Agenda No

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SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 8th December 2025

Officer: Andy Watkin – Head of Resources (RFO)

Q2 Management Account 2025/26

Purpose of Report

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

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 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 £163,269 compared to the budget.
- Expenditure is a small positive variance of £12,494. There are numerous small positive and negative variances the vacant posts account for the positive variance, which would otherwise have led to a small a negative variance.
- There are positive variance's on staff costs as vacant posts are yet to be filled but offset by the provision of pay award which has been accrued and subsequently paid to staff. Other variances are as follows:

  £7,228 – Electricity, lower demand in summer months
  (£7,231) – Building maintenance – timing of expenditure

- There is a positive variance on the income received of £150,775. This is due to neighbourhood fund received of £165,836, otherwise the figure would have been adverse (£15,061) 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.

- Other gains from events/fairs £30,527 have made the position better, some are temporary due to the timing such as other works £5,167 and interest received £7,327. Commercial gains are from estimates included in accounts at year end.

Income and Expenditure account for the 2nd Quarter ended 30th September 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 £62,229.

- 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 (£1,689) which is expected due to the “town team” not in last years accounts but lower than expected as small positive variances such as capital, electricity, building , play and trees of £43,60 distorts, otherwise the variance would be (£48,049). 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 £63,918 this is due to receiving the neighbourhood fund of £165,836 otherwise it would be adverse (£101,918).

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

- Overall, there is a positive variance of £207,483 this is due to the 1st quarter positive position, but boosted due to the large improvement for this quarter of £163,269, but misleading for explanations below.

- The positive expenditure variance increased for the explanations given in the quarter to £97,575. The positive wages variance of £113,473 is due to delay in town team recruiting and vacant posts, if discounted the position would be adverse (£15,898). It is expected that the variances with exception of salaries will unwind in the second half of the year as the work patterns shift and overspends not follow though to year end.

- The income variance is now positive reversing Q1 deficit and driven by unbudgeted neighbourhood fund of £165,836, if discounted the position would be (£55,928) as per the quarter explanation. It should be noted that the neighbourhood fund increase is not revenue for covering overspends it is for future projects or match expenditure commitments.

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

- Overall, there is a positive variance of £332,497 an increase of £62,229, from last quarter per explanations for the quarter.

- Expenditure is a negative (£45,477) while there are timing variances on capital and building, overall this is not unexpected, due to inflation on expenses and the pay award provision and addition of stepping up team.

- Income compared to last year has increased by £377,974. Whilst the precept has increased income by £619,505, grants, CIL and assets is lower by (£79,898). Other income and the SLA value which is to be determined is negative (£158,479).

Recommendations

(i) Report be noted, (net) 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.