



**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
15th OCTOBER 2018**

Agenda No

6i

Responsible Officer: Andy Watkin - RFO

Statement of Accounts for the quarter 30.09.18

1 Purpose of Report

To appraise members on the following:

- 1.1 The financial position of the Council for the second quarter of the 2018/19 financial year, and the year to date position.
- 1.2 Please note that these accounts do not include a provision for depreciation and earmarked reserves which are included in the final published accounts, which are non cash items.

2 Accounts preparation

- 2.1 The accounts have been prepared using the same procedures and techniques as previous years.

3 Income and Expenditure account for the 2nd quarter ended 30th September 2018 compared to budget (column A)

- 3.1 Per the Income & Expenditure account report, there is an overall positive variance of £3,628 compared to the budget.
- 3.2 Expenditure is a negative variance of (£63,532). There are small positive negative variances due to timing issues of spending budgets the main driver is £53,923 of remedial works for subsidence at the Greenhouse and works at the Grange Youth Centre all of which were provided for in earmarked reserves, also some overtime for staff issues and capital expenditure.
- 3.3 There is a positive variance on income of £67,160 due to sums received in respect of grants and events in the quarry and reduce the bad debt provision for Town and County Markets.

4 Income and Expenditure account for the 1st Quarter ended 30th September 2018 compared to prior year (Column B)

- 4.1 When comparing the second quarter to the same period in the prior year there is an overall positive variance of £29,756.
- 4.2 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.

4.3 The expenditure variance is negative, spending increased by (£39,535). This is due to increases in costs of products, services and salaries etc, the major variances are:

(22,461) 4000 – Wages, pay inflation and staff recruitment
20,789 4110 – Rates, timing of invoice received Q2 prior year
(56,214) 4170 – Building maintenance, per above 3.2
31,249 4950 – Capital, timing last year

4.4 There is a positive variance on income of £69,291, other than small variances which are down to inflationary increases in scale of charges the main drivers are per deviation in budget explained at 3.3.

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

5.1 Overall there is a positive variance of £474,240, of which £470,612 originated from the previous quarter, compared to budget.

5.2 The expenditure variance is a negative (£114,248), for the reasons explained in 3.2 for the quarter and the prior period spending in relation to earmarked expenditure.

5.3 The income is a £588,488 positive variance. A small amount is from the current quarter with the majority from quarter 1, due to the new accounting treatment of neighbourhood fund monies.

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

6.1 Overall there is a positive variance of £450,485.

6.2 As expected with rising costs there is a negative variance on expenditure of (£259,183) due to the reasons stated in 4.3 above and election costs in the previous quarter.

6.3 There is a positive variance on income of £709,668, due mainly to precept increase and change in accounting treatment of neighbourhood fund.



7 Recommendations

7.1 Income and collection is in line with expectations

7.2 There are no areas of concern regards spending that need addressing.

7.3 Following the anticipated increase earlier in the year, interest rates remain at 0.75% and the statement from the Monetary Policy Committee (MPC) indicated further rate rises in 2019.

GDP has increased by 0.6% and inflation rose slightly to 3.5%, the IMF review of the British economy suggests that BREXIT uncertainty had so far reduced activity by between 1% and 2%, and will continue over the medium term regardless of the outcome of the current negotiations.