

Month 6 (September 22) Financial Report

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Chief Finance Officer (S151)

1st December 2022

Contents

- Executive Summary
- Revenue Summary
- Saving Plans Update
- Capital Position
- Additional Information
- **Annex**
 - Revenue Position - Committee Detail
 - Revenue – Budget Tracker
 - Financial Risks

Executive Summary - Month 6 (September 2022)

Revenue Forecast at M6

2021/22	Forecast	Annual	Outturn
Outturn	at M06	Budget	Variance
£k	£k	£k	£k
3,762 Community Services	4,375	4,051	324
458 Housing General Fund	432	476	(44)
1,332 Planning Policy	1,290	1,204	86
5,748 Strategy & Resources	6,333	6,222	111
(463) Corporate Items	(632)	(601)	(31)
10,837 General Fund- Services	11,798	11,351	447
(11,295) Central Funding	(11,351)	(11,351)	0
(458) General Fund	447	0	447

Overall at M6 the Council is forecasting a **£447k overspend** – Change: An improvement of £126k from Qtr1-M3

- Community Services: £324k overspend – 8.0% of committee budget
- Housing General Fund: £44k underspend – 9.2% of committee budget
- Planning Policy: £86k overspend – 7.2% of committee budget
- Strategy & Resources: £111k overspend – 1.8% of committee budget
- Corporate Items: £31k improvement – 5.2% of committee budget

M6 headlines are set out on the next slide, with full detail in the Annex

Capital Programme Forecast at M6

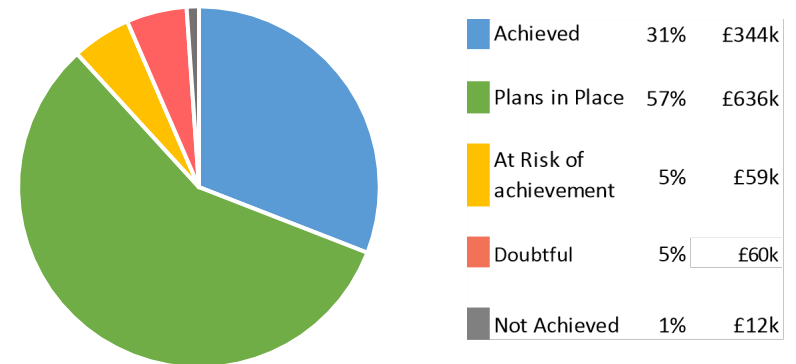
Change : £1.2m decrease from Qtr1-M3

	M6 Outturn	Budget *	Forecast
	Forecast		variance
	£k	£k	£k
Community Services	1,839	1,839	0
Housing General Fund	400	460	(60)
Strategy & Resources	5,569	4,841	727
Planning Policy (CIL)	527	2,146	(1,619)
General Fund	8,334	9,286	(952)
Housing Revenue Account	15,636	15,956	(321)
Total	23,970	25,242	(1,272)

*Budget approved by S&R Committee on 30th June 2022, consisting of £16.2m original budget and £9m carry forwards from 2021/22.

Further detail is set out on Slide 6

Savings Plan at M6 - £1.1m



Unachievable amount is due to a shortfall in General Fund recharge income (£12k) (no change to Qtr1);

Doubtful amount relating to Property income (£50k) remains (unchanged from Qtr1) and reduced income from Meadowside Mobile Home sales (£10k change from Qtr1)

Revenue Summary by Committee M6

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance £k	Change from M03 £k	One-off events £k	Ongoing Pressures £k
3,762 Community Services	4,375	4,051	324	124	(27)	351
458 Housing General Fund	432	476	(44)	(44)	0	(44)
1,332 Planning Policy	1,290	1,204	86	(37)	25	62
5,748 Strategy & Resources (463) Corporate Items	6,333 (632)	6,222 (601)	111 (31)	(133) (36)	7 (115)	104 84
10,837 General Fund- Services	11,798	11,351	447	(126)	(110)	557
(11,295) Central Funding	(11,351)	(11,351)	0	0	0	0
(458) General Fund	447	0	447	(126)	(110)	557

Mitigation through contingencies

Offsetting the deficit identified are contingencies as follows:

- £100k – Planned reserve contribution
- £117k - General contingencies within the 2022/23 budget
- £267k – Set aside to meet known 2022/23 risks at 2021/22 outturn.

Totalling £484k – a balanced outcome is therefore deemed to be achievable

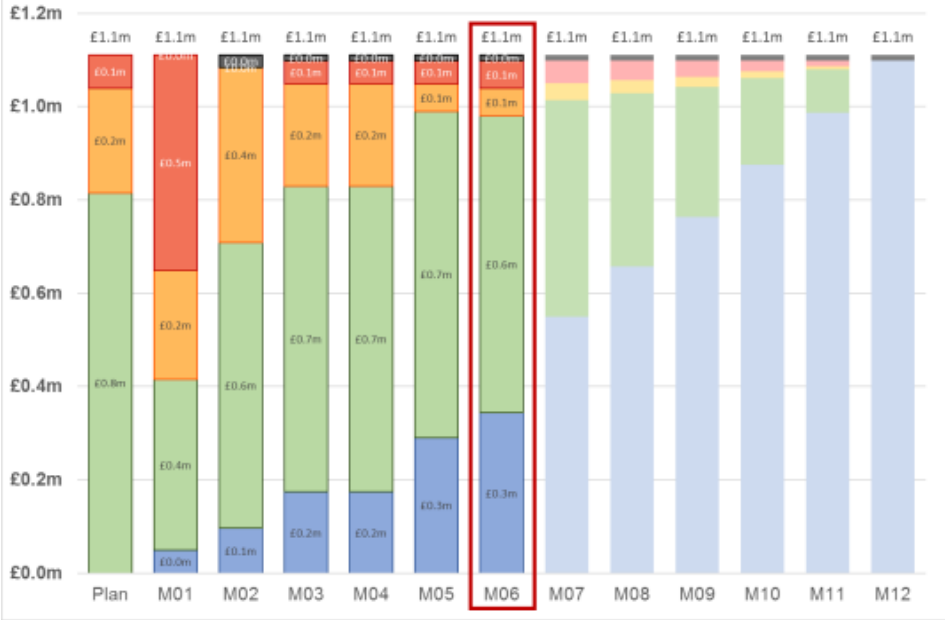
Key Messages:

Committees are projecting a full year £447k overspend – Change: £126k improvement from Qtr1-M3. The underspend and change from Month 3 mainly relates to:

- **Community Services: £324k overspend** – Change- £124k deterioration from Qtr1. Mainly consisting of £237k indicative pressure in Waste Services due contractual commitments to inflation and labour costs indexation (£37k change from Qtr1), £44k reduced income from Off-street car parking, £49k from Cesspool Services, offset by £25k improvement in salaries due to unfilled vacant posts (All changed in full from Qtr1).
- **Housing General Fund: £44k underspend** – Change- £44k improvement from Qtr1, mainly on account of : £40k Improved expectation of funding homelessness costs from Government grant. £13k reduced cost budget in the Private Sector Enabling, offset by £10k reduction on expected sales commission for Meadowside Mobile Homes.
- **Planning Policy: £86k overspend** – Change: £37k improvement from Qtr1- £164k overspend on salaries (net £15k improvement from Qtr1 - comprising £24k restructure improvement, offset by £12k one off costs), £32k on associated recruitment costs (£32k increase from Qtr1), £20k more than expected increased counsel spend on resulting from the decision to serve injunctions (£10k increase from Qtr1) and £43k greater than expected on external consultant advice, offset by £167k increased forecast income related to planning application associated with a large site (£61k improvement from Qtr1) and £9k Enforcement underspend due to staff churn and income from appeals.
- **Strategy and Resources: £111k overspend – Change: £133k decrease from Qtr1** £67k shortfall in office income from external tenants (£77k improvement from Qtr1), £36k overspend anticipated for the Elections and the ward boundary review (£20k increase from Qtr1), offset by £12k underspend in HR due to staff restructuring (no change from Qtr1) and £1k due to overspend in Software renewals and Telephone usage (£48k change from Qtr1)
- **Corporate Items: £31k net improvement - Change: £36k improvement from Qtr1**, primarily due to £106k shortfall in forecast Property income (£36k improvement from Qtr1) and £69k shortfall in cost of collection funding, offset by £200k Government new burdens grant carried over from 2021/22

Saving Plans Delivery

Summary and Projection



Mitigations:

£50k Town Hall income saving:

The service is taking mitigating action to identify new tenants and renew existing where possible. Two marketing agents are employed, adaptations are under consideration and, and the Council is extending the security hours related to the offices for tenants to further develop interest.

Key:

Black – Under target

Red – No Plan, unrealistic timescales and/or Consultation assessment required

Amber – Deliverable but no agreed plan, uncertain timescale and Consultations required

Green – Clear plans, Realistic Timescale & Consultation complete

Blue – Delivered / Achieved

Delivery by Committee

Committee	Target	Blue Achieved	Green	Amber	Red	Black - BAU Full Year Forecast
		£k	£k	£k	£k	£k
Community Services	177	79	79	20	0	0
Housing GF	80	35	35	0	10	0
Planning	0	0	0	0	0	0
Resources	717	175	468	24	50	0
Corporate items	137	55	55	15	0	12
TOTAL	1,111	344	636	59	60	12

Commentary

Total plan of £1.1m - forecasting c£1.1m (99%) delivery

- Corporate Items :£12k (c1%) unachievable (Black) – No change from Qtr1
 - shortfall in intra authority recharges(£12k)

There is a risk to programme delivery from :

- £60k (5.4%) doubtful (Red); – Change: £10k increase from Qtr1 - doubtful due to dependency to find new tenants for the Town Hall saving (£50k) and downturn in Meadowside Mobile Home Sales (£10k)
- £59k (5.3%) is rated amber – Change: £160k improvement from Qtr1
 - £24k in S&R (Legal Services). – £160k improvement from Qtr1 – moved to green based on committee review
 - £20k in Community Services (Mechanical Sweeper Utilisation) – No change from Qtr1
 - £15k in Corporate Items (Recharges). – No change from Qtr1

Capital Summary by Committee

	M6 Outturn Forecast £k	Budget * £k	Forecast variance £k	Overspend / (Underspend) £'000	Acceleration/ (Slippage) £'000
Community Services	1,839	1,839	0		
Housing General Fund	400	460	(60)		(60)
Strategy & Resources	5,569	4,841	727	327	400
Planning Policy (CIL)	527	2,146	(1,619)	(1,619)	
General Fund	8,334	9,286	(952)	(1,292)	340
Housing Revenue Account	15,636	15,956	(321)	2,848	(3,169)
Total	23,970	25,242	(1,272)	1,556	(2,829)

*Budget approved by S&R Committee on 30th June 2022, consisting of £16.2m original budget and £9m carry forwards from 2021/22.

Capital - Underspend £1,272k (Change: £1,212k decrease from Qtr1) mainly due to:

- **Housing General Fund : Underspend £60k**, due to reduced DFG, as costs will not be incurred in 2022/23.
- **Strategy and Resources : Overspend £727k mainly due to:**
 - Quadrant House (QH) Refurbishment – £887k more than in-year budget. **£487k is due to an overall overspend:** change in scope of work and contract variations (£337k) and cost for extension of time / delays in completion (£150k). £400k is due to retention monies originally budgeted for in 2023/24 to match expected cash payments which should be recorded as committed on completion of the project. (Retention will not be paid until due). The change £400k change in phasing is a technical correction and has no financial impact
 - Offset by:
 - £181k : Unspent capital programme 2022/23 funds, from Land/Assets Development.
 - The net overspend for QH is expected to be £306k after £400k is bought forward from the 2023/24 capital programme and £181k unused budget Land/Asset Development is used. The remainder of the £21k variance in the service is a net of underspend in Council Office Buildings offset by carried forward expenditure for the A22 Cycleway – details set out in Slide 21.
- **Planning Policy CIL: Underspend of £1,619k mainly due to:**
 - Forecast delays where the budget assumed earlier agreement on Grant letters/agreements for Warlingham Green, Burstow Road Safety and Blanchmans in 2022/23.
 - The budget also reflects some older CIL Grants which are subject to external fund raising which has been slow due to Covid-19 or agencies needing to re-schedule works due to shifting programmes.
- **Housing Revenue Account : Underspend of £321k mainly due to:**
 - £2,848k - additional amounts have been added for potential development sites and inflationary increases.
 - £3,169k - delays are on Rochester Gardens and Auckland Road & Windmill Close and slippages on Whyteleafe and Uplands.

Additional Information

Finalisation & Sign off

- Pack distributed to Extended Management Team

Committee meeting

- 10 Nov – Community Services
- 17 Nov – Housing Services
- 24 Nov – Planning Policy
- 1 Dec – Strategy & Resources

Debt as at 30 Sept 2022

Update to set out the direction of travel for debt recovery. Direction of travel has been RAG rated as follows;

Red – deteriorates by over 10% against target;

Amber – deteriorates by less than 10% against target

Green – improves against target

Sundry Debt, HBOP and HRA:

Type	Q4 21/22	Q1 22/23	Q2 22/23	Outcome
Sundry Debts	£282k	£275k	£331k	R
HBOP	£1,144k	£1,126k	£1,149k	A
HRA	£444k	£551k	£443k	G

Note debts older than six months for HRA and Sundry but one year for HBOP

Collection Fund (2019/20 used as pre-Covid baseline)

	Monthly			Cumulated
	J	A	S	Q2
Business Rates 19/20	8.3%	10.3%	8.9%	27.5%
Business Rates 22/23	13.4%	9.8%	8.3%	31.5%
Outcome	G	A	A	G
	J	A	S	Q2
Council Tax (19/20)	9.2%	9.1%	9.5%	27.8%
Council Tax (22/23)	8.9%	8.8%	9.1%	26.8%
Outcome	A	A	A	A

ANNEX

DETAILED REVENUE AND CAPITAL

- M6 Forecast – Committee Detail (slides 9 to 14)
- Budget Virements Summary (slide 15)
- Financial Risks and Opportunities (slide 16 - 19)
- Capital Budget – Committee Detail (slide 19 - 21)

Revenue Commentary- Communities Services:

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance £k	Change from M03 £k	One-off events £k	Ongoing Pressures £k
1,255 Salaries	1,284	1,309	(25)	(25)	(25)	
(34) Car Parking-On Street	(14)	(14)	0	0		
28 Car Parking-Off Street	26	(18)	44	44		44
(15) Hackney Carriage/Private Hire	(19)	(19)	0	0		
208 Leisure & Community Grants	260	260	0	0		
248 Environmental Services	268	273	(5)	(5)	(2)	(3)
1,960 Waste Services	2,217	1,980	237	37		237
(69) Cesspool Services	(60)	(109)	49	49		49
(266) All Operational Services	(138)	(153)	15	15	(23)	38
405 Parks and Open Spaces	552	537	15	15	17	(2)
42 Streets & Public Conveniences	(1)	5	(6)	(6)	6	(12)
3,762 Community Services	4,375	4,051	324	124	(27)	351

Communities Services overspend £324k (Change: £124k increase from Q1) mainly due to:

- **Salaries : £25k** - savings due to unfilled vacancies in Waste and Streets (Change from Q1: £25k decrease).
- **Car parking : £44k** reduced revenue for Off Street Car Parking, due to reduced reliability in car parking machinery and also some of the car parks no longer having the volume of cars parking. This is an ongoing issue. Mitigation - reviewing barrier system for feasible alternative charging facilities at Ellice Road (Change from Q1:£44k increase).
- **Environmental Services : £5k** savings , £7k from recharges for salary costs, £3k unbudgeted one-off grant received from DLUHC offset by £5k reduced Gambling Licences Income (Change from Q1: £5k decrease).
- **Waste Services : £237k** overspend due to potential contract indexation and labour costs inflation. This is deemed to be ongoing but mitigations are being explored within the Committee. £238k additional Waste Contract costs, £11k less Income as demand for Bulky Waste Collections has slowed, £4k increase price/tonne additional income from clothes and textiles collections, £7k less expenses for recycling palm banks collections and £1k less diesel costs (Change from Q1: £37k increase).
- **Cesspool Services : £49k net reduced income**, £57k reduced income and £8k less costs for Cesspool emptying continues on from last financial year when we lost high value commercial clients by aggressive undercutting by other providers (Change from Q1: £49k increase).
- **Operational Service : £15k** - multitude of offsetting variances, notable being increases in cemetery fees (£8k) with the sale of the reclaimed area for double plots. Note once they are all sold this will return to the normal rate. Additional £10k costs incurred to ensure the Depot is O licence compliant, due to loss of staff we have taken out a 1 year contract (Change from Q1: £15k increase).
- **Parks and Open space: £15k** - reduced income continues on from last financial year. (Change: £15k increase from Q1)
- **Streets & Public Conveniences: £6k**- budget not required for business rates as now exempt. (Change from Q1:£6k decrease).

Revenue Commentary - Housing:

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance from M03 £k	Change from M03 £k	One-off events £k	Ongoing Pressures £k
509 Salaries	526	527	(1)	(1)		(1)
(131) Meadowside Mobile Homes	(124)	(134)	10	10		10
69 Westway	50	50	0	0		
34 Private Sector Enabling	69	82	(13)	(13)		(13)
(186) Housing of the Homeless	(181)	(61)	(120)	(40)		(120)
55 Other Housing Renewal Functions	55	55	0	0		0
15 Syrian & Afghan Refugees	25	25	0	0		
Ukraine Placements	0	0	0	0		
(22) Redstone House	0	0	0	0		
113 Housing Benefits	11	(69)	80	0		80
1 Other variances less than £10k	1	1	0	0		
458 Housing General Fund	432	476	(44)	(44)	0	(44)

Housing General Fund, underspend £44k (Change:- improvement of £44k) mainly due to:

- **Salaries: £1k savings**, vacancy drag achieving more than budget (Change from Q1:£1k decrease).
- **Meadowside Mobile Homes: £10k income reduced** as Budget not now expected to be achieved on commission on sales of mobile homes (Change from Q1:£10k increase).
- **Housing Benefit: £80k overspend**, the budget currently assumes that expenditure is matched by the Government, however this is not the case therefore **£80k** provide for the unbudgeted additional costs. (No change from Q1).
- **Housing of the Homeless : £120k surplus**, In prior years (inc. 2021/22) the shortfall in Government support has been offset by applying Homelessness grant to legitimate costs elsewhere in the committee. The 2023/24 budget will be updated to reflect a realistic position. (Change from Q1:£40k improvement).
- **Private Sector Enabling: £13k improvement**, historical cost budget to be reduced. (Change from Q1:£13k decrease).

Revenue Commentary – Planning Policy

Note – the forecast assumes that the budgets for the local plan and other planning policy matters are spent in full in 2022/23 or remain ringfenced to the local plan if not.

This ensures that funding approved for such matters is retained to meet uncertain future costs and not used to offset overspends elsewhere in the budget.

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance from M03 £k	Change £k	One-off events £k	Ongoing Pressures £k
816 Planning Applications & Advice	428	335	92	(30)	31	62
294 Planning Strategy & Policy Guidance	316	316	0	0	0	0
50 Enforcement	267	276	(9)	(5)	(9)	0
(2) Tree Preservation & Advice	95	95	(0)	0	(0)	0
0 Community Infrastructure Levy (CIL)	0	0	0	(0)	0	0
174 Local Development Plan - Evidence	182	182	0	(0)	0	0
0 Gatwick Airport DCO	2	0	2	(0)	2	0
9 Transfer to/from Neighbourhood Plan Reserve	8	8	0	0	0	0
(10) Land Charges and Street Naming	(6)	(8)	2	(3)	2	0
1,332 Planning	1,290	1,204	86	(37)	25	62

Planning Policy – Forecast overspend : £86k (Change from Q1:£37k improvement)

The forecast variance mainly comprises of:

- **£92k Planning Application and Advice Planning Application and Advice** variance consisting of
 - £164k overspend on salaries. Previously, the service has been reliant on contract staff and has gone through an organisational change which will lead to some mitigation (net £15k improvement from Qtr1 comprising, £24k restructure improvement offset by £9k one-off costs) .
 - £32k overspend on specialist recruitment to obtain skilled permanent staff (£32k deterioration from Qtr1)
 - £20k overspend - Greater than expected spend on counsel on resulting from the decision to serve injunctions rather than enforcement notice (£10k deterioration from Qtr1).
 - £43k overspend-Greater than anticipated on external consultant advice. (£4k deterioration from Qtr1)
Offset by
 - £167k surplus on planning application fee income being better than expected income in the first 3 months (£61k improvement from Qtr1)
- **£9k Enforcement underspend** due to staff churn and third party expenditure (£7k favourable) and enforcement appeals income (£2k favourable) - (£5k improvement from Qtr1)

The service is endeavouring to take mitigating action by greater dependence on injunctions to deter planning breaches and reduce cost of appeals

Revenue Commentary – Strategy and Resources

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance £k	Change M03 £k	One-off events £k	Ongoing Pressures £k
493 Legal Services	466	466	0	(33)	0	
579 Democratic Services	591	555	36	20		36
1,396 Information Technology	1,237	1,238	(1)	(48)		(1)
367 Human Resources	396	408	(12)	0	(12)	
612 Customer Services	657	652	5	0	5	
391 Communications	325	322	3	0	3	
150 Emergency Planning & Community Safety	243	241	2	(0)		2
281 Office Services	350	283	67	(77)		67
160 Asset Management	142	138	4	2	4	
277 Leadership Team	294	294	0	(0)	0	
897 Financial Services	1,065	1,062	2	3	2	
65 Revenues and Benefits	482	482	(0)	0	(0)	
78 Communities Executive Projects	85	80	5	(0)	5	
5,748 General Fund	6,333	6,222	111	(133)	7	104
0 Wellbeing Prescription	0	0	0	0	0	
5,748 Strategy & Resources	6,333	6,222	111	(133)	7	104

Strategy & Resources overspend £111k (Change: £133k improvement from Qtr1) mainly due to:

- **£67k Office Services overspend:** Surplus space at the Town Hall as identified when setting the Budget 2022/23 has yet to all be fully rented out. However, the position continues to improve with further lease extensions and short term tenants extending since Qtr1. A new letting has generated income of £5k, also lease extensions changes £5k and £2k NNDR lower than forecast. Mitigating action is being taken to actively market to identify new tenants and discussions to retain existing tenants. (Change: £77k improvement from Qtr1)
- **£36k Democratic Services overspend:** Additional pressure has been identified where third party expenditure for running May 22 elections has not previously been accounted for and £2k overspend relating to statutory annual canvassing and registration of electors expenses, as well as estimated costs in preparation for the ward boundary review. The on-going effect is a budget pressure in 23/24 associated with the statutory function of elections. Mitigation sought by reviewing suppliers contracts for improved value for money, consideration of in-house services (e.g. printing & training). (Change: £20k increase from Qtr1).

Offset by

- **(£12k) Human Resources underspend** – mainly due to salary savings re staff restructuring (unchanged from Qtr1). This is an on-going saving as HR in partnership with Council services to move to a more contemporary HR model (No Change from Qtr1).
- **(£1k) Information Technology underspend:** £48k improvement from Q1 mainly due to £37k of corporate software licences being £17k (Citrix third party costs) have now been removed as the cost relates to future financial years and a further £20k (costs for Adelante and Infoshare) which were duplicated in the M3 forecast. In addition £5k of contingency forecast was released in M6, which was held for mitigating third party supplier inflation. Telephone line usage has reduced resulting in a £3k improvement in M6, compared to Qtr1 and other minor changes in variances.

Revenue Commentary - Corporate Items

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance £k	Change M03 £k	One-off events £k	Ongoing Pressures £k
1,153 Interest Payable	1,162	1,163	(1)	0	(1)	
(1,533) Interest Receivable & Investment Income	(1,517)	(1,495)	(21)	(0)		(21)
(475) Property Income	(639)	(745)	106	(36)	82	24
(1,854) Non GF Support recharges & Bank charges	(2,054)	(2,071)	18	0	5	13
845 Minimum Revenue Provision (MRP)	1,179	1,179	0	0		
1,379 Pension - Actuarial top up, Added Years, & Compensation	1,484	1,485	(2)	(0)	(2)	
(73) Write Offs and Bad Debt Provision	22	22	0	0		
150 Cost of Collection	(201)	(270)	69	0		69
Contingency	116	116	0	0		
(56) Contributions to / (Drawdown from) Earmarked Reserves	(285)	(85)	(200)	0	(200)	
Covid-19	0	0	0	0		
Transformation	0	0	0	0		
(463) General Fund	(732)	(701)	(31)	(36)	(115)	84
Contribution to General Fund Balances	100	100	0	0		
(463) Corporate Items	(632)	(601)	(31)	(36)	(115)	84

Corporate Items - £31k underspend (Change – Improvement of £36k from Qtr1) mainly due to:

One-off: Investment Properties - Quadrant House has a new tenant target of £120k of which remains £106k remains to be met. Offset by £200k Government new burdens grant carried over from 2021/22

Ongoing: £69k shortfall in cost of collection funding from Government (Business Rates) which is based on the value of business rates and is not sufficient to meet the budget. £13k shortfall in expected General Fund recharge income offset by £21k improved short term interest receivable as a result of higher Bank Base rates.

Change from Qtr1 - £36k net improvement due to £58k in lease extensions, £42k recovery of business rate empty properties relief and £10k net landlord costs due to unrecoverable utilities *offset by* £57k provision for former and current tenant's debts, £12k, mainly on account of Quadrant House lease renewal and £4k of service charges from Village Association relating to 2021/22 (not budgeted for).

Note: Transformation will be funded from Capital Receipts and any residual or new Covid-19 impact will be funded from Covid-19 reserve

Revenue Commentary – Housing Revenue Account

2021/22 Outturn £k	Forecast at M06 £k	Annual Budget £k	Outturn Variance £k	Change from M03 £k	One-off events £k	Ongoing Pressures £k
2,302 Salaries	2,518	2,540	(22)	(22)	(22)	
1,027 Services Costs	1,470	1,478	(8)	(8)	(1)	(7)
1,542 Corporate Support Service	1,314	1,314	0	0		
2,457 Repairs and Maintenance	3,143	3,173	(30)	(30)	(28)	(2)
1,616 Interest Changes on Loan	1,640	1,640	0	0		
(14,528) Rental Income Dwellings	(14,919)	(14,919)	0	0		
(263) Rental Income Garages	(400)	(400)	0	0		
(359) Other Income	(1,895)	(1,888)	(7)	(7)		(7)
(6,205) Total Revenue Movement before Tfr to Reserves	(7,130)	(7,063)	(67)	(67)	(51)	(16)
6,205 Transfer to Reserves	7,063	7,063	0	0		
0 HRA	(67)	0	(67)	(67)	(51)	(16)

Housing Revenue Account, (underspend £67k in year and from Q1) due to :-

- **Salaries costs (£22k) savings:** Savings relate to vacancy being carried in the Surveyor's team. Currently started the process to recruit the vacancies.
- **Service Costs (£8k) all expenses savings:** Savings relates to (£27k) historical budget for Consultancy costs no longer require, offset by increased expense costs £10k Tennant removal, £6k Alarm system cost(both of these are on-going savings) and other smaller additional costs
- **Repairs & Maintenance (£30k) all expenses savings:** One-off savings of (£30k) R&R team vehicle repairs and fuel due to new fleet still being under warranty and improved fuel efficiency.
- **Other Income (£7k):** On-going increased income on lease transfer and charges.

Revenue Position – Budget Tracker

	Mar S&R	Virement				Updated
	Budget	T3 Saving	S&R Internal	Cost of	Net	Budget
	Paper		Alignment	Collection	Adjustments	
	£k	£k	£k	£k	£k	£k
Community Services	4,051.0	0.0	0.0	0.0	0.0	4,051.0
Housing General Fund	476.0	0.0	0.0	0.0	0.0	476.0
Planning	1,204.0	0.0	0.0	0.0	0.0	1,204.0
Strategy & Resources	6,401.6	(450.0)	0.0	270.0	(180.0)	6,221.6
Corporate Items	(781.0)	450.0	0.0	(270.0)	180.0	(601.0)
Net Budget	11,351.6	0.0	0.0	0.0	0.0	11,351.6

There have been 3 virements since the beginning of the year

- The 2021/22 revenue budget was approved by Council on 13th February 2021, at **£11.351m**
- As part of the March S&R paper (Column 1 above), the Tranche 2 amounts for vacancy factor and increments were distributed
- Since then, the following changes have been made;
 - £0.450m – distributing the Tranche 3 savings (Back Office and Management restructure) across Resources
 - £0.270m – reassignment from Revenues & Benefits of cost of collection funding that sits better with Corporate Items, along with other Collection Fund technical items
 - The above totalling £0.180m in the adjustments column

Revenue Risks (1)

These risks have not been included in the budget monitoring position unless otherwise stated

Committee	Outline of Risk	Mitigation	Range Max - Min £k	Likely Financial Risk £k
Community Services	Inflationary impact on waste contract may vary from amount indicated in forecast depending on final calculation of inflationary pressures. An indicative value of £226k has been included in the forecast.	Regular meetings continue to discuss progression of the new contract and will review issues as they arise	£100k-£300k	
Community Services	Trees Programme Budget may not be enough for 2022/23. Budget provided last year was not used as work has to be co-ordinated with Network Rail with associated restrictions on access and cost. Work still has to be completed - last years estimated cost £45k	Programme of works being established to ensure programme is kept to within Budget. However TDC has a high density of trees which have ash dieback and processionary moth issue. Lack of adequate tree management has put more stress on what work must be completed. Also looking at accessing outside funding to help with tree management	£45k	£45k
Housing	Rising inflation may induce greater unemployment and straining housing demands	Reviewing reasons for strain on the housing demands and allocating relevant New Burden grants	£0k-£120k	£60k
Housing	Higher unemployment directly linked to high risk of rent defaults	Reviewing reasons for strain on the housing demands and allocating relevant New Burden grants	£0-£100K	£40k
Planning	Local Plan business case roadmap unforeseen costs and alternatives required	Additional costs would be offset within the Local Plan reserve in the first instance		
Planning	The need for externalising legal work could increase as more complex planning matters arise and thereby causing a possible cost pressure within planning services	Monitor and report, taking commensurate actions where opportunities arise		
Planning	Unexpected fall of in planning application fee income, driven by the national economic situation	Monitor and report, taking commensurate actions where opportunities arise		
Planning	Although the Council's decision to serve injunctions, rather than enforcement notices, drives the need for external specialist Counsel costs, it does have a long term benefit for the Council.	Use of injunctions, results in a long term saving through deterrent effect on other individuals wanting to breach planning control and overall reduction in cost of planning appeals		
Planning	Gatwick Airport Development Consent Order. Gatwick Airport has set out its proposal to bring its existing northern runway into regular use, alongside its main runway, as set out in its masterplan. The Council will incur specialist consultant advice to respond to each stage of the consultation process.	Value for money will be achieved by working with other Councils to secure the most effective, efficient and economical services to deliver the Councils responses to the consultation.	£68k - £48k	£58k

Revenue Risks (2)

These risks have not been included in the budget monitoring position unless otherwise stated

Committee	Outline of Risk	Mitigation	Range Max - Min £k	Likely Financial Risk £k
Resources	Escalating external legal costs related to specialist employee matters are a possible cost pressure within HR.	Risks to be partially mitigated by looking at options for refreshing training with officer on Council policies	£18k - £28k	
Resources	External employment market is buoyant for professional Legal staff. Any further reduction of staff is a risk to service provision	Outsourcing of Legal work would reduce the legal compliance risks to the Council, but increase cost pressures		
Resources	The statutory duty domestic homicide case review is a new cost risk for the Council. 1 case review would be a cost pressure to the Council of approx. £20k	Council is spreading risk by participating in a Surrey scheme to mitigate the singular cost risk to the Council		
Resources	Council continues to seek tenants for available Council office space to increase rent income.	Two marketing agents are employed, and the Council has extended the security hours related to the offices to further develop interest in the rental.		
Corporate Items	Greater possibility of higher empty properties due to business revaluating workspaces and impact on investment / property income (above current forecast)	Asset Manager review all opportunities to maximise investments and market all opportunities (for finding new tenants).		£100k
Overall risks				£245k

Revenue Opportunities

These opportunities have not been included in the budget monitoring position

Committee	Outline of Opportunity	Any blockers to achievability	Range Max - Min £k	Likely Financial Opportunity £k
Housing	Homelessness Grant may present additional opportunities to offset	Ongoing review of legitimate use of homelessness grant will be required. Economic situation may lead to increased strain on the budget	£0-£150k	(£120k)
Resources	Rental income at Oxted offices may improve from forecast	Investment may be needed to deliver office space that is attractive to potential leaseholders	£0-£90k	(£15k)
Corporate Items	Improved temporary lending rates due to Bank base rate increases (affects Interest Receivable)	BoE decisions and investment market reaction	£0-£176k	(£88k)
Overall Opportunities				(£223k)

Capital Budget – Community Services

Scheme Name	Original Budget 2022/23 £k	Carry Forwards from 2021/22 £k	Budget Including Carry Forwards 2022/23 £k	FY Forecast at M6 £k	Forecast Variance at M6 2022/23 £k
Vehicle Fleet Renewals	204	172	376	376	0
Plant, Furniture & Equipment (GF)	8	0	8	8	0
Car Parking	35	0	35	35	0
Childrens Playground Equipment	27	399	426	426	0
Land Drainage Capital Works	10	0	10	10	0
Park, Pavilions & Open Spaces	114	164	278	278	0
Grange Meadow Access Works	0	250	250	250	0
Public Conveniences Capital Works	150	100	250	250	0
Litter Bins	8	0	8	8	0
Garden Waste Bins	25	13	38	38	0
Playground Improvements Match Funding	0	50	50	50	0
Refuse, Recycling and Food Waste bins	90	20	110	110	0
Total Capital Programme	672	1,167	1,839	1,839	0

- The Capital Budget was approved by Full Council on 2nd February 2022 at £0.672m.
- This was supplemented by £1.167m of carry forwards from 2021/22
- The total budget for 2022/23 is therefore £1.839m
- The budget has been reviewed for deliverability at Q2 and at present it is deemed to be deliverable with no Forecast Variance
- Spend across the Committee's schemes is c.£0.463m (25%) at Q2.

Capital Budget – Planning Policy

Scheme Name	Original Budget 2022/23 £k	Carry Forward from 2021/22 £k	Budget including Carry Forwards 2022/23 £k	Forecast at M6 2022/23 £k	Forecast Variance M6 2022/23 £k
Capital contributions to third parties from CIL	1,667	479	2,146	527	(1,619)
Total Capital Programme	1,667	479	2,146	527	(1,619)

- The Capital Budget for Planning Policy consists of the Capital Contributions for Community Infrastructure Levy. When the budget was set, this consisted of £1.7m, with a further £950k as part of the Croydon Road scheme in S&R.
- Carry forwards agreed as part of the 30th June S&R committee have increased this to £2.1m, as set out above.
- The forecast against this has been reviewed with the Budget Holder and current expectation is for spend of £0.5m; £1.6m less than budget. As this is CIL funded, there is no General Fund impact. The variance relates to:
- Forecast delays where the budget assumed earlier agreement on Grant letters/agreements for Warlingham Green, Burstow Road Safety and Blanchmans in 2022/23.
- The budget also reflects some older CIL Grants which are subject to external fund raising, which has been slow due to Covid-19 or agencies needing to re-schedule works due to shifting programmes.

Capital Budget – Housing Revenue Account

Scheme Name	Original	Carry	Budget	FY	Forecast
	Budget	forwards	Including		Varinace
	2022/23	from	Carry	Forecast	at M6
	£k	2021/22	Forwards	at M6	2022/23
		£k	2022/23	£k	£k
			£k		
Housing Revenue Account					
Council House Building	7,586	3,930	11,516	11,196	(321)
IT - Hardware/Infrastructure HRA	61	195	256	256	0
Rewiring HRA Capital Schemes	188	0	188	185	(3)
Conversion of Shared Facilities	30	0	30	130	100
Works to Void Properties	425	80	505	505	0
Fire Precautions	125	35	160	180	20
Bathroom Renewals	380	0	380	300	(80)
Kitchen Renewals	322	0	322	300	(22)
Roof Renewals	520	0	520	520	0
Window Replacement	500	0	500	494	(6)
Thermal Insulation	30	0	30	30	0
Structural Damage	200	15	215	215	0
DDA Upgrades	15	0	15	30	15
Removal of Hazardous Materials	50	0	50	50	0
New Central Heating	30	0	30	50	20
Service Renewal Boilers	345	0	345	425	80
Re-Plumbing	180	0	180	90	(90)
Garages & Outhouses	125	0	125	100	(25)
Roads, Footpaths & Car Parking Areas HRA	60	0	60	60	0
Boundary Walls & Fences	60	0	60	40	(20)
Drainage Works	75	0	75	50	(25)
Adaptations for the Disabled	250	115	365	400	35
Door Entry Systems	30	0	30	30	0
Total HRA	11,586	4,370	15,956	15,636	(321)

- The Capital Budget was approved by Full Council on 2nd February 2022 at £11.6m.
- This was supplemented by £4.370m of carry forwards from 2021/22 as part of the outturn report to S&R on 30th June 2022.
- The total budget for 2022/23 is therefore £16.0m.
- The budget has been reviewed for deliverability at Q2 and at present there is deemed to be a net underspend of £321k as noted below:-
 - £2,848k –additional amounts having being added for potential development sites and inflationary rises.
 - £3,169k – delays are on Rochester Gardens and Auckland Road & Windmill Close and slippages on Whyteleafe and Uplands.

Capital Budget – Strategy and Resources

Scheme Name	Original Budget 2022/23	Forward from 2021/22	including Carry Forwards 2022/23	Forecast at M6 2022/23	Forecast Variance at M6 2022/23
	£k	£k	£k	£k	£k
Land/Asset Development	181	0	181	0	(181)
Quadrant House Refurishment	0	2,628	2,628	3,515	887
Croydon Road Regeneration	1,325	115	1,440	1,440	0
A22 Cycleway	0	0	0	46	46
Council Offices Buildings	50	0	50	25	(25)
GF IT - Hardware/Infrastructure	228	314	542	542	0
Total Capital Programme	1,784	3,057	4,841	5,569	727

- The Capital Budget was approved by Full Council on 2nd February 2022 at £1.784m.
- This was supplemented by £3.057m of carry forwards from 2021/22 as part of the outturn report to S&R on 30th June 2022
- The total budget for 2022/23 is therefore £4.841m
- The budget has been reviewed for deliverability at Q2 and at present there is deemed to be an overspend of £0.727m
- Spend across the Committee's schemes is c.£3.032m (54%) at Q2.