

**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 2nd December 2024**

Officer: Andy Watkin – Head of Resources (RFO)

Q2 Management Account 2024/25

Purpose of Report

- To appraise members of the financial position of the Council for the second quarter of the 2024/25 financial year, and the half 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 2nd quarter ended 30th September 2024 compared to budget (column A)

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £13,173 compared to the budget.
- Expenditure is a negative variance of (£17,705). The majority of the variance is due to the negative variance of (£24,340) on building maintenance which is a timing issue.
- A provision has been included for the estimated pay award which is overall slightly less than the budget provision. Other variances are as follows:
 - £7,227 – Electricity, lower demand in summer months
 - (£15,018) – Casual/temporary, market staff cover and quarry security
 - (6,739) – Vehicle maintenance – timing of expenditure
- There is a positive variance on the income received of £30,878. Some of the negative variances last quarter such as interest received and timing of maturing bonds has been reversed and is positive this quarter £27,211.

- On the income variances, some are temporary due to the timing or early receipt last quarter such as hanging baskets (£5,629) but the SLA reduction (£23,231) is due to collaborative working with Shropshire Council for savings and extension post 2025.

Income and Expenditure account for the 1st Quarter ended 30th September 2024 compared to prior year (Column B)

- When comparing the first quarter to the same period in the prior year there is an overall negative variance of (£182,091).
- 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 as expected a negative variance of (£120,373) which is down to capital expenditure variance of (£46,446) due to the timing of purchase of machinery. Other variances are adverse totalling (£73,927) which is attributable to small increases across the board due to inflation and higher grants fund budget.
- There is surprisingly a negative variance on income compared to previous year of (£61,718) this is due to a lower sum received from grants and sale of assets (£49,199).

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

- Overall, there is a positive variance of £311,446 but this is due to the 1st quarter positive position, there is a small improvement for this quarter of £13,173.
- The positive expenditure variance decreased for the explanations given in the quarter to £46,377. The positive wages variance of £60,953 is due to higher budgeted pay award than that provided and subsequently awarded and pause in recruiting of vacant positions. It is expected that the positive variances will unwind in the second half of the year as the work patterns shift and overspends not follow through to year end.
- The income variance increases by £30,878 to £265,069 as per the quarter explanation. It should be noted that most of this increase £249,827 is not revenue for covering overspends it is for future projects or match expenditure commitments, leaving small operational surplus.

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

- Overall, there is a negative variance of (£187,149) an increase of (£5,058), from last quarter per explanations for the quarter.

- Expenditure is a negative (£92,576) while there are timing variance on capital and building this is not unexpected, due to inflation on expenses and the pay award provision.
- Income compared to last year has decreased by (£94,753). Whilst the precept has increased income by £99,852, grants, CIL and assets is lower by (£177,715) Increase in fees to counter inflation have not covered the reduction in SLA income.

Recommendations

- (i) **Report be noted, Income and expenditure broadly in line with budget once allowances made for unbudgeted income and delayed/advanced expenditure.**
- (ii) **Inflation appears to be fluctuating above or below the 2% line on monthly basis and predictions are that interest rates will continue to fall, reducing interest rates on monies held.**