

Corporate Policy & Resources Committee



9th September 2024

Title	Q1 Revenue Monitoring Report as at 30 June 2024
Purpose of the report	To note
Report Author	Mahmud Rogers, Joint Financial Services Manager
Ward(s) Affected	All Wards
Exempt	No
Corporate Priority	Community Addressing Housing Need Resilience Environment Services
Recommendations	Committee is asked to: <i>Note the forecast underspend of £46,000 for 2024-25 as at 30th June 2024</i>
Reason for Recommendation	<i>Not applicable</i>

1. Summary of the report

What is the situation	Why we want to do something
<ul style="list-style-type: none"> Spelthorne Borough Council is expected to underspend its Revenue budget position by £46,000 	<ul style="list-style-type: none"> Ensuring the financial stability of the Council
This is what we want to do about it	These are the next steps
<ul style="list-style-type: none"> Note the report 	<ul style="list-style-type: none"> Note the report

1.1 This report seeks to summarise the financial situation of Spelthorne Borough Council at the end of June 2024. Please see the detail in Appendix 1.

2. Key issues

A summary of the main variances at 30th June is below:

Variance to budget £000s'	Area	Reasons for the variance to budget
(331)	Corporate Policy and Resources	Lower pension contributions to Surrey Pension Fund due to vacancies across Council, offset by IT costs of partnership project, underachievement of building control income, and Best Value Inspection costs
(302)	Community Wellbeing & Housing	Additional Grant for Homelessness Prevention, plus savings from vacancies, offset by High demand for emergency accommodation and high cost in sourcing Temporary Accommodation on privately rented market
225	Environment & Sustainability	Unbudgeted costs for Thameside House, lower Car Park fees income, Incubator desk hire & office rental income under budget, offset by Shared Prosperity Fund Grant and savings from vacancies
3,184	Investment Property Income	This is an expected fluctuation linked to the rent top up budget of £4m for Charter Building, which has been utilised in FY 2023/24, but is offset by adjustment on rent free periods. There was an increase in rent income following the rent reviews for 2 offices at the Charter Building - Uxbridge Charter Place Centre Ltd t/a Spaces.
78	Landlord Costs	The forecast also includes rent free periods. In addition, there is an overspend on Stockley Park as a result of additional unbudgeted electricity charges of c. £69k per quarter, including an invoice backdated from Dec 23 and higher than expected service charge of £543k as building is now operational. As a result of no lettings to date, it is anticipated that there will be an underspend in this year's budget, once reconciled at s/c year end and there is expected to be a refund from 2023 budget. A full review of the service charge will be undertaken to review the costs and electricity consumption to reverse the projected increase for Q3 and Q4. £156,000 overspend relates to two Regeneration properties. It is due to unbudgeted legal fees for reversionary lease with ADT and 6 smaller units plus the marketing fees for Unit 4 at Summit Centre. It is also due to design work for medium term RAAC solution at Elmsleigh Centre.
410	Debt Interest Payable	£410k over due to Local Authority Housing Fund (LAHF) additional borrowing that has been done through short term borrowing. The temporary accommodation acquired with the assistance of this funding will ease pressure on the Temporary Accommodation budget.
(160)	Interest KGE	Knowle Green Estates (KGE) forecast of £921,500 - allowed for interest uplift for LAHF properties
(3,152)	National Non-Domestic Rates	Forecast updated following advice we commissioned from LG Futures, following the positive outturn for

		2023/24. This is expected to have a continued positive outcome into 2025/26.
3	Net other minor variances	See Appendix A for more detail
(46)	Overspend / (Underspend)	

2.1 As previously advised in the outturn report, £4m of the rates guarantees was released against the Charter Building's outturn in 2023/24. This £4m was budgeted to be drawn upon in 24/25 and a virement should be made to reverse this budget against the Sinking Funds in 2024/25.

Commercial Assets	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Rental Income (as per signed lease)	(46,533)	(43,349)	3,184
<i>less:</i> Landlord costs	5,454	5,375	(79)
Net Rental Income receivable	(41,079)	(37,974)	3,106
Loan Interest Payable	22,092	22,092	0
Minimum Revenue Provision	11,118	11,118	0
Sinking Funds - contributions to	725	725	0
Sinking Funds - release from	(2,500)	(2,500)	0
Set Asides for specific revenue purposes	400	400	0
Net Income (to fund Revenue budget)	(9,244)	(6,139)	3,106

Regeneration Assets	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Rental Income (as per signed lease)	(4,414)	(4,414)	0
<i>less:</i> Landlord costs	1,374	1,530	156
Net Rental Income receivable	(3,040)	(2,884)	156
Loan Interest Payable	1,036	1,036	0
Minimum Revenue Provision	898	898	0
Sinking Funds - contributions to	109	109	0
Sinking Funds - release from	(350)	(350)	0
Set Asides for specific revenue purposes	250	250	0
Net Costs	(1,096)	(940)	156

2.2 Progress to date on corporate efficiency savings are summarised in Appendix H with specific focus on this years (24/25) savings targets. Table 1 provides a summary of target savings to be achieved over the next 4 financial years. Table 2 summarises the savings achieved each quarter for 24/25 and

currently shows that savings of £150,500 have been achieved to the end of the first quarter.

- 2.3 Estimates at this stage in relation to Planning Policy do not take into account resources needed for updating the Local Plan. Updates for this will be made later in the year.

3. Committee commentary and variance analysis

The net underspend at Committees Service Level of (£486,000) as at 30 June 2024 by Committee is shown below:

	2024/25 Budget Revised £	2024/25 Forecast Outturn £	2024/25 Variance of forecast from revised budget £
Regulatory / Administrative Committees	923,300	877,400	(45,900)
Corporate Policy & Resources	10,070,800	9,740,100	(330,700)
Community Wellbeing & Housing	5,670,400	5,368,000	(302,400)
Business Infrastructure & Growth	2,512,600	2,570,900	58,300
Environment & Sustainability	7,082,000	7,306,700	224,700
NET EXPENDITURE AT SERVICE LEVEL	26,259,100	25,863,100	(396,000)
Interest, grants & reserve movements	(17,631,500)	(17,281,400)	350,100
Net Position - Over/ (Under) budget	8,627,600	8,581,700	(45,900)

4. Legal comments

4.1 Comments please

5. Other considerations

5.1 There are no further considerations.

6. Equality and Diversity

6.1 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.

7. Sustainability/Climate Change Implications

There are no significant implications arising from the report.

8. Timetable for implementation

8.1 Not applicable

9. Contact

9.1 Mahmud Rogers m.rogers@spelthorne.gov.uk

Background papers: There are none.

Appendices:

Appendix A – Net Revenue Budget Monitoring 2024-25 30 June 2024

Appendix B – Net Revenue Budget Monitoring by Committee 2024-25 30 June 2024

Appendix C – Net Revenue Budget Monitoring Regulatory / Administrative Committee 2024-25 30 June 2024

Appendix D – Net Revenue Budget Monitoring Corporate Policy & Resources Committee 2024-25 30 June 2024

Appendix E – Net Revenue Budget Monitoring Community Wellbeing & Housing Committee 2024-25 30 June 2024

Appendix F – Net Revenue Budget Monitoring Business Infrastructure & Growth Committee 2024-25 30 June 2024

Appendix G – Net Revenue Budget Monitoring Environment & Sustainability Committee 2024-25 30 June 2024

Appendix H – Table of progress on savings Q1