

Surrey Heath Borough Council
Performance and Finance Scrutiny Committee
9 November 2022

Revenue Budget 2022/23
Monitoring Report – Quarter 2

Portfolio Holder: Councillor Robin Perry - Finance
Strategic Director: Bob Watson, Executive Director: Finance and Customer Service
Report Author: Nilufa Begum,
Key Decision: No
Wards Affected: All

Summary and purpose

To provide the Performance and Finance Scrutiny Committee with a summary of the budget and financial performance for the first two quarters of 2022/23 – up to accounting period ending 30 September 2022.

Recommendations

The Performance and Finance Scrutiny Committee is advised to RESOLVE that they

- (i) note the spend against the approved revenue budget for the period 1 April to 30 September 2022 and the end of year predicted forecast of full year outturn.
- (ii) make as necessary any comments and recommendations from this Committee to the Council's Executive at their meeting on Tuesday 15 November 2022.

1. Background and Supporting Information

- 1.1 This is the second quarterly monitoring report against the 2022/23 approved revenue budget as at the 30 September 2022 (end of Quarter 2).
- 1.2 At the end of the second quarter the Council's services are reporting an overall **adverse variance position of £0.302 million** in their forecasts of outturn for the end of the current financial year. At the end of the first quarter all services were predicting an outturn as on budget.
- 1.3 Budget adjustments from the budget agreed at Council in February are applied as follows:

<u>Service</u>	Budget agreed at Council £000	Carry forwards agreed by Executive £000	Star Chamber savings £000	Supp Estimates agreed at Executive £000	Working budget £000
Environment and Community	7,346	15	(207)	0	£7,154
Finance and Customer Services	2,399	0	(38)	15	£2,376
HR, Performance & Comm	3,736	23	(92)	0	£3,667
Investment and Development	(£1,395)	64	(105)	13	(£1,423)
Legal and Democratic Services	1,191	3	(26)	0	£1,168
Planning	1,280	178	(180)	0	£1,278
Strategic Management	162	0	0	0	£162
Corporate budget	69				£69
Overall Position	14,788	283	(648)	28	£14,451

- 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 £000	Profiled budget P6 £000	Actual at P1-P6 £000	Year-end Forecast £000	Forecast Variance £000
Environment and Community	£7,154	3,577	3,219	7,296	£142
Finance and Customer Services	£2,376	1,188	1,533	2,644	£268
HR, Performance & Comm	£3,667	1834	1884	3,613	(£54)
Investment and Development	(£1,423)	(712)	(£820)	(£1,423)	£0
Legal and Democratic Services	£1,168	584	625	1,134	(£38)
Planning	£1,278	639	469	1,257	£21
Strategic Management	£162	81	61	125	(£37)
Overall Position	14,382	7,303	6,971	14,917	302

- 1.7 Service commentaries. The services are predicting an outturn position as highlighted below, with explanations of major variances:

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)	70
Engagement of consultant accountant for closing of annual statements (2019/20 – 2021/22)	75
Increased drawdown on the pension holding account.	123
<u>HR, Performance and Communications</u> Underspend due to temporary managed vacancy for two posts.	(54)
<u>Investment and Development</u> Due to the recent appointment of the new head of service and also a new service finance business partner, it is not possible to show a forecast at this time. There is anticipated to be a temporary in-year pressure due to the granting of rent-free periods as part of new lettings, which will be offset by a reduction in the cost of holding void properties. The revised position will be reported at the end of Q3.	0
<u>Legal and Democratic Services</u> Underspend due to temporary managed vacancy within Electoral Services	(38)
<u>Planning</u> There is a reduction in the number of planning applications being received during the year to date reflecting the position nationally. It is expected that there will be some major applications and Pre- Planning Applications (PPA) by the end of the year that may change to position, but best estimate forecast has been provided.	21
<u>Strategic Management</u> Underspend due to managed vacancy for the Mayoral Assistant post and efficiencies on civic activities	(37)

- 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 30 June 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 Whilst the Council is predicting an overspend at year end, it is considered that currently no remedial action needs to be taken in terms of supplementary budget estimate requests at this point in time. If these budget pressures continue as the Council progresses through the financial year, then additional budget will be requested in accordance with the Council's Financial regulations.
- 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. This will be developed further during the next MTFS and annual budget plan to be presented to Council in February 2023.
- 6.3 The current national economic situation will create pressures on future year budgets and this is already being factored into the revision of the MTFS for Council agreement in February 2023.

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 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.

Annexes

None

Background Papers

None