

Finance Report to 31 December 2014

Summary

To inform Executive as to the position of the Council Finances as at the 31st December 2014.

Portfolio - Finance

Date signed off: 6 February 2015

Wards Affected

All

Recommendation

The Executive is advised to NOTE the Revenue, Treasury and Capital Position at 31st December 2014.

1. Executive Summary

- 1.1 This report covers 9 months of 2014/15 financial year. It includes the Council's current budget position together with information on investments, Debts and Capital expenditure.

2. Resource Implications and Key Issues

Revenue Budget

- 2.1 The Council set a balanced budget on the 27th February 2014 for 2014/15. This did include a general savings target of c. £255k.
- 2.2 Service managers have been provided with reports showing actual expenditure to date, against profiled budget, for each budget area. They have been asked to declare all overspends and underspends greater than £10k in each budget area. This includes salaries after taking account of the vacancy margin.
- 2.3 In completing this exercise various assumptions have been made using current expenditure against budget and anticipated performance for the rest of the year.
- 2.4 The over £10k variances are shown in portfolio order in Annex A, which also shows the Council is predicted to finish the £98k under budget (or about 1%) as the end of the year.

Capital Budget

- 2.5 At its meeting on the 30th September 2014 the Executive recommended a total capital programme of £4.694m. This has been amended to include additional items during the year giving a total of £4.862m. So far expenditure amounting to £2.374m has been incurred

and details are included in Annex B. It should be noted that the Council has insufficient capital reserves to fund the entire capital programme. If the entire programme was implemented over £2.6m would need to be funded by internal or external borrowing which would incur interest costs and MRP (minimum Revenue Payments) to ensure the borrowing could be repaid.

2.6 A full list of projects and payments so far is shown in Annex B.

Treasury

2.7 Treasury returns continue to be low due to the low Bank of England base rate, 0.5%, and lack of demand from banks for our money. Typically interest rates of 0.75% are offered by banks and building societies. Following discussions with our treasury advisers, Arling Close, a new treasury strategy was approved by Council on 1st October which enables the Council to diversify its investments in to property and corporate bond funds. So far £8m has been invested in these funds and they are performing well. This money though does need to be invested for a reasonable term so as to make the most of the returns offered

2.8 The Investments as at the 31st December 2014 are shown in Annex C.

Debtors

2.9 From the 1st April the treatment of housing benefit debts and sundry debts changed. Housing benefits debts are now recorded on the housing benefit computer system and sundry debts on the Civica finance system. In the past all debts were recorded on Oracle financial system, but this meant that when a claimant went back on to benefit the outstanding debt was not flagged up automatically on the benefits system. This has now been addressed by the new arrangements.

Sundry Debts

2.10 Sundry debts include all debts except those relating to benefits. At the 31st December debts amounting to £534k mainly due to the timing of invoices for rents being raised just before Christmas.

Housing Benefit Debts

2.11 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 31th December 2014 the balance was £595k, down £15k from the previous quarter. £40k cash was paid off with a further £52k being transferred back to live claims for recovery from ongoing benefit. A further £67k of invoices were raised for overpayments and fraud.

2.12 The £595k outstanding balance relates to 323 individual overpaid claimants. Of this, £300K of the debt is attributable to only 15

claimants, many of these as a result of fraud and being repaid in small instalments each month. At the current time 50% of the debt is on an agreed monthly repayment plan, 25% is with legal for recovery, 20% is being chased and the remaining 5% cannot currently be traced.

3. Options

3.1 Members can accept and note the report or reject it.

4. Proposals

4.1 It is proposed that the Executive is advised to NOTE the Revenue, Treasury and Capital Position as at the 31st December 2014.

5. Supporting Information

5.1 None

6. Corporate Objectives And Key Priorities

6.1 This item addresses the Councils 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.

8. Risk Management

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

8.2 None in addition to the matters raised above.

BACKGROUND PAPERS	None
AUTHOR/CONTACT DETAILS	Kelvin Menon - Executive Head of Finance Kelvin.menon@surreyheath.gov.uk
HEAD OF SERVICE	As above

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:

ANNEX A

VARIANCE TO BUDGET AT YEAR END AS PREDICTED AT 31st DECEMBER 2014

		Favourable	Adverse
		£'000	£'000
Business			
Camberley Theatre			200
Arena Leisure Centre		70	
Community			
Recycling - contract costs and income		179	
Pest and Dog control		12	
Street Cleaning		68	
Windle Valley			12
Corporate			
Elections		15	
ICT - Licence Costs			14
Finance			
Audit expenses		10	
Legal - None to report			
Regulatory			
Development Control Income		150	
Transformation			
Sundry staff costs		32	
Wages and Salaries		118	
Investment Interest			75
In year savings target			255
		654	556
Overall Variance - favourable		£ 98	

ANNEX B

CAPITAL EXPENDITURE AT 3st DECEMBER 2014

	Proposed B/Fwd From 2013/14	Approved Bids 2014/15	Total 2014/15 Programme	Current Spend & Commitments	Funds Available
	£'000	£'000	£'000	£'000	£'000
Finance					
Property Acquisition Strategy	1,793	-	1,793	0	1,793
Sub Total	1,793	-	1,793	0	1,793
Transformation					
Property Planned Maintenance	200	-	200	-	200
Doman Rd Depot Improvements	134	-	134	281	147
Pembroke House	338	-	338	10	328
Civica Financial System	71	-	71	32	39
Sub Total	743	-	743	323	420
Business					
Main Square Refurbishments	320	-	320	333	13
Main Square & Knoll Rd Car Parks Pay on Foot anc	213	-	213	199	14
PIC Monies	135	-	135	3	133
Uplands Road Playground	40	-	40	40	0
Camberley Park & Obelisk	64	-	64	5	59
Clearsprings	4	-	4	4	-
Wellington Park	25	-	25	-	25
Frimley Lodge Park	40	-	40	40	-
Lightwater CP Visitor Centre	70	-	70	-	70
Deanside Diamond Ridge Woods Picnic Area	35	-	35	-	35
Crabtree Park	26	-	26	26	0
Southcote Play Area	38	-	38	-	38
Theatre Projector	-	33	33	35	2
Frimley Lodge Park Artifical Grass Pitch	-	620	620	603	17
Sub Total	1,010	653	1,663	1,287	376
Community					
Disabled Grants	-	500	500	666	166
Renovation Grants	-	25	25	17	8
Windle Valley Day Centre	78	-	78	80	2
Sub Total	78	525	603	763	160
Community					
Public Web Portal	-	60	60	-	60
Sub Total	-	60	60	-	60
GRAND TOTAL OF ALL SCHEMES	3,624	1,238	4,862	2,374	2,488

