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Sent by email [redacted]

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Date:
14 August 2026
Ref:
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NORTH TAWTON TOWN COUNCIL: Objections to the AGAR for the year ended 31 March 2025

[redacted]

Thank you for your email and attached letter of objection dated 14 July 2025 in connection with North Tawton Town Council (the Council). You have raised matters in respect of the 2024/25 Annual Governance and Accountability Return (AGAR).

We wrote to you on 13 February 2026 to inform you that six of your eligible objections had been accepted for further consideration. We have written to the Council and received its formal response and all of the additional information that we requested. All documents material to our decisions on the accepted objections are in the public domain or have previously been shared with you.

You have asked us to consider reporting on these matters in a public interest report and to consider the lawfulness of the items of account in 2024/25. We have considered whether each accepted objection should be included in a public interest report and whether we should apply for a declaration under section 28(3) of the Local Audit and Accountability Act 2014 (the 2014 Act) in respect of Objections 4a, 4b, 4c and 4d.

Our decisions following consideration of the accepted objections under Step 3 of the National Audit Office's Auditor Guidance Note 04 are set out below:

> **Objection 1:** You object to the Council's failure to comply with its financial regulations during the process of setting the 2025/26 budget, i.e. failure to consider 5 year plan, reserves or risk assessment (Assertion 1).
>
> **Findings:** This objection relates to the response given in Assertion 1 of the Annual Governance Statement.
>
> We note that the Practitioners' Guide includes the following mandatory requirement for a positive response to Assertion 1:
>
> > *1.8 Budgeting — In accordance with relevant legislation, the authority needs to prepare and approve a budget in a timely manner before setting a precept or rates and prior to the commencement of the financial year. It needs to monitor actual performance*

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against its budget during the year, taking corrective action where necessary. A financial appraisal needs to be undertaken before the authority commences any significant project or enters into any long-term commitments.

We also note that the Practitioners' Guide also includes the following supporting information:

> *5.27. For larger authorities, it is prudent to develop a multi-year medium-term financial plan as well as the basic precept budget. This should include consideration of projected reserve levels, particularly of the general reserve.*

We further note that the Council's Financial Regulations, in place during December 2024 and January 2025 state the following:

> *3. Annual estimates (budget) and forward planning*
>
> *3.1 The RFO must each year, by no later than November, prepare detailed estimates of all receipts and payments including the use of reserves and all sources of funding for the following financial year in the form of a budget to be considered by the NTTC Finance Committee and the council.*
>
> *3.2 The council shall consider annual budget proposals in relation to the council's three year forecast of revenue and capital receipts and payments including recommendations for the use of reserves and sources of funding and update the forecast accordingly.*

The objector comments that during the budget meeting a councillor raised the point that the forward plan of 5 years and the risk assessment had not been provided and did not form part of the discussions around the budget which was laid before the Council to be agreed. The objector also comments that there were no reserves statement provided for consideration alongside the Council's budget discussions.

The objector further comments that the above breaches the Council's Financial Regulations and processes.

The Council comments that the previous Clerk left the Council in July 2024, and the current Clerk commenced employment in mid-November 2024, meaning that the Council operated without a Clerk for more than three months with no handover process.

The Council comments that consequently there was a significantly condensed timetable for the new Clerk to update three months of accounts and prepare a draft budget in collaboration with the Chair of Finance, in readiness for consideration at the Council meeting in December 2024.

The Council further comments that the draft budget was scrutinised in detail at three Council meetings, in December 2024 and January 2025, with each line of the budget reviewed thoroughly.

The Council also comments that the preparation of a 5-year plan is not a legal requirement and has since been removed from the Council's Financial Regulations whilst reserves are identified in the 2024/25 budget, and subject to regular reporting to Council.

We note that both the objector and the Council refer to a 5-year plan, but the Council's Financial Regulations (FR 3.2) that were applicable at the time, refer to a 3-year forecast. We note that the Council had no plan/forecast for either duration.

We further note that the Council's papers for the 7 January 2025 Council meeting do include a reserves document that sets out the Council's reserves as at 31 December 2024 and all movements since 1 April 2024. We also note that there is no explicit requirement to include a formal risk assessment within the budget setting process.

Based on the above we partially uphold this objection, regarding the lack of a future multi-year plan/forecast.

Conclusion: We partially uphold this objection and are minded to raise a reporting matter in our external auditor report on the 2024/25 AGAR in respect of this matter.

Objection 4a: You object to the Council's failure to comply with its financial regulations in relation to the procurement of a new accounting system (Assertion 2 and Box 6).

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement and items of account in the Accounting Statements.

We note that the Practitioners' Guide includes the following mandatory requirements for positive responses to Assertion 2:

> *1.14 Standing Orders and Financial Regulations. The authority needs to have in place standing orders and financial regulations governing how it operates. Financial regulations need to incorporate provisions for securing competition and regulating the way tenders are invited. These need to be regularly reviewed, fit for purpose, and adhered to.*

We also note that the Practitioners' Guide also includes the following supporting information:

> *5.41. Financial Regulations should include a limit for the purchase of goods and services above which three estimates or quotes should be invited from persons or firms competent to do the work. Standing Orders will state a higher value above which competitive tenders by sealed bid should be invited.*

We further note that the Council's Financial Regulations in place from 4 February 2025 state the following:

> *5. Procurement*
>
> *5.1. Members and officers are responsible for obtaining value for money at all times. Any officer procuring goods, services or works should ensure, as far as practicable, that the best available terms are obtained, usually by obtaining prices from several suppliers.*
>
> *5.7. For contracts estimated to be over £30,000 including VAT, the council must comply with any requirements of the Legislation regarding the advertising of contract opportunities and the publication of notices about the award of contracts.*
>
> *5.8. For contracts greater than £3,000 excluding VAT the Clerk shall try to obtain at least 2 fixed-price quotes.*
>
> *5.9. where the value is between £500 and £3,000 excluding VAT, the Clerk shall try to obtain 2 estimates which might include evidence of online prices, or recent prices from regular suppliers.*

The objector comments that the Council proposed to change its accounting software, and that this was agreed at vast expense to the taxpayer and provides no value for money. The objector also comments that the old account information cannot be transferred to the new software and the time to input and update the new software will be at the taxpayer's expense when a perfectly good system of accounting exists and has been paid for. The objector further comments that the same accounting software is being retained for the processing of the accounts for the Council run cemetery. The objector also comments that the Council was only presented with one software provider option and that there were no alternatives, quotes or estimates from other providers.

The Council comments that it had previously identified the need for improved accounting and reporting software, and the decision to adopt Rialtas was formally approved on 1 April 2025.

The Council comments that the annual cost for Scribe for 2024 was £777 (price would have increased for 2025 and 2026) and the annual cost for Rialtas for 2026 is £392 for the cashbook but the Council agreed to upgrade to include the Purchase Ledger at an extra cost of £210. The Council further comments that the total cost for Rialtas for 2026 is £602.00. Saving at least £175 for the year.

The Council also comments that as the Scribe software is subscription-based, it is not purchased outright and therefore is not owned by the Council. In addition, this annual cost is subject to periodic increases.

The Council further comments that the Rialtas software is purchased outright and so is owned by the Council. While the initial cost is higher in the first year, the only ongoing cost thereafter is the annual support and maintenance fee, resulting in overall financial savings over time.

The Council comments that it was agreed that the cemetery software would remain with Scribe, as the previous Clerk had entered a substantial amount of data into the system. The Council further comments that migrating this information to another provider would have been both costly and time-consuming.

We note that although the Council's formal decision was taken in 2025/26, all of the preparatory work would have been undertaken in 2024/25. We also note that the Council minutes for the 1 April 2025 stated the following:

> *301/24 Accounts Software – On the proposition of Cllr Whiteley, seconded Cllr McKnight, one against, the Council RESOLVED to move the accounts software to Rialtas Software including the purchase ledger accounts at a one off cost of £2,267.57 and £582 annually thereafter. Current cost with Scribe was £777.60 per annum.*

Based on the contracts for the accounting software expected to be multi-year, we would consider that the contract would be most likely to fall between £3,000 and £30,000. We note that, in this scenario, the Council's Financial Regulations would require the Clerk to obtain two quotes (FR 5.8).

We further note that, in effect, the Council has obtained two quotes for the accounting software i.e. the cost of continuing with the current supplier and the cost of moving to a new supplier.

Based on the above analysis we do not uphold the objection.

Conclusion: We do not uphold this objection.

Objection 4b: You object to the Council's failure to comply with its financial regulations in relation to the procurement of a new telephone/broadband supplier (Assertion 2 and Box 6).

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement and items of account in the Accounting Statements.

We note that we have set out the Practitioners' Guide requirements and supporting information and the Council's relevant Financial Regulations in our consideration of Objection 4a, so have not repeated them here.

The objector comments that in March 2024 they informed the Council that the cost of its telephone and broadband service was expensive and that there could be savings in excess of £600 if properly scrutinized.

The objector also comments that the 4 March 2025 Council meeting agenda included the following item, with one option being to change service provider:

> *270/24 Telephone & Broadband – To consider the quotation for Telephone and Broadband from Purple Telecommunications. Monthly net cost £46.98 for broadband and telephone, including Cloud Voice. Set up cost £157.50 and annual maintenance cost of £10 (BT costs will be increasing to £59.79 per month).*

The objector further comments that there was no mention that there was an additional cost of £160 to purchase a phone from the proposed company.

The objector also comments that, upon publication of the 4 March 2025 Council meeting agenda, they sent the Council a Uswitch business line comparison. The objector further comments that the comparisons looked to be cheaper than the amounts shown in agenda item 270/24.

The Council comments that the Clerk undertook a review of available telephone and broadband providers, examining availability, cost and customer support. The findings were presented to the Council with a recommendation for the most suitable option, taking a number of factors into account. This was approved at the Council meeting held on 4 March 2025.

The Council also comments that it considered that the Clerk had acted in accordance with the Council's requirements and expectations in undertaking the market research and providing a recommendation to the Council.

The Council comments that a change in telephone services to a voice over internet phone (VoIP) system is due to become compulsory and so approved the introduction of a VoIP system, enabling the Clerk to make and receive calls from the office landline directly on her mobile phone.

The Council comments that the current broadband and VoIP arrangement comprises full fibre broadband at £34.99 per month and a VoIP service at £11.99 per month, with average call costs of £1 per month. This equates to an average quarterly cost of £144 and an annual cost of £576, compared with the previous BT arrangement of £1,040 per year. The Council further comments that this represents an annual saving of £464, in addition to avoiding the separate costs associated with a dedicated mobile phone and mobile contract.

We note that a simple straight price comparison is often not the most appropriate basis for local councils to assess different quotations, particularly regarding service-based contracts. It is for this reason that local councils are not obliged to accept the lowest tender, quote or estimate.

Although the contracts for the telephone and broadband contract are expected to be multi-year, we would consider that the contract would be most likely to fall below the £3,000 threshold. We note that, in this scenario, the Council's Financial Regulations would require the Clerk to obtain 2 estimates which might include evidence of online prices, or recent prices from regular suppliers (FR 5.9).

We further note that, in effect, the Council has obtained two quotes for the telephone and broadband contract i.e. the cost of continuing with the current supplier and the cost of moving to a new supplier.

Based on the above analysis we do not uphold the objection.

Conclusion: We do not uphold this objection.

Objection 4c: You object to the Council's failure to comply with its financial regulations in relation to payments to and time off taken by the former Clerk (April – July 2024) (Assertion 2 and Box 4).

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement and items of account in the Accounting Statements.

We note that the Council's Financial Regulations (April 2024) state the following:

> *5. Banking arrangements and authorisation of payments*
>
> *5.2 (extract) Personal payments (including salaries, wages, expenses and any payment made in relation to the termination of a contract of employment) may be summarised to remove public access to any personal information.*
>
> *7. Payment of salaries*
>
> *7.1 As an employer, the council shall make arrangements to meet fully the statutory requirements placed on all employers by PAYE and National Insurance legislation. The payment of all salaries shall be made in accordance with payroll records and the rules of PAYE and National Insurance currently operating, and salary rates shall be as agreed by council, or duly delegated committee.*
>
> *7.2 Payment of salaries and payment of deductions from salary such as may be required to be made for tax, national insurance and pension contributions, or similar statutory or discretionary deductions must be made in accordance with the payroll records and on the appropriate dates stipulated in employment contracts, provided that each payment is reported to the next available council meeting, as set out in these regulations above.*
>
> *7.4 Each and every payment to employees of net salary and to the appropriate creditor of the statutory and discretionary deductions shall be recorded in a separate confidential record (confidential cash book). This confidential record is not open to inspection or review (under the Freedom of Information Act 2000 or otherwise) other than:*
>
> - *by any councillor who can demonstrate a need to know*
> - *by the internal auditor*
> - *by the external auditor; or*
> - *by any person authorised under Audit Commission Act 1998, or any superseding legislation.*

The objector comments that the former clerk/RFO resigned in July 2025 and that she was contracted for 32 hours a week. The objector further comments that in the accounts there are no records for holiday time taken, no record of any approved Time of in Lieu (TOIL) and no substantial record of overtime paid or approved by the Council.

The objector comments that a document seen as part of his inspection of the Council's records shows hours worked that are in excess of the contracted hours. The objector further comments that there is no record of the Council approving additional payments, no specified request in minutes or any agendas requesting that additional hours be paid.

The objector comments that the only person who signed off on the Clerk's payments, including overtime, is the Chair of Finance, and that this removes scrutiny, transparency and accountability, as well as the responsibility of Councillors to work as a corporate body approving expenditure.

The Council comments that the former Clerk was contracted to work 32 hours per week, equivalent to an average of 138.67 hours per month and that any variations in reported hours are likely attributable to the differing number of days in each month, as well as accrued TOIL.

The Council further comments that a review of the former Clerk's recorded hours over the four-month period from June to September (covering the time she was serving her notice and on sick leave) indicates an average of 137.75 hours per month. The Council comments that this confirms that the recorded hours are consistent with her contracted terms and that all remuneration was made in accordance with the terms of her employment contract.

The Council further comments that the former Clerk recorded her hours on a timesheet which was approved by the Chair of Finance. The Council also comments that as these timesheets form part of her personnel record, they are confidential and cannot be published. The Council further comments that all payments for overtime etc. must be approved each month by the Council, as for any other item of expenditure.

Based on the information summarised above, we do not consider that the Council has not complied with its Financial Regulations regarding payments to the former Clerk, and therefore do not uphold the objection.

Conclusion: We do not uphold this objection.

Objection 4d: You object to the Council's failure to comply with its financial regulations in relation to the awarding of grants to the community centre (£2,000) and town hall (£2,500) which you assert also contravene the Council's Grants Policy (Assertion 2 and Box 6).

Findings: This objection relates to the response given in Assertion 2 of the Annual Governance Statement and items of account in the Accounting Statements.

We note that the Council's Financial Regulations (April 2024) state the following:

> *5. Banking arrangements and authorisation of payments*
>
> *In respect of grants the council or finance committee shall approve expenditure within any limits set by council and in accordance with any policy statement approved by council. Any Revenue or Capital Grant in excess of £5,000 shall before payment, be subject to ratification by resolution of the council.*

The objector comments that in October 2024 North Tawton Community Centre made an application to the Council for a grant of £2,000 to be used towards running costs following the loss of a regular client (toddler group).

The objector also comments that the Council's guidelines for grant applications do not include any provision for grants to be made available to organisations for running costs. The objector further comments that the grant is not providing value for money to the taxpayer, especially when the grant application makes clear that the organisation has funds of over £26,000 in their accounts.

The objector further comments that an application was made by the Town Hall for £2,500 for electrical works and that the grant award was in contravention of the Council's grant policy.

The Council comments that the grants awarded to North Tawton Community Centre and North Tawton Town Hall were made in accordance with the Council's grant policy (dated 25 October 2021). The Council also comments that both organisations are registered charities that provide a valuable service to the local community in providing meeting place facilities for local not-for-profit organisations. The Council also comments that it has General Powers of Competence that allows for the awarding of such grants.

The Council further comments that its grants policy does not stipulate grants cannot to be awarded towards the running costs of an organisation, and indeed grants towards running costs can be made to charitable organisations under the Local Government Act 1972.

Based on the information presented to us, there is no evidence to suggest that the objection should be upheld.

Conclusion: We do not uphold this objection.

Objection 7: You object to the response given to Assertion 8 of the 2024/25 AGAR due to the Council's failure to budget for pending legal action against the Council (Assertion 8).

Findings: This objection relates to the response given in Assertion 8 of the Annual Governance Statement and items of account in the Accounting Statements.

We note that the Practitioners' Guide includes the following mandatory requirements for positive responses to Assertion 8:

> *1.41. Significant events — The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.*

We also note that the Practitioners' Guide includes the following supporting information regarding significant events:

> *5.107. The authority needs to have considered if any events that occurred during the financial year (or after the year-end), have consequences, or potential consequences, on the authority's finances. If any such events are identified, the authority then needs to determine whether the financial consequences need to be reflected in the statement of accounts.*
>
> *5.108. For authorities accounting on a receipts and payments basis, the review of significant events should cover events that occurred during the financial year to ensure that they have been included in the accounting statements where appropriate.*

The objector comments that he has had frequent communications with the Council over pending action that he is intending to file in relation to discrimination under the Equality Act 2010. The objector further comments that there was no consideration for the potential legal action during budget discussions and no provision was made for costs associated with these proceedings.

The objector comments that due to the above this assertion has incorrectly been marked 'yes'.

The Council comments that the objector filed a claim with Plymouth County Court on 13 September 2024 for £111.69, and that on 6 November 2024 the Council was sent a General Form of Judgement or Order, from Plymouth County Court, stating:

> *IT IS ORDERED THAT*
>
> > *1. Unless by 4:00pm on 21 November 2024 Claimant sends to Plymouth County Court and to the Defendant a statement of Claim setting out the legal basis of his claim, the claim will be struck out under CPR 1998 Part 3.4 (2) (a) as it currently discloses no reasonable grounds for bringing the claim.*

The Council comments that it was informed that the objector had withdrawn the claim in November 2024 and that since then, no further correspondence had been received from the objector regarding the claim or further litigation, and no correspondence had been received from Plymouth County Court.

We note that as the Council produces its financial statements on a receipts and payments basis, there is no mechanism by which it can record potential future events in its financial statements.

We further note that the Council had a balance carried forward of £228,499 as at 31 March 2025.

Based on the information before us at this time we consider that the Council has met the mandatory requirements of the Practitioners' Guide, so do uphold the objection.

Conclusion: We do not uphold this objection.

Having considered whether each accepted objection should be included in a public interest report and whether we should apply for a declaration under section 28(3) of the 2014 Act in respect of Objections 4a, 4b, 4c and 4d, we have decided not to take either course of action.

Please note that there is no right of appeal against a decision not to issue a public interest report in respect of any of the objections. With regard to Objections 4a, 4b, 4c and 4d, you have a right to appeal our decision not to apply for a declaration under section 28(3) of the 2014 Act. Should you wish to do so, you must appeal to the High Court within the period of 21 days beginning with the day after you receive this statement of written reasons.

At this stage, we would like to remind both you and the Council of the need to ensure compliance with relevant data protection legislation (including GDPR). This could include, for example, redacting personal information (such as the objector's name, address or other identifying information) from any subsequent publication or sharing of the objections and related correspondence.

Yours sincerely

PKF Littlejohn LLP

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cc North Tawton Town Council c/o Caroline Ellis – Town Council Clerk