

**SHREWSBURY TOWN COUNCIL  
FINANCE & GENERAL PURPOSES COMMITTEE  
Monday 26<sup>th</sup> July 2023**

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

**Q1 Management Account 2023/24**

***Purpose of Report***

- To appraise members of the financial position of the Council for the first 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 1<sup>st</sup> quarter ended 30<sup>th</sup> June 2023 compared to budget (column A)**

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £453,180 compared to the budget.
- Expenditure is a positive variance of £35,793. The majority of the variance is due to the cumulative underspend on salary costs of £62,525, which if discounted along with the temporary staff cost of £36,960 leaves a small positive variance of £10,228.
- 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:
  - (£36,960) – Casual – Quarry security covered by revenue grant
  - £10,256 - Rates – favourable revaluations, upwards staggered affecting future years
  - (£2,060) - Fuel & Oil, cost reducing but higher than budgeted
  - (£6,117) – Professional fees – Greenfields costs
- There is a positive variance on the income received of £417,387. This is however misleading due to unbudgeted income of £375,329 in respect of neighbourhood fund, grants and sale of assets. Adjusting for this would result in a positive variance of £42,058.

- Income is higher due to the increase in bank of England Interest rates to combat inflation which have increased bank interest returns by £25,351, other variances are as follows:

£15,399 - Commercial, markets rents

### **Income and Expenditure account for the 1st Quarter ended 30<sup>th</sup> June 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 £554,555.
- 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 positive variance of £304,957 which is down to capital expenditure variance of £371,376 due to the purchase of Livesey House last year. Other variances are adverse (£66,419) which is attributable to small increases across the board due to inflation but noticeable in Casual and temporary staff due to explanations in comparing to the budget.
- There is a positive variance on income compared to previous year of £249,598 this is due to a larger sum received from the precept of £118,651, if this was discounted the variance would a positive £130,947. Interest received is £46,338 higher than last year and revenue grants of £39,085 account for most of the increases.

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

- Same figures and explanations as 1<sup>st</sup> quarter

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

- Same figures and explanations as 1<sup>st</sup> quarter

### **Recommendations**

- 1 Report be noted, 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.