

HALLS, CEMETERIES & ALLOTMENTS COMMITTEE

Date: Monday, 11 September 2023
Title: Finance Report
Contact Officer: Responsible Financial Officer (RFO)

Should Members have any queries about this report advance notice would be appreciated, in writing, by 12noon on Friday 8 September to allow for a full response at the meeting.

BACKGROUND

Detailed income and expenditure statements for budgets which are the responsibility of this committee are enclosed; these are the management accounts for this committee. The period to which this report relates is 1 April 2023 to 31 July 2023.

For the Halls, Cemeteries and Allotments Committee the following cost centres are in place.

Cost centre	Service
102	Langdale Hall
103	Bars
104	Corn Exchange
105	Burwell Hall
106	Madley Park Community Centre
301	Tower Hill Cemetery
302	Windrush Cemetery
303	Closed churchyards – St Mary's/ Holy Trinity
305	Allotments

Cost centres comprise three digits and typically represent a discrete service entity, to which income and expenditure is allocated against previously agreed revenue budgets.

Within each cost centre income and expenditure is then allocated to a four-digit nominal ledger code; these codes are common across the cost centres. Nominal ledger codes further analyse the costs associated with the cost centre and correspond to a specific type of account, such as materials or staffing costs. Codes commencing with "1" are income codes; codes commencing with "4" are expenditure codes.

A report is submitted to every ordinary meeting of the standing committees and previous reports are available on the relevant committee section of the website.

CURRENT SITUATION

The Council financial year runs from 1 April to 31 March following. Consequently the management accounts to 31 July represent the first four months of the 2023/24 year.

Members may wish to note the following matters in relation to the management accounts:

1. Salaries, Employer's National Insurance Contributions and Employer's Superannuation. These are shown against code 4001 and have been processed for the period 1 April to 30 June.
2. Recharges. The following recharges have been processed for the period 1 April to 30 June:
 - (i) 4896 – Maintenance staff;
 - (ii) 4897 – Maintenance staff overhead;
 - (iii) 4892 – Central support staff;
 - (iv) 4893 – Central support overhead.
3. No recharges have been processed in relation to 4894 – grounds staff, 4895 – grounds staff overhead and 4899 Depot reallocation. It is anticipated that these will be included in the report to the meeting due to take place on 6 November 2023.
4. Income. Invoices are due to be raised in September 2023 for annual rentals/fees/charges in relation to codes 1052/102, 1060/102, 1060/106 and 1060/301. These will therefore be reflected in the report to the meeting due to take place on 6 November 2023.
5. Insurance – nominal ledger codes 4025. The Council's insurance premium was paid in April 2023 and allocations have been made to cost centres for the period 1 April 2023 to 31 March 2024, with recharges between 4% and 11% over original budget due to increases in premiums.
6. Energy costs – nominal ledger codes 4014 – electricity and 4015 – gas. Energy costs are running below budget. Although the costs in the summer months are lower than the winter months, the unit costs are also lower than the Council budgeted for and a significant saving will be shown when revised estimates for the year are calculated.
7. Bar/café: cost centre 103. Income for the year of £42,372 compares favourably with annual budget of £88,400, being 48% of the budget in one-third of the year. At this stage last year income was £19,801 so the year-on-year increase is 214%.
8. However bar/café cost of sales is at 55%; this is likely to be higher than one might expect due to stock held. Note that the Council has an independent stock take each quarter, the last one being at 30 June 2023. This showed a deficit on the quarter of 0.36% (retail £57, cost £20), which is within acceptable limits.
9. Indirect bar costs are 27% of budget but this will be understated as the month 4 salary journals have yet to be processed.
10. Corn Exchange income, cost centre 104. The income to 31 July amounted to £19,035, representing 43% of the annual budget of £44,500. This compares to £18,134 in the first four months of the last financial year, an increase of 5%.
11. Corn Exchange other maintenance 4036/104. The year to date spend of £8,206 exceeds the budget of £4,000. This is because a replacement pigeon deterrent system was installed at a cost of £7,778. This has been funded from the earmarked reserve for public halls, reducing the in-year/ funded from precept spend to £428 and the earmarked reserve to £24,515.
12. Burwell Hall cost centre 105. Income of £8,251 represents 37% of the annual budget of £22,500. Last year's actual income included bar income which, as previously reported, is now shown, together with matching expenditure, against cost centre 103. If these items are set aside then the lettings income for the year to 31 July 2023, £8,285 compares favourably with the position at 31 July 2022, which showed lettings income of £7,644.

13. Cemetery income is lower than might be expected.

- (i) For cost centre 301 – Tower Hill. If rent received and insurance recharges in relation to the Lodge are removed, the amount from burial/ memorial/chapel fees, interments and grant of rights totals £5,633, representing 31% of the £18,044 annual budget for these lines in 33% of the year, a relatively small variance.
- (ii) For cost centre 302 – Windrush Cemetery, the variance is higher, the income of £7,418 for the period to 31 July 2023 representing 16% of the annual budget of £46,500, roughly half of what might be expected on a straight-line basis. It should be noted that cemetery income can significantly vary year-on-year for many reasons including death rates, the balance between burials and ashes and whether out-of-parish fees are charged. Your officers will consider further when the estimates are drafted.

Note also the following comments relating to the management accounts across the Council:

1. There will always be an inevitable “lag” between expenditure being incurred and being shown in the accounts. However the introduction of the computerised purchase order from later this month will mean that committed expenditure will be shown on future reports, improving the timeliness of financial information.
2. Expenditure is not necessarily incurred evenly over the course of the year. As noted above most expenditure in relation to nominal ledger code 4025 (insurance) is incurred when the annual premium is paid in April. There will also be similar patterns on income with some rents/fees/charges invoiced on an annual or quarterly basis.
3. Fixed assets. Members will recall that the Council has moved away from the previous method of accounting for fixed assets so that they now reflect the requirements of the Joint Panel on Accountability and Governance Practitioners’ Guide (2023) for the size of the Town Council (income 2022/23 £2.3mi; expenditure £2.1mi) rather than the requirements for larger authorities with an annual turnover in excess of £6.5mi. This means that the end of year financial accounts will more clearly reflect the management accounting information received by Members during the course of the year and that codes 5198 – deferred grant released and 5199 – depreciation charge to service, both of which do not feature in the budget or in-year management accounts, will no longer appear on the month 12 management accounts. Appropriate adjustments have been made in the 2022/23 accounts.
4. Members will likewise recall that the Council is now accounting for earmarked reserve movements differently. The previous system, used by this and other councils, was to represent in-year funding from earmarked reserves as negative expenditure (4995 – transfer from earmarked reserves) and transfers to earmarked reserves as expenditure (code 4991). These fund movements will in future be shown in the final accounting column “Transfer to/from EMR” so they do not impact on expenditure but are correctly shown as funding. Appropriate adjustments have been made in the 2022/23 accounts.

The summary is as follows:

	Actual April to July 2023	Budget for 2023-24	% of budget incurred April to July 2023		<i>Actual April to July 2022</i>	<i>% of budget incurred April to July 2023</i>
Income	£99,462	£255,381	39%		<i>£94,157</i>	<i>44%</i>
Expenditure	£180,578	£899,770	20%		<i>£156,366</i>	<i>21%</i>
Net expenditure	£81,116	£644,389	13%		<i>£62,210</i>	<i>12%</i>

Subject to the items detailed above there are no matters of significant variance which I would draw to the attention of Members and the position is as one would expect at this stage in the financial year.

REVENUE BUDGET 2024-25 AND CAPITAL & SPECIAL REVENUE PROJECTS 2024-25 AND BEYOND

In line with normal Council procedures, the RFO will shortly be commencing the annual review of all the Committees to prepare the revenue budget for 2024-25.

Draft budgets are prepared based upon current activities and patterns of income and expenditure. Any additional revenue expenditure is considered separately as Revenue Growth Items.

It is also normal practice that during the budget cycle the Council considers the Capital and Special Revenue budget to identify which projects or schemes are to be implemented and undertaken during the next financial year.

Therefore Members are requested to consider items to be included in next year's budget so that Officers can obtain costings accordingly. This will then enable the RFO to draft as accurate budget estimates as possible.

ENVIRONMENTAL IMPACT

The Council declared a Climate Change Emergency at its meeting on 26 June 2019; with this in mind Councillors should have due regard to the environmental impact of any decisions they make regarding the facilities and services it operates.

Officers are continually assessing the environmental impact of services and assets to ensure that where possible measures are taken to support the Council's climate declaration of carbon neutrality by 2028. This extends to the procurement of goods and services.

RISK

In decision making Councillors should consider any risks to the Council and any action it can take to limit or negate its liability.

Members are reminded that collectively they are custodians of the public purse with most of the funding coming from the taxpayers of Witney. Therefore, Officers ensure they get best value, value for money, and comply with the Council's Standing Orders, Financial Regulations, and Procurement Policy.

FINANCIAL IMPLICATIONS

This report forms part of the Council's due diligence and a process in line with its Financial Regulations. The financial implications are detailed above and in the attached appendices.

RECOMMENDATION

Members are invited to note the report and approve the Committee's management accounts for the period 1 April to 31 July 2023.