

# Month 8 (November 20) Financial Report

## Strategy & Resources Committee 21<sup>st</sup> January 2021

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Chief Finance Officer (s151)

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## **Annex – Detailed Revenue & Capital**

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- Housing Revenue Account (HRA) – Detailed Position
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# Finance Improvement Programme - update

Since taking up post as the CFO (s151), I have put in place a Finance Improvement Programme (FIP) and have updated Members monthly of progress, below is a M8 update.

- 1. Getting the “basics right” in Finance.** We have been working to the new Budget Monitoring timetable and reporting to Members and ELT on a monthly basis for some time now, irrespectively if there is a Committee meeting or not. We have made good progress on the Budget and presented the 2021/22 Draft Budget Report to S&R on the 16<sup>th</sup> December, which was noted. A provisional settlement was received on 17<sup>th</sup> December and a briefing prepared for Group Leaders. We are now finalising the Budget reports for Jan Committees, S&R and Full Council approval in Feb
- 2. Baseline of 2020/21 finances for Revenue and Capital.** All changes have been fed through. We now need to improve governance and processes on the Capital Programme
- 3. Reviewed monthly Financial Reports to Members.** Monthly reports continue to be reviewed for ease of comprehension and clarity on a monthly basis
- 4. Local Government Association commissioned to undertake a review of how we capitalise all project costs, review of the Balance Sheet and Cash.** Work completed and all capitalisation of salaries has been fed through into monthly reports
- 5. Review of all Procurement activities (contract and off-contract spend) in the Council to identify areas of improvement.** A draft Improvement Plan to S&R in Jan/Feb 2021
- 6. Continuing hard line and grip on salary budgets and processes.** We continue to ensure we have a firm grip on salaries

# Executive Summary

## Revenue (slides 5 & 6, 8 - 10, Annex slides: 14 - 25):

- At M8, the Council is projecting a full year £0.1m underspend against the budget baseline of £10.6m, an improvement of £0.3m from M7
- Of the £0.1m underspend, £0.8m is an underspend in Business as Usual (BAU) activities, offset by £0.7m overspend relating to CV-19 costs/income loss

## Capital (slides 7, Annex slides: 28):

- The approved budget is £15.7m.
- The latest forecast is a decrease in spend of £0.6m from M7
- The decrease relates primarily to delays in the Purchase of Waste collection vehicles £0.6m, £0.1m delayed assessment of garden waste bins, offset by £0.1m Council housing: Uplands programme brought forward

## HRA (Annex slides: 26 & 27):

- At M8, the HRA is forecasting a surplus of £0.2m, against the approved budget

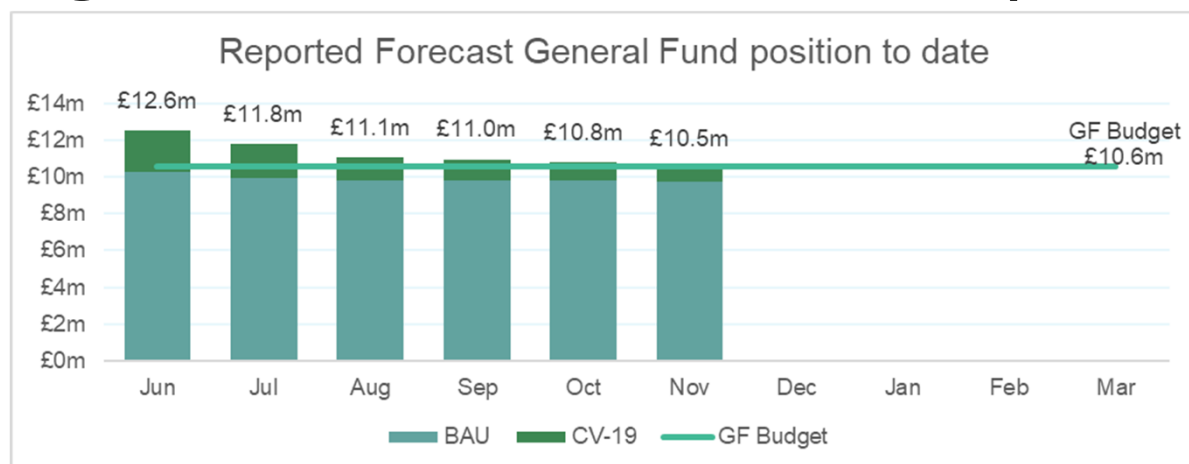
## Cashflow (slide 11):

- £1.8m Council Tax shortfall in collection
- £0.3m Business Rates shortfall in collection
- Overall shortfall of £2.1m will not impact until March 2021. To meet cashflow needs, it is estimated that the cost of borrowing £6k

# Key Messages – Full-Year Forecast

- At M8, the Council is projecting a full year £0.1m underspend against the budget baseline of £10.6m, an improvement of £0.3m from M7
  - The £0.1m underspend comprises of:
    - £0.8m Business as Usual underspend, primarily due to:
      - £0.5m underspend on salaries
      - £0.4m underspend on the Local Plan
      - £0.3m additional New Homes Bonus (NHB) income to support the General Fundoffset by:
      - £0.2m reduction in interest receivable due to investment property decisions and
      - £0.2m increased MRP charges
    - £0.7m CV-19 overspend, primarily due to:
      - £1.1m extra cost due to social distancing guidance, contractual forbearing due to services closed for lockdown staff overtime and other treasury costs
      - £1m loss of income due to planning applications, car parking, lower investment income due to Bank of England base rates and stock market rates, and our investment portfolio due to tenants rent holidaysoffset by £1.4m of government support.
  - *Detailed variance analysis by Committee can be found in the Annex*
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# Key Messages – Revenue Movement (M7-M8)



- At M8, the Council is projecting a **full-year £0.1m underspend** against the budget baseline of £10.6m, an **improvement of £0.3m from M7**. Key movements are below
  - **£0.1m improvement in BAU salaries**, due to the use of flexible capital receipts to pay for the Council's transformation activity, as approved by S&R on 24th November; and
  - **c£0.2m improvement in COVID-19 costs/income**. At S&R Committee on 24<sup>th</sup> November, Members agreed to provide Freedom Leisure (FL) with a rent free period of £53k. However, the 2020/21 budget currently includes c£200k of rental and interest income expected from FL plus loan repayment. All invoices have been sent to FL and no payments have been received to date. A prudent assumption, given the economic uncertainty, is that no funds will be received from FL this FY and that a provision has been made for the loan. The application to Sports England for a share of the £100m national funding is currently in train

# Key Messages – Capital

- The Council's approved **Capital budget for 2020/21 is £120.1m**. The original budget approved in Feb was £82m. In July, S&R approved 2019/20 carry forward of £38.1m. On 24<sup>th</sup> November S&R approved reducing the Budget by £104.4m due to Property Development Fund change of policy
- **The restated approved budget is now £15.7m**
- **The Forecast is £0.6m underspend** due to:
  - **£0.1m Council House Building** – scheme on Uplands has been brought forward  
Offset by:
    - **£0.6m Purchase of waste collection** vehicles partial delayed delivery and development support costs
    - **£0.1m Garden waste bins project** – delayed review of the existing bins and start of the new waste collection contract
    - **£0.1m - lower volumes of Social Care Housing grants**

	Restated Budget 2020/21 £	Forecast at M8 2020/20 £	Forecast Variance 2020/21 £	Change from M7 to M8 £
Strategy & Resources	1,747,200	1,722,200	(25,000)	0
Planning Policy	299,000	299,000	0	0
Community Services	3,813,400	3,102,400	(711,000)	(711,000)
Housing General Fund	526,000	426,000	(100,000)	0
<b>Total General Fund</b>	<b>6,385,600</b>	<b>5,549,600</b>	<b>(836,000)</b>	<b>(711,000)</b>
Housing Revenue Account	9,275,300	9,408,500	133,200	130,700
<b>Total Capital Programme</b>	<b>15,660,900</b>	<b>14,958,100</b>	<b>(702,800)</b>	<b>(580,300)</b>

# Overall Revenue – Summary of Committee positions

Policy Committee	20/21 BAU forecast at M8 £	Overall Annual Budget £	M8 BAU Variance £	20/21 CV-19 forecast at M8 £	Overall Forecast Variance £	Committee Change from M7 to M8 £	Increase / Decrease / Unchanged
Planning Policy	910,132	1,338,038	(427,906)	225,986	(201,920)	125,400	Increase
Community Services	6,230,800	6,351,100	(120,300)	980,000	859,700	(356,300)	Decrease
Housing General Fund	316,863	459,063	(142,200)	19,000	(123,200)	18,100	Increase
Strategy & Resources	2,265,831	2,411,531	(145,700)	776,150	630,450	(118,300)	Decrease
<b>Policy Committee Budget Envelopes</b>	<b>9,723,626</b>	<b>10,559,732</b>	<b>(836,106)</b>	<b>2,001,136</b>	<b>1,165,030</b>	<b>(331,100)</b>	<b>Decrease</b>
CV-19 Grants				(1,264,500)	(1,264,500)	0	unchanged
<b>Overall</b>	<b>9,723,626</b>	<b>10,559,732</b>	<b>(836,106)</b>	<b>736,636</b>	<b>(99,470)</b>	<b>(331,100)</b>	<b>Decrease</b>
Forecast change from M7 to M8	(106,300)			(224,800)	(331,100)		
Increased / Decreased	Decrease			Decrease	Decrease		

The Policy Committee detailed variance analysis is in Annex.

**£0.2m Planning Policy underspend** (deterioration of £0.1m since M7)

- **£0.4m underspend on BAU –**
  - £16k underspend on salaries (deterioration of £0.1m since M7)
  - £0.4m underspend on the Local Plan
- **£0.2m overspend CV-19 (not budgeted)**
  - **£0.3m of CV-19 Extra costs primarily due to :**
    - £0.3m – Lower income volumes in Planning Applications and advice, Community Infrastructure Levy (CIL) admin fees and Building Control income
  - **Offset by £0.1m** of COVID-19 Income support grant applied to Committee of £33k, and Building Control reserve and Admin fee reserve.



# Overall Revenue – Summary of Committee positions

## £0.9m - Community Services (improvement of c£0.4m since M7)

- **£0.1m underspend on BAU** - c£0.2m underspend on salaries (improvement of c£0.2m since M7) offset by £36k loss of off street car parking income due changing charge rates.
- **£1m overspend CV-19 (not budgeted – overspend)**
  - **£0.6m of CV-19 Extra costs primarily due to :**
    - £0.3m – An improvement of c£0.3m. At S&R Committee on 24<sup>th</sup> November, Members agreed to provide Freedom Leisure (FL) with a rent free period of £53k. However, the 2020/21 budget currently includes c£200k of rental and interest income expected from FL plus loan repayment. All invoices have been sent to FL and no payments have been received to date. A prudent assumption, given the economic uncertainty, is that no funds will be received from FL this FY and that a provision has been made for the loan. The application to Sports England for a share of the £100m national funding is currently in train
    - £0.3m – Waste Services. Costs of additional Health & Safety requirements, cleaning and disinfecting equipment and personnel, social distancing of workers, professional fees of extension of waste contract, increased cost of maintaining old vehicles where renewal is delayed and hire of vehicles
  - **c£0.4m of loss of income** due to lower volumes of income due to lower capacity and opportunities (car parking, taxi licenses, Tandridge Commercial service)
  - **offset against £0.1m CV-19 Income Support Grant applied to the committee (new)**

## £0.1m Housing GF underspend (deterioration of £18k since M7)

- **£0.1m underspend on BAU** - on salaries (deterioration of £31k since M7)
- £19k **overspend CV-19** extra costs (not budgeted – improvement of £13k since M7)

# Overall Revenue – Summary of Committee positions

**£0.6m - Strategy and Resources** (improvement £0.1m since M7)

**£146k underspend on BAU :**

- £0.3m additional New Homes Bonus (NHB) income choosing to use it all to support revenue budget
- £0.2m underspend on salaries (improvement of £0.2m since M7); and
- £0.1m other underspends (due to agile working)

offset by £0.2m increased MRP charges and £0.2m reduction in interest receivable due to investment property decisions

**£0.8m overspend CV-19 (not budgeted – overspend)**

- **£0.2m of CV-19 Extra costs (not budgeted – overspend) primarily due to :**
  - £0.1m – extra costs due additional interest on short term borrowing, and £0.1m staff overtime and other associated costs to ensure the council continues working.
- **£0.6m of loss of income primarily due to:**
  - £0.3m – Reduction in interest receivable following cut in the Bank of England base rate
  - c£0.2m – Reduction in Investment Property Income, due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House

**£1.3m CV-19 grant**

- £1.1m - CV-19 grant. All lower tier authorities received £0.1m
- £0.2m –CV-19 grant : £130k New burdens, £43k - COVID-19 Clinically Extremely Vulnerable grant

# Cash Flow Impact due to CV-19

- Concern about the extent to which CV-19 reduces amounts received for Council Tax and Business Rates
- Precepts were set well before the start of the financial year, prior to the onset of CV-19
- Collection rates will be significantly below expectation
- Payments to preceptors set in line with statute, the gearing effect reducing Council's cashflow
- **Council Tax shortfall** in collection in 2020/21 will be **2.3% less than budget = negative impact on Council's cash flow of c£1.8m for 2020/21 (unchanged since M7)**
- **Business Rates shortfall** in collection in 2020/21 will be **3.5% less than budget = negative impact on Council's cash flow of c£0.3m for 2020/21 (improvement of £0.1m)**
- **Overall impact is a combined shortfall of £2.1m, will not impact until March 2021**
- The cost of borrowing to meet cashflow needs is estimated at £6k

# Revenue Risk & Opportunities

(internal information only)

Committee	Risk	Mitigation	Category	Amount
Community Services	<b>Economic development</b> – requirement for additional resources to support economic recovery after COVID-19	Will look to contain within existing budget across the Council	BAU, COVID-19	TBC
Strategy & Resources	<b>Leadership recruitment</b> – potential extra costs due to interim CXO and CFO if filled with agency cover	Currently CXO acting up from Exec Head of Resources and CFO seconded from SCC	BAU	TBC
All	Present assumptions are that <b>lockdown restrictions</b> could reduce: income streams further, Council tax and Business rates collectability, and <b>social distance guidance</b> increases costs	Monitor guidance as it is released and plan alternative strategies to deliver inline with current guidance. Income Support Compensation grant will offset 71% of income losses.	COVID-19	TBC

Committee	Opportunity	Mitigation	Category	Amount
Community Service	<b>Freedom Leisure support grant:</b> Current provision for worst case scenario	Negotiations under way. Possible government support for leisure operators	COVID-19	TBC
Community Service	<b>Waste Contract:</b> Extra costs for provision of social distancing guidance	Offset underspends and grants	COVID-19	£265k

# ANNEX

## DETAILED REVENUE AND CAPITAL

Planning Policy Service - Revenue (Slides 14 - 16)

Community Service - Revenue (Slides 17 – 20)

Housing Service - Revenue (Slides 21 – 22)

Strategy & Resources - Revenue (Slides 23 – 25)

Housing Revenue Account (Slides 26 – 27)

Capital – Detail (Slides 28)

# Planning Policy - Overview

**TABLE 2: 2020/21 Forecast: General Fund Financial Position at year end 31/03/2021**

Committee Chair: Cllr K Jecks

Executive Head: C Parker

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21 £	M8 Year to Date Variances	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b>Planning Policy</b>						
Salaries	1,510,700	66,979	(15,900)	2,900	(13,000)	125,400
<b>Non Salaries</b>						
Planning Application and Advice	(634,562)	131,334	0	255,786	255,786	0
Local Plan	439,500	(268,909)	(400,000)	0	(400,000)	0
Enforcement	22,400	(8,789)	(12,006)	0	(12,006)	0
Community Infrastructure Levy	0	0	0	0	0	0
Building Control Chargeable	0	0	0	0	0	0
Other net items of less than £10,000	0	(116)	0	0	0	0
Covid-19 Income Support Grant	0	(32,700)	0	(32,700)	(32,700)	0
<b>Planning Policy Total</b>	<b>1,338,038</b>	<b>(112,201)</b>	<b>(427,906)</b>	<b>225,986</b>	<b>(201,920)</b>	<b>125,400</b>

# Planning Policy - BAU Variance Analysis

## Planning Policy Committee - Revenue Summary:

Budget Baseline: £1,338,038

Net BAU underspend of £427,906 (deterioration of £125,400 since M7)

CV-19 overspend £225,986 (no change)

### **Business as Usual:**

- **£400,000 underspend on the Local Plan.** Included in the Local Plan budget were costs for the delivery of the South Godstone Garden Community, such as early work on the Area Action Plan. Removal of £500k from a total budget of £621k at such an early point in the year was premature and did not capture all projected costs. In addition to the £127k currently budgeted in 2020/21, it is estimated that a further £100k needs to be identified for expenditure bringing the total forecast cost to £227k. We will keep in regular contact with the Project Manager to ensure our forecast outturn reflects the Planning Inspector's expectations of where the Local Plan will have progressed by year end. Costs will continue to be refined. Any slippages in progress in 2020/21 may impact future years. Complete review will be undertaken of all costs as part of the 2021/22 budget setting process. Work is underway to produce a project plan for Planning Policy Committee which monitors the expenditure against budget of the various projects being undertaken. Monthly updates will be reported to Committee as part of the budget monitoring process.
- **£15,900 salaries underspend** (deterioration of £125,400 since M7)
- **£12,006 Enforcement** – lower volumes of cases requiring counsel fees

# Planning Policy - CV-19 Variance Analysis

At M7, the Committee is projecting **a full year CV-19 £225,986 overspend**

**Extra costs of £2,900**, (Improvement of £44,000 since M6) due to:

- **£2,900** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce
- **£0** – £44,000 Expenditure for meeting Tandridge's share of expected loss that will be made by Southern Building Control as a result of reduced business activity. The improvement relates to the actual income levels are now higher than initially anticipated. The current variance can be met from the building control reserve. Offset by COVID-19 Income support grant of £44,000 (improvement of £44,000 since M6).

**Loss of Income £255,786** (improvement of £46,714 since M6) due to:

- **£255,786** – **Reduced income on Planning Applications** and advice (improvement of £1,714 since M6)
- **£0** – **£45,000 Loss of 5% admin fee for Community Infrastructure Levy** work due to slowdown in development to be recovered by admin fee reserve. (improvement of £45,000 since M6).

**Offset by COVID-19 Income support grant applied to Committee of £32,700 (new)**



# Community Services - Overview

**TABLE 2: 2020/21 Forecast: General Fund Financial Position at year end 31/03/2021**

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21 £	M8 Year to Date Variances	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b>Community Services Committee</b>						
Salaries	2,235,300	(75,099)	(156,100)	27,000	(129,100)	(97,300)
<u>Non Salaries</u>						
Car Parking-Off Street	17,100	49,700	35,800	47,700	83,500	0
Car Parking-On Street	(106,000)	0	0	26,900	26,900	0
Hackney Carriage/Private Hire	(17,600)	12,350	0	29,500	29,500	0
Leisure & Community Grants	468,200	0	0	308,000	308,000	(259,000)
Waste Services	3,590,100	(446,400)	0	313,700	313,700	0
Environmental Services	297,800	8,400	0	2,000	2,000	0
Cesspool Services	(34,800)	(2,500)	0	0	0	0
Operational Services	(217,500)	475,400	0	248,000	248,000	0
Parks and Open Spaces	1,090,300	7,800		32,600	32,600	0
Other Variances less than £10k	(971,800)	221,900	0	3,500	3,500	0
Covid-19 Income Support Grant	0	(58,900)	0	(58,900)	(58,900)	0
<b>Community Services Total</b>	<b>6,351,100</b>	<b>192,651</b>	<b>(120,300)</b>	<b>980,000</b>	<b>859,700</b>	<b>(356,300)</b>

# Community Services - Summary & BAU Variance Analysis

## Community Services Committee - Revenue Summary:

Budget Baseline: £6,351,100

Net BAU underspend £120,300 (improve by £108,700 since M7)

CV-19 overspend £980,000 (improve by £247,600)

### **Business as Usual:**

- **£156,100 salaries underspend** (improvement of £108,700 since M7)

Offset by:

- **£35,800 – reduced income** from BAU due to changing the Ellice Road Car Park, free parking from 1 hour to 3 hours during the period 1 July 20 – 30 September 20.

# Community Services - CV-19 Costs Variance Analysis

At M7, the Committee is projecting a full year CV-19 £980,000 overspend

**Expenditure of £603,500** (improvement of £247,600 since M6), **primarily due to increased costs of:**

- **£308,000** – Support to Freedom Leisure, currently under consideration by Members (improvement of £259,000 since M7)
- **£265,000** – Waste Services, costs relate to additional H&S requirements, cleaning and disinfecting of equipment and personnel, social distancing of workers, professional fees in relation to extension of existing waste contract, increased cost of maintaining old vehicles where renewal has been delayed and hire of vehicles
- **£27,000** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce (£11,400 deterioration since M7)
- **£3,500** – Miscellaneous expenditure on multiple budget lines relating to CV-19

# Community Services - CV-19 Income Loss Variance Analysis

**Loss of Income of £435,400** (unchanged since M6) **primarily due to:**

- **£248,000** – Loss of income for Tandridge Commercial Services as the operational team is working within the boundaries of CV-19, social distancing and Health & Safety restriction with having to wear PPE and 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 lead to less billable work for the team
- **£48,700** – Loss of income for Garden Waste Club due to CV-19 delaying the start date of the new waste contract
- **£47,700** – Loss of income for off-street Car Parking
- **£32,600** – Parks and Open Spaces decrease in revenue from sports facilities
- **£29,500** – Loss of income from Hackney Carriages taxi driver licencing
- **£26,900** – Loss of income for on-street Car Parking
- **£2,000** - Decrease in revenue from premises licences

**Offset by COVID-19 Income support grant applied to Committee of £58,900**

# Housing Services – Overview

**TABLE 2: 2020/21 Forecast: General Fund Financial Position at year end 31/03/2021**

Committee Chair: Cllr L Parker

Executive Head: A Boote

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21 £	M8 Year to Date Variances	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b><u>Housing - General Fund</u></b>						
Salaries	775,800	(57,619)	(142,200)	2,800	(139,400)	30,600
<b><u>Non Salaries</u></b>						
Meadowside Mobile Homes	(109,500)	153,132	0	7,600	7,600	0
Housing of the Homeless	(59,900)	(156,783)	0	8,600	8,600	0
Private Sector Enabling	63,863	(92,028)	0	0	0	(12,500)
Other net items of less than £10,000	(211,200)	57,000	0	0	0	0
<b>Housing General Fund Total</b>	<b>459,063</b>	<b>(96,297)</b>	<b>(142,200)</b>	<b>19,000</b>	<b>(123,200)</b>	<b>18,100</b>

# Housing Services – Variance Analysis

## Housing Committee - Revenue Summary:

Budget Baseline: £459,063

Net BAU underspend £142,200 (deterioration of £30,600 since M7)

CV-19 Overspend £19,000 (£12,500 improvement)

## Business as Usual:

- **£142,200 salaries underspend** (deterioration of £30,600 since M7)

## CV-19 - Extra costs of £19,000, (£12,500 improvement since M7) due to:

- **£8,600** – Additional costs of housing rough sleepers during the pandemic;
- **£7,600** – Meadowside Mobile homes lower volumes of income
- **£2,800** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce

# Strategy & Resources – Overview

**TABLE 2: 2020/21 Forecast: General Fund Financial Position at year end 31/03/2021**

KEY GENERAL FUND REVENUE VARIANCES	Annual Budget 2020/21 £	M8 Year to Date Variances	Forecast Variance at year end (31/3/2021) BAU £	Forecast Variance at year end (31/3/2021) COVID-19 £	Overall Forecast Variance at year end (31/3/2021) £	Change in Forecast since last month £
<b>Strategy and Resources Committee</b>						
Salaries	5,166,671	(114,228)	(237,200)	52,200	(185,000)	(198,200)
<u>Non Salaries</u>						
Interest Payable	1,889,000	0	0	75,000	75,000	0
Investment Property Income	(989,000)	0	0	247,250	247,250	0
Interest Receivable	(2,764,200)	0	197,000	300,000	497,000	0
IT - Software and hardware	10,400	0	0	14,000	14,000	4,000
Covid 19 Grants	0	0	0	15,000	15,000	0
Land Charges	(135,000)	0	0	34,000	34,000	0
Other Variances less than £10k	770,333	0	0	17,000	17,000	0
Public Sector Reform funding	0	0	10,000	0	10,000	0
Monitoring Officer Function External Legal	0	0	0	26,000	26,000	26,000
Corporate Items	(1,755,173)	0	(48,000)	0	(48,000)	49,900
Printing, Stationary and Postage	185,900	0	(46,000)	0	(46,000)	0
Software and Hardware Accessories	10,400	0	(10,400)	0	(10,400)	0
Economic Development	22,200	0	(11,100)	0	(11,100)	0
Covid-19 Income Support Grant	0	(4,300)	0	(4,300)	(4,300)	0
<b>Resources Total</b>	<b>2,411,531</b>	<b>(118,528)</b>	<b>(145,700)</b>	<b>776,150</b>	<b>630,450</b>	<b>(118,300)</b>

# Strategy & Resources - BAU Variance Analysis

## Strategy and Resources Committee - Revenue Summary:

Budget Baseline: £2,411,531

Net BAU underspend: £145,700 (£153,200 improvement)  
CV-19 overspend : £776,150 (£34,900 deterioration)

### **Business as Usual underspends £554,700:**

- **£250,000 additional income relating to New Homes Bonus (NHB).** Combination of receiving additional monies and choosing to use it all to support revenue budget
- **£237,200 salaries underspend,** comprised of numerous over and underspends (£203,200 improvement since M7 in part due to including flexible use of capital receipts to fund transformation work)
- **£46,000 saving on printing, stationery and postage** due to reduced occupancy
- **£11,100 underspend due to review of Economic Development** service provision across all committees
- **£10,400 underspend due to capital** policy review to group small capital items.

### **Offset by overspends £409,000:**

- **£197,000 reduction in interest receivable** due to a decision to not proceed with an agreed property purchase through Gryllus
- **£152,000 increased charges to Minimum Revenue Provision**
- **£50,000 reduction in support service charges** in relation to Land Charges
- **£10,000 contribution to Public Sector Reform** to pay for consultancy costs in response to Government consultation



# Strategy & Resources – CV-19 Costs – Variance Analysis

At M7, the Committee is projecting a full year CV-19 £776,150 overspend

## Extra costs of £199,200, due to:

- **£75,000** – Additional interest payable on short term borrowing to manage cash flow due to reduced collection of Business Rates and Council Tax
- **£26,000** - External legal advice regarding monitoring officer functions
- **£15,000** – Support grants paid to Parish and volunteer agencies
- **£14,000** – Purchase of IT Software and Hardware to accommodate the need for staff home working (£4,000 deterioration since M7)
- **£17,000** – Miscellaneous expenditure on multiple budget lines relating to CV-19
- **£52,200** – Staff overtime expenditure in relation to CV-19, includes staff making shielding calls, paying grants to local businesses, finance officers time and that of the CV-19 response taskforce (£5,000 deterioration since M7)

## Loss of Income £581,250:

- **£300,000** – Reduction in interest receivable following the cut in the Bank of England base rate from 0.75% to 0.1%. Lower returns are now forecast on fund investments
- **£247,250** – Reduction in Investment Property Income, due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House
- **£34,000** – Reduction in Land Charge searches income as the lockdown resulted in the reduction of property purchases

**Offset by COVID-19 Income support grant applied to Committee of £4,300**

# Housing Revenue Account - Overview

**TABLE 2: 2020/21 Forecast: Housing Revenue Account Financial Position at year end  
31/03/2021**

<b>KEY HRA REVENUE VARIANCES</b> Committee Chair - Councillor L Parker Officer - A Boote	<b>Annual Budget 2020/21</b>  <b>(£)</b>	<b>Forecast Variance at year end (31/3/2021)</b> <b>BAU</b> <b>(£)</b>	<b>Forecast Variance at year end (31/3/2021)</b> <b>COVID-19</b> <b>(£)</b>	<b>Forecast Variance at year end (31/3/2021)</b> <b>Total</b> <b>(£)</b>	<b>Change in Forecast since last month</b>  <b>(£)</b>
Salaries	1,722,400	55,500	4,700	<b>60,200</b>	248,500
Services costs	5,951,600	(36,200)	(29,400)	<b>(65,600)</b>	0
Corporate Support Services	1,441,800	0	0	<b>0</b>	0
Repairs and Maintenance	2,640,500	(29,900)	(53,900)	<b>(83,800)</b>	(22,200)
Interest Charges on loan	1,912,100	(264,000)	0	<b>(264,000)</b>	0
Rental Income Dwellings	(14,200,500)	0	200,000	<b>200,000</b>	0
Rental Income Garages	(279,700)	0	10,000	<b>10,000</b>	0
Other Income	(226,000)	(6,150)	(5,600)	<b>(11,750)</b>	(1,200)
<b>Forecast outturn before transfer to reserves</b>	<b>(1,037,800)</b>	<b>(280,750)</b>	<b>125,800</b>	<b>(154,950)</b>	<b>225,100</b>
Transfer to reserves	1,037,800	280,750	(125,800)	154,950	(225,100)
<b>Forecast outturn after transfer to reserves</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

# Housing Revenue Account - Summary

## Key variances in HRA BAU Budget (net c£0.3m underspend)

- **Underspend of £280,750**, (deterioration of £226,300 since M7) :
  - **£264,000 on interest payable**. Partly due to loans being refinanced at a lower than expected interest rate.
  - £36,200 collection of small variances against service costs, £29,900 on repairs and maintenance (improvement of £22,200 since M7) and £6,150 other income
- **Offset by overspend of £55,500 on salaries** (deterioration of £248,500 due to review of officers working on capital projects)

## Key variances in HRA CV-19 expenditure (net c£0.1m overspend)

- **Overspend £210,000 on rent loss from bad debts** as HRA arrears are expected to increase significantly
- **Offset by Underspend £53,900 on repairs and maintenance expenditure**. Due to the lockdown and required social distancing measures, planned repairs and maintenance have been postponed
- **Underspend on £29,400 Service charges - Legal cost** savings expected due to TDC legal dept being able to deal with more of these items

# Capital – Detailed Position

	Restated Budget 2020/21 £	Forecast at M8 2020/21 £	M8 Forecast Variance 2020/21 £	Change From M7 to M8 £
<b>Community Services - Committee Chair: Councillor B Connolly - Officers: A Boote</b>				
Waste and Recycling	2,991,300	2,280,300	(711,000)	(711,000)
Parks, Playgrounds and Open Spaces	285,000	285,000	0	0
Community infrastructure and assets	537,100	537,100	0	0
<b>Total Community Services</b>	<b>3,813,400</b>	<b>3,102,400</b>	<b>(711,000)</b>	<b>(711,000)</b>
<b>Housing General Fund - Committee Chair: Councillor L Parker - Officer: A Boote</b>				
Social Housing Grants	100,000	0	(100,000)	0
Disabled Facilities Grants	426,000	426,000	0	0
<b>Total Housing GF</b>	<b>526,000</b>	<b>426,000</b>	<b>(100,000)</b>	<b>0</b>
<b>Strategy &amp; Resources - Committee Chair: Councillor T Elias - Officers: J King/L Harrison/A D'Alessandro/Alison Boote</b>				
Property Development Fund	981,000	981,000	0	0
Council Offices Buildings	75,000	50,000	(25,000)	0
GF IT - Hardware/Infrastructure	691,200	691,200	0	0
<b>Total Strategy &amp; Resources</b>	<b>1,747,200</b>	<b>1,722,200</b>	<b>(25,000)</b>	<b>0</b>
<b>Planning Policy</b>				
Capital contributions to third parties from CIL	299,000	299,000	0	0
<b>Total Planning Polcy</b>	<b>299,000</b>	<b>299,000</b>	<b>0</b>	<b>0</b>
<b>Total-General Fund</b>	<b>6,385,600</b>	<b>5,549,600</b>	<b>(836,000)</b>	<b>(711,000)</b>
<b>Housing Revenue Account - Committee Chair: Councillor L Parker - Officer: A Boote</b>				
Council House Building	5,900,000	6,030,700	130,700	130,700
Improvements to Housing Stock	3,164,500	3,167,000	2,500	0
Housing Management Software	70,000	70,000	0	0
HRA IT - Hardware/Infrastructure	140,800	140,800	0	0
<b>Housing Revenue Account</b>	<b>9,275,300</b>	<b>9,408,500</b>	<b>133,200</b>	<b>130,700</b>
<b>Total Capital Programme</b>	<b>15,660,900</b>	<b>14,958,100</b>	<b>(702,800)</b>	<b>(580,300)</b>