

2021/22 Period 9: Revenue Budget Monitoring

Summary

The full year forecast at the end of Quarter 3 for underlying Service budgets is £-0.718m (-4.3%) lower than the management budget; the Central budgets are reporting £0.043m (3.8%) higher than budget, resulting in an overall forecast of £-0.674m (-3.8%) lower than budget.

Ongoing COVID-19 income losses are forecast to be £1.511m, £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 £0.483m (2.7%) 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.

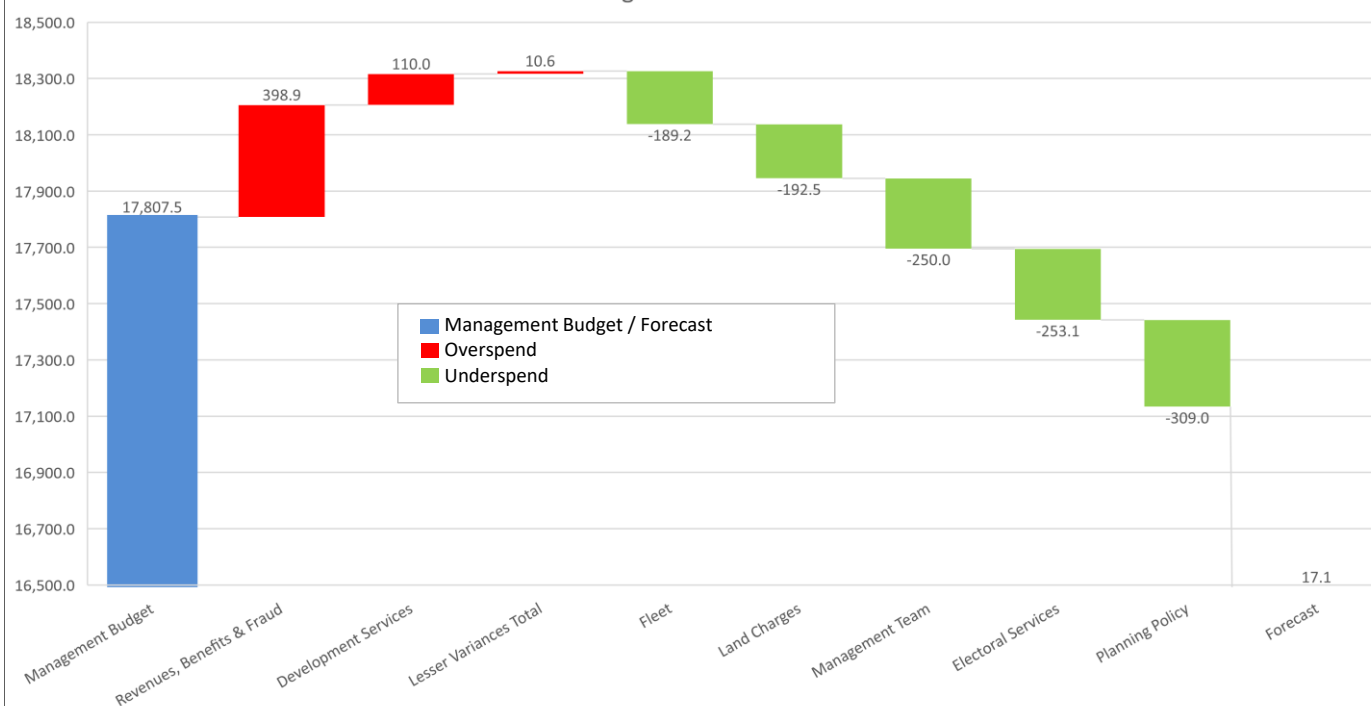
Reconciliation of Original Budget to Management Budget for 2021/22

	£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	17,133.2	
Projected underspend - Service & Central Budgets	<u>-674.3</u>	(-3.8% of the budget)
Year End Forecast - ongoing COVID-19 income losses	1,511.2	
- COVID-19 income losses funding	<u>-354.0</u>	
Projected overspend - including ongoing net COVID-19 income losses	<u>482.9</u>	(2.7% of the budget)

Revenue Budget Outturn Variances £000



Forecast for underlying Services is £-0.718m under budget. Significant variances summarised below:

Revenues, Benefits & Fraud: £0.399m overspend is mostly attributable to lower DWP subsidy, higher Housing Benefit overpayment and DHP, partially offset by £173k lower salary costs due to four vacancies in the team, and a £45k surplus on the trading account.

Development Services: £0.110m overspend mostly driven by higher external consultancy costs that are offset by savings in staff costs in the Planning Policy area.

Fleet: £0.189m underspend driven by lower fuel costs partially offset by smaller budget pressures

Land Charges: £0.192m underspend driven by higher than expected revenue due to the Stamp Duty holiday.

Management Team: £0.250m underspend as a result of the revised structure of the team.

Electoral Services: £0.253m underspend. The forecast reflects £71k lower than budgeted election costs and £182k savings resulting from a review of long term contracts.

Planning Policy: £0.309m underspend driven by vacancies across the team partially offset by higher external consultancy costs.

Forecast for Central Budgets is £0.043m over 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
1. General Fund Reserve			
Balance at start of year			3,000.0
Add: Projected underspend	at 31 March 2022		674.3
Anticipated balance at End of Year before Reserves Review/Reallocations*			<u>3,674.3</u>
*Maximum General Fund Balance Required (2021/22 = £3m)		2,609.3	
2. Corporate Plan Delivery Fund (CPDF) Reserve			
		£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>743.6</u>
3. Capital Schemes (Feasibility Studies) Reserve			
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>2,334.7</u>
4. Economic Development Initiatives Reserve			
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>656.5</u>
5. Environmental Sustainability Reserve			
The Environmental Sustainability Reserve was established to fund initiatives to improve RBBC's environmental impact			
		£000	£000
Balance at start of year			247.5
ES21-02 Groundworks for Electric Vehicle Charging Points		63.2	
ES21-01 Fixed Term internal secondment		14.0	
			77.2
			<u>170.3</u>

Responsible Officer	Service	Original Budget	Total Variations	Management Budget	Year End Outturn	Year End Variance	Commentary
		£000	£000	£000	£000	£000	
1. Service Budgets							
1a. Organisation							
Catherine Rose	Corporate Policy	227.8	63.2	291.0	295.6	4.6	Minor variance
	Projects & Business Assurance	204.4	14.0	218.4	218.4	0.0	
Carys Jones	Communications	700.8	24.7	725.5	725.5	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	1,774.7	7.3	Minor variance
Kate Brown	Organisational Development & Human Resources	785.8	0.0	785.8	812.5	26.7	Overspend to cover two maternity posts and other minor variances.
Joyce Hamilton	Legal Services	816.6	-24.7	791.9	726.0	(65.9)	Variance mainly due to underspend in paycost budget.
	Land Charges	-105.6	0.0	-105.6	-298.1	(192.5)	Underspend due to higher than budgeted increase in revenue as a result of the stamp duty holiday.
	Democratic Services	861.1	0.0	861.1	853.3	(7.8)	Savings of £14k in training costs in Member Allowances and Support partially offset by an increase of 2k in casual wages, 3k in Data Protection Act Registration fees and £2k in Civic Allowances & Expenses.
	Electoral Services	447.9	169.3	617.2	364.1	(253.1)	£70.8k lower elections costs and £182.3k savings in Registers of Electors due to underspend in temporary staff costs (42.6k), training (£45.5k), equipment, tools & materials (£26.7k) publicity & promotional materials (£40k) and external printing & document production (£25.3k).
	Corporate Support	184.0	0.0	184.0	183.3	(0.7)	Minor variance
Pat Main	Finance	1,326.6	0.0	1,326.6	1,421.3	94.7	Higher staff costs relating to vacancy cover and service development activities
	Property & Facilities	-1,495.1	0.0	-1,495.1	-1,548.4	(53.3)	Improved income forecast in Forum House, Regent House, Old Town Hall, Redhill Distribution Centre and Banstead Down Golf Club, totalling £30k. Reduction in security costs at the Town Hall £9k and reduced Service charge of £14k at Forum House.
	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	
1b. Place							
Simon Bland	Economic Prosperity	353.6	0.0	353.6	348.9	(4.7)	Market Operations are likely to overspend by £17k due to reduced activity because of Covid. Business Engagement have a 12k overspend to reflect staff contractual payments in P4, there is an £8.5k favourable variance from increased sponsorships due to be paid this year, as well as a further £25k underspend reflecting a reduced spend in grants and donations to be paid in 21/22.
Morag Williams	Fleet	886.6	552.2	1,438.8	1,249.6	(189.2)	Underspend on fuel budgets has been partially offset by budget pressure in other areas.
	Refuse & Recycling	1,348.1	-417.4	930.7	889.2	(41.5)	£159k Temporary Staff and £48k Overtime forecast overpends are offset by a Recycling income forecast (£331k) due mostly to prices achieved in selling recyclables.
	Engineering & Construction	60.9	0.0	60.9	70.4	9.5	A capitalised salary assumption of (£18k) is no longer deliverable.
	Environmental Health & JET	1,101.4	66.6	1,168.0	1,133.2	(34.8)	Reduction of income in contaminated Land £8k and Pest Control £5k. Effective recovery of Public Funerals £15k. Salary overspend due to staff regrade and internal promotions - been corrected through salary setting for 2022-23.
	Environmental Licencing	-203.6	-70.0	-273.6	-198.9	74.7	Taxi Licences £102k.
	Environmental Licencing - ongoing COVID-19 income loss	0.0	0.0	0.0	28.2	28.2	Premises & Taxi Licences @£16k, MOT & Testing @£12k.
	Greenspaces	1,481.8	-37.0	1,444.8	1,444.6	(0.2)	Minor variance
	Car Parking	-2,024.8	-7.6	-2,032.4	-2,020.7	11.7	Minor variance
	Car Parking - ongoing COVID-19 income loss	0.0	0.0	0.0	1,052.0	1,052.0	Off-Street £982k, On-Street £70k (losses are recovering slowly).
	Street Cleansing	1,006.7	-86.8	919.9	939.6	19.7	Underestimated salary costs
Peter Boarder	Place Delivery	354.5	0.0	354.5	348.9	(5.6)	£24k underspend against consultancy budget, partially offset by £16k overspend against the salary budget (due to contractual payments made in P3) and a small overspend of just over £3k from other non-pay items.
Andrew Benson	Building Control	45.0	0.0	45.0	0.0	(45.0)	The Joint Venture managing the Building Control is expecting to re-invest the total income they expect to realise in 21/22 - hence the nil cost/income against the BC budget, resulting in a £45k favourable variance.
	Development Services	225.4	2.0	227.4	337.4	110.0	As of P9, Salaries is underspent by £282k due to 6 vacancies across the Planning team. There is a plan to restructure the team; whereby 4/5 of the posts available will be recruited to, leaving a potential post to give up as a saving, although this is currently under discussion and will be confirmed by January. In contrast, we are reporting an overspend of £195k against consultancy and a further £25k overspend against contractors, to fill the vacant gaps within the team structure. Although these costs should see a reduction in their respective forecasts as we recruit to the vacant posts. A further £65k of staff contractual costs was incurred in P7.
	Planning Policy	457.9	18.0	475.9	166.9	(309.0)	
	Planning Policy - ongoing COVID income loss	0.0	0.0	0.0	178.0	178.0	Planning Fees (worsening as recent months were poor).

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	
1c. People							
Justine Chatfield	Community Development	453.8	-6.5	447.3	418.3	(29.0)	Unallocated salary to be saved in 2022-23 S&FP.
	Partnerships	406.4	35.5	441.9	347.4	(94.5)	CCTV underspend £45.3k (2021-22 project realised savings), £33.2k unallocated Taxi Vouchers, to be saved in 2022-23 and £16k IRIS payment on hold for current financial year.
	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	1,009.4	10.1	Overspend mainly due to a £5k reduction in revenue and £3k in mechanical & electrical reactive work expenditure at 64 Massetts Road.
Simon Rosser	Benefits Paid/Subsidy Received	623.0	0.0	623.0	761.6	138.6	Salary underspend of £173k is based on 4 current vacancies across Revs & Bens. However, the underspend is masked by the fact that potential revenue streams may not be recognised as initially anticipated. For instance, Housing Benefit Overpayment (and PDP) budget is currently overstated by £150k. This will require growth as part of the 22/23 S&FP process. Furthermore, we had historically accounted for a high level of DHP income - however, it is now less than what was recovered last year, leaving an overspend of circa £118k against our budget. The subsidy rate on all Housing Benefit expenditure is expected to be 97% of net expenditure, less than the usual rate of 99.3% that was received in the years leading up to 2020/21. We have also incurred an additional £40k cost of Cloud Migration with NPS, however this is now part of IT's strategic plan from 22/23.
	Revenues, Benefits & Fraud	-112.9	136.4	23.5	329.3	305.8	
	Commercial Trading Account - Revenue & Benefits	118.0	-136.4	-18.4	-63.9	(45.5)	Commercial trading is now forecast to see a £24k surplus by year end (net of an increased contractual income and a small fall in salary expenses, due to maternity/vacancies and reduced casual wages).
	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	140.6	(20.8)	Variance due to £25k savings in unused budget for a project which never materialised partially offset against overspend in salaries (£4.5k)
	Supporting Families	90.0	0.0	90.0	85.9	(4.1)	Underspend mainly in training budget £2.1k and standby allowance budget £1k
	Harlequin	446.0	-16.2	429.8	521.5	66.7	Additional £85.4k relates to lower income and £6.3k relates to additional temp staff expenses.
	Harlequin - ongoing COVID income loss	0.0	0.0	0.0	25.0	25.0	Tickets, Catering, Room Hire, Equipment Hire.
	Leisure Services	-89.1	16.2	-72.9	-48.5	24.4	Overspend due to additional staff expenses
	Leisure Services - ongoing COVID income loss	0.0	0.0	0.0	137.0	137.0	GLL Leisure Fee waived £131k, Other/Pitch Hire £6k.
1d. Management Team							
Mari Roberts-Wood	Management Team	1,158.2	0.0	1,158.2	908.2	(250.0)	Forecast saving following management team restructure.
Frank Etheridge	Emergency Planning	39.7	0.0	39.7	39.7	0.0	
Total Services including COVID-19 income losses		16,240.0	412.5	16,652.5	17,446.0	793.5	4.77%
Ongoing COVID-19 income losses		0.0	0.0	0.0	1,511.2	1,511.2	
Total Services - underlying		16,240.0	412.5	16,652.5	15,934.8	(717.7)	(4.31%)
2. Central Budgets							
Pat Main	Insurance	460.1	4.9	465.0	458.2	(6.8)	Minor variance
	Treasury Management - Interest on Investments	-1,216.1	21.1	-1,195.0	-1,089.6	105.4	Lower than budgeted interest due to lower rates on new investments
	Treasury Management - Interest on Borrowing	165.0	-60.0	105.0	62.2	(42.8)	Lower than budgeted borrowing for capital expenditure
	Treasury Management - Interest on Trust Funds	18.0	0.0	18.0	14.0	(4.0)	Minor variance
Kate Brown	Minimum Revenue Provision	1,361.0	0.0	1,361.0	1,360.9	(0.1)	Minor variance
	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
Total Central Items		1,155.0	0.0	1,155.0	1,198.4	43.4	3.76%
COVID-19 Income Losses funding		0.0	0.0	0.0	-354.0	-354.0	
Grand Total		17,395.0	412.5	17,807.5	18,290.4	482.9	2.71%

2021/22 COVID EXPENDITURE & FUNDING (latest forecast at December 2021)	Forecast Expenditure £m	Forecast Funding £m
Welfare Response	0.299	
Financial Management & Monitoring	0.166	
Revenues & Benefits Team - additional temporary staff	0.134	
Communications/Contact Centre/Data & Insight Team - additional capacity	0.118	
ICT support costs	0.104	
Homelessness Prevention	0.103	(0.023)
'Welcome Back' Expenditure & Funding	0.100	(0.100)
Environmental Services/Waste Team - additional capacity	0.098	
Revenues & Benefits - in-house overtime, software etc	0.080	
Other expenditure (including Elections)	0.058	(0.039)
Surge Testing	0.026	(0.019)
Cultural, Sports, Leisure	0.019	
New Burdens Funding		(0.092)
Test & Trace Administration Funding		(0.102)
Contain Outbreak Management Funding		(0.274)
Government COVID-19 Funding Allocation 2021/22		(0.638)
Forecast Expenditure and Income 2021/22	1.306	(1.287)
Net Expenditure / (Income)	0.019	