

Stone Town Council

6th June 2017

Council Accounts 2016-17 and Audit Submission

Report of Town Clerk

Introduction

1. This report sets out the Council's accounts for 2016-17. It compares the final outturn figures with the original budget for the year and the forecast produced as part of the budget process.
2. The proposed submission to the Council's external auditors is also attached for approval.

Background

3. The Council's financial year runs from 1 April to 31 March. It is required to keep its accounts for that period in accordance with legal requirements, to report them for approval by the Council within three months of the year end, and to submit an annual return to its external auditors to a similar timescale.
4. The Council is also required to employ the services of an internal auditor, who will examine the accounts, review the Council's internal control, complete the internal audit section of the annual return, and may produce a report identifying any areas of concern to Members. This internal audit has been performed, as in previous years, by Geoff Wright, who will be reporting independently to the Council, as required.
5. Subject to certain limited requirements, councils which turn-over less than £6.5 million per annum are not expected to comply with the accounting standards required of larger local authorities and are largely free to determine their own form of accounts, subject to national recommendations on proper practices.

Accounts 2016-17

6. The Council's net revenue spending for 2016-17 was £250,441. This can be seen in detail in the Income and Expenditure Account set out at Appendix 1. The resulting effect on the Council's balance sheet can be seen at Appendix 2.
7. This net spending of £250,441 compares with £228,104 in the previous year, an approved budget of £345,800 and a forecast made at the time the 2017-18 budget was prepared of £285,900. This is set out in more detail in Appendix 3.
8. Explanations of the major variations between the original budget and the forecast were included in a series of budget reports to this Committee and its Sub-Committees during

December 2016 and January 2017. Details of the major variations from the forecast that was made at the time the 2017-18 budget was prepared are set out later in the report.

9. In a number of cases identified below, spending was originally anticipated and provided for in 2016-17, but that expenditure has been delayed until the current year. In such cases I have recommended that the budgets be rolled forward to the new financial year to meet the costs when they are incurred. A figure of £64,030 has been contributed to the Rollover Reserve to allow this transfer between years to happen. The details of the makeup of this reserve are set out in the explanation of variances below.

Explanation of Variances from Forecast

10. Appendix 3 shows that the Council's net expenditure for 2016-17 was £35,459 less than forecast at the time the budget was prepared in January. Of this, £19,030¹ relates to budgets rolled over into the current financial year, leaving a true variance of £16,429 – an underspending of 5.7%.
11. Details of the more significant variances (over £1,000 or where a rollover is proposed) are set out below:
12. **Frank Jordan Centre (net £3,746 underspent)** – Income was £125 below forecast and expenditure £3,871 below. £45,000 was rolled over into 2017-18 in respect of the planned building works, but this was already taken into account when the forecast was prepared, so does not form part of the underspending identified above.
13. **Town Market (net £2,562 underspent)** – Income was £552 below forecast and expenditure £3,114 below. The underspending largely related to the contingency for repairs and erection of stalls.
14. **Bus Shelters and Street Furniture (£875 underspent)** – This underspending was largely due to works planned for 2016-17 not taking place. An amount of £500 has been rolled forward via the rollover reserve to meet the costs bus shelter works.
15. **Crown Meadow Improvements (£1,393 underspent)** – the majority of the underspending relates to remaining work on the bulrushes (£380) and pole re-seating (£350) which have been rolled over via the rollover reserve.
16. **Allotments (£952 underspent)** – works on the road at Newcastle Road were planned for 2016-17, but have been delayed to the current year. An amount of £1,000 has been rolled forward via the rollover reserve to meet these costs.
17. **Christmas Lights (£1,232 underspent)** – The underspending relates to the contingency which is retained against unexpected costs not being fully expended.

¹ This rollover figure differs from the figure of £64,030 quoted elsewhere as the delay in spending £45,000 of the Frank Jordan Centre budget had already been taken into account when calculating the forecast outturn for 2016-17.

18. **Tourism and Town Promotion (£2,620 underspent)** – Although the statement shows an underspend of £2,620 against the forecast, the true position is that this budget is actually £380 overspent. This is due to the £3,000 contribution from this budget to the World War I event reserve being shown as a contribution to earmarked reserves in the accounts, rather than a charge to this budget.
19. **Administration (£15,034 underspent)** – The provision for new office IT equipment planned for 2016-17 was delayed into 2017-18, as was a proportion of the planned website development and the replacement of the office carpet. The underspending of £15,000 has been rolled forward to meet these costs in 2017-18 via the rollover reserve.
20. **Regalia and Presentations (£1,042 underspent)** – The provision of £300 for the new Mayors' Board and £700 for repairs to the Deputy Mayor's pendant were delayed until 2017-18. These amounts have been rolled forward via the rollover reserve.
21. **Neighbourhood Plan (£4,000 underspent)** – Spending has been delayed due to a change in the project plan. Expenditure on preparing the Plan is met by a contribution from the earmarked reserve already set aside to meet its costs. No rollover is necessary to carry these funds forward to the current financial year.

Audit Submission

22. The completed financial statements to be submitted to the Council's external auditors are attached at Appendix 4. The internal auditor visited the Council on 19th May 2017 to complete his audit work. He completed the return without qualification and without wishing to make a specific report on any matter. His report is included within Appendix 4.
23. It should be noted that the figure for income in the audit return is £918 higher than set out in other parts of this report. This is because the Mayor's Charity Fund is required to be treated as income to the Council for external reporting purposes, but it is excluded from internal income and expenditure reports for the sake of clarity.

Recommendations

24. The Council are recommended to:
 - a. Approve the Council's Accounts for 2016-17 as set out in this document, including the use of the rollover reserve to allow the transfer of budgets between financial years and its proposed use in 2017-18.
 - b. Note the variances between the forecast outturn for 2016-17 and the actual outturn, and the reasons identified for the major variances.
 - c. Note that the internal auditor made no comments that he wished to be reported to the Council.
 - d. Approve the annual audit return for submission to the Council's external auditors.

Stone Town Council

Income and Expenditure Account 2016-17

Appendix 1

2015-16			2016-17	
£	£		£	£
Income				
16,419		Frank Jordan Centre	11,875	
9,713		Stone Station	10,601	
32,851		Town Market	24,748	
2,884		Allotments	3,288	
630		Tourism & Town Promotion	-	
1,210		Civic Dinner & Hospitality	1,728	
6,031		Miscellaneous	16	
683		Interest	463	
	70,421	Total Income		52,720
Expenditure				
22,993		Frank Jordan Centre	22,129	
15,831		Stone Station	15,082	
13,884		Town Market	12,886	
4,704		Car Parking	8,006	
3,103		Bus Shelters & Street Furniture	10,525	
479		Street Lighting	473	
698		Dog & Litter Bins	698	
1,065		Joules Clock	200	
4,786		Town Electricity Supply	160	
13,052		Grounds Maintenance	12,832	
24		Crown Meadow Improvements	3,807	
1,356		Allotments	2,737	
-		Environmental Projects	-	
19,247		Christmas Lights	13,768	
925		Advertising	636	
8,440		Tourism & Town Promotion	18,880	
7,030		Grants to Outside Bodies	8,398	
119,397		Salaries & Employment Costs	123,938	
3,047		Accommodation	3,747	
7,272		Insurances	7,734	
12,610		Administration	12,966	
910		Audit & Legal Fees	900	
20,022		Town Council Elections	8,494	
2,787		Allowances - Mayor & Deputy Mayor	2,871	
325		Regalia & Presentations	2,358	
2,289		Civic Dinner & Hospitality	2,022	
1,990		Remembrance Sunday & War Memorials	1,398	
1,955		Miscellaneous	1,518	
8,305		Neighbourhood Plan	4,000	
	298,525	Total Expenditure		303,161
	228,104	Total Net Expenditure		250,441
Financing				
223,236		Precept	224,333	
18,069		Council Tax Support Grant	18,069	
11,461		Concurrent Functions Allowance	11,461	
-16,395		Transfer from (to) Earmarked Reserves	-17,030	
	236,371	Total Financing		236,833
	8,267	Net Surplus for Year		-13,608

Stone Town Council

Balance Sheet as at 31 March 2017

2015-16			2016-17	
£	£		£	£
		Current Assets		
1,099		Debtors	1,360	
1,467		Payments in Advance	1,428	
1,412		VAT Recoverable	1,439	
359,127		Cash at Bank and In Hand	359,282	
	363,105	Total Current Assets		363,509
		Current Liabilities		
20,920		Creditors	17,787	
2,207		Receipts in Advance	1,405	
	23,127	Total Current Liabilities		19,192
	<u>339,978</u>	Total Net Assets		<u>344,318</u>
		Represented by		
269,147		General Fund Balances	255,539	
68,445		Earmarked Reserves	85,475	
2,386		Mayor's Charity Fund	3,304	
	<u>339,978</u>	Total Reserves and Balances		<u>344,318</u>

Stone Town Council

Comparison of Actual 2016-17 with Budget and Forecast

Actual 2015-16 £		Actual 2016-17 £	Actual Compared With Approved Budget		Actual Compared With Forecast		Report Paragraph
			Budget 2016-17 £	Variance 2016-17 £	Forecast 2016-17 £	Variance 2016-17 £	
			Outturn		Outturn		
6,574	Frank Jordan Centre	10,254	-52,346	14,000	-3,746	12	
6,118	Stone Station	4,482	-5,019	4,500	-19		
-18,967	Town Market	-11,862	+138	-9,300	-2,562	13	
4,704	Car Parking	8,006	-494	8,500	-494		
3,103	Bus Shelters & Street Furniture	10,525	-375	11,400	-875	14	
479	Street Lighting	473	-27	500	-27		
698	Dog & Litter Bins	698	-502	700	-2		
1,065	Joules Clock	200	+200	-	+200		
4,786	Town Electricity Supply	160	-40	200	-40		
-	Building Maintenance	-	-	-	-		
13,052	Grounds Maintenance	12,832	-68	12,900	-68		
24	Crown Meadow Improvements	3,807	-1,393	5,200	-1,393	15	
-1,528	Allotments	-552	-2,652	400	-952	16	
19,247	Christmas Lights	13,768	-3,032	15,000	-1,232	17	
925	Advertising	636	+136	300	+336		
7,810	Tourism & Town Promotion	18,880	-5,520	21,500	-2,620	18	
7,030	Grants to Outside Bodies	8,398	-802	9,200	-802		
119,397	Salaries & Employment Costs	123,938	+438	123,900	+38		
3,047	Accommodation	3,747	-453	4,100	-353		
7,272	Insurances	7,734	+234	7,800	-66		
12,610	Administration	12,966	-15,034	28,000	-15,034	19	
910	Audit & Legal Fees	900	-	900	-		
20,022	Town Council Elections	8,494	+4,494	8,500	-6		
2,787	Allowances - Mayor & Deputy Mayor	2,871	-29	2,900	-29		
325	Regalia & Presentations	2,358	-842	3,400	-1,042	20	
1,079	Civic Dinner & Hospitality	294	-706	400	-106		
1,990	Remembrance Sunday & War Memorials	1,398	-602	1,900	-502		
-4,076	Miscellaneous	1,501	-199	1,700	-199		
-683	Interest	-463	+137	-600	+137		
8,305	Neighbourhood Plan	4,000	-11,000	8,000	-4,000	21	
228,104		250,441	-95,359	285,900	-35,459		

Section 2 – Accounting statements 2016/17 for

Enter name of smaller authority here:

STONE TOWN COUNCIL

	Year ending		Notes and guidance
	31 March 2016 £	31 March 2017 £	
1. Balances brought forward	315,802	339,978	Total balances and reserves at the beginning of the year as recorded in the financial records. Value must agree to Box 7 of previous year.
2. (+) Precept or Rates and Levies	223,236	224,333	Total amount of precept (or for IDBs, rates and levies) received or receivable in the year. Exclude any grants received.
3. (+) Total other receipts	99,951 <i>restated</i>	82,250	Total income or receipts as recorded in the cashbook less the precept or rates/levies received (line 2). Include any grants received.
4. (-) Staff costs	120,113	123,993	Total expenditure or payments made to and on behalf of all employees. Include salaries and wages, PAYE and NI (employees and employers), pension contributions and employment expenses.
5. (-) Loan interest/capital repayments	NIL	NIL	Total expenditure or payments of capital and interest made during the year on the smaller authority's borrowings (if any).
6. (-) All other payments	178,898	178,250	Total expenditure or payments as recorded in the cashbook less staff costs (line 4) and loan interest/capital repayments (line 5).
7. (=) Balances carried forward	339,978	344,318	Total balances and reserves at the end of the year. Must equal (1+2+3) – (4+5+6)
8. Total value of cash and short term investments	359,127	359,282	The sum of all current and deposit bank accounts, cash holdings and short term investments held as at 31 March – To agree with bank reconciliation.
9. Total fixed assets plus long term investments and assets	264,740 <i>Restated</i>	274,263	This cell shows the value of all the property the authority owns. It is made up of its fixed assets and long-term investments.
10. Total borrowings	NIL	NIL	The outstanding capital balance as at 31 March of all loans from third parties (including PWLB).
11. (For Local Councils Only) Disclosure note re Trust funds (including charitable)	Yes	No	The Council acts as sole trustee for and is responsible for managing Trust funds or assets. N.B. The figures in the accounting statements above do not include any Trust transactions.
	✓		

I certify that for the year ended 31 March 2017 the accounting statements in this annual return present fairly the financial position of this smaller authority and its income and expenditure, or properly present receipts and payments, as the case may be.

Signed by Responsible Financial Officer:

Date

I confirm that these accounting statements were approved by this smaller authority on:

and recorded as minute reference:

Signed by Chair at meeting where approval is given: