

Council Finances as at 30 September 2018

Summary

To provide the Executive with a high level view as to the Financial Performance for the 2nd Quarter of 2018/19.

Portfolio - Finance

Date signed off: 12th November 2018

Wards Affected

All

Recommendation

The Executive is advised to **NOTE** the report and approve the additions to the 2018/19 capital programme and revenue budget.

1. Key Issues

- 1.1 This is the second quarter monitoring report against the 2018/19 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at the 30th September 2018.
- 1.2 As we are only half way through the year it is difficult to draw any firm conclusions as to the year- end outturn however we are forecasting a small underspend at this stage and this report is intended to give an update as to where services currently are against profiled budget for the 2nd Quarter.

2. Resource Implications

Revenue Budget

- 2.1 Actuals against Budget for the second quarter are shown in the attached Annex. Corporately, it is forecast that spending will be on budget at the end of the financial year.

Capital Budget

- 2.2 At the end of the second quarter, £19.7m had been spent on capital expenditure of which £14.3m was spent on property acquisitions, £2.1m on the purchase of refuse vehicles and £2m on the refurbishment of the Square.
- 2.3 Following the receipt of extra funding from Surrey County Council, an addition to the capital programme relating to renovation grants of £92,028 is requested.

Treasury Investments

- 2.4 The Council currently has £9.8M in cash investments and £125m 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 September 2018 these amounted to £3,731,545 compared with £1,392,806 for the same period last year. The increase of £2,338,739 relates to joint waste recharges to the other three partners which were raised during the second quarter and £461k of Community Infrastructure levy (CIL) debts compared to £27k in September 2017. The increase is related to larger invoices being raised both for CIL and joint waste services plus 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 September 2018 the balance was £599k compared with £603k at the end of the last quarter. During the last 3 months £82k was collected and £78k of new debts was raised. 24 debtors, or around 8.3 % of the total, account for over half of the debt.

4. Officer Comments

- 4.1 The report covers the second quarter of the year and based on performance so far there are no significant financial issues arising.

5. Options

- 5.1 The report is for noting.

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
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 30 September 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 30 September 2018 excluding pensions, redundancy and asset recharges. These have been excluded as they are not in the control of the services themselves.

Budget for the Period	Actual for the Period	Year end Outturn Forecast
£4,526,623	£4,513,037	£10,000 F

Finance

At the end of the second quarter, there are no issues to report and all areas are on track to meet budget targets at the year end.

Transformation

All budgets are on track to meet their year-end targets except for corporate grants which is forecasting an underspend due to the low take up of grants from the Kevin Cantlon Fund by Surrey Heath businesses. The fund is currently being reviewed and a business case is being put together to widen the use of the fund. There will also be an overspend on the corporate training budget due to increased levels of training during 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 revenue grant being received for 2018/19 and an underspend on salaries.

Business

The vast majority of the budgets are on track to be on or around budget at year end. The age and condition of the Arena is impacting usage which in turn is having an impact on the council's profit share. In addition more repairs are required and are forecast to exceed the budget in 2018/19.

Car Parking fees and charges are below budget for the year due to the fact that the budget anticipated an increase in charges. 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 up to the end of the second quarter despite being closed for the majority of August. Fees/charges and room hire income were up on budget and there is a small reduction in Artist fees paid compared to the same period last year but an overspend in this area is forecast. Although the theatre is forecasted to be below budget at year end it remains in line with the 2014 business case.

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 up to the second 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.

There are also forecast surpluses on land drainage, DFG's and the Surrey Heath local plan at year end which will most probably result in some carry forward requests being made at that time.

Legal and Property

Income from new investments, after offsetting for losses of income from vacant units, are making a positive contribution to the overall forecast at the year end.

Investment & Development

The changes to House of Fraser and other retail businesses has had an impact on the income received from our town centre investments which has already been reported to members. This shortfall will be covered this year by the rental equalisation reserve.

Community

A number of budgets are forecasted to show a favourable variance at year end including recycling (increased income from sale of textiles), the core & variable cost and SHBC's share of the central management costs of the Joint waste service.