

Corporate Policy & Resources Committee

Briefing Pack

12th February 2025



Title	Q3 Revenue Monitoring Forecast as at 31st December 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 £1,019,000 for 2024-25 as at 31st December 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 underspend its Revenue budget position by £1,019,000 	<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 and 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 December 2024. Please see the detail in Appendix A.

2. Key issues

A summary of the main variances at 31st December is in Table 1 below:

Table 1 – Summary of Variances to Budget

Variance to budget £000s'	Area	Reasons for the variance to budget
(909)	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.
(1,923)	Community Wellbeing & Housing	Additional Grant for Homelessness Prevention, Home Office Supported Asylum Seeker accommodation Grant and LAHF revenue grant (approx. £625k of this will be underspent this FY and moved to an earmarked reserve), plus savings from vacancies across a number of teams. An over accrual for energy costs in 23/24 and dilapidations settlement for Sunbury & Spelthorne Leisure Centre.
596	Business Infrastructure & Growth	Largely relating to on-going running costs of Thameside House, and other development properties, offset by lower forecasts in Asset Management for use of external consultants. Economic Development has seen a significant drop off in 'stimulating economic activity' expenditure and is holding 2 vacancies.
660	Environment & Sustainability	Planning application fee income forecast to come in under budget. Overspends forecasted on Public Inquiries for Running Horse, Stanwell Farm, & Sheep Walk (for which there is no budget). Local Plan and Design Code work are causing forecasted overspends in Planning Policy. Car Parking fees expected to come in under budget due to delays in the implementation of the Parking Order amendment. This is partially offset by cemetery income forecasted over budget and underspends in Environmental Health forecasted due to staffing changes.
2,936	Investment & Regen Property Income	The bulk of the £4m of the overspend relates to a Council approved adjustment in the 2023-24 Outturn report when a decision was made to release a provision for landlords' expenses from the 2024-25 budget and release the provision for costs as an under spend in 2023-24 and place it into the Sinking Fund for use in future years. 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 H & I.
(838)	Landlord Costs (Inv & Regen)	The forecast includes rent free periods amortising costs. In addition, there is an increase in service charge

		costs of £282k at Stockley Park which resulted from invoices being received and paid in the current financial year, but which relate to previous accounting periods. Offset by £160k from reduced NNDR liability at the Summit Centre due to Stanwell Food Bank moving into the vacant unit and reduced service charge expenditure. 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 H & I.
498	Treasury (Interest Payable/Receivable)	Local Authority Housing Fund (LAHF) interest on borrowing from PWLB Loan for 6 years secured in May 2024 on the first tranche of properties (£100k). Short-term borrowing through Local Authorities to support 2nd & 3rd round of LAHF properties prior to longer term loans being secured (currently not favourable due to high interest rates). The temporary accommodation acquired with the assistance of this funding will ease pressure on the Temporary Accommodation budget. Input forecast for interest on rent deposits held for our commercial tenants (£31k) and input of interest on leases which is a requirement of IFRS16 (£90k). Reduced interest that can be capitalised (£218k) as the Leisure Centre is now complete, and other projects being suspended, meaning interest is unable to be capitalised. This is partially offset by stronger interest earnings by way of lending to Local Authorities with the cash generated from drawdowns from the Pooled Funds.
(175)	Interest receivable from KGE	Knowle Green Estates (KGE) forecast of £936k - estimate for interest uplift for recharging PWLB loan interest for 2024/25. Loan for LAHF properties to start from 2025/26.
(992)	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. £1.2m from Business Rates equalisation reserve to offset b/f deficits.
(619)	Reserve Movements	Usage of reserves for; £1.2m from Business Rates equalisation reserve to offset brought forward deficits, £22k from Green Initiatives Fund for canvassing hardware (£9k) and consultants (£13k) for Spelthorne Climate change SPD, CLO Accreditation Bronze and to Joju Solar Hubeleon back-office switch. £23.5k Higher Level Stewardship funding for climate control, habitat & countryside works at Stanwell Moor.
(254)	Council Tax Surplus	LG Futures were commissioned to do a review on year end 2023/24 Collection fund. They Identified a series of adjustments that were needed, in particular to the bad debt provision which has resulted in an increase to the surplus.
(1,019)	Overspend / (Underspend)	

- 2.1 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.
- 2.2 The rent top up income of £4m for Charter Building was received earlier than planned in financial year 2023/24, whilst the budget remains in 2024/25, creating the budget variance shown on Investment & Regeneration Property Income.
- 2.3 The 2024/25 budget for Council Tax Surplus of £154k was incorrectly set as a £100k deficit. It will therefore be overachieved by £254k. This error was discovered during the course of calculating next year's Council Tax Surplus.
- 2.4 £1.2m from Business Rates equalisation reserve has been used to offset brought forward deficits. Without this the Council would have a net overspend of £181k.
- 2.5 The KGE interest forecast has been reduced due to an expected change in terms of the loan agreement relating to LAHF properties loan (yet to be approved).
- 2.6 The Local Authority Housing Fund have provided a revenue grant £1.4m which is shown against Community Wellbeing & Housing. The costs relating to this are spread across the year, and a £600k contribution to reserve is included in this forecast.

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)	(43,584)	2,949
<i>less: Landlord costs</i>	5,454	4,887	(566)
Net Rental Income receivable	(41,079)	(38,697)	2,382
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)	(6,862)	2,382

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)	(4,426)	(12)
less: Landlord costs	1,374	1,102	(272)
Net Rental Income receivable	(3,040)	(3,324)	(285)
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)	(1,380)	(285)

2.7 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 £197.2k.

2.8 Estimates at this stage in relation to Planning Policy do not take into account resources needed for an early review of the Local Plan (assuming it is found sound and can be adopted by the Council in the autumn of 2025), other than a submitted growth bid of £420k for a new evidence base.

3. **Committee commentary and variance analysis**

The net underspend at Committees Service Level of (£1,575,000) as at 31st December 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	10,116,100	(908,800)
Community Wellbeing & Housing	5,799,700	3,876,600	(1,923,100)
Business, Infrastructure & Growth	2,531,800	3,128,000	596,200
Environment & Sustainability	6,902,700	7,562,600	659,900
NET EXPENDITURE AT SERVICE LEVEL	26,259,100	24,683,300	(1,575,800)
Interest, grants & reserve movements	(17,631,500)	(17,074,900)	556,600
Net Position - Over/ (Under) budget	8,627,600	7,608,400	(1,019,200)

4. Legal comments

- 4.1 The Local Government Finance Act 1992 requires the Council to approve a balanced budget for each financial year. The budget must be set in accordance with the provisions of the 1992 Act.
- 4.2 The Local Government Act 2003 requires the Council to monitor its budget during the year.

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 31st December 2024

Appendix B – Net Revenue Budget Monitoring by Committee 2024-25 31st December 2024

Appendix C – Net Revenue Budget Monitoring Corporate Policy & Resources Committee 2024-25 31st December 2024

Appendix D – Net Revenue Budget Monitoring Community Wellbeing & Housing Committee 2024-25 31st December 2024

Appendix E – Net Revenue Budget Monitoring Business Infrastructure & Growth Committee 2024-25 31st December 2024

Appendix F – Net Revenue Budget Monitoring Environment & Sustainability Committee 2024-25 31st December 2024

Appendix G – Corporate Savings progress 2024-25

Appendix H – Net Revenue Budget Monitoring Investment Properties 2024-25 31st December 2024

Appendix I – Net Revenue Budget Monitoring Regeneration Properties 2024-25 31st December 2024

Appendix J – Interest receivable and payable 2024-25 31st December 2024