

REPORT TO THE STRATEGY & RESOURCES COMMITTEE - 19TH MAY 2020 AGENDA ITEM 5	
COUNCIL BUDGET MONITORING 2020/21	
Report of:	Elaine Jackson – Acting Chief Executive, Director of Resources ejackson@tandridge.gov.uk Grant Miles – Interim Chief Financial Officer (Section 151) – gmiles@tandridge.gov.uk
Purpose of Report:	To report upon monitoring of the Council’s budget for the period 1 st April 2020 to the 30 th April 2020 – Period 1 and to provide an early forecast of the Council’s financial position in the light of the financial implications in the light of the Covid -19 pandemic.
Publication status:	Unrestricted
Recommendation:	That Strategy & Resources Committee considers the Council’s overall financial position.
Appendices	Appendix A: Revenue Budget monitoring report for the period 1 st April 2020 to the 30 th April 2020: Appendix A(i) Council (General Fund) revenue monitoring report Appendix A(ii) Housing Revenue Account revenue monitoring report Appendix (iii) Explanation of Forecast Overspends & Underspends Appendix B: Council Capital monitoring report for the period 1 st April 2020 to the 30 th April 2020: Appendix B(i) Capital Programme monitoring report for the period 1 st April 2020 to the 30 th April 2020 Appendix B(ii) Capital Programme monitoring report Narrative Explanation of Scheme Progress
Background papers*	None

*defined by the Local Government (Access to Information) Act 1985

1. Background

- 1.1. This report considers the Council’s financial position in the light of the Covid-19 pandemic. The Covid-19 virus emerged in China, in December with the first lockdown in Wuhan in China starting on the 23rd January. The virus started to spread from China around the world with the first confirmed case in the UK being diagnosed on the 29th January. Further cases started to arrive in the UK from Italy and China during February and March and a programme of self-isolation and tracing was put in place by Public Health Authorities to contain the virus and limit the spread the period between February and mid-March.

- 1.2. It was recognised by Central Government, that with the rapidly growing number of cases being diagnosed that the capacity to continue self-isolation and tracing was insufficient and consequently the official lockdown was introduced on the 23rd March. This was unprecedented action by Central Government in the UK and the effect of this on every person, every business and every public sector organisation in the UK has been immense in terms of the social, financial and economic impact and disruption to normal life.
- 1.3. In order to deal with this crisis and the disruption to the life of every person in the UK, Central Government, Local Government across all tiers, the Police, the Army and the Private Sector have all been working closely together. This has been organised and communicated regionally across the UK. This has been aimed at limiting the disruption to all UK citizens lives under the lockdown by ensuring that those people who need to be shielded or who are vulnerable to the virus are able obtain food, medicine and support and also to ensure that individuals who are badly financially affected by the lockdown are supported through the emergency.
- 1.4. Government ministers have asked all Local Authorities to work to protect citizens from the impact of the pandemic. Assurances have made to the Local Government Associations and the District Council Network that the financial difficulties faced by Councils as a result of Covid -19 will be addressed with funding and that money will flow. However there is a nervousness and concern amongst Chief Finance Officers that given the scale of the impact upon the UK economy, the assurances may not prove to be binding when the crisis abates. The Local Government Association and CIPFA have also asked CFO's who are thinking about issuing a Section 114 notice talk to discuss this action with them before doing so.
- 1.5. The impact of Covid-19 and the lockdown has also severely affected businesses and local government financially.
 - The impact has been particularly severe on those businesses, who derive their income direct from members of the public and which involves face to face contact. Small businesses particularly in the retail, hospitality and leisure industries have been badly affected. In order to ensure the economy is protected and can restart after the crisis ends the government have put in place funding arrangements for businesses to enable them to survive the crisis. This includes:-
 - funding for furloughing staff
 - business loans for small/medium/large
 - business support grants for businesses with a rateable value under £51,000
 - 100% business rate relief for businesses with a rateable value under £51,000
 - financial help for the self-employed
 - funding for Charitable organisations
 - Hardship fund

- County, Borough and District Councils are also badly financially affected by the Covid-19 crisis. The income streams which support Council services are greatly reduced mainly because the services are not being used. This problem is affecting all Council's across the UK. In common with other councils, Tandridge's income stream is badly affected by the lockdown. The areas which are anticipated to be badly affected are Planning Application Fees, Building Control fees, Car Parking both Off and On Street, Parks income, Waste and Recycling income, Taxi & Licensing fees, Cesspool income, Commercial Rents, Land Charges and Investment Income. However, the extent to which they will be affected will be influenced by the length of the lockdown and the speed of recovery to a normal level of activity. In addition to the pressure on income streams Covid -19 is giving rise to pressures on the Council's expenditure budget, particularly in the area of Waste and Recycling and the Council's Leisure Partnership with Freedom Leisure. There is a separate report elsewhere on the agenda which considers this.

2. Consultation and Lobbying of Government

- 2.1. Since the crisis has started the Local Government Association (LGA) and the District Council Network (DCN) have been consulting with government and alerting the Government to the financial emergency facing Local Government as a result of Covid-19.
- 2.2. Considerable efforts are being made by the LGA and DCN to communicate the impact of the crisis. As a result, the Government is collecting regular monthly financial data on the costs of the crisis for Local Authorities. The first survey was in mid-April and the next is on May 15th, the data shown in this report is the same data which is being submitted in the Government survey. It was on the basis of the first survey that the first two payments of grant were received. This return will be more detailed than the April return required. This seeks more detailed insights about cost pressures, income loss and cash flow and delves into other subjects that councils have raised as an issue, including spending of the hardship fund and financial challenges related to Housing Revenue Accounts. The information provides MHCLG officials with the information they need to inform politicians, as well as evidence for their conversations across Whitehall, including with HM Treasury. The survey data will be shared with the LGA and DCN which will enable the LGA and DCN to highlight strongly to Parliament that the current funding available is totally insufficient being between a quarter to a third of the overall problem.
- 2.3. The LGA have submitted written evidence to the House of Commons Public Accounts Committee outlining that Councils have made commercial investments to alleviate significant funding constraints over the past 10 years and made case to reinstate the Public Works Loan Board lending rates to the level they were before the increase announced in October 2019 identifying the danger that any further reforms may hamper regeneration and redevelopment initiatives by councils, particularly post COVID-19.
- 2.4. Covid-19 funding issues are being discussed regularly by the Surrey Leaders Group, Surrey Chief Executives Group and Surrey Treasurers. Surrey Treasurers have been meeting every week, since the start of the lockdown to discuss emerging financial issues and to co-ordinate action. A member of Surrey Treasurers sits on the Finance Group of the DCN and feedback to Surrey Treasurers each week. The Leader has also had a number of conversations with our local MP to press the case for additional funding for Covid-19.

3. Business Support Grants and 100% Business Rate Relief

- 3.1. The Government recognised at an early stage, that the lockdown would have a catastrophic financial impact upon small businesses and would threaten their survival, which would create unemployment and badly damage the economy. It was recognised that Small Businesses and those in the Retail, Hospitality and Leisure sectors would be the worst affected.
- 3.2. To address this the Government introduced a business rates holiday on the 18th March 2020 for the Retail, Hospitality and Leisure sectors. Additional funding was announced to meet the cost of this additional relief as a Section 31 Grant. The Council received the funding for this £6.8m on the 1st April, and as a consequence updated bills were sent out by the Council to those businesses entitled to 100% relief during week commencing the 6th April 2020.
- 3.3. In addition to Business Rates holiday the Government introduced two Business Support Grants schemes.
- The Small Business Grants Fund was aimed at small businesses who receive Small Business Rate Relief or Rural Rate Relief with a rateable value of less than £15,000. Eligible Businesses under this scheme are entitled to a grant of £10,000 if they were trading on the 11th March.
 - The Retail, Hospitality and Leisure Grant Fund was aimed at businesses in receipt of expanded retail discount. Under this businesses with a rateable value of less than £15,000 are entitled to a grant of £10,000 and if their rateable value is between £15,000 and £51,000 are entitled to a grant of £25,000.
- 3.4. The grant funding for the Business Support Grant was received on the 1st April. At the time of writing this report, the number of estimated eligible businesses entitled to a Business Support Grant totalled 1,641. The Council had received, 1,085 valid applications for a Business Support Grant at the 11th May, which represented 66% of those businesses potentially eligible for Business Support Grant. All potentially eligible businesses are paid immediately on the completion of a valid online form. The number of businesses who had received a grant at the time of writing was 1,055 (64%) of potentially eligible businesses. In order to increase the take-up rate of Business Support Grants, local ward councillors have offered to help and have been provided with a list of businesses within their area, who are potentially eligible for a Business Support Grant.
- 3.5. The Government announced a further Discretionary Fund which totalled £0.9m on the 1st May 2020. Guidance from the Department of Business, Enterprise and Industrial Strategy is awaited. This will also be paid on the basis of an online application which will be set up when the Guidance is received.

4. Council's Overall Estimated Financial Position taking into account of Covid-19

- 4.1. This report provides information on spending compared to the approved budget for the overall forecast financial position of the Council at the end of the financial year.

- 4.2. A monitoring report would not normally be presented to committee until later in the year as no significant variances would usually be apparent at this early stage. However, the unrepresented impact of the Covid-19 pandemic is likely to have substantial impact on the Council's finances and therefore the attached monitoring has been produced. It should be recognised to forecast for a period of 11 months on the basis of a single month's data is difficult. It should be noted that this is particularly difficult when the situation is a dynamic and changing environment, over which the Council does not have control and are affected by decisions taken at a national level.
- 4.3. The figures in this report are therefore based on various assumptions which may or may not be proved to be accurate but are based on Officers' best assessments of the facts at the time. It is still not clear how much future additional financial support will be provided to councils to deal with the financial impact of the pandemic. The direct costs of fighting the virus are likely to be covered by grant from central government however the picture is less clear when it comes to items such as lost income as a direct result of the virus, e.g. rental or car parking income.
- 4.4. When looking at the impact of Covid-19 three scenarios have been made – realistic, optimistic and pessimistic. Officers believe the realistic scenario is the most likely outcome. The figures in the realistic scenario are based on 3 months of lockdown, 3 months of unlocking and 6 months of returning to normal (defined as 80% of the pre Covid-19 normal).
- 4.5. This report highlights any significant variances. The aim of this process is to provide regular and consistent information for each Committee on monitoring of income and expenditure within the relevant General Fund (GF), Housing Revenue Account (HRA) and Capital budgets.
- 4.6. At this stage in the year monitoring reports are not being taken to individual Policy Committees however a summary of the Council wide position is being reported to Strategy & Resources Committee where each Committee's key highlights are grouped together to provide a Council-wide perspective.
5. 2020/21 Revenue Budget Monitoring position for the Whole Council
- 5.1. The revenue budget forecast by Committee for the General Fund at 30th April 2020 is set out in **Appendix A(i)**. The overall forecast based on the realistic scenario is that the Council's General Fund budget totalling £10,559,732 will be overspent by £3,878,461 at the year end. This forecast is based on Officers' assumptions on the impact of Covid-19 and the effect it has had on income and expenditure in April 2020. A review of the salaries budget has also been undertaken and is built into the figures. Salaries are currently forecast on budget with a minor variance of £6,713 identified at this early stage in the year.
- 5.2. **Appendix A(ii)** sets out the forecast financial position on the Council's Housing Revenue Account at 30th April 2020, and this identifies an overspend of £156,643. This forecast assumes that HRA rent collected will fall this year and an increased transfer to the bad debts provision will be required.
- 5.3. **Appendix A(iii)** provides a narrative explanation of the variances and the assumptions which underlie the predicted overspends which are detailed in Appendix A(i) & A(ii).

6. Comments of the Acting Chief Finance Officer

- 6.1. A forecast overspend has been identified across all committee budgets. The key variances are summarised below.
- 6.2. The Councils General Fund is forecasted to be overspent by £3,878,461 at the year end. The table below details the split between committees, salary, non-salary variances and Covid-19.

Committee	Salaries Overspend April P1 (£)	Non-Salaries Overspend April (P1) (£)	Salaries Forecast Overspend 2020/21 (£)	Non-Salaries Forecast Overspend 2020/21 (£)	Covid-19 Overspend 2020/21 (£)	Committee Forecast Overspend Total (£)
Strategy & Resources	14,496	0	0	0	850,800	850,800
Planning Policy	2,954	0	0	0	786,950	786,950
Community Services	(8,336)	0	0	0	3,106,561	3,106,561
Housing General Fund	(2,401)	0	0	0	31,900	31,900
Total	6,713	0	0	0	4,776,211	4,776,211
Less Covid-19 Grant	0	0	0	0	(897,750)	(897,750)
Total	6,713	0	0	0	3,878,461	3,878,461

- 6.3. **Salaries**-at the end of Period 1 (April) there is an actual overspend of £6,713 on salary budgets across the Council. Since last year Officers have been working hard to control expenditure on additional employees, agency staff and consultants. Recruitment of all employees and the management of agency staff is being rigorously managed at the centre. The evidence is that this is working effectively to control employee costs and the processes established will be maintained during this year and beyond. On this basis Officers are confident that there will not be an overspend on salaries across the Council in 2020/21. Any additional salary costs arising from overtime working on Covid-19 work will be funded from the grant received. A forecast of agency and consultancy expenditure is set out in Appendix C, which shows a forecast significant reduction on the level of expenditure incurred in 2019/20. This expenditure is contained within the salaries budget for April.
- 6.4. **Non-Salaries**-expenditure and income at the end of April on areas not impacted by Covid-19 are not showing any significant variances at this stage.
- 6.5. **Covid-19**-this shows the impact of Covid-19 on those areas affected by Covid-19. Appendix A(i) shows a breakdown of the forecast impact of Covid-19 each area within the Council's General Fund budget. The forecast overspends are based on discussions with Budget Managers. The estimates based on knowledge available to Budget Managers and should be seen as a realistic and prudent assessment. However, it should be recognised that it is difficult for Managers to form a judgement on circumstances which are currently very fluid. There are a number of unknowns; when the lockdown will end, what unlocking the lockdown will involve and the timescale for this and when a return to normal activity will occur. A detailed explanation in relation to each forecast overspend is set out In Appendix (iii) this sets out the assumptions made.

- 6.6 To date the Council has received two grants totalling £897,950 from central government to help alleviate the impact of Covid-19. It is hoped that further grants will be forthcoming however this is far from certain.

First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Total Covid-19 Additional Funding
£25,698	£872,252	£897,950

- 6.7 The grants have already been received and have been applied to reduce the forecast overspend. If it were not for the receipt of these two grants the forecast overspend would be greater.

7 Housing Revenue Account

- 7.1 The HRA is forecasting a year end overspend of £154,000. Details of the main variances are given at **Appendix A(ii)** and the narrative explanation is set out in **Appendix A(iii)**.

8 2020/21 Capital Budget Monitoring Position

- 8.1 The Council's capital budget for the whole Council totals £81,972,800. Consequently the Capital Programme is forecast to be underspent in 2020-21 by £34,922,000. Covid-19 has significantly affected the Council's Capital Programme expenditure. The largest area of the Capital Programme is expenditure on the repair and maintenance of the Council's housing stock together with the Council House new build programme. A decision was taken at lockdown to suspend all work on repair and maintenance and the new build programme.
- 8.2 The position on each scheme is detailed in **Appendix B (i)** including the draft 2019/20 Capital outturn, details of spend to the end of April 2020, the forecast variance of spend at year end. A detailed narrative setting out the current progress on each scheme is set out in **Appendix B (ii)**.

9 Impact on the Council's Cash Flow as a result of Covid-19

- 9.1 There is a concern amongst all Billing Authorities about the extent to which Covid-19 reduces the money received in respect of Council Tax and Business Rates. As many Billing Authorities only retain a small proportion of with the majority collected being paid to preceptors. The concern is as precepts were set well before the start of the financial year, prior to the onset of Covid-19 collection rates will be significantly below expectation as the finances of residents and local businesses deteriorate. As precept payments to Surrey County Council, Surrey Police and the Government were set in line with statute the gearing effect will particularly reduce the Tandridge's cashflow.

- 9.2 **Council Tax**-As a Billing Authority, Tandridge collects £79m in Council Tax for 2020/21, on behalf of preceptors. This is distributed approximately Surrey 75%, Surrey Police 12.5% and Tandridge 12.5%. Therefore, Tandridge only retains £9.9m of this revenue paying nearly £70m to preceptors. Consequently, for example, a 10% fall in the amount collected would result in £7.9m reduction in cash received which with fixed payments being made, set under statute, would leave gap in the Council's cash flow for which short term borrowing would be required.
- 9.3 On the positive side Council Tax payments are collected over 10 months, whilst payments to preceptors are made over 12 months, therefore there is some cover against the risk of borrowing, although the Council would lose some interest on earnings from cash balances. The Council is modelling the impact upon cashflow, of the Council Tax collection achieved in April, in order to establish potential shortfall in cash receipts.
- 9.4 At the end of April, the shortfall in collection was 2% A preliminary calculation shows that if this performance were to be replicated through the year this would mean the negative impact upon the Council's cash flow would be around £1,600,000 for the whole year. However, the unknown for the Council is whether the collection rate will continue to deteriorate each month. It is prudent to assume that it will, as the crisis bites on household budgets. Preliminary discussions with Surrey Council have indicated that in principle they are minded to allow precepts to be flexed and they are engaging in a data gathering exercise with Surrey Borough and District Councils to understand the financial impact upon Surrey in terms of borrowing.
- 9.5 **Business Rates**- As a Billing Authority, Tandridge would collect £21.9m in Business Rates for 2020/21, on behalf of preceptors. However, as a result of Covid-19 additional Business Rate Relief of 100% has been granted to the Retail, Hospitality and Leisure sectors. This is distributed as Central Government- Central Share, 50%, Tandridge 40% and Surrey 10%. However out of the 40% Tandridge receives, it has to pay a Tariff Payment to Central Government of £7.9m with Tandridge only retaining £0.8m in cash. Therefore of the £21.9m collected from business ratepayers a sum of £18.9m is paid to Central Government including the Tariff, a sum of £2.2m is paid to Surrey leaving £0.8m of cash to be retained by the Council. Following the business rates holiday the Council will receive additional funding which reduces the collectable rates to £14.7m. A 10% fall in the amount collected would result in £1.47m reduction in the cash received, which with the fixed payments based on the £21.9m determined in February under statute, would leave gap in the Council's cash flow for which short term borrowing would be required.
- 9.6 At the end of April, the shortfall in collection was 4% A preliminary calculation shows that if this performance were to be replicated through the year this would mean the negative impact upon the Council's cash flow would be around £600,000 for the whole year. However, the unknown for the Council is whether the Business Rates collection rate will continue to deteriorate each month. It is prudent to assume that it will, as the crisis bites on business cash flows. Preliminary discussions with Surrey Council have indicated that in principle they are minded to allow precepts to be flexed and they are engaging in a data gathering exercise with Surrey Borough and District Councils to understand the financial impact upon Surrey in terms of borrowing. However, the amount received by Surrey is relatively small (£2.2m), with the major part of payments made, being to the Government which total £18.9m.

- 9.7 On a positive note, the Council will receive the additional cash for the Business Rates holiday about £7.2m on a monthly basis, so there is certainty over this element of the cash receipts. Government has also rescheduled the first three instalments payable in relation to the Central Share, with the first payment in July, so this provides security over the Council's cash flow until July. The Council is modelling the impact on cash flow, of the Council Tax collection achieved in April, in order to establish potential shortfall in cash receipts.

10 Financial / Risk Implications

- 10.1 At the current time a net overspend of £3,878,461 for the General Fund is forecast due to the reasons highlighted above. The overspend will necessitate funding from the Council's reserves at the end of the financial year although it is hoped that at least part of the Covid-19 related expenditure will be funded by additional government grant above that already received.

11 Legal Implications

- 11.1 Section 151 of the Local Government Act 1972 requires all Councils in England and Wales to make arrangements for the proper administration of their financial affairs. This report satisfies the requirements of that legislation in terms of monitoring the Council's budgets.

12 Equality Impacts

- 12.1 Consideration of impacts under the Public Sector Equality Duty are as follows:

Questions	Answer	
Do the proposals within this report have the potential to disadvantage or discriminate against different groups on the community?	No	
What steps can be taken to mitigate any potential negative impact referred to above?	Not applicable	

13 Data Protection Impacts

- 13.1 Following the completion of a Data Protection Impact Assessment, consideration of potential data protection implications arising from this report are as follows:

Questions	Answer
Do the proposals within this report have the potential to contravene the Council's Privacy Notice?	No
Is so, what steps will be taken to mitigate the risks referred to above?	Not applicable

14 Climate change impacts

- 14.1 This report does not contain proposals that would impact on the Council's commitments to taking action on climate change.

----- end of report -----

2020/21 Forecast: General Fund Financial Position at year end 31/03/2021

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21 (£)	Budget Variances April (Period 1) (£)	Forecast Variance at year end (31/3/2021) Non-Covid-19 (£)	Forecast Variance at year end (31/3/2021) Covid-19 (£)	Overall Forecast Variance at year end (31/3/2021) (£)
Strategy and Resources Committee					
Salaries	5,166,671	14,496	0	59,000	59,000
<u>Non Salaries</u>					
Interest Payable	1,889,000	0	0	270,000	270,000
Rental Income	(989,000)	0	0	247,250	247,250
Interest Receivable	(2,764,200)	0	0	179,600	179,600
IT - Software and hardware	10,400	0	0	10,000	10,000
Covid 19 Grants	0	0	0	15,000	15,000
Land Charges	(135,000)	0	0	34,000	34,000
Other Variances less than £10k	988,833	0	0	35,950	35,950
Corporate Items	(1,755,173)	0	0	0	0
Resources Total	2,411,531	14,496	0	850,800	850,800
Planning Policy					
Salaries	1,510,700	2,954	0	0	0
<u>Non Salaries</u>					
Planning Application and Advice	(634,562)	0	0	494,950	494,950
Local Plan	439,500	0	0	19,500	19,500
Community Infrastructure Levy	0	0	0	45,000	45,000
Buliding Control Chargeable	0	0	0	227,500	227,500
Other net items of less than £10,000	22,400	0	0	0	0
Planning Policy Total	1,338,038	2,954	0	786,950	786,950
Community Services Committee					
Salaries	2,235,300	(8,336)	0	0	0
<u>Non Salaries</u>					
Car Parking-Off Street	17,100	0	0	124,898	124,898
Car Parking-On Street	0	0	0	54,776	54,776
Hackney Carriage/Private Hire	0	0	0	51,600	51,600
Leisure & Community Grants	0	0	0	962,800	962,800
Waste Services	3,736,800	0	0	1,392,000	1,392,000
Cemetery Services	(34,600)	0	0	150,000	150,000
Environmental Services	99,500	0	0	71,800	71,800
Cesspool Services	(34,800)	0	0	75,600	75,600
Operational Services	(244,400)	0	0	156,478	156,478
Parks and Open Spaces	1,025,600	0	0	63,198	63,198
Other Variances less than £10k	576,200	0	0	3,411	3,411
Community Services Total	7,376,700	(8,336)	0	3,106,561	3,106,561
Housing - General Fund					
Salaries	775,800	(2,401)	0	0	0
<u>Non Salaries</u>					
Meadowside Mobile Homes	(109,500)	0	0	10,800	10,800
Housing of the Homeless	(59,900)	0	0	8,600	8,600
Private Sector Enabling	63,863	0	0	12,500	12,500
Other net items of less than £10,000	(211,200)	0	0	0	0
Housing General Fund Total	459,063	(2,401)	0	31,900	31,900
Covid-19 Grant	0		0	(897,750)	(897,750)
Council General Fund Position at 31/03/2021	11,585,332	6,713	0	3,878,461	3,878,461

2020/21 Forecast: Housing Revenue Account Financial Position at year 31/03/2021

KEY HRA REVENUE VARIANCES	Annual Budget 2020/21 (£)	Budget Variances April (Period 1) (£)	Forecast Variance at year end (31/3/2021) Non-Covid-19 (£)	Forecast Variance at year end (31/3/2021) Covid-19 (£)	Overall Forecast Variance at year end (31/3/2021) (£)
Salaries	1,722,400	2,643	0	0	0
Services costs	5,951,600	0	0	100	100
Corporate Support Services- Internal Recharges	1,441,800	0	0	0	0
Repairs and Maintenance	2,640,500	0	0	0	0
Interest Charges payable on HRA Loan(net)	1,912,100	0	0	0	0
Rental Income from Council Dwellings	(14,200,500)	0	0	150,000	150,000
Garages	(279,700)	0	0	0	0
Other Income	(226,000)	0	0	3,900	3,900
Revenue Contribution to funding of HRA capital expenditure	1,037,800	0	0	0	0
Forecast HRA Position at 31/03/2021	0	2,643	0	154,000	154,000

Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P1 April

Community Services Committee

The overall Community Services Committee budget is showing an overall forecast overspend at the 31/3/2021 of £3,106,561 including the impact of Covid-19. The financial forecast shown in Appendix A(i) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below and the forecast is based on a Realistic Projection, However the Pessimistic and Optimistic Projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

Explanation of the reasons for the forecast overspend

Non Covid-19 Budget spending

Salaries

The Community Services -Salaries Budget is underspent by £8,336. However aside from overtime in relation to Covid-19 work it is anticipated that salaries expenditure will be in line with the budget at year end and there will be no salaries overspend on Community Services. Salaries and agency staff and consultancy expenditures across the Council are being rigorously being managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

Non Salaries

Non- Salaries expenditure and income budgets are in line with the budget at the end of April. No expenditure variances have been identified aside from the financial impact of Covid-19. It is anticipated therefore that the Community Services Non-salaries expenditure and income budgets will be on target at year end.

Covid-19 Budget Spending

Forecast Income loss

Car Parking-Off Street-

Realistic £124,898 52% of Budget Income, based on 3 months lockdown 100% £nil income + 3 months at 66.7% of Budget + 6 months at 20% of Budget

Optimistic £27,838 12% of Budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £241,700 100% of Budget Income, based on 12months £nil income

The contract the Council recently undertook with Surrey County Council was that any cost overruns are to be borne by the Council. As we are currently in lockdown the likelihood of many Parking Fine Notices being issued by the Enforcement Officers will be drastically reduced.

Car Parking-On Street

Realistic £54,776 52% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget

Optimistic £12,231 12% of budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £106,000 100% of budget Income, based on 12months £nil income

Currently throughout the District, all the Councils car parking charging has been suspended.

Hackney Carriages / Private Hire

Realistic £51,600	60% of budget Income, based on 3 months lockdown with 100% £nil income + 3 months at 0% of Budget + 6 months at 80% of budget
Optimistic £12,231	12% of budget Income, based on 6 weeks at lockdown with £nil income
Pessimistic £106,000	100% of budget Income, based on 12months £nil income

Whilst in lockdown there is unlikely to be any income from Hackney Carriages and this might push some of the drivers to seek our work and not return to taxi driving.

Environmental Services

Realistic £71,800	52% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget
Optimistic £14,885	12% of budget Income, based on 6 weeks at lockdown with £nil income
Pessimistic £129,000	100% of budget Income, based on 12months £nil income

Decrease in demand and requirement for licences due to Covid19 and the current lockdown.

Cesspool Services

Realistic £75,600	based on a reduction of 30% of budget income
Optimistic £25,200	based on a reduction of 10% of budget income
Pessimistic £126,000	based on a reduction of 50% of budget income

The cesspool team may not be able to achieve budget due to staff sickness and COVID19 restrictions on movement. Also, as the lockdown continues homeowners with less available money may try and delay having to have cesspool empty as often, although the contra to this is that as people are homeworking we may find more demand is wanted from the service, however we are limited to the 2 vehicles and 2 qualified drivers who can deliver the service.

Operational Services

Realistic £156,478	average 45% of budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% - 80% of Budget + 6 months at 80% of budget
Optimistic £37,720	average 11% of budget Income, based on 6 - 7 weeks at lockdown with £nil income
Pessimistic £361,600	100% of budget Income, based on 12months £nil income

The operational team are working within the boundaries of COVID19, social distancing and Healthy and Safety restriction with having to wear PPE and lastly staff sickness means the team are unable to work at normal capacity. This will all have a knock-on effect on the team's capabilities to deliver a normal service of maintaining the HRA housing stock and therefore will also lead to less billable work for the team.

Parks & Open Spaces

Realistic £63,198	52% of Budget Income, based on 3 months lockdown 100% with £nil income + 3 months at 33.3% of Budget + 6 months at 80% of budget
Optimistic £19,946	12% of Budget Income, based on 6 weeks at lockdown with £nil income
Pessimistic £123,667	100% of Budget Income, based on 12months £nil income

Decrease in revenue from sports facilities due to these being closed whilst in lockdown.

Also, within the Parks & Open Spaces numbers the Grounds Maintenance contract with HRA sits. The team may not be able to deliver to contract due to staff sickness and COVID19 restrictions on movement. It has been assumed that the team will have reductions as noted below:-

Realistic 8% of income – based on each if the team members being off sick for 4 weeks
Optimistic 4% of income – based on each if the team members being off sick for 2 weeks
Pessimistic 17% of income - based on each if the team members being off sick for 8 weeks

Forecast Additional Expenditure

Leisure and Community Grants

Realistic £962,800(includes de Stafford £395,900) based on support to 31st March 2021

Optimistic £261,600(includes de Stafford £107,700) based on support to 30th June2020

Pessimistic £962,800(includes de Stafford £395,900) based on support to 31st March 2021

These costs represent the additional costs the Council may incur on the Councils leisure centres and on de Stafford School leisure centre. Please refer to the separate paper for full details and explanations of these additional costs.

Waste & Other Services

Realistic £1,392,000 details as noted below

Optimistic £207,000 assumed that only the “clear all refuse system” was instigated

Pessimistic £1,392,000 details as noted below

These costs represent the additional costs the Council may incur on the Waste Services.

£1,000,000 - Possible increase costs of Collection. If the crews are forced to down size for social distancing reasons, then we will require additional crews or drop services. Increase in staffing costs and additional vehicle costs. Assumed £100,000 for 10 months

£207,000 - Biffa have confirmed that if we wanted a clear all refuse system it would be an extra £4,500 per week. Assumed 52 weeks per year less number of weeks already passed in the year.

£35,000 - Possible extension to existing waste contract as we will not be able to mobilise for the new contract in start. Assumed legal costs of redrafting contracts etc and additional costs of setting up extension to existing contract.

£150,000 - COVID19 will delay the ordering and purchasing of the new waste vehicles. We will possible to have to keep old ones and incur high maintenance costs and / or hiring costs of vehicles. Assumed £25,000 per month from October 2020.

Cemetery Services

Realistic £150,000 based on 100 National Assistance Act S46 funerals

Optimistic £0 based on no National Assistance Act S45 funerals

Pessimistic £150,000 based on 100 National Assistance Act S46 funeral

National Assistance Act S.46 – There is a small budget set aside each year for 2 National Assistance funerals, due to Covid19 there is likely to be increased demand for National Assist funeral and therefore increased costs. Normally a National Assist funeral costs £1,500.

Proposed Management Action regarding: Overspends

Management are trying to mitigate and prevent any additional non-Covid 19 overspends with the Covid19 overspends there is little opportunity for management to mitigate these.

Proposed Management Action regarding: Overspends

The positions will continue to be closely monitored.

Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P1 April

Housing Committee-HRA

The Housing Revenue Account budget is showing an overall forecast year end overspend at the 31/03/2021 of £156,643 including the impact of Covid-19. The financial forecast shown in Appendix A(ii) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below, and the forecast is based on a Realistic Projection, however the Pessimistic and Optimistic Projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

Explanation of the reasons for the forecast overspend

Non Covid-19 Budget spending

Salaries

The HRA -Salaries Budget is overspent by £2,643. However aside from overtime in relation to Covid-19 work it is anticipated that salaries expenditure will be in line with the budget at year end and there will be no yearend salaries overspend on the HRA. Salaries, agency staff and consultancy expenditures across the Council are being rigorously being managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

Non-Salaries

Non-salaries expenditure and income budgets are in line with the budget at the end of April. No expenditure variances have been identified at this early stage aside from the financial impact of Covid-19. It is anticipated therefore that the HRA Non-salaries expenditure and income budgets will be on target at year end.

Covid-19 Budget Spending

Forecast Income loss

HRA Income- Realistic £4,000, Optimistic £1,805, Pessimistic £13,940.

The HRA receives the vast majority of its income from rent and service charge payments from tenants. The full impact of the Covid-19 pandemic on payments from tenants is yet to be full known but is likely to lead to an increase in arrears. The impact on the budget position will be in the form of expenditure as a greater transfer to the bad debts provision is likely to be needed at year end. This is detailed in the expenditure section below.

The impact of the Covid-19 outbreak is likely to lead to fewer Right to Buy (RTB) sales. The income loss assumption above assumes that RTB sales will be lower and there will therefore be a reduction in the revenue income receivable to offset costs. A total of £1,300 per sale is allowable so this forecast is based on three fewer sales than budgeted for this year.

Forecast Additional Expenditure

Rent Loss from Bad Debts- **Realistic £150,000**, Optimistic £100,000, Pessimistic £300,000

As HRA arrears are expected to increase significantly and an increased revenue contribution to the bad debts reserve is forecast. At this stage it is assumed that an increase of £150,000 will be required. The situation will become clearer over the coming months as the level of direct debit cancellation and increase in arrears becomes known.

Proposed Management Action regarding: Overspends

The level of HRA rent arrears will be closely monitored throughout the year.

Any government assistance available to tenants to help them deal with the financial impact of Covid-19 on their ability to pay their rent will signposted to tenants. Discretionary Housing Payments may be used to clear tenant arrears in some cases if additional fund are made available.

Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P1 April

Planning Policy Committee

The overall Planning Policy Committee budget is showing an overall forecast overspend at the 31/3/2021 of £786,950 including the impact of Covid-19. The financial forecast shown in Appendix A(j) is shown split between the forecast overspend without the impact of Covid-19 with the impact of Covid-19 shown separately on the Council's Budgets. The analysis shown below and the forecast is based on a Realistic Projection, however the Pessimistic and Optimistic Projections are also provided. These are shown below in the narrative explanation for each budget area. Where specific management actions at this early stage have been identified to address the forecast overspend, these are shown below.

Explanation of the reasons for the forecast overspend

Non Covid-19 Budget spending

Salaries

The Planning Policy -Salaries Budget is overspent by £2,954. However aside from overtime in relation to Covid-19 work it is anticipated that salaries expenditure will be in line with the budget at year end and there will be no salaries overspend on Planning Policy. Salaries and agency staff and consultancy expenditures across the Council are being rigorously being managed at the centre and it is anticipated that the salaries budget across the Council will be on target at year end. This is a realistic projection.

Non-Salaries

Non- Salaries expenditure and income budgets are in line with the budget at the end of April. No expenditure variances have been identified aside from the financial impact of Covid-19. It is anticipated therefore that the Planning Policy Non-salaries expenditure and income budgets will be on target at year end.

Covid-19 Budget Spending

Forecast Income loss

Planning Applications & Advice- **Realistic £494,950** Optimistic £175,475,
Pessimistic £533,425

Existing Planning Applications are still being processed but it is expected that these will dry up in the coming weeks, leaving a shortfall in income received. The realistic forecast is based on losing 70% of our income, the pessimistic 75% and the optimistic 25%

Community Infrastructure Levy - Realistic £45,000 Optimistic £22,500, Pessimistic £67,500

This has been included as any slow down in development will have an impact on the 5% admin fee the Council can claim. The realistic forecast is based on losing 70% of our income, the pessimistic 75% and the optimistic 25%

Southern Building Control Partnership Realistic £227,500 Optimistic £113,750, Pessimistic £341,250

This assumes that SBP will not get any income for 3 months (optimistic), 6 Months (realistic) or 9 months (pessimistic) and this is TDC share (as per set out in the Inter Authority Agreement) of the net cost after deducting costs of vacancies which will not be filled until the market starts to pick up.

Forecast Additional Expenditure

The Neighbourhood Plan

Overspend of £19,500

A delay in the Neighbourhood Plan going to referendum will result in a delay to the grant being received to cover the cost of the examiner. The end result will mean the grant will be not be received in until later years whereas the costs has been incurred in this financial year 20/21, which has caused an adverse variance of £19,500 to the 20/21 budget.

Proposed Management Action regarding: Overspends

The positions will continue to be closely monitored.

Capital Budget Monitoring at Period 1 end (April 2020)

Appendix B (i)

Scheme Name	Annual Budget 2019/20	Draft Outturn 2019/20	Draft Variance 2019/20	Annual Budget 2020/21	Budget YTD P1	Actual YTD P1	Variance YTD P1	Forecast Variance 2020/21 at P1	Budget Manager
Community Services									
Vehicle Fleet Renewals	59,900	0	(59,900)	484,000	40,300	0	(40,300)	(121,000)	Nic Martlew
Car Parking	58,200	43,329	(14,872)	30,000	2,500	0	(2,500)	(7,500)	Nic Martlew
Ellice Road Car park	100,000	29,335	(70,665)	0	0	0	0	0	Grant Miles
Childrens Playground Equipment	116,600	93,266	(23,334)	265,000	22,100	0	(22,100)	(66,200)	Nic Martlew
Purchase of Waste Collection Vehicles	3,500,000	0	(3,500,000)	0	0	0	0	(700,000)	Simon Mander
Land Drainage Capital Works	10,000	5,000	(5,000)	10,000	800	0	(800)	(5,000)	Nic Martlew
Park, Pavilions & Open Spaces	188,400	11,128	(177,272)	100,000	8,300	0	(8,300)	(25,000)	Nic Martlew
Playground Improvements Match Funding Pot	50,000	0	(50,000)	0	0	0	0	0	Nic Martlew
Waste & Recycling Contract Equipment	600,000	604,375	4,375	0	0	4,388	4,388	5,000	Simon Mander
Litter Bins	20,000	0	(20,000)	2,000	200	0	(200)	0	Nic Martlew
Garden Waste Bins	0	0	0	111,000	9,300	0	(9,300)	(27,700)	Simon Mander
Public Conveniences Capital Works	275,000	0	(275,000)	275,000	22,900	0	(22,900)	(68,700)	Nic Martlew
Roads & Paths St Marys Church	20,000	12,445	(7,555)	0	0	0	0	0	Nic Martlew
Plant, Furniture & Equipment (GF)	8,000	28,760	20,760	51,000	4,300	16,288	11,988	0	Nic Martlew
Refuse, Recycling and Food Waste bins	0	41,692	41,692	100,000	8,300	0	(8,300)	(25,000)	Simon Mander
Total-Community Services	5,006,100	869,330	(4,136,770)	1,428,000	119,000	20,676	(98,324)	(1,041,100)	
Housing General Fund									
Social Housing Grants	0	0	0	100,000	8,300	0	(8,300)	(25,000)	Peter Trowbridge
Disabled Facilities Grants Mandatory	439,100	307,901	(131,199)	426,000	35,500	28,689	(6,811)	(106,500)	Jane Ellis
Total-Housing GF	439,100	307,901	(131,199)	526,000	43,800	28,689	(15,111)	(131,500)	
Resources Committee									
Property Development Fund	66,000,000	32,063,110	(33,936,890)	65,000,000	5,416,700	1,585	(5,415,115)	(30,000,000)	Alison Boote
Land/Asset Development	153,000	18,959	(134,041)	0	0	0	0	0	Alison Boote
Council Offices Buildings	182,320	29,585	(152,735)	100,000	8,300	0	(8,300)	(25,000)	Alison Boote
Customer First / IT	150,000	133,590	(16,410)	150,000	12,500	0	(12,500)	(37,500)	Mel Thompson
IT - Hardware/Infrastructure/Customer First Project	0	0	0	723,600	60,300	0	(60,300)	(180,900)	Mel Thompson
Total-Resources	66,485,320	32,245,244	(34,240,076)	65,973,600	5,497,800	1,585	(5,496,215)	(30,243,400)	
Housing Revenue Account									
Council House Building	6,719,300	4,410,655	(2,308,645)	10,417,200	868,100	524,930	(343,170)	(2,604,300)	Peter Trowbridge
Structural Works	755,000	808,810	53,810	705,000	58,800	14,805	(43,995)	(176,200)	Robert Preedy
Modernisation & Improvements	654,000	652,506	(1,494)	765,500	63,900	77,499	13,599	(191,400)	Robert Preedy
Energy Efficiency Works	393,000	337,385	(55,615)	541,500	45,100	29,941	(15,159)	(135,400)	Robert Preedy
Internal Service Renewals	628,000	647,097	19,097	611,000	51,000	8,509	(42,491)	(152,700)	Robert Preedy
Works to Void Properties	490,000	427,057	(62,943)	425,000	35,400	0	(35,400)	(106,200)	Robert Preedy
Health & Safety	175,000	91,499	(83,502)	90,000	7,600	4,394	(3,206)	(22,400)	Robert Preedy
Adaptations for the Disabled	232,500	218,330	(14,170)	225,000	18,800	0	(18,800)	(56,200)	Robert Preedy
Essential Structural Works	175,000	145,240	(29,760)	185,000	15,400	0	(15,400)	(46,200)	Robert Preedy
Communal Services	75,000	36,057	(38,943)	60,000	5,000	0	(5,000)	(15,000)	Robert Preedy
Housing Management Software	81,100	31,085	(50,015)	20,000	1,700	0	(1,700)	0	Mel Thompson
Total-HRA	10,377,900	7,805,722	(2,572,178)	14,045,200	1,170,800	660,077	(510,723)	(3,506,000)	
Total Capital Programme	82,308,420	41,228,198	(41,080,222)	81,972,800	6,831,400	711,027	(6,120,373)	(34,922,000)	

2020/21 Capital Monitoring - Budget Managers Comments
Period 1, April 2020

Community Services
Vehicle Fleet Renewals
It is expected that due to Covid-19 there will be some delay on the purchase of vehicles
Car Parking
Resurfacing work at Woldingham & the Leisure Centre CP will be incurred in 2020/21, however there may be some delay due to the impact of Covid-19
Children's Playground Equipment
It is expected that due to Covid-19 there will be some delay in the progress of these works
Purchase of Waste Collection Vehicles
The programme will be slipped from 2019-20. It is anticipated that the final costs of the programme will be £2.8 million, £700,000 under budget.
Land Drainage Capital Works
This money will be spent during the winter months on flood alleviation works.
Park, Pavilions & Open Spaces
A sum of £40,000 has been committed in 2020/21 but the Council is waiting for report/guidelines on Queens Park Pavilion cladding works before commencing the works.
Playground Improvements Match Funding Pot
The budget will be slipped from 2019-20. Parish Councils have been approached and waiting for bids.
Waste & Recycling Contract Equipment
This project is complete
Litter Bins
Having completed consultation & Member Workshops a Committee paper and policy was considered at the March Community Services Committee meeting.
Garden Waste Bins

Public Conveniences Capital Works
Having completed consultation & Member Workshops a committee paper and recommendations were considered at the March Community Services Committee meeting.
Roads & Paths St Marys Church
The remaining budget from 2019/20 of £7,500 will be slipped into 2020-21 and it is expected that this will be spent in 2020/21.
Plant, Furniture & Equipment (GF)
Approximateely £21,000 of the 2020-21 budget will be used to cover the expenditure in 2019-20. The expenditure to date amounts to £16,288 and it is anticipated that this budget will be spent in full by the end of the year.

Housing General Fund
Social Housing Grants
No Social Housing Grant allocations at this time.
Disabled Facilities Grants Mandatory
Demand for DFGs remains high and is driven by the increasing aging population in the District, however there may be delay in scheme completion due to Covid-19

Strategy & Resources
Property Development Fund
Budget spend is dependent on suitable acquisitions being identified. If this scheme is under budget at the year end then it will be carried forward into future years.
Council Offices Buildings
This budget covers the planned maintenance programme for the Council Offices, however there may be delay due to Covid-19
Customer First / IT
Ongoing ICT development works progressing. This scheme is expected to be on budget in the current financial year.

Housing Revenue Account
Council House Building
The budget undersepdnd from 2019-20 of £2.3m will be slipped into 2020-21. Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials. The Court development however is still progressing. The year end variance reflects this position.
Structural Works
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Modernisation & Improvements
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Energy Efficiency Works
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Internal Service Renewals
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Works to Void Properties
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Health & Safety
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Adaptations for the Disabled
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Essential Structural Works
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Communal Services
Work on repairs and maintenance has been put on hold due to Covid-19. This decision was taken because it is difficult for contractors to socially distance and contractors could not get the necessary materials
Housing Management Software
Ongoing IT development works progressing.