

FINAL



Rhyl Town Council

Annual Financial Statements

For the period 1st April 2021 to 31st March 2022

Gareth Nickels
Town Clerk
May 2023

Rhyl Town Council

Statement of Accounts

For the period 1st April 2021 to 31st March 2022

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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 2021/22 (£553,611 in 2020/21).

The Council is required to report the reasons for significant variations in 2021/22 expenditure compared to the previous financial year, 2020/21, and also in comparison to the budget it originally set for the year 2021/22 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 between 2018/19 and 2021/22. As such, the Town Council 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 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 2022 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 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 an annual risk assessment for 2021/22 in March 2022.

The Annual Governance Statement (including Internal Controls) was reviewed and approved by the Council in June 2022 (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 2021/22 and 2022/23 are provided on page 4.

A copy of the Annual Return for 2021/22 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 2022. The Risk Assessment Sub-committee's work is ongoing via an approved Work Plan. A summary of the Work Plans for 2021/22 and 2022/23 are included below.

Risk – Assessment Sub-Committee Workplan 2021/22

The workplan for 2021/22 was disrupted by the Covid-19 pandemic. The following activities were undertaken and either completed or on-going as at 31 March 2022:

- Review of Tynewydd Community Centre
- Review of Community Bonfire Arrangements
- Review of Contracts Register & Establishment of Programme of Reviews
- Internal and External Audit Recommendations
- Office Accommodation Review
- Annual Risk Assessment

Risk – Assessment Sub-Committee Workplan 2022/23

The workplan for 2022/23 includes the following:

- Any work not fully completed in 2021/22
- Internal and External Audit Recommendations
- Office Accommodation Review
- Review of Health & Safety Policy
- Contracts Register – Programme of Reviews covering 7 areas of expenditure
- 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 2022 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	YES	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 2021/22

	2022	2021
	£	£
Income		
Precept	553,611	553,611
Other Income	24	8,640
Investment Income	377	398
Total Income	554,011	562,649
Expenditure		
Salaries & Expenses	176,924	174,221
Office Accommodation	22,923	22,923
Administration	25,825	19,494
Advertising & Publications	4,229	0
Civic Expenditure	2,458	347
Members Expenses	5,003	300
Amenity & Events	62,349	31,345
Public Spaces	48,578	46,131
Commissioned Services	21,000	21,000
s19 Expenditure	10,550	10,500
Town Promotion & Development	224,111	113,866
Total Expenditure	603,950	440,127
Surplus / (Deficit) for the Year	-49,939	122,522
Transfer to Elections Reserve	-5,000	-5,000
Transfer to Major Projects Reserve	-57,000	-75,000
Transfer from / to Loan Repayment Reserve	100,000	-100,000
Transfer from / to National Lottery Rhyl Reads Reserve	4,229	-8,500
Transfer from Tynewydd CC Reserve	9,000	0
(Increase) / Decrease in General Reserve	-1,290	65,978
Total Transfers from / (to) Reserves	-49,939	122,522

Balance Sheet as at 31 March 2022

	2022	2021
	£	0
Non-Current Assets		
Property, Plant & Equipment	437,460	429,616
Investments	0	0
Total Non-Current Assets	437,460	429,616
Current Assets		
Debtors & Prepayments	16,525	5,641
Cash at Bank and In Hand	440,443	495,908
Total Current Assets	456,968	501,549
Current Liabilities		
Creditors	17,271	11,913
Total Current Liabilities	17,271	11,913
Net Current Assets	439,697	489,636
Long-Term Liabilities		
Loan	-1,451,600	-1,628,000
Total Long Term Liabilities	-1,451,600	-1,628,000
Total Assets – Long Term Liabilities	-574,443	-708,748
Financed By:		
Usable Reserves		
General Fund	439,697	489,636
Unusable Reserves		
Capital Adjustment Account	-1,014,140	-1,198,384
Total Reserves	-574,443	-708,748

The annual financial statements were approved by Finance & General Purposes Committee on 7th June 2023 and signed on their behalf by:

Cllr A Rutherford
Chair of Finance & General Purposes Committee

Gareth Nickels
Town Clerk

Report on the Accounts 2021/22

Report of significant variations in income and expenditure

Comparison of 2021/22 : Actual Expenditure vs Budgeted Expenditure

The Council budgeted for income of £554,000 and expenditure of £554,000 resulting in a balanced budget for the year. The Council's actual income and expenditure account showed income of £554,011 and expenditure of £603,950 resulting in a deficit of £49,939 for the year. The main reasons for this deficit are as follows:

- 1. Income** was budgeted at £554,000 and actual income was £554,000. This is £11 better than budgeted. Precept was to budget.
- 2. Staff expenditure** was £9,076 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 due to very little maintenance work being undertaken at Wellington Road CC.
- 4. Administration** was £4,195 more than budgeted. The main reason is that we had an overspend of £8,542 on ICT due to investment in Wi-Fi and new audio visual equipment in the chamber. This was partially offset by a £4,347 net underspend across a large number of other expenditure headings e.g. insurance, stationary, postages etc.
- 5. Civic Expenditure** was £5,042 less than budgeted. There are underspends across many budget areas due to reduced activity (partly due to Covid) including Mayor's Inauguration, Remembrance Sunday and Mayoral support.
- 6. Members Expenses** was £4,697 less than budgeted. This is due to Election costs and members allowances being less than budgeted.
- 7. Amenity & Events** was £16,151 less than budgeted. This is mainly due to the Air Show and Summer Arena Events being cancelled. The overspend on the Illuminations budget is due to repairs following storm damage. We are also likely to have to replace a number of illuminations in 2022/23.
- 8. Public Spaces** was £8,422 less than budgeted. We have an underspend of £4,024 on Grounds Maintenance and £398 on the Remembrance Gardens along with underspends of £1,999 on Bus Shelters and £2,000 on Other Public Spaces.
- 9. Commissioned Services** was £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.
- 10. S19 Expenditure** was £10,550 more than budgeted. This was mainly the management fee paid to Rhyl Community Association (RCA). The centre did not transfer to RCA by 31 March 2022 and we have had to retain £11,000 of costs in the specific reserve to be used in 2022/23 for the maintenance contribution and our legal fees. Transfer was completed in April 2022.

11. Town Promotion & Development was £88,741 more than budgeted. We have paid £100,000 extra off the SC2 Loan with Denbighshire CC and reduced the term to 20 years. The extra £100,000 payment was covered by a specific reserve. As a result of the extra payment we have reduced our payments from £97,865 per annum to £96,111 per annum. We also paid a £13,000 Contribution towards the Beach Rake and this will be funded from Major Projects Reserve. The CCTV contribution was to budget for 2021/22.

The overall results for 2021/22 have seen the Town Council's balances reduce by £49,939 from £489,636 to £439,697. Of these balances the Town Council now holds £247,271 for specific purposes (please see Note 12 to the accounts on pages 14 and 15 for details). This leaves a general reserves balance of £192,426.

Report on the Accounts 2021/22

Report of significant variations in income and expenditure **Comparison between financial years 2021/22 and 2020/21**

The Council had income of £554,011 in 2021/22 compared to £562,649 in 2020/21. Income was therefore £8,638 lower than the previous year. The main reason was that in 2020/21 we received a lottery grant of £8,500 (none in 2021/22).

The Council had expenditure of £603,950 in 2021/22 compared to £440,127 in 2020/21. Expenditure was therefore £163,823 higher than the previous year. The two main reasons were an extra payment of £100,000 (funded from increased reserves generated in 2020/21) off the long term loan and that many expenditures e.g. events, returned to normal levels following the reduced expenditure in 2020/21 due to the Covid-19 pandemic.

Value for Money (VFM)

During 2020/21 we targeted 9 areas for review including a full tender for the PR and Events Contract. The tender and 5 reviews were fully completed and 3 were in progress at 31 March 2022 and therefore carried over into 2022/23. Areas completed included reviews of the 3 commissioned services contracts, PR & Events contract, plants and insurances.

During 2022/23 we are planning to review 7 areas including office accommodation, CCTV partnership, telephony, stationary and Welsh language translations.

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 30/03/2022 cost the Council £500. The actual payment for this event was made on 05/04/2022. The expenditure is recorded in the accounts to year ending 31/03/2022 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	7,844
<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 2022</u>	£	
Community Assets	-	
Land and buildings	245,000	
Civic and other assets	81,802	
Plant and equipment	77,278	
	33,380	
Office equipment and furniture		
	Total	437,460

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 and replacement value for all others.

Plant and equipment – historic costs / replacement value.

Office equipment and furniture – historic cost / replacement value.

No inventory checks were conducted in early 2021/22 due to Covid. A full check will be undertaken in Autumn 2022. 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 2022 £320,053 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 2022 the Council had borrowings of £1,451,600. This loan is now being repaid, with interest, over 20 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 £16,525 were due to the Council. These were: Recoverable VAT of £13,932, Interest earned on Deposits of £33 and prepayments for events of £2,560. A claim for the reimbursement of VAT was submitted to HMRC in early April 2022 and payment was received in April 2022.

8. Creditors

At the end of the year the Council owed £17,271 to creditors. These were: HMRC £3,752, Clwyd Pension Fund £4,839, and General / Trade Creditors £8,683. The vast majority of creditors were paid in April and May 2022.

9. Advertising and publicity

The following direct costs were incurred during the year:

Publications	-	£ 4,229
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 £8.41 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 2021/22 was £168,200 and the expenditure 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 2021/22 a general reserve of £182,692 was required to meet this condition. The actual general reserve as at 31 March 2022 was £192,426 (34.8% of precept).

The Reserves policy from April 2018 to March 2022 was 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 were earmarked to reduce precept requirements. Reserves did however increase in 2020/21 primarily due to significantly reduced activity during the Covid-19 pandemic. Reserves have then reduced substantially in 2021/22. The allocated reserves will also be reviewed during the 2022/23 financial year. The table below shows reserves as at 31 March 2022:

Item	Amount £
Elections 2022	25,000
Tynewydd CC Refurbishment	11,000
Dilapidations Wellington Road Lease	10,000
National Lottery Rhyl Reads Reserve	4,271
Major Projects Fund	197,000
Sub-Total Allocated Reserves	247,271
Add : Unallocated / General Reserve	192,426
Total Reserves as at 31 March 2022	439,697

The movements in Reserves from 1 April 2021 to 31 March 2022 are as follows:

Reserve	Balance 1 April 2021 £	Increases £	Decreases £	Balance 31 March 2022 £
Elections	20,000	5,000	0	25,000
Tynewydd CC Works	20,000	0	-9,000	11,000
Wellington Rd Lease	10,000	0	0	10,000
Loan Repayment	100,000	0	-100,000	0
Lottery Rhyl Reads	8,500	0	-4,229	4,271
Major Projects	140,000	70,000	-13,000	197,000
General Reserves	191,136	1,290	0	192,426
Total	489,636	76,290	-126,229	439,697

13. Contingent liabilities

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

a. 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. Works are however very low at present.

b. 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.

c. 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 £11,000 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. 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.

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