

**Agenda Item: 7.5**  
**Report to: Finance and HR Committee**  
**Date: Wednesday 25<sup>th</sup> November 2020**  
**Subject: To Note External Advice on Financial Position**

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### **Recommendation**

**The Committee is recommended;**

- 1. To note the Year end financial projections**
  - 2. To note TMBC possible assistance**
  - 3. To note legal challenge to Furlough decision of HMRC for parish councils and actions taken**
  - 4. Note NALC assistance and advice**
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1. Should the second national lockdown and government restrictions on the Sports Park and Community Centre continue until 31<sup>st</sup> March 2021 the parish council is expected to have a deficit of revenue funds of approximately £21,000. As reported at previous meetings, all reserves have been used to fund the lack of income due to the closure of the venues.
2. Tonbridge and Malling Borough Council will consider an interest free loan to the parish council to replace the lost income due to COVID-19 pandemic. A full breakdown of projections and cost cutting measures has been requested from the borough council officers before they will put forward a recommendation to the council. The Finance and HR Committee is asked to consider these measures as a matter of urgency. The council is minded that the early indications from TMBC are that this loan will need to be paid back from future precept funds promptly.
3. Tonbridge and Malling Borough Council advised the parish council of a legal challenge to the decision of HMRC to not refund parish councils where any portion of the running of facilities was funding by the precept. It is thought that a contribution to the furlough costs has been made by

HMRC to the council that has made the challenge. As the Sports Park is subsidised by the precept the costs of furloughing the staff fell into this category and HMRC initially declined the claim, on two occasions. The AFO has made a challenge to HMRC with the information from TMBC however HMRC have refused this challenge.

4. The National Association of Local Councils has made contact and advised the following actions for Kings Hill Parish Council:
  - a) The corporate body urgently reassess the council's financial position and precept requirements for 2021/22
  - b) The corporate body proceed with the application for a loan from TMBC
  - c) The corporate body seek to recover the lost income from the government via TMBC to negate the requirement to repay the loan
  - d) The corporate body engage with the local MP regarding the funding to local councils and for him to take up these concerns with MCHLG
  - e) The corporate body to send all documents to KALC for escalation to NALC.

Contact Officer: Julie Miller, Clerk and RFO

16<sup>th</sup> November 2020