

MID-YEAR BUDGET MONITORING REPORT

Head of Service:	Kevin Hanlon, Interim Chief Finance Officer
Report Author	Oana Merla, Accountant
Wards affected:	College Ward; Town Ward; Woodcote and Langley Vale Ward;
Appendices (attached):	Appendix 1 – 2024/25 Mid-Year Monitoring Appendix 2 – 2023/24 External Audit Report

Summary

This item reports on the income and expenditure position as at 31 August 2024 and seeks guidance on the preparation of the budget and precept for 2025/26.

Recommendation (s)

The Conservators are asked to:

- (1) Note the mid-year income and expenditure position;**
- (2) Provide guidance on the preparation of the budget for 2025/26;**
- (3) Note the conclusion of the 2023/24 external audit of the accounts.**

1 Reason for Recommendation

- 1.1 To make the Epsom & Walton Downs Conservators (EWDC) aware of the mid-year financial position for 2024/25 and seek guidance on the provisional budget estimates for 2025/26.

2 Background

- 2.1 The Conservators' budget for 2024/25 was agreed at the meeting of 22 January 2024.
- 2.2 The budget monitoring statement at Appendix 1 shows income and expenditure from 01 April 2024 and provides a forecast outturn position for 2024/25, in the standard accounts format for EWDC.

Epsom and Walton Downs Conservators

4 November 2024

- 2.3 Net expenditure for 2024/25 is forecast at £486,617, which would result in an adverse variance of £447 against the budget of £486,170. This adverse variance is due to £187 additional spot hire of vehicles during Derby, an £885 increase in irrecoverable VAT, and a £370 decrease in metal detector permit income, all partially offset by increased hire charge income of £995.
- 2.4 The working balance stood at £44,310 at 31 March 2024. The projected £447 deficit, and the addition of a £7,000 budgeted contribution to reserves, would increase the working balance to £50,863.

3 Budget Estimates 2025/26

- 3.1 The final column of Appendix 1 provides an indicative budget position for 2025/26. This indicative budget has been prepared ahead of the Council finalising its service estimates and the figures are provisional. Based on the indicative budget, an overall 3% increase in precepts would be required to set a balanced budget for next year.
- 3.2 The main provisional changes from 2025/26 are:
- 3.2.1 Staffing budgets have been increased by an indicative 3%, although this is for EWDC planning purposes only while pay deal negotiations for 2025/26 remain ongoing.
- 3.2.2 Fees and charges income budgets have been increased by 6%.
- 3.2.3 The budgeted contribution to the working balance has increased from £7,000 to £7,194, in order to ensure a balanced budget.
- 3.2.4 The majority of other running budgets have been inflated by 3% to reflect overall inflation where necessary.
- 3.3 The indicative budget provides a useful basis to identify the main issues that should be addressed in the budget report in January 2025. It enables early consideration of the recommended precepts for 2025/26 and any options the Conservators would like to have included in the budget report.
- 3.4 An increase in each preceptor's contribution of 3% would create a balanced budget which incorporates an annual contribution of £7,194 to replenish the working balance.
- 3.5 Inflation is currently at 2.2% (August 2024 consumer price index) although inflation is forecast to increase later in the year. The Government's current inflation target is 2%.

4 Audit of the Accounts 2023/24

- 4.1 The external auditors, PKF Littlejohn LLP, have completed the audit of the accounts for the year ended 31 March 2024.

Epsom and Walton Downs Conservators

4 November 2024

- 4.2 The auditors have signed off the audit certificate. The auditors concluded their opinion that the information in Section 1 and 2 of the 2023/24 Annual Governance and Accountability Return (AGAR) is in accordance with Proper Practices and no matters have come to their attention giving cause for concern that relevant legislation and regulatory requirements have not been met.
- 4.3 The accounts and audit documents were published on 24 September 2024 on the Council's website in accordance with the Accounts and Audit Regulations 2015 requirement to do so by 30 September. The external auditor's report is attached at Appendix 2.

5 Risk Assessment

Legal or other duties

5.1 Equality Impact Assessment

5.1.1 None arising from the contents of this report.

5.2 Crime & Disorder

5.2.1 None arising from the contents of this report.

5.3 Safeguarding

5.3.1 None arising from the contents of this report.

5.4 Dependencies

5.4.1 None arising from the contents of this report.

5.5 Other

5.5.1 The Conservators maintain a separate strategic risk register.

5.5.2 The Conservators hold a working balance and a Repairs and Renewals Fund reserve, to mitigate the risk of unexpected expenditure. Any withdrawals from the working balance will need to be carefully assessed, to ensure sufficient funds are retained in reserves to cover unexpected expenditure and maintain a stable level of contribution from preceptors.

6 Repairs & Renewals Fund

- 6.1 The Conservators' Repairs & Renewals Fund has a projected balance of £22,192. This is a reserve held to cover unexpected costs of replacing vehicles, equipment and building repairs.
- 6.2 The indicative 2025/26 budget includes a provision of £2,000 to replenish the Repairs & Renewals Fund annually.

Epsom and Walton Downs Conservators

4 November 2024

7 Financial Implications

- 7.1 Precept contributions are met by the Borough Council (60%), Epsom Racecourse (30%), and the Training Board (10%).
- 7.2 In reserves, the Conservators hold the working balance, which has a projected, uncommitted balance of £50,863 at 31 March 2025. In addition, the Repairs and Renewals Fund will hold a projected balance of £22,192.
- 7.3 **Section 151 Officer's comments:** The Conservators are asked to provide guidance on the indicative budget for 2025/26. Based on this guidance, a final draft budget will be brought back to Conservators for approval in January 2025.

8 Legal Implications

- 8.1 There are no legal implications arising from the contents of this report.
- 8.2 **Legal Officer's comments:** None arising from the contents of this report.

9 Policies, Plans & Partnerships

- 9.1 **Council's Key Priorities:** The following Key Priorities are engaged:
- Effective Council
 - Green & Vibrant
- 9.2 **Service Plans:** The matter is included within the current Service Delivery Plan.
- 9.3 **Climate & Environmental Impact of recommendations:** None.
- 9.4 **Sustainability Policy & Community Safety Implications:** None.
- 9.5 **Partnerships:** The Jockey Club, Training Board and Epsom and Ewell Borough Council are represented by Members on the Conservators Committee.

10 Background papers

- 10.1 The documents referred to in compiling this report are as follows:

Previous reports:

- Budget 2024/25 – 22 January 2024
- Final Accounts 2023-24 – 17 June 2024

Other papers:

Epsom and Walton Downs Conservators
4 November 2024

- None.