Cabinet

4 December 2019

Title	Revenue Monitoring Report		
Purpose of the report	To note		
Report Author	Laurence Woolven (Chief Accountant)		
Cabinet Member	Councillor Tony Harman	**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 2019-20 financial year, based on income and expenditure up to the end of September 2019.

1.2 The forecast outturn below shows a positive variance of £4.368m.

	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Service level Expenditure	65,992	64,829	(1,163)
Housing Benefit Income	(32,021)	(31,971)	50
Service level Income	(11,013)	(12,052)	(1,039)
Salary budget saving (*actual vacancy savings are reflected in services expenditure outturn)*	(300)	-	300
Net Acquisition Income	(10,144)	(10,219)	(75)
Property Development costs	2,441	-	(2,441)
Other Adjustments	(540)	(540)	-
External Financing	(4,736)	(4,736)	-
Revenue Carry forward	(1,626)	(1,626)	-
Council Tax Income	(8,053)	(8,053)	-
Net	-	(4,368)	(4,368)

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	(7)	Minor saving expected provided there is no by election
Total	**(7)**	

Deputy Leader and Finance

Spend Area	Variance £'000	Comment
Corporate Publicity	(8)	Underspend expected due to vacant post and higher recharges for shared services
Total	**(8)**	

Corporate Management

Spend Area	Variance £'000	Comment
ICT	(40)	Underspend expected due to vacant posts
Corporate Management	(122)	Retention allowance payments lower than anticipated
Emergency Planning	14	Prior year payment made in this year
Total	**(148)**	

Planning

Spend Area	Variance £'000	Comment

Planning Policy	10	Legal and court costs
Planning Development Control	(229)	Planning performance agreement and an increase in pre-application advice
Building Control	(25)	Increased activity
Total	**(244)**	

Environment & Compliance

Spend Area	**Variance £'000**	**Comment**
DS Management & Support	6	Long term sickness covered by temporary agency staff
Refuse Collection	(5)	Slightly higher income than budgeted
Waste Recycling	(5)	Slightly higher income than budgeted
Public Conveniences	(10)	Saving on business rates
Parks Strategy	(10)	Higher filming rights income
Car Parks	(50)	Higher income from increased usage of major car parks expected
Environmental Health Admin	(6)	Additional income relating to enforcement notices
Rodent and Pest Control	(11)	No external contract cost payments this year
Licensing	5	Income written off
Total	**(86)**	

Community Well Being and Housing

Spend Area	**Variance £'000**	**Comment**
Com Care Admin	(13)	Saving due to senior vacancy early in the year
Day Centres	(85)	Vacancy savings and additional income due to prior year reimbursement
Meals on Wheels	(44)	Vacancy savings and additional income due to prior year reimbursement

SAT	(7)	Additional income and funding
Leisure Admin	6	Temp staff to cover maternity leave
Leisure Centre	(8)	Additional income received
Resource Centre	(12)	Reduced staff costs
Housing Needs	45	Increased salary costs – some may be offset by additional MHCLG grant
Homelessness	(627)	Lower than expected B&B expenditure, largely due to the impact of the Rent Guarantee Scheme, plus additional grant received
Housing Benefit Admin	(60)	Salary vacancies and additional grant
Housing Benefit Payments	(198)	Over payments raised higher than budget
Total	**(1,003)**	

Economic Development, Customer Services, Estates and Transport

Spend Area	**Variance £'000**	**Comment**
Customer Services	40	Software costs expected to be higher due to card charges and CT localisation expenditure
Facilities Management	(46)	Underspend on office moves expected
Economic Development	(733)	Slippage of the ring-fenced Economic Development pot, schemes are currently being investigated for use of these funds, this underspend will require a carry forward
Asset Management	189	Expenditure on development projects partially offset by vacant posts and a Business Rates refund
Staines-upon-Thames Programme	(90)	Project underspend will be required to be carried forward
General Property Expenses	(30)	Reduced spend on leases/contracts and additional income from wayleaves/easements
Total	**(670)**	

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	(50,629)	(51,149)	(520)
Loan Interest Payable	23,028	23,082	54
Minimum Revenue Provision	11,052	11,052	0
Sinking Funds	6,405	6,796	391
Set Aside for specific revenue purposes	555	630	75
Net Income (used to fund Revenue budget)	**(9,589)**	**(9,589)**	**0**

2.3 It can be seen above that the Council places a significant amount of the income earned into 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 31/03/19 £'000	Movements 2019/20 £'000	Balance 31/03/20 £'000
BP Main Site	3,190	500	3,690
BP SW Corner	655	150	805
Elmbrook House	223	50	273
12 Hammersmith Grove	2,208	900	3,108
Stockley Park	450	100	550
World Business Centre 4	0	200	200
Communications House	536	500	1,036
Thames Tower	1,121	840	1,961
Charter Building	1,543	2,480	4,023
Porter Building	677	685	1,362
Summit Centre	0	391	391
Total	**10,603**	**6,796**	**17,399**

2.4 **Property Development Costs**

The council has been working with its treasury advisors (Arlingclose) to consider borrowing options for these projects in order to take advantage of interest rates and other opportunities.

The forecast underspend of £2.4m on this line is due to the Council's amended policy of capitalising the initial borrowing and interest costs and only making MRP payments once the schemes are complete.

This approach is in line with proper guidance and regulations and has also resulted in a positive impact on the revenue budget in future years.

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