

Tunbridge Wells Commons Conservators

Finance Report for the meeting on 26th January 2023

In this report I present the financial activity in the nine months to 31st December 2022, an estimate of the full year accounts to 31st March 2023 and preliminary thoughts on the budget for the year 2023/2024, in the latter I ask for your guidance of how to proceed so that I can provide the budget to you in February.

Estimate of the Financial activity in the nine months to 31st December 2022

Tunbridge Wells Commons Conservators					
Income & Expenditure Statement					
Nine Months to 31st December 2022	Actual		Budget		Prior Year
	Period ending 31/12/2022	Period ending 31/12/2022	Variance	Period ending 31/12/2021	
	£	£	£	£	£
Income					
Tunbridge Wells Borough Council Precept	175,890.00	175,890.00	0.00	167,674.00	8,216.00
Other contributions - Rural Payments Agency	1,471.60	1,300.00	171.60	1,474.20	-2.60
Planning agreement income	0.00	0.00	0.00	0.00	0.00
Interest	82.49	6.00	76.49	6.27	76.22
Other	0.00	0.00	0.00	213.00	-213.00
	177,444.09	177,196.00	248.09	169,367.47	8,076.62
Total income	177,444.09	177,196.00	248.09	169,367.47	8,076.62
Expenditure					
Salaries and expenses					
Salaries, NI, pension, parking and payroll	45,229.54	43,754.04	-1,475.50	44,659.74	-569.80
Uniform and storage	720.00	1,250.00	530.00	600.00	-120.00
Insurances	1,624.58	2,250.00	625.42	1,890.00	265.42
Audit - internal and external	1,028.00	1,200.00	172.00	1,051.00	23.00
Other	3,896.83	900.00	-2,996.83	1,069.35	-2,827.48
	52,498.95	49,354.04	-3,144.91	49,270.09	-3,228.86
Maintenance of Commons etc.					
Short grass - grasscutting contract	5,866.70	11,000.00	5,133.30	10,567.48	4,700.78
Grass and cleared areas	18,515.86	25,000.00	6,484.14	25,508.50	6,992.64
Trees including annual survey	15,490.00	14,500.00	-990.00	15,974.99	484.99
Ditches & drainage	0.00	1,500.00	1,500.00	2,191.50	2,191.50
Paths and Tracks	0.00	2,625.00	2,625.00	2,421.50	2,421.50
Litter control	20,884.67	26,250.00	5,365.33	19,329.40	-1,555.27
Furniture	1,680.77	3,750.00	2,069.23	5,886.80	4,206.03
Barriers	855.00	3,750.00	2,895.00	3,915.00	3,060.00
Other	1,934.25	1,500.00	-434.25	62.50	-1,871.75
	65,227.25	89,875.00	24,647.75	85,857.67	20,630.42
Contingency		3,375.00	3,375.00		
Total expenditure	117,726.20	142,604.04	24,877.84	135,127.76	17,401.56
Net income/expense	59,717.89	34,591.96	25,125.93	34,239.71	25,478.18

Apart from the usual running expenses and the work undertaken on trees, which the Ranger will refer to, the financial activity in the three months 31st December 2022 has been quiet. In large part because the Ranger has taken over some of the tasks that have previously been undertaken by contractors.

On the revenue side the money agreed to be received from the planning in Eridge Road of £50k has not been received nor has s106 income of £9k that is still being held by TWBC since December 2021. The precept was duly received in October as expected.

On 31st December 2022, the Conservators had £132,000 in cash at bank of which £131,000 is on deposit. This is £23,400 more than the same time last year.

Reserves currently stand at £107,000, £63,000 more than the 25% reserve requirement, but will come under severe pressure in the next quarter, more of this later.

Comparisons to Budget

Income was on budget with a small increase in bank interest due to deposit rates rising.

Admin Expenses

Salaries costs are calculated on our behalf by Tunbridge Wells Borough Council and invoices arrive 3 weeks after each quarter end and we have yet to receive the last quarter's calculation, but they remain marginally over budget, as do Other Admin costs.

However, we have been able to renew the annual insurance at exactly the same premium as last year, this may be subject to change depending on any changes to the Ranger's ways of working.

Maintenance of the Commons

I have made accruals of £16,500 as per the Management Plan Work Schedule.

- Short Grass Cutting Contract – due to the weather there has been only one cut this quarter, there is likely to be one in March, but that will leave us with a small positive variance to budget on 31st March.
- Grass and cleared areas – as above, but there is likely to be a small overspend on 31st March.
- Trees – most of the extra cost has been because of Ash Die Back, see below for next quarter projections.
- Ditches & Drainage and Paths & Tracks – no expenditure.
- Litter Control – main contracts continue to be within budget and there have been fewer extras like fly tipping etc, which is likely to leave us below budget on 31st March by £5-6,000, again because of a more proactive approach by the new Ranger.
- Furniture – An accrued expenditure on 30th September was not taken forward, so the year to date cost has been reduced and at the 31st December we are £2,000 under budget.
- Barriers – There has been no expenditure this quarter as the Ranger has made any necessary repairs.
- Other – There has been no expenditure this quarter as the Ranger has made any necessary repairs.

We are therefore currently showing that these expenditures are £24,600 under budget.

However, as you can see from the Management Plan Work Schedule and my estimate of full year income and expenditure bellow, a conservative estimate for next quarter's expenditure in these Maintenance of the Commons expenses is £50,800, whereas the budget for next quarter for these expenses is only £19,625, which will bring the surplus into an **overall deficit for the year of £6,500.**

Making the reserves percentage only 23.2%, £3,200 below the mandated level and the annual loss less than last year.

While keeping an eye on incoming invoices versus estimates it would seem acceptable from a finance perspective that the projected work on Commons Maintenance in the next quarter can be contained within our overall budget parameters with a small release of reserves, should the Conservators again agree.

PKF Littlejohn LLP agreed their external audit for last year and they have been reappointed by the Government for another five years.

Estimate of the Financial activity in the year to 31st March 2023

Tunbridge Wells Commons Conservators					
Income & Expenditure Statement Estimate					
One Year to 31st March 2023					
	Actual	Budget		Actual	Prior
	Period ending	Period ending		Period ending	Year
	31/03/2023	31/03/2023	Variance	31/03/2022	Variance
	£	£	£	£	£
Income					
Tunbridge Wells Borough Council Precept	175,890.00	175,890.00	0.00	167,674.00	8,216.00
Other contributions - Rural Payments Agency	1,471.60	1,300.00	171.60	1,474.20	-2.60
Planning agreement income	0.00	0.00	0.00	0.00	0.00
Interest	217.68	8.00	209.68	8.70	208.98
Other	0.00	0.00	0.00	313.00	-313.00
	177,579.28	177,198.00	381.28	169,469.90	8,109.38
Total income	177,579.28	177,198.00	381.28	169,469.90	8,109.38
Expenditure					
Salaries and expenses					
Salaries, NI, pension, parking and payroll	58,533.16	56,367.55	-2,165.61	60,101.50	1,568.34
Uniform and storage	1,070.00	1,250.00	180.00	600.00	-470.00
Insurances	2,164.58	3,000.00	835.42	2,434.58	270.00
Audit - internal and external	1,128.00	1,200.00	72.00	1,250.00	122.00
Other	5,140.01	1,200.00	-3,940.01	7,396.87	2,256.86
	68,035.75	63,017.55	-5,018.20	71,782.95	3,747.20
Maintenance of Commons etc.					
Short grass - grasscutting contract	6,844.48	11,000.00	4,155.52	10,567.48	3,722.99
Grass and cleared areas	19,655.86	25,000.00	5,344.14	28,072.90	8,417.04
Trees including annual survey	47,030.00	21,000.00	-26,030.00	26,474.99	-20,555.01
Ditches & drainage	2,500.00	2,000.00	-500.00	1,391.50	-1,108.50
Paths and Tracks	2,500.00	3,500.00	1,000.00	2,546.50	46.50
Litter control	27,385.67	35,000.00	7,614.33	25,705.34	-1,680.33
Furniture	3,941.00	5,000.00	1,059.00	6,438.80	2,497.80
Barriers	2,355.00	5,000.00	2,645.00	3,915.00	1,560.00
Other	3,934.25	2,000.00	-1,934.25	62.50	-3,871.75
	116,146.26	109,500.00	-6,646.26	105,175.01	-10,971.26
Contingency		4,500.00	4,500.00		0.00
Total expenditure	184,182.01	177,017.55	-7,164.46	176,957.96	-7,224.06
Net income/expense	-6,602.73	180.45	-6,783.18	-7,488.06	885.32

Income

In addition to the income at 31st December I have assumed an extra £100 interest will be received.

Admin Expenses

Salaries remain marginally over budget, as do Other Admin costs.

Maintenance of the Commons

I have made assumptions including those itemised in the 31st December Management Plan Work Schedule of £40,700.

- Short Grass Cutting Contract – due to the weather there has been only one cut this quarter, there is likely to be one in March, but that will leave us with a positive variance to budget at 31st March.
- Grass and cleared areas – as above that will leave us with a positive variance to budget at 31st March.
- Trees: as outlined in the 31st December Management Plan Work Schedule we estimate further spend of £32,600 in the quarter against a budget of £6,500, which will mean a **negative variance to budget of £26,000** on 31st March.
- Ditches & Drainage and Paths & Tracks – minimal expenditure with a positive variance to budget at 31st March.
- Litter Control – main contracts continue to be within budget and there have been fewer extras like fly tipping etc, which is likely to leave us below budget on 31st March by £6-7,000.
- Furniture – minimal expenditure with a positive variance to budget on 31st March.
- Barriers – minimal expenditure with a positive variance to budget on 31st March.
- Other – minimal expenditure with a **negative variance to budget of £2,000** on 31st March.

So this leaves an overall deficit of **£6,600, which eats into the reserves by £3,200 and leaves the reserves at 23%.**

Preliminary thoughts on the 2023 2024 Budget to be completed in February

Income

The **precept** request is a known amount of £198,052.

We should receive from **the Rural Payments Agency** £1,472.

Other contributions can only be estimates and are therefore usually left at zero for budgetary purposes. If by the time we complete the budget we know when we will receive the money from the Eridge Road development, then we will need to earmark expenditure for 75% of that separately.

At this time **interest** on our deposits pays 0.4%, at Barclays and 0.6% at Lloyds, up from 0.01% this year, and our average balance during the year is approximately £100,000, so interest could be £600 in this budget.

Expenditure

Salaries and Administration

Salaries should be known before we complete the budget, so the only unknown would be if National Insurance is increased in a March budget.

Uniform & storage have been within this level of budget for the last few years, but we are currently investigating a branded uniform.

The **insurance** premium for the calendar year is known.

The cost of the **Audit** expense is made up of two audits, the internal audit is performed by Mid Kent Audit Partnership, which is part of KCC, and we have not been informed of any increase in costs. The external audit was performed by PKF Littlejohn LLP for the last five years, and they have been contracted for the next five years, we have not been told of any increase in the cost yet.

For this year's budget I looked at previous years, but we have overspent for a number of good reasons, so for next year's **Other Admin Expenses** I will include the following: Zoom (£240), O2 (£420), website (£600), Microsoft Office 365 (£100), training (600), black sacks (£90), room hire (600) and miscellaneous (£600).

Maintenance of the commons etc.

The contracts for **Short Grass Cutting** and **Litter Control** are likely to be increased by the following:

1. Short grass cutting by 2%
2. LML Litter collection by 5%
3. Countrystyle litter removal by 7-10%

The balance of available funds then needs to be allocated to the remaining maintenance categories.

With income of £200,000, admin expenses of about £70,000, maintaining 25% reserve £5,500 (£200,000-£178,000 x 0.25) and the two known contracts of about £41,000, that leaves £83,500 for the balance of the maintenance of the commons to cover:

Cost	2022 2023 Budget
Grass & cleared areas	£25,000
Trees	£21,000
Ditches & drainage	£2,000
Paths & tracks	£3,500
Furniture	£5,000
Barriers	£5,000
Other	£2,000
Total	£63,500

Questions for the Conservators

1. The Ranger will want the same £21,000 for trees as in last year's budget with an extra £25-26,000 for ash Die Back, this will leave us about £6,000 short so, **which areas do the Conservators want to reduce?**
2. As we will be using part of the 25% reserves this year, **when do the Conservators want to recover that amount?**
3. Depending on the answer to Q2, as next year's precept is likely to be £22,162 higher than last year, **do the Conservators want to show a surplus of £5,540 in the budget, being 25% of the extra in 2023 2024?**

Alan Leale-Green FCCA

17th January 2023