

Management Accounts Review – July 2023

For monitoring purposes, any Variance to Annual Budget / YTD Budget which shows a (Deficit) should be reviewed, and the reasons considered.

Overview

The first seven pages of the Management Accounts show summary information.

Note that Annual Budget and YTD Budget Variances are the same in March, as these accounts relate to the full year.

As well as being summarised on Page 3, Designated Reserves balances are also shown under the relevant budget section to indicate where some budget requirements may potentially be funded.

Page 7 shows the Summarised Income & Expenditure Account, with details of each budget section reported in more detail on pages 8 to 13.

Pages 13 to 15 show details of the “pots” of funds which the Town Council holds for various initiatives which are organised and funded in partnership with other stakeholders.

Summary

- 1) Before Management Accounts adjustments, the **Year To Date (YTD) Trial Balance** shows a surplus of **£104,680** (Page 1). This reflects the first tranche of the precept received in April and CIL receipts received in June.
- 2) **Net Assets** (excluding Fixed Asset Reserve) are reported to have **risen to £505,108** from £480,420 at this point last year due reduced spend since the completion of the Town Hall restoration works and higher CIL receipts received so far this year.
- 3) **Deferred Income** has **increased to £19,727** (up from £11,291 when compared to the same period last year) which relates to future Town Hall bookings. Please see the Town Hall Commercial Management section for further detail.

- 4) **Investments & Bank** (Page 2) have increased by **£84,243** compared to this time last year. See the detailed section below for a full explanation.
- 5) **Designated Reserves** (Page 3) have **increased by £52,794** compared to July 2022 (after year-end adjustments). The **General Reserve** has **decreased by £9,874**. This is due to movement of funds between the general reserve and designated reserves after year-end adjustments.
- 6) **Income & Expenditure**

Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year. Income (including the Precept) has **increased by £33,351** to £342,742. YTD Gross Expenditure has fallen by **£8,025** to £265,539 resulting in an adjusted YTD **NET Surplus of £77,203** – a difference of £41,376 compared to July 2022.

Page 5 shows a summary of adjusted YTD Budget compared to YTD Actuals. It reports an adjusted YTD **NET Surplus of £77,203** compared to an expected YTD Budget Deficit of **£25,647**. It should be noted that much of the Town Council's expenditure takes place in the second half of the financial year, and so this figure is anticipated to change.

Page 6 has two pie charts showing the proportion of YTD Income and Expenditure (p7) from different budget sections, taken from the figures on p7.

Page 7 shows the summarised income & expenditure, comparing the annual, YTD and previous figures. It confirms that, after Management Accounts adjustments, the **YTD Net Surplus** is reported as **£77,203**.

Please see the detailed review below for a full explanation on income and expenditure.

Detailed Review

Page 2 – Investments & Bank

This shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash. The total funds stand at **£583,983** which is an **increase of £84,243** in total compared to July 2022. The large difference in long term investments between now and this point last year is attributable to a 2-year fixed bond maturing in December 2022 and being transferred to a Savings Account (and so reflected in the short-term

investments balance). The difference cash at bank and in hand is to do increased income, namely from CIL receipts and precept, but also the timing of payments.

Page 3 – Reserves

Designated Reserves shows the balances and variance in funds between the current point in the financial year and the last financial year end. Funds have **increased by £52,794** after year-end adjustments and the addition of CIL receipts last month, leaving a total of £295,358. This is a slight change from last month due to small miscellaneous SBC expenses. The general reserve has **decreased by £9,874** to £140,076 due to changes in the designated reserves at year end.

Note that the General Reserve is available to be used for any Council expenditure, while the other Designated Reserves are “ring fenced” and held for specific purposes. The Community Infrastructure Levy (CIL) balance is also “ring fenced” for projects and initiatives for the benefit of the local community, to be agreed by Council. **Funding from this “pot” will be required for any reduction in Net Surplus (or an Actuals Deficit) at the 2023-24 year-end (after the final year-end adjustments).**

p4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4) – **Total Income (including the Precept) has increased by £33,351** which is mostly due to the difference in CIL receipts and an increase in precept received by £8,665. It is worth noting that the annual precept amount is split equally across 12 months for accounting purposes, and so will change monthly even though the precept tranches are received twice a year. The decrease in Market and Christmas Festival income is a timing issue.

YTD Market and Christmas Festival expenditure has increased by £26,440, rising from £7,580 to £34,021 due to the return of the Market fees to pre-pandemic levels and rising costs. This has resulted in an adjusted **YTD NET Surplus £77,203** compared to £35,827 this time last year, a difference of £41,376.

YTD Budget vs YTD Actuals (p5) - When compared against the YTD Budget (p5), the **YTD Actual Total Gross Income is £37,406 above budget and YTD Actual Gross expenditure is £65,445 below budget, giving a YTD NET surplus of £77,203** against a NET YTD budgeted deficit of £25,647. A variance of £102,850 compared to July 2022.

CIL income shows as £35,006 over budget - as this is a varying and unknown amount until received a figure cannot be anticipated. **Cemetery income is down £5,502 against the YTD budget and Civic Expenditure is currently £3,590 over the YTD budget** – please see the

relevant sections below for detailed information. While there are some other small deficits, they are not beyond the annual budget figure (p7) and not currently a concern.

The timing of expenditure is important to note – while spend is currently under budget, much of the Town Council's spending takes place in the second half of the financial year, such as support for initiatives.

Summarised income & expenditure (p6 & 7) - The pie charts on p6 reflect the data from p7, and show the precept, CIL and the Market & Christmas Festival Income [Net] as the most significant sources of income (in addition to Cemetery Fees which are not shown separately here as they are included under Expenditure – Cemetery [Net]), while just over half the expenditure is on Operational & Administrative Expenses, followed by Cemetery [Net] and Civic Expenditure.

Page 7 confirms that, after Management Accounts adjustments, the **YTD Net Surplus is reported as £77,203** compared to £35,827 this time last year. This is against an annual budgeted NET deficit of £76,945 and a YTD budgeted NET deficit of £25,647. Again, it should be noted that much of the Town Council's expenditure takes place in the latter part of the financial year, and we are only a few months in.

Page 8 – Market & Christmas Festival

Currently, the **Market income is under the YTD budget by £1,430**. Full payments have been received to date so far in this financial year, however the annual review is due in September which may increase the monthly amount going forward and so close this gap. This is offset against **expenditure that is £8,442 under budget** (i.e., a surplus) for the same reason, giving a **NET income of £22,668** (after the deduction of the District Council's 60% share) which is **£7,012 above the YTD budget**. This is compared to £42,995 at this point last year due to timing of payments Both figures should begin to even out after the annual review. The Christmas Festival designated reserve stands at **£4,727**.

Page 8 – Town Hall Commercial Management

The **YTD Town Hall income is showing as £13,789 which is £541 under the YTD budget (in deficit)**. The income in July 2022 was £13,211. Town Hall Hire fees were revised from April 2023 following the decision by the Town Hall Task and Finish Group. Whilst there have been enquiries, it has been advised that there have been reduced bookings at the new price. Deferred income shows as having increased compared to last year (see p1 of this report) and an increase from last month. In the last report it was considered whether these increases may be due to the value of future bookings rather than volume and required further

exploration. After analysis of approximate figures, it looks as if there has been an increase in lower value bookings to date, but a decrease in larger and future bookings. A deeper analysis of booking data is planned.

YTD expenditure is sitting at £11,809 which is £3,037 under budget (in surplus), giving a YTD NET expenditure of £1,989 in deficit (i.e., underspend), a variance of £2,496 in surplus against the YTD budget.

Page 9 – Operational & Administrative Expenses

The **YTD actuals are £22,784 under budget (in surplus)** but is namely down to timing of payments and year-end adjustments/accruals carried over. The table also shows a significant decrease in spend when compared to July 2022, due to the Town Hall works and associated fees. There are a number of YTD deficits and in this section, however as they are relatively small and have not exceeded the annual budget, they are not currently a concern. The most significant variances are down to timing, where more spend is expected later in the year. Salaries, wages and related costs have increased compared to last year due to the several changes in personnel between 2022 and 2023. Audit fees are anticipated to go over budget due to an unexpected increase in charges. Heating and lighting is another budget line where expenditure may go over budget due to the drastic increase in energy prices since the budget was set. Energy saving efficiencies should continue to be sought.

The designated reserves for building maintenance and election expenses sit at £5,116, and £18,462 respectively.

Page 10 – Civic Expenditure

Civic Expenditure is currently £3,590 over the YTD budget which is largely due to event security costs increasing and one-off events such as King Charles III coronation. Event Security expenditure is very close to the annual budget figure and should be monitored closely with events still to take place this financial year. Expenditure has decreased by £2,000 when compared to July 2022. There are a number of small YTD deficits, but overall expenditure is well within the annual budget and so these are not currently a concern.

The designated reserves for events and vehicle replacement (shared with the Cemetery) stand at £5,000 and £1,500 respectively.

Page 11 – Cemetery

The **YTD Fee income is £5,502 under budget (i.e., in deficit)**, standing at £24,460, some £7,000 less than July 2022. This is against **YTD expenditure of £62,611 which is £12,636 under YTD budget (in surplus)**. This results in a **YTD NET expenditure of £38,150 which is £7,135 in surplus against the YTD budget, and just under a £14,000 increase in expenditure compared to July 2022**. This is mostly due to

heating and lighting costs, vehicle expenses (two new vehicles leased in 2022), grave excavation costs and Cemetery Land extension fees. Again, the variances are mostly due to timing and will adjust as the year progresses, with the exception of heating and lighting which may go over budget due to the rapid increase in energy costs.

The Cemetery Land & Buildings designated reserve stands at £42,135 and the vehicle replacement designated reserve (shared with Civic expenditure) at £1,500.

Page 12 – Holy Trinity Churchyard & Garden of Remembrance

The **YTD budget for Holy Trinity is currently £264 in surplus**, compared to a deficit last month. There was no YTD expenditure at this point in 2022. Generally, this budget line has little expenditure as costs for labour are included in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section. This is something to consider changing for the future if more accuracy is wanted for this budget area and may help the Cemetery budget.

The designated reserve currently stands at £9,674.

Page 12 – Tranquillity Garden

YTD Fee income is £122 in surplus. This is against expenditure of £200 (£133 under budget), leaving a **negative YTD NET expenditure of £2,408 and a surplus of £255 against YTD budget.** Again, it should be noted that labour maintenance costs for the Tranquillity Garden are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section. This is something to consider changing for the future if more accuracy is wanted for this budget area.

Page 12 – Allotments – Park Road

There has been very little activity in relation to the allotment finances, with **£0 YTD income** against a YTD budget of £58, **and £84 YTD expenditure** against a YTD budget of £3. This leaves the **YTD NET Expenditure at £84 which is £139 in deficit.** Again, it should be noted that labour maintenance costs for the Allotments are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11).

The designated reserve for Allotments currently stands at £4,662.

Page 13 – Hatton Rock

The **YTD expenditure** is reported to be **£7,210** against a YTD budget of £6,493, leaving the **YTD budget £717 in deficit.** This is due to timing and a year-end adjustment. These figures are before the apportionment of storage costs for the Shakespeare Birthday Celebrations (SBC) where approximately half of the total expenditure relates to SBC equipment

storage costs and so is recharged to the SBC “pot” towards the end of each financial year.

It should be noted that Council is potentially liable for all costs relating to the lease of this facility, regardless of any future activities relating to SBC. **It should also be noted that a new lease agreement is currently being confirmed, which includes a reviewed rent amount.**

Page 13 – Initiatives, Projects and Grants

YTD Expenditure currently sits at **£15,580** against a **YTD budget of £39,573** leaving a **YTD budget surplus of £23,993**. This surplus is due to timing as most funds are awarded in the latter half of the financial year. The variance between this year and last for initiatives is down to mis-postings in Sage in which were later amended. The BID Levy is over budget YTD but is within the annual budget with no further expenditure expected. CCTV contributions have increased since last year due to increased cameras and costs, and special project has increased compared to last year due to contributions to Stratford In Bloom. There was no Youth Town Council in 2022, and both the YTD and Annual budget for YTC has been exceeded for this financial year. With a large part of the year yet to take place, this budget line needs to be monitored closely. The designated reserves for CIL and Climate Change stand at £104,733 and £11,108 respectively.

The following items are 'pots' of money held for joint initiatives where the Town Council acts as 'purse holders'.

Page 14 – Town Centre Strategic Partnership

There has been no activity so far for this financial year, and the “pot” remains at **£1,698**.

Page 14 – Shakespeare Statue Restoration

There has been no change since the last report, leaving the “pot” with a **balance of £8,547**. This will be carried forward to cover future cleaning costs and any further minor maintenance work required.

Page 15 – Shakespeare Birthday Celebrations

There has been little activity since the last report. The **YTD Income remains at £40,632** which is £5,000 down from this time last year. **YTD expenditure stands at £29,178** giving a **NET surplus of £11,454**. This is compared to 2022 figures where YTD expenditure was £32,776 and the YTD Net surplus £12,863. This brings the designated reserve to a balance of £77,996.

**STRATFORD-UPON-AVON TOWN COUNCIL
MANAGEMENT ACCOUNTS 2023-24 AT 31/07/2023**

As previously reported, the substantial surplus “in the pot” for the current financial year is down to timing, as the District and Town Council’s contributions have been added to the “pot” after expenditure on the event in April 2023 has been accounted for. A reduction in the District Council’s contribution to £20,000 was proposed to match that of the Town Council in 2022-23. Despite budget challenges owing to high inflation and the cost of living crisis, there is still a commitment from both organisations to maintain this level of contribution. The Town Council may want to review their contribution and apportionment of other costs incurred in relation to this event in future years if budget challenges continue. However, there should still be sufficient funds in the designated reserve for the 2024 event if it is undertaken on a similar scale to 2022 and 2023 and is further supported by fundraising. The impact of inflation and escalating event security charges should be considered for future costs.

Please ask for more information if you have any queries.

Responsible Financial Officer
July 2023