

FINAL



Rhyl Town Council

Annual Financial Statements

For the period 1st April 2023 to 31st March 2024

Gareth Nickels
Town Clerk
October 2024

Rhyl Town Council

Statement of Accounts

For the period 1st April 2023 to 31st March 2024

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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, 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 £555,954 in 2023/24 (£552,383 in 2022/23).

The Council is required to report the reasons for significant variations in 2023/24 expenditure compared to the previous financial year, 2022/23, and also in comparison to the budget it originally set for the year 2023/24 and this has been included on pages 6 and 7.

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 2023/24 in March 2024.

The Annual Governance Statement (including Internal Controls) was reviewed and approved by the Council in June 2024. The Risk Management Plan is reviewed on an ongoing basis by the Risk Assessment Sub-Committee. A summary of their workplans for 2023/24 and 2024/25 are provided on page 3.

A copy of the Annual Return for 2023/24 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 2024. The Risk Assessment Sub-committee's work is ongoing via an approved Work Plan. A summary of work undertaken in 2023/24 and workplan for 2024/25 are included below.

Risk – Assessment Sub-Committee Work Undertaken 2023/24

Key areas of work undertaken included:

- Office Accommodation
- Contracts / Value for Money Reviews
- Insurance Review
- Annual Risk Review
- Internal Audit Recommendations

Risk – Assessment Sub-Committee Workplan 2024/25

The key areas of work for 2024/25 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
- Potential transfers of non-statutory services from Denbighshire County Council

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 2024 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 2023/24

	2024	2023
	£	£
Income		
Precept	555,954	552,383
Other Income	36	13,751
Investment Income	7,988	3,084
Total Income	563,978	569,218
Expenditure		
Salaries & Expenses	196,040	185,893
Office Accommodation	23,100	22,923
Administration	19,059	21,088
Advertising & Publications	0	4,120
Civic Expenditure	6,010	6,057
Members Expenses	10,814	38,681
Amenity & Events	95,300	65,692
Public Spaces	49,359	46,802
Commissioned Services	32,151	28,000
s19 Expenditure	0	11,738
Town Promotion & Development	111,111	111,111
Total Expenditure	542,943	542,106
Surplus / (Deficit) for the Year	21,898	27,112
Transfer to Elections Reserve	-7,000	-7,000
Transfer to Major Projects Reserve	0	-53,000
Transfer from Elections Reserve	0	25,000
Transfer to Civic Regalia Reserve	-5,000	0
Transfer from National Lottery Rhyl Reads Reserve	0	4,120
Transfer from Tynewydd CC Reserve	0	11,000
(Increase) / Decrease in General Reserve	-9,898	-7,232
Total Transfers from / (to) Reserves	-21,898	-27,112

Balance Sheet as at 31 March 2024

	2024	2023
	£	£
Non-Current Assets		
Property, Plant & Equipment	214,062	182,489
Investments	0	0
Total Non-Current Assets	214,062	182,489
Current Assets		
Debtors & Prepayments	4,188	3,406
Cash at Bank and In Hand	496,367	480,575
Total Current Assets	500,555	483,981
Current Liabilities		
Creditors	11,848	17,173
Total Current Liabilities	11,848	17,173
Net Current Assets	488,706	466,809
Long-Term Liabilities		
Loan	-1,298,800	-1,375,200
Total Long Term Liabilities	-1,298,800	-1,375,200
Total Assets – Long Term Liabilities	-596,032	-725,902
Financed By:		
Usable Reserves		
General Fund	488,706	466,809
Unusable Reserves		
Capital Adjustment Account	-1,084,738	-1,192,711
Total Reserves	-596,032	-725,902

The annual financial statements were approved by Finance & General Purposes Committee on 16th October 2024 and signed on their behalf by:

Cllr A Rutherford
Chair of Finance & General Purposes Committee

Gareth Nickels
Town Clerk

Report on the Accounts 2023/24

Report of significant variations in income and expenditure

Comparison of 2023/24 : Actual Expenditure vs Budgeted Expenditure

The Council budgeted for income of £558,000 and expenditure of £558,000 resulting in a budgeted surplus of £0. The Council's actual income and expenditure account showed income of £564,841 and expenditure of £542,943 resulting in a surplus of £21,898 for the year. The **main reasons** for this surplus are:

1. Income was budgeted at £558,000 and actual income was £564,841. Income was £6,841 better than budgeted. Precept was to budget. Due to increasing interest rates we earned significantly more interest than budgeted on money market investments.

2. Staff expenditure was £6,060 less than budgeted. The two reasons were that the finance officer worked less hours than budgeted and there was no expenditure on staff training.

3. Office Accommodation was £5,200 less than budgeted mainly due to very little maintenance work being undertaken at Wellington Road Community Centre.

4. Amenity & Events was £29,300 more than budgeted. We spent £24,300 more than budgeted on Illuminations. We replaced all the column illuminations in November 2023 at a cost of £31,573 (funded from the Major Projects Reserve) but made some savings on maintenance costs as a result. We also spent £5,000 more than budgeted on events in partnership with Denbighshire Leisure Services Ltd so that those events could proceed.

5. Public Spaces was £8,641 less than budgeted. There were underspends on all headings including Grounds Maintenance and the Remembrance Gardens.

6. Commissioned Services was £3,151 more than budgeted. We spent £24,000 on three on-going projects (**Benefits Advice Shop** – £14,000 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) and £8,151 on two one-off projects (**Blossom & Bloom** - £500 towards running expenses and Tourist Information - £7,651 to keep the Rhyl office open during Winter 2023 & Spring 2024).

7. Town Promotion & Development was £20,359 less than budgeted. Both the SC2 Loan and CCTV contribution were to budget. We did not spend the Contingency of £5,259 and the £15,000 for Major Projects was transferred to the specific reserve at year-end.

The overall results for 2023/24 have seen the Town Council's balances increase by £21,898 from £466,809 to £488,706. Of these balances the Town Council now holds £279,151 for specific purposes and £209,555 for general purposes (please see Note 12 to the accounts for further details).

Report on the Accounts 2023/24

Report of significant variations in income and expenditure **Comparison between financial years 2023/24 and 2022/23**

The Council had income of £564,841 in 2023/24 compared to £569,018 in 2022/23. Income was £4,177 less than the previous year. The main reason was that we had income from 2 insurance claims in 2022/23 and none in 2023/24.

The Council had expenditure of £542,943 in 2023/24 compared to £542,106 in 2022/23. Expenditure was £837 higher than the previous year. Overall Expenditure levels were similar, although there were differences between operational areas.

Value for Money (VFM)

During the period 2020/21 to 2023/24 we targeted 20 areas for review including a full tender for the PR and Events Contract and Illuminations. The 2 tenders and 13 reviews have been fully completed and 5 were in progress at 31 March 2024 and therefore carried over into 2024/25. 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, plants, illuminations, internal audit, payroll services and translation services.

During 2024/25 we are planning to review 7 areas including the office accommodation review, commissioned services, the CCTV partnership and plants procurement.

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 30/03/2024 cost the Council £500. The actual payment for this event was made on 05/04/2024. The expenditure is recorded in the accounts to year ending 31/03/2024 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.	31,573
Office equipment and furniture	0

<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 2024</u>		£
Community Assets, Civic and other assets, Plant and equipment.		185,442
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 2024.

3. Investments

Various short-term investments are made in accordance with the Council's approved Annual Investment Strategy. As at 31 March 2024 £280,150 was deposited with HSBC bank on a 7-day basis, £85,000 was deposited with HSBC on a 6 month basis and £85,000 deposited with Santander bank in a 31-day notice account.

4. Borrowings

At the close of business on 31st March 2024 the Council had borrowings of £1,298,800. 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>Property</u>	<u>Rent p.a.</u>	<u>Type</u>
<u>Landlord</u> Denbighshire County Council	Civic Offices, Wellington Rd	Nil	Repairing

7. Debts outstanding

At the end of the year debts totaling £4,188 were due to the Council. These were: Recoverable VAT of £3,324 and Interest earned on Deposits of £864. A claim for the reimbursement of VAT was submitted to HMRC in early April 2024 and payment was received in April 2024.

8. Creditors

At the end of the year the Council owed £11,848 to creditors. These were: HMRC £3,084, Clwyd Pension Fund £4,881, and General / Trade Creditors £3,833. The vast majority of creditors were paid in April and May 2024.

9. Advertising and publicity

The following direct costs were incurred during the year:

Publications	-	£	0
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 21.2% of salary were made plus an additional lump sum payment of £20,500 to pay off the deficit.

11. Section 137 Payments

Section 137 of the Local Government Act 1972 enables the Council to spend up to £9.93 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 2023/24 was £198,600. There was £1,500 of actual s137 expenditure in 2023/24.

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 Taxpayer.

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.

A new 5-year plan was produced in 2023/24 for the period 2024/25 to 2028/29 – with the aim of reducing general reserves to the recommended level of 33% precept over this 5-year period.

For 2023/24 a general reserve of £182,286 was required to meet the 33% of precept condition. The actual general reserve as at 31 March 2024 was £209,555 (38% of precept). The specific reserves will be reviewed during the 2024/25 financial year.

The table below shows reserves as at 1 April 2023, movements during the year and balances as at 31 March 2024:

Reserve	Balance 1 April 2023 £	Increases £	Decreases £	Balance 31 March 2024 £
Elections	7,000	7,000	0	14,000
Civic Regalia	0	5,000	0	5,000
Wellington Rd Lease	10,000	0	0	10,000
Lottery Rhyl Reads	151	0	0	151
Major Projects	250,000	31,573	-31,573	250,000
General Reserves	199,658	9,898	0	209,555
Total	466,809	53,471	-31,573	488,706

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.