

# Overview and Scrutiny Committee

20 November 2018



<b>Title</b>	Revenue Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Laurence Woolven (Chief Accountant)		
<b>Cabinet Member</b>	Councillor Howard Williams	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	Overview and Scrutiny Committee to note the current level of spend		
<b>Reason for Recommendation</b>	Not applicable		

## 1. Key issues

1.1 This report provides a summary of the forecast outturn position for the 2018-19 financial year, based on income and expenditure up to the end of September 2018.

1.2 The forecast outturn below shows a positive variance of £1.147m.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Service level Expenditure	63,032	62,618	(414)
Housing Benefit Income	(31,221)	(31,171)	50
Service level Income	(9,664)	(10,523)	(859)
Salary budget saving ( <i>actual vacancy savings are reflected in services expenditure outturn</i> )	(300)	-	300
Net Acquisition Income	(7,866)	(8,090)	(224)
Other Income	(209)	(209)	-
External Financing	(5,257)	(5,257)	-
Revenue Carry forward	(711)	(711)	-
Council Tax Income	(7,804)	(7,804)	-
Net	-	(1,147)	(1,147)

## 2. Options analysis and proposal

2.1 The following highlights variances greater than 5% or £5k of the spend area.

### Leader

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Elections	(10)	No further expenditure expected provided there is no by election
Electoral Registration	(5)	Vacancy saving
Legal	(16)	Higher income due to more activity
<b>Total</b>	<b>(31)</b>	

### Deputy Leader

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Corporate Publicity	15	Additional staffing hours for Web related work
<b>Total</b>	<b>15</b>	

### Corporate Management

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
ICT	(18)	Vacancy and software savings offset by loss of shared partnership funding
Corporate Management	(80)	Retention allowance payments lower than anticipated
<b>Total</b>	<b>(98)</b>	

## Housing

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Homelessness	60	Floating support service contribution and other Homelessness initiatives
Housing Benefits Admin	(15)	Vacancy saving
<b>Total</b>	<b>45</b>	

## Finance

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Audit	(24)	Savings expected due to vacancy (£23k) and counter fraud budget (£14k), although partly offset by £13k deficit on partnership income
<b>Total</b>	<b>(24)</b>	

## Planning and Economic Development

<b>Spend Area</b>	<b>Variance £'000</b>	<b>Comment</b>
Economic Development	(673)	Gigabit project (£500k) and electric car charging (£175k) not happening in 18/19. Budget will need to be rolled forward to next year
Asset Management Administration	267	Thameside House costs partly offset by saving on Elmsleigh Lifts and by additional investment income from new acquisitions
Planning Policy	10	Training and Subscriptions
Planning Development Control	(311)	Additional resource in salary budget plus sharp increase in income from planning application fees and performance agreement
Building Control	(15)	Increased activity
Staines Town Centre Mgmt	20	Lower income from Elmsleigh Centre
<b>Total</b>	<b>(702)</b>	

## Environment & Compliance

Spend Area	Variance £'000	Comment
DS Management and Support	(21)	Additional income from shared services
Refuse Collection	(173)	Higher income expected due to increased take up on garden waste service
Waste Recycling	(194)	Contract fees no longer paid due to changes to the recycling credit system
Public Conveniences	(20)	Savings expected due to the closure of public convenience
Parks Strategy	(24)	Additional income through ward grants and use of recreation grounds
Grounds Maintenance	(36)	Additional income due to more activity
Car Parks	(100)	Higher income from increased usage of major car parks expected
Licensing	(46)	License income higher than budgeted
Community Safety	12	Higher CCTV, Telephone maintenance payments to BT
<b>Total</b>	<b>(602)</b>	

## Community Well Being

Spend Area	Variance £'000	Comment
SPAN	31	Temporary staffing
Com Care Admin	35	No capital recharge of DFG work partly offset by vacancy saving
Day Centres	65	Higher cleaning, tutor and equipment expenses plus high needs income lower than anticipated
Meals on Wheels	25	Lower number of meals invoiced to date
Spelthorne Troubled Families	34	Family support funding from SCC lower, will seek additional funding from partners

SAT	(30)	Additional funding from SCC only confirmed in July 2018 and additional Spelride recharges for Fordbridge Day Centre
Leisure Administration	17	Community Care expenses
Spelthorne Leisure Centre	(15)	Increase in profit share forecast
Cemeteries	(60)	Income expected to exceed budget as a result of an increase in burials
<b>Total</b>	<b>102</b>	

### Customer Services, Estates and Transport

Spend Area	Variance £'000	Comment
Facilities Management	66	Reduced levels of income from Knowle Green
<b>Total</b>	<b>66</b>	

## 2.2 Asset Acquisitions

The table below shows the latest monitoring position for the acquired assets, the net income is used to meet additional expenditure resulting from reduced government grant, Surrey County Council funding and other pressures.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
<b>Rental Income</b>	(31,306)	(39,831)	(8,525)
<b>Loan Interest Payable</b>	14,395	18,819	4,424
<b>Minimum Revenue Provision</b>	7,345	7,345	0
<b>Sinking Funds</b>	1,700	5,577	3,877
<b>Set Aside for specific revenue purposes</b>	335	559	(224)
<b>Net Income (used to fund Revenue budget)</b>	<b>(7,531)</b>	<b>(7,529)</b>	<b>0</b>

- 2.3 The increase in rental income is as a result of additional in year acquisitions, primarily three buildings in Reading, Slough and Uxbridge. These new acquisitions mean that the amount of loan interest payable also increases.
- 2.4 As the 2018/19 budget was already balanced, the bulk of this year's net income from these properties is able to be placed in sinking funds to cover future changes in circumstance, such as capital refurbishments or rent free periods. The sinking funds will be built up over a number of years in anticipation of when required. The sinking fund positions for the various acquisitions are as follows:

	<b>Balance 31/03/18 £'000</b>	<b>Movements 2018/19 £'000</b>	<b>Balance 31/03/19 £'000</b>
<b>BP Main Site</b>	2,690	500	3,190
<b>BP SW Corner</b>	505	150	655
<b>Elmbrook House</b>	173	50	223
<b>12 Hammersmith Grove</b>	1,308	900	2,208
<b>Stockley Park</b>	350	100	450
<b>Communications House</b>	0	536	536
<b>Thames Tower</b>	0	1,121	1,121
<b>Charter Building</b>	0	1,543	1,543
<b>Porter Building</b>	0	677	677
<b>Total</b>	<b>5,026</b>	<b>5,577</b>	<b>10,603</b>

- 2.5 £224k from the new acquisitions will be used to support the 2018/19 revenue budget and if necessary meet any additional asset management resources required to support the growing portfolio. Any unapplied resources would be carried forward and earmarked for asset management resources or the supplementing of sinking funds.
- 2.6 A review of the Council's approach to bad debt provision is under way, any impacts on the revenue budget will be reported in future monitoring reports.
- 2.7 The Outline Budget report will be presented to Cabinet in December, this report will take into account the impact of the acquisitions on future year's budgets.

### **3. Financial implications**

- 3.1 Financial implications are as set out within the report and appendices.

### **4. Other considerations**

- 4.1 There are none

## **5. Timetable for implementation**

5.1 Bi – monthly reports are produced for Management team

**Background papers: None**

**Appendices:**

**A and B**