

Council Finances as at the 30th September 2016

Summary

To inform Executive of the position of the Council Finances as at the 30th September 2016

Portfolio - Finance

Date Signed Off – 9 November 2016

Wards Affected

All

Recommendation

The Executive is advised to NOTE the Revenue, Treasury and Capital Position as at 30th September 2016.

1. Key Issues

- 1.1 This is the second quarter monitoring report against the 2016/17 approved budget, which provides an update on the Revenue, Treasury and Capital budget position as at 30th September 2016.
- 1.2 At the moment there are no particular issues within services to report.

2. Resource Implications

Revenue Budget

Services

- 2.1 Actuals against budget for the 2nd quarter are shown in the attached annex. There are no specific issues to report.

Wages and Salaries

- 2.2 At the end of the 2nd Quarter it is predicted wages will be under budget and services are achieving the vacancy margin.

Capital Budget

- 2.3 In the second quarter £1,929k has been spent on capital projects of which the largest share, £945k, was spent on the acquisition and development of Commercial Properties. Other significant expenditure was £464k on Disabled Facilities Grants which has attracted additional grant income from Surrey County Council..

Treasury Investments

- 2.4 The Council currently has £34m invested in a variety of banks, building societies and funds. From analysis done by our advisors the Council has managed to achieve a combined 8.79% return for the last quarter which puts it well above the LA average of 1.98%. This is because of the decision taken last year to diversify the portfolio.

A list of investments held at the 30th September 2016 is shown in Annex B

3. Debtors

Sundry Debts

- 3.1 Sundry debts include all debts except those relating to benefits. At the 30th September 2016 these amounted to £884k compared with £610k for the same period last year. However of this £181k relates to new quarterly billing for industrial estate properties where the processing method is under review and this quarter SANGs payments are now being processed via the debtor's system and will continue to distort ongoing debt levels.

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 2016 the balance was £629k similar to the previous quarter. During the period £95k was collected but a similar amount of new were debts raised. The number of debts on a repayment plan has also increased for the quarter.

4. Options

- 4.1 The report is for noting only.

5. Proposals

- 5.1 It is proposed that the Executive is advised to NOTE the Revenue, Treasury and Capital Position for the period to 30st September 2016.

6. Supporting Information

- 6.1 None

7. Corporate Objectives And Key Priorities

- 7.1 This item addresses the Council's Objective of delivering services efficiently, effectively and economically.

8. Sustainability

- 8.1 Budget monitoring and financial control are important tools in monitoring the financial sustainability of the Council.
- 8.2 Key services are being maintained despite financial constraints

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
AUTHOR/CONTACT DETAILS	Sheena Adrian - Acting Senior Accountant Financial Accounting and Systems Sheena.Adrian@surreyheath.gov.uk
HEAD OF SERVICE	Kelvin Menon - Executive Head of Finance

CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	Required	Consulted	Date
Resources			
Revenue	✓		
Capital	✓		
Human Resources			
Asset Management			
IT			
Other Issues			
Corporate Objectives & Key Priorities			
Policy Framework			
Legal			
Governance			
Sustainability			
Risk Management			
Equalities Impact Assessment			
Community Safety			
Human Rights			
Consultation			
P R & Marketing			

Review Date:

Version:

Annex A

Detail on the Revenue Budget Position at 30st September 2016

Predicted year-end impact as at the end of Quarter 2.

Services are asked to explain significant variances between their profiled budget and actual expenditure to date and also what impact this could have at the year-end if any.

The statements below show the actual position against profiled budget as at the 30th September 2016 excluding pension and asset recharges. These have been excluded as they are not in the control of the services themselves.

Corporate Service

Budget for period £736k, Actual for Period £719k. predicted Year end impact - £23.5k favourable.

Savings due to sale of Website software to another Authority and IER Grant.

Legal and Property Service

Budget for period £136k, actual for period £-76k. Predicted year end impact £Nil

The reported surplus is due to the phasing of the 2016/17 maintenance and repairs programme. This is now underway but does not yet reflect the transfer of responsibility of Community Centres from Business to Legal.

Regulatory

Budget for period £1,526k, actual for period £868k. Predicted year end impact £Nil

The actuals includes developers' contributions and grants that will be excluded from the reports to remove £400k of income. There are also a number of smaller under/overspends that will be cleared by the end of the financial year.

Transformation

Budget for period £1,025k, actual for period £1,105k, Predicted year end impact £Nil

Current spend figures only appear to be higher than budget due to central costs only being recharged at year end.

Business

Budget for period £536k, actual for period £772k. Predicted year end impact £200k adverse. Made up of ;-

Parking

Parking is currently showing a 6% increase in income compared to the same period last year however this falls short of the 11% target set within the budget leading to a £50k adverse prediction.

Theatre

The 2016/17 budget had been set at a level which had been expected to be achieved in 2019. Consequently it is currently showing an overspend. However, the position, when compared to the original business case, is positive.

Measures, such as the recent transformation of the staffing structure and changes to the programming policy, have been put in place which will see a marked reduction in running costs and an increase in income moving forward.

Community

Budget for period £2,278m, Actual for period £2,001m, predicted year end impact £95k favourable.

There are some timing issues affecting the current monitoring position however savings have been identified in Street Cleansing £50k and Refuse & Recycling £45k.

Finance

Budget for period £1,186m, actual for period £1,194m Predicted year end impact £80k favourable.

There are a number of small savings reported including Audit Fees, Insurance, Improved Council Tax arrears an additional NDR legal fee income.

Payroll

Salaries are now showing a favourable variance of £38k favourable. This includes the £192k vacancy factor and the £235k Star Chamber savings target. However this does not include any costs in relation to one off reorganisation salary costs.

Annex B

Investments as at 30th September 2016	Annex B
	£
Lloyds Bank Call Account	3,001,510
Goldman Sachs Bank	2,000,000
Total Banks	5,001,510
National Counties Building Society	1,000,000
Nationwide Building Society	2,000,000
Total Building Society	3,000,000
Debt Management Office	0
Total Banks, Building Societies and DMO	8,001,510
Glasgow City Council	2,000,000
Greater London Authority	2,000,000
The London Borough of Islington	2,000,000
Total Local Authorities	6,000,000
AAA Rated MM Fund - Aberdeen (SWIP)	2,983,927
AAA Rated MM Fund - Blackrock	2,000,431
AAA Rated MM Fund - CCLA	1,000,000
AAA Rated MM Fund - Insight	1,011,732
AAA Rated MM Fund - Standard Life (Ignis)	3,000,000
Total Money Market Funds	9,996,090
CCLA Property Fund	2,042,540
M & G Investments - Global Dividend Fund	1,095,671
M & G Investments - Strategic Corp Bond Fund	2,097,168
Threadneedle - Global Equity Income Fund	1,170,465
Threadneedle - Strategic Bond Fund	2,005,317
Total Longer Term Investments	8,411,160
Total Invested (excluding the NatWest SIBA)	32,408,760
NatWest SIBA	1,216,980
NatWest International Account	616,910
Total Invested (including NatWest SIBA)	34,242,650
Total Invested (Including SIBA & War Stock)	34,242,650