

# 2022/23 Budget Outturn - Community Services

## Community Services Committee Thursday, 15 June 2023

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

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Purpose: To note the 2022/23 Outturn / Quarter 4 / Month 12 (March) financial position of the Committee.

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Publication status: Unrestricted

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Wards affected: All

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### **Executive summary:**

This report presents to note the 2022/23 Outturn / Quarter 4 financial position of both the revenue and capital budgets for this Committee.

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**This report supports the Council's priority of:** Building a better Council

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### **Recommendation to Committee:**

That the Committee's Revenue and Capital Outturn positions as at Quarter 4 / M12 (March) 2023 be noted.

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### **Reason for recommendation:**

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

It is essential, as a matter of prudence that the financial position continues to be closely monitored. In particular, Members must satisfy themselves that sufficient mechanisms are in place to ensure both that savings are delivered, and that any new expenditure is contained within the available resources. Finance have committed to bringing quarterly financial monitoring updates to each committee to ensure that all members are aware of the financial position of the services within their remit, as context for decisions needed to mitigate any variance to budget and in terms of the effect on the budget for 2023/24.

The consolidated position will be reported to Strategy & Resources Committee on the 29<sup>th</sup> June 2023.

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## **Introduction and background**

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

## **Summary**

- 4 The full-year revenue outturn is a net spend of £4,156k against the budget of £4,051k. This is a full-year overspend of £105k and improvement of £189k against Quarter 3 / Month 9 forecast outturn. Of this variance, a favourable variance of £154k is one-off for 2022/23, with a £258k net overspend relating to ongoing pressures. These ongoing pressures; predominantly reduced income and the impact of inflation on contract costs, were anticipated in the 2023/24 budget.
- 5 The key area of revenue variance is in the Waste service, which is overspent by £243k, the majority of which is ongoing. This relates to the impact of inflation on the contract, which outstripped expectations and was driven by national factors, particularly fuel cost increases and consumer price inflation.
- 6 The increased impact of inflation was anticipated in the 2021/22 financial outturn report to Strategy & Resources Committee on the 30<sup>th</sup> June 2022, along with other budgetary risks, and amounts were set aside as a corporate contingency to mitigate the risk.
- 7 As noted in previous committee Budget Monitoring reports for 2022/23 the full contingency was being held back as it was anticipated that the Committee forecast would improve, and the full contingency not be necessary. As the overall Community Services overspend was £105k the

whole contingency will no longer be required. The full impact of this improvement will be set out to Strategy & Resources Committee.

- 8 In addition to the variance in Waste, shortfalls in expected income of £167k make up part of the remaining variance, in particular:
  - £57k in car parking income
  - £100k in cesspool emptying income
  - £10k in parks and open spaces income
  - £2k in environmental income
  
- 9 There were also offsetting underspends of £238k in expenditure notably in:
  - £103k salaries savings due to unfilled vacancies in Waste and Streets
  - £50k over and above fee and charges from Cemetery
  - £30k in parks and open spaces Trees budget
  - £55k in parks and open space GM contracts
  
- 10 Full details of the variances are set in Appendix A.
  
- 11 Savings of £157k were delivered, against a target of £177k. This equates to 89% delivery. £20k of savings in Ops and Localities were not achieved, relating to a reduction in the number of mechanical sweepers. Whilst the number of active sweepers will be reduced, the service is awaiting quotes for a scheduled replacement, likely to be next financial year. It is expected that the majority of the saving can ultimately be delivered.
  
- 12 The Capital Outturn spend across the Committee's scheme was £579k for the year 2022/23. The total underspend was £1,260k, this is an increase from quarter 3 of £149k. The change from quarter3 was across most of the capital schemes. The underspends are due to some of the schemes being put on hold until the service reviews for relevant service have been concluded and ensure that the schemes and the programmes are aligned. Strategy & Resources Committee will be asked to approve the carry-forward of these unspent capital budgets to future financial years.

## **Key implications**

### **Comments of the Chief Finance Officer**

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

### **Comments of the Head of Legal Services**

It is essential, as a matter of prudence, that the financial position of services continues to be closely monitored. In particular, Members must satisfy

themselves that sufficient mechanisms are in place to ensure both that savings are delivered and that new expenditure is contained within the available resources. Accordingly, any proposals put forward must identify the realistic measures and mechanisms to produce those savings.

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

## **Equality**

There are no equality implications associated with this report.

## **Climate change**

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

## **Appendices**

Appendix A - Committees M12 (March) 2023 Financial Report and supporting data.

## **Background papers**

- Community Services Committee 22/23 Draft Budget and Medium-Term Financial Strategy – Community Services Committee – 18<sup>th</sup> January 2022
- 2022/23 final budget and 2023/24 MTFS - Strategy and Resources Committee 1st February 2022
- Community Services Committee - 2022/23 Budget – Tranche 2 Pressure and Savings Distribution – Community Services Committee - 17<sup>th</sup> March 2022
- 2021/22 Budget – Outturn Report – Strategy and Resources Committee 30<sup>th</sup> June 2022
- Quarter 2 2022/23 Budget Monitoring - Community Services Committee 18<sup>th</sup> October 2022
- Quarter 3 2022/23 Budget Monitoring – Community Services Committee 9<sup>th</sup> March 2023

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