

STRATFORD-UPON-AVON TOWN COUNCIL

FINANCE & AUDIT COMMITTEE

16 JANUARY 2024

TOWN CLERK'S OPEN REPORT

1) External Audit and Annual Return (AGAR) 2022-23

- **To note the report**

The Town Council has still not received the final outcome from the external auditor of the AGAR submitted for FY 2022/23. The RFO has chased a number of times but has not received a response since the interim publication at the end of September. If received in time, the external audit details will be tabled at the coming meeting, and if not will be presented at the meeting following receipt. Members will be requested to note the report and recommend any response, if required, which the Responsible Financial Officer will prepare on behalf of Council.

2) To review and recommend to Council the terms of engagement and scope of the internal audit for 2024

- **To recommend to council the scope of the 2024 internal audit**

Each year, Members are asked to review the requirements for the Internal Audit. Since 2018, this has included the Mayor's Charity Administrative Arrangements (now renamed Mayor's Good Causes), which was an extension of the scope of previous internal audits.

The relevant Internal Audit documents for review are attached as **Appendices 'B' and 'C'**.

Members are asked to consider whether the scope of the Internal Audit for 2023/2024 should be extended or whether any changes are required, and to make a recommendation to Council.

3) To receive the Management Accounts for the Period 1 April 2023 – 31 December 2023

- **To note the report**

The Management Accounts for the period 1 April 2023 – 31 December 2023 are attached as **Appendix 'D'**, along with a detailed review attached as **Appendix 'E'**.

Areas of overspend and income lines that are under budget should be considered carefully by Committees.

Members are requested to note the report.

4) Draft Budget for FY 2024-25

- **To review the financial implications arising from the initial budget reviews by the other Standing Committees**
- **To recommend any amendments that fall within the Finance & Audit remit that can be made to the draft budget to facilitate an acceptable precept level**

Members are requested to review and provide input to the current draft budget. In October, all Committees were issued with detailed spend reports in order to make informed decisions when making budget requests for 2024/25, along with a list of considerations.

Some feedback was received from Committees in late November which allowed a draft budget to be generated, however there was a large and concerning deficit and the document required discussion with the Chair of Finance before any further action. There has had to be some tough decisions on where to cut back to bring this down and Committee Chairs have been contacted to discuss this. Currently, the budget surplus stands at £1,451 but with a different picture of support for events and initiatives.

In terms of the precept, the Town Council has kept the rate charge low for a number of years and used general reserves to fund any deficit, in order to avoid increasing costs for residents. As previously reported this practice is unsustainable and the Town Council now needs to carefully consider what can and what can't be funded in 2024/25 with whatever precept that is agreed. Additionally, a figure to set for the rate charge needs to be

considered for the precept request that is appropriate for both the residents of the Town and the functional needs of the Town Council. While the tax base has increased to 14,232.69 (confirmation of this was received from District Council in December), the resulting increase in precept is not enough to support the funding of initiatives and events that the Town Council had initially hoped to do without a healthy increase to the rate charge.

It should also be considered that it is not beyond possibility that a cap could be put on the precept amount a council can request. If this happened the Council would have no way to increase this and so future budgets (and support for initiatives and events) would be impacted, particularly if reserves were already low.

The attached draft budget shows expenditure cuts in several areas, with the largest impact on initiatives and events as operating costs are already at a minimum. Regardless of this, efficiencies are constantly sought as all reductions add up.

The 2024/25 precept calculation in the draft budget is a starting point to work from and is not intended to be a recommendation.

A briefing analysis published by NALC (see appendices listed below) shows that for 2023/24 “the average Band D council tax for all precepting local councils is £81.74”. The rate charge set by STC for 2023/24 is £41.88. In monetary terms, the Town Council’s precept is just 3.2p of every £1 in the 2023-24 council tax bill for the Stratford On Avon District.

Another interesting comparison comes from the [live tables on the government website](#) showing precept by parish via the drop down tab.

Caution should be taken when setting the budget for income streams that rely on bookings – these are not guaranteed amounts and rely on bookings being made. It is sensible not to overestimate.

Members are asked to pay particular attention to budget areas that are consistently in deficit, such as security costs.

The latest copy of the draft budget is attached at **Appendix ‘F’** along with precept scenarios at **Appendix ‘G’**.

Also attached is a copy of the NALC briefing analysis (**Appendix 'H'**) and the Council Tax Statistics from the Live tables (**Appendix 'I'**) which compare the rate charge, precept amount and tax base between parishes. Lastly at **Appendix 'J'** is a document showing the Town Council's historic rate charge and precept requests.

Members are requested to determine whether any further amendments are required to finalise the proposed budget for recommendation to Council (see point 6).

5) To review the Reserves Policy in line with the proposed Budget recommendation

The draft budget should also include a review of Reserve requirements, and to consider this in line with the Reserves Policy.

The level of the general reserve has previously been raised. The Town Council has not been in line with the general reserve policy for some time, but the right decision was made earlier in the year to not simply change the policy to suit the numbers and instead work towards achieving the required sums.

The policy states that general reserves should be 25% of NET budgeted expenditure. As of 31 December 2023, the general reserve sat at 19.3% of this. A year-end budget surplus is required to build this reserve back up after a number of years using general reserves to fund budget deficits.

Any deficit at the end of 2023/24 will have an impact on the available reserves for 2024/25 and beyond. The council needs a strategy to ensure future funding requirements are met.

The current draft budget forecasts the general reserve to be 19% of NET budgeted expenditure at 2023/24 year-end / the opening of 2024/25.

6) To recommend to Council the Final Draft Budget and the Precept requirement for the year 2024/25;

- **To make a recommendation to council**

Members are requested to make a budget recommendation to Council, which must sign off the budget at the meeting on 30

January 2024 in order to submit the precept requirement to the District Council on 31 January 2024.

Responsible Financial Officer
January 2024