

SWAFFHAM TOWN COUNCIL

Minutes of the Finance & General Purposes Committee meeting of the Town Council held on Wednesday 30th July 2008 at 7.00pm in the Town Hall, Swaffham.

Present: Mayor Cllr S. Matthews (in the chair)

Councillors:- Mr. D. Butters, Mr. P. Darby, Mr. C. Gunner, Mr. D. Harman and Mr. F. Sharpe

Internal Auditor: Mr. B. Clements
Town Clerk: Mr. R. Bishop
Deputy Town Clerk: Mrs. M. Meyrick

Public: 0

1. To receive APOLOGIES FOR ABSENCE.

1.1. Cllr Ian Sherwood who is recovering from an operation and Cllr David Wickerson who has work commitments

2. To receive DECLARATIONS OF INTEREST – for items included on the Agenda.

- 2.1. Cllr P. Darby as an allotments tenant 5.1. cash-flow.
2.2. Cllr D. Butters as a Director of the Museum 5.1. cash-flow.

3. To receive & approve MINUTES of Finance & G.P. meeting held on 31st March 2008.

3.1. The minutes were agreed by the Committee and signed as a true record by the Chairman.

4. To consider QUARTERLY FINANCIAL REPORT.

To receive financial report from the Responsible Finance Officer:-

To receive report on Accounts to date (Income & expenditure 2008/09).

4.1. It was reported that the Deputy Town Clerk has printed off some summary Income & Expenditure accounts and Vat records for the first quarter at around 2.30pm this afternoon. She has been up against time trying to get everything on to the system, learning how to use the new software and setting up the data base. The bank is balanced within 93p and will be reconciled to 0.00 before we proceed to July's accounts. It was reported that neither the Internal Auditor nor the Town Clerk have had a chance to familiarize themselves with the analysis to date. This will of course be done in the coming weeks. Councillors had no further questions only one observation regarding there being no charges recorded for electricity supply to the Buttercross. The Town Clerk reported that in respect of changes to the Town Hall this took over a year for the bills to start coming in.

To receive report from Internal Auditor.

4.2. The reports from Brian Clements were circulated prior to the meeting. There is one variation to report as we had to postpone the internal audit due on 28th July as we were not ready. The new accounting system is now up and running and we have had two days initial training. There have been a number of frustrations with us being unfamiliar with how the new accounting system operates. A great deal of time has been spent inputting the data base as part of the RBS system set up. We are now carrying out invoicing for the first time as part of the accounting system. The internal auditor reported that fine tuning is needed on the reports that are given for the next quarter.

5. To receive and discuss approved end of year Accounts to 31st March 2008.

The end of year accounts was circulated to the Council prior to the July full Council meeting and agreed subject to further discussion at this meeting.

The RFO outlined both the Section 1 – Statement of Accounts & Section 2 Annual Governance Statement and the Balance Sheet and Income & Expenditure Accounts.

Following a short discussion the Committee approved the Balance Sheet and Income & Expenditure Accounts

6. To consider financial implications of the following:-

6.1. To receive progress report for cash-flow actual and projections 2008/09.

CASHFLOW REPORT

	INCOME	EXPENDITURE
Capital Projects	<p>£3,6 million budgeted but to date none of this money has been received</p> <ul style="list-style-type: none"> • £39,000 has been confirmed in writing under a Section 106 agreement • £145,000 has just been received as the commuted sum for the toilets, this was budgeted to be received in 2007/08 (last year) • £35,000 Public Works Loan receipt is awaited. This will trigger repayments from Swaffham Museum Ltd and repay three items already expended. 	<p>£3.7 million budgeted but £38,717 has already been paid out as follows:-</p> <ul style="list-style-type: none"> • £10,000 for Bowls Club project • £5,000 for Northwell Pool project • £1,600 for War Memorial Plaque • £9,000 for Town Hall retention • £4,457 for Museum retention • £5,360 for Public Works Loan • £3,300 for Project Officer

Asset Management Fund	No income budgeted	<p>£14,650 budgeted but nothing spent to date.</p> <ul style="list-style-type: none"> The Council have committed to the Quantity Surveyor Robert Dale and expenditure will be due within the budgeted £5,000
Town Hall	<p>£4,900 budgeted as receipts for renting the offices and the Council Chamber. The income is currently on track for the first quarter.</p>	<p>£27,297 budgeted for expenditure. The expenditure is currently on track for the quarter.</p> <ul style="list-style-type: none"> There will be a cost saving of £1,500 on the installation of the microphone system, unless further improvements are necessary.
Admin & Miscellaneous	<p>£2,000 budgeted and allocated as interest received from the bank. This will be reduced due to balances held being so low.</p>	<p>£143,111 budgeted and is starting to be spent. The expenditure in this cost centre is funded mostly from the Precept and the first half of this has been received.</p>
Market	<p>£49,000 budgeted and it is too early to tell whether the downward trend is continuing. The income is coming in and recent adjustments to the layout have improved matters, but whether it has improved things financially only time will tell.</p>	<p>£37,563 is budgeted as expenditure attributed to the Market. The first quarter is showing no signs of over or under spending. This needs to be monitored in terms of cash-flow though as expenditure may have to be adjusted if the income does not continue to come in as predicted.</p>
Northwell Pool	<p>£2,000 budgeted via agency agreements. This figure will be reduced as only one agreement was reached with Anglian Water. An arrangement has been reached with Norfolk County Council but this will not yield any funds.</p>	<p>£3,000 is budgeted for Northwell Pool. This figure will be reduced accordingly as there is only an agreement with Anglian Water.</p>

Youth Council	No income budgeted	£5,000 is budgeted and the Youth Council are only just getting to grips with incurring expense. So at least 90% of this money remains unspent at the present time.
Allotments	£3,500 budgeted but very little of this has been received. The annual allotment bills go out in the Autumn and received in the third quarter of the year.	<p>£11,937 budgeted and expenditure will be greater during the summer months. So 75% will be spent in the first two quarters of the financial year.</p> <ul style="list-style-type: none"> • Allotment advance expenditure to be reimbursed on receipt of funds from the sale of surplus allotments has been brought forward from 2007/08. The sum currently stands at approximately £70,000
Recreation Ground	£350 budgeted which is for one visit of a travelling circus. To date none are booked, so income is nil.	£11,950 budgeted which includes £3,600 held on account for the skatepark. The expenditure is greater during the summer months.
Toilets & TIC	<p>£17,550 budgeted but other than the first quarter of rent received for letting out the old TIC building no other income has been received.</p> <ul style="list-style-type: none"> • The slot meters are still not available to the toilet doors so no income has been generated to date. • The commuted sum for the toilets was only received at the end of last week. No interest has been earned to date. • With regard to the commuted sum, this will be required to assist the cash-flow situation during the next 6 to 12 months so no interest should be budgeted for in the short term. 	<p>£13,400 budgeted which is on the low side. The cleaning and maintenance costs are being paid out. In addition costs are unknown for Business Rates, Water Rates and Electricity.</p> <ul style="list-style-type: none"> • It is recommended to allow a contingency of £5,000 for additional expenditure related to the toilets.

Cemetery & Churchyard	£5,000 budgeted for, but this is the hardest item of all to predict. The old saying that people are just dying to get to the Cemetery is just a fact. How many though is just a guess, but it is fact that there are more burials during the winter months.	£32,835 budgeted but the majority of the expense is during the summer months. <ul style="list-style-type: none"> • Outside equipment repairs and/or replacement can wait until the cutting season is over. • Health & Safety issues such as headstone safety cannot be put off forever.
Open Spaces	No budgeted income	£24,228 budgeted with the majority of expenditure incurred during the summer months.
Amenities & Agency	£10,101 budgeted and apart from the Museum Loan repayments which will account for £1,800 this income should be in during the first half of the financial year.	£38,256 budgeted and fairly evenly spread over the four quarters of the year. <ul style="list-style-type: none"> • The Museum have been advanced a loan of £20,000
Precept	The first half year of Precept has been received of £81,276	
OTHER ISSUES Vat Reserves Breckland Council		VAT is currently owed to the Council for the last quarter of £19,315.52 The Reserves are currently nil New Play Equipment to the tune of £50,000 is being bankrolled by Breckland Council

SUMMARY		Income	Expenditure
		-£85,000 land sale 2007/08	• £20,000 loan to the Museum
		-£35,000 public works loan	• £10,000 for Bowls Club project
		-£19,315 VAT	• £5,000 for Northwell Pool project
Income	139,315		• £1,600 for War Memorial Plaque
Expenditure	128,717		• £9,000 for Town Hall retention
TOTAL =	268,032		• £4,457 for Museum retention
Less Vat due	19,315		• £5,360 for Public Works Loan
PWLB – Loan due	35,000		• £3,300 for Project Officer
Overdraft	150,000		• £70,000 for Allotments
BALANCE	63,717		

6.1.1 The issues the Town Clerk raised in the budget report (below) relating to cash-flow, borrowing and reserves are now urgent:-

1. Cash-flow, 2. Borrowing and 3. Reserves. If all the projected income suddenly arrived come 1st April 2008 then there would be no problems at all, but and it is a big BUT realistically that was not going to happen and of course it didn't.

6.1.2 The budget reported back in December stated that:

“the cash flow is a real worry, in as much as the bulk of the new income budgeted for 2008/09 will come from the sale of surplus allotment land, when it is sold, after the notice to quit expires in January 2008, and providing the Secretary of State confirms the Section 8 permission to dispose of the land. There is no standard timetable for this, there is a target of the third quarter of 2008/09 between October and December 2008 (IS NOT REALISTICALLY GOING TO HAPPEN UNTIL 2009). It is during that quarter that there will be a cash flow problem. However, there is also no guarantee that the land disposal will be completed in time for next years budget or indeed within the next financial year. It is important therefore to consider that some of this expenditure may need to straddle two financial years, dictated to by the timing of receiving the income”.

It is now confirmed that this expenditure will straddle two financial years with a slight possibility that it might be three.

6.1.3 The report continued

“The above concern leads us into the next category which is that of borrowing and whilst the Town Council can budget for 2008/09 with reasonable confidence, they do need to plan for

every eventuality and face up to the prospect of needing to borrow in the short term until the major funds come on stream. This could be in the form of an overdraft or temporary loan repaid within a 12 month period. However, the final part of previously agreed loans to draw down are now required for Northwell Pool £5,000 and Swaffham Museum Ltd. A temporary arrangement has been set in place and having advanced the £20,000 to the Museum out of monies held for the Town Hall, but following the recent Access Audit there will be funds required soon to push forward the actions from that report. Perhaps the Council should consider increasing the amount they plan to borrow and this would ease the burden of cash flow before it becomes a problem. It is necessary to up the Public Works Loan to £35,000 instead of the £25,000 previously agreed, as the borrowing rules mean that you can only borrow in excess of your limit for Section 137 grants which is £5.64 x the number of electors which is 5508 = £31,065.12 The additional £10,000 would be allocated to the Swaffham Bowls Club changing rooms project and when the funds are finally received, then £15,000 of this loan would be cleared leaving only the Museum loan remaining, with the latter loan being serviced by Swaffham Museum Ltd.”

6.1.4 It was reported that the loan will be drawn down shortly.

6.1.5 Finally the budget report concluded that:

“The Reserves are really depleted at this moment in time and will be severely tested in 2008/09, they will not recover until all projected income is finally received and then the Council can look seriously at whether there are sufficient reserves within their accounts to manage an ever growing administration, a forward thinking Town Council who want to deliver more services from the town. These are all issues that need monitoring by the Finance Committee and addressing by the Town Council in the future.”

6.1.5 It was reported that there are currently no reserves within the accounts. The Finance Committee accepted and thanked the Town Clerk for his comprehensive report.

6.2. To receive and consider details of overdraft facility.

6.2.1 The Town Clerk and Deputy Town Clerk have carried out some research in respect of an overdraft facility and reported as follows:-

6.2.2 ABBEY NATIONAL - Our main bankers Abbey National do not give overdrafts to local councils and despite a number of discussions with them they would not budge on this policy.

6.2.3 BARCLAYS BANK - In meeting Barclays Bank, they had banking packages that would have suited the Councils needs but would not commit on the issue of offering an overdraft until the account was open. It was therefore decided not to open the account, as there is a lot of work required in setting up cheque signatories and giving evidence that they are who they say they are. Then to be told that an overdraft facility is not available would be a waste of everyone's time.

6.2.4 NAT WEST BANK – have taken details to set up on-line banking which was the main reason why we changed most of our banking to Abbey National. This was not available at that time. Nat West seem to have got the wrong signatories on the accounts at present, so we are correcting that by getting new mandates in place. They are also prepared to offer us a £150,000 overdraft facility, they are making enquiries as to whether this needs to be secured against Council assets or not.

6.2.5 The overdraft at this stage is a temporary precautionary measure to allow us to manage the cash-flow situation better over the next 12 months.

It was agreed to set up an overdraft facility of £150,000 with the Nat West Bank as a temporary measure to manage the Council's cash-flow in the remaining months of this financial year.

6.3. To receive and consider early budget considerations for 2009/10.

6.3.1 There are already some budget considerations that will need further discussion:-

- A number of potential issues requiring funding are beginning to emerge out of the Town Plan process. They will be identified within the action plan. The Council may wish to prioritise or cherry pick which they would like to fund or partially fund as part of the delivery process.
- Potential changes in Local Government and the affect they will have on the Town Council in terms of extra responsibility, taking on more services locally, where is the money coming from? Are we expected to precept for it? Inevitably we will have to take on more staff or contractors?
- The new proposed Unitary Authority would be established in May 2010, this would mean that preparatory work would have to be completed during the next financial year. This could involve training and many meetings regarding what, how and when services or facilities are taken on by the Council.
- 2010 is also the last possible year that a General Election could be called. The Council need to consider what impact a change of government would have on our sector. How would this affect Swaffham?

It the discussion that followed it was agreed to put forward a budget for Business in Bloom for next year.

6.3.2 The internal auditor added a further comment to his earlier report. This followed on from a training day he attended on behalf of the Council. It was suggested by the Auditor that internal auditors should have a terms of reference and be included on the list of annual appointments at the Annual meeting of the Town Council in May.

It was agreed that the Town Clerk should discuss and agree a terms of reference draft with the internal auditor and prepare for the Council to approve. It was further agreed to include the appointment of internal auditor on the list of annual appointments.

7. To confirm date of NEXT MEETING on Wednesday 1st October 2008 at 7pm.

7.1. The next Finance Committee meeting is on 1st October 2008.

The meeting closed at 8.30 p.m.

_____Chairman.