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PENTYRCH COMMUNITY COUNCIL



CYNGOR CYMUNED PENTYRCH

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RFO Report to Council

2021-2022

To accompany PCC Accounts

1 Income & Expenditure

For 2020-2021, PCC set a Precept of £175,000 and a budget of £186,636. It spent £136,545 with an income of £181,186. This leaves an underspend on the year of £44,641.

For 2021-2022, PCC set a Precept of £175,000 and a budget of £198,853. It spent £162,472 with an income of £189,252. This leaves an underspend on the year of £36,381.

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

We are owed £5,041.53 being the last VAT Quarter refund.

The actual income of £189,252 for the year compares with £181,186 for the previous year.

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

Year	Expenditure £	Precept £
2021-22	162,472	175,000
2020-21	136,545	175,000
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 31.3.2021, PCC's capital assets stood at £135,068.69. At 31.3.2022 they stand at £139,923. The increase includes the purchase of two new benches, 7 street litter bins, picnic tables, 2 decorative litter bins, toddler swing seat and signs for the Garth Mountain and Memorial Park.

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 31.3.22 as per bank statements are:

- Current account: £9,315.59
- Deposit account: £83,434.05
- CCLA: £55,610.40
- Petty cash: £218.69 Total: £148,578.73

PCC's Bank Reconciliation shows net cash assets of £148,578.73 compared with £125,046.84 in the previous year.

As the Balance Sheet shows, after taking account of debtors and creditors the net assets of PCC are £153,620 compared with £126,841 at the previous year end.

This total includes ear-marked reserves of £83,434.05 compared with £45,530 last year and a General Fund of £70,186 compared with £81,311.

3. General Fund and Ear-marked Reserves

As at 31.3.2022, PCC's General Fund stands at £70,186 from £81,311 a year before, a slight decrease from 59% of gross expenditure to 43%. PCC's General Fund now exceeds the minimum 25% recommended below and this will be highlighted to the new council as it plans its finances for 2023-2024.

Year	General Fund £	Expenditure for year £	General Fund as % of Expenditure
2021-22	70,186	162,472	43
2020-21	81,311	136,545	59
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

Covid-19 and the restrictions it brought mean that the General Fund is now higher than it should be and PCC will address this during the 2022-2023 year.

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 start to grow during 2021-2022 with some 183 new households at the development in Llanilltern Village.

March 2022 saw the first planning application for Site E, the land south of Creigiau and north of the A4119. When complete this will add some 650 new homes to the PCC area.

Cardiff Council's Council Tax department set the Band D Equivalent (BDE) number each December, taking 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:

Year	Band D Equivalents
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
2020-21	3316
2021-22	3369

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

Council Tax Band	PCC contribution 2018-19 £/year	PCC contribution 2019-20 £/year	PCC contribution 2020-21 £/year	PCC contribution 2021-22 £/year
	Precept: £143,000	Precept: £155,000	Precept £175,000	Precept £175,000
A	29	32	35	34.63
B	34	37	41	40.40
C	39	42	47	46.17
D	44	47	53	51.94
E	54	58	64	63.49
F	63	68	76	75.03
G	73	79	88	86.57
H	88	95	106	103.89
I	102	110	123	121.9

Because any change in the Precept is shared across the community this table shows that this year's £20,000 increase in the Precept varied from an extra £3/year for Band A to £11/year for Band I properties.

Cardiff Council gave the number of properties in the PCC area as of February 2021 as:

Village	Number of Properties	Number of Streets	Number of Electors
Gwaelod y Garth	510	20	922
Pentyrch	1,001	46	1,913
Creigiau & Capel Llanilltern	1,223	50	2,134
Total	2,734	116	4,969

The latest figures from Cardiff show the number of properties and electors in the PCC area as of April 2022:

Village	Number of Properties	Number of Streets	Number of Electors
Gwaelod y Garth	511	20	923
Pentyrch	1,004	46	1,930
Creigiau & Capel Llanilltern	1,396	55	2,359
Total	2,911	121	5,212

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

PCC APRIL 2017 TO MARCH 2022

May 2022 elections bring to an end a five-year council term for PCC and all local government in Wales. Below is a summary of PCC finances across the five years to 31.3.2022.

1 Income & Expenditure

For 2017-18, PCC set a Precept of £91,000 and a budget of £101,051. It spent £109,225 with an income of £98,541. This left a budget overspend on the year of £8,174.

For 2021-2022, PCC set a Precept of £175,000 and a budget of £198,853. It spent £162,472 with an income of £189,252. This leaves an underspend on the year of £36,381.

Note: the expenditure figure below for 2019-2020 is inflated by the Entrust grant for play equipment at Memorial Park, Pentyrch.

Year	Expenditure £	Precept £
2021-22	162,472	175,000
2020-21	136,545	175,000
2019-20	163,905	155,000
2018-19	120,134	143,000
2017-18	109,225	91,000

2 Assets

At 31.3.2017, PCC's assets stood at £95,484. At 31.3.2022 they stand at £139,618. The increase is due to the purchase of tools, new PCC noticeboards, new benches, play equipment, litter bins, IT equipment. This is detailed in PCC's Asset Register.

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.

PCC's cash reserves:

Year	Current Ac	Deposit Ac	CCLA	Petty Cash	Total
March 2017	12,021	17,845	N/A	134	£30,000
March 2022	9,316	83,434	55,610	219	£153,620

3. General Fund and Ear-marked Reserves

As at 31.3.2022, PCC's General Fund stands at £70,186 from £18,916 for March 2017, an improvement from 17% of gross expenditure to 43%.

The Ear Marked Reserves are now held in the Deposit Account.

Year	General Fund	Ear-marked Reserves	Total
March 2017	£18,916	£12,356	£31,272
March 2022	£70,186	£83,434	£153,620

Year	General Fund £	Expenditure for year £	General Fund as % of Expenditure
2021-22	70,186	162,472	43
2020-21	81,311	136,545	59
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

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 those years. PCC has increased its general reserves and its ear-marked reserves to make the council much more financially secure.

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.

4. Population Change

PCC's population has increased over the last five years with much more growth to come as the big housing developments on either side of the A4119/Llantrisant Road are completed. These could add 2,150 new homes to the PCC area.

Council Precepts are based on Council Tax Band D Equivalent (BDEs). If all the houses in an area were rated D then the number of houses would be the same as the BDEs. If all the houses in an area were rated H then the BDEs would be twice the number of homes because Band H pays twice what a Band D household pays.

Figures for BDEs for the PCC area over the council term:

Year	Band D Equivalents
2017-18	3258
2018-19	3263
2019-20	3280
2020-21	3316
2021-22	3369

The table below shows the Council Tax contributions paid in the PCC area towards the Precept over the 5-year term:

Council Tax Band	PCC contribution 2017- 18 £/year	PCC contribution 2021-22 £/year
	Precept £91,000	Precept £175,000
A	18.62	34.63
B	21.72	40.40
C	24.83	46.17
D	27.93	51.94
E	34.14	63.49
F	40.35	75.03
G	46.55	86.57
H	55.86	103.89
I	65.17	121.9

Helena Fox
Clerk and RFO to PCC
April 13 2022