

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 7TH SEPTEMBER 2010

Title:

MID-YEAR BUDGET REVIEW 2010-11

[Portfolio Holder: Councillor Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides details of the expenditure and income position to the end of July 2010 compared with budget for the General Fund and the Housing Revenue Account. Together with projections to the year-end, this provides an important mid-year Budget review. 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 July 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 monitoring position as at the end of July shows a potential overall underspend of £117,700 from the approved 2010-11 Budget.

Budget Variances

2. The projected variations from the Budget are detailed in the schedule at Annexe 1.

Inflation

3. The Budget includes an Inflation Provision of £255,000. The Council's contracts have been increased in line with the March RPI of 4.4% plus 1% (ie 5.4%). The amount allowed in the inflation provision was based on 2.5% RPI. Additionally, there has been a higher-than-expected increase in Business Rates on Car Parks, although Business Rates on the Offices are lower. Overall, this results in a shortfall of £119,000 in the Inflation Provision compared with allocations required to date.

The current calculation of excess energy cost inflation is £97,000 less than provided resulting in a one-off underspend. If DC Leisure's claim for 10/11 is similar to the current claim a further significant saving will arise

Housing and Planning Delivery Grant (HPDG)

4. In June the Coalition Government abolished the HPDG with immediate effect. Waverley had included the sum of £58,000 within the 2010-11 Budget and this will not now be received.

Income

5. Overall Car Park Income is forecast to be £50,000 above budget. This is mainly due to enforcement performance, which has increased markedly during the last six months.
6. Planning income has been particularly strong during the Summer months, with July being particularly high. To date, half of the budgeted level of £600,000 has been achieved. It is forecast that this will be exceeded by £100,000 at the year-end. This forecast takes no account of the potential increase in applications in Farnham following the release of additional SANGS in Farnham Park at the end of July.

Interest

7. In recent months several investments have been made at relatively favourable terms. It is forecast that by the year-end the Investment Income budget of £270,000 will be exceeded by £40,000.

Staff Vacancy Target Reductions

8. The General Fund Staff Vacancy Target for 2010-11 is £250,000. At the end of July good progress has been made with savings of £232,000 forecast to be achieved by the year end.

Use of Balances

9. The Budget for 2010-11 does not provide for a contribution from the General Fund working balance. Revenue Carry Forwards from 2009-10 amount to £139,880, of which £104,880 is to be met from the General Fund Balance as at 1st April 2010 and £35,000 from the Revenue Reserve Fund.

Housing Revenue Account

10. At the end of July the HRA is forecast to be on Budget overall. The staff savings target of £70,000 is expected to be achieved by the year end. There are currently no significant variations to the HRA Budget.

Capital Programme

General Fund

11. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 2.

Housing Revenue Account

12. Capital work has progressed well all year and it is currently estimated that the programme will be largely spent. At the start of the financial year it was envisaged that the capital receipt for the Rowland House site would be received in the summer and that some of this could be applied to expand the 2010-11 Capital Programme that is at a significantly lower level than recent years. However, the capital receipt is now unlikely to be received before October, so an expansion of the Programme cannot currently be planned.
13. Some restructuring of the Programme will be required to accommodate the purchase of the extra room at 1 Green Lane Cottages, Churt. The Executive approved this in April but there is currently no Capital Programme provision.

Revenues Cash Collection

National Non-Domestic Rates

14. The net cash collected to 31st July 2010 was £13,974,863, with the net collectable debit at 31st July 2010 being £35,530,070. The collection rate is 40.9% compared with 41.8% last year.

Council Tax

15. The net cash collected to 31st July 2010 was £31,904,312, with the net collectable debit at 31st July 2010 being £80,031,277. The collection rate is 40.4% compared with 40.3% last year.

Streamlining Waverley's Senior Management

16. In July, the Council approved proposals for restructuring Waverley's senior management. These measures will deliver significant savings, but do involve some one-off costs in the current year. If a forecast underspend is achieved at the yearend, it could be appropriate to use it as a first call on the streamlining one-off costs, thereby reducing the call on balances.

Conclusion

The monitoring position at the end of July shows a marked improvement on the position reported to the Executive in June where there was a likely shortfall arising from high inflation and loss of grant. With the recent improvements in the economy, Waverley's income has improved. However, economic growth remains uncertain and the Government's detailed spending review to be announced in October, may have an adverse impact on our financial position later in the year, so the position will be kept under careful review.

The mid-year Budget review provides a measure of reassurance that the 2010-11 Budget, which was set at a time of particular economic uncertainty, is realistic and robust. There is therefore, no need for the Executive to authorise further measures at this stage, beyond those already being taken, to ensure that expenditure remains within the approved Budget for the year.

The Budget will be closely monitored and the position at the end of each month will continue to be reported to the Executive on an exception basis.

Recommendation

It is recommended that:

1. the position as at 31st July 2010 be noted and that no immediate action is required at this stage;
2. the Budget continue to be monitored closely during the remainder of 2010-11.

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.

CONTACT OFFICER:

Name: Brian Long

Telephone: 01483 523253

E-mail: brian.long@waverley.gov.uk