Batheaston Parish Council – Council Meeting 28th July 2022
Finance Report

Summary

I have invested quite a lot of time in improving our financial management processes as outlined below. This is the culmination of activity which started with the implementation of a new Finance System in late 2020 and will provide us with robust and efficient financial processes, to enable Councillors to fulfil their obligations to Residents to spend their money to the best interest of the community, and to do so transparently.

A gap that I have yet to fill is the preparation of a budget for the current year, to give Council visibility of future liabilities, and thereby to enable spending decisions to be made with confidence.

I can however say that the Council faces a challenging year in respect of its budget, with increased costs across the board, particularly for utilities (in spite of the work I have been doing to re-procure electricity supplies), and salaries (the national pay award is likely to be ca. 5%). Income from our facilities is substantially down, reflecting the relative poor quality of the Pavilion, and the Sports facilities. The £12,000 windfall from VAT refunds for previous years substantially covers these increased costs this year. I recommend however that this be seen as restoring our reserves to a healthier state than they were in at the end of 2021/22, rather than as covering current spend.

AGAR and Resident Query

The Annual Governance and Accountability Return (AGAR) that was approved by Council at its meeting of 21st June 2022. The return is yet to be assessed by the External Auditors.

One member of the public has queried details in the Financial Statement, which I have responded to. These related to errors in the coding of transactions, resulting in an unclear picture of where the Council is spending its money.

These results from two causes:

- mistakes in the use of the new Finance System, due to our unfamiliarity with it. I am more confident that we can avoid these mistakes from now on.
- the fact that our Chart of Accounts, which has not been reviewed for some years, no longer reflects our current operations (see below).

I provide the summary of the resident's concerns and my responses as an Appendix to this. I will use the corrected spend profile as the basis for last year's spend when I put together our tracking budget.

Financial Processes

I am providing in a separate report a **list of the financial transactions** for the first 3 months of this year (to 26th July), as is required practice. I would welcome feedback on the format of this report.

I have created a new **Chart of Accounts** which more closely reflects the operations of the Council, and should enable us to manage our finances more efficiently and transparently. I am sharing this with Councillors for comment, and hope to put this into effect within the next few days.

Once this is agreed, I will construct a **budget** and a **tracking report** for the remainder of this year, which should give Councillors much clearly visibility of the state of Finances. As noted in the summary, I expect this to be tight.

Contactless Payment Devices

To support the Jubilee Party, and future events, I purchased two Zettle payment devices, at a cost of £105.60.

Urgent Items authorised by the Clerk

We have had two incidents requiring urgent repair in the past month: the repair to the garage door and the broken window in the Rhymes Pavilion. Both of these were carried out under Financial Regulation 3.4, Clerk's Authorisation for Urgent Matters.

VAT Refund Claims

We have received refunds for VAT paid in the financial year 2019/20, and I have submitted the claim for 2020/21. These are valued respectively at £9,362 and £2,672 (ca. £12,030 total). These represent a one-off / windfall for this year.

Once the second of these is paid, I will submit the claim for 2021/22. This will be more easily achieved than for previous years, as it can be generated as a report from the Finance System. We have then "caught up" and claiming these refunds can become a standing annual process.

Richard Maccabee, Parish Clerk
26th July 2022

Appendix:

Batheaston Parish Council – Accountability and Governance Annual Return – 2021/22

Response to Queries regarding the Accounts

Introduction

A resident of Batheaston raised a number of queries regarding the information published on the Parish Council Website and asked to exercise their rights to view more detailed information. The queries were sent on 1st July 2022 and a meeting with the Clerk was arranged 7th July 2022.

This document is a provisional summary of the response for discussion. Once agreed, it will be shared with Councillors, and any actions will be taken to a Council meeting as soon as practicable.

Background

- The queries relate to the coding of payments and receipts which was undertaken for the first time in the Council's new finance system.
- Unfortunately, during this period of early use – whilst still learning its particular features – some errors were made in coding. These were not detected until it was too late to correct them (without expending time and money by asking the supplier to do so)
- Some of the codes available – based on that previously used, in a different system – do not suit the current needs, which has made coding confusing at times. The Clerk has completed a draft of a new Chart of Accounts which he intends to implement henceforth.

The Queries and Response

Q1: "I see from the AGAR the staff costs are less in 2021/2 than the previous year. I see from the accounts there were no pension payments made. I assume this sum is outstanding and is therefore additional to the accounts as stated. (I estimate about £2.5k, which would further deplete the reserve)"

R1: This is correct. The total outstanding pension payment has just been approved by the HR Committee of the Council (5/7/22) at £2,781.

Q2: "I think the Section 106 payment has been included in the income line relating to the Precept. I agree the total figure for income but I think the way it is presented is misleading. It suggests the precept income is greater than actual by a significant sum."

R2: This is correct; the £18,897 Section 106 payment for playground equipment was incorrectly coded to "Precept". This was corrected on the Audit Return document.

Q3. I would like to understand why the BPC has incurred bank charges of £1333. I would expect the order of £150 to be reasonable.

R3: In October 2021, a Corporate Payment Card was introduced for the Council to make payments that could not be made by BACS. The Direct Debit Payments to clear these costs were coded to bank charges, in the absence of another code to use (and – arguably – without the knowledge of how to code the payments within to separate lines).

The payments for bank charges would be of the order of £108 for the year, comprising monthly credit card payments of £3, and quarterly bank charges of £18.

Q4. I would like to understand what the expenditure of £1312 on the website relates to.

R4. The expenditure classed under website costs consists of the annual hosting free for the website, and the 3-year service contract for Edge.

Q5. I would expect further breakdown of the Miscellaneous expenditure on Highways (£1253)

R5. The expenditure classed under highway miscellaneous consists of two cases of fallen trees needing to be dealt with. We will provide a better and clearer code for such expenditure in the new Chart of Accounts.

Q6. Grass cutting. I have the figures for the 2019 spend and 2020 budget. The costs for cutting the Riverside and play area were £1600 and the cost for cutting the football field was around £1000. In 2021/2 there is no cost attributed to the football field; £2531 for the play area and £2375 for the Riverside. I know there has been a change of contractor and in my opinion all areas are better maintained than before. I am surprised the increase in cost has been so significant (£2300). Is there another area being cut?

R6. The figures entered on these respective cost centres is as follows:

Coded to "Play Area: 6005/1":

29/11/2021	Tom Ledbury	Grass Cutting	£322.20
08/10/2021	Tom Ledbury	Grass Cutting	£597.60
06/07/2021	Tom Ledbury	Grass Cutting	£644.40
25/06/2021	Tom Ledbury	Grass Cutting	£644.40
15/04/2021	Tom Ledbury	Grass Cutting	£322.20
			£2,530.80

Coded to "Riverside: 6025/1":

03/03/2022	Nick Cooper	Pruning Lime Walk	£340.00
29/10/2021	Tom Ledbury	Grass Cutting	£424.20
24/08/2021	Tom Ledbury	Grass Cutting	£644.40
24/05/2021	Tom Ledbury	Grass Cutting	£966.60
			£2,375.20

Note that the first of these is mis-coded; it should have been coded to "6030/1 Maintenance". The total cost of grass-cutting, across all four areas cut was therefore £4,566.60.

Q7. I'd like to understand what work was done on the Pontoon for £300

R7. There was no work undertaken to the pontoon. The figure here is a mis-coding of the repair of the "Toilet coin operated mechanism repair" in March 2022. There was no appropriate code in the chart of accounts for this cost, and has been added to the revision for this year.

Q8. There is an item of expenditure for £275 for plants for the Secret Garden. Can you remind me what that relates to?

R8. This is due to miscoding. There were two purchases of plants for hanging baskets: £140.00 "Begonias and Lobelia for Hanging Baskets" (K S Rich), and £135.37 "Begonias for Hanging Baskets" (Downside Nurseries) both in May 2021. These should have been coded to 5010/1, Hanging Baskets / Plants

Richard Maccabee, Batheaston Parish Clerk

21st July 2022