

Council Finances as at the 30th June 2017

Summary

To inform Executive of the position of the Council Finances as at the 30th June 2017

Portfolio: Finance – Cllr Richard Brooks

Date signed off: 10 August 2017

Wards affected

All

Recommendation

The Executive is advised to **NOTE the Revenue, Treasury and Capital Position as at 30th June 2017.**

1. Key Issues

- 1.1 This is the first quarter monitoring report against the 2017/18 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30th June 2017.
- 1.2 As it is still quite early in the year it is difficult to draw any firm conclusions as to the year end outturn however this report is intended to give an update as to where services currently are against profiled budget for the first quarter.
- 1.3 There are currently no particular issues within services to report. Most services are on budget and/or addressing variances.

2. Resource Implications

Revenue Budget

- 2.1 Actuals against budget for the 1st quarter are shown in the attached annex. There are no specific issues of concern at the moment.

Capital Budget

- 2.2 In the first quarter £840k has been spent on capital projects. The largest element has been £512k on the purchase of a property in Doman road and a final payment of £279k as final settlement on the Mall. The remainder has been spent on renovation grants and smaller projects.

Treasury Investments

- 2.3 The Council currently has £6m invested in money market funds and on call for use to manage cash flow. On the advice of the Council's

treasury advisers the Council's Investments were sold in order to be offset against the level of the Council's borrowings. This means that the Council now only has £113m of actual borrowing rather than the £140m which would be required if all of the Council's assets were funded by debt. The difference of £27m can be borrowed if the Council required the cash – say to fund expenditure from reserves – thereby creating borrowings of £140m and cashable investments of £27m. Of the £113m £96m is from local authorities on a short term basis and the remainder from the Public Works Loans Board. This is to take advantage of lower interest rates before fixing for the longer term.

Debtors

Sundry Debts

- 2.4 Sundry debts include all debts except those relating to benefits. At the 30th June 2017 these amounted to £1,146k of which £292k relates to car park season tickets and help line being paid by instalments and £481k relates to invoices raised at the end of June for rent and recycling. At present due to timing and reporting issues around paying by instalment, the outstanding debt is not a major concern but will be kept under observation.

Housing Benefit Debts

- 2.5 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. The Table below shows the movement in the balance over the last 12 months

	Sep-16	Dec-16	Mar-17	Jun-17
Debtors b/f	636,787	668,743	648,412	657,250
Cash repayments	-28,671	-36,731	-36,749	-36,353
Deductions from Benefits	-34,379	-50,949	-50,004	-81,136
New debts	95,006	67,349	95,591	108,312
Balc/f	668,743	648,412	657,250	648,073

Although the balance is virtually unchanged £354k of debts have been collected but this has been matched by an equal number new debts created. These are created due to the introduction of the WURTI system by HMCE whereby changes to claimant's employment are reported automatically to the benefits system by the Inland Revenue thereby creating an adjustment to benefit and potentially an overpayment as well as antifraud work. Of the £648k outstanding 72.5% are on a payment plan and the remainder are being chased. It is worth noting that out of the total 282 individual debts the 30 largest, each over £10k, amount to over 45% of the total balance and that these are on payments plans, which typically can last for many years.

3. Options

3.1 The report is for noting only.

4. Proposals

4.1 It is proposed that the Executive is advised to NOTE the Revenue, Treasury and Capital Position for the period to 30st June 2017.

5. Supporting Information

5.1 None

6. Corporate Objectives and Key Priorities

6.1 This item addresses the Council's Objective of delivering services efficiently, effectively and economically.

7. Sustainability

7.1 Budget monitoring and financial control are important tools in monitoring the financial sustainability of the Council.

7.2 Key services are being maintained despite financial constraints

8. Risk Management

8.1 Regular financial monitoring enables risks to be highlighted at an early stage so that mitigating actions can be taken.

9. Officers Comments

9.1 The report covers the first quarter of the year and hence it is too early to draw any firm conclusions as to what the outturn will look like. However there are no significant issues to cause concern at the moment.

Annexes	Annex A - Detail on the Revenue Budget Position at 30st June 2017
Background papers	none
Author/contact details	Kelvin Menon - Executive Head of Finance Kelvin.menon@surreyheath.gov.uk
Head of Service	Kelvin Menon - Executive Head of Finance

CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	Required	Consulted	Date
Resources			
Revenue	✓		
Capital			

Human Resources			
Asset Management			
IT			
Other Issues			
Corporate Objectives & Key Priorities			
Policy Framework			
Legal			
Governance			
Sustainability			
Risk Management			
Equalities Impact Assessment			
Community Safety			
Human Rights			
Consultation			
P R & Marketing			

Review Date:

Version:

Detail on the Revenue Budget Position at 30st June 2017

Services are asked to explain significant variances between their profiled budget and actual expenditure to date and comment on areas of concern

The statements below show the actual position against profiled budget as at the 30th June 2017 excluding pensions, redundancy and asset recharges. These have been excluded as they are not in the control of the services themselves.

Corporate Service

Budget for period £375k, Actual for Period £374k.

There are no variances to report.

Legal and Property Service

Budget for period £169k, actual for period £210k.

Once the timing differences in respect of rent and repairs are taken in to account the only issue that remains is the shortfall on rent for the retail unit in Ashwood House. Having the unit vacant has made it possible to do a more comprehensive redevelopment in that the floor of the vacant store can be used for the siting of a crane. Once these works are complete a temporary let will be sought whilst a permanent solution is worked on.

Regulatory

Budget for period £833k, actual for period £720k.

Planning applications overspent by £70k due to appeals costs. A supplementary estimate has been agreed by the Executive to deal with this. There is an underspend on planning policy of £48k due to timing and an apparent £115k overspend on One Public estate is covered by funds held in reserve from 2016/17. Finally Homelessness is £120k underspent due to a late grant from Government – this will be the subject of a report to Executive in due course.

Transformation

Budget for period £339k, actual for period £311k

There are no issues to report at this time.

Business

Budget for period £377k, actual for period £472k.

There are only two areas with a variance greater than £25k. The first is the Theatre which is due to the fact that artist costs need to be re-profiled. Once this is taken in to account then the theatre income and expenditure is on budget. The second is parking where due to a revaluation, the rateable values have increased which have resulted in the business rates payable been higher than budget. The new rateable values are being appealed against.

Community

Budget for period £983k, Actual for period £953k,

There are no significant variances to report.

Finance

Budget for period £465m, actual for period £595m

Summons income of £90k for NNDR and Council tax to be posted. No other significant issues.

Strategic Property

Budget for period -£547k, actual for period -£980k

Accruals for costs b/f has reduced actual spend by £220k. Rest of variance is due to profiling of Mall loan interest and rent. No significant variance to report at this time