Budget Analysis Report

Date: 7th October 2025
To: Finance & General Purposes Committee
From: Andrew Briggs – Ops Manager
Subject: Budget Analysis Report

Executive Summary

This report provides members with a analysis of the Council's financial position at the mid-point of the 2025/26 financial year (Month 6), focuses on key budget lines, together with projections and recommendations for the 2026/27 budget setting.

Purpose

The overall purpose of this report is to:

- Provide members with a clear and accurate picture of the Council's financial position at midyear.
- Identify budget gaps that are leading to recurring overspends.
- Highlight the impact of asset expansion, inflation, and external grant tapering.
- Present realistic officer led forecasts for 2026/27.

Detail

2024/25 Year End Position

- **Total Income**: £3,578,312m
- **Total Expenditure**: £3,322,970m
- **Reserves**: £117,130

2025/26 Current Position

- **Precept Demand**: £2,156,928m
- **Total Income to date (Month 6)**: £2,425,317m

Both precept payments have now been received.

- **Total Expenditure to date (Month 6)**: £1,644,760
- **Public Works Loan (received):** £1,273,536m

The parish remains financially stable overall, with income broadly matching expenditure. However, several service cost centres are under pressure, particularly:

- **Staff Costs – Agency (100) + (125)**
- **Leisure & Recreation (200)**
    - 5510 – Compliance
    - 5515 - Maintenance

Overspends are concentrated in areas where budgets have remained static for several years, despite inflationary pressures, statutory compliance requirements, and an expanding asset base.

Annual Budget Allocation

Cost Code	2022	2023	2024	2025
100/4055	-	-	£49,000	£69,000
200/5510	£25,000	£15,000	£15,000	£15,000
200/5515	£30,000	£25,000	£20,000	£20,000

Annual YE Expenditure

Cost Code	2022	2023	2024	2025
200/5510	£50,184	£32,343	£37,529	-
Variance	**-£25,184**	**-£17,343**	**-£22,529**	-
200/5515	£29,053	£43,951	£31,918	-
Variance	£947.00	**£18,951**	**£11,918**	-

The Council holds leases / compliance and maintenance responsibilities for 16 buildings.

Average budget per building:

- £35,000 (combined Comp & Maintenance budgets) ÷ 16 = **£2,187.00** per building / PA
    - Compliance = **£937.00** per building / PA
    - Maintenance = **£1,250.00** per building / PA

National / Sector Context

- According to CIPFA and local government property benchmarks:
    - Typical compliance & maintenance costs for community buildings run at £5,000 - £7,000 per building per year, depending on building age and usage.
- A London Borough benchmarking report (Places for London, 2023) showed statutory compliance services average £1,000 - £1,500 per building, with maintenance averaging £3,500 - £6,000.
  20240627_Places_for_London_Sustainability_Report_Digital_02.pdf

Local government budget setting surveys 2024/25 Research Report

Local Government Budget Setting report

The financial pressures being experienced locally are part of a wider national trend. The Local Government Association’s Budget Setting Survey 2024/25 highlights the scale of challenge across the sector:

- **74% of councils** reported that setting a balanced budget for 2024/25 was very or fairly difficult, with only 4% saying it was not difficult at all.
- **71% of councils** confirmed they expected to draw on reserves to balance their budgets. This mirrors our own concern that continued structural overspends will begin to erode the parish’s general reserves if not corrected.
- **85% of councils** stated that they still needed to make cost savings in 2024/25 even after receiving additional central government funding.

In terms of neighbourhood services, the survey found that:

- **55% of councils** anticipate needing to make savings in sport and leisure services.
- **48% of councils** expect to reduce spending on parks and green spaces.
- Around **36%** expect to reduce opening hours in at least one leisure, library, or cultural facility, while 30% expect staff reductions and 29% anticipate reducing maintenance and repairs.

These national findings directly reflect the pressures the parish is now facing at Moredon Sports Hub, within Leisure & Recreation budgets, and across our wider estate. Our challenge is consistent with the sector as a whole: static or falling income against rising operational and compliance costs, combined with an expanding asset base.

2025/26 Month 6 budget figures

Cost Centre	Income Budget	Income Actual	% of Budget (6m)	Variance	Expend. Budget	Exp. Actual	% of Budget (6m)	Variance
100 – Central Support	£2,173,673	£,2,167,372	**99%**	-£6,301	£1,803,855	£891,659	**49%**	+£912,196
125 – Moredon Sports Hub	£247,950	£169,260	**68%**	-£78,690	£257,781	£292,403	**113%**	-£34,622
200 – Leisure & Recreation	£44,000	£20,168	**46%**	-£23,832	£73,000	£53,021*	**73%**	+£19,979
210 – Play Areas	£0	£0	n/a	£0	£11,300	£6,039	**53%**	+£5,261
350 – Allotments	£25,000	£26,653	**107%**	+£1,653	£25,000	£14,858	**59%**	+£10,142

Overall, expenditure is tracking broadly in line with budget at parish wide level, but key operational centres show variance pressures

Key Pressure Cost Centres

Cost Centre 200 – Leisure & Recreation

Budgeted Expenditure: £73,000

Officer forecasts:

- Compliance (5510): £35,000 vs £15,000 budget (+£15k)
- General Maintenance (5515): £32,000 vs £20,000 budget (+£12k)
- Tree Works (5760): £10,000 vs £5,000 budget (+£5K)
- Additional Grounds (5530): £10,000 vs £7,000 budget (+£3k)
- Other minor codes roughly on track

Projected Overspend (200): Circa £35,000

Historic spend patterns confirm underbudgeting. Compliance (5510) and General Maintenance (5515) have had a flat budget line since 2023, yet actuals have consistently exceeded. Similarly, are therefore recurring, not exceptional.

Most overspends are statutory (compliance testing, safety) or reactive (emergency works). Budgets have not risen with inflation or with asset growth, leading to inevitable overspends.

Moredon Sports Hub (125) – Projection

Budgeted Income: £247,950
YTD Actual Income: £169,260 (68% of budget)

Budgeted Expenditure: £257,781
YTD Actual Expenditure: £292,403 (113% of budget)

- Salaries & Wages (4000) £135,698 vs £145,211 (projected underspend)
- Staff costs (4055) £100k vs £0

Projected Overspend (125): C. £150,000 (Staffing, Business Rates - £54k)

The operational pressures at Moredon Sporting Hub are significant and explain the projected overspend. The site is open seven days a week, often until 10/11pm at night, creating a requirement for extended staffing cover. There are two Duty Managers and a Site Manager, and in order to provide a fair rotation of antisocial hours, agency staff are frequently required to fill gaps in the rota.

In addition, the Hub delivers specialist programmes in partnership with British Cycling, where the Council bears the cost of instructors and event support. These costs are substantial and account for a significant proportion of the Hub's expenditure.

Committee members have tasked officers with reducing agency and staffing costs. Cutbacks and tighter controls are being applied, but it must be recognised that the combination of long operational hours, the need for safe supervision, and contractual programme delivery mean that a base level of higher expenditure is unavoidable.

Further pressures have arisen from the acquisition of Moredon Community Centre (MCC) during the year. This has required additional staffing resources for daily operations, compliance, and community use, further adding to the staffing cost line.

Forward Projections (2026/27 Budget Setting)

Cost Line	Current Budget	2025/26 Forecast	2026/27 Recommended	Rationale
General Maintenance (200/5515)	£20k	£32k	C. £35k	Reflects real spend need or split into subcategories.
Staff Costs – Agency	£69k	£170k	C. £100k	Additional Assets - MSH - MCC - PSH Increased opening hours requires increased staffing.
Compliance (200/5510)	£15k	£37.5k	C. £30k	Statutory obligations.
Tree Works (200/5760)	£2k	£12k	C. £12k	Survey driven works.
Additional Grounds (200/5530)	£7k	£8.8k	C £10k	Trend based uplift.
Play Areas (210)	£10k	£10k	C. £15k	To cover general repairs
Vehicles	£17,8k	£17.8k	C. £22k	Council lease agreement due 2027 (fleet renewal)

Based on the recommended forward projections for 2026/27, alongside an assumed inflation of approximately 4%, the Council would be looking at an increase of approx. £170k.

This equates to circa 7 - 8% increase in the precept compared to 2025/26, reflecting both the structural uplifts necessary to meet statutory obligations (compliance, maintenance, tree safety) and the wider inflationary environment."

Please note; the report is intended to highlight areas that require attention. It is not a full budget review.

Mitigations

External Grant Funding & Income Generation

To offset the burden on the local precept and help fund asset growth, the Council has successfully secured and delivered a range of external grants and agreements:

- **Youth Investment Fund (YIF): £165,000**
  - Used to enhance youth facilities and provision, reducing the requirement for precept funding.
- **Salix Grant: £300,000**
  - Invested in energy efficiency and sustainability projects, lowering long-term running costs of buildings.
- **Football Foundation: £25,000**
  - Supporting pitch improvement programmes, mitigating part of the structural pressure on sports pitch maintenance.
- **Lottery Funding: £19,600**
  - Support SEN sessions at Parkside Hub

In addition, the Council has created new recurring income streams by licensing and commercial use of its assets:

- Kiln Lane Parking Licence(s): c. £7,000 per annum
- Parkside Hub - Swindon Tuition: c. £14,000 per annum
- Sports pitch hire and community use agreements continue to provide income, with future potential to expand (e.g. American football, youth football) c. £12k Per annum.

Impact

- These funding streams have collectively brought in over £500,000 of external capital and revenue support.
- They directly mitigate the need for additional precept uplift.
- They demonstrate proactive asset management — turning Council-owned land and buildings into sustainable income streams.
- However, most grants are one off or time limited (e.g. Salix, YIF), meaning ongoing revenue pressures must still be budgeted for to ensure financial sustainability.

Risk

- Compliance Risk: Underfunding increases risk of legal breaches (fire, water hygiene, electrical, H&S).
- Asset Sustainability: New assets (Moredon Hub, Community centres, Redlynch close) add liability and require matched budgets.
- Deferred Maintenance: Leads to higher capital costs later.
- Election Year Pressure: Budget increases may be difficult. However, without uplift, overspends will continue.

Additional Increase Considerations:

- Staff training
- Clothing
- Computers & IT
- Stationary
- Health & Safety (occupational health)
- Sports Pitch Maintenance (FF funding – sliding scale)

Recommendations

Members to consider:

1. Index linking maintenance and compliance budgets annually to inflation.
2. Uplifting core lines, such as staffing, maintenance, compliance in line with evidenced forecast need.
3. Ringfencing surpluses from allotments, and ad-hoc income from sports to offset YoY spend.
4. That all budget lines are reviewed with officers to improve coding accuracy. At present, some recurring expenditure is being allocated to codes without specific budget provision, which risks distorting variance reporting. Establishing clear and appropriate budget codes will strengthen transparency, assist members in financial monitoring, and ensure future reports reflect the true cost of service delivery

9. Conclusion

The financial pressures identified in this report are structural, not the result of uncontrolled spending. Budgets have not kept pace with inflation or the parish's expanding asset base. If adjustments are not made in 2026/27, overspends will continue to recur, and essential works will either be delayed or funded from reserves.