

The Council's Finances as at 30th September 2017

SUMMARY

To inform the Committee of the position of the Council Finances as at the 30th September 2017.

WARDS AFFECTED	All
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RECOMMENDATION

The Committee is advised to NOTE the Revenue, Treasury and Capital Position as at 30th September 2017.

1. KEY ISSUES

- 1.1 This is the second quarter monitoring report against the 2017/18 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30th September 2017.
- 1.2 At this halfway stage in the year, it is difficult to draw any firm conclusions as to the year-end outturn. At present a small underspend is forecast and this report is intended to give an update as to where services currently are against budget for the second quarter.

2. RESOURCE IMPLICATIONS

Revenue Budget

- 2.1 Actuals against budget for half year are included in the attached Annex A. Corporately it is forecasted that there will be a small underspend of £44k at the end of the financial year. Individual service variances that make this up are included in Annex A.

Capital Budget

- 2.2 At the 30th September £3.319m has been spent on capital projects. The largest proportion of this sum has been the expenditure of £2.3m on renovation works at the Square and £512k on the purchase of a property in Doman road. A payment of £154k was made as final settlement on the Square plus £58k carrying out works at the Main Square Car Park. The remainder has been spent on renovation grants and smaller projects.

Treasury Investments

- 2.3 The Council currently has £6m in cash investments and £111m in borrowings. On the advice of the Council's Treasury Consultants, the sum of £95m was borrowed from other public bodies on a short term basis with the remainder from the Public Works Loans Board over the longer term. Cash investments were sold during the year to repay debt and, although this has

reduced interest income, this has been more than offset by savings in interest payments.

Debtors

Sundry Debts

- 2.4 At the 30th September 2017 sundry debts amounted to £1,393k. Of this £470k was invoiced at the end of September for rent and grants which have now been paid. In addition a further £202k relating to car park season tickets and helpline debts is being paid in monthly instalments leaving £721k to actually be collected. The level of debt is not a major concern and 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

		Dec-16	Mar-17	Jun-17	Sep-17	Total
Debtors b/f		668,743	648,412	657,250	648,073	668,743
Cash repayments		-36,731	-36,749	-36,353	-47,331	-157,164
Deductions from Benefits		-50,949	-50,004	-81,136	-37,734	-219,823
New overpayment debts		67,349	95,591	108,312	85,611	356,863
Debtors c/f		648,412	657,250	648,073	648,619	648,619

Although the level of debt is virtually unchanged from the previous quarter over £85k has been collected from debtors but this has been matched by an equal number of new overpayment debt created. Overpayments are appearing more quickly now that data is shared between the national tax and benefits systems.

Of the £648k outstanding 70% are on a payment plan with the remainder being chased. It is worth noting that the out of the total 297 individual debts the 14 largest, which amounts to over 43% of the total balance, are on payments plans which can last for many years.

3. PROPOSALS

- 3.1 It is proposed that the Committee is advised to NOTE the Revenue, Treasury and Capital Position for the period to 30st September 2017.

4. CORPORATE OBJECTIVES AND KEY PRIORITIES

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

5. SUSTAINABILITY

- 5.1 Budget monitoring and financial control are important tools in monitoring the financial sustainability of the Council.
- 5.2 Key services are being maintained despite financial constraints

6. RISK MANAGEMENT

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

BACKGROUND PAPERS	none
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Detail on the Revenue Budget Position at 30st September 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 September 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 £760k, Actual for Period £765k. Outturn Forecast £18.5k favourable variance.

There are no issues to report at the present time.

Legal and Property Service

Budget for period £-3k, actual for period £-626k. Outturn Forecast £239k adverse

As previously stated the adverse variance is caused by the vacancy of the former BHS store on the ground floor of Ashwood House. However this enables the development of the upper floors giving a better overall financial return for the Council. Prior to the completion of these works a new letting will be sought.

Regulatory

Budget for period £1.332m, actual for period £999k. Outturn Forecast £ 200k favourable

Planning applications Income is up on budget but this is offset by an overspent on consultants & agency staff to cover vacant posts. Planning appeals is £23k underspent due to a supplementary estimate being awarded to cover exceptional enforcement and appeal costs concerning Swift Lane. The appeal will now scheduled to be heard in March 2018 and some of these costs may be incurred in the next financial year. There is an overspend of £95k on One Public estate which is covered by funds held in reserve from 2016/17. Finally Homelessness is £125k underspent due to a late grant form Government – this will be the subject of a report to Executive.

Transformation

Budget for period £875k, actual for period £848k. Outturn Forecast £229k adverse
Software licences will be overspent by £139k due to the budget not being increased for several years to take account of inflation and there is an issue with payments made in advance both for the current financial year and for 2018/19. Work in progress to ID payments relating to 2018/19 and move the expenditure. Indirect employee expenses will be overspent by £90k due to severance payments, which are not budgeted for, however this needs to be offset against the saving of £320k in the salaries budget.

Business

Budget for period £671k, actual for period £671k. Outturn Forecast £327k adverse

There are only two areas with a variance greater than £25k. The first is the Theatre which has seen improved overall performance resulting in increased income from shows, hiring of rooms etc which has been offset by an overspend on Artist fees. 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. Parking income is also down on budget.

Community

Budget for period £2.388m, Actual for period £2.253m. Outturn Forecast £150k favourable variance.

Recycling credits for garden waste will show a £70k increase over the year due to increased garden waste tonnage plus a higher recycling credit per tonne due to changes in the financial payment transfers since the budget was set. Refuse will be £58k underspent at year end due to lower contractor costs which has been offset by a fall in income from commercial collections due to some care home closures and an increased gate fee for disposal. Street cleaning will see savings of £22k as a result of savings in road closures and specialist cleaning.

Finance

Budget for period £1.154m, actual for period £1.309m. Outturn Forecast on Budget

There are no issues to report at this time.

Strategic Property

Budget for period -£1,267M, actual for period -£1.689M. Outturn Forecast £150k favourable.

Dividend income received from Main Square Camberley unit trust is up on budget after the second quarter and will continue till year end.

Salaries Monitoring

The forecast outturn at the end of period six, shows a underspend of £320k at the year end after taking into account vacant posts, changes in structure, vacancy margin and more efficient use of resources throughout the organisation.