

APPENDIX B.1

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 25 JANUARY 2011

Title:

BUDGET MONITORING - DECEMBER 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 December 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.

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 December 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. This report is based on the scheduled formal Budget Monitoring during early December of the position as at 30th November. This was due to be reported to the meeting of the Executive on 11th January, which as subsequently cancelled. The key figures have therefore been updated to reflect the position as at 31st December 2010.
2. The monitoring position as at the end of December shows a potential overall underspend of £426,580 from the approved 2010-11 Budget. This is a further improvement of some £150,000 for the two months period from the position

reported to the end of October. This underspend should be seen in the context of one-off restructuring costs of £270,000 and supplementary estimates of £82,400 incurred during the year. There is also a risk that further snowfall towards the end of the winter could significantly reduce the underspend. The estimated financial impact of the heavy snowfall during December is £30,000 (£25,000 income and £5,000 expenditure) and this is taken into account in the latest projections. Car park income alone may be reduced by more than £10,000 per day by exceptionally heavy snowfall, although to some extent this tends to be recovered during the following days.

Budget Variances

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

The main changes since October are:

- Leisure Centres – estimated energy saving for 2010-11 £100,000
- Local Development Framework – saving £30,000
- Waste Recycling – extra £21,000 from sales of paper
- Car Park income – a net reduction of £15,000 because of the snow
- Investment income – a further £30,000 is reported
- Land Charges – an increase of £15,000
- Property services – fees payable of £13,000

Inflation

4. 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 £149,000 in the Inflation Provision compared with allocations required to date.
5. The calculation of excess energy cost inflation is £97,000 less than provided for in the 2009/10 Accounts. Energy prices have remained similar for the current year and therefore further significant savings in the region of £100,000 have been included in the projections.

Housing and Planning Delivery Grant (HPDG)

6. 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

7. Overall Car Park Income is forecast to be £95,000 above budget. This is mainly due to enforcement performance, which has increased markedly during the last nine months. This latest forecast is lower than at the end of October, but does take account of an estimated £25,000 reduction in income

following the heavy snowfall during December. The underlying trend of Car Park income is strong. However, if the rest of the winter were to be exceptionally harsh, the forecast level would not be achieved.

8. Planning income was strong during the Summer months, with July being particularly high. It is still forecast that the budgeted level of £600,000 will be exceeded by £130,000 at the year-end, although there was a marked decline in income during December.

Interest

9. 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 £90,000.

Staff Vacancy Target Reductions

10. The General Fund Staff Vacancy Target for 2010-11 is £200,000. At the end of December 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.

11. Supplementary Estimates

	£	
Godalming Key Site Appeal	£73,500	Executive 5 th October 2010
Godalming Key Site Appeal no longer required	-£73,500	
Downside planning enforcement	£25,000	Executive 13 th April 2010
Tanyards Farm planning enforcement	£57,400	Executive 7 th July 2009
Total	£82,400	

Use of Balances

12. 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

13. The December monitoring position shows a potential underspend of £18,168. This is based on projecting the likely rents and charges income from the current 39 weeks to the full year position as well as taking account of other known or likely changes.
14. The projected variations from the Budget on a month-by-month basis are detailed in the schedule at Annexe 2.

15. In the original HRA budget £35,000 was allowed for the revenue impact of upgrading the Orchard Housing Management System. This upgrade will not now be procured until 2011-12 and approval is sought to carry this budget forward.

Capital Programme

General Fund

16. The detailed monitoring report for the General Fund Capital Programme to the end of November is attached at [Annexe 3](#)
17. It is proposed that the final payment of £50,000 for the Microsoft Office Upgrade be made at the end of 2010/11 to enable the project to be completed this year. This can be financed from the forecast revenue underspend and will ease the pressure on the 2011/2012 Programme.

Housing Revenue Account

18. Current indications are that overall the Capital Programme could be underspent by some £250K. However, newly arising demand in the final quarter of the year will probably ensure that it is fully spent.

Revenues Cash Collection

National Non-Domestic Rates

19. The net cash collected to 31st December 2010 was £28,897,836, with the net collectable debit at 31st December 2010 being £34,634,858. The collection rate is 87.3% compared with 87.7% last year.

Council Tax

20. The net cash collected to 31st December 2010 was £69,439,201, with the net collectable debit at 31st December 2010 being £80,080,357. The collection rate is 88.4% compared with 88.2% last year.

Streamlining Waverley's Senior Management

21. The Council has 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 year-end, it would be appropriate to use it to contribute to the streamlining one-off costs, thereby reducing the call on balances. The one-off costs are around £270,000.

Conclusion

22. The monitoring position at the end of December 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.

23. Budget monitoring to the end of December 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.
24. If the underspend against the approved Budget is used to finance the one-off restructuring costs, the Microsoft Office Upgrade project and to cover the supplementary estimates, the monitoring position may be regarded as broadly neutral at this stage.
25. 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 December 2010 be noted;
2. an additional £50,000 revenue contribution to capital be made to enable the Microsoft Office Upgrade project to be completed this year; and
3. the Budget continue to be monitored closely during the remainder of 2010-11.

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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