

POLICY, GOVERNANCE & FINANCE COMMITTEE

Date: Monday 19 June 2023

Title: Financial Report & Associated Matters

Contact Officer: Responsible Financial Officer (RFO) – Nigel Warner

Should Members have any queries about this report advance notice would be appreciated, in writing, on this occasion by 1700hrs on Friday 16 June , to allow for a response to be prepared for the meeting.

1. BACKGROUND

The purpose of this report is to provide information to Members on the financial position of the Council as part of its internal control system and to allow Members to exercise due diligence.

The report also considers recommendations from other standing committees which have financial implications.

The period to which this report relates is 1 April 2022 to 31 March 2023.

2. COUNCIL COMMITTEE STRUCTURE, COST CENTRES, NOMINAL LEDGER CODES AND STRUCTURE OF THE ACCOUNTS

The Council has appointed five standing committees which have delegated powers to make decisions, including financial decisions, regarding the services which are included within their terms of reference, subject to the committee having the necessary budget. The Council's coding system and management accounts reflect the committee structure.

Council financial years run from 1 April to 31 March following. Consequently, the Council is just over two months in to the 2023/24 year. For the first meeting of the Council year the management accounts presented to each Committee are those based on 2022/23 activity but also showing the 2023/24 budget. It is early in the new financial year so the 2023/24 income and expenditure does not yet yield much meaningful information but if there were significant variances against the agreed budgets these would be reported even at this early stage; as yet there are no such variances for this committee for 2023/24.

The Committee's terms of reference details the various responsibilities of this Committee.

- The Committee has budgets which are its direct responsibility

- The Committee also has the responsibility for oversight of the all the Council’s resources, its terms of reference including: “b. To conduct effectively the Council’s budgetary, financial and precepting responsibilities in accordance with statutory requirements, and to keep the smooth functioning of the Council’s work under review” and “d. To consider the resources available to meet the Council’s objectives in terms of land, property, finance and manpower and to advise other committees and the Council as required.” Consequently the management accounts of other committees are also brought forward to the Policy, Finance and Governance Committee and these are found on pages 13 to 46.

Within each committee, there are individual **cost centres**, comprising three digits, typically representing a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

The cost centres for which this committee has **direct responsibility** are shown are on pages 1 to 12 of the attached detailed management accounts. These are:

Page of report	Cost centre (CC)	Service
1	401	Civic activities
1	407	Grants and donations
2	502	Town Hall Maintenance
3	503*	Agency services (to 30/09/22)
4	505	Precept
4	506	Interest received
4	601*	Works department (to 30/09/22)
5	602*	Central support
8	604*	Works depot and vehicles
9	605*	General maintenance (from 01/10/22)
10	606*	Grounds maintenance (from 01/10/22)
11	700	Strategic planning initiatives
11	701	Corporate management
12	702	Democratic representation and management

** Note on recharges*

With the cessation of the grounds maintenance contract on 30 September 2022 there were a number of changes to the cost centres (CC) and these are summarised below:

- *CC 503, Agency services. The cost centre ceased on 30 September 2022, with recharges being made to that date. From 1 October 2022 these costs are accounted through CC 604, Works depot (includes most property, vehicles and equipment) and CC606 Grounds maintenance (mainly staffing costs).*
- *CC 601, Works department – cost centre ceased 30 September 2022. These costs are now accounted through CC 604, Works depot (includes most property, vehicles and equipment) and CC605, General maintenance (mainly staffing costs).*
- *CC 602, Central support. This cost centre remains in place.*

The Committee is also responsible for the Council’s rolling capital accounts, pages 44 to 46, these being cost centres: CC 800 – Capital Projects and CC 900 – Asset management revenue accounts.

In relation to the Committee’s **oversight responsibilities** these are in the detailed management accounts as follows:

Pages of report	Committee	Cost centres
12 - 24	Parks and Recreation	201, 202,203, 204, 205, 207, 208, 209, 211, 212, 213, 214, 215
25- 28	Stronger Communities	402, 408
29- 41	Halls, Cemeteries and Allotments	102, 103, 104, 105, 106, 301,302, 303, 305
42- 43	Climate, Biodiversity and Planning	206, 403

Within each cost centre income and expenditure is then allocated to a four-digit **nominal ledger code**; these codes are common across the cost centres. Nominal ledger codes further define the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with “1” are income codes; codes commencing with “3” represent cost of sales (in relation to the Council’s bar/ café); and codes commencing with “4” are expenditure codes.

The report presented to Members has eleven columns, as follows and working from left to right:

1. Four-digit nominal ledger code.
2. Description of the nominal ledger code.
3. 2021-22 Budgeted income and expenditure (I&E).
4. 2021-22 Actual I&E.
5. 2022-23 Total – this is the original budget as agreed in January 2022.
6. 2022-23 Actual YTD – this is the actual I&E shown in the Council’s ledger.
7. 2022-23 Projected – this is the revised I&E projection made in November 2022 and approved by the Council in January 2023.
8. 2022-23 Committed – this column was not currently used within the financial year but if used would show committed I&E in the management accounts e.g. for an order for goods or services which has been issued but which has yet to be invoiced. However, accruals are made in the financial accounts at year end. Later this year the Council will be introducing a computerised purchase order system; this will “feed in” to the committed column.
9. 2023-24 Agreed shows the budgets set by the Council at its meeting in January 2023.
10. and 11. These two columns are not currently used but could be if the Council set aside budgets to fund services/ projects from 2024/25 onwards.

A report is submitted to every ordinary meeting of the standing committees and previous reports are available on the relevant committee section of the website.

3. COMMENTARY ON MANAGEMENT ACCOUNTS FOR 2022-23: CURRENT SITUATION

A full review of the budgetary position was undertaken during the budget-setting cycle and most items of interest and variance were raised at that time. The RFO refers members to the finance/ budget reports of the Town Clerk which were approved at those meetings for further details and to the subsequent reports of the RFO.

In addition to the detailed management accounts, a summary report has also been produced showing cost centre totals by Committee and this is attached.

Overall the summary of the management accounts in relation to the **cost centres which are the direct responsibility of this committee** are as follows:

	2022/23 Original budget set in January 2022 £	2022/23 Projected estimates agreed January 2023 £	2022/23 Provisional outturn 9 June 2023 £	2022/23 Provisional outturn ex. capital adjustments* 9 June 2023 £	2023/24 This year's budget set in January 2023 £
Income (NB. this includes precept)	1,845,848	1,859,689	1,873,131	1,873,131	2,003,784
Less expenditure	(444,530)	(319,594)	(517,731)	(473,783)	(393,026)
Net income	1,401,318	1,540,095	1,355,400	1,399,348	1,610,758

**Note that work in relation to the final accounts for 2022/23 is ongoing albeit substantially complete. This means the outturn figure shown in the summary table above is subject to some variation in relation to any additional accruals identified or earmarked reserve movements. In addition Members will note that management accounts for 2022/23 now also, as part of the process of producing the year-end financial statements, include capital adjustments in relation to depreciation charged (nominal code 5199). These items are not budgeted for in the Committee's revenue budgets and so this has the effect of distorting the estimate/ outturn comparisons. I will report further on this matter at the meeting.*

Regarding the summary table and comparing original budget to provisional outturn:

- Income was 101.5% of original budget of £1,845,848.

- Expenditure was 116.5% of original budget of £444,530 (reducing to 106.6% without capital adjustments).
- Net income was 96.7% of original budget of £1,401,318 (reducing to 99.9% without capital adjustments).

The overall summary for the whole Council is as follows:

	2022/23 Original budget set in January 2022 £	2022/23 Projected estimates agreed January 2023 £	2022/23 Provisional outturn 9 June 2023 £	2023/24 This year's budget set in January 2023 £
Income	2,128,626	2,184,239	2,257,433	2,249,010
Less expenditure	(2,183,382)	(2,145,089)	(2,233,017)	(2,341,138)
Net annual surplus/ (deficit)	(54,756)	39,150	24,415	(92,128)

Regarding the summary table and comparing original budget to provisional outturn:

- Income was 106.1% of original budget of £2,128,626.
- Expenditure was 102.3% of original budget of £2,183,382.
- The above resulted in a surplus of £24,415, increasing the amount in the general fund, compared with the original budget which was forecasting a deficit of £54,756.

The financial position for 2022-23 was therefore favourable with the Council's services being delivered within overall budget.

4. ACCOUNTS & AUDIT (ENGLAND) REGULATIONS 2015 – ANNUAL GOVERNANCE AND ACCOUNTABILITY RETURN (AGAR) 2022-23 AND FINANCIAL STATEMENTS

At its meeting on 26 June 2023 the Council will be requested to receive, consider and adopt the Annual Governance & Accountability Return and the Unaudited Financial Statements for the year ending 31 March 2023.

As part of the financial statements approval process there will be a review of the Council's reserves and balances.

5. INVESTMENTS

The Council holds the following investments:

1. Public Sector Deposit Fund (CCLA Investment Management Ltd.) – Value of £1,070,600.88 as of 31 May 2023 (28/2/2023 - £1,060,450.64).
2. The Local Authorities' Property Fund (CCLA Fund Managers Ltd.) - £59,939.98 (mid-market value [net asset value]) (31/12/2022 - £61,121.02).

A further update will be given at the next meeting.

Members are requested to note this section of the report.

6. FINANCIAL IMPLICATIONS OF RECOMMENDATIONS MADE BY SPENDING COMMITTEES

It is the Council's usual practice that all matters discussed, and recommendations made by spending committees which have financial implications, are reported to this committee. This committee is responsible for the overall fiscal management of the Council.

Parks & Recreation Committee – 22 May 2023

There were no direct financial implications arising from this committee meeting.

Halls Cemeteries & Allotments Committee- 5 June 2023

H277 - That, painting of the Gallery Room, Bar Area and Staircase to proceeds as outlined from the Public Halls with the ear marked reserve (EMR)

H278 – That, costed incentives are provided to purchasers of Corn Exchange seating plaques.

H279 - That, purchase of a new gas boiler with modern control and remote access be delegated to officers, within the budget for the project.

H280 - That, the subsidised hall hire request from Volunteer Link Up be granted to the value of £147. [Noted in the Grants & Subsidised Letting Report.]

Stronger Communities Committee- 12 June 2023

That, a Freestanding digital poster stand is purchased as outlined in the report for the sum of £2,000 as a supplementary estimate from the general reserve.

That, a lockable storage container is purchased for the Community Events PA Equipment up to the value of £500.

That, noticeboards be repaired and/or replaced from the events budget (4141/408). No budget was set for this as it was difficult to do so.

That, the Rotary Club of Witney are invited to host the Christmas Lights Switch-on event with the usual funding of £2000 provided by the town council.

That, Witney Vikings FC be reimbursed to the sum of £500 for activities they provided during the Coronation events in May. This being funded from an underspend for the event.

That, St Mary's Church be provided with a £500 grant towards a Civic Drinks Reception to mark the 75th Anniversary of the NHS on 5th July. [Noted in the Grants & Subsidised Letting Report.]

That, Witney Forum be given subsidised hire of the Corn Exchange for the meeting held on 8 June 2023. [Noted in the Grants & Subsidised Letting Report.]

That, the Witney Lake & Country Park is enhanced with a nature trail of information and rubbing boards from within the In Bloom budget (4215/402).

That, the town council agrees to take responsibility for future maintenance of new any new bus shelters installed and paid for by Oxfordshire County Council from the existing maintenance budget.

That, the replacement components for a defibrillator at Madley Park Hall are paid for by the town council from the existing defibrillator budget.

That, an existing £1,000 is provided to complete an inscription on the Covid Memorial at The Leys, funded from the Community Infrastructure earmarked reserve.

That, up to £2,000 is sought from existing budget to cover a potential theatrical event at the Leys later in the summer.

That, the Coffee Shed be provided free use of the area outside of the facility to hold live music events during the summer.

Climate, Biodiversity & Planning Committee – 13 June 2023

That, additional income be sought for an agreed increase to the fishing season at Witney Lake.

That, officers seek an appropriate budget for the training of Forest School childminders at Witney Lake and Country Park. It was suggested this could be:

6 x sessions over the summer at £400 each = £2,400 as it was not able to be funded from existing committee budgets but had a community benefit. A review of the scheme would take place at the end of the 6 sessions.

7. CHILDREN'S MEMORIAL GARDEN AT WINDRUSH CEMETERY – Cost of Engraved Stones (added by the Deputy Town Clerk)

The former administration agreed to install a garden at Windrush Cemetery which includes a pond of pebbles. The pebbles can be engraved with the names of loved ones and is a peaceful and respectful place to mourn and remember. The proposed charges are for pebbles/engraving are:-

- £30 for a one-sided engraved pebble (cost £20 to Council)
- £40 for a two-sided engraved pebble (cost £40 to Council)
- Postage is charged at £3.

8. ENVIRONMENTAL IMPACT

A Climate Change Emergency was declared at the Council meeting on 26 June 2019; with this in mind Councillors should have due regard to the environmental impact of any decisions they make regarding its facilities and services it operates.

9. RISK

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability.

All the Council's Committees receive financial reports to conduct its checks and balances and consideration is given to budgets and funding availability when agreeing expenditure.

10. FINANCIAL IMPLICATIONS

This report forms part of the Council's mechanisms for budgetary control, as it enables income and expenditure incurred to be reviewed and to be compared with the Council's budgets. Specific financial implications are detailed in the report.

11. RECOMMENDATIONS

Members are invited to note the report and to:

1. Consider and approve the management accounts for the Council for the period 1 April 2022 to 31 March 2023.
2. To note the Council's investments as detailed in the report.
3. Consider and agree the recommendations of the spending committees as detailed above, agreeing suitable budgets for an Oxford Playhouse event at The Leys and childminder forest school training at Witney Lake & Country Park.
4. Consider the charges for inscribed stones at the Windrush Cemetery Children's memorial Garden.