

Quarterly Financial Report

SUMMARY

To inform Executive as to the position of the Council Finances as at the 30th June 2015.

PORTFOLIO - Finance

Date signed off: 4 September 2015

WARDS AFFECTED

All

RECOMMENDATION

The Executive is advised to **NOTE** the Revenue, Treasury and Capital Position for the first quarter of 2015/16.

1. Introduction

- 1.1 This is the first quarter monitoring report against the 2015/16 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30 June 2015 and an early view for the financial year.

2. Resource Implications

Revenue Budget

Services

- 2.1 Overall services expect to be £240k under budget at the end of the year. Details are set out in Annex A. This is made up of:

- £140k saving on waste and recycling as a result of a renegotiation of the contract undertaken by the service and not agreed in time for the budget and;
- £100k income in relation to investment property acquisitions made in the new year

Interest Received

- 2.2 Despite the budget being increased by £100k in 2015/16 the Council is on track to achieve this due to the new investment policy. A list of investments is shown in Annex B.

Wages and Salaries

- 2.3 It is estimated that there will be an underspend of £21k on wages and salaries at the end of the year based on expenditure to date. This is after taking account of pay increases and vacancy margins.

Capital Budget

- 2.4 A Capital programme of £10.125m was approved for 2015/16 and an additional £11.147m brought forward from 2014/15 making £21.272m in all. Of this £19.0m has been spent on property acquisition, air conditioning and disabled facilities grants. Services are on track with the programme for the year.
- 2.5 The properties acquisitions have all been funded through borrowing from the Public Works Loans Board or the Local Enterprise Partnership.

Debtors

Sundry Debts

- 2.6 Sundry debts include all debts except those relating to benefits. At the 30th June debts there were invoices totalling £627k unpaid. However of this £200k relates to community alarms and parking season tickets which are invoiced at the start of the year, and hence appear as debts, but paid by instalments throughout the year.
- 2.7 The largest element of old unpaid debt, £80k, relates to invoices for temporary housing costs which are being chased.

Housing Benefit Debts

- 2.8 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 30th June 2015 the balance was £610k which is unchanged from the previous quarter. Although £62k was recovered in cash or through benefits a further £62k was raised in invoices for new overpayments generated by fraud investigation or claimant information.
- 2.9 The £610k outstanding relates to 320 individual debts of which 40% relates to 15 individual debts over £15k. Of the total debt 50% is on an agreed repayment plan, 14% are being chased, 7% are with the DWP and 24% are being considered for legal or other action.

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 for the first quarter of 2015/16.

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. Governance Issues

7.1 N/A

8. Sustainability

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

9. Risk Management

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

10. Officer Comments

10.1 None in addition to the matters raised above.

BACKGROUND PAPERS	None
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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

Detail on the Revenue Budget Position at 30th June 2015

1. The revenue budget was approved by members in February 2015. In previous years services heads have been asked to review their expenditure to date and predict whether there would be any variance to budget at the end of the year.
2. This year using the new financial system a new approach has been adopted where actual expenditure for the period under review is compared to the budget to date. Services spread or “profile” their budget over the year depending on when they anticipate income and expenditure to happen.
3. Differences between actual and the profiled budget to date can happen because:
 - Timing - Expenditure has not been incurred in the period it was predicted to have occurred when the budget profiling was set. In this case the profiling can be adjusted to take account of these timing issues in future month and the differences should reverse over the remainder of the year
 - Overspend/underspend – There is an underlying reason as to why actual expenditure is at variance to the budget i.e. Income being less than predicted or expenditure being higher. These differences may be permanent unless corrective action is taken to bring the actual figures in to line with the budget.
4. Services were asked to review compare their actual results to the profiled budget for the first quarter and where there was a variance over £25k to indicate whether this is due to a timing issue for which the budget profile needs adjusting or whether it indicates a potential risk of a year-end variance.
5. The results by portfolio are shown below:

Business Portfolio

Profiled Budget -£1118k, Actual £99k, Accounting variance £16k over budget

6. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
CPE/CPZ	£31k under budget	Penalty notice income above budget	Timing due to budget profile	None

Theatre	£28k over budget	Income not meeting budget	Partially due to budget profiling	See note below
Leisure Marketing	£28k over budget	Cost for Frimley Lodge Live	Timing as income received after June to offset costs	None

7. In respect of the theatre specifically the Executive Head of Business states that the difference is largely due to profiling whereby the majority of the Theatre income is over the winter period, including Panto and top selling shows. In addition new initiatives are also being undertaken to reduce any deficit which maximise income from the bar operations. It is anticipated that a significant proportion of this difference will be made up.
8. As a result no overall variance is predicted for the year.

Community Services Portfolio

Profiled Budget £16k, Actual £-367k, Accounting Variance £383k under budget

9. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
Recycling and Waste	£160k under budget	Saving on contractor costs and timing of recycling credits	£25k saving on contract costs and the remainder due to timing of invoices and credits	None
Street Cleaning	£126k under budget	Late invoicing by contractor	£10k reduction in costs but remainder due to timing	None

10. Due to the services being successful in renegotiating its contracts for waste and street cleansing it is predicted that the services will have a £140k underspend at the end of the year.

Financial Services Portfolio

Profiled Budget £320k, Actual £265k, Underspend variance £55k

11. Major areas with variances over £25k:

Area	Value	Main Reason	Type of difference	Corrective action
Audit Fees	£65k under budget	Accrual for 2014/15 fees	Timing – will cancel as invoices received.	None
NDR	£30k over budget	No summons fee income	Timing – will be entered	None

12. At the moment no variance is anticipated for the year end

Regulatory Portfolio

Profiled Budget £372k, Actual £351k, Underspend variance £21k

13. All of the difference is due to timing and Regulatory are predicted to have no issues that would affect the year end outturn.

Transformation Portfolio

Profiled Budget £821k, Actual £836k, Variance £14k overspend

14. Transformation anticipates having no issues that would affect their yearend outturn as budgeted. This is with the exception of £100k of investment property income which is expected to be received over the year but was not budgeted for, as the acquisitions occurred after the budget was set.

Corporate Portfolio

Profiled budget £256k, Actual £277k, Variance £21k overspend

15. No effect on yearend outturn is predicted at the moment.

Annex B

INVESTMENTS as at 30th June, 2015		
Close Brothers Call Account		0
Lloyds Bank Call Account		3,000,921
Close Brothers		0
Lloyds Group - Lloyds TSB Structured Deposit		0
	Total Banks	3,000,921
Debt Management Office		2,500,000
Cumberland Building Society		1,000,000
	Total Building Society	1,000,000
Icelandic Banks		696,165
		7,197,086
Greater London Authority		2,000,000
Lancashire County Council		1,500,000
The London Borough of Islington		2,000,000
	Total Local Authorities	5,500,000
AAA Rated MM Fund - Aberdeen (SWIP)		2,952,459
AAA Rated MM Fund - CCLA		1,000,000
AAA Rated MM Fund - Insight		3,001,939
AAA Rated MM Fund - Standard Life (Ignis)		3,000,000
	Total Money Market Funds	9,954,398
CCLA Property Fund		2,035,377
M & G Investments - Global Dividend Fund		955,346
M & G Investments - Strategic Corp Bon Fund		1,963,957
Threadneedle - Global Equity Income Fund		991,506
Threadneedle - Strategic Bond Fund		1,968,692
	Total Longer Term Investments	7,914,878
	Total Invested (excluding the NatWest SIBA)	30,566,362
SIBA		705,249
	Total Invested (including NatWest SIBA)	31,271,610
War Stock		2,964
	Total Invested (Including SIBA & War Stock)	31,274,574