



**SHREWSBURY TOWN COUNCIL  
FINANCE & GENERAL PURPOSES COMMITTEE  
2nd DECEMBER 2019**

Agenda No

**6i**

**Responsible Officer: Andy Watkin - RFO**

**Statement of Accounts for the quarter 30.09.19**

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**1 Purpose of Report**

To appraise members on the following:

- 1.1 The financial position of the Council for the second 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 2<sup>nd</sup> quarter ended 30<sup>th</sup> September 19 compared to budget (column A)**

- 3.1 Per the attached detailed and consolidated Income & Expenditure account report, there is an overall negative variance of (£276,889) compared to the budget.
- 3.2 Expenditure is a negative variance of (£310,089). There are small positive and negative variances due to timing issues of spending budgets as Q2 is the busiest period the main driver is (£228,133), of capital or earmarked expenditure for Radbook, LED lights and machinery.  
There is a negative play variance of (£20,200) due to spending S106, and (£19,479) Town promotions/ events due to a one off £16,000 CCTV contribution.
- 3.3 There is a positive variance on income of £33,200, due to income not budgeted from Shropshire Council regards Youth, increased event and interest income. There is a negative variance from Commercial due to Town and Country markets CVA but under the temporary arrangement, the income is higher but more importantly being received.

**4 Income and Expenditure account for the 2<sup>nd</sup> Quarter ended 30<sup>th</sup> September 19 compared to prior year (Column B)**

- 4.1 When comparing the second quarter to the same period in the prior year there is a similar overall negative variance of (£308,599).



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 (£267,502) to total £1,045,729 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. The major variances are:

(19,015) 4000 – Wages, pay inflation

31,565 4170 – Building maintenance, timing of expenditure prior year

(208,731) 4950 – Capital projects

(24,366) 4700 – Town promotions, CCTV contribution

(22,154) 4235 – Play equipment – Refurbishment

(12,623) 4580 – IT, change in billing from IT provider

4.4 There is a negative variance on income of (£41,097), 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

(55,110) 1010 Commercial, T&C Markets entering CVA and restate PY AC's

28,679 1100 Events, increase in income

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

5.1 Overall there is a positive variance of £90,024, which is a significant reduction from the last quarter but to be expected following the negative variance for the quarter, due to expenditure.

5.2 The expenditure variance is a negative (368,459), 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 still a positive £458,483 due to the positive changes this quarter coupled with the large increases experienced last month from neighbourhood fund etc.



## **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 (£247,159), this is a change from the surplus in Q1, but to be expected due to (£308,599) in the quarter per 4.1
- 6.2 As expected with rising costs there would be slight negative variance but due to the spending outlined in 4.3 this has contributed to a (£333,397).
- 6.3 There is still a positive variance on income of £86,238, reduced from last quarter for explanations in 4.3.

## **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 short term. However, this was prior to the general election and this likely to change.