

## WAVERLEY BOROUGH COUNCIL

### EXECUTIVE – 29 SEPTEMBER 2009

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**Title:**

**REVENUE BUDGET 2009/10**

**[Portfolio Holder: Cllr Mike Band]  
[Wards Affected: All]**

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**Summary and purpose:**

The Executive on 1 September 2009 asked Corporate Management Team (CMT) to identify potential savings in the 2009/10 revenue and capital budgets to offset the current year's budget shortfall. This report highlights their suggestions.

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

Sound financial management with robust budget monitoring is established to help the Council deliver its corporate priorities.

**Equality and Diversity Implications:**

The Council's budget allows financial resources to support the Council's Equality and Diversity objectives. An equality impact assessment has been undertaken to examine potential effects of this budget review on the services of the Council.

**Resource/Value for Money implications:**

The Council's budgets and the importance of good value for money are essential to deliver the Council's services and priorities. Where there is any variation from the budget the Council must consider mitigating action to bring the budget back into balance.

**Legal Implications:**

The Chief Finance Officer is required by law to report on the robustness of the estimates, the adequacy of reserves and the budget monitoring arrangements in place.

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**Introduction**

1. The Executive, at their meeting on 1st September 2009, received a formal review of the budget in the light of the challenging economic climate. The

report highlighted that Waverley's General Fund faced a budget shortfall of £477,000 in 2009/10 and a projected shortfall in 2010/11 of £746,500.

In response, the Executive agreed that CMT should review the current year's budget during September with a report back to the Executive. The review was to include the capital programme where savings could also be used to affect any budget shortfall.

## 2. **General Fund Revenue Budget**

Annexe1 highlights potential savings by portfolio to bridge the forecast shortfall. To date potential revenue savings of £360,800 have been identified.

The savings fall into several broad categories which include:

- a. A recalculation of the inflation provision in the light of low levels in the Retail Price Index.
- b. Those that relate to reduced activity levels, mainly on planning.
- c. Project deferrals, for example deferring LDF preparations and office maintenance at The Burys, which will result in bids against the 2010/11 budget.
- d. One off savings, such as the initial rebate of the new photocopier contract.
- e. Reductions to budgets/better housekeeping including reductions in stationery, publicity and equipment.
- f. Targeted savings, for example in Building Control, which is not currently achieving its breakeven objective.

In addition CMT has identified £117,000 of capital works at Annex 2, which would result in the deferral of capital schemes. This is likely to produce additional bids against the 2010/11 capital programme.

As the majority of the capital programme is funded by a revenue contribution to capital the £117,000 saving will help reduce the budget shortfall in the current year.

## 3. **Progress on Dealing with Budget Shortfall**

The lists at Annexe 1 and 2 highlight how the estimated budget shortfall could be met in 2009/10 and fully meets the £477,000 shortfall reported to the 1st September Executive.

	2009/10
	£
Revenue savings	360,800
Capital savings	117,000
Proposed savings	<u>477,800</u>

#### 4. **Vacancy Factor**

Other than reduced salary payments to senior staff by discontinuing the emergency rota, no changes are proposed to the salaries budget. The vacancy factor in 2009/10 is £250,000 and although it has been increased in previous years to help balance budget shortfalls, any increase this year is considered inappropriate, as previously reported in September. This is because the opportunity to make vacancy savings was significantly reduced when 30+ posts were deleted in this year's budget. To date, it is estimated that a £75,000 contribution has been made to the vacancy factor with £175,000 still to go. CMT have taken the decision to generally keep all posts vacant for at least 8 weeks, following careful assessments of the impact on services. The working assumption is that CMT will keep this approach under review and will meet the target.

#### 5. **Additional Budget Reports**

The economic climate is continuing to cause significant fluctuations in budgets and in the light of this, it is suggested that officers supplement the normal Executive budget monitoring reports with exception reports on a monthly basis, to maximise the opportunity for remedial action, should it be required.

#### 6. **Housing Revenue Account**

Based on the end of July position the review projected a shortfall of £44,000 on the Housing Revenue Account and it is anticipated that this can be met from the inflation provision given reductions in the Retail Price Index of £18,000, reductions to the training budget of £15,000, and increased income of £11,000 for leaseholder service charges.

#### 7. **Unallocated Capital Balance**

At the Executive in September, members agreed to embargo the use of the unallocated capital balance of £339,000 until later in the year, when a clearer assessment can be made about the need to use it. At this stage this is still considered appropriate.

#### 8. **2010/11 Budget**

The outlook for the 2010/11 remains extremely challenging. Income levels are continuing to cause major difficulties and could add to the forecast shortfall for 2010/11 of £746,500 on the General Fund, previously mentioned.

Over the Autumn officers and members will be looking at savings options to eliminate the budget shortfall.

### **Recommendation**

The Executive is asked to:

1. consider and approve the proposed savings identified in Annexe 1 & 2;
2. agree to receive additional budget reports to supplement normal budget monitoring arrangements; and
3. approve the proposals to balance the forecast overspend on the Housing Revenue Account.

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### **Background Papers**

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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### **CONTACT OFFICER:**

**Name:** Paul Wenham

**Telephone:** 01483 523 238

**E-mail:** [paul.wenham@waverley.gov.uk](mailto:paul.wenham@waverley.gov.uk)