

2022/23 Outturn Report

Strategy and Resources Committee
29th June 2023

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2022/23 Financial Overview – Key Messages

- **The final revenue budget position for 2022/23 is a surplus of £595k**, consisting of a £111k underspend on committee budgets and £484k unused contingency.
- This surplus is against the background of a very challenging financial year, including a significant increase in inflation, from 4.2% when the 2022/23 budget was set to c.10% throughout the year.
- The inflationary impact was anticipated when the 2021/22 outturn position was finalised in June 2022, with amounts set aside in corporate contingencies to mitigate the position. It is positive that, despite that impact, the committee position for 2022/23 is effectively balanced with a variance of less than 1% - and contingencies can be released for consideration.
- **94% of the £1.1m savings target was delivered**, despite the challenges of inflation and the impact of cost of living on the wider economy. In addition, a recent internal audit on the savings delivery governance arrangements has provided substantial assurance. This audit will be repeated in 2023/24.
- **It is recommended that £9.1m of capital budget, unused in 2022/23 is carried forward to future years.** The level of slippage is a concern and will be subject to ongoing review in 2023/24 to ensure that capital programme estimates are realistic and that the budget is deployed effectively to meet Council priorities.
- **Debt levels remain broadly stable** with improvements in Housing Benefit and Sundry Debt, offset by increased debt in the HRA relating to former tenant arrears. Renewed focus will be given to this area.

2022/23 Surplus and Financial Strategy (1)

- **The report makes a recommendation on how the surplus of £595k should be deployed**, taking into account the Council's overall financial resilience and the risks it faces during 2023/24 and in the future.
- Two key options available are to contribute to the General Fund, or to add resilience to the 2023/24 budget.
- Although the General Fund needs to be strengthened to improve underlying resilience, at this early stage in 2023/24, a number of risks remain that warrant a prudent approach.
- The 2023/24 budget includes £445k contingency, £74k of which was set aside to support residents with the cost-of-living crisis. This contingency should be retained to cover risks assumed within the budget and closely monitored throughout the year, particularly the challenging £1.7m savings target.
- **A detailed analysis of risks in 2023/24 has been undertaken, including:**
 - Planning and building control fee income, which has showed signs of weakening towards the end of 2022/23 and into 2023/24. This has an immediate impact on Development Management and a knock-on impact on Building Control. Scenario planning has highlighted a plausible risk on fee income of up to £274k for DM, although there is equally plausible scope for this to improve.
 - Planning appeals, which are extremely difficult to quantify, may escalate depending on decisions made by the Planning Inspector in respect of the Council's Local Plan. These will require internal resource and involve costs that may would put the £80k current budget under severe pressure. A calculation based on the weighted probability of outcomes is undertaken for each appeal as it identified. Appeals known to-date are covered by balance sheet provisions, however new appeals may appear at any point during the year for unpredictable amounts.
 - Further external and commercial pressures, including safeguarding Council functions against:
 - the impact of inflation, which remains high for longer than expected by the Treasury and Bank of England and may manifest through increased contract costs on renewal or an increase in the cost of day-to-day expenditure;
 - continuing economic risk on wider income streams, for example as mortgage rates impact on individual budgets; and
 - pressure on existing suppliers to pass increased costs onto the Council, which will need to be challenged and managed as necessary. This includes specific, live examples which are commercially sensitive but where the potential financial risk could be significant.

2022/23 Surplus and Financial Strategy (2)

- **In light of this, it is recommended that £550k of the surplus from 2022/23 is held corporately as an additional contingency to cover these emerging external risks and others that may surface.** This additional contingency will not be distributed in the first instance and will be subject to future Committee decisions if it is necessary to allocate. Additionally, as the year progresses, Committee may choose to transfer amounts into the General Fund reserve if the risks are mitigated or dissipate.
- **It is recommended that the remaining £45k of the surplus is set aside to cover the non-statutory element of redundancy costs which cannot be met from capital receipts.** This refills the amount drawn-down from a £75k allocation in 2022/23.

Executive Summary - Month 12 (March 2023)

Revenue Forecast at Outturn

	2202/23 Outturn £k	Annual Budget £k	Outturn Variance £k
Community Services	4,156	4,051	105
Housing General Fund	462	476	(14)
Planning Policy	1,259	1,204	55
Strategy & Resources	5,952	6,222	(269)
Corporate Items	(589)	(601)	12
General Fund- Services	11,240	11,351	(111)
Central Funding	(11,351)	(11,351)	0
General Fund	(111)	(0)	(111)

Overall at M12 the Council has £111k surplus on committee budgets (1%) – Change: An improvement of £505k from M9

- Community Services: £105k overspend – 2.6% of committee budget
- Housing General Fund: £14k underspend – 3.0% of committee budget
- Planning Policy: £55k overspend – 4.6% of committee budget
- Strategy & Resources: £269k underspend – 4.3% of committee budget
- Corporate Items: £12k underspend – 1.9% of committee budget

M12 headlines are set out on the next slide, with full details in the Annex

Capital Programme at Outturn

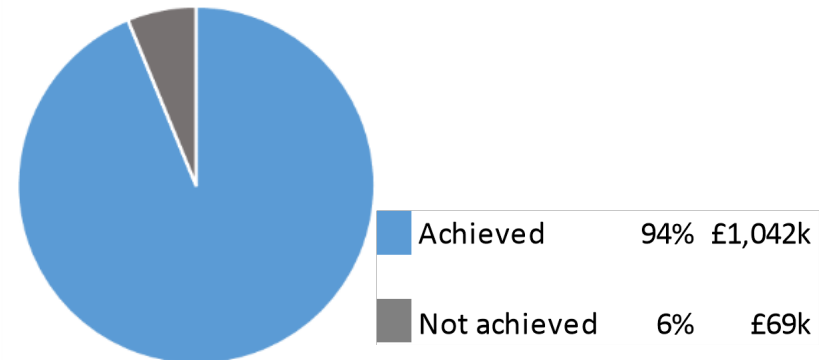
Net Underspend £8,842k - Change: £1,618k reduction from Qtr3-M9

	Budget including Carry Forwards 2022/23 £k	Outturn Variance £k	Change from Qtr3 £k
Community Services	1,839	(1,260)	(149)
Housing General Fund	460	(138)	(78)
Strategy & Resources	4,841	(901)	(55)
Planning Policy	2,146	(2,108)	(23)
General Fund	9,286	(4,407)	(305)
Housing Revenue Account	15,956	(4,435)	(1,313)
Total	25,242	(8,842)	(1,618)

*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 8

Savings Plan at M11 - £1.1m



- Unachievable amount is due to a shortfall in General Fund recharge income (£27k) - (change: 35k increase from M9);
- Other amounts relate to Property income (£10k), Policy & Communications savings (£27k) and reduced income from Meadowside Mobile Home sales (£5k).

Revenue Summary by Committee - Outturn

2021/22 Outturn £k	2202/23 Outturn £k	Annual Budget £k	Outturn Variance £k	Change from Q3 £k	One-off events £k	Ongoing Pressures £k	
3,762	Community Services	4,156	4,051	105	(189)	(154)	259
458	Housing General Fund	462	476	(14)	(22)	19	(34)
1,332	Planning Policy	1,259	1,204	55	(71)	24	31
5,748	Strategy & Resources	5,952	6,222	(269)	(257)	(310)	41
(463)	Corporate Items	(589)	(601)	12	34	15	(3)
10,837	General Fund- Services	11,240	11,351	(111)	(505)	(404)	295
(11,295)	Central Funding	(11,351)	(11,351)	0	0	0	0
(458)	General Fund	(111)	(0)	(111)	(505)	(404)	295

£484k contingencies are released:

- £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.

Key Messages:

The Committee's outturn is £111k underspend – (Change: £505k improvement from M9). Along with £484k unused contingency, this provides a total surplus of £595k. The surplus mainly relates to:

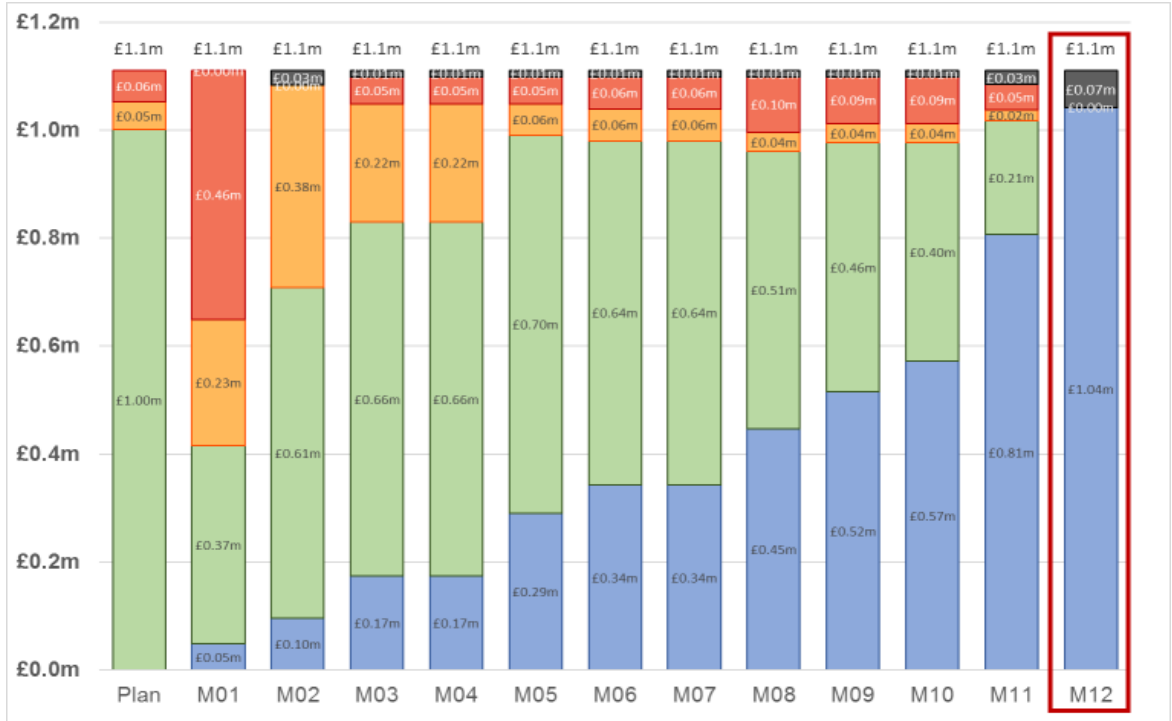
- **Community Services: £105k overspend** – (Change: £189k improvement from M9). Overspend mainly consisting of £243k pressure in Waste Services due to contractual commitments, £72k & £48k reduced income in both Cesspool Services and Off-street Car Parking, £35k in Streets & Public Conveniences, offset by (£137k) improvement in Parks & Open spaces, (£103k) decrease in salaries due to unfilled vacant posts & (£46k) improvement in Operational Services - increased fees & charges.
- **Housing General Fund: (£14k) underspend** – (Change: £22k improvement from M9). mainly due to (£25k) Syrian & Afghan resettlement and (£23k) Homelessness – unspent budget as grant funding covered all expenditure incurred, (£7k) underspend for Meadowside Mobile Homes. Offset by £74k Salaries overspend – £45k salary costs reclassified to this budget, which are offset in full by (£45k) grant funding from the Homes for Ukraine scheme. £15k additional due to reduced vacancies and £20k for share of legal costs.
- **Planning Policy: £55k overspend** – (Change: £71k improvement from M9). Overall variance mainly consisting of £84k overspend on salaries, £43k on associated recruitment costs, £26k overspend on third party external consultant advice offset by (£80k) surplus on Planning Application Fee income and (£17k) in Enforcement due to replacement of interim staff.

Strategy and Resources: £269k underspend – (Change: £257k improvement from M9). Mainly due to £41k overspend for 2022 & 2023 elections, £18k Policy & Communications salaries overspend, offset by (£28k) Revenues and Benefits underspend mainly due to a decrease in bad debt provision, (£65k) in Customer Services and (£49k) underspend in HR (£67k) Legal services underspend, due to staff restructuring and (£121k) underspend in IT mainly due to decreased costs in software and telephony.

Corporate Items: £12k net overspend – (Change £34k deterioration from M9). £23k increased bank charges and less recharge recovered and £69k Cost of Collection deficit offset by (65k) improved Bad Debt provision and (£18k) lower Minimum Revenue Provision

Saving Plans Delivery

Summary and Projection



Delivery by Committee

Committee	Target £k	Blue Achieved	Black - BAU Full Year Forecast
		£k	£k
Community Services	177	157	20
Housing GF	80	76	4
Planning	0	0	0
Resources	717	699	18
Corporate items	137	110	27
TOTAL	1,111	1,042	69

Key:
Black – Under target
 Blue – Delivered / Achieved

Commentary

Total plan of £1.1m – Outturn c£1.042m (94%) delivery

Unachievable (Black) – £69k, (6%). Change: £57k increased from Qtr3- M9.

- Community Services: Mechanical Sweeper Utilisation £20k
- Housing GF: £10k downturn in Meadowside Mobile Home Sales
- Resources: Use of Town Hall : £10k, dependency to find new tenants for Oxted Offices
- Corporate Items: £27k – due to shortfall in intra authority recharges.

Capital Summary by Committee

	2022-23 Outturn	Budget incl. Forwards	Carry 2022/23	Outturn Variance	Overspend/ (Underspend)	Acceleration /(Slippage)	Change from Qtr3
	£k	£k		£k	£k	£k	£k
Community Services	579	1,839		(1,260)	0	(1,260)	(149)
Housing General Fund	322	460		(138)	0	(138)	(78)
Strategy & Resources	3,940	4,841		(901)	716	(1,617)	(55)
Planning Policy	38	2,146		(2,108)	0	(2,108)	(23)
General Fund	4,879	9,286		(4,407)	716	(5,123)	(305)
Housing Revenue Account	11,521	15,956		(4,435)	2,201	(6,636)	(1,313)
Total	16,400	25,242		(8,842)	2,917	(11,758)	(1,618)

*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: £8,842k (Change: £1,618k reduction from Qtr 3 - M9) mainly due to:

- **Community Services: Slippage of £1,260k** mainly in Vehicle Fleet Renewals (£307k), Childrens Playground Equipment (£404k) and Public Conveniences Capital Works (£250k).
- **Housing General Fund: (£138k) less than budget.** Slippage due to delayed start in DFG projects.
- **Strategy and Resources : (£901k) less than budget,** mainly due to: Croydon Road Regeneration – (£1,306k) Slippage with major works being deferred to 2023-24, IT – Hardware and Infrastructure: Slippage of (£298k) into 2023-24, Land/Assets Development (£181k) unspent capital programme 2022/23 funds,
Offset by Quadrant House (QH) Refurbishment – £851k more than in-year budget due to change in scope of work and contract variations. £400k is due to retention monies originally budgeted for in 2023/24 to match expected cash payments on completion of the project. The net overspend for QH is expected to be £270k after £400k is bought forward from the 2023/24 capital programme and £181k unused budget Land/Asset Development is used.
- **Planning Policy CIL: Underspend of £2,108k** mainly due to delays where the budget assumed earlier agreement on grant letters/agreements for The Friends of Limpsfield Common in 22/23. Blanchmans Farm All Weather Disabled Trackway, Warlingham, deferred to 23/24.
- **Housing Revenue Account : Underspend of £4,435k** mainly due to (£1,009k) HRA Housing Stock slippage. £2,201k - additional amounts have been added for potential development sites and inflationary increases, offset by (£5,626k) – Predominately relates to delays on Rochester Gardens and Auckland Road & Windmill Close, Hollow lane and Wolfs Wood & Featherstone. Additional slippages in Uplands.

2023/24 Capital Carry Forward Requests

Scheme	Original Budget 2023/24 £000	Carry Forward Proposed £000	Original Budget Incl. Carry Forward 2023/24
General Fund			
Vehicle Fleet Renewals	123	146	269
Car Parking	35	29	64
Childrens Playground Equipment	175	404	578
Land Drainage Capital Works	10	0	10
Park, Pavilions & Open Spaces	115	91	205
Grange Meadow	0	11	11
Playground Improvements Match Funding Pot	0	42	42
Litter Bins	8	0	8
Food Waste bins	115	110	225
Public Conveniences	150	250	400
Plant, Furniture and Equipment (GF)	10	5	15
Disabled Facilities Grants Mandatory	503	139	642
Quadrant House Refurbishment	400	(400)	0
Croydon Road Regeneration	1,000	1,306	2,306
Quadrant House Solar Panel & Suite Refurb	150	0	150
Council Offices Buildings	25	14	39
GF IT - Hardware/Infrastructure Projects GF	247	298	545
UKSP & Rural England PF	250	0	250
Total General Fund	3,314	2,444	5,758
Capital Contributions to third parties from CIL	500	2,108	2,608
Housing Revenue Account			
Council House Building	11,680	3,426	15,106
Council House Improvements	3,652	996	4,648
HRA IT - Hardware/Infrastructure Projects	66	175	241
Total Housing Revenue Account	15,398	4,597	19,995
Total Capital Programme	19,212	9,149	28,361

Note - It is unlikely that a £28.1m capital programme can be delivered in 2023/24, so the phasing of the carry forward requests will be reviewed for the September Committee Cycle and the phasing re-approved.

The carry forward request reconciles to the 2022/23 underspend as follows:

	£000
2022/23 net underspend	8,842
Quadrant House overspend, offset by other allocations	270
Grant funded schemes within the 2022/23 net position	46
Minor other allocations not required	(9)
Proposed carry-forwards	9,149

Additional Information

Debt as at 31st March 2023

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	21/22	22/23	Outcome
Sundry Debts	£282k	£249k	G
HBOP	£1,144k	£1,119k	G
HRA	£444k	£525k	R

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

Collection Fund

	Business Rates	Council Tax
19/20	98.8%	98.2%
20/21	95.6%	97.3%
21/22	95.2%	97.4%
22/23	97.0%	96.8%
Outcome 21/22-22/23	G	A

Quadrant House Occupancy:

As reported to Investment Sub Committee, Quadrant House occupancy has increased from 69% to 73% in the last quarter.

Marketing is continuing on both offices and shops. We have recently produced a re-designed brochure with photographs of the refurbished office space, installed new marketing vinyls to the main entrance and carried out a targeted mailshot.

Vacancy Factor

The Council’s 2022/23 budget included an assumption of 4% vacancy factor in areas excluding Planning. This was not a target, and vacancies were not deliberately held to achieve it. The table below shows current vacancies. This is a snapshot in time and work continues to recruit permanently where appropriate.

Area	Posts	FTE	Staff	Vacancies	%	Temps	%	Total	%
Communities	62	61.3	53.3	8	87%	3	5%	56.3	92%
Planning	60	57.9	43.9	14	76%	10	17%	53.9	93%
Housing	38	37.6	36.6	1	97%	0	0%	36.6	97%
Strategy & Resources	126	116.0	91.0	25	78%	6	5%	97.0	84%
Total	286	272.7	224.7	48	82%	19	7%	243.7	89%

ANNEX

DETAILED REVENUE AND CAPITAL

- Revenue Outturn - Committee Detail (slides 12 to 17)
- Capital Outturn - Committee Detail (slide 18 - 22)

Revenue Commentary- Communities Services

Communities Services overspend £105k (Change: £189k improvement from M9) mainly due to:

- **(£103k) Salaries** : savings due to unfilled vacancies in Waste and Streets **(£61k) improvement from M9).**
- **(£17k) Car Parking On-Street:** improved PCN revenue in last quarter **(£17k) improvement from M9)**
- **£48k Car parking-On-street:** £57k 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. Offset by £9k other small expenses variances. **(£6k) deterioration from M9).**

2021/22	Final	Annual	Outturn	Change	One-off	Ongoing
Outturn	Outturn	Budget	Variance	from Q3	events	Pressures
£k	£k	£k	£k	£k	£k	£k
1,255 Salaries CS	1,206	1,309	(103)	(61)	(103)	
(34) Car Parking-On Street	(31)	(14)	(17)	(17)	(17)	
28 Car Parking-Off Street	30	(18)	48	6		48
(15) Hackney Carriage/Private Hire	(19)	(19)	(0)	(0)		
208 Leisure & Community Grants	201	209	(8)	(8)	(8)	
248 Environmental Services	290	273	17	5		17
1,960 Waste Services	2,245	2,002	243	9	15	228
(69) Cesspool Services	(36)	(109)	72	22		72
(266) All Operational Services	(199)	(153)	(46)	(47)	(22)	(24)
405 Parks and Open Spaces	400	537	(137)	(141)	(69)	(68)
42 Streets & Public Conveniences	69	34	35	42	50	(15)
3,762 Community Services	4,156	4,051	105	(189)	(154)	259

- **£17k Environmental Services** : £9k salary costs. £10k database maintenance less (£2k) minor variances. **(£5k deterioration from M9).**
- **£243k Waste Services** : £226k additional waste(contract inflation offset by variable gate income from SCC), £17k less Income as demand for Bulky Waste Collections has slowed, (£8k) increase price/tonne additional income from clothes and textiles collections, (£7k) less expenses for recycling palm banks collections and new in quarter £15k consultants cost **(£9k deterioration from M9).**
- **£72k Cesspool Services** : £100k reduce income(vehicle was out of use for maintenance in March) and £28k less costs for cesspool emptying. Variance continues from last year as clients lost to aggressive undercutting by other providers. **(£22k deterioration from M9).**
- **(£46k) Operational Service** : multitude of offsetting variances. In quarter a further £20k increase in cemetery fees taking the total annual increase to (£50k). A large proportion of the increase is due to the sale of the reclaimed area for double plots. Once All sold this revenue will return to the normal rate. Also in quarter (£12k) sale proceeds from old and surplus vehicles. Additional £10k costs incurred to ensure the Depot is O licence compliant. £16k depot store changes. **(£47k) improvement from M9).**
- **(£137k) Parks and Open space:** In quarter there have been reductions in trees budget usage by (£30k) due to the difficulties in getting road orders agreed with SCC and lack of capacity of the contractor, (£57k) underspend on GM work partly due to less out of scope work being incurred, (£28k) reduced budget needed for unauthorised encampments and (£12k) land drainage unspent budget (£10k) minor other variances. **(£142k) improvement from M9).**
- **£35k Streets & Public Conveniences:** new in quarter £20k demolition cost of A25 toilets and additional £30k costs for repairs of sweepers. Plus £20k costs for asbestos fly tipping, offset by £6k budget not required for business rates as now exempt and £5k reduced equipment costs. £24k of unspent various budgets **(£42k deterioration from M9).**

Revenue Commentary – Housing General Fund

2021/22 Outturn £k	Final Outturn £k	Annual Budget £k	Outturn Variance £k	Change from Q3 £k	One-off events £k	Ongoing Pressures £k
509 Salaries HGF	601	527	74	67	74	
(131) Meadowside Mobile Homes	(141)	(134)	(7)	(43)	(20)	12
69 Westway	50	50	0	0		
34 Private Sector Enabling	75	84	(9)	10	(9)	
(186) Housing of the Homeless	(84)	(61)	(23)	97	21	(44)
55 Other Housing Renewal Functions	51	53	(1)	(1)		(1)
15 Syrian & Afghan Refugees	0	25	(25)	(25)	(25)	
Ukraine Placements	(45)	0	(45)	(45)	(45)	
(22) Redstone House	4	0	4	0	4	
113 Housing Benefits	(69)	(69)	(0)	(80)		
1 Other variances	21	1	20	(0)	20	
458 Housing General Fund	462	476	(14)	(22)	19	(34)

Housing General Fund underspend £14k (Change – £22k improvement from M9). Variance mainly due to:-:

- **£74k Salaries** : new in quarter £45k salary costs reclassified to this budget, which are offset in full by grant funding from the Homes for Ukraine scheme. £15k additional spend due to reduced vacancy factor (an increase in quarter by £6k). This is an overall deterioration from Q3 of £67k.
- **(£7k) Meadowside Mobile Homes** - £5k income not achieved on commission on sales of mobile homes (at Q3 this was expected to be £10k). £9k reduced rental income. £17k unbudgeted cost of full site survey which was offset by savings on other expenses. This is a (£44k) improvement from Q3.
- **(£9k) Private Sector Enabling** - £10k unspent consultancy budget. £10k change in quarter re various small changes.
- **(£23k) Homelessness**: In quarter - £75k net B&B costs have been incurred, offset in year by the increased grant income. B&B costs have been gradually rising each month and will be closely monitored in 2023/24. In quarter £22k of unbudgeted legal costs have been charged. Overall, this is a £97k deterioration from Q3.
- **(£25k) Syrian & Afghan Refugees** – new in quarter unspent budget as external grant funding covered all expenditure incurred.
- **(£45k) Ukraine Placements** – £45k grant offset salary costs as noted above.
- **£4k Redstone House**: £4k security and electricity costs incurred whilst property was empty. No change from M9.
- **Housing Benefit** - Expenditure in 2022/23 was matched by Government funding.(£80k improvement from Q3 including improved debt position resulting in a lower provision.
- **£20k Other**: £20k share of legal costs. No change from M9

Revenue Commentary – Planning Policy

2021/22 Outturn £k	Final Outturn £k	Annual Budget £k	Outturn Variance £k	Change from Q3 £k	One-off events £k	Ongoing Pressures £k
816 Planning Applications & Advice	409	335	74	(48)	43	31
294 Planning Strategy & Policy Guidance	316	316	0	0	0	0
50 Enforcement	259	276	(17)	(0)	(17)	0
(2) Tree Preservation & Advice	95	95	(1)	(3)	(1)	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	(20)	2	0
9 Transfer to/from Neighbourhood Plan Reserve	8	8	0	0	0	0
0 Southern Building Control	(0)	0	(0)	(0)	(0)	0
(10) Land Charges and Street Naming	(11)	(8)	(3)	(1)	(3)	0
1,332 Planning Policy	1,259	1,204	55	(71)	24	31

Note – the outturn position assumes that the budgets for the local plan and other planning policy matters remain ringfenced to the local plan and are therefore held for future spend.

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 £55k (Change : £71k improvement from M9). The variance mainly comprises of:

£74k Planning Application and Advice variance described by :

- £84k overspend on salaries. During the year, the service has been reliant on contract staff and is going through an organisational change which should lead to some mitigation (£147k overspend in M9). Change primarily due to reduction in staffing spend including staff commencing employment later than forecast in M9. £43k one off overspend on third party specialist recruitment to obtain skilled permanent staff (£32k overspend in M9). Change due to further spend on specialist recruitment agencies. £1k Overspend on specialist legal advice (£15k in M9) Expected costs awarded against Council were less than expected in 2022/23, and £26k Overspend on third party external consultant advice including retail impact assessments and highways matters (£35k in M9)
- Offset by (£80k) surplus on planning application fee income (£108k in M9). Change in forecast due to (i) softening in developer demand (ii) deferment of spending government grant to 2023/24, (iii) Pre app interim churn has resulted in some pre app income being received in advance of work done, income has to be carried to 2023/24
- **£2k Gatwick Airport DCO** overspend due to engagement of specialist consultants to assist with Council response to public consultation (£22k overspend in M9). Change in timing of operational expenditure between M9 and outturn.
- Offset by:
- **(£1k) Tree Preservation** underspend related to employee expenses (including mileage) - (£2k overspend in M9)
- **(£17k) Enforcement** £29k salary overspend due to use of interim whilst permanent staff recruited, (£39k) favourable third party expenditure as appeals risks did not materialise in year.(£7k) favourable appeals income - (overall (£17k) underspent in M9).
- **(£3k) Street Naming** £3k income surplus driven by fees from developers ((£2k) in M9).

The service is endeavouring to take mitigating action by transitioning from contract to permanent staff

Revenue Commentary – Strategy and Resources

Strategy & Resources underspend

(£269k): Change – £257k improvement from M9. Variance due to:

- **£41k Democratic Services** overspend, primarily due to £38k overspend (£35k in M9) associated with running the May 22 and May 23 elections & other minor variances to budget. The on-going effect is met by a budget allocation in 23/24 associated with the statutory function of elections.
- **£18k Policy & Communications** overspend (£27k in M9) – £21k one off salary overspend related to combining Policy & Communications and timing of staff savings (£0 in M9). Staff savings achieved, but delayed until 2023/24,

2021/22 Outturn £k	Final Outturn £k	Annual Budget £k	Outturn Variance £k	Change from Q3 £k	One-off events £k	Ongoing Pressures £k
493	398	466	(67)	(30)	(67)	
579	595	555	41	2		41
1,396	1,117	1,238	(121)	(120)	(121)	
367	359	408	(49)	11	(49)	
612	587	652	(65)	(21)	(65)	
391	341	323	18	(9)	18	
150	158	163	(6)	(8)	(6)	
281	284	283	0	(56)	0	
160	138	138	1	3	1	
277	291	294	(3)	(3)	(3)	
897	1,066	1,063	3	(0)	3	
65	455	483	(28)	(28)	(28)	
78	166	158	8	3	8	
5,748	5,953	6,222	(268)	(256)	(309)	41
0	(1)	0	(1)	(1)	(1)	
5,748	5,952	6,222	(269)	(257)	(310)	41

Mitigation delivered from (i) print contract and (ii) printing & stationary underspends.

- **£0k Office Services** - Change mainly due to £34k improvement in utilities expenditure, improvements in NNDR expenditure (identification & resolution of miscoded NNDR charge), and building maintenance.

Offset by

- **(£28k) Revenues and Benefits underspend** - (£0 variance in M9). Change mainly due to due to favourable movement in bad debt provision (£16k favourable), and recoded one off employee related expenditure.
- **(£49k) Human Resources underspend** ((£60k) underspend in M9) – (£20k) on-going staff saving as the Council moves to a more contemporary HR model, where a number of HR tasks become Management responsibilities. (£29k) one off underspend due to reduced third party expenditure as HR aligns with the timing of organisation development and recruitment underspends. Change due to some training expenditure not anticipated in M9 forecast.
- **(£65k) Customer Services underspend** – Largely due to salary (£55k) underspend (M9 (£44K) underspend). Naturally occurring staff vacancies have been held vacant, in anticipation of agreed savings for 2023/24
- **(£67k) Legal services** underspend (M9 £37k underspend) – primarily due to (£20k) one off underspend in salaries from naturally occurring staff turnover. Income better than budget (£42k) driven by volume of recovery of Legal officer time from third parties & capital.
- **(£121k) Information Technology** underspend mainly due to staff turnover and more staff working on capital projects (£44k) salary underspend. Software and telephony (£75k) better than budget due to a one off telephony refund, benefits realised from new EE telephone contract, review of telephone service provision, contracts for 3-year terms delivering savings. Income better than budget by (£2k) due to Cyber Training grant income.

Revenue Commentary - Corporate Items

2021/22 Outturn £k	Final Outturn £k	Annual Budget £k	Outturn Variance £k	Change from Q3 £k	One-off events £k	Ongoing Pressures £k
1,153 Interest Payable	1,163	1,163	0	1		
(1,533) Interest Receivable & Investment Income	(1,495)	(1,495)	0	(6)		
(475) Property Income	(745)	(745)	0	(106)		
(1,854) Non GF Support recharges & Bank charges	(2,048)	(2,071)	23	5	8	15
845 Minimum Revenue Provision (MRP)	1,161	1,179	(18)	(0)		(18)
1,379 Pension - Actuarial top up, Added Years, & Compensation	1,488	1,485	3	4	3	
(73) Write Offs and Bad Debt Provision	(42)	22	(65)	(65)	(65)	
150 Cost of Collection	(201)	(270)	69	0	69	
Contingency	116	116	0	0		
(56) Contributions to / (Drawdown from) Earmarked Reserves	(85)	(85)	0	200		
Covid-19	0	0	0	0		
Transformation	0	0	0	0		
(463) General Fund	(689)	(701)	12	34	15	(3)
Contribution to General Fund Balances	100	100	0	0		
(463) Corporate Items	(589)	(601)	12	34	15	(3)

Corporate Items - £12k Net overspend (£34k deterioration from M9).

The variance and the change from M9 is mainly due to:

- **Property Income** : Balanced Position – Change (£106k) improvement from M9, mainly on account of new tenants in Quadrant House.
- **£23k Non GF Support recharges & Bank charges overspend**- Change £5k deterioration from M9. Variance due to £15k less income recharge recovered from HRA than forecast and £8k increased interest costs.
- **(£18k) Minimum Revenue Provision (MRP) underspend** - Borrowing being less than anticipated due to reduced financing in the 2021/22 capital programme, the MRP charge for 2022/23 was less than had been budgeted for.
- **(£65k) Write Offs and Bad Debt Provision underspend** – Change (£65k) improvement from M9, Reduced provision for Bad Debts as at 31st March 2023.
- **£69k Cost of Collection overspend** - No change from M9. Court costs are variable and a deficit against budget has been forecast throughout the year. The position will be kept under review in 2023/24, with variations managed through the S31 funding reserve which holds Government funding to offset post-pandemic volatility in Business Rates.
- **Contributions to / (Drawdown from) Earmarked Reserves** - Balanced Position: Change £200k decrease from M9 as a draw-down from new burdens grant funding to offset pressures elsewhere in S&R is no longer required following the above improvements.

Capital Budget – Community Services

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget incl. Carry Forwards 2022/23	2022-23 Outturn	Outturn Variance	M9 Forecast Variance	Change from Qtr3
	£k	£k	£k	£k	£k	£k	£k
Vehicle Fleet Renewals	204	172	376	68	(308)	(376)	68
Car Parking	35	0	35	6	(29)	0	(29)
Children's Playground Equipment	27	399	426	22	(404)	(385)	(19)
Land Drainage Capital Works	10	0	10	0	(10)	(10)	0
Park, Pavilions & Open Spaces	114	164	278	187	(91)	0	(91)
Grange Meadow Access Works	0	250	250	239	(11)	0	(11)
Playground Improvements Match Funding Pot	0	50	50	8	(42)	(50)	8
Litter Bins	8	0	8	8	(0)	0	(0)
Garden Waste Bins	25	13	38	26	(11)	0	(11)
Public Conveniences Capital Works	150	100	250	0	(250)	(211)	(39)
Plant, Furniture & Equipment (GF)	8	0	8	3	(5)	0	(5)
Refuse, Recycling and Food Waste bins	90	20	110	11	(99)	(78)	(21)
Total Community Services	672	1,167	1,839	579	(1,260)	(1,110)	(149)

- The Capital Budget was approved by Full Council on 2nd 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 Capital Outturn spend across the Committee's schemes was £579k. The total underspend for the year of £1,260k and a change in quarter of £149k. The change in quarter was further underspends in the majority of the capital schemes. 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.

Capital Budget – Housing General Fund

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget incl. Carry Forwards 2022/23	2022-23 Outturn	Outturn Variance	M9 Forecast Variance	Change from Qtr3
	£k	£k	£k	£k	£k	£k	£k
Disabled Facilities Grants Mandatory	460	0	460	321	(139)	(60)	(79)
Total Capital Programme	460	0	460	321	(138)	(60)	(79)

- The Capital Budget for Planning Policy consists of the Disabled Facilities Grants Mandatory. When the budget was set, this consisted of £460k.
- The Capital outturn for the year is £321 which is an underspend for the year of £139k and a change in quarter of £79k.
- 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 incl. Carry Forwards 2022/23	2022-23 Outturn	Outturn Variance	M9 Forecast Variance	Change from Qtr3
	£k	£k	£k	£k	£k	£k	£k
Land/Asset Development	181	0	181	0	(181)	(174)	(7)
Quadrant House Refurb	0	2,628	2,628	3,479	851	887	(36)
Croydon Road Regeneration	1,325	115	1,440	134	(1,305)	(1,290)	(16)
A22 Cycleway	0	0	0	46	46	46	0
Council Offices	50	0	50	37	(13)	0	(13)
IT - Hardware/Infrastructure/Projects	228	314	542	244	(298)	(317)	18
Total Capital Programme	1,784	3,057	4,841	3,940	(901)	(847)	(55)

- The Capital Budget was approved by Full Council on 2nd 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 30th June 2022
- The total budget for 2022/23 is therefore £4,841k
- The Capital Outturn spend across the Committee's schemes was £3,940k. The total underspend for the year is (£901k) and a change in quarter of (£55k).

Capital Budget – Planning Policy

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget incl. Carry Forwards 2022/23	2022-23 Outturn	Outturn Variance	M9 Forecast Variance	Change from Qtr3
	£k	£k	£k	£k	£k	£k	£k
Capital contributions to third parties from CIL	1,667	479	2,146	38	(2,108)	(2,085)	(23)
Total Capital Programme	1,667	479	2,146	38	(2,108)	(2,085)	(23)

- 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 30th June S&R committee have increased this to £2,146k, as set out above.
- The Capital Outturn spend across the Committee's schemes is £38k. The total underspend for the year is £2,108k and a change in quarter of (£23k). As this is CIL funded, there is no General Fund impact.

The variance relates to:

- Third party delays where the budget assumed earlier agreement on Grant letters/agreements.
- The budget also reflects some older CIL Grants which are subject to external fund raising.

Capital Budget – Housing Revenue Account

Scheme Name	Original Budget 2022/23	Carry Forward from 2021/22	Budget incl. Carry Forwards 2022/23	2022-23 Outturn	Outturn Variance	M9 Forecast Variance	Change from Qtr3
	£k	£k	£k	£k	£k	£k	£k
Council House Building	7,586	3,930	11,516	8,090	(3,426)	(2,648)	(778)
Roof Renewals	520	0	520	536	16	20	(4)
Soundproofing	0	0	0	0	0	0	0
Structural Damage	200	15	215	197	(18)	35	(53)
Roads, Footpaths & Car Parking Areas HRA	60	0	60	59	(1)	0	(1)
Drainage Works	75	0	75	15	(60)	(40)	(20)
Conversion of Shared Facilities	30	0	30	45	15	15	(0)
Bathroom Renewals	380	0	380	27	(353)	(300)	(53)
Kitchen Renewals	322	0	322	11	(311)	(202)	(109)
Window Replacement	500	0	500	354	(146)	(106)	(40)
Thermal Insulation	30	0	30	45	15	6	9
New Central Heating	30	0	30	73	43	20	23
Rewiring HRA Capital Schemes	188	0	188	285	97	84	13
Infrastructure Services	0	0	0	21	21	0	21
Service Renewal Boilers	345	0	345	527	182	239	(57)
Re-Plumbing	180	0	180	26	(154)	(155)	1
Works to Void Properties	425	80	505	383	(122)	(30)	(92)
Fire Precautions	125	35	160	221	61	60	1
DDA Upgrades	15	0	15	0	(15)	(14)	(1)
Removal of Hazardous Materials	50	0	50	33	(17)	(25)	8
Adaptations for the Disabled	250	115	365	152	(213)	(115)	(98)
Boundary Walls & Fences	60	0	60	57	(3)	(20)	17
Garages & Outhouses	125	0	125	105	(20)	(25)	5
TV Aerials/Digital	0	0	0	0	0	0	0
Door Entry Systems	30	0	30	16	(14)	(15)	1
IT - Hardware/ Infrastructure/Projects	61	195	256	80	(175)	(141)	(34)
Vehicle Fleet Renewals - HRA	0	0	0	162	162	235	(73)
Total Capital Programme	11,586	4,370	15,956	11,521	(4,435)	(3,122)	(1,313)

- 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 outturn spend was £11.521m (72%) of Budget 2022/23. The outturn spend for Housing Development £8.090m (£3.426m net underspend) and Housing Stock £3.431m (£1.009m underspend).
- The Housing Development net underspend of £3.426m was as noted below:-
 - £2.201m - additional amounts having being added for potential development sites and inflationary rises.
 - £5.626m - delays are on Rochester Gardens , Auckland Road & Windmill Road, Hollow Lane and Wolfs Wood & Featherstone. Slippages on Uplands.