

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 2 MARCH 2010

Title:

BUDGET MONITORING JANUARY 2010

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides details of the expenditure and income position to the end of January 2010 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 January 2010 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 December monitoring position was reported to the Executive on 2 February and showed a potential underspend of £41,000, including capital savings of £38,000. This underspend was as a result of implementing a list of savings, totalling £477,800, agreed by the Executive on the 29 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 February Executive agreed that the capital savings were no longer required to assist with the revenue position as had been planned as part of the September savings strategy and could therefore be used for additional capital schemes. This therefore reduced the projected underspend to 3,000.
3. As at the end of January the latest likely year-end position is projected to be an underspend of £27,000. The improvement of some £24,000 from the previous report arises mainly from backdated rent from Kings Road Industrial Site and an improvement in the position on Concessionary Fares, offset by a reduction in income from Licensing and Recycling

Budget Variances

4. 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

5. The main reason for the Budget problem is the reduced levels of income, in particular Car Park income and Development Control income. Development Control income has since improved by £110,000, with the projected shortfall now being £80,000. However, the improvement reported during the latter part of 2009 in car park income suffered a setback due to the snow in January. The shortfall in car park income is now reported to be £240,000. During January there has been an unexpected downturn in Licensing income; and also Recycling income, although it is not clear how much this may have been caused by the weather conditions. Building Control income continues to recover from the sharp shortfall reported in the first quarter of the year.

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 £55,000. Unfortunately, this is 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 £122,000 below budget, although conversely this will benefit the HRA.

Waverley Training Services

7. A potential shortfall of up to £40,000 is still 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 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 £575,000 of the provision has been allocated, including an estimated total of £25,000 for various costs related to the heavy snowfall. Unless there are further unexpected calls on the provision, it seems likely that the remaining figure of £115,000 will contribute to the Budget position at the year end, as reported last month.

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 £65,400 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

Target	£	Status
Staffing savings target - General Fund	250,000	Savings identified to the end of January projected for the full year amount to £233,600. CMT are taking action 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	
Total	299,000	

Supplementary Estimates

10. 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

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
Authorised use of Working Balance	£182,830

Housing Revenue Account

12. At the end of December an underspend of £117,000 was forecast. 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 January shows a slightly reduced underspend forecast due to anticipated additional costs in some contracted services. The major variations to the budget are identified at Annexe 2.

Use of Balances

13. The forecast underspend of £97,000 will help increase the HRA working balance to the required £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>97,000</u>
	1,250,838

14. 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.
15. 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.

Capital Programme

General Fund

16. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3.

17. As at the end of January £2m of the total General Fund Programme of over £6m had been paid. Work has now been completed on the major refurbishment of Cranleigh Recreation Centre. Refurbishment works at Farnham Sports Centre are progressing well. It is estimated that a further £2m payments will be made by the year-end for these two projects. Overall expenditure at the year-end is forecast to be around £6m, which will include those additional schemes approved by Council on 16th February. The element of slippage relates mainly to some externally-funded schemes, where the funding will be carried forward to match.

Housing Revenue Account

18. Capital work has progressed well all year and it is currently estimated that the programme will be largely spent. There may now be a small underspend on the kitchen programme as the possibility of re-tendering the work is currently being considered putting the programmed work temporarily on hold.
19. Officers are in pre-contract discussions with a contractor for the double-glazing work at Ockford Ridge and are still hopeful that this can begin before the end of the financial year.

Revenues Cash Collection

National Non-Domestic Rates

20. The net cash collected in the twelve months to 31st January 2010 was £32,439,073, with the net collectable debit at 31st January 2010 being £34,553,308. The collection rate is 96.8% compared with 96.6% last year.

Council Tax

21. The net cash collected in the twelve months to 31st January 2010 was £74,396,535, with the net collectable debit at 31st January 2010 being £77,694,781. The collection rate is 97.5% compared with 97.9% last year.

Conclusion

22. Monitoring to the end of January shows that the measures put in place as part of the Budget Review have been a major contribution to the latest Budget position as reported. The revenue position now appears sufficiently robust to remain within the approved Budget, without the need to seek reductions in the capital contributions.
23. Although this is the final formal Budget Monitoring report for the year, the Budget will continue to be closely monitored and the position at the end of February will be reported to the Executive on an exception basis.

Recommendation

It is recommended that

1. the position as at 31 January 2010 be noted; and
2. the Budget continue to be monitored closely during the remainder of 2009/10.

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

G:\bureau\comms\executive\2009-10\2010 2 March\020 bud mon.doc