

SALISBURY CITY COUNCIL

Report

Subject : Quarter 2 Budget Monitoring
Committee : Finance and Governance Committee
Date : 17 October 2022
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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 September 2022 (Quarter 1 and 2).
- 1.2. The Budget Monitoring Reports, attached at Appendix 1 (Revenue) and Appendix 2 (Capital), summarise the financial position as at 30 September 2022.

2. Key Statement Features - Revenue:

- 2.1. The budget monitoring reports for the first six months of the financial year show that the Council is adequately managing its income and expenditure within budgetary expectations, despite material increases in supplier costs, especially in relation to utilities.
- 2.2. Increased revenue expenditures have resulted in a £45k overspend on budgets as at the end of quarter 2. This has materially arisen from:
 - 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;
 - Contractual costs under the Id Verde contract arising from revised budget profiling to 1 December 2022, although this re-profiling will be offset by decreased staffing costs during the final quarter of the year;
 - Increased activity across tree surgery arising from storm damage, ash dieback and other surgery in accordance with the Tree Policy.
- 2.3. Increased revenue income has resulted in a £151k over recovery on income targets as at the end of quarter 2. This has materially arisen from:
 - The receipt of an excess 20% of income above the expected income from the Camping and Caravan Club;

- Cremation income exceeding mid year targets by £55k at the end of this quarter;
- Guildhall events hire income exceeding mid year targets by £30k, although this is in part offset by over budget costs of approx. £5k within that departmental area;
- Summer activities across the markets and events have generated £39k of income above profiled targets although this is in part offset by over budget costs of approx. £16k within that departmental area;

2.4. The final two bullet points are examples of activities whereby teams can generate additional income to that planned in order to cover the costs of those activities.

2.5. The net effect of the increased revenue expenditure and increased revenue income, is a favourable variance of £106k.

2.6. The profiled expenditure revenue position for core functions as at 30 September 2022 is:

Function	Annual Budget £	Budget Mths 1 to 6 £	Expenditure Mths 1 to 6 £	Variance Mths 1 to 6 £
Establishment	3,323,500	1,691,266	1,647,809	43,457
Environmental Services	2,609,950	1,062,057	1,146,682	(84,625)
Corporate Services	40,000	28,750	30,536	(1,786)
Business Services	490,000	215,419	231,207	(15,788)
Active Communities	177,360	63,317	49,661	13,655
Total	6,640,810	3,060,809	3,105,895	(45,086)

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

2.7. The profiled income revenue position for core functions as at 30 September 2021 is:

Function	Annual Income Target £	Income Target Mths 1 to 6 £	Income Mths 1 to 6 £	Variance Mths 1 to 6 £
Establishment	3,929,565	3,810,565	3,835,864	25,299
Environmental Services	1,395,000	698,579	732,194	33,615
Corporate Services	500	250	940	690
Business Services	531,250	295,625	379,594	83,969
Active Communities	100,860	61,171	68,807	7,636
Total	5,957,175	4,866,190	5,017,398	151,209

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

2.8. The revenue expenditure monitoring statement at **Appendix A** and the revenue income monitoring spreadsheet 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 September 2022, £1.58k of the £1.94m 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.

4. Recommendation:

4.1. The Committee are asked to note the Revenue and Capital Budget Monitoring Reports for the end of Quarter 2.

5. Wards Affected: All

6. Background Papers: Appendices A, B and C

7. Implications:

7.1. **Financial:** as shown in this report

7.2. **Legal:** none in relation to this report

7.3. **Personnel:** none in relation to this report

7.4. **Environmental Impact:** none in relation to this report

7.5. **Equalities Impact Statement:** none in relation to this report