

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 5 FEBRUARY 2013

Title:

BUDGET MANAGEMENT UPDATE REPORT DECEMBER 2012

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

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

Finance Implications:

This report shows the budget management position to December 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 saving against the General Fund revenue budget is reported. The position on capital expenditure is also given.

Legal Implications:

There are no direct legal implications relating to this report.

General Fund

1. The forecast position for December shows an underspend of £358,000 from the 2012/13 approved budget, which overall is a further improvement to the underspend of £314,000 reported to the end of October. Various approvals made and pending reduce the latest underspend to some £253,000. This takes account of decisions taken at the January Executive to spend a further £43,250 from the savings identified.

Budget Variances

2. The projected variations from the Budget are detailed in the schedule at Annexe 1 with the following additional movements identified this month.

3. Building Control

There has been a recent improvement in Building Control income, with the strongest December figures for four years. Combined with staff cost saving measures previously agreed, the desired break-even position could be reached by the end of the year.

4. Car Parks

As a result of declining Pay and Display income the shortfall at the end of December projected to the end of the year has increased slightly to £50,000. As usual, income during the run up to Christmas was strong, but the period between Christmas and the New Year appears to have been very weak.

5. Waverley Training Services

Following a more proactive approach to the business plan, £130,000 additional income is now forecast in the current year. After allowing for £80,000 to be spent on salaries for additional training, a £50,000 surplus is expected, which represents a significant improvement in the trading position as part of Waverley's budget. There is inevitably some uncertainty because of the complications of the payment profiles and the difference between the financial year and the academic year. However, the Accountancy view is that a surplus of the magnitude indicated is likely by the year end.

6. Waste Recycling

The projected additional recycling credit has been adjusted to £65,000. This reflects the reduced volumes of leaves accepted for composting this winter. This situation is due to the change in rules issued by the Environment Agency stating that leaves collected from roads should generally no longer be accepted for composting. Acceptance is a matter for Surrey County Council and their contractor and therefore this is out of Waverley's control. However, Waverley, together with the Surrey Waste Partnership and Surrey County Council are applying as much pressure as possible on the Environment Agency to reverse their decision and thereby ensure there is no repeat next year. The reduction in recycling credit will to some extent be offset by a reduction in the gate fees charged for handling green waste tonnages.

7. Earmarked Contingencies

In addition to the supplementary estimates listed below, the Executive has earmarked a number of contingencies during the Budget Management process. An indication of the latest position on each is given below:

	Approved	Spent	Expected spend	Balance
	£	£	£	£
Weyhill Car Park	21,500	1,500	1,500	20,000
Planning Fee Income Shortfall	30,000		10,000	20,000

Weyhill Consultation is now complete - £20,000 relates to a possible public inquiry. Any money not spent will form part of the Working Balance at the year-end.

8. Supplementary Estimates

The following approvals have been made:

	Approval	Likely cost	
	£	£	
Employment tribunal	20,000	11,188	Executive 29 May 2012
Fraud/Inspection Officer post	15,000	0	Executive 02 October 2012
Undershaw Hotel - claimant costs	20,000	20,000	Executive 06 November 2012
Undershaw Hotel - legal fees	10,000	10,000	Executive 06 November 2012
Hérons Leisure Centre - consultation	20,000	20,000	Executive 06 November 2012
Planning Appeal Costs – Halcyon Waters, Womersley	15,500	15,500	Executive 08 January 2013
Planning Appeal Costs - Tongham Road, Runfold	5,000	5,000	Executive 08 January 2013
Total	£87,500	£81,688	

Use of Balances

9. 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 contingencies detailed in paragraph 7 are to be met from the General Fund working balance.

Capital Programme

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

The monitoring position as at the end of December shows a forecast saving of £655,361 from the 2012/2013 approved budget and there is forecast slippage of £1,468,750.

Various requests for additional schemes to proceed in the current year have been received. The Capital project monitoring group recommend that the

following projects be approved as additions to the Capital Programme, to be met from the overall reported savings. Justification Statements, showing full details are shown as part of Annexe 2.

- (i) Additional Careline and Telecare equipment - £26,000
(Funded by an allocation from the savings identified within the overall General Fund Capital Programme)
Due to large advancements in telecommunications networks older Careline equipment is no longer compatible and therefore becoming obsolete. Should equipment not function, customers may not be able to rely on the service in life and death circumstances.
- (ii) Countryside Equipment - £13,450
(Funded by an allocation from the savings identified within the overall General Fund Capital Programme)
Equipment has become worn out and it is now necessary to replace it to ensure essential site work can be carried out by rangers. If equipment has to be hired, additional costs will be incurred.

Housing Revenue Account (HRA)

- 11. The projected main variances from the Budget as at the end of December are detailed in the schedule at Annexe 3. There has been a change of £34,000 compared with the £1,791,800 reported last month. The overall projected underspend is £1,757,800.

HRA Staff Vacancy Target Reductions

- 12. There is a vacancy savings target of £78,000 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 three 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 estimated costs of £106,000 (actual £84,000) 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 £102,000. This exceeds the original savings target but still leaves a shortfall of £60,000 against the revised savings target of £162,000:

Housing Vacancy Savings	Summary
	£
Original Target	78,000
Redundancy Payments	84,000
Adjusted Target	162,000
Forecast Savings	102,000
Potential shortfall from Target	60,000

This is an increase in the shortfall of £14,000 compared to November, due to several new appointments – temporary contract for a Sheltered Refurbishment project manager, Sheltered Manager and temporary staff.

Cyclical Servicing

13. Virement of £50,000 is being requested from the budget for Repairs Day to Day CO2 detectors to Cyclical Servicing Gas, as CHS (the contractors) are installing/maintaining the detectors as part of the contract agreement when they are servicing or replacing a boiler. This transfer will allow the budget to reflect expenditure.

HRA Capital Programme

14. 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.
15. Issues identified within sheltered housing schemes have highlighted the need for urgent compliance works. Permission has been 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 2012-13.
16. Earlier in the year it was anticipated that full decent homes expenditure would not be achieved and £300,000 indicated as a possible underspend. The situation has progressed and £300,000 is now required for bathroom installations in the current financial year.

16. Rent Collection

The total rent arrears as at 2 December 2012 were a typical 1.03% of the gross debit, value £304,059.

Revenues Cash Collection

17. The performance is very good, with both areas showing a further improvement on the already high figures for the previous year.

National Non-Domestic Rates

18. The collection rate to 31 December 2012 is 88.7%, compared with 86.9% last year.

Council Tax

19. The collection rate to 31 December 2012 is 88.5%, compared with 88.2% last year.
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Conclusion

20. The overall General Fund position remains comfortably within budget, with a further improvement on the revenue position. The Housing Revenue Account remains in a strong position. The Budget will continue to be closely monitored, with income trends examined in detail.

Recommendation

It is recommended that the Executive gives approval to:

1. the addition of £26,000 for replacement Careline equipment met from savings identified within the overall General Fund Capital Programme;
2. the addition of £13,500 for Countryside Equipment to be met from savings identified within the overall General Fund Capital Programme;
3. the addition of £27,000 for Woodland Management and Access works to be met from savings identified within the overall General Fund Capital Programme; and
4. the reinstatement of £300,000 previously identified as savings to be used for bathroom decent home expenditure within the HRA Capital Programme.

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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