



**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
5 OCTOBER 2020**

Agenda No

6i

Responsible Officer: Andy Watkin - RFO

Statement of Accounts for the quarter 30.06.20

1 Purpose of Report

To appraise members on the following:

- 1.1 The financial position of the Council for the first quarter of the 2020/21 financial year, and the year to date position.
- 1.2 The Council has been operating under the cloud of Coronavirus for the entire period of this quarter which has impacted negatively overall, although this is not obvious from looking at the figures but explained in the written report.
- 1.3 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 1st quarter ended 30th June 20 compared to budget (column A)

- 3.1 Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £245,118 compared to the budget, which is not unexpected due to unbudgeted income.
- 3.2 Expenditure is a positive variance of £62,315. However, if the capital expenditure variance of £53,064 is added the figure is £115,380 across the majority of the nominal codes due to coronavirus and reduction in spend.

Some of this variance will be reported as savings to offset lost income at year end eg Fuel and oil (4430) £1,658, but others such as building (4170) £6,266 is delayed to later in the year when contractors are available.

Some savings are also conscious business decisions such as not actively replacing staff who have left the organisation in wages (4000) £38,480, although an element of wages savings are from a budgeted pay rise which has not yet been agreed nationally.

It is expected Q1 savings in labour and utilities will be carried forward to year end, which is approximately £35,000 significantly less than the variance reported.



3.3 There is also a positive variance on income of £182,803 due to £239,688 received in respect of neighbourhood fund and commuted sums, and grants awarded of £29,619 not budgeted.

If these are excluded, then the figure would be a negative variance of (£86,504) and represents lost or diminished income across all cost centres from markets, events, sporting and investments.

Not all income streams are linear, events peaks in Q2 as do hanging baskets coupled with maturing bonds being placed on lower rates.

3.4 The Q1 figures need qualifying and not to be misinterpreted as at first glance expenditure savings exceed lost income for the period however for the reasons stated in 3.2 and 3.3, most of the expenditure spending has been delayed and more income losses are to follow.

4 Income and Expenditure account for the 1st Quarter ended 30th June 20 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 £113,497

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 positive, spending decreases by £142,820 to total £882,661 for the quarter. Despite price increases borne out by a few small red negative variances eg 4130 Property insurance (£810). The majority of variances are positive due to coronavirus and explained per 3.2, the larger ones are as follows:

9,361 4020 – Temp staff, outsource music project delivery prior year
60,350 4235 – Play equipment, no expenditure in 20/21 to date
32,796 4950 – Capital purchases, decreased expenditure

4.4 There is a negative variance on income of (£29,323). However, the precept was increased by £283,588 which if factored in represents a negative variance of (£312,911).

Committed sums has reduced by (£220,076) the balance of (£92,835) represents loss or diminished income due to coronavirus which impacted all revenue generators.



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

5.1 Same figures and explanations as 1st quarter

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

6.1 Same figures and explanations as 1st quarter

7 Recommendations

7.1 Coronavirus has impacted customers ability to pay, payment plans and assistance given to clear outstanding debts have been allowed

7.2 All expenditure and budgets scrutinised for cost savings which will not impact service delivery, payments are made promptly to suppliers.

7.3 Cashflow forecasts monitored to ensure sufficient liquidity in net current assets.

7.4 Coronavirus financial impact assessment is being updated and will be reported following clarity on astroturf and markets income which represents material amounts. Further expenditure savings are also being explored such as the mayors allowance.