

Management Accounts Review – June 2024

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 14.

Pages 15 to 16 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** shows a surplus of **£183,507** (Page 1)
- 2) **Net Assets** (excluding Fixed Asset Reserve) have **increased to £627,688**. The overall increase from last year is namely due to the increase in precept.
- 3) **Deferred Income is reported at £16,739**. Please see the Town Hall Commercial Management section for further detail.
- 4) **Investments & Bank** (Page 2) have increased by **£69,879** compared to FY 2023/24. See the detailed section below for a full explanation.
- 5) After year-end adjustments, the **Designated Reserves** (Page 3) have **increased by £10,077** compared to FY 2023/24. See the detailed section below for more information.

The **General Reserve** has **increased by £10,764**.

6) **Income & Expenditure**

Page 4 shows a summary of adjusted YTD Actuals compared to the Previous year.

As mentioned previously, Community Infrastructure Levy (CIL) and funding such as UKSPF are no longer counted in the income and expenditure sections as they are restricted funds. They are not general Town Council funds and can only be spent for a specific purpose. These are accounted for under their own sections.

YTD Gross Income (including the Precept) has **increased by £32,812** compared to 2023/24. This is namely due to increased Tranquility Garden income and precept. The previously mentioned decrease in Market & Christmas Festival due to invoice timing has now been corrected.

YTD Gross Expenditure has **decreased by £4,013** compared to this time in 2023/24 due to lower spend in Cemetery, Hatton Rock and Town Hall Commercial Management, resulting in an adjusted **YTD NET Surplus of £73,383**. It is important to note that most expenditure takes place in the second half of the financial year, and until the pay award is agreed (anticipated to be November) and backdated to April, salaries, wages and related costs will be lower against the budgeted amount.

Page 5 shows a summary of adjusted YTD Budget compared to YTD Actuals. It confirms an adjusted YTD **NET Surplus of £73,383** compared to an expected YTD Budget Deficit of **£15,743**.

Page 6 has two pie charts showing the proportion of YTD Income and Expenditure (p7) from different budget sections, taken from the figures on p7.

Page 7 shows the summarised income & expenditure, comparing the annual, YTD and previous figures. It confirms that, after Management Accounts adjustments, the **YTD Net Surplus** is reported as **£73,383**.

Please see the detailed review below for a full explanation on income and expenditure.

DETAILED REVIEW

Page 2 – Investments & Bank

This shows a summary of balances of all the Investments, Savings, Bank Accounts and Cash. The total funds stand at **£651,282**.

It has been previously reported that the current market value of the long-term investment is below the original investment amount, however the Town Council has benefited from healthy monthly dividends which have more than outweighed this drop in value. CCLA anticipates that the market will begin to recover as the base rate falls and borrowing increases.

The CCLA PSDF and CCBank savings accounts have had their balances restored following receipt of the first tranche of precept.

Page 3 – Reserves

The **Reserves section** shows the balances and variance in funds between the current point in the financial year and the last financial year end (and so not this time last year), after year-end adjustments.

Designated Reserves have **increased by £10,077**. The increase is primarily due to the increase in CIL receipts. After excluding the restricted designated reserves, this leaves the total designated reserves at £88,082.

The **General Reserve** has **increased by £10,764**. This is due to movement of funds between the general reserve and designated reserves during year-end adjustments. This general reserve has decreased from £166,305 last month to £150,840 due to the amendment in timing of a high value invoice, resulting in the re-statement of the year-end Financial Statements. The revised financial statements show the general reserve as £150,836 and the difference is due to rounding in the financial statements.

The general reserve is currently 19.05% of NET budgeted expenditure, which is below the figure set out in the reserves policy and continues to be monitored, as per previous reports. A year-end budget surplus of £47,153 is required to bring this up to 25%, however it should be noted that 25% is the minimum required and Council should aim for more than this.

Pages 4-7 Income & Expenditure

YTD Actuals vs YTD Previous (p4)

Total YTD Gross Income (including the Precept) stands at £263,294 - an increase of £32,812 compared to 2023/24 which is mostly due to the increase in Precept, Tranquility Garden income and Town Hall Commercial Management.

Overall YTD Gross expenditure has decreased by £4,013 currently standing at £189,912 mostly due to decreased Cemetery spend and operational costs. Please see the detailed sections below for more information on each budget section.

This has resulted in a **YTD NET surplus of £73,383.**

Notes to consider:-

- the annual precept amount is split equally across 12 months for accounting purposes, and so will change monthly even though the precept tranches are received twice a year.
- The timing of expenditure – while expenditure is currently under budget, much of the Town Council's spending takes place in the second half of the financial year.

YTD Budget vs YTD Actuals (p5)

When compared against the YTD Budget (p5), the **YTD Actual Total Gross Income including the precept £7,388 above budget (in surplus)** standing at £263,294 (excluding the precept gives a £7,390 surplus / balance of £97,877) **and YTD Actual Gross expenditure is £81,737 below budget (underspend)** standing at £189,912. **This confirms a YTD NET surplus of £73,383** against a NET YTD budgeted deficit of £15,743.

Summarised income & expenditure (p6 & 7)

The pie charts on p6 reflect the data from p7, and show the precept, Market & Christmas Festival Income [Net] and rents [NET] as 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 over half the expenditure is on Operational & Administrative Expenses, followed by Cemetery [Net], Civic Expenditure and Initiatives & projects.

Page 7 (YTD Budget against YTD Actuals) confirms that, after Management Accounts adjustments, the **YTD Net Surplus is reported as £73,383.**

Page 8 – Market & Christmas Festival

The previous large under budget figure for Market income has now been remedied and was due to invoice timing. Income is still showing as under budget to a far lesser degree and is before the annual RPI increase is implemented. However, it should be noted that due to upcoming changes in the contract the annual income will reduce from October (and so expenditure). As the contract does not align with the financial year the 2024/25 budget figures may not be met.

The budgeted income and expenditure amounts for the Market Contract are always a best estimate as the exact figures are not known until September of the coming year when revised figures are set, well after the budget is signed off.

Expenditure is also under budget; however spend has not yet taken place for this year's Christmas Festival. As explained above, the budget amount is set long before the annual review and is not controlled by STC.

This has left the NET income at £18,558 which is £5,902 in surplus of the YTD budget.

The costs for the Christmas Festival are anticipated to be over budget for 2024/25 - again STC are not in control of this amount and the budget is set before the latest invoice is available i.e. the 2024/25 budget was set before the 2023/24 event invoice was received.

The Christmas Festival designated reserve was fully used due to the 2023/24 event costs.

Page 8 – Town Hall Commercial Management

The YTD Town Hall income is showing as £14,302 which is £2,427 in surplus of the YTD budget. Income should be closely monitored by the Committee to ensure the full year's budget is achieved. Figures can change slightly due to the movement or cancellation of bookings. The in-depth analysis of Town Hall bookings is underway and helped build the budget for 2024-25.

YTD expenditure stands at £6,243 (£5,458 underspend), leaving a negative NET expenditure (surplus) of £8,059. There is one small area of overspend (cleaning and laundry). While minimal, this area should continue to be monitored closely by the Civic, Heritage and Events committee, and it is recommended to look at where some costs are charged as some items would be more accurate to charge under

operational costs. There have also been some personnel / structure changes which will impact where salaries, wages & related costs are charged between departments – the impact of some changes can already be seen but further changes are under review.

Page 9 – Operational & Administrative Expenses

The **YTD expenditure is £79,199** some £26,051 underspend from the YTD budget. This is largely due to accruals for anticipated invoices such as audit fees, and budget lines that have yet to accrue expenditure.

Salaries, wages and related costs are under the YTD budget, however, is anticipated to balance out in November when any 2024/25 pay award is announced and backpay is calculated. There have also been changes in personnel/structure which were unknown when setting the budget – the impact of some changes can be seen but further changes are anticipated. It is also recommended to look at where some costs are charged as some items would be more accurate to charge under elsewhere.

There are several YTD deficits in this section, however they are relatively small and not over the annual budget so not a large concern. Some are due to timing (subscriptions), but all overspend should be monitored by the relevant committees. The combined insurance policy is over budget as the renewal takes place long after the budget is set, and so is a best estimate at the time.

The designated reserves for building maintenance and election expenses sit at £10,664, and £1,522 respectively.

Page 10 – Civic Expenditure

Civic Expenditure currently has a **£5,074 overspend against the YTD budget**. A few budget lines have a YTD overspend which are mostly due to event timing. Civic Travel should be closely monitored as nearly 2/3 of the annual budget has been spent in the first quarter of this financial year. It should be noted that the Civic Year does not align with the financial year, and so each year's budget covers 2 partial Mayoral terms. Other overspends are relatively small, and none have exceeded the annual budget apart from D-Day/VE Day as no budget was requested. Civic Receptions will be out of alignment with the 2023/24 comparison figures, as early expenditure was carried forward from the 2023/24 Y/E accounts to 2024/25 which had not been done the previous year.

The designated reserves for events and vehicle replacement (shared with the Cemetery) stand at £2,000 and £5,188 respectively.

Page 11 – Cemetery

The **YTD Fee income is £7,380 in deficit**, standing at £15,120 against a YTD budget of £22,500 and should be carefully looked at by the Community Services Committee. This is offset by a **YTD expenditure of £39,073 (a gross underspend of £26,044 / £18,644 NET)** against a YTD budget of £65,117, resulting in a **YTD NET expenditure of £23,953**. Much of this is attributable to the underspend in salaries, wages and related costs however this is before any anticipated pay award and subsequent backpay in November. Please note the variance figures include the Driveway Kerbing works which were originally budgeted for this financial year but were carried out in 2023/24 via CIL funds, and so was previously excluded. Excluding the £30,000 for the kerbing paints a different picture in the variance figures with a YTD gross underspend of £18,544 (£11,164 NET) with £39,073 YTD actual expenditure against a YTD budget of £57,617.

Vehicle costs have gone over the YTD budget due to timing of invoices / renewals. These should both resolve as the year progresses.

Any balance left in Cemetery Land Extension fees should be moved to the designated reserve at year end.

Cemetery training is included under Operational costs and needs to be looked at in the future in this section. It may also be worth considering apportionment of salaries with regards to the other open spaces areas that the team look after.

The Cemetery Land & Buildings designated reserve stands at £44,305 and the vehicle replacement designated reserve (shared with Civic expenditure) at £5,188.

Page 12 – Holy Trinity Churchyard & Garden of Remembrance

There has been no expenditure on this budget line so far this year.

Generally, this budget line has little expenditure as costs for labour are included under Cemetery (see Page 11) and not recharged here. This is something to consider changing for the future if more accuracy is wanted for this budget area and may help the Cemetery budget.

The designated reserve currently stands at £8,633.

Page 12 – Tranquillity Garden

YTD Fee income is £4,752 in surplus, with a balance of £8,545 against a YTD budget of £3,793. Expenditure stands at £0 leaving a **negative YTD NET expenditure of £8,545** (income has exceeded expenditure) **and a surplus of £5,002 against YTD budget.**

Again, it should be noted that labour maintenance costs for the Tranquillity Garden are covered 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

There has been no income or expenditure activity so far this financial year. Invoices are issued each January. Some previous invoices remain outstanding and is being escalated internally.

Again, it should be noted that labour maintenance costs for the Allotments are covered in the Salaries, Wages & Related Costs section under Cemetery (see Page 11).

The designated reserve for Allotments currently stands at £4,662.

Page 13 – Hatton Rock

The **YTD expenditure** is reported at **£3,022** against a YTD budget of £5,236 leaving an **underspend of £2,214 against the YTD budget.** This is due to accruals for late invoices and is anticipated to be resolved shortly once invoices have been received. There is anticipated to be a comparatively small deficit before any SBC recharge due the lease renewal which has now been confirmed, long after budget setting.

At the end of each financial year, an apportionment of storage costs for the Shakespeare Birthday Celebrations (SBC) takes place, where approximately half of the total expenditure relates to SBC equipment storage costs and so is recharged to the SBC “pot” at the end of each financial year. It should be noted that Council is potentially liable for all costs relating to the lease of this facility, regardless of any future activities relating to SBC.

Page 13 – Initiatives and Projects

YTD Expenditure currently sits at **£10,471** against a **YTD budget of £30,740**, leaving a **YTD budget underspend of £20,269.** This is mostly due to timing of expenditure and invoices as most initiative expenditure takes place in the latter half of the year. The same can be said for areas of overspend in regard to timing.

The designated reserve for Climate Change initiatives stands at £11,108.

Page 14 – UKSPF Project

£2,360 of UKSPF funding has been received and spent for a decarbonisation study. Match funding for the remainder of the invoice was provided by the Town Council.

Page 14 – Community Infrastructure Levy (CIL)

There has been no activity for CIL as yet this financial year.

The CIL designated reserve stands at £127,921.

The following items are 'pots' of money held for joint initiatives where the Town Council acts as 'purse holders'.

Page 15 – Town Centre Strategic Partnership

So far this year, there has been no activity to report, leaving the “pot” with **£198**.

Page 15 – Shakespeare Statue Restoration

There has been no change since the last report, leaving the “pot” with a **balance of £8,547**. This will be carried forward to cover future cleaning costs and any further minor maintenance work required.

Page 16 – Shakespeare Birthday Celebrations

Activity has increased since the last management accounts as the Birthday Celebrations took place in April. The **YTD Income stands at £40,240** and **YTD expenditure is £39,049**, giving a **NET surplus of £1,191**.

This leaves the **designated reserve with a balance of £68,593**.

As previously reported, the substantial surplus “in the pot” for the current financial year is down to timing, as the District and Town Council’s contributions are added to the “pot” after expenditure on the event in has been accounted for. A reduction in the District Council’s contribution to £20,000 was proposed to match that of the Town Council in 2023/24. 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. 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 2025 event if it is undertaken on a similar scale to previous years and is further supported by fundraising. The impact of inflation and escalating event security and traffic management charges should be considered for future costs.

Please ask for more information if you have any queries.

Responsible Financial Officer
July 2024