

APPENDIX B

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 5 MARCH 2013

Title:

BUDGET MANAGEMENT REPORT JANUARY 2013

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides an update of the expenditure and income position at January 2013 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.

Financial implications:

This report shows the budget management position to January 2013 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 January shows an underspend of £301,700 from the 2012/13 approved budget. After taking account of various approvals made and pending, the balance of the underspend has reduced to £226,950 compared with £253,250 last month.

Budget Variances

2. The most significant reason for the reduced underspend is the decline in Land Charge income relative to the high figures previously reported. There is also some decline in income from Car Parks, Development Control, Building Control and from Waste Recycling. The projected variations from the Budget are detailed in the schedule at Annexe 1 including the following additional movements identified this month.

3. Building Control

The improvement in income noted in December has not been maintained. Staff cost saving measures, previously agreed, will offset most of the income shortfall, with £26,000 likely to remain as a deficit on the service.

4. Car Parks

The projected shortfall at the end of January has increased by £20,000 to £70,000. This takes account of the period of snow during mid January. Additional contract costs, including residual costs remaining from the previous on-street enforcement side of the contract, amounting to £21,000 have been incurred. The residual costs were reimbursed by Surrey County Council in 2011/12 and this is therefore a prior-year adjustment and excluded from the current years figures.

5. Waverley Training Services

Last month additional income of £130,000 and a net surplus of £50,000 was reported arising from a more proactive approach to the business plan. There is inevitably some uncertainty over the final position because of the complications of the payments profile and matching work done to income received due to the difference between the financial year and the academic year. However, the Accountancy view is that a surplus of at least £50,000, possibly considerably more, is likely by the year-end. An estimate will be made at year- end but the final position will not be known until the contract year ends in July 2013. Any difference to the calculated 2012/13 year-end position will be fed into the first Budget Management report in the new financial year.

6. Waste Recycling

In the light of final figures to the end of December, the projected additional recycling credit has been further adjusted to £40,000. 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.

7. Land Charges

Although Land Charge income remains strong, there has been some decline from the extremely high figures at the end of the summer. Therefore, the projected additional income has been adjusted downwards to £130,000.

8. Careline

Additional income of £12,500 is reported. It is noted that approval has previously been given to increase the capital programme for new equipment in the year by £26,000.

9. Cemeteries

A £7,000 shortfall of income is predicted. Also additional expenditure of £5,300 is required for urgent works at Bramley cemetery and other closed churchyards. Other than this, work is being kept to a minimum in order to mitigate the effect of the unexpected downturn in income.

10. Staff Vacancy Target Reductions

The updated General Fund Staff Vacancy Target for 2012-13 is £273,500. It is now anticipated that savings of £45,000 in excess of this updated target will be achieved at the year-end.

11. 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 |
| Herons 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 | £105,500 | £81,688 | |

Any money not spent will form part of the Working Balance at the year-end.

12. Earmarked Contingencies

In addition to the supplementary estimates listed above, the Executive has earmarked a number of contingencies during the Budget Management process. An indication 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 | 30,000 | | | |

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

The Planning Fee Income contingency made when the reported shortfall was £15,000 has now been incorporated within the £50,000 shortfall projected for this year.

Use of Balances

13. 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 11 are to be met from the General Fund working balance.

Capital Programme

14. 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 £702,000 from the 2012/2013 approved budget and there is forecast slippage of £1,664,600.

The Capital project monitoring group recommend that the following project be approved as an addition to the Capital Programme, to be met from the overall reported savings. A Justification Statement, showing full details is shown as part of Annexe 2.

- (i) Aarons Hill Skatepark - £2,000
The Eashing 'Yoofie' have been fundraising for the past year to secure funding for a replacement jump box, made of synthetic material, to bring the equipment in line with the rest of the skate park which was updated in 2007. They have secured £5,000 from other funding sources and require a further £2,000 to allow them to replace this piece of equipment.

Additionally, a request has been received for the payment of the following grant, for which provision is included within the Revenue Budget. The justification Statement is included at Annexe 2.

- (ii) Hoppa Community Transport - £10,000
Hoppa have a vehicle fleet plan which requires three vehicles to be replaced this year. The Hoppa Board of Trustees have purchased two vehicles and have identified a third vehicle to achieve the first year of the fleet replacement plan, therefore now ask to release £10,000 from the vehicle replacement fund included to enable the third vehicle to be purchased.

Housing Revenue Account (HRA)

15. 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 £323,000 compared with the £1,757,800 reported last month. The overall projected underspend is £2,080,800.

HRA Staff Vacancy Target Reductions

16. 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 (including Waverley Families staffing costs after October 2012). 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 |

There have been some changes in staffing but it is anticipated that it will not affect the previously reported position regarding vacancy saving.

Cyclical Servicing

17. There is an expected £310,000 saving in Cyclical repairs due to a delay in setting up a new non essential (and not mandatory) survey and inspection programme which has now been rescheduled into next year. This is the main change since last month.

HRA Capital Programme

18. 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. Earlier in the year it was anticipated that full decent homes expenditure would be delayed and £125,000 for walls and chimneys indicated as a possible underspend, the situation has progressed and the full £125,000 of the flagged underspend is now required for walls and chimneys.

20. Rent Collection

The total rent arrears as at 6 January 2013 were 1.23% of the gross debit, value £364,491, an increase of 0.2% or £60,000 to 2 December 2012.

Revenues Cash Collection

21. The performance remains very good:

National Non-Domestic Rates

22. *The collection rate to 31 January 2013 is 97.6%, compared with 96.1% last year.*

Council Tax

23. *The collection rate to 31 January 2013 is 98.0%, compared with 97.7% last year.*

Conclusion

24. Although there has been some decline in the projections since last month, the overall General Fund position remains comfortably within budget. The Housing Revenue Account remains in a strong position. The Budget will continue to be closely monitored for the remainder of the year.

Recommendation

It is recommended that the Executive:

1. agrees to the addition of £2,000 for a contribution to Aarons Hill skatepark equipment to be met from savings identified within the overall General Fund Capital Programme; and
2. agrees the contribution of £10,000 to the Hoppa Community Transport Service for a new vehicle to be met from the Vehicle Replacement Fund within the Revenue Budget.

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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