

# SALISBURY CITY COUNCIL

## Report

**Subject:** Budget Monitoring Report for 2024/25 to the end of August

**Committee:** Environment and Climate Committee

**Date:** 14 October 2024

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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 Environment and Climate 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. For the Environmental Services Department no changes were made this year and last year's list of service cost centres remain unchanged, as set out in **Appendix A**. A number of changes are being considered for next year in order to provide greater detail, for example Allotments, Depot and possibly individual investment properties.
- 4.2. 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; and, utility costs are now posted to the most appropriate cost centre. This is dramatically illustrated in Appendix A, where the £0.5m total net cost of revenue cost centres included in January's budget-setting report has increased to £2m (with a commensurate reduction in central establishment's cost).
- 4.3. 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 significant Revenue variances**

- 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. Officers ask Council to note the budget underspends across a significant number of service areas as outlined in the appendices. These underspends are a combination of prudent financial management from officers and projects not yet commencing.
- 5.3. 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.
- 5.4. **Appendix A** sets out the August-end results for the Environment and Climate Committee cost centres, showing variance from approved budget. All material variances over £50,000 and others requiring explanation are listed in **Appendix B**.

##### Tree Surgery (POS ENV 28002)

- 5.5. The Parks and Open Spaces cost centre (POS) is currently almost £29k overspent in **Appendix A**. The primary cause is the spend to date on tree surgery work (28002), which is currently almost £49k overspent in **Appendix B**.
- 5.6. The £42k tree surgery budget to the end of August is based on the annual £126k budget, spread across the year according to seasonal spend pattern. This annual budget is unrealistically low given average annual spend, which will be addressed in the 2025/26 budget-setting exercise.
- 5.7. The almost £91k expenditure to the end of August reflects (i) a substantial amount of 2023/24 work invoiced late (which should be prevented by using year-end accounting accruals in future years) and (ii) significant spring activity, before the Senior

Management Team halted non-essential spend in order to keep within budget – as per Financial Regulations.

- 5.8. Officers will prioritise tree surgery work in order to keep within the £126k budget this year.

#### Accessibility Audit Work (PRK ENV 20006)

- 5.9. The almost £18k overspend on the Environmental Services cost centre (PRK) in **Appendix A** is due to an accounting error, whereby an invoice has been paid twice. This caused the £25k overspend on the associated accessibility audit work account (20006) in **Appendix B**.
- 5.10. The budget holder detected this error when he scrutinised his budget monitoring report, which demonstrates the value of regular budget monitoring. It also highlighted a weakness in the Finance team's invoice processing procedure, which has been addressed. The supplier has been notified and has issued a credit note, which has been set off against recent invoices. So, this has been fully rectified.

#### Grants Received (LBT ENV 70002)

- 5.11. There is an almost £19k overspend on the Lower Bemerton Trust cost centre (LBT) in **Appendix A**. This is caused by the current debt owed to the Council by the Trust for two years' worth of maintenance recharges, as demonstrated by the almost £25k overspend on the grants received account (70002) in **Appendix B**.
- 5.12. The Trust's bank account has out-of-date mandate instructions which do not contain the three councillors nor two officers appointed to be authorised signatories. This has prevented a cheque being drawn to reimburse the Council.
- 5.13. The RFO has submitted a bank mandate change request and is working with councillors and the bank to update the mandate and issue a cheque as quickly as possible. The inclusion of officers as non-trustee administrator signatories will ensure the mandate is kept up-to-date in future. The RFO is confident that this debt and overspend position will be resolved before the next budget monitoring report to Committee.

#### Parking Income (CRP GEN 73001)

- 5.14. The Commercial and Residential Properties cost centre (CRP) shows an almost £14k underspend in **Appendix A**. However, this is the net total of several under-achieving and over-achieving income variances. The largest variance is the almost £55k under-achievement of parking income (73001) in **Appendix B**.
- 5.15. This variance is due to officer error regarding budget profiling. Wiltshire Council transfer income to the City Council twice per year and this budget is currently profiled to 12ths. This will be amended when budget monitoring is presented moving forward.

## Cremation Income (CRM ENV 71001)

- 5.16. The £43k overspend for the Crematorium cost centre (CRM) in **Appendix A** is due to the almost £59k under-achievement of cremation income (71001) in **Appendix B**.
- 5.17. Officers predicted an under-achievement of this income stream 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.
- 5.18. Given the Council's low level of general reserve balances and risk to cashflow, officers have postponed the Crematorium Wall capital project. The combination of this postponement and the mitigation of utilising the Guildhall for Crematorium services should compensate for the net reduced cremation income. Officers will monitor and explain in subsequent reports whether income has recovered.

## 6. **Explanation of significant Capital variances**

- 6.1. **Appendix A** indicates an overall £118k underspend on this Committee's capital schemes. There are no significant variances requiring detailed explanation.
- 6.2. Officers ask Council to note the budget underspends across a significant number of service areas as outlined in the appendices. These underspends are a combination of prudent financial management from officers, projects not yet commencing and the pausing of a project i.e. Crematorium Wall.

## 7. **Recommendations:**

- 7.1. The Committee notes the financial position at the end of August and officers' explanation for the variances.
- 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

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

#### Environment and Climate Committee REVENUE Cost Centres

Cost Centre	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements £	Profiled budget to end of August £	Actual expenditure / (income) £	Variance £	Variance %
POS	Parks & Open Spaces	344,220	1,043,289	419,537	448,374	28,837	7%
SSS	Streetscene Services	403,000	980,108	407,462	360,016	(47,446)	(12%)
PWC	Public Conveniences	218,500	285,358	118,899	104,620	(14,279)	(12%)
FAC	Facilities (other buildings)	741,475	270,703	112,793	97,666	(15,127)	(13%)
PRK	Environmental Services	143,870	219,358	110,066	127,976	17,910	16%
CTV	CCTV	25,000	88,134	(18,694)	(41,909)	(23,215)	124%
LBT	Lower Bemerton Trust	5,000	9,863	4,110	22,921	18,811	458%
CRP	Commercial & Residential Properties	(271,892)	(271,892)	(45,405)	(59,269)	(13,864)	31%
CRM	Crematorium & Cemeteries	(1,058,700)	(572,178)	(249,407)	(205,879)	43,528	(17%)
		550,473	2,052,743	859,361	854,516	(4,845)	

\* Events not yet delivered

#### Environment and Climate Committee CAPITAL Cost Centres

Capital Scheme	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements £	Profiled budget to end of August £	Actual expenditure / (income) £	Variance £	Variance %
Z05	Planned Infrastructure maintenance	115,000	115,000	47,917	11,865	(36,052)	(75%)
Z06	Play areas	32,000	32,000	13,333	9,805	(3,528)	(26%)
Z07	Environmental Department Infrastructure	37,000	37,000	15,417	19,399	3,982	26%
Z11 (Z48)	Crematorium Roof	0	175,000	58,333	34,456	(23,877)	(41%)
Z32	Rowbarrow S106	0	188,832	0	0	0	
Z43	C&CC Refurbishment of toilet blocks	37,500	62,500	62,500	53,719	(8,781)	(14%)
Z44	Tollgate Rd Depot	0	0	0	(1,246)	(1,246)	
Z55	Crematorium wall	78,500	78,500	32,708	490	(32,218)	(99%)
Z56	Churchill Gds project	81,500	81,500	33,958	0	(33,958)	(100%)
Z58	CCTV Equipment	25,000	25,000	25,000	42,373	17,373	69%

406,500	795,332	289,167	170,861	(118,306)
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## Salisbury City Council 2024/25 budget monitoring report to August end

### Environment and Climate Committee Revenue Variances

Cost Centre	Dept	Code	Description	Budget £	Actual £	Variances £	Variance %
POS	ENV	28002	Tree Surgery	42,000	90,886	48,886	116%
PRK	ENV	20006	Accessibility Audit Work	32,000	57,625	25,625	80%
LBT	ENV	70002	Grants Received	(5,000)	19,795	24,795	(496%)
CRP	GEN	73001	Parking Income	(73,333)	(18,373)	54,960	(75%)
CRM	ENV	71001	Cremation Income	(462,792)	(404,067)	58,725	(13%)