

APPENDIX E

WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 2 DECEMBER 2008

Title:

BUDGET MONITORING OCTOBER 2008 – EXCEPTION REPORT

[Portfolio Holder: Councillor Mike Band]

[Wards Affected: All]

Summary and purpose:

The purpose of this report is to monitor on an 'exception' basis any significant items that will impact on the out-turn position at year-end. It supplements the Bi-monthly Budget Monitoring report submitted to Executive on 4 November 2008.

How this report relates to the Council's Corporate Priorities:

The monitoring of the Council's Budgets ensures there is financial control over the services that contribute to the Corporate Priorities.

Equality and Diversity Implications:

There are no direct equality and diversity implications relating to this report.

Resource/Value for Money implications:

This report shows on an 'exception' basis any significant items that will impact on the financial position at the year-end.

Legal Implications:

There are no direct legal implications relating to this report.

General Fund

1. The Budget Monitoring report presented to Executive on 4 November 2008 projected that, as at the end of September, the likely position at year-end would be an overspend of £80,170.
2. As a result of this downturn in Waverley's financial position, the Budget Monitoring report contained an Action Plan to contain expenditure. One item in the Action Plan was 'to produce monthly Budget Exception Reports to the Executive in addition to the normal Budget Monitoring Reports'. The purpose of these exception reports are to inform Executive of the latest position in of those areas of the budget that could impact significantly on the financial position at year-end, in order that further corrective action can be taken as required. This report is the first of these exception reports.

3. The table below shows the latest position:

Service	£	Amount	
	£	£	
Potential Overspend Reported to Executive 3.11.08		80,170	
Less 2 Posts Frozen	19,000		
Vacancy Factor increased	61,000		
Action taken to address Overspend		80,000	
		=====	
Updated Position:			
Land Charge Income	10,000		Increased Shortfall
Car Park Income	15,000		Increased Shortfall
Interest	80,000		Estimated impact to Waverley of Base Rate reduction to 3%
Further reductions to Income		105,000	
<i>Less further savings:</i>			
Recycling	10,000		Higher price obtained for sales of paper until end of March
Contract Audit	20,000		Limit hours purchased to achieve saving
Monitoring Officer	5,000		£10k budget unlikely to all be required
Community Strategy	20,000		Consultation
Planning Staff	15,000		Savings from delay in implementing advice service projected to year-end
Planning Expenditure	20,000		Targeted savings on selected budgets to offset Planning overspend
		90,000	
Net increase to potential Shortfall		£15,000	

Housing Revenue Account

4. The major variations to the budget at the end of October were identified as a net overspend of £30,400, assuming that vacancy savings are achieved.
5. Following a review of the negative subsidy position after the submission of the mid-year housing benefit subsidy claim it is likely that there will be a reduction of the rent rebate subsidy element. The latest position is summarised below

		Amount	
	£	£	
Potential Overspend Reported to Executive 3.11.08		30,400	
Reduction in negative subsidy	-50,000		
Loss of interest, revenue balance	15,000		
Net reduction in cost		35,000	
Potential underspend		4,600	

Conclusion

6. Since the last report projected income has reduced by a further £105,000, mainly resulting from the unexpected big reduction in the Base Rate. However, £90k further savings have already been identified in the General Fund to reduce the shortfall. Considerable work is currently taking place to monitor this year's Budget and compile next year's Budget. As a result, the full Budget Monitoring report next month, should reflect a return to the authorised Budget for both the General Fund and the Housing Revenue Account.

Recommendation

It is recommended that

1. the Corporate Management Team take action to eliminate the remaining potential shortfall as part of the Star Chamber process; and
2. the Executive note that a full budget monitoring report will be presented to the January Executive meeting.

Background Papers (DCEx)

There are no background papers (as defined by Section 100D(5) of the Local Government Act 1972) relating to this report.

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