

Summary

To provide the Performance and Finance Scrutiny Committee with a high level view as to the Financial Performance for the year 2017/18

Recommendation

The Performance and Finance Scrutiny is advised to NOTE the report.

1. Key Issues

- 1.1 This report covers the entire financial year to the 31st March 2018. The purpose of this report is to give members a high level view as to the financial performance of services for the year highlighting significant variances against budget. The figures reported in this report only include controllable costs. Costs relating to asset charges and pensions, which will form part of the overall financial outturn, have been excluded.
- 1.2 Whilst overall the Council has had a successful year with controlled spending and additional income in many services some, such as Business, have performed less well. Despite this the level of subsidy given is reducing overall and work is being done improve this further.
- 1.3 The Statement of Accounts was published on the Council's website 1 month faster than last year on the 31st May 2018. These will be audited during June/July 2018 for final completion by the 31st July 2018. This is 2 months earlier than last year.

2. Resource Implications

Revenue Budget

- 2.1 A review of actuals against budget which have generated a variance greater than £20k at the end of the year is shown in the attached annex. The vast majority of areas have come in under budget although most significant positive variances are either due to grants being received at the end of the year or work being deferred. These will be carried forward in to 2018/19 subject to the agreement of members in July.

Capital Budget

- 2.2 At the end of the year £4.6m had been spent on capital expenditure of which £3.2m was spent on property acquisitions and refurbishment of the Square. More detailed information will be included in the Capital Outturn and Carry Forwards Report which are due to come to Executive in July.

Treasury Investments

- 2.3 The Council currently has £14m invested in a variety of banks, building societies and funds. This made a return of £160k which was £135k below budget. The reason for this was because £17m of investments were redeemed after the budget was set, on the advice of our Treasury advisers, thereby reducing debt and interest paid. The 2018/19 budget has been amended to reflect the reduced Income.
- 2.4 A list of investments held at the 31st March 2018 is shown in Annex B

Borrowing

- 2.5 The Council has borrowed £119m to fund property acquisitions. Based on the advice of our Treasury advisers £17m is made up of longer term loans from the Public Works Loans Board with the remainder being shorter term loans from other local authorities.

3. Debtors

Sundry Debts

- 3.1 Sundry debts include all debts except those relating to benefits. At the 31st March 2018 these amounted to £2.1m compared with £852K for the same period last year. The increase of £1.2m relates to joint waste recharges to the other three partners which were raised in late March and have now been paid. If you strip out the additional JWS invoices then the level of debts at year end are comparable to the previous period.

Housing Benefit Debts

- 3.2 These debts arise when an overpayment in housing benefit has been made and thus has to be recovered. At the 31st March 2018 the balance was £636k compared with £618k at the end of the last quarter. During the last 3 months £81k was collected and £99k of new debts was raised. 19 debtors, or around 6% of the total, account for almost half of the debt.

4. Officer Comments

- 4.1 Overall this has been a good year for Surrey Heath. With a couple of exceptions virtually every service has come in on or under budget. Services have monitored their spend over the year and worked to keep within budget. Although the surpluses at first sight appear to be large many of these are due to Government grants being received towards the end of the year for on- going projects. In addition some work has not been completed in the year due to phasing and so will be carried forward. These carry forwards will be subject to Executive agreement in July. The Council has taken the opportunity of putting some surpluses, such as those on interest and rents, in to reserves to smooth over future potential variances.

5. Options

- 5.1 The report is for noting only.

6. Proposals

6.1 It is proposed that the Executive is advised to NOTE the report.

7. Supporting Information

7.1 None

8. Corporate Objectives and Key Priorities

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

9. Risk Management

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

Annexes	Annex A - Summary Information on the Revenue Budget Position at 31st March 2018 Annex B- Investments as at 31st March 2018 Annex C – Capital Monitoring
Background Papers	None
Author/contact details	Adrian Flynn - Chief Accountant Adrian.Flynn@surreyheath.gov.uk
Head of Service	Kelvin Menon - Executive Head of Finance

Summary Information on the Revenue Budget Position at 31st March 2018

Most of the revenue accounts have now been closed so the outturn on an individual service level can now be reviewed. The figures provided to services and reported below exclude pensions (deficit payments and past years) and asset charges as these are not controllable by service managers.

The tables below list significant variances against budget greater than £20k together with an explanation. “+” denotes favourable and “-“denotes adverse. The figures shown include wages costs as these have now all been charged to individual services. Although there are a significant number of underspends some of these will be carried forward in to next year and these will form the basis of a report to Executive in July.

Finance

Function	Variance	Notes
Counter Fraud fund	+£57k	This is the remainder of an anti-fraud grant and a carry forward request will be made at year end.
Corporate Management and Policy	-£37k	Increase in the overall corporate bad debt provision.
Cost of collection - Ctax	+£51k	Increase in income and lower recharge and supplies and services costs.
Housing Benefits	+£141k	Recoveries better than budgeted for and lower level of claims

Interest received was £135k lower than the budget

Interest paid was about £1.9m under budget due to the use of short term borrowing on the advice of our treasury advisers. This will be placed in to an interest equalisation reserve until such time as the borrowing is fixed for a longer time period.

Transformation

Function	Variance	Notes
Economic Development	+£43k	Salaries & Supplies/Services under budget.
Revenue Grants	+£124k	Underspend on grants awarded. A request to carry forward the £100k Kevin Canton fund was made at year end.
ICT	+£25k	Savings on Supplies and Services and Income greater than budget.

Corporate

Function	Variance	Notes
Electoral Registration	+£52k	Additional grant received and carried forward from previous year (2016/17).

Business

Function	Variance	Notes
Theatre	-£180k	Despite making a loss against budget the theatre has improved significantly compared to previous years and has exceeded the 2014 business case target for 17/18.
Car Parks	-£275k	Income did not meet stretch target for 17/18 plus unforeseen increase in business rates payable (circa £100k, currently being challenged).
Leisure Grants	+£24k	Lower Employee, Premises & Supplies and Services costs.
Arena Sports Centre	-£61k	Income not reaching budget levels, Emergency building repairs and maintenance.
New leisure facility	+£89k	A carry forward request was made at year end.

Regulatory

Function	Variance	Notes
Planning Applications	+£87k	Income up on budget due to increase in fees and lower recharge costs, offset by higher cost of supplies/services.
Development advice	+£25k	Income higher than budget and lower recharge costs.
Planning Appeals	+£94k	Lower supplies/services costs mainly around consultants and also timing of appeals moving in to 2018/19
Chobham Flood Alleviation Scheme	+£31k	Residual of grant awarded. A request to carry forward was made at year end.
Surrey Heath Local Plan	+£135k	Grant Income and underspend on consultants and salaries. Local plan work now being done in 2018/19A request to carry forward was made at year end.
One public estate	+£373k	Grants received for future work and a carry forward request was made at year end.
Homelessness	+£213k	Savings on rent, grants paid, overheads and income higher than budget. Some of this underspend was requested to be carried forward at year end.

Legal

Function	Variance	Notes
Building control – fee related	+£50k	Increase in income & lower salary and supplies and services expenditure.
Corporate Land Management	+£77k	Lower premises costs and recharges, plus increased Income offset by increased Ashwood House costs.
London Road	+£53k	Increase in Income.
Public Offices	+£35k	Increase in Income.

Investment & Development

Function	Variance	Notes
Regeneration	+£88k	Lower Salary and consultant costs.
Strategic Property Development	+£160k	Lower Salary and general supplies and services costs.
Town Centre Investment	+£1.2m	Increased Income recognised due to a change in accounting treatment – this will be transferred in to a rent equalisation reserve.

Community

Function	Variance	Notes
SCC recycling incentive grant	+£25k	Increased grant received. A carry forward request was made at year end.
Waste	+£60k	Reduction in contractor costs
Recycling	+£74k	Increased sales and recycling credits, plus savings in rent offset by increased expenditure and purchase of Green Waste bins.
Community Transport	-£49k	Increased Salary Costs, plus a fall in income due to a loss in grant income.

Carry forward requests are subject to a separate report which will come to executive in July 2018.

Business rates and Council Tax

Business rates and Council tax had amongst the highest collection rates in the country at 99.5% and 99.2% respectively.

Investments as at 31st March 2018

	£	£
Fixed Short term Investments		
Glasgow City Council	<u>2,000,000</u>	
Total Fixed Short Term		2,000,000
Banks		
Nat West Business Reserve SIBA	<u>100,069</u>	
Total Banks		100,069
AAA Rated Money Market Funds		
Blackrock	2,752,000	
CCLA	1,000,000	
Legal and General	3,000,000	
Standard Life Investments	<u>3,000,000</u>	
Total Money Market Funds		9,752,000
Long Term Investments		
CCLA Property Fund	<u>2,151,135</u>	
Total Long Term Investments		2,151,135
Total Investments		<u><u>14,003,204</u></u>

Annex C

Capital Monitoring 2017/18 Quarter 4						
	General	Approved	Total	Current		
	B/Fwd from	Fund	Bids	2017/18	Spend &	Variance &
	2016/17	Adjustments	2017/18	Programme	Commitments	Carry Forwards
	£'000	£'000	£'000	£'000	£'000	£'000
Legal						
Property Acquisition Strategy	666	0	0	666	3	663
Ashwood House	15	0	865	880	432	448
Doman Road	0	0	512	512	518	-6
Windermere Golf Club	0	0	1200	1200	4	1196
Sub Total	681	0	2577	3258	957	2301
Investment and Development						
The Square Refurbishment	0	0	6200	6200	2301	3899
High Street Public Realm Improvements	0	0	300	300	186	114
Acquisition of the Square	0	0	0	0	164	-164
Sub Total	0	0	6500	6500	2651	3849
Transformation						
Civica Financial System	28	0	0	28	17	11
Cloud	78	0	0	78	50	28
Wifi Surrey Heath House	35	0	0	35	35	0
Sub Total	141	0	0	141	102	39
Business						
Main Square Refurbishments	59	0	670	729	76	653
Knoll Road Lifts	0	0	80	80	66	14
Pic Monies	97	0	0	97	2	95
Camberley Park & Obelisk	42	0	0	42	26	16
Wellington Park	20	0	0	20	67	-47
Lightwater CP Visitors Centre	7	0	0	7	2	5
Deanside DR Woods Play Area	35	0	0	35	4	31
Pic Monies Feb 2017	0	0	613	613	8	605
London Road Rec	0	0	21	21	0	21
Deepcut Community Centre	0	0	0	0	56	-56
Sub Total	260	0	1384	1644	307	1337
Community						
Garden Waste Bins	0	0	110	110	112	-2
Windle Valley Day Centre	0	0	35	35	48	-13
Dog Warren Van	0	0	10	10	0	10
Community Bus	0	0	40	40	0	40
Sub Total	0	0	195	195	160	35
Corporate						
Telephone System	25	0	0	25	0	25
Sub Total	25	0	0	25	0	25
Regulatory						
Openspace Works	154	0	48	202	52	150
Renovation Grants	0	0	630	630	396	234
Sub Total	154	0	678	832	448	384
Grand Total of All Schemes	1261	0	11334	12595	4625	7970