

## Management Accounts Review – Year End

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It must be noted that the COVID-19 pandemic restrictions continued to have some impact on Council's income and expenditure in 2021-22. Extensive external maintenance and repair works to the Town Hall, delayed from 2020 because of the pandemic, also increased expenditure. Consequently, the accounts for the year show more variances than may otherwise have occurred.

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

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

Under normal circumstances, any significant Surplus figures are also worth reviewing, as these may indicate a requirement for review of the Annual Budget in future years. Bearing in mind the impact of COVID-19, not all Surpluses are likely to reoccur so careful consideration will be required as part of the Budget process for 2023-24, which will begin in September 2022.

**N.B. the Management Accounts** contain some preliminary adjustments but **do not include final year end adjustments** which will be determined by Council's accountants and agreed during the preparation of the draft Financial Statements in May/June 2022. **Some of the figures reported will be affected by these adjustments.**

## Summary

- 1) After some preliminary adjustments, the **Net (Deficit)** which will be funded from Reserves is shown in this report as **£202,623** which is considerably less than the original **Budgeted Deficit** of **£274,625 plus £88,707** (Budget Virements).
- 2) **Net Assets** (excluding Fixed Asset Reserve) are reported to have fallen to **£430,251** which is a reduction of **£192,110** in the last financial year.

- 3) **Designated Reserves** have decreased by over **£122,000** in total, primarily caused by the reduction of the Building Maintenance Reserve to contribute funding towards the Town Hall planned maintenance works. With further funding required for the Net Deficit, the **General Reserve** will fall by over **£100,000** (figure to be confirmed in May 2021).
- 4) There was a substantial increase in **Community Infrastructure Levy** (CIL) receipts to **£29,545**. These will be carried forward in the designated reserve for future projects.
- 5) There was a Deficit in Net Income from the Market & Christmas Festival of £3,917. Gross Income was over £57,000 less than budgeted due to a change in the invoicing arrangements for the weekly markets because of the impact of social distancing rules on the number of market stalls. This was mainly offset by the District Council's 60% share and by money saved as a result of the market operator's funding of the majority of the expenditure on the Victorian Christmas Market in 2021.
- 6) There was a substantial Deficit in Gross Income from Town Hall Commercial Management of over £17,000. However, this was offset by a COVID-19 Local Restrictions Support grant of £12,000 and an underspend on Salaries, Wages & Related Costs of over £4,000. Marketing costs were also saved because of the impact of external maintenance on prospective bookings.
- 7) There was a substantial overall Surplus in Operational & Administrative Expenses of over £29,000. The most significant deficit of over £3,600 on Town Hall Planned Maintenance and Repairs was offset by a surplus of nearly £7,000 on Professional Fees. A deficit of just over £2,700 on Salaries, Wages and Related Costs relates primarily to additional regular hours of a new committee clerk role which was not included in the original budget.
- 8) There was another substantial Surplus in Civic Expenditure, this year of £14,000, because of the reduced number of civic events and activities in 2021-22. The main deficit reported relates to Receptions (Formal & Informal) of nearly £1,350, which was more than offset by other budget savings in this section.
- 9) There was a substantial Surplus in Income received from Cemetery fees of £24,420. Regarding Expenditure, there was a deficit of just over £4,300 on General Ground Maintenance largely because of tree work caused by storm damage, and a deficit of

just over £3,100 on Vehicle Expenses, reflecting the increasing costs of running ageing vehicles, but overall a Surplus in Cemetery Expenditure over just over £8,000.

- 10) Holy Trinity Churchyard & Garden of Remembrance Expenditure was substantially below budget because the boundary wall repairs were significantly lower than the budget contingency. This has resulted in a larger balance being carried forward in the designated reserve, partially offset by emergency tree works required following storm damage earlier in 2022.
- 11) There was a Surplus in the Income from Tranquility Garden fees of £4,329. With a further Surplus from Expenditure being lower than budgeted, the Tranquility Garden effectively contributed to Council's total Income for the year. If this trend continues in future years, it could be suggested that the Tranquility Garden section is reported as Net Income rather than Net Expenditure. However, it should be noted that staff costs for maintaining the Tranquility Garden are included under Cemetery Salaries, Wages and Related Costs and are not apportioned.
- 12) There was a significant Surplus of nearly £9,700 from Hatton Rock due to recharges to the Shakespeare Birthday Celebrations "pot" for storage costs.
- 13) There was a Surplus of nearly £6,000 for Initiatives & Projects. The deficit of £5,000 on Initiatives and Special Projects under £20K was a known commitment which was funded from a Community Support Designated Reserve. Some additional costs for CCTV are anticipated going forward following the introduction of new cameras. There have been savings of £2,405 under Newsletters / Quality Status because of in-house production of Bridging the Gap and fewer copies being printed because of the availability of the digital copy to be downloaded from Council's website. Lower than expected expenditure on Climate Change Initiatives means more funds carried forward in the designated reserve for spending in future years.

The 'negative' expenditure of £17,855 on the Shakespeare Statue Restoration has been caused by the receipt of funds and grants towards the restoration costs prior to the invoicing of all the costs, particularly the conservator's fees. This will be carried forward in a new designated reserve to cover expenditure in 2022-23, with any balance retained for ongoing maintenance and cleaning costs in future years. It is expected this will be shown in the Management

Accounts in 2022-23 as a “pot” of funds, similar to the reporting of TCSP and SBC income and expenditure (see below).

- 14) The Town Centre Strategic Partnership (TCSP) “pot” has been established in 2021-22 following initial funding of initiatives by the Town Council using CIL funding and reserves. Council acts as “purse keeper” for TCSP and funding contributions from partners has resulted in a balance of £4,561 being carried forward in the designated reserve. Further funding contributions from partners as well as further use of Council’s CIL funds is expected in order to continue to progress initiatives such as the Bridge Street / High Street design project and other items identified in the Neighbourhood Plan.
- 15) The Shakespeare Birthday Celebrations (SBC) “pot” increased by over £10,000 primarily because of the Town Council’s funding contribution of £25,000, despite the event in 2021 being “virtual” due to ongoing lockdown restrictions imposed to combat the coronavirus pandemic. As reported above, storage costs were recharged to this “pot” which account for the majority of the expenditure in 2021-22. The return of the “physical” event in April 2022 will see a significant increase in expenditure in next year’s accounts.

### **Page 1 Balance Sheet**

Net Assets have fallen to £430,251 (excluding Fixed Assets) which compares to £622,361 in 2021 and is a reduction of over £192,000. Long Term Investments have fallen by nearly £236,500 as funds have been required to cover the ongoing deficits.

The ‘Financed by’ section shows the breakdown of the Year To Date Surplus / (Deficit) which is reported as a deficit of £227,322 (before Management Accounts adjustments). Community Infrastructure Levy has a balance of £29,545, which reflects a good increase of receipts compared to previous years, while also allowing for expenditure on the Strategic Partnership Town Centre Initiative for Bridge Street / High Street Design.

Other figures show the Reserves determined at the last Year End in March 2021, and the Year To Date balance held for the Shakespeare Birthday Celebrations of £72,832.

The Fixed Assets value of £15,039,541 was unchanged as no revaluations occurred during 2021-22.

## **Page 1 Investments & Bank and Reserves**

**Investments & Bank** shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash at Year End. Total Investments & Bank stood at £446,043 compared to £639,019 in 2020-21. The Short Term Investments have temporarily increased but will fall back as expenditure is incurred through the year.

**Reserves** shows the balances as determined at the previous Year End at 31/03/2021 (note many of these figures will not change during the financial year, only at Year End). Expected figures for Reserves after Year End Adjustments at 31/03/2022 are also shown. The General Reserve will fall by transfers to Designated Reserves and by the balance of the year's deficit once this has been determined and agreed.

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.

## **Page 2 Income & Expenditure Year To Date – Budget & Actuals**

Gross Income (not including Precept) was in Deficit by over £3,000.

Gross Expenditure (including Contingency) was in Surplus by nearly £164,000 i.e. substantially less than budgeted.

Net Deficit was £202,623 (before final Year End adjustments) compared to a total adjusted Budget Deficit of £363,332.

## **Page 3 Income & Expenditure Year To Date – Actuals & Previous**

Total Income (including Precept) was over £91,000 more than the previous year.

Gross Expenditure (including Contingency) was £179,770 more than the previous year.

Net Deficit was over £88,000 more than the year before (before final Year End adjustments), which in itself was an exceptional year because of the impact of the coronavirus pandemic.

#### **Page 4 Summarised Income & Expenditure Account**

The diagrams clearly highlight:

INCOME – the huge proportion accounted for by the Precept, which was 71% of the total in 2020-21 (down from 79% in 2020-21).

EXPENDITURE – the most significant proportions of which were:

- i) Operational and Administrative Expenses (including Town Hall Repairs & Maintenance) at 54% of the total in 2020-21 (up from 44% in 2020-21).
- ii) Cemetery at 19% of the total (down from 28%).
- iii) Initiatives, Projects and Grants at 12% of the total (down from 21%).

#### **Page 5 Summarised Income & Expenditure Account**

Looking at the **Variance YTD Budget column** (right hand column):

1. INCOME Variance total is showing a Surplus of £27,049 i.e. the Council received more income than budgeted for in the financial year. This primarily relates to CIL receipts which were not budgeted for (the Town Council has no control over this aspect of its income, which is determined by the District Council). The major income deficit was Market & Christmas Festival [Net] of £3,917.

The Market & Christmas Festival [Net] deficit was caused by the change of market fees because of the impact of on the markets due to coronavirus pandemic. It should be noted that the market operator covered the bulk of the costs of the Victorian Christmas Market, which returned in 2021 and proved very successful in attracting visitors to the town.

Town Hall Commercial Management [Net] shows an Income deficit of £5,301 (page 6) which was offset by a significant reduction in expenditure as the Town Hall remained closed for events for much of the financial year due in part to ongoing coronavirus pandemic restrictions and then the extensive external maintenance works.

2. EXPENDITURE Variance total is showing a Surplus of £133,660 i.e. the Council spent significantly less than budgeted for the year (including additional virements of £88,707).

There are significant surpluses for each of the main Budget Heads of Operational & Administrative Expenses, Civic Expenditure, Cemetery [Net], Tranquility Garden [Net], Hatton Rock, and Initiatives & Projects.

Looking at the **NET Surplus / (Deficit) row:**

3. The Annual Budget shows that Expenditure was expected to exceed Income by £363,332 (after inclusion of virements), which would need to be financed from Reserves. Note that there was an addition of £88,707 to the £274,625 budgeted for Funding from Reserves to cover the original budget deficit.
4. YTD Actuals 2021-22 (at 31/03/2022) show Expenditure exceeded Income by £202,623 resulting in a Deficit. The deficit is actually significantly less than expected if all budgeted Expenditure had occurred, but is considerably more than the deficit reported for the previous year 2020-21 of £114,539.
5. Overall, the **NET Surplus / (Deficit) Variance for the year is a £160,709 Surplus.** However, this merely reflects that the Actuals deficit was well below the budget, which will offset the draw on the General Reserve to cover the overall deficit as well as changes to Designated Reserves.

As stated earlier, these figures may be subject to further Year End adjustments as determined by the Council's accountant while preparing the annual Financial Statements.

#### **Page 11 Town Centre Strategic Partnership**

6. The balance "in the pot" is currently reported as £4,561, with a deficit for the financial year to be taken from the Designated Reserve. All expenditure in the year related to the Bridge Street / High Street Design initiative. £7,000 of the reserve funds of which the Town Council committed to underwrite this project were subsequently replaced by CIL funding.

#### **Page 12 Shakespeare Birthday Celebrations**

7. The balance "in the pot" is currently reported as £72,832, with a surplus for the financial year to be transferred to the Designated Reserve. The surplus is essentially down to the Town Council's contribution of £25,000 in 2021, despite the cancellation of the

**STRATFORD-UPON-AVON TOWN COUNCIL  
MANAGEMENT ACCOUNTS 2021-22 AT 31/03/2022**

“physical” event. This has helped to fund the return of the event in April 2022.

Please ask for more information if you have any queries.

Responsible Financial Officer  
May 2022