

BERWICK UPON TWEED TOWN COUNCIL

Notes to accompany Annual Return for the Year Ended 31 March 2015

1 **Restatement of 2013-14 Accounts**

In the 2013-14 External Audit, BDO, the External Auditors, identified the fact that the council tax support grant paid with the precept had been included within the sum entered in box 2 Precept on the Annual Return in their minor issues report on the audit. The BDO do not require the 2012-13 account figures to be restated to correct this.

2 **Adjustments within the 2014-15 annual return**

Adjustments have been limited to one off payments for goods and services ordered before the year end and grants awarded but paid before the year end. Regular and recurring payments such as rent and insurance are excluded as agreed with BDO.

3 **Book Keeping changes in 2014-15**

Other than the introduction of some new cost centres, there have been no significant changes to the book keeping during the 14-15 financial year.

4 Explanation of significant variances: With the role of BTC continuing to develop, the scope of its activities, combined with an ongoing process of delegation of a range of local services by Northumberland County Council continues to grow. This has again resulted in significant variances between this year's figures and those of the previous year. The following sections detail the underlying reasons for these variances.

4.1 Annual Precept: The budget agreed for 2014-15 set the precept at £218220, the changes from 2013-14 being primarily due to planned increases in Grant funding and the cost of additional responsibilities for play areas. As no council tax support grant was paid, this full amount was collected as precept.

4.2 Total other receipts: Other receipts fell by £52968 to £1112496. There are two significant contributions to this change. The first was a decrease in the income from Berwick Freemen Trustees [Schedule III surplus, down by over £26000]. The second was that no further significant transfers of Portas funds to BTC took place during the year. This represents a fall of nearly £39000 in receipts. Elsewhere, there was a fall in donations for seats [£2327], festive lighting [£495], allotment income [£468 due to late payment] and the amount of VAT reclaimed [£3798].

These decreases were somewhat offset by some increases in receipts in other areas, most notably receipt of money for a new bus shelter and its future maintenance paid as part of a planning agreement [£13261]. During the year BTC also received two payments in error from Northumberland County Council, of £6006 and £90 respectively. These payments, subsequently repaid, are included in the total other receipts figure.

4.3 Staff Costs: In total, staff costs increased by just over £4000. This reflects a number of changes during the year. These were:

- salary rise due to pay award and progression up salary scales [approximately £1900]
- increased hours for one staff member [cost approximately £3000]

- decreases in pension contributions [approximately £2800]
- increases in PAYE [approximately £670]

Additionally, an extended period of absence for one member of the staff team resulted in significant overtime being worked by others [total cost approximately £3200, some £200 more than 13-14], as well as temporary staff cover being provided [cost £986]. Finally, there was some expenditure on job evaluation advice [£100 more than in 13-14].

4.4 Total other payments: Payments increased by £48689. The main changes have been identified and are summarised by cost centre in Table 1. In addition, the 2012-13 expenditure restated [-27238, income & expenditure account] as part of the changes in cost centre structure in 2013-14 does not reappear.

The largest changes where activity reduced in 2014-15 compared to 2013-14 were Council Services: Public Space Management [falling by just over £25500] and Council Projects [reduction of just over £11500].

In the case of Public Space Management, this reflects reduced expenditure public seat maintenance [£9324] and repairing bus shelters [£2618], as well as lower expenditure on insurance [£346], maintaining street furniture [£860] and a dog bag scheme [£439]. In addition, the installation of commemorative street light [£8162] was not repeated. These reductions in expenditure were somewhat offset by increases in expenditure waste bins [£700] and some war memorial repairs [£245].

In the case of Council Projects, there were two significant one-off grants [£25000 and £10000 respectively] paid in 2013-14, while only one such grant [£12000] was paid in 2014-15. The remainder of the difference is accounted for by increases in expenditure on bus service support [approximately £10500] and town improvements [approximately £1000]

Other areas where there are significant [over £2000] reductions in expenditure are Promotion: Festive Lighting, Parks & Play Areas: Projects and Civic Expenditure: Civic Events. For Promotion: Festive Lighting, the main changes are lower installation and maintenance costs [down £1850] and lower expenditure on new lights and fittings [down £2200]. For Parks & Play Areas: Projects the reduced expenditure reflects the end of substantial expenditure on a parks restoration project as the restoration work nears the end. For Civic Expenditure: Civic Events the reduced expenditure reflects the fact that banners bought in 2013-14 did not require replacement.

These reductions in spending were balanced to some extent by increases elsewhere, most notably on Portas: Small Projects and Administration: Exceptional Expenses, both new areas of expenditure as well as Grants and Parks & Play Areas: Splash Park. The latter increase represents additional operating costs due to water hygiene requirements, while additional grants awarded during the year included support for a local employment project [£6000], as well as additional grants for events [£1000] and environmental enhancement projects [£2250].

Table 1 Changes in Expenditure by Cost Centre

Cost Centre	Change in expenditure [£]
Administration: Office Costs	-421
Administration: Operational Costs	-142
Administration: Councillor Costs	120
Administration: Statutory Costs	1626
Administration: Other Costs	-172
Administration: Exceptional Expense	19503
Council Services: Public Space Management	-25530
Council Services: Allotments	-63
Parks & Play Areas: Projects	-2728
Parks & Play Areas: Splash Park	2964
Parks & Play Areas: Highcliffe [*]	226
Promotion: Marketing	1598
Promotion: Autumn Festivals [*]	-1007
Promotion: Walking Festival [†]	-675
Promotion: Festive Lighting	-4905
Civic Expenditure: Civic Events	-2096
Grants	7332
Council Projects	-11560
Civic Expenditure: Mayor & Civic Expenses	-574
Civic Expenditure: Freedom Admissions	20
Portas: Administration [†]	144
Portas: Lowry [†]	8706
Portas: Small Projects [*]	22877
Portas: Market [*]	112
Receipts [*]	6096
Total	21452

[†] reported as a combined cost centre in 13-14

^{*} New activity; no expenditure in 2013-14.

4.5 Total Cash Assets: Total cash assets have increased during the year reflecting an increase in precept income and income from the Schedule III surplus while an expected project to invest significantly in play equipment during the year was delayed.

4.6 Total Fixed Assets: During 2012/13, BTC's fixed asset value has decreased to £754042 as a result of the following:

Acquisitions: During the year a sound recorder was purchased, value £162.00

Loss: During the year, an item of Civic Regalia, the Sheriff's Lady's pendant, was lost. This is now subject of an insurance claim and will be replaced in due course.

Disposal: No assets were disposed of.

5 Reserves and Reserves Policy

5.1 Reserves Policy: It is BTC's policy to allocate appropriate funds to various reserves to cover operating and project expenditure.

5.2 Reserves: During the year BTC has closed some reserves as the projects the reserves were to support, Berwick 900 and the Parks Project, were paid the money intended for those projects. At the same time, it has been necessary to increase the operating reserve to make allowance for a shortfall between planned expenditure and precept and exceptional costs, including by election costs. Otherwise the operational reserve to covers staff salaries and other operational costs for approximately 9 months, while there are project reserves for capital and play area projects, ring fenced reserves for Portas projects [currently awaiting a transfer of funds from the project's accountable body] and allotment repairs, a capital grants reserve and a general reserve to cover any unanticipated expenditure and to provide a source of funds for new projects. At the end of 2014/15, these reserves contained the following sums:

Operating	£134000
Play Areas	£120000
Council Capital Projects	£25000
Capital Grants	£24000
Portas	£0
Allotment repairs	£468
General	£62683
Total	£366151

Plans are also underway for a significant redevelopment of a local play area that will require a substantial portion of the play area reserve, with the balance being allocated to replacing equipment in other play areas that are scheduled to be transferred to BTC during the year.