

## **Management Accounts Review – Year End**

**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 13.

Pages 13 to 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.

**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 2023. **Some of the figures reported will be affected by these adjustments.**

### **Summary**

- 1) The **Trial Balance** shows a surplus of **£20,535** (Page 1). After some preliminary year-end adjustments, the **Summarised Income & Expenditure Account** reports an **Actual NET Surplus of £14,718** (Page 7), compared to the original Budget NET Deficit of £31,212 including budget virements. However, this is anticipated to reduce after final year-end adjustments, which will include late invoices for Cemetery Chapel repairs.

**N.B. Community Infrastructure Levy receipts of £40,183, which were not budgeted for, are a major factor in turning the Budget Deficit into an Actuals Surplus.**

- 2) **Investments & Bank** (Page 2) have increased by **£18,328** in total compared to 2021-22. See the detailed section below for a full explanation.
- 3) **Designated Reserves** (Page 3) are expected to decrease by **£5,335** in total since last year and the **General Reserve** could increase by **£31,052**, though this depends on the final Surplus (or Deficit) reported. **Further funding from this “pot” will be required for any reduction in the Net Surplus (or an Actuals Deficit) after the final year-end adjustments.**
- 4) **Income & Expenditure**

**Page 4** shows a summary of adjusted YTD Actuals compared to the Previous year. Income (including the Precept) has increased by **£172,733**. This is in part because of an increase in the Precept and Community Infrastructure Levy (CIL) receipts but primarily because of the return of Charter Market fees to pre-COVID levels, as well as increased Town Hall and Cemetery income. Gross Expenditure has fallen by **£62,423**, resulting in an adjusted **NET Surplus of £14,718** which is in contrast to the NET Deficit of **£220,478** shown for the previous year, which was affected by considerable expenditure on Town Hall repairs and maintenance. However, as mentioned above, this year's surplus is anticipated to become a small net deficit after year-end adjustments.

**Page 5** shows a summary of adjusted YTD Budget compared to YTD Actuals. This shows an adjusted **NET Surplus of £14,718** compared to an expected Budget Deficit of **£31,212**. This can be seen from a surplus in Income of £70,754 (including £40,183 for Community Infrastructure Levy receipts) and an Expenditure overspend of £24,823 (including £26,477 for Cemetery Expenditure which was affected by the acquisition of two new lease vehicles and unforeseen Cemetery Chapel repairs).

Please see the detailed section below for full details on income and expenditure.

**Page 6** has two pie charts showing the proportion of YTD Income and Expenditure from different budget sections. Precept, CIL and the Market & Christmas Festival Income [Net] are 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 just over half of the

expenditure is on Operational & Administrative Expenses, followed by Cemetery [Net], Initiatives & Projects, and Civic Expenditure.

- 5) Page 7 confirms that, after Management Accounts adjustments, the **Net Surplus** is reported as **£14,718**. However, as mentioned above, this is anticipated to become a small net deficit after year-end adjustments. Reserves movements will be confirmed by the accountants as part of the Year End process to prepare the Financial Statements.
- 6) Some of the other Annual / YTD key figures reported on Page 7 are reviewed in more detail below.

### **Detailed Review**

#### **Page1 - Balance Sheet & Trial Balance**

After some preliminary adjustments, the **Trial Balance** (excluding deferred income) shows a surplus of **£20,535** (Page 1).

- **Fixed Assets** – Long Term investments have fallen by £50,000 since this time last year due to a 2-year savings bond maturing and the capital being transferred to Short Term Investments.
- **Net Assets** (excluding Fixed Asset Reserve) are reported to have fallen to **£413,350**, which is over £55,000 lower than the previous month and nearly £17,000 down from the figure reported at the end of the last financial year. The monthly difference is mainly due to decreased cash at bank in hand due to the Cemetery Chapel repair works and the latest funding payment for the Fred Winter Centre. Figures will recover next month as the next tranche of the precept is due in April.
- **Deferred Income** (page 1) stands at **£15,890** (compared to a lower level of £11,853 at the same period last year) which indicates future Town Hall bookings have been increased following the challenges of pandemic restrictions and the extensive repairs to the Town Hall in recent years.

#### **Page 2 – Investments & Bank**

This shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash at Year End. The total funds stand at **£464,371** which is an **increase of £18,328** in total compared to 2021-22 and a significant change to last month's figure, falling by £67,000. This can be seen in the change in the cash at bank balance, as explained above. The large difference in long term investments between now and this point last year is attributable to the Cambridge & Counties Bank 2-year fixed bond maturing in December and being transferred to the Cambridge & Counties Bank Savings Account. It yielded interest of

£581.63 over the year. The CCLA Local Authority Property Fund investment produced £8,520.32 in dividends, and the CCLA Public Sector Deposit Fund £788.06 (both before management fees) for 2022-23. It was decided at the last Finance & Audit Committee to review future investments in the new financial year.

### Page 3 – Reserves

**Designated Reserves** shows the balances and variance in funds between this and last financial year end. Funds have decreased by **£5,335** in total in the last year, which would have been considerably more without the receipt of £40,183 from the Community Infrastructure Levy which has more than doubled this designated reserve. Reduction of the Cemetery Land & Building Reserve reflects professional fees and a £4,000 deposit incurred to date in extending the burial land for the Cemetery, while the use of most of the Vehicle Replacement Reserve was required for the replacement of the two Cemetery vehicles. The Street Furniture Reserve is no longer required, as Council decided that future expenditure will be funded from the Community Infrastructure Levy. The **General Reserve** is expected to fall by **£31,052**, giving a **reduction in Total Reserves** since the previous financial year of **£25,717**. The General Reserve is anticipated to fall further due to the late incoming invoices mentioned elsewhere in this report. The General Reserve is affected by any 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 4-6 – Income & Expenditure

Income has exceeded the annual budget figure, giving a **gross surplus of £70,754**. This includes **£40,183 in CIL** (split over 2 tranches) which was not included in the budget calculations as the Town Council have no control over this aspect of income. This is a substantial increase from this time last year, and will be carried forward in the designated reserve for future projects. There has also been a large increase in **Net Income** from the **Market & Christmas Festival** and the **Cemetery** as well has shown a significant increase in fees compared to last year. However, this surplus is offset by increased expenditure (see below), which includes the District Council's 60% share of Market Income.

Expenditure has **exceeded the annual budget figure by £24,823** which was mostly due to the unexpected Cemetery Chapel repairs plus

Operational and Civic overspend, with a slight offset by underspend in other areas. This overspend is mainly offset by the increased income mentioned above. There has been a **significant annual decrease** in Operational & Administrative Expenses (because of the completion of the extensive Town Hall maintenance project) as well as smaller decreases in Holy Trinity & Garden of Remembrance and Initiatives & Projects which are explained in their selections below. This is compared to **an annual increase** in Town Hall, Civic and Cemetery expenditure.

After some preliminary adjustments, the anticipated year end **Budget Deficit** of **£31,212** has become an **Actual NET Surplus** of **£14,718** (Pages 5&7). This is mostly attributed to income from CIL (which was not included in the budget as it was an unknown amount), and increased income from the markets and Cemetery. **It should be noted that further invoices are due for the Cemetery Chapel repairs of approximately £17,000 (excluding VAT), and after year-end adjustments the 2022-23 budget will likely show a NET Deficit of a few thousand pounds for this, plus any further late invoices.**

Comparing the pie charts on Page 6 with last year, you can see the above information reflected in the percentages of total income/expenditure.

	Item	2022-23	2021-22
INCOME (% of total)	Precept	61%	71%
	Market & Christmas Festival	18%	8%
	Town Hall Commercial Management	4%	3%
	Cemetery	9%	9%
EXPENDITURE (% of total)	Market & Christmas Festival	13%	4%
	Town Hall Commercial Management	4%	3%
	Operational & administrative Expenses	38%	54%
	Civic Expenditure	7%	5%
	Cemetery	25%	19%
	Initiatives & Projects	12%	12%

## **Page 8 – Market & Christmas Festival**

There has been a large increase in Gross Income from the **Market & Christmas Festival of over £103,000** compared to 2021-22, however this is due to the previously mentioned agreed temporary reduction in fees during the Covid-19 pandemic which have now returned to Charter Market contract rates. The annual budget figure has been exceeded by **£9,245**. This is offset against **increased expenditure of over £79,000** compared to last year for the same reason. After the deduction of the District Council's 60% share, the Market & Christmas Festival has a **Net Income** of **£44,672** which is more than **£6,000 above the annual budget**.

### Page 8 – Town Hall Commercial Management

The Actuals Income figure for the year is £3,432 above budget, and significantly higher than for the same period last year by £14,657 due to the impact of the Covid-19 pandemic and extensive Town Hall maintenance works. This shows booking levels are recovering. The Net Expenditure is currently negative (income exceeded expenditure), which means there is an annual **NET Surplus of £1,231**. There are numerous small deficits for various budget lines, reflecting increased activity with Town Hall events, but this overspend is offset by the increased income and underspend in other lines.

### Page 9 – Operational & Administrative Expenses

There are a number of deficits in this section, and an overall **YTD Budget Deficit of £6,645**. This is a decrease of £170,770 compared to 2021-22 namely due to the extensive Town Hall maintenance works. The most significant of the deficits are explained as follows:

- **Salaries, Wages & Related Costs and Recruitment** expenditure stands at **£220,412** which is an increase of £26,708 from 2021-22. This leaves an annual **budget deficit** of **£19,987** which is due to staff changes and additional costs associated with new starters and leavers, together with a higher than budgeted pay award for 2022-23 resulting in a large retrospective back pay payment in December's payroll.
- The **Office Equipment** budget is in **deficit** by **£2,087** due to the acquisition of a sound speaker for use at Events, which was initially used for the Platinum Jubilee Celebrations, but it should be noted that the costs of this item were covered by a grant.
- Expenditure on the **Combined Insurance Policy** has exceeded budget because of additional insurance costs for the new Open Spaces / Cemetery lease vehicles.
- There is a deficit for **Audit Fees** of £800 for the year due to increased fees to address internal audit queries.
- **Bank Charges** are higher than budgeted. It should be noted that the Council is charged for all cash transactions, including banking of cash receipts, as banks continue to push businesses, organisations and individuals towards more cashless transactions.
- **General Repairs, Maintenance & Sundry** shows a Budget Deficit of **£1,809** mainly due to one-off repair costs and improvements to electrical supply to the main office, and a few smaller unexpected expenses including a fire alarm call out and replacement glass panes for a window due to vandalism.
- There are several other small YTD Budget Deficits with some lines in surplus, and expenditure in this section needs continued careful

monitoring in the forthcoming financial year as it accounts for 38% of total Budgeted Expenditure

### Page 10 – Civic Expenditure

Civic expenditure has been an increase of £12,327 since last year and has an overall **Annual Budget Deficit of £8,096**. This reflects the number of civic events this mayoral year, including additional activities relating to the Platinum Jubilee and the return of events to pre-covid levels. It should be noted that there was significant underspend in the previous two years because of the Covid-19 pandemic. **Event Security costs have been a large contributor to this deficit, having risen substantially and exceeded the Annual Budget by £4,303**. The Annual Budget for Receptions (Formal & Informal) has been exceeded by £6,955, and there is insufficient surplus remaining under 'Contingency (Events tbc)' which would normally be expected to offset this. The remaining deficit will need to be covered by the General Reserve (where surpluses from previous years will have been transferred to).

Also note that the Vehicle Replacement Designated Reserve shown in this section can also be used for Cemetery vehicles, not just the civic car, and two replacement lease vehicles have now been acquired for the Open Spaces team (see Cemetery section below). As previously reported, the additional costs of these new vehicles were not budgeted for and will need to be covered by the designated reserve.

### Page 11 – Cemetery

Fee income is over **£12,000 in surplus** for the year standing at **£82,690**, some £14,536 more than 2021-22. There is an **Annual Budget deficit of £4,737 for salaries, wages and related costs**, in part due to the higher than budgeted pay award for 2022-23 resulting in a large retrospective back pay payment as mentioned earlier in the report. It should be noted that the YTD Actuals are affected by recharging of some Salaries, Wages & Related Costs to the various Initiatives budgets such as Climate Change Initiatives for maintenance of planted troughs around the town and the Shakespeare Birthday Celebrations.

- **General ground maintenance** is over budget for the year by **£4,144** due to tree works required after storm damage earlier in the year.
- **Repairs and maintenance** is the main contributor to the budget deficit, due to the unplanned urgent repairs to the Cemetery Chapel, bringing the expenditure in this area **£16,267 over budget**. This figure is expected to increase by approximately a further £17,000 after year-end adjustments, as there are some invoices yet to be received.

- **Heating and Lighting** is **£4,144 in deficit** due to increased energy costs as a result of the war in Ukraine, but is also affected by a timing issue around the recharging of some of the costs for energy use by the telecoms mast.
- There is a **£482 deficit** for **Sundry Seating & Trees** due to increased costs for new benches but this is **more than offset by an Income Surplus of £2,543** for Sundry Income (Seating/Trees/Transfers).
- The annual budget for vehicle expenses was originally £6,300 however two replacement vehicles were required over the year for the Open Spaces team, resulting in a **budget virement of £7,000** for the first vehicle and a **further £4,000** required to cover the deposit and initial acquisition costs of the second vehicle. This has **reduced the designated vehicle reserve to £1,500**. As previously reported, the additional and ongoing costs of these new vehicles were not budgeted for and will need to be covered by the designated reserve. Future budgets will need to reflect these additional lease costs.

Overall, the Cemetery [Net] expenditure is £140,447, which is £14,160 over the annual budget and an increase of £29,493 increase compared to the last financial year.

In addition, the Cemetery Land Extension Fees are reported under this section, which were not budgeted for. These fees include a deposit of £4,000. Note that these fees were expected to be covered initially by the Cemetery Land & Buildings Designated Reserve in the current financial year, but further substantial costs are expected as this project progresses which will need to come from reserves unless other funding can be secured.

### **Page 12 – Holy Trinity Churchyard & Garden of Remembrance**

There has been a very small expenditure of £485 for the 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. This is something to consider changing for the future if more accuracy is wanted for this budget area. The **budget surplus of £4,005** in the section could offset the additional expenditure on Cemetery budget lines mentioned above, reducing the impact on use of reserves. There is still a **designated reserve of £9,674**.

### **Page 12 – Tranquility Garden**

**Fee income is £6,929** for the year which is **£858 under budget**, and a decrease of £1,711 compared to 2021-22. However, overall there is a



**YTD Net Deficit in Expenditure** i.e. more income has been received than expenditure incurred, of **£8,621**. Based on the current and previous year, it is expected that Fees will continue to be received to more than offset any expenditure reported here. Again, it should be noted that labour maintenance costs for the Tranquillity Garden are covered in the Salaries, Wages & Related Costs section 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 **annual income** stands at **£53**, against a budget of £175. This is £122 under budget and a £54 reduction on last year. There has been **no expenditure** against the budgeted £10, leaving the **NET expenditure £53 in deficit**, i.e. income received exceeds expenditure. There is still a **designated reserve of £4,662** to cover any unforeseen expenditure, if necessary.

#### **Page 13 – Hatton Rock**

The **annual expenditure** now shows **£9,230** for the year, leaving the budget **£10,116 in surplus**. This reflects the apportionment of storage costs for the Shakespeare Birthday Celebrations (SBC) having been allocated and the figure adjusted. It is calculated that approximately half of the total expenditure relates to SBC equipment storage costs and is recharged to the SBC “pot” towards the end of each financial year.

It should be noted that Council are 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 required and costs are still to be confirmed, despite chasing by the Finance & Facilities Officer and the Town Clerk.**

#### **Page 13 – Initiatives, Projects and Grants**

Expenditure in this area has come in **under budget for the year by £4,943** with the annual total expenditure standing at **£109,068**. There are a few minor Annual Budget Deficits, but nothing of concern to report. The small overspend of £117 in bus shelters / Dog hygiene / Litter bins / Cycle racks can be covered by reserves. Mostly budget lines here are within or at budget. Note that there was no budget provision included for **Climate Change Initiatives** this year, hence the **Deficit of £3,441**, and all relevant expenditure will be covered by the **Designated Reserve** which is reduced to **£11,108**.

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**Page 14 – Town Centre Strategic Partnership**

There was a total **annual expenditure of £2,863**, which has decreased the **designated reserve to £1,698**. Stakeholders may need to provide additional funds if PR activities continue.

**Page 14 – Shakespeare Statue Restoration**

Income from initiatives and grants for the year brings the annual income total to **£36,489**. This is against **annual expenditure of £45,769**, **reducing “the pot” to £8,576**. The surplus will be carried forward to cover future cleaning costs and any further minor maintenance work required.

**Page 15 – Shakespeare Birthday Celebrations**

Income and expenditure have started to come in for the 2023 Celebration. For 2022-23 there was **£45,722 of income** and **£52,013 expenditure**, giving a **net deficit of £6,290**. This leaves a **reserve of £66,542** at financial year end, down from £75,820 last month and £72,832 at the end of the 2021-22 financial year. As previously reported, the substantial surplus “in the pot” 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 in April 2022 has been accounted for. Costs for the 2023 Celebration may continue to come in, into the new financial year. 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 in next year’s budget. 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 it is undertaken on a similar scale to the event in April 2022 and further supported by fundraising. Costs for the 2022 event were determined as a total of £48,096, and these should be reviewed as a template for future events, bearing in mind the impact of inflation on future costs and also the impact of escalating event security charges.

Please ask for more information if you have any queries.

Responsible Financial Officer  
May 2023