

**SHREWSBURY TOWN COUNCIL  
FINANCE & GENERAL PURPOSES COMMITTEE  
Monday 4<sup>th</sup> October 2021**

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

**Q2 Management Account 2021/22**

***Purpose of Report***

- To appraise members of the financial position of the Council for the second quarter of the 2021/22 financial year, and the year to date position.

***Account's preparation***

- The accounts have been prepared using the same procedures and techniques as previous years, with the addition of the 2019 year to date position which was the most recent year not affected by Coronavirus to act as a comparator
- 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> September 2021 compared to budget (column A)**

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £60,582 compared to the budget, which is due to unbudgeted income.
- Expenditure is a about break even showing a positive variance of £2,164. 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:

(£12,433) – Casual – Quarry marshals  
(£6,202) -- Overtime – Cover and grant funding  
£7,669 --- Repair – Timing of expenditure

- There is a positive variance on the income received of £58,418. This is mainly due to unbudgeted income of 43,830 in respect of grants £9,945, S106 £28,801 and sale of assets £5,084.

The other positive is from events/fairs which is nearly back to pre-pandemic levels if the YTD figure is looked at comparing to 2019.

Covid has not directly impacted income streams this quarter but continued low interest rates to assist the economy which were budgeted continue.

**Income and Expenditure account for the 1st Quarter ended 30<sup>th</sup> September 2021 compared to prior year (Column B)**

- When comparing the second quarter to the same period in the prior year there is an overall positive variance of £192,622,901.
- 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.
- Whilst Q1 last year was impacted by coronavirus and reduced operational activity, in the second quarter it returned to normal, and some catch up so the positive variance of £94,056 is misleading and is due a positive capital variance of £133,102 which if discounted would lead to an adverse variance of (£38,941) and more in line with expectations due to increase in costs from year to the next. The notable variances other than savings due to less activity are:

(£12,033) - play surfacing – Delay in repairs as closed and ROSPA reports

(£14,245) – Professional fees – positive adj prior year due to overprovision on legal fees

- There is a positive variance on income compared to previous year of £98,566, this is due to grants, S106 and assets of £43,830 mentioned previously and due to coronavirus impacting revenue streams last year positive variance of £31,487 for commercial income and £33,091 for events/fairs.

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

- Overall, there is a positive variance of £670,941 but the cast majority of this is brought from the 1st quarter and commuted sums the increase in the YTD position is £60,582 for the quarter.
- The expenditure variance is the same as the quarter variance and the position overall is at break even. It is expected some of the positive variance will unwind in the second half of the year as the work patterns shift and conversely overspends will fall back into line with budgets.
- The income variance increases by £58,418 to £672,827 as per the quarter explanation. It should be noted that the majority of this increase 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 £444,648 a jump of £192,622 from last quarter per explanations for the quarter.
- Due to unbudgeted income received and Coronavirus last year the income has increased as expected leading to £521,547 positive variance.
- Expenditure has increased leading to a negative (£76,899) due to inflation but is compounded due to lower activity last year such as fuel and oil showing a (£11,519) overspend but looking at the 2019 figures the current year is back on trend with only a (£1,553) adverse variance.

**Year to Date (YTD) variances for income and expenditure compared to 2019 (Column E)**

- Due to the prior year being impacted by coronavirus the 2019 figures have been included as the most recent set of figures not affected by the pandemic to help explain the variances where some are not new but merely returns to the normal levels.
- Unfortunately, expenditure increases with inflation and market forces hence many adverse variances comparing costs over the 2 year time gap.
- On the income however when comparing the 2021 with 2020 and 2019 you can see that some income streams are back at pre pandemic levels such as commercial income ie markets or nearly back ie events/fairs. However, this is not the case for all such as hanging baskets and sports lettings but is hoped for improvements throughout the year and into 2022.

**Recommendations**

- 1 Report be noted, income and expenditure returning to normal levels
- 2 The current volatility in energy markets will not immediately impact the council due to the forward pricing model of futures contracts which smooths the peaks and troughs instead of huge highs and lows, but it will feed into and need to be factored into future budgets.