

FINAL



Rhyl Town Council

Annual Financial Statements

For the period 1st April 2020 to 31st March 2021

Gareth Nickels
Town Clerk
February 2022

Rhyl Town Council

Statement of Accounts

For the period 1st April 2020 to 31st March 2021

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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, have developed a medium-term financial plan that is designed to bring its current expenditure and reserves holdings into balance through this electoral cycle to 2022/23.

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 £553,611 in 2020/21 (£543,423 in 2019/20).

The Council is required to report the reasons for significant variations in 2020/21 expenditure compared to the previous financial year, 2019/20, and also in comparison to the budget it originally set for the year 2020/21 and this has been included in pages 10 to 11.

The Council is required to have a clear policy with regard to the financial balances that it holds in reserve (see Balance Sheet page 9 and Note 12 to the accounts on pages 14 and 15) and this is included below.

Balances Policy Statement

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 both capital and revenue expenditure and minimise any financial impact on the Council Tax payer.

The Council produced a revised 5-year plan with the intention to use reserves to reduce required precept increases in 2018/19, 2019/20 and 2020/21. As such, the Town Council has put a lower limit on its general balances of 25% of its annual precept for the period 2018 to 2022 but returning to 33% by 2022/23. This is in accordance with the advice contained within the Governance and Accountability for Local Councils Practitioners Guide. An updated Reserves policy was approved in early 2018.

Details of the balances held as at 31st March 2021 are shown in Note 12 to the accounts on pages 14 and 15.

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.

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. The Council approved an annual risk assessment for 2020/21 in April 2021 (The assessment was approved by Risk Assessment Sub-Committee in March 2021 but there was then a delay in approval by Council until April 2021). As this was after 31 March 2021 this is noted in Section 5 of the Annual Governance Statement as an area of non-compliance.

The Annual Governance Statement (including Internal Controls) was reviewed and approved by the Council in June 2021 (see pages 5 to 7) The Risk Management Plan is reviewed on an ongoing basis by the Risk Assessment Sub committee. A summary of their workplans for 2020/21 and 2021/22 are provided on page 4.

A copy of the Annual Return for 2020/21 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 Finance and General Purposes Committee in April 2021. The Risk Assessment Sub-committee's work is ongoing via an approved Work Plan. A summary of the Work Plans for 2020/21 and 2021/22 are included below.

Risk – Assessment Sub-Committee Workplan 2020/21

The workplan for 2020/21 was disrupted by the Covid-19 pandemic. The following activities were undertaken and either completed or on-going as at 31 March 2021:

- GDPR Compliance
- Review of Financial Regulations
- Review of Tynewydd Community Centre
- Internal and External Audit Recommendations
- Office Accommodation Review
- Annual Risk Assessment

Risk – Assessment Sub-committee Workplan 2021/22

The workplan for 2021/22 includes the following:

- Review of Tynewydd Community Centre
- Review of Community Bonfire Arrangements
- Internal and External Audit Recommendations
- Office Accommodation Review
- Compliance with Practitioner's Guide
- Compliance with Wellbeing of Future Generations Act
- Review of Health & Safety Policy
- Annual Risk Assessment

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 2021 in Section 2 (of the Annual Return) that:

Assurances	Agreed? Yes / No	“Yes” means that the Council:	PG Chap
1. We have put in place arrangements for effective financial management during the year and for the preparation and approval of the accounting statements	YES	Properly sets its budget and manages its money and prepares and approves its accounting statements as prescribed by law	6, 12
2. We have maintained an adequate system of internal control, including measures designed to prevent and detect fraud and corruption, and reviewed its effectiveness	YES	Made proper arrangements and accepted responsibility for safeguarding the public money and resources in its charge	6, 7
3. We have taken all reasonable steps to assure ourselves that there are no matters of actual or potential non-compliance with laws, regulations and codes of practice that could have a significant financial effect on the ability of the council to conduct its business or on its finances	YES	Has only done things that it has the legal power to do and has conformed to codes of practice and standards in the way it has done so	6
4. We have provided proper opportunity for the exercise of electors' rights in accordance with the requirements of the Accounts and Audit (Wales) Regulations 2014	YES	Has given all persons interested the opportunity to inspect and ask questions about the Council's accounts	6, 23
5. We have carried out an assessment of the risks facing the Council and taken appropriate steps to manage those risks, including the introduction of internal controls and/or external insurance cover where required	NO Annual Risk Assess- ment was approved late	Considered the financial and other risks it faces in the operation of the Council and has dealt with them properly	6, 9
6. We have maintained an adequate and effective system of internal audit of the Council's accounting records and control systems throughout the year and have received a report from the internal auditor	YES	Arranged for a competent person, independent of the financial controls and procedures, to give an objective view on whether these meet the needs of the Council.	6, 8
7. We have considered whether any litigation, liabilities or commitments, events or transactions, occurring after the year-end, have a financial impact on the Council and, where appropriate, have included them on the accounting statements.	YES	Disclosed everything it should have about its business during the year including events taking place after the year-end if relevant.	6
8. We have taken appropriate action on all matters raised in previous reports from internal and external audit.	YES	Considered and taken action to address issues / weaknesses brought to its attention by both internal and external auditors	6, 8, 23

Assurances	Agreed? Yes / No	“Yes” means that the Council:	PG Chap
9. Trust funds — in our capacity as trustee we have: discharged our responsibility in relation to the accountability for the fund(s) including financial reporting and, if required, independent examination.	N/A	Has met all of its responsibilities where it is a sole managing trustee of a local trust or trusts.	3, 6
10. We have prepared and approved minutes for all meetings held by the Council (including its committees) that accurately record the business transacted and the decisions made by the Council or committee	YES	Has kept and approved minutes in accordance with Schedule 12, Paragraph 41 of the Local Government Act 1972	N/A
11. We have ensured that the Council's minutes (including those of its sub committees) are available for public inspection and have been published electronically	YES	Has made arrangements for the minutes to be available for public inspection in accordance with section 228 of the Local Government Act 1972 and has published the minutes on its website in accordance with section 55 of the Local Government (Democracy) (Wales) Act 2013	N/A

Income and Expenditure Statement for 2020/21

	2021	2020
	£	£
Income		
Precept	553,611	543,423
Other Income	8,640	1,605
Investment Income	398	1,972
Total Income	562,649	547,000
Expenditure		
Salaries & Expenses	174,221	170,933
Office Accommodation	22,923	22,892
Administration	19,494	19,113
Advertising	0	508
Civic Expenditure	347	4,975
Members Expenses	300	3,372
Amenity & Events	31,345	72,259
Public Spaces	46,131	46,225
Commissioned Services	21,000	31,000
s19 Expenditure	10,500	10,695
Town Promotion & Development	113,866	112,866
Total Expenditure	440,127	494,838
Surplus / (Deficit) for the Year	122,522	52,162
Transfer to Elections Reserve	-5,000	-5,000
Transfer to Major Projects Reserve	-75,000	-45,000
Transfer to Loan Repayment Reserve	-100,000	0
Transfer to National Lottery Rhyl Reads Reserve	-8,500	0
(Increase) / Decrease in General Reserve	65,978	-2,162
Total Transfers to Reserves	122,522	52,162

Balance Sheet as at 31 March 2021

	2021	2020
	£	£
Non-Current Assets		
Property, Plant & Equipment	429,616	426,465
Investments	0	0
Total Non-Current Assets	429,616	426,465
Current Assets		
Debtors & Prepayments	5,641	3,896
Cash at Bank and In Hand	495,908	377,870
Total Current Assets	501,549	381,766
Current Liabilities		
Creditors	11,913	14,652
Total Current Liabilities	11,913	14,652
Net Current Assets	489,636	367,114
Long-Term Liabilities		
Loan	-1,628,000	-1,702,000
Total Long Term Liabilities	-1,628,000	-1,702,000
Total Assets – Long Term Liabilities	-708,748	-908,421
Financed By:		
Usable Reserves		
General Fund	489,636	367,114
Unusable Reserves		
Capital Adjustment Account	-1,198,384	-1,275,535
Total Reserves	-708,748	-908,421

The annual financial statements were approved by Finance & General Purposes Committee on 2nd March 2022 and signed on their behalf by:

Cllr A Rutherford
Chair of Finance & General Purposes Committee

Gareth Nickels
Town Clerk

Report on the Accounts 2020/21

Report of significant variations in income and expenditure

Comparison of 2020/21 : Actual Expenditure vs Budgeted Expenditure

The Council budgeted for income of £555,211 and expenditure of £563,320 resulting in a budget deficit for the year of £8,109. The Council's actual income and expenditure account showed income of £562,649 and expenditure of £440,127 resulting in a surplus of £122,522 for the year. The levels of expenditure in 2020/21 were significantly reduced due to a number of activities e.g. events being cancelled due to the covid-19 pandemic.

The **main reasons** for this surplus are as follows:

1. Income was budgeted at £555,211 and actual income was £562,649. This is £7,438 better than budgeted. The main reason was that we obtained a grant of £8,500 in late March 2021 from the National Lottery. However we did not receive the budgeted £1,600 contribution from the Fire Brigade towards the costs of Fireworks as the event was cancelled.

2. Staff expenditure was budgeted at £180,000 and actual expenditure was £174,221. This is an underspend of £5,779. The two reasons were that the finance officer worked less hours than budgeted and we did not have any staff training.

3. Civic Expenditure is £7,543 less than budgeted. Many of the events did not proceed and those that did e.g. Remembrance Sunday were smaller than usual and cost less than in a usual year.

4. Members Expenses is £11,400 less than budgeted. The main reason is that only 2 of the 22 councillors claimed the £150 per annum costs and expenses allowance. There is a £5,000 underspend on Election Costs, (this was transferred to the specific Elections reserve at the year-end) and a £1,700 saving on Mayoral / Senior Role Allowances for 2020/21 due to no payments being made.

5. Amenity & Events is £48,855 less than budgeted. This is mainly due to the Rhyl Air Show (£10,000), Summer Arena Event (£5,000), Christmas Pops DCC (£4,000) and Bonfire / Fireworks (£5,200) and Other Small Events (£9,680) not proceeding. We also have underspends of £5,775 on Illuminations due to less repairs and no new illuminations being purchased and £3,200 on Events Management / PR costs.

6. Public Spaces is £10,869 less than budgeted. We had underspends of £3,999 on other public spaces / bus shelters, £4,532 on Grounds Maintenance and £2,338 on Remembrance Gardens as only the main contract works and planting were undertaken in 2020/21.

7. Commissioned Services is £8,000 less than budgeted. We spent £21,000 on three on-going projects, being: **Benefits Advice Shop** – £11,000 towards a benefit appeals officer; **Citizens Advice Bureau** - £8,000 towards an Energy Efficiency Adviser and **Surestart Cymru** – £2,000 towards a family behaviour project. There were no new projects funded in 2020/21.

8. Town Promotion & Development is £23,319 less than budgeted. Within this there is the budgeted £15,000 that will be transferred to Major Projects plus over £9,000 on Contingency that was unused in the year.

The overall results for 2020/21 have seen the Town Council's balances increase by £122,522 from £367,114 to £489,636. Of these balances the Town Council now holds £298,500 for specific purposes (please see Note 12 to the accounts on pages 14 and 15 for details). This leaves a general reserves balance of £191,136.

Report on the Accounts 2020/21

Report of significant variations in income and expenditure **Comparison between financial years 2020/21 and 2019/20**

The Council had income of £562,649 in 2020/21 compared to £547,000 in 2019/20. Income was therefore £15,649 higher than the previous year. The two main reasons were the precept increase of £10,188 (1.8%) and the national lottery grant of £8,500. This was partially offset by reduced interest earned on deposits.

The Council had expenditure of £440,127 in 2020/21 compared to £494,838 in 2019/20. Expenditure was therefore £54,711 lower than the previous year. The three main reasons were that events expenditure was significantly reduced by £40,914 (cancelled events due to Covid), Commissioned Services were £10,000 less than in 2019/20 and Civic Events and Allowances were over £7,000 less due to reduced activity, again due to Covid.

Value for Money (VFM)

The Grounds Maintenance service was a new town council delivered service from 1 April 2015. We have now managed this service for 6 years and as a result of reviews in 2018/19 and 2019/20 further savings have been made in comparison to the estimated cost of the previous service as provided by Denbighshire County Council prior to transfer to the Town Council. The budget for Grounds Maintenance in 2018/19 had been reduced from £60,000 (on transfer) to £50,000 to reflect some of the savings already achieved by our reviews of the service. A further reduction of £5,000 was made in the 2020/21 budget, so savings of £15,000 have been made since transfer of the service to the Town Council.

During the year we also reviewed and obtained quotes for the provision of plants for grounds maintenance.

Planned reviews for Telephony and the Printing / Photocopying were deferred pending a planned move to a new office in 2022/23.

During 2021/22 we are planning to review a number of areas including : Insurances, provisions of plants for grounds maintenance, office stationary, Tynewydd Community Centre and the Events and PR Contract.

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 30/03/2021 cost the Council £500. The actual payment for this event was made on 05/04/2021. The expenditure is recorded in the accounts to year ending 31/03/2021 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	3,151
<u>Value of assets disposed of during the year</u>	
Community Assets, Civic and other assets, Plant and equipment.	0
Office equipment and furniture	0

<u>Value of assets held as at 31st March 2021</u>	£
Community Assets	-
Land and buildings	245,000
Civic and other assets	81,802
Plant and equipment	77,278
Office equipment and furniture	25,536
Total	429,616

The basis of valuation is -

Community Assets – historic cost.

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

Civic and other assets - periodic professional valuation for certain nominated assets (2009) and replacement value for all others.

Plant and equipment – historic costs / replacement value.

Office equipment and furniture – historic cost / replacement value.

The majority of the Inventory checks were conducted in early 2021. 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.

3. Investments

Various short term investments are made in accordance with the Council's approved Annual Investment Strategy. As at 31 March 2021 £280,001 was deposited with HSBC bank on a 7 day basis and £75,000 deposited with Santander bank in a 31 day notice account.

4. Borrowings

At the close of business on 31st March 2021 the Council had borrowings of £1,628,000. This loan is being repaid with interest over 25 years to Denbighshire County Council. The loan was taken out to fund the Town Council's contribution to the new Water Park (SC2) which opened in Rhyl in Easter 2019.

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 Landlord</u>			
<u>Tenant</u>	<u>Property</u>	<u>Rent p.a.</u>	<u>Type</u>
Rhyl Community Association	Tynewydd Community Centre	Nil	Non-repairing

<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 £5,641 were due to the Council. These were: Recoverable VAT of £3,323, Interest earned on Deposits of £24 and prepayments for events of £2,294. A claim for the reimbursement of VAT was submitted to HMRC in early April 2021 and payment was received in April 2021.

8. Creditors

At the end of the year the Council owed £11,913 to creditors. These were: HMRC £2,805, Clwyd Pension Fund £4,294, and General / Trade Creditors £4,814. The vast majority of creditors were paid in April and May 2021.

9. Advertising and publicity

The following direct costs were incurred during the year:

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 Fund also provides for ongoing pensions to the dependants of a deceased former member of staff. 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 and 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 the product of £8.32 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 under this power was £166,425 and the expenditure in the year is set out below.

Payee	Nature of payment	£
None	N/A	0
Total expenditure under Section 137		0

12. Reserves

The Council has a Balances Policy that requires a general reserve to be maintained at a minimum 33% of the annual precept. For 2020/21 a general reserve of £182,692 was required to meet this condition. The actual general reserve as at 31 March 2021 was £191,136 (34.5% of precept).

The Reserves policy from April 2018 to March 2022 has also been flexed to allow for General Reserves to be maintained at a minimum of 25% to allow for lower precept increases. In setting the budgets for 2018/19 to 2021/22 over £76,000 of general reserves have been earmarked to reduce precept requirements. Reserves have however increased in 2020/21 primarily due to significantly reduced activity during the Covid-19 pandemic (see Report on the Accounts above).

The allocated reserves will also be reviewed during the 2021/22 financial year. The table below shows reserves as at 31 March 2021:

Item	Amount £
Elections 2022	20000
Tynewydd CC Refurbishment	20,000
Dilapidations Wellington Road Lease	10,000
Loan Repayment Reserve	100,000
National Lottery Rhyl Reads Reserve	8,500
Major Projects Fund	140,000
Sub-Total Allocated Reserves	298,500
Add : Unallocated / General Reserve	191,136
Total Reserves as at 31 March 2021	489,636

The movements in Reserves from 1 April 2020 to 31 March 2021 are as follows:

Reserve	Balance 1 April 2020 £	Increases £	Decreases £	Balance 31 March 2021 £
Elections	15,000	5,000	0	20,000
Tynewydd CC DDA Works	20,000	0	0	20,000
Wellington Rd Lease	10,000	0	0	10,000
Loan Repayment	0	100,000	0	100,000
National Lottery Rhyl Reads	0	8,500	0	8,500
Major Projects	65,000	75,000	0	140,000
General Reserves	257,114	0	-65,978	191,136
Total	367,114	188,500	-65,978	489,636

13. Contingent liabilities

The Council's revenue accounts do not include provision for the following expenditure:

1. 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 it has to meet certain shared costs of defined maintenance work. These planned and unplanned works can vary in their timing and value and whilst the Town Council has set aside a provisional budget it is dependent upon the Landlord advising accordingly of any works.

2. 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. A specific reserve of £10,000 is held.

3. The Council owns the Tynewydd Community Centre and it is managed via an agreement with the Rhyl Community Association and within the terms the Council has to meet all financial operating deficits. There might be unforeseen or emergency expenditure required. A specific reserve of £20,000 is 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. It is permitted to recover legitimate VAT incurred. A VAT control account is maintained to record sums paid and facilitate claims to HMRC.