

# SALISBURY CITY COUNCIL

## Report

**Subject:** Budget Monitoring Report for 2024/25 to the end of January 2025

**Committee:** Environment and Climate Committee

**Date:** 10 March 2025

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### 1. Report Summary

- 1.1. This report provides the Committee with a statement of income and expenditure, comparing actual expenditure and income against that budgeted for April 2024 to January 2025. Any budget heading showing variances over £25,000 are discussed in the report.
- 1.2. Budget monitoring reports will be presented to every committee meeting using the latest available monthly budget monitoring information in accordance with Financial Regulation 4.8 and the resolution of Full Council at its meeting on 4 March 2024.

### 2. Policy Considerations

- 2.1. Financial Regulations are an integral part of the Council's systems of internal control and governance which ensure sound financial stewardship of public money. Regular monitoring of the Council's financial performance is good business practice and aids timely decision-making. Analysis of the variances during 2024/25 helps officers to take corrective action to safeguard the Council's low level of reserves. Better understanding of this year's financial performance aided the 2025/26 budget-setting and medium term planning process.

### 3. Background Information

#### Report format

- 3.1. The budget monitoring report for the Environment and Climate Committee is appended to this report – see **Appendix A**.
- 3.2. The report uses the following conventions:

In the Budget and Actual columns

- Expenditure is shown as **black numbers**
- Income is shown as **(red numbers in brackets)**

In the Variance columns

- 'Bad' variances (over-spends) are shown as **black numbers**
- 'Good' variances (under-spends) are shown as **(red numbers in brackets)**

#### 4. **Changes to Cost Centres and Fuller Service Costing for 2024/25**

- 4.1. The RFO has worked with budget holders to take the opportunity to revise the Council's historic cost centre structure in order to provide councillors, officers and the general reader with greater detail. For the Environmental Services Department no changes were made this year and last year's list of service cost centres remain unchanged, as set out in **Appendix A**. A number of changes are being considered for next year in order to provide greater detail, for example Allotments, Depot and possibly individual investment properties.
- 4.2. The RFO and budget holders are also splitting corporate costs in order to provide fuller costing information. So, for example, net payroll costs are posted to service cost centres rather than aggregating them centrally; and, utility costs are now posted to the most appropriate cost centre. This is dramatically illustrated in Appendix A, where the £0.5m total net cost of revenue cost centres included in January's budget-setting report has increased to £2m (with a commensurate reduction in central establishment's cost).
- 4.3. The changes made so far in 2024/25 provide better costing and budget monitoring information, but further improvements will follow – within the limitations of the Council's basic financial system.

#### 5. **Explanation of significant Revenue variances**

- 5.1. Budget holders are expected to scrutinise their regular budget monitoring reports throughout the year, taking corrective action as necessary and being able to explain any variances.
- 5.2. Financial Regulation 4.8 requires all budget holders to explain any material variances over £50,000. In addition budget holders are also invited to explain any large variances up to £50,000 if considered of particular corporate importance.
- 5.3. **Appendix A** sets out the January-end results for the Environment and Climate Committee cost centres, showing variance from approved budget. All material variances over £50,000 and another requiring explanation are listed in **Appendix B**.

##### Crematorium Gas (CRM ENV 21002)

- 5.4. The £25k underspend of the Crematorium's gas budget in **Appendix B** is due mainly to the reduced operations of the facility whilst the building works took place.

##### Crematorium Income and Irrecoverable VAT (CRM ENV 71001 & CRM ENV 52999)

- 5.5. The £101k overspend for the Crematorium cost centre (CRM) in **Appendix A** is due to two factors, both listed in **Appendix B**: £96k unbudgeted cost of irrecoverable VAT; and, £44k under-achievement of cremation income.
- 5.6. For the past three years the Council has not properly accounted for its input VAT relating to VAT-exempt services, such as the Crematorium, resulting in substantial liabilities to the HMRC. The HMRC has been informed and the identified debt settled; these liabilities are now being recognised in financial reporting. The Crematorium cost centre, CRM, faces the largest charge, causing this overspend variance.

- 5.7. Officers predicted an under-achievement of Crematorium income when the decision was taken to close the Crematorium for two months in late summer in order to enhance the building with an upgraded roof. Whilst the alternative use of the Guildhall for services has been very popular with families, it could not provide the same volume and therefore bookings income has reduced. Since re-opening after the roof upgrade, the Crematorium's income has over-achieved its monthly targets and it may still be possible to achieve the annual target by year-end.

#### Repairs and Maintenance (CRP GEN 20001)

- 5.8. The £37,000 positive variance in **Appendix B** reflects prudent financial management in response to the Council's £400,000 overspend in the previous financial year. While an underspend on this budget line is anticipated for the current financial year, the Council's improved financial position will enable officers to refocus efforts on addressing long-standing maintenance issues across the Council's portfolio

#### Investment Properties Electricity (CRP GEN 21001)

- 5.9. The £35k underspend on **Appendix B** for investment properties' electricity appears to be another over-estimated budget for 2024/25 which will be rectified in 2025/26.

#### Land Rental (CRP GEN 73002)

- 5.10. The £39,000 positive variance in **Appendix B** is attributed to property rental income being correctly allocated to the land rental category, a practice that had not been historically applied. This discrepancy will be addressed and corrected in the upcoming financial year.

#### Tenancy Recharges and Property Rental (CRP GEN 73008 & CRP GEN 73003)

- 5.11. The investment properties cost centre is showing a healthy £214k combination of under-spending of expenditure budgets and over-achievement of income budgets in **Appendix A**. The largest factor is the £58k over-achievement on Tenancy Recharges in **Appendix B**, which is due to a long-overdue recharging of utility costs to our Camping and Caravan tenant (which will reduce the associated profit share). There are smaller variances caused by over-achievement of property rental and land rental, as well as a large underspend in repairs & maintenance. Officers will review and improve the profiling to ensure future reports are more accurate.

#### City Safety and Enforcement (CTV ENV 25003)

- 5.12. The £26k underspend on the CTV cost centre in **Appendix B** represents the planned surplus generated from this initiative.

#### Dilapidations (FAC ENV 27004)

- 5.13. **Appendix A** shows that the Facilities (FAC) cost centre achieved a £45k underspend at the end of January. This is the net effect of several minor good and bad variances, and one large £77k underspend listed in **Appendix B**. This year's budget for residual dilapidation liability costs arising on the Council's exit from the old depot is unspent pending the outcome of negotiations between respective surveyors.

#### Waste Disposal (POS ENV 27004)

- 5.14. There is a £45k underspend for Park and Open Spaces Waste Disposal shown in **Appendix B**. Some of this is due to inaccurately decentralising the original single budget and will be transferred to other over-spending cost centres for Waste Disposal. Any remaining over-budgeted amount will be returned to the general reserve as part of the year-end surplus.

#### Grant Receivable (Urban Tree Challenge POS ENV 70002)

- 5.15. The £30k overspend showing on **Appendix B** as unachieved 'Grant Receivable' on the Parks and Open Spaces cost centre needs to be considered alongside the separate Z12 Urban Tree Challenge cost centre £38k budget on **Appendix A**. The RFO will work with the Head of Environmental Services to reconcile the two budgets.

### 6. **Explanation of significant Capital variances**

- 6.1. **Appendix A** indicates an overall £130k underspend on this Committee's capital schemes. There are two capital variances greater than £50k which are explained below.

#### Z05 (Planned Infrastructure Maintenance)

- 6.2. As officers reported previously, some of the larger planned works required costing, planning permission etc, which delayed spend and has caused the £74k underspend in **Appendix B**. All works have now been scheduled in to be completed by the end of the financial year.

#### Z55 (Crematorium Wall)

- 6.3. This project was initially paused whilst the impact of the two months closure of the Crematorium was assessed, which is the cause of its apparent £63k underspend in **Appendix B**. However, the CEO unpaused the works late last year, planning permission has been granted and officers are hopeful that this project will be completed by year-end.

### 7. **Recommendations:**

- 7.1. The Committee notes the financial position at the end of January and officers' explanation for the variances.

### 8. **Background Papers:**

None.

#### 8.1. **Implications**

- . **Financial:** As shown in this report.
- . **Legal:** Nil in relation to this report.
- . **Personnel:** Nil in relation to this report.
- . **Environmental Impact:** Nil in relation to this report.
- . **Equalities Impact Statement:** Nil in relation to this.

## Appendix A

### Salisbury City Council 2024/25 budget monitoring report to January-end

#### Environment and Climate Committee REVENUE Cost Centres

Cost Centre	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements	Profiled budget to end of January	Actual expenditure / (income)	Variance	Variance
		£	£	£	£	£	%
CRM	Crematorium & Cemeteries	(1,058,700)	(615,149)	(475,767)	(374,103)	101,664	(21%)
CRP	Commercial & Residential Properties	(271,892)	(271,892)	(67,515)	(281,874)	(214,359)	318%
CTV	CCTV	25,000	85,000	60,444	37,217	(23,227)	(38%)
FAC	Facilities (other buildings)	741,475	283,636	236,893	191,250	(45,643)	(19%)
LBT	Lower Bemerton Trust	5,000	9,863	18,219	24,529	6,310	35%
POS	Parks & Open Spaces	344,220	1,000,796	884,338	822,907	(61,431)	(7%)
PRK	Environmental Services	143,870	191,370	164,444	159,205	(5,239)	(3%)
PWC	Public Conveniences	218,500	275,358	229,465	179,885	(49,580)	(22%)
SSS	Streetscene Services	403,000	956,473	794,132	767,281	(26,851)	(3%)
Z12	Urban Tree Challenge (temporary holding account)		38,383	(4,000)	(4,571)	(571)	
		550,473	1,953,838	1,840,653	1,521,726	(318,927)	

#### Environment and Climate Committee CAPITAL Cost Centres

Capital Scheme	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements	Profiled budget to end of January	Actual expenditure / (income)	Variance	Variance
		£	£	£	£	£	%
Z05	Planned Infrastructure maintenance	115,000	115,000	95,833	22,247	(73,586)	(77%)
Z06	Play areas	32,000	32,000	26,667	23,245	(3,422)	(13%)
Z07	Environmental Department Infrastructure	37,000	37,000	30,833	32,579	1,746	6%
Z11 (Z48)	Crematorium Roof	0	175,000	175,000	171,416	(3,584)	(2%)
Z32	Rowbarrow S106	0	188,832	2,000	1,291	(709)	
Z43	C&CC Refurbishment of toilet blocks	37,500	62,500	62,500	53,719	(8,781)	(14%)
Z44	Tollgate Rd Depot	0			(1,246)	(1,246)	
Z53	Fisherton Track				440		
Z55	Crematorium wall	78,500	78,500	65,417	2,100	(63,317)	(97%)
Z56	Churchill Gds project	81,500	81,500	67,917	73,172	5,255	8%
Z58	CCTV Equipment	25,000	25,000	25,000	41,814	16,814	67%
		406,500	795,332	551,167	420,777	(130,830)	

## Salisbury City Council 2024/25 budget monitoring report to January end

### Environment and Climate Committee Revenue Variances

Cost Centre	Dept	Code	Description	Profiled Budget £	Actual £	Variances £	Variance %
CRM	ENV	21002	Gas	96,448	70,869	(25,579)	(27%)
CRM	ENV	52999	Irrecoverable VAT	40,000	135,962	95,962	240%
CRM	ENV	71001	Cremation Income	(925,583)	(881,262)	44,321	(5%)
CRP	GEN	20001	Repairs & Maintenance	64,067	26,282	(37,785)	(59%)
CRP	GEN	21001	Electricity	39,856	4,182	(35,674)	(90%)
CRP	GEN	73002	Land Rental	(7,000)	(46,519)	(39,519)	565%
CRP	GEN	73003	Property Rental	(76,667)	(109,865)	(33,198)	43%
CRP	GEN	73008	Tenancy Recharges	0	(58,432)	(58,432)	
CTV	ENV	25003	City Safety & Enforcement	84,444	57,868	(26,576)	(31%)
FAC	ENV	20005	Dilapidations	76,667		(76,667)	(100%)
POS	ENV	27004	Waste Disposal	56,586	11,290	(45,296)	(80%)
POS	ENV	70002	Grant Receivable (urban tree challenge)	(31,153)	(281)	30,872	(99%)