**STOURPORT-ON-SEVERN TOWN COUNCIL**

**FINANCE COMMITTEE**

**11th NOVEMBER 2024**

**BUDGET MONITORING – HALF-YEAR POSITION**

**REPORT OF THE TREASURER**

1. The papers attached show the budget for 2024/25 and the actual 2024/25 expenditure and income up to 30th September, the halfway point in the year. Whilst it is good practice to report this to members it is recognised that, on its own, it is of limited value. For this reason the report also provides a forecast for the year which takes due account of real-life changes that have taken place since the budget was set.
2. At its September meeting, Finance Committee considered a report on staffing and approved the enhancements to staffing that were recommended. The Committee, and the Town Council, recognised the critical importance of staffing to maintaining the breadth, depth and quality of the services that the Council now provide.
3. The main purpose of this report is to monitor current year’s spending and income against the current year’s budget. The work behind this report does also, however, help to provide early indications of the pressures that will face the Council when making its budget, and setting its precept, for next financial year. The staffing changes referred to above that have a significant part-year effect in the current financial year will have a greater full-year effect in 2025/26.
4. An overall overspend of £83,000 is forecast. The headings where a significant variation from budget is now forecast are:
* **Salaries** – overspend of £31,000 arising from staffing changes and overtime and incorporating the latest pay award;
* **Resurfacing of paddling pool** - the Town Council gave approval to proceed with the work 12 months ago at an estimated cost of £35,000 and, at the time, it was thought that the work would be done before the end of March and so provision was made in the 2023/24 revised budget. In the event the work was not carried out until the new financial year. This does count as an overspend in the current year but the funding carried forward from last year is available to meet it.
1. The other overspends add up to £17,000 but none are individually more than £3,000. There are a lot of small forecast overspends this time but not many forecast underspends. This may reflect over-cautious forecasts or possibly inflation putting greater pressure on our costs than has been allowed for in our budgeting. Two headings that merit a mention are as follows:
* **Interest received** – the Town Council has substantial investment with Wyre Forest District Council and with interest rates having risen we can be confident that the budget of £8,000 can be achieved. Interest received at the halfway stage is £4,973;
* **Income from burial fees** – members will recall this being a significant issue in last financial year. The budget had to be reduced from £84,000 to £40,000. At halfway stage the actual income was £23,700 and it is hoped that the £40,000 budgeted income can be achieved.
1. At this stage, net spending is forecast to be £476,000 compared with a budget of £393,000. So an overall overspend of around £83,000 is forecast but much can change in the second half of the year. Not all of this overspend will fall to be met from balances as the £35,000 cost of the paddling pool resurfacing will be met from our earmarked reserves (this can be explained further at your meeting) as will £2,826 of election costs. Based on this forecast this will leave £45,000 to be met from balances. The Council held balances of £73,500 at 31st March 2024 and the approved budget for 2024/25 included provision for increasing balances by £7,400 meaning that balances of £80,900 are available to meet this call of £45,000. So the call can be met but clearly this is a serious call on the Council’s balances. The position will be reviewed in February when the Council will need to decide on its precept for 2025/26. It looks as if a significant precept increase will be needed to replenish balances as well as to meet the full-year cost of staffing changes and other pressures such as the increase in employers’ National Insurance.
2. Another pressure to draw your attention to relates to the Council’s many recently-acquired additional responsibilities – not just the riverside toilets, the paddling pool and the community centre but also Lloyds Meadow, Britannia Gardens etc.. The Town Council decided earlier in the year to start up a new fund to meet the substantial, but only occasional, costs of replacing major items such as the roof of the community centre or the roof of the riverside toilets. A modest start to this fund (£4,000) has been made but it is felt that the annual contribution will need to be increased when setting the budget for 2025/26.

Graham Shaw

5th November 2024