

<b>Overview and Scrutiny Committee 15<sup>th</sup> February 2022</b>	
<b>DATE OF MEETING:</b>	<b>15<sup>th</sup> FEBRUARY 2022</b>
<b>TITLE OF REPORT:</b>	<b>REVENUE AND CAPITAL OUTTURN POSITION</b>
<b>Report of:</b>	<b>Head of Corporate Services and Section 151 Officer</b>
<b>Cabinet member:</b>	<b>Councillor James Radley, Deputy Leader and Finance</b>

## **1 PURPOSE OF REPORT**

- 1.1 This report contains the capital and revenue outturn for the nine months ending 31 December 2021.
- 1.2 The report also contains a full year (to 31<sup>st</sup> March 2022) capital and revenue outturn forecast.

## **2 OFFICER RECOMMENDATIONS**

- 2.1 That the Overview and Scrutiny Committee (O&S) provide challenge over the report including the revised projections and significant revenue variations highlighted in paragraph 4.3 and Appendices 1 and 2.
- 2.2 That the Committee note the provisional full year revenue outturn position as of 31<sup>st</sup> December 2021 of an overspend of £461K overspend before any agreed drawdowns from earmarked reserves.
- 2.3 That O&S note the provisional capital outturn position as of 31<sup>st</sup> December 2021. The forecast for total capital expenditure for the year ended 31<sup>st</sup> March is £21.1M.

## **3 BACKGROUND**

- 3.1 It is essential that regular monitoring of budgets is undertaken to ensure financial targets set by the Council are met, cash flow is managed effectively and value for money is achieved
- 3.2 Quarterly Budget monitoring and reporting is a key financial control. The report is prepared on an accruals basis.

## **4 PROVISIONAL REVENUE POSITION**

- 4.1 The Council set a balanced budget in February 2021. As part of Quarter 3 budget monitoring the forecast outturn position is an overspend of £461K. This is after subsidy received from Central Government for losses of fees and charges but before the drawdown of earmarked reserves agreed in year.

**Table 4.2 (Revenue Outturn v 2021/22 Budget and 2021/22 Forecast)**

£'000	Full Year 2021/22	Period to 31 <sup>st</sup> Dec 2021			Full Year 2021/22	
Service Area	Budget	Budgeted Expenditure	Actual Expenditure	Over/Under Performance	Forecast	Forecast v Budget
Corporate	3,686	4,799	3,875	(924)	4,748	1,062
Community	2,530	1,051	754	(297)	2,193	(337)
Technical and Environmental	3,660	1,767	1,704	(63)	3,696	36
Place	2,427	2,093	1,230	(863)	2,251	(176)
Accounting Adjustments	(1,509)	294	1,280	986	(1,606)	(97)
<b>Net Cost of Services</b>	<b>10,794</b>	<b>10,004</b>	<b>8,843</b>	<b>(1,161)</b>	<b>11,255</b>	<b>488</b>

4.3 A summary of the main variances within each Service is provided at 4.5.1 et seq. Detailed variance analysis is provided in Appendices 1.

#### **4.3.1 Corporate Services.**

- At the 31st of December, Leisure Services recorded an overspend of £880K. This is due to under-recovery of management fees. Cabinet has previously agreed that the shortfall in management fees will be met by earmarked reserves. This number also includes expenditure of £ 190K works carried out to ensure the swimming pool could remain open. This will be transferred to a debtor balance at year end.
- IT are overspent by £140K at the 31st of December, this is due to overspend on software SAAS payments, a detailed review will be carried out in Quarter four to eliminate all non-essential subscriptions. A review will also be carried out to understand whether some IT expenditure can be capitalised.

The Waste Client Team are overspent by £240K due to a reduction in income from the Green Waste service as subscriptions were extended due to suspensions during the year.

- Corporate Finance are overspent by £130K. The overspend is caused by staff vacancies being back-filled with agency staff – pending the Corporate Services re-structure and consultancy spend on the mandatory upgrade of the finance system.

- In respect of COVID 19 we have assumed that the Council will break even and spend 100% of Government Grants provided and any under-utilised Grants will be returned to the Awarding Body (if applicable).

#### **4.3.2 Community Services**

- There is a £340K underspend. In previous years the Council has been the administering authority for a Domestic Abuse Grant which covered several counties in South-East England, the budget was set on this basis. This service is now run from Hampshire CC and the costs for Domestic Abuse relate to Hart District Council only. A compensatory adjustment is shown in actual expenditure within the accounting adjustments line.

#### **4.3.3 Technical and Environmental Services**

- Off street parking has reduced income of £270K. Covid-19 has changed the daily routines of our residents and visitors; car park income is £208K less than budget, fixed penalty income £36K less than budget.
- There is an underspend of £180K in Environmental Services due to the following:
  - Increase in sales income from Hartland Park - £27K
  - Reduction in staff costs reflecting department re-organisation – this under spend is compensated by over-spend across other cost centres.
- Additional income of £135K has been received in highways management due to additional income generated from Traffic Management Orders.

#### **Place Services**

- Planning policy is underspent by £90K which is attributable to staff vacancies. These posts have been advertised but not yet filled.
- Environmental protection is underspent by £60K. There is a vacant post in this area due to an internal promotion. Recruitment to this position is expected to start in Q1 2022/23.
- Neighbourhood planning is underspent by £60K – this is due to a Government Grant carried forward from 2020/21 and little activity in this area

- Admin Buildings (Repairs & Maintenance) overspent by £50K due to investment in making the Council offices and Chambers a COVID safe environment. This spend includes audio equipment for the Chamber and colour coded protective screens for the offices.

## 5. CAPITAL POSITION

- 5.1 Capital expenditure as at the 31<sup>st</sup> of December 2021 was £19.9M against a Budget of £29.4M (including agreed carried forward budget from 2020/21).
- 5.2 The estimated outturn for capital is expected to be £21.1M which is £8.4M less than Revised Budget primarily due to delayed works at Fleet Pond.

**Table 5.3 (Capital Outturn v Original Budget 2021/22, Forecast 2021/22)**

**CAPITAL - Table Budget Comparators - 2021/22 (YTD December 2021)**

£'000	Full Year 2021/22 Revised Budget*	Period to 31st Dec 2021		Full Year 2021/22	
		Actual Expenditure	Over/Under performance	Forecast	Forecast v Budget
Corporate	23,811	18,983	(4,828)	19,675	(4,136)
Community	396	566	170	399	3
Technical and Environmental	5,198	356	(4,842)	955	(4,243)
Place	24	0	(24)	24	0
<b>Net Expenditure before Adjustments</b>	<b>29,429</b>	<b>19,905</b>	<b>(9,524)</b>	<b>21,053</b>	<b>(8,376)</b>

\*Revised budget = Original budget + balances carried forward from prior year

5.4 A summary of the main variances in each Service Area is provided at 5.4.1 et Seq. Detailed variances are provided at Appendices 2.

#### **5.4.1 Corporate Services**

- IT Infrastructure Programme upgrade: YTD underspend v Budget is £678K  
This is due to delays in the delivery of the cabling and firewall which had to be completed first. The Outturn is projected to be £30K over performance as additional funds are required for networking – this will be subject to approval by Cabinet.
- Commercial Investment Strategy: YTD underspend of £4M – the underspend is due to the lack of viable investment opportunities available to the Council.

#### **5.4.2 Community Services**

- Disabled Facilities Grant: There is an overspend of £210K YTD v Budget, this is within the grant levels for the year, and due to timing differences between profiling and spend. There is no variance expected for the outturn.
- An underspend of £40K in respect Private Sector Renewal Works again due to timing differences. The forecast outturn is expected to be £3K under performance.

#### **5.4.3 Technical and Environmental Services**

- Due to Covid 19, the proposed Fleet Pond Development was deferred, consequently the following costs have been delayed:

Fleet Pond Green Grid Engineering: £1,900K

Fleet Pond Green Grid Ecology: £700K

Fleet Pond Visitor Enhancements: £200K

Fleet Pond Access Track: £110K

Fleet Pond Fencing: £50K

- Edenbrook Skate/Bike Park: £335K. No expenditure has been incurred in 2021/22.
- Hartley Wintney Central Common Access Improvements: £160K work has not yet commenced.
- Bramshot Farm scheme: £870K works not yet delivered

Note: a capital underspend of £4.2M is forecast for Technical and Environmental Services for FY 2021/22.

#### **5.4.4 Place Services**

- A budget of £24K was made available for the proposed purchase of a replacement Dog Warden Van. This will not be spent in 2021/22.

### **6 EQUALITIES**

6.1 All activity will comply with the authority's statutory duties

### **7 CLIMATE CHANGE**

7.1 Budget setting and monitoring works alongside the council's ambition to become a carbon neutral authority by 2035. No direct carbon/environmental impacts arise from these recommendations.

### **8 CONCLUSION**

8.1 This report presents the forecast capital and revenue outturn for year ending 31 March 2022.

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**CORPORATE SERVICES****Revenue Budget Outturn 2021/22 - Period 9 December 2021**

Cost Centre	Variance	£000 Over Spend	£000 Under Spend
Covid19	It is assumed that the COVID-19 Grants will be spent in full or returned		263
Non Distributed Costs	Pension cost adjustments for early retirement		168
Leadership Team	No recruitment has taken place.		30
HR Contract	Occupational health underspent		24
Corporate Communication	Less spend on external services e.g. advertising than budget.		24
Clinical and Bulky			2
Revenues & Benefits Contract			2
Civic Function & Chairman		1	
Digitalisation		1	
New Settlement		1	
Register Of Electors		2	
Housing/Council Tax Benefits		9	
Yateley Welcome Back Fund	This activity was approved post budget and is grant funded	13	
Cycling & Walking Infrastructure	This activity was approved post budget	20	
Basingstoke Waste Contract	Additional costs to be recovered.	20	
External Audit	Expected increase in fees from EY	27	
Waste Contract	Additional variable waste collection fees.	31	
Commercialisation	Recovery work on The Swan which will be funded from an Earmarked Reserve	57	
Corporate Finance	Staff vacancies back-filled with agency staff - pending Corporate restructure.	134	
IT Contract	Overspend on SAAS software - review pending.	139	
Leisure Centres	Under recovery of mangement fees plus spend on keeping the swimming pool open.	883	
Waste Client Team	Reduction in income from Green Waste Subscriptions	239	
		1,577	515
		<b>1,062</b>	

**COMMUNITY SERVICES****Revenue Budget Outturn 2021/22 - Period 9 December 2021**

Cost Centre	Variance	£000 Over Spend	£000 Under Spend
Private Sector Housing	Reduction in agency staff as service provided by officers.		15
Domestic Abuse	Hart no longer the administrative body for Domestic Abuse Grants for South East Counties.		340
Community Safety	Service brought in house from Rushmoor		99
Strategic Housing Services	Developers Contribution - to be moved to the balance sheet.		60
Social Inclusion & Partnership			3
PRSAccessFund			
Health and Wellbeing		1	
Housing Needs Service	Rent deposit income not yet received £87K; software licence purchases which will be partly funded from EMR.	180	
		180	517
			<b>337</b>



APPENDIX 1 – Revenue Outturn

**TECHNICAL & ENVIRONMENTAL SERVICES**

**Revenue Budget Outturn 2021/22 - Period 9 December 2021**

Cost Centre	Variance	£000 Over Spend	£000 Under Spend
Environment Promotion Strategy	Increase in income from Hartland Park; reduction in staff costs reflecting department re-organisation		179
Highways Traffic Management	Additional income generated from Traffic Management Orders		134
Bramshot Farm	Developers Contribution to be moved to balance sheet		95
CCTV			7
Biodiversity			6
Hart Drainage			5
Elvetham Heath Nature Reserve			4
Land Repossessions		1	
Landscape & Conservation		2	
Tree Preservation Orders		5	
Churchyards	Expected maintenance charges	16	
Fleet Pond	Miscellaneous overspends	16	
On Street Parking	Reduction in car park permit income	18	
Estates/Asset Management	Maintenance work at Harlington auditorium/ceiling and roof.	24	
Climate Change	Consultancy charges for Climate Change Action Plan.	45	
Street Cleaning	Budget did not reflect increase in contract fees	45	
Off Street Parking	Reduction in car park income and fixed penalty income	296	
		469	431
		<b>36</b>	

APPENDIX 1 – Revenue Outturn

**PLACE**

**Revenue Budget Outturn 2021/22 - Period 9 December 2021**

Cost Centre	Variance	£000 Over Spend	£000 Under Spend
Planning Policy	Staff vacancies		87
Environmental Protection	Staff vacancies		59
Neighbourhood Planning	Government grant - to be moved to reserves		59
Licences	Licencing income for Premises and Gaming higher than expected.		20
Dog Warden	Statutory service provided by an external provider resulting in cost savings .		35
Hart Development	Funding for Employment and skills co-ordinator		18
Print Room & Photocopying			9
Out Of Hours Noise Service			4
Health & Safety			3
Corporate - Apprentices			1
Building Control - Fee Earning		2	
Business Support Staff		5	
Env Health Commercial			6
Economic Development	Publicity support costs from Enterprise First	12	
Local Land Charges	Land fee income lower than expected.	17	
Planning Development	professional fees incurred for Watery Lane appeal off-set by planning application income.	40	
Admin Bldgs - R & M	Purchase of audio equipment for Council Chamber and protective screens for offices offices	51	
		126	302
			<b>176</b>

## APPENDIX 2 – Capital Outturn

### CORPORATE SERVICES

#### Capital Outturn 2021/22 - Period 9 December 2021

Cost Centre	Variance	£000 Over Performance	£000 Under Performance
IT Upgrade	£30K of additional capital required for Network - this is subject to approval by Cabinet.	32	
Edenbrook Apartments	Contingency for improvement works.		95
Frogmore Investment	Retention fees - not required.		17
ThePavilion, Southampton			
Commercial Investment Strategy	Conditional on appropriate investment opportunities		4,056
Capital take-on			
		<b>32</b>	<b>4,168</b>
			<b>4,136</b>

### COMMUNITY

#### Capital Outturn 2021/22 - Period 9 December 2021

Cost Centre	Variance	£000 Over Performance	£000 Under Performance
Disabled Facs - Mandatory			
Private Sector Renewal			3
Grants for Affordable Housing			
		<b>0</b>	<b>3</b>
			<b>3</b>

## APPENDIX 2 – Capital Outturn

### TECHNICAL & ENVIRONMENTAL

#### Capital Outturn 2021/22 - Period 9 December 2021

Cost Centre	Variance	£000 Over Performance	£000 Under Performance
Fleet Pond Visitor Enhancement			193
Bramshot Farm			830
Kingsway Flood Alleviation Sch			57
CCTV			34
S106 Leisure Parish		4	
Fleet Pond Access Track	These funds will be transferred to the Fleet Pond Green Corridor project		110
Hazeley Heath Grazing Project			76
Hazeley Hth, Dilly Ln NoteBd			25
HW Cent Common Access Improve			160
Edenbrook CP Play Tree			60
Edenbrook CP History Walk	Work has been deferred to 2022/23		40
Service Vehicles			82
Edenbrook CP - Skate/Bike Park	Work has not yet started on this project		335
Edenbrook CP - Teen Health			60
Edenbrook CP - Visitor Improve			70
Fleet Pond Fencing			23
Refuse Vehicles			81
Fleet Pond Green Corridor	Delays starting project due to COVID-19		1,332
Fleet Pond Green Corr Ecology	Delays starting project due to COVID-19		735
Allotments at Edenbrook		57	
		<b>61</b>	<b>4,304</b>
			<b>4,243</b>

### PLACE

#### Capital Outturn 2021/22 - Period 9 December 2021

Cost Centre	Variance	£000 Over Performance	£000 Under Performance
Dog Warden Vehicle	No purchase of van anticipated to occur in 2021/22		24
Printers/Photocopiers			
		<b>0</b>	<b>24</b>
			<b>24</b>