

AGENDA ITEM 12: APPENDIX G

WAVERLEY BOROUGH COUNCIL

EXECUTIVE – 4 FEBRUARY 2014

Title:

BUDGET MANAGEMENT REPORT – DECEMBER 2013

[Portfolio Holder: Councillor Band]

[Wards Affected: All]

Summary and purpose:

This report provides a projection of the total expenditure and income position for the General Fund and the Housing Revenue Account as at the end of December 2013 compared with the budget.

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

The monitoring and management of the Council's Budgets ensures financial control over the services that contribute to the Corporate Priorities. Savings identified can be redirected towards Corporate Priorities or action taken to rectify overspends.

Financial implications:

This report shows the budget management position as at the end of December 2013 for the General Fund and the Housing Revenue Account (HRA). It monitors the progress of revenue expenditure and income and projects the potential year-end position based on activity to date. The report details a significant underspend against the General Fund Revenue budget and a small overspend against the HRA.

Legal Implications:

There are no direct legal implications relating to this report.

Introduction

1. This Budget Management Report provides an update on the likely outturn position for 2013/14 based on projections at the end of December 2013. It follows on from the Budget Management report to Executive on 7 January 2014 by detailing changes to items reported previously.

General Fund

Budget Variances

2. The projected variations from the Budget are detailed in the schedule at Annexe 1 and also identified within the report below. Projections at the end of December have forecast a potential underspend of £564,000 for the General Fund Revenue Budget after allowing for approvals and anticipating provisions for additional expenditure against the underspend. This is a further

improvement of £56,000 from the previous report as amended at the meeting on 7 January and this improvement arises from the Waverley Training Services position as detailed below.

Waverley Training Services

3. A significant underspend of £60,000, producing an overall surplus of £84,000, has been reported for this service area throughout the year, in line with the improvement demonstrated by the 2012/13 outturn figures. The academic accounting year ends in the Summer and provisional figures for the year have now been produced. These show a further improvement to produce a surplus for the year in the region of £140,000, compared with the budgeted surplus of £24,000; significantly higher than the 2012/13 level and £56,000 better than previous monitoring figures. This reflects the higher activity levels and excellent management of the service, delivering popular high-quality and cost-effective training.

4. Inflation Provision

The anticipated saving from the unused Inflation Provision has increased from £50,000 to £70,000. This is proportionate to the position at the end of December. There is still scope for further savings to arise if claims are not made against the provision in the months ahead.

5. Staff Vacancy Target Reductions

The General Fund Staff Vacancy Target for 2013/14 is £206,000. Latest figures show that this is likely to be over-achieved by around £80,000, which is a slight decline from last month but remains a very substantial figure. The projected savings have declined due to recent extensions to some agency contracts combined with no further vacancies arising during December.

6. Major Civil Emergencies

The Council's response to the Christmas flooding was very positive and the Emergency Planning arrangements worked well, but in order to increase resilience for the future three actions are proposed:

1. Reinstate the Major Civil Emergencies Rota to provide a 24/7 response if required
2. Increase incident liaison officer numbers
3. Increase rest centre numbers and training

The cost is to be met from existing budgets and will be £17,200 in a full year, with the remainder of 2013/14 being £2,900.

General Fund Capital Programme

7. The detailed monitoring report for the General Fund Capital Programme to the end of December 2013 is attached at Annexe 2.
8. The Capital project monitoring group and the CMT recommend that the following projects be approved within the 2013/14 Capital Programme. Justification Statements, showing full details are shown as part of Annexe 2.

- (i) iTrent System Pensions Upgrade £4,000
(To be funded from The Provision for Urgent Schemes)
Changes to pensions to be implemented on 1 April 2014 require system modifications to ensure Waverley complies with new LGPS pension requirements. If iTrent is not updated to meet these needs the Employee Services team will have to administer the scheme manually which is very onerous.
- (ii) Car Park Lighting replacements £37,000
(£33,000 to be funded from The Provision for Urgent Schemes and £4,000 to be funded from S106 funds)

Following the success of last year's project replacing lighting in three car parks, this project is to replace the existing lighting at seven more so savings in electricity costs and maintenance can be achieved. The annual savings that will be achieved from these seven sites are predicted to be £6,500 on electricity and maintenance costs, resulting in an estimated payback of five years.

Housing Revenue Account (HRA)

9. Major variations to the HRA budget are shown at Annexe 3 giving an overspend of £159,000, which is a slight improvement from the previous month.

HRA Staff Budget

10. The Housing service has an overall staff budget of £3,460,900 and a vacancy savings target of £78,000. A supplementary Estimate of £120,000 was agreed by the Executive in October 2013 to cover the overall anticipated required HRA staff costs. The latest monitoring position indicates that costs should be contained within the revised budget.

Rent Collection

11. The total rent arrears show a slight increase as at 5 January 2014 but continue to be low at 1.32% of the gross debit, compared with 1.17% at early December.

Repairs and Maintenance Programme

12. On 3 December 2013, the Executive approved the procurement of a specialist consultant to assist the Council to develop and embed best practice procedures and assist with procurement of an asbestos survey contractor. Tenders for this work have now been received in accordance with the Council's Contract Procedure Rules and the cost of this work remains within budget. The most economically advantageous tender valued at £51,500 is from Ridge and Partners LLP.

HRA Capital Programme

13. The detailed monitoring report for the HRA Capital Programme is attached at Annexe 4.

14. As part of the overall Rolston refurbishment additional Fire Safety Precaution work is funded from the unspent fire safety budget (£38,000).

Revenues Cash Collection

15. Performance continues to be very good.

National Non-Domestic Rates

16. The collection rate to 31 December 2013 is 89.2%, compared with 88.7% last year.

Council Tax

17. The collection rate to 31 December 2013 is 88.0%, compared with 88.5% last year. This drop-off compared with last year is due in part to the take-up of the 12 monthly instalment option in the current year.

Conclusion

18. Projections at the end of December 2013, as shown in Annexe 1, identify a surplus of £564,000 for the General Fund.
19. The projected shortfall of £159,000 on the HRA, as detailed at Annexe 3, will be kept under review and, where possible, steps will be taken to mitigate the situation.

Recommendation

It is recommended that the Executive:

1. approve the reinstatement of the Major Civil Emergencies rota costing £17,200 in a full year, the cost for 2013/14 being £2,900 to be met from existing budgets;
2. approve the iTrent pensions systems update capital scheme in the sum of £4,000 within the 2013/14 Capital Programme and funded from the capital provision for urgent schemes;
3. approve the Car Park Lighting replacement scheme in the sum of £37,000 within the 2013/14 Capital Programme, to be funded £4,000 from Section 106 monies and £33,000 from the capital provision for Urgent Schemes;
4. award the most economically advantageous tender valued at £51,500 to Ridge and Partners LLP for the Health and Safety Asbestos Work within the HRA;
5. approve the use of the unspent Fire Safety budget on the improving and upgrading of fire safety and precaution works at Rolston House; and
6. continue to monitor the budget closely during the remainder of 2013/14.

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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