

# SALISBURY CITY COUNCIL

## Report

**Subject** : Budget Monitoring Report to end 30 November 2022  
**Committee** : Finance and Governance Committee  
**Date** : 9 January 2023  
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### 1. Report Summary

- 1.1. This report introduces the Revenue and Capital Budget Monitoring Reports of the Council for the period 1 April 2022 to 30 November 2022 (first 8 months of financial year).
- 1.2. This period reporting is in consultation and agreement with the Chair of the Finance and Governance Committee and is due to the early timing of this Committee in January 2023. A substantial proportion of invoices are received after the end of the month to which they relate, commonly within the first two weeks of the subsequent month. Consequently, many month 9 invoices will not have either been received, or able to be processed within the available time period of 3-5 January 2023.
- 1.3. The Budget Monitoring Reports, attached at **Appendix A** (Revenue Expenditure), **Appendix B** (Revenue Income) and **Appendix C** (Capital), summarise the financial position as at 30 November 2022.

### 2. Key Statement Features - Revenue

- 2.1. The budget monitoring reports for the first eight months of the financial year show that the Council is experiencing material increases in supplier costs, especially in relation to utilities.
- 2.2. The profiled expenditure revenue position for core functions as at 30 November 2022 is:

Function	Annual Budget £	Budget Mths 1 to 8 £	Expenditure Mths 1 to 8 £	Variance Mths 1 to 8 £
Establishment	3,329,100	2,131,160	2,131,660	(501)
Environmental Services	2,640,950	1,443,417	1,530,698	(87,281)
Corporate Services	40,000	26,500	38,044	(11,544)
Business Services	508,500	338,273	369,768	(31,495)
Active Communities	177,360	87,657	73,146	14,511
<b>Total</b>	<b>6,695,910</b>	<b>4,027,007</b>	<b>4,143,317</b>	<b>(116,310)</b>

*Note: A negative variance (£X,XXX) shows an overspend against the profiled budget.*

2.3. Increased revenue expenditures have resulted in a £116k overspend on profiled budgets as at the end of November 2022. This has materially arisen from:

- Utilities costs in respect of gas and electricity arising from increased unit charges and daily standing charges;
- Insurance premiums for 2022/23 having almost doubled due to the industry bringing premiums up to current values following a decade of limited premium increases;
- Costs associated with the damage to the Poultry Cross, which will be incurred whilst works are underway, until such time as the claim with the Council's insurers is settled;
- Supplier costs in relation to the council's occupied properties in respect of facilities, including fire, security and cleaning costs;
- Contractual costs under the Id Verde contract arising from revised budget profiling to 1 December 2022, although this re-profiling is likely to be offset in quarter 4 arising from in year vacancies;
- Increased activity across tree surgery arising from storm damage, ash dieback and other surgery in accordance with the Tree Policy; and
- Mayoral events and training costs exceeding the available budget by almost 50%.

2.4. The profiled income revenue position for core functions as at 30 November 2022 is:

Function	Annual Income Target £	Income Target Mths 1 to 8 £	Income Mths 1 to 8 £	Variance Mths 1 to 8 £
Establishment	3,929,565	3,855,398	3,958,756	103,358
Environmental Services	1,420,000	916,021	956,046	40,024
Corporate Services	500	333	1,090	757
Business Services	549,750	360,250	491,539	131,289
Active Communities	102,460	79,093	85,314	6,221
<b>Total</b>	<b>6,002,275</b>	<b>5,211,096</b>	<b>5,492,745</b>	<b>281,948</b>

*Note: A negative variance (£X,XXX) shows an under-recovery against the profiled target.*

2.5. Increased revenue income has offset the excess expenditure with a £281k over recovery on profiled income targets as at the end of November 2022. This has materially arisen from:

- Property rental income exceeding the full year's expected income within the first 8 months of the financial year;
- The receipt of an excess 20% of income above the expected income from the Camping and Caravan Club;
- Cremation income exceeding midyear targets;

- Guildhall inside hire and events income from activities exceeding the full year's expected income within the first 8 months of the financial year.

2.6. Councillors should note that the council undertakes several activities whereby teams can generate additional income to that planned to cover any unbudgeted costs for those activities.

2.7. The net effect of the increased revenue expenditure and increased revenue income is a favourable variance of £165k.

2.8. The revenue expenditure monitoring statement at **Appendix A** and the revenue income monitoring statement at **Appendix B**, have been profiled, where applicable, to reflect activities which do not occur on a regular monthly basis such as the precept, grants received, loan repayments and commercial property leases.

### **3. Key Statement Features - Capital**

3.1. The capital budget is made up of recurring capital expenditure, non-recurring or project expenditure and, in this financial year, a material fixed asset acquisition.

3.2. The capital budget monitoring statement at **Appendix C** has been profiled as costs are incurred; this is because funding for capital is project based.

3.3. As at 30 November 2022, £1.6m of the £2.1m capital budget has been spent; this includes £1.45m expenditure on the depot acquisition. These costs are offset by the Public Works Loan Board loan of £1.5m and Community Infrastructure Levy receipts of £29k giving a net expenditure total of £70k.

3.4. It is anticipated that much of the Guildhall PA System budget will be able to be returned to reserves at year end, following the decision to source such a system via hire rather than purchase.

### **4. Recommendation:**

4.1. The Committee are asked to note the Revenue and Capital Budget Monitoring Reports for the end of November 2022.

### **5. Wards Affected: All**

### **6. Background Papers: Appendices A, B and C**