Agenda No

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SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 14th July 2025

Officer: Andy Watkin – Head of Resources (RFO)

Q1 Management Account 2025/26

Purpose of Report

- To appraise members of the financial position of the Council for the first quarter of the 2025/26 financial year, and the year to date position.

Accounts preparation

- The accounts have been prepared using the same procedures and techniques as previous years
- No provision is made for depreciation and earmarked reserves which are included in the final published accounts, which are non-cash items.

Income and Expenditure account for the 1st quarter ended 30th June 2025 compared to budget (column A)

- Per the attached detailed and consolidated Income & Expenditure account report (last page 6ii), there is an overall positive variance of £44,214 compared to the budget.
- Expenditure is a positive variance of £85,081. The majority of the variance is due to the cumulative underspend on salary costs of £86,918, which if discounted leaves a negative variance of (£1,838).
- There are positive variance's on staff costs due to budgeted pay increase not yet awarded by the National Joint Council (NJC) and vacant posts yet to be filled of £45,322, the reminder £41,596 is from the town team, not starting 1st April and currently 1 vacant post. Other variances are as follows:

  £3,305 – Electricity, lower demand in summer months
  (£11,339) – Insurance premium annual increase and regalia costs

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- There is a negative variance on the income received of (£40,867). This is due to a reduction in the SLA with Shropshire Council than budgeted and represents the value of the PO they will issue, and is subject to change once agreement finalised.

- On the income variances, some are temporary due to the timing such as other works (£3,644) and interest received £6,027. Commercial gains are from estimates included in accounts at year end.

Income and Expenditure account for the 1st Quarter ended 30th June 2025 compared to prior year (Column B)

- When comparing the first quarter to the same period in the prior year there is an overall positive variance of £270,268.

- Please note due to seasonal, operational, and unforeseen circumstances one year is never the same as the next. These things tend to unwind and balance out over the course of the year but it is useful to compare to the prior year as guide on the income and performance.

- Expenditure is a negative variance of (£43,788) which is expected due to the "town team" not in last years accounts but lower than expected as building positive variance of £27,424 distorts, otherwise the variance would be (£71,213). Other variances are mainly adverse which is attributable to small increases across the board due to inflation and expected from year to year.

- There is a positive variance on income compared to previous year of £314,056 this is due to increasing the precept £619,505, but lower as not yet receiving the neighbourhood fund sum which last year was £225,950.

Year to Date (YTD) variances for income and expenditure compared to budget (Column C)

- Same figures and explanations as 1st quarter

Year to Date (YTD) variances for income and expenditure compared to prior year (Column D)

- Same figures and explanations as 1st quarter

Recommendations

(i) **Report be noted, Income and expenditure broadly in line with budget, subject to SLA clarity.**
(ii) **BoE base rates falling, this will impact interest received in future years, which will need to be considered, despite current positive variances from investment returns.**