

## Council Finances as at the 31<sup>st</sup> July 2019

### Summary

To provide the Executive with a high level view as to the Financial Performance for the period to 31<sup>st</sup> July 2019. To Recommend additions to the capital programme for 2019/20 and additional budget carry forwards for 2019/20.

### Portfolio - Finance

Signed off: 27 September 2019

### Wards Affected

All

## RECOMMENDATION

The Executive is advised to RESOLVE that

- (i) the report be noted; and
- (ii) the revenue budget carry forwards for 2019/20, as set out in this report, be agreed.

The Executive is advised to RECOMMEND to Council the additions to the 2019/20 capital programme, as set out in the report.

## 1. Key Issues

- 1.1 This report covers the first four months of the financial year to the 31<sup>st</sup> July 2019. Its purpose is to give members a high level view of the financial performance of services for the period, highlighting any significant variances against 2019/20 approved budget which may impact the year end outturn. It also provides an update on the Capital budget position as well as Debtors and Treasury as at the 31<sup>st</sup> July 2019.
- 1.2 As it is still early in the year, it is difficult to provide an accurate forecast as to the outturn at year end. However at the moment services are forecasting that they will be broadly on budget overall at the end of the financial year. Income for garden waste and parking are currently falling behind budget and so these areas are being monitored closely to see whether there is likely to be any impact as the year progresses.

## 2. Resource Implications

### Revenue Budget

- 2.1 Actuals against Budget for the first four months are shown in the attached Annex A. Overall corporately, it is forecast that spending will be on budget at the end of the financial year.

## **Additional Revenue Budget Carry Forwards for 2019/20**

- 2.2 Members approved revenue budget carry forwards as the July Executive. However a number of items were not included as clarification was required on costs for 2018/19. These additional items are now presented for approval and are listed in annex B.

## **Capital Budget**

- 2.3 As at the 31<sup>st</sup> July 2019, £1.8m had been spent on capital projects. This included £800k on the new Arena project, £353k on property acquisition for the the London Road Block, £260k on renovation grants and £160k on Playgrounds.

## **Additions to the Capital Programme for 2019/20**

- 2.4 Members are asked to recommend to Council the following additions to the capital program for 2019/20:

- a) £16k – Additional module for the Civica Financial system

HMRC procedures around Vat accounting and making tax digital affect local authorities from the 1<sup>st</sup> October 2019. The Module will ensure that we comply with the legislation. The sum requested also include further implementation costs for the asset management module.

- b) £179k - Renovation grants

An additional grant has been received from the government and so the budget can be increased accordingly.

- c) £35k – ICT Switches

Additional Switches are required following a review of our existing network infrastructure which will provide improved network visibility and the ability to segregate network traffic for different workloads, this will improve both network performance and security.

## **Treasury Investments**

- 2.5 The Council currently has £5.9M in cash investments and £151.6m in borrowings. Based on the advice of our Treasury advisers, £57m 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 housing benefits. At the 31<sup>st</sup> July 2019 these amounted to £4.4m compared with £2.3m for the same period last year. The increase of £2.1m relates mainly to joint waste recharges to the other three partners, Community Infrastructure levy (CIL) payments and property rental invoices all raised in the period. Although the balance of debts has increased this is due to timing of invoices 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 have to be recovered. At the 31<sup>st</sup> July 2019 the balance was £538k compared with £562k at the end of the last March 2019. During the last 4 months £130k was collected and £106k of new debts was raised. 24 debtors, or around 9% of the total, account for over half of the debt.

### **4. Officer Comments**

- 4.1 The performance of the first four months has been encouraging however a number of income streams will need to be monitored as the year progresses.

### **5. Options**

- 5.1 Members can accept, reject or amend the proposal.

### **6. Proposals**

- 6.1 It is proposed that the Executive,
- I. NOTE the report;
  - II. RECOMMEND to Council the additions to the 2019/20 capital programme as set out in the report.
  - III. APPROVE the revenue budget carry forwards for 2019/20 as set out in 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.

<b>BACKGROUND PAPERS</b>	<b>None</b>
<b>AUTHOR/CONTACT DETAILS</b>	<b>Adrian Flynn - Chief Accountant</b> <a href="mailto:Adrian.Flynn@surreyheath.gov.uk">Adrian.Flynn@surreyheath.gov.uk</a>
<b>HEAD OF SERVICE</b>	<b>Kelvin Menon - Executive Head of Finance</b>

## **Summary Information on the Revenue Budget Position at 31st July 2019**

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 31<sup>st</sup> July 2019 excluding pensions, redundancy and asset recharges as these are not in 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 be ahead of the budget forecast at year end, based on the returns received to the 31<sup>st</sup> July 2019.

### **Transformation**

All budgets are on track to meet their year-end targets except for telephones which is forecasting an overspend relating to both landline and mobile charges.

### **Corporate**

Corporate expenditure budgets are predicted to be on budget at year end.

### **Business**

The vast majority of the expenditure budgets are on track to be on or around budget at year end, but there are a couple of issues that may cause issues as the year progresses.

Car Parking Income below budget at the moment. This is because there are fewer spaces available in the car parks at peak times due to the relining and Ashford House coupled with a decrease in the town centre compared to last year. The town centre working group are currently looking into car parking provision in the town centre including fees and charges.

In respect of the Theatre, sales and room hire income are forecasted to be above budget at year end based on activity so far. Artists fees have exceeded the budget and so may result in an overspend. The theatre is working to ensure that this is managed during the year.

### **Regulatory**

The majority of budgets are forecast to be on track to meet budget targets at year end, planning income is well above budget but is expected that activity may reduce as the year progresses. Housing has also received a large unbudgeted homelessness grant during the period, however it is anticipated that this will be spent by year end.

## **Legal and Property**

As the purchase of Theta did not take place until the year end, the net rental income was not included in the 2019/20 budget. Some of this income will be used to offset increased expenditure in business rates, service charges and planned maintenance costs but will however still generate a surplus at the year end.

## **Investment & Development**

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, other than the variable element of the waste contract which may report an adverse variance of £100k due to issues with Amey around garden waste income. There is a considerable amount of uncertainty with this figure until the dispute has been resolved.

## Annex B

### Carry forward Requests

<b>Service</b>	<b>Officer</b>	<b>Value Requested</b>	<b>Reason Requested</b>
Planning	Jenny Rickard	£34,800	This expenditure is principally used to commission evidence base studies for the development of the local plan.
Investment & Development	Karen Whelan	£32,000	External Support to enable the development of the extensive town centre projects and funding identified within the strategic plan.
Investment & Development	Karen Whelan	£32,000	Consultants to support the development of schemes identified within the strategic plan with feasibility studies etc.
Investment & Development	Karen Whelan	£30,000	Ongoing support / Marketing of existing and future commercial opportunities to support SHBC.
Planning Appeals	Jenny Rickard	£12,700	Legal & consultants fees to support the on-going work at Swift Lane. The work needs to follow the correct legal process which is why not all the work was completed in 2018/19.
Counter Fraud	Louise Livingston	£47,000	Balance of DCLG fraud grant.

Economic Development	Louise Livingston	£51,000	Continuance of the Economic development officer's role for 1 year as the team's role has expanded and the manager is working on a part time basis.
Community Development	Louise Livingston	£25,000	Community development assistant role for 1 year to provide resilience and help to launch new schemes & projects.
Transformation	Louise Livingston	£65,000	Summer placement scheme and a one year fixed term post to coordinate the events programme for the town centre and sponsorship packages for the Council.
<b>TOTAL</b>		<b>£329,500</b>	