

**Purpose**

**To inform the Committee of the position of the Council Finances as at the 31st December 2014.**

**1. 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 27<sup>th</sup> 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 30<sup>th</sup> 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 1<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>th</sup> 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 Committee is advised to note the Revenue, Treasury and Capital Position as at the 31<sup>st</sup> December 2014.

### **5. Recommendation**

5.1 The Committee is advised to note the Revenue, Treasury and Capital Position as at 31st December 2014.

<b>BACKGROUND PAPERS</b>	<b>None</b>
<b>AUTHOR/CONTACT DETAILS</b>	<b>Kelvin Menon - Executive Head of Finance</b> <a href="mailto:Kelvin.menon@surreyheath.gov.uk">Kelvin.menon@surreyheath.gov.uk</a>
<b>HEAD OF SERVICE</b>	<b>As above</b>

## ANNEX A

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

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

## 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
<b>Finance</b>					
Property Acquisition Strategy	1,793	-	1,793	0	1,793
<b>Sub Total</b>	<b>1,793</b>	<b>-</b>	<b>1,793</b>	<b>0</b>	<b>1,793</b>
<b>Transformation</b>					
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
<b>Sub Total</b>	<b>743</b>	<b>-</b>	<b>743</b>	<b>323</b>	<b>420</b>
<b>Business</b>					
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
<b>Sub Total</b>	<b>1,010</b>	<b>653</b>	<b>1,663</b>	<b>1,287</b>	<b>376</b>
<b>Community</b>					
Disabled Grants	-	500	500	666	166
Renovation Grants	-	25	25	17	8
Windle Valley Day Centre	78	-	78	80	2
<b>Sub Total</b>	<b>78</b>	<b>525</b>	<b>603</b>	<b>763</b>	<b>160</b>
<b>Community</b>					
Public Web Portal	-	60	60	-	60
<b>Sub Total</b>	<b>-</b>	<b>60</b>	<b>60</b>	<b>-</b>	<b>60</b>
<b>GRAND TOTAL OF ALL SCHEMES</b>	<b>3,624</b>	<b>1,238</b>	<b>4,862</b>	<b>2,374</b>	<b>2,488</b>

