Cramlington Town Council – 2nd May 2024
Accounts for the Financial Year 2023-24 and
Annual Governance and Accountability Return

1. **Background**
The Council is required to ensure that it exercises effective financial governance, and this report covers the final accounts for 2023-24; the Annual Governance & Account Return; and reviewing key financial policies.

2. **Introduction**
During the year the Council has received various progress reports on its finances, including in March 2024 when major variations were explained. 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 is required to 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 no further amendments are currently required.

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 while not in use 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 £3,977 was earned in the year. As the current arrangements are working well, no changes are proposed.

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. Best practice recommends that the minimum level of reserves should be equal to three months' expenditure, which for this Council would be around £300,000.

In April 2023 the General Reserve was £132,138. In setting its 2024-25 budget, the Council provided £25,000 with the aim of growing the reserve over several years. However, as detailed later in the report, there was an underspending of £169,456 giving a total year end reserve of £301,595. However, as several large schemes were delayed, it is anticipated that some of the reserve will need to be used in 2024-25.

<u>Recommendation 1</u> – That the Council commits to achieving the minimum reserve over the next three financial years.

6. **Asset Register**

This Register has been reviewed and amended as necessary for acquisitions and disposals. The land at Alexandra Park and Coronation Park, which were transferred from Northumberland County Council, have been added to the register at a nominal value of £100 for each location.

7. **Income & Expenditure Account**

The Council's Income & Expenditure Account for the 2023-24 financial year is shown below, giving a comparison with last year's actual and the revised budget for the year.

Expenditure Area	**Actual 2022-23**	**Budget 2023-24**	**Actual 2023-24**	**Notes**
Management & Administration	128,763	132,200	135,858	
Support Services	28,976	40,600	37,449	
Communication	30,853	35,700	38,279	
Community & Youth	122,185	182,300	170,140	
Operations Team	189,073	227,600	225,463	
Civil Enforcement	40,333	28,000	23,441	
General Running Costs	32,068	30,900	20,414	
Democracy	7,972	12,600	12,311	
Allotments	74,486	24,500	23,161	
Playgrounds	138,878	239,500	155,197	
Operational Services	77,457	62,000	49,859	
Other Services	54,194	81,000	72,609	
Council Offices	61,749	56,900	51,494	
Surveyors House	20,845	22,000	23,344	
Operations Depot	17,749	19,200	33,497	(a)
Uncommitted Contingency		34,400		
	1,025,581	1,229,400	1,072,516	
Precept & Other Income	1,019,000	1,076,000	1,076,000	
Allotments	22,003	24,500	25,100	
Surveyors House Rent	22,000	22,000	22,000	
Other Income & Interest	5,553	400	12,372	(b)
Transfer from Reserves		106,500	106,500	
	1,068,556	1,229,400	1,241,972	
Surplus for the year	42,975		169,456	

Notes

The monitoring report to the previous Council meeting anticipated an underspend of £170,000 and provided explanations of the main variations. The notes relate to additional variations not included in the previous report.

a. Due to the expansion of the Operations Team, it was necessary to move to a larger depot. This move resulted in an additional cost of £10,000 to make good the old depot, to adapt the new premises, and pay a security deposit.

b. With the increase in interest rates over the year almost £4,000 was earned on the Nationwide investment account.

8. Balance Sheet as at 31st March 2023

Set out below is the year end summary Balance Sheet, with notes as shown.

	Notes	£	£
Fixed Assets			
Asset Register Value		888,806	
less Depreciation		501,332	387,474
Current Assets			
Debtors & Payments In Advance	(a)	62,692	
Bank Balances & Cash In Hand	(b)	366,549	429,241
Total Assets			816,715
Less Current Liabilities			
Creditors & Receipts In Advance	(c)	127,646	
Outstanding Loans	(d)	387,474	515,120
Net Assets			301,595
Represented by			
General Reserve as at 1st April 2023	(e)		132,139
Add Surplus for the year			169,456
			301,595

<u>Balance Sheet Notes</u>

a) The main debtor is almost £25,900 due from HMRC for VAT and £27,000 rent paid in advance for Bamburgh House.

b) The current account balance was £156,424, with £209,852 in the investment account.

c) The creditors are made up of outstanding invoices totalling £100,930, which includes £51,890 due to the county council for tree lights. Just under £19,400 was received in advance for allotment rents due on the 1st April 2024. A total of £7,100 is held on behalf of councillors for future schemes.

d) There were two outstanding loans at the year end, £106,529 owed to the PWLB for playground works in 2020; and £280,945 due to Northumberland County Council in respect of the Surveyors House.

e) The General Reserve brough forward balance does not include the £106,500 earmarked for the Adventure Playground, which was delayed by bad weather until April 2023.

<u>Recommendation 2</u> – That the Council accept the Income & Expenditure Account and Balance Sheet for the 2023-24 financial year.

9. 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 pages 3 to 5 require formal approval, copies are attached to this report.

9.1 Annual Internal Audit Report

The Council is required to have an appropriate independent person to examine its financial systems and accounting records. A report on the review work undertaken in the year was presented to the March 2024 Council meeting. While there were no substantial matters that required action by the Council, several administrative procedures were addressed.

<u>Recommendation 2</u> – The Council notes that the internal auditor has sign the Annual Internal Audit Report section of the AGAR.

9.2 AGAR Section 1 – Annual Governance Statement

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

<u>Recommendation 3</u> – That the Council approve the Annual Governance Statement.

9.3 AGAR Section 2 AGAR - Accounting Statement for 2023-24

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, e.g. insurance claims, 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.

<u>Recommendation 4</u> – That the Council approve the Accounting Statement for 2023-24.

10. Transparency Code

In line with the government requirement, a full list of transactions, greater than £500 (excluding payroll) for 2023-24 has been added to the Council's website.

11. 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.

<u>Recommendation 5</u> – That the Council set the inspection period, as recommended by the external auditor, to run from the 3rd June to 12th July 2024.

12. Summary of Recommendations

1. That the Council commits to achieving the minimum reserve over the next three financial years.
2. The Council notes that the internal auditor has sign the Annual Internal Audit Report section of the AGAR.
3. That the Council approve the Annual Governance Statement.
4. That the Council approve the Accounting Statement for 2023-24.
5. That the Council set the inspection period, as recommended by the external auditor, to run from the 3rd June to 12th July 2024.

J W Harvey
Finance Manager
16th April 2024