

# SALISBURY CITY COUNCIL

## Report

**Subject:** Budget Monitoring Report to the end of November  
**Committee:** Full Council  
**Date:** 13 January 2025  
**Author:** Steve Bishop, Responsible Finance Officer

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### 1. **Report Summary**

- 1.1. This report provides the Council with a statement of income and expenditure, comparing actual expenditure and income against that budgeted for the period. Any budget heading showing variances over £50,000 are discussed in the report.
- 1.2. Budget monitoring reports will be presented at least quarterly to Full Council in accordance with Financial Regulation 4.8.

### 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, aids timely decision-making and informs financial planning.

### 3. **Background Information:**

#### Report format

- 3.1. The council-wide budget monitoring report is appended to this report – see Appendix A. The format can be adapted if Councillors prefer an alternative. The Responsible Finance Officer (RFO) would welcome any feedback on the format.
- 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)**

- 3.3. Most budgets are spread across the year evenly, 1/12 per month. Therefore as this Quarter 3 report covers the period April – November 2024, most of the 'Profiled budgets' are 8/12 of the budget for the year. Officers are steadily improving budget profiles to reflect uneven seasonal flows and reduce the number of spurious variances.

### Overall financial position in Quarter 3

- 3.4. By the end of November the council had underspent its revenue budgets by just over £562k. This is the aggregate of many different variances over the Council's 51 revenue cost centres, some 'good' and some 'bad', as listed in **Appendix A**. The largest variances are listed separately in **Appendix B** and explained below.

#### **4. Explanation of revenue variances over £50,000**

##### NI Repayments (EST GEN)

- 4.1. The variance of £65k in **Appendix B** is entirely due to accounting adjustments and timing, which has previously been explained in detail. This relates to the underpayment of national insurance contributions in the past. A voluntary disclosure has been made which HMRC has accepted. Once the HMRC has calculated any interest and invoiced the Council, this variance will disappear.

##### Bank Interest and Investment Income (FIN GEN)

- 4.2. The Council continues to over-achieve its annual investment income budget, with a £58k healthy variance in **Appendix B**, due to an unrealistically low target and prudent investments. The RFO has sought to rectify this situation by recommending increasing the income budget as part of the 2025/26 budget-setting process.

##### Parking Income and Property Rental (CRP GEN)

- 4.3. The investment properties cost centre is showing a healthy £153k combination of under-spending of expenditure budgets and over-achievement of income budgets in **Appendix A**. The largest factor is the £56k over-achievement on parking income in **Appendix B**, which appears to be due to budget profiling. There is a smaller £34k variance caused by over-achievement of property rental which is again due to budget profiling. Officers will review and improve the profiling to ensure future reports are more accurate.

##### Cremation Income and Irrecoverable VAT (CRM ENV & MEV BUS)

- 4.4. The £155k overspend for the Crematorium cost centre (CRM) in **Appendix A** is due to two factors, both listed in Appendix B: £89k unbudgeted cost of irrecoverable VAT; and, £75k under-achievement of cremation income.
- 4.5. For the past three years the Council has not properly accounted for its input VAT relating to VAT-exempt services, such as the Crematorium and Markets, resulting in substantial liabilities to the HMRC. The HMRC has been informed and these liabilities are now being recognised in financial reporting. The Crematorium cost centre, CRM, faces the largest charge, causing this overspend variance. The Markets cost centre (MEV) faces a £25k overspend for the same reason.
- 4.6. 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.

#### Old Depot Dilapidations

- 4.7. **Appendix A** shows that the Facilities (FAC) cost centre achieved a £38k underspend at the end of November. This is the net effect of several minor good and bad variances, and one large £61k 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.

#### Guildhall Room Hire (GUI BUS)

- 4.8. The £100k variance on the Guildhall in **Appendix A** is mainly due to the £103k over-achievement of the inside areas bookings income target for Quarter 3 in **Appendix B**. This is mostly due to the Home Office Enquiry's block booking of Guildhall rooms. This booking dwarfs the regular annual income target.
- 4.9. Feedback from the family of Dawn Sturgess and the Home Office has been very positive. Officers were proud to support this important event for the City.

#### Information Centre & Shop Mobility (CSR BUS)

- 4.10. There is a £37k underspend variance showing for the Information Centre and Shop Mobility in **Appendix A**. The only significant variance is an apparent £42k over-achievement of net ticket sales income. This is due to timing only, whilst the Council temporarily retains a tour operator's income pending a query over its VAT processes. Both variances are expected to disappear by year-end.

#### Public Works Loans (PWL GEN)

- 4.11. **Appendix A** highlights a £52k underspend variance against planned repayments of Public Works Loans due to the budget profiling. There will be no significant outturn variance.

#### Councillors (DEM COR)

- 4.12. **Appendix A** shows a £7k underspend on Councillor-related costs. Despite the £12k unbudgeted by-election costs, significant underspends in equipment hire, resident engagement and neighbourhood planning have more than compensated for this at the end of November.

#### Pantry (PAN AVC)

- 4.13. **Appendix A** indicates that the Pantry is a net £16k underspent at the end of November. This is a combination of being £8k underspent on its expenditure budgets and £8k up on its income targets.

#### Events – City Decoration (CID BUS)

- 4.14. The £14k profiled budget for City Decoration in **Appendix A** was completely unspent at the end of November due to the contractor changing their usual invoicing arrangement. This variance will disappear when the invoice is paid in January.

### Events – Grotto (GRO BUS)

- 4.15. The £22k adverse variance in **Appendix A** for the Grotto is mostly due to an inaccurate budget profile, which will be rectified in future

### Events – Miscellaneous (MIS BUS)

- 4.16. The £11k underspend variance for the MIS cost centre in **Appendix A** (and a corresponding £11k overspend variance on the Markets MEC cost centre) is due to the budget for casual staff not being aligned with actual costs. Officers will correct this to prevent this spurious variance from recurring.

### Wiltshire Towns (WLT BUS)

- 4.17. The £18k adverse variance for Wiltshire Towns in **Appendix A** is mostly due to £23k unreceived grant income in **Appendix B**. Once again this is due to inaccurate budget profiling and this variance will disappear by next month's report.

## **5. Explanation of large 'capital scheme' variances**

- 5.1. **Appendix B** also contains the budget monitoring results for 'capital schemes' approved in this year's budget. Under proper accounting rules only projects that meet a strict definition of capital expenditure are actually 'capital schemes'. This will be made clear in future annual budgets and medium term plans. For ease, the 2024/25 schemes will continue to be referred to as 'capital schemes', even though those which do not meet the proper definition of 'capital expenditure' will be funded from general revenue reserve.

- 5.2. There was a net underspend of £131k across all 'capital schemes'. Four schemes are significantly underspent at the end of August:

5.3. Z05 (Planned infrastructure maintenance)

- 5.4. As officers reported last quarter, some of the larger planned works required costing, planning permission etc, which delayed spend and has caused the £62k underspend in **Appendix B**. Most works have now been scheduled in to be completed by the end of the financial year.

5.5. Z55 (Crematorium wall)

- 5.6. This project was initially postponed whilst its affordability was assessed, which is the cause of its apparent £51k underspend in **Appendix B**. However, it is now progressing. Pending planning permission, officers are hopeful; that this project will be completed by year-end.

## **6. Predicted outturn for the year**

- 6.1. The November-end budget monitoring reports are now the latest available which can inform the Council's 2025/26 budget-setting process.
- 6.2. Officers have used these reports to assess the likely year-end outturn positions for each of their services. Cumulatively the total net underspend at the end of November was £566k. Considering this interim position, the profiling of outstanding commitments to

the year-end and other legacy pressures such as the disclosure of a £154k debt arising for 2022/23 and 2023/24 irrecoverable VAT, the Chief Executive Officer and RFO forecast a breakeven position. This assumption is factored into the medium term financial plan's opening balances for the 2025/26 budget proposals.

- 6.3. Councillors are reminded that the Council experienced losses of over £800k in real terms over the last two financial years. The base budgets for 2024/25 were similar to 2023/24 and therefore any outturn less than a £400k loss, without any reduction in service delivery, is a significant achievement.
- 6.4. Officers remain focussed on economising wherever possible to prevent another overspend. They are committed to replenishing the General Reserve.

## 7. Latest Reserves Position

- 7.1. **Appendix C** sets out the latest position for the general reserve and the three other earmarked receipts pots. In quarter three there was a £50k drawdown on s.106 receipts to discharge the Council's obligations.

## 8. Recommendations:

- 8.1. The Council notes the financial position at the end of November 2024 and officers' explanations of the significant variances.
- 8.2. The Council notes the low level of the general reserve which continues to be in breach of the Council's stipulated minimum level.
- 8.3. The Council considers the General Reserve position and officers' predicted year-end outturn as part of its deliberations in order to approve the 2025/26 budget and medium term financial plan.

## 9. Background Papers:

- 9.1. None.

## 10. Implications:

- 10.1. . **Financial:** As shown in this report
- 10.2. . **Legal:** Nil in relation to this report
- 10.3. . **Personnel:** Nil in relation to this report
- 10.4. . **Environmental Impact:** Nil in relation to this report
- 10.5. . **Equalities Impact Statement:** Nil in relation to this report

Salisbury City Council Budget Monitoring Period 8 November end						
Department	Cost Centre		ADJUSTED NET BUDGET AFTER CARRY FORWARDS & VIREMENTS	PROFILED NET BUDGET TO END OF NOVEMBER	ACTUAL NET EXPENDITURE / (INCOME)	VARIANCE £
<u>General</u>	EST	Establishment	(4,749,918)	(5,213,381)	(5,302,892)	(89,511)
	HRP	Human Resources & Payroll	219,345	148,563	113,504	(35,059)
	FIN	Finance	415,713	258,333	177,646	(80,687)
	PWL	Public Works Loans	313,500	209,000	156,206	(52,794)
			<b>(3,801,360)</b>	<b>(4,597,485)</b>	<b>(4,855,536)</b>	<b>(258,051)</b>
<u>Corporate</u>	DEM	Corporate - Councillors	67,000	44,667	37,664	(7,003)
	CMC	Civic & Mayoral	16,025	10,683	13,931	3,248
	ITT	Information Technology & Telephony	204,600	136,400	149,848	13,448
	OFF	Corporate - Officers	119,200	79,467	82,363	2,896
			<b>406,825</b>	<b>271,217</b>	<b>283,806</b>	<b>12,589</b>
<u>Environmental</u>	CRM	Crematorium	(575,149)	(376,385)	(221,130)	155,255
	CRP	Investment Properties	(271,892)	(38,137)	(190,903)	(152,766)
	CTV	Closed Circuit Television	85,000	14,444	7,900	(6,544)
	FAC	Facilities	283,636	189,091	150,531	(38,560)
	LBT	Lower Bemerton Trust	9,863	14,575	24,420	9,845
	POS	Parks & Open Spaces	1,000,796	678,007	636,875	(41,132)
	PRK	Environmental	191,370	138,247	128,469	(9,778)
	PWC	Public Conveniences	275,358	183,572	155,111	(28,461)
	SSS	Street Scene	952,973	634,791	620,236	(14,555)
			<b>1,951,955</b>	<b>1,438,206</b>	<b>1,311,509</b>	<b>(126,697)</b>
<u>Communities</u>	BHC	Communities	175,481	116,546	118,312	1,766
	YOU	Communities - Youth	25,770	17,180	16,119	(1,061)
	EVE	Communities - Events	10,650	9,585	8,706	(879)
	SPO	Communities - Sports	4,450	2,967	1,695	(1,272)
	PRO	Communities - Projects	23,500	15,667	12,326	(3,341)
	AOP	Adults & Older People	30,900	20,600	19,340	(1,260)
	FAM	Families & Children	27,600	18,400	17,001	(1,399)
	PAN	The Pantry	56,762	37,326	21,043	(16,283)
	LUN	Lunch Clubs	600	400	(85)	(485)
	ANT	Grants	88,000	88,000	84,177	(3,823)
			<b>443,713</b>	<b>326,670</b>	<b>298,634</b>	<b>(28,036)</b>
<u>Business</u>	GUI	Guildhall	152,844	99,894	(788)	(100,682)
	CSR	Information Centre & ShopMobility	171,472	113,678	76,526	(37,152)
	MEV	Markets & Advertising	114,101	78,693	118,787	40,094
	CID	Events - City Decoration	28,000	14,000	0	(14,000)
	CHB	Events - Christmas Begins	9,500	9,500	9,278	(222)
	GRO	Events - Grotto	22,470	11,434	34,029	22,595
	COT	Events - Christmas on the Square	(5,000)	(3,848)	(5,263)	(1,415)
	FOT	Events - Fair on the Square	5,038	5,038	(4,460)	(9,498)
	GIF	Events - Gift Fayre	(1,000)	(667)	25,566	26,233
	AFD	Events - Armed Forces Day	5,300	5,300	3,450	(1,850)
	FOS	Events - Foodie Sunday	9,000	9,000	10,146	1,146
	SGD	Events - St Georges Day	5,300	5,300	2,884	(2,416)
	MIS	Events - Miscellaneous	30,563	19,808	8,178	(11,630)
	CHF	Events - Charter Fair	(12,820)	(12,820)	(17,049)	(4,229)
	LAR	Events - Land Rental	(29,000)	(19,453)	(18,935)	518
	FUT	Future Salisbury	50,000	33,333	34,090	757
	TRV	Travel Trade	8,000	5,333	2,350	(2,983)
	WLT	Wiltshire Towns	12,000	8,000	26,617	18,617
			<b>575,768</b>	<b>381,523</b>	<b>305,406</b>	<b>(76,117)</b>

# Appendix A

Total revenue cost centres	(423,099)	(2,179,869)	(2,656,181)	(476,312)
'Z' cost centres funded from revenue	228,683	124,867	34,387	(90,480)
Total revenue position at end of October	<u>(194,416)</u>	<u>(2,055,002)</u>	<u>(2,621,794)</u>	<u>(566,792)</u>
Expected pressures before year-end:				
HMRC NI vol disc interest	24,300			
Irrecoverable VAT to be repaid to HMRC	154,000			
<b>Predicted outturn variance (excl bud mon variances)</b>	<u><u>(16,116)</u></u>			

## Salisbury City Council Budget Monitoring Quarter 3 November end

### REVENUE budget variances over £50,000 and other significant variances

Cost Centre	Dept	Description	ADJUSTED BUDGET AFTER CARRY FORWARDS & VIREMENTS	PROFILED BUDGET TO END OF NOVEMBER	ACTUAL EXPENDITURE / (INCOME)	VARIANCE £	VARIANCE %
CRM	ENV	Crematorium Income	(1,110,700)	(740,467)	(665,437)	75,030	(10%)
CRM	ENV	Irrecoverable VAT	40,000	40,000	129,586	89,586	224%
MEV	BUS	Irrecoverable VAT	0	0	25,096	25,096	
WLT	BUS	Grants Received	(35,000)	(23,333)	0	23,333	(100%)
GUI	BUS	GH Hire of Inside Areas	(115,000)	(76,667)	(180,274)	(103,607)	135%
EST	GEN	NI Repayments	170,975	113,983	48,929	(65,054)	(57%)
FAC	ENV	Old Depot Dilapidations	92,000	61,333	0	(61,333)	(100%)
FIN	GEN	Bank Interest and Investment Income	(25,000)	(25,000)	(82,657)	(57,657)	231%
CRP	GEN	Parking Income	(176,000)	(88,000)	(144,557)	(56,557)	64%
CSR	BUS	Information Centre Ticket Sales	0	0	(41,499)	(41,499)	
CRP	GEN	Property Rental	(92,000)	(61,333)	(95,302)	(33,969)	55%

### CAPITAL budget variances over £50,000 and other significant variances

Cost Centre	Dept	Description	ADJUSTED BUDGET AFTER CARRY FORWARDS & VIREMENTS	PROFILED BUDGET TO END OF NOVEMBER	ACTUAL EXPENDITURE / (INCOME)	VARIANCE £	VARIANCE %
Z05	ENV	Planned Infrastructure maintenance	115,000	76,667	14,491	(62,176)	(81%)
Z55	ENV	Crematorium wall	78,500	52,333	490	(51,843)	(99%)



# Salisbury City Council Reserves

