



**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
5st DECEMBER 2016**

Agenda No

6i

Responsible Officer: Andy Watkin - RFO

Statement of Accounts for the quarter 30.09.16

1 Purpose of Report

To appraise members on the following:

- 1.1 The financial position of the Council for the second quarter of the 2016/17 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 16 compared to budget (column A)

- 3.1 Per the attached detailed consolidated Income & Expenditure account report, there is a positive variance compared to the budget of £499.
- 3.2 There is a positive variance on income of £9,336 and the major variances are:
 - 8,750 1870 – Interest Income, bond maturity dates correct deficit Q1
 - 3,561 1400 – SLA, inflation higher than expected.
 - (5,561) 1120 – Sports lettings, slow invoicing of clubs
- 3.3 The £9,336 is split over the cost centres per the variances in 3.2 above, organisation variance £7,997 due to correction of interest income deficit from Q1 due to timing of maturity and the SLA positive variance split over amenity, recreational and countryside cost centres.
- 3.4 Expenditure is a negative variance of (£8,837). The majority of these are timing issues with spending of budgets with the exception of:
 - (12,217) 4020 – Temporary, secondment form SC for 2 days per week.
 - (9,443) 4580 – Computer/IT costs, incorrect budget following SLA renewal.
- 3.5 The (£8,837) is split between various cost centres showing marginal positive and negative variances highlighting the different peak times and costs incurred except for organisation (10,446) due to above costs fees per 3.4.



4 Income and Expenditure account for the 2nd Quarter ended 30th September 16 compared to prior year (Column B)

4.1 When comparing the second quarter of 2016/17 to 2015/16 there is an overall negative variance of (£51,589).

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 There is a negative variance on income of (£131,096), other than small variances which fluctuate between nominal codes the major variances are:

(16,231) 1010 – Indoor Market income re 15/16 adj
25,620 1400 – SLA, Youth services agreement 16/17 income only
(140,000) 1600 – Sale of assets,

4.4 The cost centre variances are due to where the nominal changes impacted namely Operational (£136,721) markets (20,089) and Community £20,216.

4.5 The expenditure variance is positive, to the tune of £79,596. Apart from timing the major variances are:

(15,579) 4000 – Wages, Youth services
(8,886) 4010 – Er's NI, Changes to rates by government
(12,322) 4020 – Casual, SC secondment for the qtr
14,502 4170 – Buildings repairs, timing of expenditure
(15,765) 4580 – Computer, WAN charges etc actual costs known
131,055 4950 – Capital, reinvest sale proceeds prior year

4.6 The expenditure cost centre variances are felt in the Community cost centre which is due to the provision of youth services, this variance will disappear later in the year. The capital expenditure is costed to Operational, the other variances are spread amongst all cost centres.

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

5.1 Overall there is a positive variance of £14,335

5.2 There is a positive variance on income of £9,227.

5.3 There is a positive variance on expenditure of £5,208 slight overspends or additional costs have been offset by some reductions compared to budget.



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

6.1 Overall there is a negative variance of (£2,120).

6.2 There is a negative variance on income of (£103,460) this is due to sale proceeds received in the prior year of £146,933. Whilst there were reductions in the SLA, the precept increased due to the tax base and other increases.

6.3 There is a positive variance on expenditure of £101,340 due to the reinvestment of sale proceeds in the previous financial year of £133,559. Youth costs on wages reduces this as spending only started in Q4 of 15/16.

7 Recommendations

7.1 Income is in line with expectations, and no issues regarding actual collection, per the balance sheet.

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

7.3 A decrease in interest rates will hit investment returns. Inflation is creeping up, and the pound weakening which will hit prices in Q4 and needs to be factored in the 17/18 budget.