

PARKS AND RECREATION COMMITTEE



Agenda Item: Finance Report

Meeting Date: 9 September 2024

Contact Officer: Responsible Financial Officer

Should Members have any queries about this report advance notice would be appreciated, in writing, by 10am on the day of the meeting to allow for a full response at the meeting. E-mail nigel.warner@witney-tc.gov.uk and copy in townclerk@witney-tc.gov.uk

Background

Detailed income and expenditure statements for budgets which are the responsibility of this committee are enclosed; these are the management accounts for this committee. The period to which this report relates is 1 April 2024 to 31 July 2024.

For the Parks and Recreation Committee the following cost centres are in place. Cost centres, comprising three digits, typically represent a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

Cost centre	Service
201	Splash Park at the Leys Recreation Ground
202	The Leys Recreation Ground
203	West Witney Sports Ground
204	Burwell (Queen Elizabeth 2) Sports Ground
205	King George V/ Newland Recreation Ground
207	Moorland Road Play Area
208	Woodgreen/ Play Area
209	Eton Close Play Area
210	Oxlease Play Area
211	Fieldmere Play Area
212	Quarry Road Play Area
213	Raleigh Crescent Play Area
214	Park Road Play Area
216	Unterhaching Play Area
217	Waterford Lane Play Area

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 “4” are expenditure codes.

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.

Current Situation

Council financial years run from 1 April to 31 March following. Consequently, the management accounts to 31 July represent the first four months of the 2024/25 year.

Members may wish to note the following matters in relation to the management accounts:

1. Works department recharges. As previously advised, almost two years on from the transfer of grounds maintenance from a contractor to an inhouse team, cost centres 605 and 606 (general and grounds maintenance teams) now been combined into a new cost centre 601 (which had been the cost centre for the works team up to 30 September 2022). Cost centre 601 will include all staff-related expenditure; any property/equipment/materials-related expenditure formerly in cost centre 606 has been transferred to cost centre 604, which is now Depot and related-expenditure. Budgets are being transferred accordingly.

However note that this work is not yet complete and in particular there is a total of £69,840 of non-staff related works overhead the budget for which is part of 601 and allocated via line 4890 but the actual expenditure is part of cost centre 604 and allocated via line 4898. The impact of this on the overall budget is neutral but requires adjustments to nominal ledger lines 4897 and 4898; in the meantime these lines should be taken together for example at cost centre 202 (Leys Recreation Ground, page 2 of the management accounts):

		Current budget	Expenditure Months 1 to 4
4890	O/S Overhead recharge	£15,690	£481
4899	Depot reallocation	£7,483	£5,769
	TOTAL NON-STAFF RECHARGE	£23,173	£6,250

As part of this process, I will also be adjusting budgets between works overheads and direct services where it is possible to allocate an expense directly to a service cost centre e.g. the Leys or Burwell, rather than allocating via works overhead. The latter will be undertaken so that it is reflected in the 2025-26 budget proposals.

1. Recharges. The following recharges have been processed for the period 1 April to 31 July:
 - (i) 4888 – Outside staff, totalling £155,383.
 - (ii) 4892 – Central support staff, totalling £141,578.
 - (iii) 4899 – Depot and related (vehicles, equipment, materials etc), totalling £42,318.

2. The following recharges have been processed for the period 1 April to 31 May 2024:
 - (i) 4890 – works non-staff overhead totalling £3,471. June and July journals will total £9,371.
 - (ii) 4893 – central support non-staff overhead totalling £76,593. June and July journals will total £4,649.
3. Income. As is the Council's practice, invoices are being raised in relation to annual rentals/fees/charges in relation to codes 1043/202, 1050/202, 1042/203, 1044/203, 1045/203, 1050/203 and 1060/203. These will be reflected in the report to the meeting due to take place on 4 November 2024.
4. Income - note the seasonal nature of the income in relation to sports facilities, with cricket skewed to the April – September period when income from football is much lower.
5. Code 4110/202 Subsidised lettings the Leys. The expenditure of £4,855 in the year to date is in relation to the use of the Leys in relation to the Witney Pride, Witney Music Festival and Witney Carnival. The income code 1051 – ground hire, is credited with the same amount.
6. All codes 4047 – play equipment maintenance. As previously advised a budget is allocated to each of the play areas on an annual basis. This is not always required and so at the year-end any underspend is transferred to the appropriate earmarked reserve. However when spending is required it will sometimes exceed the annual budget amount allocated to the relevant site for that year and so the difference is funded either through the earmarked reserve or from a virement from underspent budgets on other sites. For the year to date this is the case for Code 4047/206 play equipment maintenance Moorland Road where spend of £903 exceeds the £500 annual budget and Code 4047/211 play equipment maintenance Fieldmere Play Area where spend of £517 exceeds the £250 annual budget.
7. Cost centre 206 - Unterhaching Play Area. The Unterhaching Play Area was adopted by the Council in December 2023, towards the end of the budget-making process for 2024-25. A modest budget was set in place, similar to those of the other play areas and working on the same basis as the other play area (see point 6, above). The adequacy of this budget will be reviewed as part of the budget cycle for 2025-26, in particular the requirement for a budget for the lighting of this area. Members are reminded that there is an earmarked reserve which amounts to £28,449, the sum remaining from the £30,000 paid by the District Council as a commuted sum when the area was transferred to the Town Council.
8. There are a small number of invoices yet to be entered but I do not believe that this will materially alter the Committee's financial position.
9. I have not provided any detailed commentary on individual budget lines, this will be done as part of the budget process so if Members have any queries please e-mail as per the above.

Note also the following comments relating to the management accounts across the Council:

1. There will always be an inevitable “lag” between expenditure being incurred and being shown in the accounts. However the introduction of the computerised purchase order from September will mean that committed expenditure will be shown on future reports, improving the timeliness of financial information.
2. Expenditure is not necessarily incurred evenly over the course of the year. For example most expenditure in relation to nominal ledger code 4025 (insurance) is incurred when the annual premium is paid in April. There will also be similar patterns on the income as noted for football and cricket fees paid and for some annual charges for rentals etc.
3. Members will likewise recall that the Council is now accounting for earmarked reserve movements differently. The previous system, used by this and other councils, was to represent in-year funding from earmarked reserves as negative expenditure (4995 – transfer from earmarked reserves) and transfers to earmarked reserves as expenditure (code 4991). These fund movements will in future be shown in these reports as a “below the line” adjustment “Transfer from/to EMR” so they do not impact on expenditure but are correctly shown as funding. Appropriate adjustments have been made in the 2023-24 accounts. The intention is also that such transfers are undertaken at or shortly after expenditure has been incurred. An example with regard to Unterhaching Play Area is shown on page 7 of the management account report.

Subject to the above there are no matters of significant variance which I would draw to the attention of Members.

The summary for the period is:

	Budget	Months 1 to 4 actual
Expenditure	£378,159	£127,595
Income	(£66,361)	(£13,951)
Net expenditure	£311,798	£113,643
Transfer from earmarked reserves	-	(£1,551)
Movement from general reserve	£311,798	£112,092 (36%)

The accounts will be updated at the Policy, Governance and Finance Committee when the remaining few invoices will have been processed; having reviewed these invoices they will affect the position materially. In addition I will also have processed the remaining £14,020 of non-staffing overhead across the whole Council. I estimate that just under 25% of this will end up being costed against this committee, i.e. approximately £3,455, noting that the total Council overhead already processed for the period is £419,343 (97%).

Subject and based to the above there are no matters of significant variance which I would draw to the attention of Members.

REVENUE BUDGET 2025-26 AND CAPITAL & SPECIAL REVENUE PROJECTS 2025-26 AND BEYOND

In line with normal Council procedures, the RFO will shortly be commencing the annual review of all the Committees to prepare the revenue budget for 2025-26.

Draft budgets are prepared based upon current activities and patterns of income and expenditure. Any additional revenue expenditure is considered separately as Revenue Growth Items.

It is also normal practice that during the budget cycle the Council considers the Capital and Special Revenue budget to identify which projects or schemes are to be implemented and undertaken during the next financial year.

Therefore Members are requested to consider items to be included in next year's budget so that Officers can obtain costings accordingly. This will then enable the RFO to draft as accurate budget estimates as possible.

Impact Assessments

The Town Council has a duty to consider the effects of its decisions, functions and activities on equality, biodiversity, and crime & disorder. Consideration should also be given to effects on the environment, given the Council's Climate Emergency declaration in 2019.

- a) Equality – whilst a sufficient budget is necessary for the Council to meet its obligations and objectives, there are no implications directly resulting from this report.
- b) Biodiversity – whilst a sufficient budget is necessary for the Council to meet its obligations and objectives, there are no implications directly resulting from this report.
- c) Crime & Disorder – whilst a sufficient budget is necessary for the Council to meet its obligations and objectives, there are no implications directly resulting from this report.
- d) Environment & Climate Emergency – whilst a sufficient budget is necessary for the Council to meet its obligations and objectives, there are no implications directly resulting from this report.

Risk

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

The provision of regular financial reports is part of the Council's risk management system.

Social Value

Social value is the positive change the Council creates in the local community within which it operates. Social value is not quantified in the financial reports but clearly the creation of social value is dependent on setting adequate budgets to meet the Council's objectives.

Financial implications

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and also in the attached appendices.

Recommendations

Members are invited:

1. To note and approve the report and the management accounts of the Parks & Recreation Committee for the period 1 April to 31 July 2024.
2. Consider items to be included in next year's revenue and capital/special revenue item budgets, noting that approval of such items will be for the Council to consider in the budget cycle of meetings.