

Surrey Heath Borough Council
Performance and Finance Scrutiny Committee
15 March 2023

Revenue Budget 2022/23
Monitoring Report – Quarter 3

Executive Portfolio: Finance

Strategic Director: Bob Watson, Strategic Director of Finance and Customer Service

Report Author: Greta Ratkeviciute, Corporate Finance Manager

Summary and purpose

To provide the Committee with a summary of the budget and financial performance for the first three quarters of 2022/23 – up to accounting period ending 31 December 2022.

Recommendation

The Committee is advised to RESOLVE that they

- (i) note the spend against the approved revenue budget for the period 1 April to 31 December 2022 and the end of year predicted forecast of full year outturn.
- (ii) Make any comments and/or recommendations to the Executive. Please note that the Executive has considered this report already at its meeting on 14 March 2023.

1. Background and Supporting Information

- 1.1 This is the quarterly monitoring report against the 2022/23 approved revenue budget as at the 31 December 2023 (end of Quarter 3).
- 1.2 At the end of the third quarter the Council's services are reporting an underspend position of £0.117 million in their forecasts of outturn for the end of the current financial year. At the end of the second quarter all services were predicting an outturn forecast overspend of £0.302 million.
- 1.3 Budget adjustments from the budget agreed at Council in February 2022 are applied as follows:

<u>Service</u>	Budget agreed at Council	Carry forwards agreed by Executive	Star Chamber savings	Supplementary Estimates agreed at Executive	Working budget
	£000s	£000s	£000s	£000s	£000s
Environment and Community	£7,346	£15	(£207)	£0	£7,154
Finance and Customer Services	£2,399	£0	(£38)	£15	£2,376
HR, Planning & Communication	£3,736	£23	(£92)	£0	£3,667
Investment and Development	(£1,395)	£64	(£105)	£13	(£1,423)
Planning	£1,280	£178	(£180)	£0	£1,278
Legal and Democratic Services and Strategic Management	£1,353	£3	(£26)	£0	£1,330
Corporate Budget	£69		£475		£544
Overall Position	£14,788	£283	(£173)	£28	£14,926

1.4 Carry forward budgets agreed at Executive from 2021/22 have now been included in the 2022/23 budgets.

1.5 £647,500 of identified efficiencies, savings and additional income as part of 'star chamber' process earlier in the year have been applied to the 2022/23 budgets.

1.6 Working with their finance business partners, services have reviewed their budgets and considered their forecast outturn position; the high level summary by service is below:

<u>Service</u>	Working budget	Profiled budget P9	Actual at P1-P9	Year-end Forecast	Forecast Variance
	£000s	£000s	£000s	£000s	£000s
Environment and Community	£7,154	£5,665	£4,542	£7,229	£75
Finance and Customer Services	£2,376	£1,635	£4,395	£2,563	£187
HR, Planning & Communication	£3,667	£2,594	£2,492	£3,513	(£154)
Investment and Development	(£1,423)	(£904)	(£2,623)	(£1,079)	£344
Planning	£1,278	£1,026	£881	£1,250	(£29)
Legal and Democratic Services and Strategic Management	£1,330	£1,046	£898	£1,333	£3
Corporate Budget	£544				(£544)
Overall Position	£14,926	£11,062	£10,585	£14,809	(£117)

1.7 Service commentaries. The services are predicting an outturn position as highlighted below, with explanations of major variances (over £25k):

Service area and detail	Variance £ 000
<u>Environment and Community</u> Pressure on the community service budget as a result of prior year budgeting anomaly which created a double-count for the service level agreement income from the Surrey County Council and the shared service with Runnymede Borough Council.	167
Emergency electrical works for car parks creates a budget pressure (offset by increased income – see next line below)	50
Increased use of Knoll Road multi-storey car park (mscp)	(75)
<u>Finance and Customer Service</u> Use of agency within Accountancy to cover vacant posts due to resignations and difficulty in recruiting permanent replacements (position net of permanent costs)	135
Increased drawdown on the pension holding account. Surrey County informed us about the increase post budget setting	200
Engagement of consultant accountant for closing of annual statements (2019/20 – 2021/22)	113
Some small savings across the board and unbudgeted grant income	(235)
<u>HR, Performance and Communications</u> Underspend due to restructure and vacant posts.	(152)
<u>Investment and Development</u> Savings identified in staff cost due to unfilled vacancies as well as underspend consultancy fees	(113)
Rent income reduction – £47k due to liquidation of Surtees Groundworks Contractors and £103k – Amer sport moving out from 1 st and 2 nd floor (contract ended but we budgeted for the full year)	150
Within Investment management area some of the rent free periods where not budgeted and instead full rent was expected	223
£8k - Additional costs for Community-Safety CCTV equipment and maintenance; £5k - cost to our property management agents for additional work; £10k - additional cost for consultant on procurement of retail assets support (the Square)	23
<u>Legal and Democratic Services and Strategic Management</u> Underspend due to temporary managed vacancy within Electoral Services	(38)
Underspend due to managed vacancy for the Mayoral Assistant post and efficiencies on civic activities	(60)

- 1.8 Supplementary Estimate. There has been one additional supplementary budget estimate for £15,000 for a contribution for Collectively Camberley Limited towards the Christmas lights and other functions as agreed by Executive at its meeting on 16 August 2022.
- 1.9 Star Chamber process. Executive on 16 June 2022 received and reviewed a report on the Star Chamber review of services. At the meeting they agreed to accept a number of the proposals in the report. These are summarised below:

Star Chamber agreed efficiencies (all figures in £ 000)

	2022/23	2023/24	2024/25	2025/26	Total
MTFS target	475	425	300	150	1,350
Star chamber	647.5	482.5	34	5	1,169

2. Reasons for Recommendation

- 2.1 It is imperative for strong financial management that the revenue budgets are reviewed regularly and reported on a quarterly basis to Performance and Finance Scrutiny Committee and the Executive.

3. Proposal and Alternative Options

- 3.1 The Committee is asked to note the report on the 22/23 Revenue Budget for the period 1 April to 31 December 2022 and make any comments and recommendations to the Executive for consideration.
- 3.2 Alternatively, the Committee may just note the report and make no further recommendations or comments.

4. Contribution to the Council's Five Year Strategy

- 4.1 The budgets agreed at Council are aligned to and support the approved five-year strategy.

5. Resource Implications

- 5.1 The budget monitoring is related back to the original budgets set at Council in February 2022, adjusted as detailed to form the working budget for the year..

6. Section 151 Officer Comments:

- 6.1 The Council is predicting a net underspend at year end. It is considered that currently no remedial action needs to be taken in terms of budgetary adjustments. Services should continue to manage budget pressures as the Council progresses through to the financial year end, whilst consolidating any efficiencies.
- 6.2 The Star Chamber process has proved very successful in delivering on the budget reviews and has nearly achieved the four-year target set in the MTFS. There will be a further Star Chamber session in the new financial year.
- 6.3 The current national economic situation will create pressures on future year budgets and this was factored into the revision of the 23/24 MTFS that was agreed by Council in February 2023.

7. Legal and Governance Issues

- 7.1 The revenue budget is monitored monthly by the service manager and the finance team and reported to senior management; it is reported to both the Executive and Performance and Finance Scrutiny Committee quarterly.

8. Monitoring Officer Comments:

- 8.1 The Committee's terms of reference includes the function to monitor, review and to report to the Leader/ Executive in relation to the performance of the Council's services.

9. Other Considerations and Impacts

Environment and Climate Change

- 9.1 Details of these are in the individual service areas that the budgets support

Equalities and Human Rights

- 9.2 Details of these are in the individual service areas that the budgets support

Risk Management

- 9.3 Inadequate budget monitoring represents a reputational and financial risk to the Council.
- 9.4 Regular financial monitoring enables risks and budgetary pressures to be highlighted and addressed at an early stage so that mitigating actions can be taken.

Community Engagement

- 9.5 Where necessary engagement will be taken through individual service areas the budgets support.