

## APPENDIX C.2

### WAVERLEY BOROUGH COUNCIL

#### EXECUTIVE – 30 NOVEMBER 2010

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#### Title:

#### **BUDGET MONITORING - OCTOBER 2010 UPDATE**

**[Portfolio Holder: Cllr Mike 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 October 2010 compared with budget for the General Fund and the Housing Revenue Account. Together with projections to the year-end, this provides an important indication to the likely outturn position. 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 updates the budget monitoring position to the end of October 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.

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#### General Fund

1. The monitoring position as at the end of October shows a potential overall underspend of £274,140 from the approved 2010-11 Budget. If supplementary estimates totalling £155,900 are covered from this, the underspend reduces to £118,240. This is an improvement of £40,000 on the position reported to the end of September.

## Budget Variances

2. The projected variations from the Budget on a month-by-month basis are detailed in the schedule at Annexe 1.

The changes since last month are:

- Waste Recycling – extra £10,000 from sales of paper
- Car Park income – a further increase of £10,000
- Investment income £10,000 higher
- Land Charges – an increase of £10,000

## 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 £137,000 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 energy prices remain similar for 10/11 further significant savings are likely.

## Staff Vacancy Target Reductions

4. The General Fund Staff Vacancy Target for 2010-11 is £250,000. At the end of October very good progress has been made. Any saving in excess of the target will be used to contribute towards the one-off costs of the management streamlining thereby reducing the use of the Revenue Reserves.

5. Supplementary Estimates

	£	
Godalming Key Site Appeal	£73,500	Executive 5 <sup>th</sup> October 2010
Downside planning enforcement	£25,000	Executive 13 <sup>th</sup> April 2010
Tanyards Farm planning enforcement	£57,400	Executive 7 <sup>th</sup> July 2009
Total	£155,900	

## Housing Revenue Account

6. There is no change from the September monitoring position, with a potential overall underspend of £4,561 from the approved 2010-11 Budget.

## Capital Programme

### General Fund

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

8. The Project Monitoring Group suggest that the following schemes be added to the 2010-11 Programme, to be met from the savings estimated at £60,000 as shown at Annexe 2 and the balance from the Provision for Urgent Schemes:

- **Payroll System Replacement** - £28,000 (to be met by virement from the £38,400 savings on Computer Room Air Conditioning)  
Current system not fit for purpose, will improve robustness  
There are additional revenue costs that will be met from savings on Open Access software.  
*There is a full report on this project at Appendix C.3.*
- **Environmental Services Contact Manager** - £28,000  
Will improve efficiency and service level  
*There is a full report on this project at Appendix C.4.*
- **Desktop Computer Upgrades** - £42,000 for 200 lgels and temporary staffing to complete upgrade programme  
Will generate energy savings as IGels use 5% energy of a standard desktop PC, also easier management by the IT team  
*There is a full report on this project at Appendix C.5.*

Project justification sheets for the above schemes are included at Annexe 2.

## **Conclusion**

9. The monitoring position at the end of October shows a continued improvement on the position reported to the Executive previously. Although Waverley's income has improved, economic growth remains uncertain and so the position will be kept under careful review.
10. Budget monitoring to the end of October continues to provide 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.
11. If the underspend against the approved Budget is used to finance the one-off restructuring costs, the monitoring position may be regarded as broadly neutral at this stage. 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 31<sup>st</sup> October 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; and
3. the 2010-11 Capital Programme be amended as detailed at paragraph 8 above, with the Payroll System Replacement being met by virement from savings on the Computer Room Air Conditioning project and progressed immediately.

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#### Background Papers

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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