

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 3 SEPTEMBER 2013

Title:

BUDGET MANAGEMENT REPORT JULY 2013

[Portfolio Holder: Cllr Mike Band]

[Wards Affected: All]

Summary and purpose:

This report provides an indication of the expenditure and income position for the 2013-14 Budget as at 31 July 2013 compared with the budget for the General Fund and the 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 management position to the end of July 2013 for the General Fund and the Housing Revenue Account. It monitors the progress of revenue expenditure and income and projects the potential year-end position, based on activity to date. An underspend against the General Fund Revenue budget is reported. The Housing Revenue Account position is a small overspend as detailed in the report.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. This Budget Management Report projects the likely outturn position for 2013-14 based on projections to the end of July 2013. It follows on from the Budget Management report to Executive on 2 July 2013 by identifying new items and changes to those reported previously.

General Fund

Budget Variances

2. The projected variations from the Budget are detailed in the schedule at Annexe 1. Key areas of interest are also detailed below. At this stage, projections to the end of July have identified an underspend in the region of £201,000 for the General Fund Revenue Budget after allowing for approvals and anticipating provisions for additional expenditure against the underspend.

3. Land Charge Income

Income for the first quarter of 2013-14 has been particularly strong and 12% higher than the previous year. There are indications that the housing market is gaining strength locally and the income is expected to remain strong for the rest of the year. Consequently an additional £230,000 income is projected. Land Charge software with an estimated cost of £30,000 may need to be purchased during the year, leaving net additional income of £200,000.

4. Car Park Income

There is a projected shortfall of £25,000 for Pay and Display income, with some decline in income identified at Cranleigh and some Farnham car parks. This is offset by some overall increase in season ticket income, projected at £15,000 for the year, leaving a net shortfall in fee income of £10,000. Income at Haslemere remains strong and Godalming is also on budget. Additional income from rent of £5,000 remains as reported previously where rents have been increased. The net projected shortfall is therefore £5,000 for total car park income.

5. Development Control / Planning Infrastructure Contribution (PIC) Monitoring Fee Income

Additional Development Control income of £60,000 is reported which is an improvement of £50,000 from the previous amount reported. However, there is likely to be a requirement for a provision for additional expenditure on Development Control staff later in the year.

A standard monitoring fee is charged for each PIC item as a contribution towards the costs of administering the scheme. An estimate of £22,000 for the income is included within the Development control budget. In view of the number of PIC items being experienced this year, the budgeted income is likely to be exceeded by £10,000.

6. Museum of Farnham

An adjustment of £8,870 on the SLA grant for the Museum of Farnham is required to cover the costs in 2013-14 of the Museum staff now employed by the Farnham Maltings rather than Waverley. £2,100 of this will be met from the inflation provision and £6,670 from Salary savings.

7. Office Accommodation

The 2013-14 budget includes estimated additional income from the rental of further office space, with Surrey CC being the most likely partners. Surrey CC are undertaking a major review of their services and have recently informed Waverley that they are unlikely to require further office space until January 2014 at the earliest, resulting in a shortfall of £15,000 from the budget. However, it may be that the review will result in additional office requirements beyond previous expectations.

8. Staff Vacancy Target Reductions

The General Fund Staff Vacancy Target for 2013-14 is £206,000. This is likely to be exceeded by at least £50,000, based on experience to July and after taking account of known pressures.

9. Emergency Funding Provision

The 2012-13 budget provision for Emergency Funding of £24,130 was unspent and has been carried forward to the current year. A further £45,410 is included within the 2013-14 Budget, making a total of £69,540. £16,575 is allocated currently, with up to £15,000 for Brightwells Gostrey and £1,575 for The Orchard Club, Haslemere. There is, therefore, potential for an underspend to result again, although no amount has currently been included within the projections at Annex 1.

10. Use of Balances

No use of the General Fund working balance was planned within the 2013-14 Budget, but the revenue carry forwards totalling £39,000 approved from 2012-13 will be met from the increased working balance at 31 March 2013.

General Fund Capital Programme

11. The detailed monitoring report for the General Fund Capital Programme is attached at Annexe 2.
12. The monitoring position at the end of July shows that projects are currently being carried out as planned. This early in the financial year only the High Street Car Park, Haslemere project is likely to be delayed beyond year end due to developers still being on the site.

Officers' Action Plan

13. The Executive, as part of the consideration of the 2012-13 Budget Outturn report agreed to request an Officers' Action Plan covering a number of key areas of concern identified in that report. The position (at the end of July) for the four areas is set out below:
14. Building Control

Officers have held meetings to review and update the Business Plan that provides for a break-even position. Staff savings have been made as planned and additionally posts are being held vacant, with no impact on service

provision. The projected costs are therefore comfortably within budget and the Head of Planning is projected to meet the vacancy target referred to in paragraph 8 from other staff areas. Income for the first quarter is close to budget with some decline in July. A significant drop in the last quarter was experienced last year and if this pattern is repeated there could be a shortfall in income. Overall we are broadly on target to deliver the business plan objective of breaking even, but officers will continue to monitor closely month by month.

Legislation provides that discounted rates can be applied at the Authority's discretion where it can be demonstrated that reduced costs will be involved in a specific case. However, this is not current practice at Waverley because there is no provision for this within Waverley's schedule of charges. This can put Waverley at a disadvantage in a competitive environment. Therefore, approval for the Head of Planning to vary the charges as appropriate is sought in order to help achieve the volumes of work and income as required within the Business Plan.

15. Day Centres

Cost pressures arose during 2012 at Gostrey Day Centre and Farncombe Day Centre.

Gostrey is due in part to the poor state of the building, which is due to be replaced as a result of the Brightwells redevelopment. There will also be a new and clear management agreement. To facilitate this £15,000 special funding is being agreed from the Emergency Funding Provision, payable in three tranches of £5,000 dependent on a satisfactory action plan. Arrangements in the current year at Farncombe Day Centre are working well, with a new lease being worked on and costs contained within budget.

16. Green Waste

Surrey County Council (SCC), supported by the Surrey Waste Partnership, carried out a range of Defra-sponsored tests during the 2012-13 leafing season to look at different methods of collecting and treating fresh leaf fall as well as rotted-down street arisings and to establish the quality of, and level of contamination in the material involved. The findings of these tests, which were largely very positive and gave no cause for concern, even with the untreated detritus collected, have now been forwarded to Defra and the Environment Agency (EA) for ratification. Defra will then look at them, along with the results of a number of other test areas across the country, and take a view as to whether the current ruling on leafing should stand. We are advised by SCC that the outcome of these tests, and any revised guidance from the EA, should be forthcoming in September. If the conclusions are favourable this will allow Waverley to resume the collection and composting of leafing in the 2013-14 season.

17. Special Collections

Officers are meeting with the Chief Executive Officer of the Surrey Furniture Reuse Network (SFRN) explore options for the future of the bulky waste/special collection service in Waverley. SFRN have recently brokered an arrangement with Guildford Borough Council, which involved them taking on the entire management of the service in the place of the GBC DSO; and

also now have a commercial arrangement with Elmbridge Borough Council operating alongside the core waste contract with Veolia. Both arrangements have resulted in improved levels of diversion from landfill, increased recycling rates, and cost savings. A report setting out options will be considered by Members in the near future.

Housing Revenue Account (HRA)

HRA Revenue Account

18. Major variations to the HRA budget are shown at Annexe 3. Leasehold income is up by £12,000 on the budget. This is partly due to reimbursements and partly due to service charges from an increased number of leaseholders due to right to buys. Void rates for the year have been paid on some properties awaiting redevelopment as well as the high number of void units. Refunds will be sought following demolition and it may also be appropriate to charge some amounts against the development fund.

HRA Staff Vacancy Target Reductions

19. There is a vacancy savings target of £70,000 for the HRA. At the end of June £25,000 has been identified and it is expected that the target should be achieved by the year-end.
20. Rent Collection

The total rent arrears as at 30 July 2013 were 1.13 % of the gross debit, value £343,000.

HRA Capital Programme

21. The detailed monitoring report for the HRA Capital Programme is attached at Annexe 4.
22. Decent Homes work is progressing but invoicing continues to be slower than hoped. The issue has been raised at the Core group meeting with Mears, and officers are currently working with the contractors to improve the situation.
23. Two contractors have been appointed to install the remaining kitchens and bathrooms to ensure 'backlog decency' is achieved this year. KeepMoat will be mobilized and will start installing by September 2013 and Mulalley by October 2013.
24. There are no plans to install any more air source heat pumps this year so the budget of £260,000 (intended to take advantage of available grant funding) is unlikely to be spent in the current year. Alternative ways of achieving energy efficiencies are being investigated. It is also unlikely that the sound insulation budget will be spent. However, a pilot is under way to monitor and evaluate the benefits of the work but due to the complications of decanting tenants whilst the work is carried out, it is unlikely significant numbers will be completed this year. It is requested that £180,000 is carried forward into next year for further insulation work.

25. Major structural and adaptation works have been identified in the properties listed in (Exempt) Annexe 5 including the installation of modular bathrooms at two properties as an alternative to traditional construction methods. Officers have considered if the proposed investment was appropriate and cost-effective taking account of three criteria:

- i Financial
- ii Demand (Housing Need)
- iii Redevelopment Potential

Reinvestment or disposal/redevelopment alternatives were considered for each property against these criteria. Taking account of all three criteria, CMT recommended that reinvestment is agreed for all the properties listed at (Exempt) Annexe 5. This is within the 2013/14 capital budget.

Revenues Cash Collection

National Non-Domestic Rates

26. The collection rate to 31 July 2013 is 41.8%, the same as last year.

Council Tax

27. The collection rate to 31 July 2013 is 40.4%, compared with 40.5% last year.

Conclusion

28. Projections at the end of July indicate a surplus of £201,000 by the year-end for the General Fund, with considerable potential for this figure to be surpassed. The projected shortfall on the HRA, as detailed at Annexe 3, will be kept under review and, where possible, steps will be taken to mitigate the situation.

Recommendations

It is recommended that the Executive:

1. notes the report;
2. recommends to the Council that the Head of Planning, in consultation with the Deputy Chief Executive, be authorised to negotiate deviation from the published rates for Building Control Fees where reduced costs can be demonstrated on a case-by-case basis, as provided for within legislation;
3. agrees that £180,000 of the HRA Capital Programme, earmarked for Sound Insulation, be carried forward into 2014-15 pending the outcome of a pilot installation; and
4. approves the works over £5,000, totalling £688,000 as scheduled at (Exempt) Annexe 5 to be included in the 2013-14 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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