

## Management Accounts Review

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 revised format of the Management Accounts show summary information.

As well as being summarised on Page 3, Designated Reserves balances are now 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 14 and 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** for the first quarter of the financial year is **£88,206** (Page 1). The budgeted deficit is unlikely to be reflected until later in the second half of the financial year. In the meantime, receipt of the second tranche of the Precept in September will boost the surplus.
- 2) **Net Assets** (excluding Fixed Asset Reserve) are reported to have fallen to **£480,420** which is a significant reduction from **£700,513** in the last financial year, reflecting the use of long term investments to fund the deficit in 2021-22.
- 3) **Deferred Income** stands at £11,291 (up from £6,411 compared to the same period last year) which indicates future Town Hall bookings have increased following the challenges of pandemic restrictions over the last 2 years and the extensive repairs to the Town Hall.
- 4) **Investments & Bank** (Page 2) have decreased by **£226,935** in total compared to this time last year, due to last year's deficit.
- 5) **Designated Reserves** (Page 3) have decreased by **£112,359** in total, primarily caused by the reduction of the Building Maintenance

Reserve to contribute funding towards the Town Hall planned maintenance works in 2021-22. With further funding required for the Net Deficit, the **General Reserve** also fell by **£111,074**.

- 6) Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year. Income (including the Precept) has increased by £61,866 while Expenditure has increased by £47,328, resulting in an adjusted NET Surplus of **£35,827**, an increase of **£14,537** on the previous year. Much of this is down to timing, as only a third of the financial year has passed and substantial expenditure takes place in the second half of the year, for example on Council's contributions to Initiatives including the Fred Winter Centre, Stratford in Bloom and Christmas Lights.
- 7) Page 5 shows a summary of adjusted YTD Budget compared to Actuals. This shows there is currently an adjusted NET Surplus which exceeds an expected Deficit of £8,965 at this stage in the financial year. However, part of this is down to timing of expenditure.
- 8) Page 6 has two pie charts showing the proportion of YTD Income and Expenditure from different budget sections. Precept and Market & Christmas Festival Income [Net] are the most significant sources of income, while well over half of the expenditure is on Operational & Administrative Expenses, followed by Initiatives & Projects, Civic Expenditure, and Cemetery [Net].
- 9) Page 7 shows that, after Management Accounts adjustments, the **Net Surplus** is reported as **£35,827**. This reflects the apportionment of the Precept and certain annual Expenditure across the year.
- 10) As previously reported, another tranche of funds of over £10,000 has been received as a result of the Community Infrastructure Levy (CIL) on housing developments.
- 11) There has been a large increase in **Net Income** from the **Market & Christmas Festival**, after deduction of the District Council's 60% share. There has also been a return to the market contract fees, which are higher than the figures for markets over the last two years which were impacted by coronavirus pandemic restrictions.
- 12) Page 7 shows a YTD Deficit of £412 relating to **Interest & Dividends on Investments & Bank**. This reflects reduced interest and dividends as the total funds invested has fallen following last year's deficit.

- 13) Other YTD Deficits reported on Page 7 are reviewed in more detail below.
- 14) There have been large increases in Operational & Administrative Expenses, Civic Expenditure and Initiatives & Projects compared to the same period as the previous year.

### **Detailed Review**

**Page 8 – Market & Christmas Festival** – the substantial YTD Surplus reported in previous months has disappeared this month due to a delay in issuing the monthly invoice to the market contractor, so the Net Income accurately reflects the Town Council's share after the District Council's 60% share of fees has been deducted. Expenditure is still expected to increase in the second half of the year because of the Christmas Festival.

**Page 8 – Town Hall Commercial Management** – Lettings income is currently higher than budgeted as bookings continue to pick up after the issues of coronavirus pandemic restrictions and the extensive maintenance works. The Net Expenditure is currently negative, which means Income exceeds Expenditure so far. There are numerous small YTD Deficits for various budget lines, reflecting increased activity with Town Hall events.

**Page 9 – Operational & Administrative Expenses** – for Professional Fees, there is already a deficit compared to Annual Budget due to initial costs relating to the purchase of the additional cemetery land from the District Council, which was not budgeted for. As the Cemetery Land & Buildings Reserve is now likely to be exceeded, a budget virement from the General Reserve will need to be recommended once further costs are confirmed. There are numerous small YTD Budget deficits in this section resulting in a total YTD Deficit of £15,325 and spending in this section needs to continue to be monitored during the year.

**Page 10 – Civic Expenditure** – a Year To Date (YTD) Budget deficit of £6,921 reflects the number of civic events so far in the mayoral year, including additional activities relating to the Platinum Jubilee. Note that event security costs have risen. Costs of any further events during the financial year need to be monitored to ensure the expenditure for the full year is controlled within budget, otherwise a budget virement from the General Reserve may be required. Note that the Vehicle Replacement Designated Reserve shown in this section can also be used for Cemetery vehicles, not just the civic car, and a replacement tipper truck has now been acquired for the Open Spaces team (see Cemetery

section below). The additional costs of this new vehicle were not budgeted for and will need to be covered by the designated reserve.

**Page 11 – Cemetery** – Fees are just over £8,000 in Surplus for the year to date compared to Budget, and are nearly £8,500 more than the previous year. Total Expenditure has fallen back below budget so far, resulting in a YTD Surplus of just over £24,000. However, additional vehicle costs will now be incurred for a replacement tipper truck. The lease costs including initial deposit and monthly payments for this new vehicle will exceed the budget and will need to be financed from the Vehicle Replacement Reserve. There is a small Annual Budget deficit (for Sundry Seating & Trees) due to increased costs for a new bench but this is expected to be offset by variances on other budget lines.

Note the Cemetery Land & Buildings Designated Reserve is already assigned for use to purchase land to extend the Cemetery. As mentioned above (see Page 9), further use of Reserves will be required to fund additional fees and costs in relation to this project.

**Page 12 – Holy Trinity Churchyard & Garden of Remembrance** – no expenditure is reported so far this year, but it should be noted that maintenance costs for labour are included in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section.

**Page 12 – Tranquility Garden** – Fees are currently below budget, but overall there is a Net Deficit in Expenditure i.e. more Income has been received than Expenditure incurred. Based on the previous year, it is expected that Fees will continue to be received throughout the financial year to more than offset any expenditure reported here. Again, it should be noted that labour maintenance costs for the Tranquility Garden are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11) and not recharged to this budget section.

**Page 12 – Allotments – Park Road** – nothing of significance to report.

**Page 13 – Hatton Rock** – Rent is invoiced a month in advance, hence the YTD deficit is a timing issue. As in previous years, it is expected that approximately half of the total expenditure on this item relates to equipment storage costs and will be recharged to the Shakespeare Birthday Celebrations “pot” later in the financial year.

**Page 13 – Initiatives, Projects and Grants** – a couple of Annual Budget deficits and a few YTD deficits but no concerns to report. Note that there was no budget provision included for Climate Change

Initiatives this year and all relevant expenditure will be covered by the Designated Reserve.

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#### **Page 14 Town Centre Strategic Partnership**

The balance “in the pot” has decreased by £583 so far this year but still leaves nearly £4,000.

#### **Page 14 Shakespeare Statue Restoration**

The balance “in the pot” has fallen to a deficit of £2,424 now that all the expenditure has been accounted for. Although there is now a small deficit, this should be changed to a surplus when some further grants have been received, which were dependant on proof of costs and completion of the restoration works. The surplus will be carried forward to cover future cleaning costs and any further minor maintenance work required.

#### **Page 15 Shakespeare Birthday Celebrations**

The substantial surplus “in the pot” of £85,695 for the current financial year is down to timing, because the District and Town Council’s contributions have been added to the “pot” after expenditure on the event on April 2022 has been accounted for. As reported last month, the District Council has not yet paid their invoice for 2022-23. If the matter is reviewed and reconsidered as a result of budget challenges owing to high inflation and the cost of living crisis, the Town Council may want to review their contribution and apportionment of other costs incurred in relation to this event. However, there should still be funds in the “pot” for next year’s event even if the full contributions for 2022-23 are not received. Costs for the event in 2022, which have now been determined as a total of £44,571, should be reviewed as a template for future events, bearing in mind the impact of inflation on future costs.

Please ask for more information if you have any queries.

Responsible Financial Officer  
August 2022