

Management Accounts Review – August 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 **£85,371** (Page 1)
- 2) **Net Assets** (excluding Fixed Asset Reserve) have **increased to £547,695**. The overall increase from last year is namely due to the increase in precept.
- 3) **Deferred Income is reported at £15,915**. Please see the Town Hall Commercial Management section for further detail.
- 4) **Investments & Bank** (Page 2) have **increased by £72,644** 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 **decreased by £14,302** and **Restricted Reserves increased by £42,521** compared to FY 2023/24. See the detailed section below for more information.

The **General Reserve** has **increased by £10,764**.

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 Gross Income including the Precept has **increased by £49,109** compared to 2023/24, sitting at £426,881 (£151,182 excluding the precept). This is namely due to increased precept and income from the Town Hall, Market & Christmas Festival and Tranquillity Garden.

YTD Gross Expenditure has **increased by £4,196** to £333,883 compared to this time in 2023/24 due to increased spend in Market & Christmas Festival, Operational & Administrative Expenses, Civic and initiatives & projects, resulting in an adjusted **YTD NET Surplus of £92,998**. 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 £92,998** compared to an expected YTD Budget Deficit of **£25,279**.

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 **£92,998**.

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 **£615,931**.

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 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. Looking at the statements from the last quarter, the mid and bid values of the investment started to slowly rise but have remained the same for 2 months.

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.

There has been a small change to how the reserves are shown in the management accounts – there is now a clear division between designated reserves (which the Town Council can use as they see fit), and restricted reserves which can only be used for specific purposes.

Designated Reserves currently total £88,082, a **decrease of £14,302** since 2023/24. This has mainly been caused by the use of the election reserve as well as Christmas Festival, Holy Trinity and Events reserves.

Restricted Reserves currently total £223,401, an **increase of £42,521** since 2023/24 due to the increase in CIL receipts.

The **General Reserve** is £150,840 and has **increased by £10,764** against 2023/24. This is due to movement of funds between the general reserve and designated reserves during year-end adjustments. The 2023/24 financial statements show the general reserve as £150,836 and the difference is due to rounding in the financial statements.

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The general reserve is currently 19.03% 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 of £47,327 is required to bring this up to 25%, however it should be noted that 25% is the minimum required and Council should aim for more than this.

Pages 4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4)

Total YTD Gross Income (including the Precept) stands at £426,881 - an increase of £49,109 compared to 2023/24 which is mostly due to increased precept but additionally income from the Town Hall, Market & Christmas Festival and Tranquillity Garden.

Overall YTD Gross expenditure has increased by £4,196 currently standing at £333,883 mostly due to decreased Cemetery, Town Hall and Hatton Rock expenditure. Please see the detailed sections below for more information on each budget section.

This has resulted in a **YTD NET surplus of £92,998**

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 including the precept £457 below budget (in deficit)** standing at £426,881 (excluding the precept also gives a £457 YTD deficit / YTD balance of £151,182). **YTD Actual Gross expenditure is £118,734 below budget (underspend)** standing at £333,883. **This confirms a YTD NET surplus of £92,998** against a NET YTD budgeted deficit of £25,279, a variance of £118,277.

Summarised income & expenditure (p6 & 7)

The pie charts on p6 reflect the data from p7, and show the precept, Market & Christmas Festival Income [Net], Town Hall Commercial

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Management [NET], rents [NET] and Interest & Dividends as the most significant sources of income (in addition to Open Spaces Fees which are not shown separately here as they are included under Expenditure – Open Spaces [Net]), while over half the expenditure is on Operational & Administrative Expenses, followed by Open Spaces [Net], Civic and Initiatives & Projects.

Page 7 (YTD Budget against YTD Actuals) confirms that, after Management Accounts adjustments, the **YTD Net Surplus is reported as £92,998.**

Page 8 – Market & Christmas Festival

Market and Christmas Festival Income is still showing as under budget YTD by £1,933, standing at £77,326. However, this is partly offset by an expenditure underspend and is before any annual RPI increase is implemented. It should be noted that due to upcoming changes in the contract the annual income will reduce from October (and so expenditure), whereas these figures were previously anticipated to increase at that point. In addition, as the contract does not align with the financial year, the 2024/25 budget figures may not be met. A better picture will be available in the September management accounts.

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 when revised figures are set, well after the budget is signed off.

Expenditure has a YTD underspend of £11,769, standing at £46,396 however most of this falls against this year's Christmas Festival which has not yet taken place. A small proportion is against the Market. As explained above, the budget amount is set long before the annual Market Contract review and is not controlled by STC.

This has left the NET income at £30,930 which is £9,835 in surplus of the YTD budget.

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

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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 £21,863 which is £2,071 in surplus of the YTD budget.** While income has increased YTD compared to 2023/24, a high-level overview indicates this is to do with the fees set rather than increased bookings. Additionally, the changes mentioned below have impacted profit for 2024/25. Income should be closely monitored by the Committee to ensure the full year's budget is 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, but Committee should actively seek out the number of bookings and any market trends i.e. levels of weddings and musical events compared to previous years.

YTD gross expenditure stands at £12,922 (£6,449 YTD underspend), leaving a **YTD NET surplus of £8,940.** Licences and cleaning have YTD overspends but none are outside of the annual budget. 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 – the impact of some changes can already be seen but further changes are under review. Due to these changes, it is recommended that a virement be made from Salaries, Wages and Related Costs to the same line under the operational and admin section before year end to avoid that budget section going over budget – this would be a more accurate reflection.

Deferred income is currently £15,915.

Page 9 – Operational & Administrative Expenses

The **YTD expenditure is £147,513** some £27,904 underspend from the YTD budget. This is largely due to timing, accruals for anticipated invoices and budget lines that have yet to accrue expenditure.

Salaries, wages and related costs are slightly under the YTD budget, however, expenditure here is anticipated to increase 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 – the impact of some changes can be seen but

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further changes are anticipated. As mentioned above, it is recommended that a virement be made from the Town Hall Commercial Management salaries to Operational before year end to reflect these changes.

It is also recommended to look at where some costs are charged as some items would be more accurate to be included here.

There are several YTD deficits in this section, however they are relatively small and not over the annual budget so not a large concern, apart from Street Furniture operational / maintenance costs which was an oversight in a change made last year in how this is funded. Telephony is over the YTD budget but this is due to an invoicing error by the supplier which will be credited in September. Some YTD overspend areas 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.

Heating and Lighting is over budget due to an usually high invoice which is paid by Direct Debit. The value and meter readings have been flagged with the utility company for investigation. It is suspected the meter is faulty as it is very old, and invoicing has been paused while investigations / repairs take place.

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 **£1,906 underspend against the YTD budget** standing at £26,106. A few budget lines have a YTD overspend which are mostly due to event timing as the busiest Mayoral period is at the start of the financial year. Civic Travel should be closely monitored as nearly 2/3 of the annual budget has been spent in the first 4 months of this financial year. It should be noted that the Civic Year does not align with the financial year, and so each year's budget covers 2 partial Mayoral terms. Other overspends are relatively small, and none have exceeded the annual budget apart from D-Day/VE Day as no budget was requested. The Civic, Heritage and Events Committee should take this into careful consideration when requesting their 2025/26 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 the previous year.

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

Page 11-12 – Open Spaces

This section has been reconfigured to more accurately reflect the scope and costs of the Open Spaces Team and areas, merging the Cemetery and all other Open Spaces into one section.

Overall, the **YTD Fee income is £10,175 in deficit**, standing at £33,720 and should be carefully looked at by the Community Services Committee. This is largely due to **Cemetery income being £15,058 under the YTD budget**. This loss is partially offset by a **YTD expenditure of £67,899 (a gross YTD underspend of £42,883 / £32,709 NET)** against a YTD budget of £110,783 (£66,888 NET), resulting in a **YTD NET expenditure of £34,179**. 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. Please note the variance figures include the Driveway Kerbing works which were originally budgeted for this financial year but were carried out in 2023/24 via CIL funds, and so was not part of previous years' budgets. Excluding the £30,000 for the kerbing paints a different picture in the variance figures with a YTD gross underspend of £30,383 (£20,209 NET) with £67,899 gross YTD actual expenditure (£34,179 NET) against a gross YTD budget of £98,283 (£54,388 NET).

The Community Services Committee should carefully consider their predicted income figures for 2025/26 when setting their budget request and look into any changing trends in terms of numbers of internments of ashes compared to burials.

Vehicle costs have gone over the YTD budget due to timing of invoices / renewals. This should 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.

The Tranquillity Garden **YTD income is £2,615 in surplus for purchase & internment fees**, with a balance of £7,593 against a YTD budget of £4,978, and a **£208 YTD surplus for memorial fees** against YTD budget.

Holy Trinity & Garden of Remembrance and the Allotments have had no direct expenditure YTD, and the allotment income is not due until January.

The Cemetery Land & Buildings designated reserve stands at £44,305 and the vehicle replacement designated reserve (shared with Civic expenditure) at £5,188. The Holy Trinity Churchyard reserve stands at £8,633 and allotments at £4,662. The Tranquillity Garden reserve has a balance of zero.

Page 13 – Hatton Rock

The **YTD expenditure** is reported at **£5,020** against a YTD budget of £8,727 leaving an **underspend of £3,707**. This is due to accruals for late invoices and is anticipated to be resolved shortly once invoices have been received. There is anticipated to be a comparatively small deficit before any SBC recharge due the lease renewal which has now been confirmed, long after budget setting.

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.

Page 13 – Initiatives and Projects

YTD Expenditure currently sits at **£25,842** against a **YTD budget of £51,233**, leaving a **YTD budget underspend of £25,391**. 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, apart from Special Projects and events which was not anticipated to have any expenditure this financial year, and Climate Change initiatives which has gone over budget due to match-funding for a decarbonisation study which was not part of the budget setting process. However, this is offset by underspend in other areas. There has also been a significant increase in the maintenance of the flower troughs which has additionally contributed to the Climate Change overspend. It is anticipated that overspend in this budget line will continue and the Committee should closely consider what remaining expenditure is essential. Any overspend here will be taken from the Climate Change reserve at year end.

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The designated reserve for Climate Change initiatives stands at £11,108.

Page 14 – Grant Funding

£2,360 of Grant funding has been received and spent for a decarbonisation study. This was from the Community Climate Change Fund (mistakenly referred to as UKSPF funding previously). Match funding for the remainder of the invoice was provided by the Town Council.

Page 14 – Community Infrastructure Levy (CIL)

The first tranche of CIL receipts has been received for 2024/25, with income now standing at £38,142. There has been no expenditure as yet this year.

Taking into consideration the above activity, the CIL designated reserve stands at £166,063.

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

There has been no change since the last management accounts report. The **YTD Income stands at £20,240** and **YTD expenditure is £39,049**, giving a **NET deficit of £18,809**.

This leaves the **designated reserve with a balance of £48,593**.

It should be noted that work on the celebrations begin before the start of the financial year and so these figures are not completely indicative of the April 2024 event. Income received from the flag positions was collected in the 2023/24 financial year. In the future this will be included in the year-

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end adjustments to bring forward. Funds raised from flags for the April 2024 event stands at £6,379.17

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 has been accounted for. This surplus has significantly reduced following the above change. Despite budget challenges, the Town Council are still committed to maintaining a healthy contribution, however the District Council are now having to closely consider theirs. The Town Council are investigating cost saving measures to ensure the future of this historic event. 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
September 2024