

Committee: Cabinet

Date of meeting: 18 September 2019

Subject:	2019/20 Revenue and Capital Budget Update – Quarter 1
Lead Officer:	Head of Finance
Portfolio Holder:	All
Link to Council Priorities:	All
Exempt information:	None
Delegated status:	For resolution
Key Decision:	No

Executive Summary:

This is the first quarterly monitoring report against the 2019/20 approved budget, which provides an update on the Revenue and Capital budget position as at 30 June 2019.

Recommended: that Cabinet is asked to note

The revenue and capital budget position for the first quarter of 2019/20.

Report:

1. Revenue Budget

1.1 At the end of June 2019, the operational revenue position was £2,982 marginally lower than the net operational budget.

1.2 This is the first financial report on the 2019/20 budget. Appendix A contains the budget monitoring by portfolios to 30 June 2019, with Appendix B showing the variances against the key indicators. The following variations are worthy of note:

Community Development

The overspend of £9,000 against the profiled budget at the end of Quarter 1 is due to 3 CCTV cameras in Esher requiring repairs at a cost of approximately £11,000. At this stage it is hoped that outturn expenditure will be within budget, but this will be dependent on the level of repairs throughout the remainder of the year.

Corporate Development (including Customer Services)

The overspend of £3,000 against the profiled budget at the end of Quarter 1 is due to a net overspend on employee costs of £28,000, offset by various underspends including members special responsibility allowances £7,000, electoral registration printing and postage costs £7,000 and borough election costs £6,000.

Environment

The Environment Portfolio is £38,000 underspent in Quarter 1. The main reason is additional income of £26,000 for green waste above the profiled budget.

A number of issues have come to light in relation to the Joint Waste contract, the additional costs in relation to bin distribution costs, business rates amount to £220,000. At this stage it has been assumed that these additional costs can be offset by default payment due from the contractors in 2019/20.

Highways & Transport

The Highways and Transport was overspent by £90,000 at the end of Quarter 1.

The off-street parking income is £87,000 under budget this reduction was mainly due to the closure of North Heath Car Park for refurbishment, and the extension of free Saturday parking.

Housing

The Housing portfolio is £27,000 overspent against budget for Quarter 1, the net expenditure on Bed & Breakfast is £31,000 above budget and Care and Repair agency is £6,000 below budget.

Leisure & Cultural

The Leisure portfolio was under budget by £43,000 at the end of the Quarter 1. The main variances was a net underspend on employees of £43,000 and Cemetery income of £23,000 above the profiled budget. The Sports Hub budget is £35,000 overspent (£30,000 sponsorship income has not been achieved).

Planning

The Planning Portfolio is £172,000 over budget at the end of Quarter 1, the level of development control income is £69,000 below profiled budget, in addition £67,000 has been spent above the profiled budget on preparation work for the local plan. Employee expenses are also £22,000 over budget.

The additional work on the preparation of the local plan is anticipated to be funded from earmarked reserves.

Resources

The underspend of £295,000 against the profiled budget at the end of Quarter 1 is due to the following:

- employee related costs - £50,000;

- property maintenance and repairs - £30,000;
- additional rental income - £122,000
- risk factor budget utilised to offset the investment properties voids etc. below - £26,000.
- other miscellaneous variances with a net underspend of £67,000.

£76,500 of the additional rental income relates to backdated rent due from the current tenant of the Café at Cowey Sale. It should be noted that this amount is being disputed by the tenant and may not form part of the outturn figures for the year.

Investment Properties

Due to the timing of the accounting periods, the rental quarter days and the fact that rents are paid in advance there are two quarters of rental income in the quarter one monitoring period but only one quarter of capital financing charges.

The under recovery of income £112,000 against profiled budget at the end of Quarter 1 is partially due to loss of income through void properties at Fairmile House and Sandown and also the rent-free period of residential properties on the Weybridge Estate to EBC Homes. Additional income from rent reviews at Cobham and North Weylands Industrial Estate reduces the overall loss of income from £106,000 to £70,000

The Council also incurs Business Rates on vacant properties and this accounts for a further £32,000 of the overspend.

The remaining overspend (£9,000) relates to the management of properties including undertaking rent reviews at various properties within the investment portfolio.

Social

The Social portfolio was underspent by £37,000 in the first quarter, this is mainly due to an underspend in employee related costs of £42,000, and an underspend on repairs and maintenance of £10,000. These underspends are offset by an under recovery of income from meals of £25,000. There are other small underspends on various codes

Licensing

The favourable variance of £5,000 is mainly due to increased income for machine, lotteries & gaming licensing.

Employee Related

It should be noted that employee related savings identified in the above portfolios are for the first quarter and these savings may not continue for the remainder of the year as a result of appointments to the vacant posts and the need of use of agency staff where appropriate.

1.3 Economic Update

Over the last year CPI has decreased from 2.5% in July 2018 to 2.1% in July 2019. Over the same period RPI has decreased from 3.5% to 2.8%. The CPI is the measure which estimates the average price of consumer goods and services purchased by households and the RPI includes the same measures as the CPI, but also includes mortgage interest payments, council tax and some other housing costs not included in CPI. The inflation rates do give rise to risks for contract payments, where contractual increases are linked to either CPI or RPI.

2. Capital Monitoring

- 2.1 Appendix C shows the variation of actual expenditure at the end of June against the annual estimated project costs, as agreed by the Council in February 2019. Where relevant, the budgets have been adjusted for underspends from the previous financial year.
- 2.2 The budgets have been profiled in line with the information included in the 2019/20 bid pro-formas provided by the lead officer for each scheme and, where relevant, profiles have been included for those budgets brought forward from previous years, either due to re-phasing as part of the 2019/20 budget process or underspends at the year end.
- 2.3 For monitoring purposes, a “major project” is defined as one with a current estimate of £25,000 or more.
- 2.4 At the end of Quarter1 £2.3 million was spent against the profiled budget of £3.5 million (65% of the profiled budget) the following are worthy of note:

Community Development

Weybridge Streetscape: The budget has been increased from that approved in the Capital Programme by £128,000 due to the additional Community Infrastructure Levy (CIL) allocation was approved by the Weybridge Local CIL board in March 2019.

Environment & Economy

Electric Vehicle Charging Points: due to the requirement to co-ordinate the installation of these machines with the refurbishment works at Hollyhedge Road car park Cobham, the timescales did not permit the planned CIL bid to be submitted.

Last September Cabinet approved the cost of the groundworks within the refurbishment costs of Hollyhedge Road car park, so it is only the cost of the charging points that will be charged against this capital budget. Surrey County Council have agreed that this cost, estimated at £10,000, can be funded from the On-Street Car Park Surplus.

Highways & Transport

Upgrade Pay & Display Machines & Installation of Automatic Number Plate Recognition (ANPR) Systems: works being co-ordinated with the car park refurbishment project at Hollyhedge car park, Cobham.

Housing

Housing Grants 2017/18 Approvals - £305,000 underspend - the unutilised funding will be released as part of the 2020/21 capital budget process.

Leisure & Culture

The majority of projects are scheduled for completion during the second and third quarters. The Children's playground at the Sports Hub and the Natural Play Area at Brooklands have commenced during this quarter.

Resources

Sports Hub, Waterside Drive – although the main build project is complete a couple of items including the provision of a bus stop are still outstanding. Monies have been transferred from the main build project to the Landscaping/Car Park project to allow for these items to be undertaken this year. These budgets will be reviewed as part of the 2020/21 budget setting process and released if no longer required.

Refurbishment of Civic Centre Toilets & Civic Centre Locally Listed Wall: both these projects are underway and expected to be completed in the second quarter.

Financial implications:

The first quarter budget monitoring shows actual net expenditure marginally higher than the profiled budget.

Environmental/Sustainability Implications:

None for the purpose of this report.

Legal implications:

None for the purpose of this report.

Equality Implications:

None for the purpose of this report.

Risk Implications:

This is the first quarter monitoring for year and any forward prediction using this data should be viewed with caution.

Community Safety Implications:

None for the purpose of this report.

Principal Consultees:

None for the purpose of this report.

Background papers:

None for the purpose of this report.

Enclosures/Appendices:

Appendix A: Financial Performance Monitoring by Portfolio to June 2019.

Appendix B: Financial Performance Monitoring Significant/Key Budgets to June 2019.

Appendix C: Capital Budget Monitoring to June 2019.

Contact details:

Chief Executive, 01372 474380 rmoran@elmbridge.gov.uk

Strategic Director & Deputy Chief Executive, 01372 474100

sselvanathan@elmbridge.gov.uk

Strategic Director, 01372 474700, rlee@elmbridge.gov.uk

Head of Finance, 01372 474123 acooper@elmbridge.gov.uk