

Council Finances as at 31 December 2018

Summary

To provide the Performance & Finance Scrutiny Committee with a high level view as to the Financial Performance of the Council for the 3rd Quarter (October to December 2018) of the 2018/19 Financial Year.

Portfolio - Finance

Wards Affected

All

Recommendation

The Performance and Finance Committee is advised to **NOTE** the report and comment on the 2018/19 capital programme and revenue budget.

1. Key Issues

- 1.1 This is the third quarter monitoring report against the 2018/19 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at the 31st December 2018.
- 1.2 As we are three quarters of the way through the year it allows us to provide a more accurate estimate as to the year-end outturn. We are forecasting an underspend at this stage and this report is intended to give an update as to where services currently are against profiled budget for the 3rd Quarter.

2. Resource Implications

Revenue Budget

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

Capital Budget

- 2.2 At the end of the third quarter, £38m had been spent on capital expenditure of which £30.3m was spent on property acquisitions, £2.3m on the purchase of refuse vehicles, £4.5m on the refurbishment of the Square, £1.2m on the purchase of SANGS Land and £504k on the refurbishment of the Square car park.
- 2.3 Following the receipt of extra funding from the DCLG, an addition to the capital programme relating to renovation grants of £55,910 is requested.
- 2.4 Further to the additional funding I would like approval for the following additions to the capital programme,
 - £16k for the purchase of a multi-purpose vehicle for use by the Authorities enforcement team.
The Vehicle is to promote officer safety and reduce the risk of damage to officers own cars while carrying out the following duties,

site visits where the risk assessment shows that staff should not visit the site in their personal vehicles.

Enforcement staff are also expected to respond to traveller incursions in the Borough, not only on Council owned land, but Parish land and to assist private landowners as and when required.

Treasury Investments

- 2.5 The Council currently has £22M in cash investments and £139m 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 31st December 2018 these amounted to £3,463,000 compared with £3,060,865 for the same period last year. The increase of £402,135 relates mainly to the increase in investment property rental invoices being raised due to additional acquisitions throughout the year. The overall increase is related to larger and increased number of invoices being raised 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 31st December 2018 the balance was £560k compared with £599k at the end of the last quarter. During the last 3 months £117k was collected and £78k of new debts was raised. 23 debtors, or around 8 % of the total, account for over half of the debt.

4. Officer Comments

- 4.1 The report covers the third 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 Committee notes 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.

Background Papers	None
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Summary Information on the Revenue Budget Position at 31st December 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 31st December 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
£8,723M	£6,578M	£250,000F

Finance

At the end of the third 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 which will be agreed by the Executive in due course. There will also be a 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 3rd 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

Income from the town centre, with the exception on one property, has met the budget. Any shortfall on rent from this property will be covered by the rental equalisation reserve.

Community

A number of budgets are forecasted to show a favourable variance at year end including recycling, noise pollution, community alarms, meals at home, but due to issues around the joint waste contract, the overall effect on community is an adverse variance.