

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 1 NOVEMBER 2011

Title:

BUDGET MONITORING – SEPTEMBER 2011-12

[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 September 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 September 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 September shows a neutral overall position for service budgets. This is after allowing for items put towards the spending opportunities identified in the Mid-Year Budget Review.

Budget Variances

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

Inflation

3. 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 £136,000, which is considered adequate to meet anticipated requirements during the year.

Homelessness

4. The figures include total expenditure of £120,000 on Homelessness, compared with the budget of £87,000. This is based on expenditure for 2011/12 continuing at levels experienced for the first six months. However, in the current economic situation, there is clear a risk that the position could worsen, with the overspend of £33,000 increasing.

Income

5. Overall, Car Park Income is forecast to be £35,000 above budget. This is mainly pay and display income combined with excellent enforcement performance.
6. 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 £140,000 for the year. However, experience has shown that Planning Income is extremely unpredictable and the position could improve with receipt of several larger applications.
7. 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

8. 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. However, continuing uncertainty in the financial markets and in particular the recent downgrading in credit ratings of significant counterparties will reduce the return that Waverley will be able to achieve in the foreseeable future. Therefore, the budget for next year is likely to be well below current levels.

Staff Vacancy Target Reductions

9. 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 September, all the required saving have already been identified and the target exceeded by just over £100,000. This includes the funding of the new Head of Elections post as agreed by the Executive in July. The excess achieved will be made available for one-off spending (see 12. below).

Star Chamber Savings

10. 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 savings targets for the Museum of Farnham, Borough Hall and Memorial Hall are unlikely to be fully achieved in the current year. However, these are partially met by savings achieved elsewhere.

The contingency will be made available for one-off spending (see 13. below).

11. Supplementary Estimates

| | | |
|---|----------------|--|
| Dunsfold Park Appeal | £75,000 | £65,000 for professional and other costs, with a further £10,000 approval subject to agreement |
| Planning direct action | £30,000 | £30,000 |
| | £105,000 | |
| Met from 'Revenue Resources available for one-off spending' | -£75,000 | See 12. below |
| To be met from General Fund Balance | £30,000 | |

Use of Balances

12. 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 1 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 £150,000
This is unlikely to be required in the current year.
- Grants to Community Organisations – potential future Adjustments following the in-depth review £43,000
Review taken place. £25,000 allocated.

| | |
|---|----------|
| • 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>Completed within budget.</i> | £55,000 |
| • Provision for future Restructuring Costs <i>Agreements to date well within budget.</i> | £140,000 |
| Total | £483,000 |

13. Following the Mid-Year Budget Review the following spending opportunities were identified. The Council at its meeting on 11 October 2011 agreed to spend this funding on the revenue schemes shown below:

| | |
|---|-------------------|
| | £ |
| Revenue Resources available for one-off spending: | |
| New Homes Bonus | 311,000 |
| Balance of savings contingency in 2011/12 Budget | 239,000 |
| Other estimated available savings and additional income | 150,000 |
| Balance of 2010/11 underspend earmarked for future invest to save projects | 317,000 |
| Total available | £1,017,000 |
| Revenue Proposals: | |
| Finance initial acquisition of wheeled bins and food waste containers including delivery (after SCC contribution) | 925,000 |
| Dunsfold appeal costs | 75,000 |
| | £1,000,000 |

Housing Revenue Account

14. Overall, the HRA shows that the overspend has reduced from £43,000 last month to £4,300. 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.
15. Although the current projections show a broadly break-even position this contains some significant variations. It is also proposed that the previously reported overspend on home loss and related payments can be mitigated by resources vired from the community safety budget and the provision for bad debts.
16. The projected main variations from the HRA Budget are detailed in the schedule at Annexe 2.

Star Chamber Savings

17. 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 are likely to come into effect later in the financial year, which partly accounts for the anticipated overspend on the budget.

Capital Programme

General Fund

18. 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

19. The monitoring report is attached at Annexe 4. Start dates for the new contracts for capital works have yet to be confirmed. Some may be starting after the original planned start date in January which may affect the spend for this financial year.

Revenues Cash Collection

National Non-Domestic Rates

20. The collection rate to 30 September 2011 is 58.7%, compared with 60.1% last year. A number of significant valuation office adjustments will improve the position in the next few months.

Council Tax

21. The collection rate to 30 September 2011 is 59.8%, compared with 59.9% last year.

New Home Bonus

22. 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 be made available for one-off spending (see para 13. above).

Conclusion

23. Monitoring of approved budgets at the end of September shows an underspend will be achieved at year end 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, further improvement may occur.
24. Overall resources are improved by receipt of the New Homes Bonus and the avoidance of use of all of the contingency.

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 30 September 2011 be noted and that no immediate action is required at this stage;
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.

CONTACT OFFICER:

Name: Brian Long

Telephone: 01483 523253

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

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