



**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
4th FEBRUARY 2019**

Agenda No

7i

Responsible Officer: Andy Watkin - RFO

Statement of Accounts for the quarter 31.12.18

1 Purpose of Report

To appraise members on the following:

- 1.1 The financial position of the Council for the third 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 3rd quarter ended 31st December 2018 compared to budget (column A)

- 3.1 Per the Income & Expenditure account report, there is an overall negative variance of (£2,749) compared to the budget.
- 3.2 Expenditure is a negative variance of (£20,277). There are small positive negative variances due to timing issues of spending budgets the main driver is £25,416 wage costs due to Recruitment and JE and £19,082 capital purchases.
- 3.3 There is a positive variance on income of £17,528 due to sums received in respect of grants for Youth Services from Shropshire Council.

4 Income and Expenditure account for the 1st Quarter ended 31st December 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 negative variance of £618,767.
- 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 (£48,181). This is due to increases in costs of products, services and salaries etc, the major variances are:

(53,743) 4000 – Wages, pay inflation and staff recruitment
20,365 4700 – Promotions, Big Town Plan contribution

4.4 There is a positive variance on income of (£570,586) other than small variances which are down to inflationary increases in scale of charges the main driver is capital receipts last year

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

5.1 Overall there is a positive variance of £471,491, of which £474,240 originated from the previous quarter, compared to budget.

5.2 The expenditure variance is a negative (£134,525), for the reasons explained in 3.2 for the quarter and the prior period spending in relation to earmarked expenditure, in building nominal code 4170 and play 4235

5.3 The income is a £606,016 positive variance. A small amount is from the current quarter however the majority occurred in Q1, 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 negative year to date variance of (168,282).

6.2 As expected with rising costs there is a negative variance on expenditure of (£307,364) due to the reasons stated in 4.3 above and election costs at the start of the year

6.3 There is a positive variance on income of £139,082, due mainly to precept increase and net effect of change in accounting treatment of neighbourhood fund £497,891 less capital receipt last year (£536,090).



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 a smooth Brexit would likely result in a 0.25% increase during 2019. Economic growth will continue albeit at a slower pace than that achieved in 2018