

**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 11th July 2022**

Officer: Andy Watkin – Head of Resources (RFO)

Q1 Management Account 2022/23

Purpose of Report

- To appraise members of the financial position of the Council for the first quarter of the 2022/23 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 2022 compared to budget (column A)

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall negative variance of (63,147) compared to the budget.
- Expenditure is a negative variance of (£443,356). The majority of the variance is due to the capital expenditure variance of (£429,126) from purchasing the property at 7 St Johns Hill. Discounting the capital purchase the figure would be neutral but rising costs are masked by underspends which could exceed the budget such as salary costs when the pay award made.
- There are positive variance on staff costs due to budgeted pay increase not yet awarded by National Joint Council (NJC) and vacant posts yet to be filled. Other variances are as follows:

(£8,687) – Casual – Toilets, unused staff budget utilised for closing services.
(£23,281) --- Fuel & Oil, Price paid nearly doubling during heaviest use period
(£28,534) --- Other insurances, Increase in premiums and market conditions in sector
(£6,861) – Professional fees – Greenfields costs, review at YE for allocation
- There is a positive variance on the income received of £380,209. This is however misleading due to unbudgeted income of £330,214 in respect of neighbourhood fund adjusting for this would result in a positive variance of £49,995.

- Income is higher due to the increase in bank of England Interest rates to combat inflation which have increased bank interest returns. Inflation and indices are higher than budgeted which has led to positive variances in the SLA. Other variances are as follows:

£13,831 - Commercial, markets rents

£10,246 – Events, quarry events and canoe tender

Income and Expenditure account for the 1st Quarter ended 30th June 2022 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 (£685,388).
- 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 (£500,899) which is partly down to capital expenditure variance of (£417,842) to leave (£83,057) which is attributable to small increases across the board but noticeable in Fuel & Oil and insurance per explanations in comparing to budget.
- There is a negative variance on income compared to previous year of (£184,489) this is misleading due to a larger sum received from neighbourhood fund/S106 in YE 22 producing a negative variance of (£253,650). If this was discounted the variance would a positive £69,161, for the explanations comparing to budget.

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

- 1 Report be noted, overall inflation is impacting expenditure especially fuel costs, and partly offset by some increases in income. Some variances such as insurance will affect Q1 only.