

2020/21 Outturn Report

Strategy & Resources

2 December 2021

(delayed from 14 September S&R)

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1. 2020/21 Financial Overview – Key Messages

Background

- 2020/21 commenced in exceptional circumstances in the midst of the first national CV-19 lockdown. Budget of £10.6m seemed to provide a stable base to tackle CV-19, however the year started with significant uncertainty. In May (Month 2) 2020, BAU forecast balanced budget with a potential CV-19 deficit of £3.9m as reported to the Strategy & Resources Committee
- At M6, following a mid-year review of the Capital Budget, the budget was reviewed and revised downwards by £104.7m to £15.4m mainly due to a reduction on the Property Development Fund (c£98m) and Council House Building programme (£5.5m)
- During 2020/21 we undertook the Finance Improvement Programme (FIP) to enable the Council to commence the journey of improving financial management. However, in preparation for the 2020/21 Outturn position in April 2021, a c£920k gap in the 2020/21 budget was identified. Grant Thornton LLP UK was commissioned to undertake a Fact Finding & Forensic Review. The gap has now been confirmed and the outcome included in this report. The gap has been mitigated in-year by underspends across Services. The GT findings, recommendations and the Council's response was presented to S&R on 14th September. The 2020/21 Outturn was subsequently delayed as a result
- **A number of measures/improvements** have been put in place during 2021/22:
 - In June 2021, S&R Committee approved the Joint Working Agreement of Finance with the County. This new arrangement will have the **Tandridge Finance Transformation (TFT) Programme** at its core. This is a major programme of change embedding good financial management in both Finance and more broadly across the Council. Under this umbrella will be a number of improvements (including those below), rolled out in phases from now and over the course of 2022/23
 - **A Fundamental/Root and Branch Review into the Council's Financial Management & Reporting Arrangements** is currently being undertaken by an external independent professional (Laura Rowley) to ensure we have a solid foundation on which to launch the Finance Transformation Programme. The interim report is **Appendix B**
 - **A Line-by-Line Budget Review for 2021/22** has been undertaken. Outcomes of this review have informed the Month 6 position as set in the 22/23 Draft Budget Report. The findings of this review will be taken to Committee in January 2022.
 - **Commissioning of IMPOWER to support the “Twin Track” approach to budget setting** for 22/23 (Track 1) and 23/24+ (Track 2). Track 2 will set the framework for the Council's new target operating model

1. 2020/21 Financial Overview – Revenue Key Messages

2020/21 – General Fund Revenue Outturn (Slides 4-10)

After taking into account the c£920k gap, the 2020/21 outturn position for the Council is a £885k surplus; an increase of £617k from M11.

This surplus position of £885k at year-end can be explained by a tighter grip in-year on salaries and the following one-off movements in 2020/21

- Salary underspends, £589,000 (one-off)
- Local Plan underspend, £552,000 (one-off)
- Higher budget than required for Secondary Pension contribution £362,000 (adjustment not made in 2020/21 for triennial valuation), (one-off, movement part of setting 2021/22 budget)
- New Homes Bonus income, £252,000 (additional and one-off)
- Flexible use of capital receipts for transformation work on the Annual Governance Statement and Planning, £140,000 (one-off)
- Homes England Funding, £130,000 (additional and one-off)
- Printing and Stationery underspends, £56,000 (one-off)
- Other minor movements across Services, c£22,000

Offset by:

- Interest receivable under recovery of income, £174,000 (one off, movement part of setting 2021/22 budget)
- MRP overspend, £152,000 (one-off adjustment due to incorrect policy adopted in 2019/20)
- 2020/21 Budget gap, £920,500

There is a £27k surplus against the Emergency/General CV-19 funding. Refer slide 10 for details

Details of the improvements from M11 of £617k are identified in **slide 7**

Total surpluses of both BAU and CV-19 have been transferred to Reserves. Refer slide 8

1. 2020/21 Financial Overview – Revenue Key Messages

- The 2020/21 **c£920k budget gap is a base budget issue**, this means it will reoccur on an ongoing basis unless the base budget is reduced permanently
- **Below is an explanation the gap mitigations across financial years:**
 - **2020/21:**
 - In 2020/21 the Council was able to absorb the budget gap due to tighter controls on salary costs, other one-off underspends and additional one-off income streams, whilst still achieve a surplus (**refer previous slide**)
 - **2021/22:**
 - Currently the c£920k gap in 2021/22 will be temporarily funded from reserves. The Council is in the process of applying for a capital dispensation (explained below) for 2022/23 to replenish reserves with capital receipts. If this permission is not granted, the temporary reserves funding will be permanent as it is unlikely that the Council will be in a surplus position in the current year to mitigate this magnitude of gap. This would run counter to our desires/objectives to build Reserves and become financially sustainable. The application of capital receipts will be a one time only.
 - **2022/23 & 2023/24**
 - We are currently undertaking the budget setting 'Twin Track' process for 2022/23 (Track 1) and 2023/24 (Track 2). The c£920k budget gap has been taken into account when setting the savings target for 2022/23, which has been funded by removing the build to General Fund Reserves.
 - The Council is in the process of applying to the Secretary of State for a capitalisation directive to allow the use of Capital Receipts. An request can only apply to one year. If we receive dispensation to use capital receipts we will have the opportunity to replenish Reserves (hence swapping capital for revenue) and secure the ability to apply revenue cost to transformation irrespective of whether the flexibilities are extended after 21/22.
 - If permanent/on-going savings are not delivered in 2022/23 then they will need to be added to the gap in 2023/24. If permanent savings can be found in 2022/23 and budgets reduced to take account of the c£920k, then this will no longer be a problem in future.

1. 2020/21 Financial Overview – Capital & HRA Key Messages

2020/21 – Capital Outturn (Slides 11 & 19-21)

February 2020 the approved Capital Budget was £120.1m, reset to £15.7m as part of a mid-year review (M6). It was proposed to revise the Capital Budget to reflect the most accurate position which changed substantially in-year. The biggest single change was the removal of £98m from the Property Development Fund as there were no plans for this expenditure.

Improvements required to Capital governance, monitoring and reporting will be undertaken as part of the TFT Programme

Against a combined General Fund and HRA **£15.7m Capital Programme Budget**, spend for the year was **£11.2m; slippage of £4.3m (28%); underspend of £0.2m.**

Proposals to carry forward the £4.3m slippage to future years (£2.5m to 2021/22 and £1.8m 2022/23). **Refer Annex 3**

2020/21 – HRA Outturn (Slides 12 & 21-22)

HRA is a ringfenced account and sets a balanced budget each year. For 2020/21 the HRA budgeted to make a £1,038k transfer to Reserves, to fund current and future capital expenditure.

The HRA has achieved a greater surplus than budgeted by £318k. This is an improvement of £262k on the M11 reported position.

1. 2020/21 Financial Overview – Improvements from M11

Of the £617k improvement since M11, deterioration of £41k relates to BAU offset by CV-19 improvements of £658k

£41k BAU deterioration comprises mainly of:

- £920k budget gap associated with GT Review – Budgeting error within the original budget set and approved in Feb 2020

Offset by £879k accounting adjustments and treatments associated with year-end

- £362k underspend due to budget provision; the Council's overall secondary pension contribution, pension strain and greater allocations to the HRA recharges for the secondary pension contributions
- £171k updated for final support/back-office costs for capital and HRA
- £140k use of capital flexible receipts for transformative work across the Strategic Plan, AGS and Planning
- £120k underspends on salary and agency costs across all Committees
- £99k ongoing underspends on the Local Plan
- Offset by £13k net overspends smaller than £25k

• **£658k CV-19 improvements comprises mainly of:**

- £306k CV-19 specific grants; £165k Income Support Grant, £141k CV-19 New Burdens Grant
- £241k Waste Services – lower additional costs of social distancing compared to assumptions at budget setting
- £163k Support to Freedom Leisure – net improvements across Committees (Community Services improvement £308k less S&R deterioration of £145k). Repayment of support was approved in 2021/22 and reported in M3 budget monitoring
- £82k Planning Applications – improved fee income

Offset by:

- £87k underspends on salary and agency costs across all Committees
- £40k investment income than expected and £22k of other small changes

1. 2020/21 Financial Overview – Transfers to Reserves

£885k – 2021/22 Transfers to Reserves

- **£682k Planning Reserve to support the delivery of the Local Plan and other general Planning related activities:**
 - **£130k Homes England monies**
 - **£552k Planning Reserve.** This Reserve has been established from net underspends in the 2020/21 Planning budget
- **£134k Reserve to mitigate future financial uncertainties/risks in the medium-term and support budget planning.** This Reserve has been created to support the future challenges associated with medium-term financial uncertainties/risks
- **£42k Academy/Northgate Reserve.** This is a new Reserve established to support the delivery of the new Revenues/Benefits system in 2021/22
- **£27k CV-19 Reserve** to support future CV-19 related spend. This is made up of the £19k surplus CV-19 general/emergency grant funding and £8k Discretionary Housing Payments (specific CV-19 grants)

1. 2020/21 Financial Overview

In summary, despite the extraordinary external circumstances, and the considerable gap in the 2020/21 Budget identified whilst preparing for this report, we have managed to mitigate in-year risks and pressures, specifically through tight control of salary budgets, one-off underspends or income sources as set out in slide 4

Despite the Pandemic and the budget gap the Council has outturned a surplus, which has enabled us to provide the following one-off payments to staff to show our gratitude for their hard-work and commitment to supporting the Council and District through the Pandemic, comprising of:

- £250 per person as one-off payment to all staff due to CV-19 (excluding Executive Leadership Team and temp staff), and
- £250 per person to Finance Business Partner team due to the preparation of Annual Accounts which is a statutory requirement with unpaid overtime, on top of having to support all the significant financial issues entailed in supporting the Finances surrounding CV-19 monies from Central Government with competing deadlines for 2021/22 Budget setting

2. 2020/21 CV-19 Overview

Overview:

- On 13th February 2020, Council approved a budget of £10.6m
- Weeks later, CV-19 impact began; national lockdowns, cessation of non-essential activities, rapid spread through the community
- TDC has played a key role in tackling the virus in the district;
 - Maintaining essential local services
 - Paying grants to local businesses and charities
 - Making Test and Trace payments to local residents
 - Making shielding calls to extremely vulnerable people
 - Supporting parish councils with CV-19 grants
 - Making the Council available as a vaccination centre
 - Supporting suppliers
 - Providing advice and signposting to services.

Financial Impact:

- TDC received £1,406k of **general Emergency/General CV-19 Grant** plus £260k of **Income Compensation Scheme**; **£1,665k in total**
- Although fully deployed in 2020/21, our overall costs and income loss was in total £1,639k resulting in a **surplus of £27k against the CV-19 position**, as set out in this report

The grant doesn't have any conditions are therefore is proposed to be carried forward to 2021/22

- **We also received £29m of Specific CV-19 funding.** Of this c£3m was unspent including; Containment Outbreak Management Funding (COMF), Local Restrictions Support Grants, Business Rates support and Test and Trace.

As £3m unspent funds have grant conditions and thereby must be carried forward for this purpose specifically

£1,639k CV-19 overall costs and income loss for 2020/21 is mainly due to:

£1,208k of loss of income, (£360k rental holidays and service charges from investment properties, £195k Bank of England rate reductions, £171k Car Parking On and Off Street, £147k for planning income, £145k Freedom Leisure support, £61k increases in bad debts, £50k Land charges from reduced property sales, £53k Parks & Open Spaces, – Reduced car parking income and PCN income and £22k Hackney cab licences and other income),

£432k extra costs predominantly through cleaning, salaries - covering for sickness / overtime and social distancing and Healthy and Safety restriction with having to wear PPE and offset by loss of opportunities like training across all committees.

3. 2020/21 Capital Programme Outturn

Background

- **February 2020 the approved Capital Budget was £120.1m, reset to £15.7m** as part of a mid-year review it was proposed to revise the capital budget to reflect the forecast capital position. The biggest single change was the removal of £98m from the Property Development Fund as there were no plans for this expenditure
- Improvements to Capital governance, monitoring and reporting will be undertaken as part of the TFT Programme

Capital Outturn

- **Against combined General Fund and HRA £15.7m Capital Programme Budget, spend for the year was £11.2m; slippage of £4.3m (28%); underspend of £0.2m**
- There is a proposal to carry forward the £4.3m slippage from 2020/21 to future years. **Refer Annex 3**

General Fund

- Against the General Fund £6.4m Capital Programme Budget, **spend for the year was £3.9m**; slippage of £2.3m (36%); underspend of £0.2m
- **Increase in slippage of £0.3m since M11**, as follows:
 - **Waste and Recycling – increase of £0.1m** – related to purchase of Waste Collection Vehicles
 - **Community infrastructure and assets – increase of £0.2m** – in relation to Vehicle Fleet Renewals
 - **IT - Hardware/Infrastructure – increase of £0.1m** – in relation to purchases of hardware
 - **Other areas – decrease of £0.1m** – in relation to Social housing Grants, Disabled Facilities Grants and Property Development Fund

HRA

- Against the HRA £9.3m Capital Budget, spend for the year was £7.3m; slippage of £2.0m (22%).
- **Decrease in slippage of £0.3m since M11** related to building new council houses.

Delivering £11.2m of combined spend against a revised budget of £15.7m is a major achievement considering the challenges relating to the Pandemic

4. 2020/21 HRA Outturn

Background

- HRA is a ringfenced account and sets a balanced budget each year. For 2020/21 the HRA budgeted to make a £1,038k transfer to Reserves, to fund current and future capital expenditure.

2020/21 Outturn

- **The HRA has achieved a greater surplus than budgeted by £318k. This is an improvement of £262k on the M11 reported position.**

The final variance consists of a £104k surplus against CV-19 and £214k surplus on BAU

The surplus is due to improvements since M11, mainly relating to:

- **£334k Depreciation charge** – Lower valuations for the housing stock have in turn lead to a reduced deprecation charge. The charge for depreciation for the HRA is transferred to the Major Repairs Reserve and used to finance capital expenditure on the housing stock.
- **£180k Rental Income** – Rental income has not been impacted as feared by CV-19 and the full income budget was achieved.
- **£65k Bad Debts Provision** – The level of outstanding debt is higher than expected leading to requiring greater bad debt provision.

Offset by:

- **£270k Corporate Support Services** – Increased recharge for Democratic Representation and Support Services due to changes in the way the Council operates not being reflected in the original budget along with a greater than budget cost for unfunded pensions (£89k).
 - **£48k Repairs and Maintenance Expenditure** – An increase in repairs expenditure of £88k amounting to less than 2% of the over £2.6m repairs budget.
- The additional surplus generated will be transferred to the HRA New Build Reserve and the Repairs Reserve in the 2:1 ratio previously agreed by Housing Committee.

Annexes

1. Overall Financial Summary, Significant Variances & General Fund

Revenue Variances by Committee

2. Capital Outturn

3. Capital Programme Carry Forwards

4. HRA Variances

Annex 1: 2020/21 Financial Overview – Overall Financial Summary

	2020/21 Budget £'000	BAU Actual £'000	COVID-19 Actual £'000	Outturn variance to Budget £'000	Change from M11 £'000	Increase / Decrease / Unchanged
Community Services	6,351	6,176	378	203	(673)	Increase
Housing (GF) Services	459	315		(144)	8	Decrease
Planning Policy	1,338	656	54	(628)	(395)	Increase
Strategy & Resources	2,412	2,554	947	1,089	584	Decrease
Central Funding (Incl Covid-19 grants)	(10,560)	(10,560)	(1,406)	(1,406)	(142)	Increase
Committee position	0	(858)	(27)	(885)	(617)	Increase
Proposed Contributions to Reserves for commitments in 2021/22						
Planning Policy - Local Plan and other Planning related activities (including Homes England £130k)		682		682		
Strategy & Resources - Northgate Project		42		42		
Covid-19 grants carry forward to 21/22			27	27		
Mitigation of Future Funding Risks/undertainties in budget		134		134		
Proposed Contributions to Reserves	0	858	27	885		

Annex 1: General Fund Revenue Variances by Committee

2020/21 Revenue - significant variances

Significant Variances	Community Services £'000	Housing Services £'000	Planning Policy £'000	Strategy & Resources £'000	Funding £'000	Overall £'000
Business as Usual :						
Salaries Vacancies	(192)	(117)	(167)	(280)		(757)
Local Plan			(369)			(369)
Enforcement			(16)			(16)
Pension Deficit, Strain, CAYs & HRA recharge				(362)		(362)
New Homes Bonus				(252)		(252)
Use of Capital Flexi receipts				(140)		(140)
Home England Grant			(130)			(130)
Printing, Stationery and Postage				(56)		(56)
Interest Receivable				174		174
Minimum Revenue Provision				152		152
Other Small Variance	17	(27)		(14)		(24)
	(175)	(144)	(682)	(777)	0	(1,778)
GT Review outcome: Accounting treatment for Pensions				920		920
Business as Usual variance	(175)	(144)	(682)	143	0	(858)
Covid-19 Expenses ¹	378		54	947	(1,406)	(27)
Committee position	203	(144)	(628)	1,089	(1,406)	(885)

Note 1: Committee Covid-19 Expenses & Loss of income offset by Sales, Fees & Charges grants and other COVID-19 funding

Annex 1: General Fund Revenue Variances by Committee

The Outturn surplus of £885k, predominantly consists of:

Strategy and Resources Committee – overspend of £1,089k:

BAU overspend £142k comprises of:

- £920k GT Review outcome - Budgeting error of £0.9m
- £174k Interest Receivable – Reduction in interest receivable due to the decision to not proceed with an agreed property purchase through Gryllus
- £152k Minimum Revenue Provision – Requirement to make greater MRP due to internal borrowing

Offset by underspends within:

- £362k reduction in lump sum contribution to pension costs, pension strain and Compensation Added Years
- £280k underspend on Salaries – tight grip on vacancies
- £252k New Homes Bonus – Additional grant received above original budget
- £140k use of capital flexible receipts for transformative work across the Strategic Plan, AGS and Planning
- £56k Printing, Stationery and Postage – Reduced usage due to staff working from home
- £14k net overspend on recharges for HRA etc (if underspends within overall support costs expect o/s in recharges) and other small variances

CV-19 overspend £947k comprising of:

- £812k loss of income (£195k Bank of England rate reductions, £360k rental holidays and service charges from investment properties £145k Freedom Leisure rent and income provision, £61k increases in bad debts and £50k Land charges from reduced property sales)
- £199k extra costs either through cleaning, salaries - covering for sickness / overtime, social distancing and Healthy and Safety restriction with having to wear PPE and extra equipment for home working.

Offset by £51k Income Support Grant from Central Government and £50k from local authorities for training

Annex 1: General Fund Revenue Variances by Ctte (cont'd)

Planning Policy Committee – underspend of £628k

BAU underspend £682k comprises of:

- £369k underspend on Local Plan (carried forward into 2021/22 for Local Plan and Planning transformation work)
- £167k underspend on Salaries – tight grip on vacancies
- £130k Homes England funding (carried forward into 2021/22 for Local Plan)
- £16k Enforcement due lower need for legal expenses

CV-19 overspend £54k comprising of:

- £151k overspend on Planning Applications and Advice – reduced income from Planning Fees
- Offset by £97k CV-19 sales, fees and charges support

Community Services Committee – overspend of £203k

BAU underspend £175k comprises of :

- c£192k underspend on Salaries
- Offset by £17k Off Street Car Parking, and Leisure & Community Grants

CV-19 overspend £378k comprising of:

- £248k loss of income (£171k Car Parking On and Off Street, £53k Parks & Open Spaces, – Reduced car parking income and PCN income and £24k Hackney cab licences and other income)
- £289k extra costs either through cleaning, salaries - covering for sickness / overtime and social distancing and Healthy and Safety restriction with having to wear PPE.
- Offset by: £159k Income Support Grant from Central Government

Annex 1: General Fund Revenue Variances by Ctte (cont'd)

Housing Committee – underspend of c£144k

BAU underspend £144k comprises of :

- c£117k underspend on Salaries
- £28k underspend due to greater income from Meadowside and lower costs on Housing of the Homeless provisions

Overall Funding – over achievement of income of £1,406k

BAU (Council Tax and Business Rates) Balanced.

CV-19 over achievement of £1,405k.

- £1,092k General CV-19 grant
- £191k New burdens grant
- £81k Administration income – for distribution of Test & Trace and other grants
- £43k for Clinically Extremely Vulnerable grant

offset by £1k over allocation of Sales, Fees and Charges grant (c70% of loss of income) applied to the committees with the loss of income

Annex 2: 2020/21 Capital Outturn – Summary by Ctte (cont'd)

	Original Budget £'000	Restated Budget £'000	Full Year Outturn £'000	Outturn variance to Budget £'000	Change from M11 £'000	Increase / Decrease / Unchanged
Community Services						
Waste and Recycling	2,991	2,991	2,193	(799)	(100)	Increase
Parks, Playgrounds and Open Spaces	531	285	66	(219)	14	Decrease
Community infrastructure and assets	1,194	537	344	(193)	(164)	Increase
Community Services Total	4,716	3,813	2,603	(1,211)	(251)	Increase
Housing General Fund - Committee Chair: Councillor L Parker - Officer: A Boote						
Social Housing Grants	100	100	30	(70)	30	Decrease
Disabled Facilities Grants	426	426	384	(42)	34	Decrease
Housing Services (GF) Total	526	526	414	(112)	64	Decrease
Planning Policy - Chair						
Capital contributions to third parties from CIL	0	299	15	(284)	(15)	Increase
Planning Policy Total	0	299	15	(284)	(15)	Increase
Strategy & Resources - Chair: Cllr T Elias - Officers: J King/L Harrison/A D'Alessandro/A Boote						
Property Development Fund	98,842	981	441	(540)	41	Decrease
Council Offices Buildings	100	75	20	(55)	(5)	Increase
GF IT - Hardware/Infrastructure	874	691	420	(271)	(124)	Increase
Strategy & Resources Total	99,815	1,747	881	(866)	(88)	Increase
Total General Fund	105,057	6,386	3,913	(2,472)	(289)	Increase
Housing Revenue Account - Committee Chair: Councillor L Parker - Officer: A Boote						
Council House Building	11,377	5,900	4,142	(1,758)	329	Decrease
Improvements to Housing Stock	3,608	3,165	3,001	(163)	(32)	Increase
Housing Management Software	70	70	91	21	10	Decrease
HRA IT - Hardware/Infrastructure		141	40	(100)	(44)	Increase
HRA Total	15,055	9,275	7,274	(2,001)	263	Decrease
2020/21 Capital Programme	120,112	15,661	11,187	(4,474)	(26)	Increase

Annex 3: 2020/21 Capital Carry Forwards

	2020/21 Variance £'000	of which is: slippage (2020/21 Carry Forward) £'000	programme underspend £'000		21/22 Budget £'000	21/22 Budget with Carry Forward £'000
Community Services						
Waste and Recycling	(799)	788	11		123	911
Parks, Playgrounds and Open Spaces	(219)	212	7		773	985
Community infrastructure and assets	(193)	182	11		1,057	1,240
Community Services Total	(1,211)	1,182	28		1,954	3,136
Housing General Fund - Committee Chair: Councillor L Parker - Officer: A Boote						
Social Housing Grants	(70)		70		0	0
Disabled Facilities Grants	(42)		42		460	460
Housing Services (GF) Total	(112)	0	112		460	460
Planning Policy - Chair						
Capital contributions to third parties from CIL	(284)	284	0		733	1,017
Planning Policy Total	(284)	284	0		733	1,017
Strategy & Resources - Chair: Cllr T Elias - Officers: J King/L Harrison/A D'Alessandro/A Boote						
Property Development Fund	(540)	540	0		4,900	5,440
Council Offices Buildings	(55)	25	30		0	25
GF IT - Hardware/Infrastructure	(271)	214	57		467	681
Strategy & Resources Total	(866)	779	87		5,367	6,146
Total General Fund	(2,472)	2,245	227		8,513	10,759
Housing Revenue Account - Committee Chair: Councillor L Parker - Officer: A Boote						
Council House Building	(1,758)	1,758	0		12,700	12,700
Improvements to Housing Stock	(163)	163	0		3,590	3,753
Housing Management Software	21		(21)			0
HRA IT - Hardware/Infrastructure	(100)	87	13		264	351
HRA Total	(2,001)	2,009	(8)		16,554	16,804
Overall position	(4,474)	4,254	220		25,067	27,562

Annex 3: Capital Programme Carry Forwards

- For 2020/21, **£4.3m of carry forwards have been requested by Budget Mangers**
- £0.9m (of £4.3m) relates to approved grant or contribution funding
- **The main elements of the carry forward requests (£2.5m) relate to the following schemes and be additional to 2021/22 budget :**
 - **Waste and Recycling (£0.8m)** – relating to purchase of waste collection vehicles due for delivery late May/early June (£0.7m) and purchase of garden waste bins from Biffa in April (£0.1m)
 - **Parks, Playgrounds and Open Spaces (£0.2m)** – delays due to resourcing issues for playground equipment and delays on flood alleviation landscape architect work for Queens Park
 - **Community Infrastructure and Assets (£0.2m)** – Vehicle Fleet Renewals slippage into 2021/22. 4 vehicles delivered in April 2021 and a further 6 are due for delivery 31 July 2021
 - **Property Development Fund (£0.5m)** – Slippage on Quadrant House refurbishment, partially LEP funded
 - **IT Hardware/Infrastructure (£0.2m)** – Slippage mainly in relation to disaster recovery delivery delayed but also includes Book & Pay system, My Service Planning and Northgate system
 - **Capital contributions to third parties from CIL (£0.3m)** – 100% funded by CIL. Work on Whyteleafe Surgery commenced in 2020/21. Burstow Road Safety construction will commence in 2021/22
 - **Improvements to Housing Stock (£0.2m)** – relating to roof works, car parks & resurfacing works & boiler replacements
 - **HRA IT Hardware/Infrastructure (£0.1m)** – relating to Orchard DLO Module and HRA share of disaster recovery

Passed onto the end of the capital programme (£1.8m):

- **Council House Building (£1.8m)** – Delayed expenditure. 100% funded from HRA Reserves/borrowing

Annex 4: HRA Variances

The HRA has achieved a greater surplus than budgeted by c£319k

- The final variance consists of a £104k surplus against CV-19 and £214k surplus on BAU
- The main variances for the year were:
 - **£532k Service Costs underspend.** Mainly due to:
 - Lower valuations for the housing stock have in turn lead to a reduced depreciation charge (£0.3m)
 - The level of outstanding debt is higher than expected leading to requiring greater bad debt provision (£0.1m)
 - other net savings including legal expenses and Assisted Purchase Scheme (£0.1m)
 - **£253k Interest Charges on loan saving** – Reduced cost of borrowing due to new loans being refinanced at lower ratesOffset by:
 - **£270k Corporate Support Services** – Increased recharge for Democratic Representation and Support Services due to changes in the way the Council operates not being reflected in the budget (£0.2m) along with a greater than budget cost for unfunded pensions (£0.1m).
 - **£89k Repairs and Maintenance Expenditure** – An increase in repairs expenditure of £0.1m amounting to less than 2.4% of the over £2.6m repairs budget
 - **£107k other minor overspends** including salaries and garage rental income
- The additional surplus generated will be transferred to the HRA New Build Reserve and the Repairs Reserve in the 2:1 ratio previously agreed by Housing Committee.

Annex 4: HRA Variances

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

KEY HRA REVENUE VARIANCES Committee Chair - Councillor L Parker Officer - A Boote	Annual Budget 2020/21 £	M12 Outturn Variance at year end (31/3/2021) BAU £	M12 Outturn Variance at year end (31/3/2021) COVID-19 £	M12 Outturn Overall Variance at year end (31/3/2021) £	BAU Change since M11 £	COVID-19 Change since M11 £	Overall Change since M11 £
Salaries	1,722,400	34,500	4,700	39,200	8,800	0	8,800
Services costs	5,951,600	(502,100)	(29,500)	(531,600)	(471,300)	0	(471,300)
Corporate Support Services	1,441,800	270,300	0	270,300	270,300	0	270,300
Repairs and Maintenance	2,640,500	190,600	(102,800)	87,800	63,900	(15,200)	48,700
Interest Charges on loan	1,912,100	(253,200)	0	(253,200)	10,800	0	10,800
Rental Income Dwellings	(14,200,500)	0	1,100	1,100	0	(198,900)	(198,900)
Rental Income Garages	(279,700)	0	28,000	28,000	0	18,000	18,000
Other Income	(226,000)	45,700	(5,800)	39,900	52,000	0	52,000
Outturn before transfer to reserves	(1,037,800)	(214,200)	(104,300)	(318,500)	(65,500)	(196,100)	(261,600)
Transfer to reserves	1,037,800	214,200	104,300	318,500	65,500	196,100	261,600
Outturn after transfer to reserves	0	0	0	0	0	0	0