-term investment which we are required by law to treat as a capital expenditure. It will move to the Assets list at March 31st. I checked out this treatment of the investment with our External Auditors, BDO, who have confirmed this is correct. It puts a bit of a blip on the accounts. The "actual" increase in YTD expenditure of £46,269 is £5k less than 1/12th of the annual budget, so well within bounds.

500 ONE Haverhill: As unspent funds for ONE Haverhill is relevant to discussions at Full Council, it is worth recording that the sum unspent includes funds for the 2nd round of this year's ONE Haverhill Grant Scheme and some funds allocated from previous rounds but not released.

3 – HTC Bank Reconciliation for financial period ending 30th November 2015.

Balances as per statement at 30th November 2015.

| Account name | | Statement date | Sheet no. | Balance | Deposit maturity date |
|----------------------------------|--|----------------|-----------|----------------------|-----------------------|
| Business Account | | 03/12/2015 | 79 | £10,153.70 | |
| Bus Instant Access | | 04/12/2015 | 95 | £1,110,905.53 | |
| Scottish Widows | | 01/10/2015 | 30 | £118,128.30 | |
| Total | | | | £1,239,187.53 | |
| Less un-presented Cheques | | | | £13,425.24 | |
| Plus receipts not banked/cleared | | | | £1,328.93 | |
| Balance as per cash book | | | | £1,227,091.22 | |
| Difference | | | | 0.00 | |

Councillors will note that the cash book balance is substantially lower than at the end of September. This is due to the fact the recent CCLA long term investment has to be recorded in the accounts as capital expenditure at this point of the year.

4 – HTC Debtors & Creditors to 30th November 2015

| | |
|-----------------------|-----------|
| Total Current Debtors | £22730.07 |
| 30 days | £8437.62 |
| 60 days | £9752.88 |
| 90 days | £4539.57 |

Of the £22,730.07 debtors at 30th November £11,503.68 has subsequently been collected and a further £4965.82 is due from Hartseats which will be paid in the next few days. Of the remaining £6260.57 progress has been made in reducing the 90 day debt to £3278.67. This figure is expected to be reduced further by the next meeting.

Creditors at 30th November 2015 were £88,025.49, however, all invoices have now been settled with the exception of one from Haverhill Community Trust at a value of £6786 and one from Hartseats for £491.60. These will be paid in the next few days.

8b Hartseats Limited

1 – Budget Report

| Hartseats to 30-11-2015 | Annual budget | | Expenditure | | Income | | Net Expenditure | | (-= good) |
|----------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|-----------------|-------------|--------------|
| | Expenditure | Income | Budget | Actual | Budget | Actual | Budget | Actual | |
| Sales | | | | | | | | | |
| 1019 Bar | 18000 | 46000 | 12000 | 8590 | 30667 | 25505 | -18667 | -16915 | 1752 |
| 1020 Café | 32000 | 62000 | 21333 | 21660 | 41333 | 47502 | -20000 | -25842 | -5842 |
| 1021 Tuck Shop | 3000 | 6500 | 2000 | 543 | 4333 | 1621 | -2333 | -1078 | 1255 |
| Overheads | | | | | | | | | |
| 4010 Staffing Recharge | 65337 | | 43558 | 45650 | | | 43558 | 45650 | 2092 |
| 4109 Insurance | 1500 | | 1000 | 0 | | | 1000 | 0 | -1000 |
| 4110 Clothing & Safety Equipment | 250 | | 167 | 0 | | | 167 | 0 | -167 |
| 4113 Audit Fees | 125 | | 83 | 0 | | | 83 | 0 | -83 |
| 4114 New Equipment | 2000 | | 1333 | 185 | | | 1333 | 185 | -1148 |
| 4200 Rent | 7200 | | 4800 | 5400 | | | 4800 | 5400 | 600 |
| 4777 Other Costs | 875 | | 583 | 1870 | | | 583 | 1870 | 1287 |
| 7004 PPL Fees | 95 | | 63 | 65 | | | 63 | 65 | 2 |
| Sub Total | 130382 | 114500 | 86920 | 83963 | 76333 | 74628 | 10587 | 9335 | -1252 |
| Net Profit | | -15882 | | - 2957 | | 1705 | | | -1252 |

2 - Notes to budget report

1019 Bar Sales: The income is 10% below budget. This figure is very volatile as it depends on bookings. The budget is set at 1/12th but this does not reflect increased revenue flows during the Christmas period, so a report for 31st December would show a complete turnaround. **1021 Tuck Shop** will benefit from panto sales in December.

1020 Café: This is continuing to perform well above budget. This trend continued through until Christmas but the café has been closed along with the rest of the Arts Centre, for refurbishment. This will impact on overall revenue.

3 – Bank Reconciliation for financial period ending 30th November 2015.

Balances as per statement at 30th November 2015.

| Account name | Statement date | Page no. | Balance |
|---------------------------------|----------------|----------|-------------------|
| Business Account | 04/12/2015 | 66 | £15,211.21 |
| Less Un-presented Cheques | | | £659.03 |
| Plus receipts cleared | | | £1,136.67 |
| Balance as per cash book | | | £15,688.85 |
| Difference | | | £0.00 |

4 – Debtors and Creditors

As at 30th November 2015 Debtors amounted to £1,021.61 relating to invoices to the Town Council of which £491.60 is still outstanding. Creditors amounted to £16,766.77 – all of these invoices have subsequently been settled except one from the Town Council for £4,965.82 and one from the Community Trust for £2,160. All of these internal debts will be attended to in the next few days.

8c Haverhill Community Trust

1 – Budget Report

| To 30-11-2015 | | Annual Budget | | Expenditure | | Income | | Net Expenditure | | (-= good) |
|-------------------------------------|-------------------------|--------------------|---------------|--------------|--------------|--------------|--------------|-----------------|--------------|--------------|
| | | Annual Expenditure | Annual Income | YTD Budget | YTD Actual | YTD Budget | YTD Actual | Budget | Actual | |
| Income - Town Hall | | | | | | | | | | |
| 1200 | Rent | | 42800 | | | 28533 | 24345 | 28533 | 24345 | 4188 |
| 1500 | Grant from Town Council | | 62840 | | | 41893 | 47130 | 41893 | 47130 | -5237 |
| 1501 | Payment from Hartseats | | 15882 | | | 10588 | 0 | 10588 | 0 | 10588 |
| | Total | | 121522 | | | 81014 | 71475 | 81014 | 71475 | 9539 |
| Expenditure - Town Hall | | | | | | | | | | |
| 4109 | Insurance | 0 | | 0 | 3952 | | | | | 3952 |
| 4113 | Audit Fees | 125 | | 83 | 0 | | | | | -83 |
| 4122 | Trade Waste | 0 | | 0 | 228 | | | | | 228 |
| 4202 | Rates | 4100 | | 2733 | 1265 | | | | | -1468 |
| 4203 | Maintenance Planned | 25000 | | 16667 | 18462 | | | | | 1795 |
| 4204 | Maintenance Reactive | 10000 | | 6666 | 26430 | | | | | 19764 |
| 4205 | Heat & Light | 22000 | | 14667 | 13971 | | | | | -696 |
| 4207 | Cleaning | 27533 | | 18355 | 12219 | | | | | -6136 |
| 4777 | Other Costs | 1000 | | 667 | 2389 | | | | | 1722 |
| | Total | 89758 | | 59838 | 78916 | | | | | 19078 |
| Income - Leiston Centre | | | | | | | | | | |
| 1201 | Lettings | | 0 | | | 0 | -9011 | | | -9011 |
| | Total | | 0 | | | 0 | -9011 | | | -9011 |
| Expenditure - Leiston Centre | | | | | | | | | | |
| 4202 | Rates | 0 | | 0 | 489 | | | | | 489 |
| 4203 | Maintenance Planned | 0 | | 0 | 3750 | | | | | 3750 |
| 4204 | Maintenance Reactive | 0 | | 0 | 75 | | | | | 75 |
| 4205 | Heat & Light | 0 | | 0 | 1769 | | | | | 1769 |
| 4207 | Window Cleaning | 0 | | 0 | 2048 | | | | | 2048 |
| 4777 | Other Costs | 0 | | 0 | 2295 | | | | | 2295 |
| | Total | 0 | | 0 | 10426 | | | | | 10426 |

2 - Notes to Budget Report

1501 Payment from Hartseats: This takes place at Year End.

4204 Maintenance-Reactive: This is the recharge from the Borough Council. We were rather dismayed to find a whole lot of charges relating to previous financial years put through recently, which required a lot of work to cross-check previous bills and to query what all these were. Apart from the staff costs of being billed so late, it has thrown our budget out.

3– Bank Reconciliation for financial period ending 30th November 2015

| Account name | Statement date | Page no. | Balance |
|---------------------------------|----------------|----------|-------------------|
| Business Account | 09/12/2015 | 57 | £29,782.35 |
| Less Un-presented Cheques | | | £4,279.72 |
| Plus receipts not cleared | | | £0.00 |
| Balance as per cash book | | | £25,502.63 |
| Difference | | | £0.00 |

4 – Haverhill Community Trust Debtors and Creditors

As at 30th November 2015 the current Debtors amounted to £ £36012.32, of which £29282 relates to the Town Council and £4320 to Hartseats, the majority being settled during December and the remainder will be attended to shortly.

As at 30th November 2015 the current Creditors amounted to £30676.11 relating to invoices due to suppliers all of which were settled during December.

As well as debts arising from transactions between the related parties, costs are sometimes incurred, shared by or incorrectly billed to the Community Trust which then need to be passed on to the Town Council and vice versa. At present this is done by writing cheques from each party on a case by case situation. This is cumbersome and time consuming. To enable costs to be transferred in a more timely fashion from December 2015 accounts we will be using 'current accounts' in both companies to move costs by journal voucher. The 'current accounts' will be settled by a cheque once a quarter with a single balancing payment from whoever owes the balance.

Colin Poole

Responsible Financial Officer
Haverhill Town Council

Appendix 1 – Item 8 Review of Investments Held

Investment Strategy

Currently the investment strategy of the Council is to consider carefully the balance between security of investments and maximising returns on funds held. It has adopted a principle of prudence in doing so, maintaining access to sufficient funds required for day-to-day operation whilst using long-term investments suitable for funds held as long-term reserves.

Funds held as at 31st December 2015 are as follows:

| | |
|---|---------------|
| Lloyds Bank – Business Account | £10,001.00 |
| Lloyds Bank – Instant Access | £407,198.50 |
| Lloyds Bank – 32 Day Notice Account | £600,140.55 |
| Scottish Widows – Business Fund Deposit Account | £118,128.30 |
| CCLA – Property Fund | £500,000.00 |
| Total | £1,635,468.35 |

The Business Account is our normal day-to-day cheque account and does not attract interest.

The Instant Access Account pays 0.05%. A sweeper from here keeps our Business Account topped up to at least £10,000

The 32-Day Notice Account was opened on December 16th as an adjunct to buying fixed rate bonds. It pays 0.57% interest calculated daily. This compares to the fixed bonds which pay more, but are as the name suggests much less accessible and as a result often our funds are not able to be locked up. With the 32-Day account we can leave funds until we need them. By predicting the balances required in 33 days' time, we can make decisions on whether to withdraw funds from this account without loss of interest.

The Scottish Widows Account pays 0.4%. We should consider moving this to a long-term fixed-rate bond as no withdrawal has been made from this account since at least April 2014. If we wanted to spread our risk, then there are a number of potential choices, such as Yorkshire Bank, paying rates comparable to that paid by Lloyds on their fixed rate bonds.

CCLA Property Fund is our long-term deposit for our reserves, with an expectation that the investment is for >12 months. The purchase in November entitled us to benefit from the December dividend, which is approximately £5,464. In addition, the bid price has risen 1.9p so the cash-in value of the council holding is now £468,560.84, up £3,080.71. At this rate the cash value of units will reach the original offer price paid of £500k by November.