

Cabinet

20 February 2019



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

1. Key issues

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

1.2 The forecast outturn below shows a positive variance of £2.960m.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Service level Expenditure	63,032	61,640	(1,392)
Housing Benefit Income	(31,221)	(31,171)	50
Service level Income	(9,664)	(11,358)	(1,694)
Salary budget saving (<i>actual vacancy savings are reflected in services expenditure outturn</i>)	(300)	-	300
Net Acquisition Income	(7,866)	(8,090)	(224)
Other Income	(209)	(209)	-
External Financing	(5,257)	(5,257)	-
Revenue Carry forward	(711)	(711)	-
Council Tax Income	(7,804)	(7,804)	-
Net	-	(2,960)	(2,960)

2. Options analysis and proposal

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

Leader

Spend Area	Variance £'000	Comment
Elections	(10)	No further expenditure expected provided there is no by election
Legal	(45)	Higher income due to more activity plus vacant posts
Total	(55)	

Deputy Leader

Spend Area	Variance £'000	Comment
Corporate Publicity	7	Additional staffing hours for Web related work partly offset by recharges
Total	7	

Corporate Management

Spend Area	Variance £'000	Comment
HR	(39)	Expenditure on Local Pay staffing lower than expected
ICT	(23)	Vacancy and software savings offset by loss of shared partnership funding
Corporate Management	(157)	Retention allowance payments lower than anticipated
Project Management	(114)	Projects not expected to be completed by year end, funding will need to be carried forward
Total	(333)	

Housing

Spend Area	Variance £'000	Comment
Homelessness	15	Floating support service contribution and other Homelessness initiatives
Housing Benefits Admin	(24)	Vacancy saving
Total	(9)	

Finance

Spend Area	Variance £'000	Comment
Chief Executive	12	Corporate training costs above budget
Audit	(45)	Savings expected due to vacancy (£35k) and counter fraud budget (£23k), although partly offset by £13k deficit on partnership income
Accountancy	14	Professional training costs
Misc Expenses	(13)	2017/18 Write off adjustment
Total	(32)	

Planning and Economic Development

Spend Area	Variance £'000	Comment
Planned Maintenance	(212)	Underspend expected on planned maintenance works
Economic Development	(866)	Majority of spending on Gigabit project (£500k), Business Incubator (£150k) and electric car charging (£175k) not happening in 18/19. Budget will need to rolled forward to next year
Asset Management Administration	42	Thameside House costs partly offset by savings on salaries, Elmsleigh Lifts, Knowle Green relocation and redevelopment and Spelthorne Leisure Centre
Planning Policy	23	Training and Legal costs
Planning Development Control	(305)	Additional resource in salary budget plus sharp increase in income from planning application fees and performance agreement

Building Control	(20)	Increased activity
General Property Expenses	(24)	Additional licenses granted for use of part of Bugle, back rent payment
Staines Town Centre Mgmt	(87)	Additional income from Elmsleigh Centre
Total	(1,449)	

Environment & Compliance

Spend Area	Variance £'000	Comment
DS Management and Support	(5)	Additional income from shared services
Refuse Collection	(195)	Higher income expected due to increased take up on green waste and textile services
Street Cleaning	(29)	Savings due to vacant posts
Waste Recycling	(248)	Contract fees no longer paid due to changes to the recycling credit system
Public Conveniences	(20)	Savings expected due to the closure of public convenience
Allotments	6	Income lower against budget
Car Parks	(709)	Higher income from increased usage of major car parks expected and backdated PCN subsidy payment
Licensing	(49)	HMO License income higher than budgeted
Community Safety	13	Higher CCTV maintenance costs
Total	(1,236)	

Community Well Being

Spend Area	Variance £'000	Comment
Com Care Admin	53	No capital recharge of DFG work partly offset by vacancy saving
Day Centres	33	Higher cleaning, tutor and equipment expenses plus higher needs income lower than anticipated

Meals on Wheels	14	Lower number of meals invoiced to date
Spelthorne Troubled Families	24	Family support funding from SCC lower, will attempt to seek additional funding from partners
SAT	(20)	Additional funding from SCC only confirmed in July 2018 and additional income from Fordbridge Day Centre
Leisure Administration	28	Community Care expenses
Spelthorne Leisure Centre	(15)	Increase in profit share forecast
Resource Centre	(9)	Employees budget underspending
Cemeteries	(70)	Income expected to exceed budget as a result of an increase in burials
Total	38	

Customer Services, Estates and Transport

Spend Area	Variance £'000	Comment
Facilities Management	52	Reduced levels of income from Knowle Green
Total	52	

2.2 Asset Acquisitions

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

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Rental Income	(31,306)	(39,831)	(8,525)
Loan Interest Payable	14,395	18,819	4,424
Minimum Revenue Provision	7,345	7,345	0
Sinking Funds	1,700	5,577	3,877

Set Aside for specific revenue purposes	335	559	(224)
Net Income (used to fund Revenue budget)	(7,531)	(7,529)	0

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

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

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

3. Financial implications

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

4. Other considerations

4.1 There are none

5. Timetable for implementation

5.1 Bi – monthly reports are produced for Management team

Background papers: None

Appendices:

A and B