

**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
Monday 3rd February 2025**

Officer: Andy Watkin – Head of Resources (RFO)

Q3 Management Account 2024/25

Purpose of Report

- To appraise members of the financial position of the Council for the third quarter of the 2024/25 financial year, and the year to date position.

Accounts preparation

- The accounts have been prepared using the same procedures and techniques as previous years
- No provision is made for depreciation and earmarked reserves which are included in the final published accounts, which are non-cash items.

Income and Expenditure account for the 3rd quarter ended 31st December 2024 compared to budget (column A)

- Per the attached detailed and consolidated Income & Expenditure account report, there is an overall positive variance of £51,547 compared to the budget.
- Expenditure is a positive variance of £79,408. The majority of the variance is due to the positive variance of £68,441 on gross wages and costs due to unfilled/delays in recruitment, other variances are as follows:
 - £10,990 – Electricity, lower demand than budgeted
 - (£23,267) – Casual/temporary, market staff cover and quarry security
- There is a negative variance on the income received of (27,861). The positive variances last quarter such as interest received and timing of maturing bonds has been reversed and is negative this quarter (£31,138), for different length bonds, in future these are being evenly spread out.

- On the income variances, some are temporary due to the timing of receipts compared to budget of sporting income £11,735 but the SLA reduction (£23,23) is due to collaborative working with Shropshire Council for savings and extension post 2025.

Income and Expenditure account for the 1st Quarter ended 31st December 2024 compared to prior year (Column B)

- When comparing the first quarter to the same period in the prior year there is an overall positive variance of £273.
- 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.
- Expenditure is unexpectedly a positive variance of £84,517 which is down to capital expenditure variance of £40,090 due to the timing of purchase of machinery last year. £16,114 on salaries due to unfilled posts. Other variances totalling £28,313 which includes positive electricity, water and IT to offset to small increases across the board due to inflation.
- There is a negative variance on income compared to previous year of (£84,244) this is due to a lower sum received from grants, sale of assets, SLA and Interest received.

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

- Overall, there is a positive variance of £362,993 but this is due to the 1st quarter positive position, there is a improvement for this quarter of £71,547.
- The positive expenditure variance increased for the explanations given in the quarter. The positive wages variance of £115,360 is due to overproviding for wage pay award in budget and recruitment delays and use of contracted staff hence negative variance for temporary solutions. It is expected that some of the positive variances will unwind in the second half of the year and overall be a positive variance.
- The income variance decreases by (£27,861) to £237,208 as per the quarter explanation. It should be noted that most of this increase £249,827 is not revenue for covering overspends it is for future projects or match expenditure commitments, leaving small operational surplus.

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

- Overall, there is a negative variance of (£188,876) a decrease of £273 from last quarter per explanations for the quarter.

- Expenditure is a negative (£8,059) while there are timing variance on capital and building this is not unexpected, due to inflation on expenses and the pay award increase.
- Income compared to last year has decreased to (£178,817). Whilst the precept has increased income by £99,852, grants, CIL and assets is lower by (£249,916) Increase in fees to counter inflation have not covered the reduction in SLA income and interest.

Recommendations

- (i) **Report be noted, Income and expenditure broadly in line with budgets allowing for know variances, overall positive variance**
- (ii) **Any budget underspends to be looked at ahead of year end and moving into new financial year.**