HARROGATE
TOWN COUNCIL

2025/26 FINANCIAL STATEMENTS

Prepared by: **Town Clerk/Responsible Financial Officer (RFO)**
Accounts prepared: **16th April 2026**
Internal audit: **17th April 2026**
Accounts approved: **6th May 2026**

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1 Introduction

1.1 This document has been prepared to give councillors, residents and other interested readers a clear and straightforward explanation of the Council's finances for the year ended 31st March 2026.

1.2 Local councils are required to keep proper accounting records and to prepare annual accounts in line with the rules and practices that apply to smaller authorities[1]. The Council's accounts for the year have been prepared by the Responsible Financial Officer and considered by the Council as part of its normal financial governance arrangements. They have also been reviewed by the Council's internal auditor.

1.3 The Council meets its formal statutory reporting requirements through the Annual Governance and Accountability Return (AGAR). However, the AGAR is designed primarily as a standard accountability document and does not always provide the level of detail or explanation that some readers may find helpful. For that reason, the Council has chosen to produce this additional set of financial statements to accompany its formal annual return.

1.4 The aim of this document is to present the Council's financial information in a way that is easier to read and understand. It brings together the main financial information for the year, including the Council's income, expenditure, balances, reserves and assets, performance against the agreed budget and explains them in a more accessible format.

1.5 These statements are intended to help readers see how public money has been received and used during the year, how the Council has managed its resources and what financial position it carried forward at the year end. They are also intended to support the Council's commitment to openness, accountability and transparency in its financial reporting.

1.6 The Council was newly established in April 2025. As a result, this is the first full set of accounts prepared for the authority. Readers should therefore note that there is no balance brought forward from a previous financial year and no comparative figures for earlier years are available. This also means that some disclosures may differ from those that would normally appear in the accounts of an established council, as the financial statements reflect the Council's first year of operation, initial receipts and payments and the establishment of its opening balances, assets, reserves and governance arrangements.

1.7 This document should be read alongside the Council's formal accounting and governance documents, including the AGAR, the annual internal audit report and any public notices or other documents published as part of the annual accounts and audit process.

[1] https://www.saaa.co.uk/wp-content/uploads/2025/04/Practitioners-guide-2025.pdf

1.8 While every effort has been made to ensure that the information in this document is clear and accurate, it is intended as an explanatory and public-facing summary rather than a substitute for the Council's formal statutory accounts and audit documents.

1.9 Full copies of the Council's financial information, or explanations of any of the points included in this report, for the 2025/26 financial year are available on request from the Responsible Financial Officer.

2 Income & Expenditure Account to 31st March 2026

(Last) Year Ended 31st Mar 2025 £		(Current) Year Ended 31st Mar 2026 £
Income		
0.00	Administration	367,054.09
0.00	Planning & Development	136,294.83
0.00	Civic & Community	1,000.00
0.00	Projects	9,985.75
0.00	**Total Income**	**514,334.67**

Expenditure		
0.00	Administration	72,640.61
0.00	Personnel	112,813.14
0.00	Civic & Community	16,273.45
0.00	Allotments	4,099.00
0.00	Projects	10,569.00
0.00	**Total Expenditure**	**216,395.20**

General Fund Analysis		
0.00	Opening Balance	0.00
0.00	Add: Total Income	514,334.67
0.00	Less: Total Expenditure	216,395.20
0.00	Less: Transfers to EMRs[2]	185,428.96
0.00	**Balance at 31st Mar 2026**	**112,510.51**

[2] EMR = Ear marked reserves. See reserves report.

3 Balance Sheet as at 31st March 2026

(Last) Year Ended 31st Mar 2025 £		(Current) Year Ended 31st Mar 2026 £
Current Assets		
0.00	Prepayments	1,069.00
0.00	VAT	2,583.41
0.00	Unity Trust Current Account	22,966.20
0.00	Unity Trust Instant Access	313,817.60
0.00	LLoyds Multipay Card	0.00
0.00	**Total Assets**	**340,436.21**
Current Liabilities		
0.00	Creditors	2,165.96
0.00	Accruals	40,330.78
0.00	**Total Liabilities**	**42,496.74**
0.00	**Net Assets**	**297,939.47**
	Represented by:	
0.00	General Reserves	112,510.51
0.00	Capital Reserves	0.00
	Earmarked Reserves[3]:	
0.00	CIL Funds	136,294.83
0.00	Funds for Grant Awards	4,045.38
0.00	Election Costs	32,500.00
0.00	Allotments	6,472.00
0.00	Heat Network Grant	6,116.75
		297,939.47

The above statement represents fairly the financial position of the council as at 31st March 2026.

Signed: I. Taylor

Responsible Financial Officer

Date: 16th April 2026

[3] See separate reserves report.

4 Notes to the Financial Statements

4.1 Status of the Council and first year of operation.

Harrogate Town Council was established in April 2025. The financial year ended 31st March 2026 is therefore the first accounting period for the Council.

As this is the first year of operation, there is no balance brought forward from a previous financial year, and no comparative prior-year figures are available.

Readers should therefore note that the financial statements reflect the Council's establishment, initial transactions and the setting up of its financial and governance arrangements during its first year of operation.

4.2 Section 137 Payments

Section 137 of the Local Government Act 1972 enables local councils to spend a limited amount for the benefit of people in the area on activities or projects not otherwise authorised by other statutory powers.

Harrogate Town Council adopted the General Power of Competence on 14th May 2025. Accordingly, there was no requirement to rely on Section 137 during the year.

4.3 Borrowings

At the balance sheet date, the Council had no outstanding borrowings.

4.4 Leases and property arrangements.

Where the Council occupies or manages land or buildings under licence, lease, transfer, or other arrangement, these will be shown in the Council's property records and supporting documents.

At the end of the year the Council held the following leases, licences, occupation arrangements or other property commitments:

- Ground Floor Room 10, Community House, 46-50 East Parade, Harrogate, HG1 5LT — Three-year lease from 18th August 2025 — £3,074.83 exclusive of VAT per annum.

4.5 Outstanding debts and other balances.

At the end of the year, there were no sums due to the Council.

Sums owed by the Council at the year-end are included within creditors, accruals, PAYE/National Insurance, receipts in advance, or other liabilities as appropriate.

4.6 Related party transactions.

The Council is required to disclose material related party transactions in order to demonstrate that public funds have been applied properly and transparently.

During the year no related party transactions requiring disclosure arose.

All councillors are required to declare interests and related decisions are made in accordance with the Council's Code of Conduct and governance arrangements.

4.7 Accounting policy.

These accounts and financial statements have been prepared in accordance with the proper practices applicable to smaller authorities in England.

The Council's statutory accounts are prepared through the Annual Governance and Accountability Return (AGAR). This document has been compiled as an additional public-facing statement to present the Council's finances in a more detailed and accessible format for councillors, electors and other interested parties.

The accounts have been prepared on an income and expenditure basis. Under this basis, income and expenditure are accounted for in the period to which they relate, and year-end adjustments are made for items such as prepayments, accruals and VAT recoverable.

4.8 Assets

The Council is required to maintain a record of its assets.

At 31st March 2026, the Council held assets totalling a value of £12,364.27. These include office equipment, civic regalia and a civic collection. Assets are recorded in the asset register in accordance with the Council's adopted approach and proper practice.

Where assets were transferred to the Council on or following its creation, these are recorded in the Council's asset register and are disclosed separately from the current assets shown in the balance sheet.

4.9 Cash and bank balances.

The Council's cash and bank balances at 31st March 2026 totalled £336,783.80 and were held in the Council's authorised bank accounts.

These balances were reconciled to the accounting records at the year-end as part of the Council's financial control arrangements.

4.10 Significant events and first-year matters.

The most significant matter affecting the accounts during the year was the establishment of Harrogate Town Council in April 2025.

As part of its creation, the Council established its governance framework, banking arrangements, accounting records, budget monitoring arrangements, internal control procedures and public accountability processes. The first-year accounts may therefore include setup costs, transferred balances, one-off establishment expenditure, and other transactions associated with the commencement of the Council's functions.

4.11 Events after the balance sheet date.
There were no events occurring after 31st March 2026 and before the approval of these financial statements that materially affect the Council's financial position as set out in this document.

4.12 VAT
The Council is not VAT registered.

Where VAT paid on expenditure is recoverable from HM Revenue & Customs under the refund arrangements available to local councils, it is excluded from income and expenditure and recorded in the balance sheet as recoverable VAT.

Irrecoverable VAT is charged to the relevant expenditure heading.

5 Reserves

General Reserves

5.1 The level of general reserves held by the Council at 31st March 2026 was £112,510.51.

5.2 As this is the Council's first year of operation, the year-end general reserve reflects the net effect of the Council's first-year income, expenditure and any transfers to or from earmarked reserves.

5.3 In setting and reviewing reserves, the Council has regard to the need to maintain a prudent level of balances to support cash flow, manage financial risk and meet future expenditure commitments, recognising the statutory framework within which local authority reserves are maintained.

5.4 The 2025/26 Practitioner's Guide states:
"In practice, any authority with income and expenditure in excess of £200,000 should plan towards 3 months equivalent general reserve."

5.5 For Harrogate Town Council, 3 months equivalent general reserve equates to:

- 2025/26 - £79,654
- 2026/27 - £193,735

5.6 The Council therefore concluded its first financial year after establishment in a sound position in respect of general reserves. However, as the budget requirement increases in 2026/27, further sums will need to be accrued over future years to move the level of general reserves towards the Council's target and to remain aligned with proper practices.

Earmarked Reserves

5.7 Earmarked reserves are funds put aside by the Council for known or planned future spending, such as elections, asset replacement, major repairs, or specific projects. They help the Council plan ahead and make sure money is available when needed for those purposes.

5.8 At the end of the 2025/26 period the Council held the following, earmarked sums:

Reserve	**Balance £**	**Transaction Detail / Notes**
CIL[4] Funds	136,294.83	CIL funds received on 31/10/25. See separate CIL report at section 7.
Funds for Grant Awards	4,045.38	Balance of bank interest received during 2025/26 period. Agreed to ear-mark for future distribution through a small grants scheme.
Election Costs	32,500.00	A fund to build up and cover the cost of the 2027 elections. £32,500 marks the 2025/26 budget allocation for ordinary elections.
Allotments	6,472.00	Ear-marking of 2025/26 budget underspend on allotments for future investment in this area.
Heat Network Grant[5]	6,116.75	Balance of the unspent GB Community Energy grant from the 2025/26 period.

[4] CIL = Community Infrastructure Levy
https://www.gov.uk/guidance/community-infrastructure-levy
[5] To be confirmed by the Town Council on 6th May 2026.

6 Performance against 2025/26 approved budget.

6.1 The new Town Council inherited a simple budget set by the Charter Trustees to cover its first year of operation.

6.2 At the meeting of the Finance & General Purposes Committee held on 4th June 2025 the budget was reviewed with detailed allocations made across the council's main areas of work and expected items of income and expenditure.

6.3 The revised budget is summarised as follows:

Income

£362,000	Precept
£2,250	Administration

Expenditure

£94,207	Administration
£134,638	Personnel
£26,700	Civic & Community
£10,071	Allotments

6.4 Performance against this budget has been monitored throughout the financial year, concluding at year-end.

6.5 This summary of performance against the budget is not intended to represent the overall financial position of the Council. It is intended to provide an analysis of how the Council performed against the budget that was set for the 2025/26 financial period.

6.6 This should be read in conjunction with the following documents which are available from the Responsible Financial Officer on request:

- Council's annual accounts documents.
- 2025/26 detailed budget.
- Detailed explanation of variances against the budget.
- Council's reserves and investment policy.
- Detailed report, showing performance against budget for all department codes.

Overall outturn.

6.7 In simple terms the council budgeted for £364,250 of income and received £514,334.67. It budgeted for £313,618 of expenditure and incurred £216,395.20.

6.8 Whilst there are considerations around capacity to deliver planned projects and ambitions, the underspend has ensured that the council has a secure financial footing. It has finished the year with general reserves of £112,510.51 which help it to meet the target of its emerging Reserves & Investment policy.

6.9 Harrogate Town Council finished the 2025-26 period under-budget, having spent 55.8% of its budgeted expenditure, however the picture is more complex than one simple figure.

Adjusted position.

6.10 Community Infrastructure Levy (CIL) receipts and grant funding (e.g. for the heat network project) can skew the council's financial picture.
CIL receipts can only be used for certain projects and their use would usually be included in a separate project budget, not as part of the council's general revenue budget. Yet their receipt is included in the council's total transactions for this financial year.

6.11 A separate report can be generated, excluding transactions in the Planning & Development and Projects departments. This gives a more accurate picture of the council's overall performance against the budget.
The council did not include any budgetary provision (either income or expenditure) in either of these departments and it is therefore reasonable to exclude them in these monitoring against budget considerations.

6.12 *Income (exc. Planning & Projects).*
The council budgeted to receive £364,250 of income and received £368,054.09.
The council received 101% of budgeted income.

6.13 *Expenditure (exc. Planning & Projects).*
The council budgeted to incur £313,618 of expenditure but only spent £205,826.20.
The council spent 65% of budgeted funds.

6.14 Performance by department.

	Income £			Expenditure £			Net Variance £
	Budget	Actual	Variance	Budget	Actual	Variance	
Administration	364,250	367,054	+2,804	129,709	57,234.55	-72,474	-75,279
Personnel	0	0	0	134,638	93,323	-41,315	-41,315
Civic & Community	0	1,000	+1,000	38,700	10,532.19	-28,168	-29,168
Allotments	0	0	0	10,571	4,099	-6,472	-6,472

7 Community Infrastructure Levy Annual Report – 31st March 2026

Community Infrastructure Levy receipts must be applied for infrastructure and other purposes permitted by the Regulations and may not be used as general revenue funding.

	£	£
Total CIL receipts brought forward from previous years.		0.00
Total CIL receipts in year.		136,294.83
Total CIL expenditure in year.		0.00
Summary of CIL expenditure in year.	0.00	
Total CIL receipts in year, retained at the end of the year.		136,294.83
Total CIL receipts from previous years retained at the end of the year. (Including receipts subject to a notice but not yet paid.)		0.00
Total CIL receipts carried forward to next year.		**136,294.83**

Receipts subject to notices served in accordance with Regulation 59E		
Total CIL receipts subject to notices served in accordance with regulation 59E during the year.		0.00
Total CIL receipts subject to a notice served in accordance with regulation 59E in any year that has not been paid to the relevant charging authority by the end of the year.		0.00