

SALISBURY CITY COUNCIL

Report

Subject : Budget Monitoring Report – Quarter 2 of 2019/20
Committee : Finance and Governance Committee
Date : 28 October 2019
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1. Report Summary:

- 1.1. This report presents the Revenue and Capital Budget Monitoring Statement for the period 1 July 2019 to 30 September 2019.
- 1.2. Appendix 1 summarises the revenue financial position and Appendix 2 summarises the capital financial position as at 30 September 2019.

2. Key Statement Features:

- 2.1. The budget monitoring statements show that the Council remains in a sound financial position at the end of quarter two as both expenditure and income are predominantly in line with budgetary and income generation expectations.
- 2.2. Revenue budgets and income targets have been profiled, where applicable, to reflect those activities which do not occur on a regular monthly basis and are seasonal or isolated in nature.
- 2.3. Such expenditures include loan repayments (which occur at six monthly intervals) and property rentals (which are payable quarterly), and such income streams include tenancies (which can be invoiced monthly, quarterly or annually) and parking income (which is receivable quarterly).
- 2.4. Capital budgets are treated as whole project budgets; these budgets are profiled through matching as expenditures are incurred.
- 2.5. The current position in relation to expenditure, for each of the Council's core functions, is summarised as follows:

EXPENDITURE	2019/20	Profiled	Actual	Variance
Function	Budget	Budget	Expenditure	Year to Date
	£	Mths 1 to 6	Mths 1 to 6	£
		£	£	
General Establishment	3,152,593	1,580,606	1,537,777	42,829
Environmental Services	1,850,000	911,522	874,714	36,808
Corporate Services	40,000	20,000	21,833	-1,833
Business Services	522,500	246,783	257,837	-11,054
Active Communities	160,500	82,897	63,955	18,942
Total	5,725,593	2,841,808	2,756,117	85,691

Note: A negative amount (e.g. £-XXX) shows an overspend against the profiled budget.

2.6. The current position in relation to income, for each of the Council's core functions, is summarised as follows:

INCOME	2019/20	Profiled	Actual	Variance
Function	Target	Target	Income	Year to Date
	£	Mths 1 to 6	Mths 1 to 6	£
		£	£	
General Establishment	3,491,042	3,291,542	3,328,217	36,675
Environmental Services	1,516,500	741,250	668,101	-73,149
Corporate Services	1,500	750	1,330	580
Business Services	609,000	349,090	336,240	-12,850
Active Communities	108,500	50,750	48,947	-1,803
Total	5,726,542	4,433,382	4,382,835	-50,547
<i>Note: A negative amount (e.g. -XXX) shows an under-receipt against the profiled target.</i>				

2.7. In summary, the net revenue position as at 30 September 2019, the end of quarter one, shows a favourable variance of £35,145.

2.8. The current capital position for the Council as at the end of quarter two shows that of the £925,865 of planned capital project spend, actual expenditure to the end of September 2019 is £288,751 or 31% of the budgets assigned.

2.9. Councillors should note the following pertaining to quarters one and two:

- The contingency budget of £150,000 set at the start of the financial year has had £115,857 thus far committed leaving a contingency of £34,143. Such commitments include:
 - Christmas Events of £30,000 (£20,000 Christmas contingency, £10,000 additional committed spend as agreed at Full Council 17 Jun 2019)
 - Recovery budget of £20,000 (as agreed at Full Council 17 Jun 2019)
 - City Grants of £1,800 (as agreed at Full Council 17 Jun 2019)
 - Commercial Property (Hudson's Field C&CC) of £61,057 (as agreed at Finance & Governance Committee 9 Jul 2019)
 - Bad Debt Provision of £3,000 (as per Financial Regulations clause 4.2)
- Challenges are being experienced in the levels of income being received in relation to crematorium and cemetery services as a consequence of:
 - Falling death rate across the South West of 9.6% compared to the same period in 2018/19 (as per ONS registered deaths datasets)
 - Introduction of crematoria and cemetery services in Andover in December 2018; this new facility has created further competition for customers alongside the other recent additions of the Harbour View Crematorium in Poole (which opened in June 2017) and the Test Valley Crematorium (which opened in August 2017).

3. Recommendations:

It is recommended that the Finance and Governance Committee:

- 3.1. Note the Revenue and Capital Budget Monitoring Statements for Quarter 2 of the 2019/20 financial year, and
- 3.2. Consider the notes as detailed in section 2.9 of this report.

4. Background Papers: Appendices 1 and 2