

2020/21 Q4: Revenue Budget Monitoring

Summary

The provisional outturn for Service budgets is £1.841m (11.5%) higher than the management budget; the Central budgets are reporting £2.767m (28.5%) lower than budget, resulting in an overall provisional outturn of £0.926m (-3.6%) lower than budget.

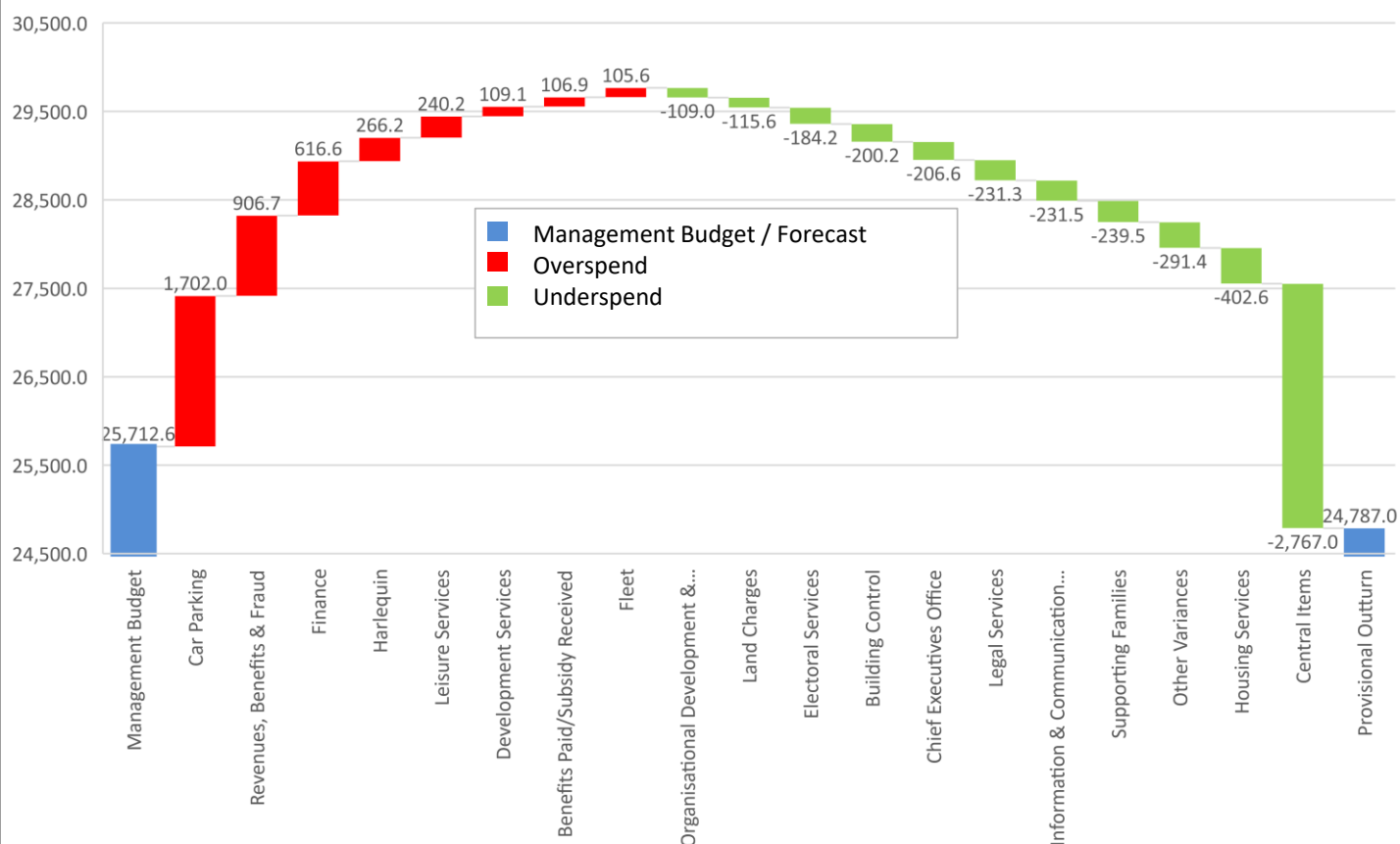
Reconciliation of Original Budget to Management Budget for 2020/21

	£000	£000
Original Budget		24,459.6
Transfers from Reserves:		
Corporate Plan Delivery Fund Reserve	139.4	
Economic Development Initiative Reserve	120.0	
New Posts Reserve	59.8	
Commercial Ventures Reserve	563.3	
Section 106 Contributions	370.5	
		1,253.0
Management Budget		<u>25,712.6</u>

Headline Revenue Budget Information 2020/21

	£000
Management Budget	25,712.6
Provisional Year End Outturn	24,787.0
Projected underspend	<u>(925.6)</u> (-3.6% of the budget)

Revenue Budget Outturn Variances £000



Provisional outturn for Services is £1.841m over budget. Significant variances summarised below:

<p>Car Parking: £1.7m overspend is attributable to the reduction in income received across all the forms of parking. This is due to the pandemic and the lockdown restrictions that were necessary to control it's spread, such as working from home and the temporary closure of most retail outlets.</p>
<p>Revenues, Benefits & Fraud: £907k overspend. This is driven by £249k lost income (court closures and lost commercial income), £396k write-offs of unrecoverable losses, £95k reduction in Housing Benefit subsidy. There were also higher salary and software costs for which budget growth has been approved for 21/22.</p>
<p>Finance: £616k overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent Staff recruitment has now been completed with staff already in post. The outturn includes some overlap to ensure adequate handover from the interim staff.</p>
<p>Harlequin Theatre: £266k overspend. This is driven by lower revenue because of enforced closure of the venue during the COVID-19 pandemic.</p>
<p>Leisure Services: £240k overspend. Leisure provider £266k service charges waived for full year, partially offset by small cost savings.</p>
<p>Development Services: £109k overspend, driven by extra consultancy and temporary staff costs in other areas of the planning service which was underspent in total.</p>
<p>Fleet: £105k overspend. Increased maintenance required on ageing fleet which continued to run in addition to new replacement vehicles.</p>
<p>Organisation Development & HR: £109k underspend. The outturn reflects that there were budgetted posts that were not filled during the earlier months of the year. With regard to recruitment costs the needs and requirements of the organisation need to be assessed and future forecast amended based on outcomes.</p>
<p>Land Charges: £116k underspend. This is driven by higher than expected income due to increased number of requests for services.</p>
<p>Electoral Services: £184k underspend. This is due to elections cancelled due to COVID-19 and will be offset by running them in 21/22.</p>
<p>Building Control: £200k underspend relates to a partnership provision that was not drawn upon during the year.</p>
<p>Chief Executive's Office: £207k underspend. Lower staffing than originally budgetted, £25k forecast for consultancy fees budget not used.</p>
<p>Legal Services: £231k underspend. Significant levels of staffing vacancies within the year, these posts have been recruited to and staff have now joined the Council. In previous years high levels of external fees have been paid to cover the internal vacancies, 20/21 however has not seen costs of comparable level.</p>
<p>Information & Communication Technology: £231k underspend This comprises a £30k underspend on salaries due to vacancies, £135k underspend on Software charges and two roughly £10k underspends relating to Telephone rentals and Hardware maintenance and other minor variances.</p>
<p>Supporting Families: £239k underspend, primarily due to funding not used in 20/21 that will be spent in 21/22.</p>
<p>Housing Services: £402k underspend, primarily due to grant funding not used in 20/21 that will be spent in 21/22.</p>

Provisional outturn for Central Budgets is £2.767m under budget

<p>Treasury Management: £1.324m underspend. This is driven by higher interest receivable from Greensand Holdings, and lower borrowing reflecting less activity on the Capital Programme than originally budgeted.</p>
<p>Budget Contingencies: £0.723m underspend.</p>

1. General Fund Reserve			£000
Balance at start of year			8,949.0
Less: Transfers out (Payment of Three Year Employer Pension Contribution in advance)			(4,693.0)
Add Projected underspend	at 31 March 2021		925.6
Anticipated balance at end of year before Reserves Review/Reallocations *			5,181.6
*Minimum General Fund Balance Required (15% of total Management Budget)			2,926.3
2. Corporate Plan Delivery Fund (CPDF) Reserve			£000
Balance at start of year			1,000.0
C20-01 Principal Development Manager post	Place	68.0	
C20-09 c/f Customer Relationship Management	I.C.T	8.8	
C20-10 c/f Salaries	Community Centres	62.6	
<u>Capital</u>			
None			0.0
Balance at the end of the year			860.6
2a Economic Development Initiative			120.0
2b New Posts Reserve			59.8
3. Feasibility Studies (Commercial Ventures) Reserve			£000
The Feasibility Studies (Commercial Ventures) 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 Feasibility Studies (Commercial Ventures) Reserve.			
Balance at start of year			1,934.4
FS 20-01 Feasibility work Horley High Street Car Park	Place	103.4	
FS 20-02 Delivering Change in Horley Town Centre	Place	83.3	
FS 20-03 Community Benefit Society feasibility study costs	Commercial	8.5	
FS 20-04 Site appraisal costs	Commercial	7.4	
FS 20-05 Property appraisal costs	Commercial	37.2	
FS 20-06 Tax Advice	Commercial	20.0	
FS 20-07 Merstham Recreation Ground Refurbishment	Place	45.0	
FS 20-08 CIPFA Consultancy	Commercial	15.0	
FS 20-09 PV Solar Feasibility	Commercial	2.5	
FS 20-10 Property Pipeline Review	Harlequin Theatre:	4.5	
			326.7
<u>Capital</u>			
Project Baseball (New Crematorium)	Commercial	650.0	
			650.0
			957.7

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1. SERVICE BUDGETS							
1a. ORGANISATION							
Carys Jones	Communications	609.9	-53.6	556.3	571.4	15.1	Outturn reflects the difference between budgeted values for 3 issues of Borough News with only 2 expected in 20/21. There are also salary underspends within the Web team.
	Customer Contact	389.1	0.0	389.1	374.4	-14.7	Underspends due to differences in Salary costs from budgeted values due to vacant funded hours.
Pat Main	Finance	1,159.5	-2.5	1,157.0	1,773.6	616.6	Overspend is mostly attributable to the costs of interim staff covering vacant posts and additional support needed for the closure of accounts. Permanent staff have now been recruited for all vacant posts filled as of October 2020. The outturn includes some overlap to ensure adequate handover to permanent staff. Other overspends relate to the increased cost of financial software and transactional related charges from our banking provider.
Darren Wray	Web & Information	194.9	-194.9	0.0	6.1	6.1	
	Information & Communications Technology	1,584.0	328.3	1,912.3	1,680.8	-231.5	Outturn shows a £30k underspend on Salaries, £135k underspend on Software charges.
Catherine Rose	Corporate Policy	0.0	198.8	198.8	172.1	-26.7	Underspend attributable to part year vacancy
	Projects & Business Assurance	594.9	-396.5	198.4	169.5	-28.9	Underspends attributable to two part year vacancies.
Caroline Waterworth	Corporate Support	182.0	0.0	182.0	126.4	-55.6	During 20/21 there has been significantly less need for the purchase of office stationery and postage. The current forecast expects these levels of requirement to be continued for the rest of the year.
Joyce Hamilton	Democratic Services	850.1	0.0	850.1	755.7	-94.4	A part year vacancy is the reason for the majority of this variance. Other contributors are reduced spend on Mayoral events and significantly lower spend on member training.
	Electoral Services	442.7	0.0	442.7	258.5	-184.2	Savings due to cancelled elections during the COVID-19 pandemic in 2020/21 - this will be offset by the expense of running additional elections in 2021/22.
	Legal Services	792.2	0.0	792.2	560.9	-231.3	Significant vacancies within the year; these posts have now been recruited to. In previous years high levels of external fees have been paid to cover these internal vacancies; 2020/21 has not seen costs of comparable level resulting in a net budget saving.
	Land Charges	-107.8	0.0	-107.8	-223.4	-115.6	Levels of income from Land charges are subject to seasonal variation. Current trends show a large increase in quantity of requests and therefore higher levels of income.
Kate Brown	Organisational Development & Human Resources	764.4	0.0	764.4	655.4	-109.0	The underspend reflects that there were budgeted posts that were not filled during the earlier months of the year.
1b. COMMERCIAL & INVESTMENT							
Caroline Waterworth	Property & Facilities	-1,691.0	128.2	-1,562.8	-1,523.1	39.7	Minor variance.
	Commercial Ventures Projects	0.0	563.3	563.3	563.6	0.3	Minor variance.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1c. PLACE							
Simon Bland	Economic Prosperity	397.2	129.0	526.2	430.4	-95.8	Underspend predominantly driven by a £40k grant awarded to the council through a joint working partnership with DWP, as part of an initiative to support young people to secure work in the borough. The service is also reporting a £30k underspend as no Awards/Sponsorships (e.g. for entrepreneurship) were granted as activity had ceased due to COVID. Costar Analytics is confirmed to underspend by £10k.
Morag Williams	Fleet	860.9	0.0	860.9	966.5	105.6	The ageing fleet of waste vehicles gives rise to the £105k overspend. Although the vehicles have been replaced with new ones, many of the older vehicles were retained to offer a wider service.
	Refuse & Recycling	1,211.3	0.0	1,211.3	1,285.7	74.4	There is a £152k overspend on Temporary Staff and an Overtime overspend of £73k. This was incurred in order to offer as wide as possible service. Despite circumstances, income was still £57k higher than budget. Fuel prices fell significantly in the early part of the year and this partially offset the overspends on staffing.
	Engineering & Construction	109.2	-48.9	60.3	91.3	31.0	Minor variance due to reactive work to prevent flooding.
	Environmental Health & JET	1,066.5	4.0	1,070.5	1,050.4	-20.1	The variance is the net underspend of several of cost centres. Food inspection work has seen an unbudgeted £10.5k of one-off income as a result of recovery of costs involving sampling of private water supply. In addition, the outturn reflects an underspend of £7.3k in Housing standards due in part to a reduction in property clearance costs. The service has also benefited from an underspend for Public Health Funerals at £12.3k due to the favourable recovery of costs through inheritance and insurance cash receipts. There are other minor variances.
	Environmental Licencing	-212.8	0.0	-212.8	-128.4	84.4	Lower demand for licencing than originally forecast, especially for taxis.
	Greenspaces	1,410.9	137.0	1,547.9	1,520.2	-27.7	The underlying service underspend is due to several operative vacant posts that existed during the year.
	Car Parking	-2,036.7	0.0	-2,036.7	-334.7	1,702.0	The unfavourable variance is due to the huge fall in income this year.
	Street Cleansing	991.9	4.2	996.1	899.0	-97.1	Salaries £86k lower than budget due to vacancies. The price of fuel fell significantly during the early part of the year.
Peter Boarder	Place Delivery	292.8	88.0	380.8	399.9	19.1	£20k overspend following a decision by Surrey County Council, where they will no longer contribute towards the joint financing for Place Delivery work in 20/21 resulting in loss of potential income of £31k. This is somewhat offset by underspends in consultancy costs, as 75% of these costs have been capitalised due to the nature of the work undertaken by the consultant.
Andrew Benson	Building Control	221.5	0.0	221.5	21.3	-200.2	The Building Control underspend relates to a partnership provision, whereby a small loss of £21k is reported as the overall outturn for RBBC after an audit was conducted, whereby it was later decided not all COVID-19 grants applied for would be awarded (as initially anticipated). The underlying service, reported an overall overspend of £39k. This most significant variance is driven by £314k underspend on salaries (vacancies & maternity leave), which is then offset by an overspend of £185k Consultancy and a further £77k casual wages to cover these vacant posts. A £20k Drainage budget will no longer be spent and was offered up as a 21/22 saving.
	Development Services	211.4	0.0	211.4	320.5	109.1	
	Planning Policy	362.8	220.0	582.8	512.7	-70.1	

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1d. PEOPLE							
Justine Chatfield	Community Development	406.2	34.0	440.2	407.6	-32.6	Minor variance to staff salary costs; a number of vacancies/posts were filled and were appointed below budget. Minor variance to non-staff costs, COVID-19 impacted the normal operational
	Partnerships	419.3	-24.0	395.3	372.7	-22.6	
	Community Centres	407.5	-65.6	341.9	362.5	20.6	
	Voluntary Sector Support	295.1	0.0	295.1	291.7	-3.4	
Richard Robinson	Housing Services	1,009.4	0.0	1,009.4	606.8	-402.6	Grant funding received will now be used next year. There has been a saving proposed for 21/22 of 40k
Simon Rosser	Benefits Paid/Subsidy Received	342.8	125.2	468.0	574.9	106.9	There are 3 underlying causes, that contribute to the overspend of £1m at year end (20/21). Firstly, there was a loss of income due to the COVID-19 pandemic: c£179k was lost due to courts being closed and therefore costs from council tax summonses were not recovered. Another £70k was lost from external contract for commercial work. Secondly, aged debtors were written off at the end of the financial year. £200k resulting from Fraud/Compensation cases. £101k was written off from the balance sheet as part of the legacy Council Tax Benefit balance. £95k of Housing Benefit Overpayments were also written off. Thirdly, there were overspends in the following budgets: £95K reduction in Housing Benefit subsidy due to an increase in private supported accommodation in the borough for which the Council does not get fully reimbursed by the Government. The subsidy rate on all Housing Benefit expenditure was 99.3% of net expenditure, less than the usual rate of 99.6% in previous years. Salaries overspent by £128k and there was a cost pressure of £140k against Software Acquisitions and External printing. Budget growth has been approved for these two areas for 2021/22.
	Revenues, Benefits & Fraud	-295.3	-71.9	-367.2	539.5	906.7	
	Local Taxation	0.0	0.0	0.0	69.9	69.9	
Duane Kirkland	Supporting People	157.5	0.0	157.5	99.1	-58.4	Underspend attributable to a vacant post.
	Supporting Families	90.0	0.0	90.0	-149.5	-239.5	£240k non-RBBC funding to be transferred to reserve.
	Harlequin	351.4	0.0	351.4	617.6	266.2	Lower income due to COVID-19. So far in 20/21 the venue has been open for 18 weeks during which no live events have been able to take place it is expected that when the venue does open there will be continued strain on income due to social distancing. In the current forecast there are lower levels of expenditure due to reduced requirement of casual staff and other overheads.
	Leisure Services	-93.3	0.0	-93.3	146.9	240.2	Leisure provider £266k service charges waived for full year, partially offset by small cost savings.

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
1e. MANAGEMENT TEAM							
Frank Etheridge	Chief Executives Office	1,127.4	8.7	1,136.1	929.5	-206.6	Underspend relates to forecast expenditure for staffing being lower than originally budgeted. There is a 25k forecast for consultancy fees with covered within this underspend.
	Emergency Planning	29.7	0.0	29.7	25.8	-3.9	Minor variance.
Total Services		14,899.5	1,110.8	16,010.3	17,851.7	1,841.4	11.50%

Responsible Officer	Service	Original Budget £000	Total Variations £000	Management Budget £000	Year End Outturn £000	Year End Variance £000	Narrative
2. CENTRAL BUDGETS			-982.2	-419.2			
Pat Main	Insurance	482.1	0.0	482.1	489.6	7.5	Insurance contract at higher rate than forecast when the budget was set.
	Treasury Management - Interest on Investments	-54.0	-528.0	-582.0	-1,100.5	-518.5	The primary driver for the higher interest outturn is the second loan to Greensand Holdings Limited (for the purchase of land at Horley). The outturn also includes interest receivable, based on current interest rates for on-lending and investments.
	Treasury Management - Interest on Borrowing	922.0	0.0	922.0	143.5	-778.5	2020/21 borrowing reflects the lower Capital Programme requirement and is therefore lower than that assumed when the budget was set.
	Treasury Management - Interest on Trust Funds	36.0	0.0	36.0	8.8	-27.2	2020/21 saw a low investment return rate, partly due to uncertainties in the economy caused by the COVID-19 pandemic
	Minimum Revenue Provision	0.0	528.0	528.0	265.9	-262.1	2020/21 borrowing reflects the lower Capital Programme requirement and is therefore lower than that assumed when the budget was set.
	Employer Pension costs	6,579.0	0.0	6,579.0	6,288.2	-290.8	This budget represents 3 years of pension costs that have been paid in 2020/21.
Pat Main	Central Budget Contingencies	1,207.7	111.0	1,318.7	596.0	-722.7	See analysis below.
	New Posts Fund	158.8	0.0	158.8	0.0	-158.8	Current expectations are that there will be no call on these funds
	External Audit Fees	50.3	-20.0	30.3	-2.3	-32.6	Minor variance.
	Internal Audit (MT07200)	0.0	61.2	61.2	58.5	-2.7	Minor variance.
Kate Brown	Apprenticeship Levy	71.4	0.0	71.4	74.2	2.8	Minor variance.
	Recruitment Expenses	40.0	0.0	40.0	25.1	-14.9	The recruitment of multiple senior staff can account for nearly all of the budget in this area, any further recruitment spend will push this budget into overspend although at this time further costs have not been identified/quantified.
	Corporate Human Resources Expenses	66.8	-10.0	56.8	88.3	31.5	Higher level of training costs.
Total Central Items		9,560.1	142.2	9,702.3	6,935.3	-2,767.0	(28.52%)
Grand Total		24,459.6	1,253.0	25,712.6	24,787.0	-925.6	(3.60%)
Central Budget Contingencies							
Pat Main	Miscellaneous salaries	77.1	188.1	265.2	229.7	-35.5	Settlement payments relating to the former Chief Executive
	Headroom Contingency Budget	1,073.1	-77.1	996.0	328.6	-667.4	Adjustment between capital and revenue cost types.
	Preceptor Grants	57.5	0.0	57.5	37.7	-19.8	Expected pay over is expected to be less than budgeted values
Total Central Budget Contingencies		1,207.7	111.0	1,318.7	596.0	-722.7	