

## Council Finances as at the 30<sup>th</sup> September 2019

### Summary

To provide the Executive with a high-level view as to the Financial Performance for the period to 30<sup>th</sup> September 2019. To Recommend additions to the capital programme for 2019/20.

### Portfolio - Finance

Signed off: 4 December 2019

### WARDS AFFECTED

All

### RECOMMENDATION

**The Executive is advised to RESOLVE to note the report.**

**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 six months of the financial year to the 30<sup>th</sup> September 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 influence the year-end outturn. It also provides an update on the Capital budget position as well as Debtors and Treasury as at the 30<sup>th</sup> September 2019.
- 1.2 We are now 6 months into the financial year, which allows us to provide a more accurate forecast as to the outturn at year-end. Services are forecasting that they will be underspent on the 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 six 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.

### Capital Budget

- 2.2 As at 30 September 2019, £2.3m had been spent on capital projects. This included £1.1m on the new Arena project, £378k for the London Road Block, £322k on renovation grants, £98k on the high street public realm improvements and £173k on Playgrounds.

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

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

- a) £50k – Obelisk and Camberley Park improvements

Executive recently agreed a drawn down of £50k from the Camberley Park S106 agreement for structural works to the grade 2 listed Obelisk and the budget will be increased to reflect this extra funding.

- b) £20k - Pennypot Lane Culvert Works

To increase the project budget by £20k due to additional funding being received.

### **Treasury Investments**

- 2.4 The Council currently has £10.3M in cash investments and £151.2m 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 30<sup>th</sup> September 2019, these amounted to £3.2m compared with £3.7m for the same period last year. The reduction of £0.5m relates mainly to a change in accounting treatment for our investment property debts and Surrey County Council paying the backdated rent for occupying Surrey Heath House and small decreases in the amounts of CIL and joint waste debts outstanding.

### ***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 30<sup>th</sup> July 2019, the balance was £577k compared with £538k at the end of July 2019. During the last 2 months, £60k was collected and £99k 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 six 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. NOTES the report;
- II. RECOMMENDS to Council the additions to the 2019/20 capital programme 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</b> <b>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</b> <b>Executive Head of Finance</b> <a href="mailto:Kelvin.menon@surreyheath.gov.uk">Kelvin.menon@surreyheath.gov.uk</a>

## **Summary Information on the Revenue Budget Position at 30<sup>th</sup> September 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 30<sup>th</sup> September 2019 excluding pensions, redundancy and asset recharges, as these are not in control of the services themselves.

### **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.

Interest received, is expected to be ahead of the budget forecast at year-end, based on the returns received to the 30<sup>th</sup> September 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 and software licences. The software variance is caused in part by the changeover to the cloud and how licences are now calculated for cloud based systems, which is based more on users, rather than just the system itself as in the past.

### **Corporate**

Corporate expenditure budgets are forecast to be under 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 matters that may cause issues as the year progresses.

Car Parking Income is below budget at present due to a decrease in the town centre footfall compared to last year. In addition, there has been no increase in charges. 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 but the overall performance of the theatre has improved significantly.

### **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 still generate a surplus at the year-end to offset other budget pressures elsewhere

### **Investment & Development**

Our town centre investments are under pressure due to rent renewals and CVAs. The Council's retail agents are working hard in order to minimise the impact of any shortfall on the year-end outturn.

### **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 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.