

APPENDIX B.1

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 2 FEBRUARY 2010

Title:

BUDGET MONITORING DECEMBER 2009

[Portfolio Holder: Councillor Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides an update of the expenditure and income position to the end of December 2009 compared with budget for the General Fund and the Housing Revenue Account. The focus is on major items of income and expenditure together with the latest position on major variances identified previously.

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 December 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.

Legal Implications:

There are no direct legal implications relating to this report.

General Fund

1. The November monitoring position was reported to the Executive on 5th January and showed a potential underspend of £96,000. This underspend was as a result of implementing a list of savings, totalling £477,800, agreed by the Executive on the 29th 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. In view of the improved Budget position, the January Executive agreed that capital savings could be used for additional capital schemes totalling £64,000 rather than to assist with the revenue position as had been planned as part of the September savings strategy. This therefore reduced the projected underspend to £32,000.

3. The latest underspend, representing the monitoring position to 31st December is £41,000. Annexe 1 shows details of the movements on a monthly basis.
4. There has been some improvement in income in several areas. In particular, Development Control income was exceptionally high for December, with fees from the five large planning applications received totalling £76,000. As a result the projection for Development Control income in the current year has improved by a further £50,000, although the projected savings on Development Control expenditure have also reduced by £20,000. Unfortunately, the gradual improvement in Car Park income has been reversed by the heavy and prolonged snowfall. The shortfall of £250,000 now projected to the year-end takes account of around £70,000 lost from the snowfall during December and January.

Staff Vacancy Target Reductions

5. 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. Savings identified to 31st December total £214,000, which is a significant improvement of £40,000 from the previous month, but there remains a further £85,000 to be achieved before 31st March. Although it may not be possible to achieve this from the salaries budget alone, at this stage a considerable amount of the training budget remains available. Therefore the target should be achieved in full from staff-related budgets

General Fund Capital Programme

6. As part of the Budget Review, potential savings of £117,000 were identified and accepted by the Executive, with the figure being reduced to £38,000 at the January Executive.
7. The latest revenue underspend figure of £41,000 is higher than the remaining capital savings, which are therefore no longer required to balance the Revenue Budget. Instead the savings of £38,000 together with further capital savings identified at the January Monitoring Group can be used to pay for new schemes delivering the Council's Corporate Priorities; and it is suggested that this is agreed by the Executive. The Approval of Council is required because the limits of the Executive were reached at the January meeting. The total savings available are £54,000, as shown at Annexe 3

It is suggested this is used to deliver the following additional schemes:

- a. Upgrade of Central Communications Equipment - £20,000
- b. Implementation of One-Staff I.D. - £22,000
- c. Emergency Planning Software - £3,000 (maximum)
- d. Environmental Health Software - £3,000 (maximum)

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

Housing Revenue Account

8. The November monitoring reported a potential underspend of £118,000. This is predominantly additional rent income to the revenue account as a result of good voids performance and a significantly reduced interest payment to the general fund as a result of ongoing low interest rates. The latest position to the end of December is virtually unchanged with minor variations reducing the projection to £117,000 underspend. The major variations to the budget are identified at Annexe 2.

Use of Balances

9. The forecast underspend of £117,000 will help achieve the required HRA working balance of £1.25m by 31st March 2010.

	£
Actual Balance 31 st March 2009	1,044,558
Budgeted contribution to Balance 2009-10	109,280
Forecast underspend 2009-10	<u>117,000</u>
	1,270,838

10. The Council's S151 officer reviewed the level of working balances during the 2009/10 budget process and considered it prudent to increase the HRA minimum working balance to £1.25m from 2009/10. The original 2009/10 budget was drafted to achieve this position by the end of the financial year. However, at the end of 2008/09 the working balance was lower than projected and the improved working balance would not be achieved without the forecast underspend in 2009/10.
11. The recent spell of bad weather has significantly increased the number of emergency repairs to the dwelling stock. Whilst every effort will be made to contain these costs, an update will be given at the next Executive meeting.

Conclusion

12. Monitoring to the end of December shows that the measures put in place as part of the Budget Review are a major contribution to the latest Budget position as reported. A full Budget Monitoring report will be presented to the next meeting of the Executive at the beginning of March, culminating from the formal Budget Monitoring process for the ten months to 31st January.

Recommendation

It is recommended that:

1. the position as at 31st December 2009 be noted;
2. the Budget continue to be monitored closely during the remainder of 2009/10
3. subject to Council approval, the following capital schemes totalling £48,000, be undertaken during 2009/10 from the savings identified within the Capital Programme:

- Upgrade of Central Communications Equipment £20,000
- Implementation of One-Staff I.D. £22,000
- Emergency Planning Software £3,000
- Environmental Health Software £3,000

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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