

Quarter 1 2022/23 Budget Monitoring - Community Services Committee

Community Services Committee Tuesday, 18 October 2022

Report of: Mark Hak-Sanders - Chief Finance Officer (Section 151)

Purpose: To note the 2022/23 Quarter 1 / Month 3 (June) financial position of the Committee.

Publication status: Unrestricted

Wards affected: All

Executive summary:

This report presents the 2022/23 Quarter 1 / Month 3 (June) financial position of both Revenue and Capital for the Committee.

This report supports the Council's priorities of:

Building a better Council.

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Recommendation to Committee:

That the Committee's forecast Revenue and Capital budgets positions as at Quarter 1 / M3 (June) 2022 be noted.

Reason for recommendation:

The Council has a duty to ensure that its expenditure does not exceed resources available. The medium-term financial outlook remains uncertain and so the Council must continue to take steps towards growing its financial resilience, including building reserves to a sustainable level.

It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources.

Finance have committed to bringing quarterly financial monitoring updates to each committee to ensure that all members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and as background to the emerging budget for 2023/24.

The consolidated position will be reported to Strategy & Resources Committee on the 29th September 2022.

Introduction and background

- 1 The 2022/23 Community Services Revenue budget was approved at £4,051k on 17th March 2022, including the distribution of staffing increments and vacancy factor (known as the Tranche 2 budget).
- 2 The 2022/23 Community Services Capital Budget was approved at £672k by Council on 10th February 2022 having been considered by Community Services Committee on the 18th March 2022.
- 3 This was increased to £1,839k by carry-forwards from 2021/22 approved by S&R committee on 30th June 2022.

Summary

- 4 The key headline at M3 is a forecast revenue overspend of £200k on the Waste Management contract. This relates to the projected impact of inflation on the contract, which is in the process of being finalised.
- 5 When the 2022/23 budget was set, inflation was estimated at c.4% and is now approaching double figures. This pressure particularly affects the Waste contract which includes a contractual provision to uplift for inflation, based on a combination of national inflation measures, fuel inflation and staff costs. The exact uplift is subject to finalisation but a pressure of c.£200k is expected.
- 6 The increased impact of inflation was anticipated in the 2021/22 financial outturn report to Strategy and Resources Committee on the 30th June 2022 along with other budgetary risks, and amounts were set aside as a corporate contingency to mitigate the risk. Release of the contingency will be considered later in the year by Strategy and Resources Committee, once the committee's revenue forecast becomes clearer.
- 7 At this early stage in the year it is possible that the committee forecast will improve and the full contingency may not be necessary.

- 8 A small amount (£20k) of savings in Ops and Localities are currently flagged as amber whilst further work is undertaken to establish their deliverability alongside the Future Tandridge Programme Service Reviews.
- 9 At present it is assumed that the full Capital Budget is deliverable. Spend at Q1 represents c.22% of budget, so this appears to be a reasonable assumption at this point.

Key implications

Comments of the Chief Finance Officer

The Section 151 Officer confirms the financial information presented in this report has been based on reasonable working assumptions taking into account all material, financial and business issues and risks. The key financial implications at this stage are captured in the body of the report.

Comments of the Head of Legal Services

It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

Under S28 of the Local Government Act 2003, a local authority must review its budget calculations from time to time during the financial year and take appropriate action if there is any deterioration in its budget. This report satisfies this statutory requirement.

Equality

There are no equality implications associated with this report.

Climate change

There are no significant environmental / sustainability implications associated with this report.

Appendices

Appendix A - Committees M3 (June) 2022 Financial Report and supporting data.

Background papers

- Community Services Committee 22/23 draft budget and Medium-Term Financial Strategy – Community Services Committee – 18th January 2022
- 2022/23 final budget and 2023/24 MTFS - Strategy and Resources Committee 1st February 2022
- Community Services Committee - 2022/23 Budget – Tranche 2 Pressure and Savings Distribution – Community Services Committee - 17th March 2022
- 2021/22 Budget – Outturn Report – Strategy and Resources Committee 30th June 2022

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