

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & SCRUTINY COMMITTEE

13 JUNE, 2017

TOWN CLERK'S OPEN REPORT

- 1) To Receive the Management Accounts for the period
1 April 2016 – 31 March 2017

- **To note the report**

The Management Accounts – Revised Format for the period 1 April 2016 – 31 March 2017 are attached as **Appendix 'A'**.

As these are the figures for the full year, Members will note the Annual and YTD Budget and Variances are identical.

The figures reported do not include any year-end balance adjustments identified by the Town Council's accountant in preparing the Annual Accounts for 2016-17.

Members are requested to note the following:

1.1) INCOME

Overall, there was a small deficit of £5,707 across all Income categories for 2016-17.

1.2) INCOME – Rents

The deficit of £10,000 resulted from the ongoing contractual negotiations with regards to the telecommunications mast contract, which has meant no income was received under the new arrangements pending signing of the new contract. However, Members will be pleased to hear that backdated income has subsequently been received in May 2017, calculated at the old contractual rate, and negotiations over the new contract are very close to being finalised. Any additional income due under the new Heads of Terms will be backdated and received once the new contract is signed.

1.3) INCOME – Town Hall Commercial Management [Net]

The net income from the Town Hall lettings shows a surplus of £11,341, down from £16,275 in 2015-16, and resulting in a budget deficit of £2,734. The result was still better than in most previous years, but the work of the Town Hall Sustainability & Income Task & Finish Group will be important in trying to return to the levels achieved in 2015-16.

It should be noted that income is included in the Management Accounts when invoiced, so some of this will be deferred in the Annual Accounts to future years, as has been done in previous years.

Town Hall Income

2016-17 - £43,038

2015-16 - £49,569

2014-15 - £33,246

2013/14 - £42,967

2012/13 - £36,789

1.4) EXPENDITURE

Overall, there was a surplus of £88,353, most significantly under Operational & Administrative Expenses and Cemetery [Net]. Note that the figures do not reflect any year-end adjustments for accruals and prepayments, so timing of invoices and expenditure has some effect on the values reported in the Management Accounts.

1.5) Hatton Rock – Expenditure

The variance surplus shown in the Management Accounts is misleading in that some of the costs of this storage facility are cross-charged to the Shakespeare Birthday Celebrations.

1.6) Cemetery – Net Expenditure

The surplus of £28,860 was primarily down to a substantial rise in income from Cemetery and Memorial fees.

1.7) Operational & Administration - Underspend

An overall underspend of £41,998 primarily relates to Salaries, Wages and Related Costs, Office Equipment and Furniture,

General Repairs, Maintenance & Sundry, Professional Fees and Election Expenses, all of which need to include an element of contingency.

As with the Cemetery Management Charge, Salaries, Wages and Related Costs need to include a contingency to allow for potential costs for staff cover in the event of absence of any of the small team of Council's officers, and there is also the need to consider the impact of the additional workload of the Shakespeare Birthday Celebrations on the Administration team. A new full time Administration Assistant was appointed in 2017, which should certainly help in terms of maintaining office hours coverage and additional assistance with overall administration.

Regarding General Repairs, Maintenance & Sundry, the Town Hall is showing signs of 'wear and tear' (including roofs, window frames, external paintwork and interior decoration) but repairs have continued to be done on a reactive basis. In the coming year, further work on investigating the implementation of a Quinquennial Inspection and a rolling programme of General Repairs & Maintenance will be undertaken, particularly to ensure maintaining the levels of Town Hall Lettings income.

1.8) Shakespeare Birthday Celebrations

Because of the timing of the annual Celebrations in April, with income and expenditure falling across financial years and either before or after the actual event, the Management Accounts only reflect a 'snapshot' of the overall position. While the details as at 31 March 2017 show a surplus of £10,557 for 2016-17 and a carried forward balance of £37,514, there were a substantial number of supplier invoices outstanding at that time, and management / administration cross charges were still to be apportioned.

Following a detailed analysis of the Celebrations as part of the preparation of the Annual Accounts, and several reviews of the accruals, prepayments and deferred income, the accountant has determined that the Designated Reserve for SBC at 31 March 2017 was £61,619, and this is the figure included in the Annual Accounts for 2016-17 (see **Appendix 'C'**). There was a substantial element of deferred income from the special 400th Anniversary commemorations in 2016.

After further discussions with the accountant, and given that the Town Council is effectively acting as 'banker' and administering the Birthday Celebrations separately from the rest of the Town Councils activities, it has been agreed going forward that this will be accounted for on an income and expenditure basis each year, regardless of the actual year's event which the income and expenditure relates to, so that there is greater clarity throughout the financial year as to exactly how much is 'in the pot', as well as in the Designated Reserve.

Following discussions with the District Council, it has become apparent that as neither Council has a trading arm, the way forward for generating royalty income from the Shakespeare Mask will be to pre-purchase masks from Mask-arade and for them to distribute, promote and sell them through their retail network. Discussions are currently ongoing, but it is anticipated that upfront costs will be financed from the SBC Designated Reserve.

2) To Receive the Management Accounts for the Period 1 April 2017 – 31 May 2017

- **Members are requested to note the report**

The Management Accounts for the period 1 April 2017 – 31 May 2017 are attached as **Appendix 'B'**.

Note that the summary of Reserves on the first page of the Management Accounts has been updated with the details from the Annual Accounts, although not all other year-end balance adjustments are fully reflected.

The Shakespeare Birthday Celebrations summary reflects the Designated Reserve for SBC at 31 March 2017, as shown in the Annual Accounts. The income includes the 2nd tranche of the 2017 grant received from Stratford Town Trust for £3,000, the contribution from the District Council of £25,000 and the Town Council's increased budget provision of £25,000. There is very little outstanding expenditure relating to the event in April 2017.

As the intention behind the budget increases is to make the Birthday Celebrations more sustainable by undertaking a significant event every 2 years, there is likely to be a greater variance in the Designated Reserve and the overall 'pot' depending on where we are in the cycle of events.

3) Annual Accounts for the Year 2016-17 ended 31 March 2017

- **Members are requested to consider the report and recommend that the 2016-17 Annual Accounts be recommended to Council for approval**

The audited annual accounts for the period 1 April 2016 – 31 March 2017 are attached as **Appendix 'C'**.

The accounts show a net deficit for the year of £76,208, with £29,319 transferred to Designated Reserves and £95,809 transferred from the Usable Capital Receipts Reserve to cover a significant proportion of the year's expenditure on the Tranquility Garden project. General Reserves fell by £9,718.

As determined during the Budget review process for 2017-18, further costs of the Tranquility Garden project will be taken from the Designated Reserve, which has been increased to reflect a budgeted expenditure of a further £40,000 (see Agenda item 8.6) and any balance from this Reserve can then be transferred back to General Reserves.

Following the dissolution of the Old Stratford & Drayton Parish, and the transfer of funds to the Town Council, the Designated Reserve for Bishopton Hamlet now stands at £3,684 and has been earmarked for the sole benefit of the community in line with the terms and conditions of the settlement.

Members will also note the Designated Reserve for Shakespeare's Birthday Celebrations shows a considerable increase from the previous year (see item 2 above). The Town Council facilitates the organisation of the Celebrations and, as the 'banker', the Council receives various donations and grants from other interested parties. The figure of £61,619 represents the balance in our accounts as at the 31 March, 2017. Our accountant calculates that it should be ring fenced for use against the cost of any outstanding payments for the 2017 parade and contribute towards the future cost of the Shakespeare Birthday Celebrations. The policy of including accruals, prepayments and deferred income relating to these activities elsewhere in the Town Council's accounts is no longer being used, which should result in greater transparency of funds available throughout the financial year.

The Usable Capital Receipts Reserve has been fully used on the Tranquility Garden project. Additional funds have been transferred to other Designated Reserves, in line with budget decisions and minutes from other Standing Committees.

Therefore, the revised designated reserves at 31 March 2017 are now shown as:

| | |
|--------------------------------------|-----------------|
| Building Maintenance | £175,438 |
| Cemetery Land & Building Maintenance | £30,000 |
| Allotment | £37,463 |
| Tranquility Garden | £59,146 |
| Old Stratford & Drayton | £3,684 |
| Shakespeare Birthday Celebrations | £61,619 |
| Vehicle Replacement | £7,500 |
| Localism Project | £34,901 |
| Total Designated Reserves | £409,751 |

4) Internal Audit & Annual Return for the year 2016-17

- **Members are requested to consider the report and recommend that the Annual Return for the year ended 31 March 2017 be recommended to Council for approval**

H.L.Barnes has completed its internal audit and attached as **Appendix 'D'** is the Annual Return, together with supporting documentation, which is required by Grant Thornton, the External Auditor, by 23 June, 2017.

As shown in their covering letter dated 5 June 2017, attached as **Appendix 'E'**, the Internal Auditor has advised that there are no matters to report where systems and/or procedures are not being followed. It also confirms there are no notes, which would have required Council's written response.

Members are requested to note the report.

5) Honorarium paid to the Civic Photographer

- **To review the honorarium paid to the Civic Photographer**

Following the departure of the previous Civic Photographer in May, 2017, the Mayoral & Protocol Committee reviewed the position at their meeting on 23 May, 2017 and, as per Minute 14.

RECOMMENDED that the honorarium paid to the Civic Photographer should be reviewed by the Finance and Scrutiny Committee. For reference, this currently stands at £82.09 paid quarterly (£328.36 per annum).

Officers and the Mayor have been advised by those who either undertake photography professionally, or have a serious amateur interest in the art, that the sum of £328.36 is somewhat derisory. There has been no take-up or interest shown by anyone to date.

At the Mayoral & Protocol Meeting on 23 May, the Committee recognised that they very much wanted to retain the services of a Civic Photographer, but due to the extent of the work involved, it may no longer be appropriate to consider it an honorary position. Although it was suggested that Council should perhaps be considering in the region of £100 per engagement by the Civic Photographer, this was purely a suggestion and not a recommendation.

The M & P Committee considered that the matter should be referred to the Finance & Scrutiny Committee to determine the finance available, and that in turn it then be referred to the Human Resources Committee to determine the scope and job description.

Town Clerk &
Finance Officer
6 June, 2017