

**SHREWSBURY TOWN COUNCIL  
FINANCE & GENERAL PURPOSES COMMITTEE  
Monday 5<sup>th</sup> February 2024**

**Officer:** Andy Watkin – Head of Resources (RFO)

**Q3 Management Account 2023/24**

***Purpose of Report***

- To appraise members of the financial position of the Council for the third quarter of the 2023/24 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 3<sup>rd</sup> quarter ended 31<sup>st</sup> December 2023 compared to budget (column A)**

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £5,920 compared to the budget.
- Expenditure is a negative variance of (£108,568). A large proportion of the variance is due to the capital expenditure (£42,584) purchase's following proceeds received, net effect is £0.
- Other than the variance on capital costs, other major variances are as follows:
  - (£44,666) – Casual – Quarry security match funding condition
  - (£19,539) -- Electricity, meter issues corrected in the quarry
  - (£11,364) – Computer / IT incl firewall, AP etc
- There is a positive variance on the income received of £114,488. This is inflated due to unbudgeted income of £69,954 in respect of commuted sums and sale of assets. Adjusting for this would result in a positive variance of £44,534.

- Income is higher due to the increase in bank of England Interest rates to combat inflation which have increased bank interest returns by £28,835 other variances are as follows:

£4,777 – Sports, seasonal nature of income, more demand

£6,479 – Other works, youth work and other contracts

### **Income and Expenditure account for the 3<sup>rd</sup> Quarter ended 31<sup>st</sup> December 2023 compared to prior year (Column B)**

- When comparing the first quarter to the same period in the prior year there is a negative variance of (98,349).
- 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 (£228,097) whilst you would expect small negative variance across the board, due to inflation there are some higher than expected. Wages pay award provision including on costs (£65,836), casual and temporary staff (£47,578), (£28,282) electricity and (£57,584) capital due to explanations in comparing to the budget.
- There is a positive variance on income compared to previous year of £129,748 this is due to increases in fees due to inflation along with interest received is £37,248 higher than last year and non-revenue income of grants and assets of £69,954.

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

- Overall, there is a positive variance of £545,935 but this is due to the 1st half positive position, there is a small improvement overall due to the positive £5,920 for this quarter.
- The negative expenditure variance increased for the explanations given in the quarter to (£127,970). Expenditure on temporary staff for security of (£107,726) is covered mostly by income, as is capital purchases (£46,489) which if discounted would leave a small overspend. It is expected some of the negative variance will unwind in the second half of the year as the work patterns shift and be covered by additional income.
- The income variance increases by £114,488 to £673,905 as per the quarter explanation. It should be noted that most of this increase £497,496 is not revenue for covering overspends it is for future projects or match expenditure commitments. Interest received positive variance of £106,472 will be utilised against additional expenditure costs and pressures.

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

- Overall, there is a positive variance of £510,985 a decrease of (£98,349), from last quarter per explanations for the quarter (see above).
- Expenditure has increased to a negative (£26,151), due to inflation on expenses and the pay award provision along with quarry security, electricity and capital purchase.
- As expected due to continued high interest rates, income compared to last year increased to £537,136, which is not unexpected due to precept, grants, CIL and assets increase of £268,105. Increase in fees to counter inflation and additional interest of £145,683 account for the other increases.

**Recommendations**

- 1 Report be noted, interest rates are decreasing as inflationary pressure falls which while reducing interest received is hoped will lead to suppliers reducing prices. Overall a small surplus if forecast at year end.