

SALISBURY CITY COUNCIL

Report

Subject: Budget Monitoring Outturn Report for 2023/24

Committee: Environment and Climate Committee

Date: 14 October 2024

Author: Marc Read, Head of Environmental Services

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 the year. 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 outturn variances at year-end inform financial planning for 2024/25 and budget-setting for 2025/26.

3. Background Information:

Report format

- 3.1. The budget monitoring report for environmental services 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. Explanation of Revenue variances over £50,000

- 4.1. 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.

- 4.2. 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.
- 4.3. **Appendix A** sets out the year-end results for environmental service cost centres, showing variance from approved budget. **Appendix B** sets out the year-end results for all capital schemes, showing variance from approved budget. All material variances over £50,000 are listed in **Appendix C**.
- 4.4. It should be borne in mind that the absence of an RFO for much of 2023 disrupted the budget monitoring reporting cycle, leaving budget holders bereft of management information until January 2024. Officer explanations for all material variances are provided below:

Parking Income (CRP GEN 73001)

- 4.5. Last year (2022/23) the Council achieved £212k parking income and this year £255k. Therefore the budget of £160k is significantly under-estimated and accounts for the 60% variance. This income budget can be raised for 2025/26.

Caravan Site Income (CRP GEN 73007)

- 4.6. The Council's caravan site is managed by an independent company which calculates the Council's profit share proportion after its year-end. The company's financial year ends in February. In prior years the convention has been to wait until the company's audited accounts are available in June and post the prior year's profit-share into the current year – in effect being 13 months late. This is not proper accounting practice and therefore 2023/24 is the 'catch-up' year which has received an additional 13 months' income to the norm, causing the £113k (66%) positive variance. This is a one-off windfall. The £170k base budget is slightly high given this year's £159k income.

Waste Disposal (PRK & SSS ENV 27004)

- 4.7. Unfortunately Waste Disposal costs and budgets are split between the general Environmental cost centre (PRK) and Streetscene's cost centre (SSS). When these are combined the total costs for the year were £129k against a combined budget of £109k i.e. a £20k or 18% overspend, which is within tolerances. These budgets will be assessed for accuracy during the 2025/26 budget-setting process.

Cremation direct costs (CRM ENV 53002)

- 4.8. This cost category comprises the various fees which the Council has to pay in order to arrange cremations, for example grave-digging, medical examiner fees, audio-visual consultancy for funeral presentations. In addition to these regular fees, last year there were also additional fees payable to Holy Redeemer Church to hold services when the Council had to close Salisbury Crematorium for re-roofing work.
- 4.9. Last year the actual costs were £55k, which would have been similar to this year, had the Crematorium not had to close. So this budget appears to be in need of updating as part of the 2025/26 budget-setting exercise.

Cremation Income (CRM ENV 71001)

- 4.10. Crematorium income is £105k (10%) down on the £1.042m budget for the year. Looking at previous years in the following table, this budget does not appear unrealistic:

	2020/21 £,000	2021/22 £,000	2022/23 £,000	2023/24 £,000
Cremation income	1,212	1,150	1,186	937

- 4.11. This year's variance is caused by a 20% drop in income, relative to the 2020/21 – 2022/23 three year average to that point. Several factors have influenced the drop in this reduction in income. There were no extreme weather events (hot or cold) during the year so the death rate and numbers of cremations were down. The closure of the chapel during the crematorium roof work and closure of a local cremation firm with whom we had a business arrangement also adversely affected income. Officers will need to assess the achievability of this major income budget as part of budget-setting.

Repairs and Maintenance (FAC ENV 20001)

- 4.12. The Council has a diverse and aging property portfolio which has not been adequately maintained in the past. The Head of Environmental Services has taken a risk-based approach to addressing the backlog in priority order which has necessitated significant expenditure this year.
- 4.13. Officers were aware early on in the year that the £99,000 budget for the year was inadequate. Officers had no choice but to break Financial Regulations by committing to unbudgeted expenditure in order to address property defects. The final overspend totalled £157k or 159% of the budget.
- 4.14. This situation is unacceptable but is likely to recur in 2024/25 unless special measures are taken. Officers have recently analysed the Council's reserves and identified a significant risk of exhausting the useable general reserves before the end of 2024/25 (which would be unlawful). Officers have had no choice but to implement special measures, including reinforcing the Council rule that no expenditure budget overspends are permitted. This will severely limit repairs and maintenance work during 2024/25.
- 4.15. The maintenance backlog will not be resolved in this year and further significant expenditure is predicted in the foreseeable years to come. Councillors are urged to provide for significant increases to this budget during the 2025/26 budget-setting and medium term financial planning exercises.

Tree Surgery (POS ENV 28002)

- 4.16. This budget is a similar situation to the Repairs and Maintenance budget discussed above as the Council's current and foreseeable operational demands significantly exceed its budgetary provision. The budget of £110k was overspent by £86k (78%) and significantly overspends every year. The budget was inadequate and needs uplift in 2025/26 onwards.
- 4.17. The Council provides a good standard of tree surgery works as directed by the Council's Tree Policy and which are carried out in priority order. Councillors are recommended to re-assess the standard required in future years as part of 2025/26

budget-setting. In the meantime, for 2024/25 tree surgery work will be severely limited given the requirement to keep within the set budget.

5. **Explanation of Capital variances over £50,000**

- 5.1. 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.
- 5.2. At the end of 2023/24 there were four capital schemes with variances of over £50,000. These are explained below.

Tollgate Road Depot (Z44 ENV)

- 5.3. During 2023/24 the Council took a major investment decision, to purchase the freehold of a new depot site, to replace the old depot whose lease was due to expire in February 2024. The Council's budget of £385k to prepare the site and fit out the depot for Council use proved to be optimistic and has been overspent by £120k (31%).
- 5.4. A separate report presented to this Committee on 1st July 2024 provided a more detailed explanation of the project and reasons for cost overrun.

Public Conveniences (Z49 ENV)

- 5.5. This scheme's budget of £175k was underspent by £62k (35%). The budget was intended to cover potentially several public conveniences. However, the age and poor condition of the Council's public conveniences (with the exception of Lush House and Millstream approach, which have both already been refurbished) meant that only Fisherton Recreation toilets were completed, within the budget, leaving the unspent surplus.

River Park s.106 contribution (Z57 ENV)

- 5.6. Under S.106 of the Town and Country Planning Act 1990, as amended, contributions can be sought from developers towards the costs of providing community and social infrastructure, the need for which has arisen as a result of a new development taking place. This funding is commonly known as "Section 106".
- 5.7. The Council has received multiple s.106 receipts over the years and in 2023/24 we received our largest ever s.106 receipt of £716k from the Environment Agency to fund the Council's maintenance obligations at River Park for the next 50 years. This was unbudgeted and therefore appears unhelpfully in this report (and in the Council's annual AGAR accounting statement) as windfall income. Under the principal authority 'full code' accounting requirements which constrain the Council from 2024/25 all s.106 contributions must be accounted for in earmarked reserves, so cannot be treated as 'income'.

6. **Recommendations:**

- 6.1. The Committee notes the financial position at the end of the 2023/24 year and officers' explanations of the variances over £50,000.
- 6.2. 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.

7. **Background Papers:**

None.

7.1. **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

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Revenue cost centres

Cost Centre	Description	Jan 23 Full Council Budget	B/F Budgets	23/24 budget carry forwards to 24/25 & virements	Budget	Actual	Variances	Variance %
CRP	Commercial & residential properties	(338,400)			(338,400)	(608,846)	(270,446)	80%
PRK	Environmental services	580,000	42,390	(22,840)	599,550	516,272	(83,278)	(14%)
CRM	Crematorium & cemeteries	(1,001,500)		(2,000)	(1,003,500)	(844,112)	159,388	(16%)
CTV	CCTV	(4,500)			(4,500)	(38,656)	(34,156)	759%
FAC	Facilities	588,500			588,500	718,436	129,936	22%
LBT	Lower Bemerton Trust	0			0	(2)	(2)	
POS	Parks & open spaces	143,500	(7,000)		136,500	269,604	133,104	98%
PWC	Public conveniences	236,000			236,000	253,961	17,961	8%
SSS	Streetscene services	95,500			95,500	190,416	94,916	99%
		299,100	35,390	(24,840)	309,650	457,073	147,423	

Appendix B

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Capital Programme

Cost Centre	Scheme	Jan 23 Full Council Budget	B/F Budgets	2023/24 budget carry forwards to 24/25	TOTAL Capital budgets 2023/24	Actual	Variances	Variance %
Z06	Play Areas	32,000			32,000	8,648	(23,352)	(73%)
Z07	ENV Infrastructure	27,000			27,000	40,222	13,222	49%
Z32	Rowbarrow S106	196,799	0	(188,832)	7,967	0	(7,967)	(100%)
Z34	Skate Park	0			0	0	0	
Z35	Planned Infrastructure Maintenance (fleet)	10,000	8,600		18,600	10,410	(8,190)	(44%)
Z42	Hook Ups	40,000			40,000	35,372	(4,628)	(12%)
Z43	Toilet Blocks	37,500		(25,000)	12,500	7,619	(4,881)	(39%)
Z44	Tollgate Road Depot	0	385,000		385,000	505,431	120,431	31%
Z48	Crematorium Roof	101,000			101,000	123,112	22,112	22%
Z49	Public Conveniences	0	175,345		175,345	113,275	(62,070)	(35%)
Z56	Churchill Gds Toilet	0			0	6,329	6,329	
Z57	Riverside Park S106	0			0	(716,000)	(716,000)	
							0	
		444,299	568,945	(213,832)	799,412	134,418	(664,994)	

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Revenue Variances over £50,000

Cost Centre	Dept	Code	Description	Budget	Actual	Variances	Variance %
CRP	GEN	73001	Parking Income	(160,000)	(255,493)	(95,493)	60%
CRP	GEN	73007	Caravan Site Income	(170,000)	(282,794)	(112,794)	66%
PRK	ENV	27004	Waste Disposal	90,000	41,850	(48,150)	(54%)
CRM	ENV	53002	Cremation direct costs	27,000	76,683	49,683	184%
CRM	ENV	71001	Cremation Income	(1,042,000)	(936,754)	105,246	(10%)
FAC	ENV	20001	Repairs & Maintenance	99,000	256,357	157,357	159%
POS	ENV	28002	Tree Surgery	110,000	196,227	86,227	78%
SSS	ENV	27004	Waste Disposal	19,000	87,909	68,909	363%