

Agenda item 8

For decision – Year End financial reports to March 2022, the Annual Governance and Accountability Return (AGAR) 2021/22 and revised Earmarked Reserves

Authors: Sarah Williams, Business Manager & Responsible Finance Officer (RFO)

Summary

A report on the March 2022 year end is provided prior to review and approval of the Annual Governance and Accountability Return (AGAR).

The Council must submit an Annual Governance and Accountability Return (AGAR) to external auditors every year, completed and approved in very specific order.

The AGAR for Council review and approval at this meeting is made up of three parts:

- [1. Appendix 8.1- the Annual Internal Audit report completed and signed by the Council's Internal Auditors, Fair Account.](#)
- [2. Appendix 8.2 - the Annual Governance Statement \(for approval by Council & signatures of Chairman and Clerk of the meeting\)](#)
- [3. Appendix 8.3 - the Accounting Statements for 2021/22 certified by the RFO \(for approval by Council & signature of Chairman of the meeting\)](#)

Earmarked Reserves are amounts accumulated for specific projects. [An updated list of EMRs \(4. Appendix 8.4\) needs approval by the Council for commencement of 2022/23.](#)

Cllrs are also requested to note the amount in the General Reserve.

Please will Cllrs contact us by email (swilliams@frometowncouncil.gov.uk or hpaniccia@frometowncouncil.gov.uk) in advance of the meeting about any questions they may have on the papers.

Appendices to this report:

[5. Appendix 8.5 - Income & Expenditure statement at 31 March 2022](#)

[6. Appendix 8.6 - Balance Sheet at 31 March 2022](#)

[4. Appendix 8.4 – Revised Earmarked Reserves commencing 2022/23](#)

[1. Appendix 8.1 – Annual Internal Auditors Report 2021/22](#)

[2. Appendix 8.2– Annual Governance Statement 2021/22 AGAR Section 1 – Chair & Clerk to sign](#)

[3. Appendix 8.3 – Annual Accounting Statements 2021/22 AGAR Section 2 – Chair & RFO to sign](#)

[7. Appendix 8.7 – Explanation of variances 2021/22](#)

Year end to 31 March 2022

In this second year of the Covid-19 pandemic, the work programme pushed on through lockdowns, semi-lockdowns and finally opening up. Our planned resources ended the year

12% underspent so we propose to carry forward some of these works into 2022/23 and to retain some savings in the general reserve for new projects.

Some of the underspends in the year ending March 2022 are as follows:

Environment

- 4033 Open Spaces – Rangers made significant savings in the year through replacing contractors labour directly and through the creative and economical use of materials. There were also fewer traveller visits to manage than usual and no major new play equipment expenditure in the year. £10k savings has been put towards Market Place Phase 2 EMR as requested by Council March 2021. Next year's Open Spaces budget has reduced as Play Equipment is now in a separate budget and has its own EMR.
- 4037 Victoria Park Toilets - £12k savings has been put to general reserves as the refurbishment project now being quoted for so major repairs on hold until full refurbishment begins. The current EMR has £59k available for the project.
- 4118 Boyle Cross maintenance – The fountain was switched off for some months whilst a replacement maintenance company was sourced. The £10k savings has also been put to the Market Place Phase 2 EMR as requested by Council March 2021.
- 4001 Salaries - £6k savings arising from the KickStarter Apprentice grant income and unused contingency, has been put to general reserves.
- 4925 Vehicle Lease repayments - £7k savings from not replacing a 2nd vehicle in the year, has been put to the EMR towards a second-hand transit tipper purchase currently being researched.

Town Events

- 4320 Town Events – £6k savings from undelivered events with Chamber of Commerce, Visit Somerset and local history groups, plus no workwear purchases for event staff. These underspends are needed for Green Breather days in 202/23 which now has higher costs due to for example, the road signs now being twice as expensive than when originally quoted.
- 4333 Christmas Lights – £8k Palmer St lights budget put back to EMR for later use.
- 4745 Peoples Budget – £15k Rotary It's a Knockout unable to proceed and Active & In Touch Grotto also not taken place in 2021. Savings being put toward Flex in the Meadow event – a fundraiser for the skatepark and purchase of radios for all town events.

Community Funding

- £5k savings for CCTV – no agreement in place with MDC for contribution to CCTV in the town and 50% of this year's budget was spent on a mobile CCTV unit and donated to the police.
- £4k savings on school crossing patrols – continue to have fewer crossing wardens than budgeted.

Community Development

- 4711 Community & CYP projects - £4k savings has been earmarked for a Play Provider project.
- 4725 Fundraising support – despite a recruitment drive, a suitable fundraiser was not found in the year and FTC did its own internal fundraising. The needs of community

organisations have changed post pandemic, and FTC have supported partnership funding bids through staff time. In 22/23 we are commissioning a piece of work to better understand what is needed and will also consider larger partnership bids requiring bespoke support.

- 4729 Community Group development – no major programme of community training took place in the year.
- 4731 Engaging Young People – due to two cancellations, only one of the two planned Make It Happen young people’s events took place in the year. The costs were reduced for the one event and the savings have been put to general reserves for a new project.

Community Grant Funding

- £8k being carried forward for the grants EMR use in 22-23.

Sustainability

- Funding in Lotto CAF Green & Health Futures project is carried forward in an EMR. Income from the Lotto has been received in advance.

Frome Town Hall

- The Town Hall team succeeded in increasing bookings to recover from the lockdown losses and We Hear You (a long term tenant) moving to their own dedicated premises in the town centre. Significant expenditure on the upkeep and maintenance of the Town Hall was kept within the maintenance budget and investment EMR.

Prosperity/Economic Development

- 4122 - The budget of £5k for Economic and Community Research was unspent in 2021-22 and has been put to general reserves for a future new project.

Civic Services

- 4321 Elections – the £4.5k 21-22 budget has been put to general reserves and the full budget of £22k is available for the 22-23 elections this month. Any savings made due to uncontested seats will also be put to general reserves.

Central Services

- 4001 Salaries were 3%/£20k underbudget due to agreed contributions from EMRs subsidising some roles.
- 4008 Training – staff training was limited in the year, and much was carried out on the online platform provided by ihasco. The budget is the same for 22-23 and as no lockdowns are anticipated it is planned that there will be a catch up of training activities in the year.
- 4058 Legal & Professional fees – The Equality Impact Assessment has been budgeted for again in 22—23 and the underspend is therefore being put to general reserves. Again, the fewer traveller visits to town sites reduced legal costs in the year.
- 4129 Database/CRM project – the project will now need to go out to formal tender on the government’s tendering website as an initial quote came in at between £44k and £66k. It is anticipated that a full review of all IT will take place and input from any new Cllrs with extensive IT experience is welcomed.

Donations for support for Ukrainian refugees

For Rabka, Poland we are asking Cllrs to confirm the proposal for £5k to be sent to Rabka for our Twin Town refugee appeal. The donation to come from the EMR for New Projects Research.

Earmarked Reserves

We propose putting £139k carried forward work from General Reserves to Earmarked Reserves and the balance of £93k to remain in general reserves. [The proposed EMR additions are listed in 4. Appendix 8.4 and can be viewed on the website here.](#)

The General Reserve

The General Reserves figure on the Balance Sheet at the 31 March 2022 is £586k of which £164k has been approved to subsidise income in 2022/23 at the January 2022 budget setting Council meeting. If the above proposed £139k transfer to EMR's is agreed, we will start the year with £283k in General Reserves. This is £103k over the £180k reserves stipulated in the Financial Regulations. It is the recommendation of the Business Manager & Responsible Finance Officer Sarah Williams that FTC continues to look to increasing this level of General Reserve over the year where possible.

The Annual Governance and Accountability Return 2021/22 (AGAR)

[Annual Internal Auditors report 2021/22 – 1. Appendix 8.1](#)

This section has been completed by the Internal Auditors, Fair Account. The appendix contains the completed Annual Internal Audit form signed by Paul Reynolds the Internal Auditor and their audit confirmation letter.

[Annual Governance Statement 2021/22 – AGAR Section 1 – 2. Appendix 8.2](#)

This section acknowledges that this Council has accepted responsibility for ensuring there is a sound system of internal control, including the preparation of the accounting statements in Section 2.

By ticking Yes to Boxes 1 to 9, Cllrs are confirming that the Council has:

1. Agreed that the accounting statements have been prepared in accordance with the Accounts and Audit Regulations
2. Made proper arrangements and accepted responsibility for safeguarding public money and resources in its charge.
3. In line with proper practices, done only what it has the legal power to do.
4. During 2021/22, given electors the opportunity to inspect the accounts.
5. Considered and managed financial and other risks and dealt with them properly.
6. Appointed an Internal Auditor, independent of Council, to give an objective view on whether the internal controls meet the needs of the Council.
7. Noted Internal Audits reports and responded to matters, if any, brought to their attention and also those of the External Auditor.
8. Disclosed everything relevant to its business activity.
9. Met all its responsibilities in its capacity as a sole managing trustee.

Recommendation

1. Instruct the Chair and the Clerk to sign on Cllrs' behalf that they agree all the governance statements in Section 1 of the Annual Governance Statement 2021/22 and for it to be recorded as a minute reference.

[Accounting Statements for 2021/22 – AGAR Section 2 – 3. Appendix 8.3](#)

Section 2 of the Annual Governance Statement compares 2021/22 to the previous financial year 2020/21 and where the difference between the two years is greater than either 15 per cent or £100k, we have to explain why. This occurred in Boxes 2, 3, 4, & 10. [An explanation of the variances is provided in our submission to the external auditors, copy enclosed in 7. Appendix 8.7 Explanation of Variances 2021/22](#)

Exercise of Public Rights

We will announce following this meeting the exercise for the public rights dates as being Monday 13 June 2022 to Friday 22 July 2022 and will upload the notice to the website and the Town Hall noticeboard.

Recommendations

2. Note that the Responsible Finance Officer has certified that the accounting statements fairly represent the financial position of Frome Town Council.
3. Instruct the Chair and the RFO to sign on Cllrs' behalf that they have approved the accounting statements.
(2. and 3. to be recorded as separate minute references)
4. Approve the exercise of public rights dates for 2022
5. Approve the revised Earmarked Reserves for the start of the financial year.
6. Note the amount in the General Reserve at the start of the financial year.
7. To ratify the decision of the Town Clerk and Deputy Council Leader to donate £5,000 to the Twin Town Rabka, Poland appeal for aid for Ukrainian refugees.