

# Cabinet

22 February 2017



<b>Title</b>	Revenue Monitoring Report		
<b>Purpose of the report</b>	To note		
<b>Report Author</b>	Adrian Flynn		
<b>Cabinet Member</b>	Councillor Howard Williams	<b>Confidential</b>	No
<b>Corporate Priority</b>	Financial Sustainability		
<b>Recommendations</b>	To note the current level of spend		
<b>Reason for Recommendation</b>	Not applicable		

## 1. Key issues

1.1 To provide cabinet with the net revenue spend figures to the end of December 2016.

- The forecast outturn at net expenditure level is £5.421m against the revised budget of £14.890m; A projected favourable variance of £9.468m...
- After taking into account the use of carry forwards, interest earnings and repayments the net position is approximately £5.302m favourable variance.
- The reason for this dramatic change of position is a result of purchasing the BP site in Sunbury and the net rental income from the end of September 2016 onward, plus the additional income from the purchase of the BP South West Corner site and Elmbrook House.
- £4m of the net surplus generated from this will be set aside to build the initial basis of a reserve to be built up to fund potential refitting(not repairs – which are covered with the lease being full repairing) costs at the end of the initial 20 year lease period.

Interest earnings are going to be lower than forecast as a result of the Bridge Street transaction falling through.

## 2. Options analysis and proposal

2.1 Cabinet are asked to note the current net revenue spend and forecast position.

The following highlights the more significant or material variances

## **Leader**

- 2.2 Democratic Representation and Management: £75k adverse variance: Impact of increased allowances and higher National insurance contributions agreed by the Council offset by a small reduction in training expenditure.
- 2.3 Asset Management Administration: £9.248m favourable variance: Rental income of £8.8m received before interest payments plus savings as a result of the delay in Knowle Green relocation offset by costs associated with the Bugle. Net Rental Income of £4.7m from the BP Sunbury site plus Elmbrook House of which £4m to be set aside in reserve at year end.
- 2.4 Legal: £14k adverse variance: Increased employee costs as a result of using Temporary staff to cover vacant posts and increased costs of computer software and publications offset by an increase of legal costs reimbursed.

## **Deputy Leader**

- 2.5 Research & Consultation: £13k favourable variance: No planned public or local meeting till the end of the financial year.

## **Corporate Management**

- 2.6 Information and Communications Technology: £37k favourable variance: Vacant post less the partnership costs of covering that post, plus increase in partnership income from Runnymede.
- 2.7 Corporate Management: £77k adverse variance: Consultancy costs in respect of Knowle Green Estates Ltd, towards a sustainable future and specialist VAT advice on asset transactions which have resulted in significant increase in net income streams.
- 2.8 Committee Services: £6k favourable variance: A member of staff have reduced their hours.  
  
Project Management: £239k favourable variance: Corporate back scanning project is delayed due to resources diverted to asset related projects but mechanism's now in place to take work forward.

## **Environment & Compliance**

- 2.9 Refuse collection: £97k favourable variance: Increased income from Brown Waste bin collections, plus grant funding from Surrey County Council for the Food Waste Collection Service and lower leasing costs for the textile service.
- 2.10 Environment Services Admin: £29k favourable variance: Increased income from the sale of compost bin liners, grant funding received from the County Council, a vacant post and maternity leave.
- 2.11 Car Parks: £63k adverse variance: Vacant posts were covered by temp staff at one stage, but all car park staff are now directly employed by Spelthorne Borough Council and lower income as parking charges were not increased at the beginning of the financial year but this has been partially offset by the delayed sale of Bridge street car park resulting in income not budgeted for.
- 2.12 Streetscene Management and Support: £35k favourable variance: Savings due to vacant posts and different ways of working.
- 2.13 Street Cleaning: £60k favourable variance: Increased income from work on elections and salary savings due to alternative ways of working.

- 2.14 Waste Recycling: £105k favourable variance: Reduced gate fees payable offset by a reduction in recycling credit income due to a change in the system.
- 2.15 Parks Strategy: £18k adverse variance: Reduction in various income streams

### **Housing**

- 2.16 Housing needs: £31k adverse variance: Redundancy payment made which will be covered by Business Improvement Reserve plus the use of Temporary staff to cover vacant posts.
- 2.17 Housing Benefit Administration: £59k favourable variance: Vacant part time posts and staff working less hours than budgeted.
- 2.18 Housing Benefit Payments: £326k adverse variance: Overpayments raised are less than budgeted, as the budget was overstated in 2016/17 also there is a slowdown of real time information from the Department of Works and Pensions which has reduced the amount of debts raised. Moving forward this has been adjusted for in the provisional 2017/18 Budget.
- 2.19 Homelessness: £167k favourable variance: Bed and Breakfast usage is lower than anticipated.

### **Community Wellbeing**

- 2.20 Meals on Wheels: £13k adverse variance due to higher staff costs as a result of weekend working.
- 2.21 Span: £49k favourable variance: Increased volume in telecare equipment recharged to Surrey County Council.
- 2.22 Day Centres: £33k adverse variance: Lower income due to lower high needs referrals at the start of the year and increased expenditure on contract cleaning.

### **Planning and Economic Development**

- 2.23 Building Control: £24k favourable variance: Increased activity has resulted in increased income offset by temporary staff costs.
- 2.24 Knowle Green: £54k favourable variance: Increased in year income as a result of termination of the Surrey Police lease. This Income will be treated as a receipt in advance at year end and carried forward.
- 2.25 Planned Maintenance programme: £66k adverse variance: Overspends relate to work on Ashford Cemetery lodge, Knowle Green Window repairs and the resurfacing of Sunbury Walled garden car park.
- 2.26 Planning Policy: £142k favourable variance: Vacant posts and savings on Consultant's fees.
- 2.27 Planning Development Control: £54k adverse variance: Increased spend on consultants fees and a one off cost claim issued against the authority.
- 2.28 Staines on Thames Programme: £118k favourable variance: Riverside project to close with reduced expenditure on the other projects. A carry forward request will be made at the end of the year.
- 2.29 Land Charges: £41k adverse variance: Temporary staff costs to cover a vacant post, settlement of litigation costs incurred in prior years plus reduced income as the housing market is not as buoyant as estimated.

## **Finance and Customer Services**

- 2.30 Unapportionable Central Overheads: £52k adverse variance: Additional Municipal Mutual Insurance Ltd levy paid in respect of local authorities historic liabilities.
- 2.31 Customer Service Management and Support: £43k favourable variance: Savings due to vacant posts offset by higher consultant costs and lower recovery of legal costs recharged.

### **3. Financial implications**

- 3.1 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+B**