

ESSEX ASSOCIATION OF LOCAL COUNCILS



# COUNTY UPDATE

## Special Finance Edition

No. 140

### Report to the EALC Member Councils

#### Finance 2015/2016

##### **Financial Administration Information**

Prepared by Carol Hartley - Finance Officer

##### **Treasurer's Report 2016**

Cllr David McPherson-Davis

##### **Accounts Year Ending 31st March 2016**

Maurice Howard - Auditor

##### **EALC Chief Executive**

##### **Responsible Financial Officer Report 2016**

Joy Darby - Chief Executive Officer

##### **2014/15 Report on Finances 2016**

Carol Hartley - Finance Officer

This update is available free to all members of the Essex Association of Local Councils.

Membership of the EALC is open to all Parish Councils, Parish Meetings & Town Councils.

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Essex Association of Local Councils  
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Essex CM6 1AH

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## **ADMINISTRATIVE INFORMATION**

<b>Chairman</b>	Cllr John Gili-Ross, West Bergholt PC, Colchester District	
<b>Treasurer</b>	Cllr David McPherson-Davis	
<b>CEO</b>	Joy Darby BA Hons (RFO) FILCM	
<b>Finance Officer</b>	Carol Hartley ACCA	
<b>Office Address</b>	42B High Street, Great Dunmow Essex, CM6 1AH	
<b>Auditor</b>	Maurice Howard, CPFA	
<b>Bankers</b>	Barclays Bank Plc High Street, Chelmsford Essex, CM1 1BG	Unity Trust Bank Plc Nine Brindleyplace Birmingham, B1 2HB

## **RISK REVIEW**

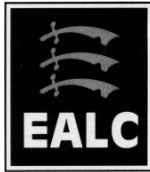
The EALC have reviewed the major risks to which it is exposed and systems have been identified to mitigate those risks. External risks regarding investments have controls in place to minimise the exposure of the Association. Internal risks are minimised by the implementation of financial control and regulation procedures. These procedures are regularly reviewed to ensure that they still meet the needs of the Association. The insurance policy of the Association is reviewed annually, as per the financial regulations. The EALC has reviewed its Financial Regulations and adopted a new set as of May 2015.

## **AUDITORS**

Maurice Howard has indicated his willingness to continue in office and will be proposed for reappointment at the Annual General Meeting 2016. Audit to the Association's accounts and systems are carried out at year-end together with a mid year interim audit.

## **PENSIONS**

The EALC participates in a defined benefit scheme operated by Essex County Council. The contributions are determined by Essex County Council. Although the fund is a defined benefit scheme, EALC are grouped together with other similar employers, it is not possible to separately identify its share of the underlying assets and liabilities and it is therefore accounted for as a defined contribution scheme. The EALC contribute monthly to the employees pension scheme as set by Essex County Council's Pension Office. Currently EALC is fully funded. During 2014 the EALC adopted a Pension Policy Statement in line with legal requirements.



# COUNTY UPDATE

## Special Finance Edition

**David McPherson-Davis      Treasurer**

### **Treasurer's Financial Report 2015/2016 Notes to the Accounts**

The Annual Accounts of the Association for the year ended 31<sup>st</sup> March 2016 and a comparison with the previous year are set out on pages 4 and 5 of the report.

The Statement of Reserves and Funds held by the Association are shown on page 6 of the report. These are reviewed annually to ensure that there is sufficient provision for potential future costs.

In addition there are Notes to the Accounts on page 7 together with the report on page 10 by the Financial Officer which explain in more detail the performance of the Association.

It should be noted that Trading Income was the highest recorded to date for the Association and although Expenditure did increase as well the small deficit for the year 2015/16 was well below budget.

The Annual Accounts for EA (2013) Ltd are shown on page 8 for information but really only record the sources of the rents payable.

A Comprehensive Report by the Chief Executive/Responsible Financial Officer is shown on page 9.

The Report of the independent auditor is shown on page 6 in which he confirms that the Accounts comply with the EALC financial regulations.

My thanks to Essex County Council for their financial support and also members of the Executive, the Finance Committee and our staff for their efforts in continuing to make our Association one which, in my opinion, is the envy of many other County Associations.

Essex Association of Local Councils  
Statement of Income & Expenditure as at 31 March 2016

Note No.	<u>31/03/2016</u>	<u>31/03/2015</u>
<b>Trading income</b>	75,288.01	55,688.90
Associated Expenditure	<u>-53,294.07</u>	<u>-39,316.83</u>
	21,993.94	16,372.07
<b>Subscriptions</b>		
Members Total Subscriptions	110,299.00	109,208.95
Less NALC Subscriptions	<u>-36,926.68</u>	<u>-36,151.50</u>
	73,372.32	73,057.45
<b>Grants Received</b>		
ECC Grant	40,000.00	40,000.00
1 NALC Transparency Grant	5,007.72	0.00
HR Grant	357.00	5,000.00
2 Other grant income	3,700.00	5,196.00
Interest	<u>1,357.74</u>	<u>1,345.77</u>
	50,422.46	51,541.77
<b>TOTAL NET INCOME</b>	<u><b>£145,788.72</b></u>	<u><b>£140,971.29</b></u>
Employee Costs	111,766.85	107,105.65
Premises	15,387.15	16,542.25
Office	12,584.91	11,273.17
Committee & Governance costs	6,876.76	6,055.52
Audit	812.50	937.50
	<u>147,428.17</u>	<u>141,914.09</u>
<b>TOTAL EXPENDITURE</b>	<u><b>£147,428.17</b></u>	<u><b>£141,914.09</b></u>
<b><u>SURPLUS / DEFICIT</u></b>	<u><b>-£1,639.45</b></u>	<u><b>-£942.80</b></u>
<b><u>Appropriations Account</u></b>		
Accumulated Funds opening balance	57,482.49	58,425.29
Surplus/deficit for year	<u>-1,639.45</u>	<u>-942.80</u>
	55,843.04	57,482.49
<b><u>Reserve Appropriations</u></b>		
Legal Costs Reserve	0.00	0.00
Repairs and Renewals Reserve	0.00	0.00
Restructuring Reserve	<u>0.00</u>	<u>0.00</u>
	0.00	0.00
<b><u>Accumulated Funds closing balance</u></b>	<u><b>£55,843.04</b></u>	<u><b>£57,482.49</b></u>

Essex Association of Local Councils  
Statement of Financial Position at 31 March 2016

Note No.	<u>31/03/2016</u>	-	<u>31/03/2015</u>
<b><u>Non Current Assets</u></b>			
Accounted for in inventory asset register	0.00		0.00
<b><u>Current Assets</u></b>			
Stock	1,623.89		1,826.90
3 Debtors	5,111.33		1,777.45
4 Payments in Advance	1,038.46		1,038.46
1 x Bonds	90,000.00		90,000.00
Deposit Account	15,767.57		25,549.40
3 x Current Accounts	37,900.65		34,959.23
Cash	49.36		76.45
	<hr/>		<hr/>
	151,491.26		155,227.89
<b><u>TOTAL ASSETS</u></b>	<b>£151,491.26</b>		<b>£155,227.89</b>
<b><u>Reserves</u></b>			
Accumulated Funds	57,482.49		58,425.29
Surplus/Deficit	<u>-1,639.45</u>		<u>-942.80</u>
	55,843.04		57,482.49
5 Legal Costs Reserve	3,000.00		3,000.00
Repairs & Renewals Reserve	10,500.00		10,500.00
6 Restructuring Reserve	52,032.00		52,032.00
	65,532.00		65,532.00
<b><u>Non EALC reserves</u></b>			
7 Clerks Bursary Reserve	18,881.21		18,992.96
8 Frost Assn Grant balance	2,920.43		9,410.35
9 Maldon Bursary Reserve	118.00		118.00
	<hr/>		<hr/>
	21,919.64		28,521.31
	<b>143,294.68</b>		<b>151,535.80</b>
<b><u>Current Liabilities</u></b>			
Creditors	1,198.32		1,911.34
Credit Card	708.26		880.75
10 Receipts in advance	6,290.00		450.00
Accruals	0.00		450.00
	<hr/>		<hr/>
	8,196.58		3,692.09
<b><u>TOTAL LIABILITIES</u></b>	<b>£151,491.26</b>		<b>£155,227.89</b>

Essex Association of Local Councils  
Annual Accounts for the Year Ended 31st March 2016  
Statement of Reserves and Funds Held.

	Accumulated Funds	Restructuring Reserve	Repairs & Renewals Reserve	Clerks Bursary Reserve	Maldon Bursary Reserve	Legal Costs Reserve	Frost Est. Reserve	Balance
	£	£	£	£	£	£	£	£
<b>Opening Balance</b>	57,482.49	52,032.00	10,500.00	18,992.96	118.00	3,000.00	9,410.35	151,535.80
Funds Received	0.00							0.00
Surplus/Deficit	-1,639.45							-1,639.45
Transferred								0.00
Grant								0.00
Funds Spent				-8,111.75			-6,489.92	-14,601.67
Clerks Bursary				8,000.00				8,000.00
Transferred								0.00
Maldon Bursary								0.00
<b>Closing Balance</b>	£55,843.04	£52,032.00	£10,500.00	£18,881.21	£118.00	£3,000.00	£2,920.43	143,294.68

**REPORT OF THE INDEPENDENT AUDITOR APPOINTED AT THE AGM**

I have audited the financial statements of the Essex Association of Local Councils for the year ended 31 March 2016.

The audit work has been undertaken so that I might state to the Association's members those matters I am required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Association and its members, for my audit work, for this report, or for the opinions I have formed.

**Respective responsibilities of the EALC and auditors**

The RFO, Finance Officer and Treasurer of the EALC are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with good practice.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.

**Opinion on financial statements**

In my opinion the financial statements:

Give a true and fair view of the state of the Associations affairs as at 31 March 2016 and of it's surplus for the year then ended. They have been prepared in accordance with the EALC Financial Regulations dated May 2015.

*M Howard*

Essex Association of Local Councils  
Notes to accompany the EALC 2015/16 Year End Accounts

**Note  
No.**

**Notes to Statement of Income and Expenditure**

- 1 £10007.72 received from NALC during 2015/16. £5000 carried forward for training provision in 2016/17.
- 2 Other grant income comprises:  
£1000 Local Council Administration Grant  
£700 New Council Grant received from NALC.  
£1000 NALC grant income  
£1000 from Essex Police for the EALC Police Conference

**Notes to Statement of Financial Position**

- 3 Debtors figure higher but not disproportionate with increased trading income.
- 4 Payments in advance comprises part year rent payment on 25th March 2016
- 5 Legal costs reserve - provision for re-negotiation of lease agreement in due course.
- 6 Restructuring reserve - provision in the event that EALC should cease to trade.
- 7 Funds provided by ECC to assist with member council's training costs.
- 8 Frost Association Grant- funds provided by NALC and administered by EALC to assist with establishment of new local council in Thurrock.
- 9 Maldon Bursary reserve -funds supplied by Maldon council to assist their area with training costs.
- 10 Receipts in advance - comprises receipt from NALC for Transparency Fund (£5000) plus CiLCA course income (£1290)

**NOTE** Funds were received by EALC from NALC on 22nd March 2016 totalling £45,921.24 which were then distributed by EALC to 60 parish councils as Transparency Grant funding.

These funds are therefore not shown as income in the annual accounts.

<b>EA(2013) Ltd</b>		
<b>Income and Expenditure account as at 31st March 2016</b>		
<b>INCOME</b>	<b>£</b>	<b>£</b>
	<b>2015-16</b>	<b>2014-15</b>
Bal b/fwd	100.00	100.00
EALC contribution to rent	4500.00	4500.00
Essex County Council Contribution to rent	21000.00	21000.00
	<b>25600.00</b>	<b>25600.00</b>
<b>EXPENDITURE</b>	<b>£</b>	<b>£</b>
Rent	25500.00	25500.00
Balance caried fwd	100.00	£100.00
	<b>25600.00</b>	<b>25600.00</b>

<b>EA (2013) Ltd</b>		
<b>Statement of Financial Position 31st March 2016</b>		
	<b>2015-16</b>	<b>2014-15</b>
	<b>£</b>	<b>£</b>
<b>NON CURRENT ASSETS</b>		
Set up Costs	0.00	0.00
<b>CURRENT ASSETS</b>		
Debtors	0.00	0.00
Payments in Advance	5884.61	5884.61
Bank Account	100.00	100.00
<b>Total current assets</b>	<b>£5,984.61</b>	<b>£5,984.61</b>
<b>LESS CURRENT LIABILITIES</b>		
Creditors	0.00	0.00
1 Receipts in Advance	5884.61	5884.61
<b>Total current liabilities</b>	<b>5884.61</b>	<b>5884.61</b>
	<b>£100.00</b>	<b>£100.00</b>
<b>SHAREHOLDERS FUNDS</b>		
Balance brought forward	100.00	100.00
	<b>£100.00</b>	<b>£ 100.00</b>

1 Receipts in Advance - comprising

ECC rent grant	4,846.15
EALC contribution to rent in advance	1,038.46
	<b>5,884.61</b>

#### Opinion on financial statements

In my opinion the financial statements:

Give a true and fair view of the state of the Company's affairs as at 31st March 2016

**Maurice Howard**  
CIPFA

(Date) May 2016

*M Howard*



**Joy Darby BA (Hons)**  
**Chief Executive Officer**  
**Responsible Financial Officer**

As Responsible Financial Officer, I present to you the Annual Accounts and Financial Position ending 31st March 2016.

It gives me great pleasure to announce that Carol Hartley, Financial Officer, has completed her professional qualifications and is now ACCA qualified.

During the year the EALC maximised trading income due to the majority of elections taking place in May 2015 (there are some elections scheduled for 2016/2017). This gave the Association an increase of over £5,000. the demographic profile of those attending training is changing with many delegates using our courses to support their continuous professional development. Certificates being issued where requested.

Subscriptions were as budget, with the Association holding 100% membership for the second year running. Essex is the only County achieving such a record. The National Association is looking at how they collect and agree the fee's to Local Council and I have been given a seat on the task group. This is a tremendous responsibility and I will be representing you robustly.

Grants received were within expected budget, with additional funding from the transparency fund, enabling the EALC to fund two new members of staff. Essex brought in grants worth £56k. To smaller Councils, this work will continue in 2016/17.

The Association ended the year on a deficit of £1639.45 which was lower than budget. The accumulated fund was reduced to £55,843.00. The statement of reserves gives a clear breakdown of the fund.

The Essex Association continues to receive support from Essex County Council in the form of a core grant, training grant and premises grants. This support enables the EALC to deliver services to the membership, and I wish to record my sincere thanks.

The Accounts of EA (2013) Ltd, the premises holding company are included in this report. These are within budget and as expected. The EALC has reached agreement with our landlord for a new lease from September 2016 for 9 years. This will give the Association stability and enable us to provide robust planning for the future. EALC must ensure that the building is fully used and is an asset to the Association.

2015/16 has been an extremely busy year, where we have achieved a great deal. I look forward to serving the membership in the forthcoming year. This work is only possible with the hard work of the staff, support and guidance of the Executive and the Membership.

**Carol Hartley  
Finance Officer**

**Trading Income**

Trading income has risen significantly this year as expected, as a result of newly appointed Councillors undertaking various training courses to enable them to fulfil their new role.

**Expenditure**

Employee costs have risen slightly due to changes in staffing levels.

Premises costs have decreased as most of the major building improvements have now been completed.

**Reserves and Provisions**

The Association continues to monitor its reserve levels to ensure that all short and long term liabilities are fully covered and that provisions are made for unforeseen events.

Essex Association of Local Councils wishes to thank Essex County Council for the continued support and financial commitment to enable services to be delivered to the Parish sector in Essex.

**Special Finance Edition**

**ESSEX ASSOCIATION of LOCAL COUNCILS**

**42B High Street,  
Great Dunmow, Essex. CM6 1AH.**