

Fiskerton cum Morton Parish Council
Financial review of S106 funds
18th September 2023

1. Introduction

Following a request from residents, Fiskerton cum Morton Parish Council (FCMPC) resolved to carry out an investigation into the expenditure incurred from the S106 payment made to it by Newark and Sherwood District Council. This payment arose from a planning condition as part of the Bloors development on land between Marlock Close and Main Street Fiskerton.

Cllrs Alicia Price, Hilary Gibbins and Helen Boffy met to discuss the investigation and it was agreed that Cllr Boffy would carry out the work.

2. Methodology

The initial stage was to establish the date of receipt of the S106 money by FCMPC. This was found in bank statements and a sum of £75,000 plus £4,000 interest was paid to the Parish Council on 19 October 2008.

Next, all the FCMPC invoices from October 2008 to the end of March 2019 were reviewed and any expenditure relating to the Village Green (VG) and the Playground (PG) were identified excluding reclaimed VAT. Expenditure from April 2019 to March 2023 was sourced from the accounting software. A spreadsheet was created (attached at Appendix A) that detailed the various items of expenditure.

Then a review of the council's investments was carried out and the interest earned against the S106 resource was identified.

Finally, relevant expenditure was deducted from the total S106 money (including interest). A simple overall calculation has been made to get to the 31/3/2023 balances.

3. Findings

It has been established that the total applicable historic expenditure from 2008 to March 2023 was **£42,038**. On the VG it was £27,354 (65%) and on the PG it was £14,684 (35%). See also Appendix A which gives details year by year.

Table 1

Expenditure

| | | |
|---|----------|------------------|
| power | £ | 607.62 |
| picnic benches | £ | 400.00 |
| electricity connection | £ | 1,890.45 |
| Initial grass improvements | £ | 11,551.00 |
| grass cutting | £ | 9,090.00 |
| hedge cutting | £ | 3,815.00 |
| VG subtotal | £ | 27,354.07 |
| playground | £ | 5,363.00 |
| playground inspection | £ | 1,596.10 |
| playground refurb 2020 | | |
| fees incurred to claim grant of £30k | £ | 7,725.00 |
| PG subtotal | £ | 14,684.10 |
| Total all S106 related expenditure | £ | 42,038.17 |

Initial S106 money and Investment income

Investment income over the relevant period was identified from statements as £12,827. Investments were made in long and short term deposits. Most of this income was earned between 2010 and 2014 when savings rates were higher than after that date, until recently. When added to the initial S106 of £75,000 plus the interest from N&SDC of £4,000, there is a gross total of £91,827. Therefore, the balance of S106 monies available as at 31/3/2023 is £91,827-£42,038. Being **£49,789**.

Table 2

| | |
|--|--------------------|
| TOTAL EXPENDITURE to 31/3/2023 | £ 42,038.17 |
| S106 receipt | £ 75,000.00 |
| interest on S106 receipt from N&SDC | £ 4,000.00 |
| interest earned by FCMPC investments | £ 12,827.48 |
| balance of S106 as at 31/3/2023 | £ 49,789.31 |

4. **The way forward**

Having established the 2023/2024 opening balance of the S106 fund, the council will wish to establish a process of monitoring eligible expenditure and use of the fund for the VG and PG going forward.

- i) As part of the budget setting annually, an appropriate budget will be agreed that reflects the costs anticipated to deliver the maintenance of the VG and the PG during the forthcoming financial year. This can be funded either by council tax through the precept or by a transfer from the S106 fund. In either scenario, the council's overall budget should show a balanced position.
- ii) It is proposed that the council creates a S106 Fund Memorandum Account (MA) that is an extract of, and sits alongside, the council's statutory accounts. The MA could look like the example in Table 3 below.

Table 3

| Fiskerton cum Morton Parish Council | | | | | |
|--|-----------|-------------|-------------|--------|------------|
| S106 Memorandum Account | | | | | |
| Year | 2023/2024 | Budget | | Actual | |
| opening balance S106 Fund | | | £49,789.31 | | £49,789.31 |
| <u>Expenditure</u> | | | | | |
| <u>Village Green</u> | | | | | |
| power | | £100.00 | | | |
| picnic benches | | | | | |
| electricity connection | | | | | |
| grass cutting & weeding | | £1,700.00 | | | |
| hedge cutting | | £1,200.00 | | | |
| other | | | | | |
| VG subtotal | | £3,000.00 | | £0.00 | |
| | | | | | |
| <u>Playground</u> | | | | | |
| playground inspection | | £1,000.00 | | | |
| other | | | | | |
| PG subtotal | | £1,000.00 | | £0.00 | |
| | | | | | |
| Total all S106 related expenditure | | £4,000.00 | | £0.00 | |
| less | | | | | |
| Investment income on S106 earned during the financial year | | £0.00 | | | |
| balance to be funded | | £4,000.00 | | £0.00 | |
| funded from precept | | | | | |
| funded (from)/to S106 fund | | (£4,000.00) | (£4,000.00) | £0.00 | £0.00 |
| | | | | | |
| closing balance S106 Fund | | | £45,789.31 | | £49,789.31 |

iii) At the end of the financial year, the MA is completed with actual expenditure and investment income received. The balance to be funded from S106 resources or council tax is identified and the closing S106 balance is recorded. For clarification, the VG and PG expenditure remains as a part of the statutory accounts.

5. Treasury Management including investing the S106 fund

A report elsewhere on this agenda makes recommendations for the council to consider in respect of managing its financial resources through banking and investing. This is treasury management.

6. Recommendations

It is recommended that

1. FCMPC accepts the findings of the investigation into the total expenditure incurred on the maintenance of the village green at Fiskerton and the playground at Morton as at 31/3/2023 being £42,038, as detailed at Appendix A to this report.
2. FCMPC accepts the findings of the investigation into the total gross S106 resources that have been available to the council as at 31/3/23, being £75,000 initial S106 money and £4,000 interest paid by Newark & Sherwood DC in October 2008 and £12,827 interest earned subsequently by FCMPC investments.
3. FCMPC accepts that the balance of the S106 money as at 31/3/2023 is £49,789.
4. FCMPC approves the creation of a S106 Memorandum account.