

## Council Finances as at the 31<sup>st</sup> March 2017

### SUMMARY

To provide the Committee with a high level view as to the Financial Performance for the year 2016/17

<b>PORTFOLIO</b>	Finance – Cllr Richard Brooks
<b>WARDS AFFECTED</b>	All

### RECOMMENDATION

The Committee is advised to NOTE the report and make comments to the Executive, as appropriate.

#### 1. KEY ISSUES

- 1.1 This report covers the entire financial year to the 31<sup>st</sup> March 2017. Although a lot of work is still ongoing in respect of the financial statements, as these do not have to be completed until the 30<sup>th</sup> June 2017, the purpose of this report is to give members a high level view as to the financial performance of services for the year highlighting significant variances against budget. The figures reported in this report only include controllable costs. Costs relating to asset charges and pensions, which will form part of the overall financial outturn, have been excluded.
- 1.2 Overall the Council has had a successful year with controlled spending in many areas and additional income. In addition there are surpluses on Business Rates and Council Tax which will benefit the Council in future years.
- 1.3 The final accounts will be published on the Council's website by the 30<sup>th</sup> June 2017, then audited and finally submitted to members by the 30<sup>th</sup> September 2017.

#### 2. RESOURCE IMPLICATIONS

##### Revenue Budget

- 2.1 A review of actuals against budget which have generated a variance greater than £20k at the end of the year is shown in the attached Annex A. It can be seen that most areas have come in under budget.

##### Capital Budget

- 2.2 At the end of the year £122.8m had been spent on capital expenditure of which £121.8 was spent on property acquisition. More detailed information will be included in the Capital Outturn and Carry Forwards Report which is due to come to Executive in July.

## **Treasury Investments**

- 2.3 The Council currently has £10.3m invested in a variety of banks, building societies and funds. On the advice of our treasury advisers the Council's investments were reduced in order to reduce the Council's borrowing exposure. From analysis done by our advisers the Council has managed to achieve a combined 2.56% return for the last quarter which is well above the Local Authority average of 1.14%. At the year end investment income was £478k which is £178k above budget. Going forward interest returns will be significantly lower than budget given the much reduced investment balance however this will be offset in savings in interest paid due to reduced borrowings.
- 2.4 In 2016/17 Surrey Heath sold its remaining Icelandic investments. Overall out of the original £4m borrowed £4.05m has been recovered representing 101% of the principal.

A list of investments held at the 31st March 2017 is shown in Annex B

## **Borrowing**

- 2.5 The Council has borrowed £119m to fund property acquisitions. Based on the advice of our Treasury advisers £17.4m is made up of longer term loans from the Public Works Loans Board with the remainder being shorter term loans from other local authorities.

## **3. Debtors**

### ***Sundry Debts***

- 3.1 Sundry debts include all debts except those relating to benefits. At the 31<sup>st</sup> March 2017 these amounted to £852k compared with £1.149m for the same period last year.

### ***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 31<sup>st</sup> March 2017 the balance was £653k compared with £649k at the end of the last quarter. During the last 3 months £86k was collected and £90k of new debts were raised. 31 debtors, or around 10% of the total, account for almost half of the debt.

## **4. OPTIONS**

- 4.1 The Committee can note the report and/or make appropriate comments to the Executive.

## **5. PROPOSALS**

- 5.1 It is proposed that the Committee notes the report and makes any appropriate comments to the Executive

## **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. RISK MANAGEMENT

8.1 Regular financial monitoring enables risks to be highlighted at an early stage so that mitigating actions can be taken.

<b>BACKGROUND PAPERS</b>	None
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## CONSULTATIONS, IMPLICATIONS AND ISSUES ADDRESSED

	Required	Consulted	Date
<b>Resources</b>			
Revenue	✓		
Capital	✓		
Human Resources			
Asset Management			
IT			
<b>Other Issues</b>			
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:

### Summary Information on the Revenue Budget Position at 31st March 2017

Most of the revenue accounts have now been closed so the outturn on an individual service level can now be reviewed. The figures provided to services and reported below exclude pensions (deficit payments and past years) and asset charges as these are not controllable by service managers.

The tables below list significant variances against budget greater than £20k together with an explanation. “+” denotes favourable and “-“ denotes adverse. The figures shown include wages costs as these have now all been charged to individual services. Although there are a significant number of underspends some of these will be carried forward in to next year and these will form the basis of a report to Executive in July.

#### Finance

Function	Variance	Notes
Counter Fraud fund	+£57k	This is the remainder of an anti-fraud grant and will be carried forward
Cost of collection - Ctax	+£26k	Increase in summons income
Housing Benefits	+£245k	Recoveries not budgeted for and lower level of claims

Interest received was £178k more than the budget

Interest paid was about £675k under budget due to the use of short term borrowing on the advice of our treasury advisors. This will be placed in to an interest equalisation reserve until such time as the borrowing is fixed for a longer time period

#### Transformation

Function	Variance	Notes
Economic Development	+£22k	Grant of £20k not budgeted for – c/f
Revenue Grants	+£37k	Underspend on grants awarded
Community Safety Partnership	+£74k	Underspend on CSP grant expenditure

#### Corporate

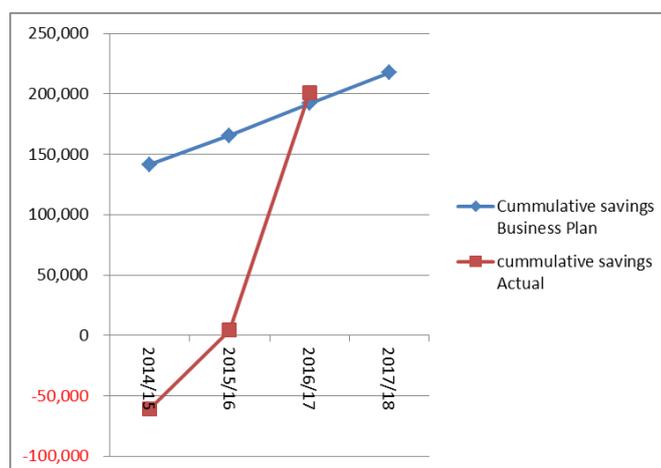
Function	Variance	Notes
Members	+£62k	Saving on wages and recharges
Electoral Registration	+£46k	Wages, additional grant recharges
Public Relations	-£28k	Salaries and recharges

#### Business

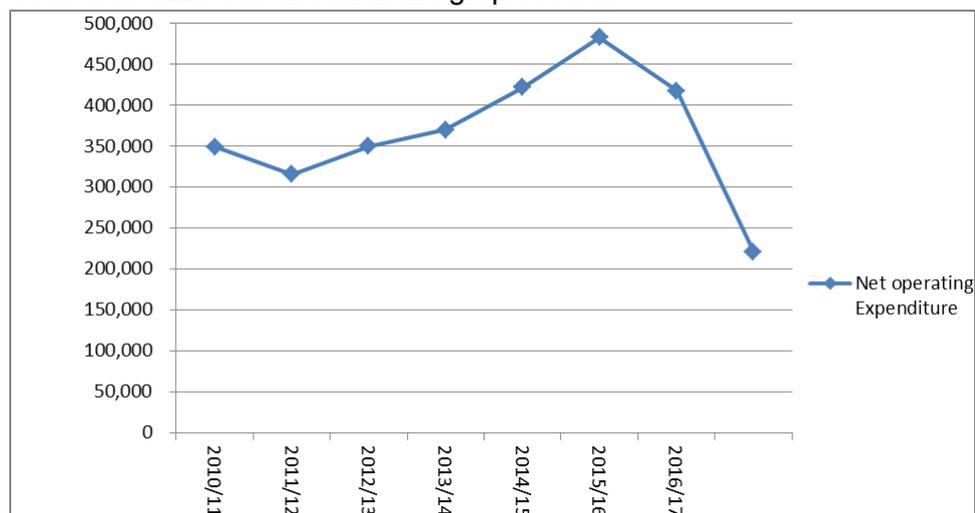
Function	Variance	Notes
Theatre	-£250k	Theatre performance down against budget but in fact actual performance has improved by almost £200k

		compared to actuals last year. See graphs below
Leisure Marketing	+£23k	Reduction in marketing costs
Car Parks	-£102k	Income not reaching budget actual was slightly higher than the previous year
Parks and open spaces	-£21k	Increase in maintenance costs greater than increase in income.
New leisure facility	+£95k	Budget will be carried forward

Despite making a loss against the budget the theatre has exceeded its target of cumulative savings against the base year of 2014/15 as compared with the original business plan as per the graph below:



The theatre has closed the gap by almost £200k in this year alone meaning that the total subsidy excluding support recharges, asset value movements and restructuring costs was £221k as shown in the graph below:



## Regulatory

Function	Variance	Notes
Planning Applications	+£62k	Income up on budget and lower salary costs
Development advice	-£25k	Income higher than budget
Planning Appeals	-£48k	Appeals costs up – this figure may rise

		for accrued costs
Surrey Heath Local Plan	+£173k	£90k grant and underspend on consultants to be carried forward
One public estate	+£194k	Grants received which will be carried forward
Homelessness	+£106k	Savings on rent, wages and overheads
Supporting people	+£25k	Savings on recharges

### Legal and Property

Function	Variance	Notes
Building control – fee related	+£31k	Increase in income
Corporate Land Management	+£155k	£136k relates to maintenance which will be transferred back to reserves
St Georges Industrial	+£52k	Rent and service charges up
Ashwood House	-£171k	Rent shortfall due to vacant unit
Albany Park	+£321k	Property purchased in year but not budgeted for

### Community

Function	Variance	Notes
SCC recycling grant	+£98k	£100k SCC grant to be c/f
Noise pollution	+£47k	Underspend on wages
Recycling and Waste	+£62k	Reduction in contractor costs
Street Cleaning	+£42k	Reduction in contractor costs
Windle Valley	-£25k	Income down and wages up
PPF fund	+£30k	To be transferred back to reserves

### Other items

There is the corporate savings target of £197k which needs to be subtracted from any gains as this was budgeted for but unallocated during the year.

The Town Centre investments will make a contribution to the bottom line as they were purchased in year but not budgeted for.

The Collection fund for Business rates has a surplus of £3.5m and Council Tax £2.3m of which a proportion will come back to the Council in future years to contribute to the budget.

Investments as at 31<sup>st</sup> March 2017

	£	£
<u>Fixed Short Term Investments</u>		
Coventry Building Society	2,000,000	
Glasgow City Council	2,000,000	
Lancashire County Council	2,000,000	
Total Fixed Short Term		6,000,000
<u>Banks</u>		
Natwest Bank Business Reserve (SIBA)	2,295,134	
Total Banks		2,295,134
<u>Longer Term Investments</u>		
CCLA Property Fund	2,053,609	
Total Longer term investments		2,053,609
Total Investments		<b>10,348,743</b>

## Annex C

### CAPITAL MONITORING 2016/17 QUARTER 4

	B/Fwd From 2015/16	General Fund Adjustments	Approved Bids 2016/17	Total 2016/17 Programme	Current Spend & Commitments	Variance and carry forwards
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Legal</b>						
Property Acquisition Strategy	1,035	-	-	1,035	427	609
Ashwood House	47	-	375	422	407	15
C & R Camberley TC	-	-	86,216	86,216	86,216	0
House of Fraser	-	-	18,754	18,754	18,754	0
Albany Road	-	-	16,075	16,075	16,075	0
<b>Sub Total</b>	<b>1,082</b>	<b>-</b>	<b>121,420</b>	<b>122,502</b>	<b>121,878</b>	<b>624</b>
<b>Transformation</b>						
Civica Financial System	30	-	-	30	2	28
Wifi Surrey Heath House	-	-	35	35	-	35
Cloud	-	37	75	112	34	78
<b>Sub Total</b>	<b>30</b>	<b>37</b>	<b>110</b>	<b>177</b>	<b>36</b>	<b>141</b>
<b>Business</b>						
Main Square Refurbishments	-	-	165	165	106	59
PIC Monies	127	-	-	127	30	97
Camberley Park & Obelisk	42	-	-	42	-	42
Wellington Park	20	-	-	20	-	20
Deanside Diamond Ridge Woods Picnic Area	35	-	-	35	-	35
Lightwater CP Visitor Centre	29	-	-	29	22	7
Theatre Seating	-	-	90	90	92	2
Deepcut Community Centre	-	-	-	-	40	40
<b>Sub Total</b>	<b>253</b>	<b>-</b>	<b>255</b>	<b>508</b>	<b>290</b>	<b>218</b>
<b>Community</b>						
Disabled Grants	-	-	600	600	509	91
Maintenance	-	-	20	20	23	3
Adaptions	-	-	5	5	3	2
<b>Sub Total</b>	<b>-</b>	<b>-</b>	<b>625</b>	<b>625</b>	<b>535</b>	<b>90</b>
<b>Corporate</b>						
Public Web Portal	12	-	-	12	5	7
Telephone System	25	-	-	25	-	25
<b>Sub Total</b>	<b>37</b>	<b>-</b>	<b>-</b>	<b>37</b>	<b>5</b>	<b>32</b>
<b>Regulatory</b>						
Openspace works	259	-	-	259	105	154
<b>Sub Total</b>	<b>259</b>	<b>-</b>	<b>-</b>	<b>259</b>	<b>105</b>	<b>154</b>
<b>GRAND TOTAL OF ALL SCHEMES</b>	<b>1,661</b>	<b>37</b>	<b>122,410</b>	<b>124,108</b>	<b>122,850</b>	<b>1,258</b>