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**PENTYRCH COMMUNITY COUNCIL**



**CYNGOR CYMUNED PENTYRCH**

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## **RFO Report to Council**

**2019-2020**

### **To accompany PCC Accounts**

#### **1 Income & Expenditure**

For 2019-20, PCC set a Precept of £155,000 and a budget of £161,456. It spent £163,905 with an income of £194,181. This leaves an underspend on the year of £30,276.

The income and expenditure totals were inflated by an unanticipated grant received from Entrust for new play equipment for Memorial Park. The sum of £28,750 for the grant passed through the Council's accounts as both income and expenditure.

We owe £0 since there were no invoices due and thus no creditors.

We are owed £3,383 being the last VAT Quarter refund.

The actual income of £194,181 for the year compares with £152,554 the previous year. This is partly explained by a rise in the Precept of £12,000 from £143,000 to £155,000 but also by the Entrust grant.

Previously, it was recognized that gross expenditure showed a pattern of alternating higher and lower spending years. The Precept had been less than expenditure in all but one of these years. In the last two years it has been possible to add to the general reserves (see later) as well as increase ear-marked reserves.

Note: the expenditure figure below for 2019-2020 is inflated by the Entrust grant.

<b>Year</b>	<b>Expenditure £</b>	<b>Precept £</b>
2019-20	163,905	155,000
2018-19	120,134	143,000
2017-18	109,225	91,000
2016-17	112,190	83,000
2015-16	83,182	85,000
2014-15	102,147	80,000
2013-14	85,715	80,000
2012-13	129,805	73,000
2011-12	93,241	71,000

## **2 Assets**

At 31.3.19, PCC's physical assets stood at £100,660.22. At 2019-20 they stand at £131,380.42. The increase is largely due to the £28,750 spent on new play equipment for Memorial Park play area. Plus the purchase of some tools for the Community Maintenance Officers and a new lap top and screen for the office.

A record of the Council's assets is kept on the PCC computer system. A detailed list is part of PCC's annual accounts.

It is important to note that local government finance does not account for depreciation of assets and we have to record the value as the original cost paid. Where no cost is known we show the value as £1.

Cash assets as at 31.3.20 as per bank statements are:

- Current account: £8,132.71
  - Deposit account: £40,276.57
  - CCLA: £30,309.87
  - Petty cash: £185.69
- Total: £78,904.84

After adjusting for one unrepresented payment of £87.50, at the end of 2019-20, PCC's Bank Reconciliation shows net cash assets of £78,817 compared with £51,157 in the previous year.

As the Balance Sheet shows, after taking account of debtors and creditors the net assets of PCC are £82,200 compared with £51,924 at the previous year end.

This total includes ear-marked reserves of £40,736 compared with £35,091 last year and the General Fund of £41,464 from £16,833.

## **3. General Fund and Ear-marked Reserves**

In 2017-18 PCC recognized that its General Fund was significantly low and budgeted £5,000 in 2018-19 to increase the General Fund, repeating this for 2019-20. It also conducted a rigorous budgeting review to ensure that all necessary expenditure was properly reflected in the budget.

As at 31.3.2020, PCC's General Fund stands at £41,464 from £16,833 a year before, an improvement from 14% of gross expenditure to 25%. PCC's General Fund now meets the minimum 25% recommended below. This is a significant achievement in two financial years during which the General Fund has increased from 2% at the end of 2017-18 to 25% at the end of 2019-2020.

<b>Year</b>	<b>General Fund £</b>	<b>Expenditure for year £</b>	<b>General Fund as % of Expenditure</b>
2019-20	41,464	163,905	25
2018-19	16,833	120,134	14
2017-18	1,781	109,225	2
2016-17	18,916	112,190	17
2014-15	33,159	102,147	32
2013-14	40,158	85,715	47
2012-13	39,576	129,805	30
2011-12	85,177	93,241	91

Welsh Audit Office guidance on reserves states: "Councils have no legal powers to hold revenue reserves other than those for reasonable working capital needs or for specifically earmarked purposes. Earmarked reserves, which are set aside for specific purposes and for savings for future projects, should be realistic and approved by the Council."

*It is generally accepted that general (un-earmarked) revenue reserves usually lie within a range of three to twelve months of gross expenditure. However, the amount of general reserve should be risk-assessed and approved by the Council.” (Governance and accountability for local councils in Wales – A Practitioner’s Guide (2019)) (One Voice Wales with Society of Local Council Clerks)*

#### **4. Population Change**

PCC’s population did not start to grow during 2019-20 as expected because of significant delays at the building site at Llanilltern Village. Cardiff did not expect any new properties on the site to pay council tax in 2019. In some 5 years, 500 new homes are due to be completed, which will trigger the building of a new primary school. The entire development of 1,500 new homes is expected to complete in about 2028. We had expected homes to be occupied during 2020-21 but delays in construction continued to the financial year end because of extremely wet weather followed by the national disruption caused by the Coronavirus lockdown.

2019 saw the early stages of development of Site E, the land south of Creigiau and north of the A4119. When complete this will add some 680 new homes to the PCC area. We do not expect any new homes to be occupied during 2020-21.

Cardiff Council’s Council Tax department confirm that when they set the Band D Equivalent (BDE) number each December, they take into account expected completions of new homes during the coming year. They also bear the burden of any uncollected council tax although the average collection rate is 98.5% for Cardiff, and higher in the PCC area.

Recent figures for BDEs for the PCC area:

<b>Year</b>	<b>Band D Equivalents</b>
2008-09	3105
2009-10	3097
2010-11	3121
2011-12	3121
2012-13	3127
2013-14	3108
2014-15	3131
2016-17	---
2017-18	3258
2018-19	3263
2019-20	3280

The table below shows the Council Tax contributions paid in the PCC area towards the Precept:

<b>Council Tax Band</b>	<b>PCC contribution 2018-19 £/year</b>	<b>PCC contribution 2019-20 £/year</b>
	<b>Precept: £143,000</b>	<b>Precept: £155,000</b>
<b>A</b>	29	32
<b>B</b>	34	37
<b>C</b>	39	42
<b>D</b>	44	47
<b>E</b>	54	58
<b>F</b>	63	68
<b>G</b>	73	79
<b>H</b>	88	95
<b>I</b>	102	110

Because any change in the Precept is shared across the community this table show that this year's £12,000 increase in the Precept varied from an extra £3/year for Band A to £8/year for Band I properties.

Cardiff's latest figures give the number electors in the PCC area as of February 2020 with projected for 2024. The 2024 figures are incomplete:

<b>Ward</b>	<b>02/2020</b>	<b>2024</b>
Creigiau & Capel		
Llanilltern	2,139	N/A (Creigiau is combined with St Fagans and not separated)
Pentyrch	1,925	2,869 : Pentyrch & Gwaelod y Garth combined: increase of 68.
Gwaelod y Garth	<u>915</u>	
Total	4,979	

Cardiff Council give the number of properties in the PCC area as of February 2020 as:

Pentyrch	1,002
Creigiau & Capel Llanilltern	1,074
Gwaelod y Garth.	<u>511</u>
Total :	2,587

As the number of new homes rises, PCC will have the option of increasing its income while keeping the amount levied the same/household but from more homes. Any increase needed in the Precept levied will be spread over more households, reducing the effect per household.

Helena Fox  
Clerk and RFO to PCC  
May 14 2020