

## **Responsible Financial Officer Reports (8-11)**

- 8. RFO Report** – (for information) to include receipt of precept, Councillor verification of bank reconciliations and interim internal audit arrangements

Precept – the second and final instalment of the precept and Council Support Grant has been received for 2020/21. £170,000 has been transferred to the Cornwall Council deposit to maximise interest in the short term.

Internal controls - Councillor Goldsworthy carried out a bank reconciliation verification check on 22 September 2020 for months June, July and August 2020 which were all found to be in order.

Interim internal audit arrangements – the internal audit interim inspection is due by the end of November 2020. The internal auditor has advised that he does not consider it safe to make in person visits working directly with staff at various town and parish councils. It is proposed that this will again be conducted remotely. The auditor will collect those records which cannot be examined electronically, review them, and return them to us. A date has not yet been confirmed.

## **9. Budget Monitoring 2020/21**

- a) to receive and accept a report on all committee budgets to 31 August 2020 for monitoring purposes**

### **Attachment – 9a. Budget monitoring Report to 31 August 2020**

On target spend should be at 42%. The following points should be noted:

- All PAYE & NI and Pension lines include only four months expenditure as this is paid a month behind until year end. The Finance committee budget for Pensions includes payment of the annual lump sum contribution of £6,100. The PAYE & NI line in the Facilities budget includes a refund of Statutory Maternity Pay.
- The Bank Charges line (4130) will overspend as this includes the set-up fee for the new bacs payment system which when budgeting we expected to be paid in the previous financial year.
- Equipment & IT Purchase (4230) has now been overspent with the purchase of laptops, webcams, a tablet and other associated equipment. The facilities manager's desktop may also need replacement.
- Equipment & IT M'tnce/Support (4240) includes the unexpected cost of virtual meetings platform licences, and therefore may overspend.
- One month of the Mayor's allowance (4340) £139.17 has been paid to the Mayor, with two further months payments donated to the Mayor's charities as agreed at a meeting of the Mayor and Chairs but is not reflected in the budget line. The Mayor has indicated that except for any Christmas expenses, she does not wish to receive further payments as due to the current covid restrictions she is unable to carry out all the usual engagements.

**Recommendation: to accept the budget monitoring report to 31 August 2020**

**b) to consider the financial impacts of covid 19 and provide guidance to committees to review projects and reserves to cover the projected budget shortfall**

**Attachments – 9bi. 2020/21 Budget Review Summary, 9bii. FED&GP Forecast Outturn, 9biii. C&E Forecast Outturn, 9biv. Facilities Forecast Outturn**

Report 9bi shows a forecast shortfall of £42,256 in the Council budget for 2020/21 due to the impacts of covid-19, including £20,000 for the early establishment of a social emergency fund which has assisted groups supporting vulnerable people.

It is proposed that the Communications & Engagement and Facilities committees hold single item meetings during October to review their budgets and draft proposals to meet the shortfall. This may involve identifying areas where reductions can be made to ongoing expenditure, or deferring projects. Highlighted areas in each budget identify some items where further discussion may be useful.

Cornwall Council is establishing a funding scheme to support Town and Parish Councils facing significant financial hardship due to the impact of COVID-19 to ensure no authority faces a financial crisis. At this time there is no Government support to fund this. Any support will need to be funded from Cornwall Council's existing resources or reserves. Therefore, there is a need to apply eligibility criteria as follows:

- Any costs or losses claimed must be directly due to the impact of COVID-19.
- Initially only costs or losses incurred up to 30<sup>th</sup> September 2020 are eligible.
- Town and Parish Councils reserves must be used first until minimum levels reached. Minimum levels will be assessed using JPAG guidance:
  - For Councils with net revenue expenditure\* greater than £200,000 usable reserves should be equivalent to three months expenditure.
  - \*Net revenue expenditure = **Annual Precept** *less* any loan repayment and/or **amounts included in precept for capital expenditure and transfers to earmarked reserves.**
  - In determining minimum reserve balances Cornwall Council will also take into account any **Earmarked reserves** which are not allocated to projects that are well scoped.

Deadline for applications to the fund 31<sup>st</sup> October 2020.

Minimum usable reserves level calculation

Precept		451,545				
<i>LESS</i>						
<u>Capital Expenditure</u>						
Public Hall Refurbishment	10,000					
Guildhall Project	25,000					
Parks and Open Space Works	3,000					
Eastern Avenue	7,500					
Thorns Park Dilapidations	5,000					
		50,500				
<b>Net Revenue Expenditure</b>		<b>401,045</b>				
<b><u>Usable reserves</u></b>		<b><u>100,261</u></b>				

Based on this information and definitions, LTC has reserves well in excess of the minimum levels and would be unlikely to receive financial support from CC for COVID-19 related costs and losses, other than those already applied for relating to reopening the town centre which have not yet been received.

Council should offer general advice to committees (including Finance, Economic Development & General Purposes e.g. Grants, Youth Grants, Christmas carparking, Energy & carbon Audit) on priorities for currently budgeted works and projects to be retained, and assessment of earmarked reserves.

**Recommendation: to suggest priorities within current budgets and earmarked reserves**

**10. Budget and Precept setting 2021/22** – to provide guidance to committees in drafting budgets for 2021/22, including control of expenditure, deferred projects, other proposed projects and use of reserves.

We have received an indication that Cornwall Council are anticipating a 1% reduction in the council tax base across Cornwall due to the increase in households eligible for council tax support. As Liskeard has areas of high deprivation, our reduction could be greater. This means that were we to maintain the existing rate of band D council tax (the level at which other bands are calculated from) we would raise less money overall in precept. A similar reduction in the Council Tax Support grant we receive is expected. As a minimum, a cost of living increase will be required to maintain a standstill budget. From meetings officers and the Mayor have attended with other Town Councils, we understand that most are considering increases to cover the cost of living and the reduction in the tax base.

In addition, it is very unlikely that Public Hall revenues will fully recover during 2021/22 and an estimate of 20% of original levels has been suggested which will have a further significant impact.

Council is asked to offer guidance to committees for drafting 2021/22 budgets on where it would accept reductions, priorities for activities and projects, and how deferred projects could be financed if they are not to be cancelled.

**Recommendation: to offer guidance on possible areas where budget reductions could be made, and suggest priority areas for protection within the 2021/22 draft budget**

**11. Schedule of Payments** – to receive and approve the schedule of payments.  
**Attachment – 11. Schedule of Payments**

**Recommendation: to approve the Schedule of Payments**