

SALISBURY CITY COUNCIL

Report

Subject: Outturn Budget Monitoring Report for 2024/25
Committee: Finance and Governance Committee
Date: 23 June 2025
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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 the year 2024/25. 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 year-end outturn variances for 2024/25 helps gain a better understanding of this year's financial performance and will also aid 2026/27 budget-setting and medium term planning.

3. Background Information

Report format

3.1. The budget monitoring report for the Finance and Governance 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. 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 B** sets out the year-end results for the Finance and Governance Committee cost centres, showing variance from approved budget. All material variances over £50,000 are listed in **Appendix C**.

Salary costs (EST GEN 10001)

4.4. As previous years, the original 2024/25 salary budget was centralised in the single EST GEN cost centre. It totalled £2.292m. In accordance with good practice and in response to councillors' longstanding requests, this budget was decentralised and split between the various service cost centres in proportion to their pay bill. During the process officers found that there was a significant amount of underspent salary budget, due to vacant posts and some over-budgeting. This underspend totalling £178,818 was left in EST GEN, where it caused the outturn underspend in **Appendix B**.

NI Repayments (EST GEN 10003)

4.5. As previously explained, the Council recognised a historic underpayment of national insurance contributions and provided £50k budgetary provision before the total liability had been calculated, shown separately in **Appendix B**. During the year the Head of HR and Payroll quantified the total liability to be closer to £100k, and submitted a voluntary disclosure which HMRC has accepted. The combination of that liability, interest accruing upon it and an overbudgeting for NI produced the £68k net overspend shown in **Appendix B**. These two lines should be considered together, producing a net £18k overspend.

Employer's Pension (EST GEN 10004)

4.6. There was a £37k underspend difference between the budget and actual costs for pension, as shown in **Appendix B**. This appears to be a simple miscalculation of the original budget required. The pensions budget for 2025/26 has been calculated more accurately.

Hire of Consultant, Professional, Artist (FIN GEN 45017)

4.7. Several consultants have been required to assist the RFO in readying the Council for the change in accounting and auditing regulations – including three professional asset valuers, pension actuaries and accounting advisors. Most of their output will be received in 2025/26, resulting in the £39k underspend showing in **Appendix B**.

National Non-Domestic Rates NNDR (FIN GEN 52001)

4.8. This is similar to the explanation for the corporate salary budget underspend given in paragraph 4.4 above. Historically all the Council's business rates ('NNDR') bills were centralised. However, in order to properly fully cost each service, the various business rate liabilities have been decentralised and are now split between the respective property cost centres (Crematorium, Guildhall, etc). The resulting £52k of over-budgeted surplus remained in FIN GEN, producing this year-end variance in **Appendix B**. Once again, the business rates budgets for 2025/26 have been calculated more realistically to avoid a recurrence.

Irrecoverable VAT (FIN GEN, CRM ENV)

4.9. As previously reported, the Council has not properly accounted for input VAT on expenditure relating to VAT-exempt services including the Crematorium and markets. The Council had overclaimed input VAT leading to a large liability to HMRC. The RFO detected this and issued a voluntary declaration, which HMRC accepted. Irrecoverable VAT in respect of the current 2024/25 year and subsequent years will be charged to the respective service cost centres. However the £107k historic council-wide liability has been posted to the FIN GEN cost centre, which is listed in **Appendix B**.

Bank Interest and Investment Income (FIN GEN 75001)

4.10. As previously reported, the Council has historically been cautious in its treasury management strategy and investment return targets. In accordance with the amended investment strategy approved by the Council in November 2024, the RFO now makes prudent short-term use of money market investments, keeping deposits within the Council's bank, but generating much higher returns. The modest income budget of £25k for 2024/25 has been substantially overachieved by £117k. The annual budgets for 2025/26 onwards are realistic.

HR Software Licences (HRP GEN 44005)

4.11. The £48k underspend variance reported for Human Resources and Payroll ('HRP') in **Appendix A** is due to a combination of several variances. The largest variance, as indicated in Appendix B, is a £26k underspend on software licences. The original budget of £32,100 for 2024/25 included anticipated costs for replacing the payroll software system used by SCC since approximately 2014/15. The existing system had become increasingly unfit for purpose, a concern identified both through the SCC user experience and findings from the internal Payroll Audit conducted in August 2023. In addition to the investment cost of a new system, the inhouse payroll service depended upon a single person, therefore a single point of failure. To provide greater resilience and reliability the decision was taken to outsource the service to Wiltshire Council. Therefore the system budget was not required, resulting in this underspend.

Democratic Services (DEM COR)

4.12. As demonstrated in **Appendix A**, there has been a net underspend of almost £14k (21%) on this cost centre. Despite absorbing a £12k unbudgeted cost of by-elections during the year, a £12k underspend on equipment hire, £6k unspent provision for resident engagement and other minor variances more than compensated for that, producing a healthy net underspend.

Information Technology (ITT COR)

4.13. As reported in **Appendix A**, there has been a net overspend of £62k (33%) on this cost centre. The main causes were: £25k (199%) overspend on the department's software licences due to a council-wide mismatch of budgets and actuals (for example, across the whole Council there was a £27k total underspend on software licences) which will be fixed for 2025/26; almost £10k (38%) overspend on the Council's telephony budget; almost £10k unbudgeted use of Consultancy for urgent cyber security assistance; whilst £13k of budgets were carried forward to 2025/26, increasing the net overspend for 2024/25.

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, which are also listed in **Appendix A**. There are no capital projects requiring variance explanations to the Finance and Governance Committee cost centres.

6. **Recommendations:**

6.1. The Committee notes the financial position at the year-end and officers' explanation for the variances over £50,000.

7. **Background Papers:**

None

8. **Implications and Risks**

- . **Financial:** As shown in this report
- . **Legal:** Nil in relation to this report
- . **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 outturn report

Finance & Governance Committee Cost Centres

Cost Centre	Dept	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements £	Actual expenditure / (income) £	Variance £	Variance %
EST	GEN	Establishment (excl precept)	3,991,621	835,484	666,926	(168,558)	(20%)
HRP	GEN	Human Resources & Payroll	92,875	201,058	152,348	(48,710)	(24%)
FIN	GEN	Finance Department	622,000	420,713	237,509	(183,204)	(44%)
PWL	GEN	Public Works Loans	313,500	313,500	312,411	(1,089)	(0%)
DEM	COR	Democratic services	54,500	67,000	53,034	(13,966)	(21%)
ITT	COR	Information Technology & Telephony	201,000	191,003	253,187	62,184	33%
OFF	COR	Corporate Services	12,500	119,200	110,588	(8,612)	(7%)
CMC	COR	Civic & Mayoral services	15,500	15,525	15,674	149	1%
			5,303,496	2,163,483	1,801,677	(361,806)	
EST	GEN	Precept	(5,642,672)	(5,642,672)	(5,642,672)	(0)	0%

Finance and Governance Committee CAPITAL Cost Centres

Capital Scheme	Description	Jan 24 Full Council Budget	Adjusted budget after carry forwards and virements £	Actual expenditure / (income) £	Variance £	Variance %
Z03	COR	IT Infrastructure	12,000	0	(12,000)	(100%)
Z17	GEN	Broken Bridges Nature Reserve Donation	0	50,000	0	0%
			12,000	50,000	(12,000)	

Appendix B

Salisbury City Council 2024/25 budget monitoring outturn report

Revenue Variances over £50,000

Cost Centre	Dept	Code	Description	Budget	Actual	Variances	Variance %
EST	GEN	10001	Salary costs (corporate surplus)	178,818	0	(178,818)	(100%)
EST	GEN	10003	NI Repayments (provision)	50,000	0	(50,000)	(100%)
EST	GEN	10003	NI Repayments (incl vol disclosure)	170,975	239,305	68,330	40%
EST	GEN	10004	Employer's Pension	356,564	318,702	(37,862)	(11%)
FIN	GEN	45017	Hire of consultant, professional, artist	(45,000)	(5,273)	39,727	(88%)
FIN	GEN	52001	NNDR (corporate surplus)	52,613	0	(52,613)	(100%)
FIN	GEN	52999	Irrecoverable VAT	0	107,661	107,661	
FIN	GEN	75001	Bank Interest	(25,000)	(142,347)	(117,347)	469%
HRP	GEN	44005	Software Licences	32,100	5,675	(26,425)	(82%)