

**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 4th December 2023**

Officer: Andy Watkin – Head of Resources (RFO)

Q2 Management Account 2023/24

Purpose of Report

- To appraise members of the financial position of the Council for the second quarter of the 2023/24 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 1st quarter ended 30th September 2023 compared to budget (column A)

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £86,835 compared to the budget.
- Expenditure is a negative variance of (£55,195). The majority of the variance is due to the provision of a yet to be agreed pay award which was not included in Q1 to give a more accurate half year accounts figure.
- Other than the variances on payroll costs (£53,787), other major variances are as follows:
 - (£26,100) – Casual – Quarry security covered by revenue grant.
 - £7,273 – Equipment, timing of expenditure
 - £4,080 - Electricity, timing of expenditure
 - (£2,287) – Audit, challenge costs for external audit
- There is a positive variance on the income received of £142,030. This is inflated due to unbudgeted income of £52,213 in respect of grants and sale of assets. Adjusting for this would result in a positive variance of £89,817.

- Income is higher due to the increase in bank of England Interest rates to combat inflation which have increased bank interest returns by £52,106, other variances are as follows:

£5,579 – Hanging Baskets, additional parish contracts

£18,388 – Other works, youth work and other contracts

Income and Expenditure account for the 2nd Quarter ended 30th September 2023 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 £54,779.
- 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 (£103,011) whilst there are small inflationary increases across the board, there positive variance or rent and rates £20,489 and negative variances of (£72,662) wages pay award provision including on costs and (£26,363) casual and temporary staff due to explanations in comparing to the budget.
- There is a positive variance on income compared to previous year of £157,790 this is due to increases in fees due to inflation along with interest received is £62,097 higher than last year and non-revenue income of grants and assets of £35,989.

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

- Overall, there is a positive variance of £540,015 but this is due to the 1st quarter positive position, there is an improvement overall because of the positive £86,835 for this quarter.
- The negative expenditure variance increased for the explanations given in the quarter to (£19,402). Expenditure on temporary staff for security of (£63,060) is covered by income, which if discounted would leave a small underspend, and is attributable to leavers not replaced. It is expected some of the positive variance will unwind in the second half of the year as the work patterns shift.
- The income variance increases by £142,030 to £559,417 as per the quarter explanation. It should be noted that most of this increase £427,542 is not revenue for covering overspends it is for future projects or match expenditure commitments.

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

- Overall, there is a positive variance of £609,334 an increase of £54,779, from last quarter per explanations for the quarter.

- Expenditure has decreased but still positive £201,946 due to capital expenditure purchase of Livesey house last year otherwise the figure would be negative (£166,085), due to inflation on expenses and the pay award provision.
- Income compared to last year increased to 407,388, which is not unexpected due to precept, grants, CIL and assets increase of £199,755. Increase in fees to counter inflation and additional interest of £108,435 account for the other increases.

Recommendations

- 1 Report be noted, the wages pay award provision has subsequently been agreed by the Unions (not unanimous). Inflation was expected and added to expenditure which is broadly in line with budget. Interest received due to continued BOE rate rises has led to higher returns on the income side.