

**Surrey Heath Borough Council**  
**Executive**  
**15 November 2022**

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**Revenue Budget 2022/23**  
**Monitoring Report – Quarter 2**

<b>Portfolio Holder:</b>	Councillor Robin Perry - Finance
<b>Date Portfolio Holder signed off:</b>	31 October 2022
<b>Strategic Director:</b>	Bob Watson
<b>Report Author:</b>	Nilufa Begum
<b>Key Decision:</b>	no
<b>Wards Affected:</b>	<b>All</b>

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### **Summary and purpose**

To provide the Executive 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.

### **Recommendation**

The Executive is advised to RESOLVE to 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.

#### **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	<b>£7,154</b>
Finance and Customer Services	2,399	0	(38)	15	<b>£2,376</b>
HR, Performance & Comm	3,736	23	(92)	0	<b>£3,667</b>
Investment and Development	(£1,395)	64	(105)	13	<b>(£1,423)</b>
Legal and Democratic Services	1,191	3	(26)	0	<b>£1,168</b>
Planning	1,280	178	(180)	0	<b>£1,278</b>
Strategic Management	162	0	0	0	<b>£162</b>
Corporate budget	69				<b>£69</b>
Overall Position	<b>14,788</b>	<b>283</b>	<b>(648)</b>	<b>28</b>	<b>£14,451</b>

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	<b>£7,154</b>	3,577	3,219	7,296	£142
Finance and Customer Services	<b>£2,376</b>	1,188	1,533	2,644	£268
HR, Performance & Comm	<b>£3,667</b>	1834	1884	3,613	(£54)
Investment and Development	<b>(£1,423)</b>	(712)	(£820)	(£1,423)	£0
Legal and Democratic Services	<b>£1,168</b>	584	625	1,134	(£38)
Planning	<b>£1,278</b>	639	469	1,257	£21
Strategic Management	<b>£162</b>	81	61	125	(£37)
Overall Position	<b>14,382</b>	<b>7,303</b>	<b>6,971</b>	<b>14,917</b>	<b>302</b>

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
Urgent 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)

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

## **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 22/23 Revenue Budget for the period 1 April to 30 June 2022.

## **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