

ABINGDON-ON-THAMES TOWN COUNCIL

GUILDHALL COMMITTEE

THURSDAY 12TH NOVEMBER 2020

Agenda item 8: Report of the Treasurer / RFO

Financial Report for Year to Date and Estimates for 2021-22

1. Introduction

- 1.1 The purpose of this report is to:
- (i) Approve the management accounts for the period 1st April–30th September 2020.
 - (ii) Note the projected year end income and expenditure totals for 31st March 2021.
 - (iii) Consider the estimates for 2021-22.
- 1.2 This is a detailed report and it is suggested that members read the report well ahead of the meeting in order to be able to reflect and fully consider the decisions the committee are requested to make at the meeting. Members are requested to contact the Treasurer/RFO, or the Town Clerk, in advance of the meeting if they require any further information on any of the items included either within the management accounts or the suggested budget for next year.

2. Management Accounts

- 2.1 Please find attached the management accounts for this committee (**APPENDIX A**). Income and expenditure are reported in the 2020-21 Actual YTD column (column 4).
- 2.2 Expenditure as of 30th September 2020 is £86,795. This represents 24.3% of the full year budget of £357,879. Members are reminded that the budget includes £200,000 for the Guildhall buildings maintenance programme (cost centre 355). To date, only £4,560 has been spent from this budget. Ignoring this cost centre means that 55% of the annual revenue expenditure budget has been spent, which is in line with our expectations.
- 2.3 Income received relates only to the Registration Office and rights of way agreements. Due to the lockdown, and subsequent resolutions by Council, no income has been received either relating to the lease of the Abbey Hall, or to the historic rooms. Actual income received is £2,536 (2.6% of £99,399 budget).
- 2.4 ***Members are requested to approve the management accounts for the period 1st April 2020 to 30th September 2020.***

3. Projected year end income and expenditure

- 3.1 As part of the budget setting process each year, work is carried out to project current year spend and income and provide estimates of the full year outturn for each budget line.
- 3.2 The projected outturn is reported as a budget shortfall of £76,046. The projections for each cost centre and account code are shown in column 5 in the report at **Appendix A**.
- 3.3 The projected budget outturn for the Guildhall is severely affected by the Covid-19 pandemic, and subsequent Council resolutions regarding income streams. Members are reminded that it has been resolved that no rent or business rates for the Abbey Hall will be charged to the Abbey Cinema for the period 20th March 2020 – 31st December 2020. Council have agreed that the charging of rents and business rates for the period 1st January 2021 – 31st March 2021 will be considered later in the year. Taking a prudent approach, the projection is based on the Council receiving no income for rent, rates, or utility recharges from the Abbey Cinema for the full year. The projected income is £17,700 (shortfall of £81,699 compared to budget of £99,399).
- 3.4 The projected expenditure outturn is in line with budget, taking into account that any unspent amount of the Guildhall buildings Maintenance Programme budget of £200,000 will be transferred to an earmarked reserve to be spent in future years.
- 3.5 ***Members are requested to note the projected outturn for 2020-21.***

4. Estimates 2021-22

4.1 **Budget timetable**

The purpose of this section of the report is to consider the budget need for 2021-22 and agree recommendations to Finance and General Purposes Committee. Members are reminded of the timetable for decision making:

12th November 2020 - Guildhall Committee to agree a budget to recommend to the Finance and General Purposes Committee. This recommendation can be subject to change for cross-services budget estimates such as works team recharges which are subject to change later in the budget setting process.

The draft estimates included in Appendix A consider recent discussions by the committee, regarding the future arrangements for the management of the complex, and changes resulting from the staffing review. Before making

a budget recommendation, this committee should consider any further changes it wishes to propose in relation to future activities.

The committee should also agree proposals regarding fees and charges. These require Full Council resolution.

24th November 2020, 8th December 2020, 13th January 2021 – During these three meetings, the Finance and General Purposes Committee will consider budget recommendations from all spending committees and agree a recommendation to Full Council.

27th January 2021 – Full Council to resolve budget and precept demand.

28th January 2021 – Precept demand is submitted to Vale of White Horse District Council. Once this has been submitted no changes can be made to the precept. Any further changes to the budget after this date would need to be funded from reserves.

4.2 Members should note that the next meeting of this committee is on 7th January 2021. Whilst this is before the final meeting at which the Finance and General Purposes Committee agree the budget recommendation to Full Council, it is not recommended that the committee postpone decisions until then.

4.3 **Existing costs**

In drafting the estimates various budget parameters are considered. i.e. the amounts by which budgets need to vary the following year to finance the council's services. Many of these items are fixed, that is, the Council cannot reduce its expenditure unless there are some significant changes to services the council provides. These parameters largely apply to business rates, utilities, and staffing. The parameters used for 2021-22 are:

- For any inflationary increases – based on CPI as of September 2020 0.7%
- Salaries and wages – an estimated national pay award of 1%.
- National Non-Domestic Rates – calculations are usually based on the multiplier announced in the Autumn each year. Due to the early timing of this meeting, the multiplier has not been announced. Instead, the same increase as last year has been applied.
- Electricity and gas supplies – fixed price contracts to December 2023
- All other budgets – no increase where possible but allowing for variation according to the results of detailed budget work and applying 0.7% inflation where deemed necessary.

4.4 There are some elements within the budget which members may wish to consider in the confidential section of the meeting. These are in relation to the management of the historic rooms by the Abbey Cinema, and the lease

of the Abbey Hall and associated recharges. Members should consider these lines in detail (350/1101, 360/1004, 360/1030).

- 4.5 The proposed estimates are included column 7 in **Appendix A**. Based on the current arrangements and considering known changes to costs, the draft 2021-22 budget has been calculated as £244,789. If approved, this would mean a reduction against current year budget of £13,691.
- 4.6 There are two significant changes suggested within the draft budget. In previous years, the salary costs relating to Mrs Jo Blackmore, Administration Assistant, have been coded to 350 and 360 cost centres. In line with the recommendations from the recent staffing review, this role is now part of a central team of three admin assistants and it is therefore recommended that these salaries costs are coded to a central services code (cost centre 601, the responsibility of Finance and General Purposes Committee). There is no impact on the Council's full budget by doing this but would reduce this committee's budget by £22,218.
- 4.7 The other significant change is to reduce the income budget for share of "profit" relating to the historic room rentals to zero. This is a prudent approach and actual income may be higher, depending on the agreement of new terms with the Abbey Cinema who manage these rooms on the Council's behalf. This would reduce income (and therefore increase overall net expenditure) by £6,000.
- 4.8 Other minor changes included within the draft budget are an increased insurance budget, to better reflect actual costs (£2,244), and additional maintenance costs (£1,099).

4.9 **Fees and charges**

It is a legal requirement that the Council considers and sets its fees and charges annually. The current charges in relation to the historic rooms are:

<p><u>Royse Room / Council Chamber</u> £40.00 for 3-hour booking (<i>£34.00 not for profit groups</i>)</p>
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<p><u>Bear Room / Abbey Room / Old Magistrates Court</u> £24.00 for 3-hour booking (<i>£20.00 not for profit groups</i>)</p>
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- 4.10 Members are requested to consider these charges and make recommendations for charges for 2021-22 to Full Council.

4.11 **Guildhall building maintenance programme**

The draft estimates include a further £200,000 for continued maintenance and improvements. Members should consider whether this is an appropriate budget.

4.12 **New projects**

Members should also consider any new areas of expenditure they wish to undertake at the Guildhall. These should be recommended to the Finance and General Purposes Committee in the form of additional budget bids.

5. Decisions

5.1 Members are requested to:

- (i) Approve the management accounts for 1st April to 30th September 2020
- (ii) Agree and make recommendations to Full Council regarding fees and charges for 2021-22 (alternative is to postpone until 7th January 2021 meeting)
- (iii) Agree a budget for this committee for existing services for 2021-22 which shall then form a recommendation to Full Council, through the Finance and General Purposes Committee
- (iv) Agree any additional budget bids for new projects in relation to the Guildhall, for 2021-22. These shall form a recommendation to the Finance and General Purposes Committee for their consideration, who will take into account additional budget bids from all the committees, resourcing needs, and implications on the precept.

Susan Whipp - Treasurer / RFO
5th November 2020