

# Finance Report by the Treasurer for the Meeting of the Conservators on 9 December 2021

## Results

In this report I set out a preliminary estimate of the results for the nine months ending 31 December 2021, prepared on 30 November. The results include accrual estimates for work completed by suppliers, but not yet invoiced. In addition, I have provided an estimate of the full year results that have been used to prepare the budget for the 2022 2023 year.

The movements in Lloyds Bank have been considered up to the close of business on Tuesday 30 November and in addition I have, after discussions with the Warden and Clerk, included the following as adjustments to arrive at the 31<sup>st</sup> December 2021 Income & Expenditure Statement below:

Creditors – Accruals Totalling £40,794

- Accrued litter contracts £4,234
- Accrued amounts for various works on the commons £20,812
- Accrued audit fees £1,051
- Accrued salaries etc £14,697

Assets

- Bench Ends to be sold through Friends £1,440
- More than a year's supply of dog poo bags £2,550

On 30 November there were £142,341 in the Lloyds Bank accounts.

There are a number of variations between actual and budget at individual expense lines, which may be due to awaiting actual details of work completed, but in total we would appear to be within budget.

## Financial Reserve Level

Further to my note of 4 November it would be helpful if the Conservators would agree the level of reserves that they would like to maintain and what authority is needed to use any excess.

From the responses I received 25% of annual income would be a workable level, which based on the I&E account for this year and the budget for next year that would amount to circa £42,000 (167,674 x 25%) now, rising to £44,000 (175,980 x 25%) for next year.

The audited reserves at 31<sup>st</sup> March 2021 were £55,208, allowing a maximum release prior to 31<sup>st</sup> March 2022 of £11,208 (£55,208 - £44,000).

The current estimate for the financial year is an underspend of £7,579, suggesting that we have £18,787 (£11,208 + £7,579) that could be available for unforeseen events, or additional clearance and tree work, prior to 31<sup>st</sup> March.

I trust that allows the Conservators to be comfortable that expenses are within reasonable limits now.

### Estimated Income & Expenditure Account at 31<sup>st</sup> December 2021

	<b>Actual</b>	<b>Budget</b>	
	<b>Period ending</b>	<b>Period ending</b>	
	<b>31-Dec-21</b>	<b>31-Dec-21</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Income</b>			
Tunbridge Wells Borough Council Precept	167,674.00	167,674.00	0.00
Interest	5.10	37.00	-31.90
Other	213.00	-	213.00
<b>Total income</b>	<b>167,892.10</b>	<b>167,711.00</b>	<b>181.10</b>
<b>Expenditure</b>			
<b>Salaries and expenses</b>			
Salaries, NI, pension, parking and payroll	44,562.44	42,431.24	-2,131.20
Uniform and storage	600.00	1,000.00	400.00
Insurances	1,890.00	2,025.00	135.00
Audit - internal and external	1,051.00	1,051.00	0.00
Other	977.33	918.00	-59.33
	<b>49,080.77</b>	<b>47,425.24</b>	<b>-1,655.53</b>
<b>Maintenance of Commons etc.</b>			
Short grass -grasscutting contract	9,000.00	8,250.00	-750.00
Grass and cleared areas	12,628.50	24,800.00	12,171.50
Trees including annual survey	15,019.99	7,500.00	-7,519.99
Ditches, drainage	2,191.50	1,000.00	-1,191.50
Paths, cold bath and spring	2,686.50	3,500.00	813.50
Litter control	19,448.40	26,884.00	7,435.60
Furniture	4,430.00	3,200.00	-1,230.00
Barriers	3,315.00	3,000.00	-315.00
Other	62.50	1,500.00	1,437.50
	<b>68,782.39</b>	<b>79,634.00</b>	<b>10,851.61</b>
<b>Contingency</b>		<b>4,500.00</b>	<b>4,500.00</b>
<b>Total expenditure</b>	<b>117,863.16</b>	<b>131,559.24</b>	<b>13,696.08</b>
<b>Net income/expense</b>	<b>50,028.94</b>	<b>36,151.76</b>	<b>13,877.18</b>

## Estimated Balance Sheet at 31<sup>st</sup> December 2021

	31-Dec-21	31-Mar-21
	£	£
<b>Current assets</b>		
Debtors and prepayments	3,690	2,115
Accrued income	-	2,000
<b>Total</b>	<b>3,690</b>	<b>4,115</b>
Cash at bank	142,341	91,512
Petty cash	-	-
<b>Total</b>	<b>142,341</b>	<b>91,512</b>
	<b>146,031</b>	<b>95,627</b>
<b>Current liabilities</b>		
Creditors	-	-
Accruals and deferred income	40,794	40,419
<b>Total</b>	<b>40,794</b>	<b>40,419</b>
<b>Net current assets</b>	<b>105,237</b>	<b>55,208</b>
<b>Reserves</b>		
General account	97,506	47,477
Planning contribution from former hospital site	1,680	1,680
Dandara contribution	1,000	1,000
Planning contribution from Union House	5,051	5,051
	<b>105,237</b>	<b>55,208</b>

**Preliminary estimate of the I&E for 2021 2022 and Proposed Budget for 2022 2023**

Income and Expenditure	Submitted Budget	Estimated Year Totals	Variance	Budget Workings
	Year ending			Year ending
	31-Mar-22			31-Mar-23
	£			£
<b>Income</b>				
Tunbridge Wells Borough Council Precept	167,674	167,674	-	175,890
Planning agreement income		-	-	1,300
Other contributions - general		213	213	
Interest	50	4	- 46	8
<b>Total income</b>	<b>167,724</b>	<b>167,891</b>	<b>167</b>	<b>177,198</b>
<b>Expenditure</b>				
<b>Salaries and expenses</b>				
Salaries, NI, pension, parking and payroll costs	54,916	59,730	- 4,814	56,368
Uniform and storage	1,000	800	200	1,250
Insurances	2,700	2,700	-	3,000
Audit - internal and external	1,051	1,051	-	1,200
Other	1,200	834	366	1,200
	60,867	65,115	- 4,248	63,018
<b>Maintenance of Commons etc.</b>				
Short grass - grasscutting contract	11,000	9,000	2,000	11,000
Grass and cleared areas	25,000	17,599	7,402	25,000
Trees including annual survey	14,000	20,340	- 6,340	23,000
Ditches, drainage	2,000	3,932	- 1,932	3,000
Paths, cold bath and spring	3,500	4,187	- 687	3,500
Litter control	38,180	25,436	12,744	27,000
Furniture	3,200	5,530	- 2,330	10,000
Barriers	4,000	4,635	- 635	5,000
Other	1,500	63	1,437	2,000
	102,380	90,720	11,660	109,500
<b>Contingency</b>	-	-	-	4,500
<b>Total expenditure</b>	<b>163,247</b>	<b>155,835</b>	<b>7,412</b>	<b>177,018</b>
<b>Net income/expense</b>	<b>4,477</b>	<b>12,056</b>	<b>7,579</b>	<b>180</b>

## **Precept & Budget**

The Conservators are required to approve a budget for the coming financial year and to issue a precept to the Borough Council. The precept will form part of the special expenses charged to council taxpayers in the former Tunbridge Wells Borough and the Rusthall Parish Council areas.

RPI showed an annual increase of 4.9% in September 2021, based on this year's precept of £167,674 the Conservators can request a precept for 2022/23 of £175,890.

## **Basis of Financial Projections**

As with this year, the financial projections have been prepared in order to achieve a nil net income or expense. Cost estimates for this year and next are realistic targets to manage to for each of the years rather than mechanically applying percentage uplifts on what has gone before. It is recognised that some expenditure will be necessary to deal with events that are outside management control, and a level of contingency has been provided in next year's budget, along with the propose 25% reserve, to try to allow for these.

## **Administration**

The current Warden will retire at the end of June 2022, one year later than originally planned, and a new Warden will be in place by the beginning of June 2022 allowing a one month handover and consequent duplication of costs for that month. An annual salary uplift for the Clerk has been assumed and will apply from April 2022.

Based on the above assumptions the payroll cost for 2022/23 is budgeted to be £56,368, including the extra National Insurance contributions brought in to help pay for the cost of Covid 19, compared to the current year estimate of £59,730. The annualised run rate of salary costs at the end of 2023/24 is expected to further reduce to £52,000 largely reflecting the savings in the cost of the new Warden.

Storage costs and the necessary workwear for the new warden have been budgeted at £1,250 for next year.

The insurance premium has been budgeted at £3,000.

The current year internal audit charge has not yet been received and so the forecast remains as budget for this year with an increase to £1,200 budgeted for next year.

Other administrative costs to date remain within budget and therefore next year's budget will still be £1,200.

## Management Plan and Maintenance

	Current Year Estimate	2022 2023 Budget	Variance
Short grass - grasscutting contract	9000	11000	2000
Grass and cleared areas	17599	25000	7402
Trees including annual survey	20340	23000	2660
Ditches, drainage	3932	3000	-932
Paths, cold bath and spring	4187	3500	-687
Litter control	25436	27000	1564
Furniture	5530	10000	4470
Barriers	4635	5000	365
Other	63	2000	1937
	90720	109500	18780

These costs have been discussed with the Warden and Clerk and are believed to be the best allocation of the budget for the management of the commons. The variance is from the current estimate, but if the extra funds mentioned above in connection with the release of reserves were to be spent, then next year's total budget would be very similar as current year spending.

The only material extra expense is included under Furniture, where in addition to new litter bins there is also an allowance for an extra bin store.

I trust you will find this proposed budget acceptable; I am available for discussion, on the phone or by email, prior to the meeting, if that would be helpful.

**Alan Leale-Green FCCA**

**Treasurer**

**1<sup>st</sup> December 2021**