

# APPENDIX B

## WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 6 NOVEMBER 2012

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**Title:**

**SEPTEMBER BUDGET MONITORING 2012-13**

**[Portfolio Holder: Cllr Mike Band]**

**[Wards Affected: All]**

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**Summary and purpose:**

This report provides details of the expenditure and income position as at September 2012 compared with the budget for the General Fund and the Housing Revenue Account. It also gives details of expenditure and progress of the Capital Programme for the General Fund and Housing Revenue Account.

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**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. Savings identified can be redirected towards Corporate Priorities or action can be taken to rectify overspends.

**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 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. A small saving against the General fund Revenue budget is reported at this stage. The position on capital expenditure is also given.

**Legal Implications:**

There are no direct legal implications relating to this report.

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**General Fund**

1. The monitoring position as at the end of September shows a forecast underspend of approximately £271,000 from the 2012/13 approved budget compared to an underspend of £260,000 reported in the Mid-year Budget Review. However, after allowing for approvals made and pending, the underspend will reduce to some £210,000.

## Budget Variances

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

## Inflation

3. The Inflation provision is £250,000. The current call on the provision is £173,000 which includes the agreed cost items on the Environment contracts, the Grounds Maintenance contract and Waverley's Business Rates. No further significant use of the inflation provision is expected, therefore, a saving of £77,000 is forecast.

4. Godalming Leisure Centre

Under the terms of the agreement negotiated with DC Leisure no management fee is payable for the running of the new Leisure Centre. The new Centre has been completed and opened ahead of schedule and as a result the estimated savings for 2012/13 are £61,500 better than budget.

5. Supporting People (SP)

The income to this account will be some £50,000 less than was assumed in the approved budget in February. Meetings with the Surrey County Council (SCC) contract officer were held in February but it was not until much later that the final amount was confirmed. This loss of funding is likely to be partly offset by the early closure of Wey Court House and the consequent reduction in staffing costs that will be charged to the SP Account. There is also an ongoing review of SP services to establish the way forward in the likelihood of further funding reductions which will report to the Executive in due course.

6. Waverley Training Services

Waverley Training Services operates like a trading account and normal practice requires spending on staffing to provide courses to generate income. Due to an extension to an existing training contract additional staffing costs of £80,000 have been incurred. Income exceeding £80,000 has been earned from this contract extension and, therefore, a virement of £80,000 from the additional income is requested to fund these additional staffing costs.

Approval is also sought going forward to enable Waverley Training Services to recruit staff to run courses where the cost is covered by income generated, subject to the agreement of the Deputy Chief Executive.

Waverley Training Services is carefully monitored by CMT.

7. Waste Recycling

The Executive on 4 September 2012, approved the use of £25,000 as virement from the overall General Fund projected underspend for the additional costs associated with the new Recycling system implementation and the phasing of the new contract.

Since the previous monitoring report, more data has been received and the position on Waste Recycling income has changed as a result. The extra recycling credit of £120,000 previously anticipated has been revised down to £85,000. However, there is a small increase in income forecast from green waste of £5,000 due to extra take-up of the service. The current position is £30,000 less income overall from the September 2012 report.

The two main reasons for the unexpected downturn in the trend of additional recycling are the effect of changes to the bring-sites and a different forecast increase in the rejection rates of materials collected at kerbside.

Although provisional collection figures are available fairly soon after each month, there is some delay before final figures are confirmed. These figures take account of amounts of recycling rejected for contamination or as non-recyclable waste. Final figures were only available for April at the time of preparing the first monitoring reports. Data has now been received for May to July.

The rejection rates for April were 2%, but increased to 4% for May to July. The low April figure appears to be due to promotion and publicity prior to the introduction of the new scheme and officers intend to carry out further publicity to act as a reminder to the public about what they can and can not recycle, in an attempt to improve the quality of recycling as far as possible. The largest areas of contamination are garden waste, food waste, and the wrong sort of plastics. Publicity will be focused on these, with the aim of reducing the rejection rate to 3%, on which the September projection is based. Waverley's rejection rate remains below the average of 5% for the country as a whole.

The changes in collection arrangements at the bring-sites have also had some effect on the projections. From July the banks take recyclate on a co-mingled basis in line with the doorstep collections. Around half of the smaller sites have closed, with overall around 75% of the previous capacity remaining. Businesses have been advised that they need to arrange trade waste collections, as commercial waste should not be put into council bins. This accounts for some of the reduction in tonnage experienced since June. Officers will continue to review the provision of bring-sites over the remainder of the year and advise on any changes considered appropriate.

In addition to the above figures, a virement £67,000 has been approved by Council on 16 October 2012 to formally adjust budgets to reflect the expenditure now charged to Refuse Collection (instead of Waste Recycling) as part of the integral weekly food waste collection service.

## Income

### 8. Planning

The current position for this year is that income is expected to fall short of the budgeted figure of £700,000 by some £15,000. Earlier in the year a ministerial announcement was made increasing planning fees by 15% subject

to a procedural timeframe. This is currently before Parliament and is likely to be implemented in January 2013, which would offset the potential shortfall. The fee increase should increase Waverley's Planning income by £100,000 in a full year. However, the Government has subsequently announced its intention to consult on a relaxation of Planning Rules for some householders for a three-year period. The full position is not yet clear, but there is likely to be an adverse affect on Planning Income, estimated to be in the region of £3,000. In recognition of this, the Executive previously set aside a contingency of £30,000 from the overall underspend to cover the shortfall.

9. Car Parks

At this stage of the year there is a £15,000 shortfall from the budgeted figure. This is an improvement of £5,000 from the initial position reported as at the end of July.

10. Land Charges

Based on the pattern for the first five months of the year, additional income of £180,000 is projected based on current volumes.

11. Interest

Additional interest of £140,000 is reported, being the additional interest due on the General Fund loan to the Housing Revenue Account (HRA) for HRA self-financing. A further £60,000 interest should arise from higher cash balances, although this will be credited to the HRA (see Annexe 2).

12. Staff Vacancy Target Reductions

The General Fund Staff Vacancy Target for 2012-13 is £200,000, plus £30,000 for savings on Agency Staff and £26,000 for savings recognising the contribution of Apprentices. The target was increased to £259,100 by the Executive in September to cover the recruitment of a Countryside Apprentice. A further increase to the target of £7,000 has been made to cover additional electoral registration requirements. CMT will manage the process during the year and aim to achieve the target by the year-end.

13. Staff 'Thank You' Payment

The Executive on 7 February 2012 agreed that a one-off 'thank you' payment of £450 be made to staff in the July payroll. The cost of this payment totalled £163,350, of which £121,590 related to the General fund and is to be met from the Revenue Reserve Fund and £41,760 related to the Housing Revenue Account and is to come out of the Housing Revenue Account balance.

14. Building Control

The target for the Building Control service is to achieve a break-even position. Income was very strong during April and May but has shown a decline since and, therefore, a significant shortfall in income is projected for the year. An

action plan is in place to achieve a break-even position as budgeted. The Building Control Manager resigned at the beginning of July and various proposals, including secondment to a vacant surveyor post within the HRA and early retirement, are being finalised. Good progress is being made to save staff costs to offset the loss of income. It is currently estimated that a deficit of £26,000 will occur on the Building Control Account in 2012-13. The position will be closely monitored by the Head of Planning and by CMT.

15. Supplementary Estimates

	£	
Employment tribunal	20,000	Executive 29 May 2012
Fraud/Inspection Officer post	15,000	Executive 02 October 2012

The case against the Council has now been withdrawn, with the final legal fees being £11,188.

16. Air Quality Monitoring / Sustainability Posts

Additional staffing is requested and it is proposed to cover the additional costs of £10,000 arising in the current year by virement from the overall underspend.

17. Weyhill Car Park, Haslemere

At the meeting on 4 September 2012 the Executive agreed to the recommendation from the Community Overview and Scrutiny Committee that a six week pre-application consultation with local traders, residents and the Town Council should be carried out before moving on to the second stage.

Previously, the Executive on 2 October 2012 allocated a one-off sum of £1,500 in the current financial year to finance the submission of an application for the refurbishment of Weyhill Car Park under S38 of the Commons Act 2006. £20,000 was also earmarked for potential further costs should the consultation process lead to a public inquiry.

18. Development Control – Undershaw Hotel

The Executive on 4 September 2012 agreed a Chief Executive's Action to authorise the payment of £20,000 claimant's costs in the Undershaw Hotel Judicial Review. The Executive are asked to formally approve a Supplementary Estimate to cover this and a further Supplementary Estimate of £10,000 for legal fees.

19. Development Control- Specialist Advice

In the current year several planning applications have required advice from specialist consultants. These include: the Godalming Key Site; Land adjacent to Woolsack Way; Punchbowl Filling Station; New Acres, Cranleigh (flood risk); and also more usual matters including Aerial photographs for enforcement purposes. Although some money is recoverable from applicants, Waverley's expenditure is expected to reach £25,000 and therefore an

increase of £15,000 to the current budget provision of £10,000 is sought. If approved, this can be met from within the overall General Fund underspend as allowed for at Annexe 1.

20. The Herons Leisure Centre Project

The Capital programme includes budget for the capital costs and associated fees of a scheme to refurbish some of the facilities at the Herons Leisure Centre. Before detailed capital proposals are decided, it will be important to undertake some public opinion survey work and consultation with centre users and local residents. This approach was very effective with the Godalming leisure centre project. The Executive is requested to approve a supplementary estimate of £20,000 to undertake this work.

21. Council Tax Reduction Scheme – Implementation

The Government has paid Waverley £84,000 in a one-off grant to assist with implementation costs of the new local council tax reduction scheme which will replace council tax benefit from April 2013. The table below shows the potential costs to be met from this grant:

<b>Grant received</b>	<b>£84,000</b>
<b><i>Estimated potential costs:</i></b>	
Contribution to Guildford for joint work	£5,000
CIVICA modelling software (paid)	£5,500
Specific training costs	£500
Potential additional software development costs	£25,000
Additional postage, printing etc.	£3,000
Additional staff resources (balance)	£45,000

The development of the scheme and the implementation has, and will continue to divert significant staff resource from running the ongoing benefits service. In particular, it is estimated that the benefits manager will be spending at least 50% of her time on this project over the next six months. It is critical that the service to current housing and council tax benefit claimants is not affected by this project and that we maintain the current high levels of accuracy and speed of processing.

It is proposed to use the unallocated balance of the funding to provide temporary resource to back-fill officer time spent on the project. Currently this balance stands at £45,000 but this could vary as other cost elements are finalised.

**Use of Balances**

22. No use of the General Fund working balance is planned in 2012-13, however revenue carry forwards from 2011-12 of £49,400 and the Supplementary Estimates detailed in paragraph 15 are to be met from the General Fund working balance. The Staff 'thank you' payment detailed in paragraph 13 was approved to be met from the Revenue Reserve Fund.

## Housing Revenue Account (HRA)

23. The projected main variances from the Budget as at the end of September are detailed in the schedule at Annexe 2. The large projected underspend results from the actual level of capital financing costs as previously detailed and is in line with the HRA Business Plan. The overall projected underspend is £1,810,800.

### Housing Restructure

24. The Council approved the proposed staffing restructure on 17<sup>th</sup> July 2012. The restructure aims to provide a service that is better equipped to provide accessible and highly responsive services to local people as well as being able to respond to the impending raft of legislative change. The restructured service will also be charged with starting to deliver a 30-year investment strategy resourced from the surpluses generated as a result of self financing. This will include the provision of new affordable homes as well as substantial investment in, and remodelling of, the existing stock.

### Staff Vacancy Target Reductions

25. There is a vacancy savings target of £77,640 for the HRA. Although some £45,000 has been achieved by the end of September from staff vacancies, the overall position for the year is under pressure. In order to maintain the service level during the transitional period to the new structure, a number of vacancies are being covered by agency staff and temporary contracts. The HRA is funding the cost of 3 staff members in the Waverley Families project pilot and in addition the cost of backfilling these posts in the HRA team. In approving the housing restructure the Council resolved that the one-off costs of £106,000 be met from the 2012-13 salary budget. It is currently estimated that this, in combination with the factors mentioned above, could result in an overspend of some £47,000 on the staff budget (excluding Waverley Families staffing costs after October 12).

### Contract Management and Capital Spend

26. The maintenance service has been under severe pressure with several new contractors and contracts to be implemented from the beginning of this financial year. Teething troubles with both the contractors and their systems together with the lack of a permanent maintenance manager for much of this time has resulted in a much lower level of spend to date than is usual. However, a new permanent Property Services manager is now in post and good progress is being made in overcoming the slow start and working toward spending the 2012-13 budgets.

### Income

27. Rents and Service Charges  
Indications at this stage are that there will be a shortfall in rent and service charges income of some £90,000. This is partly as a result of the earlier than anticipated closure of Wey Court sheltered housing unit. At the time of rent setting the income from a number of units was included in the estimates as, at

that time, final closure was not expected before March 2013. In addition, void rent is projected to be some £30k higher than allowed for in the budget.

28. As a result of not making monthly payments of negative subsidy, the HRA will have higher balances in the short/medium term until the large re-investment programmes are starting to be implemented. Investment income is therefore projected to be some £60,000 more than the original estimate.

## **Capital Programme**

### **General Fund**

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

The capital monitoring position as at the end of September shows a forecast saving of £619,640 from the approved budget. The main cause of the large increase in reported savings is due to a forecast saving of £400,000 from the new Godalming Leisure Centre project. There is forecast slippage of £472,500 in the capital programme. £342,000 of this slippage is due to a delay in the refurbishment of Weyhill car park to allow time for consultation.

30. The Finance Portfolio Holder and CMT have given approval for the following projects as additions to the Capital Programme. Justification Statements, showing full details are shown as part of Annexe 3:

- (i) Change of provider for planning consultation software £9,750  
(Funded by an allocation from the Planning Delivery Grant)

The current software is time consuming, difficult to use with high support costs. By moving to a new provider using PDG funds there will be a reduction in running costs, improved compatibility to other systems, improved technical support and the system will be more user friendly for both officers and end users.

- (ii) Improvements to website day checker for waste collection £1,700  
(Funded by an allocation from the Emergency Funding Provision)

Feedback from customers says that the current collection day checker is complicated. By enhancing the mobile application currently in development it will make self service easier and offer improved customer service.

31. Wireless network in the Burys £20,000

Many people, including Councillors, visit the building and require Internet access. Currently, to provide this access, we have set up a dedicated network for them. We need to be able to accommodate flexible and shared access to Internet within the building. A justification statement covering this is shown as part of Annexe 3.



### Housing Revenue Account (Capital)

32. The monitoring report and a summary of Decent Homes backlog works completed to date is shown in Annexe 4. Work is continuing on implementing the Programme.
33. Issues identified within sheltered housing schemes have highlighted the need for urgent compliance works. Permission is sought to increase the current budget of £10,000 for Fire Safety Upgrades to £30,000 to enable all identified works to be carried out this year. This will be met from the underspend of £200,000 on Structural Works forecast for 2012/2013.

### **Revenues Cash Collection**

#### National Non-Domestic Rates

34. The collection rate to 30 September 2012 is 60.6%, compared with 58.7% last year.

#### Council Tax

35. The collection rate to 30 September 2012 is 59.8%, compared with 59.8% last year.

### **Conclusion**

36. At this stage of the year, the General Fund position is sound and the HRA positive. The Budget will continue to be monitored closely.

### **Recommendation**

It is recommended that the Executive:

1. notes the position as at the 30 September 2012;
2. approves the Supplementary Estimates in paragraph 18 for Undershaw Hotel, £20,000 claimants costs and £10,000 legal fees;
3. approve a virement of £15,000 from the overall underspend in relation to additional planning specialist costs as detailed in paragraph 19;
4. agree that the balance of the council tax reduction scheme implementation grant, up to £45,000, be utilised for one-off temporary resource to backfill officer time spent on the implementation as detailed in paragraph 21;
5. approves the amendments and additions to the General Fund Capital Programme detailed in paragraphs 30 and 31;
6. approves the amendment of £20,000 within the HRA Capital Programme to enable more Fire Safety Upgrades to be undertaken as detailed in paragraph 33;

7. approves a supplementary estimate of £20,000 to undertake a consultation exercise to inform the capital project for the Herons Leisure Centre;
8. recommends that the Council approves the increase of £80,000 in the staff budget within Waverley Training Services, to be funded by the extra income as detailed in paragraph 6; and
9. gives approval for Waverley Training Services to recruit staff to run courses where the cost is covered by income generated, subject to the agreement of the Deputy Chief Executive as detailed in paragraph 6.

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### 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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