

Management Accounts Review – May 2024

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 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 **£216,779** (Page 1)
- 2) **Net Assets** (excluding Fixed Asset Reserve) have **increased to £637,527**. The overall increase from last year is namely due to the increase in precept and the modest increase in the general reserve.
- 3) **Deferred Income is reported at £20,299**. Please see the Town Hall Commercial Management section for further detail.
- 4) **Investments & Bank** (Page 2) have increased by **£87,477** compared to FY 2023/24. See the detailed section below for a full explanation.
- 5) After year-end adjustments, the **Designated Reserves** (Page 3) have **increased by £6,184** compared to FY 2023/24. See the detailed section below for more information.

The **General Reserve** has **increased by £26,229**.

6) **Income & Expenditure**

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

As mentioned previously, Community Infrastructure Levy (CIL) and funding such as UKSPF are no longer counted in the income and expenditure sections as they are restricted funds. They are not general Town Council funds and can only be spent for a specific purpose. These are accounted for under their own sections.

YTD Income (including the Precept) has **increased by £6,706** compared to 2023/24. This is namely due to increased Tranquility Garden income and precept. The decrease in Market & Christmas Festival income is due to timing of invoices.

YTD Gross Expenditure has **increased by £4,303** compared to this time in 2023/24 due to a mix of operational costs and initiative funding, resulting in an adjusted YTD **NET Surplus of £40,928**. It is important to note that most expenditure takes place in the second half of the financial year, and until the pay award is agreed (anticipated to be November) and backdated to April, salaries, wages and related costs will be lower against the budgeted amount.

Page 5 shows a summary of adjusted YTD Budget compared to YTD Actuals. It confirms an adjusted YTD **NET Surplus of £40,928** compared to an expected YTD Budget Deficit of **£10,495**.

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 **£40,928**.

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 **£690,937**.

It has been previously reported that the current market value of the long-term investment is below the original investment amount, however the Town Council has benefited from healthy monthly dividends which have more than outweighed this drop in value. CCLA anticipates that the market will begin to recover as the base rate falls and borrowing increases.

The CCLA PSDF and CCBank savings accounts have lower balances than this time last year as funds were required to replenish the current account after the initiative payments earlier in the year. Now that the first tranche of the precept has been received funds will be transferred to restore the balances.

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 £6,184**. There was a lot of movement in the reserves at year end, but the increase is primarily due to the increase in CIL receipts. After excluding the restricted designated reserves, this leaves the total designated reserves at £88,082.

The **General Reserve** has **increased by £26,229 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 21% 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.

Pages 4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4)

Total Income (including the Precept) has **increased by £6,706** which is mostly due to the increase in Precept and Tranquility Garden income. The market contract is currently showing a large decrease against 2023/24 however this is due to timing of invoices.

Overall **expenditure has increased by £4,303** mostly initiative funding and operational costs. Please see the detailed sections below for more information on each budget section.

This has resulted in a **YTD NET surplus of £40,928**.

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.
- The timing of expenditure – while expenditure is currently under budget, much of the Town Council's spending takes place in the second half of the financial year.

YTD Budget vs YTD Actuals (p5)

When compared against the YTD Budget (p5), the **YTD Actual Total Gross Income is £9,411 below budget (in deficit) and YTD Actual Gross expenditure is £60,835 below budget (underspend)**. This confirms a **YTD NET surplus of £40,928** against a NET YTD budgeted deficit of £10,495.

Summarised income & expenditure (p6 & 7)

The pie charts on p6 reflect the data from p7, and show the precept, rents 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, Cemetery [Net], Civic Expenditure and Initiatives & projects.

Page 7 (YTD Budget against YTD Actuals) confirms that, after Management Accounts adjustments, the **YTD Net Surplus is reported as £40,928**.

Page 8 – Market & Christmas Festival

Market income is currently showing under budget due to invoice timing. The budgeted income and expenditure amounts for the Market Contract are always a best estimate as the exact figures are not known until September of the coming year, well after the budget is set, when revised figures are set.

Expenditure is slightly under budget, as explained above, the budget amount is set long before the annual review and is not controlled by STC.

This has left the NET income £3,093 in deficit, but taking into account invoice timing this figure should be well into a surplus.

The costs for the Christmas Festival are anticipated to be over budget later in the year - again STC are not in control of this amount and the budget is set before the latest invoice is available i.e. the 2024/25 budget was set before the 2023/24 event invoice was received.

The Christmas Festival designated reserve was fully used due to the 2023/24 event costs.

Page 8 – Town Hall Commercial Management

The **YTD Town Hall income is showing as £7,307 which is £610 in deficit of the YTD budget.** Income should be closely monitored by the Committee to ensure budget it achieved. 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 £3,146 (£4,655 under budget), leaving a **negative NET expenditure (surplus) of £4,161.** There is one small area of overspend (cleaning and laundry). 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 where salaries, wages & related costs are charged between departments and future management accounts are anticipated to change to account for this.

Page 9 – Operational & Administrative Expenses

The **YTD expenditure is £48,761** some £21,406 underspend from the YTD budget. This is largely due to accruals for anticipated invoices such as audit fees, and budget lines that have yet to accrue expenditure. Expenditure has increased by £8,965 compared to this time last year.

Salaries, wages and related costs are under the YTD budget, however, is anticipated to balance out in November when any 2024/25 pay award is announced and backpay is calculated. There have also been changes in personnel/structure which were unknown when setting the budget and future management accounts are anticipated to change to account for this. It is also recommended to look at where some costs are

charged as some items would be more accurate to charge under elsewhere.

Heating and lighting currently shows as in surplus, which is due to estimated accruals for late invoices for the last quarter of 2023/24.

There are several YTD deficits in this section, however they are relatively small and not over the annual budget so not a large concern. Some are due to timing (subscriptions), but all overspend 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.

The designated reserves for building maintenance and election expenses sit at £10,664, and £1,522 respectively.

Page 10 – Civic Expenditure

Civic Expenditure currently has a **£462 underspend against the YTD budget**. A few budget lines have a YTD overspend which are mostly due to event timing. Others are relatively small, and none have exceeded the annual budget. Civic Receptions will be out of alignment with the 2023/24 comparison figures, as early expenditure was carried forward from the 2023/24 Y/E accounts to 2024/25 which had not been done for the 2022/23 Y/E accounts to the 2023/24 opening balances.

The designated reserves for events and vehicle replacement (shared with the Cemetery) stand at £2,000 and £5,188 respectively.

Page 11 – Cemetery

The **YTD Fee income is £6,070 in deficit**, standing at £8,930 against a YTD budget of £15,000 and should be carefully looked at by the Community Services Committee. This is offset by a **YTD expenditure of £26,593 (an underspend of £11,818)** against a YTD budget of £43,411, resulting in a **YTD NET expenditure of £17,663**. Much of this is attributable to the underspend in salaries, wages and related costs however this is before any anticipated pay award and subsequent backpay in November.

Heating and lighting is out of alignment due to timing of invoices and recharges. Vehicle costs have gone over the YTD budget due to timing of invoices / renewals. These should both resolve as the year progresses.

Any balance left in Cemetery Land Extension fees should be moved to the designated reserve at year end.

Cemetery training is included under Operational costs and needs to be looked at in the future in this section. It may also be worth considering apportionment of salaries with regards to the other open spaces areas that the team look after.

The Cemetery Land & Buildings designated reserve stands at £44,305 and the vehicle replacement designated reserve (shared with Civic expenditure) at £5,188.

Page 12 – Holy Trinity Churchyard & Garden of Remembrance

There has been no expenditure on this budget line so far this year.

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 £5,864 in surplus, with a balance of £8,393. This is against expenditure of £0 leaving a **negative YTD NET expenditure of £8,393** (income has exceeded expenditure) **and a surplus of £6,031 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

There has been no income or expenditure activity so far this financial year. Invoices are issued each January. Some previous invoices remain outstanding and is being escalated internally.

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 at **£1,461** against a YTD budget of £3,491 leaving **surplus of £2,030 against the YTD budget**. This is due to accruals for late invoices.

At the end of each financial year, an apportionment of storage costs for the Shakespeare Birthday Celebrations (SBC) takes place, 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 **£8,819** against a **YTD budget of £20,493**, leaving a **YTD budget underspend of £11,674**. This is mostly due to timing of expenditure and invoices as most initiative expenditure takes place in the latter half of the year. The same can be said for areas of overspend in regard to timing.

The designated reserve Climate Change stand at £127,921 and £11,108 respectively.

Page 14 – UKSPF Project

There has been no activity for UKSPF as yet this financial year.

Page 14 – Community Infrastructure Levy (CIL)

There has been no activity for CIL as yet this financial year.

The CIL designated reserve stands at £127,921.

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 to report, leaving the “pot” with **£198**.

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 took place in April. The **YTD Income stands at £240**, with contributions from the District and Town Council to follow. and **YTD expenditure is £37,948**, giving a **NET deficit of £37,708**.

This leaves the designated reserve with a balance of £29,695. However, this will significantly improve once the outstanding contributions have been made.

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 are added to the “pot” after expenditure on the event in 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 2023/24. 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 2025 event if it is undertaken on a similar scale to previous years and is further supported by fundraising. The impact of inflation and escalating event security and traffic management charges should be considered for future costs.

Please ask for more information if you have any queries.

Responsible Financial Officer
May 2024