



**SHREWSBURY TOWN COUNCIL
FINANCE & GENERAL PURPOSES COMMITTEE
1 FEBRUARY 2021**

Agenda No

6ii

Responsible Officer: Andy Watkin - RFO

Statement of Accounts for the quarter 31.12.20

1 Purpose of Report

To appraise members on the following:

- 1.1 The financial position of the Council for the third 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 quarter which has impacted negatively overall.
- 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 3rd quarter ended 31st December 20 compared to budget (column A)

- 3.1 Per the attached detailed consolidated Income & Expenditure account report, there is an overall negative variance of (£155,936) compared to the budget, which is not unexpected due to a the effects of coronavirus and capital expenditure.
- 3.2 Expenditure is a negative variance of (£118,441). However, if the capital expenditure variance of (£121,580) is removed the figure is a positive £3,139.

Quarter 3 was playing catch-up on some expense headings after the first lockdown and the grounds maintenance season coming to an end and explains some adverse variances such as staff training 4030 (£2,051).

Some savings are conscious business decisions such as not actively replacing staff who have left the organisation in wages (4000) £8,727.

A new website is under construction and good progress being made following a tender process and part paid hence the increase in IT fees 4580 (£5,500). Interim payment for greenfields report led to increase in professional fees 4685 (£7,739).



3.3 There is a negative variance on income of (£37,495) which is expected due to lost or diminished income across most cost centres ranging from markets, events, sporting and investments, due to the month long 2nd lockdown in November.

Any lockdown impacts predominantly market income, sporting income, commercial rents, interest and investment income.

3.4 Like Q2 the accounts portray a realistic picture of the period, income down and offset by expenditure savings but overall there is a negative effect due to coronavirus on the finances of the council.

4 Income and Expenditure account for the 3rd Quarter ended 31st December 20 compared to prior year (Column B)

4.1 When comparing the third quarter to the same period in the prior year there is an overall positive variance of £119,454.

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 £147,246 to total £899,432 for the quarter although the majority of this is due to large capital expenditure in 19/20. The majority of variances are positive due to coronavirus per 3.2, except the following:

(38,133) 4000 – Wages, impact of pay increase from prior year
42,666 4170 – Building maint, LED lights prior year
28,603 4235 – Play equipment, minimal expenditure in 20/21 to date
(7,739) 4685 – Professional fees, greenfields report in current year
142,633 4950 – Capital purchases, decreased expenditure

4.4 There is a negative variance on income of (£27,792), as expected due to the effects of coronavirus on income in the quarter, per 3.3



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

- 5.1 Unsurprisingly overall the year to date position is a negative variance of (£57,678). However, previous quarters were positive due to the anomaly of Q1 boosted by neighbourhood fund.
- 5.2 The expenditure variance is a negative (£140,531), whilst there are savings as explained in 3.2 for the quarter there is significant capital expenditure using earmarked funds to complete projects such as Monkmoor project and purchase of equipment including electric ATV for the quarry.
- 5.3 The income is a positive variance of £82,853, but this is down from last quarter where grants and neighbourhood fund received in Q1, were not budgeted but caused the positive variance.

If these figures were removed, income would be a negative (£162,728) due to coronavirus.

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

- 6.1 Overall year to date there is a positive variance of £384,028, an increase from Q2.
- 6.2 Expenditure is £497,385 less due to more capital expenditure prior year and coronavirus savings current year as outlined in 4.3.
- 6.3 There is a negative variance on income of (£113,357) despite precept increase due to the reduced income levels in the current year.

7 Recommendations

- 7.1 All expenditure and budgets scrutinised for cost savings which will not impact service delivery, payments are made promptly to suppliers to assist their survival.
- 7.2 Cashflow forecasts monitored to ensure sufficient liquidity in net current assets.
- 7.3 Coronavirus financial impact assessment is being updated on regular basis to establish and forecast the impact on financial year 20/21.
- 7.4 The impact on income derived from rents, investments and interest will be diminished and impact on Q4 due.