

# SALISBURY CITY COUNCIL

**Subject** : Quarter 2 Budget Monitoring  
**Committee** : Finance and Governance Committee  
**Date** : 02 November 2020  
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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 2020 to 30 September 2020 (Quarter 2).
- 1.2. The Budget Monitoring Reports, attached at Appendix A (Revenue) and Appendix B (Capital), summarise the financial position as at 30 September 2020.

## 2. Key Statement

- 2.1. The budget monitoring reports are based on the Revenue and Capital Budgets - COVID Revised developed throughout April and May 2020 by the City Clerk and Responsible Finance Officer, as approved for implementation by the Finance and Governance Committee on 13 Jul 2020.
- 2.2. The COVID Revised budgets resulted in numerous amendments to budgeted income and expenditure expectations, and these were presented to Councillors on 13 July 2020, and duly noted.
- 2.3. Budget monitoring throughout months 4 to 6 has required judicious and detailed review due to the continued volatile and unpredictable economic and statutory position. Such monitoring has highlighted five lines in the budget for which virements have been actioned by the RFO, in accordance with clause 4.2 of the Financial Regulations and Internal Financial Controls. This Committee should note that none of these virements exceeds £50,000.
- 2.4. The virements actioned are detailed in Table A and relate to the following budgets and income targets:
  - Agency staff – EST GEN 10007
  - Health & Safety – EST GEN 11012
  - Floral Maintenance – POS ENV 28004
  - Basket & Container Income – POS ENV 74011
  - GH Hire of Inside Areas – GUI BUS 72009

**Table A – Quarter 2 Budget Virements**

Ledger Code	Original £	Revised £	Virement £	Explanation
10007	34,000	5,000	-29,000	No vacancies or summer groundsmen
11012	10,000	25,000	15,000	Statutory and best practice PPE
28004	18,000	0	-18,000	Responsibilities undertaken in house
74011	-4,000	0	4,000	No sales - nursery supplies unavailable
72009	-16,250	0	16,250	Any income ltd to offsetting refunds
			<b>-11,750</b>	

2.5. Table A shows the net effect of the quarter 2 virements is to reduce the budgetary requirement by £11,750. This sum has been transferred into operational contingency.

### 3. COVID Costs

3.1 Throughout Quarters 1 and 2, the Council has incurred additional expenditure as a result of COVID-19. Such costs have principally related to personal protective equipment, cleaning products and services, social distancing equipment, additional legislative sanitation costs, home working technical support and equipment, and those arising from cancellations of event contracts. A summary of these costs is provided in Table D.

**Table D – COVID Costs – End Q2**

<b>COST DESCRIPTION</b>	<b>£</b>
Personal Protective Equipment	1,900
Cleaning Products and Services	3,600
Social Distancing Equipment	5,500
Legislative Sanitation	15,700
Home Working	3,400
Contract Cancellation	5,500
Publications	2,150
	<b>37,750</b>

3.2 Based on the position reported by Central Government at the time of writing, it is expected that these additional types of costs will continue to be incurred for the foreseeable future.

3.3 In addition to these ongoing cost pressures, it is estimated that the Council will forgo income of approximately £225,000. These lost income streams have arisen as a direct consequence of the pandemic and the detrimental effect this has had on the economic situation. A summary of these lost income streams is provided in Table E.

**Table E – COVID Income Forgone – End Q2**

<b>INCOME FOREGONE</b>	<b>£</b>
Car Parking Fee Waiver	46,500
Charter Market Closure	62,000
Waiver of Outside Licences	5,200
Baskets Cancellation	4,000
Cancellation Other Events	22,100
Cancellation of Charter Fair	20,000
Ban on Indoor Lettings	65,000
	<b>224,800</b>

3.4 Committee should note that the City Clerk’s application to Wiltshire Council for discretionary grant funding for losses and costs incurred by the Parish Council as a consequence of the pandemic has resulted in the receipt of an £8,000 grant.

#### 4. Revenue Budget

- 4.1. The detailed revenue budget monitoring statements are at **Appendix A**; budgets have been profiled, where applicable, to reflect activities which do not occur on a regular monthly basis (ie. 1/12), such as loan repayments and equipment leases.
- 4.2. The outturn for Quarter 2 shows that despite continued external influences on the Council’s income and expenditure patterns throughout the first half of the financial year, as detailed in section 3 above, the Council has continued to competently maintain an efficient and effective use of its resources.
- 4.3. Table B summarises the Quarter 2 outturn revenue income variances; Table C summarises the expenditure variances.

**Table B – Revenue Income Variances – End Q2**

Service Area	Annual Target £	Q2 Target £	Q2 Actual £	Q2 Variance £
Establishment	3,329,633	3,278,283	3,285,299	7,016
Environmental Services	1,290,000	630,414	651,451	24,037
Corporate Services	0	0	0	0
Business Services	237,750	85,708	73,965	-11,743
Active Communities	27,500	10,917	12,739	1,822
<b>Total</b>	<b>4,884,883</b>	<b>4,005,322</b>	<b>4,026,454</b>	<b>21,132</b>

**Table C – Revenue Expenditure Variances – End Q2**

Service Area	Annual Budget £	Q2 Budget £	Q2 Actual £	Q2 Variance £
Establishment	3,018,750	1,454,964	1,390,500	64,464
Environmental Services	1,925,000	906,316	752,512	153,804
Corporate Services	32,500	16,250	9,264	6,986
Business Services	234,500	92,250	74,045	18,205
Active Communities	107,000	51,696	20,536	31,160
<b>Total</b>	<b>5,317,750</b>	<b>2,521,475</b>	<b>2,246,856</b>	<b>274,619</b>

4.4. The above Tables B and C show an over-recovery of revenue income of £21,132 and an underspend in revenue expenditure of £274,619; this is an overall positive variance of £295,751.

4.5. Notable variances within income include the over-recovery of Crematorium income of £28k, and the under-recovery of general activities and events income of £10k.

- 4.6. Notable variances within expenditure include reduced costs arising from:
- Utilities, repairs and maintenance across all property types, totalling £48k;
  - Grounds, parks and streets maintenance, totalling £50k;
  - Tree and floral maintenance, totalling £24k;and
  - Advertising, printing and marketing, totalling £13k.

## 5. Capital Budget

- 5.1. The detailed capital budget monitoring statement at **Appendix B** has been profiled as costs are incurred; this is because funding for capital is project based.
- 5.2. As at the end of Quarter 2, £278,680 has been spent across 10 of the 14 planned projects; two such projects having been completed during quarter 1. Capital costs have been partially offset £15,617 in CIL Monies received in quarter 1. Therefore, as at the end of quarter 2, net capital expenditure of £263,063 has been incurred.

## 6. Quarter 2 Financial Summary

	<b>Budget/Target £</b>	<b>Actual £</b>	<b>Variance £</b>
Revenue Expenditure	2,521,475	2,246,856	274,619
Revenue Income	(4,005,322)	(4,026,454)	21,132
Capital Expenditure	-	278,680	(278,680)
Capital Income	-	(15,617)	15,617
Contribution to Reserves	(1,483,847)	(1,516,535)	32,688

## 7. Recommendation:

- 7.1. It is recommended that the Committee note the Revenue and Capital Budget Monitoring Reports for Quarter 2.

## 8. Wards Affected: All

## 9. Background Papers: Appendices A and B