

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 3RD NOVEMBER 2009

Title:

BUDGET MONITORING SEPTEMBER 2009

[Portfolio Holder: Councillor Band]

[Wards Affected: All]

Summary and purpose:

This report provides details of the expenditure and income position to the end of September 2009 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 September 2009 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. The July monitoring position was reported to the Executive on 1st September as part of the Budget Review and showed a potential overspend of £477,000. The Executive requested the Corporate Management Team to advise on measures that could be taken to offset this. Subsequently, on 29th September the Executive agreed a list of savings totalling £477,800, thus bringing the projected outturn within the overall approved budget. As at the end of September the latest likely year-end position is projected to be a small underspend of £34,000.

2. Budget Variances

The main cumulative movements to date are:

- Additional Audit fees (for Council Tax, NNDR and HB Subsidy Claim) £39,000
- Building Control – projected shortfall in income £25,000
- Waste Recycling – shortfall in recycling credit £50,000
- Car Parks – shortfall in income £220,000
- Planning Income – total shortfall of £190,000
- Animal Control – loss in income from reduced service £20,000
- A reduction in the Item 8 payment from the HRA of £77,000 as determined by the Government as a result of reduced interest rates

offset by:

- Investment interest – better interest rate on new investments £30,000
- Land Charges income £50,000
- Waste Recycling income – increased prices for paper and textiles sales £62,000
- Legal Expenses – S106 tariff income £30,000
- Budget Review savings (Executive 29th September 2009) £477,800

3. The projected variations from the Budget are shown in more detail in the table at annexe 1. The three columns of figures show: the first monitoring position at the end of July; the situation reflecting the Budget Review savings; and the highlighted column shows the latest position for the six-months to the end of September.

Income

4. The main reason for the Budget problem is the reduced levels of income, in particular Car Park income (£220,000) and Development Control income (£190,000). Car Park income has improved slightly (by £20,000) over the last two months, which is reassuring in view of its significance to the Council. However, Development Control Income has deteriorated (by £60,000), although it is not possible to predict future planning applications with precision as there is no typical monthly profile in any one year. There has been some improvement in Building Control (£15,000) and Land Charge (£50,000) income since the Budget Review report in September. Significantly improved prices for sales of paper and textiles have recently been negotiated and this will generate an additional £62,000 in the current year. Unfortunately, Recyclate volumes remain low, with a corresponding shortfall in income.

Interest

5. Security of investments remains paramount, which, combined with widespread downgrading of previously high-rated institutions makes achieving reasonable returns virtually impossible. Even so, we still expect to exceed the budget of £600,000, by £30,000. Unfortunately, this is now outweighed by the Item 8 calculation, which is determined by statutory formula, where because of falling interest rates the amount due to be paid to the General Fund will be £77,000 below budget, although conversely this will benefit the HRA.

Inflation Provision

6. The Budget includes an Inflation Provision of £690,000. This covers all of the known major cost increases. To date some £533,000 of the provision has been allocated. The Budget Review identified a potential balance after all key commitments of £103,000 and, taking account of other known calls on this provision, at this stage it estimated that this saving will be achieved.

Target Reductions

7. The table below shows the target reduction included in the Budget for 2009-10 together with the level of achievement to date:

| Target | £ | Status |
|--|----------|---|
| Staffing savings target - General Fund | 250,000 | Savings identified to the end of September projected for the full year amount to £189,800. CMT are taking action to achieve target in full by the year-end. |

Supplementary Estimates

8. The approved Supplementary Estimates are shown below:

| Service | Amount | |
|---|----------------|-----------------------------------|
| | £ | |
| Recruitment of Strategic Director | 20,000 | Executive 7 th July 09 |
| Locality Offices Saturday Opening | 3,330 | Executive 7 th July 09 |
| Absence Management System | 16,500 | Executive 7 th July 09 |
| Planning Appeal Costs | 50,000 | Executive 7 th July 09 |
| Strategic Procurement Resource | 25,000 | Executive 7 th July 09 |
| Offset by savings/efficiencies with balance met from the vacancy factor | (25,000) | |
| Planning Enforcement | 84,000 | |
| Costs to be recovered | (84,000) | |
| | £89,830 | |

Use of Balances

9. The Budget for 2008-09 includes a contribution of £70,000 from the General Fund working balance; to this £23,000 carry forward from 2008-09 at the end of the year has been added, together with the supplementary estimates, gives a maximum approved use of balances £182,830.

| | £ |
|--|-----------------|
| Budgeted Use of Working Balance | 70,000 |
| Revenue Carry Forward from 2008-09 | 23,000 |
| Supplementary Estimates | 89,830 |
| Authorised use of Working Balance | £182,830 |

Housing Revenue Account

10. The major variations to the budget are identified at annexe 2. Currently a net surplus of £66,000 is estimated which includes the potential savings identified to cover the shortfall projected at budget review stage. This figure assumes that vacancy savings, which are budgeted at £70,000, will, as expected, be achieved by year-end.

Target Reductions

11. The table below shows the target reduction included in the Budget for 2009-10 together with the level of achievement to date.

| Target | £ | Status |
|-------------------------------|--------|--|
| Staffing savings target - HRA | 70,000 | Savings identified to the end of September projected for the full year amount to £70,217 |

Use of Balances

12. The Budget for 2009-09 includes a contribution of £109,280 to the Housing Revenue Account working balance. However, the currently estimated surplus will further add to this.

| | £ |
|---|---------|
| Budgeted contribution to Working Balance | 109,280 |
| Estimated surplus at September 2009 | 66,000 |
| Estimated Contribution to working Balance | 175,280 |

Capital Programme

General Fund

13. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3.
14. As at the end of September £1.1m of the total General Fund Programme of over £6m had been paid. However, work has now commenced on the major refurbishment works at Cranleigh Recreation Centre. Refurbishment works at Farnham Sports Centre are on schedule to start later in the year. It is estimated that £3.5m payments will be made by the year-end for these two projects, which will be very close to the figures included within the Capital Programme.
15. As part of the Budget Review potential savings of £117,000 were identified and accepted by the Executive. These are shown in the attached schedule.
16. These savings included deferring £25,000 of the Car Parks improvement works to 2010/11. It would be beneficial to maintaining the quality of provision of the service if the surfacing works could proceed in the current year; and this will also be more cost-effective as further deterioration of the surface will be prevented. The latest underspend figure provides scope for £15,000 of the Car Park Capital Programme to be reinstated; and it is suggested that this is agreed by the Executive.

Housing Revenue Account

17. At the mid-point of the financial year it is expected that the capital programme will be fully spent.
18. Following the approval of double-glazing work at Ockford Ridge at the September 29th Executive, £100,000 has been added to the current Programme in anticipation of the work starting this year. As approved, capital receipts from property sales at Ockford Ridge will be earmarked as funding. The balance of the approved sum of £718,000 will be included in the draft Capital Programme for 2010-11.
19. Demand on the replacement kitchen budget has been high from void properties and responsive repairs. The Programme, enhanced by brought forward Major Repairs Allowance, is likely to be overspent by £100,000 and this does not allow for demand that may arise in the second half of the year if void levels remain high. The advancement of £225,000 resources is sought to fund the anticipated overspend on current commitments and make some provision for demand in the rest of the year. If replacement kitchens are not fitted into void properties where appropriate, it may later cause inconvenience and dissatisfaction to tenants. It is also more efficient to carry out these works, where required, whilst the property is vacant.

Revenues Cash Collection

National Non-Domestic Rates

20. The net cash collected in the financial year to 30th September 2009 was £20,197,075. When compared with a net collectable debit at 30th September 2009 of £34,941,378, this represents a collection rate of 60.0% compared with 60.6% last year.

Council Tax

21. The net cash collected in the financial year to 30th September 2009 was £45,885,913. When compared with a net collectable debit at 30th September 2009 of £77,840,520, this represents a collection rate of 59.9% compared with 60.5% last year.

Conclusion

Monitoring to the end of September shows that the measures put in place as part of the Budget Review are a major contribution to the latest Budget position as reported.

It is proposed to continue with monthly Budget exception reports to the Executive in addition to the normal Budget Monitoring Reports where appropriate.

Recommendation

It is recommended that:

1. the position as at 30th September 2009 be noted;
2. £15,000 of the car park Capital Programme savings be now reinstated;
3. £225,000 of HRA capital receipts be brought forward into 2009-10 to support the kitchen replacement programme; and
4. the Budget continue to be monitored closely during the remainder of 2009/10.

Background Papers (Deputy Chief Executive)

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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