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Meeting	Finance & Policy Committee
Date	16th July 2024
Report Title	Grounds Maintenance Facility – Cashflow Update
Agenda Reference	Agenda Item 9
Author	Jodie Smart, Finance Officer and Deputy RFO

Officer's Recommendation:

1. To note the report and recommend to Full Council to approve that the general reserves will temporarily fall below the three-month net revenue expenditure target during the months of August and September 2024.
2. To recommend to Full Council to approve the transfer of funds of up to £59,279.40 and £53,29.66 respectively from the two HSBC savings accounts to the HSBC current account.
3. To recommend to Full Council to approve the transfer of funds of up to £100,000.00 from the CCLA investment account to the HSBC current account as a contingent measure to cover payments leaving the account in September prior to the receipt of the precept instalment.
4. To recommend to Full Council to approve the transfer of funds of up to £100,000.00 from the HSBC current account to the CCLA investment account in September after the receipt of the precept instalment.

Background

The Grounds Maintenance Facility build has now commenced and is expected to complete around October 2024.

The Parish Council has secured a loan from the Public Works Loan Board for up to £768,590.00. This can be 'drawn down' in installments. However, the approval to borrow expires on 17th December 2024.

Payment Schedule

A payment schedule has been provided by the Contractor as follows:

		VAT	Retention	Payment		VAT		
Payment Month	Instalment		5%		PM Payment		**Total Payment**	
3	97,397	18,506	4870	111033	2000	0	**113,033**	
4	39,671	7,537	1984	45225	4000	800	**50,025**	
5	167,342	31,795	8367	190770	3000	600	**194,370**	
6	125,507	23,846	6275	143078	3000	600	**146,678**	
7	83,671	15,898	4184	95385	3000	600	**98,985**	
8	183,671	34,898	9184	209385	3000	600	**212,985**	
	697,260	**132,479**	**34863**	**794876**	**18000**	**3200**	**836,994**	Inc 2.5% retention
9	**17,431.50**	**3,486.30**		**20,917.80**			Balance less 2.5% retention to EMR for 25/26 payment	

Cashflow Forecast

The Finance Officer and Deputy RFO has provided a cashflow forecast and loan drawdown projection as follows:

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Cashflow Forecast	3. June	4. July	5. August	6. September	7. October	8. November	9. December	10. January	11. February	12. March	Totals
Balance B/F	909,863	810,647	579,866	283,986	620,699	491,543	928,270	785,571	724,145	623,735	
Income (regular)	2,970	37,738	1,752	588,603	77,991	1,752	1,752	40,736	1,752	1,752	1,353,007
Income (PWL Draw Down)	-					750,123					750,123
Total Income	912,833	848,386	581,618	872,589	698,690	1,243,418	930,022	826,307	725,897	625,487	
Expenditure (regular)	100,185	107,462	103,262	105,212	108,162	102,162	109,588	102,162	102,162	102,162	1,247,768
Expenditure (GMF Instalment)	2,000	161,058	194,370	146,678	98,985	212,985	34,863				850,939
Total Expenditure	102,185	268,520	297,632	251,890	207,147	315,147	144,451	102,162	102,162	102,162	
Balance C/F	**810,647**	**579,866**	**283,986**	**620,699**	**491,543**	**928,270**	**785,571**	**724,145**	**623,735**	**523,325**	
Over/(under) 3 months reserve	521,544	290,763	- 5,117	331,596	202,440	639,167	496,468	435,042	334,632	234,222	
To include EMR Balance	90705	85405	84305	81255	79155	79155	71729	89161	89161	89161	

As highlighted in the chart, reserves will fall below the target level in August and September (prior to the receipt of the precept instalment – usually around the 20th of the month). Due to reduced expenditure (first two build instalments lower than predicted) and slightly increased income than previous projections. The amount that the reserves will fall below the 3-month target level has drastically reduced from £140,759 to £3,233 in August. This figure is likely to increase initially in September as payroll payments are due out just before the precept receipt is expected. Therefore, contingent approval to transfer funds from the savings and investment accounts has been requested. It has been further requested that the Committee approve the replacement of the funds into the CCLA investment account after the precept instalment has been received. This is to maximise the returns on the investment account.

There is potential for the loan drawdown to be taken in one installment as late as November/December. However, close monitoring of the actual cashflows and interest rates will need to continue in order to recommend the best course of action as the build/year progresses.

As at 8th July 2024 the Public Works Loan interest rate stands at 5.52%.

A further update of cashflow and investment levels will be brought to the Finance and Policy committee meeting on 17th September 2024.