

FINAL



Rhyl Town Council

Annual Financial Statements

For the period 1st April 2022 to 31st March 2023

Gareth Nickels
Town Clerk
24 September

Important Note – there were delays in approving and publishing these accounts due to delays at Audit Wales. The External Audit for 2022/23 was not completed by Audit Wales until 20th September 2024.

Rhyl Town Council

Statement of Accounts

For the period 1st April 2022 to 31st March 2023

Contents

Introduction by the Town Clerk	page 2
Responsibilities of the Council	page 3
External Audit and Annual Return	page 3
Statement on Internal Control & Risk Management	page 4
Annual Governance Statement	page 4
Income and Expenditure Statement	page 5
Balance Sheet	page 6
Report on the Accounts	page 7-8
Value for Money	page 9
Supporting Notes to the Accounts	page 9-12

Introduction by the Town Clerk

The Financial Statements are produced annually and their aim is to:

- comply with statutory and professional requirements
- provide Members of the Council, electors and interested parties with clear information about the Council's finances

The Council's current overall financial position is satisfactory. The Council, through its Strategic and Operational Planning Committee, develop medium-term financial plans that are designed to bring its current expenditure and reserves holdings into balance through the electoral cycles.

The Council supports a range of initiatives and service development areas from its annual revenue budget which is funded by the precept it levies upon Denbighshire County Council which was £552,383 in 2022/23 (£553,611 in 2021/22).

The Council is required to report the reasons for significant variations in 2022/23 expenditure compared to the previous financial year, 2021/22, and also in comparison to the budget it originally set for the year 2022/23 and this has been included in pages 7 to 8.

The Council is required to have a clear policy with regard to the financial balances that it holds in reserve. This is provided in Note 12 to the accounts.

Responsibilities of the Council

Rhyl Town Council is a Community Council which is a local government body that can only undertake what it is empowered to do by law. Anything else, no matter how apparently justifiable or useful, is beyond its powers ('ultra vires').

Particularly with regard to its accounts the Town Council is responsible for:

- making arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs (Section 151 Local Government Act 1972). In Rhyl Town Council the designated officer is the Town Clerk.
- having an adequate and effective system of internal control and internal audit. It is also subject to an annual external audit by the Wales Audit Office.

External Audit & Annual Return

The Council is required to complete an annual return each year and submit it to the appointed external auditors. The annual return has several purposes:

- to report the annual accounts as approved by the Council
- to certify that the Council has discharged its statutory duties in relation to its financial affairs
- to record that the external auditor has fulfilled his/her statutory responsibility
- to help inform local taxpayers and electors about what and how their Council has been doing during the last financial year
- to be a source of information for government and other stakeholders about the activity of local councils

The annual return is in four sections all of which are all publicly available:

- the statement of accounts
- the statement of governance / assurance
- the external auditor's certificate and opinion
- the internal auditor's report

Within the audit process the Council has to document its system of internal financial control and its arrangements for risk assessment and management. The Council approved the annual risk assessment for 2022/23 in March 2023.

The Annual Governance Statement (including Internal Controls) was reviewed and approved by the Council in June 2023. The Risk Management Plan is reviewed on an ongoing basis by the Risk Assessment Sub-Committee. A summary of their workplans for 2022/23 and 2023/24 are provided on page 3.

A copy of the Annual Return for 2022/23 is available on the Town Council's website.

Statement on Internal Control

The Council has delegated detailed consideration of Risk and Internal Controls to a Risk Assessment Sub-committee and its Annual Review was approved by Council in March 2023. The Risk Assessment Sub-committee's work is ongoing via an approved Work Plan. A summary of the work undertaken in 2022/23 and workplan for 2023/24 are included below.

Risk – Assessment Sub-Committee Work Undertaken 2022/23

Key areas of work undertaken included:

- Office Accommodation
- Tynwydd Community Centre
- Contracts / VFM Reviews
- Annual Risk Review
- Internal Audit Recommendations

Risk – Assessment Sub-Committee Workplan 2023/24

The key areas of work for 2023/24 are:

- Office Accommodation (ongoing)
- Contracts / VFM Reviews
- Annual Risk Review
- Internal and External Audit Recommendations
- Health & Safety Policy
- Major Events in Partnership with Denbighshire Leisure Services Ltd

Annual Governance Statement

The Council has delegated responsibility for detailed consideration of risk management and assurance issues to the Risk Assessment Sub-Committee and it establishes an annual work plan to meet this responsibility. The Sub-Committee's work is guided principally by the Governance and Accountability for Local Councils Practitioners Guide (Wales) but it has the freedom and responsibility to consider any area of Council work that merits attention. Within the Council's Financial Regulations there is a protocol permitting any individual Council Member to raise any matter of concern and for the Risk Assessment Sub-Committee to investigate it.

We acknowledge as members of Rhyl Town Council our responsibility for the preparation of the Statement of Accounts and for the Council's internal controls and confirm, to the best of our knowledge and belief, with respect to the Council's Statement of Accounts for the year ended 31 March 2023 that we have met all 11 areas of assurance. Details are provided in the Annual Return (a copy is available on the Town Council's website).

Income and Expenditure Statement for 2022/23

	2023	2022
	£	£
Income		
Precept	552,383	553,611
Other Income	13,751	24
Investment Income	3,084	377
Total Income	569,218	554,011
Expenditure		
Salaries & Expenses	185,893	176,924
Office Accommodation	22,923	22,923
Administration	21,088	25,825
Advertising & Publications	4,120	4,229
Civic Expenditure	6,057	2,458
Members Expenses	38,681	5,003
Amenity & Events	65,692	62,349
Public Spaces	46,802	48,578
Commissioned Services	28,000	21,000
s19 Expenditure	11,738	10,550
Town Promotion & Development	111,111	224,111
Total Expenditure	542,106	603,950
Surplus / (Deficit) for the Year	27,112	-49,939
Transfer to Elections Reserve	-7,000	-5,000
Transfer to Major Projects Reserve	-53,000	-57,000
Transfer from Elections Reserve	25,000	0
Transfer to Loan Repayment Reserve	0	100,000
Transfer from National Lottery Rhyl Reads Reserve	4,120	4,229
Transfer from Tynewydd CC Reserve	11,000	9,000
(Increase) / Decrease in General Reserve	-7,232	-1,290
Total Transfers from / (to) Reserves	-27,112	49,939

Balance Sheet as at 31 March 2023

	2023	2022
	£	0
Non-Current Assets		
Property, Plant & Equipment	182,489	437,460
Investments	0	0
Total Non-Current Assets	182,489	437,460
Current Assets		
Debtors & Prepayments	3,406	16,525
Cash at Bank and In Hand	480,575	440,443
Total Current Assets	483,981	456,968
Current Liabilities		
Creditors	17,173	17,271
Total Current Liabilities	17,173	17,271
Net Current Assets	466,809	439,697
Long-Term Liabilities		
Loan	-1,375,200	-1,451,600
Total Long Term Liabilities	-1,375,200	-1,451,600
Total Assets – Long Term Liabilities	-725,902	-574,443
Financed By:		
Usable Reserves		
General Fund	466,809	439,697
Unusable Reserves		
Capital Adjustment Account	-1,192,711	-1,014,140
Total Reserves	-725,902	-574,443

The annual financial statements were approved by Finance & General Purposes Committee on 2 October 2024 and signed on their behalf by:

Cllr A Rutherford
Chair of Finance & General Purposes Committee

Gareth Nickels
Town Clerk

Important Note – there were delays in approving and publishing these accounts due to delays at Audit Wales. The External Audit for 2022/23 was not completed by Audit Wales until 20th September 2024.

Report on the Accounts 2022/23

Report of significant variations in income and expenditure

Comparison of 2022/23 : Actual Expenditure vs Budgeted Expenditure

The Council budgeted for income of £552,772 and expenditure of £563,772 resulting in a budgeted deficit of £11,000. The Council's actual income and expenditure account showed income of £569,218 and expenditure of £542,106 resulting in a surplus of £27,112 for the year. The main reasons for this surplus are:

1. Income was budgeted at £552,772 and actual income was £542,106. This was £16,446 better than budgeted. Precept was to budget. We had two insurance claims totalling just over £13,000 plus due to increasing interest rates we earned £2,695 more than budgeted on our money market investments.

2. Staff expenditure was £6,107 less than budgeted. The two reasons were that the finance officer worked less hours than budgeted and we had no staff training.

3. Office Accommodation was £2,877 less than budgeted mainly due to very little maintenance work being undertaken at Wellington Road Community Centre.

4. Members Expenses was £28,981 more than budgeted. We had the main elections for all wards and this cost £31,883. We did have a specific reserve of £25,000 to cover part of these costs.

5. Amenity & Events was £18,808 less than budgeted. The two main reasons are that our PR & Events programme ceased November 2022 and there was no Arena Event held in Summer 2022.

6. Public Spaces was £11,198 less than budgeted. There were underspends on all headings including Grounds Maintenance and the Remembrance Gardens.

7. Commissioned Services was £1,000 less than budgeted. We spent £27,000 on three on-going projects, being: **Benefits Advice Shop** – £17,000 towards a benefit appeals officer and general expenses; **Citizens Advice Bureau** - £8,000 towards an Energy Efficiency Adviser and **Surestart Cymru** – £2,000 towards a family behaviour project.

8. S19 Expenditure was £11,738 more than budgeted. This was a maintenance contribution and our legal fees with regards to the transfer of Tynwydd CC to Rhyl Community Association. The transfer was completed in April 2022. We had a £11,000 specific reserves to cover most of these costs.

9. Town Promotion & Development was £21,031 less than budgeted. Both the SC2 and CCTV contribution were to budget. We did not spend the Contingency and the £15,000 for Major Projects has been transferred to the specific reserve.

The overall results for 2022/23 have seen the Town Council's balances increase by £27,112 from £439,697 to £466,809. Of these balances the Town Council now holds £267,151 for specific purposes and £199,658 for general purposes (please see Note 12 to the accounts for further details).

Report on the Accounts 2022/23

Report of significant variations in income and expenditure **Comparison between financial years 2022/23 and 2021/22**

The Council had income of £569,218 in 2022/23 compared to £554,011 in 2021/22. Income was £15,207 higher than the previous year. The main reason was that we had income from 2 insurance claims in 2022/23 and none in 2021/22

The Council had expenditure of £542,106 in 2022/23 compared to £603,950 in 2021/22. Expenditure was £61,844 lower the previous year. The two main reasons were that we paid an extra £100,000 off the loan in 2021/22 and in 2022/23 we had the £35,000 cost of the full elections for all wards.

Value for Money (VFM)

During the period 2020/21 to 2022/23 we targeted 15 areas for review including a full tender for the PR and Events Contract. The tender and 10 reviews have been fully completed and 4 were in progress at 31 March 2023 and therefore carried over into 2023/24. There are delays on a few reviews as these are tied into the office accommodation review, which has been significantly delayed. Areas completed included reviews of the 3 commissioned services contracts, PR & Events contract, plants and insurances, welsh language translations and stationary.

During 2023/24 we are planning to review 5 areas including the office accommodation review, CCTV partnership, illuminations, internal audit and ICT.

Supporting Notes to the Accounts

1. Accounting basis

The Council's accounts are maintained on an accruals basis. This means that income and expenditure are recorded on the date at which it was incurred and not the date that payment was made or received. For example, a Civic event held on 30/03/2023 cost the Council £500. The actual payment for this event was made on 05/04/2023. The expenditure is recorded in the accounts to year ending 31/03/2023 as that is when the actual physical event happened.

2. Assets

Assets are classified as expenditure over £100 on the acquisition of an asset or expenditure which adds to the value of an existing asset, both tangible and intangible, provided also that it yields economic benefits to the Council for a period of more than one year. The Council accounts for its fixed assets in accordance with the CIPFA Statement of Recommended Practice (SORP) although formally the SORP does not apply to the Town Council due to its smaller size.

<u>Value of assets acquired / revalued during the year</u>	£
Community Assets, Civic and other assets, Plant and equipment.	0
Office equipment and furniture	0
<u>Value of assets disposed of during the year</u>	
Community Assets, Civic and other assets, Plant and equipment.	250,211
Office equipment and furniture	4,760

<u>Value of assets held as at 31st March 2023</u>	£
Community Assets, Civic and other assets, Plant and equipment.	153,869
Office equipment and furniture	28,620

The bases of the valuations are:

Community Assets – historic cost.

Land and buildings – historic cost (revalued for insurance purposes)

Civic and other assets - periodic professional valuation for certain nominated assets and replacement value for all others.

Plant and equipment – historic costs / replacement value.

Office equipment and furniture – historic cost / replacement value.

The Council maintains an accurate inventory of all assets, leased land, leased furniture, leased equipment, loan items and other non-asset de-minimis purchases for insurance purposes.

Inventory checks were conducted in February and March 2023.

3. Investments

Various short-term investments are made in accordance with the Council's approved Annual Investment Strategy. As at 31 March 2023 £350,027 was deposited with HSBC bank on a 7-day basis and £85,000 deposited with Santander bank in a 31-day notice account.

4. Borrowings

At the close of business on 31st March 2023 the Council had borrowings of £1,375,200. An initial loan of £1,850,000 was taken out to fund the Town Council's contribution to the new Water Park (SC2) which opened in Rhyl in Easter 2019. This loan is being repaid, with interest, over 20 years to Denbighshire County Council.

5. Leases/Rentals

The Council leases a photocopier under a five-year agreement which expired in October 2018. This has been extended on a quarter-by-quarter basis.

6. Tenancies

During the year the following tenancies were held.

<u>Council as Tenant</u>			
<u>Landlord</u>	<u>Property</u>	<u>Rent p.a.</u>	<u>Type</u>
Denbighshire County Council	Civic Offices, Wellington Rd	Nil	Repairing
Denbighshire County Council	Remembrance Gardens	£13.50	Repairing

7. Debts outstanding

At the end of the year debts totaling £3,406 were due to the Council. These were: Recoverable VAT of £3,164 and Interest earned on Deposits of £242. A claim for the reimbursement of VAT was submitted to HMRC in early April 2023 and payment was received in April 2023.

8. Creditors

At the end of the year the Council owed £17,172 to creditors. These were: HMRC £2,983, Clwyd Pension Fund £4,464, and General / Trade Creditors £9,725. The vast majority of creditors were paid in April and May 2023.

9. Advertising and publicity

The following direct costs were incurred during the year:

Publications	-	£	4,120
General adverts	-	£	0
Public Notices	-	£	0

10. Staff Pensions

The Council makes a contribution on behalf of its current staff to the Clwyd Pension Fund (managed by Flintshire County Council) which provides pensions within the conditions of the Local Government Pension Scheme. The Clwyd Pension Fund regularly reviews the adequacy of its funds and investments to meet its current and future obligations. During the year employer contributions of 18.7% of salary were made plus an additional lump sum payment of £20,400 to assist with reducing the deficit.

11. Section 137 Payments

Section 137 of the Local Government Act 1972 enables the Council to spend up to £8.82 per head of the electorate for the benefit of the people in the area on activities or projects not specifically authorised by other powers. The limit for spending for 2022/23 was £176,400. There was no s137 expenditure in 2022/23.

12. Reserves and Balances Policy

The Council is aware that it is good practice to hold reserves to ensure the sustainability of the Council and to allow for unforeseen circumstances requiring expenditure above that budgeted for. As part of its medium-term financial plan, the Town Council will utilise its balances and reserves to manage expenditures and minimise any financial impact on the Council Tax payer.

An updated Reserves policy was approved in 2018. The policy requires a general reserve to be maintained at a minimum 33% of the annual precept. The Reserves policy from April 2018 to March 2022 was however flexed to allow for General Reserves to be maintained at a minimum of 25% allowing for lower precept increases. In setting the budgets for 2018/19 to 2021/22 over £76,000 of general reserves were earmarked to reduce precept requirements. Reserves did however increase in 2020/21 primarily due to significantly reduced activity, and hence expenditure, during the Covid-19 pandemic. A one-year budget was approved for 2023/24 and a new 5-year plan will be produced during 2023/24 for the period 2024/25 to 2028/29.

For 2022/23 a general reserve of £182,286 was required to meet the 33% of precept condition. The actual general reserve as at 31 March 2023 was £199,658 (36% of precept). The specific reserves will be reviewed during the 2023/24 financial year.

The table below shows reserves as at 1 April 2022, movements during the year and balances as at 31 March 2023:

Reserve	Balance 1 April 2022 £	Increases £	Decreases £	Balance 31 March 2023 £
Elections	25,000	7,000	25,000	7,000
Tynewydd CC Works	11,000	0	11,000	0
Wellington Rd Lease	10,000	0	0	10,000
Lottery Rhyl Reads	4,271	0	4,120	151
Major Projects	197,000	53,000	0	250,000
General Reserves	192,426	7,232	0	199,658
Total	439,697	67,232	40,120	466,809

13. Contingent liabilities

The Council rents furnished accommodation at the Civic Offices from Denbighshire County Council (previously lease was with Rhyl Community Association) and under the terms of the lease, and dependent upon certain conditions, it might be required to leave specified items of furniture in good condition or otherwise replace them. No specific revenue budget is provided for, however a specific reserve of £10,000 is currently held.

14. Inventories

The Council holds miscellaneous, but relatively minimal value, inventory items such as stationery, Town Crests and Civic badges. The value of all inventory purchased, unless classified as an asset (see note 2 above), is treated as revenue expenditure in the year of purchase.

15. Value Added Tax (VAT)

The Council is not registered for VAT. It is an exempt body under Section 33 of the VAT Act 1994. As such it is permitted to recover legitimate VAT incurred. A VAT control account is maintained to record all sums paid and to facilitate claims back from HMRC.