

Management Accounts Review – March 2024

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

Overview

It is important to note that March's Management Accounts are generated during the year end process, and while manual adjustments are made for items such as late invoices etc. not everything can be accounted for, and so final figures may differ.

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 14.

Pages 15 to 16 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 **£63,684** (Page 1)
- 2) **Net Assets** (excluding Fixed Asset Reserve) have **decreased to £455,571**. The overall increase from last year is namely due to the increase in precept and CIL receipts.
- 3) **Deferred Income is reported at £21,684**. Please see the Town Hall Commercial Management section for further detail.
- 4) **Investments & Bank** (Page 2) have increased by **£6,783** compared to FY 2022/23. See the detailed section below for a full explanation.

- 5) After year-end adjustments, the **Designated Reserves** (Page 3) have **increased by £27,424** compared to FY 2022/23 mostly due to the increase in CIL receipts.

The **General Reserve** has **decreased by £20,874**.

6) **Income & Expenditure**

Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year.

YTD Income (including the Precept) has **increased by £130,123** compared to 2022-23.

YTD Gross Expenditure has **increased by £54,224** compared to this time in 2022-23, resulting in an adjusted YTD **NET Surplus of £79,480** adjusted to a **surplus of £21,287** when excluding CIL income & expenditure (before final year end adjustments).

Page 5 shows a summary of adjusted YTD Budget compared to YTD Actuals. It confirms an adjusted YTD **NET Surplus of £79,480** (£21,287, adjusted, before final year end adjustments) compared to an expected YTD Budget Deficit of **£79,945**.

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 **£79,480** (£21,287, adjusted, before final year end adjustments)

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 **£471,051**.

It has been previously reported that the current market value of the long-term investment is below the original investment amount, however the dividends received to date more than make up that difference, and that CCLA anticipates that the market will begin to recover as the base rate comes down.

The CCLA PSDF account has lower funds than this time last year as funds were required to replenish the current account after the initiative payments. This account will be topped up after the first tranche of the 2024-25 precept has been received.

Page 3 – Reserves

The **Reserves section** shows the balances and variance in funds between the current point in the financial year and the last financial year end (and so not this time last year), after year-end adjustments.

Designated Reserves have **increased by £27,424**. This is primarily due to the increase in CIL receipts. Please see income and expenditure for further notes on CIL. After excluding the restricted designated reserves, this leaves the total designated reserves at £84,369.

The **General Reserve** has **decreased by £20,874 since 2023**. This is due to movement of funds between the general reserve and designated reserves during year-end adjustments. The general reserve is currently 19.3% of NET budgeted expenditure, which is below the figure set out in the reserves policy and continues to be monitored, as per previous reports. A year-end budget surplus is required to bring this back in line.

It should be noted that these reserve figures are before the final year end adjustments and so are subject to change. The final figures will be reported in the 2023-24 financial accounts.

Pages 4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4)

Total Income (including the Precept) has increased by £130,123 which is mostly due to the increase in CIL receipts (2nd tranche received in December), precept and the revised market contract. There was also

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the receipt of funds from the UK SPF. Interest and dividends have significantly increased since 2022-23. Overall **expenditure has increased by £54,224**, mostly due to the market and Christmas Festival costs, initiative funding, operational costs and projects such as the works at the Cemetery. Please see the detailed sections below for more information on each budget section.

This has resulted in a **NET surplus of £79,480**. However, this includes CIL funds (see note below). With the YTD CIL income and expenditure deducted, **the revised figure is a NET surplus of £21,287 (before final year end adjustments)**.

Notes to consider:-

- 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.
- CIL will always show in surplus of budget if any receipts are received, as it is an unknown and varying amount and so cannot be budgeted for. These are a restricted designated reserve - they can never be used for any purpose other than for which they were issued i.e. specific infrastructure expenditure. CIL funds appear on the management accounts under income as it is necessary for financial reporting, however in reality this amount should not be considered when looking at the overall budget surplus/deficit.
- The timing of expenditure – while spend is currently under budget, much of the Town Council's spending takes place in the second half of the financial year, and the final year end adjustments are yet to take place by the accountants.

YTD Budget vs YTD Actuals (p5)

When compared against the YTD Budget (p5), the **YTD Actual Total Gross Income is £125,774 above budget and YTD Actual Gross expenditure is £33,652 below budget, confirming a YTD NET surplus of £79,480** against a NET YTD budgeted deficit of £79,945. After accounting for CIL funds, **the revised figure is a surplus of £21,287 (before final year end adjustments)**.

Again, this figure is anticipated to change after the final year end adjustments. Please see the detailed sections below for comment on any variances.

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 over half the expenditure is on Operational & Administrative Expenses, followed by Initiatives & projects, Cemetery [Net] and Civic Expenditure.

Page 7 (YTD Budget against YTD Actuals) confirms that, after Management Accounts adjustments, the **YTD Net Surplus is reported as £90,108**. After deducting CIL, this leaves the NET surplus as a deficit of £3,055.

Page 8 – Market & Christmas Festival

The Market income has continued to recover since the revised contract rates were implemented in October and remain above the YTD budget. The budgeted amount is always a best estimate as the exact figures are not known until September of the coming year, well after the budget is set. Expenditure for the market is over the YTD budget for the District Council share and is significantly over budget for the Christmas Festival expenditure. The balance of this will come from the designated reserve, leaving it £219 in deficit. As above, this cost an unknown until months after budget setting and is not controlled by STC. This leaves the current **NET income at £62,351**.

The increased costs for the Christmas Festival are mainly due to security and H&S and has been raised with the District Council for monitoring.

Page 8 – Town Hall Commercial Management

The **YTD Town Hall income is showing as £36,331 which is £6,686 in deficit of the YTD budget**. Figures can change slightly due to the movement or cancellation of bookings. The in-depth analysis of Town Hall bookings is underway and helped build the budget for 2024-25.

YTD expenditure stands at £34,725 (£9,814 under budget), leaving a **negative NET expenditure (surplus) of £1,606**. There is one small area of overspend (Operating Equipment). While minimal, this area should continue to be monitored closely by the Civic, Heritage and Events committee, and it is recommended to look at where some costs are charged as some items would be more accurate to charge under operational costs. There have also been some personnel / structure changes which will impact salaries, wages & related costs and future management accounts are anticipated to change to account for this.

Page 9 – Operational & Administrative Expenses

The **YTD expenditure is £366,109** some £24,678 underspend from the YTD budget. Salaries, wages and related costs has gone over the YTD budget. This is partly due to changes in personnel and the 2023/24 pay

award which were both unknown when setting the budget. Some personnel / structure changes will impact salaries, wages & related costs and future management accounts are anticipated to change to account for this.

There are several YTD deficits in this section, however they are relatively small and so not a large concern but should be monitored by the relevant committees. The combined insurance policy is over budget as the renewal takes place long after the budget is set, and so is a best estimate at the time. Heating and lighting is over budget due to the large increase in charges experienced across the UK in 2023. These are anticipated to reduce in 2024 due to the renewal of some energy contracts. Audit fees are anticipated to go over budget due to an unexpected increase in charges. The last of the energy contracts is due for renewal later in the year, and again is hoped to bring savings. Energy saving efficiencies should continue to be sought.

Overall, operational and administrative expenditure has increased since last year, namely due to the increase in salaries, wages & related costs, heating & lighting and election expenses.

The designated reserves for building maintenance and election expenses sit at £10,664, and £1,522 respectively. Again, this is before final year end adjustments.

Page 10 – Civic Expenditure

Civic Expenditure currently has a **£8,685 underspend against the YTD budget**. A few budget lines have a YTD overspend but are relatively small and offset by the overall underspend. Security (£3,259 over the annual budget) has been discussed previously and will continue to be monitored.

The designated reserves for events and vehicle replacement (shared with the Cemetery) stand at £2,000 and £5,188 respectively. Again, this is before final year end adjustments.

Page 11 – Cemetery

The **YTD Fee income is £9,767 in deficit**, standing at £80,120 against a YTD budget of £89,887 and should be carefully looked at by the Community Services Committee. This is offset by a **YTD expenditure of £197,066 (an underspend of £28,676)** resulting in a **YTD NET expenditure of £116,946** against a YTD budget of £135,854. Much of this is attributable to the underspend in salaries, wages and related costs due to staff changes, and the timing of electricity invoices. Any balance left in Cemetery Land Extension fees should be moved to the

designated reserve at year end. Vehicle costs have gone over the annual budget but should improve once a further rebate is received for an insurance claim. Cemetery training is included under Operational costs and needs to be looked at in the future in this section.

The Cemetery Land & Buildings designated reserve stands at £44,305 and the vehicle replacement designated reserve (shared with Civic expenditure) at £5,188. Again, this is before final year end adjustments.

Page 12 – Holy Trinity Churchyard & Garden of Remembrance

The YTD budget for Holy Trinity has a YTD overspend of £1,041 due to required tree maintenance and will be deducted from the designated reserve. Generally, this budget line has little expenditure as costs for labour are included under Cemetery (see Page 11) and not recharged here. 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 £8,633.

Page 12 – Tranquility Garden

YTD Fee income is £6,095 in surplus. This is against expenditure of £200 leaving a **negative YTD NET expenditure of £13,353** (income has exceeded expenditure) **and a surplus of £6,895 against YTD budget.** Again, it should be noted that labour maintenance costs for the Tranquillity Garden are covered 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

The **YTD income is currently £105 in surplus** due to timing of invoices. The **YTD expenditure remains at £84.** This leaves a **negative YTD NET Expenditure of £196 against a YTD budgeted negative expenditure of £165,** which leaves an £31 surplus against YTD budget which will be put in the designated reserve. 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 £4,693

Page 13 – Hatton Rock

The **YTD expenditure** is reported at **£9.166** against a YTD budget of £19,478 leaving **surplus of £10,312 against the YTD budget.** These figures are after 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” at 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 and Projects

YTD Expenditure currently sits at **£115,694** against a **YTD budget of £118,720**, leaving a **YTD budget underspend of £3,026**. CCTV contributions have increased since last year due to increased cameras and costs. Special projects & Events is £150 over budget as there was no budgeted expenditure. There was no Youth Town Council in 2022, and the Annual budget for YTC has been exceeded by £176. The designated reserves for CIL and Climate Change stand at £127,921 and £7,583 respectively. Again, this is before final year end adjustments.

Page 14 – UKSPF Project

As previously reported, this is a new addition for 2023/24 after a successful application to the UK Shared Prosperity Fund to make the Christmas Lights Switch On event accessible for all. The Town Council was awarded £12,701 which was fully spent. Any remaining costs for the event came from the Civic Christmas Activities budget line.

Page 14 – Community Infrastructure Levy

This is a new addition to the management accounts. Previously expenditure had been included under the relevant departmental spend, however it is more accurate to include it under its own title. The Town Council has spent £34,970 in 2023-24 on improvements to the Cemetery.

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

Page 15 – Town Centre Strategic Partnership

So far this year, there has been no activity apart from £1,500 for PR costs, leaving the “pot” with **£198**. There has been no change since the last report.

Page 15 – 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 16 – Shakespeare Birthday Celebrations

Activity has increased since the last management accounts as the Birthday Celebrations approach. The **YTD Income stands at £47,011** and **YTD expenditure is £46,150** with more to follow, giving a **NET surplus of £860**.

The designated reserve balance stands at £67,403.

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
May 2024