

# APPENDIX B.5

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE - 6 JANUARY 2009

---

**Title:**

**BUDGET MONITORING NOVEMBER 2008**

**[Portfolio Holder: Councillor Mike Band]**

**[Wards Affected: All]**

---

**Summary and purpose:**

This report provides details of the expenditure and income position to the end of November 2008 compared with budget for the General Fund and the Housing Revenue Account. It also gives an update on the Capital Programme for the General Fund and Housing Revenue Account.

---

**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 the budget monitoring position to the end of November 2008 for the General Fund and the Housing Revenue Account. It monitors the progress of revenue expenditure and income and projects the likely year-end position. The position on capital expenditure is also given.

**Legal Implications:**

There are no direct legal implications relating to this report.

---

**General Fund**

1. As at the end of November the likely year-end position is projected to be a small underspend of £1,040. The Corporate Management Team intend taking action, as detailed in the report, to maintain this situation.
2. The previous monitoring report to the end of September identified a potential overspend of £80,170. In order to contain expenditure at the year-end within the authorised use of balances, the Executive agreed that the following Action Plan be followed:

- Planning Appeal work to be done in-house, with the exception of any major sites and any specialist evidence
- Freeze 2 posts in the Corporate Services and Planning Department immediately, saving £19,000 in 2008-09
- Add £61,000 to the vacancy factor in 2008-09
- Review 2007-08 carry forwards
- Not allow carry forwards to 2009-10
- Produce monthly Budget exception reports to the Executive in addition to the normal Budget Monitoring Reports.

### October Exception Report

3. The first of the Exception Reports was presented to Executive on 2 December 2008. It showed a potential shortfall identified to the end of October of £15,000. However, this was after allowing for an estimated £80,000 impact on interest earned by Waverley as a result of the Base Rate reduction to from 4.5% to 3%.

### Budget Variances

4. The main movements to date are:

- additional expenditure on processing major planning applications
- a loss in planning income
- a significant loss in Land Charges income
- losses in income in other areas (Building Control, Car Parks)

offset in part by:

- additional investment interest
- reduced costs in some services where there is a shortfall in income
- a projected saving on the cost of Concessionary Fares compared with the budget for 2008-09
- savings on the Homelessness budget
- savings on the Local Development Framework

5. The projected variations from the Budget are shown in more detail in the table at Annexe 1.

### Income

6. The overall reduction in income has risen to some £800,000 in 2008-09, exceeding 10% of budgeted income. This projection will continue to be monitored closely, although there is little the Council can do to raise income levels for demand-led services in a period of economic downturn.

### Interest

7. The projected additional interest earned from investments is £280,000. This has been generated from higher opening balances and investments made at favourable interest rates. It is a reduction in additional interest to that previously reported (£400,000 September monitoring, £320,000 October

Exception Report) due to the reductions in the Base Rate from 5% during the first half of the year to 4.5% in October, 3% in November and 2% in December. Security of investments remains paramount.

### Inflation Provision

8. The Budget includes an Inflation Provision of £500,000. This covers all of the known major cost increases. To date some £276,000 of the provision has been allocated and, taking account of other known calls on this provision, at this stage it estimated that £500,000 will be sufficient to meet all inflationary demands in the year, with the possible exception of the claim for additional energy costs at the leisure centres.

### Target Reductions

9. The table below shows the target reduction included in the Budget for 2008-09 together with the level of achievement to date.

<b>Target</b>	<b>£</b>	<b>Status</b>
Staffing savings target - General Fund	323,000	Based on the amount actually achieved to 30 <sup>th</sup> November, together with identified savings for the remainder of the year, the increased target should be met.
Additional staffing savings target	61,000	

### Supplementary Estimates

10. The approved Supplementary Estimates are shown below:-

<b>Service</b>	<b>Amount</b>	
	£	
Don't lose your home!	20,000	Executive 7 <sup>th</sup> October 2008
DIScass	5,000	Executive 2 <sup>nd</sup> September 2008
Dunstable Park Appeal	150,000	Executive 2 <sup>nd</sup> December 2008
	<b>£175,000</b>	

### Use of Balances

11. The Budget for 2008-09 includes a contribution of £250,000 from the General Fund working balance; to this £186,530 carry forward from 2007-08 unspent budgets at the end of the year has been added, together with the supplementary estimate, gives an approved amount of £461,530. Items identified in the Action Plan reported to Executive on 4 November 2008 will be executed to restrict the use of balances to the amount authorised.

	£
Budgeted Use of Working Balance	250,000
Revenue Carry Forward from 2007-08	186,530
Supplementary Estimate	175,000
<b>Authorised use of Working Balance</b>	<b>£611,530</b>

### Risk Assessment

12. Other inflationary factors that may impact on the overall outturn are the significant increases in electricity and gas prices.
13. Leisure Centres – the contract provides for probable significantly increased energy costs for this year as described above, together with possible future increased maintenance costs may arise as a result of the additional responsibility for maintenance of the centres built into the new contract. A substantial claim under the contract has been received from DC Leisure relating to 2008/09 onwards and this is currently being considered.
14. Income from Fees and Charges – the projections modelled at Budget Monitoring assume that the downturn in income experienced so far will continue, but not increase. With budgeted income from fees and charges of £7.5million, even a small variation could have a noticeable impact on the budget and could significantly increase the potential overspend.

### VAT Refund

15. Officers have been pursuing a claim in respect of backdating the refund of the VAT previously paid on car park penalty charges relating to the years from 1976. This has now been resolved and the Council has received a total payment of £385,000, which includes interest. This will represent a one-off contribution to the General Fund Working Balance in 2008/09.

### Housing Revenue Account

16. The major variations to the budget are identified at Annexe 2. A net underspend of £54,000 has been forecast, assuming that vacancy savings, which are budgeted at £100,000, are achieved. Currently, based on savings identified to date, the housing vacancy savings are falling short of target and measures will need to be taken in the coming months to achieve the target.

### Use of Balances

17. The Budget for 2008-09 includes a contribution of £231,570 to the Housing Revenue Account working balance. The forecast underspend will increase the contribution to balances at the year-end as follows:

	£
Budgeted contribution to Working Balance	231,570
Projected Underspend	54,000
<b>Projected Contribution to Working Balance</b>	<b>£285,570</b>

## **Capital Programme**

### **General Fund**

18. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3.
19. The July monitoring report identified savings within the 2008-09 Programme and on 20 October. The Council approved the addition of seven new schemes totalling £119,000 financed from these savings. This approach ensures an appropriate use of the Council's resources in delivering its priorities.
20. As reported previously, major expenditure on Waverley's leisure centres as part of the leisure strategy was originally included in the 2006-07 Capital Programme. £2.35million was subsequently provisionally re-scheduled to the 2007-08 Programme. The new leisure management contract has now been signed to include delivery of the capital works by DC Leisure. The majority of the expenditure will not be incurred until 2010-11 and the Programme will be adjusted to reflect this.
21. The Farnham Park SPA Project is on target, with the capital works planned to span three years. The 2008-09 Capital Programme of £300,000 provided for the possibility of early completion of the scheme, but £185,000 will not be required until 2009-10 as originally intended.
22. S106 Income and Tariff Income – The Council has agreed a new policy for Tariff income. To date no income has been received from this source, although some tariffs will be payable soon on recent applications.

### **Housing Revenue Account**

23. The Executive has agreed that the savings on the original double-glazing project should be invested in an extended programme. Approximately an additional 300 properties can be double-glazed and these are being prioritised by the asset management group.
24. The balance of the capital programme is still anticipated to be broadly on target at the year-end.

## **Revenues Cash Collection**

### **National Non-Domestic Rates**

25. The net cash collected in the financial year to 30<sup>th</sup> November 2008 was £25,897,128. When compared with a net collectable debit at 30<sup>th</sup> November 2008 of £33,866,833, this represents a collection rate of 76.5% compared to 77.8% last year, which was an exceptional year.

## Council Tax

26. The net cash collected in the financial year to 30<sup>th</sup> November 2008 was £58,633,932. When compared with a net collectable debit at 30<sup>th</sup> November 2008 of £75,264,785, this represents a collection rate of 77.9% compared to 77.8% last year.

## Conclusion

27. This Budget Monitoring Report shows that the credit crunch and resulting economic downturn is continuing to have a significant impact on Waverley. The loss of income is particularly serious financially, with a shortfall of £800,000 projected; and a significant risk of this increasing rather than a prospect of this reducing by the year-end. However, the action being taken to reduce expenditure is so far achieving success in restricting Waverley's use of Balances to the amount authorised.

## Recommendation

It is recommended that the position as at 30 November be noted and that the Budget continue to be monitored closely during the remainder of 2008/09.

---

## Background Papers (DCEx)

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

---

## CONTACT OFFICER:

**Name:** Brian Long

**Telephone:** 01483 523253

**E-mail:** [brian.long@waverley.gov.uk](mailto:brian.long@waverley.gov.uk)