



Contact:

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Members' briefing pack

Tuesday, 11 July 2023

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Corporate Policy & Resources Committee

26 June 2023



This report was approved by the Corporate Policy & Resources Committee at their meeting on 26 June 2023, and is now being circulated to all councillors for noting. In respect of Committee Commentary in note 3 below and the attached Committee appendix, a Finance Officer will be available at your next committee meeting to answer any specific questions each Committee may have.

Title	Q4 Outturn Revenue Monitoring Report as at 31 March 2023
Purpose of the report	To make a decision
Report Author	Paul Taylor Chief Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Affordable housing Recovery Environment Service delivery
Recommendations	Subject to the 2022-23 Revenue Carry Forward report being accepted; the Committee is asked to: <ol style="list-style-type: none">1. note the surplus of (£479,929) on Revenue Outturn for 2022-23 as at 31 March 2023 as shown in appendix A below2. approve the transfer of (£479,929) to the General Fund reserve to strengthen the Council's general contingency reserve funds, which would result in neither a surplus or loss for the year ended 31 March 2023, in other words a balanced outturn at 31 March 2023.
Reason for Recommendation	

1. Summary of the report

- 1.1 This report provides a summary of the use of resources and outturn position for the Council in respect of the financial year 2022-23 ended on 31 March 2023, which results in a net surplus of (£479,929); this is a decrease of £1,183,631 in the projected underspend of (£1,663,560) at 31 December 2022, previously reported.

- 1.2 Officers are recommending that the surplus on Outturn is moved to the General Fund reserve, in the context of uncertain economic times to strengthen the Council's general contingency funds, -increasing the General Fund reserve to £2.481m
- 1.3 Officers have highlighted a number of alternative options that the Committee may wish to consider, particularly with regard to the approved refurbishment at the Charter Building.
- 1.4 The report sets out later a recommendation as to how to apply the underspend in order to strengthen the Council's balance sheet.

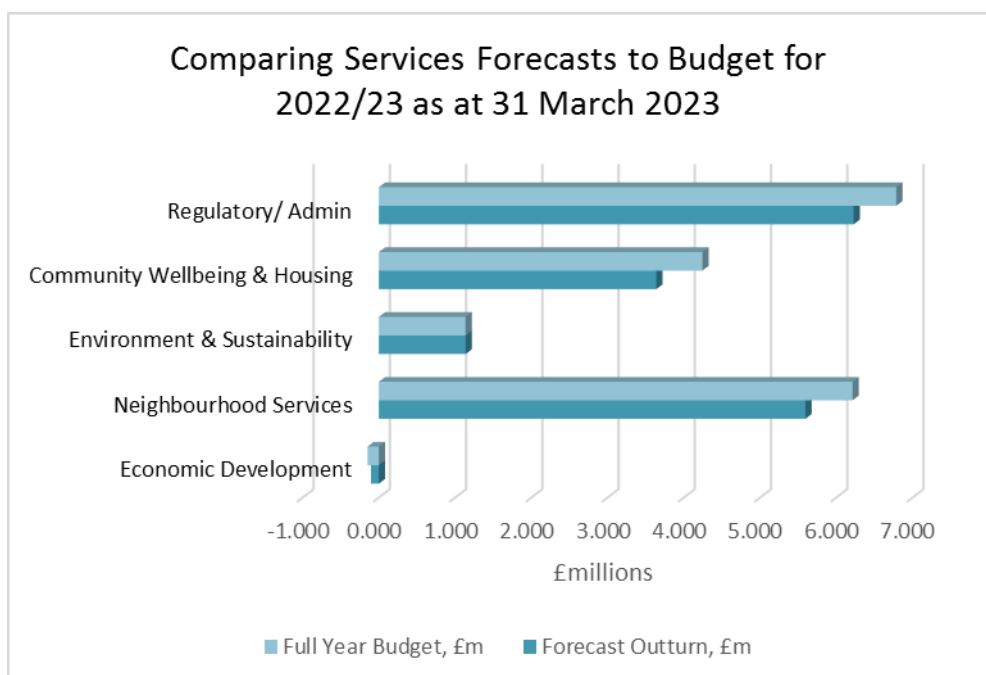
2. Key issues

2.1 Please note that because of the local government elections and the pre-election period that came into effect in late March 2023, it has not been possible to present this report to the Committee until today. The Draft unaudited financial statements for the year ended 31 March 2023 have to be published on the Council's website by 31 May 2023 and these have been prepared on the basis that Council will approved the above recommendations.

Should Committee make any changes to the recommendations, the draft unaudited financial statements will be updated as part of the final audit process.

2.2 The report considers the Council's financial position in the light of the COVID-19 pandemic legacy, the unfolding issues of the increase in Bank of England base rates, the Cost-of-Living crisis, and the Council's Medium Term Financial Plan (MTFP) that indicates that the Council is facing substantial pressure on cash flow and its budgets in the future. As with the financial crisis in 2008, officers are expecting the Council and the UK economy to take several years to recover from these issues.

2.3 The services budgets and outturn are shown in the chart below. Key variances are summarised in the table below, with a more detailed information on the variances by committee shown in section 2.



2.4 Grants Received & Earmarked Reserves

2.5 During the 2022-23 financial year the Council distributed a number of hardship and heating support grants to residents in the Borough.

2.6 The movement in the Council's earmarked reserves is shown in Appendix A for the breakdown and in the table below in aggregate, with further breakdowns provided in this report as appropriate:

Earmarked Reserves	31 Mar 22	Transfers to Reserves	Used in revenue funding	Transfers between Reserves	31 Mar 23
	£'000	£'000	£'000	£'000	£'000
Revenue Grants unapplied	(3,688)	(1,897)	211		(5,374)
Capital Fund	(1,443)	0	0		(1,443)
Insurance Fund	(50)	0	0		(50)
Planned Spending Funds	(14,877)	(140)	106	947	(13,964)
Funds for acquired properties	(33,622)	(7,972)	3,824		(37,770)
Youth Fund	(20)	0	0		(20)
Local Environmental Assessment Fund	(163)	0	9		(154)
Contributions from Developers	(9,509)	(352)	812	(947)	(9,996)
Earmarked Reserves 31st March	(63,372)	(10,361)	4,962	0	(68,771)
General Fund Balance	(2,002)	(480)	0		(2,482)
Balance carried forward 31st March	(65,374)	(10,841)	4,962	0	(71,253)

2.7 During the year Council transferred (£5.879m) to Earmarked Reserves (£10.841m- £4.962 above), The net contribution to Sinking Fund reserves was (£4.148m), ((£7.972m) + £3.824m), with an overall net contribution to other reserves of £1.731m and a breakdown of the movement is shown in the table below:

	Transfer to	Transfer from	Net transfer
Revenue Grants unapplied	(£1,897k)	£211k	(£1,686k)
Planned Spending fund	(£140k)	£106k	(£34k)
Local Environment Assessment Fund	£0	£9k	£9k
Contributions from Developers	(£352k)	£812k	£460k
General Fund – subject to Committee approval	(£480k)	0	(£480k)
Total	(£2,869k)	£1,138k	(£1,731k)

2.8 A breakdown of the (£1,686k) Revenue Grants Unapplied in the above table is shown in the table below.

	New Recs 2022/23	Used 2022/23
Housing Options Grants		
DCLG Preventing Repossessions Sanctuary		642.50
Prevent Homelessness		63,204.95
Rough Sleep Initiative	(16,961.52)	
Domestic Abuse		11,138.23
Accommodation for Offenders		21,538.50
LA Housing Fund	(377,722.00)	
Tenant Satisfaction Measures	(2,217.00)	
Afghan Scheme Grant funding	(1,111,674.91)	
	(1,508,575.43)	96,524.18
Housing Benefits Grants		
DWP HB Implementation of welfare reform changes	(22,969.00)	
New Burdens - Real Time Information	(19,902.21)	
LA Data Sharing IT costs		2,910.72
HB User group funds	(315.42)	
HB Award Accuracy Initiative	(18,421.81)	
	(61,608.44)	2,910.72
Ind Living Grants		
Historic PPP Funding		10,390.39
Surrey CC - Provision of wellbeing prescribing	(172,793.62)	
NWS Alliance Prevention - Refugees		45,500.00
NWS Alliance Prevention - Intervention		17,634.65
	(172,793.62)	73,525.04
Leisure Grants		
Surrey Youth Games	(3,273.08)	
Together Fund Dynamo Ukraine	(1,240.00)	
	(4,513.08)	0.00
Environmental Health Grants		
Natural England - Surplus HLS monies	(63,090.26)	13,267.00
Warmer Home Funding Balance 2013/14		210.00
	(63,090.26)	13,477.00
Other Grants		
Property Searches New Burdens Payment		1,900.00
Defra Biodiversity Net Gain Grant 2022/23	(26,807.00)	
Spelthorne Youth Hub		22,326.00
DEFRA Keep Britain Tidy	(9,201.00)	

Please note that any revenue and capital grants have two options:

- a. Funding is provided for a specific purpose and once that objective is received or the time limit passed, any remaining unused funding is repaid to the donor. (When Council acts as **Agent** and no impact on Council's finances)
- b. Funding is provided for a specific purpose with no time limit on its use, in this case, the relevant cost of service received the grant funding and any unused funds at the end of each year is credited to an earmarked reserve for future years use. (When Council acts as **Principal** and there is an impact on the Council's finances)

2.9 **Business Support Grants and grants to residents** – During the year, the Council acted as Agent for a number of Central Government Departments and received grant income, which was distribute direct to residents and businesses in the Borough, for items, such as, Energy Rebates, Household Support, Cost of Living Crisis and alternative Fuel payments, distributed. As these payments have no impact on Revenue Outturn they have not been listed in this report.

This year, Officers have provided Council with more detail on the Revenue grants received, as shown in the tables in 2.9 above and appendix A which summarises the grants received, funds allocated between each fund, and the approved Council funding to/from reserves, so that our finances and funding are more transparent to Councillors.

3. Committee commentary

3.1 The following tables identify significant (greater than £20,000) differences from budget for services within each Committee. Figures shown without brackets represent an overspend or under-recovery of income; figures with brackets represent an (underspend) or (over-recovery) of income.

(a) **Regulatory/ Administrative Committee**

Service	Variance £'000	Comment
Audit	(51)	Underspend due to overbudgeted counter fraud service being repaid by to the Council by the third party provider.
Corporate Governance	84	Overspend - Vacant posts are being covered by agency staff with higher costs
Corporate Management	(600)	Underspends against budgeted COVID-19 expenditure- £200k, Green initiatives budget- £217k, External audit fees- £193k and Travellers Transit site- £8k, partially off-set by higher expenditure against Legal Costs of £44k relating to Audit & Value for money issues, consultants fees by £37k mainly relating to Waterfront investigations.
Customer Services	(95)	Underspends due to staff vacancies (£36k), additional income for legal cost appeals (£86k), offset by higher software charges £27k.

Electoral registrations	(29)	Savings due to reduced posting costs (£22k)
HR	(39)	Underspend (£54k) from vacancies, offset by £14k on other costs
Information & Comms Technology	(107)	Underspends (£102k) from vacancies
Legal	(74)	Underspend of (£50k) from vacancies offset by (£42k) in respect of set aside allowance.
Other income and provision adjustments	920	Including review resulting in £740k changes in bad debt provisions and write offs, and (£198k) payments from S106 Reserves and net £379k from CIL.
Total significant net variances	9	For the complete list of (£44k) favourable variances including those under £20k, please refer to appendix C

(b) **Corporate Policy & Resources Committee**

Service	Variance £'000	Comment
Asset Management Administration	(630)	(£175k) underspend on salaries due to two staff vacancies, (£518k) due to the financial set aside support from investment properties income, to support the increased staff numbers and overheads to manage the new investment property portfolio and £63k due to lower recharge recovery from KGE.
Development Properties	27	£277k of costs incurred on development sites, offset by (£250k) contribution from the NHS.
General Property Expenses	(23)	Over recovery of (£20k) rental income as increase implemented in 2022/23 was back dated into previous year.
Facilities Management	(61)	Over recovery of income (£31k) as a result of billing Knowle Green Estates (KGE) for the gas/electric used at the West Wing & licence for a school to use Council land. Underspend (£28k) on other expenditure.
Planned Maintenance Programme	56	£45k in respect of repairing collapsed wall at Sunbury Park and £20k funding for the Knowle Green Car Park.
Project Management	(111)	Underspends due to vacancies.
Unapportionable Central Overheads	(48)	Monthly superannuation payments to Surrey County are lower than budgeted, which reflects the council's overall underspending on staffing costs.
Total significant net variances	(790)	For the complete list of (£812k) favourable variances including those under £20k, please refer to appendix D

(c) **Community Wellbeing & Housing Committee**

Service	Variance £'000	Comment
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SPAN (Spelthorne Alarm Network)	(76)	Following the transfer of this service to Mole Valley District Council, earlier in the year, there is an underspend of (£104k) in respect of salaries and (£59k) other expenditure, partially offset by an £87k under recovery of income.
Community Care Administration	(189)	Underspend (£35k) because of vacant posts to which the service has been unable to recruit. £51k overspend due to intervention expenditure, which is to be funded from reserves, and (£218k) over recovery of income following a grant received from Surrey Heartlands.
Spelthorne Family Support	(75)	Underspends of (£149k) on staffing due to vacant post, partially covered by temporary staff and from costs recharged for work on Afghan Refugees. £20k higher than anticipated other costs across a range of cost codes. £55k under recovery of income due to a reduction in Surrey County Council Grant received.
Community Development	(43)	Underspend of (£51k) relating to staff r vacancies.
General Grants	(32)	Carry forward approved to transfer underspent budget to 2022/23.
Housing Needs	(43)	(£33K) underspend due to staff vacancies.
Homelessness	(1,123)	£99k overspend on salaries for dealing with the refugees, which is funded from the grant monies claimed and received. (£164k) fewer SRA completions. (£1,058k) over recovery of income, due to claims made for the refugees via the Home Office, and £1,112k was transferred to revenue grants unapplied for future use, see appendix A and the table of Revenue Grants Unapplied in 2.9 above.
Housing Benefits Admin	(186)	Underspend of (£114k) due to vacancies; income (£62k) above budget due to additional grants, transferred to reserves.
Housing Benefits Payments	62	Net reduction in Housing Benefits caseload/ income due to the transfer of claims to Universal Credit.
Leisure Administration	(93)	Staffing underspend of (£41k) due to vacancies for significant periods. Additionally, income is (£44k) above budget, due to Public Health funding for a Covid Outreach project secondment
Spelthorne Leisure Centre	169	Overspend of £201k due to higher contribution towards heating and lighting charges to SLM (Spelthorne Leisure Management) Offset by (£32k) increase in the council profit share arrangement.
Total significant net variances	(1,629)	For the complete list of (31,631) favourable variances including those under £20k, please refer to appendix E

(d) **Neighbourhood Services Committee**

Service	Variance £'000	Comment
Car Parks	296	Underspend (£51k) due to staff vacancies, offset by overspends of £88k due to increase electricity charges and other costs, together with £259k under recovery of income.
Community Safety	20	Underspend on CCTV maintenance costs.
Neighbourhood Services	(91)	Underspend of (£23k) due to vacant posts Income (£39k) above budget due to insurance income received and (£29k) of underspends across a number of cost codes.

Management Support		
Environmental Health Admin	(93)	£100k overspend on salaries is higher due to an additional contractor and agency costs to cover vacant posts and EH Covid-19 response Supplement service to be funded by Surrey County Council. Over recovery of income (£170k) Additional income from SCC to fund costs relating to EH Covid-19 response Supplement service. Underspend of (£24k) on budget for consultants, due to delay in Heathrow expansion.
Taxi Licensing	20	Income lower than budgeted due to the COVID-19 crisis.
Street Cleaning	(285)	Underspend of (£90k) due to vacancies partially covered by overtime payments and agency staff. Over recovery of income (£64k) due to additional DEFRA -Keep Britain Tidy – Bubble Gum removal grant and underspend in other costs (£131k) due to vehicle leasing costs of £167k to be moved under new Financial Regulations, partially offset by additional expenditure funded through Grant funding.
Environmental Enhancements	(63)	(£72k) of HLS funding of £63k from the Rural Agency not applied and will be moved to reserves for future use.
Grounds Maintenance	(159)	(£102k) underspend in salaries and (£39k) over recovery of income due to increased sponsorship income.
Parks Strategy	57	Overspend £57k relates mainly increased utility charges for services.
Refuse Collection	(482)	(£19k) under recovery on staff vacancies, (£430k) due to £500k of leasing costs now capitalised under International Financial Reporting Standard (IFRS) 16, and (£333k) over recovery of green waste income,
Waste Recycling	80	Income higher due to change in recycling mechanism
Total significant net variances	(850)	For the complete list of (£803k) favourable variances including those under £20k, please refer to appendix F

(e) **Economic Development Committee**

Service	Variance £'000	Comment
Economic Development	(88)	(£25k) underspend on salaries due to vacant post for most of the year. Overspend of £149k relates to the Youth Hub, which was offset by the over recovery of (£212k) received from the Shared Prosperity Fund and other grants received for the Youth hub. .
Staines Market	123	Over spend 25k, mainly increased business rates and an under recovery of £98k in income.
Total significant net variances	35	For the complete list of £35k adverse variances including those under £20k, please refer to appendix G

(f) **Environment & Sustainability**

Service	Variance £'000	Comment
Planning Development Control	87	(£43k) underspend due to staff vacancies, £123k over spend due to additional planning appeal costs on the Debenhams application. .
Planning Policy	32	£84k overspend in respect of the local plan, offset by (£49k) over recovery of grant income from the environment Agency in respect of the River Thames scheme.
Total significant net variances	119	For the complete list of £110k adverse variances including those under £20k, please refer to appendix H

3.2 Net Asset Income (Commercial and Regeneration Assets)

The tables below show the latest monitoring position for the Council's investment and regeneration assets, the net income is used to meet net additional expenditure resulting from reduced government grant, Surrey County Council funding and other pressures.

Commercial & Regeneration Assets (Aggregated)	Revised Budget £'000	Outturn £'000	Variance £'000
Rental Income	(59,246)	(56,189)	3,057
Landlord Costs	9,044	6,232	(2,812)
Loan Interest Payable	11,814	11,814	0
Minimum Revenue Provision	23,320	23,320	0
Sinking Funds - contributions to	6,812	7,172	360
Sinking Funds - release from	(3,824)	(3,824)	0
Set Asides for specific revenue purposes	1,130	630	(500)
Net Income (to fund Revenue budget)	(10,950)	(10,845)	105

3.3 The Council places a significant amount of the income earned into Sinking Funds, with £7.172m to cover future changes in circumstance, such as capital refurbishments or rent-free periods, and (£3.824m) applied during the year, increasing the Council's Sinking Fund reserve by £3.348m to a closing balance of £36.97m.

	Balance 31/03/22 £'000	Additions 2022/23 £'000	Applied 2022/23 £'000	Balance 31/03/23 £'000
Proposed Allocation to Reserves	33,622	7,972	(3,824)	37,770

3.4 **Knowle Green Estates Ltd** is a wholly owned company set up to meet the housing needs of residents, including affordable rented and private rented accommodation and key worker homes. The delays in commencing the work on the Council's Development Properties is beginning to impact on KGE's

financial viability, as based on the original projections two major development projects were due to complete in 2023/24, further due to the height restrictions imposed on two of the Council's Development Projects £70m over 50 years, or the equivalent of £1.25m additional cashflow support has been lost and when combined with, increase construction sector costs due to rapid inflationary pressures and shortage of labour, and the increase in the Public Works Loan Board (PWLB) 50 year fixed certainty interest rate, the impact of which was discussed in detail at the Extraordinary Council Meeting held on 2 February 2023, Council subsequently agreed to:

- (a) Actively pursue Register Provider status for KGE, so that it can access grant funding of up to 30% of the land purchase and construction costs of our affordable and keyworker rental housing developments to reduce Council's overall borrowing costs and interest charges.
- (b) Request officers value engineer all outstanding projects in order to reduce costs.
- (c) Bring forward the Tothill Development and the construction of 189 apartments, in order to support the financial viability of KGE.
- (d) To acquire £35.5m of share capital in KGE to financially support KGE and reduce the loan to value of each project, by using these funds to pay a deposit for each development project, thus reducing capital borrowed and associated interest charges making each project financially viable and .
 - i) Provide £4.0m of cashflow funding over the next 20 years
 - ii) Provide a loan facility of £2m per annum, until the Tothill Development is completed and fully occupied.

3.5 The audit of the accounts for KGE for the year ended 31 March 2023 is almost complete and officers will provide a verbal update on the KGE's financial Outturn for 2022/23.

Costs charged to the company by the Council are for staffing support and for debt financing. The company does not directly employ staff, with staffing services provided by the Council at cost £317k for 2022/23. (2021/22: £297K), which represents 7.58 FTEs (2021/22: 4.93 FTEs)

- 3.6 Debt financing relates to loans representing assets transferred from Spelthorne Borough Council to Knowle Green Estates Ltd. Interest payable from KGE to the Council for 2022/23 was £820,575 gross (2021/22: £101k net).
- 3.7 The property valuations for West Wing and Benwell House Phase I as at 31 March 2023 £30.4m, shows a modest increase of £2.0m over 2021-22.
- 3.8 The loan interest split on Benwell 1 and 2 is causing cash flow issues for KGE, as it was intended that Benwell 2 would be completed in quick succession, now that Benwell 2 is being retained by the Council and will not be handed over to KGE, this is the main reason why KGE required cash flow support. The longer the delay in building and transferring the development properties to KGE, the greater the impact on the Council's revenue cashflows.
- 3.9 **Spelthorne Direct Services Ltd** is a wholly owned company set up to trade in commercial waste disposal, with directly employed staff. Despite the challenges of establishing a company in the middle of a global pandemic.

- 3.10 The audit of the accounts for the year ended 31 March 2023 is due to be completed in the next few days and officers will provide a verbal update on the company's performance at the Committee meeting.
- 3.11 The company is growing steadily, achieving annual turnover of £353k (2021/22: £199k).
- 3.12 The company has a rolling loan facility with the Council, to help support the company through the first years of trading. Interest payable from the company to the Council for 2022/23 was £2k (201/22: £1k).

3.13 2022-23 Pay Award

Council agreed to award an increase of 2.0% across all grades, which added £426k inclusive of national insurance and superannuation, together with a further 0.5% for staff grades 1 to 5 at the lower end of the grading scale, which added a further £32k to the base budget inclusive

2.11 Carry Forwards

2022/23 Carry Forwards to be agreed by this committee were dealt with earlier in the meeting and the committee should refer to this report in respect of the recommended approach for dealing with the Council approved refurbishment costs for Roundwood Avenue and the Charter Building, as these projects will not be completed by 30 June 2023 and therefore will not comply with Council's current financial regulations.

4. Options

- 4.1 General Fund – there were a number of options for Council to consider on how to use the surplus of (£479,929) at Outturn, these included:
- (a) Place the surplus funds into an earmarked reserve, for a specific Council approved future project, either using an existing earmarked reserved, i.e., Green Initiatives Fund or Cost-of-Living.
 - (b) Alternatively, Council could approve to establish a new earmarked reserve, again for a specific future purpose.
 - (c) Council could approve the transfer of the surplus to the General Fund, effectively the Council's profit and loss account. During a number of past Council meetings Officers have indicated that the Council's General Fund, particularly when compared to other Districts and Borough's is approximately £3-5m underfunded. Just like earmarked reserves, only Council can approve how the General Fund is utilised once funds are transferred into the reserve. The aim of the General Fund is to provide resilience to the Council's funding and provide funds to cover unexpected eventualities, such as, COVID-19 Pandemic and Cost-of-Living crisis, without impacting on the future plans or funding of projects from Council's earmarked reserves. Therefore, officers are recommending to the committee that the £479,929 surplus on Outturn is transferred to the General Fund for future approved use by Council.
- 4.2 Pre-election period – because of the all-out local elections, the council entered into the pre-election period in mid-March and this has impacted on the timing of reports for Council and committee to provide their feedback to officers.
- (a) Normally the 2022-23 Outturn would be approved by this committee before 31 May when the draft unaudited accounts must be published on

the Council's website. However, for 2022-23 as this committee meets after the 31 May deadline, officers have had to assume that the committee will agree with the recommendations. In the event that the committee makes alternative suggestions, this will be reflected in the auditors adjustment schedule when the final 2022-23 audited accounts are published.

- (b) Officers could delay publishing the draft unaudited financial statements until after the committee meeting, however, having considered the Council's position following five years of delays caused by the previous external auditors and the scrutiny from residents, Councillors and central government, officers have decided that the Council, along with other Districts and Boroughs who had all out elections in May, must be seen to comply with the Government's publishing deadline of 31 May.

5. Financial implications

- 5.1 Financial implications are as set out within the report and appendices and are subject to the final audit for the Council and its subsidiaries.

6. Procurement

- 6.1 None

7. Risk considerations

- 7.1 There are no risk implications arising from the report at 31 March 2022, other than those mentioned above.

- 7.2 Going beyond 2022-23 there are a number of substantial risks on the horizon, including:

- (a) Delays in cash inflows from the Council's development properties
- (b) Increased construction and financing costs on our development properties
- (c) Delays in cash inflows from the Waterfront development
- (d) Releasing of up to £9m of capitalised revenue costs to the Revenue Outturn, as highlighted in the 2022-23 Capital Outturn report because the council no longer complies with the CIPFA Prudential Code, as the development projects are taking too long to complete.
- (e) The financial viability of KGE could be in doubt, because of the continued delays in building Council's development properties.
- (f) The ongoing cost-of-Living crisis will take a number of years to resolve, particularly for those who have fixed mortgage deals that are due to renew at substantially higher interest rates, squeezing incomes, reducing council tax collections and increasing demand for Council services such as homelessness support.

During the review process by CIPFA, Officers have been asked to ensure that they highlight to Council at every opportunity the risks involved with their decision making, so that Councillors are aware of the issues and risks facing the Council over the coming years.

This is a significant factor in officers' recommendation to transfer £479,929 to the General Fund, to increase general contingency funds.

8. Legal considerations

8.1 There are no significant legal implications arising from the report, other than a review of the Council's financial regulations in respect of Revenue Carry Forward has been requested.

9. Other considerations

9.1 There are no further considerations.

10. Equality, Diversity and Inclusion

10.1 There are no specific areas to highlight. However, equality, diversity and inclusion (EDI) are central to everything that Council does and are woven throughout Council's Corporate Plans.

11. Sustainability/Climate Change Implications

11.1 There are no significant implications arising from the report.

12. Timetable for implementation

12.1 The above recommendations have been incorporated into the draft unaudited accounts, which will be published on our website by 31 May, in accordance with the Government deadline.

Background papers: 2022-23 Revenue Carry Forward requests, which was discussed earlier in tonight's committee meeting.

Appendices:

Appendix A – Net Revenue Budget Monitoring – 2022-23

Appendix B – Net Revenue Budget Monitoring by Committee – 2022-23

Appendix C - Net Revenue Budget Monitoring Reg & Admin Committee – 2022-23

Appendix D - Net Revenue Budget Monitoring CP&R Committee – 2022-23

Appendix E - Net Revenue Budget Monitoring CWH Committee – 2022-23

Appendix F – Net Revenue Budget Monitoring NS&E Committee – 2022-23

Appendix G - Net Revenue Budget Monitoring ED Committee – 2022-23

Appendix H – Net Revenue Budget Monitoring E&S Committee – 2022-23

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Net Revenue Budget Monitoring - 2022/23

As at end of 31 MARCH 2023

Appendix A extract

	2022/23 Budget Revised	2022/23 Actuals Outturn	2022/23 Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual
	£	£	£	FTE	FTE
Gross Expenditure	59,206,500	57,833,622	(1,372,878)		
Less Housing Benefit grant	(21,821,000)	(20,205,270)	1,615,730		
Less Specific fees and charges income	(12,783,100)	(16,171,524)	(3,388,424)		
Net Expenditure - broken down as below	24,602,400	21,456,828	(3,145,572)		
Regulatory / Administrative Committees	6,786,800	6,742,892	(43,908)	83	67
Corporate Policy & Resources	6,369,300	5,557,740	(811,560)	51	45
Community Wellbeing & Housing	4,244,400	2,612,933	(1,631,467)	102	94
Neighbourhood Services	6,213,200	5,409,525	(803,675)	195	150
Economic Development	(149,200)	(114,299)	34,901	4	3
Environment & Sustainability	1,137,900	1,248,037	110,137	29	28
NET EXPENDITURE AT SERVICE LEVEL	24,602,400	21,456,828	(3,145,572)	464	387
Interest Earnings	(1,288,400)	(3,187,942)	(1,899,542)		
Investment Property Income	(54,001,100)	(51,642,602)	2,358,498		
Regeneration Property Income	(5,245,100)	(4,546,477)	698,623		
Landlord Costs	9,043,600	5,431,969	(3,611,631)		
Debt Interest Payable	25,078,800	25,440,961	362,161		
Minimum Revenue Provision	12,279,800	12,094,527	(185,273)		
Set Aside	1,130,000	630,000	(500,000)		
Capitalisation of Interest on Development Properties	(1,221,100)	(1,212,365)	8,735		
KGE Loan Interest Received	(151,000)	(820,575)	(669,575)		
NET EXPENDITURE AFTER INTEREST EARNINGS	10,227,900	3,644,323	(6,583,577)		
Appropriation from Reserves					
Reserves - Revenue Contributions to Capital Outlay	770,000	1,000,000	230,000		
Sinking fund contributions	6,812,100	7,971,707	1,159,607		
Release of funding from sinking funds	(3,823,800)	(3,824,000)	(200)		
BUDGET REQUIREMENT	13,986,200	8,792,030	(5,194,170)		
Payment to Businesses Local Restriction Grant Discre	-	(9,000)	(9,000)		
Council Tax Hardship Fund	-	168	168		
Grants					
Section 31 Grants	(800,000)	(196,169)	603,831		
RSG	-	(284)	(284)		
New Homes Bonus	(1,294,000)	(1,293,985)	15		
NNDR S31 Grants	-	(4,090,461)	(4,090,461)		
COVID-19 Retail Discount	-	-	-		
Reopening High Streets Safely	-	(103,977)	(103,977)		
COVID-19 Grant Income	-	(12,400)	(12,400)		
Lower Tier Services grant re core spending power	(86,500)	(73,530)	12,970		
BSG Admin Rec & Debt Recovery	-	(8,103)	(8,103)		
DLUHC LA Housing Fund	-	(377,722)	(377,722)		
Retained Business Rates	(1,929,000)	(17,692,244)	(15,763,244)		
NNDR Surplus	-	4,062,918	4,062,918		
Allocation from National Non-Domestic Rate pool	(100,100)	140,297	240,397		
NNDR Surplus Levy Distribution	-	1,623,880	1,623,880		
Other Service (NI)	(133,000)	-	133,000		
Empty property premia	(107,000)	-	107,000		
Energy Bills - Ctax Rebate	-	(105,716)	(105,716)		
NNDR Tariff Payment	-	16,046,828	16,046,828		
Contributions to Reserves					
Earmarked Reserves (Revenue Grants non-specific)	-	1,896,589	1,896,589		
CIL Reserve	-	154,391	154,391		
S106 Reserve	-	197,993	197,993		
Shared Prosperity	-	59,111	59,111		
Woodthorpe Rec & Fordbridge Park	-	80,189	80,189		
Contributions from Reserves					
Contribution to Capital Fund					
Carry Forward Reserve	(800,000)	-	800,000		
Bridge Street Reserve	-	(8,589)	(8,589)		
Earmarked Reserves (Revenue Grants non-specific)	(164,000)	(210,663)	(46,663)		
Environmental Impact Reserve	(79,900)	(9,000)	70,900		
Planning Performance Agreement	(30,000)	(18,996)	11,004		
Green Initiative Fund	(30,000)	(78,165)	(48,165)		
Local Plan Reserve	-	(68,200)	(68,200)		
CIL Reserve	-	(533,195)	(533,195)		
Developer Appeal Reserve	-	(124,200)	(124,200)		
Cost of Living Reserve	-	(9,000)	(9,000)		
BRR Retention (Economic Development)	-	(77,998)	(77,998)		
-	-	-	-		
-	-	-	-		
NET BUDGET REQUIREMENT	8,432,700	7,952,796	(479,904)		
General Fund Reserves- Supplementary Estimate					
Collection Fund Surplus/(deficit)	117,000	117,000	-		
Income from Council Tax	(8,549,700)	(8,549,725)	(25)		
Net Position - Over/ (Under) budget	-	(479,929)	(479,929)		

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Net Revenue Budget Monitoring by Committee - 2022/23
Expenditure and Income Summary 31 MARCH 2023

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual
	£	£	£	FTE	FTE
Regulatory / Administrative Committees					
Employees	4,361,100	4,163,684	(197,416)	83	67
Other Expenditure	2,984,700	4,881,789	1,897,089		
Income	(559,000)	(2,302,581)	(1,743,581)		
	6,786,800	6,742,892	(43,908)	83	67
Corporate Policy & Resources					
Employees	4,875,300	4,262,472	(612,828)	51	45
Other Expenditure	2,133,900	2,097,387	(36,513)		
Income	(639,900)	(802,119)	(162,219)		
	6,369,300	5,557,740	(811,560)	51	45
Community Wellbeing & Housing					
Employees	4,656,600	4,185,027	(471,573)	102	94
Other Expenditure	26,961,300	25,454,271	(1,507,029)		
Housing Benefit grant income	(21,821,000)	(20,205,270)	1,615,730		
Income	(5,552,500)	(6,821,095)	(1,268,595)		
	4,244,400	2,612,933	(1,631,467)	102	94
Neighbourhood Services					
Employees	7,258,000	7,047,502	(210,498)	195	150
Other Expenditure	3,633,600	3,105,298	(528,302)		
Income	(4,678,400)	(4,743,274)	(64,874)		
	6,213,200	5,409,525	(803,675)	195	150
Economic Development					
Employees	224,000	198,677	(25,323)	4	3
Other Expenditure	195,900	369,644	173,744		
Income	(569,100)	(682,621)	(113,521)		
	(149,200)	(114,299)	34,901	4	3
Environment & Sustainability					
Employees	1,565,500	1,520,148	(45,352)	29	28
Other Expenditure	356,600	547,723	191,123		
Income	(784,200)	(819,835)	(35,635)		
	1,137,900	1,248,037	110,137	29	28
NET EXPENDITURE AT SERVICE LEVEL	24,602,400	21,456,828	(3,145,572)	464	387
Total Employees	22,940,500	21,377,511	(1,562,989)		
Total Other Expenditure	36,266,000	36,456,112	190,112		
Housing Benefit grant income	(21,821,000)	(20,205,270)	1,615,730		
Total Income	(12,783,100)	(16,171,524)	(3,388,424)		
NET EXPENDITURE	24,602,400	21,456,828	(3,145,572)		

Total Expenditure	59,206,500	57,833,622	(1,372,878)
Total Income	(34,604,100)	(36,376,794)	(1,772,694)
Net	24,602,400	21,456,828	(3,145,572)

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Regulatory/ Administrative Committees

<i>Results to 31-Mar-23</i>	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	106,600	105,913	(687)	1.75	1.75	Underspent mainly due to overbudgeted counter fraud service.
Other Expenditure	152,700	102,564	(50,136)			
Income	0	0	0			
Audit	259,300	208,477	(50,823)	2	2	
Employees	253,600	250,323	(3,277)	6.20	5.60	
Other Expenditure	24,900	16,297	(8,603)			
Income	0	0	0			
Committee Services	278,500	266,619	(11,881)	6	6	
Employees	261,100	344,102	83,002	4	2	Vacant posts being covered by agency staff on higher costs
Other Expenditure	22,200	23,596	1,396			
Income	0	0	0			
Corporate Governance	283,300	367,698	84,398	4	2	
Employees	256,000	209,523	(46,477)			Savings expected against the retention budget allowance Underspends against budgeted COVID-19 expenditure- £200k, Green initiatives budget- £217k, External audit fees- £193k and Travellers Transit site- £8k, partially off-set by higher expenditure against Legal Costs of £44k relating to Audit & Value for money issues, consultants fees by £37k mainly relating to Waterfront investigations
Other Expenditure	826,900	289,493	(537,407)			
Income	0	(16,244)	(16,244)			
Corporate Management	1,082,900	482,772	(600,128)	0	0	
Employees	276,000	281,638	5,638	5.69	5.69	
Other Expenditure	88,200	69,563	(18,637)			
Income	0	0	0			
Corporate Publicity	364,200	351,200	(13,000)	6	6	

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Regulatory/ Administrative Committees

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	1,054,400	1,018,087	(36,313)	25.75	19.24	underspend due vacant post being covered by agency staff Computer software costs are higher Council Tax legal costs appeals recovery income is higher
Other Expenditure	492,400	520,266	27,866			
Income	(311,500)	(398,033)	(86,533)			
CServ Management & Support	1,235,300	1,140,320	(94,980)	26	19	
Employees	12,100	11,694	(406)			
Other Expenditure	415,700	403,746	(11,954)			
Income	0	0	0			
Democratic Rep & Management	427,800	415,440	(12,360)	0	0	
Employees	2,300	6,956	4,656			
Other Expenditure	7,900	22,914	15,014			
Income	0	(16,799)	(16,799)			
Elections	10,200	13,071	2,871	0	0	
Employees	192,200	185,619	(6,581)	3.89	4.00	Underspends achieved mainly against internal postage - £14k & remainder against other expenditure budget
Other Expenditure	100,900	78,580	(22,320)			
Income	(1,000)	(2,061)	(1,061)			
Electoral Registration	292,100	262,138	(29,962)	4	4	
Employees	366,700	313,089	(53,611)	6.56	5.76	Savings due to vacant posts
Other Expenditure	54,300	68,649	14,349			
Income	0	(5)	(5)			
HR	421,000	381,733	(39,267)	7	6	

Regulatory/ Administrative Committees

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	773,700	670,846	(102,854)	15.53	13.25	Savings expected due to vacant posts, partially expected to be covered by additional payments and temporary staff
Other Expenditure	417,400	415,945	(1,455)			
Income	0	(2,376)	(2,376)			
Information & Comms Technology	1,191,100	1,084,415	(106,685)	16	13	
Employees	0	0	0			Please see below Set aside contribution of £35k included against above line
Other Expenditure	323,300	276,317	(46,983)			
Income	(35,000)	(897)	34,103			
Insurance	288,300	275,420	(12,880)	0	0	
Employees	68,600	68,927	327	1.83	1.83	£1900 funded from grant in reserve
Other Expenditure	30,500	32,627	2,127			
Income	(134,000)	(150,553)	(16,553)			
Land Charges	(34,900)	(48,999)	(14,099)	2	2	
Employees	666,500	616,224	(50,276)	10.00	6.79	Savings achieved due to vacant posts, partially covered by agency staff Please see below Set aside contributions of £60k included against above line and higher recharged fees income against the budget
Other Expenditure	26,600	(15,843)	(42,443)			
Income	(77,500)	(58,324)	19,176			
Legal	615,600	542,057	(73,543)	10	7	
Employees	71,300	80,293	8,993	1.39	1.39	
Other Expenditure	800	195	(605)			
Income	0	0	0			
Payroll	72,100	80,488	8,388	1	1	

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Regulatory/ Administrative Committees

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	0	739,231	739,231			
Income	0	0	0			
Misc Expenses	0	739,231	739,231			
Employees	0	0	0			
Other Expenditure	0	56,015	56,015			
Income	0	(254,008)	(254,008)			Surplus in S106 receipts in year, moved to S106 reserve.
Section 106	0	(197,993)	(197,993)			
Employees	0	450	450			
Other Expenditure	0	1,781,635	1,781,635			
Income	0	(1,403,281)	(1,403,281)			Deficit in CIL projects - funded from CIL reserve.
Community Infrastructure Levy	0	378,804	378,804			
Total Employees	4,361,100	4,163,684	(197,416)	83	67	
Total Other Expenditure	2,984,700	4,881,789	1,897,089			
Total Income	(559,000)	(2,302,581)	(1,743,581)			
Net Total	6,786,800	6,742,892	(43,908)	83	67	

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Corporate Policy & Resources

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	771,100	757,142	(13,958)	13.17	10.38	Savings expected due to vacant posts being covered by agency staff. Please see below Set aside contribution of £69k included against above line
Other Expenditure	53,800	(3,866)	(57,666)			
Income	(120,000)	(44,073)	75,927			
Accountancy	704,900	709,202	4,302	13	10	
Employees	1,019,900	844,468	(175,432)	14.18	12.18	Underspend due to average 2 vacant posts. Underspend on agency costs. Set-a-side contribution not budgeted for. Actual amount to be recharged to KGE Ltd less than budgeted due to the vacant posts that should be recharged if filled.
Other Expenditure	259,000	(258,751)	(517,751)			
Income	(461,900)	(398,585)	63,315			
Asset Mgn Administration	817,000	187,132	(629,868)	14	12	
Employees	226,500	218,435	(8,065)	1	1	
Other Expenditure	8,400	2,796	(5,604)			
Income	0	0	0			
Chief Executive	234,900	221,232	(13,668)	1	1	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	(513)	(513)			
Corporate Savings	0	(513)	(513)	0	0	

Corporate Policy & Resources

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	294,400	294,232	(168)	2	2	
Other Expenditure	2,400	862	(1,538)			
Income	0	(108)	(108)			
Deputy Chief Executives	296,800	294,987	(1,813)	2	2	
Employees	0	0	0			
Other Expenditure	196,900	474,144	277,244			The costs relate to a number of sites awaiting redevelopment.
Income	0	(250,000)	(250,000)			NHS cont. to planning fees - moved to RCtoCap
Development Properties	196,900	224,144	27,244	0	0	
Employees	0	0	0			
Other Expenditure	55,000	51,748	(3,252)			
Income	(58,000)	(78,090)	(20,090)			Tenants have been billed for rent owed in previous years as a result rent reviews
General Property Expenses	(3,000)	(26,342)	(23,342)	0	0	
Employees	222,200	219,964	(2,236)	5.00	5.00	
Other Expenditure	511,200	482,741	(28,459)			
Income	0	(30,750)	(30,750)			Income for recharge to KGE for WestWing usage of Gas/Electric. Licence for School to use Council land.
Facilities Management	733,400	671,955	(61,445)	5	5	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
Knowle Green	0	0	0	0	0	

Corporate Policy & Resources

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	96,700	86,960	(9,740)	2	2	
Other Expenditure	3,600	2,467	(1,133)			
Income	0	0	0			
MaT Secretariat & Support	100,300	89,426	(10,874)	2	2	
Employees	178,700	169,264	(9,436)	3.08	3.08	
Other Expenditure	1,192,800	1,257,889	65,089			£45k was due to the brick wall collapsing at Sunbury Park. £20k for funding the overspend on the Capital Project at KG car park.
Income	0	0	0			
Planned Maintenance Programme	1,371,500	1,427,153	55,653	3	3	
Employees	588,800	481,425	(107,375)	10.92	9.00	Due to current vacancies.
Other Expenditure	8,500	5,012	(3,488)			
Income	0	0	0			
Project Management	597,300	486,437	(110,863)	11	9	
Employees	0	0	0			
Other Expenditure	0	1,654	1,654			Cleaning overheads
Income	0	0	0			
Sea Cadets	0	1,654	1,654	0	0	
Employees	1,477,000	1,190,582	(286,418)			Monthly superannuation payments to SCC are expected to be lower due to so many staff vacancies.
Other Expenditure	(157,700)	80,691	238,391			
Income	0	0	0			
Unapportionable CentralO/Heads	1,319,300	1,271,273	(48,027)	0	0	

Corporate Policy & Resources

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Total Employees	4,875,300	4,262,472	(612,828)	51	45	
Total Other Expenditure	2,133,900	2,097,387	(36,513)			
Total Income	(639,900)	(802,119)	(162,219)			
Net Total	6,369,300	5,557,740	(811,560)	51	45	

Community Wellbeing & Housing

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	117,100	12,868	(104,232)	3.50	-	Staff transferred by TUPE to Mole Valley from 1 July
Other Expenditure	85,600	26,548	(59,052)			
Income	(205,000)	(117,574)	87,426			
SPAN	(2,300)	(78,159)	(75,859)	3.50	-	SPAN Service transferred to MVDC in September 2022
Employees	483,300	457,615	(25,685)	10.72	11.00	Remaining vacancies to be filled in 23/24
Other Expenditure	21,100	75,351	54,251			Intervention expenditure to be funded from grants held in reserves
Income	(20,000)	(238,390)	(218,390)			Grant funding from Surrey Heartlands
Community Care Administration	484,400	294,576	(189,824)	10.72	11.00	
Employees	701,400	666,227	(35,173)	19.28	17.17	Vacancies across the days centres for the first half of the year, now fully staffed.
Other Expenditure	295,700	332,565	36,865			Increases in heat and energy bills
Income	(418,200)	(407,146)	11,054			
Community Centres	578,900	591,646	12,746	19.28	17.17	
Employees	160,200	146,918	(13,282)	4.72	3.61	Increases in heat and energy bills
Other Expenditure	92,500	132,959	40,459			
Income	(184,400)	(194,621)	(10,221)			
Meals on Wheels	68,300	85,256	16,956	4.72	3.61	
Employees	593,000	443,655	(149,345)	11.83	8.00	SCC Grant Income is lower against the budget and also unused funds of £50k has been moved into Revenue grants reserves to fund additional costs expected in 2023-24
Other Expenditure	10,000	30,290	20,290			
Income	(603,000)	(548,453)	54,547			
Spelthorne Family Support	0	(74,508)	(74,508)	11.83	8.00	

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Community Wellbeing & Housing

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	51,800	372	(51,428)	1.00	-	Vacancies following a restructure and a number of subsequent departures.
Other Expenditure	40,800	49,961	9,161			
Income	0	0	0			
Community Development	92,600	50,333	(42,267)	1.00	-	
Employees	0	0	0			Carry forward of the balance has been requested to spend in 23/24
Other Expenditure	249,700	217,350	(32,350)			
Income	0	0	0			
General Grants	249,700	217,350	(32,350)	-	-	
Employees	1,389,200	1,355,246	(33,954)	29.36	32.56	Deputy Group Head left post unfilled for a period and then less expensive member of staff employed
Other Expenditure	58,200	46,828	(11,372)			
Income	(2,000)	0	2,000			
Housing Needs	1,445,400	1,402,074	(43,326)	29.36	32.56	
Employees	193,800	293,088	99,288		3.36	Higher Salary costs for Refugee schemes, however this is covered by grant funding Fewer SRA completions made. Instead they housed people under the Afghan scheme which as funded separately Grant funding for Afghan relocation scheme claims, transferred to reserves for future use
Other Expenditure	3,815,100	3,650,796	(164,304)			
Income	(3,470,900)	(4,529,381)	(1,058,481)			
Homelessness	538,000	(585,497)	(1,123,497)	-	3.36	
Employees	640,900	526,069	(114,831)	16.83	12.93	Vacant hours/positions exist. Recruitment for some positions has taken place and the new employees will be starting soon once HR have completed their checks Extension of the household support fund
Other Expenditure	41,700	33,174	(8,526)			
Income	(300,000)	(362,822)	(62,822)			
Housing Benefits Admin	382,600	196,421	(186,179)	16.83	12.93	

Community Wellbeing & Housing

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			HB payments are less than anticipated where claimants have moved to Universal Credit
Other Expenditure	21,872,000	20,318,808	(1,553,192)			
Income	(21,821,000)	(20,205,270)	1,615,730			
Housing Benefits Payments	51,000	113,538	62,538	-	-	
Employees	310,200	269,019	(41,181)	4.94	5.00	Variance as a result of vacancies following restructure, and colleagues leaving the authority. Recruitment plans are in process of being implemented.
Other Expenditure	22,700	14,509	(8,191)			
Income	0	(44,288)	(44,288)			Public Health funding for COVID Outreach
Leisure Administration	332,900	239,241	(93,659)	4.94	5.00	
Employees	0	0	0			Higher contribution to SLM energy costs for 22-23 than budgeted, due to cost of living Increase in the councils profit share agreement
Other Expenditure	257,600	458,261	200,661			
Income	(267,300)	(299,267)	(31,967)			
Spelthorne Leisure Centre	(9,700)	158,994	168,694	-	-	
Employees	12,600	9,090	(3,510)			
Other Expenditure	4,800	5,572	772			
Income	(3,100)	(4,207)	(1,107)			
Resource Centre	14,300	10,454	(3,846)	-	-	
Employees	1,600	4,441	2,841			
Other Expenditure	23,100	9,209	(13,891)			
Income	(7,100)	(13,604)	(6,504)			
Sports and Active Lifestyle	17,600	45	(17,555)	-	-	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	(47,600)	(49,680)	(2,080)			
Sunbury Golf Club	(47,600)	(49,680)	(2,080)	-	-	

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Community Wellbeing & Housing

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	5,200	1,868	(3,332)			
Income	(8,000)	(8,000)	0			
Museum	(2,800)	(6,132)	(3,332)	-	-	
Employees	0	0	0			
Other Expenditure	26,300	8,378	(17,923)			
Income	0	0	0			
Youth	26,300	8,378	(17,923)	-	-	
Employees	1,500	161	(1,339)			
Other Expenditure	31,300	22,947	(8,353)			
Income	(3,000)	(286)	2,714			
Arts Development	29,800	22,821	(6,979)	-	-	
Employees	0	0	0			
Other Expenditure	7,900	8,309	409			
Income	(12,900)	(1,856)	11,044			No income for H & S as no courses are taken due to other priorities
Public Health	(5,000)	6,453	11,453	-	-	
Employees	0	258	258			
Other Expenditure	0	10,590	10,590			
Income	0	(1,520)	(1,520)			
Events	0	9,328	9,328			
Total Employees	4,656,600	4,185,027	(471,573)	102.18	93.63	
Total Other Expenditure	26,961,300	25,454,271	(1,507,029)			
Total Income	(27,373,500)	(27,026,364)	347,136			
Net Total	4,244,400	2,612,933	(1,631,467)	102.18	93.63	

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Neighbourhood Services

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	473,500	422,828	(50,672)	12.8	8.4	Savings achieved due to vacant posts, partially covered by agency staff and overtime payments Electricity costs are higher against the budget by £25k and remainder relates to higher overall supplies & Services costs No change from Qtr 3
Other Expenditure	882,100	970,005	87,905			
Income	(1,839,500)	(1,580,770)	258,730			
Car Parks	(483,900)	(187,937)	295,963	13	8	
Employees	72,600	72,512	(88)	1.7	1.7	CCTV maintenance costs are lower against the budget
Other Expenditure	174,800	154,794	(20,006)			
Income	0	0	0			
Community Safety	247,400	227,306	(20,094)	2	2	
Employees	0	0	0			
Other Expenditure	121,700	102,022	(19,678)			
Income	0	0	0			
Depot	121,700	102,022	(19,678)	0	0	
Employees	1,264,700	1,241,620	(23,080)	26.4	23.0	Vacant posts covered by agency staff Underspents against Operational Equipment & Maintenance Budget - £7k, Internal Print - £12k, Internal Postage - £5k and remainder against Marketing budget Additional income from insurance claim
Other Expenditure	138,800	109,936	(28,864)			
Income	(3,000)	(41,744)	(38,744)			
Neighbourhood Serv Mgt Support	1,400,500	1,309,812	(90,688)	26	23	
Employees	362,700	359,202	(3,498)	6.2	6.1	
Other Expenditure	18,400	15,449	(2,951)			
Income	(415,700)	(424,458)	(8,758)			
Building Control	(34,600)	(49,807)	(15,207)	6	6	

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Neighbourhood Services

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	2,500	478	(2,022)			
Income	(4,500)	(3,249)	1,252			
Food Safety	(2,000)	(2,771)	(771)	0	0	
Employees	0	0	0			
Other Expenditure	25,700	24,707	(993)			
Income	0	0	0			
Bus Station	25,700	24,707	(993)	0	0	
Employees	0	0	0			
Other Expenditure	34,300	38,977	4,677			
Income	(371,700)	(391,826)	(20,126)			More funerals are taking place
Cemeteries	(337,400)	(352,849)	(15,449)	0	0	
Employees	1,119,700	1,219,886	100,186	20.8	20.7	Expected to be higher due to an additional contractor and agency costs to cover vacant posts and EH Covid-19 response Supplement service to be funded by Surrey County Council
Other Expenditure	80,600	57,140	(23,460)			No work relating to Heathow consultation as the final consultation document is not expected in this financial year
Income	0	(169,552)	(169,552)			Additional income from SCC to fund costs relating to EH Covid-19 response Supplement service as per above
Environmental Health Admin	1,200,300	1,107,474	(92,826)	21	21	
Employees	0	0	0			
Other Expenditure	105,900	109,293	3,393			
Income	(5,100)	(3,070)	2,030			
Environmental Protection Act	100,800	106,223	5,423	0	0	

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Neighbourhood Services

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	213,700	214,729	1,029	4.6	4.6	
Other Expenditure	8,800	7,858	(942)			
Income	(128,300)	(119,717)	8,584			
Licensing	94,200	102,871	8,671	5	5	
Employees	0	0	0			
Other Expenditure	3,300	2,567	(733)			
Income	(81,400)	(60,337)	21,063			Income is expected to fall short of budget target due to slower than expected recovery post Covid-19.
Taxi Licensing	(78,100)	(57,769)	20,331	0	0	
Employees	699,400	609,391	(90,009)	22.0	14.0	Savings expected due to vacant posts, partially covered by agency staff and overtime.
Other Expenditure	314,500	183,142	(131,358)			Vehicle leasing costs of £167k to be moved under new Financial Regulations, partially off set by additional expenditure funded through Grant funding (please see below)
Income	(47,700)	(111,461)	(63,761)			Additional DEFRA -Keep Britain Tidy – Bubblegum removal grant
Street Cleaning	966,200	681,071	(285,129)	22	14	
Employees	0	0	0			
Other Expenditure	9,900	(1,625)	(11,525)			Business rates not paid for the current year and also refunded for last year
Income	0	0	0			
Public Conveniences	9,900	(1,625)	(11,525)	0	0	
Employees	0	0	0			
Other Expenditure	15,900	12,505	(3,395)			
Income	(5,000)	(1,764)	3,236			
Rodent & Pest Control	10,900	10,741	(159)	0	0	

Neighbourhood Services

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Note: SAT = Spelride						
Employees	172,100	149,826	(22,274)	6.0	5.0	Savings achieved due to vacant posts, partially covered by temporary staff
Other Expenditure	48,100	49,886	1,786			
Income	(70,000)	(61,241)	8,759			
SAT	150,200	138,470	(11,730)	6	5	
Employees	0	0	0			Unused HLS grant funding of £63k from Rural Agency Has been moved into Revenue Grants reserves expected to be used in future financial year. Remainder relates to recharged income to fund the above additional costs
Other Expenditure	3,500	2,150	(1,350)			
Income	0	0	0			
Abandoned Vehicles	3,500	2,150	(1,350)			
Employees	0	0	0			
Other Expenditure	23,000	17,242	(5,758)			
Income	(36,200)	(41,208)	(5,008)			
Allotments	(13,200)	(23,966)	(10,766)			
Employees	0	0	0			
Other Expenditure	21,000	31,276	10,276			
Income	0	(72,539)	(72,539)			
Environmental Enhancements	21,000	(41,263)	(62,263)			
Employees	1,437,500	1,334,575	(102,925)	44	28	Savings expected due to vacant posts, partially being covered by agency staff and overtime payments. Fuel costs were not as high as budgetted for Higher fees & sponsorship income against the budget
Other Expenditure	631,400	614,239	(17,161)			
Income	(248,600)	(287,711)	(39,111)			
Grounds Maintenance	1,820,300	1,661,103	(159,197)	44	28	

Neighbourhood Services

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			Mainly higher Utility costs against the budget
Other Expenditure	77,200	134,854	57,654			
Income	(73,300)	(74,238)	(938)			
Parks Strategy	3,900	60,616	56,716			
Employees	0	0	0			
Other Expenditure	7,200	13,504	6,304			
Income	(27,400)	(23,890)	3,510			
Public Halls	(20,200)	(10,386)	9,814			
Employees	1,442,100	1,422,933	(19,167)	50.00	39.00	Vacant posts are being covered by Agency staff and additional overtime payments Vehicle Leasing costs of £500k expected to be moved under new financial regulation, partially off set by higher Fuel costs Higher green waste bins income due to more clients.
Other Expenditure	885,000	454,900	(430,100)			
Income	(979,000)	(1,012,637)	(33,637)			
Refuse Collection	1,348,100	865,197	(482,903)	50	39	
Employees	0	0	0			Income is lower due to change in recycling income mechanism
Other Expenditure	0	0	0			
Income	(342,000)	(261,862)	80,138			
Waste Recycling	(342,000)	(261,862)	80,138			
Total Employees	7,258,000	7,047,502	(210,498)	195	150	
Total Other Expenditure	3,633,600	3,105,298	(528,302)			
Total Income	(4,678,400)	(4,743,274)	(64,874)			
Net Total	6,213,200	5,409,525	(803,675)	195	150	

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Economic Development

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	224,000	198,677	(25,323)	4.00	3.00	Retirement of manager and vacant post of officer for part year. Youth Hub expenditure - funded by grant. Business Hub expenditure offset by income received. Shared Prosperity Grant received and moved to reserve. Business Hub income and grants received for Youth Hub.
Other Expenditure	64,000	212,560	148,560			
Income	0	(211,519)	(211,519)			
Economic Development	288,000	199,718	(88,282)	4	3	
Employees	0	0	0			Higher Business rates by £17k and remainder relates to higher contract management costs against the budget Income is forecast to be lower due to slower than expected recovery post COVID-19.
Other Expenditure	131,900	157,084	25,184			
Income	(257,800)	(159,802)	97,998			
Staines Market	(125,900)	(2,718)	123,182	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	(311,300)	(311,300)	0			
Staines Town Centre Management	(311,300)	(311,300)	0	0	0	
Total Employees	224,000	198,677	(25,323)	4	3	
Total Other Expenditure	195,900	369,644	173,744			
Total Income	(569,100)	(682,621)	(113,521)			
Net Total	(149,200)	(114,299)	34,901	4	3	

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Environment & Sustainability

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	65,100	65,689	589			
Income	(1,000)	0	1,000			
Emergency Planning	64,100	65,689	1,589	0	0	
Employees	0	0	0			
Other Expenditure	10,100	5,513	(4,587)			
Income	0	0	0			
Energy Initiatives	10,100	5,513	(4,587)	0	0	
Employees	0	0	0			
Other Expenditure	12,200	3,806	(8,394)			
Income	(25,900)	(19,549)	6,351			
Parks Properties Project	(13,700)	(15,742)	(2,042)	0	0	
Employees	1,106,200	1,062,890	(43,310)	21.33	21.33	On average 1 vacant post throughout year. Costs funded from Planning Appeals reserve set up from 2021/22 budget underspend. Planning appeal costs from Debenhams site.
Other Expenditure	189,200	312,885	123,685			
Income	(675,900)	(669,712)	6,188			
Planning Development Control	619,500	706,063	86,563	21	21	
Employees	459,300	457,259	(2,041)	8.13	7.13	Costs associated with Local Plan work. Overspends funded from Local Plan reserve set up in 2021/22 from budget underspend. Govt Grant received and reimbursement from Env Agency for River Thames Scheme.
Other Expenditure	74,500	157,880	83,380			
Income	(81,400)	(130,574)	(49,174)			
Planning Policy	452,400	484,564	32,164	8	7	

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Environment & Sustainability

Results to 31-Mar-23	Budget Revised	Actual Outturn	Variance of Actual from Revised Bgt	Staffing Budget	Staffing Actual	Comments
	£	£	£	FTE	FTE	
Employees	0	0	0			
Other Expenditure	5,500	1,950	(3,550)			
Income	0	0	0			
Water Courses & Land Drainage	5,500	1,950	(3,550)	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
War Memorials	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Employees	0	0	0			
Other Expenditure	0	0	0			
Income	0	0	0			
	0	0	0	0	0	
Total Employees	1,565,500	1,520,148	(45,352)	29	28	
Total Other Expenditure	356,600	547,723	191,123			
Total Income	(784,200)	(819,835)	(35,635)			
Net Total	1,137,900	1,248,037	110,137	29	28	

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Corporate Policy & Resources Committee



26 June 2023

This report was approved by CPRC on 26 June, is now sent to all councillors in the briefing pack, a finance officer will be available at the next committee meeting for Admin, Economic Development, Environment & Sustainability, Community Wellbeing & Housing and Neighbourhood Services and Enforcement to answer any questions a committee member may have on the variance analysis (section 3) and appendices, in respect of their committee. Please also note that the Thameside House variance shown below is incorrect, as the Outturn figure of £81m refers to a different design, which has not been approved by Council. Therefore, the capital programme is underspent by £3.9m, as set out in note 1.3 below.

The addendum report is not relevant to any committee other than Corporate Policy & Resources and therefore will not be distributed.

Title	31 March 2023 - Month 12 Capital Outturn report
Purpose of the report	To note
Report Author	Paul Taylor Chief Accountant
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Affordable housing Recovery Environment Service delivery
Recommendations	The Committee is asked to note the £22.8m overspend (Dec: £22.9m overspend) on capital expenditure against its Capital Programme provision for 2022-23 as at 31 March 2023.

1. Report Summary

- 1.1 This report seeks to update Councillors on the performance of our capital projects against the approved budget, as at 31 March 2023. and the **projected** overspend of £22.8m (Dec: overspend of £22.9m). The main reason for the overspend is shown below:

	Previous Approved Budget	Projected Outturn on latest design	Variance
Thameside House	£54,430,000	£81,000,000	£26,670,000

Full details are shown below in section 3.5 (d).

- 1.2 The projected overspend on Thameside is due to the redesign proposals currently being discussed and evolving, which have not yet been approved by Development Sub-Committee, and therefore, this produces a technical overspend, until the final project is approved by Council. Over the coming months, the approved budget and forecast outturn will align.
- 1.3 Officers will be reviewing this reporting process over the next couple of weeks and will update the Committee on their recommendations, as without this adverse variance on Thameside House, Council would have an underspend of £3.9m.

2. Key issues

- 2.1 The Capital Monitoring report covers the cumulative actual expenditure to date, against the cumulative Council approved Capital Programme budget and compares this against the latest forecast outturn from Officers.
- 2.2 Although the projects may have a budget allocation in the Capital Programme, any increases in budget will require prior approval by Corporate Policy & Resources Committee before drawing down on the budget.
- 2.3 The Council is beginning to see the impact of Brexit, longer term economic impacts of the COVID-19 pandemic, the Ukraine War, and the Cost-of-Living Crisis on the Council's development projects, in particular inflation on building costs, availability of labour and shorter fixed price guarantees from building suppliers. Coupled with the substantial increase in the Bank of England base rate, and the short-term impact on the gilts market, the long term cost of borrowing has increased from an average of 2.3% to over 4.8% in twelve months, which as reported at the Extraordinary Council Meeting (ECM) on 2 February, when the Bank of England base rate was slightly lower at 4.25%, has added another £180m plus to the cost of our developments over the next 50 years based on our current Council approved Capital Programme(if the rates do not start to fall back in the future).
- 2.4 Previous Council decisions to impose height restrictions on the Oast House & Thameside developments has resulted in a reduction of £70m of rental income over the next 50 years, or the equivalent of an average of £1.25m per annum.
- 2.5 Many of the development projects were acquired by the Council several years ago, and due to a mixture of delays including obtaining planning permission, and Council imposed moratoriums, the projected income from these projects

has not materialised as originally planned, creating a triple whammy, on the Council's finances, which will put pressure on future income over the short to medium term.

- 2.6 Officers will continue to closely monitor these risks and assess the impact on our Development Properties specifically and more generally on the Estimated Capital Programme for 2022/23 to 2026/27. Therefore, it is critical that these projects receive planning permission at the earliest opportunity, so that capital investment commitments can be made at the most financially advantageous time without further delay.
- 2.7 As reported last quarter, Officers continue to monitor the impact of inflation on the material and labour costs for our development contracts, which is forecast to have a £40m+ adverse impact on the Council's Capital budgets over the next four years and this will have a knock-on impact on our revenue budgets due to increased interest charges, as notified by the Public Works Loan Board (PWLB) and greater costs to be financed.
- 2.8 For the quarter ended 31 March 2023 the approved 2022-23 Capital Programme was £339.3m (Dec: £374.3m). The latest forecast outturn position is £362.2m (Dec: £397.3m), giving a projected aggregate overspend of £22.9m (Dec: overspend £23.0m) as per Appendix A below. Until planning consent is granted, and final terms have been negotiated for build contracts, there is likely to be ongoing adverse fluctuation due to construction market volatility.
- (a) Please also note, as shown below four assets have been removed from the Capital Programme this quarter, as they are no longer proceeding, hence the difference in the approved capital programme figures.
- 2.9 The projected aggregate over/underspend by Committee as per Appendix B is as follows and the specific detail is shown in the section 3 - variance analysis below:
- (a) Administrative – projected underspend (£195k) (Dec: underspend (£195k)).
- (b) Community Wellbeing & Housing – projected over/underspend £nil (Dec: over/underspend £nil).
- (c) Environment & Sustainability – projected overspend £104k (Dec: overspend £104k)
- (d) Corporate Policy & Resources Committee – projected overspend £22.9m (Dec: overspend £22.9m).
- (e) Neighbourhood Services & Enforcement – no projected over/underspend (Dec: no projected over/underspend)
- 2.10 In arriving at the cumulative expenditure to date, the Finance Team account for capitalised borrowing costs, salaries, and all costs of acquisition on each development project.
- 2.11 As highlighted last quarter, the average **monthly cost** to the Council for the delays in moving the development properties forward is **£170k** (£140k revenue and £30k capital) for the quarter ended 31 March 2023, (Dec: unchanged).

- 2.12 Officers are forecasting that as the Council comes to renew its short-term borrowing (three to twelve months maturity) and with current market interest rates have risen by over 250% in the last six months, from January 2023, they anticipate that the monthly short-term borrowing costs will increase by over £90k per month.
- 2.13 **Capitalisation of borrowing costs**
- 2.14 Under normal circumstances, Officers would capitalise the borrowing costs associated with the six development properties in the Staines-upon-Thames area based on the requirements of section 4 of the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting. However, the delays caused by the moratorium, planning submission, and obtaining planning permission, have had a significant impact on the Council's finances.
- 2.15 As the Council progresses with the plans for each development, following the end of the moratorium, Officers, in consultation with our external auditors, will have to reassess each project and if the design of the buildings has significantly altered, once planning permission has been granted, and in order to comply with the above CIPFA Code, Council may have to charge the design fees for the previous building designs from Capital to the Revenue budget and this could have a significant adverse impact on the revenue outturn, increasing the predicted budget deficit even further.

3. Variance analysis

- 3.1 We report on any significant movement in forecast variance over £50k or 20% of budget, whichever is the highest, or if there has been a significant development since last quarter, by committee as follows:
- 3.2 Administrative – projected underspend (£195k) (Dec: underspend (£1.7k))
- (a) Recabling – Underspend (£180k) (Dec: over/underspend £nil) ICT have conducted the port audit and the results show that the Council is unlikely to undertake a full re cabling exercise at Knowle Green. Some isolated work will be required.

Please note that for the 2024/25 Budget, because of the future challenges on the Council's revenue and capital cashflow mentioned in section 2 above, all capital projects require a Project Initiation Document to be completed before a growth bid is submitted, to manage the Council Capital Financing Requirement.

- 3.3 Community Wellbeing & Housing – projected Over/underspend £nil (Dec: over/underspend £nil)
- 3.4 Environment & Sustainability – projected overspend £104k (Dec: £104k overspend).
- (a) Laleham Park Upgrade – Overspend £104k, (Dec: overspend £104k) Cost inflation is impacting on this project and Officers will shortly be submitting revised plans for approval by the Development Sub Committee, to increase the budget.

3.5 Corporate Policy & Resources – Overspend £22.9m (Dec: overspend £22.9m).

Please note that there are a number of memorandum accounts in the Appendix, in respect of the original purchase of the development properties, which were completed a number of years ago, and therefore, variance is shown for completeness. as these variances are historic and will not change.

- (a) Ashford Multistorey Car Park - residential scheme (MSCP) – Overspend is projected at £1.3m, (Dec: overspend £1.3m). The anticipated overspend is due to building material and labour cost inflation, value engineering will be undertaken where possible to reduce overspend. Development Sub Committee approved a £267k increase in budget for additional design fees.
- (b) Benwell House Phase 1 Development & Build costs – Underspend (£2.6m) (Dec: underspend (£2.6m)). Final contract continues to be negotiated, due to contractor claiming costs for loss and expense, which are currently unsubstantiated.
- (c) Victory Place (keyworker and affordable homes) – Overspend £6.0m (Dec: Overspend £6.0m). The overspend is due to the issues mentioned in 2 above, i.e., building cost inflation and delays in getting pre commencement conditions discharged. Final construction costs continue to be reviewed and any possible value engineering will be undertaken to keep construction costs as low as possible.
- (d) Thameside House (private rental) – Overspend £26.7m (Dec: overspend £26.7m), and the overspend relates to the issues mentioned in 2 above, and that the current project is not viable for Knowle Green Estates (KGE). (Please note that at the ECM on 2 February 2023, a motion was agreed to retain this project within the Council's remit for private rental and this is not reflected in this report). Further work will be undertaken to consider the viability of the scheme, as it needs to be viewed in conjunction with the Tothill Development.
- (e) Oast House (affordable rental and NHS health and community wellbeing centre)– Underspend (£6.1m) (Dec: underspend (£6.1m)). Significant cost increases as discussed in 2 above. Given the council agreed height restrictions, alternatives designs are being considered before submitting a scheme for approval at Development Subcommittee and to achieve a scheme that is financially viable for KGE.
- (f) Acquisition of a potential housing/regeneration asset – **WAS REMOVED FROM THE CAPITAL PROGRAMME**
- (g) 91/93 High Street – Underspend (£1.2m) (Dec: underspend (£1.2m)). Currently proposals were not viable for KGE, so Officers are reengineering the proposals for future agreement at Development Subcommittee.
- (h) Former Decathlon unit (future Library)– Underspend (£2.0m). (Dec: underspend (£2.0m. Subject to completion of the letting to Surrey County Council, the planned capital expenditure is no longer required, and the capital programme will be amended to reflect this saving.

3.6 Neighbourhood Services & Enforcement - Over/underspend £nil (Dec: over/underspend £nil)

4. Financial implications

4.1 Once a project is completed, any underspend on the approved Capital Programme enables the Council to invest the monies to gain additional treasury management investment income or to fund additional schemes.

4.2 Working closely with our Treasury Management advisors, Officers are currently saving the Council more than £1,300k per annum in interest charges, through prudent use of short-term interest rates to fund regeneration development projects.

4.3 Council funds these development projects via short term borrowings, typically from other local authorities. The interest is capitalised against each project, in accordance with the CIPFA Prudential Code.

4.4 When each project is completed, in most cases Officers obtain long term fixed rate interest loans from the Public Works Loan Board (PWLB) to significantly reduce the Council's exposure to risk of future interest rate rises.

4.5 For many of the smaller capital projects, especially those which will not generate revenue income streams or revenue savings, officers will fund the project from the annual Revenue Contribution to Capital, existing capital grants, capital receipts or short-term lease/HP agreements, rather than long term loans.

Officers have reviewed the actual capitalised costs (relating to accumulated costs capitalised in accordance with approved accounting policies, for residential delivery schemes yet to be completed) from the date of inception of each project to 31 March 2023 and the results are shown in the table below:

	£
Oast House	2,572,000
Thameside House	3,296,000
Ashford MSCP	261,000
Victory Place	2,582,000
Benwell Phase 2	202,000
Total	8,913,000

4.6 Should there be any continued delays to getting the Council's development projects into the planning process or granting planning permission or failure to sign contracts with contractors, Officers, in consultation with our External Auditors, will have to assess whether it is still appropriate under the Chartered Institute of Public Finance & Accountancy (CIPFA) Prudential Code, to continue to capitalise, salaries, interest and fees against these capital projects. If some of those costs were to be treated as abortive they would need to be charged to Revenue.

- 4.7 Based on the above table, if all the development properties were deemed not to be progressing under the terms of the Prudential Code, £9m will be charged to the revenue budget, creating a substantial deficit, which Council will have to resolve, by a number of options, which are not mutually exclusive and would need to be assessed on a project by project basis:
- (a) Reducing discretionary services
 - (b) Increasing Council Tax – should an increase beyond £5 or 3% be required, then it will be necessary to hold a referendum.
 - (c) Remove the height restrictions from the Council's development properties in order to maximise rental rents and reinstate £70m over 50 years, i.e., £1.25m positive cashflow to the Council.
 - (d) Form one or more Joint Ventures to get the properties built.
 - (e) Selling our development properties at this current time, is likely to make the matter worse, because the current market value is below the cost price and therefore it will crystallise losses into the Council's Revenue Budget, which will need to be covered by further drastic action, as mentioned above. It would be more preferable to wait until some stability returns to the property market and property valuation are more than the aggregate capital cost on our development projects.
- 4.8 Officers will be modelling these scenarios for Council as part of the Medium Term Financial Plan (MTFP) and highlighting the impact on the revenue budget and the residents of the Borough, in the light of the continued delays imposed by Council generally and obtaining planning permission specifically, so that councillors are fully aware of the challenges, risks and financial implications of their decision making.

5. Risk considerations

- 5.1 The significant risks for our capital programme continue to be the delay in commencing our development projects.
- 5.2 These delays are seeing construction costs rise rapidly, as the construction industry experiences significant inflationary increases in building material and labour costs, which in turn is creating shortage of both in the marketplace, adding to lead times and driving financing costs upwards.
- 5.3 The recent upward trend in interest base rates is impacting on our development properties, as the Council funds these projects from short term borrowing, before fixing the loan interest via the Public Works Board on completion of each project.
- 5.4 The development restrictions place on Thameside House in its current format, make it financially unviable, and council will either have to change the design or link the project with another one, such as, the Tothill Development to mitigate the risks to the Council.

6. Procurement considerations

- 6.1 In accordance with the Council's Contract Standing Orders, the Corporate Procurement team provides support in tendering for projects with a value of £40k or over. This includes major capital (and revenue) projects, such as development scheme projects.

6.2 Corporate Procurement plays a vital role in ensuring that tenders are conducted compliantly and under a process designed to achieve optimal whole life value for money.

7. Legal considerations

7.1 None.

8. Other considerations

8.1 On the smaller projects, Officers will be expected to progress their capital bids and complete by 31 March 2024. Where projects have not commenced, by this date, in view of the challenges facing the Council as mentioned in 2 above, Project Managers may be requested to cancel the project and reapply for capital funds when they are ready to complete the project, so that the unused funds can either be utilised elsewhere by Council or to reduce the Capital Finance Requirement, rather than being tied up in projects that are not progressing.

9. Equality and Diversity

9.1 This Council is committed to delivering equality, improving diversity and being inclusive in all our work as a service provider and an employer.

9.2 We incorporate equality into our core objectives, making every effort to eliminate discrimination, create equal opportunities and develop good working relationships between different people.

10. Sustainability/Climate Change Implications

10.1 Spelthorne Borough Council has declared a climate emergency and each capital project will be looking to reduce its carbon footprint within the financial constraints imposed on it.

11. Timetable for implementation

11.1 Not applicable.

12. Contact

12.1 Paul Taylor p.taylor@spelthorne.gov.uk

Background papers: Extraordinary Council Meeting 2 February 2023 – Ensuring the long-term viability of the Council’s housing Delivery Programme.

Appendices:

Appendix A – Summary Capital Monitoring Report by Committee as at 31 March 2023.

Appendix B – Detailed Capital Monitoring Report by Committee as at 31 March 2023.

CAPITAL MONITORING REPORT AT 31 MARCH 2023

Committee	REVISED BUDGET	ACTUALS YTD	MANAGER'S PROJECTED OUTTURN	PROJECTED VARIANCE
Community Wellbeing & Housing- DFG Annual Programme	17,218	0	-0	-0
Community Wellbeing & Housing	49,900	27,938	49,900	0
Neighbourhood Services & Enforcement	300,000	0	300,000	0
Environment & Sustainability	702,500	115,334	806,000	103,500
Corporate Policy & Resources	336,982,821	93,292,453	359,881,721	22,898,900
Administration	1,252,400	565,423	1,061,274	-194,726
	£339,304,839	£94,001,148	£362,098,895	£22,807,674

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CAPITAL MONITORING REPORT AT 31 MARCH 2023

Portfolio / Service Head	Cost Centre	Description	Current Cumulative Budget	Managers Projected Outturn at 31 December	Cumulative Budget vs Projected Outturn Variance	Comments
Community Wellbeing & Housing						
Karen Sinclair	42014	LOCATA	49,900	49,900	0	Project to be completed by April 2023
Committee Total			£49,900	£49,900	£0	
Housing Investment Programme						
Community Wellbeing & Housing- DFG Annual Programme						
Karen Sinclair & De	40203	0 Disabled Facilities Mandatory	941,682	941,682	-0	
Karen Sinclair & De	40204	0 Disabled Facilities Discretion	29,600	29,600	0	
		Grants received from Central Government	-941,682	-941,682	0	
		Grants received from brought forward surplus	-12,382	-29,600		
Net Cost of Disabled Facilities Grants			17,218	(0)	(0)	Annual Programme
Total For HIP			£17,218	-£0	-£0	
Neighbourhood Services & Enforcement						
Jackie Taylor	41302	Car Park Mgmt. System Update	250,000	250,000	0	Currently on hold pending the update of the SCC agency agreement and how we manage our off street car parks po
Jackie Taylor	41308	Car Park Mgmt. & Issue System	50,000	50,000	0	Currently on hold pending the update of the SCC agency agreement and how we manage our off street car parks po
Committee Total			£300,000	£300,000	£0	
Environment & Sustainability						
Jackie Taylor	41503	Replacement Refuse Vehicle	80,000	80,000	0	Procurement exercise has now been completed and contract awarded, vehicles will be delivered during late 2023 su
Jackie Taylor	41504	EV Pool Vehicles/Bikes				
		External Funding	-45,000	-45,000	0	This income is an insurance payback and offsets the item above
Jackie Taylor	41507	Equipment Lease				Vehicle Leasing costs capitalised under FR16
Jackie Taylor	41606	County Transit Site	127,000	127,000	0	Project on hold until site can be agreed. This is a contribution towards cost of a site in another part of the County.
Jackie Taylor	41608	Laleham Park- Portacab	150,000	150,000	0	Tender documents have now been produced but due to the delay in starting the project approval needs to be sought
		Bronzefield reserve Funding	-150,000	-150,000	0	
Jackie Taylor	41609	Replacement Multi Use	100,000	100,000	0	More electric minibuses are now available for consideration and a new tender exercise will commence this financial
Jackie Taylor	41615	Laleham Nursery Portacabins	116,000	116,000	0	We are putting applications through for both CIL funding and Green Initiatives funding to cover some of the upgrade
Jackie Taylor	41620	Wheelie Bins	50,000	50,000	0	Wheelie bins purchased as and when supply demands through the year
Total			£428,000	£428,000	£0	
Tracey Willmott-French	41314	Air Quality	24,500	24,500	0	The scenario modelling is now completed, along with the further modelling wanted by Councillors at Moor Lane (near
Total			£24,500	£24,500	£0	
Lee O'Neil	41026	Laleham Park Upgrade	250,000	353,500	103,500	Demolition works completed in 21/22. As per Dev Sub meeting, officers will be submitting new plans for approval.
Total			£250,000	£353,500	£103,500	
Committee Total			£702,500	£806,000	£103,500	

CAPITAL MONITORING REPORT AT 31 MARCH 2023

Portfolio / Service Head Centre	Cost Centre	Description	Current Cumulative Budget	Managers Projected Outturn at 31 December	Cumulative Budget vs Projected Outturn Variance	Comments
Corporate Policy & Resources						
Karen Sinclair	42074	Property acquisition for families	35,000,000	35,000,000	0	£35m to be spent over the next 5 years. Project is currently on hold due to the impact of the mini budget on the borro
Lee O'Neil	41024	Spelthorne Leisur Cen	48,370,000	48,370,000	0	Main build contract signed. Enabling works completed and groundworks package has commenced.
Lee O'Neil	41328	Ashford MSCP	15,267,000	16,600,000	1,333,000	Public consultation completed early July, undertaking a second planning pre-app meeting and targeting a November
	42042	Benwell	13,800,000	11,200,000	-2,600,000	Project complete - additional costs incurred for replacement trees, still negotiating final account to be paid with devel
	Memorandum Item	Benwell Land & Building cost Phase 1	10,123,100	10,746,000	622,900	Land acquired on 30/09/17.
	Memorandum Item	Whitehouse Land Acquisition	1,319,721	1,319,721	0	Land acquired on 30/09/17.
Lee O'Neil	42052	Whitehouse (Resident	3,910,000	3,800,000	-110,000	Planning application submission prepared. Reviewing KGE viability due to interest rate spike. Investigating Homes E
Lee O'Neil	42054	Thameside House	54,430,000	81,100,000	26,670,000	Planning submission targeted for end of Nov 22. Increasing build cost pressures continuing. Not KGE viable so HE I
	Memorandum Item	Thameside House Land & Building cost	9,860,000	9,700,000	-160,000	No change to reported financials
Lee O'Neil	42055	West Wing	5,780,000	5,850,000	70,000	Project complete - final account agreed and to be settled in Q3.
Lee O'Neil	42056	Whitehouse Hostel	4,417,000	4,773,000	356,000	No change to financials. Project complete - negotiating final account to be paid.
Lee O'Neil	42057	Ashford Victory Place	31,470,000	37,500,000	6,030,000	Delays in getting precommencement conditions discharged. Target demo start in Dec 22. Main build in 3/23. Not KG
	Memorandum Item	Victory Place Land Cost	5,260,000	5,260,000	0	
Lee O'Neil	42058	Waterfront	0	0	0	Project is not a capital project as SBC do not own the site. Costs redirected to revenue.
Lee O'Neil	42060	Oast House	105,200,000	99,100,000	-6,100,000	Significant cost increases due to moratorium & design consultations delays. Council approved 12+10+9 max storey
Lee O'Neil	42062	Harper House Redeve	3,451,000	3,451,000	0	No change to financials. Project complete - negotiating final account to be paid.
Lee O'Neil	42038	Acquisition of a potential housing/regeneration asset	0	0	0	Unlikely to proceed as US vendor demanding considerably more than Council's budget.
Lee O'Neil	42063	Elmsleigh Centre	5,350,000	5,350,000	0	To be reviewed upon Local Plan & Staines development framework. Previous budget of £18m split for projects at 91
Lee O'Neil	42065	Harper House Redeve	6,000,000	4,792,000	-1,208,000	Public consultation completed in July. Targeting autumn planning submission. Inflation on costs may impact adverse
Lee O'Neil	42066	Harper House Redeve	4,500,000	4,500,000	0	To be reviewed upon Local Plan & Staines development framework. Budget split from Elmsleigh Redevelopment bu
Lee O'Neil	42067	Waterfront	2,150,000	150,000	-2,000,000	Full capital budget not required as current plan is for SCC to take on lease and redevelop in return for rent free lease
Lee O'Neil	42068	Oast House	50,000	60,000	10,000	Designs completed, works expected to start end of Oct - cost expected to be £60k offset by £40k grant funding.
		WC Grant	-25,000	-40,000	-15,000	Grant funding received Aug '22.
Lee O'Neil	42069	Harper House Redeve	3,500,000	3,500,000	0	This is with strategic planning team for further advise on the project.
Lee O'Neil	42070	Waterfront	250,000	250,000	0	This project is on hold and to commence subject to the Community Lettings Policy being reviewed by Councillors. A
Lee O'Neil	42071	Oast House	1,200,000	1,200,000	0	This project is on hold and to commence subject to the Community Lettings Policy being reviewed by Councillors. A
Lee O'Neil	42072	Waterfront	750,000	750,000	0	This project is on hold and to commence subject to the Community Lettings Policy being reviewed by Councillors. A
Lee O'Neil	42073	Oast House	400,000	400,000	0	No decision has been made about what to do with this piece of land yet. Forecast at budget.
Lee O'Neil	42075	Harper House Redeve	0	0	0	Public consultation completed in July. Targeting autumn planning submission. Inflation on costs may impact adverse
Lee O'Neil	42076	Elmsleigh Centre	200,000	200,000	0	approved by Dev Sub Com 16/5/22 - budget provision for £200k
Committee Total			£336,982,821	£359,881,721	£22,898,900	

CAPITAL MONITORING REPORT AT 31 MARCH 2023

Portfolio / Service Head Centre	Cost Centre	Description	Current Cumulative Budget	Managers Projected Outturn at 31 December	Cumulative Budget vs Projected Outturn Variance	Comments	
Administration							
Lee O'Neil	42010	Knowle Green Car Car	KG Car Park Improvements	120,000	120,274	274	Project complete. Budget virement has been processed to fund capital works from planned maintenance revenue bu
			Total	£120,000	£120,274	£274	
Paul Taylor	43602	Centros Upgrade- Inte	Centro Upgrade - Integra	30,000	28,000	-2,000	This project is completed
Paul Taylor	43609		Centros Upgrade	190,000	190,000	0	Phase 1, will start once the Centros system has gone live.
			Total	£220,000	£218,000	£0	
Kamal Mehmood	43604	Leisure Board	Leisure Board	15,000	0	-15,000	This budget was originally requested by ICT for the replacement of the Leisure board at Staines Library/Museum. Th
			Total	£15,000	£0	-£15,000	
Alistair Corkish	43607	Training Room	Recabling	200,000	20,000	-180,000	Port audit is complete and results show we are unlikely to need to undertake a full recabling of Knowle Green. The p
Alistair Corkish	43610	Leisure Board	General Hard/Software - annual programme	50,000	50,000	0	The project is completed
Alistair Corkish	43613	Audiocodes	VDI Hosts	18,100	18,100	0	The project is completed
Alistair Corkish	43614	Customer Portal	Network Infrastructure	170,000	170,000	0	This project will begin Q3/Q4 and will carry on into 2023-24
Alistair Corkish	43615	Customer Services Co	Members Tablets	41,900	41,900	0	The project is completed
			Total	£480,000	£300,000	-£180,000	
Sandy Muirhead	43625	Sharepoint Upgrade	Customer Portal	8,000	8,000	0	To be spent in next few months of 23/24 as Council has chosen Granicus to implement but the portal has taken a bit
Sandy Muirhead	43626	General ICT Equipme	Customer Services Contact Cent	34,400	40,000	5,600	The remaining budget will be spent on further development of webchat and Ai during 23/24 as staff changes and res
Sandy Muirhead	43629	Solar PV for White Ho	Net call Contact Centre	70,000	70,000	0	This will form part of the digital upgrade to be completed in 23/24 with remaining spend needing to be spread over tw
			Total	£102,400	£118,000	£15,600	
Sandy Muirhead	43502	Digital Spellthorne	Digital Spellthorne	50,000	50,000	0	Delays occurred in implementation as a result of strategy development and queries by Customer Services which hav
Sandy Muirhead	43512	Sharepoint redesi	SharePoint redesign & Relaunch	155,000	155,000	0	SharePoint launch is being delayed as a result of staff recruitment delays. New member of staff started in July 2022
Sandy Muirhead	43515	Corporate EDMS Proj	Corporate EDMS Project	100,000	100,000	0	A substantial amount of the work will be dealt with from the SharePoint budget (Cost centre 43512) and this will be s
			Total	£417,400	£423,000	£0	
			Committee Total	£1,252,400	£1,061,274	-£194,726	
Total			£339,304,839	£362,098,895	£22,807,674		

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