



**SHREWSBURY TOWN COUNCIL  
FINANCE & GENERAL PURPOSES COMMITTEE  
15th JULY 2019**

Agenda No

**6i**

**Responsible Officer: Andy Watkin - RFO**

**Statement of Accounts for the quarter 30.06.19**

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**1 Purpose of Report**

To appraise members on the following:

- 1.1 The financial position of the Council for the first quarter of the 2019/20 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 1<sup>st</sup> quarter ended 30<sup>th</sup> June 19 compared to budget (column A)**

- 3.1 Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £366,913 compared to the budget.
- 3.2 Expenditure is a negative variance of (£58,370). There are small positive and negative variances due to timing issues of spending budgets the main driver are (£40,000), play equipment which will be financed by commuted sums, capital expenditure of (£75,860) for the LED programme and machinery covered by earmarked reserves. There is a negative rates variance of (£4,735) due to budgeting reduced rates for the Markets but subsequently not being available to local authorities. There is a positive wage variance as the crematorium contract was not tendered out and the budget all allocated to Q1, and a negative casual labour variance for work on the music project which is grant funded and outsourced. Removing the variances above the figures are a positive £18,290.
- 3.3 There is also a positive variance on income of £425,283 due to £459,764 received in respect of neighbourhood fund and commuted sums, not budgeted although expected. There was £42,146 for the music grant and loss of income of £97,833 on the crematorium being taken in house and not tendered out. Discounting the variances above the variance would be a reduced £21,206.



#### **4 Income and Expenditure account for the 1st Quarter ended 30<sup>th</sup> June 19 compared to prior year (Column B)**

4.1 When comparing the first quarter to the same period in the prior year there is an overall positive variance of £61,440

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 £65,895 to total £1,025,482 for the quarter. This is due to increases in costs of products, services and salaries and borne out by the many small red negative variances eg 4130 Property insurance (£370). The major variances are:

- (16,652) 4000 – Wages, pay inflation
- (9,211) 4020 – Temp staff, outsource music project delivery
- 11,793 4170 – Building maintenance, timing of expenditure prior year
- (67,610) 4950 – Capital projects
- 60,350 4640 – Election costs, 2017 elections paid prior year
- (40,404) 4700 – Town promotions, Town plan contribution year 1 of 3

4.4 There is a positive variance on income of £127,335, other than small variances which are down to inflationary increases in scale of charges the main drivers are:

- (15,454) 1400 SLA, net effect of Crematorium contract and SLA increase
- 31,955 1700 Revenue grants, net increase in funding received
- (52,197) 1750 Commuted sums, lower amount received
- 17,614 1100 Events, Sale of assets, equipment part exchanged
- 135,541 1900 Precept, 9.99% increase in rate and tax base increase

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

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

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

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



## **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 The bank of England forecast that the economy would experience no growth overall in the second quarter, this compares with a forecast of 0.2% growth just a few weeks prior. Not surprisingly against such a dull background, interest rates were left unchanged. Once again the bank warned of the need for increases in borrowing costs in the future. Inflation, is likely to remain in the region of 1.5% to 2.0%