

# APPENDIX B

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 5<sup>TH</sup> JANUARY 2010

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**Title:**

**BUDGET MONITORING NOVEMBER 2009**

**[Portfolio Holder: Councillor Band]**

**[Wards Affected: All]**

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**Summary and purpose:**

This report provides details of the expenditure and income position to the end of November 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.

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**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 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.

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**General Fund**

1. The October monitoring position was reported to the Executive on 1<sup>st</sup> December and showed a potential underspend of £39,100. This small underspend was as a result of implementing a list of savings, totalling £477,800, agreed by the Executive on the 29<sup>th</sup> September. These savings were to offset the overspend identified following the July Budget Monitoring and to bring the projected outturn within the overall approved budget.

2. As at the end of November the latest likely year-end position is projected to be an underspend of £96,000. The significant improvement from the previous report arises in particular from improved Car Park income of £30,000, improved Planning income of £65,000.

#### Budget Variances

3. The projected variations from the Budget are detailed in the schedule at annexe 1. This shows the cumulative figures on a month-by-month basis for each significant variance from the budget.

#### Income

4. The main reason for the Budget problem is the reduced levels of income, in particular Car Park income and Development Control income. It is therefore reassuring to report that there has been a significant improvement in both these areas during the past few weeks. The shortfall in car park income has reduced by £30,000 to £190,000. Development Control income has improved by £65,000, with the projected shortfall now being £125,000; although the effect is offset by the announcement of Housing and Planning Delivery Grant £12,000 below the budget.

#### Interest

6. 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 £40,000 (an improvement of £10,000 from the figure reported previously). 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 reduce, although conversely this will benefit the HRA. The previously reported figure of £77,000 has now increased £122,000 to take account of projections for interest rates to remain at very low levels at least for the remainder of this year, although the actual rate to be used has not yet been advised by the Government.

#### Waverley Training Services

7. A potential shortfall of up to £50,000 has now been reported on the Waverley Training Services budget, which is targeted to break-even each year. The Executive may recall that a similar shortfall was also reported at this stage last year, but the position had been recovered by the end of the year. Measures to address the potential shortfall in income for this year are being pursued, but given the economic climate and the new contract focussing on 16-18 year olds it may be more difficult to achieve the break-even position this financial year.

### Inflation Provision

8. The Budget includes an Inflation Provision of £690,000. This covers all of the known major cost increases. To date some £540,000 of the provision has been allocated, leaving an unallocated balance of £150,000 at the end of November. The Budget Review identified that a potential year-end balance of £103,000 would remain and contribute to the savings required to rectify the projected overspend. Unless there are unexpected calls on the provision, it seems likely that the figure of £103,000 will be exceeded.

### Staff Vacancy Target Reductions

9. The table below shows the target reduction included in the Budget for 2009-10, as amended during the year, together with the level of achievement to date. At this stage there remains a further £125,000 to be achieved before 31<sup>st</sup> March.

Target	£	Status
Staffing savings target - General Fund	250,000	Savings identified to the end of November projected for the full year amount to £174,240. CMT are taking action to try to achieve the target in full by the year-end. However, this is proving extremely challenging in view of the low levels of staff turnover and increased workloads.
Additions to target:		
Don't Lose Your Home	26,000	
IFRS Implementation	23,000	
<b>Total</b>	<b>299,000</b>	

### Supplementary Estimates

10. The approved Supplementary Estimates are shown below:

Service	Amount	
	£	
Recruitment of Strategic Director	20,000	Executive 7 <sup>th</sup> July 09
Locality Offices Saturday Opening	3,330	Executive 7 <sup>th</sup> July 09
Absence Management System	16,500	Executive 7 <sup>th</sup> July 09
Planning Appeal Costs	50,000	Executive 7 <sup>th</sup> July 09
Strategic Procurement Resource	25,000	Executive 7 <sup>th</sup> 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)	
	<b>£89,830</b>	

### Use of Balances

11. The Budget for 2009-10 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
<b>Authorised use of Working Balance</b>	<b>£182,830</b>

### Housing Revenue Account

12. The major variations to the budget are identified at annexe 2. Currently a net surplus of £118,140 is estimated which includes the potential savings identified to cover the shortfall projected at budget review stage.

### Target Reductions

13. 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 November projected for the full year amount to £88,436

### Use of Balances

14. The Budget for 2009-10 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 November 2009	118,140
Estimated Contribution to working Balance	227,420

## Capital Programme

### General Fund

15. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3.
16. As at the end of November £2m of the total General Fund Programme of over £6m had been paid. Work is now progressing well 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.
17. As part of the Budget Review potential savings of £117,000 were identified and accepted by the Executive, with the figure subsequently being reduced to £102,000. These are shown in the attached schedule.
18. The latest revenue underspend figure provides scope for more of the Capital Programme to be reinstated, with some of the capital savings used to pay for new schemes delivering the Council's Corporate Priorities; and it is suggested that this is agreed by the Executive.

The following schemes are suggested:

- a. GIS mapping on Website £29,500 – brought forward from 2010-11 and met from allocation of PDG Capital Provision (no further approval required)
- b. Car Park Rolling Programme £6,000 – partial reinstatement of savings to enable works to be carried out this year
- c. Air Quality £8,000 – partial reinstatement of savings will deliver Farnham Level Crossing interactive signage
- d. Building Management System front panel Cranleigh Leisure Centre £15,000 – brought forward from 2010-11
- e. 2<sup>nd</sup> Pool Car £7,000 – brought forward from 2010-11. The second car can be purchased this year from an increased provision of £15,000
- f. Telephone upgrade to customise call handling £19,000
- g. Link to Farnham Sports Centre for Election £9,000

Further details of each of these schemes are shown on the Justification Sheets included at Annexe 3.

### Housing Revenue Account

19. It is expected that the capital programme will be fully spent, including the £100,000 added for double-glazing works at Ockford Ridge and the £225,000 brought forward to the current year to accommodate the demand for kitchen replacement and to enable void properties to be re-let more quickly

## Revenues Cash Collection

### National Non-Domestic Rates

20. The net cash collected in the financial year to 30<sup>th</sup> November 2009 was £26,340,014. When compared with a net collectable debit at 30<sup>th</sup> November 2009 of £34,778,607, this represents a collection rate of 78.7% compared with 78.8% last year.

### Council Tax

21. The net cash collected in the financial year to 30<sup>th</sup> November 2009 was £60,176,048. When compared with a net collectable debit at 30<sup>th</sup> November 2009 of £77,707,655, this represents a collection rate of 78.8% compared with 79.3% last year.

## Conclusion

Monitoring to the end of November 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 30<sup>th</sup> November 2009 be noted;
2. £6,000 of the Car Park Capital Programme savings and £8,000 of the Air Quality Improvement Works be now reinstated;
3. the following capital schemes totalling £50,000, be undertaken during 2009/10 from the savings identified within the Capital Programme:
  - BMS Front Panel, Cranleigh Leisure Centre £15,000
  - 2<sup>nd</sup> Low –Carbon Pool Car £7,000
  - Telephone upgrade to customise call handling £19,000
  - Link to Farnham Sports Centre for election £9,000; and
4. the Budget continue to be monitored closely during the remainder of 2009/10.

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### 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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