

# SALISBURY CITY COUNCIL

## Report

## Agenda Item 8

**Subject:** Budget Monitoring Report for 2024/25 to the end of August  
**Committee:** Finance and Governance Committee  
**Date:** 28 October 2024  
**Author:** Steve Bishop, Responsible Finance Officer

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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 to August. Any budget heading showing variances over £50,000 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 will also aid 2025/26 budget-setting and medium term planning.

### 3. Background Information

#### Report format

- 3.1. The budget monitoring report for the Finance and Governance 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. The current full list of service cost centres is provided in **Appendix A**, which also allocates each to the most appropriate service committee.
- 4.2. The main changes are:
- Additional 15 cost centres for various Events activities
  - Additional 8 cost centres for various Communities activities
  - Additional 3 cost centres for Democratic activities
  - Separate cost centre 'FIN Finance' covering Finance team activities
  - Separate cost centre 'HRP HR and Payroll' covering those activities
  - Discontinue 'GRA Grants' cost centre
- 4.3. General committee and councillor activities will be accounted for in the 'DEM Democratic and Councillor Activities' cost centre. Other civic and mayoral activities will be accounted for in the 'CMC' cost centre.
- 4.4. 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. Utility costs and business rates, among other costs, are similarly posted to the most appropriate cost centre now.
- 4.5. 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 Revenue variance over £50,000**

- 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 other large variances up to £50,000 if considered of particular corporate importance.
- 5.3. **Appendix B** sets out the August-end results for the Finance and Governance Committee cost centres, showing variance from approved budget. All material variances over £50,000 are listed in **Appendix C**.
- 5.4. The report covers the first five months of the financial year. There is one large variance due to accounting conventions, which is explained below. There is also another budget variance just under £50k which is also explained below.

## NI Repayments (EST GEN 10003)

- 5.5. The majority of the £135k total underspend variance on the general establishment cost centre (EST) in **Appendix B** is due to the apparent underspend variance of £85k for national insurance, shown in **Appendix C**. This variance is due to accounting adjustments and timing, which has previously been explained. 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 75001)

- 5.6. The main cause of the £70k underspend variance on the Finance (FIN) cost centre in **Appendix B** is due to the £45k over-achievement of investment income in **Appendix C**. The Council is already over-achieving its annual investment income budget of £25,000 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.

## 6. **Explanation of Capital variances over £50,000**

- 6.1. In addition to the annual revenue budgets for providing everyday services, the Council also approves an annual capital programme, comprising projects to be funded from capital reserves. So far there are no capital projects requiring variance explanations to the Finance and Governance Committee cost centres.

## 7. **Recommendations:**

- 7.1. The Committee notes the financial position at the end of August and officers' explanation for the variances over £50,000.
- 7.2. Acknowledging the Council's current financial position, officers will be supported to comply with Financial Regulations and where necessary pause services where finances have been exhausted in year.

## 8. **Background Papers:**

None.

### 8.1. **Implications**

- . **Financial:** As shown in this report
- . **Legal:** Significant budget overspends and year-end losses can only be met from general reserves which, if seriously depleted can result in unlawful expenditure.
- . **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

### Split of cost centres by service committee (2024/25 whole year)

#### Community Services Committee

<u>Cost Centre</u>	<u>Cost centre description</u>	<u>Exp £</u>	<u>Inc £</u>	<u>Net £</u>
BHC	Bemerton Heath Community	152,024	(16,000)	136,024
YOU	Community Youth	33,620	0	33,620
EVE	AVC Council Events	10,650	0	10,650
SPO	Sports Activity	4,450	0	4,450
PRO	Community Development Projects	24,275	0	24,275
AOP	Community Development Adults & Older People	41,799	(10,000)	31,799
FAM	Community Development Family & Children	28,375	0	28,375
PAN	The Pantry	87,858	(30,000)	57,858
LUN	Lunch Clubs	2,600	(2,000)	600
		<u>385,651</u>	<u>(58,000)</u>	<u>327,651</u>

#### Environment & Climate Committee

		<u>Exp £</u>	<u>Inc £</u>	<u>Net £</u>
PRK	Environmental Services	248,358	(29,000)	219,358
CRP	Commercial & Residential Properties	206,508	(478,400)	(271,892)
CRM	Crematorium & Cemeteries	636,022	(1,208,200)	(572,178)
CTV	CCTV	183,634	(95,500)	88,134
FAC	Facilities	270,703	0	270,703
LBT	Lower Bemerton Trust	21,863	(12,000)	9,863
POS	Parks & Open Spaces	1,150,566	(107,277)	1,043,289
PWC	Public Conveniences	325,358	(40,000)	285,358
SSS	Streetscene Services	983,108	(3,000)	980,108
		<u>4,026,120</u>	<u>(1,973,377)</u>	<u>2,052,743</u>

#### Events, Markets & Grants Committee

		<u>Exp £</u>	<u>Inc £</u>	<u>Net £</u>
MEV	Markets and Advertising	428,541	(316,000)	112,541
CID	City Decoration	28,000	0	28,000
CHB	Christmas Begins	12,000	(2,500)	9,500
GRO	Grotto	51,470	(29,000)	22,470
COT	Christmas on the Square	5,500	(10,500)	(5,000)
GIF	Gift Fayre	40,000	(41,000)	(1,000)
FOT	Fayre on the Square	41,008	(35,970)	5,038
AFD	Armed Forces Day	8,300	(3,000)	5,300
FOS	Foodie Sunday	13,000	(4,000)	9,000
SGD	St George's Day	6,800	(1,500)	5,300
MIS	Misc Costs	30,563	0	30,563
CHF	Charter Fair	10,180	(23,000)	(12,820)
LAR	Land Rental	720	(20,720)	(20,000)
FUT	Future Salisbury	78,200	(28,200)	50,000
TRV	Travel Trade	24,200	(16,200)	8,000
WLT	Wiltshire Town	47,000	(35,000)	12,000
GUI	Guildhall	326,403	(171,000)	155,403
CSR	Customer Services	279,817	(62,000)	217,817
ANT	Community Grants	88,000	0	88,000
EST	BID Levy	4,000	0	4,000
		<u>1,523,702</u>	<u>(799,590)</u>	<u>724,112</u>

#### Finance & Governance Committee

		<u>Exp £</u>	<u>Inc £</u>	<u>Net £</u>
DEM	Democratic and Councillor Activities	67,000	0	67,000
ITT	Information Technology & Telephony	217,104	0	217,104
OFF	Officer Activities	146,699	0	146,699
CMC	Civic and Mayoral Activities	16,525	(500)	16,025
FIN	Finance	513,689	(25,000)	488,689
PWL	Public Works Loans	313,500	0	313,500
HRP	Human Resources & Payroll	209,389	0	209,389
EST	Other central budgets & precept	695,344	(5,642,672)	(4,947,328)
		<u>2,179,250</u>	<u>(5,668,172)</u>	<u>(3,488,922)</u>
		<u>8,114,723</u>	<u>(8,499,139)</u>	<u>(384,416)</u>

## Appendix B

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

#### Finance & Governance Committee Cost Centres

Cost Centre	Dept	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements £	Profiled budget to end of August £	Actual expenditure / (income) £	Variance £	Variance %
EST	GEN	Establishment (excl precept)	3,991,621	746,344	290,143	155,330	(134,813)	(46%)
HRP	GEN	Human Resources & Payroll	92,875	209,389	91,329	79,915	(11,414)	(12%)
FIN	GEN	Finance Department	622,000	488,689	242,782	173,116	(69,666)	(29%)
PWL	GEN	Public Works Loans	313,500	313,500	75,250	83,296	8,046	0%
DEM	COR	Democratic services	54,500	67,000	27,917	20,719	(7,198)	(26%)
ITT	COR	Information Technology & Telephony	201,000	217,104	90,460	93,107	2,647	3%
OFF	COR	Corporate Services	12,500	146,699	61,125	47,419	(13,706)	(22%)
CMC	COR	Civic & Mayoral services	15,500	16,025	6,677	9,397	2,720	41%
			5,303,496	2,204,750	885,683	662,299	(223,384)	
EST	GEN	Precept	(5,642,672)	(5,642,672)	(2,821,336)	(2,821,336)	(0)	0%

## Appendix C

### Salisbury City Council 2024/25 budget monitoring report to P5 August-end

#### Revenue Variances over £50,000

Cost Centre	Dept	Code	Description	Budget	Actual	Variances	Variance %
EST	GEN	10003	NI Repayments	71,239	(13,505)	(84,744)	(119%)
FIN	GEN	75001	Bank Interest	(10,417)	(55,896)	(45,479)	437%