

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 6 MARCH 2012

Title:

JANUARY 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 January 2012 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 January 2012 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 January shows a continued improvement, with increased balance of underspend from £60,000 at the end of December to £189,000. This is after allowing for items put towards the spending opportunities identified in the Mid-Year Budget Review and subsequent Budget Monitoring Reports.

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. As at the end of January, the budgeted amount of £87,000 has been spent and it is therefore likely that the projected overspend of £33,000 will be reached.

Income

5. Overall, Car Park Income is forecast to be £110,000 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 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.
7. There is currently a significant shortfall in Building Control Income, representing an under-recovery of costs of around 15%. The increase in charges and work on Godalming Leisure Centre and Housing services have not yet resulted in the break-even position predicted in previous monitoring reports.

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 January, all the required savings have already been identified and the target exceeded by some £151,000 compared to £112,000 projected at the end of December. Some of the excess achieved has been 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. 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).

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	
	£105,000	
Met from 'Revenue Resources available for one-off spending'	-£75,000	See para.13. below
To be met from General Fund Balance	£30,000	
Dangerous Trees	£15,000	Agreed at CMT – extra spending arising from recent wind damage
Godalming Key Site Appeal	£60,000	

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

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 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.

	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

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 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

Housing Revenue Account

14. The anticipated HRA outturn position is the same as that previously reported apart from movement on vacancy savings. The HRA Staff Vacancy Target for 2011-12 is £75,980 which includes a proportion for savings recognising the contribution of Apprentices. Vacancy savings have met the cost of a temporary accountancy post related to HRA self financing and are also reduced by an adjustment in payroll costing. The overall impact on the HRA to the end of January is broadly neutral.
15. The projected main variations from the HRA Budget are detailed in the schedule at Annexe 2.

Star Chamber Savings

16. The Star Chamber savings were built into the base budget and these are still largely projected to be achieved. The later than anticipated start of the new responsive repairs contract does mean however that it will be in 2012-13 before significant savings start to be achieved in this area.

Capital Programme

General Fund

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

Development Consultancy Budget 2011/2012

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

Refuse Collection – Replacement Bins

19. 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 of £40,230 will be met from the Provision for Emergency Schemes.

Potential Contributions from Section 106 Receipts

20. Bishops Steps, Farnham

As a key pedestrian gateway into Farnham Castle (in part a Grade 1 listed building and Scheduled Ancient Monument), the Bishops Steps are currently in a poor state of repair and dangerous to users, especially at night. This gives a poor impression of one of the most iconic buildings in the town. Surrey County Council is currently on site undertaking the repair works (cost of £17,800), however this forms the first phase of a comprehensive enhancement scheme which will include the installation of lighting, a new landscape scheme, new litter bin and interpretation panel explaining the

history of the steps, commemorating the Queen's Jubilee. The scheme is set for completion in September 2012

Funding has been committed from a variety of sources including:

- Surrey County Council - £17,800 (for the repair work)
- Farnham Town Council - at least £1,000
- Farnham Society - £2,000
- Farnham Castle - £1,000 (in funds) and an additional £2,500 for staff time and consultants costs (i.e. 'in-kind' work)
- Surrey County Councillors for Farnham funds - £4,500

In addition, the Castle Street Residents Association and Farnham Preservation Trust have indicated that they would also be willing to contribute to the scheme.

The request is to match the funding put forward by the local organisations up to a maximum of £12,500. A full Justification Statement is attached at [Annexe 4](#)

21. **The Clockhouse Improvement Project**

Maximising the available accommodation would allow The Clockhouse to expand and improve the facilities and thereby improve the lives for the elderly in the local community. The new facilities will help maximise rental income, making the Clockhouse less reliant on funding from Waverley, offering better value for money for the services that we provide.

Waverley's Corporate Plan prioritises the need to improve the lives of people living in the borough, particularly the vulnerable. The Clockhouse provides a vital service to older people from the Milford and Godalming areas, which is a growing sector of the local community. Clients rely heavily on the Clockhouse to provide a hot meal and a place to meet and socialise.

It is proposed to award a grant of £4,000 towards this project. A full Justification Statement is attached at [Annexe 5](#).

Housing Revenue Account

22. The monitoring report is attached at [Annexe 6](#). Start dates for the new contracts for capital works are now likely to be 1 April 2012 and approval to roll forward £1million of resources into 2012/2013 was given by the Executive on 29 November 2011.
23. Approval is now sought to roll forward capital funding in relation to three further schemes. The contract in relation to specialist doors and windows at Wyatts Close is just being finalised and the work now unlikely to start in this financial year. Work on a dwelling enlargement and a major disabled adaptation is also about to start but will not be completed by end of March in either case. The amount involved is some £300k in addition to the £1m noted above and this reduces the expected capital outturn 2011-12 to some £4.0m.

Revenues Cash Collection

National Non-Domestic Rates

24. The collection rate to 31 January 2012 is 96.1%, compared with 96.0% last year.

Council Tax

25. The collection rate to 31 January 2012 is 97.7%, compared with 97.8% last year.

Conclusion

26. Monitoring of approved budgets at the end of December indicates that an underspend of approximately £189,000 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.
27. The Budget will continue to be monitored closely.

Recommendation

It is recommended that:

1. the position as at 31 January 2012 be noted;
2. Section 106 monies be allocated as follows:
 - £12,500 towards the Bishop's Steps, Farnham on a matched-funding basis;
 - £4,000 towards the Clockhouse improvement project;
3. approval be given to rolling forward HRA capital resources as outlined in paragraph 22 above; 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.

CONTACT OFFICER:

Name: Brian Long

Telephone: 01483 523253

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

Name: Glennis Pope

Telephone: 01483 523477

E-mail: glennis.pope@waverley.gov.uk