

Surrey Heath Borough Council

Executive

15 March 2022

Revenue Budget 2021/22 Monitoring Report – Quarter 3

Portfolio Holder:	Councillor Robin Perry - Finance
Date Portfolio Holder signed off:	7 March 2022
Strategic Director:	Bob Watson
Report Author:	Bob Watson
Key Decision:	yes
Wards Affected:	All

Summary and purpose

To provide the Executive with a high-level view as to the Financial Performance for the 3rd Quarter of 2021/22.

Recommendation

The Committee is advised to RESOLVE that they note the spend against the approved revenue budget for the period 1st April to 31st December 2021 and the end of year forecast.

1. Background and Supporting Information

- 1.1 This is the quarterly monitoring report against the 2021/22 approved Revenue budget as at the 31st December 2021 (end of Quarter 3).
- 1.2 At the end of Quarter 3 (as at 31 December 2021) the Council's services are still reporting an overspend position of **£0.893 million** (£1.6 million at Quarter 2) in their forecasts of outturn for the end of the financial year.
- 1.3 The Covid-19 pandemic is still heavily influencing the Council's finances during this financial year, either through increasing expenditure in some areas or lower than budgeted revenues being received in some of the major income producing services, such as car parking and property rents. The position has improved since the mid-year report and it is anticipated that this trend will continue as the economic conditions improve not just within the Surrey Heath borough but nationally across the country.

<u>Service</u>	Full Year Budget £ 000	Actual at P9 £ 000	Forecast £ 000	Variance £ 000
Chief Executive	162	93	151	(£11)
Legal	1,200	675	1,049	(£150)
Transformation	3,960	2,571	3,795	(£165)
Finance & Customer Services	2,033	1,611	1,962	(£71)
Investment and Development	(£3,104)	(£1,826)	(£2,103)	1,001
Business	945	770	1,578	633
Regulatory	1,243	181	796	(£447)
Planning	1,143	702	1,084	(£58)
Community	4,757	2,872	4,916	160
	12,337	7,648	13,229	893

1.4 Please note that the above table is not presented in the new structure that was introduced this year. The new structure will be used for the 2022/23 budgets as presented to Council on 23 February 2022.

1.5 Major variances (over £50k) to note are:

Legal

Income from recharges to other authorities, and some one-off staff savings £138k favourable

Transformation

One-off staff savings in-year and reduction in spend on supplies and services. £133k favourable

Finance and Customer Service

Cost of collection of Council Tax and BR – the additional workload of processing and administering the various grant initiatives from central government has meant the team working more hours and increased costs have been incurred from flexing this workforce. This has been offset by s.31 grants from the government to refund the extra cost. £114k favourable (net)

Accountancy has incurred extra costs of agency staff due to issues around accountant recruitment. It is anticipated that this will reduce as the team resources become more permanent over the next few months. Includes the corporate ‘managed vacancy factor’ still to be achieved. £170k adverse

Additional income from support to external organisations and some one-off staff-savings within the Contact centre team. £46k favourable

Investment and Development

Although still forecasting an adverse variance due to income from rents being below the original budgeted figure, the forecast is an improved position by over £1 million than the Quarter 2. £1 million adverse

This reflects the hard work that has been carried out by the service area to renegotiate current tenancies and let new tenancies. This improves the rent income position and also reduces the costs incurred when the Council holds 'void' properties

Business

There is an impact reduced income from the car parks as a consequence of the pandemic and various lockdowns over the financial period. £393k adverse

The budgets for the management fees payable to Places Leisure over the first year of the Leisure Management Contract were not loaded at the start of the financial year. The fees were agreed as part of the leisure management contract, but due to a budgeting oversight were not included in the base budgets. This has been corrected in future budgets, but is shown here as a budgetary pressure in 2021/22. £191k adverse

Regulatory

There has been a continuation of the 'one-off' Homelessness grant which has now been received. Indications when the budget was set was that this grant was one-off in 2020/21 and prudence meant that no grant was anticipated or included in the budgets for 2021/22. £324k favourable

Planning

Although there is an increase in planning fee applications, there has also been an increase in the use of agency and consultants to ensure planning services continue to be delivered. £64k adverse

There is an in-year underspend on the Local Plan budgets, and this will be subject to a carry-forward request at year end to allow the Local Plan to be completed. £101k favourable

Community

Higher than budgeted contract inflation on core contracts £55k adverse

Impact of the suspension on the collection of Green Waste in current financial year. £78k adverse

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 Executive is asked to note the report on the 21/22 Revenue Budget for the period 1st April to 31st December 2021.

4. Contribution to the Council's Five Year Strategy

- 4.1 The budgets agreed at Council are aligned to and supports 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 2021.

6. Section 151 Officer Comments:

- 6.1 Whilst the Council is still predicting an overspend at year end, as a result of the work over the last quarter on cost control and identifying efficiencies, the is position has improved since Quarter 2 by over £700,000. It is hoped that this will continue in the final quarter of the year and the position will further improve by year-end.

7. Legal and Governance Issues

- 7.1 The revenue budget is monitored monthly and reported to CMT, Executive and Performance and Finance Scrutiny Committee quarterly.

8. Monitoring Officer Comments:

- 8.1 Section 2.3.6 of the Council's Financial Regulations requires the Director of Finance and Customer Services to prepare reports on revenue budget monitoring and present such reports to the Executive on a quarterly basis.

9. Other Considerations and Impacts

Environment and Climate Change

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

Equalities and Human Rights

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

Risk Management

- 9.3 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

9.4 Where necessary engagement will be taken through individual service areas the budgets support

Background Papers	None
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