

<b>REPORT TO THE STRATEGY AND RESOURCES COMMITTEE - 28<sup>TH</sup> JULY 2020 AGENDA ITEM 7</b>	
<b>COUNCIL BUDGET MONITORING 2020/21</b>	
Report of:	Elaine Jackson – Acting Chief Executive, Director of Resources <a href="mailto:ejackson@tandridge.gov.uk">ejackson@tandridge.gov.uk</a>  Grant Miles – Interim Chief Financial Officer (Section 151) – <a href="mailto:gmiles@tandridge.gov.uk">gmiles@tandridge.gov.uk</a>
Purpose of Report:	To report upon monitoring of the Council's budget for the period 1 <sup>st</sup> April 2020 to the 30 <sup>th</sup> June 2020 (Period 3) and to provide an updated forecast of the Council's financial position in the light of the financial implications from the Covid -19 pandemic.
Publication status:	Unrestricted
Recommendation:	That the Committee notes the Council's overall financial position.
Appendices	<p>Appendix A: Revenue Budget monitoring report for the period 1<sup>st</sup> April 2020 to the 30<sup>th</sup> June 2020:</p> <p>Appendix A(i) Council (General Fund) revenue monitoring report  Appendix A(ii) Housing Revenue Account revenue monitoring report  Appendix A(iii) Explanation of Forecast Overspends &amp; Underspends</p> <p>Appendix B: Council Capital monitoring report for the period 1st April 2020 to the 30th June 2020:</p> <p>Appendix B(i) Capital Programme monitoring report for the period 1st April 2020 to the 30th June 2020  Appendix B(ii) Capital Programme monitoring report Narrative Explanation of Scheme Progress</p> <p>Appendix C Support package for Local Authorities letter from Simon Clark MP Minister for Regional Growth and Local Government (2nd July 2020)</p>
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. As reported in the two previous budget monitoring reports to this committee the Council's finances have been heavily impacted by Covid-19.
  - 1.2. It should be noted that the Covid-19 pandemic has created a dynamic environment leading to continuous change to plans and figures. The current environment is a dynamic one that is constantly changing in relation to events, plans and programmes. As a result of this it is

inevitable that there will be changes over time in financial information, forecasts and reports to Members.

- 1.3. At the end of April, the impact of Covid-19 was forecast to lead to a year end overspend of £3,878,461. At the end of May this forecast was revised downward by £1,301,734 to £2,576,727. The current forecast at the end of July is £1,990,750. Further details about the reduction as given in section 5 of this report.
- 1.4. Considerable background information has been given in previous monitoring reports and therefore this report only seeks to provide new additional information.
- 1.5. The Council continues to provide monthly data returns to Government on our forecast financial position and is maintaining close contact with the Ministry of Housing, Communities & Local Government (MHCLG).
2. Council's Overall Estimated Financial Position taking into account Covid-19
  - 2.1. 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. This is the third monitoring report produced this year with monthly reports being prepared by the finance team.
  - 2.2. Monitoring reports 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 unprecedented impact of the Covid-19 pandemic is likely to have substantial impact on the Council's finances and therefore it is planned to produce monthly monitoring reports to monitor the situation. It should be recognised to forecast for a period of 9 months on the basis of 3 month's data is difficult in such unprecedented times. 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.
  - 2.3. 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 will possibly 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.
  - 2.4. 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).
  - 2.5. 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.
  - 2.6. 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 and Resources Committee where each Committee's key highlights are grouped together to provide a Council-wide perspective.

3. 2020/21 Revenue Budget Monitoring position for the Whole Council

- 3.1. The revenue budget forecast by Committee for the General Fund at 30<sup>th</sup> June 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 £1,990,750 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 the first 3 months of the year. This forecast is a reduction of £585,977 when compared to the end of May forecast overspend of £2,576,727 which was reported to this committee on 9<sup>th</sup> July. The main causes of the reduced overspend are detailed in the table below:

	May Forecast Variance £	June Forecast Variance £	Change £	Comment
Salaries expenditure	17,500	36,500	19,000	The Council continues to incur additional overtime costs in relation to Covid-19. Overtime costs have increased by £17,100 since the last monitoring report.
Local Plan	0	-500,000	-500,000	The Executive Team have reviewed and agreed that this amount of the budget can be released as there will not be significant expenditure on the Local Plan in 2020/21 and this can be released
Covid-19 Grant	-897,750	-872,750	25,000	The first tranche of the Covid-19 grant was received in 2019/20 and has been used to offset Covid-19 costs in that financial year.
Covid-19 New Burdens Grant	0	-130,000	-130,000	Additional grant received from Government to offset the additional administration costs of implementing the Covid-19 support to businesses.
Other areas	3,456,977	3,457,000	23	Combined effect of all other changes.
<b>General Fund Forecast Year End Overspend</b>	<b>2,576,727</b>	<b>1,990,750</b>	<b>-585,977</b>	

- 3.2. A review of the salaries budget has been undertaken and is built into the figures. Salaries are currently forecast broadly on budget with a minor variance of £36,500 overspend identified at this stage in the year. Once Covid-19 overtime costs of £41,100 are adjusted for the General Fund is forecasting a £4,600 underspend on salaries.
- 3.3. **Appendix A(ii)** sets out the forecast financial position on the Council's Housing Revenue Account at 30th June 2020, and this identifies an underspend of £142,300 at the year end. This underspend will lead to an additional £142,300 being transferred to HRA reserves at the year end. This forecast assumes that HRA rent collected will fall this year and an increased transfer to the bad debts provision will be required. The position has improved significantly from the £87,000 overspend forecast in May and reported to this committee on 9<sup>th</sup> June as some savings have been identified on interest charges on HRA loans.
- 3.4. **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).
4. Comments of the Acting Chief Finance Officer
- 4.1. A forecast overspend has been identified across all committee budgets. The key variances are summarised below.
- 4.2. The Council's General Fund is forecasted to be overspent by £1,990,750 at the year end. The table below details the split between committees, salary, non-salary variances and Covid-19.

Committee	Salaries Overspend / (Underspend) June (P3) (£)	Non-Salaries Overspend / (Underspend) June (P3) (£)	Salaries Forecast Overspend / (Underspend) 2020/21 (£)	Non-Salaries Forecast Overspend / (Underspend) 2020/21 (£)	Covid-19 Overspend / (Underspend) 2020/21 (£)	Committee Forecast Overspend / (Underspend) Total (£)
Strategy & Resources	27,700	30,000	27,700	197,000	747,300	<b>972,000</b>
Planning Policy	(10,700)	(18,200)	(10,700)	(500,000)	784,400	<b>273,700</b>
Community Services	(40,500)	8,300	(40,500)	0	1,735,800	<b>1,695,300</b>
Housing General Fund	18,900	(175,545)	18,900	0	33,600	<b>52,500</b>
<b>Total</b>	<b>(4,600)</b>	<b>(155,445)</b>	<b>(4,600)</b>	<b>(303,000)</b>	<b>3,301,100</b>	<b>2,993,500</b>
Less Covid-19 Grant	0	0	0	0	(872,750)	<b>(872,750)</b>
Less New Burdens Grant	0	0	0	0	(130,000)	<b>(130,000)</b>
<b>Total</b>	<b>(4,600)</b>	<b>(155,445)</b>	<b>(4,600)</b>	<b>(303,000)</b>	<b>2,298,350</b>	<b>1,990,750</b>

- 4.3. **Salaries** - At the end of Period 3 (June) there is an actual underspend of £4,600 on salary budgets across the Council, excluding expenditure of £41,100 which relates to overtime on Covid-19 which is included in the Covid-19 column of the table. 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 these new arrangements are 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.

- 4.4. In order to ensure to limit the financial impact of Covid-19 on the Council's limited financial reserves in 2020/21 and to protect the Council's forecast low level of reserves at the end of 2020/21, it is planned to only recruit only to vacancies and temporary staff which occur in absolutely essential posts until the end of the financial year. This is particularly important given that the Medium Term Financial Strategy shows that the Council has a budget gap of over £2m to address in 2021/22. Protecting and conserving the Council's limited reserves in 2020/21, will provide more flexibility to enable the Council to set a legal budget in 2021/22.
- 4.5. **Non-Salaries** - Expenditure and income at the end of June on areas not impacted by Covid-19 are only forecasting two variances.
- 1) Strategy and Resources Committee - Interest receivable.  
The 2020/21 budget was set assuming income of £197,000 from Gryllus for a property deal that was close to being concluded. A decision to now not proceed with this purchase will result in a budget variation and a need to find further savings in the next budget round to balance the Medium Term Financial Strategy.
  - 2) Planning Policy Committee – Local Plan  
The Executive Team have reviewed the Local Plan and agreed that £500,000 of this a budget can be released in 2020/21 and there no further significant expenditure anticipated in year. A sum of £120,000 has been retained for expenditure on the Local plan in 2020/21 as some pieces of work to finalise the Plan are being carried out.
- 4.6. **Covid-19** - This shows the impact of Covid-19 on those areas affected. **Appendix A(i)** shows a breakdown of the forecast impact of Covid-19 on each area within the Council's General Fund budget. The forecast overspends are based on discussions with Budget Managers. The estimates are 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 such as when the lockdown and measures on social distancing will end and when a return to normal activity will occur. A detailed explanation in relation to each forecast overspend is set out in **Appendix A(iii)** detailing the assumptions made.
- 4.7. The Council has received two grants totalling £897,950 from central government to help ease the impact of Covid-19. On top of this, in early July, we also received a New Burdens Grant of £130,000 to help alleviate the costs associated with administering the Business Support Grants and 100% Business Rate Relief schemes.

First Tranche of Covid-19 Funding	Second Tranche of Covid-19 Funding	Covid -19 New Burdens Grant	Total Covid-19 Additional Funding
£25,698	£872,252	£130,000	<b>£1,027,950</b>

- 4.8. The first tranche of £25,698 was received in 2019/20 and used in that year to cover cost relating to Covid-19. The second tranche of £872,252 and the new burdens grant of £130,000 have been applied to reduce the forecast overspend in 2020/21.

4.9. If it were not for the receipt of these grants the forecast overspend would be greater.

5. Additional Support Package for Local Authorities

5.1. Since the May budget monitoring report was produced the Minister for Housing, Communities and Local Government announced a package of further financial support for Councils suffering from the financial impact of the Covid-19 pandemic. The letter is attached at **Appendix C**. The key points are:-

- A sum of £500m of funding to cover local authority spending pressures which will be distributed on the basis of population, deprivation and service costs. The Council should be cautious in its expectations in terms of funding, as this may not result in a significant amount of funding for Tandridge when distributed.
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income which in theory equates to 71% of income losses over budget.
- A phased repayment system for Collection Fund deficits over 3 years is being designed.
- A commitment to provide support in the Spending Review for irrecoverable tax income.

5.2. It should be noted that the letter refers to ‘shared financial pain’, which indicates the Central Government will be expecting Local Authorities to share some of the burden and that the Council is unlikely to be fully recompensed.

5.3. At this stage it is not possible to speculate on the amount of money that the Council will receive, as a result of the measures announced. Based on earlier conversations with MHCLG it is anticipated that the funding will be provided later in the Summer.

5.4. No account of these announcements has been made in the monitoring that is presented in this report as further details are required to provide accurate estimates.

6. Reserves

6.1. The table below demonstrates the effect of the current forecast overspend on the Council’s General Fund reserves:

	£000
Opening balance of Reserves 1st April 2020	3,669
Use of Reserves in 2020/21	<u>(1,991)</u>
Closing balance of Reserves 31st March 2021	<u><u>1,678</u></u>

6.2. The Council now has an estimated minimum level of reserves at the end of 2019/20 and consequently it will be necessary to be very prudent going forward in order to prevent the Council ending the year with a deficit on General Fund reserves. If the Council ends up with a deficit on its reserves at the end of the year, it will be necessary for the council to rectify the deficit and rebuild its reserves at the next available budget setting process and continue to do so until reserves are restored to a safe level.

- 6.3. The Council's reserves have been reduced to a very low level which reduces the Council's resilience and ability to react to offset the effect of any further financial shocks. The Medium Term Financial Strategy looks to build upon reserves in future years by adding £500k to the base budget annually for the next 3 years. The Council will examine all options to control expenditure and increase income where feasible in the current financial year to conserve its scarce reserves. Clearly any funding which is received from Government would reduce the pressure on the Council's reserves.
- 6.4. Under the Local Government Act 1988 it is illegal for planned expenditure in the current or a future year to exceed budgeted resources and available reserves – in other words, for the authority's budget to end the year to be unbalanced. During the financial monitoring process if it becomes clear that the budget may not balance the options available include:
- generating more income
  - cutting costs.
- 6.5. However, if actions to generate income or cut costs are unlikely to result in the budget being balanced then an authority could have to consider a course of action such as implementing a voluntary spending freeze.
- 6.6. A spending freeze is an option that enables an authority to retain control of the financial outcomes without triggering the statutory effects of issuing a Section 114 report.

## 7. Housing Revenue Account

- 7.1. The HRA is forecasting a year end underspend of £142,300. Details of the main variances are given at **Appendix A(ii)** and the narrative explanation is set out in the HRA section of **Appendix A(iii)**.

## 8. 2020/21 Capital Budget Monitoring Position

- 7.1 The capital budget for the whole Council totals £120,112,048 including slippage from 2019/20 which has now been carried forward following approval by this committee on 9<sup>th</sup> July 2020. The Capital Programme is forecast to be underspent in 2020/21 by £102,370,800.
- 7.2 The largest and most significant variance in the capital programme is on the Property Development Fund where we are now forecasting very little expenditure against a budget of £98,481,500. This is due to the Council now reconsidering its investment strategy while the results of a government consultation into PWLB borrowing are awaited.
- 7.3 Covid-19 has significantly affected the Council's Capital Programme expenditure. The largest area of the Capital Programme affected by Covid-19 is expenditure on the repair and maintenance of the Council's housing stock together with the Council House Building programme. A decision was taken at lockdown to suspend all work on repairs and maintenance and the new build programme.
- 7.4 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 June 2020 and 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)**.

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

- 8.1 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.
- 8.2 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 a gap in the Council's cash flow for which short term borrowing would be required.
- 8.3 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 and May, in order to establish potential shortfall in cash receipts.
- 8.4 A cashflow modelling exercise based on Council Tax collected in April, May and June indicates that the shortfall in Council Tax collection in 2020/21 will be 4.7% less than the budgeted amount. This assumes that the current levels of Council Tax collected is replicated for the remainder of 2020/21 and neither improves or deteriorates for the remaining 9 months. The modelling shows that if this performance were to be replicated throughout the year, the negative impact upon the Council's cash flow would be around £3,683,000 for the whole year. However, the unknown factor for the Council is whether the collection rate will continue to deteriorate or will improve each month. It is prudent to assume that it will deteriorate, as the crisis bites on household budgets. 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.
- 8.5 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.



- 8.6 A cashflow modelling exercise based on Business Rates collected in April, May and June indicates that the shortfall in Business Rates collection in 2020/21 will be 16% less than the budgeted amount. This assumes that the current levels of Business Rates collected is replicated for the remainder of 2020/21 and neither improves or deteriorates for the remaining 9 months. The modelling shows that if this performance were to be replicated throughout the year, the negative impact upon the Council's cash flow would be around £1,808,000 for the whole year. However, the unknown factor for the Council is whether the collection rate will continue to deteriorate or will improve each month. It is prudent to assume that it will deteriorate, as the crisis bites on business cash flows. However, the unknown for the Council is whether the Business Rates collection rate will continue to deteriorate each month. 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). The major part of payments made in relation to Business Rates is to Government and these payments total £18.9m.
- 8.7 On a positive note, the Council will receive the additional cash on a monthly basis for the Business Rates holiday about £12m, 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 has modelled the impact on cash flow, of the Council Tax collection achieved in April, May and June, in order to establish the potential shortfall in cash receipts.
- 8.8 Overall the cash flow modelling indicates that because Council Tax receipts are received in advance of precept payments, the forward Council Tax receipts will mitigate the impact of the shortfall Business Rate receipts until the end of the year. The impact of the overall forecast shortfall of £5.5m in combined Council Tax and Business Rate will not impact until February 2021.

## 9 Financial / Risk Implications

- 9.1 At the current time a net overspend of £1,990,750 for the General Fund is forecast due to the reasons highlighted above and in the appendices. The overspend will necessitate funding from the Council's reserves at the end of the financial year although it is hoped that a further part of the Covid-19 related expenditure will be funded by additional government grant above that already received.
- 9.2 As previously discussed the Covid-19 situation is constantly changing and the Council updates it's plans and projections regularly to take account of the latest developments and guidance from Government. The overspend forecast between May and June has reduced by £585,977 in light of the most recent information and as a result of management action. Details of the changes are shown in the table in section 3 of this report. Future monitoring report will continue to be updated based on the most up to date understanding of the situation and guidance available.

## 10 Legal Implications

- 10.1 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.

11 Equality Impacts

11.1 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

12 Data Protection Impacts

12.1 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

13 Climate change impacts

13.1 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 June (Period 3)	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)
	£	£	£	£	£
<b>Strategy and Resources Committee</b>					
Salaries	5,166,671	57,700	27,700	30,000	57,700
<u>Non Salaries</u>					
Interest Payable	1,889,000	0	0	75,000	75,000
Investment Property Income	(989,000)	0	0	247,250	247,250
Interest Receivable	(2,764,200)	0	197,000	300,000	497,000
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	100	100
<b>Resources Total</b>	<b>2,411,531</b>	<b>57,700</b>	<b>224,700</b>	<b>747,300</b>	<b>972,000</b>
<b>Planning Policy</b>					
Salaries	1,510,700	(9,600)	(10,700)	1,100	(9,600)
<u>Non Salaries</u>					
Planning Application and Advice	(634,562)	74,000	0	491,300	491,300
Local Plan	439,500	(93,000)	(500,000)	19,500	(480,500)
Community Infrastructure Levy	0	0	0	45,000	45,000
Building Control Chargeable	0	0	0	227,500	227,500
Other net items of less than £10,000	22,400	(300)	0	0	0
<b>Planning Policy Total</b>	<b>1,338,038</b>	<b>(28,900)</b>	<b>(510,700)</b>	<b>784,400</b>	<b>273,700</b>
<b>Community Services Committee</b>					
Salaries	2,235,300	(32,200)	(40,500)	8,300	(32,200)
<u>Non Salaries</u>					
Car Parking-Off Street	17,100	0	0	124,900	124,900
Car Parking-On Street	0	0	0	54,800	54,800
Hackney Carriage/Private Hire	(17,600)	0	0	51,600	51,600
Leisure & Community Grants	468,200	0	0	567,000	567,000
Waste Services	3,736,800	0	0	558,700	558,700
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	156,500	156,500
Parks and Open Spaces	1,025,600	0	0	63,200	63,200
Other Variances less than £10k	(934,600)	0	0	3,400	3,400
<b>Community Services Total</b>	<b>6,351,100</b>	<b>(32,200)</b>	<b>(40,500)</b>	<b>1,735,800</b>	<b>1,695,300</b>
<b>Housing - General Fund</b>					
Salaries	775,800	20,600	18,900	1,700	20,600
<u>Non Salaries</u>					
Meadowside Mobile Homes	(109,500)	(10,265)	0	10,800	10,800
Housing of the Homeless	(59,900)	(65,119)	0	8,600	8,600
Private Sector Enabling	63,863	(2,203)	0	12,500	12,500
Other net items of less than £10,000	(211,200)	(99,658)	0	0	0
<b>Housing General Fund Total</b>	<b>459,063</b>	<b>(156,645)</b>	<b>18,900</b>	<b>33,600</b>	<b>52,500</b>
Covid-19 Grant	0	0	0	(872,750)	(872,750)
Covid-19 New Burdens Grant	0	0	0	(130,000)	(130,000)
<b>Council General Fund Position at 31/03/2021</b>	<b>10,559,732</b>	<b>(160,045)</b>	<b>(307,600)</b>	<b>2,298,350</b>	<b>1,990,750</b>

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

KEY HRA REVENUE VARIANCES	Annual Budget 2020/21 (£)	Budget Variances June (Period 3) (£)	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	7,700	5,900	1,800	7,700
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	(100,000)	(100,000)
Interest Charges payable on HRA Loan(net)	1,912,100	0	(264,000)	0	(264,000)
Rental Income from Council Dwellings	(14,200,500)	0	0	200,000	200,000
Garages	(279,700)	0	0	10,000	10,000
Other Income	(226,000)	0	0	3,900	3,900
<b>Forecast HRA Position at 31/03/2021 before transfer to reserves</b>	<b>(1,037,800)</b>	-	<b>(258,100)</b>	<b>115,800</b>	<b>(142,300)</b>
Transfer to reserves	1,037,800	-	258,100	(115,800)	142,300
<b>Forecast HRA Position at 31/03/2021 after transfer to reserves</b>	<b>0</b>	-	<b>0</b>	<b>0</b>	<b>0</b>

**Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P03 June****Community Services Committee**

The Community Services Committee budget is showing an overall forecast overspend at the 31/3/2021 of £1,695,300 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 £32,200. Included in this underspend is expenditure of £8,300 on unbudgeted overtime in relation to Covid-19 work. 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 June. 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 £124,900** 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 £27,800 12% of Budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £241,700 100% of Budget Income, based on 12 months £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 £54,800** 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 £12,200 12% of budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £106,000 100% of budget Income, based on 12 months £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 into seeking other types of 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.

### **Waste & Other Services**

**Realistic £48,700** details as noted below

Optimistic £48,700 details as noted below

Pessimistic £48,700 details as noted below

This is a loss of income from the Garden Waste Club due to Covid19 delaying the start date of the new waste contract.

### **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 Covid-19 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 £156,500** 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 £37,700 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 Covid-19, 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 £63,200** 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 £20,000 12% of Budget Income, based on 6 weeks at lockdown with £nil income

Pessimistic £123,700 100% 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 Covid-19 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 £567,000** based on support to 31<sup>st</sup> March 2021

Optimistic £283,500 based on 50% support to 31<sup>st</sup> March 2021

Pessimistic £567,000 based on support to 31<sup>st</sup> March 2021

These costs represent the additional costs the Council may incur on the Tandridge's leisure centres. The estimated cost (realistic) has reduced by £395,800 when compared to the £962,000 figure forecast at the end of April. This is due to a lower level of support now being forecast.

Freedom Leisure have requested a package of financial support to enable them to continue the contract while the facilities are closed and to reopen leisure facilities when the lockdown is lifted, which is anticipated to be later in July. A package of proposals has been received and is under consideration by Members. There is also a separate paper being presented to this committee on Freedom Leisure.

#### **Waste & Other Services**

**Realistic £510,000** details as noted below

Optimistic £260,000 assumed that 50% of the all the costs listed below are incurred

Pessimistic £510,000 details as noted below

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

£425,000 - increase costs of Collection due to Covid-19. Increase in waste staffing costs due to higher than normal staff sickness, agency staff having to be brought in to run the service. Also, there

is additional H&S requirements to ensure the waste team stay safe. In particular, there is extra cleaning and disinfecting of equipment and personnel. Assumed £35,400 for 12 months

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

£50,000 – Covid-19 has delayed the ordering and purchasing of the new waste vehicles. We will have to keep the old vehicles for longer and therefore may incur high maintenance costs and / or hiring costs of vehicles. Assumed 25% contingency based on current maintenance budget of £200,000.

The cost of £510,000 has reduced by £882,000 from the end of April20 forecast amount of £1,392,000. This is due to change in assumptions regarding the waste collection contract where we are now not anticipating that the rules around social distancing will not be a prescriptive which would have added substantial additional costs to the collection process.

#### Proposed Management Action regarding: Overspends

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



## Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P3 June

### Housing Committee-General Fund

The Housing General Fund Committee budget is showing an overall forecast overspend at the 31/3/2021 of £52,500 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 Housing General Fund salaries Budget is overspent by £20,600. Included in this overspend is expenditure of £1,700 on unbudgeted overtime in relation to Covid-19 work. A year end Housing Committee salaries overspend of £20,600 is being forecast, however it is worth noting that this is offset by minor underspends within other committees and the General Fund as a whole is forecasting a £4,600 underspend on salaries once overtime from Covid-19 is excluded. 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 June. No expenditure variances have been identified aside from the financial impact of Covid-19. It is anticipated therefore that the Housing General Fund Non-salaries expenditure and income budgets will be on target at year end.

##### Covid-19 Budget Spending

###### Forecast Income loss

**Meadowside Mobile Homes- Realistic £10,800, Optimistic £5,400 Pessimistic £16,200**

Sales at Meadowside likely to be reduced as fewer people look to move. The realistic forecast is based on losing 50% of our income, the pessimistic 75% and the optimistic 25%.

###### Forecast Additional Expenditure

**Housing the Homeless £8,600**

Additional costs from housing rough sleepers during the pandemic. This estimate is based on the number of rough sleepers being accommodated over a 12-week period less Housing Benefit and any grant received.

**Private Sector Enabling £12,500**

The contractor (Millbrook) has redeployed staff for a 12-week period to support Surrey County Council's overall Covid-19 response. The £12.5k is the cost of our quarterly contract which has been forgone to support Surrey and the NHS.

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 P3 June

### Housing Committee-HRA

The Housing Revenue Account budget is showing an overall forecast year end underspend at the 31/03/2021 of £142,300 including the impact of Covid-19. This underspend will lead to an additional £142,300 being transferred to HRA reserves at the year end. 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 £7,700. It is anticipated that salaries expenditure will be broadly in line with the budget at year end with a small year end overspend of £7,700 forecast. Salaries, agency staff and consultancy expenditures across the Council are being rigorously 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

An underspend of £264,000 has been identified on interest payable. This is partly due to loans being refinanced as a lower than expected interest rate due to the introduction of the PWLB HRA certainty rate, essentially a 1% discount on PWLB rates for HRA borrowing, and partly due to lower than forecast borrowing to fund HRA capital expenditure. No other non-salaries expenditure or income budget variations have been identified at the end of June.

#### 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 £210,000**, Optimistic £100,000, Pessimistic £400,000

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 £210,000 will be required. This forecast included both dwellings and garages. The situation will become clearer over the coming months as the level of direct debit cancellation and increase in arrears becomes known.

### Forecast Underspend

**Repairs and Maintenance expenditure-    Realistic (£100,000)**

Due to the lockdown and required social distancing measures planned repairs and maintenance have been postponed. It is thought that some of the delayed work can be caught up with during the year depending on the weather but not all planned expenditure is likely to occur this financial year. It is estimated that an underspend of £100,000 is likely.

### Proposed Management Action regarding: Overspends

The level of HRA rent arrears will be closely monitored throughout the year. A reduced level of repairs and maintenance work is likely to alleviate the in-year impact of an increased transfer to the bad debts provision however the repairs and maintenance work will still need to be undertaken in future years.

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 funds are made available.

**Explanation of Revenue Under/Overspends of Forecast Overspends for 2020/21 at P3 June****Planning Policy Committee**

The Planning Policy Committee budget is showing an overall forecast overspend at the 31/3/2021 of £273,700 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 Planning Policy salaries budget is underspent by £9,600. Included in this underspend is expenditure of £1,100 on unbudgeted overtime in relation to Covid-19 work. 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 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 currently showing on budget at the end of June, with the exception of the Local Plan. This budget is showing a £500,000 favourable variance as expenditure has been reduced to generate an in-year saving. No other expenditure variances have been identified aside from the financial impact of Covid-19.

**Covid-19 Budget Spending****Forecast Income loss**

**Planning Applications & Advice-                      Realistic £491,330    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 slowdown 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 2020/21, which has caused an adverse variance of £19,500 to the 2020/21 budget.

#### 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 P3 June**

### **Strategy and Resources Committee**

The Strategy and Resources Committee budget is showing an overall forecast overspend at the 31/3/2021 of £972,000 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 Strategy and Resources salaries budget is overspent by £57,700. Of this overspend, £30,000 is in relation to Covid-19 work. A year end Strategy and Resources Committee salaries overspend of £57,700 is being forecast, however it is worth noting that this is offset by minor underspends within other committees and the General Fund as a whole is forecasting a £4,600 underspend on salaries once overtime from Covid-19 is excluded. Salaries and agency staff and consultancy expenditures across the Council are being rigorously 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**

The only non Covid-19 variance is the reduction on budgeted Interest Receivable of £197,000 due to the decision to not proceed with an agreed property purchase through Gryllus.

No other non Covid-19 expenditure variances have been identified at the end of June.

#### **Covid-19 Budget Spending**

##### **Forecast Income loss**

**Interest Receivable**    **Realistic £300,000**, Optimistic £89,800, Pessimistic £500,000

A reduction in interest receivable following the cut in the Bank of England base rate from 0.75% to 0.1% influencing the return on investments.

This estimated variance has increased by £120,400 from the £179,600 forecast at the end of April. This is due to a detailed review of projected investment income. Lower returns are now forecast on fund investments.

**Investment Property Income**    **Realistic £247,250**, Optimistic £197,802, Pessimistic £494,500

Due to the enforced closedown some tenants have requested rent holidays, this primarily affects Quadrant House.

**Land Charges Income**    **Realistic £34,000**, Optimistic £20,250, Pessimistic £67,500

Reduction in Land Charge searches as the lockdown resulted in the reduction of property purchases.

Forecast Additional Expenditure

**Interest Payable** **Realistic £75,000**

Forecasted additional Interest payable on short term borrowing to manage cost flow due to the reduced collection of Business Rates and Council Tax.

This estimate has decreased by £195,000 from the £270,000 forecast at the end of April. This is due to a review of cash flow now projecting a lower level of borrowing over a shorter timespan to meet cash flow needs.

**IT – Software Overspends** **Realistic £10,000**

Software and Hardware to accommodate the need for staff to work from home.

**Covid-19 – Support Grants** **Realistic £15,000**

Grants made to Parish councils and Volunteer Agencies.

Proposed Management Action regarding: Overspends

Salaries will continue to be under constant monitoring and there will be continued management of agency posts. Costs incurred in relation to Covid-19 will also be monitored and insured essential, with forecasts being reviewed as the situation develops.



Capital Budget Monitoring at Period 3 end June 2020

Appendix B(i)

Scheme Name	Annual Budget incl. slippage 2020/21	Budget YTD P3	Actual YTD P3	Variance YTD P3	Forecast Annual Variance 2020/21 at P3	Annual Percentage Variation	Budget Manager
	£	£	£	£	£	%	
<b>Community Services</b>							
Vehicle Fleet Renewals	543,900	136,000	0	(136,000)	(136,000)	-25%	Nic Martlew
Car Parking	47,300	11,800	15,129	3,329	0	0%	Nic Martlew
Ellice Road Car park	0	0	0	0	0	-	Grant Miles
Children's Playground Equipment	292,000	73,000	0	(73,000)	(73,000)	-25%	Nic Martlew
Purchase of Waste Collection Vehicles	2,800,000	700,000	0	(700,000)	0	-	Simon Mander
Land Drainage Capital Works	15,000	3,800	0	(3,800)	(3,700)	-25%	Nic Martlew
Park, Pavilions & Open Spaces	188,900	47,200	4,744	(42,456)	(47,200)	-25%	Nic Martlew
Playground Improvements Match Funding Pot	50,000	12,500	0	(12,500)	0	-	Nic Martlew
Waste & Recycling Contract Equipment	0	0	6,619	6,619	7,000	-	Simon Mander
Litter Bins	22,000	5,500	0	(5,500)	(5,500)	-25%	Nic Martlew
Garden Waste Bins	111,000	27,800	0	(27,800)	(27,700)	-25%	Simon Mander
Public Conveniences Capital Works	550,000	137,500	0	(137,500)	(137,500)	-25%	Nic Martlew
Roads & Paths St Marys Church	7,600	1,900	0	(1,900)	0	0%	Nic Martlew
Plant, Furniture & Equipment (GF)	30,240	7,600	16,323	8,723	0	0%	Nic Martlew
Refuse, Recycling and Food Waste bins	58,308	14,600	0	(14,600)	(14,600)	-25%	Simon Mander
<b>Total-Community Services</b>	<b>4,716,248</b>	<b>1,179,200</b>	<b>42,814</b>	<b>(1,136,386)</b>	<b>(438,200)</b>	<b>-9%</b>	
<b>Housing General Fund</b>							
Social Housing Grants	100,000	25,000	0	(25,000)	(100,000)	-100%	Peter Trowbridge
Disabled Facilities Grants Mandatory	426,000	106,500	69,553	(36,947)	(106,500)	-25%	Jane Ellis
<b>Total-Housing GF</b>	<b>526,000</b>	<b>131,500</b>	<b>69,553</b>	<b>(61,947)</b>	<b>(206,500)</b>	<b>-39%</b>	
<b>Resources Committee</b>							
Property Development Fund	98,841,500	24,710,400	10,013	(24,700,388)	(97,860,500)	-99%	Alison Boote
Land/Asset Development	0	0	0	0	0	-	Alison Boote
Council Offices Buildings	100,000	25,000	6,345	(18,655)	(25,000)	-25%	Alison Boote
Customer First / IT	150,000	37,500	0	(37,500)	0	0%	Mel Thompson
IT - Hardware/Infrastructure/Customer First Project	723,600	180,900	0	(180,900)	(180,900)	-25%	Mel Thompson
<b>Total-Resources</b>	<b>99,815,100</b>	<b>24,953,800</b>	<b>16,358</b>	<b>(24,937,443)</b>	<b>(98,066,400)</b>	<b>-98%</b>	
<b>Total-General Fund</b>	<b>105,057,348</b>	<b>26,264,500</b>	<b>128,724</b>	<b>(26,135,776)</b>	<b>(98,711,100)</b>	<b>-94%</b>	
<b>Housing Revenue Account</b>							
Council House Building	11,376,700	2,844,200	778,034	(2,066,166)	(2,844,200)	-25%	Peter Trowbridge
Structural Works	705,000	176,250	14,983	(161,267)	(176,200)	-25%	Robert Preedy
Modernisation & Improvements	765,500	191,375	77,499	(113,877)	(191,400)	-25%	Robert Preedy
Energy Efficiency Works	541,500	135,375	35,188	(100,187)	(135,400)	-25%	Robert Preedy
Internal Service Renewals	611,000	152,750	231,210	78,460	(66,500)	-11%	Robert Preedy
Works to Void Properties	425,000	106,250	0	(106,250)	(106,200)	-25%	Robert Preedy
Health & Safety	90,000	22,500	13,587	(8,913)	(22,400)	-25%	Robert Preedy
Adaptations for the Disabled	225,000	56,250	41,879	(14,371)	(56,200)	-25%	Robert Preedy
Essential Structural Works	185,000	46,250	10,610	(35,640)	(46,200)	-25%	Robert Preedy
Communal Services	60,000	15,000	3,853	(11,148)	(15,000)	-25%	Robert Preedy
Housing Management Software	70,000	17,500	2,500	(15,000)	0	0%	Mel Thompson
<b>Total-HRA</b>	<b>15,054,700</b>	<b>3,763,700</b>	<b>1,209,341</b>	<b>(2,554,359)</b>	<b>(3,659,700)</b>	<b>-24%</b>	
<b>Total Capital Programme</b>	<b>120,112,048</b>	<b>30,028,200</b>	<b>1,338,065</b>	<b>(28,690,135)</b>	<b>(102,370,800)</b>	<b>-85%</b>	

**2020/21 Capital Monitoring - Budget Managers Comments**  
**Period 3, June 2020**

<b>Community Services</b>
<b>Vehicle Fleet Renewals</b>
It is expected that due to Covid-19 there will be some delay on the purchase of vehicles
<b>Car Parking</b>
Resurfacing work at Warren Lane Car park, new lighting at Ellice Road Car Park, CCTV at Woldingham & resurfacing at the Leisure Centre CP will be incurred in 2020/21. It is likely that all the budget will be spent in the current year
<b>Children's Playground Equipment</b>
It is expected that due to Covid-19 there will be some delay in the progress of these works
<b>Purchase of Waste Collection Vehicles</b>
The programme was slipped from 2019-20.
<b>Land Drainage Capital Works</b>
This money will be spent during the winter months on flood alleviation works.
<b>Park, Pavilions &amp; Open Spaces</b>
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.
<b>Playground Improvements Match Funding Pot</b>
The budget will be slipped from 2019-20. Parish Councils have been approached and waiting for bids.
<b>Waste &amp; Recycling Contract Equipment</b>
This project is complete
<b>Litter Bins</b>
Having completed consultation & Member Workshops a Committee paper and policy was considered at the March Community Services Committee meeting.
<b>Garden Waste Bins</b>
A small underspend is being forecast by the Budget Manager.
<b>Public Conveniences Capital Works</b>
Having completed consultation & Member Workshops a committee paper and recommendations were considered at the March Community Services Committee meeting.
<b>Roads &amp; Paths St Marys Church</b>
The remaining budget from 2019/20 of £7,500 has been slipped into 2020-21 and it is expected that this will be spent in 2020/21.
<b>Plant, Furniture &amp; Equipment (GF)</b>
The expenditure to date amounts to £16,323 and it is anticipated that this budget will be spent in full by the end of the year.

## Appendix B (ii)

<b>Housing General Fund</b>
<b>Social Housing Grants</b>
No Social Housing Grant allocations at this time.
<b>Disabled Facilities Grants Mandatory</b>
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

<b>Strategy &amp; Resources</b>
<b>Property Development Fund</b>
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. Further commercial investments are currently on hold awaiting the results of a government consultation on the future lending terms of the Public Works Loan Board (PWLB). Expenditure on the refurbishment of Quadrant House is expected to be £981,000 for the current year
<b>Council Offices Buildings</b>
This budget covers the planned maintenance programme for the Council Offices, however there may be delay due to Covid-19
<b>Customer First / IT</b>
Ongoing ICT development works progressing. This scheme is expected to be on budget in the current financial year.

## Appendix B (ii)

<b>Housing Revenue Account</b>
<b>Council House Building</b>
The budget underspend from 2019-20 of £2.3m has been 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.
<b>Structural Works</b>
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
<b>Modernisation &amp; Improvements</b>
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
<b>Energy Efficiency Works</b>
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
<b>Internal Service Renewals</b>
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
<b>Works to Void Properties</b>
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
<b>Health &amp; Safety</b>
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
<b>Adaptations for the Disabled</b>
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
<b>Essential Structural Works</b>
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
<b>Communal Services</b>
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
<b>Housing Management Software</b>
Ongoing IT development works progressing.



Ministry of Housing,  
Communities &  
Local Government

To all English local authority Leaders and  
Chief Executives

**Simon Clarke MP**  
*Minister for Regional Growth and Local Government*

**Ministry of Housing, Communities and Local  
Government**

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2 July 2020

Dear Colleague,

## **SUPPORT PACKAGE FOR LOCAL AUTHORITIES – COVID-19 AND BEYOND**

I cannot emphasise enough how important your tireless efforts have been during this pandemic. Local government has been at the heart of an immense national response, and I know you will help lead us through the strong and swift economic recovery we need.

The Secretary of State for Housing, Communities and Local Government, Rt Hon Robert Jenrick MP, set out at the start of the pandemic that the Government would ensure councils have the resources they need for long term financial sustainability and to continue to deliver vital services.

To do that, we provided £27 billion to support local councils, businesses and communities; including the £3.8 billion of support specifically for local authorities. This funding has allowed councils to deliver for their communities: including helping get rough sleepers off the streets, establishing our shielding programme, and providing support for 800,000 small and medium-sized businesses.

But these pressures have not yet passed, and today we announced further measures as part of a comprehensive package of support for local authorities, these include:

- A further £500 million of funding to cover local authority spending pressures
- A co-payment mechanism for irrecoverable Sales, Fees and Charges income, with the Government covering 75% of losses beyond 5% of planned income
- Phased repayment of Collection Fund deficits over the next 3 years
- A commitment to determine what support is needed to help councils meet the pressures of irrecoverable tax income at the Spending Review

Firstly, on expenditure, we remain firm that we will support councils with the money needed to carry out the tasks we have asked of you including adult social care; children's services; public health services; fire and rescue services; household waste services; shielding the clinically extremely vulnerable people; homelessness and rough sleeping; domestic abuse; managing excess deaths and support for re-opening the country. I've been pleased that councils have worked with us openly and collaboratively throughout the pandemic, and the information provided has been hugely important in shaping our understanding of the pressures you face.

We understand that you are continuing to see increased costs across a range of services, and so the Secretary of State has announced a further £500 million to help ensure that, along with past

funding provided, you have the money you need to meet these costs in the coming months. We will continue to monitor this situation as the economy reopens. You have told us what is going on in your local areas through the monitoring returns and we have used this data to shape our approach to allocating the £500 million. Our first round of allocations in March was based primarily around getting emergency support into Adult Social Care. The second round addressed both expenditure pressures and income shortfalls. With the benefit of better data, we now plan to address income shortfalls separately to expenditure and so we have created a new formula for the additional £500 million. This formula will reflect the factors which the returns have told us correlate most closely with your expenditure, and will take account of population, deprivation and the way that service costs vary across the country. Allocations will be communicated shortly, and as before, I ask that you continue to work with parish and town councils in your communities in determining how this further funding is spent.

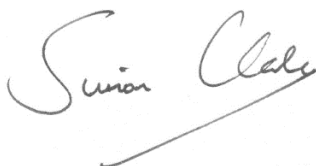
As well as the increased spending during the pandemic, I know the national lockdown has had a significant impact on your incomes. We know that the pandemic has had an unprecedented impact on councils' income from sales, fees, and charges – for which they could not have planned. To help mitigate this, the Government is introducing a co-payment scheme to compensate local authorities for relevant, irrecoverable losses in 2020-21. Under this scheme, councils bear the first 5% of losses compared to their budgeted income – reflecting the fact these income sources are by their nature volatile from one year to the next – but the Government will support those worst affected by covering 75p in every pound of losses beyond this. This further financial support will also mean that your previous allocations can go further in meeting the expenditure pressures posed by the pandemic. Further details of the scope of this scheme, including the principles which we intend to cover losses on, will be shared with you ahead of the first process of collecting, calculating, and compensating for relevant losses.

We are also considering how to support you in managing your tax losses. The Secretary of State has committed today to consider the apportionment of irrecoverable Council Tax and Business Rates losses between central and local government. However, as these losses materialise in budgets in 2021-22, details of this measure will be determined at the Spending Review. We have announced today that the repayment of collection fund deficits arising this year will be spread over the next three years rather than the usual one, and I believe that this support will give you considerable additional breathing room in setting budgets for next year before we make a fuller announcement at the Spending Review.

The package we are delivering is designed to help councils through the coming months and, whilst there will be some shared financial pain, it continues to meet our commitment to stand with local government as it delivers vital support for our communities during the pandemic. However, I recognise that a small number of local authorities have experienced exceptional pressures as a result of the pandemic. I will continue to work with these councils to understand the issues that they are facing for the rest of year. I would encourage any local authority with exceptional pressures to engage with my team of officials over the coming weeks as we finalise these proposals.

Together, I believe these measures amount to a comprehensive package of support for the sector, allowing you to rise to the challenges we will continue to face during our recovery from the pandemic, without compromising your long-term sustainability.

Yours ever,

A handwritten signature in black ink that reads "Simon Clarke". The signature is written in a cursive style and is positioned above a horizontal line.

**SIMON CLARKE MP**