

Council Finances as at 30 June 2018

Summary

To provide the Executive with a high level view as to the Financial Performance for the 1st Quarter of 2018/19.

Portfolio - Finance

Signed off: 23 August 2018

Wards Affected – All

Recommendation

The Executive is advised to RESOLVE to note the current financial position and approve the additions to the 2018/19 revenue budget.

The Executive is advised to RECOMMEND to the Full Council the changes to the 2018/19 capital programme.

1. Key Issues

- 1.1 This report covers the first quarter of the financial year to the 30th June 2018. Its purpose is to give members a high level view of the financial performance of services for the quarter, highlighting significant variances against 2018/19 approved budget and provides an update on the Revenue, Treasury and Capital budget position for the first quarter.
- 1.2 At this early stage in the year, it is difficult to provide an accurate forecast at the year end, but we are forecasting to be on budget at the end of the financial year.

2. Resource Implications

Revenue Budget

- 2.1 Actuals against Budget for the first quarter are shown in the attached Annex. Corporately, it is forecast that spending will be within budget at the end of the financial year.
- 2.2 There are 2 revenue items that we would like added to the 2018/19 budget and they relate to carry forwards that were not on the carry forward list that was approved by members at the July executive meeting. The carry forward details are £90,000 for Swift Lane and £31,000 for Chobham flood reserve.

Capital Budget

2.3 At the end of the first quarter, £17.5m had been spent on capital expenditure of which £13.5m was spent on property acquisitions, including Trade City Industrial estate and Windlemere golf club, and £1.9m on the purchase of refuse vehicles.

2.4 There are a number of capital projects that should be added to the 2018/19 capital programme and a brief description of each project is given below,

- Playground refurbishment at Evergreen Road cost £10k.

Refurbishment of the playground equipment at Evergreen Road funded by Community Infrastructure levy (CIL) monies.

- Play Area/Path Link Local Equipped area of play (LEAP) £70k

The project is on land north of the Ridgewood Centre and relates to a residential development of 100 dwellings on land at the Ridgewood Centre. The developer provided a contribution of £70k to secure a footpath between the site and the highway network to the north across Council owned land. The remainder of the funding is to provide improvements to the existing play area on Council owned land (Play area adjacent to Maguire Drive).

Treasury Investments

2.5 The Council currently has £8.1M in cash investments and £125.6m in borrowings. Based on the advice of our Treasury advisers, £29m is made up of longer term loans from the Public Works Loans Board with the remainder being shorter term loans from the other local authorities.

3. Debtors

Sundry Debts

3.1 Sundry debts include all debts except those relating to benefits. At the 30th June 2018 these amounted to £2.9m compared with £1.2m for the same period last year. The increase of £1.7m relates to joint waste recharges to the other three partners which were raised during the first quarter, £400k of Community Infrastructure levy (CIL) debts compared to £30k in June 2017 and £100k due from Surrey County Council in respect of rent. Taking out of account the additional JWS invoices, then the level of debts at the end of the first quarter is slightly higher than a year ago and this is related to larger invoices being raised for CIL and timing differences rather than an underlying debt collection issue.

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 30th June 2018 the balance was £603k compared with £636k at the end of the last quarter. During the last 3 months £145k was collected and £112k of new debts was raised. 17 debtors, or around 6% of the total, account for over half of the debt.

4. Officer Comments

4.1 The report covers the first quarter of the year and based on performance so far, there are no significant issues to cause concern at this moment other than the situation regarding the House of Fraser Store. The two projects mentioned in paragraph 2.3 will be added to the current year's capital programme if approved with the revenue items mentioned in paragraph 2.2 also being added to the revenue budget if approved.

5. Options

5.1 The report is for noting and approving the addition items to the revenue and capital budgets.

6. Proposals

6.1 It is proposed that the Executive is advised to note the report and approve two projects that will be added to the 2018/19 capital programme along with the revenue additions.

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.

Background papers	None
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Head of service	Kelvin Menon - Executive Head of Finance

Annex A

Summary Information on the Revenue Budget Position at 30 June 2018

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 June 2018 excluding pensions, redundancy and asset recharges. These have been excluded as they are not in the control of the services themselves.

Finance

At the end of the first quarter, there are no issues to report and all areas are on track to meet budget targets at the year end. Interest received is expected to meet the budget forecast at year end, based on the first quarter's returns.

Transformation

All budgets are on track to meet their year-end targets except for recruitment which is forecasting a small overspend due to issues with recruiting to posts across the authority and an overspend on the corporate training budget due to increased levels of training in the first quarter.

Corporate

The majority of corporate budgets are on track to be on budget at year end, other than electoral registration which is forecasting a favourable variance at year end due to an unexpected revenue grant being received for 2018/19.

Business

The vast majority of the budgets are on track to be on or around budget at year end, but there are a few issues that are worth mentioning at this early stage. The Arena's profit share is falling and therefore the Council is likely to receive an amount below budget at year end. The building requires more repairs throughout the year due to its age, so repair costs are increasing and are forecast to exceed the budget in 2018/19. The ongoing procurement of a new contract and replacement leisure centre is seeking to address this issue in the next financial year and beyond.

Car Parking fees and charges are down approximately 8% at the end of the first quarter due to increased costs and reduced income caused by reduction in footfall and no increase in charges, which part reflects the 6% downturn in town centre footfall plus a 2% reduction in available spaces in Main Square car park at peak periods due to Ashwood House works. However other car parking income streams, such as season tickets, rental income and fixed penalty notices are holding their own and are forecast to be on budget at year end.

The theatre performed reasonably well during the first quarter; sales and room hire income are forecasted to be above budget at year end based on the first quarter's figures. Although there is a small reduction in Artist fees paid compared to the same period last year, an overspend in this area is still forecast by year end.

Regulatory

The majority of budgets are on track to meet budget targets at year end, but it is worth noting that planning income has been strong in the first quarter and is ahead of budget at this stage. Housing has also received a large grant which has exceeded the budget during this quarter but there are plans to spend the excess grant by year end.

Legal and Property

Trade City net rental income will offset any loss of Income at the post office and will generate potential savings overall after taking account of the 2018/19 savings target.

Investment & Development

In order to retain House of Fraser in Camberley Town Centre the Council may be required to take a reduction in rental income for a fixed period. This needs to be seen in the wider context of maintaining economic activity in the Town Centre. The rest of our town centre investments are on track to meet budget expectations at year end.

Community

All budgets are on track to meet budget targets at year end, but it is worth noting that there are some uncertainties in the joint waste budget as the variable payments are still to be agreed.