

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 Management Accounts show summary information.

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 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 this point in the financial year is **£280,525** (Page 1). This substantial surplus reflects receipt of the second tranche of the Precept in September, which will provide the bulk of the funding for expenditure in the rest of the financial year. The budgeted deficit is unlikely to be reflected until later in the second half of the financial year when extra expenditure is incurred.
- 2) **Net Assets** (excluding Fixed Asset Reserve) are reported to have fallen to **£664,339** and this is a significant reduction from **£804,945** at the same period in the last financial year, reflecting the ongoing use of long term investments to fund the deficit of 2021-22 and previous years.
- 3) **Deferred Income** stands at £8,894 (compared to a similar level of £11,996 at the same period last year) which indicates future Town Hall bookings have fallen but are generally being maintained following the challenges of pandemic restrictions over the last two years and the extensive repairs to the Town Hall.

- 4) **Investments & Bank** (Page 2) have decreased by **£127,141** in total compared to this time last year, due to last year's deficit.
- 5) **Designated Reserves** (Page 3) have decreased by **£120,759** 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**, giving a **reduction in Total Reserves** over the last twelve months of **£231,833**.
- 6) Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year. Income (including the Precept) has increased by £99,375 (in part because of an increase in the Precept and Community Infrastructure Levy receipts but primarily because of the return of Charter Market fees to pre-COVID levels) while Gross Expenditure has fallen slightly by £499, resulting in an adjusted **NET Surplus of £73,149**, an increase of **£99,875** on the previous year. Timing is an important factor in explaining the current surplus because 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 the adjusted **NET Surplus of £73,149** which exceeds a **Budget Deficit of £15,872** at this stage in the financial year. However, as explained above, timing is an important factor.
- 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 (in addition to Cemetery Fees which are not shown separately here as they are included under Expenditure – Cemetery [Net]), while well over half of the expenditure is on Operational & Administrative Expenses, followed by Cemetery [Net], Civic Expenditure, and Initiatives & Projects.
- 9) Page 7 confirms that, after Management Accounts adjustments, the **Net Surplus** is reported as **£73,149**. This reflects the apportionment of the Precept and certain annual Expenditure across the year.
- 10) As previously reported, another tranche of funds of £10,733 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. This reflects 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) Other YTD Deficits reported on Page 7 are reviewed in more detail below.
- 13) There has been a decrease in Operational & Administrative Expenses (mainly due to Town Hall maintenance) and a large increase in Civic Expenditure (due to increased civic activities post-COVID) and Cemetery [Net] (mainly due to additional vehicle expenses) compared to the same period as the previous year. Tranquility Garden [Net] is well below budget as fees have fallen below last year's levels.

Detailed Review

Page 8 – Market & Christmas Festival – Net Income is substantially higher than last year, for reasons already explained above. However, Expenditure is still expected to increase in the next few months because of the Christmas Festival and Victorian Market in December.

Page 8 – Town Hall Commercial Management – Lettings income is currently higher than budgeted (and much higher than for the same period last year) as bookings continue to be maintained after the issues of coronavirus pandemic restrictions and the extensive maintenance works on the Town Hall. 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 – there are a number of deficits in this section, although there is an overall YTD Budget Surplus of £1,817. Note the previous month's YTD Deficit has been affected by Professional Fees associated with the purchase of additional burial land which is now reported under the Cemetery [Net] section (see Page 11). The most significant of the deficits are explained as follows:

- Salaries, Wages & Related Costs and Recruitment expenditure are currently in deficit due to staff changes and additional costs associated with new starters and leavers.
- The Office Equipment budget is in deficit 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 vehicle.
- The Telephones budget has been exceeded as a result of the installation of a new digital phone system and some additional costs relating to this, including switching it to its own dedicated electrical supply.
- The YTD Deficit for Subscriptions is a timing issue, as this item includes the annual WALC and NALC Fees which have already been paid for 2022-23.
- For Professional Fees, the large deficit reported in previous months has been reduced because of the reporting of some fees under Expenditure – Cemetery (as already mentioned above).
- The YTD Deficit for Audit Fees is mainly an issue relating to the timing of annual invoices, although there is an Annual Deficit of £800 for the year due to increased fees to address internal audit queries.
- The YTD Deficit for Councillor & Staff Training has been caused by provision of an online training package for all staff, as well as the training courses booked for the new Town Clerk, and this budget item now expected to remain in deficit for the year as further training is likely to be required, especially as a new Responsible Financial Officer has also been appointed.
- 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 YTD Budget Deficit due to one-off repair costs and improvements to electrical supply to the main office, but the expenditure is currently well within the Annual Budget.
- Lift Maintenance Contract costs show a YTD Deficit but are currently well within the Annual Budget.
- There are several other small YTD Budget Deficits in this section but overall there is a total YTD Budget Surplus of £1,817. Spending in this section needs to continue to be monitored carefully during the year, as it accounts for nearly 40% of total Budgeted Expenditure and YTD Actuals are currently 43% of total YTD Actuals Expenditure (see Page 5).

Page 10 – Civic Expenditure – a Year To Date (YTD) Budget Deficit of £3,178 reflects the number of civic events so far in the mayoral year, including additional activities relating to the Platinum Jubilee. It should

be noted that the Annual Budget for Receptions (Formal & Informal) has already been exceeded by £2,577, and there is only a small Surplus remaining under Contingency (Events tbc) which would normally be expected to offset this. **Expenditure on any further civic events during the financial year needs to be monitored and costs carefully considered, as the expenditure for the full year has not been controlled within budget. It is now likely that a budget virement from the General Reserve will be required.** Note that Event Security costs have risen but these are still within Annual Budget, although there will be further costs later in the year, for example for Remembrance Sunday. 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 a replacement tipper truck has now been acquired for the Open Spaces team (see Cemetery section below) which has resulted in a virement of £7,000, reducing this reserve to £5,500. As previously reported, the additional costs of this new vehicle were not budgeted for and will need to be covered by the designated reserve. Note that it is now expected that a second replacement vehicle for the Open Spaces team will be required in the current financial year, which will have to be funded from Reserves.

Page 11 – Cemetery – Fees are over £5,000 in Surplus for the year to date compared to Budget, and also nearly £6,000 more than the previous year. Total Expenditure is below budget so far, despite a substantial overspend on Vehicle Expenses following the acquisition of the new lease vehicle. There is now a smaller YTD Budget Surplus in Net Expenditure compared to previous months as a result of Cemetery Land Extension Fees being reported under this section, which were not budgeted for. 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.

It should be noted that the YTD Actuals are affected by recharging of some Salaries, Wages & Related Costs to the Climate Change Initiatives budget for maintenance of planted troughs around the town. The Annual Budget also now reflects a **Budget Virement of £7,000 for additional Vehicle Expenses**, which relates to additional vehicle costs incurred for the replacement tipper truck during 2022-23. The lease costs including initial deposit and monthly payments for this new vehicle exceeded the budget and will need to be financed from the Vehicle Replacement Reserve. The YTD Budget Deficit of £2,137 for General Ground Maintenance has mainly been caused by exceptional costs for storm damage to trees earlier in the year. There is an Annual Budget deficit of £482 (for Sundry Seating & Trees) due to increased costs for new

benches 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, 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 continue to fall 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 – Insurance and Service Costs have been invoiced for the year and are slightly higher than budgeted, hence the Annual Deficits even though the YTD Deficits are primarily a timing issue. **It should be noted that a new lease agreement is required and costs are still to be confirmed.** 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 – There are a couple of Annual Budget Deficits and a few YTD Deficits but no concerns to report. Any Deficit at year end for Bus Shelters/Dog Hygiene/Litter/Cycle Racks can be funded by a Budget Virement from the Street Furniture Designated Reserve, currently held at £5,000. Note that there was no budget provision included for Climate Change Initiatives this year (hence the reported Deficits) and all relevant expenditure will be covered by the Designated Reserve, currently held at £14,549.

Page 14 Town Centre Strategic Partnership

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

Page 14 Shakespeare Statue Restoration

Also as reported previously, 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 £77,295 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 previously reported, a reduction in the District Council’s contribution to £20,000 was proposed to match that of the Town Council in 2022-23. As a result of budget challenges owing to high inflation and the cost of living crisis, there is the possibility of further reductions to the contribution from the District Council in next year’s budget and 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 sufficient funds “in the pot” for next year’s event if it is undertaken on a similar scale to the event in April 2022. Costs for this last event have now been 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.

Please ask for more information if you have any queries.

Responsible Financial Officer
November 2022