

## 2021/22 Period 6: Revenue Budget Monitoring

## Summary

The full year forecast at the end of Quarter 2 for underlying Service budgets is £0.061m (0.4%) higher than the management budget; the Central budgets are reporting £0.028m (2.4%) lower than budget, resulting in an overall forecast of £0.033m (0.2%) higher than budget.

Ongoing COVID-19 income losses are forecast to be £1.772m, £0.354m of which are expected to be funded by the Sales, Fees & Charges grant from Government. Inclusion of these net losses results in a forecast of £1.452m (8.2%) higher than budget which will be funded by calling on the £2.000m COVID-19 Reserve that has been set aside for this purpose in 2021/22.

## Reconciliation of Original Budget to Management Budget for 2021/22

	£000	£000
<u>Original Budget</u>		17,395.0
Unspent Budget brought forward from 2020/21	218.3	
<u>Transfers from Reserves:</u>		
Corporate Plan Delivery Fund Reserve	117.0	
Environmental Sustainability Reserve	77.2	
		412.5
<u>Management Budget</u>		<u>17,807.5</u>

## Headline Revenue Budget Information 2021/22

	£000	
Management Budget	17,807.5	
Year End Forecast - Service & Central Budgets	<u>17,840.9</u>	
Projected overspend - Service & Central Budgets	<u>33.4</u>	(0.2% of the budget)
Year End Forecast - ongoing COVID-19 income losses	<u>1,772.5</u>	
- COVID-19 income losses funding	<u>-354.0</u>	
Projected overspend - including ongoing net COVID-19 income losses	<u>1,451.9</u>	(8.2% of the budget)

Revenue Budget Outturn Variances £000



**Forecast for underlying Services is £0.194m over budget. Significant variances summarised below:**

**Revenues, Benefits & Fraud: £393k overspend** is mostly attributable to lower DWP subsidy, higher Housing Benefit overpayment and DHP, partially offset by £197k lower salary costs due to six vacancies in the team, and a £53k larger surplus on the trading account.

**Planning Policy: £133k underspend** driven by vacancies across the team partially offset by higher external consultancy costs.

**Electoral Services: £168k underspend.** The forecast reflects £73k lower than budgeted election costs and £96k savings resulting from a review of long term contracts.

**Management Team: £200k underspend** as a result of the revised structure of the team.

**Forecast for Central Budgets is £0.028m under budget. There are no significant variances.**

**COVID-19 Ongoing Income Losses**

These are detailed at Section 2 and summarised above. To be funded by calling on the £2.000m COVID-19 Reserve set aside to mitigate this risk in 2021/22.

**COVID-19 Ongoing Expenditure & Funding**

These are detailed at Section 3

		£000	£000
<b>1. General Fund Reserve</b>			
Balance at start of year			3,000.0
Less: Projected overspend	at 31 March 2022		-33.4
Anticipated balance at End of Year before Reserves Review/Reallocations*			<u>2,966.6</u>
*Maximum General Fund Balance Required (2021/22 = £3m)		2,609.3	
<b>2. Corporate Plan Delivery Fund (CPDF) Reserve</b>			
		£000	£000
Balance at start of year			860.6
V21-03 CPDF Community Centre Review	Community Centres	83.2	
V21-01 CPDF Community Centre Review	Community Centres	15.0	
V21-02 CPDF Community Centre Review	Community Centres	18.8	
Balance before any further transfers in year			<u><u>743.6</u></u>
<b>3. Capital Schemes (Feasibility Studies) Reserve</b>			
The Capital Schemes (Feasibility Studies) Reserve was established to ensure that funding is available to prepare business cases and obtain external professional advice for new initiatives designed to deliver new capital schemes, including new sources of sustainable commercial income streams. Once a Capital scheme is approved by Executive, the costs can be capitalised and the funds will recycle back to the Capital Schemes (Feasibility Studies) Reserve.			
		£000	£000
Balance at start of year			2,334.7
			<u><u>2,334.7</u></u>
<b>4. Economic Development Initiatives Reserve</b>			
The Economic Development Initiatives Reserve was established to fund initiatives to raise awareness amongst local people of quality local employment opportunities.			
		£000	£000
Balance at start of year			656.5
			<u><u>656.5</u></u>
<b>5. Environmental Sustainability Reserve</b>			
The Environmental Sustainability Reserve was established to fund initiatives to improve RBBC's environmental impact			
		£000	£000
Balance at start of year			247.5
Groundworks for Electric Vehicle Charging Points		63.2	
Fixed Term internal secondment		14.0	
			77.2
			<u><u>170.3</u></u>

Responsible Officer	Service	Original Budget	Total Variations	Management Budget	Year End Outturn	Year End Variance	Commentary
		£000	£000	£000	£000	£000	
<b>1. Service Budgets</b>							
<b>1a. Organisation</b>							
Catherine Rose	Corporate Policy	227.8	77.2	305.0	299.8	(5.2)	Minor variance
	Projects & Business Assurance	204.4	0.0	204.4	182.6	(21.8)	Minor variance
Carys Jones	Communications	700.8	0.0	700.8	700.8	0.0	
	Customer Contact	400.4	0.0	400.4	400.4	0.0	
Darren Wray	Information & Communications Technology	1,767.4	0.0	1,767.4	1,808.9	41.5	Increase in server support costs.
Kate Brown	Organisational Development & Human Resources	785.8	0.0	785.8	824.6	38.8	Overspend to cover two maternity posts and other minor variances.
Joyce Hamilton	Legal Services	816.6	0.0	816.6	861.8	45.2	Reduction in Legal income by £40.1k and recruitment expense of £10.7k. A small saving of £6.4k was made in Corporate subs budget.
	Land Charges	-105.6	0.0	-105.6	-105.6	0.0	
	Democratic Services	861.1	0.0	861.1	846.3	(14.8)	Savings mainly due to reduction of £14k in training costs in Member Allowances and Support.
	Electoral Services	447.9	169.3	617.2	449.0	(168.2)	£72.4k lower elections costs and £95.8k saving due to unused budget mainly in temp staff, training and publicity & promotional.
Pat Main	Corporate Support	184.0	0.0	184.0	184.0	0.0	
	Finance	1,326.6	0.0	1,326.6	1,362.2	35.6	Higher staff costs relating to vacancy cover and service development activities
	Property & Facilities	-1,495.1	0.0	-1,495.1	-1,526.7	(31.6)	
	Property & Facilities - ongoing COVID income loss	0.0	0.0	0.0	51.0	51.0	Redhill Hotel £40k, Horley Leisure Centre £9k, Priory Park Pavilion £2k.
	Commercial & Investment	143.4	0.0	143.4	143.4	0.0	
<b>1b. Place</b>							
Simon Bland	Economic Prosperity	353.6	0.0	353.6	348.9	(4.7)	Minor variance
Morag Williams	Fleet	886.6	346.9	1,233.5	1,233.5	0.0	
	Refuse & Recycling	1,348.1	-212.1	1,136.0	1,177.1	41.1	£189k Temporary Staff and £99k Overtime overspends, are partially offset by a combination of other lesser variances. Additional recycling income has already been included in the forecast. Paper, Domestic Mixed and Food recycling are all showing a forecast favourable variance for both materials collected and recycling credits earned.
	Engineering & Construction	60.9	0.0	60.9	82.0	21.1	A capitalised salary assumption of (£18k) is no longer deliverable.
	Environmental Health & JET	1,101.4	-3.4	1,098.0	1,098.2	0.2	Minor variance
	Environmental Licencing	-203.6	0.0	-203.6	-204.6	(1.0)	Minor variance
	Environmental Licencing - ongoing COVID-19 income loss	0.0	0.0	0.0	37.2	37.2	Premises and taxi licences £20k, MOT & Testing £17k.
	Greenspaces	1,481.8	-37.0	1,444.8	1,443.5	(1.3)	Minor variance
	Car Parking	-2,024.8	-7.6	-2,032.4	-2,062.4	(30.0)	Underspend due to current vacancies
	Car Parking - ongoing COVID-19 income loss	0.0	0.0	0.0	1,228.0	1,228.0	Off-street £1.1m, On-street £0.1m. Forecast losses have reduced since the Q1 report.
	Street Cleansing	1,006.7	-86.8	919.9	927.6	7.7	Minor variance
Peter Boarder	Place Delivery	354.5	0.0	354.5	348.1	(6.4)	£23k underspend against consultancy budget, as £11k spend expected against a £34k budget by year end. With an overspend of £13k against the salary budget (due to bonuses paid in P3) and a small overspend of £3k from other non-pay items, the current forecast is reporting an overall £6k underspend.
Andrew Benson	Building Control	45.0	0.0	45.0	45.0	0.0	As of Q2, Salaries is underspending by £318k due to 6 vacancies across the Planning budget. There is a plan to restructure the team, where we anticipate to recruit to 4/5 of the current vacant posts and potentially give up one post as a saving. This is currently under discussion and will be confirmed by January. In contrast, the Planning Team are also reporting an overspend of £174k against consultancy and a further £25k overspend against contractors, to fill the vacant gaps within the team structure. We expect to see this overspend reduce as we recruit to the vacant posts.
	Development Services	225.4	2.0	227.4	232.4	5.0	
	Planning Policy	457.9	18.0	475.9	342.3	(133.6)	
	Planning Policy - ongoing COVID income loss	0.0	0.0	0.0	117.9	117.9	Planning Fee income (losses worsened significantly in Aug & Sept). Slowdown in the construction industry during the pandemic.

## Budget Monitoring: Summary 2021-22

## Revenue ANNEX 2: Section 2

Responsible Officer	Service	Original Budget	Total Variations	Management Budget	Year End Outturn	Year End Variance	Commentary
		£000	£000	£000	£000	£000	
<b>1c. People</b>							
Justine Chatfield	Community Development	453.8	-6.5	447.3	426.5	(20.8)	Salary underspend
	Partnerships	406.4	35.5	441.9	388.9	(53.0)	Favourable variance relates to the underspend in CCTV operating costs, a current project has realised savings and will be reflected in 22/23. Taxi Vouchers scheme remains largely un-utilised and is being reviewed for 22/23.
	Community Centres	292.1	117.0	409.1	409.1	0.0	
	Voluntary Sector Support	295.1	0.0	295.1	295.1	0.0	
Richard Robinson	Housing Services	999.3	0.0	999.3	1,075.5	76.2	Variance due to increase of £51k in B&B charges payable to suppliers and reduction in income totalling £25k from temporary accommodation and 64 Massetts Rd.
Simon Rosser	Benefits Paid/Subsidy Received	623.0	0.0	623.0	906.3	283.3	Salary underspend of £197.5k is based on 6 vacancies.
	Revenues, Benefits & Fraud	-112.9	136.4	23.5	186.7	163.2	This underspend is offset by the fact that potential revenue streams may not be recognised as initially anticipated: the Housing Benefit Overpayment (and Payment Deduction Programme) budget is currently under-recovered by £150k and will require growth as part of the 22/23 S&FP process. The Service has also historically accounted for a high level of Discretionary Housing Payment income - this is now reducing year on year, resulting in an overspend of c£118k against budget.
	Commercial Trading Account - Revenue & Benefits	118.0	-136.4	-18.4	-71.1	(52.7)	The subsidy rate on all Housing Benefit expenditure is expected to be 97% of net expenditure, less than the previous rate of 99.3%. Commercial trading is forecast to see a £71k surplus by year end (net of an increased contractual income and a small fall in salary expenses, due to maternity/vacancies).
	Commercial Trading Account - ongoing COVID income loss	0.0	0.0	0.0	40.0	40.0	External contract opportunity not pursued due to COVID staff redeployments.
Duane Kirkland	Supporting People	161.4	0.0	161.4	161.8	0.4	Minor variance
	Supporting Families	90.0	0.0	90.0	96.5	6.5	Overspend due to extra team training to improve their abilities and performances to carry out their duties.
	Harlequin	446.0	0.0	446.0	461.1	15.1	Overspend due to the installation and certification of H&S winch system (£6.3k) and HQ theatre new website design (£4.2k)
	Harlequin - ongoing COVID income loss	0.0	0.0	0.0	20.0	20.0	Cinema & event ticket sales, pantomime tickets, room hire and catering income
	Leisure Services	-89.1	0.0	-89.1	-63.5	25.6	£24.7k relates to additional one-off staff cost.
	Leisure Services - ongoing COVID income loss	0.0	0.0	0.0	278.4	278.4	GLL leisure fee waived £262k, football & cricket pitch hire £16k
<b>1d. Management Team</b>							
Mari Roberts-Wood	Management Team	1,158.2	0.0	1,158.2	958.2	(200.0)	Forecast saving following management team restructure.
Frank Etheridge	Emergency Planning	39.7	0.0	39.7	39.7	0.0	
<b>Total Services including COVID-19 income losses</b>		<b>16,240.0</b>	<b>412.5</b>	<b>16,652.5</b>	<b>18,486.4</b>	<b>1,833.9</b>	<b>11.01%</b>
<b>Ongoing COVID-19 income losses</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1,772.5</b>	<b>1,772.5</b>	
<b>Total Services - underlying</b>		<b>16,240.0</b>	<b>412.5</b>	<b>16,652.5</b>	<b>16,713.9</b>	<b>61.4</b>	<b>0.37%</b>
<b>2. Central Budgets</b>							
Pat Main	Insurance	460.1	4.9	465.0	457.0	(8.0)	Minor variance
	Treasury Management - Interest on Investments	-1,216.1	21.1	-1,195.0	-1,202.6	(7.6)	Minor variance
	Treasury Management - Interest on Borrowing	165.0	-60.0	105.0	105.0	0.0	
	Treasury Management - Interest on Trust Funds	18.0	0.0	18.0	14.0	(4.0)	Minor variance
	Minimum Revenue Provision	1,361.0	0.0	1,361.0	1,360.9	(0.1)	Minor variance
Kate Brown	Apprenticeship Levy	74.5	0.0	74.5	74.5	0.0	
	Recruitment Expenses	40.0	0.0	40.0	40.0	0.0	
	Corporate Human Resources Expenses	86.8	0.0	86.8	86.8	0.0	
Pat Main	Central Budget Contingencies	0.0	50.2	50.2	50.2	0.0	
	Preceptor Grants	37.5	0.0	37.5	37.5	0.0	
	External Audit Fees	67.0	-14.0	53.0	45.2	(7.8)	Minor variance
	Internal Audit	61.2	-2.2	59.0	58.5	(0.5)	Minor variance
<b>Total Central Items</b>		<b>1,155.0</b>	<b>0.0</b>	<b>1,155.0</b>	<b>1,127.0</b>	<b>(28.0)</b>	<b>(2.42%)</b>
<b>COVID-19 Income Losses funding</b>		<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>-354.0</b>	<b>-354.0</b>	
<b>Grand Total</b>		<b>17,395.0</b>	<b>412.5</b>	<b>17,807.5</b>	<b>19,259.4</b>	<b>1,451.9</b>	<b>8.15%</b>

2021/22 COVID EXPENDITURE & FUNDING (latest forecast at September 2021)	Forecast Expenditure £m	Forecast Funding £m
Welfare Response	0.294	
'Welcome Back' Expenditure & Funding	0.166	(0.166)
Revenues & Benefits Team - additional temporary staff	0.136	
Financial Management & Monitoring	0.131	
Communications/Contact Centre/Data & Insight Team - additional capacity	0.113	
Homelessness Prevention	0.101	
Revenues & Benefits - in-house overtime, software etc	0.101	
Environmental Services/Waste Team - additional capacity	0.100	
ICT support costs	0.079	
Other expenditure (including Elections)	0.056	(0.039)
Surge Testing	0.026	(0.026)
Cultural, Sports, Leisure	0.022	
New Burdens Funding (bid outcome awaited, only part assumed)		(0.030)
Test & Trace Administration Funding		(0.088)
Contain Outbreak Management Funding		(0.274)
Government COVID-19 Funding Allocation 2021/22		(0.638)
<b>Forecast Expenditure and Income 2021/22</b>	<b>1.323</b>	<b>(1.261)</b>
<b>Net Expenditure / (Income)</b>	<b>0.062</b>	