

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 4 DECEMBER 2012

Title:

BUDGET MANAGEMENT – OCTOBER UPDATE 2012-13
[Portfolio Holder: Cllr Mike Band]
[Wards Affected: All]

Summary and purpose:

This report provides an update of the expenditure and income position as at October 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.

How this report relates to the Council's Corporate Priorities:

The monitoring and management 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 October 2012 for the General Fund and the Housing Revenue Account. It monitors the progress of revenue expenditure and income and forecasts 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.

General Fund

1. The monitoring position as at the end of October shows a forecast underspend of approximately £226,000 from the 2012/13 approved budget, which after allowing for approvals already made reduces to some £165,000. This is a reduction of some £45,000 from the position at the end of September, as reported to the Executive on 6 November. This is due to declining Planning Income and Car Park Income. There are no other significant changes within the General Fund.

Budget Variances

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

Income

3. Planning

The position at the end of October is that income is expected to fall short of the budgeted figure of £700,000 by some £40,000. Earlier in the year a ministerial announcement was made increasing planning fees by 15% subject to a procedural timeframe. This has recently been agreed by Parliament to be implemented from 22 November 2012, which will help to reduce the potential shortfall in the current year. More significantly, this change to fees should increase Waverley's Planning income by £100,000 in a full year. However, the Government is also consulting 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-£10,000 pa. In recognition of this, the Executive previously earmarked a contingency of £30,000 from within the overall underspend to cover the shortfall. This will be reviewed in the light of more recent information.

4. Car Parks

As a result of declining Pay and Display income the shortfall has increased to £35,000 from the previous projected shortfall of £15,000.

General Fund Capital Programme

5. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 2.

6. Wireless network in the Burys

The Council Offices are currently served with a fixed wire Local Area Network (LAN) which provides access to the Council's range of line of business systems and other systems via the internet for both staff and councillors. In the offices the main devices are now iGel terminals with some PCs and laptops, all using fixed wiring connection points.

The use of the Council's Offices has rapidly changed over recent years and we now host a number of separate organisations on site – Surrey Police, Surrey County Council and Mears Ltd. The way Waverley works is also changing with more collaborative working as evidenced by the Family Team and increasing cross agency working. Individuals working with Waverley officers will often require access to their own organisation's information systems and usually these are accessed via the internet. Although arrangements can be made for separate access on a case by case basis this is complicated, inflexible and from a network security point of view not ideal,

indeed there are stringent restrictions imposed on Councils through the GCSX (Government Secure Extranet) process that restricts network sharing

The purpose of introducing an organisation wide wi-fi network is to provide flexible and separate internet access for councillors, officers, outside organisations and other visitors and in so doing provide a gateway to their own systems and networks protecting and keeping separate the Council's own network.

In addition to the above a wi-fi network will enable presentations to be made by outside organisations for training or demonstrations

The proposal is for a wi-fi network to be set up throughout the offices including the Council Chamber and Borough Hall although it would be possible for the solution to be scaleable. The cost of installing a comprehensive wi-fi network throughout the offices is estimated at a maximum of approximately £14,000 with an annual licensing cost of approximately £1,200. This will provide up to 20 wireless access points. It is suggested that the portfolio holders work with officers to agree the precise number required. Every 1 wireless access point less will reduce costs by £409.

Officers are proposing that with the introduction of the proposed wi-fi network the opportunity be taken to trial a pilot project, initially with officers, using mobile/tablet devices as part of an evaluation into the viability and business case for new ways of working. The cost of the pilot is estimated at approximately £1,800.

The total maximum capital cost of this project is estimated at £15,800, for which approval is sought. This project can be met from the overall General Fund Capital Savings identified.

7. Hambledon Football Club

A grant of £9,000 was awarded by the Council to Hambledon Football Club in 2007 under the former Community Partnership Fund subject to the necessary funding being raised from other sources to enable the project to build new changing rooms to proceed. At the time the Club had difficulties with planning issues and with fundraising and the grant was therefore not paid. However, carry forward /slippage has been approved as part of the capital outturn reports each year, the latest being in May 2012, with the Council extending the deadlines for completion. Waverley's Community Partnership Officer has been liaising with the Club and a large grant of £99,999 has finally been secured from the Football Foundation. This, together with Waverley's contribution, will enable the project to commence in early Spring 2013. Although this has taken longer than expected to reach fruition, it is excellent news, with significant resources being attracted to deliver much needed facilities for the residents of this part of the Borough. The Executive is asked to endorse the release of the grant as Waverley's financial contribution to the project.

8. The Herons Leisure Centre

Over the last 4 years Waverley has been committed to its leisure Strategy and has successfully refurbished two leisure centres, Cranleigh & Farnham and built a new leisure centre for Godalming. All of these projects have been delivered on time and to budget creating modern state-of-the-art facilities for the communities. Each improved site has seen impressive increases in usage.

The final element of the Leisure Strategy is the refurbishment of the Herons leisure centre in Haslemere. Although this centre was the most recently built facility, it is now showing signs of age and is struggling to deliver the service required by the community. Structural, mechanical and electrical liabilities are increasing.

Initial discussions have taken place with DC Leisure to create a proposed design, and obtain indicative estimated refurbishment capital costs and revised management fee for the Herons Leisure Centre. It is envisaged that we will tender to upgrade the gym and health club changing rooms; the wet side changing rooms; and soft play area whilst also reviewing up and coming liabilities to include within the programmed refurbishment. It is also the intention to look at future energy reducing measures to reduce running costs.

An indicative figure of £2m has been included within the 2012/13 three-year Capital Programme, with £1m scheduled for 2013/14 and £300,000 for 2014/15. Revised figures will be put forward in January as part of the 2012/13 Budget Process. Consultation is currently taking place with users and residents.

At this stage, authority is sought to invite expressions of interest from potential contractors. This will enable preliminary financial checks to be carried out prior to the formal tender process. The contract will then be tendered and let without delay early in 2013/14.

Housing Revenue Account (HRA)

9. The projected main variances from the Budget as at the end of October are detailed in the schedule at Annexe 3. 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 £1,772,800.

HRA Staff Vacancy Target Reductions

10. There is a vacancy savings target of £78,030 for the HRA. In order to maintain the service level during the transitional period to the new structure, a number of vacancies were covered by agency staff and temporary contracts. In addition, the HRA funded the cost of 3 staff members in the Waverley Families project pilot and 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, adding to the savings target.

A combination of all these factors has placed the salary budget under pressure. The latest projection for the year is for vacancy savings of some £99,000 (excluding Waverley Families staffing costs after October 12) which exceeds the original savings target but still leaves a shortfall of £85,000 against the revised savings target.

Contract Management and Capital Spend

11. The Homes and Communities Agency confirmed on 7.11.12 a change in the Decent Homes backlog funding allocation, agreeing to bringing forward the spend projected for 2014-15 into 2013-14, with £404,000 of the Capital funding into 2012-13. The report 'HCA Decent Homes Funding' also on this agenda deals in detail with the proposals and implications for the HRA..

Potential underspend on some areas of the Capital Programme have been previously reported. Additional work has now been identified that will absorb some of the previously deferred spend and the detail is outlined in the report 'Capital Works Reprogrammed 2012-13' on this Agenda.

12. Sheltered Housing

It has been identified that the carpets in communal areas at Riverside Court are in a very poor condition and need to be replaced in order to prevent them becoming a hazard. An initial quote has been sought that indicates the cost will be in the region of £20,000 and a supplementary estimate for this amount is requested.

Housing Revenue Account Capital Programme

13. 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 and the effect of the changes outlined at 11 above has been incorporated.

Revenues Cash Collection

National Non-Domestic Rates

14. The collection rate to 31 October 2012 is 69.9%, compared with 68.6% last year.

Council Tax

15. The collection rate to 31 October 2012 is 69.5%, compared with 69.4% last year.

MMI Scheme of Arrangement

16. The scheme of arrangement entered into in 1992 has recently been triggered. Clawback of claims paid since 1992 is now expected but the amount involved will not be known until the New Year. The estimated split is 50% General Fund and 50% HRA. A provision for the General Fund share was set up by an allocation from the Revenue Reserve Fund and this now stands at £248,000, which should be adequate to cover the General Fund share. The HRA share will need to be met from HRA resources.

Comments from the Community Overview and Scrutiny Committee

17. Community Overview and Scrutiny Committee considered this report at its meeting on 19 November and asked that the following comments be considered by the Executive:
 1. The Committee requested that it received an update on Dunsfold Park, the expenditure proposed for this area and a report on the work carried out by the Dunsfold Park SIG at its next meeting.
 2. The Committee did not want to see a reduction in expenditure for day centres and homelessness. However, noting that officers were currently going through the Star Chamber process identifying areas for savings and efficiencies across the Council, it agreed that now was not the right time for comment until more information was available on proposals.

Conclusion

18. Although there has been a recent decline in some income levels the overall General Fund position is comfortably within budget. The Housing Revenue Account remains in a strong position. The Budget will continue to be closely managed, with income trends examined in detail.

Recommendation

It is recommended that the Executive:

1. approves the addition to the General Fund Capital Programme of up to £15,800 for Wireless Network in the Council Offices as detailed in paragraph 6 to be met from the identified savings on the General Fund Capital Programme, with the precise scheme to be agreed by the Deputy Chief Executive in consultation with the portfolio holders for I.T. and Finance;
2. approves the additional HRA capital work outlined in Annexe 5 to be funded from the resources approved for the original 2012-13 Capital programme;
3. agrees to release the Community Partnership Grant of £9,000 to Hambledon Football Club as detailed in paragraph 7;
4. authorises officers to invite expressions of interest from potential contractors for the Herons Leisure Centre Refurbishment Project; and

5. approves a supplementary estimate of £20,000 within the HRA for the replacement carpets in the communal areas at Riverside Court, as detailed at paragraph 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 OFFICERS:

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

Http://Sharepoint/Sites/Democratic/Executive/4 Dec 2012/Budget Management October Update FINAL.Docx