

Corporate Policy & Resources Committee



9th December 2024

Title	Q2 Revenue Monitoring Report as at 30 September 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 overspend of £896,000 for 2024-25 as at 30th September 2024</i>
Reason for Recommendation	<i>Councils have a statutory duty to balance their budget each year, and a robust budget monitoring and review process helps to ensure resources are managed with economy, efficiency and effectiveness.</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 overspend its Revenue budget position by £896,000 	<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"> Monitoring & review the forecast variances by service and area of expenditure 	<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 September 2024. Please see the detail in Appendix 1.

2. Key issues

A summary of the main variances at 30th September is in Table 1 below:

Table 1 – Summary of Variances to Budget

Variance to budget £000s'	Area	Reasons for the variance to budget
(948)	Corporate Policy & Resources	Lower pension contributions to Surrey Pension Fund due to vacancies across Council, underachievement of building control income (offset by vacancies), and Best Value Inspection costs. Vacant posts across a number of departments within this committee.
(621)	Community Wellbeing & Housing	Additional Grant for Homelessness Prevention and Home Office Supported Asylum Seeker accommodation, plus savings from vacancies.
712	Business Infrastructure & Growth	Largely relating to ongoing running costs of development properties, offset by lower forecasts in Asset Management for use of external consultants.
266	Environment & Sustainability	Expected planning income forecast to come in under budget, overspends forecasted in planning relating to public enquiries for Running Horse, Hazlewood, & Sheep Walk. Local Plan design code works are causing forecasted overspends in Planning Policy. Car Parking fees expected to come in under budget due to a delays in the implementation of the Parking Order amendment. Cemetery income is forecasted above budget. Underspends in Environmental Health due to staffing changes.
2,925	Investment & Regen Property Income	The rent top up income of £4m for Charter Building was received earlier than planned in FY 2023/24, whilst the budget remains in 2024/25. 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 and at Elmsleigh Centre from C&J Clark. For further breakdowns by property, see Appendix G & H.
(553)	Landlord Costs (Investment & Regeneration)	The forecast includes rent free periods amortising costs. In addition, there is an increase in service charge costs of £306k at Stockley Park which resulted from increased estate external charge that is managed by the site freeholder. Offset by £124k from reduced NNDR liability at the Summit Centre due to Stanwell Food Bank moving into the vacant unit. Underspend on Landlord's fit out costs at the Porter Building for £150k due to the 1st floor being unlikely to be let. For further breakdowns by property, please see Appendix G & H.

626	Treasury (Interest Payable/Receivable)	£470k 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. Forecasting reduced interest that can be capitalised (£218k) as the Leisure Centre is completed this FY and other projects being suspended, meaning interest is unable to be capitalised. This is partially offset by stronger interest earnings.
(740)	Interest receivable from KGE	Knowle Green Estates (KGE) £1.5m - estimate for interest uplift for LAHF properties when loan agreement between KGE & SBC is complete.
(726)	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. Correction from previous quarter where income was overstated by £2.1m due to misinterpretation of advice.
(46)	Reserve Movements	£22k from Green Initiatives Fund for canvassing hardware (£9k) and consultants (£13k) for Spelthorne Climate change SPD, (Climate Literacy) Accreditation Bronze and to Joju Solar Hubeleon (EV charging) back-office switch. £14k Higher Level Stewardship funding for climate control, habitat & countryside works at Stanwell Moor. £10k National Non-Domestic Rates (NNDR) retention Reserve funding for Business Incubator.
896	Overspend / (Underspend)	

- 2.1 The rent top up income of £4m for Charter Building was received earlier than planned in FY 2023/24, whilst the budget remains in 2024/25, creating the budget variance shown on Investment & Regen Property Income.
- 2.2 The costs paid to date for the Best Value Inspection are £83.2k, and we estimate the full costs to the end of the inspection will come to approximately £140k.
- 2.3 The NNDR forecast has changed from Q1 by £2.1m due to a correction of a previous misinterpretation of advice from LG Futures. The Finance team has learned from the error and will work to avoid any further errors of this nature.
- 2.4 We have proposed a £1.2m transfer from the Business rates equalisation reserve. This is in respect of an brought forward NNDR deficit from 23/24 and would partially offset the above error. This proposed reserve movement is included in the 2025/26 Reserve Strategy for Revenue and Capital. If approved, the projected revenue outturn will change as per Table 1b below.

Table 1b - Total variances to Budget with adjustment to NNDR equalisation reserve

(1,200)	Proposed Reserve Movement	Proposed Usage of reserves for £1.2m Business rates equalisation reserve saved from gains in 21/22 and 22/23 to cover the brought forward loss from 23/24
(304)	Overspend / (Underspend)	

Table 2 – Commercial Assets Variance to budget

Commercial Assets	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Rental Income (as per signed lease)	(46,533)	(43,556)	2,977
<i>less:</i> Landlord costs	5,454	4,981	(473)
Net Rental Income receivable	(41,079)	(38,575)	2,505
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)	(6,740)	2,505

Table 3 – Regeneration Assets Variance to budget

Regeneration Assets	Revised Budget £'000	Forecast Outturn £'000	Variance £'000
Rental Income (as per signed lease)	(4,414)	(4,466)	(52)
<i>less:</i> Landlord costs	1,374	1,294	(80)
Net Rental Income receivable	(3,040)	(3,171)	(132)
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)	(1,228)	(132)

2.5 Progress to date on corporate efficiency savings are summarised in **Appendix G** with specific focus on this years (2024/25) savings targets and shows the total expected savings to be achieved in 2024/25 is £240.5k.

2.6 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 30th September 2024 by Committee is shown in Table 4 below:

Table 4 – Service Level Variance to Budget

	2024/25 Budget Revised £	2024/25 Forecast Outturn £	2024/25 Variance of forecast from revised budget £
Corporate Policy & Resources	11,024,900	10,076,900	(948,000)
Community Wellbeing & Housing	5,799,700	5,179,000	(620,700)
Business Infrastructure & Growth	2,531,800	3,243,600	711,800
Environment & Sustainability	6,902,700	7,169,000	266,300
NET EXPENDITURE AT SERVICE LEVEL	26,259,100	25,668,500	(590,600)
Interest, grants & reserve movements	(17,631,500)	(17,344,900)	286,600
Net Position - Over/ (Under) budget	8,627,600	8,323,600	(304,000)

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 September 2024

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

Appendix C – Net Revenue Budget Monitoring Corporate Policy & Resources Committee 2024-25 30 September 2024

Appendix D – Net Revenue Budget Monitoring Community Wellbeing & Housing Committee 2024-25 30 September 2024

Appendix E – Net Revenue Budget Monitoring Business Infrastructure & Growth Committee 2024-25 30 September 2024

Appendix F – Net Revenue Budget Monitoring Environment & Sustainability Committee 2024-25 30 September 2024

Appendix G – Corporate Savings 2425

Appendix H – Net Revenue Budget Monitoring Investment Properties

Appendix I – Net Revenue Budget Monitoring Regeneration Properties