

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 6 SEPTEMBER 2011

Title:

BUDGET MONITORING – JULY 2011-12

[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 2011 compared with the 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 July 2011 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 broadly neutral overall position for service budgets, with net expenditure being within the approved 2011-12 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 agreed indexation arrangements at 1 April 2011. The amount allowed in the inflation provision was based on these figures and CMT has authorised the allocation to services of the appropriate amounts from this provision. The balance of the provision remaining is £137,000, which is considered adequate to meet anticipated requirements during the year.

Income

4. Overall, Car Park Income is forecast to be £45,000 above budget. This is mainly pay and display income combined with excellent enforcement performance.
5. There has been an upward trend in the number of Planning Applications received in the first half of 2011 and the total number is significantly higher than last year. However, nearly all these have been householder applications, with very few larger applications. Consequently, Planning Income is significantly below budget for the first four months of the year. Projections on a proportionate basis indicate a shortfall of £150,000 for the year. However, experience has shown that Planning Income is extremely unpredictable and the position could improve with receipt of several larger applications.
6. There is currently a significant shortfall in Building Control Income, representing an under-recovery of costs of around 15%. However, the proposed increase in charges should result in a return to a break-even position in the medium-term.

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 £350,000 will be exceeded by £40,000.

Staff Vacancy Target Reductions

8. The General Fund Staff Vacancy Target for 2011-12 is £200,000, plus £30,000 for savings on Agency Staff and £26,000 for savings recognising the contribution of Apprentices. At the end of July, all the required saving have already been identified. Therefore the target is likely to be exceeded by the year-end, including the funding of the new Head of Elections post as agreed by the Executive in July.

Star Chamber Savings

9. The monitoring includes all the Star Chamber savings built into the 2011/12 Budget. These are all either achieved, projected to be achieved by the year-end, or offset by additional savings achieved elsewhere. The contingency will therefore not be required

Use of Balances

10. The Budget for 2011-12 does not provide for a contribution from the General Fund working balance. Revenue Carry Forwards from 2010-11 total £29,260 to be met from the General Fund Balance as at 1st April 2011.

Additionally, Council agreed that £483,000 of the 2010-11 underspend should be earmarked within the working balance for the following high-priority spending proposals. The current position is indicated in italics.

• Disabled Facilities Grants –potential additional demand <i>This is unlikely to be required in the current year.</i>	£150,000
• Grants to Community Organisations – potential future Adjustments following the in-depth review <i>Review to take place later in year.</i>	£43,000
• Freedom Parade <i>Has taken place, with expenditure within budget.</i>	£10,000
• Central Offices Roof Repairs <i>Completed within budget.</i>	£85,000
• Migration of e-mail and other facilities to Microsoft <i>Scheduled for October.</i>	£55,000
• Provision for future Restructuring Costs <i>Agreements to date well within budget.</i>	£140,000
Total	<u>£483,000</u>

Housing Revenue Account

11. The HRA staff savings target of £70,000 has already been exceeded by a significant amount. The new post of Treasury Management Officer to support the new HRA self-financing regime and approved at Council on 19 July will be funded from the additional vacancy savings in 2011/2012.
12. However, at this stage a shortfall of £96,500 is forecast on service budgets. The £30,000 budget for home loss and related payments is overspent by £12,700 at the end of July. This results from the high level of void activity in the first quarter and from tenants at various sites accepting alternative accommodation following formal decommissioning of several sites. With many tenants still to be re-housed, it is estimated that expenditure on home loss and associated payments will be high in the remainder of the year and additional budget of £50,000 is sought. Housing management staff will, of course, stringently assess the entitlement of each individual case to compensation and other financial support.
13. The projected variations from the HRA Budget are detailed in the schedule at Annexe 2.

Star Chamber Savings

14. The Star Chamber savings were built into the base budget and these are still projected to be achieved. Significant savings from the re-letting of the responsive repairs contract should be demonstrable towards the end of the year once the new contract is established.

Capital Programme

General Fund

15. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3. There are no major variations to report at this stage.

Housing Revenue Account

16. The monitoring report is attached at Annexe 4. Many areas of decent homes work are subject to the letting of new contracts and therefore major programmes of work will not be in place until the final quarter of the year

Revenues Cash Collection

National Non-Domestic Rates

16. The collection rate to 31 July 2011 is 40.0%, compared with 40.9% last year.

Council Tax

17. The collection rate to 31 July 2011 is 40.4%, which is the same as last year.

New Home Bonus

18. Waverley will receive £311,000 grant from the Government in the current year under the New Homes Bonus scheme. This is not included in the Budget and will initially be credited to the General Fund Revenue Account.

Conclusion

19. Monitoring of approved budgets at the end of July shows a broadly neutral position for service budgets. It is particularly reassuring that the Star Chamber and Foresight savings, totalling more than £2m are being delivered in full. During the remainder of the year, an improvement seems likely, particularly in staff costs where the target that has already been reached. Further savings will result in an underspend.
20. Overall resources are improved by receipt of the New Homes Bonus and the avoidance of use of all of the contingency. 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 July 2011 be noted and that no immediate action is required at this stage; and
2. the Budget continue to be monitored closely during the remainder of 2011-12.

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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