

# **Month 9 (December 2022) Financial Report**

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**March 2023**

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# Executive Summary - Month 9 (December 2022)

## Revenue Forecast at M9 Q3

2021/22 Outturn £k	Forecast at Q3 £k	Annual Budget £k	Outturn Variance £k
3,762 Community Services	4,345	4,051	294
458 Housing General Fund	484	476	8
1,332 Planning Policy	1,330	1,204	126
5,748 Strategy & Resources	6,210	6,222	(12)
(463) Corporate Items	(623)	(601)	(22)
10,837 General Fund- Services	11,745	11,351	394
(11,295) Central Funding	(11,351)	(11,351)	0
<b>(458) General Fund</b>	<b>394</b>	<b>0</b>	<b>394</b>

**Overall at M9 Q3** the Council is forecasting a **£394k overspend** – Change: An improvement of £52k from Q2

- Community Services: £294k overspend – 7.3% of committee budget
- Housing General Fund: £8k overspend – 1.7% of committee budget
- Planning Policy: £126k overspend – 10.5% of committee budget
- Strategy & Resources: £12k underspend – 0.2% of committee budget
- Corporate Items: £22k underspend – 3.7% of committee budget

**M9 headlines are set out on the next slide, with full details in the Annex**

## Capital Programme Forecast at M9 Q3

Net Underspend £7,224k - Change: £5,952k from Q2

	Outturn Forecast at Q3 £	Budget including Carry Forwards 2022/23 £	Forecast Variance at Q3 £
Community Services	728	1,839	(1,110)
Housing General Fund	400	460	(60)
Strategy & Resources	3,994	4,841	(847)
Planning Policy	61	2,146	(2,085)
General Fund	5,184	9,286	(4,102)
Housing Revenue Account	12,834	15,956	(3,122)
<b>Total</b>	<b>18,018</b>	<b>25,242</b>	<b>(7,224)</b>

\*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 M9 Q3 - £1.1m



Unachievable amount is due to a shortfall in General Fund recharge income (£12k) (no change from Q2);

Doubtful amounts relate to Property income (£50k), S&R salary savings (£27k) and reduced income from Meadowside Mobile Home sales (£10k) plus others amounting to £16k.

# Revenue Summary by Committee M9

2021/22 Outturn £k	Forecast at Q3 £k	Annual Budget £k	Outturn Variance £k	Change from Q2 £k	One-off events £k	Ongoing Pressures £k
3,762 Community Services	4,345	4,051	294	(30)	(64)	358
458 Housing General Fund	484	476	8	52	40	(32)
1,332 Planning Policy	1,330	1,204	126	40	38	88
5,748 Strategy & Resources	6,210	6,222	(12)	(123)	(109)	97
(463) Corporate Items	(623)	(601)	(22)	9	(115)	93
10,837 General Fund- Services	11,745	11,351	394	(52)	(210)	604
(11,295) Central Funding	(11,351)	(11,351)	0	0	0	0
<b>(458) General Fund</b>	<b>394</b>	<b>0</b>	<b>394</b>	<b>(52)</b>	<b>(210)</b>	<b>604</b>

## 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.

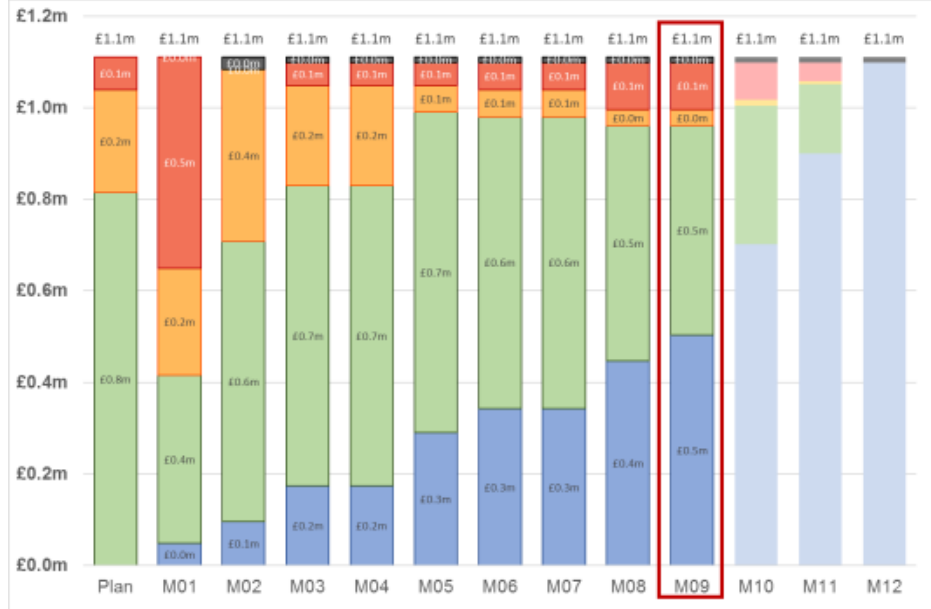
**Totalling £484k – a balanced outcome is therefore deemed to be achievable**

## Key Messages:

- Committees are projecting a full year £394k overspend – Change: £52k improvement from Q2. The overspend from Q2 mainly relates to:
- **Community Services: £294k overspend** – Change: £30k improvement from Q2. Overspend mainly consisting of £234k indicative pressure in Waste Services due contractual commitments to inflation and labour costs indexation, £42k reduced income from off-street car parking and £50k from Cesspool Services, offset by £42k improvement in salaries due to unfilled vacant posts and £10k minor other variances.
  - **Housing General Fund: £8k overspend** – Change: £52k deterioration from Q2. Overall variance mainly consisting of: £7k additional Salary costs, £19k reduced cost budget in the Private Sector Enabling and net £40k improved expectation of funding costs from Government Homelessness grants and Housing Benefits. Offset by £36k Meadowside Mobile Homes being reduction on expected sales commission and unbudgeted survey costs and other £24k other variances, including additional legal costs of £20k.
  - **Planning Policy: £126k overspend** – Change: £40k increase from Q2. Overall variance mainly consisting of £147k overspend on salaries (Change: £20k improvement from Q2), £32k on associated recruitment costs, £15k increased counsel spend resulting from the decision to serve injunctions and £35k greater than expected on external consultant advice (£5k improvement); £22k Gatwick Airport DCO overspend due to engagement of specialist consultants to assist with Council response to public consultation (Change: £20k deterioration from Q2), offset by £108k increased forecast income related to planning application (Change: £59k deterioration from Q2) and £17k Enforcement due to replacement of interim staff (£8k improvement from Q2).
  - **Strategy and Resources: £12k underspend** – Change: £123k improvement from Q2. Variance mainly consisting of £56k shortfall in office income from external tenants (£11k improvement from Q2), £39k overspend anticipated for elections and the ward boundary review, £27k Policy & Communications overspend (deterioration of £24k since Q2), offset by £44k in Customer Services underspend, mainly vacancies held in anticipation of staff consultation to deliver savings, £37k Legal services underspend (Q2 on budget, improvement of £25k), £60k underspend in HR due to staff restructuring and organisational development underspends.
  - **Corporate Items: £22k net underspend** – Change £9k increase from Q2. Overall variance primarily due to £106k shortfall in forecast Property income 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 £k	Blue Achieved	Green	Amber	Red	Black - BAU Full Year Forecast
		£k	£k	£k	£k	£k
Community Services	177	106	35	20	16	0
Housing GF	80	53	18	0	10	0
Planning	0	0	0	0	0	0
Resources	717	263	377	0	77	0
Corporate items	137	82	27	15	0	12
<b>TOTAL</b>	<b>1,111</b>	<b>503</b>	<b>457</b>	<b>35</b>	<b>103</b>	<b>12</b>

## Commentary

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

- Corporate Items: £12k (c1%) unachievable (Black) – No change from Q2 due to shortfall in intra authority recharges (£12k)

There is a risk to programme delivery from :

- £103k (9%) doubtful (Red); – Change: £43k increase from Q2. Mainly due to dependency to find new tenants for Oxted Offices saving (£50k), delayed phasing in Policy & Communications savings (£27k) (achieved in full-year), reduced delivery in Reg Services (£16k), and downturn in Meadowside Mobile Home Sales (£10k)
- £35k (3%) is rated amber – Change: £24k improvement from Q2 (Legal savings review moved to achievable). Remainder is:
  - £20k in Community Services (Mechanical Sweeper Utilisation) – No change from Q2
  - £15k in Corporate Items (Recharges). – No change from Q2

# Capital Summary by Committee

	Outturn Forecast at Q3 £	Budget including Carry Forwards 2022/23 £	Forecast Variance at Q3 £	Overspend/ (Underspend) £	Acceleration (Slippage) £
Community Services	728	1,839	(1,110)	0	(1,110)
Housing General Fund	400	460	(60)	0	(60)
Strategy & Resources	3,994	4,841	(847)	760	(1,606)
Planning Policy	61	2,146	(2,085)	0	(2,085)
General Fund	5,184	9,286	(4,102)	760	(4,862)
Housing Revenue Account	12,834	15,956	(3,122)	2,543	(5,665)
<b>Total</b>	<b>18,018</b>	<b>25,242</b>	<b>(7,224)</b>	<b>3,303</b>	<b>(10,527)</b>

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

## **Capital – Net Variance: £7,224k (Change: £5,952k from Q2) mainly due to:**

- **Community Services:** Slippage of £1,110k across various budgets.
- **Housing General Fund: £60k less than budget.** Slippage due to delayed start in DFG projects.
- **Strategy and Resources : £847k less than budget, mainly due to:**
  - Croydon Road Regeneration - £1,290k Slippage with major works being deferred to 2023-24.
  - IT – Hardware and Infrastructure: Slippage of £317k into 2023-24.
  - 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). These amounts are to be finalised. £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. The £400k change in phasing is a technical correction and has no financial impact. Offset by: £174k : Unspent capital programme 2022/23 funds, from Land/Assets Development.
  - The net overspend for QH is expected to be £313k after £400k is bought forward from the 2023/24 capital programme and £176k unused budget Land/Asset Development is used. The remainder £46k is due to the overspend in the A22 cycleway project – details set out in Slide 20.
- **Planning Policy CIL: Underspend of £2,085k 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 £3,122k mainly due to:**
  - £2,543k - additional amounts have been added for potential development sites and inflationary increases, offset by:
  - £5,665k – Predominately relates to delays on Rochester Gardens and Auckland Road & Windmill Close, Hollow lane and Wolfs Wood & Featherstone. Slippages Uplands. Reprofiling leading to slippages on updating Council House stock (kitchens, bathrooms, windows and plumbing)

# ANNEX

## DETAILED REVENUE AND CAPITAL

- M9 Forecast – Committee Detail (slides 8 to 13)
- Financial Risks and Opportunities (slide 14 - 16)
- Capital Budget – Committee Detail (slide 17 - 21)

# Additional Information

## Debt as at 31<sup>st</sup> December 2022

Update to set out the direction of travel for debt recovery. Direction of travel from the last report 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	Q3 22/23	Outcome
Sundry Debts	£282k	£275k	£331k	£330k	G
HBOP	£1,144k	£1,126k	£1,149k	£1,114k	G
HRA	£444k	£551k	£443k	£724k	R

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

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

	Cumulated		Monthly			Cumulated	YTD
	Q1	Q2	O	N	D	Q3	Accumulated
Business Rates 19/20	33.0%	27.5%	8.8%	8.2%	8.6%	25.7%	86.2%
Business Rates 22/23	30.8%	31.5%	9.4%	3.3%	8.6%	21.3%	83.6%
Outcome	A	G	G	R	G	R	A
	Q2		O	N	D	Q3	
Council Tax (19/20)	35.8%	27.8%	9.3%	9.3%	8.6%	27.2%	90.8%
Council Tax (22/23)	34.9%	26.8%	8.8%	9.3%	8.9%	27.0%	88.7%
Outcome	A	A	A	G	G	A	A



# Revenue Commentary- Communities Services

## Communities Services

**overspend £294k** (Change: £30k improvement from Q2) mainly due to:

- **(£42k) Salaries** : savings due to unfilled vacancies in Waste, Streets and Parks (Change from Q2: £17k improvement).

- **£42k Car parking** : £52k reduced revenue for Off Street Car Parking, due to reliability in car parking machinery and reduced volume of cars parking. Offset by £10k other small expenses variances. The barrier is an ongoing issue which Officers are working on

2021/22	Forecast	Annual	Outturn	Change	One-off	Ongoing
Outturn	at Q3	Budget	Variance	from Q2	events	Pressures
£k	£k	£k	£k	£k	£k	£k
1,255 Salaries	1,267	1,309	(42)	(17)	(42)	
(34) Car Parking-On Street	(14)	(14)	0	0		
28 Car Parking-Off Street	24	(18)	42	(2)		42
(15) Hackney Carriage/Private Hire	(19)	(19)	0	0		
208 Leisure & Community Grants	260	260	0	0		
248 Environmental Services	285	273	12	17	5	7
1,960 Waste Services	2,214	1,980	234	(3)		234
(69) Cesspool Services	(59)	(109)	50	1		50
(266) All Operational Services	(152)	(153)	1	(14)	(32)	33
405 Parks and Open Spaces	541	537	4	(11)	2	2
42 Streets & Public Conveniences	(2)	5	(7)	(1)	3	(10)
<b>3,762 Community Services</b>	<b>4,345</b>	<b>4,051</b>	<b>294</b>	<b>(30)</b>	<b>(64)</b>	<b>358</b>

mitigation for a feasible alternative charging facilities at Ellice Road (Change from Q2:£2k improvement).

- **£12k Environmental Services**: savings (£7k):recharges for salary costs (£3k) unbudgeted one-off grant received from DLUHC, less £12k income (deterioration of £7k in Q3) reduce on various income lines, £10k unbudgeted database maintenance new item in Q3 (Change from Q2: £17k deterioration).

- **£234k Waste Services**: due to inflation. This is deemed to be ongoing but mitigations are being explored. (improvement from Q2 of£4k), £11k reduced income as demand for Bulky Waste Collections have 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 Q2: £3k improvement).

- **£50k Cesspool Services**: £75k reduced income (£18k deterioration since Q2) and £25k less costs for Cesspool emptying (Q2 was £8k) continues on from last financial year. High value commercial clients lost to aggressive undercutting by other providers. (Change from Q2: £1k deterioration).

- **£1k Operational Services**: multitude of offsetting variances, notable being increases in cemetery fees £30k (improvement since Q2 of £22k) with the sale of the reclaimed area for double plots. Note once they are all sold this revenue will return to the normal rate. £10k costs incurred for O Licence 1year contract to ensure the Depot is compliant. (Change from Q2: £14k improvement).

- **£4k Parks and Open space**: £14k reduced income continues on from last financial year, improvement in Q3 due to release (£15k) part of unspent budget for unauthorised encampments and £3k other small variances.(Change from Q2: £11k improvement).

- **(£7k) Streets & Public Conveniences**: £6k budget not required for business rates as now exempt. Release £1k part of unspent budget for Graffiti (Change from Q2:£1k improvement).

# Revenue Commentary – Housing General Fund

2021/22 Outturn £k	Forecast at Q3 £k	Annual Budget £k	Outturn Variance £k	Change from Q2 £k	One-off events £k	Ongoing Pressures £k
509 Salaries	534	527	7	8		7
(131) Meadowside Mobile Homes	(98)	(134)	36	26	16	20
69 Westway	50	50	0	0		
34 Private Sector Enabling	63	82	(19)	(6)		(19)
(186) Housing of the Homeless	(181)	(61)	(120)	0		(120)
55 Other Housing Renewal Functions	55	55	0	0		0
15 Syrian & Afghan Refugees Ukraine Placements	25	25	0	0		
0	0	0	0	0		
(22) Redstone House	4	0	4	4	4	
113 Housing Benefits	11	(69)	80	0		80
1 Other variances less than £10k	21	1	20	20	20	
<b>458 Housing General Fund</b>	<b>484</b>	<b>476</b>	<b>8</b>	<b>52</b>	<b>40</b>	<b>(32)</b>

## Housing General Fund overspend £8k (Changes - £52k deterioration from Q2 mainly due to :-

- **£7k Salaries** : £7k vacancy factor not yet being achieved (*change from Q2: deterioration £8k*)
- **£36k Meadowside Mobile Homes** - £10k income reduced as budget not now expected to be achieved on commission on sales of mobile homes. *Q3 further deterioration of £26k: £17k unbudgeted cost of full site survey and £9k reduced income.*
- **(£19k) Private Sector Enabling** - (£13k) historical budget to be reduced. *Q3 further improvements of £6k: £3k unbudgeted of self build fees and £5k released on part of unspent Consultancy fees budget less various other small variances.*
- **£80k Housing Benefit** : Currently assumes that expenditure is matched by the Government, however this is not the case therefore £80k provide for the unbudgeted additional costs.
- **£4k Redstone House**: *New in Q3 £4k security and electricity costs incurred whilst property was empty*
- **£120k Homelessness**: In prior years (incl 2021/22) the shortfall in Government support has been offset by applying Homelessness grant to legitimate costs elsewhere in the committee. (£120k) has been recognised of additional grant and also less costs being incurred.
- **£20k Other**: *New in Q3 £20k share of legal costs.*

# Revenue Commentary – Planning Policy

2021/22 Outturn £k	Forecast at Q3 £k	Annual Budget £k	Outturn Variance £k	Change from Q2 £k	One-off events £k	Ongoing Pressures £k
816 Planning Applications & Advice	457	335	121	29	33	88
294 Planning Strategy & Policy Guidance	316	316	0	0	0	0
50 Enforcement	259	276	(17)	(8)	(17)	0
(2) Tree Preservation & Advice	97	95	2	2	2	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	22	0	22	20	22	0
9 Transfer to/from Neighbourhood Plan Reserve	8	8	0	0	0	0
(10) Land Charges and Street Naming	(10)	(8)	(2)	(4)	(2)	0
<b>1,332 Planning</b>	<b>1,330</b>	<b>1,204</b>	<b>126</b>	<b>40</b>	<b>38</b>	<b>88</b>

**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.

## **Planning Policy overspend £126k (deterioration of £40k since Q2)** The variance mainly comprises of:

- **£121k Planning Application and Advice**
- £147k overspend on salaries. Currently, the Planning Policy service is heavily reliant on contract staff and is going through an organisational change which should lead to some mitigation (£20k improvement from Q2 driven by allocation of Chief Planning Officer time to Planning Policy)
- £32k one off overspend on third party specialist recruitment to obtain skilled permanent staff (unchanged from Q2)
- £15k Overspend on specialist legal advice (£5k improvement from Q2, as expected costs awarded against Council risk diminishes over time, offset by emerging injunction risk)
- £35k Overspend on third party external consultant advice including retail impact assessments & highways matters (£5k improvement since Q2)
- Offset by
- (£108k) surplus on planning application fee income (£59k deterioration from Q2 driven by a significant planning application fee drop in Sept and Oct 22. Developers appear to be adopting a much more cautious approach to committing to future development)
- **£22k Gatwick Airport DCO** overspend due to engagement of specialist consultants to assist with Council response to public consultation - (£20k deterioration from Q2)
- **£2k Tree Preservation** overspend related to employee expenses (including mileage) - (£2k deterioration from Q2)

Offset by:

- **(£17k) Enforcement** £18k salary overspend due to use of interim, whilst permanent staff recruited, third party expenditure £32k favourable, as appeals risks reduce with time and enforcement appeals income (£3k favourable) - (£8k improvement from Q2).
- **(£2k) Street Naming** £2k income surplus driven by fees from developers - (£3k improvement from Q2).

The service is endeavouring to take mitigating action by transitioning from contract to permanent staff; greater dependence on injunctions to deter planning breaches and reduce cost of appeals

# Revenue Commentary – Strategy and Resources

## Strategy & Resources

### underspend (£12k)

mainly due to:

- £56k Office Services variance is due to external tenants rent and service charge income being worse than budget (Q2 was £67k worse than budget). Surplus space that is being actively marketed. The position has improved from Q2 due to new lettings (£11k improvement from Q2).

2021/22	Forecast	Annual	Outturn	Change	One-off	Ongoing
Outturn	at Q3	Budget	Variance	from Q2	events	Pressures
£k	£k	£k	£k	£k	£k	£k
493 Legal Services	429	466	(37)	(37)	(37)	
579 Democratic Services	594	555	39	3		39
1,396 Information Technology	1,237	1,238	(1)	0	(1)	
367 Human Resources	348	408	(60)	(48)	(60)	
612 Customer Services	608	652	(44)	(49)	(44)	
391 Communications	349	322	27	24	27	
150 Emergency Planning & Community Safety	243	241	2	0		2
281 Office Services	339	283	56	(11)		56
160 Asset Management	136	138	(2)	(6)	(2)	
277 Leadership Team	294	294	0	(0)	0	
897 Financial Services	1,065	1,062	3	1	3	
65 Revenues and Benefits	482	482	0	0	0	
78 Communities Executive Projects	85	80	5	(0)	5	
<b>5,748 General Fund</b>	<b>6,210</b>	<b>6,222</b>	<b>(12)</b>	<b>(123)</b>	<b>(109)</b>	<b>97</b>
0 Wellbeing Prescription	0	0	0	0	0	
<b>5,748 Strategy &amp; Resources</b>	<b>6,210</b>	<b>6,222</b>	<b>(12)</b>	<b>(123)</b>	<b>(109)</b>	<b>97</b>

- £39k Democratic Services overspend – Primarily due to £35k overspend (£34k in Q2) associated with May 22 and May 23 elections expenditure (on going pressure). Other minor overspends £4k. 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) and seeking commensurate savings.
- £27k Policy & Communications overspend (deterioration of £24k since Q2) – Primarily due to £24k one off salary overspend (£0 variance in Q2) from combining Policy & communications, and due to the timing of staff savings. Staff savings are still expected, but delayed until 2023/24. Mitigation sought from (i) print contract which may deliver a small saving, dependent on printing volumes and (ii) and any other savings across the budget although these are expected to be minimal.

Offset by:

- (£37k) Legal services underspend (Q2 on budget, improvement of £37k) - (£17k) one off vacancy factor salary underspend (improvement of (£6k) since Q2). One off income better than budget by (£16k) driven by volume of recovery of Legal officer time from third parties and capital projects. (£4k) better than budget on day to day running costs (on budget in Q2).
- (£60k) Human Resources underspend – £20k staff saving (improvement of £8k since Q2) as the Council moves to a more contemporary HR model, where a number of HR tasks become Management responsibilities. £40k underspend (£40k improvement since Q2) due to a reduced third party expenditure as HR dovetails with the timing of organisation development and recruitment underspends.
- (£44k) Customer Services underspend - (Q2 £5k worse than budget, improvement £49k) Salary (£44k) underspend. Naturally occurring staff vacancies have been held, in anticipation of FTP consultation. (£11k) improvement in postage in Customer Services. At Q3 postage in Customer Services expected to be on budget.

# Revenue Commentary - Corporate Items

2021/22 Outturn £k	Forecast at Q3 £k	Annual Budget £k	Outturn Variance £k	Change from Q2 £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	(1,489)	(1,495)	6	28		6
(475) Property Income	(639)	(745)	106	(0)	82	24
(1,854) Non GF Support recharges & Bank charges	(2,054)	(2,071)	18	0	5	13
845 Minimum Revenue Provision (MRP)	1,161	1,179	(18)	(18)	0	(18)
1,379 Pension - Actuarial top up, Added Years, & Compensation	1,484	1,485	(2)	(0)	(2)	0
(73) Write Offs and Bad Debt Provision	22	22	0	0	0	0
150 Cost of Collection	(201)	(270)	69	0	0	69
Contingency	116	116	0	0	0	0
(56) Contributions to / (Drawdown from) Earmarked Reserves	(285)	(85)	(200)	0	(200)	0
Covid-19	0	0	0	0	0	0
Transformation	0	0	0	0	0	0
(463) General Fund	(723)	(701)	(22)	9	(115)	93
Contribution to General Fund Balances	100	100	0	0		
<b>(463) Corporate Items</b>	<b>(623)</b>	<b>(601)</b>	<b>(22)</b>	<b>9</b>	<b>(115)</b>	<b>93</b>

## Corporate Items - £22k underspend (£9k deterioration from Q2) 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.

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 Q3 £k	Annual Budget £k	Outturn Variance £k	Change from Q2 £k	One-off events £k	Ongoing Pressures £k
2,302 Salaries	2,457	2,540	(83)	(61)	(89)	6
1,027 Services Costs	1,531	1,478	53	61	60	(7)
1,542 Corporate Support Service	1,314	1,314	0	0		
2,457 Repairs and Maintenance	3,145	3,173	(28)	2	(28)	
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)	0		(7)
(6,205) Total Revenue Movement before Tfr to Reserves	(7,128)	(7,063)	(65)	2	(57)	(8)
6,205 Transfer to Reserves	7,063	7,063	0	0		
0 HRA	(65)	0	(65)	2	(57)	(8)

## Housing Revenue Account underspend (£65k) (Change - £2k deterioration from Q2) mainly due to :-

- **(£83k) Salaries Costs savings** - Savings relate to vacancies being carried in numerous teams in particular the HRA Admin, Sheltered Scheme Co-ordinators, and Reactive Repairs. **(Change from Q2: improvement £61k).**
- **£53k Service Costs increased expenses:** Savings relates to (£27k) historical budget for Consultancy costs no longer required, offset by increased expense costs £10k Tennant removal, £6k Alarm system cost (both of these are on-going savings) and other smaller additional costs. **(Change from Q2: deterioration £61k).**
- **(£28k) Repairs & Maintenance 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. **(Change from Q2: deterioration £2k).**
- **(£7k) Other Income (£7k) all increased income on lease transfer and charges.** This is a on-going saving. **(No change from Q2).**

# Revenue Risks

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 £234k 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.	£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		

# Revenue Risks: continued

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
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
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
<b>Overall risks</b>				<b>£245k</b>



# 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
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)
<b>Overall Opportunities</b>				<b>(£103k)</b>

# Capital Budget – Community Services

Scheme Name	Original	Carry Forwards	Budget Including	FY Forecast	Forecast
	Budget 2022/23	from 2021/22	Carry Forwards	at Q3	Variance at
	£	£	2022/23	£	Q3 2022/23
			£		£
Vehicle Fleet Renewals	204	172	376	0	(376)
Plant, Furniture & Equipment (GF)	8		8	8	0
Car Parking	35		35	35	0
Childrens Playground Equipment	27	399	426	41	(385)
Leisure Pool-Freedom /capital loans	0		0	0	0
Purchase of Waste Collection Vehicles	0		0	0	0
Land Drainage Capital Works	10		10	0	(10)
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	39	(211)
Litter Bins	8		8	8	0
Roads & Paths St Marys Church	0		0	0	0
Garden Waste Bins	25	13	38	38	0
Playground Improvements Match Funding	0	50	50	0	(50)
Refuse, Recycling and Food Waste bins	90	20	110	32	(78)
<b>Total Capital Programme</b>	<b>672</b>	<b>1,167</b>	<b>1,839</b>	<b>729</b>	<b>(1,110)</b>

- The Capital Budget was approved by Full Council on 2<sup>nd</sup> February 2022 at £672k.
- This was supplemented by £1,167k of carry forwards from 2021/22
- The total budget for 2022/23 is therefore £1,839k
- The individual scheme budgets have had an in depth review for deliverability at Q3 and at present has a Forecast Variance of £1.110m underspend. Some of the schemes have been put on hold until after the Future Tandridge Programme for the relevant service has been concluded and ensure that the schemes and the programme are aligned.
- Spend across the Committee's schemes is c.£286k (39.4%) at Q3, however it should be noted that the Grange Meadow access Works scheme £250k has commenced and is on track to be completed by the end of February. The other schemes which also have funds still to spend have a programme of works which are to be completed by the end of the financial year.

# Capital Budget – Housing General Fund

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget including Carry Forwards 2022/23	FY Forecast at Q3	Forecast Variance at Q3
	£	£	£	£	£
Disabled Facilities Grants Mandatory	460	0	460	400	(60)
<b>Total Capital Programme</b>	<b>460</b>	<b>0</b>	<b>460</b>	<b>400</b>	<b>(60)</b>

- The Capital Budget for Planning Policy consists of the Disabled Facilities Grants Mandatory. When the budget was set, this consisted of £460k.
- The forecast against this has been reviewed at Q3 with the Budget Holder and current expectation is for spend of £400k, £60k less than budget.

The variance relates to projects being delayed in starting.

# Capital Budget – Strategy and Resources

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget including Carry Forwards 2022/23	FY Forecast at Q3	Forecast Variance at Q3
	£	£	£	£	£
Land/Asset Development	181	0	181	7	(174)
Quadrant House Refurb	0	2,628	2,628	3,515	887
Croydon Road Regeneration	1,325	115	1,440	150	(1,290)
A22 Cycleway	0	0	0	46	46
Council Offices	50	0	50	50	0
IT - Hardware/Infrastructure/Projects	228	314	542	226	(317)
<b>Total Capital Programme</b>	<b>1,784</b>	<b>3,057</b>	<b>4,841</b>	<b>3,994</b>	<b>(847)</b>

- The Capital Budget was approved by Full Council on 2<sup>nd</sup> February 2022 at £1,784k.
- This was supplemented by £3.057m of carry forwards from 2021/22 as part of the outturn report to S&R on 30<sup>th</sup> June 2022
- The total budget for 2022/23 is therefore £4,841k
- The budget has been reviewed for deliverability at Q3 and at present there is deemed to be an underspend of £847k
- Spend across the Committee's schemes is c.£3,345k (83.8%) at Q3.

# Capital Budget – Planning Policy

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget including Carry Forwards 2022/23	FY Forecast at Q3	Forecast Variance at Q3
	£	£	£	£	£
Capital contributions to third parties from CIL	1,667	479	2,146	61	(2,085)
<b>Total Capital Programme</b>	<b>1,667</b>	<b>479</b>	<b>2,146</b>	<b>61</b>	<b>(2,085)</b>

- The Capital Budget for Planning Policy consists of the Capital Contributions for Community Infrastructure Levy. When the budget was set, this consisted of £1,667k, with a further £950k as part of the Croydon Road scheme in S&R.
- Carry forwards agreed as part of the 30<sup>th</sup> June S&R committee have increased this to £2,146k, as set out above.
- The forecast against this has been reviewed at Q3 with the Budget Holder and current expectation is for spend of £61k, £2,085k 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 and Burstow Road Safety 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 Budget	Carry Forwards	Budget Including Carry Forwards	FY Forecast at Q3	Forecast Variance at Q3
	2022/23 £k	from 2021/22 £k	2022/23 £	£k	2022/23 £k
<b>Housing Revenue Account</b>					
Council House Building	7,586	3,930	11,516	8,868	(2,648)
Vehicle Fleet Renewals - HRA	0	0	0	235	235
IT - Hardware/Infrastructure HRA	61	195	256	100	(156)
Rewiring HRA Capital Schemes	188	0	188	271	84
Conversion of Shared Facilities	30	0	30	45	15
Works to Void Properties	425	80	505	475	(30)
Fire Precautions	125	35	160	220	60
Bathroom Renewals	380	0	380	80	(300)
Kitchen Renewals	322	0	322	120	(202)
Roof Renewals	520	0	520	540	20
Window Replacement	500	0	500	394	(106)
Thermal Insulation	30	0	30	36	6
Structural Damage	200	15	215	250	35
DDA Upgrades	15	0	15	1	(14)
Removal of Hazardous Materials	50	0	50	25	(25)
Infrastructure Services	0	0	0	0	0
New Central Heating	30	0	30	50	20
Service Renewal Boilers	345	0	345	584	239
Re-Plumbing	180	0	180	25	(155)
Garages & Outhouses	125	0	125	100	(25)
Roads, Footpaths & Car	60	0	60	60	0
Parking Areas HRA	60	0	60	40	(20)
Boundary Walls & Fences	60	0	60	35	(40)
Drainage Works	75	0	75	250	(115)
Adaptations for the Disabled	250	115	365	15	15
Housing Management Software	0	0	0	0	0
Social Housing Grants	0	0	0	15	(15)
Door Entry Systems	30	0	30		
<b>Total HRA</b>	<b>11,586</b>	<b>4,370</b>	<b>15,956</b>	<b>12,834</b>	<b>(3,122)</b>

- The Capital Budget was approved by Full Council on 2<sup>nd</sup> 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 current YTD spend is £6.668m (48%) of forecasted outturn. The remaining year spend is £6.166m being Housing Development £4.509m and Housing Stock £1.657m.
- The budget has been reviewed for deliverability at M9 and at present there is deemed to be a net underspend of £3.112m as noted below:-
  - £2.543m - additional amounts having been added for potential development sites and inflationary rises.
  - £5.665m - delays are on Rochester Gardens, Auckland Road & Windmill Road, Hollow Lane and Wolfs Wood & Featherstone. Slippages on Uplands.