

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 7 FEBRUARY 2012

Title:

DECEMBER BUDGET MONITORING 2011-12

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides an update of the expenditure and income position as at December 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 December 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 December shows an increased balance of underspend from £32,000 at the end of November to £60,000. This is after allowing for items put towards the spending opportunities identified in the Mid-Year Budget Review and the Budget Monitoring Report to the Executive on 10th January 2012.

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 1st 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 remaining of the provision remains at £136,000, which is identified as a saving as no further calls are expected at this stage.

Homelessness

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

Income

5. Overall, Car Park Income is forecast to be £100,000 above budget. This is mainly pay and display income combined with good enforcement performance.
6. Although 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, nearly all these have been householder applications, with very few larger applications. Consequently, Planning Income remains significantly below budget. Projections on a proportionate basis still 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 and work on Godalming Leisure Centre and Housing services should result in a return to a break-even position in the medium-term.

Interest

8. During the first part of the year several investments were made at relatively favourable terms. It is forecast that by the year-end the Investment Income budget of £350,000 will be exceeded by £50,000. 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 December, all the required savings have already been identified and the target exceeded by some £112,000, as was projected at the end of November. The excess achieved will be made available for one-off spending.

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.
11. 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 15. below).

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	
	£105,000	
Met from 'Revenue Resources available for one-off spending'	-£75,000	See para.15. below
To be met from General Fund Balance	£30,000	
Dangerous Trees	£15,000	Agreed at CMT – extra spending arising from recent wind damage

12. Also in December – Council agreed a supplementary estimate of £35,000 to cover the payment of Planning appeal costs awarded against the Council regarding Weyhill Haslemere, to be met from any future savings.

Use of Balances

13. 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.
14. 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.

	Budget	Estimated Actual at Year End
Disabled Facilities Grants –potential additional demand <i>This is unlikely to be required in the current year</i>	£150,000	Nil
Grants to Community Organisations – potential future Adjustments following the in-depth review <i>Review taken place. All allocated</i>	£43,000	£43,000
Freedom Parade <i>First parade has taken place at Farnham Overall expenditure will be within budget</i>	£10,000	£10,000
Central Offices Roof Repairs <i>Completed within budget</i>	£85,000	£85,000
Migration of e-mail and other facilities to Microsoft <i>Completed within budget</i>	£55,000	£55,000
Provision for future Restructuring Costs <i>All agreements within budget</i>	£140,000	£140,000
Total	£483,000	£333,000

15. Following the Mid-Year Budget Review the following spending opportunities were identified. The Council at its meeting on 11th October 2011 agreed to spend the funding as identified 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

Godalming Key Site Appeal

16. In February 2011 the Council received a planning application for development of a mixed use development upon the Godalming Key Site. On 7th June 2011 planning permission was refused under delegated powers of the Head of Planning.

17. An appeal has been lodged against the Council's refusal. The appeal will be determined by way of Public Inquiry on the 12 June 2012. This gives the Council potential opportunity to determine an alternative more acceptable application for the site.
18. Members will note that there are concurrent ongoing negotiations with a different developer in relation to an alternative scheme upon the site. It is hoped that these negotiations will result in the submission of an application in late January for a more acceptable development. In the event that Planning Permission is granted it is envisaged that the current appeal would be withdrawn, thereby avoiding the cost of this Inquiry. However, if the Inquiry does take place is likely to last for approximately eight days.
19. Whilst the Planning Service budget includes sums for both consultants and legal expenses it would not cover the cost of an Inquiry of this size. It is therefore necessary to seek additional funding to support the Inquiry. The potential costs of leading Counsel for this Inquiry has been estimated at around £30,000. In addition the likely costs of external planning witnesses (including design expert) has been estimated at £20,000. It is recommended that a supplementary estimate of £50,000 be approved to meet the costs of the professional and other costs with a further £10,000 being approved but only spent subject to the agreement of the Chief Executive and Portfolio Holders for Finance and Planning. If incurred, this will offset the forecast underspend in 2011/2012.

Housing Revenue Account

20. Overall, the anticipated HRA outturn position is the same as that previously reported.
21. The projected main variations from the HRA Budget are detailed in the schedule at Annexe 2.

Star Chamber Savings

22. 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.

Capital Programme

General Fund

23. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 3.

Development consultancy budget 2011/2012

24. As reported previously, the potential extra expenditure identified for the East Street Project is £61,500.

Refuse Collection – replacement bins

25. The purchase of replacement bins has been brought forward into the 2011/2012 budget to coincide with the implementation of the new recycling scheme. The cost of 2,700 140L bins is £40,230 and subject to Executive approval will be met from the Provision for Emergency Schemes. The need to purchase the bins followed from a Health and Safety Review as the current bins are too small to use the mechanical lifting equipment on the refuse vehicles.

Housing Revenue Account

26. Start dates for the new contracts for capital works are now likely to be 1st April 2012 and approval to roll forward £1million of resources into 2012/2013 was given by the Executive on 29 November 2011.

Revenues Cash Collection

National Non-Domestic Rates

27. The collection rate to 31st December 2011 is 86.9%, compared with 87.3% last year. A number of significant valuation office adjustments will improve the position in the next few months.

Council Tax

28. The collection rate to 31st December 2011 is 88.2%, compared with 88.4% last year.

Conclusion

29. Monitoring of approved budgets at the end of December shows an underspend of approximately £60,000 will be achieved at year-end for service budgets, after allowing for the one-off spending approved of £1,017,500, Weyhill Planning appeal costs of £35,000, proposals for implementing the new improved recycling system costing £38,500 and provision for additional expenditure on the East Street project of £61,500. During the remainder of the year further improvement may occur.
30. 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 2011 be noted;
2. a supplementary estimate of £50,000 be approved for the Godalming Key Site Appeal with a further £10,000 being approved but only spent subject to the

agreement of the Chief Executive and Portfolio Holders for Finance and Planning;

3. the Provision for Emergency Schemes in the Capital Programme be used for the purchase of replacement bins at £40,230; and
4. the General Fund and HRA Budgets 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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