

Council Finances as at the 30th June 2016

Summary

To inform Executive of the position of the Council Finances as at the 30th June 2016

Portfolio Finance – Cllr Richard Brooks

Date signed off – 5 August 2016

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|-----------------------|-----|
| Wards Affected | All |
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Recommendation

The Executive is advised to **NOTE** the Revenue, Treasury and Capital Position as at 30th June 2016.

1. Key Issues

- 1.1 This is the first quarter monitoring report against the 2016/17 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30th June 2016.
- 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 At the moment there are no particular issues within services to report. Wages are on budget but underachieving against the vacancy margin for the year which is being monitored.

2. Resource Implications

Revenue Budget

Services

- 2.1 Actuals against budget for the 1st quarter are shown in the attached annex. There are no specific issues to report.

Wages and Salaries

- 2.2 At the end of the 1st Quarter it is predicted wages will be under budget but services are continuing to work to achieve the vacancy margin however there are no concerns at the moment.

Capital Budget

- 2.3 In the first quarter £264k has been spent on capital projects of which the largest share, £162k, was spent on disabled Facilities Grants. Other significant expenditure was £34k on computer software and £50k on property development. All of these were within budget.

Treasury Investments

- 2.4 The Council currently has £26m invested in a variety of banks, building societies and funds. Due to low interest rates it is still very difficult to increase returns however the money market funds continue to do well. At the moment the Council is on track to achieve its budgeted investment income for the year.
- 2.5 A list of investments held at the 30th June 2016 is shown in Annex B

Debtors

Sundry Debts

- 2.6 Sundry debts include all debts except those relating to benefits. At the 30th June 2016 these amounted to £664k compared with £622k for the same period last year. However of this £224k 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.

Housing Benefit Debts

- 2.7 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 30th June 2016 the balance was £636k which is only £1k down against the figure last quarter. During the period £95k was collected but a similar amount of new were debts raised. The number of debts on a repayment plan has also increased for the quarter.

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 2016.

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.

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| 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 | | | |

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|-----------------|--|--|--|
| Consultation | | | |
| P R & Marketing | | | |
| Review Date: | | | |
| Version: | | | |

Annex A

Detail on the Revenue Budget Position at 30st June 2016

Services are asked to explain significant variances between their profiled budget and actual expenditure to date and also what impact this could have at the year-end if any.

The statements below show the actual position against profiled budget as at the 30th June 2016 excluding pension and asset recharges. These have been excluded as they are not in the control of the services themselves.

Corporate Service

Budget for period £363k, Actual for Period £295k. Predicted Year end impact - £Nil

The total variance arises due to the fact that the accounting for the elections was not completed by the quarter end – this variance will then disappear. There are no other issues to report.

Legal and Property Service

Budget for period £282k, actual for period £142k. Predicted year end impact £Nil

Once the timing differences in respect of rent and repairs are taken in to account there are not expected to be any issues that will affect the year end outturn at the present time.

Regulatory

Budget for period £711k, actual for period £741k. Predicted year end impact £Nil

There are no particular issues to report except that spend on planning consultants is ahead of profile but is not considered to be an issue at the moment.

Transformation

Budget for period £729k, actual for period £743k, Predicted year end impact £Nil

There are no issues to report at this time.

Business

Budget for period £426k, actual for period £505k. Predicted year end impact £Nil.

Theatre income on budget but pressure on costs which is being managed. In addition the Arena June profit share is to be invoiced and some large repairs were undertaken early in year. No significant issues to report at the moment.

Community

Budget for period £401k, Actual for period £461k, Predicted year end impact £Nil

Timing issue in respect of invoicing but no impact on the year end and there are no other issues to report.

Finance

Budget for period £793m, actual for period £770m Predicted year end impact £nil

There are no issues to report at this time.

Payroll

Wages are under budget but have only achieved £114k of the £184k vacancy margin. This amounts to 0.7% of the payroll budget and is not considered an issue at the moment.

Annex B

INVESTMENTS as at 30th June 2016

| | £ |
|--|-------------------|
| Lloyds Bank Call Account | 1,000,033 |
| Goldman Sachs Bank | 2,000,000 |
| Total Banks | 3,000,033 |
| Cumberland Building Society | 1,000,000 |
| National Counties Building Society | 1,000,000 |
| Nationwide Building Society | 2,000,000 |
| Total Building Society | 4,000,000 |
| Debt Management Office | 0 |
| Total Banks, Building Societies and DMO | 7,000,033 |
| Glasgow City Council | 2,000,000 |
| Greater London Authority | 2,000,000 |
| Lancashire County Council | 1,500,000 |
| The London Borough of Islington | 2,000,000 |
| Total Local Authorities | 7,500,000 |
| AAA Rated MM Fund - Aberdeen (SWIP) | 973,250 |
| AAA Rated MM Fund - Blackrock | 0 |
| AAA Rated MM Fund - CCLA | 0 |
| AAA Rated MM Fund - Insight | 1,007,394 |
| AAA Rated MM Fund - Standard Life (Ignis) | 1,000,000 |
| Total Money Market Funds | 2,980,645 |
| CCLA Property Fund | 2,052,162 |
| M & G Investments - Global Dividend Fund | 988,013 |
| M & G Investments - Strategic Corp Bond Fur | 2,005,221 |
| Threadneedle - Global Equity Income Fund | 1,102,599 |
| Threadneedle - Strategic Bond Fund | 1,944,275 |
| Total Longer Term Investments | 8,092,269 |
| Total Invested (excluding the NatWest SIF) | 25,572,947 |
| NatWest SIBA | 969,384 |
| Total Invested (including NatWest SIBA) | 26,542,331 |
| Total Invested (Including SIBA & War Stoc | 26,542,331 |

