

SALISBURY CITY COUNCIL

Report

Subject: Budget Monitoring Report for 2025/26 to the end of January 2026
Committee: Full Council
Date: 9 March 2026
Author: Steve Bishop, Responsible Finance Officer (RFO)

1. Report Summary

- 1.1. This report provides the Council with a statement of income and expenditure, comparing actual expenditure and income against that budgeted for April 2025 to January 2026. Any budget headings showing variances over £50,000 are discussed in the report.
- 1.2. Budget monitoring reports will be presented to the Council and 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.
- 1.3. By the end of month 10 (January) the Council had underspent its budgets by over £0.8m, which has been a consistent pattern for the past five months. In order to inform the setting of the 2026/27 budget and medium term financial plan, officers previously predicted a year-end underspend of £0.4m, which is consistent with the budget monitoring reports.
- 1.4. Unfortunately, this year's outturn is dependent upon the outcome of the current HMRC assessment of the Council's liability arising from historic under-reporting of VAT. The RFO's latest estimate for the VAT liability is £0.5m, but this will depend upon the HMRC inspector's assessment.

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 2025/26 helps officers to take corrective action to keep within budgetary limits. Better understanding of this year's financial performance has also aided 2026/27 budget-setting and medium-term planning.

3. Background Information

- 3.1. The budget monitoring report for the Council is appended to this report – see **Appendices A – C**.
- 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)**

- 3.3. The following information is provided in this budget monitoring report:
- 3.4. **Appendix A** sets out the full council-wide January-end revenue budget monitoring position for all cost centres.
- 3.5. **Appendix B** provides the equivalent for the small number of project cost centres which will be funded from either revenue or non-revenue sources.
- 3.6. **Appendix C** provides all major variances over £50k arising from detailed January-end budget monitoring information at account level.

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 other large variances up to £50,000 if considered of particular corporate importance.
- 4.3. **Appendix C** sets out the January-end budget variances over £50,000 which are explained below.

Cremation Income (CRM ENV 71001)

- 4.4. The Crematorium is currently performing marginally below target. To safeguard income performance and mitigate the risk of further slippage, the planned adjustment to fees and charges was implemented in September, one month earlier than originally scheduled. The main Cremation income line is almost £74k down at month 10 but this is mostly offset by the over-achievement of other Crematorium income targets.

Dilapidations (FAC ENV 20005 & MEV BUS 20005)

- 4.5. The dilapidations dispute with the owner of the former leased Council depot has been resolved satisfactorily, leaving the large £150k Facilities accounting adjustment which will clear at year-end. The smaller £26k adjustment on the Markets cost centre will soon clear as the invoice will be paid soon.

Irrecoverable VAT (FIN GEN 52999)

- 4.6. The underspending variance of £99k on FIN GEN is entirely due to accounting adjustments and timing. A detailed explanation has been provided in previous reports and was fully discussed at the Finance Committee. This variance will disappear once HMRC has examined the Council's voluntary declaration of VAT errors and invoices the Council. The RFO predicts a large overspend at year-end as the expected liability is likely to substantially exceed this accrual.

5. **Explanation of Project variance over £50,000**

- 5.1. In addition to the annual revenue budgets for providing everyday services, the Council also annually approves 'Projects' budgets (previously referred to as the 'capital programme'). These are reported in **Appendix B** and **Appendix C**. There is only one project with a significant variance, albeit below £50,000 which is explained below:

Rowbarrow s.106

- 5.2. The project has been concluded, except for final elements such as planting and seating. Several coding discrepancies were identified, and the remaining budget will be reallocated to machinery to support ongoing site maintenance.

6. **Year-end Forecast**

- 6.1. This budget monitoring report covers ten months of the year, which includes several 2024/25 year-end accruals that have yet to 'unwind' (such as the Irrecoverable VAT and Dilapidations variances explained above) and therefore distort the true position.
- 6.2. The £0.84m council-wide underspend in **Appendix A** is welcome although a more realistic operational underspend forecast once these accounting adjustments are factored out is £0.5m excluding the VAT liability currently being assessed by HMRC.
- 6.3. HMRC has instructed the Council to estimate its under-reporting of VAT for the past four financial years (2021/22 – 2024/25). The RFO has estimated the total liability to be £0.64m, of which £0.15m was settled by a voluntary declaration last year. This leaves approximately £0.5m still outstanding. However, this is an exceptional case and the HMRC inspector could significantly adjust this estimated liability, which in turn will have a material effect on this year's outturn position.
- 6.4. Officers will keep councillors informed as soon as firmer estimates of both the VAT liability and the outturn are available. The intention is to settle this historic liability by the end of this financial year, leaving a modest final liability in respect of early 2025/26 payable next year.

7. **Recommendations:**

- 7.1. The Council notes the financial position at the end of January, officers' explanations for the variances over £50,000, the estimated VAT liability and the consequential uncertainty of the outturn position.

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 Budget Monitoring Period 10 (end of January)

Department	Cost Centre	FULL YEAR BUDGET BEFORE ADJUSTMENTS	FULL YEAR OPENING BUDGET AFTER ADJUSTMENTS	PROFILED BUDGET	ACTUAL NET EXPENDITURE / (INCOME)	VARIANCE £
<u>General</u>	EST Establishment	(5,682,005)	(5,637,720)	(5,809,390)	(5,814,683)	(5,293)
	HRP Human Resources & Payroll	289,749	256,244	207,658	194,355	(13,303)
	FIN Finance	830,685	334,258	197,104	101,970	(95,134)
	PWL Public Works Loans	313,500	313,500	241,000	239,502	(1,498)
		(4,248,071)	(4,733,718)	(5,163,629)	(5,278,856)	(115,227)
<u>Corporate</u>	DEM Corporate - Councillors	130,500	130,145	106,121	98,919	(7,202)
	CMC Civic & Mayoral	15,488	19,577	16,763	17,956	1,194
	ITT Information Technology & Telephony	303,421	301,018	250,848	274,157	23,309
	OFF Corporate - Officers	160,939	227,067	175,889	182,781	6,892
		610,348	677,807	549,621	573,813	24,192
<u>Environmental</u>	CRM Crematorium	(856,297)	(543,727)	(427,833)	(434,394)	(6,561)
	CRP Investment Properties	(472,685)	(16,520)	(8,498)	(79,741)	(71,243)
	CTV Closed Circuit Television	99,717	106,126	62,267	29,455	(32,812)
	FAC Facilities	1,074,382	294,615	225,676	37,018	(188,658)
	LBT Lower Bemerton Trust	5,100	6,360	11,781	3,261	(8,520)
	POS Parks & Open Spaces	1,218,919	1,346,884	1,071,161	973,250	(97,911)
	ALL Allotments	0	8,194	(1,474)	1,205	2,679
	PWC Public Conveniences	116,075	173,810	142,705	100,148	(42,557)
	SSS Street Scene	1,112,828	1,221,236	1,021,131	980,603	(40,528)
	CAR Car Parks	0	(180,909)	(124,492)	(158,073)	(33,581)
	CCC Camping & Caravan Club	0	(56,941)	44,301	47,945	3,644
	PAV Pavilions	0	86,608	71,531	66,880	(1,463)
	DEP Depot	0	172,964	157,273	142,764	(14,509)
	PRK Environmental-	242,660	0			
		2,540,699	2,618,700	2,245,528	1,710,321	(532,020)
<u>Communities</u>	BHC Communities	175,227	235,291	197,372	180,024	(17,348)
	YOU Communities - Youth	24,433	24,533	20,444	12,145	(8,299)
	EVE Communities - Events	12,800	12,800	10,667	8,358	(2,309)
	SPO Communities - Sports	3,730	3,730	3,108	2,431	(677)
	PRO Communities - Projects	29,364	32,214	26,845	28,101	1,256
	AOP Adults & Older People	35,254	35,854	29,878	30,756	878
	FAM Families & Children	26,845	26,845	22,371	20,868	(1,503)
	FRI Friary	0	17,318	14,631	10,207	(4,424)
	PAN The Pantry	31,350	51,187	42,323	41,099	(1,223)
	LUN Lunch Clubs	5,550	2,450	2,042	(1,078)	(3,120)
	ANT Grants	88,000	88,000	66,000	72,000	6,000
		432,553	530,222	435,681	404,911	(30,770)
<u>Business</u>	GUI Guildhall	20,437	281,089	254,413	195,919	(58,494)
	CSR Information Centre	203,965	110,781	94,555	81,405	(13,150)
	SHO Shopmobility	0	138,779	117,114	114,823	(2,291)
	MEV Markets & Advertising	147,255	159,116	141,213	195,844	(45,369)
	COM Communications	0	53,908	44,923	46,286	1,363
	MEL Events - Mela	0	7,573	7,573	5,934	(1,639)
	SGD Events - St Georges Day	4,463	5,261	5,261	5,790	529
	FOT Events - Fair on the Square	(7,050)	27,498	27,498	23,803	(3,695)
	AFD Events - Armed Forces Day	4,425	4,169	4,169	2,778	(1,391)
	MIS Events - Miscellaneous	27,050	19,732	16,443	8,318	(8,125)
	LAR Events - Land Rental	(29,743)	(29,085)	(24,194)	(26,651)	(2,457)
	FUT Future Salisbury	49,250	21,247	17,706	0	(17,706)
	TRV Travel Trade	(500)	(500)	(417)	0	417
	WLT Wiltshire Towns	0	34,503	27,602	21,666	(5,936)
	CHF Events - Charter Fair	(21,575)	(17,859)	(17,859)	(15,812)	2,047
	CID Events - City Decoration	28,000	28,000	22,400	500	(21,900)
	CHB Events - Christmas Begins	9,437	9,957	9,957	7,223	(2,734)
	GRO Events - Grotto	25,487	23,249	23,249	18,488	(4,761)
	COT Events - Christmas on the Square	(5,263)	8,225	8,225	2,795	(5,430)
	FOS Events - Foodie Sunday	(100)	0	0	0	0
	GIF Gift Fair	(2,025)	0			
		453,513	885,643	779,833	589,109	(190,724)
Total revenue cost centres		(210,958)	(21,347)	(1,152,966)	(2,000,702)	(844,548)
'Z' cost centres funded from revenue		0	30,000	30,000	32,036	2,036
Total revenue position (SoRP)		(210,958)	8,654	(1,122,966)	(1,968,666)	(842,512)

Appendix B

Salisbury City Council Budget Monitoring Period 10 (end of January)

Cost Centre	Dept		FULL YEAR BUDGET BEFORE ADJUSTMENTS	FULL YEAR BUDGET AFTER ADJUSTMENTS	PROFILED BUDGET	ACTUAL EXPENDITURE / (INCOME)	VARIANCE £	VARIANCE %
RECURRING								
Z12	ENV	Urban Tree Challenge		-		8,000	8,000	
PROJECTS - B/F FROM 2024/25								
Z32	ENV	Rowbarrow s.106		171,065	171,065	145,332	(25,733)	(15%)
Z55	ENV	Crematorium Wall		49,381	49,381	31,773	(17,608)	(36%)
PROJECTS - NEW								
Z13	ENV	Wyndham Park Wall	85,000	85,000		0	0	
Z16	ENV	Depot De-watering bay	150,000	150,000	-	16,485	16,485	
Z45	ENV	Poultry Cross urgent renovation		30,000	30,000	24,036	(5,964)	(20%)
Z59	ENV	QE Gardens Bridges s.106				3,845	3,845	
Z57	ENV	River Park tractor		75,000	-	0	0	
			235,000	560,446	250,446	229,471	(20,975)	
Funded from Capital receipts pot			150,000	199,381	49,381	48,258	(1,123)	
Funded from S.106 pot			0	246,065	171,065	149,177	(21,888)	
Funded from CIL pot			85,000	85,000	0	0	0	
Funded from Revenue			0	30,000	30,000	32,036	2,036	

Appendix C

Salisbury City Council Budget Monitoring Period 10 (end of January)

Revenue Budget Variances over £50,000

Cost Centre	Dept	Code	Description	FULL YEAR BUDGET BEFORE ADJUSTMENTS	FULL YEAR OPENING BUDGET AFTER ADJUSTMENTS	PROFILED BUDGET	ACTUAL EXPENDITURE / (INCOME)	VARIANCE £	VARIANCE %
CRM	ENV	71001	Cremation Income	(1,166,235)	(1,250,235)	(1,041,863)	(967,989)	73,874	(7%)
FAC	ENV	20005	Dilapidations				(150,000)	(150,000)	
FIN	GEN	52999	Irrecoverable VAT	130,000	30,000	-	(93,136)	(93,136)	

Project Budget Variances over £50,000

Cost Centre	Dept	Description	FULL YEAR OPENING BUDGET AFTER ADJUSTMENTS	PROFILED BUDGET	ACTUAL EXPENDITURE / (INCOME)	VARIANCE £	VARIANCE %
Z32	ENV	Rowbarrow s.106	171,065	171,065	145,332	(25,733)	(15%)