**Cramlington Town Council – 4th May 2023**
**Accounts for the Financial Year 2022-23 and**
**Annual Governance and Accountability Return**

## 1. Background

The Council is required to ensure that it exercises effective financial governance, and this report covers various areas for approval, including the Annual Return required to be sent to the external examiners.

## 2. Introduction

During the year the Council has received various progress reports on its finances. This report sets out the final accounts for the year ended 31st March 2023, with explanations of significant variations and changes in planned expenditure during the year. Also included are recommendations covering various aspects of financial control, which the Council should review annually.

## 3. Review of Financial Regulations

The Council's Regulations must be reviewed each year to ensure that they reflect the current needs of the authority. The existing Regulations were fully updated last year and only one further amendment was included on the agenda of the Council's annual meeting.

## 4. Banking and Investment Policy

In 2021 the Council agreed to move its current account from the Co-operative Bank to Barclays. The new account is now in place and is working as expected, giving improved access while strengthening security. Closing the Cooperative Bank account has proved to be a time-consuming task and it is still open.

The Council also has an investment account with the Nationwide Building Society. Interest paid on this type of account is still poor by historic standards, but £1,162 was earned in the year.

## 5. Financial Reserves Policy

The Council is required to review its policy for determining the appropriate level of reserves held, to provide adequate cash flow and to meet unforeseen exceptional needs. The Council has previously resolved to hold a reserve of around £150,000.

In April 2022 the General Reserve was £195,664. As the planned work on the Adventure Playground did not commence until April, the budget of £106,500 was not spent, resulting in a surplus for the year of £42,975 and a year-end reserve of £238,639. The cost of the Playground has been treated as an Earmarked Reserve, giving a General Reserve of £132,138.

**Recommendation 1** – That, until the £150,000 level is reached, the reserve is only used to meet unexpected expenditure and is not to finance substantial new projects.

## 6. Internal Audit

The Council is required to have an appropriate independent person to examine its financial systems and accounting records. Michael Munro, who was appointed in 2020, reviewed the financial controls and submitted a report to the March 2023 Council meeting. While there were no substantial matters that required action by the Council, several administrative procedures were addressed. The Internal Audit declaration, included in the AGAR, has been duly certified by the internal auditor.

**7. Asset Register**

This Register has been reviewed and amended as necessary for acquisitions and disposals. Land at Alexandra Park and Cumbria Road are in the process of being transferred to this Council from Northumberland County Council, and these will be added to the register once the legal process has been completed.

**8. Income & Expenditure Account**

The Council's Income & Expenditure Account for the 2022-23 financial year is shown below, giving a comparison with last year's actual and the revised budget for the year. The notes give explanations of the significant variations.

| | Actual 2021-22 £ | Budget 2022-23 £ | Actual 2022-23 £ | Notes |
|---|---|---|---|---|
| Management & Administration | 145,201 | 128,500 | 128,763 | |
| Support Services | 28,353 | 32,500 | 28,976 | |
| Communication | 27,529 | 33,900 | 30,853 | |
| Community & Youth | 76,439 | 141,400 | 122,185 | a, b |
| Operations Team | 165,963 | 187,400 | 189,073 | c |
| Civil Enforcement | 49,708 | 41,200 | 40,333 | |
| General Running Costs | 23,543 | 34,400 | 32,068 | |
| Democracy | 25,880 | 6,500 | 7,972 | |
| Allotments | 70,578 | 76,000 | 74,486 | d |
| Playgrounds & Parks | 99,855 | 254,500 | 138,878 | e, f |
| Operational Services | 54,314 | 87,100 | 77,457 | g |
| Other Services | 64,507 | 51,000 | 54,194 | h |
| Council Offices | 99,705 | 49,120 | 61,748 | i |
| Surveyors House | -1,588 | | -1,588 | |
| Operations Depot | 15,930 | 17,540 | 17,749 | |
| Total Expenditure £ | 945,917 | 1,141,060 | 1,003,581 | |
| | | | | |
| Precept | 957,000 | 1,019,000 | 1,019,000 | |
| Allotment Rents | 18,920 | 22,000 | 22,003 | |
| Other Income | 175 | 100 | 5,553 | j |
| Total Income £ | 976,095 | 1,041,100 | 1,046,556 | |
| Transferred to / from Reserves £ | -30,178 | 99,960 | -42,975 | k |

**Notes**

a. The post of Youth Officer was vacant for part of the year, giving a saving of £6,300.

b. Following a review of the programme, the provision for Holiday Activities was underspent by £10,400.

c. Due to the rise in fuel prices and the cost of servicing equipment, the overall budget was slightly overspent. A review is in progress to determine the equipment needs following the acquisition of two parks and to revise budgets as necessary.

d. The initial budget for allotment expenditure was £22,000, i.e., to match income. During the year the Council agreed to several significant increases to repair fencing damaged by Storm Arwen, to clear vacated sites, and provide additional plots.

e. As noted in paragraph 5, installation of the Adventure Playground, at Alexandra Park, was delayed until April 2023, therefore the budget of £106,500 was not spent.

f. Revisions to the planned Dog Activity Area scheme, resulted in an underspending of £8,000. The main change was not to plant hedges.

g. An extensive bus shelter programme was planned at the start of the year, but a full review was undertaken, which delayed and revised the work considered necessary. As a result, spending was £8,100 less than expected. The work on the shelters will continue in the current financial year, using the approved budget.

h. The addition of extra motifs, and the cost of installation, resulted in £5,000 of extra spending on Christmas lighting. Consequently, alternative lighting arrangements are to be proposed for 2023.

i. This was the first full year in the new offices, and it was estimated that energy costs would be around £2,000. However, a combination of bills for the previous year and the fuel crisis, resulted in expenditure of almost £13,000.

j. As a result of not providing the ground maintenance services required by the Cramlington Partnership, the County Council gave a rebate of £4,391.

**k.** Last year the Council was able to add around £30,000 to its General Reserve. To meet the programme of work for 2022-23 it was agreed, at various times, to use almost £100,000 of the Reserve. It was anticipated that general under spendings would offset the amount required. (See paragraph 5.)

**9. Balance Sheet as at 31st March 2023**

| | | £ | £ |
|---|---|---|---|
| **Fixed Assets** | | | |
| Asset Register Valuation | | 888,606 | |
| Less Depreciation to date | | 476,586 | 412,020 |
| | | | |
| **Current Assets** | | | |
| Debtors & Payments In Advance | A | 140,099 | |
| Bank Balances & Cash In Hand | B | 231,364 | 371,463 |
| | | | 783,483 |
| Less | | | |
| Creditors & Receipts In Advance | C | 132,824 | |
| Outstanding Loans | D | 412,020 | 544,844 |
| **Nett Assets** | | | 238,639 |
| **Represented By** | | | |
| General Fund as at the 1st April 2022 | E | 195,664 | |
| Deduct general deficit for the year | | 63,525 | 132,139 |
| Earmarked Reserve | F | | 106,500 |
| | | | 238,639 |

**Balance Sheet Notes**

A. The main debtor is almost £95,600 due from HMRC for VAT. The figure also includes £44,500 rent paid in advance to cover four years office rental.
B. The current account balance was £24,540, with £204.800 in the investment account.
C. The creditors are made up of outstanding invoices totalling £90,400. Just over £19,400 was received in advance for allotment rents due on the 1st April 2023. A total of £23,000 is held on behalf of councillors for future schemes.
D. There were two outstanding loans at the year end, £121,200 owed to the PWLB for playground works and £290,900 due to Northumberland County Council in respect of the Surveyors House.
E. The General Reserve balance is less than agreed by the Council.
F. Earmarked for the Adventure Playground.

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**Recommendation 3** – That the Council accept the Income & Expenditure Account and Balance Sheet for the 2022-23 financial year.

**10. Annual Governance and Accountability Return (AGAR)**

The Council are not required to have their detailed accounts examined by the external auditors, but must submit a certified AGAR, together with extensive supporting information explaining significant differences between financial years. The full AGAR will be published on the Council's website, but as only pages 4 and 5 require formal approval, copies are attached to this report.

10.1 AGAR Section 1 – Annual Governance Statement

This section requires the Council to confirm that it has sound systems of internal control.

**Recommendation 2** – That the Council approve the Annual Governance Statement.

10.2 AGAR Section 2 AGAR - Accounting Statement for 2022-23

This Statement is a summarised view of the financial standing of the Council in the format required by the government. The external auditors requires that all income, other than the Precept, be shown as a single figure. The Council's practice is that where money is received for specific purposes, it is set against actual expenditure to give a nett cost. As a result, some amounts on the AGAR appear to be a slightly different from the Income & Expenditure Account, but the overall year-end balances agree.

The Town Clerk, who is the Responsible Financial Officer, has signed to confirm the accuracy of the statement.

**Recommendation 3** – That the Council approve the Accounting Statement for 2022-23.

**11. Transparency Code**

In line with the government requirement, a full list of transactions, greater than £500 (excluding payroll) for 2022-23 has been added to the Council's website.

**12. Public Rights**

The electorate of the town have the right to inspect the accounts and raise any questions they may have. The Council is required to set a period of 30 working days (including the first 10 days of July), when this right can be exercised and to publish a Notice advertising the dates.

While only the AGAR is required, the Council's full accounts will be published on its website, in advance of the formal inspection period.

**Recommendation 4** – That the Council set the inspection period, as recommended by the external auditor, to run from the 5th June to 14th July 2023.

J W Harvey
Finance Manager
25th April 2022