



Budget Monitoring – Period end 30th Sep 2022

Overview and Scrutiny Committee
Date 8th November 2022

Glossary of Terms

Revenue costs include the day-to-day expenses of the council and any fees and charges that offset those costs. The net revenue budget is funded by Business Rates , Council Tax and government grants

Capital expenditure relates to one off investment items that add value to assets or deliver a new asset. Funding for these items can be a variety of sources including grants, capital receipts and borrowing.

Reserves are funds set aside for specific purpose in the future. The 2022-23 budget for Hart District Council was set with some of these contributions already allocated as funding for specific one off spend.

Recommendations

- Note the projected Outturn at Q2.
- Note the Capital Overview.
- Note the current Pressures/Savings
- Agree the transfer of £212k of Climate Change spend to the capital programme.
- Note the Risks to the current 2022/23 current projected outturn.
- Note the rebasing exercise that has led to contingency budgets providing headroom for Medium Term Financial Planning.

Projected Revenue Outturn

Service Area	Total Budget	Total Projected Outturn	Cont. (from)/to EMR	Projected Outturn post	Variance from Budget
	£000	£000	£000	£000	£000
Community Services	719	712	200	912	(7)
Corporate Services	6,844	8,351	(1,031)	7,320	477
Technical & Environmental Services	3,082	2,070	712	2,783	(301)
Place Services	2,320	2,097	110	2,207	(114)
Central Costs	(1,005)	(1,242)	0	(1,242)	(237)
Net Cost of Services	11,960	11,989	(9)	11,980	(181)

Capital Overview

Service Area	C/F Budget 2021/22	2022-23 Budget	Total 2022-23 Budget	2022-23 Forecast	Transfer to/(from) Reserves	Total Variance from Budget
	£000	£000	£000	£000	£000	£000
Community	0	1,817	1,817	1,821	0	4
Corporate Services	0	90	90	326	(236)	0
Place	0	0	0	0	0	0
Technical & Environment	536	1,636	2,173	1,513	0	(660)
Total Capital	536	3,543	4,080	3,660	(236)	(656)

C/F = Carried Forward

Current Pressures/ (Savings)

Inflation – currently ~10%. Waste contract impacted in 2022/23 +£110k

Energy prices –2022/23 impact +£86k

Staff Costs – Vacancies – (£241k), Pay Award +£110K. Net (£131k)

Income pressures +£55k

Sensitivities

Contracts subject to RPI increases:
Total Contract Value £6M.

Every 1% increase in RPI = £60k

Staff Costs = £5.9M.

Every 1% increase in staff costs = £59k

Energy Bills.

2021/22 Gas & Electricity = £58k.

2022/23 estimated cost = £130k

Budget Rebase

Simplifying

- Removing non-core service budgets

Centralising

- Training, consultancy

Classifying

- Agency, consultants, consultation

Grants

- Forecasting grant awards as contribution to Service Delivery

Contingency Budgets

- Since the Q1 Monitor the 2022/23 Budget has been reviewed and challenged.
- This has identified significant savings.
- These savings will be moved to Contingency Cost Centres and used as potential savings in 2023/24

Description	22/23 Budget	Suggested Revised Budget 22/23	Saving
Agency	41	198	157
Staffing	109	62	(46)
Tree Maintenance	0	5	5
Transport	60	36	(24)
Supplies and Services	7,033	6487	(546)
Income	(86)	(90)	(4)
Total	7,156	6,698	(458)

Summary Revenue

Revenue

- The council is forecasting an overall underspend of £181k against the 2022-23 revenue budget of £11.96m*.
**the budget included planned Tier 2 savings of £202k.*
- Included in the outturn are £9k net contributions from Earmarked Reserves (EMR)
 - The largest contribution from EMRs is £964k to replace the shortfall in the leisure centre management fee income target. (*Approved at Cabinet October 2021*)
 - A contribution to EMR of £110k represents a payment award from a Health & Safety Fatality Court Case.
 - S106 contributions to EMR at the end of Q2 total £760k

Summary Capital

Capital

- SANG capital projects have been put 'on hold' pending a review of the S106 reserves. The forecast Capital spend in 2022-23 is £3.4M a reduction of £0.7M. The budget includes budget carried forward from 2021/22.

Summary 2022-23 Savings

2022-23 Savings









- 68% of the Tier 2 savings are expected to be achieved within the 2022-23 financial year.
- Internal Audit savings delayed until 2023/24 as incumbent Officer replaced by Agency staff.
- Outsourcing of Health & Safety function delayed implementation.
- Place efficiencies not delivered except for Dog Warden Service.

**Reserves
agreed
through
the budget
process**

Reserves 2022-23	Opening balance	Contributions In	Contributions Out	Closing balance
	£000	£000	£000	£000
General Fund	6,968	0	0	6,968
Earmarked	26,454	1,160	(1,169)	26,445
Total	33,422	1,160	(1,169)	33,413

£000	Contributions to Reserves	Contributions from Reserves
Developer Contributions	760	
Leadership Redundancy		(89)
Website Development		(26)
Leisure Centre Support		(964)
Court Income	110	
Homelessness Support	200	
Total	1,160	(1,169)

2022-23 Tier 2 Savings

SERVICE	BUDGET	FORECAST	RISK	RAG
Corporate Service Restructure	62	62	0	
Senior Management Team Review	52	52	0	
Member & Staff Allowances	4	4	0	
Internal Audit	15	0	15	
Dog Warden Service	3	3	0	
Planning Development	28	0	28	
Place Service efficiencies	21	0	21	
Technical & Environmental – resource review	17	17	0	
	202	138	64	

The Tier 2 savings are included in the £11,960k – Net Cost of Service

Corporate Services - £133k

Restructure – bring services back from Mendip and restructure Corporate Services £62k

Review and revise skills and resources of Senior Management Team - £52k

Review of member and staff allowances - £4k

Internal Audit £15K – delayed to 2023/24. Agency resource managing Internal audit function pending out-source tender award. This is more expensive than Hart resource and negates 2022-23 savings.

Place Service - £52k

An additional £3k will be achieved through outsourcing of Dog Warden Service

£49k saving across the Place Service is unlikely to be achieved. Delays in outsourcing the Health and Safety Service.

Technical and Environmental £17k

To be achieved through staff reduction within the structure

2022-23 Savings (narrative)

Community Services Revenue variances (£7k underspend)

Community Services	2022-23 Budget	Full Year Forecast	Forecast Variance
	£000	£000	£000
Strategic Housing Services	82	147	65
Social Inclusion & Partnership	(26)	(26)	0
Housing Needs Service	331	263	(68)
Private Sector Housing	171	177	6
Community Safety	161	144	(17)
Total Other Budgets	0	7	7
Total	719	712	(7)

Revenue - Community Services (£7k underspend)

Community Services is forecasting an underspend of £7k.

- Housing Needs Service has a net budget of £330k. This is the largest budget within Community Services and represents 46% of the total budget. An additional Grant £260k was received which contributes to the Service Provision.
- 4 FTEs have transferred from Business Support (BSU) to Strategic Housing – the £65k overspend is compensated by a corresponding underspend in BSU.

Community Services Capital Projects

£000	Carry forward 2021-22	2022-23 Budget	Total 2022-23 Budget	Total 2022-23 forecast	Variance to Budget	Cont. to/from Reserves
Disabled Facs - Mandatory	0	867	867	867	0	0
Private Sector Renewal	0	0	0	4	4	0
Grants for Affordable Housing	0	950	950	950	0	0
Total	0	1,817	1,817	1,821	4	0

Corporate Services Revenue variances (£477k overspend)

Corporate Services	2022-23 Budget	Full Year Forecast	Forecast Variance
	£000	£000	£000
Leisure Centres	(508)	(146)	362
Waste Contract	1,983	2,094	110
Waste Client Team	(599)	(682)	(82)
5 Council Contract - Capita	2,154	2,085	(69)
Internal Audit	97	126	29
Legal Services	340	391	51
Leadership Team	673	708	34
Cycling & Infrastructure	0	(16)	(16)
HR Contract	122	111	(11)
IT Contract	501	513	12
Total Other Budgets	2,080	3,167	58
Total	6,844	8,351	477

Leisure Breakdown

£000	2022-23 Budget	2022-23 Forecast	Contribution from Reserves	2022-23 Revised Forecast	Variance to Budget
Expenditure	892	892	-	892	-
Income	(1,400)	(436)	(964)	(1,400)	-
2021-22 Adjustment*		362	-	-	362
Total	(508)	818	(964)	(146)	362

*The forecast income for 2021-22 was under-stated by £362k.

Everyone Active (EA) has an open book agreement with Hart. EA's 2021/22 accounts have been inspected and challenged by an independent expert.

The Independent expert will continue to review EA's quarterly numbers to improve forecast accuracy in 2022/23.

Revenue - Corporate Services (£477k overspend)

Corporate Services is forecasting an overspend of £477k after the agreed drawdown from earmarked reserves.

- Cabinet has previously agreed that the anticipated shortfall in management fees from the leisure provider (Everyone Active) can be met from Earmarked Reserves. For 2022/23 this is forecast to be £964k. The remaining overspend in Leisure is a 2021/22 adjustment.
- The Waste Client Team is forecasting an underspend of £82k due to a combination of Client Team efficiencies and increased income from recycling credits. This is off-set by a higher RPI increase in the core Waste Contract cost - £110k
- 2 Accountants have been employed from Mendip DC which has reduced the outsourced service fee by £62k in the 5C contract.
- Legal Services will over spend by £51k following an incorrect 2021/22 invoice.
- The £34k over spend in Leadership Team is due to the renegotiation of the CAB lease. This is compensated by rent and parking income received in other cost centres.

Corporate Services Capital Projects

£000	Carry forward 2021-22	2022-23 Budget	Total 2022-23 Budget	Total 2022-23 forecast	Variance to Budget	Cont. to/from Reserves
IT Upgrade	0	90	90	90	0	0
Website Development Project	0	0	0	111	111	(111)
CyberGrant2022	0	0	0	125	125	(125)
Total	0	90	90	326	236	(236)

There are Earmarked Reserves to fund the Website development and the Cyber attack prevention

Place Revenue (£114k underspend)

Place Services	2022-23 Budget	Full Year Forecast	Forecast Variance
	£000	£000	£000
Business Support Staff	769	644	(125)
Env Health Commercial	180	184	4
Planning Development	137	206	69
EconomicDevelopment	85	46	(39)
Environmental Protection	254	232	(22)
Local Land Charges	(90)	(70)	20
Planning Policy	315	298	(17)
Neighbourhood Planning	0	13	13
Corporate - Apprentices	75	63	(12)
Total Other Budgets	596	482	(6)
Total	2,320	2,097	(114)

Revenue - Place Services (£114k underspend)

- £110k in costs have been received from a Health & Safety Fatality prosecution. The case has taken 3 years to conclude. It is proposed that this income is transferred to reserves.
- A significant underspend within Economic Development (£39k) is a result of a staff vacancy with no plans for recruitment within this financial year.
- One of the largest budgets in the directorate is Business Support Team £769k (37%) which is forecasting a large surplus of £125k. The costs of this team include staffing and the relevant IT systems. 4 FTEs have moved to Housing which accounts for £65K of the underspend, the remaining £60k is staff vacancies.
- The largest budget cost in the team is Planning Development where there is an underspend due to a staff vacancy. It has a large income element to offset these costs, however the income from planning applications is less than expected and the cost centre is expected to be £69k over spent.

Technical & Environmental Revenue (£301k underspend)

Technical & Environmental Services	2022-23 Budget	Full Year Forecast	Forecast Variance
	£000	£000	£000
Climate Change	311	99	(212)
Tree Preservation Orders	207	149	(58)
Grounds Mtn Contract	420	382	(39)
On Street Parking	95	97	2
Environment Promotion Strategy	157	147	(9)
Street Cleaning	754	747	(7)
Total Other Budgets	1,138	448	22
Total	3,082	2,070	(301)

Revenue – Technical and Environmental (£301k underspend)

- £212k underspend in Climate Change as projects are capital items not revenue. Grant for Capital expenditure has been applied for.
- Grounds Maintenance contract forecast to be £39k lower than budget due to 2021/22 contract cost refund.
- Expenditure in Tree Preservation is forecast to be £58k lower than budget predominantly due to a long term staff vacancy.

Technical & Environmental Capital Projects

£000	Carry forward 2021-22	2022-23 Budget	Total 2022-23 Budget	Total 2022-23 forecast	Variance to Budget
Fleet Pond Visitor Enhancement	75	31	106	54	(52)
Bramshot Farm	0	340	340	18	(322)
Phoenix Green, Hartley Wintney	0	70	70	104	34
Mill Corner, North Warnborough	0	27	27	0	(27)
Kingsway Flood Alleviation Sch	0	54	54	107	54
HW Cent Common Access Improve	80	0	80	100	20
Edenbrook CP Play Tree	30	0	30	0	(30)
Edenbrook CP History Walk	20	0	20	0	(20)
Edenbrook CP - Skate/Bike Park	170	0	170	5	(165)
Edenbrook CP - Teen Health	0	65	65	0	(65)
Edenbrook CP - Visitor Improve	0	158	158	0	(158)
Fleet Pond Green Grid	0	373	373	399	27
Fleet Pond Green Ecology	25	25	50	60	10
Cove Road Crossing	180	75	255	360	105
Countryside Stewardship	0	134	134	66	(68)
Total Other Projects	(44)	285	241	240	(2)
	536	1,636	2,173	1,513	(660)

Central Costs (£237k) variance

Central Costs	2022-23 Budget	Full Year Forecast	Forecast Variance
	£000	£000	£000
Transfer from Reserves	(1,260)	(1,260)	0
Movement in Reserves (MiRS). <i>Includes: pension, depreciation</i>	160	160	0
Interest Payable/Receivable	95	(142)	(237)
Total	(1,005)	(1,242)	(237)

Notes:

Transfer from reserves includes Capital project costs

Variance is due to an upward movement in interest received from cash investments